



Achieving Middle-Class Economic Security Through Raising Wages and Rebuilding Wealth

The U.S. middle class is finally seeing economic gains after more than a decade of stagnant incomes. The average middle-class household's wealth fell 49 percent, or \$82,500, between 2001 and the aftermath of the financial crisis in 2010. Middle-class wealth has begun to rebound but—as of 2013—remained \$68,000 below its 2001 level.

The new Center for American Progress report “Raising Wages and Rebuilding Wealth” offers policy solutions to restore middle-class economic security in six crucial areas: jobs and wages, early childhood education, higher education, health care, housing, and retirement. It also includes four inserts that look specifically at immigrants; lesbian, gay, bisexual, and transgender, or LGBT, individuals; the disabled; and communities of color.



This document summarizes the 2016 CAP report “Raising Wages and Rebuilding Wealth.”

Below are some of the report's key policy recommendations:

Jobs and wages

- Use fiscal and monetary policy to support growth, including investing \$500 billion in infrastructure and ensuring monetary policy targets full employment
- Enable workers to share in productivity growth by restoring worker bargaining power, deploying profit-sharing, raising the minimum wage, and enacting protections against job-scheduling volatility
- Promote investment by reorienting corporate incentives towards the long term
- Adopt paid family and medical leave and paid sick days.
- Enact trade policy that promotes greater automaticity and higher standards
- Support consumer financial protections and competition policy
- Expand opportunity through workforce training, entrepreneurship, immigration reform, and eliminating barriers to employment for people with criminal records
- Use tax policy to promote fairness by making changes that support middle- and low-income Americans while ensuring that financial gains are taxed fairly
- Make employment more resilient with countercyclical national service, a subsidized jobs program, reforms to unemployment insurance, and a jobseeker's allowance
- Prevent future financial crises by protecting the Dodd-Frank Act and taking additional steps to mitigate emerging systemic risks

Child care

- Enact a High-Quality Child Care Tax Credit that would put quality, affordable child care within reach for low-income and middle-class working families
- Create a federal-state partnership to provide universal preschool

Higher education

- Reshape the financial aid system to provide greater guarantees that college will be affordable for low- and middle-income students
- Simplify the federal financial aid application to make it easier to apply for grants and loans from the U.S. Department of Education
- Support affordability by making it easier for federal borrowers to make payments equal to an affordable share of their income
- Ensure that students have high-quality options by creating accountability measures to monitor and reduce student loan default

Health care

- Address employer cost shifting with increased transparency and shared savings. Health plans should include three free primary care visits per enrollee per year
- Combat excessive drug prices. In addition to steps to address the overall price of drugs, out-of-pocket prescription drug costs for individuals should be capped

Housing

- Increase access to mortgage credit by modifying fees facing borrowers and help prospective borrowers save for a down payment
- Reduce costs for middle-class and aspiring middle-class households by strengthening programs that facilitate access to high-quality, affordable rental units

Retirement

- Update Social Security provisions, including increasing the minimum benefit, modernizing survivorship and divorce benefits, and instituting a caregiver credit
- Reform retirement tax incentives, defend the conflict of interest rule, and create a National Savings Plan so all workers can save in a high-quality retirement plan