



American Opportunity Agenda



Prepared by the Office of Senator Kirsten Gillibrand

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Introduction

Americans today are doing everything they can just to get by, provide for their kids, and give them the best possible chance to succeed. But for millions of American families, it feels as though no matter what they do, how hard they work, everything is working against them. Day-to-day expenses keep going up, while paychecks are staying the same, or in too many cases, disappearing entirely. The middle class is slipping further and further behind and it is harder to even make it there. Contrary to the American value that hard work is rewarded – the real value of workers' wages is on the decline. As a result, families can't even keep up, let alone get ahead. This squeeze on the middle class didn't happen overnight.

Even before the financial crisis that sent our economy plummeting to the worst point since the Great Depression middle class families were fading away in a growing economic gap. But all along, the basic dreams of the American middle class have not changed. The dream to get an education and a good-paying job, own your own home, raise a family and send your kids to college

and have enough at the end of the day for a secure retirement.

But the keys to the middle class have changed. The skills and tools that all but guaranteed a place in the middle class for our parents and grandparents generations – won't always cut it today because how our economy works has changed. Even more importantly, the American family – and the face of the American workforce has changed significantly. It is because of this dramatic change in the face of the workforce that we need to come up with common sense solutions to address these challenges. The American Opportunity Agenda offers five simple solutions to Empower Working Families, Reward Work and Help Businesses Compete:

1. Expand Paid Family Medical Leave
2. Increase the Minimum Wage
3. Make Quality Affordable Child Care Accessible
4. Provide Universal Pre-K
5. Equal Pay for Equal Work

Paid Family Medical Leave

Since more often than not, women are the primary caregivers of infants, children, and elderly parents, we need to make it easier for them to go in and out of the workforce so they can meet those family needs, without fear of losing their paycheck. One common sense need that must be addressed is access to paid family and medical leave.

The current Family and Medical Leave Act of 1993 provides unpaid, job-protected leave for serious health related events, but only about half of the workforce qualifies for this unpaid leave, and many more simply cannot afford to take it because it is unpaid. Twenty years have passed and it is clear that this program needs to be updated to meet the current needs of a growing and aging population.

As workers with care responsibilities withdraw from the workforce, or limit their time at work, they bring home less income in the short run, are less likely to earn raises and promotions at the same pace as those without care responsibilities, have more restricted access to workplace retirement benefits, earn less in Social Security retirement benefits, and accumulate lower lifetime earnings. All of these factors combined leave too many American middle-class families today struggling throughout their working lives without adequate savings for retirement, while those families trying to enter the middle class can barely survive day to day. This is why it is critical to ensure workers and families can afford to care for their loved ones when family and medical needs arise.

The “Family and Medical Insurance Leave Act” or the FAMILY Act would create an independent trust fund within the Social Security Administration to collect fees and provide benefits. This trust would be funded by employee and employer contributions of



0.2 percent of wages each, **creating a self-sufficient program that would not add to the federal budget.** Benefit levels, based on existing successful state programs in New Jersey and California, would equal 66 percent of an individual's typical monthly wages up to a capped monthly amount that would be indexed for inflation. The proposal **makes leave available to every individual** regardless of the size of their current employer and regardless of whether such individual is currently employed by an employer, self-employed or currently unemployed, as long as the person has sufficient earnings and work history. In this way **it would apply to young, part-time and low-wage workers.**

For example, the **average woman worker earning the median weekly wage would only need to contribute \$1.38 per week** (for a total of \$72.04 per year) into the program, and even the **highest wage earners would have a maximum contribution of \$4.36 per week**, or \$227.40 per year. This means that for less than ONE tall brewed Starbucks coffee (\$1.85) or about the cost of ONE venti latte per week (over \$4) we could create a program that will be so beneficial for our families. The average full time working woman earning the median weekly wage would receive a total of \$5,514.48 if she took the full 12 weeks of paid leave. **Operating the trust fund through the Social Security Administration would enable the program to capitalize on a number of administrative efficiencies thus decreasing the need to create new bureaucracies.**

Creating such a program is common sense, fiscally responsible solution for those who are having a child, or attending to a medical crisis, and still need to provide for their families basic needs.

Increase The Minimum Wage

The minimum wage – which disproportionately affects women - has failed to keep pace with a living wage, and in fact leaves many families impoverished - these families deserve better. A full-time, year-round job at the current minimum wage leaves a woman with two children **thousands of dollars below the poverty line**. By increasing the minimum wage, working women and families will overwhelmingly benefit and put more money back into the economy on basic household goods.

Senator Gillibrand is pushing to pass the *Fair Minimum Wage Act of 2013* to increase the federal minimum wage from \$7.25 an hour to \$10.10 over the next three years, with future increases indexed to the rate of inflation. It would also raise the minimum wage for tipped workers for the first time in more than 20 years.

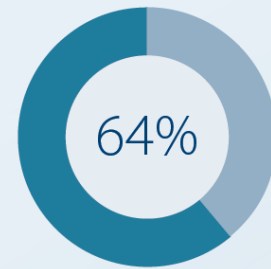
The *Fair Minimum Wage Act* will **lift the minimum wage to \$21,000 per year, allowing families to achieve beyond the poverty line**. Someone working full-time at minimum wage earns \$290 a week, or just \$15,080 yearly without any time off. This annual salary for a minimum wage earning working poor family of three is \$3,000 below the poverty level on an annual basis.

More than 30 million American workers will earn a raise under this bill. Almost two-thirds of these workers are women, with 17 million women expected to get a raise. The vast majority (88 percent) are adult workers, not teenagers. **More than twenty-three million children (30 percent of American children) have parents who will get a raise and will likely spend it on their food, clothing, toys and other basic needs.**

Additionally, increasing the minimum wage will

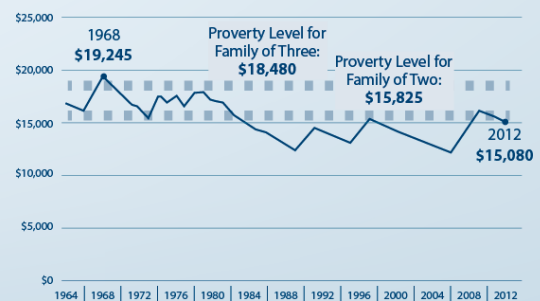
Raising the minimum wage is a common sense way to grow our economy, support job creation, and rebuild America's middle class. By rewarding hard work, not only will more families raise themselves into the shrinking middle class, but we can grow our economy for generations to come.

Last year, 64 percent of workers who earned the minimum wage or less were women.



Increasing the minimum wage could increase our GDP by over \$30 billion over three years as workers spend their earnings. That could generate up to 140,000 new jobs.

Annual minimum-wage earnings and poverty level for families of two or three (2012 dollars)



benefit our nation's stalled economy. Increasing the wage to \$10.10 an hour could **increase America's GDP by approximately \$33 billion over the course of three years** as workers spend their higher earnings at local businesses. That injection of new economic activity would **generate up to 140,000 new jobs** in the same time span, according to the Economic Policy Institute. The *Fair Minimum Wage Act of 2013* has **broad support across the business community**, including the Main Street Alliance, U.S. Women's Chamber of Commerce, Business for a Fair Minimum Wage, Business for Shared Prosperity, American Sustainable Business Council, and employers like Costco, along with New York-based organizations, including the Greater New York Chamber of Commerce, Eileen Fisher, ABC Home and BALCONY.

Make Quality Affordable Child Care Accessible

For new mothers to stay in the workforce, they have to know that there is affordable-quality daycare available. Because how can you keep earning a paycheck for your family when you can't afford the child care needed so you can get back to work? With paychecks stagnant, hard working parents are having a hard time earning enough to put young children in a child care center, let alone cover other household expenses.

Statistics show that today's working families must rely more on child care than ever before. A generation ago, a working mother with young children was unusual. In 1975, 39% of mothers with young children worked outside the home; in 2005, that number was 63%. Half of middle-class working moms with children under the age of 5 rely on day care centers or other paid care. Across the nation, more than 6.7 million children are in child care outside the home each day. Families with young children on average spend about \$6700 a year on child care, nearly as much as what the average family spends on groceries.

To address the rising cost of child care, Senator Gillibrand is championing flexible options for different types of families with varying needs, to help reduce the cost of quality of child care.

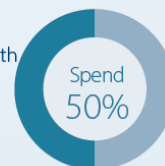
Senator Gillibrand is working to more than double the Dependent and Child Care Tax Credit (DCTC) and Dependent Care Flexible Spending Account (DCFSA). The current child care tax credit was originally capped at \$2,400 in 1981. In the nearly thirty years since then, it has increased by only \$600 – even though its value, adjusted for inflation, would be close to \$5,700. The Right Start Act will increase that ceiling to \$6,000 per child, up to \$12,000 for two children, restoring it beyond its original value, at a time when child care costs have

Over 90 percent of families use some kind of child care.



Poverty Level

Families making less than \$1,500 a month who pay for child care for children under the age of 5 spend on average over 50% of their income on child care.



risen to more than \$14,000 for an infant. Additionally, the Right Start Act will make the credit fully refundable, and increases the percentage of eligible benefits up to 50% (from 35%), and increases the maximum credit from \$1,050 to \$3,000.

Additionally, we should encourage college students to study and work in child care. The Right Start Act will create a new tax credit of \$2,000 a year for up to three years for any college graduate who specializes in child care and works at least 1,200 a year in a child care facility.

Finally, Senator Gillibrand has introduced the Child Care Deduction, which will allow families to deduct the costs of child care from their tax liability, up to \$14,000. Families that opt not to receive the expanded DCTC, would be able to take the above-the-Line deduction, which would help mitigate the high cost of child care. After all, child care expenses are necessary, non-optional costs to families with working parents that cannot forfeit needed wages. Therefore, it is inherently a business decision.

By making affordable, high quality child care available, we not only help strengthen our children's development and quality of life, but we create stronger families and a stronger economy.

Establish Universal Pre-K

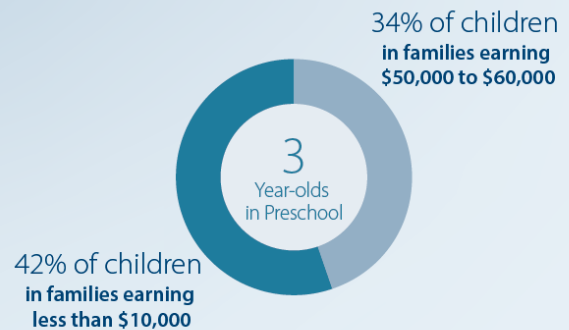
For American families, Universal pre-K is an essential piece of the puzzle that not only allows their kids to get a good start, but it also allows mothers to remain on the job earning a paycheck and helping our economy grow.

Research has consistently shown that high quality early learning programs improve cognitive, social, emotional, and language development, which are necessary skills for life. *The first five years is a period of incredible growth and development for a child. Yet, for too many families - quality, affordable early childhood education is out of their reach. Robust investment is needed to expand the number of children served, ensuring that at-risk children enter kindergarten with tools for success.*

Research also shows that lowest-income and disadvantaged children are the least likely to participate in preschool programs. And children from middle-class families are only slightly more likely to participate. Preschool opportunities for 3-year-olds appear to be a particular challenge for some middle-income families. Among 3-year-olds, 34 percent of children in families earning \$50,000 to \$60,000 participate in preschool programs, compared to 42 percent of children in families earning less than \$10,000.

Senator Gillibrand is sponsoring Senator Harkin's *Strong Start For America's Children Act*. This legislation will help more children arrive at kindergarten ready to succeed. It would establish a federal-state partnership

Preschool opportunities for 3-year-olds appear to be a particular challenge for some middle-income families.



It is projected that it will generate up to \$11 of economic benefits over a child's lifetime for every dollar spent initially on the program.

to increase the number of high quality early childhood educators and improve the student to teacher ratios in preschools. It would also provide vital comprehensive services such as health screenings and nutritional assistance. The PRE-K Act would also increase the hours per day and weeks per year families have access to high quality early education programs and improve early education programs serving the youngest children, aged birth to three.

Universal pre-K is a necessary investment that will further opportunity and success for our children from the start.

Equal Pay For Equal Work

When women get systemically shortchanged at work it holds back their entire family, and the middle class. The typical woman working full-time today is paid only 77 cents for every dollar paid to her male counterpart and the wage gap is even larger for women of color. The median earnings for women were \$36,931 compared to \$47,715 for men, and **neither real median earnings nor the female-to-male earnings ratio have increased since 2009.**

Mothers earn about 7 percent less per child than childless women. For women under 35 years of age, the wage gap between mothers and women without children is greater than the gap between women and men.

A recent report showed that for 111 occupations for which there was sufficient data to analyze, women earned less than men in 107, or 96 percent of these occupations. In the below breakdown of women's earnings as percentage of men's by occupation, it is clear how problematic the pay gap is, for example: Personal Financial Advisors: 58.4%, Secretaries and Administrative Assistants: 90.6 %, Registered Nurses: 86.5 %, Elementary and Middle School Teachers: 90.9 %, Accountants and Auditors: 74.9 %, First-line Supervisors/Managers of Retail Workers: 73.9 %, Retail Sales: 64.7 %, Chief Executives: 72.1 %, Physicians and Surgeons: 71.0 %, Lawyers: 77.1 %, and Human Resource Managers: 80.2 %.

We need to guarantee equal pay for equal work and end unfair pay practices. Congress must pass the *Paycheck Fairness Act* to update and strengthen equal pay protections. The *Paycheck Fairness Act* is legislation to close loopholes employers can use to shortchange workers, hold big corporations accountable for pay inequity, make it easier for workers to pursue back pay, and empower working women to be appropriately and accurately compensated for their work and value.

The gender wage gap doesn't just shortchange women of a fair paycheck. It makes families less secure, and slows economic growth across the board. With more dual-income households than ever, and with more families relying on working mothers to make ends meet, one of the keys to economic growth and security for the middle class is equal pay for women.

On Average, Women Are Paid 77 Cents For Every Dollar Paid To Men.

Men	\$1.00
Women	\$0.77
African American Women	\$0.69
Latinas	\$0.58

↑ 4%

It is estimated that if women were paid equitably to men, America's GDP could be up to 4 percent higher.

40%

Wage Gap

When controlling for occupation, education, and experience, economists cannot explain about 40 percent of the wage gap between men and women.

This harms the financial security of middle class families because more than half of married households have both spouses working.

The *Paycheck Fairness Act* would require employers to demonstrate that wage gaps between men and women doing the same work have a business justification and are truly a result of factors other than gender. The bill would prohibit employers from retaliating against employees who share salary information with their co-workers. The *Paycheck Fairness Act* also would strengthen the Department of Labor's (DOL) ability to help women achieve pay equity by requiring DOL to enhance outreach and training efforts to work with employers in order to eliminate pay disparities and to continue to collect and disseminate wage information based on gender. The bill would also create a competitive grant program to provide negotiation skills training programs for girls and women.

About Senator Gillibrand

Kirsten Gillibrand was appointed to fill Secretary of State Hillary Clinton's seat in the U.S. Senate in 2009. She has since been elected twice statewide to serve New York families, including last year by a historic margin. Previously, she served one full term in the U.S. House of Representatives and won re-election shortly before being appointed to the Senate.

A mother of two sons (Theo, age 9 and Henry, age 5), Senator Gillibrand is just one of a handful of working mothers with young children serving in Congress. Senator Gillibrand understands the demands of raising children while holding down a job. She was just the sixth



Senator Kirsten Gillibrand and her sons, Henry and Theo, after being sworn in by Vice President Joe Biden for a full Senate term on January 3, 2013.

woman to have given birth while in Congress and the third woman to remain in Congress after giving birth. To date, she is the only woman to have nursed a child while serving in the Senate.

Senator Gillibrand knows first-hand what today's working moms and dads have to deal with and will continue to fight to create more opportunity for all families. That is why she is devoted to passing the American Opportunity Agenda, to help empower women and families across America to achieve their financial security and create a stronger and growing economy.

