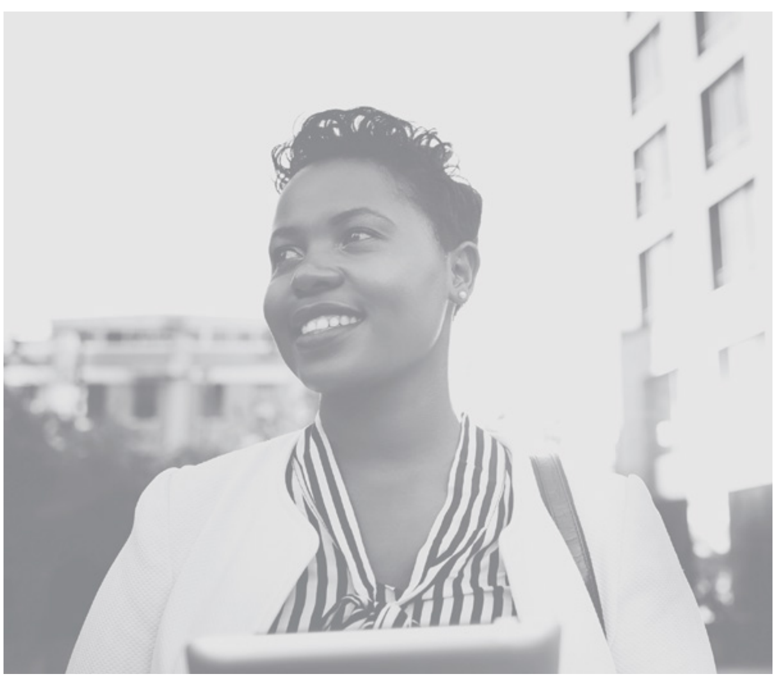
EVERYONE'S ECONOMY

25 Federal Policies to Lift Up Working People

MARCH 2018 EDITION



Dēmos

ABOUT DĒMOS

Dēmos is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy. Our name means "the people." It is the root word of democracy, and it reminds us that in America, the true source of our greatness is the diversity of our people. Our nation's highest challenge is to create a democracy that truly empowers people of all backgrounds, so that we all have a say in setting the policies that shape opportunity and provide for our common future. To help America meet that challenge, Dēmos is working to reduce both political and economic inequality. **This briefing book focuses on policy that promotes economic equity—but political equity is vital and interrelated.** Stay connected with Dēmos for our support on policies that ensure Americans have an equal say in our democracy.

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“OUR FUTURE DEPENDS ON CREATING A MULTIRACIAL PROGRESSIVE MOVEMENT THAT WILL FIGHT FOR RACIAL AND ECONOMIC JUSTICE TOGETHER—AND WE ARE READY.”

—HEATHER MCGHEE, PRESIDENT OF DĒMOS

INTRODUCTION

An economic agenda that places both race and class at the forefront motivates working people of all races to engage in the civic life of their communities and our nation. Such an agenda embodies race-forward progressive values, advances the policies that will move those values into practice, and activates a broad base, including the "New American Dēmos" of people of color, single women, young people, and working-class Americans of all races. With it, policymakers, grassroots organizations, and other thought leaders will starkly contrast an authentic, multi-racial populism against the phony populism that divides and distracts working people today.

Everyone's Economy includes 25 policies—from providing universal childcare to protecting consumers from high-interest debt, from promoting climate equity to ending the criminalization of poverty—that contribute to a race-forward, populist agenda.

This briefing book has been developed in an ongoing collaboration with grassroots organizations across the country. Each policy section briefly details the problem, summarizes national polling on the issue, and outlines a policy solution, including references to bills currently before Congress. Each section also includes messaging guidance for talking about the policy with the public, examples of how a similar policy has worked at the state or local level or would work according to studies, and links to further resources.

We have designed *Everyone's Economy* as a resource for policymakers, grassroots organizations, and other thought leaders. We aim to meet 2 essential needs:

- **Collecting policies that substantially address the economic challenges faced by people who work and the families they support.** Policymakers, grassroots organizations, and other thought leaders must oppose xenophobic, false populism with concrete policies that are rooted in the realities of people's lives, and that genuinely elevate the dignity and economic well-being of all working Americans. Most Americans recognize that policies that overwhelmingly serve the interests of wealthy individuals and corporations have distorted the economic rules to benefit the most advantaged.

- **Directly challenging the deeply rooted racism that pervades American politics and policy.** First and foremost, policymakers, grassroots organizations, and other thought leaders need to confront racism because it menaces the safety, security and economic opportunity of people of color. Additionally, the relentless racial scapegoating aimed at white Americans alienates them about the role of government and fosters resentment about the policies that advance economic opportunity and security for *all* working Americans. Leaders across the board must confront this strategic use of racism. Failing to do so demobilizes black, Latino/a, Asian-American and Native American individuals, who seldom hear their representatives address the ways that racism constrains their lives. Leaders will work to engage and mobilize everyone in the civic life of our nation, to strengthen our political process and our democracy.

Americans recognize that corporate lobbyists, the very wealthy, and those who are beholden to them have manipulated the rules of our economy to consolidate their own power and wealth—at the expense of working people and communities. In an April 2017 survey, 73 percent of American adults agreed that "the economic system in the U.S. is rigged in favor of certain groups."[1] When an earlier iteration of the same survey asked which groups the economy was rigged to benefit, 86 percent agreed it was rigged for corporations and 91 percent asserted it was rigged to favor the rich.[2] Yet it's also clear that when cynical individuals strategically deploy racial scapegoating, they powerfully shift the focus away from combatting the concentration of wealth and corporate power; in the same survey, 49 percent of white Americans who saw the economy as rigged insisted that the U.S. economic system favors people who receive government assistance, and 35 percent said the economy is rigged in favor of minority groups.[3] Remaining silent on racial inequities and the way that coded racial appeals underlie the major policy issues of our day fosters an environment that continues dividing Americans and undercutting our resolve to fight together for progressive solutions that work for all of us.

Of course, those beholden to the very wealthy deploy more weapons than race to divide and distract Americans. They stoke fear and anxiety about Muslims, LGBTQ people, and women's efforts to assert equality, fueling a larger culture war that goads Americans to resent other working people rather than direct their rage at corporate greed. While this briefing book focuses on race, Dēmos does not shy away from confronting inequities of gender, sexual orientation, and other social cleavages that are used to oppress and divide us.

Economic justice and racial justice are not at odds—in fact, they are inextricable. To elevate the policy conversation and advance the interests of working people in 2018 and beyond, policymakers, grassroots organizations, and other thought leaders must commit to a race-forward populist economic agenda that will enable all of us to thrive.

This briefing book is a living document and will be updated. We welcome your feedback, thoughts, and suggestions via email at ***briefingbook@demos.org****.*

TABLE OF CONTENTS

POLICY SUMMARIES

PROMOTE CLIMATE EQUITY

Human beings are a part of the natural world: We all have a right to clean air, water, and land in the communities where we live and raise our children. Yet corporate interests have put our health and environment at risk by continuing to extract, peddle, and burn fossil fuels. Inequitable policies and investments have long put communities of color directly in the line of impact, even as just 100 companies are responsible for 71 percent of the global fossil fuel emissions that are destroying our planet and our climate. ***Policymakers should invest in the nation's transition to clean energy, end the extraction of fossil fuels, stop greenhouse gas pollution, and direct responsible recovery and building in the wake of climate events.***

ADVANCE OPPORTUNITY THROUGH TRANSIT

Mobility is critical to our communities' ability to thrive. Growing numbers of Americans rely on public transit as a way to get to work, school, health care, and recreation. But much of our public transit infrastructure is old and decrepit. And many of our transit systems were not designed to handle such heavy use. ***Policymakers should invest in public transit to rehabilitate, modernize and expand systems so that more Americans have access to quality transportation options.***

INVEST IN INFRASTRUCTURE

Americans rely on roads, bridges, airports and transit to get us where we need to go; sewer and water systems to keep our families healthy; safe and well-maintained schools, libraries, and other public buildings; and energy to power it all. Our economy depends on strong infrastructure. Yet America's infrastructure is crumbling; our roads are congested, our bridges are deteriorating, our school buildings are dilapidated, and the pipes that carry our drinking water are in a state of disrepair. ***Policymakers should increase infrastructure spending to create jobs and boost the economy, with funds targeted to engage and benefit communities of color that have been historically shut out of economic growth due to discrimination and underinvestment.***

RAISE JOB STANDARDS

Americans work hard, and that should provide enough to sustain our families. Yet a large share of employers structure jobs in ways that prevent working people from getting by. Today, as women and people of color make up a growing share of America's working class, employers are weakening job standards for all working people. ***Policymakers should raise the standards for American jobs so that all working people get paid fairly for their efforts and have work schedules that take their basic needs into account. These policies include a higher minimum wage, stable scheduling, paid sick time, prevention of wage theft, protections from being improperly classified as an independent contractor, and increasing the number of working people who are guaranteed overtime pay when they work long hours.***

GUARANTEE FAIR EMPLOYMENT

We all deserve an equal opportunity to be hired based on our abilities, and to carry out our work free from discrimination and harassment. But discriminatory hiring, firing, harassment, promotions, and pay continue to shape the U.S. labor market in ways that systematically disadvantage people of color, women, LGBTQ workers, people with disabilities, and other targeted groups. ***Policymakers should provide additional resources to strengthen the enforcement of existing fair employment laws and expand civil rights laws to clarify that discrimination and harassment based on sexual orientation, gender identity or expression, personal credit history, pregnancy status or caregiving responsibilities are illegal. Policymakers should also ensure that people with arrest or conviction records have a fair chance to work.***

RESTORE FREEDOM TO NEGOTIATE AT WORK

Our American tradition guarantees working people the freedom to join together with co-workers to negotiate for a fair return on work. When workers have the freedom to band together in unions and negotiate with their employers, they and their families gain from improved wages and benefits, safer working conditions, and fairer treatment on the job. Yet because unions successfully enable working people to build power, the freedom to come together in unions is under attack by corporate interests aiming to maximize their own wealth and power. ***Policymakers should restore workers' freedom to join together in unions and negotiate for a fair return on work.***

GUARANTEE PUBLIC JOBS

Every American who wants to work should have the opportunity to work. And our communities and nation have work to do: building, caring, educating, healing, protecting, and much more. But today, too many private employers are failing to provide enough good jobs. At the same time, those touting “austerity” have slashed public jobs, which have long been a path to financial stability for working people, especially people of color. ***Policymakers should guarantee a public job with the federal government as an employer of last resort for working Americans who are without college education, involuntarily unemployed, poorly paid or under-employed, or out of the workforce. Policymakers should prioritize racial equity in the program design to repair systemic limitations to opportunity for people of color.***

ENSURE PAID TIME TO CARE

At some point in our lives, we all need time to care for loved ones or ourselves, whether we are bonding with a new child, caring for an ailing parent, or recovering from a serious personal illness. Yet in 2017, only 13 percent of private sector workers had access to paid family leave through their employer. ***Policymakers should provide paid benefits to working people who need time away from their jobs to care for a new child, a loved one with a serious health condition, or their own serious health condition.***

ESTABLISH DEBT-FREE COLLEGE

Higher education has the potential to be a great equalizer and a pathway to a better life. As wages and wealth have continued to decline for those with a high-school diploma or less, a college degree has become an insurance policy for many families, a way to achieve some financial security. But just as more Americans pursue this aspiration, the dramatically rising cost of college—particularly at public institutions, which have traditionally been the most affordable and accessible—is eroding this pathway to security. ***Policymakers should guarantee debt-free college by creating a new federal-state partnership to increase state funding for public 2- and 4-year colleges, guaranteeing that the total price of attending college is no more than what working and middle-class students can reasonably pay with a part-time job, and increasing the availability of need-based aid for low-income students.***

FORGIVE STUDENT DEBT

Americans have long valued education as a pathway to greater opportunity and economic security. No one in America should face insurmountable financial hardship to get an education. Yet the increase in student debt over the past 15 years is one of the most staggering phenomena in the U.S. economy. Total student loan debt is $1.4 trillion and rising with no end in sight, weighing down millions of Americans. ***Policymakers should promote fairness for student borrowers by prohibiting garnishment to repay student loans, providing an easy path to loan forgiveness for borrowers who have been defrauded or deceived by predatory colleges, expanding loan forgiveness programs for public service workers, and ensuring the opportunity to discharge student loan debt in bankruptcy.***

SECURE ACCESS TO JUSTICE

The courthouse doors should be open to everyone. When we are caught in legal proceedings that could cause us to lose our homes, families, or ability to live in the country, we should have access to an attorney who can stand up for our most basic rights. However, legal representation is only guaranteed in criminal cases, despite the devastating ramifications of many civil cases. In other circumstances, corporations force employees and customers into binding arbitration, denying individuals who are cheated or discriminated against their day in court. ***Policymakers should increase access to justice in the civil legal system by increasing funding for the Legal Services Corporation and increasing eligibility for aid, implementing regulations to ensure that everyone is provided an attorney in deportation proceedings, and banning forced arbitration agreements.***

REINVEST IN JUSTICE

All Americans should feel safe and protected in their communities. But our criminal justice policies promote mass incarceration and over-policing, rather than real investments in public safety. As a result of harsh sentences, over-criminalization, and discriminatory policing, our criminal justice system is tearing apart families—disproportionately immigrant families and families of color. ***Policymakers should allocate federal funds to assist states in investing in programs that address the root causes of crime and incarceration, including amending sentencing laws, modifying prison and jail release practices, and improving access to community services that can help reduce recidivism. Policymakers should also end the mass detention of immigrants.***

DECRIMINALIZE POVERTY

Every one of us should be treated equally under the law. The idea is so fundamental to our justice system that it is carved above the doors of the Supreme Court. Yet every day, criminal justice policies penalize people for being poor. When people who are unable to pay bail, fines, and fees are forced to remain in jail or take on debt for their involvement in the justice system, it tears families apart and contributes to a cycle of poverty while doing little to increase public safety. ***Policymakers should provide incentives for state and local governments to end the use of money bail and to reduce and eliminate fines, fees, and other mechanisms through which our justice system criminalizes poverty.***

CLEAR THE PATH TO CITIZENSHIP

The true source of America's greatness is the diversity of our people. Throughout our history, the nation has grown and thrived when we have welcomed the skills, talents, and perspectives of immigrants and embraced their potential to contribute to our shared prosperity. But our immigration system is badly broken. For 11 million people who are undocumented—the great majority of whom are people of color—it is currently impossible to become citizens. Millions of others qualify for legal status in the United States but face complex barriers that hold them back from joining our country and making even greater contributions to our society. ***Policymakers should fix America's broken immigration system so that people have an opportunity to get legal status, enabling them to contribute and participate more fully in our economy and society.***

ENSURE HEALTH CARE FOR ALL

When a child is injured or a loved one is suffering from a serious illness, no one wants to think about co-pays and deductibles. We want compassionate, effective medical care, delivered quickly and accessibly. Yet ideologically-driven politicians continue to threaten recent gains to health care access in the United States. Many Americans continue to struggle to obtain the health care they need and the assurance that they won't go bankrupt if they get sick. People of color, undocumented people and low-income Americans all suffer disproportionately under our current health coverage scheme. ***Policymakers should establish universal health coverage in America, so that everyone can access health care.***

MAKE HOMES AFFORDABLE FOR ALL

A home is more than a roof over our heads. It's the opportunity to raise our families in a safe neighborhood with clean air and water, and to live in a place where we can access good jobs, efficient transportation, and high-quality schools. Each year, the federal government spends nearly $200 billion to support housing in this country—yet as millions of Americans struggle to find and hold onto homes they can afford, the vast majority of our public funds for housing are directed to subsidize the nation's wealthiest households. ***Policymakers should rebalance the nation's housing investments so that resources go to people who need them most.***

ACHIEVE REPRODUCTIVE JUSTICE

There is perhaps no greater decision impacting families' economic security than whether and when to have children. Given the gravity of these decisions and their impact on the lives of countless women and their families, equal access to affordable, accessible reproductive health services, including abortion, is critical. ***Policymakers should safeguard the economic security of women and their families by ensuring that health plans include reproductive health coverage and working to expand coverage of abortion services by Medicaid and other federal health insurance programs.***

PROVIDE CHILD CARE FOR ALL

Family comes first. That means all families should have access to affordable and high-quality choices for their children's early care and education. Millions of American parents need child care to be able to work or go to school, while children need quality care and education to get a strong beginning in life. Yet child care costs have soared in the past decade, leaving a growing number of working and middle-class families unable to afford the early learning and care that will enable their children to thrive. ***Policymakers should guarantee universal access to affordable, high-quality child care and preschool programs for all American families, and improve compensation and training for child care workers.***

PROTECT AND IMPROVE THE SAFETY NET

In a country as wealthy as the United States, families should not go to bed hungry, shiver in an unheated home, or be out on the streets as they search for a new job. Throughout our history, we have valued public programs that protect basic living standards for our fellow Americans and enable us to get back on our feet when we fall on hard times. Programs including Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, Unemployment Insurance, Supplemental Security Income, Special Supplemental Nutrition Program for Women, Infants, and Children, and the Low Income Home Energy Assistance Program provide critical support for households facing economic hardship, stabilize families' access to necessities, and keep millions of Americans out of poverty. ***Policymakers should expand funding for safety net programs, increase benefit levels, and eliminate limits on the ability of families to save money or own assets in order to receive public benefits.***

EXPAND THE EARNED INCOME TAX CREDIT

People who work for a living should be able to earn a decent income. But millions of working people across the country are struggling to make ends meet, as corporations have held down wages and the gap between the haves and have-nots continues to widen. ***Policymakers should expand the eligibility criteria and value of the EITC to help more working Americans and their families earn a decent living.***

PROTECT CONSUMERS FROM HIGH-INTEREST DEBT TRAPS

Fair and affordable access to credit is crucial for American consumers and our economy. Yet today, predatory lenders target low-income communities and communities of color with high-interest loans that trap many of the most disadvantaged consumers in debt. Today 12 million Americans take out payday loans each year, spending more than $9 billion on loan fees. Payday and car-title lenders disproportionately target low-income neighborhoods with high populations of people of color, promoting quick-fix loans with annual interest rates of nearly 400 percent on average. ***Policymakers should cap fees and interest rates for all lending, enacting a set of national usury limits that would be floating and tiered based on the type of loan. Policymakers should also act to defend the Consumer Financial Protection Bureau.***

SECURE RETIREMENT FOR ALL

After a lifetime of hard work, we should all be able to retire with dignity. But millions of working Americans will face significant income shortfalls in retirement, creating a crisis of unprecedented levels. All three pillars of Americans' retirement security—Social Security, a pension or employer-sponsored retirement plan, and personal savings—face serious threats in a country where wealth and economic power are increasingly concentrated in a few hands. ***Policymakers should enable working Americans to retire in dignity by both strengthening workplace retirement accounts and expanding Social Security.***

MAKE TAXES FAIR

All of us together can do what any of us alone cannot. Currently, our tax policy is upside down, with the wealthiest Americans getting the most government assistance in building wealth, and the poorest getting the least. At a time when our infrastructure is crumbling, when aid for public colleges and universities is being cut, and when too many Americans are being priced out of health insurance, politicians beholden to wealthy donors seek to reduce the taxes of the wealthy and of corporations. ***Policymakers should make our tax structure fair by reducing the estate tax exemption and raising the estate tax rate, taxing investment income at the same rate as income from work, and closing corporate tax loopholes.***

REIN IN PRIVATE EQUITY

All of us should have the resources we need to care for our families. Our financial system can facilitate this by pooling and distributing risk and resources so that we can all share in the prosperity that we help generate. Yet a wave of deregulation threatens a return to the risky behavior by big banks that cost millions of Americans their jobs, homes, and retirement savings during the financial crisis. Private equity is especially problematic, because it focuses exclusively on investors' interests, holding onto rewards for investors and offloading risk to the workers and communities of the companies they buy. ***Policymakers should ensure that private equity pools and distributes financial risk and resources to achieve shared prosperity and sustainable growth, by specifying and strengthening the rules for private equity, closing tax loopholes that incentivize extreme risk taking, and updating employment and bankruptcy laws to ensure that private equity firms are less able to offload risk onto working people.***

PROTECT COMPETITION AND CONSUMERS

When American businesses compete on a level playing field, consumers benefit from higher quality products, more innovation, greater access to services, and better prices. Small business owners have a chance to innovate and serve their communities, and working people have a better opportunity to get a fair deal on the job. Yet over the past 3 decades, corporate giants have been granted permission to take over an ever-increasing share of our economy, enabling corporations to enrich themselves and their executives at the expense of millions of consumers, workers, and innovative would-be competitors. ***Policymakers should block corporate consolidation that benefits companies at the expense of the public.***

NOTES

INVESTING IN OUR FUTURE

PROMOTE CLIMATE EQUITY

"The San Juan that we knew yesterday is no longer there."

—SAN JUAN MAYOR CARMEN YULÍN CRUZ[4]

THE PROBLEM

Human beings are a part of the natural world: We all need clean air, water, and land in the communities where we live and raise our children. Yet corporate interests have put our health and environment at risk by continuing to extract, peddle, and burn fossil fuels. Inequitable policies and investments in yesterday's technologies have long put communities of color directly in the line of impact, from roads with heavy truck traffic that increase the rates of asthma and other illnesses caused by fossil fuel pollution, to climate events that uproot and displace communities, to pipelines that are routed through Native lands and near other communities of color. While communities of color bear a disproportionate burden of environmental ruin, just 100 companies are responsible for 71 percent of the global fossil fuel emissions that are destroying our planet and our climate[5]—and they profit despite both the chronic environmental destruction of our communities and natural disasters caused by a reliance on fossil fuels.

In 2017, climate-change disasters directly hit the United States: One of the worst Atlantic hurricane seasons on record devastated Puerto Rico and other islands, and parts of Texas and Florida; a record number of wildfires raged in California; and coastal communities from Massachusetts to the Pacific Northwest faced ongoing threats to their fisheries due to ocean acidification, another effect of climate change. In Puerto Rico and the U.S. Virgin Islands, U.S. citizens remain without power months after the storm. This past year was also the second hottest year on record globally. Scientists have reached consensus: Human-caused global warming due to greenhouse gas emissions is a major driver of these destructive forces.

Environmental crises create economic emergencies. The 2017 hurricane season caused an estimated $200 billion in damages in Southeast Texas and South Florida, to say nothing of the U.S. island territories. In the long run, higher temperatures alone (not including severe weather events) will cause U.S. economic growth to fall by more than 30 percent by the end of the 21st century, and without aggressive action on climate change, the median wealth of the children of today's millennials will shrink dramatically.[6]

Communities of color have been the hardest hit by fossil fuels, whether in the form of warming-driven severe weather or discriminatory exposure to fossil fuel pollution. While concentrating this pollution in communities of color and low-income communities, politicians and corporations have largely left these communities out of the gains of the fossil fuel economy. And they have trapped other communities into an economy wholly dependent on extracting fossil fuels, despite the health dangers of that work.

POLLING DATA

80% NEARLY 80% OF AMERICANS
support investing in clean energy with carbon tax revenue, more than spending the money on tax cuts (including income tax cuts) and household rebates (the household rebate focus has some traction federally and in some states).[7]

74% OF REGISTERED VOTERS
want corporations and industry to do more about climate change, and 63% want Congress to do more.[8]

50% HALF OF LATINOS
say they would participate in a campaign to press elected official to act on climate change.[9]

83% OF AFRICAN AMERICANS
supported President Obama's Clean Power Plan, which requires greenhouse gas emissions reductions in the power sector. Fifty-seven percent believe their energy bills will go down in the transition to clean energy.[10]

POLICY SOLUTION

Limit fossil fuel pollution to slow down climate change, and ramp up climate solutions that create millions of good jobs of the future, stabilize our nation's long-term economic outlook, and stimulate equitable investments in the places that need it most. Federal action to drive the rapid transition to renewable energy, clean transportation, and much higher levels of energy efficiency both industrially and residentially should include:

Ending the extraction of fossil fuels.

- **The Keeping It in the Ground Act of 2015** models permanent prohibition on new extraction of fossil fuels currently sitting below federal lands and waters, keeping over 90 percent of potential carbon emissions in those places underground, and protecting the integrity of public lands and parks from further oil and gas exploration and extraction.

- **The Repeal Big Oil Tax Subsidies Act (S. 2204)** eliminates $2.4 billion in annual tax breaks for the 5 biggest fossil fuel companies.

- **The End Polluter Welfare Act (S. 1041)** eliminates fossil fuel tax breaks and other subsidies amounting to $11.4 billion annually.

- **Restrict pipeline development, ban fracking, and assess other fossil-fuel infrastructure** based on climate dangers.

Stopping greenhouse gas pollution and investing in the transition to a clean economy.

- **The 100 By 50 Act (S. 987)** creates a federal mandate for 100 percent renewable energy and clean transportation by 2050, including a national zero emissions vehicle standard.

- **Restore and strengthen the Clean Power Plan** for EPA regulation of greenhouse gas emissions and help states forge equitable versions of the plan, with an emphasis on communities highly impacted by climate pollution.

- **Pass a revenue-positive federal polluter fee** starting with at least $35 per ton of carbon and rising annually. The policy should also target co-pollutants from industry and other sources. Proceeds of the polluter fee should be used for investments in clean energy, clean transportation, and energy efficiency. High-road workforce standards should be attached to any public investment in the transition, with a substantial share targeted for low-income, environmentally vulnerable communities; and another share targeted for helping displaced fossil fuel workers transition to new jobs.

- **Promote community ownership of renewable energy generation**, with laws creating price mechanisms that favor community-owned energy, revisions of securities law to account for various kinds of cooperative ownership, and repurposing of existing clean energy tax breaks into grants for non-taxable entities such as non-profits.

Building resiliently and recovering responsibly from disaster.

- **Increase and target funding for disaster recovery and resiliency strategies.** Prioritize communities that will be most significantly impacted by climate events for disaster recovery and redevelopment funds. Integrate equity analyses and requirements in planning resiliency strategies, with a focus on major economic centers and our most environmentally vulnerable communities. This approach should be integrated into funding for flood protection, disaster preparedness, climate risk screening for new development, urban forestry, and other climate adaptation projects.

HOW TO TALK ABOUT IT

- **We can support clean, renewable energy that protects the health of our families and creates new jobs, while holding corporations accountable for the pollution they dump into our air.** Their pollution is making us sick and destabilizing our climate. We need to put the health of our families and communities ahead of polluters' profits.

- **We have the opportunity to harness renewable resources to fuel an equitable, innovative lower-carbon economy for all of us.** As greenhouse gas pollution hits low-income communities and communities of color the hardest, it is important that we have an inclusive transition to clean energy. Climate action must center on the communities that have been hardest hit, prioritizing them for investments in infrastructure and good jobs, while also ensuring that displaced fossil-fuel workers are able to transition to good jobs.

- **Moms and dads worried for their children's futures, workers and folks out of work who want good jobs, families who have lost their homes and loved ones due to climate change—we all need to demand leadership on climate change.** It's time to invest in affordable, renewable energy and create jobs in our communities, state, and nation by making corporate polluters pay their fair share for the damage they're doing to our health and our climate. We cannot wait any longer to harness this huge opportunity for winning on climate change and making life better in our communities.
- **The most expensive thing we can do in the face of climate change is *nothing*.[11] One pivotal way to speed the transition is to limit the extraction of fossil fuels on public lands and waters.** Our common natural heritage should not be put up for auction for the benefit of corporate polluters.

HOW IT WORKS

» Transitioning to a low-carbon economy means creating millions of good new jobs and sustainable economic growth, instead of continuing with dirty and destructive growth. In New York State, for example, investing $30 billion annually toward 100 percent renewable energy will create roughly 150,000 new jobs annually over a decade. Since 2009, the Regional Greenhouse Gas Initiative or RGGI (a Northeast cap-and-trade program) has generated 30,000 job-years (a job-year is equivalent to one year's work).

» Action on climate improves public health. RGGI has driven health improvements worth approximately $5.7 billion. Phasing out coal plants in Ohio and Pennsylvania will save 4,400 lives and $38 billion annually.[12]

» By keeping fossil fuels in the ground, the laws of supply and demand will give more favor to renewable energy, accelerating the transition.

» By dramatically raising energy efficiency, reduced energy consumption will drive down emissions, and costs for consumers. In HUD's Green Retrofit Program, lifetime savings exceed costs by 20 percent.

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HOW IT WORKS

Continued

» Community ownership of energy in low-income communities could help close racial wealth gaps.

» Preparing for future disasters and other climate impacts will reduce their monetary and human costs.

» Action on climate also gives us the opportunity to repair the historical wrongs of the fossil fuel economy by putting working-class communities of color at the center of climate policy. By committing to a just transition, we will repair instead of reproduce the glaring inequalities of the old economy.

MORE RESOURCES

» Climate Justice Alliance Our Power Campaign page

» 350.org climate science basics

» The Center for Social Inclusion Energy Democracy page

NOTES

ADVANCE OPPORTUNITY THROUGH TRANSIT

"If people can't move…then economic opportunity and quality of life deteriorate. To move is to thrive. To be stuck is to lack opportunity."

—ROSABETH MOSS KANTER, MOVE: HOW TO REBUILD AND REINVENT AMERICA'S INFRASTRUCTURE

THE PROBLEM

Quality transportation connects Americans to opportunity, enabling people to get to work and take their children to school, while providing access to places of worship, doctors' offices, public libraries, swimming pools, grocery stores and the other places that make our lives rich. Growing numbers of Americans rely on public transit in their daily lives, as ridership has grown faster than the population. Since traveling by public transit produces less air pollution and greenhouse gas emissions than riding in a private car, rising transit use can contribute to healthier and more sustainable communities. But much of our public transit infrastructure is old and deteriorating. Many communities lack access to reliable and affordable transportation options. And many of our transit systems were not designed to handle such heavy use.

In too many instances, race, ethnicity, and class play a role in who gets access to what public transit infrastructure. Researchers find that transit that serves predominantly wealthier white communities, such as light rail and trolleys, is often more generously funded than buses that primarily serve lower-income communities and communities of color.[13] Meanwhile, policymakers prioritize transit that serves wealthier populations, even if it negatively impacts the health and environment in struggling neighborhoods. Because people of color are less likely than white people to own a car, they are especially reliant on public transportation. Asian-American and African-American workers commute by public transit at nearly 4 times the rate of white workers.[14] Latino workers commute by public transit at nearly 3 times the white rate. Workers of color are also overrepresented among public transit commuters with "long commutes"—one-way commutes of 60 minutes or longer. Transit disparities are particularly important because of the close connection between commuting time and upward mobility. In counties where working people spend less time commuting to their jobs, struggling families have a better chance of attaining economic stability.[15]

The American Society of Civil Engineers states that our public transit suffers from overdue maintenance and underinvestment that will cost us $90 billion to remedy if we address it now—or significantly more if we wait for things to get worse. Without adequate investment to make sure that public transit is efficient and affordable, many Americans will be blocked from economic opportunities.

Across the U.S., travel delays due to traffic congestion cause drivers to waste billions of gallons of fuel and keep travelers stuck in their cars for over 40 hours per rush-hour commuter per year. The total nationwide price tag of this waste in 2014 was $160 billion, or $960 per commuter. In the largest metropolitan areas, the traffic-congestion cost averaged over $1,400 per commuter.[16] With smart and sufficient public transit investments, we can reduce travel times *for all commuters*—those using public transit and, by reducing traffic congestion, those using private vehicles.

POLLING DATA

69% OF VOTERS AGREE
that public transportation infrastructure is facing a crisis and needs action from Congress.[17]

76% OF VOTERS FAVOR INCREASING FUNDING
for the repair and improvement of public transportation infrastructure in communities around the country.

POLICY SOLUTION

Fund a new federal initiative to repair, upgrade, expand, and finance public transportation. First, the rehabilitation backlog identified by the U.S. Department of Transportation needs to be addressed.[18] Then modernize and expand public transit systems.

- Public transportation is most effective and efficient when passengers can easily transfer between different modes of transportation. Upgrades and expansions should not only expand coverage, they should make transfers between different public transportation systems easier and more efficient.

- Public transportation should also be accessible to disadvantaged populations. Because of racial and economic residential segregation, it is important to design public transit systems with racial and economic equity in mind. Public transportation systems should be upgraded and expanded for the full inclusion of communities of color, low- and moderate-income communities, and persons with disabilities.

HOW TO TALK ABOUT IT

- **Public transit benefits all Americans, even those who never step onto a bus or train.** Improved transit leads to lower fuel costs, cleaner air, and less time lost due to traffic congestion. Transit helps communities thrive and spurs economic growth. Transit investments directly create jobs in construction, maintenance and operation.

- **Investing in transit promotes opportunity.** All of us need a reliable and affordable way to get to work, school, health care, and recreation. Public transit is especially critical to people with low incomes and people of color, who are less likely to own cars and tend to live further away from high-quality jobs. By connecting people to jobs, education and opportunities in the larger community, transit plays an especially important role in promoting economic opportunity and mobility.

- **Public transit investments create healthier, more environmentally sustainable communities.** Americans' use of public transportation reduces the nation's carbon emissions by 37 million metric tons a year, reducing air pollution and helping to fight climate change.

HOW IT WORKS

» Every $1 invested in public transportation generates an estimated $4 in economic returns.[19]

» The productivity gains of $1 billion in federal transit investment support 50,000 jobs.

» Every $10 million in capital investment in public transportation yields $30 million in increased business sales.

» Residential property values are 42 percent higher on average when homes are located near public transportation.

» Public transportation is a $57 billion industry that puts people to work—directly employing nearly 400,000 people and creating hundreds of thousands of private-sector jobs.

MORE RESOURCES

» PolicyLink Transportation Equity resource page

» American Public Transportation Association advocacy toolkit

» Transportation for America advocacy site

NOTES

INVEST IN INFRASTRUCTURE

"The water didn't all of a sudden go bad, it kept getting worse…I noticed symptoms that weren't ordinary. I'd take a shower, dry off, and five or six minutes later I'd itch, itch, itch. I'd come up the stairs and be tired."

—ELNORA CARTHAN, 72-YEAR-OLD PLAINTIFF IN CLASS ACTION SUIT OVER FLINT WATER CRISIS[20]

THE PROBLEM

Americans rely on roads, bridges, airports and transit to get us where we need to go; sewer and water systems to keep our families healthy; safe and well-maintained schools, libraries, and other public buildings; and energy to power it all. Our economy depends on strong infrastructure. Yet America's infrastructure is crumbling; our roads are congested, our bridges are deteriorating, our school buildings are dilapidated, and the pipes that carry our drinking water are in a state of disrepair. According to the American Society of Civil Engineers, the nation's infrastructure overall earns a grade of D+.[21] Our government enables us to come together to tackle these large projects that we would not be able to do on our own. Historically, the federal government has played a crucial role in building infrastructure—like the interstate highway system, which not only helped connect people across the country, but also created hundreds of thousands of jobs and galvanized business.[22]

However, over the last 2 decades federal spending as a percentage of GDP has been in a steady decline.[2] Low-income communities and communities of color have long borne the negative consequences of infrastructure underinvestment: They are more likely than wealthier, white communities to be exposed to hazardous waste, noxious materials, and toxic emissions from congested roads.[23] Communities of color are less likely to benefit from infrastructure improvements, which often come at their expense. For example, many government-approved expressway expansion projects carved thriving black communities in half, contributing to their decline.[24] The water crisis in Flint, Michigan puts the devastating impacts of crumbling infrastructure into sharp relief. Investing in infrastructure is now more important than ever, as the current administration pursues tax cuts for the wealthiest and corporate giveaways, and seeks to privatize core duties of the government.

Infrastructure investments by state and local government are important; however, no other entity is as equipped as the federal government to finance and oversee the scope and scale of needed infrastructure projects.[25] The federal government is in a unique position to help ensure equitable access for all, to price externalities, and to weather economic downturns that might halt infrastructure projects at the state or local level.[26]

POLLING DATA

69% OF AMERICANS
say it is very important to enact a major spending program to strengthen infrastructure.[27]

79% OF AMERICANS
approve increasing spending on infrastructure.[28]

POLICY SOLUTION

Increase infrastructure spending at the federal level to create jobs and boost the economy, with funds targeted to improving roads and bridges, public schools, our transit system, our drinking water and sewage systems, affordable housing, and our systems to address the real threat of climate change. Any such legislation should advance racial equity and specifically engage and benefit groups that have been historically shut out of economic growth due to discrimination and underinvestment, including women, people of color, low-income people, and rural residents. **The 21st Century New Deal Plan for Jobs** championed by the Congressional Progressive Caucus outlines such a plan, calling for the investment of $2 trillion in infrastructure initiatives over 10 years, resulting in 2.5 million jobs.[29]

Specifically, the plan calls for investment in:

- **Roads and bridges.** Invest $39 billion for the first year in roads and bridges, which will create nearly 500,000 jobs. The plan also calls for the creation of a commission to establish sustainable funding for the Highway Trust Fund, which consistently faces budget shortfalls.[30]

- **Public schools.** Invest $10 billion in school infrastructure for state and local education agencies to build, repair and modernize schools. Funds will be targeted to schools in low-income and rural communities, and will support initiatives like the creation of state-of-the-art labs that provide career growth opportunities for students who have historically faced limited opportunities.

- **Transit.** Invest $350 billion in the country's public transportation network, which will create hundreds of thousands of jobs. A large portion of the funding would be dedicated to improving and repairing our system, easing congestion, and spurring the adoption of cutting-edge technology, with an eye towards ensuring equity of access.

- **Clean drinking water and sewage systems.** Create a clean water trust fund, which will dedicate $35 billion a year to improving our country's water infrastructure, prioritizing communities with the most pressing needs.

- **Clean power.** Allocate $50 billion a year to transform the country's energy infrastructure and support "green growth," creating hundreds of thousands of jobs. The plan focuses on spurring more investment in clean renewable energy.

- **Other key infrastructure initiatives.** Invest in the expansion of broadband internet, the renovation and maintenance of airports, ports and waterways, and the creation of quality affordable housing.

HOW TO GO FURTHER

The 21st Century New Deal for Jobs provides a comprehensive plan for infrastructure investment with a strong racial equity lens. The plan could further incorporate principles articulated by the Millions of Jobs coalition in a resolution currently before the House of Representatives (**H. Con. Res. 63**).[31]

These principles include:

- Invest in creating millions of new jobs.
- Prioritize public investment over corporate giveaways and selling off public goods.
- Ensure that direct public investment provides the overwhelming majority of the funds for infrastructure improvement.
- Prioritize racial and gender equity, environmental justice, and worker protections.
- Embrace 21st-century clean energy jobs.
- Protect wages, expand Buy American provisions, encourage project labor agreements, and prioritize the needs of disadvantaged communities, both urban and rural.
- Ensure the wealthiest Americans and giant corporations who reap the greatest economic benefit from public goods pay their fair share for key investments.
- Ensure infrastructure investment does not come at the expense of Social Security and other vital programs.
- Protect and strengthen existing rules and laws protecting our environment, worker safety, wages, and/or equitable hiring practices.
- Prioritize resilient infrastructure that can withstand natural disasters and cyber or physical attacks.

HOW TO TALK ABOUT IT

- **Investing in infrastructure pays off in the short and long term.** While infrastructure investment requires large amounts of up-front capital investment, the pay-offs in the short and long term far outweigh these initial costs. In the short term, infrastructure investment will create millions of much-needed jobs in a variety of sectors, from construction to manufacturing. In the long term, investment in the development and maintenance of roads, bridges, housing, public transportation and schools will boost economic opportunity and productivity. Failure to invest in infrastructure costs more in the long run, as conditions further deteriorate, human capital is stifled, and the nation squanders economic opportunities.

- **We the people should control American infrastructure—not Wall Street.** Public-private partnerships and other schemes to privatize our nation's public infrastructure enrich Wall Street at the expense of working Americans. Rather than handing our nation's assets over to unaccountable companies focused on boosting their stock price and maximizing profits, we must ensure that infrastructure serves the public interest in safety, accessibility, and equity.

- **Infrastructure investment can be a powerful tool for advancing racial equity.** Policymakers have often structured major investments in infrastructure in ways that failed to provide benefits to low-income communities of color or have even come at the expense of these communities. Advancing infrastructure proposals with a strong racial equity lens will help address these inequities, and also boost economic opportunity and productivity for Americans of all backgrounds.

HOW IT WORKS

» Every $1 invested in public-sector infrastructure produces $1.70 in gains as a result of increased efficiency and employment.[32]

» Every $1 spent improving roads, highways and bridges yields $5.20 in return as a result of reduced emissions and fuel consumption, reduced maintenance costs, reduced congestion and delays, and lower vehicle maintenance costs.[33]

» Every $100 billion spent on infrastructure produces an estimated 1 million full-time jobs.[34]

MORE RESOURCES

» The Congressional Progressive Caucus 21st Century New Deal for Jobs proposal

» Millions of Jobs Coalition guiding principles for infrastructure investment

» In the Public Interest resource page on privatization of infrastructure

NOTES

CREATING BETTER JOBS

RAISE JOB STANDARDS

"I have had at times to piece together two or even three part-time jobs just to get enough hours of work to pay the bills…As a part-time worker, I've never had health insurance, a retirement plan, or sick days."

—PABLO NERVAEZ, FAST-FOOD EMPLOYEE FOR 16 YEARS[35]

THE PROBLEM

Americans work hard, and that should be enough to sustain our families. Yet a large share of employers structure jobs in ways that prevent working people from making ends meet. Even as corporate profits grow, millions of Americans go to work each day facing low pay, unstable work schedules, stolen wages, and the lack of even a single paid sick day. Workers whose every move is controlled by corporate directives are wrongly classified as independent contractors and denied broad workplace protections. Meanwhile, working people who are paid even a low salary can be denied additional compensation when they put in long hours on the job. Overall, our nation's rules about work no longer reflect a basic respect for people's real contributions on the job.

For many workers of color and working women, workplace laws were never fair. When many of the nation's core employment laws were enacted in the 1930s, lawmakers deliberately excluded occupations like farm labor and domestic work that predominantly employed people of color and women. The initial opposition to federal minimum wage laws came from legislators outraged that a black worker might be paid as much as a white one.[36]

Today, as women and people of color make up a growing share of America's working class, employers are weakening job standards for all working people. In an effort to turn a quick profit by keeping labor costs to a minimum, corporate interests deploy racist images of "lazy" minimum wage workers who don't deserve to be paid a living wage. Strategic racism is used to undermine support for improving job standards that would benefit all working Americans. As a result, while women and people of color continue to disproportionately work at low-paying jobs with erratic schedules, no paid sick time, and vulnerability to wage theft, these conditions are growing throughout the workforce.[37]

Americans working as cooks, retail salespeople, home care and child care workers, cashiers, restaurant servers, janitors, warehouse workers, laborers, nursing assistants and many other occupations find their paychecks falling short of basic needs. Employers pay less than $15 an hour to more than 40 percent of working people.[38] Below this rate, even families supported by a full-time, full-year worker struggle with poverty or near-poverty. At the same time, employers deny 37 million working people (nearly 1 in 3 private-sector workers nationwide) the ability to take a day off work when they are sick without losing the income they depend on.[39] Millions of hourly workers also face rigid and unpredictable work schedules that vary day to day with little say or notice for the workers affected. Workers with erratic schedules cannot predict their hours or pay, cannot plan time for education or a second job, and must scramble to arrange child care at the last minute.

Hourly workers are not the only ones struggling with unsustainable schedules. Millions of salaried workers put in overtime hours but do not get paid for their extra work. Although federal law guarantees overtime pay to people working more than 40 hours a week, an exemption for salaried workers with certain responsibilities who are paid more than $23,660 per year enables businesses to deny overtime pay to workers such as fast food assistant managers and convenience store clerks. A recent effort to raise the salary threshold was pushed back by business interests, assisted by the Trump administration.

If nothing else, working people should be able to expect the protection of our nation's existing employment laws. Yet lack of enforcement capacity and weak penalties for violating wage and hour laws enable unscrupulous employers to steal wages with little concern for the consequences. Employers cheat workers out of an estimated $15 billion every year by paying less than the legal minimum wage—not including other common forms of wage theft such as stealing tips or forcing employees to work off-the-clock.[40] Millions of workers, including many in the gig economy, are often improperly classified as independent contractors, a form of wage theft that deprives them of many workplace protections.[41]

POLLING DATA

85% OF AMERICANS
favor requiring employers to offer paid sick leave to employees who are ill.[42]

58% OF AMERICANS
favor an increase in the federal minimum wage from the current $7.25 to $15 an hour.[43]

73% OF AMERICANS
say they support "fair workweek laws [that] require employers to give workers stable hours, input into schedules, and more opportunities for full time work."[44]

POLICY SOLUTION

Raise the standards for American jobs so that all working people get paid fairly for their efforts and have work schedules that take their basic needs into account. Several bills currently before Congress would help to raise job standards:

- **The Raise the Wage Act (S.1242/H.R.15)** increases the minimum wage in phases to $15 per hour by 2024 and then indexes it to keep up with the median wage. The minimum wage for tipped workers, and the lower minimum wages for young workers and workers with disabilities, are gradually increased to be equal with the regular minimum wage.
- **The Schedules That Work Act (S.1386/H.R. 2942)** guarantees that people working in the retail, food service, and cleaning industries—the jobs most subject to irregular schedules—receive their schedules at least 2 weeks in advance and be paid for at least 4 hours on a shift. The bill also protects all workers from retaliation if they request more flexible, predictable or stable schedules from their employer, and sets up a process for employers to consider workers' scheduling requests.
- **The Healthy Families Act (S.636/H.R. 1516)** allows workers to accrue up to 7 paid sick days a year to recover from their own illness, care for sick family members, or access preventive care. Companies with fewer than 15 workers are only required to provide unpaid sick time. The bill allows workers who are survivors of domestic violence or sexual assault to use sick time to recover or seek help.
- **The Wage Theft Prevention and Wage Recovery Act (S.1652/ H.R.3467)** enables workers to recover the full value of back pay denied to them, compensates victims of wage theft with triple back pay, substantially increases civil fines—particularly for companies that are repeat offenders, allows employers to be referred for criminal prosecution in certain egregious cases, strengthens whistleblower protections, and makes it easier for workers to take action to recover stolen wages.
- **The Payroll Fraud Prevention Act (H.R.3629)** protects workers from being improperly classified as independent contractors, which excludes them from many workplace protections. The bill requires that all workers be accurately classified as employees or non-employees, and be given written notice of their classification. Misclassified employees gain the right to sue and recover lost wages, and penalties for employers are increased.
- **The Restoring Overtime Pay Act (S.2177/ H.R.4505)** enables workers who are paid less than $48,412 a year to be eligible to earn overtime pay if they work more than 40 hours a week. The eligibility level is automatically updated every 3 years.
- **Increase Funds for the Department of Labor.** The U.S. Department of Labor has just 1,000 investigators to inspect and enforce wage laws for 7.3 million U.S. workplaces. More resources are needed to strengthen enforcement of wage and hour regulations and workplace safety rules.

HOW TO GO FURTHER

Unless they are protected by a union contract, most American workers are at-will employees and can be fired at any time for no reason. A higher job standard would guarantee that once a worker has completed a brief probationary period, they can only be terminated for good cause, such as a failure to adequately perform their job. Workers would have a right to contest their termination.

HOW TO TALK ABOUT IT

- **Working people deserve a fair return on our work and a decent life for our families.** When people are given a work schedule that constantly changes or told to work more for less, the workplace isn't fair.[45] We can improve our jobs by guaranteeing that people who work earn good wages and basic benefits, like paid sick days and more stable schedules. When people put in extra hours on the job, our laws should ensure they get paid for the work they do. Everyone should expect to be paid fairly for their work, not cheated out of the wages they earn by bosses who think they won't get caught.

- **Our workplaces have been pulled out of balance by rules that unfairly favor corporations and the rich.** Our work creates enormous wealth, but the profits don't get to the working people who produce them.[46] The rules of our economy unfairly favor corporations because they are written by politicians beholden to wealthy special interests. In our democracy, we can change the rules to reflect a basic respect for people's real contributions on the job.

- **We all have a stake in improving workplace standards for everyone.** Corporate interests profit by dividing working Americans and appealing to racial and gender stereotypes that paint some working people as less deserving of decent pay and benefits. These racial divisions drag down standards for all of us. To build an economy that works for everyone, we must ensure that everyone's work is respected and fairly compensated.

HOW IT WORKS

» Increasing the federal minimum wage to $15 by 2024 would directly or indirectly increase the pay of 41 million working people in 21 states, generating an estimated $144 billion in additional wages.[47] The vast majority of those who would receive a pay increase are adults, and many support their families. Forty percent of African-American workers and 34 percent of Latino workers would get a raise.

Continued next page

HOW IT WORKS *Continued*

- Currently 29 states have a minimum wage higher than the federal minimum. California, New York, the District of Columbia and a growing number of cities have passed laws phasing in a $15 minimum wage.

- In practice, minimum wage increases have succeed in raising pay for low-wage workers and have little or no significant impact on employment.[48] Higher wage costs for businesses are offset by growth in productivity, lower costs for employee turnover, and modest price increases. Furthermore, minimum wage increases often find their way back into the local economy, as working people are able to purchase higher volumes of goods and services.

- Eight states, the District of Columbia, and dozens of cities and counties have passed laws guaranteeing paid sick days. Employment growth has remained strong, and businesses generally report no impact on profitability.[49] Paid sick day laws are associated with reduced flu rates.[50]

- Laws guaranteeing stable scheduling have been enacted in New Hampshire and Oregon, as well as 7 municipalities.

MORE RESOURCES

- The National Employment Law Project resource page on raising the minimum wage
- The Economic Policy Institute resource page on overtime pay
- The Fair Workweek Initiative campaign page on fair scheduling
- The National Partnership for Women and Families resource page on paid sick days
- The Economic Policy Institute summary of research and legislation on wage theft

NOTES

GUARANTEE FAIR EMPLOYMENT

"I remember on breaks just going into work closets and crying because I was so stressed out [from the harassment.] I took the stress home with me every day. I didn't sleep well. And I dreaded going to work."

—JAMEKA EVANS, FORMER SECURITY GUARD AT GEORGIA REGIONAL HOSPITAL, LAMBDA LEGAL CLIENT[51]

THE PROBLEM

We all deserve an equal opportunity to be hired based on our abilities, and to carry out our work free from discrimination and harassment. Yet discriminatory hiring, firing, promotions, and pay, as well as harassment, continue to shape the U.S. labor market in ways that systematically disadvantage people of color, women, LGBTQ workers, people with disabilities, and other targeted groups. As our jobs largely determine our incomes, economic opportunities, and the livelihood of our families, unfair employment practices worsen cycles of inequality.

Inequality in American labor markets was codified and maintained by law for much of U.S. history. Before the Civil Rights Act of 1964, employers were legally allowed to discriminate on the basis of race, color, religion, sex, and national origin. Today federal law forbids these types of discrimination, as well as employment discrimination based on disability, pregnancy, age (age 40 or older), or genetic information. Yet evidence of persistent discrimination remains pervasive. African Americans consistently face much higher unemployment rates than white workers, regardless of education.[52] White job applicants still receive 36 percent more callbacks for a job interview than equally qualified black applicants, and 24 percent more than Latino applicants.[53] Meanwhile, different types of discrimination overlap and deepen inequality: For example, in 2016, Latina women working full-time, year-round were still paid only 54 cents for every dollar paid to white, non-Hispanic men.[54] Race and gender contribute to dramatic pay gaps across the spectrum, and gaps persist for workers at all levels of education and in the vast majority of occupations.[55] By offering remedies targeted to specific vulnerable groups, civil rights laws have the potential to dramatically reduce discrimination—but too often fall short due to a lack of resources for more effective enforcement.

At the same time, federal laws have significant gaps that allow other types of discrimination to flourish. On a daily basis, Americans are fired and harassed because of their sexual orientation and gender identity or expression. Pregnant workers are pushed out of their jobs and refused minor accommodations that would enable them to continue working. Qualified job applicants are denied employment because of flawed personal credit history—a factor which predicts little or nothing about future job performance, but may become a surreptitious form of racial discrimination.

Workers with caregiving responsibilities face discrimination based on stereotypes about how caregiving will impact their work performance. The nearly 1 in 3 American adults with an arrest or conviction record face particularly high barriers to employment. Although rates of criminal recidivism are significantly lower among former offenders who are able to obtain steady employment, the stigma of a record decreases a job seekers' chances of a job callback or offer of employment by almost 50 percent. As a result of mass incarceration and racial bias throughout the criminal justice system, communities of color are disproportionately affected when employers refuse to consider job applicants with a record.

POLLING DATA

61% OF AMERICANS
believe the federal government should take a more active role to ensure equal pay for men and women who are doing the same job.[56]

76% OF AMERICANS
say it should be illegal for an employer to fire someone for being gay or lesbian.[57]

POLICY SOLUTION

Provide additional resources to strengthen the enforcement of existing fair employment laws and expand civil rights laws to clarify that discrimination and harassment based on sexual orientation, gender identity or expression, personal credit history, pregnancy status, or caregiving responsibilities are illegal. Ensure people with arrest or conviction records have a fair chance to work. Several bills currently before Congress address aspects of the need for stronger fair employment laws:

- **Increase funding for the Equal Employment Opportunity Commission (EEOC) and ensure it retains its focus on systemic discrimination.** The EEOC is responsible for enforcing laws against workplace discrimination. But the agency is severely underfunded, and faced a backlog of more than 60,000 cases at the end of 2017.[58] The EEOC needs more resources, and must resist efforts to change its focus away from combatting systemic discrimination and collecting pay data and other information necessary to detect broader patterns of discrimination.

- **The Pregnant Workers Fairness Act (H.R.2417/S. 1101)** requires employers to make the same types of reasonable accommodations for pregnancy and related medical conditions that the Americans with Disabilities Act already requires employers to make for disabilities (for example, allowing workers to take additional bathroom breaks or to sit down). The need for accommodations could no longer be a pretext to push pregnant employees out of their jobs.

- **The Equal Employment for All Act (S.1819)** prohibits employers from using personal credit history to make decisions about hiring, firing, pay, or promotions. The bill protects job seekers whose credit may be damaged by medical debt, student loans, a layoff, divorce, predatory lending, or simple error, and is particularly important for people of color, who are more likely to have poor credit as a result of the enduring impact of racial discrimination in employment, lending, education, and housing.

- **The Equality Act (H.R.2282/S.1006)** goes beyond the sphere of employment to clarify that discrimination based on sexual orientation, gender identity, or gender expression is a form of unlawful sex discrimination; as such, it is prohibited in employment, housing, credit, education, public spaces and services, federally funded programs, and jury service.

- **The Paycheck Fairness Act (H.R. 1869/S. 819)** strengthens enforcement of equal pay laws by requiring employers to demonstrate that pay disparities are based on legitimate job-related factors, allowing workers to ask about their employers' wage practices or disclose their own pay without retaliation, prohibiting employers from requiring salary history during the hiring process, and strengthening penalties for equal pay violations, among other provisions.

- **The Fair Chance Act (H.R. 1905/S. 842)** prohibits the federal government and federal contractors from requesting a job applicant's arrest or conviction record until after a conditional offer of employment has been made. The bill includes exemptions, such as for law enforcement positions.

- **The REDEEM Act (H.R. 1906/S. 827)** enhances employment opportunities for job applicants with arrest or conviction records: Automatically seals juvenile records, enables adults convicted of nonviolent crimes to petition to have their criminal records sealed, and improves the accuracy of the FBI background check system, among other criminal justice reforms.

- **Strengthen employment protections for workers with family care responsibilities.** Congress should explicitly ban discrimination on the basis of caregiving status, as a number of states have done.

HOW TO TALK ABOUT IT

- **All Americans deserve a fair opportunity to earn a living and sustain their families— employment discrimination cannot be tolerated.** Equality of opportunity is a fundamental American value. Yet every day, qualified job seekers are passed over for employment, and workers are harassed, fired, paid less, and denied promotions because of factors that have nothing to do with their ability to perform a job well. Our society and economy are diminished when working people of any background and identity are prevented from contributing to the best of their abilities.

- **Laws against discrimination work when they are vigorously enforced.** Federal law only began to protect American workers from discrimination based on race, sex, national origin, and color 52 years ago. It has taken decades of additional legislation and litigation to dismantle officially segregated workplaces and remove other obstacles to opportunity. For example, the once-prevalent employment ads calling for "male help wanted" or "no Negroes" are now largely a thing of the past. Today, fair hiring practices have proven effective at reducing the impact of the unconscious biases we all share. Strong laws allow workers who continue to face discrimination to pursue legal recourse. With sufficient resources and tools to root out discriminatory practices, all Americans can enjoy equal opportunity at work.
- **Job seekers with an arrest or conviction record deserve a chance to start fresh.** Long after a sentence has been served, the stigma of an arrest or conviction record persists on employment background checks, dramatically reducing a job seeker's chances of employment. As a result of mass incarceration and racial bias throughout the criminal justice system, communities of color are disproportionately impacted. Each year nearly 700,000 people return to our communities from incarceration; we all have a stake in ensuring that they are able to integrate back into society and to support themselves and their families.

HOW IT WORKS

» Although significant work remains to guarantee fair employment, the Equal Employment Opportunity Commission's current enforcement of discrimination laws provide a tangible benefit to working Americans. In fiscal year 2017, the EEOC obtained nearly $484 million for workers confronting discrimination on the job, and received more than 84,254 new charges of unfair treatment, propelling investigations, settlements, and lawsuits.[59]

» State and local laws outlawing discrimination against LGBTQ workers and job applicants have been successful both at protecting people from unfair employment practices and at reducing more subtle interpersonal bias. Research suggests that one reason these and other types of anti-discrimination laws work is because they help to establish new norms and expectations about what type of treatment and behavior is acceptable on the job.[60]

» "Ban the Box" and other state and local laws that aim to provide a fair chance at employment to people with arrest and conviction records have effectively increased the number and proportion of people hired who have records.[61] While employers may have initially refused to consider applicants with a conviction record, personal contact and context help to put a record into perspective, removing a significant barrier to opportunity for tens of millions of Americans.

MORE RESOURCES

- » National Partnership for Women and Families resource page on fair pay
- » National Employment Law Project Fair Chance/Ban the Box Toolkit
- » A Better Balance resource page on pregnant workers fairness
- » The Human Rights Campaign resource page on the Equality Act
- » Dēmos explainer on credit discrimination and the Equal Employment for All Act
- » Center for Worklife Law page on Family Responsibility Discrimination

NOTES

RESTORE FREEDOM TO NEGOTIATE AT WORK

"I worked hard for this company for five years, sometimes 72 hours a week – and never had any performance-related complaints. I did, however, wear a union shirt. And I had union stickers on my water bottle. And I believed that a union would make us safer, and would make the company more organized and more efficient."

—MIKE WILLIAMS, FORMER TESLA EMPLOYEE[62]

THE PROBLEM

Our American tradition guarantees working people the freedom to join together with co-workers to negotiate for a fair return on work. When workers have the freedom to band together in unions and negotiate with their employers, they and their families gain from improved wages and benefits, safer working conditions, and fairer treatment on the job.[63] Yet because unions enable working people to build power, the freedom to come together in unions is under attack by corporate interests aiming to maximize their own wealth and power. Decades of attacks on workers' freedom have eroded the ranks of union members and undermined their strength, significantly contributing to the stagnating wages and growing income inequality of the last 45 years.[64] As workers' power to negotiate declines, inequality is increasing.

When working people bridge racial divisions and stand together for their fair share of the wealth they create, their union can be a powerful force for both racial and economic equity. For this reason, greedy corporate interests have consistently manipulated racism to turn working people against each other, pushing down wages, undermining solidarity, and weakening workers' freedom to join together. Like almost every institution in the U.S., unions themselves are struggling with a legacy of racial and gender discrimination. Yet today, nearly half of union workers are women and more than a third are workers of color.[65] Black workers are more likely than workers of any other race to be represented by a union.[66] Unions offer pay transparency, protections from discrimination, and clear processes for raises and promotions that protect all working people from bias. As Dr. Martin Luther King Jr. and other civil rights leaders recognized, the freedom to join unions is essential to advancing racial justice.

The 1935 National Labor Relations Act guarantees working Americans the freedom to join together in unions, negotiate, and take collective action for better terms and conditions at work. The passage of the law contributed to a dramatic increase in workers joining unions and building power. Through unions, workers negotiate for their own benefit but also raise workplace standards for entire industries, improving pay and working conditions even for workers who are not union members. During the height of workers' power, between 1948 and 1973, the hourly compensation for the typical worker rose in tandem with the productivity of the overall economy, meaning that economic growth benefitted working people as well as corporate profits and the very highest earners.[67] But corporate lobbyists were already pushing to take back power: The 1947 Taft-Hartley Act restricted workers' freedom, prohibiting workers from striking or boycotting in solidarity with another union, taking away independent contractors' freedom to join unions, and enabling states to enact laws that undermine workers' freedom to join together and negotiate, among other provisions. A series of anti-worker laws and legal decisions over the decades further chipped away at Americans' freedom to join together and negotiate.

Today, the legal consequences for violating workers' freedom are so weak that many employers regard penalties for breaking the law as part of the cost doing business: Employers routinely make illegal threats against workers trying to organize unions, unlawfully fire union activists, and pay millions of dollars to union-busting consultants.[68] When other negotiating tactics fail and working people resort to their most powerful tool, the right to walk out on strike, employers may retaliate by hiring permanent replacements, often destroying the workers' union and their power to stand together. Even when workers overcome these obstacles and succeed in forming a union, employers regularly use legal loopholes to endlessly delay contract negotiations: Two years after a successful election, 37 percent of unions in the private sector still had not signed their first contract.[69] The attacks on unions have contributed to their decline; the proportion of U.S. workers represented by unions shrank from 35 percent in 1954 to just 10.7 percent in 2016.[70] As unions have declined, so has workers' ability to get a fair share of economic growth. Since the end of the Great Recession, the top 1 percent of households has taken home 52 percent of all income growth, while wages for the typical worker have remained largely flat.[71] Studies find that union decline can explain one-third of the rise in wage inequality among men and one-fifth of the rise in wage inequality among women from 1973 to 2007.[72]

POLLING DATA

61% OF AMERICANS
say they approve of labor unions, and approval is increasing.[73]

75% OF YOUNG PEOPLE
(ages 18 to 29) say they have a favorable opinion of labor unions.[74]

POLICY SOLUTION

Restore workers' freedom to join together in unions and negotiate for a fair return on work. While no comprehensive labor law reform bill is currently before Congress, congressional Democrats have outlined a plan as part of their "**Better Deal**" agenda. The plan includes the following provisions, which should be passed into law:

- **Strengthen penalties for violating workers' freedom to join together in unions.** Following the provisions of the **WAGE Act of 2015**, increase civil penalties for employers who violate labor rights, and double penalties for repeat violations; impose individual penalties on officers of companies that violate workers' rights; triple the back pay owed to workers who are unlawfully fired or retaliated against, regardless of workers' immigration status; and guarantee workers the right to hold violators accountable in court, including in a class action suit, as they can under civil rights laws. The law must also authorize federal injunctions to immediately return unlawfully fired workers to their jobs.

- **Hold employers accountable for jobs they control through subcontractors and franchisees.** Both a company and any subcontractor or franchisee it contracts with to hire and manage workers must be considered "joint employers" if they share the ability to govern the workers' terms and conditions of employment. This will enable workers to negotiate with all employers that control their job, and will prevent companies from using subcontractors to evade responsibility for their workers.

- **Stop employers from misclassifying workers as independent contractors.** Require that all workers be accurately classified as employees or non-employees, and be given written notice of their classification. Give misclassified employees the right to sue and recover lost wages, and increase penalties for employers.

- **Strengthen workers' right to strike.** Ban the permanent replacement of striking workers and allow workers to participate in secondary strikes and boycotts in support of workers at other companies.

- **Establish a mediation and arbitration process to facilitate negotiation of a first contract.** To prevent employers from endlessly delaying a first contract, provide workers with the option to require a neutral mediation process with the employer and if that fails, binding arbitration.

- **Ban state laws that undermine workers' freedom to join together and negotiate.** Prohibit the deceptively named "right to work" laws that corporate lobbyists have promoted in many states. These laws are designed to drain resources from workers' organizations by allowing people to benefit from union representation without paying for it.

- **Guarantee public employees the freedom to join unions and negotiate.** Provide Americans working as firefighters, teachers, sanitation workers, and in other public jobs at every level of government with the same freedom to negotiate for a fair return on their work as private sector workers.

- **Require employers to post a notice informing workers of their rights on the job.**

- **Streamline procedures to secure worker freedoms and effectively prevent violations.** Streamline the procedures of the National Labor Relations Board, which adjudicates labor disputes, so that companies cannot exploit procedural loopholes and interfere with workers' freedom to organize. Prohibit employers from forcing workers to attend meetings where they are compelled to listen to anti-union presentations from the company.

- **Use federal purchasing power and policy to help expand opportunities to negotiate.** All employers that receive federal contracts or other funding must affirmatively notify workers of their rights, and refrain from activity aimed at interfering with workers' ability to join a union and bargain collectively.

HOW TO GO FURTHER

The freedom to join together and negotiate should be guaranteed to workers who remain excluded from federal labor law, such as agricultural workers and domestic workers, occupations that predominantly employ people of color, particularly women of color.

HOW TO TALK ABOUT IT

- **In America, we value our freedom.** Just as corporate CEOs are free to negotiate their salaries, benefits, and bonuses, working people deserve the very same freedom: To negotiate a fair return on our work so we can provide for our families.[75] Real freedom is about more than making a living; it's also about having time to take a loved one to the doctor, attend a parent-teacher conference, and retire in dignity. But corporate lobbyists are trying to take away the freedoms people in unions have won for all of us. Standing together, we can fight for our freedom to prosper.

- **When working people stand together to negotiate for their fair share of the wealth they create, their union is powerful.** That's why corporations that want to expand their own power and wealth try to turn working people against each other, using racial stereotypes to weaken and divide us. If working people don't band together to defend freedom for all of us, we stand to lose our pay, retirement security, and the future we're working to build for our children.

HOW IT WORKS

» 16 million working men and women in America are represented by unions today.[76] Unions are diverse and represent workers of all levels of education and in a wide range of jobs and sectors, from digital media journalists, to cafeteria servers, to factory workers, to nurses, to road builders. By raising industry standards, unions increase wages for union and non-union workers, and improve workplace benefits and safety practices.

» Through unions, working people make communities stronger and level the playing field for everyone. For example, unions provide training and apprenticeship programs for young people, negotiate staffing ratios that protect patient health at hospitals, and have won smaller class sizes in schools.[77]

» In states where working people have the freedom to negotiate without being undermined by "right to work" laws, the typical full-time worker is paid $1,558 more each year and is more than twice as likely to be protected by a union contract than workers in "right to work" states.[78]

MORE RESOURCES

» The Economic Policy Institute report "How Today's Unions Help Working People"

» Dēmos Fellow Ian Haney Lopez's framing paper "Race and Economic Jeopardy for All"

» The Century Foundation on "Labor's Bill of Rights"

NOTES

GUARANTEE PUBLIC JOBS

"We must develop a federal program of public works, retraining, and jobs for all, so that none, white or black, will have cause to feel threatened."

—MARTIN LUTHER KING, JR

THE PROBLEM

Good jobs are the essential means to establish a stable life and, for most people, a sense of self-worth. Everyone who wants to work should have the opportunity to work. And our communities and nation have work to do: building, caring, educating, healing, protecting, and much more. But today, too many private employers are failing to provide enough good jobs. Powerful employers have cut wages and benefits, manipulated workplace schedules, and diminished workers' access to unions, jeopardizing job quality throughout the labor market. Politicians touting "austerity" have slashed public jobs, which have long been a path to financial stability for working people, especially people of color.

This story of failing job creation and job quality seems to run counter to our currently low unemployment rate, but that is because the official unemployment rate only counts those who are actively looking for work, and national numbers mask significant disparities, particularly by race, age, and geography.[79] Due to barriers to opportunity and the continuing impact of racial bias in hiring, black Americans are typically unemployed at roughly twice the rate of white Americans.[80] Millions of workers are underemployed because they can find only part-time jobs, even though they want to work full time.[81] Millions more have left the work force, many because good jobs are getting harder to find. Employers have created an epidemic of low-wage jobs—58 million jobs pay less than $15 per hour (well below a living wage in many cities and states) with few or no benefits—made worse because of unaffordable child care and other factors that make it difficult to get and hold onto a job. Black and Latino workers are the most likely to be trapped in low-paying jobs, and women of color hold the lowest paying jobs of all, primarily in the service sector.[82] Poorly regulated by government, employers and the labor market are dividing our country by race and gender, when jobs should be a source of common benefit and upward mobility for all.

POLLING DATA

77% OF AMERICANS
support a government jobs program to rebuild our infrastructure.[83]

47% OF AMERICANS
support a federal jobs guarantee, compared to just 41% who are opposed.[84]

POLICY SOLUTION

Create a public jobs guarantee. The idea of public jobs programs has a long history in the United States. It was developed and advocated for as far back as the New Deal and Franklin Roosevelt's Economic Bill of Rights, and by legislation such as the Employment Act of 1946 and the Humphrey-Hawkins Act of 1978 (the latter codified the Federal Reserve's "dual mandate" of both supporting employment and keeping inflation down). It has also been a mainstay of civil rights activism, not least for Martin Luther King Jr. and Coretta Scott King, among other leaders. Black Lives Matter is continuing the fight today.

A good starting point for establishing a public jobs guarantee is the **Humphrey-Hawkins 21st Century Full Employment and Training Act (H.R. 1000)**. The bill establishes a Full Employment and Training Trust Fund, funded by a financial transactions tax that will generate $100 to $150 billion per year, and between 2.5 and 3.9 million jobs each year. A public jobs guarantee goes further by providing jobs to anyone who applies with demonstrated need. H.R. 1000 also emphasizes significant investments in training. The larger-scale jobs guarantee should include training, in addition to a number of other key provisions, some of which are included in H.R 1000 in one form or another:

- **Guarantee a public job as an employer of last resort and a partner to responsible private employers**, but also as a driver of private sector competition for workers, so that all workers benefit. The guarantee has a broad definition of who is eligible, including those who are without college education,[85] involuntarily unemployed, poorly paid or underemployed, or out of the workforce.[86]

- **Prioritize racial equity** in the program design to repair systemic limitations to opportunity for people of color.

- **Enforce standards for good jobs**, including living wages, health coverage, paid family and sick leave, retirement plan options, and paid vacation.

- **Provide the funding and set the standards for eligibility and allocation of guaranteed public jobs**, in partnership with qualified localities or states, which oversee the projects.[87] Funds for public jobs should be allocated to subnational jurisdictions based on socioeconomic criteria, such as high unemployment and poverty rates.

- **Partner with private-sector projects and enterprises that serve social and collective needs** in localities or regions, such as infrastructure and especially green infrastructure, climate mitigation or adaptation initiatives, child care and elder care, and re-entry into the work force for formerly incarcerated people.

HOW TO GO FURTHER

An employment boost in the private sector would complement the public jobs program. One clear way to increase private employment is to ensure that Federal Reserve policymakers use all tools at their disposal to achieve the Federal Reserve's mandate for full employment. Congress can promote this effort by publicly supporting the importance of full employment and rejecting efforts to diminish the full employment mandate. In addition, policies that incentivize public pension funds to invest more in infrastructure and other public goods could help to expand the reach and impact of public jobs.

HOW TO TALK ABOUT IT

- **Every American who wants to work should be able to work; and when we work for a living, we should be paid enough to earn a good living and have a good life.** If the market and employers cannot create enough good jobs, we can step in to raise the floor by investing public funds in millions of new and better jobs.

- **People who work for a living shouldn't just survive—we should have the opportunity to thrive and be able to help our children realize their dreams.** Our communities have many critical needs, from child care, to elder care, to improvements and weatherproofing for housing, to upgrades to dilapidated public buildings and neglected parks, and much more. A public jobs program will align with public goods that we already need, and which have been recklessly neglected by business and political priorities.

- **A public jobs program must focus on low-income communities of color.** By centering the policy design on communities of color, a public jobs guarantee can both repair past discrimination and generate a multiracial common good and an inclusive economic future.

HOW IT WORKS

A new public jobs guarantee would:[88]

» Give people good jobs that they need for income, good health, skills development, family relationships, personal development, and citizenship. For instance, people who have not experienced long-term unemployment live up to 10 years longer than those who have.[89]

» Largely eliminate structural and cyclical unemployment, stabilizing the demand side of the economy. A job guarantee will tighten the labor market, and a tight labor market closes the racial employment gap. Creating full employment among all Americans will increase consumer demand, raise job standards in much of the economy, and reduce inequality.[90]

Continued next page

HOW IT WORKS *Continued*

» Fuel the provision of public and social goods, help meet the scale of collective needs that are starting to be addressed in other areas of policy, such as climate change mitigation and adaptation, and grow the tax base, creating a virtuous cycle for greater public investment.

» The spending levels will be high, as much as $750 billion annually, depending on the details of the program, but a substantial portion of these costs will be offset by fiscal gains from more tax revenue and reduced social benefits enrollment, reduced social costs with the expansion of public goods, savings on unemployment insurance, and other benefits.

MORE RESOURCES

» The New School for Social Research, Samuel DuBois Cook Center on Social Equity, and Insight Center for Community Economic Development proposal for a Federal Jobs Guarantee

» Dēmos proposal for public jobs

» Center for Economic and Policy Research, Center for Popular Democracy and Fed Up on The Full Employment Mandate of the Federal Reserve

NOTES

ENSURE PAID TIME TO CARE

"This was my baby and I wasn't going to leave her side, but I also needed my job."

—STACI J. LOWRY, DETROIT, MICHIGAN[91]

THE PROBLEM

At some point in our lives, we all need time to care for loved ones or ourselves, whether we are bonding with a new child, caring for an ailing parent, or recovering from a serious illness. Yet in 2017, only 13 percent of private sector workers had access to paid family leave through their employer.[92] Low-paid workers and working people of color were least likely to have access to paid time to care.[93] Without paid time away from work, Americans put their health at risk, face economic hardship, and are unable to care for those who matter most to them in a time of need.

To a great extent, the American workplace is built around the image of a male worker with a wife who is not employed outside the home and is available to provide care for children, aging relatives and loved ones who fall sick. Yet this norm never applied to most households of color or LGBTQ households, and does not apply to the majority of American households today: Currently most families with children have all adults in the workforce, and mothers are key breadwinners.[94] Meanwhile, the number of working people responsible for caring for elderly loved ones continues to grow as the population ages.

Paid time to care is the norm in virtually every other country, yet the U.S. guarantees only unpaid time off work under the Family and Medical Leave Act (FMLA). Even access to unpaid FMLA leave is unavailable to about 40 percent of working people, because the law only applies to businesses with 50 or more employees and to workers who have worked for their employer for at least 12 months. As a result, millions of American are forced to make an impossible choice between the income they rely on and caring for a loved one in their time of greatest need.

POLLING DATA

78% OF VOTERS
support establishing a national *paid* family and medical leave fund that would allow all workers in the U.S. to take up to 12 weeks of leave from their jobs with some pay.[95]

64% OF VOTERS
strongly favor such a law.

58% OF VOTERS
say they would be more likely to vote to re-elect a lawmaker who votes for a national paid leave law.

POLICY SOLUTION

Provide paid benefits to working people who need time away from their jobs to care for a new child, a loved one with a serious health condition, or their own serious health condition. **The Family and Medical Insurance Leave (FAMILY) Act** **(S. 337/H.R. 947)** currently before Congress includes the following provisions:

- Provides working people with up to 12 weeks per year of paid time to care for family and medical needs. Benefits cover time taken for pregnancy, childbirth recovery, caring for the serious health condition of a child, parent, spouse, or domestic partner, birth or adoption of a child, and military caregiving.
- Workers taking leave receive two-thirds of their typical monthly wages, up to a capped monthly maximum. Low- and middle-income workers have a greater share of their income replaced.
- Benefits are funded by small employee and employer payroll contributions of two cents per $10 in wages, or about $1.50 a week for the average worker. The benefit is administered through a new office within the Social Security Administration.
- All working people are covered, no matter what size of company they work for. Part-time, contingent, and self-employed workers are all eligible for benefits.

HOW TO GO FURTHER

The FAMILY Act would establish a sound base for the U.S.'s first-ever national system of paid family and medical leave. A more comprehensive proposal could include: longer duration of time to care (for example, Canada offers 12 months of leave benefits to new parents, which can be extended to 18 months at a lower rate of pay); an even greater share of pay replaced for the lowest-paid workers; leave that protects the jobs of workers at small businesses; or benefits that cover a greater range of loved ones, such as siblings or "chosen family"—a person, designated in advance, who shares a close relationship.

HOW TO TALK ABOUT IT

- **At some point in our lives, we all need time to care for the people we love.** We need a universal, public system of paid time to care, because ensuring that the next generation gets a healthy, loving start in life—and that families don't fall into poverty as they struggle to care for one another in times of sickness—are society-wide challenges, not problems that individual families and businesses can solve on their own.
- **Businesses want employees to have time to care.** Large, well-resourced companies such as Facebook and Amazon are offering employees increasingly generous paid leave, because it

contributes to employee retention, improved morale, and greater productivity.[96] Yet many smaller businesses are at a disadvantage because they can't afford to provide this benefit on their own. Recent polls show that 70 percent of small-business owners support a national paid family and medical leave program.[97]

- **Paid time to care advances racial and gender equity.** Because women still take on responsibility for most caregiving, access to paid time to care both immediately increases women's incomes and helps women who take leave retain their jobs over the longer term.[98] Providing leave on an equal basis to fathers and male caregivers (and encouraging men to take it) also reduces discrimination against women.[99] Women of color disproportionately risk their jobs and pay to care for loved ones: Black and Latina mothers are more likely to face job loss after giving birth.[100] Latina workers in particular have less access to paid leave and take very short maternity leaves.[101]

HOW IT WORKS

State programs guaranteeing paid time to care have strong records. For decades, state temporary disability insurance programs in California, Hawaii, New Jersey, New York, Rhode Island and Puerto Rico have successfully provided paid time to recover from personal medical conditions.[102] In 2004, California became the first state to guarantee paid leave to care for family. New Jersey, Rhode Island, New York, and the District of Columbia have since enacted laws. Research finds:

» When paid leave is available, mothers are less likely to drop out of the labor force when they have a baby, and their family incomes increase. Families have less need to rely on public benefits.[103]

» Paid leave improves child health outcomes—including reducing infant mortality rates—and is associated with better mental and physical health among new mothers.[104]

» Fathers who take paid parental leave are more engaged in caring for their babies.[105]

» Black and Latina mothers are benefiting the most from paid family leave in California, significantly increasing the number of weeks taken to care for new babies.[106]

» California's paid family leave program has reduced workplace absenteeism and improved retention among low-wage workers by 10 percent.[107]

Continued next page

HOW IT WORKS

Continued

» Five years after California's paid leave program was implemented, 90 percent of employers reported no negative effect on business profitability or performance, with small businesses even less likely to detect any damaging impact on their bottom line.[108]

MORE RESOURCES

» The National Partnership for Women and Families resource page on paid leave

» Institute for Women's Policy Research summary of research findings on parental leave

» Family Values @ Work Resources and Toolkit

NOTES

NOTES

REBUILDING OPPORTUNITY

ESTABLISH DEBT-FREE COLLEGE

"I stayed up late at night, made A's to get in. What was the point of working so hard when I can't ever go? I did my part as a student, but my parents felt like they couldn't do their part as parents. It was heartbreaking for them."

—KATIE HUTCHINS[109]

THE PROBLEM

At a time of persistent racial and economic inequality, many Americans take comfort in the idea that education in general—and higher education in particular—is a great equalizer and a pathway to a better life, regardless of race, gender, or class. As wages and wealth have continued to decline for those with only a high school diploma, a college degree has become an insurance policy for many families, a way to achieve some financial security. But just as more Americans pursue this aspiration, the rising cost of college—particularly at public institutions, which have traditionally been the most affordable and accessible—is eroding this pathway to security.

In just 30 years, the total cost of attendance at public 4-year colleges has more than doubled, even after adjusting for inflation, and sits at nearly $21,000 a year.[110] Over several decades, states have failed to meet the rising demand for higher education with greater public investment. As recently as 2001, states covered 70 percent of the cost of educating students at public colleges, with tuition making up the rest. But now, tuition covers half of the cost (and well over half in many states); costs have shifted from a public responsibility onto the backs of students and families themselves. This is not simply a function of the Great Recession; even as the economy has recovered over the past several years, most states are still spending less on higher education than a decade ago.[111] A dominant political ideology holds sway in many states that prizes tax cuts and smaller government over shared benefits. In other cases, what seem like temporary cuts during economic downturns are never fully replaced, making low per-student funding the new normal across the country.

As college prices continue to rise, federal policymakers have not acted to help low-income students weather this storm. The federal Pell Grant, which in its inception covered nearly three-quarters of the annual cost of attending a public college, now covers less than one-third.[112] And families, whose incomes have generally remained flat over a period of several decades, cannot hope to save nearly enough to afford college, pay bills, cover emergencies, and plan for the future all at once. The idea of working one's way through school was a reality until recently. In previous generations of students, as recently as the mid-1990s, more than half of bachelor's degree earners did not have to take on debt for their degree. However, today debt has become the primary way we finance higher education, even at public colleges and universities: Over 70 percent of bachelor's degree holders take on debt, and even 4 in 10 community-college graduates borrow.[113] This debt burden not only increases the risk for students if they face an uncertain job market, it has disproportionate impacts for working-class students and students of color.

Families of color have been systematically shut out of opportunities to build wealth, making them not only less likely to afford college up front, but also more likely to face trouble repaying student loans.[114] One decade after beginning college, the average loan burden for black students exceeds the amount they originally borrowed for school.[115] Latino students show greater aversion to taking on debt in the first place,[116] which can require them to work excessively while in school, increase their likelihood of dropping out, or lead them to opt against attending college altogether. Adult students, a growing portion of the student population, are at risk for needing to take on loans for themselves as well as their kids, with less time to pay off their debt.

POLLING DATA

80% OF REGISTERED VOTERS
think we need to return to the days when students could afford to go to a state college or university by working a part-time job, and not have to take on debt.[117]

88% OF AFRICAN AMERICANS
support providing federal financial assistance to states to make public colleges and universities more affordable.

63% OF REGISTERED VOTERS
support proposals to eliminate tuition at public colleges and universities.[118]

POLICY SOLUTION

Create a new federal-state partnership to increase funding for public 2- and 4-year colleges, to guarantee that the total price of attending college is no more than what working- and middle-class students can reasonably pay with a part-time job, and increase the availability of need-based aid for low-income students. Several recent bills in Congress would address the college affordability crisis, including:

- **The Degrees Not Debt Act of 2016** **(H.R. 5756)** rewards states that contribute more to public colleges and universities, by providing federal matching dollars to encourage reinvestment, and guarantees that low-income students have no unmet financial need for college including the costs of books, fees, and housing.

- **The College for All Act of 2017** **(S. 806/H.R. 1880)** creates a federal-state matching program to eliminate undergraduate tuition at public 4-year colleges and universities for families making up to $125,000 annually, and eliminates tuition for everyone attending community college. States would guarantee that students receiving the maximum Pell Grant would have any unmet need covered.

- **The Pell Grant Cost of Tuition Adjustment Act of 2015 (S. 1061)** increases the maximum Pell Grant to equal the average price of tuition at 4-year public colleges, and indexes the award to inflation.

- **The America's College Promise Act of 2017 (H.R. 3709)** makes 2 years of community college tuition-free for state residents, and covers a portion of tuition for low-income students at qualifying Historically Black Colleges and Universities, Hispanic Serving Institutions, Asian American, Native American, Pacific Islander Serving Institutions and other Minority Serving Institutions.

HOW TO GO FURTHER

Some proposals to make college affordable, at both the federal and state level, only address rising tuition costs. However, tuition makes up less than half of the total price of attending a public 2- and 4-year college. Eliminating the need to borrow for college, or for students to work excessive hours, will require continual investment in need-based grant aid at the state and federal levels, and call for public colleges to provide financial aid first to students with the greatest need. Additionally, states should be given incentives to reinvest continually in public higher education over time, with additional matching funds dedicated to states that continue to increase per-student funding.

HOW TO TALK ABOUT IT

- **Our country is at its best when we invest in each generation.** We came together to make K-12 education free to all, and provide soldiers with a free education after WWII. These decisions helped us build the greatest middle class ever, and made America the most educated country in the world. But our commitment has slipped, right when a college degree is more important than ever. That commitment means making sure everyone can go to college without the burden of student loan debt. We need to ensure America is a land where everyone can dream big, develop potential, and realize their greatest aspirations, and that means making our public colleges affordable to all of us.

- **College should not be a debt trap.** Pursuing an education beyond high school is a major life decision for many parents and young adults. Most parents work hard and try to set aside for their kids' education, but the rising price often puts a college education out of reach without going deeply into debt, even at public colleges. Today many young people work while in school and still leave with tens of thousands of dollars in debt for themselves and their families, holding them back. Or worse, people drop out of college because the cost is simply too high, leaving them with burdensome debt and no degree. Everyone should take responsibility for their education, but it should not be this hard. We need to make sure that people can attend public 2- and 4-year colleges without the crushing burden of debt.

- **The most diverse generation in American history is being left out.** For generations, our public colleges and universities were generously funded, and higher education was the primary way to increase economic mobility and equality. But today, many young people who dream of being the first in their family to go to college can't go without racking up burdensome debt. Loans used to be an option of last resort, but now are the norm for all but the wealthiest students, and a burden shouldered most heavily by low-income students, rural students, and students of color. Learning is not a privilege for an elite few; it is a foundation for a better life for all.

HOW IT WORKS

Making college affordable means more students attend, complete, and follow their dreams.

» The research is clear: Ensuring that working- and middle-class students have more money for college makes them more likely to attend and complete a degree program. Providing need-based financial aid—in other words, lowering the price of college and the need to borrow—is a proven strategy to increase access to college[119] as well as degree completion.[120]

» Over 50 states and localities, including Oregon, Tennessee, Kalamazoo, Oakland, and Pittsburgh have instituted "Promise Programs" that provide a guarantee of free tuition, and have seen positive impacts in attendance and persistence, as well as student behavior and aspirations.[121 122]

» Investments in higher education pay off: The original GI Bill returned $7 to the economy for every $1 invested, and the fiscal rate of return on a college degree is estimated at over 3 percent a year, meaning states and the federal government recoup their initial investment remarkably quickly.[123]

MORE RESOURCES

» Dēmos, The Case for Debt-Free College

» Dēmos, Addressing the Top Misconceptions about Debt-Free College

» Dēmos, Doing Free College Correctly

NOTES

FORGIVE STUDENT DEBT

"They're to the point where I'm only paying interest (on my student loans). So as long as the public employee loan forgiveness continues, if I work 10 years as a full-time public employee, they'll be forgiven. It's still kind of frightening. It's not something I wanted, to be just paying interest on my loans."

—ALEX PRIGGE, 29 YEARS OLD[124]

THE PROBLEM

Americans have long valued education as a pathway to greater opportunity and economic security. No one in America should face insurmountable financial hardship to get an education. Yet the increase in student debt over the past 15 years is one of the most staggering phenomena in the U.S. economy. As recently as 2004, total student loan debt hovered around $250 billion; today, that number is $1.4 trillion and rising with no end in sight.[125] Average debt for people who earn a bachelor's degree is fast approaching $40,000 at graduation, nearly double what it was a decade ago.[126] This is due to a combination of forces: the rising prices for education, stagnant wages for middle-class families, flat-lining state investment in higher education, and insufficient grant aid to offset rising college prices.

With the overall increase in debt-financed education, there is a crisis among borrowers who are falling behind or defaulting on their loans, or are unable to make any meaningful dent in their balance. Unlike some other forms of debt, the amount of student debt borrowed does not positively correlate with the likelihood that a borrower is going to have trouble repaying their debt. The ability to complete a quality degree program matters far more: Relatively low-balance student loan borrowers (those with less than $5,000 in debt) default on their loans at much higher rates than those with balances above $40,000, indicating that for many debtors, the lack of an earnings boost from a degree is enough to make even small debts unpayable. In short, there is no safe amount of student debt for some borrowers.

Because they face less discrimination in the labor market and fewer barriers to wealth-building, white students who borrow for college often have an advantage in trying to repay student loan debt. Without these advantages, student debt is particularly burdensome for people of color. Twelve years after beginning college, Latino students have only paid off an average of 17 percent of their total student loan debt, while black students actually see higher loan balances on average than the amount they originally borrowed, due to increasing interest.[127] The crisis is particularly acute for students who attend for-profit colleges. Around 75 percent of African-American borrowers who drop out of for-profit schools eventually default on a student loan.[128]

Despite the existence of repayment options that allow student loan borrowers to pay their loans as a percentage of their monthly income (rather than as a fixed payment over 10 years),[129] delinquency rates on student loans remain higher than other forms of consumer debt, perhaps due to poor loan servicing, confusing loan terms or payment plans, or because families rightly prioritize meeting basic needs or paying off other debts first.[130] People who eventually default on their student loan can face disastrous consequences—a ruined credit score, a tax refund or Social Security payment garnished, and in 19 states, the revocation of a professional license, which further decreases the likelihood that debt will be paid off at all.[131] Those who default on student loans often do so more than once, due to poor or confusing servicing, and despite the existence of multiple plans that might help them.[132] Even for borrowers who do not face the dramatic consequences of default, student debt can prevent them from fully participating in the economy. Among recent college graduates, nearly half report delaying postgraduate education, over a third report delaying homeownership, and nearly a fifth report having delayed starting a business due to student debt.[133]

Unfortunately, student debt is a particularly sticky form of debt. In a series of policies enacted from the 1970s to the 2000s, Congress, with enthusiastic support from the student loan industry, made student debt especially hard to offload in bankruptcy, despite little evidence that borrowers were taking unfair advantage of bankruptcy laws. By the mid-2000s, although borrowers could use the bankruptcy system to discharge most forms of debt, they could do so for student debt only after demonstrating "undue hardship," an ill-defined standard that, in practice, has blocked the vast majority of student loan borrowers who seek bankruptcy from seeing their student debt discharged.[134] Also in the 1990s, Congress determined that Social Security benefits too could be offset to repay defaulted federal student loans.[135] There are over 500,000 senior citizens with a defaulted student loan. While the government cannot garnish student loans such that seniors' Social Security payments are less than $750 a month, the figure has not been adjusted for inflation since 1998, further eroding the value of a program whose purpose is to prevent the elderly and disabled from falling into deep poverty.[136]

POLLING DATA

70% OF VOTERS
support cancelling debt after 10 years for teachers, first responders, and those who work in non-profit jobs.[137]

POLICY SOLUTION

Reduce the burden of student debt on people struggling to get by.

- **Strengthen loan forgiveness for students who attended institutions that engaged in deception or malfeasance.**[138] In the aftermath of the collapse of several for-profit college chains, the

Obama administration issued rules, known as the Borrower Defense to Repayment, intended to provide an easy path to loan forgiveness for student borrowers who have been defrauded or deceived by predatory colleges. The Trump administration has taken steps to undermine, decline to enforce, and rewrite these rules, while providing minimal relief for students who attended colleges that either misled them or closed. These important rules should be strengthened.

- **Ensure that student borrowers most likely to struggle with debt have the opportunity to discharge debt in bankruptcy.** People who borrow for college should also be guaranteed basic consumer protections, quality servicing, and the ability to take advantage of helpful repayment options. The ability to garnish Social Security payments to pay for student debt should be abolished. Loan forgiveness programs such as Public Service Loan Forgiveness should be more widely available and easily accessible. Several bills in Congress would address these concerns, including:
  - **The Fairness for Struggling Students Act of 2017 (S. 1262)** restores the ability of private student loan borrowers to discharge their loans in bankruptcy proceedings.
  - **The Student Loan Borrowers' Bill of Rights Act of 2017 (H.R. 3630)** prohibits wage, Social Security, or tax refund garnishment, prohibits suspensions of professional licenses due to a loan default, and forgives 50 percent of federal loan balances for borrowers working in public service for 5 years.
  - **The Strengthening Loan Forgiveness for Public Servants Act (S. 1412/H.R.3026)**, provides incremental loan forgiveness for those working in public service professions, including government and non-profit jobs. Specifically, the bill would cancel 15 percent, 15 percent, 20 percent, 20 percent, and 30 percent of the amount a borrower owes after 2, 4, 6, 8, and 10 years of public service employment, respectively.

HOW TO TALK ABOUT IT

- **In addition to addressing the rising cost of college, we must also help Americans struggling with student debt right now.** More jobs today require a college degree or high-quality credential, but attending college is about more than that—it's also about students following their dreams. Relieving student debt is not only fair for students who have fallen behind or been ripped off by predatory colleges, it will also help students participate in the economy and save for the future.
- **When we help students get ahead, we all benefit**. A college degree is an important first step for many people to pursue their dreams, but today too many people have burdensome education debt, preventing them from even getting by, much less getting ahead or saving for the future.

- **Throughout our history, when America has made big investments in students, from the GI Bill to community colleges, those investments pay off.** It's time to make sure that this generation of students has the same ability to innovate, grow the economy, and build their communities as previous generations enjoyed. Relieving student debt could help some families take a chance and start a small business or simply participate in the economy, and that helps all of us.

HOW IT WORKS

» Americans who are not weighed down by student loan debt are more likely to own homes,[139] save for retirement,[140] and report a higher sense of well-being[141] than those who are repaying student loans. Further, relieving workers from the burden of student debt could increase their ability to open and grow small businesses.[142]

» Relieving student loan debt, and the specter of wage or benefit garnishment, enables many households to pay bills, save for the future, and participate more productively in the economy, since student debt has a chilling effect on the ability to build financial assets, especially for African-American and Latino households. Targeting student loan forgiveness toward working-and middle-class households would help reduce racial wealth disparities.[143]

MORE RESOURCES

» The National Consumer Law Center Student Loan Borrower Assistance Project

» Higher Ed, Not Debt Resources Page

NOTES

NOTES

ACHIEVING JUSTICE FOR COMMUNITIES

SECURE ACCESS TO JUSTICE

"The courthouse doors are open to everyone, but you can't effectively go through those doors without legal representation."

—JAMES MALONEY, DIRECTOR OF THE CONNECTICUT INSTITUTE FOR COMMUNITIES[144]

THE PROBLEM

Equal justice under the law is a founding principle of the American legal system. However, this ideal is infrequently realized. Currently, legal representation is only guaranteed in criminal cases, despite the devastating ramifications of civil cases in which basic rights are at stake and people risk losing their livelihoods, families, homes, freedom, or ability to stay in the country. Corporations that force employees and customers into binding arbitration further deny Americans that they have cheated or discriminated against their day in court.

In the U.S., the Legal Services Corporation (LSC), established by Congress in 1974, serves as the single largest funder of civil legal aid services in the country. However, due to an insufficient funding stream, the more than 60 million people who qualify for legal aid—those living at or below 125 percent of the federal poverty level—receive inadequate legal assistance or no legal help at all for the vast majority of the civil legal problems they face, such as an eviction or child custody battle.[145] In a June 2017 report, LSC found that:

- 70 percent of the households that qualified for legal assistance experienced at least 1 civil legal problem in the past year;
- In only 20 percent of these cases did the qualified party seek legal assistance; and
- In the majority of instances when people sought legal help, Legal Services was unable to provide the necessary assistance.[146]

This means that struggling Americans, who are disproportionately people of color, often do not have legal representation when their homes, livelihoods, and health are at risk. At the same time, millions of working people whose incomes are not low enough to qualify for civil legal assistance still find it difficult or impossible to afford an attorney when their basic needs are threatened.[147] Despite the fact that there is a desperate need for increased funding for Legal Services, Congress and the current administration have proposed dramatic cuts to (and even eliminating funding for) LSC.[148]

Legal representation also is not guaranteed for people facing deportation from the country.[149] The lack of legal representation in deportation proceedings is particularly troubling, given the correlation between having access to an attorney and avoiding deportation. A person without legal representation who is detained while facing deportation proceedings has only a 6 percent chance of being allowed to remain in the United States, compared to a 46 percent chance for represented persons.[150] The outcomes of these hearings are as life-altering as in criminal proceedings—affecting a person's liberty, curtailing his or her ability to support a family, and possibly resulting in deportation. It is critical that people in removal proceedings be effectively represented.

While the difficulty of affording an attorney is one barrier to attaining justice, access to the courts is another: Corporations are increasingly mandating forced arbitration clauses that prevent employment, consumer, civil rights, and antitrust disputes from ever being brought before a court.[151] Corporations favor forced arbitration because it shields them from accountability if they violate the rights of workers and consumers. Corporations often bury forced arbitration agreements in the fine print of contracts that workers must agree to when they accept jobs, and that consumers must sign to conduct transactions such as opening a bank account, buying a cell phone plan or initiating cable service. By agreeing to arbitration—often without realizing it—workers and consumers submit to a private system of justice where there is no judge, jury, or opportunity to appeal an unfair decision. The rules largely benefit the businesses that are repeat customers of the arbitration firm. In fact, consumers win just 9 percent of disputes with banks and other financial institutions that go to arbitration, and in many cases, they are forced to pay thousands of dollars to the bank they originally alleged defrauded them.[152] Meanwhile, when workers experience discrimination, wage theft, or sexual harassment, forced arbitration clauses prevent them from suing their employer and push them into a process where their cases are much less likely to prevail.[153]

POLLING DATA

82% OF AMERICANS
believe everyone should have access to legal help or representation in civil legal matters.[154]

75% OF AMERICANS
support providing individuals facing deportation with legal representation.[155]

59% OF LIKELY VOTERS
oppose forced arbitration clauses in employment and consumer contracts.[156]

POLICY SOLUTION

To increase access to justice in the civil legal system, several reforms are necessary.

- Increase funding for Legal Services Corporation and increase the cap at which people may qualify for civil legal aid to 200 percent of the federal poverty level, to ensure that everyone in need has access to an attorney when their homes, livelihoods, and health are threatened.

- Amend the Immigration and Nationality Act and its implementing regulations to guarantee that everyone is provided an attorney in deportation proceedings.
- Adopt **The Arbitration Fairness Act of 2017** **(S. 537/H.R. 1374)**, which:
  - Invalidates agreements made before a dispute that require that consumer, antitrust, employment, or civil rights disputes be arbitrated; and
  - Allows parties to choose to arbitrate after a dispute arises.

HOW TO TALK ABOUT IT

- **Guaranteeing the right to an attorney when basic needs are threatened or individuals face deportation creates a more just and fair system for all of us.** Ensuring that there is competent legal representation on both sides of a dispute allows both sides to be heard, allows facts and legal arguments to be effectively presented to the court, and helps maintain a just civil legal system.
- **Increasing access to legal representation will advance racial equity.** As a result of discrimination and institutional racism, a disproportionate number of people who qualify for civil legal assistance are people of color. Ensuring access to legal assistance helps create a safety net to protect and promote liberty, livelihood, and basic social and economic rights, which can reduce the cycle of poverty.
- **We cannot let employers and for-profit institutions block people from accessing the justice system.** Corporations increasingly force workers and consumers to sign away their legal rights as a condition of working or doing business with them. Under forced arbitration, working people who experience fraud, discrimination, wage theft, or sexual harassment cannot sue the company that violated their rights but must instead submit to a private system where the rules largely benefit the businesses that are repeat customers of the arbitration firm. Forced arbitration cuts against basic principles of justice on which our civil legal system is supposed to operate.

HOW IT WORKS

A growing number of jurisdictions across the U.S. have recognized the importance of expanding legal representation. New York City implemented reforms to ensure persons facing deportation or eviction have access to legal representation.

Continued next page

HOW IT WORKS

Continued

» Since July 2014, New York's Immigrant Family Unity Project has provided free legal representation to nearly all detained indigent immigrants facing deportation in New York City who do not have an attorney at their first court appearances.[157] Studies estimate that NYIFUP clients will be able to remain in the United States in 48 percent of cases—a 1,100 percent increase from the previous likely success rate had these clients gone without legal representation.[158]

» In August 2017, a bill was signed into law that will ensure that New York City residents living at or below 200 percent of the federal poverty level are provided with legal representation if they face eviction.[159] Analysts find that the cost of providing legal representation would be more than offset by reducing the costs the city incurs as a result of evictions, including shelter costs and medical and law enforcement costs associated with unsheltered homeless people.[160]

MORE RESOURCES

» National Coalition for a Civil Right to Counsel website

» Legal Services Corporation website

» Economic Policy Institute resource page on forced arbitration

NOTES

REINVEST IN JUSTICE

"A broken justice system leads to more crime, more families torn apart and higher costs for hardworking taxpayers each year."

—GOVERNOR JOHN BEL EDWARDS, LOUISIANA[161]

THE PROBLEM

Our nation's investments in the criminal justice system should increase the safety of our communities, so we can live and raise our children in neighborhoods free of violence and crime. Yet America spends more than $270 billion a year—including more than $80 billion annually on incarceration alone—to pursue an agenda that amply funds policing, courts, and corrections while leaving the drivers of crime unaddressed.[162] As rehabilitative services, drug treatment, mental health care, job placement, and education and training go underfunded, our policies create pipelines to prison and lock up millions of our fellow Americans. The epidemic of mass incarceration disproportionately engulfs communities of color—and has done little to make the country safer.

Tapping into racial resentment and anxiety, and using dog-whistles that called for "tough-on-crime policies," policymakers in jurisdictions across the U.S. aggressively expanded the criminal justice system in the 1980s, escalating the War on Drugs. The number of people incarcerated in U.S. prisons and jails has increased 500 percent over the past 40 years, not as the result of an increase in actual crime rates but as a consequence of policymakers' decisions to raise penalties, create mandatory minimum sentences, and establish truth-in-sentencing and three-strike laws.[163] This dramatic rise in the number of people incarcerated opened the gates for the growth of the U.S. private prison industry, which now uses policies like mandated bed quotas to perpetuate mass incarceration and maintain its profits.[164]

Currently, the criminal justice system touches 1 in 40 U.S. residents[165] and incarcerates traditionally marginalized populations at disproportionately high rates. Because of the over-policing that occurs in communities of color, policy changes that have increased the penalties for crimes have had a severe impact on people of color. Currently, there is a 1 in 3 chance that a black man will be imprisoned, compared to a 1 in 6 chance for Latino men and a 1 in 17 chance for white men.[166] Similar disparities exist for black, Latina, and white women.[167] Meanwhile, approximately 66 percent of people incarcerated in state prisons have not graduated high school,[168] 50 percent of prison inmates and 64 percent of jail inmates either suffered from serious mental distress or mental health problems,[169] and 58 percent of prison inmates and 63 percent of sentenced jail inmates have drug abuse disorders.[170]

Aggressive immigration raids and the mass detention of immigrants are another costly symptom of over-enforcement. The federal government has pushed local police departments to enforce federal civil immigration law using their own resources, which contributes to due process violations and increasing racial profiling by local police. By fostering a fear of law enforcement in immigrant communities, these policies decrease community safety.

Programs that ensure access to good jobs, affordable housing, quality educational opportunities, and appropriate mental, physical and behavioral health services for at-risk youth and people re-entering communities after leaving prison have been shown to decrease criminal activity and recidivism.[171] Yet these proven solutions are chronically underfunded. The U.S. Department of Education noted that, over the past 3 decades, state and local expenditures on prisons and jails has grown at triple the rate of funding for public education.[172]

POLLING DATA

69% OF VOTERS
believe that too many people are imprisoned and that there are "more effective, less expensive alternatives…for non-violent offenders and that expanding those alternatives is the best way to reduce the crime rate."[173]

87% OVER 87% OF VOTERS
believe that the system should prioritize efforts to prevent recidivism.[174]

66% OF VOTERS
believe our criminal justice system should prioritize prevention and rehabilitation.[175]

57% OF VOTERS
agree that our criminal justice system is not providing "a clear and convincing return on that investment in terms of public safety," despite increased spending.[176]

POLICY SOLUTION

Because 90 percent of Americans in prison and jail are incarcerated at the state and local levels,[177] efforts to effectively address the root causes of crime and protect public safety require reallocating funds that have been spent on state and local justice systems to programs aimed at crime prevention and rehabilitation. More than half of states have received support from the federal government to develop "justice reinvestment" programs designed to reduce the number of people behind bars and invest in programs and reforms that address factors that drive incarceration.[178]

To further and more holistically assist states to invest in programs that address the root causes of incarceration, the federal government must:

- **Increase funding for the Justice Reinvestment Initiative (JRI)**. JRI is a public-private partnership between the Bureau of Justice Assistance and The Pew Charitable Trusts.[179] Through JRI, states establish a bipartisan working group of policymakers and professionals who work within and outside the criminal justice system. With the assistance of criminal justice experts, working groups analyze criminal justice data, identify effective programs and policies to curb the levels of incarceration while maintaining public safety,[180] and receive seed funding to implement reforms.[181] While states have achieved success with JRI, no more than $27.5 million per year has been appropriated for the program by the federal government.[182]

- **Expand JRI to include additional experts, agencies, and impacted individuals from the relevant communities to expand the types of programs and policy solutions considered to address America's mass incarceration epidemic.** Justice reinvestment reforms have often focused on amending sentencing laws, improving pretrial practices, modifying prison and jail release practices, and improving access to community services that can help reduce recidivism.[183] These programs have proved effective at reducing incarceration while protecting public safety; they also allow states to close jails and prisons, and end the use of privatized incarceration. However, these programs fail to address many of the systemic problems that affect the likelihood that someone will come into contact with the criminal justice system. Targeted investments in education, affordable housing programs, and health services should be considered in order to implement a truly effective justice reinvestment strategy.[184]
- **Establish federal grant programs that will address the causes of incarceration and improve trust in local law enforcement.** Design federal grant programs to assist states in improving behavioral, mental, and physical health services, as well as educational, job, and housing opportunities for communities with high rates of incarceration. Provide states with seed funding through JRI or other grants to help train law enforcement officials on bias, and establish procedures and processes to help reduce bias in policing. Addressing bias would improve trust in law enforcement by reducing stops and other confrontational interactions with police, and lead to better outcomes when members of the public interact with law enforcement.
- **End collaboration in federal immigration enforcement by state and local officials.** Eliminate any immigrant detainer agreements with local authorities, and end information-sharing between all local law enforcement and federal immigration authorities, as well as the presence of federal immigration enforcement in local jails.

HOW TO GO FURTHER

Private prisons have a material interest in continuing the mass incarceration that fuels their profits. For-profit prisons are less accountable to the public, have been linked to numerous cases of violence and abuse, and in some cases cost the public more than government facilities. The federal government should phase out its own use of private prisons, and provide incentives for states to do the same. Federal immigration detention—the most rapidly growing sector for private prisons—should be curtailed, with policymakers seeking alternatives to detention.

HOW TO TALK ABOUT IT

- **Our nation's investments in the criminal justice system should increase the safety of our communities—but mass incarceration has not accomplished this.** As a result of harsh sentences, over-criminalization, and discriminatory policing, our criminal justice system is tearing apart families—disproportionately families of color. Increasing the number of living wage jobs available, investing in educational systems, and funding community health programs can help reduce incarceration and contribute to genuine public safety.

- **We can reduce incarceration while maintaining public safety.** Since the 1980s, we have poured more than a trillion dollars into the criminal justice system. Funds could be better used to address the circumstances that contribute to criminal activity. Many states have already begun to reduce incarceration, closing prisons or jails and saving money that can be invested in efforts that help to more effectively stem the tide of incarceration.

- **Reinvesting in our justice system will advance racial equity.** People of color, low-income individuals, and individuals with mental illness and substance abuse problems are more likely to have contact with the criminal justice system. Because of systemic racism and discriminatory policing practices, black and Latinx people are far more likely to be imprisoned at some point in their lives than their white counterparts. Investment strategies that seek to address the root causes of incarceration would help address these disparities.

HOW IT WORKS

» Texas is one of many states successfully implementing justice reinvestment policies. In 2007, the state's prison population was projected to grow by more than 14,000 people within 5 years, which would require the construction of new prison facilities that would cost the public an additional $523 million. In response, the state enacted a justice reinvestment initiative, and allocated $240 million over the following 2 years to expanding physical and mental health treatment, limiting probation periods, and increasing funding for probation and parole.[185] These front-end investments resulted in state savings of approximately $443 million over the 2 years—savings that allowed Texas to invest in other programs that would reduce crime and recidivism. These include a community health program that provides low-income, first-time mothers with assistance from early in their pregnancy through their child's second birthday,[186] and has been found to improve outcomes for the whole family and reduce crime.[187]

» In addition to the initial cost savings in 2008-09, Texas' justice reinvestment program proved effective at reducing parole revocations, and in 2013 the prison population dipped to a 5-year low.[188] In 2012, for the first time in the state's history, Texas closed a prison.[189]

MORE RESOURCES

» Communities United, Right on Justice, Make the Road, and Padres y Jóvenes Unidos report on justice reinvestment

» The U.S. Department of Justice page on the Justice Reinvestment Initiative

» The Council of State Governments Justice Center resource page

NOTES

DE-CRIMINALIZE POVERTY

"I seen the judge and my bail was $500. That's a lot of money in my neighborhood, you know. That's rent money…And I cried a tear. They asked for bail that I didn't have, so now it's like I'm a hostage."

—BRONX FREEDOM FUND RECIPIENT, NEW YORK[190]

THE PROBLEM

Every one of us should be treated equally under the law. The idea is so fundamental to our justice system that it is carved above the doors of the Supreme Court. Yet every day, criminal justice policies penalize people for being poor. People who are unable to pay bail, fines, and fees are forced to remain in jail or take on debt for their involvement in the justice system, contributing to a cycle of poverty and tearing families apart.

The use of bail, fines, and fees perpetuates systemic inequalities in America by penalizing and incarcerating people based on the size of their bank account. People of color, particularly women of color, as well as queer and transgender people, who tend to earn lower wages, are disproportionately harmed.[191] Because police presence is higher in communities of color, people of color are stopped and arrested at higher rates. They are disproportionately subjected to bail systems that lead to incarceration if they are unable to pay what is often an arbitrary sum of money. Further, people who are held in jail prior to trial are more likely to plead guilty, be convicted of a crime, and receive harsher punishments when they are convicted. This means that people held in jail before their trials are more likely to be subjected to the fines and fees that are imposed after a criminal defendant is found to be guilty, and as monetary punishments for violating the law.

The number of people held in jail before trial has skyrocketed in recent years, accounting for 99 percent of the total growth in jailhouse population between 1999 and 2014.[192] Of the nearly 750,000 people incarcerated in local city and county jails, 60 percent are being held before their cases have gone to trial.[193] This means that approximately 450,000 people being held in jail are people our justice system presumes to be innocent. People are deprived of their liberty for days, weeks, months, and sometimes years prior to trial, merely because they are unable to pay an arbitrary sum—a practice that actually compromises public safety.[194] Racial discrimination compounds the injustice: Judges are 44 percent more likely to altogether deny bail to black people than to similarly situated white people.[195]

The American justice system further criminalizes poverty by forcing defendants to pay fines and fees. As the rate of incarceration has exponentially increased since the 1980s,[196] so have the costs of the criminal justice system. Many jurisdictions have offset such costs by imposing fines to punish those found to have violated the law and fees that often require those convicted of criminal offenses to support the operation of the justice system.[197] Criminal defendants frequently find themselves billed for fees associated with representation by a public defender, appearances in court, room and board for time spent in a jail or prison, parole and probation services, electronic monitoring, drug testing, counseling, and community service.[198] Additional fees may be imposed to set up payment plans for criminal justice debt; and late fees and collection fees are also often tacked onto criminal justice debt.[199] While these fines and fees may seem relatively low, requiring a person living paycheck to paycheck to pay $9.25 per day—or approximately $300 per month—for electronic monitoring will almost certainly result in their incarceration for no reason other than the fact that they cannot afford to pay for their freedom.[200] Fines and fees typically accrue with no consideration for a defendant's ability to pay,[201] even though the failure to pay may itself result in incarceration or loss of a job, a driver's license, or the right to vote.[202]

Beyond bail, fines, and fees levied against incarcerated people, the criminal justice system also places burdens on families. For instance, since private phone providers began providing services to prisons and jails in the 1990s,[203] the cost of calls with inmates has skyrocketed, placing many families in the untenable position of having to decide whether to remain connected with an incarcerated family member or pay for rent, utility bills, or groceries.[204] Some states, like Alabama, have capped their rate for in-state calls and eliminated commissions, perhaps recognizing that family contact can help prepare for re-entry and reduce rates of recidivism.[205]

POLLING DATA

91% OF AMERICANS
believe that the criminal justice system has problems that need to be addressed, and 60 percent of these individuals believe that the problems are severe and need to be addressed immediately.[206]

83% OF AMERICANS
agree that people with financial means can buy their way out of jail while poor remain incarcerated.[207]

75% NEARLY 75% OF AMERICANS
believe that risk, not money, should be the primary factor determining whether someone is released prior to trial.[208]

POLICY SOLUTION

De-criminalize poverty in America by incentivizing state and local governments to eliminate pretrial bail and criminal justice fines and fees.

- **The Pretrial Integrity and Safety Act of 2017 (S. 1593/H.R. 4019)** addresses pretrial bail systems that criminalize poverty and incarcerate those who cannot afford to post bail. This bill:
  - Authorizes $10 million in grants over a 3-year period to incentivize states to end reliance on the use of money bail.
  - Replaces money bail systems with individualized, pretrial assessments that examine risk, are regularly validated, and do not disproportionately result in the detention of individuals based on race, gender, or other statuses protected under nondiscrimination laws.
  - Requires that there be a presumption in favor of release.
  - Requires that when pretrial release demands that conditions of release be imposed, those conditions be the least restrictive, non-financial conditions determined to be necessary.
  - Requires that counsel be appointed at the earliest possible state of pretrial detention.
  - Creates a system of data collection and reporting to show the effectiveness of these interventions.
- **Provide incentives for state and local governments to reduce and eliminate fines, fees, and other mechanisms through which our justice system criminalizes poverty.**
  - The federal government provides billions of dollars in criminal justice grants to states and localities each year; these dollars can be particularly influential in shaping state policy.[209] Congress can use its power of the purse to institute success-oriented funding that would push states to adopt policies that help end the criminalization of poverty and that have been shown to help reduce recidivism.[210]
  - Federal efforts to encourage, craft, and support justice reinvestment should also prioritize reforms that curtail the disproportionate confinement of people based on wealth status.

HOW TO TALK ABOUT IT

- **All Americans should be treated equally by our justice system, regardless of the size of our bank accounts.** Given that 44 percent of adults report that they cannot cover a $400 emergency expense,[211] it is clear the American legal system's reliance on money bail, fines, and fees has become increasingly one of injustice—where an individual's liberty is far too often dictated by their wealth or poverty.
- **People of color, women, individuals with disabilities, and members of the LGBTQ community are disproportionately harmed by our wealth-based criminal justice system.** Traditionally

marginalized communities, whose members are less likely to have the funds to buy their way out of jail, have been disproportionally harmed by our nation's legal system. When individuals are unable to post bail, they are more likely to plead guilty to a crime, be more severely sentenced than people with similar cases who were released pretrial, and run up additional fines and fees. All of this piles on to keep families in poverty.

- **Making poverty a crime harms public safety.** When people are detained before their trial because of an inability to pay bail, they and their families may be placed in dire financial straits. Detaining a person who has been accused of a low-level offense before their trial does not act as a deterrent—in fact it has been shown to increase the likelihood that they will commit a crime.[212]

HOW IT WORKS

Washington, D.C. has a strong pretrial release system where money-based detention is prohibited.[213]

» About 85 percent of all arrestees are released prior to trial.[214] Approximately 88 percent of people who are released are not re-arrested prior to trial, and about 88 percent return to court.[215]

» The District bail statute requires that the least restrictive form of release necessary be used, and employs citation and release, rather than arrest, for low-risk defendants.

» D.C. quickly assigns an attorney to criminal defendants before their first appearance, in order to ensure that they have an experienced and effective advocate representing them.

» The district requires that prosecutors make decisions about what a criminal defendant will be charged with within 24 hours of arrest.

» Washington has established a high-functioning pretrial services agency that conducts a risk assessment for every person who has been arrested and who will be charged, by examining a number of factors including an arrestee's substance use and mental health information,[216] and assists the courts to make informed decisions about pretrial release and detention.

» Finally, D.C. provides supervision and treatment for defendants who are released pending trial.

MORE RESOURCES

- University of Pretrial resource page
- Pretrial Justice Institute resource page
- Pretrial Racial Justice Initiative data on bail in America
- Vera Institute website
- National Center for State Courts, National Task Force on Fines, Fees, and Bail Practices resource guide

NOTES

CLEAR THE PATH TO CITIZENSHIP

"Give me your tired, your poor, your huddled masses yearning to breathe free."

—EMMA LAZARUS, EXCERPT FROM "THE NEW COLOSSUS," POEM INSCRIBED ON THE BASE OF THE STATUE OF LIBERTY

THE PROBLEM

The true source of America's greatness is the diversity of our people. Almost 1 in 4 Americans is an immigrant or the child of an immigrant.[217] Throughout our history, the nation has grown and thrived when we have welcomed the skills, talents, and perspectives of immigrants, and embraced their potential to contribute to our shared prosperity. Yet our immigration system has been badly broken for some time now, with an extremely negative, disparate impact on people of color, especially Latinos. For 11 million people who are presently undocumented—the great majority of whom are people of color—it is currently impossible to become citizens. These residents, who are members of U.S. families and communities, face complex barriers that hold them back from joining our country and making even greater contributions to our society and economy.[218]

The demonization and scapegoating of immigrant communities did not begin with Donald Trump, but he has dramatically inflamed anti-immigrant fears. By blaming immigrants for the economic dislocation and growing inequality that working Americans face, anti-immigrant demagogues deflect attention from the unchecked corporate greed that is actually undermining the well-being of all working Americans. Even as some unscrupulous companies reap profits by exploiting immigrant workers—for example, by paying guest workers or undocumented immigrants less than they would U.S. citizens—they benefit by manipulating anti-immigrant fears to turn working people against each other. All Americans are harmed by policies that block immigrants from fully contributing to our society, but it is immigrant families and communities that are hit hardest.

Failure to enact comprehensive immigration reform for over 15 years has led to increased racial profiling and other law enforcement abuses, as well as labor rights violations for all workers in the system. The Trump administration's policies targeting all undocumented immigrants for deportation have compounded the problem, creating a crisis for millions of families and communities in our nation. Mass deportation destroys American communities, violates fundamental rights, tears parents away from their children, contributes to mass incarceration, violates humanitarian law by deporting many people back to grave danger, leads to increased human trafficking, and causes serious harm to our economy and to international relations. Under Trump, deportations have increased by over 40 percent. Women and men who have spent many years in the U.S., working, contributing to the economy, and raising their U.S. citizen children born here, are being deported and prohibited from re-entering the country for 10 years. The U.S. government is sending people back to home countries that are dangerous, frequently including gender-based violence. Such families are permanently severed; parents will never bring their children back to the brutality they fled. Trump's strategy of blanket deportations forces families of undocumented immigrants to live in constant fear. Moreover, aggressive ICE raids and mass detention of immigrants are routinely conducted without due process, at a public cost of billions of dollars annually.

The Trump administration is rolling back important programs. It sought to retract the protections of 800,000 young immigrants in the Deferred Action for Childhood Arrivals (DACA) program, terminated the long-standing humanitarian programs for Temporary Protected Status (TPS) for Haitians and Central Americans, and has doggedly sought to ban travel into the U.S. by people from primarily Muslim countries. The lack of a path to citizenship for 11 million people, predominantly people of color, also unfairly skews access to political power and economic power, creating structural disparities that can only be resolved by comprehensive immigration reform.

POLLING DATA

79% OF AMERICANS
(in total) support a path to citizenship (64%) or legal permanent residency (15%) for undocumented immigrants.

2/3 OF AMERICANS
think immigration helps more than it hurts the country. This is the highest level of support since this polling began in 2005.[219]

POLICY SOLUTION

Fix America's broken immigration system so that people have an opportunity to get legal status, become citizens, and contribute to and participate more fully in America's economy and society.

- Enable the estimated 11 million undocumented people in our country to immediately attain legal status, with a pathway to full citizenship:
  - **The original 2006 McCain-Kennedy bill is the best model**, as it included immediate legalization for the great majority of undocumented immigrants, civil and labor rights protections, including specific protections for guest workers (visa portability and equal labor rights), and a path to citizenship.
  - **Congress should also enact the full range of provisions recommended by the National Hispanic Leadership Agenda**, including: remove the 3- and 10-year bars to re-entry for undocumented persons who otherwise qualify for immigration relief, increase access

to humanitarian relief and waivers for family unity, end racial profiling, reform mass detention, and reduce costs of naturalization.[220]

- **Pass a clean DREAM Act such as the bipartisan DREAM Act of 2017 (S 1615),** which includes the following provisions, without compromising on aggressive enforcement or "border security":
  - Grant current DACA beneficiaries permanent resident status on a conditional basis, and also allow TPS beneficiaries, people without lawful immigration status, and people with final orders of removal the opportunity to apply for this conditional permanent resident (CPR) status.
  - Permit CPRs to obtain lawful permanent resident status if they go to college, have worked for a certain amount of time, or served in the U.S. military, and have met other basic requirements.
  - Provide a pathway to U.S. citizenship after 8 years.
  - Stay removal of anyone who meets the DREAM Act requirements, and young people over 5 years of age who are enrolled in elementary or secondary school.
  - Improve college affordability for undocumented youth and other immigrants by changing rules that limit access to in-state tuition and to student financial aid.[221]

HOW TO TALK ABOUT IT

- **People move in the hopes of making a better life for themselves and for their families.** Just as in past generations, today's immigrant Americans moved here for the promise of freedom and opportunity. Orders that uproot families damage the freedoms we cherish. We need to create a just immigration process that enables people to continue contributing to our communities.[222]
- **In America, the true source of our greatness is the diversity of our people.** Throughout our history, the United States has grown and thrived when we have welcomed the skills, talents, and perspectives of immigrants, and embraced their potential to contribute to our shared prosperity.[223] Some politicians play on our fears and try to divide us by pushing harmful ideas like sending federal troops to police our cities, building an even larger border wall, or singling out Muslims because of their religion. These divisive policies make our country weaker, not stronger. We need to embrace ideas that unify us as a diverse people and make our country stronger, and we must speak out against discrimination and prejudice when we see it.[224]
- **Immigrants are our neighbors, co-workers, and friends. They contribute to our economy as workers, consumers, business owners, and tax payers.** We cannot fix our economy by turning

against other working people. Instead, we need to create a better immigration process and eliminate the underground economy it perpetuates. By legalizing the undocumented workforce, we will bring these workers out of the shadows and put more workers and employers on our tax rolls.[225]

HOW IT WORKS

Analysts estimate that granting legal status and citizenship to undocumented immigrants would have significant economic benefits.

» Increase the nation's gross domestic product by an estimated $1.4 trillion cumulatively over 10 years.[226]

» Boost American wages by $791 billion in personal income over 10 years.

» Lead to the creation of an additional 203,000 jobs per year, largely as a result of increased economic demand.

» Within 5 years of the reform, formerly unauthorized immigrants would be earning an estimated 25.1 percent more than their current income.

» As a result of higher incomes, immigrants would contribute more in federal, state, and local taxes. Over 10 years, that additional tax revenue would total $184 billion—$116 billion to the federal government and $68 billion to state and local governments.

» In contrast, an increase in deportations would increase citizen unemployment by 1.6 percent and reduce citizen wages by .08 percent.[227]

MORE RESOURCES

» United We Dream toolkit

» National Hispanic Leadership Agenda immigration policy platform

» Unidos – US resources and toolkit

» National Immigration Law Center sanctuary city toolkit

» Dēmos & LatinoJustice PRLDEF toolkit on sanctuary, safety and community

NOTES

SUSTAINING OUR FAMILIES

ENSURE HEALTH CARE FOR ALL

'Of all the forms of inequality, injustice in health care is the most shocking and inhumane."

—DR. MARTIN LUTHER KING JR

THE PROBLEM

When a child is injured or a loved one is suffering from a serious illness, no one wants to think about co-pays and deductibles. We want compassionate, effective medical care, delivered quickly and accessibly. We know that people, families, communities, and our nation thrive when good health is a public priority. The Affordable Care Act was an historic achievement to provide health insurance to a record number of uninsured Americans. Yet even if the Affordable Care Act were fully implemented, nearly 30 million people would remain uninsured, and out-of-pocket medical costs could lead to financial ruin for many people. At the same time, ideologically-driven politicians continue to threaten recent gains in access to health care.

Most Americans continue to struggle to obtain the health care they need and gain the peace of mind that they won't go bankrupt if they get sick. Medical debt remains the leading cause of personal bankruptcy in the United States.[228] According to the Kaiser Family Foundation, more than a quarter of Americans struggle to pay their medical bills.[229] America has a growing under-insurance problem. People may have insurance, yet their health plan premiums, copays, and deductibles are so high that they cause financial stress or result in patients missing necessary treatment. America's fragmented and complex health care system makes us a global outlier; we are the only industrialized nation that fails to deliver health care to all of its people. Our system treats health care as a commodity available based on one's ability to pay, worsening existing health disparities by class and race.

People of color, undocumented immigrants, and people with low incomes have higher rates of disease and mortality, and suffer disproportionately under our current health coverage scheme. African Americans are 77 percent more likely than white Americans to develop diabetes.[230] People of color run 2 to 4 times the risk of reaching end-stage renal disease than white people.[231] Racial disparities are particularly acute for pregnant women and infants: Because African-American mothers are far less likely to receive prenatal care than white mothers, the infant mortality rate for black babies is more than twice as high as for white babies, and black mothers are more than 3 times more likely to die in childbirth than white mothers.[232] While many structural factors contribute to worse health care outcomes for patients of color, our current for-profit system adds to disparities by creating financial and medical-provider access barriers for patients to get the care they need. Politicians further exacerbate this harm by refusing to allow undocumented patients to purchase subsidized Obamacare plans and to obtain Medicaid coverage. This not only burdens immigrant health, but also weighs down our inefficient health care delivery system.

America must take steps to build upon the gains of the Affordable Care Act and expand public insurance, ultimately creating a Medicare for All single-payer health care system.

POLLING DATA

37% OF VIRGINIA VOTERS
cited health care as their most important issue after the November 2017 election.[233]

60% OF AMERICANS
support Medicare for All.[234]

49% OF VOTERS
support a single-payer health care system, where all Americans would get their health insurance from one government plan.[235]

POLICY SOLUTION

Establish universal health coverage in America, so that everyone can access health care. **The Medicare for All Act of 2017** **(S.1804)** currently before Congress includes the following provisions:

- **Overhauls and expands Medicare to cover everybody.** The bill greatly expands the type of coverage offered, and eliminates deductibles, copays, and premiums. A Medicare for All plan will cover dental, vision, and be more generous than what's covered in versions of Medicare and private health plans. Unlike universal programs in other countries, this plan does not cover long-term care.

- **Phases in over four years.** Those under the age of 19 would be enrolled immediately into the Medicare system. In the first year, Medicare eligibility would be lowered to 55. The next year it would move to 45, and then 35 the year after. After 4 years, everybody would be covered. During that 4-year period, adults will also have the ability to buy into Medicare on the Affordable Care Act state marketplaces, or if an employer chooses to offer it as a health plan option. After the transition period, private health insurance will only offer coverage that supplements Medicare.

- **Funds a national health plan by consolidating existing federal expenditures on health care** made for Medicare, Medicaid, the Federal Employee Health Benefits program, TRICARE and others. A progressive tax approach to finance this proposal includes a 7.5 percent income-based premium paid by employers, a progressive income tax plan, and closing corporate loopholes.[236]

- **Extends care to all people living in the country, regardless of immigration status.** This provision benefits patients, prevents the spread of preventable infections, and increases the efficiency of delivery of health care compared to the emergency room care undocumented immigrants might otherwise seek.

HOW TO GO FURTHER

Policymakers aiming to cover needs over the full life cycle should be attentive to adding coverage for long-term care, and protecting maternity and reproductive health care.

HOW TO TALK ABOUT IT

- **We all thrive when good health is a public priority. Universal health care will ensure that all of us get the care we need.** When a child is injured or a loved one is suffering from a serious illness, no one wants to think about co-pays and deductibles. We want compassionate, effective medical care, delivered quickly and accessibly. The Affordable Care Act brought meaningful reforms to our system. We must work toward finishing the job of making health care access a reality for all Americans.

- **No one should struggle with debt to get the care they need.** Medical debt remains the leading cause of personal bankruptcy in the United States, and more than a quarter of Americans struggle to pay their medical bills. People may have insurance, yet their health plan premiums, copays, and deductibles are so high that they cause financial stress or result in patients missing necessary treatment. Americans continue to die because they lack affordable health coverage.

- **Our nation established Medicare in 1965 to provide health coverage to seniors. It's time to do the same for all Americans.** By covering everyone, Medicare for All cuts paperwork and cost burdens, and takes health decisions out of the hands of insurance companies. Patients would no longer face burdensome financial barriers to care such as high co-pays and deductibles, and would regain free choice of doctor and hospital, currently controlled by insurance companies. Doctors would regain autonomy over patient care that is now increasingly controlled by private insurance companies.

HOW IT WORKS

» More than 55 million Americans are now covered by Medicare.[237] The current program is more efficient than private health insurance, effectively controlling costs while remaining more accountable to the public.[238]

Continued next page

HOW IT WORKS *Continued*

- Analysis of Medicare for All proposals suggest that the nation would save an estimated $476 billion by reducing the administrative waste associated with today's private health insurance industry, and an additional $116 billion by bargaining over the cost of pharmaceutical drugs.[239]

- Under a single-payer Medicare for All system, all Americans would be covered for all medically necessary services, including doctor, hospital, preventive, long-term, mental health, reproductive health, dental, and vision care, as well as prescription drug and medical supply costs. Patients would no longer face financial barriers to care. Private insurance companies would no longer control patients' and doctors' options; patients would regain free choice of doctor and hospital, while doctors would regain autonomy over patient care.

- A single-payer, Medicare for All system would be financed by state-sponsored insurance and reduce the role of private insurance, recapturing the administrative waste that has little do with the delivery of medical care. Modest new taxes, based on ability to pay, would replace premiums and out-of-pocket payments currently paid by individuals and business. Costs would be controlled through negotiated fees, global budgeting and bulk purchasing.

MORE RESOURCES

- Health Affairs unpacks Medicare for All bill
- Vox's Ezra Klein on Medicare for All plan
- *The Nation* on "The Political Genious of Bernie's 'Medicare for All' Bill"

NOTES

NOTES

MAKE HOMES AFFORDABLE FOR ALL

"They are literally taking money out of the grocery bill when they increase rent…It's left me with a sense of hopelessness."

—JESSICA KEANE, SACRAMENTO, CALIFORNIA[240]

THE PROBLEM

A home is more than a roof over our heads. It's the opportunity to raise our families in a safe neighborhood with clean air and water, and to live in a place where we can access good jobs, efficient transportation, and high-quality schools. For most Americans, owning a home is also the primary source of family wealth.[241] Whether we rent or own our homes, everyone deserves access to a safe and stable place to live, and the opportunities it provides. Each year, the federal government spends nearly $200 billion to support housing in this country—yet as millions of Americans struggle to find and hold onto homes they can afford, the vast majority of our public funds for housing are directed to subsidize the nation's wealthiest households.[242] Our economic rules around housing unfairly favor the rich because they are written by politicians beholden to wealthy special interests.

America's public policies have systematically operated to shut black and Latino families out of opportunities to build housing wealth that benefitted white families. Redlining is the most notable example: In the years after World War II, the National Housing Act and the GI Bill contributed to a historic boom in homeownership and household wealth among American families. Yet federal policymakers drew red lines around African-American neighborhoods, discouraging private banks from lending in these areas even as black homebuyers were excluded from living in white neighborhoods. Redlining also contributed to divestment in predominantly African-American urban areas at a time of substantial public investment in roads and infrastructure in the white suburbs. While redlining was officially outlawed by the Fair Housing Act of 1968, its impact in the form of residential segregation patterns persists today, with families of color more likely to live in neighborhoods with higher poverty rates, lower home values, and a declining infrastructure, compared to neighborhoods inhabited predominantly by white residents. These enduring patterns of segregation impact both renters and homeowners.[243]

Rather than working to address the historic injustice of unequal opportunity, our current housing policies reinforce the inequality created by discrimination. The mortgage interest deduction is the centerpiece of federal housing policy: A $70 billion tax break that exclusively benefits Americans who have been able to purchase or inherit a home—and which fails to help many working- and middle-class homeowners who don't itemize their taxes. The tax deduction does little to promote homeownership, as most households would have purchased a home regardless of tax benefits.[244] Researchers estimate that the decision to prioritize policies like the mortgage interest deduction amount to approximately $4.8 billion in lost housing investments for African-American families and $4.1 billion directed away from Latino families, compared to a more equitable distribution of benefits.[245] White people who are not homeowners miss out as well. Overall, households with incomes over $200,000 receive 4 times more federal housing benefits than low-income households.[246]

Meanwhile, many working people cannot find an affordable place to live. There is no county in the nation where a full-time worker earning the minimum wage can afford to rent a modest two-bedroom home, and even a one-bedroom is out of reach in most of the country.[247] As a result, researchers estimate that more than 20 million renter households live in housing poverty, meaning that after they pay for housing they cannot afford to meet other basic needs like food, transportation, and medical care.[248] At the same time, on a single night in 2016, more than half a million Americans were homeless, including more than 116,000 children and more than 39,000 veterans.[249] Federal rental assistance programs such as Housing Choice Vouchers, Section 8 assistance, and public housing have proven effective at reducing homelessness and housing instability, particularly for families, yet they are severely underfunded and therefore reach only a quarter of the Americans eligible for assistance. In 2015, less than 30 percent of federal housing dollars went to support renters, and the Trump administration proposes further cuts.[250]

POLLING DATA

81% OF AMERICANS
say housing affordability is a problem and 60% say it is a serious problem.[251]

76% OF AMERICANS
say it is important for elected leaders in Washington to solve problems of housing affordability and people's ability to buy or rent housing that meets their needs.

80% FAVOR EXPANDING HOUSING SUPPORT
for low-income families with children.

POLICY SOLUTION

Rebalance the nation's housing investments so that resources go to people who need them most. **The Common Sense Housing Investment Act** **(H.R.948)**, currently before Congress, includes the following provisions:

- **Reduces the amount of a mortgage eligible for a tax write-off** to $500,000, with the change phased in over 5 years.

- **Converts the mortgage interest deduction into a nonrefundable 15 percent tax credit.** This change, also phased in over 5 years, extends a tax cut to an additional 15 million working- and middle-class homeowners who do not benefit from the current mortgage interest deduction because they don't itemize their tax deductions.

- **Reinvests $241 billion in savings over 10 years to supporting rental assistance**, expanding the Low Income Housing Tax Credit, Section 8 rental assistance and the public housing capital fund, and providing permanent funding for the National Affordable Housing Trust Fund.

HOW TO GO FURTHER

To further rebalance the nation's housing investment, Congress could eliminate the mortgage break for homes that are not owner-occupied, and make the new mortgage deduction tax credit refundable. At the same time, action is need on fair housing because federal fair housing rules are vulnerable to being undermined by the Trump administration. To strengthen housing equity, policymakers could take action to turn the 2015 Affirmatively Furthering Fair Housing rule into law.[252] The rule from the Department of Housing and Urban Development increases accountability for fair housing efforts mandated by the 1968 Fair Housing Act, requiring cities and regions that receive federal housing funds to document segregation and barriers to housing choice, and to take robust action to promote housing equity.

HOW TO TALK ABOUT IT

- **America is at its best when we all have a place to call home.** Access to a safe and affordable home near quality schools, transportation, and jobs is basic to the American Dream and to our nation's future.[253] Millions of working Americans should not have to struggle to find an affordable place to live. We are a stronger and better country when decent housing is within reach of all of us.

- **Our housing rules have swung out of balance, favoring the wealthy rather than Americans in need.** The American public invests $200 billion each year to support housing, but most of the benefits go to households that are already wealthy. Rather than catering to wealthy special interests, we can change the rules to ensure that federal housing resources serve families with the greatest needs: Housing homeless people, enabling low-paid renters to raise their families in stable homes, and helping working- and middle-class homeowners get a tax break that now primarily benefits the wealthy.

- **Housing choice—especially for low-income communities and communities of color—is a critical component of equitable and economically prosperous regions.** When localities seek public funds to strengthen their communities, it's only right that they must take specific steps to ensure fair housing. That means addressing discrimination and removing barriers to opportunity for all their residents.[254]

HOW IT WORKS

- Currently, about 5 million families with low incomes receive federal rental assistance through Housing Choice Vouchers, Section 8 assistance, or public housing. Elderly people, people with disabilities, and working poor families with children make up the vast majority of people receiving rental assistance.[255]

- Federal rental assistance policies successfully lifted 4 million Americans out of poverty in 2012, and helped to decrease homelessness, housing instability, and overcrowding.[256] Research also suggests that by providing stable housing, allowing families to leave areas of concentrated poverty, and freeing up parents' incomes, affordable housing programs have a positive effect on children's success in school, health outcomes, and ultimate economic mobility.[257]

- Investing in affordable housing creates jobs, increases family incomes, and encourages further economic development. According to one estimate, constructing 100 affordable rental apartment units produces $11.7 million in local income generation, $2.2 million in taxes and other revenue for local governments, and 161 local jobs in the first year.[258]

MORE RESOURCES

- National Low Income Housing Coalition "Out of Reach 2017" report
- United for Homes campaign to reform the mortgage interest deduction and reinvest in rental assistance
- Center on Budget and Policy Priorities research page on housing policy
- National Fair Housing Alliance resource page on Furthering Fair Housing

NOTES

NOTES

ACHIEVE REPRODUCTIVE JUSTICE

"I knew my hourly retail job wouldn't allow me to give my child the future I had always imagined. I was struggling in college and didn't have the $30 to pick up a birth control pill pack in the first place."

—RENAE BRACEY SHERMAN[259]

THE PROBLEM

There is perhaps no greater decision impacting families' economic security than the decision of whether and when to have children.[260] Having a child is one of life's most serious commitments, economically and otherwise; an unintended pregnancy can upend financial stability, making it difficult for mothers in particular to pursue education and maintain employment. Given the gravity of this decision and its impact on the lives of countless women and their families, equal access to affordable reproductive health services, including abortion, is critical. Numerous studies show that women who have access to birth control have greater job security, workforce participation, and earnings.[261] Access to reproductive services is as much a cornerstone of the fight for economic justice for millions of women and their families as are pay equity and paid sick leave. Unfortunately, in recent years and with alarming frequency, a barrage of attacks at both the federal and state levels threatens to dramatically restrict families' access to these services.

In the first half of 2017 alone, legislators in 28 states introduced bills restricting abortion access under certain circumstances, with legislators in 6 states introducing legislation to ban abortions in all circumstances.[262] During the same time period, 3 states added restrictions on publicly-funded family planning services.[263] At the federal level, legislation such as the 20-week abortion ban that the House of Representatives recently passed, if enacted, would severely limit reproductive health access.

The current wave of restrictions threatens the economic security of millions of families nationwide. Lack of affordable, timely access to reproductive health services is costly. Birth control costs account for 30 to 44 percent of women's out-of-pocket health care costs.[264] For a woman working full time at a minimum-wage job, the total costs of an IUD equal one month's salary.[265] Women who cannot afford birth control often resort to less effective methods, which put them at risk for an unintended pregnancy that may completely upend their lives. Women who cannot afford an abortion often delay treatment, making the difficult decision to forego necessities for themselves and their families or go into debt to save for the procedure. Delaying the procedure ends up costing women hundreds if not thousands of dollars more, with potentially devastating impacts for families living paycheck to paycheck.[266]

Attacks on access to reproductive care disproportionately impact women of color, who are more likely to have low incomes and limited access to preventive health services as a result of discrimination and institutional racism.[267] Women of color, in particular, have long been the targets of coercive reproductive policies that undermine their families' economic well-being.[268]

POLLING DATA

61% OF VOTERS
support a federal law that would safeguard abortion care and prevent restrictions that make abortions more difficult to obtain.[269]

66% OF VOTERS
support having access to reproductive health services in their community.[270]

POLICY SOLUTION

Safeguard the economic security of women and their families by defending against policies that make it difficult to access affordable reproductive health services, and championing policies that expand access to these services.

- **Eliminate the Hyde Amendment:** Under the Hyde Amendment, federal funds cannot be used to pay for abortion services, except in limited circumstances including rape, incest, and instances that place the mother's health in jeopardy. For over 40 years, the Hyde Amendment has dramatically limited access to abortion services for millions of women enrolled in Medicaid and other federal programs.[271] As a rider to the annual appropriations bill for the Department of Health and Human Services, the Hyde Amendment must be renewed annually. Members of Congress have attempted to codify the Hyde Amendment into law,[272] which would be disastrous for millions of women and their families. Passing legislation that finally repeals the Hyde Amendment would remove the funding restriction and a key barrier to abortion access.

- **Ensure abortion coverage and care regardless of income or source of insurance.** **The Equal Access to Abortion Coverage in Health Insurance Act (EACH)**, introduced in the 2015-2016 legislative cycle, ensures abortion coverage and care through the federal government in its role as an insurer, employer, or health care provider and prohibits state, local or federal restrictions on private insurance coverage of abortion care.

- **Protect access to no-cost contraception and champion legislation that limits religious and so-called moral carve-outs for employers.** Recently, the Trump administration issued 2 expansive rules permitting employers to invoke religious or moral objections in order to sidestep a mandate under the Affordable Care Act that requires employers to provide women with access to birth control at no additional cost. The sweeping rules will likely force many women to forgo contraception, use it sporadically, or rely on less effective methods, which could have disastrous impacts on families' economic well-being and security. Congress should pass legislation limiting these carve-outs for employers, who should not be in the position to dictate women's access to reproductive health services.

HOW TO GO FURTHER

Anticipating attacks on reproductive health services under the current administration, several states passed laws guaranteeing no-cost contraception to patients. A handful of states, including Maryland and Vermont, went ever further, guaranteeing patient access to a 12-month supply of contraception.[273] Oregon passed the most comprehensive law to date: **The Reproductive Health Equity Act** requires insurance companies to cover a wide array of family planning services—including contraception, vasectomies, STI and cancer screenings, prenatal and postpartum care, and abortion—at no cost to the patient. Oregon's law will stand even in the event of a repeal of the Affordable Care Act. Enacting similar measures at the federal level could have a tremendous impact on women's access to reproductive services and the economic well-being of themselves and their families.

HOW TO TALK ABOUT IT

- **To achieve full equality, women must have the right to control their own bodies and the ability to plan their own families.** Deciding whether and when to have a child is one of the most important economic decisions women make. Women must have access to the full range of reproductive health services that will help them to achieve and maintain economic security.

- **Women and their families do better economically when they have access to reproductive health services, with the impact felt across generations.** When women can plan their families, their children have better education outcomes and earn higher wages.[274] On the other side, women denied abortions are more likely to be in poverty 2 years later.[275] Removing barriers to these services will help families achieve greater economic security.

- **Employers' religious and moral beliefs should not dictate women's access to reproductive health services.** Current rules may pave the way for more and more employers to deny women much-needed services on dubious and overbroad grounds. A woman's place of employment should not dictate her ability to control her own body and make her own reproductive choices.

- **Removing barriers and ensuring access to reproductive health services advances gender and race equity.** Birth control is responsible for one-third of the narrowing of the gender wage gap.[276] Increasingly, women are the primary breadwinners for their families. Access to reproductive health services helps strengthen their ability to take care of their families. Making it easier and less expensive to access these services will particularly benefit women of color, who are more likely to lack access to preventive and reproductive health services and live in poverty as a result of discrimination.

HOW IT WORKS

Repealing the Hyde Amendment and allowing the use of federal funds to pay for abortion services would have an immediate impact on families.

» The nearly 14.5 million women of reproductive age enrolled in Medicaid would have access to abortion services.[277]

» Women enrolled in other federal programs like the Indian Health Services, the Child Health Insurance Program, and Medicare, subject to the same restrictions, would have access to these needed services.

» Eliminating the Hyde Amendment would be particularly beneficial for low-income women and women of color, who are more likely to rely on Medicaid for family planning services and for whom the costs of abortion are prohibitive.[278]

MORE RESOURCES

National Women's Law Center resources on health care and reproductive rights

SisterSong Women of Color Reproductive Justice Collective resource page

Guttmacher Institute on reproductive rights

NOTES

NOTES

PROVIDE CHILD CARE FOR ALL

"My husband and I are both employed full time, but we can barely afford childcare and we do not qualify for any assistance."

—SARA, OREGON[279]

THE PROBLEM

Family comes first. That means all families should have access to affordable and high-quality choices for their children's early care and education. Millions of American parents need child care to be able to work or go to school, while children need quality care and education to get a strong beginning in life. Yet child care costs have soared in the past decade, leaving a growing number of working and middle-class families unable to afford the early learning and care that will enable their children to thrive. Ensuring that the next generation gets a healthy start in life is a challenge for our entire society, but individual families are left to address it on their own, trapping parents between the need to care for their children and the need to earn income. At the same time, child care providers who do the crucial work of caring for children are typically paid very low wages and struggle to sustain their own families.

Gendered assumptions about women's roles have prevented the nation from achieving a child care system that would give families real choices about how to combine caregiving and work. During World War II, the nation funded a large-scale child care program to enable mothers of young children to work in support of the war effort.[280] It was dismantled as women were pushed out of the workforce at the war's end. In 1971, Congress passed bipartisan legislation that would have established a comprehensive national child care system available to all Americans, with fees based on a family's income.[281] The bill was vetoed by Richard Nixon, as conservatives warned that providing access to affordable child care would weaken the family, encouraging women to abandon their traditional roles.

Today the majority of parents with young children are working. A crisis of care is genuinely undermining the economic stability of American families: Nationwide, the average cost of full-time care in child care centers for children under age 5 is $9,589 a year, higher than the average cost of in-state college tuition.[282] Child care rates for infants are significantly higher, and some areas of the country face much higher costs overall.[283] As a result, many families go to extraordinary lengths in the scramble to handle work and care, working split shifts with a spouse, relying on a patchwork of family caregivers, paying huge portions of their household income for child care, dropping out of the workforce entirely, or resorting to unstable or substandard care. The problem is particularly difficult for single parents trying to provide care and support children on

1 income. The Child Care and Development Block Grant, the nation's primary program funding child care for low-income families, is so drastically underfunded that only 15 percent of eligible children receive federal child care assistance, leading to long waiting lists and high co-pays for care in many states.[284] Merely accessing child care is a challenge for many families: Parents who work non-standard hours or have shifting, unpredictable schedules are often unable to establish stable care arrangements.[285] Meanwhile, as many as half of American families live in areas with little or no access to quality child care at any time of day.[286] African-American families are particularly affected by the escalating cost of child care and limited options, because they are more likely to have all parents in the workforce and fewer resources to pay for care.[287]

The caregiving workforce is disproportionately made up of women of color and immigrant women. Their work is crucial to our society and our economy, yet is systematically underpaid and undervalued, with the median child care worker paid just $10.18 an hour, or $21,170 per year for full-time work.[288] Not surprisingly, turnover in the child care workforce is high, which challenges quality care delivery and results in children being less likely to have stable and consistent caregivers. Many states set low standards for the training of child care providers; when child care workers do earn degrees or attain additional training, their income often does not rise in tandem with their increased qualifications.[289]

POLLING DATA

79% OF VOTERS
want Congress and the administration to work together to improve the quality of child care and preschool, and make it more affordable for parents.[290]

85% OF VOTERS
say there should be increased funding for child care that directly supports greater access to quality programs for low- and middle-income children while their parents work or attend school.[291]

POLICY SOLUTION

Guarantee universal access to affordable, high-quality child care and preschool programs for all American families, and improve compensation and training for child care workers. **The Child Care for Working Families Act** **(S.1806/H.R.3773)** currently before Congress includes the following provisions:

- **Guarantees child care affordability for working families with children under age 13.** Provides sufficient funding for the Child Care and Development Block Grant so that families with incomes between 75 and 150 percent of their state's median income would pay no more than 7 percent of their total income for child care, regardless of the number of children they have. Families with incomes below 75 percent of their state's median income and families eligible for Head Start would have no co-payment for child care.

- **Improves the supply of child care**, particularly for infants, children in underserved areas, and children with disabilities.
- **Raises the quality of child care** by providing resources to states to help providers increase their skills, and requiring states to establish systems to measure the quality of child care providers.
- **Incentivizes states to create high-quality preschool programs** for 3- and 4-year olds during the school day, while providing a higher matching rate for programs for infants and toddlers.
- **Supports family, friend, and neighbor care providers** who care for children during non-traditional hours to help meet the needs of working families.
- **Enhances funding for Head Start programs** to provide full-day, full-year programming.
- **Increases training and compensation for the child care workforce**, ensuring that all child care workers are paid a living wage, and early childhood educators are paid at rates comparable to elementary school teachers with similar credentials and experience.

HOW TO GO FURTHER

The Child Care for Working Families Act would establish child care as an entitlement for millions of American families. Policymakers aiming for a genuinely universal program could discard the cap of 150 percent of state median income, and provide support to all families with young children.

HOW TO TALK ABOUT IT

- **Family comes first.** Every parent wants to know that their children are safe, happy, and getting the foundation they need to thrive—at a cost that doesn't keep families from making the rent or paying the mortgage. We need quality, affordable child care for working parents.
- **All of us have a stake in ensuring that the next generation gets a good start in life.** It makes no sense that we leave individual families on their own, scrambling to find child care they can access and afford. It's worth investing in a child care system that will give families real choices about how to combine caregiving and work.
- **Children benefit from high-quality child care and early education**. Good child care and early education give children a strong beginning when they start school. Children who participate

in high-quality child care are more likely to attend college, to work, and to earn more, and are less likely to become involved with the criminal justice system.[292]

- **Providing child care for all advances racial and gender equity.** The majority of children under age 5 in the United States are children of color. The push for affordable, quality child care is fundamentally a fight for their families and their future. At the same time, access to affordable child care increases women's earnings and job stability, promoting gender equity.[293]

HOW IT WORKS

» High-quality child care and early education have been shown to benefit children's health and social and cognitive development, and to help prepare them for school. For example, recent studies of early education programs in North Carolina and New Jersey found substantially improved educational outcomes persisting for years after the program.[294]

» Every dollar invested in early care and education returns roughly $8.60 in benefits to society, according to a 2015 report by the Council of Economic Advisers.[295]

» Research shows that access to affordable child care enables parents, particularly mothers, to more easily enter or remain in the workforce, reducing gender pay gaps. One study estimates that capping child care expenditures at 10 percent of family income could increase overall women's labor force participation enough to boost the nation's GDP by $210 billion.[296]

» In 2016, enrollment in state-funded preschool programs reached a record high of nearly 1.5 million children, encompassing 32 percent of 4-year-olds and 5 percent of 3-year-olds nationwide.[297] New York City has succeeded in providing universal free, full-day preschool to 68,000 4-year-olds in the city with a program that meets high quality benchmarks.[298] The city is currently expanding the programs to 3-year-olds.

MORE RESOURCES

» National Women's Law Center resource page on child care

» The Center for American Progress Within Reach campaign page

NOTES

PROTECT AND IMPROVE THE SAFETY NET

"I can't imagine what I'd do without SNAP. I think it would surprise a lot of Maine people to know how many of their neighbors are hungry and to really understand how hard it is for people living in poverty to get enough to eat."

—ROBERT JONES, VETERAN AND SNAP RECIPIENT[299]

THE PROBLEM

In a country as wealthy as the United States, families should not go to bed hungry, shiver in an unheated home, or be out on the streets as they search for a new job. From Depression-era efforts by President Franklin Roosevelt and Secretary of Labor Frances Perkins, to President Lyndon Johnson's War on Poverty, we have created public programs that protect basic living standards for our fellow Americans and enable us to get back on our feet when we fall on hard times. Programs including Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Unemployment Insurance (UI), Supplemental Security Income (SSI), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the Low Income Home Energy Assistance Program (LIHEAP) provide much-needed support for households facing economic hardship, stabilize families' access to necessities, and keep millions of Americans out of poverty.[300] These programs are explicitly designed to prevent Americans from being subject entirely to the whims of larger economic forces beyond their control, and actively help families not only get by, but build a stable and productive life for themselves and their children. Safety net programs are especially vital when the economy is underperforming, when jobs are hard to come by, and when families have to spend down their savings in order to make ends meet.

Despite the value of this safety net, some politicians campaign on the promise of eliminating or slashing funds for many of these programs, which they deride as "undeserving" of our support. In an appeal to classism, racism, and nativism, politicians have connected public benefits with concepts of laziness and criminality, despite the fact that over 90 percent of public benefits go to the elderly, disabled, or working poor,[301] and that the social safety net actually reduces crime.[302] Using dog-whistle phrases about the populations they serve, these politicians have compromised the efficacy of these programs, often by placing restrictions or new eligibility requirements in order to prevent people from using vital safety net programs.[303] In just a few recent examples, the most recent Farm Bill reduced SNAP benefits, and recent budget proposals are filled with cuts to various social safety net programs.[304] [305] Inertia is also a major problem: The block grant provided to states through the TANF program has lost 30 percent of its value since the 1990s.[306]

Even when programs are not cut, struggling families are often stigmatized and forced to jump through hoops that middle-class or wealthy families are not in order to receive state or federal benefits.[307] For instance, a 2017 law will give states a greater ability to drug-test beneficiaries of unemployment insurance,[308] while no such law exists to drug-test wealthy households who receive public assistance through the tax code, such as the deduction for home mortgage interest. In other cases, struggling families are faced with a Catch-22: If they try to build up any savings in order to achieve self-reliance, they are denied assistance or forced to sell off assets and spend down savings in order to stay eligible for programs that prevent them from experiencing deep poverty.[309]

The stinginess and racialization of the safety net has consequences for inequality and the economy broadly. States with higher populations of African-American residents are more likely to have restrictive welfare policies and lower overall benefits.[310] And due to racially discriminatory enforcement of drug laws, people of color—and women of color in particular—are often shut out from food stamps or TANF due to drug convictions. This is true despite the fact that there is virtually no difference in drug use between white and black populations.[311]

To live up to America's deepest values of human dignity and equality, the social safety net should be protected and expanded. These programs set Americans up to be more productive, healthier, and happier: Studies show that higher wages, more education, and better health are just a few of the long-term outcomes of strong safety net programs.[312] But we also owe it to each other to remove the barriers that prevent families from accessing programs that would allow them to get back on their feet, and do so with the dignity we afford to everyone else.

POLLING DATA

81% OF REGISTERED VOTERS
favor raising food stamp benefits for the typical recipient.[313]

19% ONLY 19% OF WORKING AMERICANS
(and 11% of nonworking Americans) favor cutting aid to the poor.[314]

20% THE PERCENTAGE OF AMERICANS
who support increasing federal spending on needy Americans has grown by nearly 20 percentage points in the past 4 years.[315]

POLICY SOLUTION

Support Americans who are struggling by protecting and expanding the safety net.

- **Expand eligibility and funding for safety net programs** such as SNAP, UI, SSI, WIC, LIHEAP, and TANF.

- **Index TANF block grants provided to the states to the Consumer Price Index** in order to provide families today with the same level of benefits received by previous generations.

- **Increase or eliminate altogether the limits on the ability of families to save money or own assets** (such as a car) in order to receive public benefits.

While much of social safety net spending is determined by the federal budget, specific proposals before Congress would improve public benefit programs.

- The Progressive Caucus' **People's Budget** restores recent cuts to the SNAP program, and eliminates a 3-month time limit for unemployed adults without children to receive food stamps. The People's Budget also improves Unemployment Insurance by restoring the ability of individuals to claim up to 99 weeks of unemployment benefits in high-unemployment states.[316]

- **The Supplemental Security Income (SSI) Restoration Act of 2017 (H.R. 3307)** increases the amount of income and assets participants can hold without being penalized with a cut in SSI benefits.

- **The Wise Investment in our Children Act of 2015 (H.R.2660/S.1796)** increases the age ceiling for children to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children from 5 to 6 years old.

HOW TO GO FURTHER

The Affordable Care Act removed asset limits from the Medicaid program. Following this example, Congress should remove all restrictions on savings and assets from the TANF program, the LIHEAP program, and SNAP program. Congress can also encourage states to modernize their unemployment insurance systems, by increasing benefits and expanding access and participation.

HOW TO TALK ABOUT IT

- **A strong social safety net is about our commitment to human dignity.** Our country works best when we all help each other get ahead. Investments in the safety net mean more children get educated, more families can live productive lives, and more people can retire with happiness and dignity.

- **Supporting struggling families with a strong social safety net is an investment in our future.** When families can eat, pay their bills, and have a roof over their head, they can stay out of deep poverty and start to plan for the future. When we institute confusing rules that prevent people from saving, or force them to sell their car just to receive public benefits, we're preventing those very people from getting ahead, and that hurts our economy and our future. When we expand and protect public benefits, our society becomes healthier, happier, more innovative, and more productive.

- **A strong safety net is about reclaiming the promise of opportunity.** Many families hold down multiple jobs and still must choose between putting food on the table, paying the bills, buying school supplies, and saving for the future. In an economy that doesn't work for everyday people, we need to strengthen programs that help empower families and ensure that no one falls behind.

HOW IT WORKS

» Strengthening public benefit programs, especially cash benefits, results in more education, higher wages, and better health for recipients in the long term.[317]

» When we expand public assistance programs, they deliver on their promise to stabilize households and reduce poverty, while also helping strengthen and grow the economy. For example, a $1 increase in SNAP benefits during recessions is estimated to produce an additional $1.70 in economic activity.[318]

» When states have lifted or eliminated onerous asset limit rules, it helps stabilize households and prevents a temporary financial crisis from becoming permanent. As families have the opportunity to save money, states also save the public dollars they would have spent on administering asset limits and on supporting households that otherwise quickly fall into crisis again without assets.[319]

MORE RESOURCES

» Center on Budget and Policy Priorities resource pages on family income support and food assistance

» Prosperity Now Scorecard on Asset Limits in Public Benefit Programs

NOTES

NOTES

EXPAND THE EARNED INCOME TAX CREDIT

"If we hadn't itemized and claimed that credit [EITC], we would have owed the IRS $7,200…We wouldn't have been able to keep the lights on. It really saved us."

—STEPHANIE BOWMAN, ORLANDO, FL[320]

THE PROBLEM

Over 50 years ago, our country declared a War on Poverty. Sweeping legislation created critical safety net programs like Medicare and Medicaid, and expanded the Social Security program. While these programs have dramatically reduced poverty, working people across the country still struggle to make ends meet. Corporations have held down wages, so millions of working Americans find their paychecks falling short of basic needs.

The Earned Income Tax Credit (EITC), initially enacted in 1975, supplements the income of low-paid workers. While the EITC is helpful in increasing the incomes of working families, the current credit is insufficient to keep up with the cost of living. It also includes substantial gaps in coverage. For example, many workers without children are ineligible for the credit, and those who qualify find the value too small to make a real difference in their lives. At current levels, the EITC adds just $37 a year to the $14,500 that a full-time worker without children earns at the federal minimum wage.[321] Our tax code pushes nearly 7.5 million childless workers who are ineligible for the credit into or deeper into poverty.[322] The EITC's narrow eligibility criteria disproportionately exclude single African-American and Latino men, who are more likely to work low-wage jobs, and noncustodial parents who cannot claim their children on their taxes for purposes of the credit.[323] Currently, workers must be at least 25 years old to claim the credit, even though many people younger than 25 work full time to support themselves and their families. Because the EITC does not extend to young workers under 25 or the overwhelming majority of low-income workers without dependent children, it fails to help families who may be in great need.

A lack of awareness of the EITC and understanding of how to claim the credit is another barrier to full coverage: 1 in 5 working people who are eligible for the EITC fails to claim the credit.[324] Finally, the EITC helps working Americans less than it could because it provides income support only after workers file their tax returns. Working people who live paycheck to paycheck often lack savings to handle emergencies, and funds from the EITC are not available to assist in a crisis.

POLICY SOLUTION

Expand the eligibility criteria and value of the EITC to help more workers and their families avoid poverty. **The Grow American Income Now (GAIN) Act (H.R. 3757/S. 1849)** currently before Congress includes the following provisions:

- **Increases the value of the EITC for both families with children and childless adults.** Currently, an eligible family with 3 children could qualify for a maximum EITC credit of $6,318. Under the GAIN Act, that same family would qualify for a maximum credit of $12,131—a nearly two-fold increase. The GAIN ACT would raise the maximum amount an eligible childless adult could claim under the EITC from $510 to $3,000—a nearly six-fold increase.

- **Increases the level at which the EITC phases out.** The EITC phases out completely at $15,010 for childless workers and $48,340 for families with 3 or more children. Under the GAIN Act, the EITC would not phase out completely until childless workers and families with 3 or more children earn $37,113 and $75,940, respectively.

- **Lowers the qualifying age for the credit.** The GAIN Act lowers the age at which adults could claim the credit from 25 to 21, recognizing that many workers as young as 21 are breadwinners for their families.

- **Allows eligible workers to request an advance of the credit.** In recognition of the reality of living paycheck to paycheck, the GAIN Act allows eligible workers to request an advance capped at $500, which is subsequently deducted from the total credit amount owed when tax returns are filed.

HOW TO GO FURTHER

The GAIN ACT would lift the incomes of millions of struggling Americans. A more comprehensive proposal could lower the age of eligibility even further to 18, and simplify and streamline the process for claiming the credit, while increasing federal outreach to working people who may not be aware that they qualify.

HOW TO TALK ABOUT IT

- **The Earned Income Tax Credit is one of our best weapons in the war against poverty.** In 2016 alone, the tax credit lifted 6.5 million people out of poverty, including 3.3 million children, and reduced poverty for 21 million more. Moreover, research suggests that children of families that receive the credit do better in school, are more likely to go to college, and have better health outcomes.[325]

- **The EITC helps working people achieve greater economic security, but it currently leaves out too many struggling Americans.** It will help millions more if we expand the credit to benefit younger workers and workers without children or without custody of their children, provide greater assistance, and lower the age at which workers can claim the credit.

- **Expanding the EITC advances gender and race equity.** The EITC is a critical factor in boosting employment among single mothers.[326] Expanding it would improve the economic prospects of low- to moderate-income women and their families.[327] Increasing the value of the credit for childless adults would be particularly helpful to African-American and Latino men, who disproportionately work in low-paying jobs.

HOW IT WORKS

Since the 1970s, millions of workers and their families have relied on the Earned Income Tax Credit to get by.

» The EITC is a federal tax credit for low- to moderate-income workers that supplements wages and helps offset payroll and income taxes. The EITC is fully refundable, meaning that a family can claim the full value of the credit even if they owe nothing in federal income taxes in a given year.

» The current version of the EITC has reduced the poverty rate of working families more than any other governmental transfer program except Social Security.[328] In 2016 alone, the tax credit lifted 6.5 million people out of poverty, including 3.3 million children, and reduced poverty for 21 million more.[329]

» The EITC is structured to incentivize work, encouraging people who make the least to work more hours. Increased hours working may translate into better experience and skill building, which may in turn lead to better opportunities and higher earnings later on in life.[330] According to one study, recipients of the EITC view the credit as a "springboard for upward mobility" and "just reward" for working, which in turn enhances feelings of inclusion and belonging.[331]

» For people of color, who are hardest hit by economic downturns,[332] the EITC provides a critical safety net, helping families to pay down debts and pay for child care, transportation, and housing, enabling them to remain in the workforce.

» The EITC provides stability. Numerous studies have shown that the recipients of the EITC and their children enjoy better health and educational outcomes.[333]

MORE RESOURCES

- Center for Budget and Policy Priorities research on the impact and benefit of EITC
- Center for American Progress and Generation Progress joint reports on proposals to expand the EITC

NOTES

NOTES

BUILDING WEALTH WITH EQUITY

PROTECT CONSUMERS FROM HIGH-INTEREST DEBT

"You're hooked. You can feel the hook right in your mouth. And you don't know it at the time, but it gets deeper and deeper… I was having to get one [loan] to pay another."

—TRUDY ROBIDEAU, CALIFORNIA[334]

THE PROBLEM

Fair and affordable access to credit is vital for American consumers and for the functioning of our economy. Credit can contribute to community stability by helping Americans afford significant purchases like a home or a car, and can smooth out the ups and downs in household finances to prevent temporary crises from turning into long-term conditions. Yet risky, high-interest debt can profoundly undermine communities, draining resources and destabilizing family finances. In the 1990s, politicians loosened rules on the financial sector, enabling lenders to prey on Americans struggling to make ends meet. Unscrupulous lenders cashed in on predatory loans of all types, from the deceptive mortgages that triggered the Great Recession to credit cards full of tricks and traps hidden from reasonable borrowers. Payday lenders and car-title lenders multiplied, promising quick and easy money while trapping borrowers in a cycle of debt.

Communities of color are particularly vulnerable to predatory lenders because for generations, America's public policies systematically locked African-American and Latino families out of wealth-building opportunities that benefitted white families. As a result, people of color remain less likely to have savings to fall back on to handle an emergency, buy a car, attend college, pay a medical bill, start a business, or make a down payment on a home. The lack of wealth and greater need for credit to meet these needs disproportionately expose communities of color, as well as low-wealth white communities, to predatory lending. In a vicious cycle, predatory lending strips additional resources from families and communities, increasing their reliance on borrowing in the future.

Twelve million Americans take out payday loans each year, spending more than $9 billion on loan fees.[335] Payday and car-title lenders disproportionately target low-income neighborhoods with high populations of people of color, promoting quick-fix loans with annual interest rates of nearly 400 percent a year on average.[336] The short-term loans also carry high fees, so that most borrowers ultimately pay more in fees than they originally obtained in credit.[337] The loans are designed so that the vast majority of borrowers will have to roll over or renew their loans within 2 weeks, incurring new fees and additional interest. Car-title loans operate on a similar business model of repeat loans, with 1 in 5 consumers ultimately losing their vehicle through repossession.[338] While the predatory lenders make millions, low-income borrowers often end up in financial wreckage, because they are less able to pay their mortgage, rent, and other bills.

Following the Great Recession and the financial crisis of 2008, Congress enacted new protections for borrowers, including the Credit CARD Act, which reined in unfair and deceptive practices used by credit card issuers, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, which aimed at some of the worst practices of Wall Street banks and mortgage lenders. The Dodd-Frank Act also created the Consumer Financial Protection Bureau, which has secured nearly $12 billion for 29 million American consumers wronged by financial companies since 2011, and has taken action to enforce consumer financial protection rules, crack down on financial scams, and make mortgages safer.[339]

Recently, the Consumer Financial Protection Bureau instituted a rule to require that payday lenders determine whether borrowers can repay their loans, and to limit lenders' access to borrowers' bank accounts.[340] Yet its successes in taking on abusive lenders have won the Bureau powerful enemies, and the CFPB's strength and independence is currently under political attack.

POLLING DATA

91% OF REGISTERED VOTERS
believe it is important to regulate financial services, including 71% who believe it is very important.[341]

3% OF REGISTERED VOTERS
have a favorable view of payday lenders, compared to 51% with an unfavorable view.[342]

73% OF REGISTERED VOTERS
favor the Consumer Financial Protection Bureau when it is described.[343]

71% OF REGISTERED VOTERS
support greater regulation of payday lending.[344]

POLICY SOLUTION

Protect consumers from high-interest debt.

- **Enact a set of national usury limits.** The limits are floating, indexed to a federal rate, and potentially tiered based on the credit product (e.g. student loans, short-term payday loans, credit cards). This step would enable lenders to continue using risk-based pricing, but put an end to routine credit card interest rates of 20 and 30 percent above prime, or payday loans at 400 percent, all of which are unjustifiable by any measure.

- **Cap lender fees.** Limit late fees and charges for borrowers who fail to make a payment on or before the due date.

- **Defend the autonomy and strength of the Consumer Financial Protection Bureau.** The CFPB and its rules curbing the most predatory aspects of payday loans and other abusive financial practices are under political attack. Policymakers should champion the agency and its rules.

HOW TO TALK ABOUT IT

- **Americans need fair and affordable access to credit, not deceptive terms or excessive interest rates and fees that trap them in a cycle of debt.** Whether it's a mortgage to purchase a first home, or a simple credit card bill, we need rules to ensure that credit benefits people and communities, not predatory lenders who profit from struggling families. Payday and other high-interest loans are fundamentally defective products and need to be regulated.

- **Unscrupulous lenders prey on the most economically vulnerable communities**, particularly veterans, seniors, women, and communities of color. Communities that have historically been shut out of opportunities to fairly access credit and accrue wealth are particularly susceptible to abusive lending practices today, and need protection.

- **Working people shouldn't have to borrow to make ends meet**. Working Americans should be paid enough to sustain themselves and provide for their families without having to borrow for basic needs. Raising standards for our jobs and increasing access to food, housing, and medical care for all Americans make more sense than encouraging financial products that leave families in debt.

- **We need the Consumer Financial Protection Bureau to hold big banks and other lenders accountable for predatory practices that strip wealth from our families and communities**. The Consumer Financial Protection Bureau stands up for consumers, putting transparency, fairness, and security for borrowers ahead of the profits of banks and predatory lenders.

HOW IT WORKS

Today 14 states and the District of Columbia have effective caps on loan interest, essentially banning payday lenders from preying on 90 million Americans.

» People living in states without payday and car-title loans save an estimated $5 billion a year in fees annually—$2.2 billion from payday lending, plus another $2.8 from car-title lending.[345]

Continued next page

HOW IT WORKS *Continued*

» The Military Lending Act prohibits active-duty service members from being charged interest greater than 36 percent; however, loopholes have undermined the law.[346]

» The Credit CARD Act of 2009 protects consumers from excessive and unfair credit card fees, and has saved consumers more than $16 billion in fees since it went into effect.[347] Although credit card issuers warned that limiting fees would choke off access to consumer credit, available credit increased, and the cost of credit declined.

MORE RESOURCES:

» Americans For Financial Reform consumer finance resource page

» The Center for Responsible Lending resource page

» StopTheDebtTrap.org campaign page on payday lending

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NOTES

SECURE RETIREMENT FOR ALL

"I don't think I ever will [retire]. Oh jeez. I have nothing: no savings, no retirement, no nothing. I live day to day."

—FRANCINE SMITH, LINDENHURST, NEW YORK[348]

THE PROBLEM

After a lifetime of hard work, we should all be able to retire with dignity. But millions of working Americans will face significant income shortfalls in retirement, creating a crisis of unprecedented levels. All three pillars of Americans' retirement security—Social Security, a pension or employer-sponsored retirement plan, and personal savings—face serious threats in a world where wealth and economic power is increasingly concentrated in a few hands.

Rising income inequality, an uncertain economy, and the lingering impacts of the Great Recession have made it difficult for Americans to save, despite working longer hours. In addition, over the last few decades employers have shifted away from offering pensions, which guarantee a fixed amount to workers upon retirement, toward retirement savings plans, such as 401(k) plans. These plans not only cost working people—associated fees can easily rise into the hundreds of thousands of dollars over the lifetime of the plan—but also shift investment risks from the employer to the employee.[349] As a result, workers bear the risk of losing their entire savings during a downturn in the market or outliving their savings entirely.

Employers' decision to shift away from pensions to 401(k)s disproportionately impacts women and low-income, African-American, and Latino workers. While nearly 9 out of 10 families in the top income fifth had savings in retirement accounts, fewer than 1 out of 10 in the bottom fifth had retirement account savings.[350] The majority of black and Latino families nearing retirement have *no* retirement savings at all.[351] The role of pensions in ensuring a decent standard of living upon retirement is particularly stark for African-American workers, with the poverty rate for black workers without pensions nearly 20 percent higher than that for black workers with pensions.[352] The shift also disadvantages women, who outlive men, earn less, and are less able to put aside savings over the course of their lifetimes.[353] Moreover, many people of color—who are most likely to be living paycheck to paycheck and denied opportunities to build up family wealth—have little to no savings to fall back on, and are compelled to tap into their retirement savings to weather unexpected emergencies.[354]

With the decline in pensions, inadequacy of 401(k)s, and increasing debt, Social Security is an important safety net for millions of retirees. Despite the program's exclusion of black workers at its start,[355] women and people of color particularly rely on Social Security as they increasingly stretch payments to meet their basic needs. Unfortunately, Social Security is under threat of political attack. Congress must act to increase funding so that Americans will not face a near-30 percent cut to their benefits.[356] Moreover, Social Security payments to the lowest-income workers are often inadequate to shore up nonexistent or insufficient savings

POLLING DATA

86% OF AMERICANS
agree that Social Security benefits do not provide enough income for retirees.[357]

72% OF AMERICANS
agree we should consider raising Social Security benefits in order to provide a secure retirement for working Americans.[358]

67% OF AMERICANS
believe requiring high-income workers to pay Social Security taxes on all of their wages is a good idea.[359]

POLICY SOLUTION

Enable working Americans to retire in dignity. America must strengthen both Social Security and workplace retirement accounts.

- **Strengthening Social Security.** **The Social Security Expansion Act** **(S.427/H.R.1114)**, introduced in 2017, would increase Social Security benefits available to millions of retirees. The Act does the following:
  - Provides an across-the-board benefit increase to all beneficiaries of about $65 a month.
  - Raises the minimum benefit available to lifetime low-earners.
  - Raises the tax on investment income to help pay for the expansion.
  - Closes a tax loophole so earned income above $250,000 is subject to the payroll tax.
  - Modifies how Social Security calculates cost-of-living adjustments by using the Consumer Price Index for the Elderly, which more accurately captures the costs retirees traditionally face, such as prescription drug costs.
- **Strengthening Workplace Retirement Accounts.** Establish government-administered, privately managed, guaranteed retirement accounts. Key components of the plan include:[360]
  - Government contribution: The government contributes $600 annually into the account

of each participating beneficiary. Professional, private sector managers invest the funds at low fees, with the government guaranteeing a rate of return of at least 3 percent to keep up with the pace of inflation.

- Mandatory participation: Everyone who lacks a retirement plan or participates in one that is not as competitive are required to participate.
- Mandatory contributions: Both employees and employers are required to contribute a minimum of 2.5 percent of the employee's wages into the account.
- Distributions: Upon retirement, participants receive an annuitized pension from their account.
- Funding: To help pay for the accounts, tax deductions to 401(k)s are capped at $5,000 annually. This deduction disproportionately benefits high-income earners who already gain the most from the tax system.

HOW TO GO FURTHER

While the Social Security Expansion Act, coupled with a proposal for workplace retirement accounts, would help improve retirement security for millions of Americans, more could be done. **The Social Security Caregiver Credit Act** **(H.R. 3337/ S. 2721)**, introduced in 2016, would provide a Social Security earnings credit to people who leave the workforce or reduce their hours to care for a loved one. Because women tend to earn less than men, have less in retirement savings, and often serve as unpaid caregivers for loved ones, a caregiver credit would go a long way in helping them to be more financially secure upon retirement.[361] The credit, which would range in size from $22,000 for a full-time caregiver to $5,500 for a caregiver who is able to work and earns $33,000 per year, would be added to the caregiver's earnings to calculate their Social Security benefits upon retirement.[362]

HOW TO TALK ABOUT IT

- **After a lifetime of hard work, Americans have earned the opportunity to retire in dignity.** We can expand Social Security, secure its funding stream, and make it accessible to more working people if the wealthiest Americans pay into the system at the same rate as the rest of us.
- **All Americans benefit when seniors have economic security.** Seniors who are more financially secure in retirement will have less need to turn to their children and families, many of whom are facing high debt and uncertain job prospects, for economic support.

- **Raising Social Security payments and enabling Americans to save more will advance racial and gender equity.** Public sector jobs and their associated pensions have long been vital to helping African-American workers avoid poverty in retirement, yet public sector cutbacks have put this security at risk. Women, who live longer and earn less than men over the course of their lifetimes, often have fewer resources in retirement, leaving them vulnerable. Increasing the amount of resources people of color and women have in retirement will go a long way toward addressing these inequities, and help millions of people have a decent standard of living when they retire after a lifetime of hard work.

HOW IT WORKS

» Currently Social Security lifts 22 million Americans out of poverty.[363]

» Without Social Security, more than 40 percent of senior citizens would have incomes below the poverty line. Because of Social Security benefits, just 8.8 percent of seniors live in poverty.

» The Social Security Expansion Act will build on the success of the program, increasing the average Social Security benefit by approximately 5 percent and extending the solvency of Social Security until 2073.[364]

MORE RESOURCES:

» Dēmos resources on retirement security

» Economic Policy Institute resources on retirement

» Institute on Assets and Social Policy resources on economic insecurity among seniors

NOTES

NOTES

MAKE TAXES FAIR

"America has been fantastic to me. I have no problem paying whatever I need to pay to keep my country growing."

—WILL SMITH, ACTOR[365]

THE PROBLEM

All of us together can do what any of us alone cannot. Together we can educate our children, train our workers, care for our elderly, and treat our sick. We can build the infrastructure, provide the services, nurture the arts, and create the housing that contribute to vibrant communities and thriving businesses. We can engage other nations through diplomacy, defend our allies and ourselves from threats, and respond to emergencies at home and abroad. We can ensure that we all have what we need to thrive and—when times are hard—survive. A fair tax system is the best way to enact these democratic investments.

The changes to our tax structure passed in December, 2017 further skew a system already rigged in favor of wealthy individuals and corporations. Even before the tax restructuring that redistributes our nation's wealth up and into private and already powerful hands, the wealthiest Americans received the most assistance from the government in building wealth, and the poorest the least. An analysis found more than half of the combined value of our 10 largest federal tax expenditures (or exclusions, deductions, credits, delays, or lowered rates, which reduce taxes for certain groups of taxpayers) went to the richest 20 percent of households. The top 1 percent of households received 17 percent of the benefits.[366] As the billionaire Warren Buffet has asked, "How can this be fair?"

At a time when our infrastructure is crumbling, when aid for public colleges and universities is too low, and when too many Americans cannot afford health insurance, cynical politicians beholden to wealthy donors[367] have voted to further reduce the share that wealthy individuals and corporations pay into our shared coffers. For instance, just 1 household with an estate of $22 million would have an estate tax cut that equals the cost of Pell grants for 1,100 low- and moderate-income students.[368] Currently corporations have loopholes that allow them to get out of paying taxes if they make profits offshore, claim losses from previous years,[369] and pay interest on loans.[370] And, although the recipient of a payout for damages pays taxes on the settlement,[371] corporations can deduct the cost of that settlement from their taxes.[372] Tax policies like this exacerbate economic inequality[373] and the racial wealth gap. The median net worth of white households has ranged from 6 to 18 times the median net worth of Latino and African-American households from 1989 to 2016.[374]

These changes to our tax system will erode our nation's social and physical infrastructure, both through automatic and immediate "pay-as-you-go" cuts to a number of programs,[375] and through long-term reduction in the nation's income to maintain public investment in infrastructure and social safety net programs. People of color will experience disproportionate harm from these changes to the tax structure, as they are over-represented at the low end of the income ladder, due to historic and current policies and practices of educational and occupational segregation, discrimination, and wealth stripping. However, non-Hispanic white people will comprise the largest single racial or ethnic group of people negatively affected. As the cuts starve programs that economically stabilize our lowest-income citizens and support our middle class, cynical politicians will continue to misrepresent the failure of these programs—that they have in fact sabotaged—as evidence that the programs should be further limited or eliminated.

We need a *demos*-driven tax overhaul, so we can invest in the projects that will create a more equitably prosperous society.

POLLING DATA

67% OF AMERICANS
think corporations pay too little in taxes.

63% OF AMERICANS
think upper-income people are paying too little in taxes, while 51% and 48% think middle-income and lower-income (respectively) people are paying too much in taxes.[376]

POLICY SOLUTION

Make taxes fair. The following tax changes ensure that corporations and wealthy individuals pay their fair share:

- **The Responsible Estate Tax Act (S. 1677/H.R. 2907)** reduces the estate tax exemption and raises the maximum estate tax rate.
- **The Paying a Fair Share Act of 2017 (S. 955/H.R. 2159)** and **Fairness in Taxation Act of 2017 (H.R. 636)** increase the taxes on individual taxpayers with incomes over $1 million. The Fairness in Taxation Act also adjusts the capital gains tax of taxpayers in the 45-percent tax bracket.
- **Roll back the corporate tax cuts and close corporate tax loopholes**, including but not limited to exemptions for profits made offshore, losses carried from previous years, damages paid in legal settlements, and debt interest payments.
- **Restore the full deductibility of state and local taxes from federal tax returns**, so that state and local governments can continue to fund their own needs and priorities without a federal penalty.

Taxes impact nearly every policy area. This briefing book makes the case for the following changes to the federal tax code on private equity, affordable housing, the environment, and the Earned Income Tax Credit, among others. See each individual policy section for a full understanding of the policy.

- **Close tax loopholes that incentivize the risky practices of private equity firms.**
  - **Limit or eliminate business tax deductions for debt interest.** Private equity firms rely on high levels of debt to purchase companies, leaving that debt on the balance sheets of their new holdings. Unlimited business tax deductions for debt incentivize private equity practices that risk the health of the real economy.[377] **The Tax Fairness and Transparency Act (H.R.2057)** limits tax deductions for interest expenses of most businesses to not more than 10 percent of the corporation's adjusted taxable income.
  - **Eliminate the carried interest tax loophole.** Carried interest is "the share of a private equity fund's profits claimed by the fund's general partner." Rather than being taxed as income, carried interest is taxed at the much lower capital gains rate. **The Carried Interest Fairness Act of 2017 (S.1020/ H.R.2295)** eliminates the existing loophole, taxing carried interest as earned income.
  - **Enact and implement the Financial Transaction Tax**, which is a small sales tax on stocks, bonds, and complex financial instruments. This tax would affect entities that engage in high-frequency, high-volume, speculative trading, while leaving individuals and firms with longer-term holdings relatively unaffected.[378] **The Inclusive Prosperity Act (S.805)** would implement a tax on certain financial transactions.
- Enact **The Common Sense Housing Investment Act (H.R.948)** currently before Congress, which includes the following provisions:
  - **Reduces the amount of a mortgage eligible for a tax write-off** to $500,000, with the change phased in over 5 years.
  - **Converts the mortgage interest deduction into a non-refundable 15 percent tax credit.** This change, also phased in over 5 years, extends a tax cut to an additional 15 million working- and middle-class homeowners who do not benefit from the current mortgage interest deduction because they don't itemize their tax deductions.
  - **Reinvests $241 billion in savings over 10 years to support rental assistance**, expanding the Low Income Housing Tax Credit, Section 8 rental assistance and the public housing capital fund, and providing permanent funding for the National Affordable Housing Trust Fund.

- **Reduce dependence on fossil fuels and fund the transition to a clean energy economy through the following measures:**
  - **The Repeal Big Oil Tax Subsidies Act (S. 2204)** eliminates $2.4 billion in annual tax breaks for the 5 biggest fossil fuel companies.
  - **The End Polluter Welfare Act (S. 1041)** eliminates fossil fuel tax breaks and other subsidies amounting to $11.4 billion annually.
  - **Pass a revenue-positive federal polluter penalty** starting with at least $35 per ton of carbon and rising annually. The policy should also target co-pollutants from industry and other sources. Proceeds of the polluter penalty should be used for investments in clean energy, clean transportation, and energy efficiency. High-road workforce standards should be attached to any public investment in the transition, with a substantial share targeted for low-income, environmentally vulnerable communities; and another share targeted for helping displaced fossil fuel workers transition to new jobs.
- **Expand the Earned Income Tax Credit (EITC) through The Grow American Income Now (GAIN) Act (H.R. 3757/S. 1849)**, which increases the value of the EITC for both families with children and childless adults, raises the income level at which the EITC phases out, lowers the qualifying age to claim the credit, and allows eligible workers to request an advance of the credit.

HOW TO TALK ABOUT IT

- **All of us together can do what any of us alone cannot.** When we fund our public efforts and institutions adequately, we can educate our children, train our workers, care for our elderly, and treat our sick. We can build the infrastructure, provide the services, nurture the arts, and create the housing that contribute to vibrant communities and thriving businesses. We can engage other nations through diplomacy, defend ourselves and our allies from threats, and respond to emergencies at home and abroad. We can ensure that we all have what we need to thrive and—when times are hard—survive.
- **A fair tax system is the best way to enact these democratic investments.** Right now, some are not paying their fair share. When big corporations dodge paying their fair share of taxes, the rest of us have to pick up the tab. At a time when our infrastructure is crumbling, when aid for public colleges and universities is being cut, and when too many Americans are being priced out of health insurance, cynical politicians beholden to wealthy donors have reduced the portion that wealthy individuals and companies pay into our shared coffers.

- **Tax policies that favor the wealthy exacerbate economic inequality and the racial wealth gap.** The median net worth of white households has ranged from 6 to 18 times the median net worth of Latino and African-American households from 1989 to 2016. Giving additional benefits to people who are already wealthy further widens this unfair economic divide.
- **We need to rewrite the rules so the rich pay their fair share in taxes and ordinary Americans get a fair shot.** We need to turn our policies right side up, so we can invest in the projects that will create a society with more equity in wealth by race and ethnicity, and create more prosperity for all.

HOW IT WORKS

» Rolling back the corporate tax rate cut would maintain $644.1 billion in national revenues.[379]

» Adding a transition tax to bring corporate profits back onshore could raise $299 billion over 10 years.[380]

» Closing the carried interest tax loophole to tax such income generated by private equity and other investment fund managers, real estate entities, and other individuals at higher, earned income rates could generate as much as $180 billion over 10 years.[381]

» Prohibiting corporations from deducting legal settlements could result in more than $170 billion over 10 years.[382]

- Between these 4 changes, the USDA's Supplemental Nutrition Assistance Program and Child Nutrition Program could be funded at 2016 rates for a decade,[383] and the Department of Labor's Training and Employment Services could be funded at 2017 levels for a decade, while DOL's Wage and Hour Division (which enforces a wide range of labor laws) could have its annual budget doubled and stabilized for 10 years.[384]

» Lowering the threshold for estate taxes to $7 million per couple (from the new threshold of $22 million per couple), and raising the rate at which inheritances are taxed to 40 percent or 45 percent as proposed in the Fairness in Taxes Act, could raise $309 billion over 10 years[385] —more than *twice* the cost of the Children's Health Insurance Program over the same period of time.[386]

Continued next page

HOW IT WORKS

Continued

» Expanding the EITC to childless workers as young as 21—with credits up to $1,000—as similar proposals under President Obama and Speaker Paul Ryan would do, could keep 600,000 childless workers from being taxed into poverty, and 5.2 million more workers from being taxed deeper into poverty.[387]

MORE RESOURCES

» Prosperity Now's *From Upside Down to Right Side Up: Redeploying $540 Billion in Federal Spending to Help All Families Save, Invest, and Build Wealth*

» Center on Budget and Policy Priorities website

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NOTES

CURBING CORPORATE POWER

REIN IN PRIVATE EQUITY

"People don't realize how much closing of stores hurts us, not just financially, but emotionally and mentally."

—JOHN CANDIA, FORMER EMPLOYEE AT WALDBAUM'S, WHICH WENT BANKRUPT AFTER A PRIVATE EQUITY LEVERAGED BUYOUT OF ITS PARENT, A&P[388]

THE PROBLEM

All of us should have the resources we need to care for our family. Our financial system pools and distributes risk and resources so that we can all share in the prosperity that we help generate.[389] When finance works in the public interest, we have what we need to take care of our families, create opportunities for our futures, and manage emergencies when they occur. In order to ensure that the financial industry serves this social purpose, our government regulates the industry's activities, protecting the public against the sector's market power to pull extreme profits out of the system.[390] But the financial industry and its political allies are on "a deregulation rampage,"[391] threatening to let loose predatory lenders on everyday Americans and unleash big banks to return to the risky behavior that cost millions of Americans their jobs, homes, and retirement savings during the financial crisis.

"Private equity" describes a part of the financial sector that raises large amounts of money and requires long-term commitments from wealthy individuals, university endowments, public pensions, and other institutional investors; makes risky investments, frequently by accessing large amounts of debt; and often takes over ownership and management of operating companies, in order to produce large payouts for their investors.[392] Because of its structure, private equity escapes much of the regulation and transparency required of other financial actors.

Although private equity firms often take over managerial control of companies they own, their incentive structure rewards maximizing short-term financial returns for investors, frequently at the expense of the health of the core business and the livelihood of the workers.[393] Typically, private equity firms aggressively leverage debt to purchase controlling stakes in large companies, and then offload the debt onto the books of those same companies rather than holding it at the fund. Too often, this risk-taking leads to the operating company's bankruptcy, resulting in losses for workers (jobs, benefits, and pensions), vendors (pay), and bondholders (returns). But even when the private equity debt does not sink companies, managers are often rewarded for downsizing the company, which also destroys jobs and endangers communities.[394]

Private equity firms routinely strip the productive economy, contributing to growing economic inequality rather than broadly shared prosperity. In the wake of the housing crisis, private equity firms like Blackstone Group began investing in housing, including taking significant positions in the single-family home market.[395] This opportunistic shift to investing in small residential real estate skewed the market for families looking to stabilize in the wake of the recession, and took advantage both of relatively low prices because of the weakened housing market, and of a U.S. Department of Housing and Urban Development program that sold distressed notes on single-family homes at a discount. Even with down payments and loan commitments, families would have a hard time competing with investors coming with cash in hand.

Private equity's search for short-term gains also explains the failure of many retail stores at a time of economic growth and high consumer confidence. The balance sheets of numerous failing retailers are overburdened with debt from leveraged buyouts led by private equity firms.[396] In the next 5 years, roughly $1 trillion of that risky debt will come due, and analysts worry that it may be set to explode the economy all over again. And, again it will be working people, particularly people of color, who bear the brunt of it.

Both crises—in housing and possibly in retail—exacerbate economic inequality, and particularly harm people of color. Black and Latino homeowners were more than 70 percent more likely to be foreclosed upon during the housing crisis than non-Hispanic whites.[397] While people of color make up roughly the same percentage of workers in the retail industry as in the labor force in general, they are much more likely to be in lower paid, less stable positions.[398] By contrast, African Americans and Latinos comprise only 11.6 percent of the asset management field (of which private equity is a part); as in retail, black and Latino private equity workers are concentrated at the lower ends of the job ladder.[399]

Currently, our policies do little to address these problems with private equity. Regulation of private equity remains weak, despite the oversight provided for under the Dodd-Frank financial reform law passed after the Great Recession. Our current tax laws incentivize the risky practices of private equity firms, allowing businesses to deduct the debt interest payments from their taxes, and taxing the share of fund profits that a general partner (manager) claims at a rate lower than earned income, although it is payment for service. Additionally, right now there is no sales tax on financial transactions. Finally, employment, bankruptcy, and pension laws do not adequately protect workers and communities from firms that would strip their companies of assets to distribute to investors.

POLLING DATA

91% OF LIKELY 2018 GENERAL ELECTION VOTERS rate the regulation of financial services important, including 71% who believe it is very important.

Continued next page

POLLING DATA *Continued*

59% OF VOTERS
believe that Wall Street and the financial industry are still too powerful and still engaged in reckless practices that pose a continuing threat to the economy and people's financial well-being.

60% OF VOTERS
—including majorities in all parties—are more likely to vote for candidates who support financial regulation.[400]

POLICY SOLUTION

Ensure that private equity companies pool and distribute financial risk and resources to achieve shared prosperity and sustainable growth. This goal is attained by interventions on 3 fronts: specify and strengthen the rules for private equity, close the tax loopholes that incentivize extreme risk-taking, and update employment and bankruptcy laws to ensure that private equity firms are less able to offload the risk onto working people while keeping the reward for themselves.

- **Strengthen regulations to rein in private equity.**
  - **Protect and strengthen the Dodd-Frank Act**, which aimed to limit excessive compensation that incentivizes risk-taking practices in the financial sector, including private equity firms with assets above $1 billion. Add strong enforcement to further reduce incentives for risk.[401] Further, Congress needs to fund the SEC to audit required reports filed by private equity firms, as mandated by Section 404 of the Dodd-Frank Act.
  - **Prohibit excessive leverage** to limit risk to workers, creditors, and the economy at large. One way to limit overleveraging is for government to regulate the amount of debt that private equity firms can use to acquire companies, much as it limits the amount of debt an individual can use when buying stock.[402]
  - **Protect workers' earned deferred income from bankruptcies caused by private equity firms' high-risk, asset-stripping strategies**, by updating the Employment Retirement Income Security Act (ERISA) and bankruptcy code. In order for any updates to be enforceable by affected workers, private equity firms would have to publicly disclose the companies they own, the financial statements of the portfolio companies, and the total assets of the firm.[403]
  - **End the practice of selling government-owned housing stock to Wall Street speculators**. Instead, prioritize community development financial institutions, non-profit

housing developers, and other companies that have a clearly defined program to create affordable housing in vacant homes and to move distressed homeowners into mortgages they can manage.[404]

- **Close tax loopholes that incentivize the risky practices of private equity firms.**
  - Limit or eliminate business tax deductions for debt interest. Private equity firms rely on high levels of debt to purchase companies, leaving that debt on the balance sheets of their new holdings. Unlimited business tax deductions for debt incentivize private equity practices that risk the health of the real economy.[405] **The Tax Fairness and Transparency Act (H.R.2057)** limits tax deductions for interest expenses of most business to not more than 10 percent of the corporation's adjusted taxable income.
  - Eliminate the carried interest tax loophole. Carried interest is the portion of a private equity fund's profits claimed by the fund's general partner. Rather than being taxed as income, carried interest is taxed at the much lower capital gains rate. **The Carried Interest Fairness Act of 2017 (S.1020/ H.R.2295)** eliminates the existing loophole, taxing carried interest as earned income.
  - Enact and implement the Financial Transaction Tax, which is a small sales tax on stocks, bonds, and complex financial instruments. This tax would affect entities that engage in high-frequency, high-volume, speculative trading, while leaving individuals and firms with longer-term holdings relatively unaffected.[406] **The Inclusive Prosperity Act (S.805)** would implement a tax on certain financial transactions.

HOW TO TALK ABOUT IT

- **All of us should have the resources we need to care for our families.** Our financial system pools and distributes risk and resources so that we can all share in the prosperity that we help generate. When finance works in the public interest, we have what we need to take care of our families, create opportunities for our futures, and manage emergencies when they occur. In order to ensure that the financial industry serves this social purpose, we need rules to protect the public against the sector's market power to pull extreme profits away from our shared needs and put it into the pockets of a greedy few.

- **Private equity is especially problematic because the industry focuses exclusively on investors' interests—keeping the financial reward for them, and offloading the risk to the workers and communities of the companies they buy.** These firms typically use an aggressive amount of debt in order to buy companies, and then offload that debt onto the companies' books, jeopardizing the financial viability of the businesses they acquire. This means that workers may lose jobs, pensions, and any semblance of the economic stability they need in order for their communities to thrive, people may get pushed out of their homes, and customers may see a dramatic rise in price or steep decline in the quality and access to goods like medicines that they depend on. While a wide range of people of all races stand to lose as employees, homeowners, and customers, the winners are disproportionately white and rich.

- **We can rein in the risky behavior of private equity** by making rules to ensure that it contributes to our communities' economic stability, incentivizing responsible behavior and keeping the risk with the company. We need tax changes, and updates to our employment, bankruptcy, and pension laws, to protect workers from the risks private equity firms take.

HOW IT WORKS

Private equity is incentivized and enabled by a range of policies, so a multifaceted approach is needed to rein it in.

» Economists estimate that a well-designed financial transaction tax would raise about $50 billion per year in the United States, while encouraging longer-term investment and reducing the incentives for financial speculation that harms working people, consumers, and the overall stability of our economy.[407]

» Closing the carried interest loophole would simply tax the earned income of fund managers as earned income, rather than as investment income. The Congressional Budget Office estimated the tax revenue from this change at $17 billion over 10 years.[408]

» Limiting private equity's ability to use excessive debt to purchase companies is similar to the existing SEC regulation on the amount of debt individuals can use when acquiring stocks, which was implemented in the wake of the 1929 stock market crash exacerbated, in large part, by the excessive amount of debt used to purchase stocks during the bubble.

MORE RESOURCES

» Americans for Financial Reform on systemic risk

» Center for Economic and Policy Research on private equity and the Financial Transaction Tax

» Dēmos on private equity and financialization and equal opportunity

» Center for Popular Democracy on distressed mortgages

NOTES

PROTECT COMPETITION AND CONSUMERS

"Have you noticed that prices of prescription drugs including generics are skyrocketing? The public is being squeezed by the pharmaceutical industry to pay increasing prices for the same medications... My concern is for the effects these corporate machinations have on the people the companies profit from."

—GARY PEPPER, M.D.

THE PROBLEM

American businesses can provide high-quality products at competitive costs to their customers and clients, create fair and meaningful jobs for their employees, and innovate within their industries. When they compete fairly on a level playing field, good businesses anchor and serve our communities. Yet over the past 3 decades, the field has tilted, as policymakers have permitted corporate giants to form and take over an increasing share of our economy. With consolidated power, corporations are enriching themselves and their executives at the expense of millions of consumers, workers, and innovative would-be competitors. This threatens economic opportunity and fairness, as well as the strength of American democracy.

More than 125 years ago, America was at a similar juncture in terms of the concentration of political and economic power in a few hands. In 1890, Congress passed the Sherman Antitrust Act, followed by the Clayton Act, the Federal Trade Commission Act, and other laws that tried to ensure marketplace competition. The basis for these laws was that the concentration of economic power would inevitably lead to the concentration of political power, hurting our democracy. Antitrust policy was not based on economic analysis alone, but on the impacts of economic concentration affecting our society and faith in our institutions.

Starting in the 1970s, antitrust policy was hijacked by an army of economists and lawyers representing corporate interests. They narrowed anti-monopoly laws, shifting the focus exclusively to particular, short-term effects of a merger on price and output. They argued that all markets were naturally competitive, placing the burden of proof on regulators to show otherwise. As a result, it became difficult to regulate and rein in anti-competitive behavior by large firms, such as predatory pricing. Free market fundamentalists took control of interpreting antitrust law from both parties. For example, 20 years ago federal regulators under President Bill Clinton approved the merger of 2 of the biggest oil companies, creating the oil giant Exxon Mobil.

As laws have weakened and enforcement waned, corporate mergers and consolidations have surged. Half of all publicly traded companies have disappeared over the past 4 decades,[409] and consumer choices have been dramatically limited as a result. Today 80 percent of seats on airplanes are sold by just 4 airlines. CVS and Walgreens dominate the pharmacy business. Most communities have only 1 cable company, 1 provider of electricity, and 1 gas company. Google and Facebook control nearly 75 percent of the $73 billion market in digital advertising.[410]

The growth of corporate concentration harms workers. As industries are allowed to become more concentrated, corporations gain greater control over wages, suppressing pay.[411] Employers are actively weakening the ability for workers to change jobs, increase their pay, and get better benefits. Nearly 20 percent of American workers have agreed to sign noncompete clauses, restricting their ability to change jobs and gain bargaining power in employer-employee arrangements. This proportion of workers is much higher than the number of workers who actually have access to trade secrets that could harm their employers if taken to a competitor.

This level of corporate concentration infects our democracy. When companies succeed in restricting competition and extracting enormous profits, they have extra resources and incentives to influence political and federal regulatory policy decisions. Lobbying expenses on behalf of corporate business sectors dwarf the lobbying expenses of public interest groups such as labor, nonprofit entities, and single-issue organizations, which combined spend just 9 percent of the amount the private sector invests in influencing policymakers.[412]

POLLING DATA

66% OF VOTERS
view corporate monopolies negatively.[413]

70% OF RUST BELT VOTERS
view corporate monopolies negatively.

50% OF AMERICANS
believe that government needs to regulate business in order to protect the public interest.[414]

POLICY SOLUTION

Prevent corporate consolidation that benefits companies at the expense of consumers, workers, and small businesses.

- **The Merger Enforcement Improvement Act (S. 1811)** promotes merger enforcement and protects competition through the following provisions:
  - Adjusts pre-merger filing fees.
  - Increases antitrust enforcement resources.
  - Improves information provided to antitrust enforcers.

- **The Consolidation Prevention and Competition Promotion Act of 2017 (S. 1812)** promotes competition and prevents harmful consolidation by updating the Clayton Act with the following provisions:
  - Prohibits mergers that lower quality, reduce choice and innovation, exclude competitors, increase entry barriers, or increase price. This Act requires regulators to look at whether mergers reduce wages, cut jobs, lower product quality, limit access to services, stifle innovation, and hurt the ability for competitive marketplaces.
  - Sets new merger standards that require a broader, longer-term view, looking at how mergers hurt marketplace competition. The assumption is that big mergers will be anti-competitive, and the merging firms have to prove otherwise.
  - Establishes a process to review completed mergers for unforeseen anti-competitive impacts. In order to ensure that companies keep their commitments and to maintain a competitive marketplace after an approved merger, the Act requires regular Federal Trade Commission or Assistant Attorney General reviews of completed mergers. Regulators could take corrective measures if they find abusive monopolistic conditions.
  - Creates an Office of Competition Advocate to research current market activity, receive consumer complaints, and recommend investigations of anti-competitive behavior to the Federal Trade Commissions and the Department of Justice. The office serves as an advocate for competition, and compiles and publishes data regularly on market concentration and abuses of economic power.

HOW TO TALK ABOUT IT

- **Concentrating wealth and power in the hands of the selfish few limits opportunity for the rest of us.** When corporations use their market power to keep prices high or limit opportunities for innovative or lower-cost competitors, everyone loses—innovators, small-business people, consumers, workers.
- **Monopoly is a major source of inequality today. Exorbitant profits concentrate more wealth in the hands of the few.** Large firms dominate the U.S economy. Half of all publicly traded companies have disappeared over the past 4 decades,[415] and the pace is quickening: 2015 set a record for the most mergers in a year, and October 2016 set a record for most mergers in a month.[416] Consumer choices have been dramatically limited as a result. Today 80 percent of seats on airplanes are sold by just 4 airlines. CVS and Walgreens dominate the pharmacy business. Most communities have only 1 cable company, 1 provider of electricity, and 1 gas company. Google and Facebook control nearly 75 percent of the $73 billion market in digital

advertising.[417] Monopolies mean sky-high prices by drug companies and rampant abuses by cable providers, health plans, and airlines. Monopolies have translated into too much money infecting our democracy as well.

- **Monopolies are crushing small businesses and companies owned by people of color.** The last 30 years have brought the collapse of black-owned independent businesses and financial institutions. In 1985, 60 black-owned banks provided financial services to their communities. Today, we have only 23.[418] Tens of thousands of black-owned retail establishments and local service companies have disappeared, after going out of business or being acquired by larger companies. Rates of business ownership and entrepreneurship are falling among African Americans for much the same reason they are declining among whites and Latinos: As corporations have grown and consolidated, the possibility of starting and maintaining an independent business has dropped.

HOW IT WORKS

» When regulators vigorously pursue antitrust efforts, consumers and competition benefit.

» For example, in 2014, New York Attorney General Eric Schneiderman brought a lawsuit against pharmaceutical manufacturer Allergan for forcing Alzheimer's patients to switch medications as part of an anti-competitive strategy designed to maintain high drug prices by deterring generic competitors.

» As a result of the successful suit, hundreds of thousands of Alzheimer's patients retained a choice of medication, and the public was saved hundreds of millions of dollars in unnecessary drug costs.

MORE RESOURCES

» Open Markets website

» Joseph Stiglitz on America's monopoly problem

NOTES

ENDNOTES

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