



Imagining a Future of Work That Fosters Mobility for All

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February 2018

The ideas in this paper were shaped by discussions within the Partnership but do not necessarily represent the views of all members.

The authors would like to thank Greg Acs, Nisha Patel, David Ellwood, Matt Rogers, Vanessa Fernandez, and Megan Thompson, who reviewed and provided feedback on drafts. We held two design labs with a wide variety of experts, and these sessions were extremely valuable in informing our thinking. Participants in the subsidized jobs and future of works design labs were generous with their time, energy, and expertise during a daylong discussion. The subsidized jobs design lab participants were Gordon Berlin, Marianne Bertrand, Dan Bloom, Gerald Chertavian, Sharon Coenis, Mary Coleman, Indivar Dutta-Gupta, David Ellwood, Roland Fryer, Jason Furman, Carla Javits, Sendhil Mullainathan, Nisha Patel, LaDonna Pavetti, Ryan Rippel, Ken Troske, and Melissa Young. The future of work design lab participants were David Autor, Myrta Baldonado, Sharon Block, Margot Brandenburg, David Ellwood, Althea Erickson, Nancy Folbre, Natalie Foster, Wilma Liebman, Michelle Miller, Jose Oliva, Emma Oppenheim, Quentin Palfrey, Sharon Parrott, Nisha Patel, Ryan Rippel, Carmen Rojas, David Rolf, Cecilia Rouse, Palak Shah, Kristin Sharp, Saket Soni, Shayna Strom, Peter Tillman, Zeynep Ton, Anna Wadia, and Dorian Warren. We would also like to thank Quentin Palfrey, Jack Reimer, Steven Ryan, and Pauline Shoemaker from J-PAL North America, who helped organize, coordinate, and host the subsidized jobs design lab. Responsibility for any errors lies with the authors alone.

ABOUT THE US PARTNERSHIP ON MOBILITY FROM POVERTY

With funding from the Bill & Melinda Gates Foundation, the Urban Institute is supporting the US Partnership on Mobility from Poverty. Led by chair David Ellwood and executive director Nisha Patel, the Partnership consists of 24 leading voices representing academia, practice, the faith community, philanthropy, and the private sector.

The Partnership's definition of mobility has three core principles: economic success, power and autonomy, and being valued in community. Our collective aspiration is that all people achieve a reasonable standard of living with the dignity that comes from having power over their lives and being engaged in and valued by their community.

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Executive Summary

One of the important things about having a large middle class for society is that there's a sense of everyone being part of the shared project When the middle class starts to crumble, people increasingly see themselves as different from others. They sort themselves by wealth, by education level, and the result is that there's an increasing fracturing of society, a loss of the solidarity that comes with having a large middle class. And that can be very destructive to a republic, because part of what makes our system work well is that we have a shared sense of who we are as a people, and that we see each other as part of a shared project that's called America.
—legal scholar Ganesh Sitaraman¹

The Problem: Modern Employment Practices Are Failing Too Many Workers

We live in a time of rising economic polarization. Low- and high-wage jobs are growing, while those in the middle are declining or “hollowing out,” not just in the United States, but across the globe.² Employment used to be a reliable path to economic stability and mobility for a wide range of workers, but that is no longer the case. In 2015, almost a quarter of working Americans earned poverty-level wages,³ defined as equal to or less than the hourly wage that a full-time, year-round worker must earn to sustain a family of four with two children at the official poverty threshold. Workers are confronting rapid labor market changes that are eroding key features of work once largely taken for granted. Five trends are shaping economic opportunity:

1. Decline in access to jobs that provide good wages, benefits, and opportunities for many workers
2. Increase in alternative work arrangements with fewer protections
3. Decline in jobs covered by collective bargaining
4. Increased reliance on automation, including artificial intelligence
5. Declining connection to the labor market for some workers

The Diverse Ways Work Matters for Prosperity

Most American households rely on labor market earnings as their primary source of income. Employment also leads to benefits beyond wages and salaries, including access to health insurance, retirement benefits,

and sources of income when injuries occur and when work is not available, such as workers compensation and unemployment insurance. Work can also be a mechanism for obtaining additional skills (both “hard” and “soft”) that increase human capital and facilitate upward mobility, act as a point of connection with the broader community (i.e., social capital), and provide roles and responsibilities that contribute both structure and meaning to a person’s life. Work’s dignity-enhancing benefits spill over into positive benefits for one’s children and the larger community.

The Solutions: Promising Strategies for Increasing Workers’ Rights, Protections, and Opportunities

The changing nature of work presents complex economic and social challenges that affect all workers. No single policy lever or private-sector innovation can address the challenges of improving economic security and mobility in a rapidly evolving 21st century economy. Instead, we can look to and learn from several promising strategies that can serve as building blocks for a more inclusive economy.

1. Facilitate access to work that pays well
2. Create portable benefits for workers in alternative employment arrangements
3. Strengthen workers’ roles in shaping their future
4. Leverage wage subsidies and job guarantees for America’s most vulnerable workers
5. Invest in a multifaceted strategy to improve specific growth sectors, such as care work
6. Build human capital over a lifetime

Our Proposal

We envision a future in which every person contributing to our economy has the economic security that employment in America should confer. To realize that vision, we need investments that will develop, evaluate, refine, and scale key policies and practices central to improving the future of work in an increasingly fragmented environment. Specifically, we recommend investments that support six critical reforms:

1. Establish a new approach to worker classification that extends basic protections to all workers.
2. Pilot and scale models for portable benefits.
3. Invest in building capacity for workers to have a strong voice in their future, including alliances across sectors and with consumers and “high-road” employers.
4. Establish a subsidized jobs and job guarantee pilot with longer-term investments in wage subsidies.

5. Expand the earned income tax credit to help make work pay for all workers, including adults without dependent children.
6. Support a multifaceted strategy for improving jobs and capacity in the care sector.

Moving the Vision Forward

The rapidly evolving 21st century economy requires a significant investment in reimagining those policies, institutions, and norms that govern work and the work-related safety net in the United States. Philanthropy can catalyze innovation in several key ways. Government is an essential partner in fostering economic mobility, and the rapidly changing nature of work requires policymakers to innovate alongside employers and workers. Government at all levels has a stake in labor market innovations. State and local governments, in particular, may be good potential partners for advancing new strategies. And workers themselves, in addition to employers, must have a strong voice in shaping the future.

Impact on Three Dimensions of Mobility

The Partnership's definition of mobility has three core principles: economic success, power and autonomy, and being valued in community.

Investment: The cost of the six investments we propose to improve pay, job quality, and worker skills will vary depending on the scale and scope, and several of these ideas represent learning opportunities in advance of a full-scale policy, program, or legal change.

Impact:

- **Economic Success:** Improved labor market institutions and worker skills will pay off in higher rates of employment and earnings, access to more comprehensive benefits, and lower material hardship.
- **Power and Autonomy:** Workers will have strong voice in shaping the future of their workplaces. Extending basic workplace protections to all workers and supporting worker engagement in key employment policies, such as scheduling, pay and benefits, will equip workers with concrete tools for influencing the changing world of work. We also expect workers to report higher levels of self-efficacy, a stronger sense of control, and higher levels of mastery and autonomy.
- **Being Valued in Community:** We expect workers to report greater levels of belonging and have higher perceived standing in the community and society.

The Problem: Modern Employment Practices Are Failing Too Many Workers

We live in a time of rising economic polarization. Low- and high-wage jobs are growing, while those in the middle have lagged, not just in the United States, but across the globe.⁴ Employment used to be a reliable path to economic stability and mobility for a wide range of workers, but that is no longer the case. In 2015, almost a quarter of working Americans earned poverty-level wages,⁵ defined as equal to or less than the hourly wage that a full-time, year-round worker must earn to sustain a family of four with two children at the official poverty threshold. Many workers are confronting rapid labor market changes eroding key features of economic security associated with work once largely taken for granted, including

- basic legal protections for workers;
- access to opportunities for advancement and nonwage benefits that reduce expenses and buffer instability (e.g., health insurance, workers compensation, unemployment insurance, life or disability insurance, and family leave benefits); and
- opportunities for workers to advocate collectively for their interests.

The primary mechanisms for organizing and delivering these protections and benefits largely emerged during the mid-20th century industrial era. Such mechanisms were rooted in the idea that a worker was hired and supervised by a single employer and that staying on the job brought access to a career ladder, or at least a package of wages and benefits that provided stable income for workers with even limited formal education. Key legal protections were defined by this idea of work, and many workers could also count on a union to advocate for better benefits and workplace conditions. Increasingly, however, that underlying conception of the employment relationship no longer holds. As a result, a significant proportion of the US labor force faces increased exposure to workplace and social risks rooted in the emergence of the “fissured workplace,” in which many traditional employers have shed responsibility for workers through subcontracting or hiring independent contractors. Significant competition among smaller organizations for relationships with these leading, large companies contributes to downward pressure on wages and benefits, introduces uncertainty over responsibility for work conditions, and creates a more fragmented environment in which labor violations can occur.⁶

The persistent problems of low wages and limitations in workplace protections have also become salient for a growing number of workers as the demand for certain types of jobs in the US economy shifts because of larger societal changes. The increased engagement of women in the labor force and the aging of the population means that demand for certain types of domestic care work, such as child care and home care

for older adults, has grown. Domestic workers were excluded from key components of the employment-based social contract that has shaped opportunity for many Americans, such as the New Deal-era National Labor Relations Act, which provides for collective bargaining, and the Fair Labor Standards Act of 1938, which governs laws providing minimum wage, overtime pay, and other protections. Although subsequent amendments to the latter expanded protections for domestic workers, exemptions remain, such as for companions for older adults, and these jobs continue to be associated with low wages, few benefits, and poor treatment. And because these jobs have been held primarily by women and many women of color, both policy choices and systemic gender bias and racism have contributed to cumulative economic disadvantage.

More broadly, much recent job growth in the US economy has come from various jobs classified as independent contractors or other types of contingent and alternative work arrangements, which may be excluded from the National Labor Relations Act and Fair Labor Standards Act. While these significant changes in the US economy are well documented elsewhere, we briefly highlight key trends here as they provide context for the ideas we explore in this paper. In box 1, we highlight what work looks like in one rapidly expanding but highly vulnerable area of employment: the care sector.

Trend 1: Decline in Access to Jobs That Provide Good Wages, Benefits, and Opportunities for Many Workers

There has been a decline in jobs that provide good wages, benefits, and work-based opportunities for workers who have less education. Workers are increasingly segregated across employers by education, with greater economic returns to workplaces where workers with more education and skill are concentrated.⁷ Job growth has been concentrated in higher-wage industries, as well as in sectors that rely more heavily on lesser-skilled workers and are characterized by persistently low wages and a greater likelihood of irregular work schedules.⁸ Opportunities for progression within employers have been eroded with the shift of responsibility for many workers to smaller, highly competitive subcontractors and the decline in the number of jobs covered by union bargaining.

BOX 1

High Growth in Low-Quality Jobs: The Care Sector

Workers who are significantly vulnerable—in wages, benefits, legal protections, and voice—are often concentrated in certain segments of the labor market, especially lower-skilled occupations in the service sector.^a Service occupations have been an area of significant recent job growth for lower-skilled workers. Certain sectors, like care work, particularly home-based elder care, are expected to be the source of rapidly expanding employment in the coming decade and beyond. The care sector also represents significant challenges for improving the quality of work. Historically, domestic work, including home-based care work, was excluded from basic protections, such as the Fair Labor Standards Act and the National Labor Relations Act. Further, the dispersed nature of this sector has represented significant barriers to raising and enforcing standards, establishing norms, and organizing workers to advocate for better conditions. Although formal education requirements for care jobs are low, they do require skills that often go unrecognized and are poorly rewarded in the formal economy. In many ways, the care sector offers an important laboratory for how lower-skilled jobs that are likely to continue being in demand could be improved.

While care work has not been formally defined, it typically includes personal assistance and health support to older people and those with disabilities, as well as child care. Although wages and job quality are also a concern among paraprofessional workers in institutional settings like nursing homes, the most vulnerable jobs are typically in the home care setting, where the workforce is widely dispersed, is less likely to work full time, and has fewer employment-based benefits.^b The home care workforce focused on the elderly and disabled has doubled over the past 10 years, as health care services and long-term care supports have shifted from institutions to the community and as people live longer and the number of people older than 65 continues to grow. Home care occupations are projected to add more jobs to the economy than any other occupation between 2014 and 2024.^c

Advocates argue that poor job quality is a factor in the persistent shortages in the home care workforce. Hourly wages are low and have been largely stagnant, and work may not be consistently full time. As a result, average annual earnings are approximately \$13,800. A quarter of home care workers are estimated to live in poverty, and more than half require public assistance.^d Because work typically takes place in individual homes, workers are isolated and may be subject to harassment and labor violations with little recourse.

The National Domestic Workers Alliance was founded in 2007 to elevate the role of care workers and all domestic workers, improve wages and access to benefits, secure basic worker protections, and improve job quality. To deal with continued limitations in some federal regulatory protections, the alliance helped enact a regulatory change at the Department of Labor that brought nearly 2 million home care workers who had previously faced exclusion under wage protections and sought passage of the Domestic Workers Bill of Rights in state legislatures; as of late 2017, eight states have implemented new laws and others have bills under consideration. The focus of state statutes typically includes protection against discrimination and harassment, overtime and some paid leave, and, in some cases, easier access to workers compensation.

^a David H. Autor and David Dorn, “The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market,” *American Economic Review* 103, no. 5 (2013): 1553–97; Ai-jen Poo and Carol Whitlatch, “Caregiving in America: Supporting Families, Strengthening the Workforce,” *Generations, Journal of the American Society on Aging* 40, no. 4 (2017): 87–93.

^b Institute for the Future of Aging Services, *The Long-Term Care Workforce: Can the Crisis Be Fixed?* (Washington, DC: Institute for the Future of Aging Services, 2007).

^c Poo and Whitlatch, “Caregiving in America.”

^d PHI (Paraprofessional Healthcare Institute), “US Home Care Workers: Key Facts” (New York: PHI, 2016).

Trend 2: Increase in Alternative Work Arrangements with Fewer Protections

Eligibility for many legally mandated employment protections and work-based benefits is based on a worker classification system that has always excluded some classes of workers (e.g., independent contractors, agricultural workers, and some domestic workers).⁹ But in the 21st century, significant employment growth is coming in many of these areas, preventing more and more workers from accessing such protections as workers compensation, unemployment insurance, overtime pay and the minimum wage, and the right to organize and bargain collectively. The number of workers hired through alternative work arrangements, including contract, temporary, and on-call employment, rose 9.4 million over the past decade. This increase accounts for nearly the entire net rise in employment in the US economy from 2005 to 2015.¹⁰

In an increasingly fissured work environment, basic functions governing hiring, scheduling, supervision, and payroll may be spread across multiple organizations. It may be unclear who is responsible for certain benefits and protections, which may also make it easier to avoid providing them.¹¹ Independent contractors are treated as their own businesses and are exempt from minimum wage and overtime protections, workers' compensation, unemployment insurance, and collective bargaining rights. These exclusions create incentives for employers to “misclassify” workers as independent contractors to reduce costs and liability. Challenges in enforcement also prevent many workers from accessing protections and benefits to which they are entitled.¹² Box 2 shares some observations from those navigating the changing world of work.

BOX 2

Voices from the Changing World of Work

New Kinds of Work

“It used to be you either had a job or you didn’t. If you were a working adult, you almost certainly had an employer (or owned your own business), worked full-time, and received benefits like vacation time and health care at your job. Today, the businesses that individuals work for are increasingly not the ones they are employed by... Instead of being employed full-time by the company they actually work for, people instead experience an often tenuous connection to a subcontractor, a temp agency, an erratically scheduled part-time job, a contract or a gig.”—David Rolf, President, Service Employees International Union 775^a

Same Job, Different Employment

Diana Borland had worked for a large medical center for 13 years as a medical transcriptionist when those jobs were outsourced to an outside contractor in 2013. Although her job didn’t change, her pay did. After three months under the new contractor arrangement, she went from an hourly wage of more than \$17 to a piece rate per line transcribed. In a two-week period, her take-home pay went from \$1,171 to \$600. At the time she told a reporter: “It seems to me that I am doing the same amount of work,” but estimated that

under the new contractor's system, she would have had to be on the computer for 14 hours a day to maintain her prior earnings.^b She eventually left her job and later reflected in another interview: "I would like to know where the American dream is for our children ... I can tell you, I missed one day of work in 13 years. I never called off—ever. Where is the American dream?"^c

Caring for Those Who Care for Us

Home care worker Vickie Miller summarized both the rewards of her work in home care and the challenges she faces in making ends meet in a 2016 interview.^d "We need to provide security and peace of mind for our aging population to live at home, to enjoy the rest of their lives surrounded by the things they've worked for, not just in facilities like assisted living or nursing. If they are home, they are more engaged in their lives. And that is so important for me, because that's what I want for myself when I'm their age, which is not that far away. I [probably] won't have it, but I'm fighting for it for someone else and that's probably one of the most rewarding things I can do." Miller is hard pressed to cover her living expenses, let alone plan for her own retirement. "I don't get paid vacation days, I don't get sick time off, and I don't have a 401(k) plan for my retirement. Until recently we didn't even get paid overtime if we worked over 40 hours a week ... I'm struggling now, and I struggled before. Even though working in home care is emotionally and spiritually fulfilling, I'm stressed. I'm stressing right now to pay my bills, my rent, to keep the electricity on, to feed my son, and put him through college." Miller notes the contrast between the attention she offers her clients and the sacrifices her own family makes due to inadequate wages and benefits, concluding, "Let us give our families the care we give your families."

Rethinking Business When Your Employees Can't Afford Your Product

In 2013 and 2014, Aetna's chief executive officer Mark Bertolini traveled around the US visiting the company's locations.^e "Every time I went to an office, walked around, and said hello to everybody, I heard time and time again, 'It's really hard for me to afford the insurance we offer; I don't have my kids on it anymore because I can't afford dependent coverage; I'm on food stamps.'" Bertolini reflected on what these challenges meant not just for families, but for business. "If people can't make ends meet at home with food, benefits, health, and health care in particular, how can they be present, engaged, knowledge workers when they come to work?" Aetna decided to raise the wages of all employees to \$16 an hour and to improve benefits. Bertolini also links Aetna's business decision to the value of equipping employees to participate in the broader economy: "It's not just about paying them more. It's about creating a higher level of personal disposable income that allows them to engage in the economy, be a part of their communities and feel good about the place they work."

^a David Rolf, *The Fight for 15* (New York: The New Press, 2016), 23.

^b Ann Belser, "UPMC Transcriptionists Protest After Outsourcing." *Pittsburgh Post-Gazette*, October 29, 2013, <http://www.post-gazette.com/business/2013/10/30/UPMC-transcriptionists-protest-after-outsourcing/stories/201310300037>.

^c Danny Vinik, "The Real Future of Work." *Politico Magazine*, January/February 2018, <https://www.politico.com/magazine/story/2018/01/04/future-work-independent-contractors-alternative-work-arrangements-216212>.

^d Adrienne Green, "Let Us Give Our Families the Care We Give Your Families." *The Atlantic*, October 12, 2016, <https://www.theatlantic.com/business/archive/2016/10/home-care-workers/503864/>.

^e Jay Greene, "Aetna's CEO's Goal: Restore Credibility between Corporate American and the Public," *Modern Healthcare*, June 6, 2017, <http://www.modernhealthcare.com/article/20170606/NEWS/170609946>.

^f "Good Pay, Good Worker, Good Company? Aetna CEO Thinks So," PBS News Hour, May 28, 2015, <https://www.pbs.org/newshour/economy/employees-couldnt-afford-insurance-aetna-ceo-next>.

Trend 3: Decline in Jobs Covered by Collective Bargaining

Just as the direct connections between employers and employees have weakened, so have the connection of many workers to unions, which have provided a primary mechanism for influencing working conditions. In 1983, approximately 20 percent of wage and salary workers were covered by a union; by 2017 10.7 percent were. Among private-sector workers only, the rate is even lower (6.5 percent).¹³

The decline in these traditional forms of workers' voices is of particular importance for lower-wage workers. Research has shown that union wage effects are largest for workers with the fewest skills and that unionization can partially reduce wage inequality among workers by increasing the lowest wages and reducing the dispersion of wages within unionized firms and industries.¹⁴ Some researchers have argued that declining union representation explains one-fifth of the increase in inequality among men (although not for women) and that the effect grows when accounting for the influence of unionization on nonunion wages in the same area.¹⁵ Other research shows that union workers are disproportionately found in the middle-income group or above, and some reach middle-income status because of the union wage premium. In addition, the children of union parents have higher incomes than those of comparable nonunion parents, especially when the parents are low skilled. Children from communities with higher union density have higher average incomes relative to their parents, compared with communities with lower union density.¹⁶

Trend 4: Increased Reliance on Automation, Including Artificial Intelligence

Automation and artificial intelligence may largely eliminate some occupations and significantly change the mix of work in many others. Although the extent to which automation may replace jobs is a subject of ongoing debate, automation will clearly augment and shape the way that work is conducted and 21st century workers need the skills and support to learn and adapt quickly. New ways of working are likely to favor “knowledge” workers who use technology to aid complex decision making over workers who perform more routine tasks that may be automated.¹⁷

Trend 5: Declining Connection to the Labor Market for Some Workers

The changing nature of work has been accompanied by a rising number of people disconnected from the formal labor market and pathways to economic security. There has been a multi-decade decline in

employment among young and prime working-age men (usually defined as 25–54 years old) with lower educational attainment, as well as a recent small drop in prime working-age women’s labor force participation rate after decades of growth.¹⁸ The complex factors contributing to lower rates of labor force engagement among some workers are not fully clear, but they likely relate to challenges in both the supply of and demand for labor, including significant barriers to employment for workers with less educational attainment.

The Diverse Ways Work Matters for Prosperity

Most American households rely on labor market earnings as the primary source of income. Employment also leads to benefits beyond wages and salaries, including access to health insurance, retirement benefits, and sources of income when injuries occur and when work is not available, such as workers compensation and unemployment insurance. Work can also be a mechanism for obtaining additional skills (both “hard” and “soft”) that increase human capital and upward mobility, act as a point of connection with the broader community (i.e., social capital), and provide roles and responsibilities that can contribute both structure and meaning to a person’s life. Work’s dignity-enhancing benefits also spill over into positive benefits for one’s children and the larger community. For example, an evaluation of the New Hope program in Milwaukee, Wisconsin, which offered participants subsidized employment and health insurance, showed that while workers sometimes stayed on the job only as long as the wage subsidy lasted, their children enjoyed longer-lasting benefits, including positive social behavior and better academic performance.¹⁹ Higher employment rates can have positive impacts on entire communities, such as lower crime rates and more stable households.²⁰

Improving wages, benefits, and worker protections, particularly for women and communities of color, is central to achieving better economic mobility for US families. Two-thirds of all low-wage workers—those earning \$10.10 an hour or less—are women, although they make up a little less than half the workforce. Four-fifths of low-wage working women have a high school diploma or higher.²¹ In addition, women are now more likely than men to work in alternative arrangements. From 2005 to 2015, the share of women employed in some type of alternative work arrangement more than doubled to 17.0 percent (versus 14.7 percent for men).²² Women are disproportionately represented in some sectors with the fewest work-based protections, such as the care sector, where roughly 90 percent of home care workers are women.²³

Recent estimates suggest that communities of color will represent most workers without a college degree by 2032.²⁴ Thus, efforts to improve economic opportunity for vulnerable workers are particularly critical to these communities’ well-being. In addition, the rise of alternative work arrangements has been particularly pronounced for Hispanic workers in the past decade.²⁵ Recent changes in the labor market are layered upon accumulated disadvantage; while improvements in worker protections, workers’ voices, and access to benefits buffer financial instability and help workers accumulate financial assets, they are not sufficient to address the full spectrum of structural barriers that constrain mobility for people of color.

Persistent racial and ethnic discrimination have suppressed educational attainment, workforce participation, and economic outcomes. Long-standing exclusion of some categories of workers (e.g.,

domestic and agricultural workers) from traditional protections also has disadvantaged workers of color, especially African American and Latino workers, who make up a significant portion of the labor force in these sectors. Moreover, undocumented workers are the most at risk of being excluded from basic employment protections. In the absence of other active efforts to address continuing discrimination and the lack of paths to legal work status, efforts to redefine the social compact will fall short for many workers.

Although we are keenly interested in improving work as a path for economic mobility and as a means for contributing to and being valued by the larger community, we are also mindful of the risk in overemphasizing work as the focus of establishing value and conferring dignity. Low-quality, low-wage jobs may impart limited dignity,²⁶ and some low-wage work can have negative impacts on people's health and well-being. It is important to upgrade work so it supports meaning, dignity, and economic mobility for all workers. It is also crucial that we recognize that informal work (for example, unpaid work caring for others, volunteer work in the community) is valuable to our economy and society.

As the changing landscape of work continues to unfold, we urgently need to develop policies and practices better adapted to the new realities. If economic prosperity is to truly be a "shared project" in America, then a vision of economic security for all workers should guide the strategies and investments that shape the future of work.

The Solutions: Promising Strategies for Increasing Workers' Rights, Protections, and Opportunities

The changing nature of work presents complex economic and social challenges that affect all workers. No single policy lever or private-sector innovation can address the challenges of improving economic security and mobility in a rapidly evolving 21st century economy. Instead, we can look to and learn from multiple promising strategies that can be building blocks for a more inclusive economy.

Strategy 1: Facilitate Access to Work That Pays Well

The notion that “work should pay” garners broad bipartisan support, but agreement varies on specific strategies to address work with low or unstable wages. In the near term, states and local communities are likely to be the proving ground for policy levers that include higher wage floors, policies that give workers more notice of and control over their work scheduling, and requirements for some paid leave, so that workers can take time for their health or for the care of family members without sacrificing a basic level of income. Other experimentation has focused on proposals to enhance the federal earned income tax credit (EITC) as a way of supplementing inadequate wages, and the adoption of codes of conduct among employers developed in collaboration with workers, consumers, and other stakeholders.

State and Local Wage, Scheduling, and Leave Initiatives

Spurred on by worker and consumer groups, states and localities have taken a leadership role in testing public policies to improve wages, scheduling, and paid leave practices:

- Diverse states and localities have used their legislative and regulatory powers to boost wage floors for lower-paid workers. By early 2018, 29 states and the District of Columbia had raised the minimum wage above the federal standard, and several states have experimented with mechanisms for addressing concerns about potential negative economic impacts, including phase-in periods, tiered approaches for differently sized employers, and lower minimums if other benefits are offered.²⁷ Another mechanism is wage boards, which convene industry, workers, and consumers to establish sectoral standards. In 2015, New York used the wage board approach to raise the minimum wage in the fast food industry.²⁸

- Other policies have focused on reducing unpredictability in schedules, which can undermine financial stability. A few cities, including San Francisco and Seattle, have taken the initiative in implementing scheduling ordinances. In 2018, Oregon will begin phasing in the first statewide law to improve predictability of scheduling for hourly workers. The Oregon statute focuses on large employers in the retail, hospitality, and food service sectors, where on-call scheduling and little notice of work schedules have been common practices. Employers will need to post schedules at least seven days in advance (rising to two weeks by 2020), give employees 10-hour breaks between schedules, and pay additional compensation if they make untimely changes.²⁹
- Five states have passed laws requiring private-sector employers to provide paid sick leave: Connecticut, California, Vermont, Massachusetts, and Oregon.³⁰ Three states—New Jersey, Rhode Island, and California—use employee-paid payroll taxes to fund paid family and medical leave requirements, administering these benefits through their disability programs. New York will join them in 2018.

Proposals to Enhance the Federal Earned Income Tax Credit

For the past four decades, there has been broad-based support for EITC to augment insufficient earnings from wages. Receipt of EITC has been shown to improve outcomes, including better health for infants and mothers, higher educational outcomes for young children, increased attachment to the workforce, and reduction in poverty at many stages of life.³¹ However, the EITC has historically focused on workers living with children and has given no support to workers under age 25 who do not live with children and little to other childless workers. There is a clear need to improve income across many kinds of households with low earnings, including childless workers of all ages and workers who are noncustodial parents.³² A multiyear experiment in New York City and Atlanta has been piloting the impact of expanding the credit for childless workers. Initial results from the Paycheck Plus experiment suggest that incomes have increased significantly and that modest gains have occurred in employment, more workers have filed taxes, noncustodial parents have made higher child support payments, and child support arrears have declined.³³

Other recent proposals have suggested that a larger refundable tax credit program for all workers could address slow wage growth for lower- and middle-income workers.³⁴ Appendix A includes greater detail on proposals for expanding the EITC and estimates on the revenue impact of some of these approaches, developed by the Urban-Brookings Tax Policy Center.

Employer Codes of Conduct

As employers have turned to contracting out work that was previously done in house, accumulating evidence has shown that these practices can result in lower wages and fewer benefits for workers, suggesting that the opportunity to cut labor costs is a significant motivation.³⁵ Recent studies estimate that the wage “penalty” for working an outsourced job can range from about 5 percent to almost 25 percent when compared with similar jobs housed within lead employers. Further, the direct reduction in compensation caused by outsourcing and the indirect effects from remaining in-house workers’ eroding bargaining power contributes to rising wage inequality and wage stagnation.³⁶

One response to these adverse effects on workers has been the creation of “codes of conduct” to prevent employers from undercutting wages and labor standards as a rationale for outsourcing certain jobs (typically services). Mobilization by workers and consumers has been instrumental in generating these agreements, which may permit employers to pursue contracting to increase efficiency but also extract a commitment to maintaining wages and benefits for outsourced workers comparable with in-house jobs.

One example is the Harvard Wage and Benefits Parity Policy (box 3).³⁷ Codes of conduct have also been successfully implemented for government in procurement of goods and services and for companies operating digital platforms in committing to high-road employment practices. For more examples, see appendix B.

BOX 3

The Harvard Wage and Benefits Parity Policy

Since 1998, Harvard students, workers, faculty, alumni, unions, and other living-wage campaign advocates had undertaken direct action and advocacy on behalf of the university’s low-wage and outsourced workers. In 2001, Neil Rudenstine, then president of Harvard, appointed a committee of faculty members, staff, students, and administrators (the Katz Committee) to examine the problem. The final report explicitly stated that “Harvard should not use outsourcing to undermine its obligations to be a good employer and to bargain in good faith with its unionized employees. Outsourcing should not be used to lower wages and weaken the unions representing Harvard’s employees.” The Wage and Benefits Parity Policy that emerged from the report allows units of Harvard University to freely contract service workers but requires the contractor to pay the same internal (and, in Harvard’s case, collectively bargained) wages and benefits.^a

^a For historical context, see the Katz Committee report that led to adoption of the policy, (http://hr.harvard.edu/files/humanresources/files/hcecp_final_report_12_01.pdf) and the timeline of the activity that led to its appointment by President Rudenstine (<http://www.hcs.harvard.edu/~pslm/livingwage/timeline.html>).

Strategy 2: Create Portable Benefits for Workers in Alternative Employment Arrangements

A substantial and rising fraction of the US workforce is employed in contract, temporary, and other alternative arrangements less likely to provide the benefits that have been attached to a single employer. Benefits also do not typically follow workers who frequently switch jobs or employers and who earn income from multiple sources.³⁸ In response, proposals have emerged that call for the establishment of portable benefits that are attached to the worker, rather than a specific job or workplace, and that are universally available to all workers regardless of whether they are classified as employees or contractors.³⁹ While multiemployer union plans, which are common in some industries such as construction, transportation, retail, and arts and entertainment, have some features of portability, they typically apply only if the worker stays within the sector. Moreover, such plans cannot currently include independent workers, which would require changes in federal law (e.g., the Taft-Hartley Act).⁴⁰

Worker organizations have begun experimenting with new mechanisms for offering benefits in sectors with high rates of alternative work arrangements. For example, the Freelancers Union has created a portable benefits model for its members. The National Domestic Workers Alliance has piloted a portable benefits product, called Alia, for housecleaners working for multiple employers. Another recent example of efforts to reach independent workers is the Black Car Fund in New York, founded to provide workers compensation on behalf of independent, for-hire drivers, with benefits funded by a surcharge on each fare.⁴¹ In 2015, a diverse group of businesses, labor groups, nonprofits, academics, and others issued an open call for the development of universal access to portable benefits (“Common Ground for Independent Workers”⁴²).

These initiatives are important experiments in portability of benefits. Some of the work moving forward should include learning from existing initiatives, identifying the challenges and opportunities for scale and greater impact, and financing. Much of the debate surrounding portability of benefits revolves around employer contributions and whether employers are responsible for financing access to benefits for the workforce. Additionally, models where benefits support connection and voice among workers can bolster the impact of ideas in strategy 3.

Strategy 3: Strengthen Workers' Roles in Shaping Their Future

In an increasingly fragmented work environment, workers may have less information about, and influence over, their working conditions, or workers may be employed in jobs not covered under collective bargaining law (either because workers are considered independent contractors or because they are in sectors historically excluded, such as agriculture and domestic work). But an era of rapid change is exactly the time when workers need to have a strong voice to advocate for economic returns that benefit both themselves and shareholders.⁴³ With the decline of traditional union representation, alternative strategies for strengthening workers' voices are being explored. Some are tied to unions with traditional authority to bargain with employers, while others involve newer worker organizations that do not have access to legal bargaining authority but may advocate for workers in other ways.⁴⁴

- Individual unions representing trades involved in economic development are collaborating to advocate for diverse workers connected through a single project. For example, an alliance in New York City known as Build Up NYC pooled the resources of construction unions and the Hotel Trades Council to advocate for good wages and working conditions in large real estate developments, both during construction and for the jobs in the resulting development, such as maintenance and hospitality.⁴⁵
- Unions and other organizations that provide a voice for workers not covered by collective bargaining rights under the National Labor Relations Act are collaborating to advocate for better conditions in vertical supply chains. For example, the Food Chain Workers Alliance⁴⁶ is a coalition of worker groups involved in all aspects of the food system, including agricultural workers who grow food, warehouse workers who support distribution, and restaurant workers, among others. The alliance has also extended its coalition around the intersection of food and health through connections with other organizations focused on health and the environment (e.g., the HEAL Food Alliance,⁴⁷ which encompasses health, environment, agriculture, and labor). Worker organizations offer ways for workers to exercise influence as a group when collective bargaining is not present, as well as a mechanism for securing benefits and skill development lacking in the workplace. Examples include the National Domestic Workers Alliance; this nonprofit has been instrumental in advocating for policy change on behalf of care workers and home cleaners, and has piloted portable benefits and training opportunities. Others like Coworker.org have provided mechanisms for workers in diffuse workplaces to communicate about their concerns and organize campaigns to change employer practices. The Coalition of Immokalee Workers, a member of the Food Chain Workers Alliance, is a leader in worker-driven social responsibility and has negotiated groundbreaking

agreements with several major corporations who purchase agricultural products to improve farmworker pay and working conditions, including third-party monitoring.

Public policy, philanthropy and the private sector should support the strengthening of nonprofit organizations focused on supporting worker voice as key partners in creating economic mobility, particularly for vulnerable or low-wage workers.

Strategy 4: Leverage Wage Subsidies and Job Guarantees for America’s Most Vulnerable Workers

While many strategies in this paper focus on improving opportunities for all workers, there is also a critical need to examine strategies for engaging those with serious barriers to obtaining and maintaining work. These individuals may have limited education, literacy, and numeracy skills; intermittent work histories; or other barriers to employment, such as a criminal record. Private-sector employers may be reluctant to hire workers with such challenges, especially at the wage other workers with better skills and experience would command. We believe that subsidized jobs and job guarantees represent underused strategies for generating better labor market outcomes for vulnerable workers facing multiple barriers.

Wage Subsidies

Wage subsidies typically reimburse employers for some of the labor cost associated with hiring workers with limited skills or other perceived barriers to productive employment. As a “market-based” strategy, wage subsidies incentivize hiring when a lack of skills or work experience or other barriers significantly diminish employers’ willingness to hire such workers.⁴⁸ Wage subsidies may also be designed to encourage employers to add jobs by reducing the cost of expanding or training their workforce and by providing incentives only for the creation of “new” jobs beyond some baseline employment level.⁴⁹ Wage subsidies may also play a role in helping disadvantaged workers build skills and experience that can facilitate later engagement in higher-level sectoral training programs.

Wage subsidies can be provided through tax credits or direct payments to employers who hire and retain eligible workers. Beyond smaller programmatic initiatives and research demonstration projects, wage subsidies typically involve some government funding, which can operate at multiple levels of government.

They can be structured as a flat subsidy (once or over a set period) or in a graduated manner to phase out after wages reach a certain level. Wage subsidies may be used to stimulate hiring during recessionary

periods and to provide income for the (low-income) unemployed. During the Great Recession, emergency funding through the Temporary Assistance for Needy Families program provided resources to states, tribes, and territories to support the hiring of approximately 260,000 vulnerable workers for a limited time.⁵⁰ Governors from both parties embraced the program, which successfully placed many workers with private-sector employers.⁵¹

A review of 40 years of evidence on employment subsidies⁵² concludes that subsidized employment is significantly underrecognized and underused as an effective antipoverty tool. Subsidizing work can reduce the cost of a job to employers and thus stimulate hiring. Reducing the marginal cost of hiring workers who would otherwise be perceived as having challenges may not only make employers more willing to hire them, but also encourage employers to offer them training that can improve their skills.⁵³

Job Guarantees

Job guarantees offer a commitment to provide employment for those who actively seek work but are unable to find it in the private sector. A government program typically serves as an “employer of last resort,” either hiring workers directly or guaranteeing their salary if other entities, such as a nonprofit, will provide them with work. Although job guarantees have not been widely implemented in recent years, the concept is not new, having been part of the New Deal platform to counter high unemployment (e.g., the Civilian Conservation Corps and the Works Progress Administration). In recent years, there has been growing discussion about how job guarantees might address inadequate employment opportunities among those with multiple barriers and in economically depressed communities with limited opportunities.⁵⁴

Combining Subsidies with Guaranteed Jobs

Implementing subsidized jobs programs with a greater emphasis on guaranteed jobs for some workers may be necessary to truly engage those most disconnected from the labor force. Both subsidized jobs and job guarantees have shown some success in addressing the barriers facing the most disadvantaged groups in the labor force,⁵⁵ including opportunity youth (those neither in school nor working in the formal economy), people with work-limiting disabilities, single mothers and noncustodial parents, people with criminal records, older workers who have been pushed out of the labor market by economic dislocation, disadvantaged immigrants (especially refugees and asylum seekers), long-term unemployed workers, people in areas of particularly high unemployment, and people experiencing homelessness. Careful targeting of such jobs to those who might otherwise be out of the labor force may address one concern often raised by these proposals—the potential for displacement of private-sector employment.⁵⁶

Although there have been only a few rigorous evaluations of guaranteed jobs strategies in the United States, the findings suggest promise.⁵⁷ For example, the New Hope program in Milwaukee, Wisconsin, tested extensive earnings subsidies and health insurance benefits in a specific community, with backup community service jobs for those unable to find work on their own. The results indicated that for those not working when they applied, earnings were 13 percent higher as a result of the program, with much of that increase coming from the community service jobs.⁵⁸

Strategy 5: Invest in a Multifaceted Strategy to Improve Specific Growth Sectors, Such as Care Work

As discussed in box 1, workers in certain sectors, such as care work, are often vulnerable on multiple dimensions of work, including inadequate wages, few or no benefits, limited legal protections, and few mechanisms for influencing their work environments. Deeper, multifaceted work is needed to transform entire sectors where we know there will be growth and that are currently on the low road of employment practices. Efforts to use multiple policy levers and spur innovative partnerships between worker organizations and private-sector influences, like those currently sought on behalf of care workers or workers in gig employment in a concentrated sector, can improve economic opportunity in many rapidly growing occupations and lead the way for a renewed commitment to inclusive mobility.

In the care sector, for example, if a state supported a combination of state-level care policy development, research, workforce training, and partnerships between worker organizations and employers to create employment opportunities, it could create a significant pathway to economic mobility for tens of thousands of workers while supporting quality of life for working families and seniors needing care.

Strategy 6: Build Human Capital over a Lifetime

Finally, creating access to work requires finding ways to provide education and training that will allow people to build human capital across a lifetime. The US Partnership on Mobility from Poverty's companion paper, *Stepping on the Gas: Community Colleges as Engines of Economic Mobility*, provides insights into human capital strategies that can complement and enhance the employment strategies we promote in this paper.

We also believe there should be a vigorous commitment on the part of employers, worker organizations, and other key stakeholders to foster continuous opportunities for skill development, particularly for jobs in the lower-wage and middle-wage labor markets. Sectoral strategies, such as that piloted in MDRC's WorkAdvance initiative, show promise for locating middle-skill jobs and training workers to fill them.⁵⁹

Policymakers also need to engage in an active discussion on finding a balance between the use of occupational licensing and credentialing to signal quality of and recognition for some types of work, and the risk of establishing significant barriers to entry for those who want to pursue new opportunities.

Our Proposal

We envision a future in which every person contributing to our economy has the economic security that employment in America should confer. To realize that vision, we need investments that will develop, evaluate, refine, and scale key policies and practices central to improving the future of work in an increasingly fragmented environment. Specifically, we recommend investments that support six critical reforms:

Critical Reform 1: Establish a New Approach to Worker Classification That Extends Basic Protections to All Workers

Given the significant rise in alternative work arrangements and likely continued growth in both the online and the brick-and-mortar “gig economy,” we need to extend (or appropriately modify) basic legal protections for regular full-time wage workers (sometimes referred to as “W2 workers”) to part-time and independent workers (“1099 workers”). Basic protections that may be unavailable to workers in alternative arrangements include eligibility for minimum wage and overtime protections; the right to collectively bargain; discrimination protection; eligibility for unemployment compensation, workers compensation, and disability insurance; and access to retirement plans.

There is a need to invest in a comprehensive assessment of the variety of solutions currently being explored, and to support the adoption of the changes judged most effective in securing basic protections for all workers. A learning and action agenda can include

- mapping the diversity of business relationships that influence workplace conditions in sectors with high rates of fissuring and assessing how lead organizations can be leveraged to affect behaviors on the ground;⁶⁰
- analyzing how inadequacies in current enforcement may undermine the effectiveness of existing law and making the case for more robust and strategic enforcement;
- enacting additional legislative protections targeting sectors with a high rate of worker misclassification (such as construction and home care);
- testing policy changes at the state level, for example, by expanding the interpretation of responsible parties to include who has control over performance of work or benefits;⁶¹

- analyzing the implications of creating a new independent worker category;⁶² and
- investing in research to explore what a unitary classification for all workers could look like, with a goal of putting all workers on the “same safety net footing.”⁶³

While adaption of public policy is critical, strategies can also be leveraged in the shorter term to encourage changes in employers’ behavior, including investments to foster adoption of codes of conduct. Philanthropy has a role, helping coordinate the development of standards and model codes of conduct and supporting coalitions of consumers, policymakers, leading-edge employers, and other stakeholders working to secure commitments among workplaces to follow high-road practices. Codes of conduct are unlikely to replace the need for targeted regulation and effective enforcement, but they can help raise the bar by leveraging competition among firms and allowing more workers to share in companies’ success. Experiments with voluntary model codes can also inform future policymaking—for example, by helping identify areas where additional regulation may be necessary to achieve widespread compliance.

Government at multiple levels can also play a role in near-term efforts to improve worker protections, including using the power of procurement to promote and institutionalize high-road practices and investing in better enforcement of existing standards.

Critical Reform 2: Pilot and Scale Models for Portable Benefits

In an economy in which people may earn income under a variety of work arrangements or work for multiple employers, basic benefits that travel with workers will be a foundation for economic security.⁶⁴ Considerable conceptual work has already been done to establish the goals and basic features of portable benefits models, including universal access, accrual on a per hour basis (or some other measure of contribution) regardless of work arrangement, and a mechanism for collecting pro-rated contributions from multiple employers or through consumer transactions.⁶⁵ What is needed now is experience implementing and evaluating alternative models on a larger scale.

Some states, including Washington and New York, are considering policy proposals to facilitate portability for independent workers.⁶⁶ In May 2017, Senator Mark Warner (D-VA) and Representative Suzan DelBene (D-WA) introduced companion bills to establish the Portable Benefits for Independent Workers Pilot Program Act. The federal legislation would provide \$20 million in grants through the Department of Labor for states, local governments, and nonprofits to experiment with portable benefits for independent workers.⁶⁷ Investment in these demonstration programs, state policy experimentation, scaling

of access to worker-led portable benefits products, and evaluation research are needed to understand how universal access can be assured, how benefits can be financed, and how new benefit models can help buffer income fluctuations for workers in the new economy.⁶⁸

Critical Reform 3: Invest in Building Capacity for Workers to Have a Strong Voice in Their Future, Including Alliances across Sectors and with Consumers and “High-Road” Employers

If the 21st century economy is to succeed in securing broader sharing of economic returns among all stakeholders, then the strong participation of workers in shaping change is essential. Significant investment is needed in organizations that

- advocate on behalf of those in alternative work arrangements;
- generate sector-based and multisector alliances for underserved workers;
- provide access to training and models for generating mobility among workers, especially in sectors where the workforce is fragmented and opportunities to upgrade skills are limited;
- offer new benefits and work-support services in sectors that are currently underserved;
- use innovative communication platforms that enable workers in dispersed work environments to share information, combat the asymmetry in access to data between workers and employers, and establish campaigns to improve working conditions that also enlist consumers, high-road employers, and other stakeholders; and⁶⁹
- provide technical assistance to workers seeking additional input into management decisionmaking through structures like workers’ councils.⁷⁰

Strong advocacy and representation for workers is a necessary public good, fundamental to addressing working poverty and achieving economic mobility in 21st century America. Without an engaged workforce, it will be challenging to achieve a culture and policy framework that appropriately compensates and values work. Given the critical importance of workers’ voices, among the most pressing questions needing answers through investment and evaluation is how to sustain worker advocacy over the long term given the decline of traditional unions supported by members’ dues. Training provision and the facilitation of portable

benefits may offer two paths for generating revenue for worker-advocacy organizations, but further innovation is going to be needed to find other ways to support this vital aspect of our democracy.

Critical Reform 4: Establish a Subsidized Jobs and Job Guarantee Pilot with Longer-Term Investments in Subsidies

Past research has shown that transitional jobs programs with short-term wage subsidies (of 3–9 months) improve employment outcomes during the subsidy period but don't seem to have persistent effects on labor market outcomes beyond the subsidy period.⁷¹ Thus, we recommend a demonstration project that pairs subsidized jobs offering longer-term wage subsidies with job guarantees, skill development, and an intentional focus on opportunities with better mobility prospects. Key components would include the following:

- Longer-term subsidies (12–24 months or beyond) would be targeted to those unlikely to be employed at prevailing wages, including those currently disconnected from the labor force, experiencing chronic unemployment, or residing in areas with limited employment opportunities. Michigan's Community Ventures program is a promising current example of such an approach, with an evaluation just getting under way (box 4).⁷²
- Longer-term subsidies could be paired with skills development and work support services to maximize prospects for increasing employment, earnings, and future mobility. Research on subsidized jobs programs confirms that various supports may be necessary;⁷³ among the most common are child care, transportation, coaching on communication skills, and computer training. Further research might help identify what core supports should be attached to subsidized jobs to help workers maximize positive outcomes.
- Subsidies and job placement should be targeted whenever possible to workplaces and sectors that offer better prospects for mobility and a greater commitment to transitioning workers to unsubsidized work when available.
- Intermediary organizations can be leveraged to vouch for, or serve as a credential for, workers, signaling their productivity to prospective employers and supporting further skill development. Intermediary organizations may also play roles as partners in administering wage subsidy programs and maximizing benefits for workers, including managing financial resources (e.g., paying subsidies to employers or serving as an "employer of record"), cultivating employer and sector partnerships, continually coaching workers, coordinating supportive services, and maximizing reach by

connecting workers to employers and workplaces to populations, communities, and regions. Government agencies may also assume some of these functions. Intermediary organizations may play a role in “crossing boundaries of race, class, language, culture, and nationality”⁷⁴ and in helping employers discover the hidden talents of workers with nontraditional backgrounds or from communities typically neglected in employer recruitment efforts. Year Up is a promising example of a program combining talent discovery, life skills and specific skills training, vouching, job development, and follow-up services that appears to lead to large mobility-enhancing gains in employment and earnings for opportunity young adults.⁷⁵

- Testing subsidies and associated strategies that support workers in a less than full-time level of engagement and workers with the most serious limitations. It may be worthwhile to experiment with a modified program that does not presume full-time employment.
- Those who cannot find work, because of significant barriers or because insufficient private-sector work is available in the surrounding area, should be guaranteed public-sector employment or nonprofit jobs. A bolder experiment could be designed to test the feasibility of job guarantees for all working-age people in a specific area (saturation), examining both urban and rural environments.

We also recommend an experiment examining whether a permanent subsidy program for broad categories of lower-wage jobs could make a large-scale impact for disadvantaged workers. Testing this idea in an economically depressed area may provide insights that could inform longer-term policy formation by helping ascertain how benefits could be most effectively targeted, how employers would respond, and how to avoid potential distortions in incentives for both employers and workers. The wage subsidies for lower-wage workers should be graduated, with deeper subsidies for the lowest-paid workers, and eventually phased out as hourly wages increase to a targeted prevailing rate.⁷⁶ The underlying concept is that the subsidy will induce employers to hire workers that they would otherwise perceive as having lower productivity and who might be priced out of the market by the minimum wage. Over time, many workers will become more productive, commanding a higher wage, which would require a diminishing subsidy with sufficient labor market competition. We expect that many workers would receive subsidies for only a limited time as their earnings and productivity rise, allowing them to more effectively compete in the larger labor market.

While there would appear to be little appetite in the short run for significant government investments, there has been discussion of wage subsidies across the ideological spectrum,⁷⁷ with some more conservative advocates preferring wage subsidies over an increased minimum wage and more progressive advocates favoring subsidies as part of a more active labor demand policy focused on disadvantaged workers. Prior large-scale experiments have had a profound effect on other aspects of social policy development, such as the negative income tax experiments and the RAND Health Insurance Experiment. Researchers and

policymakers continue to draw insights from those experiments, although they ended in the 1980s. A significant philanthropic investment offers the best opportunity to seed more innovative approaches to the persistent challenges of slack demand for lower-skilled workers.

BOX 4

Investments in Subsidized Jobs: Community Ventures Resources Inc. in Michigan

Community Ventures (CV) is an economic development initiative funded by the Michigan Economic Development Corporation that focuses on connecting “structurally unemployed” individuals (e.g., those disadvantaged by changes in the economy or who face a mismatch between their skills and available work) with permanent employment and social enterprise opportunities. CV provides 12-month wage subsidies to employers in specific sectors, including child care, health care, and automotive, and does not seek collaborations with employers offering low wages, unstable hours, or mostly temporary work.^a

Target population: CV was created to target communities with high rates of unemployment, including Detroit, Flint, Pontiac, and Saginaw, but the goal is to expand statewide. To participate in CV, a person must need help with basic education or literacy or be disconnected from employment for long periods, low income, formerly incarcerated, or a young person disconnected from work and education.

How it works: CV works with intermediary organizations to identify job-ready candidates. CV then prescreens candidates before the employer has final say over the hiring. Employers are required to hire employees at a minimum wage of \$11 for 35 hours a week. Michigan Economic Development Corporation contracts with the employer to provide monthly wage reimbursements up to \$5,000. The employer provides CV with monthly reports on talent retained for the 12-month subsidy time. Employees receive personalized coaching to help them address persistent barriers to their success at work, available for 24 months. CV works with intermediaries to secure supportive services such as transportation, job-readiness training, basic skills training, and education.

Early results and future plans: In its first two years, CV placed more than 2,000 people with 90 employers and had a retention rate of 70 percent.^b CV has a goal of making 10,000 annual placements by 2020 and expanding the program to target high-unemployment communities statewide.

^a“Community Ventures,” Pure Michigan Talent Connect, 2016, <http://mitalent.org/community-ventures>.

^bMichigan Economic Development Corporation, “Over 2,000 Structurally Unemployed Gain Long-Term Employment through Community Ventures,” press release, June 20, 2014, <http://www.michiganbusiness.org/press-releases/over-2000-structurally-unemployed-gain-long-term-employment-through-community-ventures/>; Carol Cain, “Michael Finney Is Fighting Michigan Poverty with Jobs,” *Detroit Free Press*, December 13, 2015, <http://www.freep.com/story/money/business/columnists/carol-cain/2015/12/13/community-ventures-jobs-michael-finney/77143328/>.

Critical Reform 5: Enhance the Earned Income Tax Credit for All Workers, Especially Adults without Dependents

We recommend enhancing the EITC to build on its success in increasing employment and boosting incomes.

- All adult workers age 21 and over should be eligible, whether they have or live with dependents.
- The maximum credit for childless workers should be increased significantly, and the income limit at which the credit is fully phased out should be raised, so these workers experience meaningful economic gains from work.
- The maximum age at which the credit can be received should be raised from age 65 to 67 to reflect scheduled changes in the retirement age for full Social Security benefits.
- A larger refundable tax credit program for all workers should be prioritized as part of an overall strategy to boost the wages of lower-income workers and improve economic mobility.

Significant work has already been done to demonstrate the benefits of an enhanced EITC, and the program enjoys bipartisan support. Investment should focus on advancing policy change. Appendix A includes additional information on recent proposals.

Critical Reform 6: Support a Multifaceted Strategy for Improving Jobs and Capacity in the Care Sector

As discussed earlier, efforts are currently under way in the care sector to achieve a higher wage floor and bridge it to other areas of economic growth. Increased investment in a comprehensive sectoral strategy presents a compelling opportunity to improve jobs that are among the most vulnerable in the 21st century economy, as well as test policies and practices that may improve a wider array of jobs. The opportunity to improve care jobs also has the potential to create positive ripple effects throughout the economy, given the anticipated growth of the workforce and its interactions with systems like health care, where better access to non-medical care can create savings in expenses related to end-of-life care.

A coordinated, sectoral strategy that involves workers, consumers, employers, philanthropy, and government should focus on improving wages, benefits and worker protections in the near term, but also address a broad set of questions about enhancing and rewarding skill and experience over time:

- How can the diverse skills inherent in these jobs be better recognized and rewarded?

- What additional skill building could enhance workers' value in their current jobs and connect workers to other career branches and ladders?
- What training models can engage workers who have limited time and typically do not work in centralized locations?
- How can basic skill development be supported for workers with low literacy or limited English proficiency?
- How might advancements in technology and artificial intelligence be used to enhance care-sector jobs and quality of care provided to clients?
- What might a subsidized jobs approach look like in the care sector?

As we seek to improve the quality of care jobs, a larger question is looming for consumers, workers, and policymakers—how high-quality, affordable care can be accessed for the rapidly growing number of Americans who need assistance to stay in their communities as they age. With the growth in women's participation in the labor force over the last several decades, there are fewer options for unpaid caregiving, and families struggle to balance the desire for quality care with the financial challenges of paying for it.

Nearly half of middle-aged adults (in their forties and fifties) have a parent age 65 or older and are raising a younger child or providing support to an older one (age 18 and older).⁷⁸ These financial demands make it difficult to improve wages and benefits for care workers without strategies that can help families afford high-quality care. Current strategies for assisting families with expenses are diffuse and incomplete, involving an array of limited subsidies, tax credits, private long-term care products that favor institutional care, and unequal access to tax-favored flexible spending accounts.

Interest is emerging in proposals to create a universal family care insurance approach. Universal family care could help pool the expenses related to caregiving and leverage resources to improve care jobs and care quality by providing a steady stream of income for community-based care work. Further, the costs of training could be spread across purchasers of care. In addition, universal family care insurance can support economic mobility by buffering financial instability not only for care workers, but also for households across the income spectrum that may struggle to pay for care needs.⁷⁹ The viability of a universal care insurance program should be explored through a demonstration project at the local or state level to test models for assisting working families with care needs. Coalition building among working families, care workers, and employers who understand the impact of care demands on productivity is a vital component for fostering potential innovation.

Moving the Vision Forward

The rapidly evolving 21st century economy requires a significant investment in reimagining those policies, institutions, and norms that govern work and the work-related safety net in the United States. Philanthropy can catalyze innovation in several key ways:

- funding in-depth analyses of how worker classification systems could change to ensure all workers have access to basic legal protections and benefits (e.g., microsimulations of proposed federal policy changes and examinations of the impacts of state and local policy experiments)
- investing in the measurement of alternative work arrangements, multiple job holding, and informal and gig economy work
- supporting coalitions that seek common ground in improving labor policies
- investing in pilot projects to test policies and platforms for offering portable benefits, testing the feasibility of creating universal family care insurance, and leveraging wage subsidies and job guarantees to engage highly vulnerable workers and economically depressed regions
- providing support to innovative institutions strengthening workers' voices and assisting those institutions in identifying ways to generate revenue and sustain their work in the future
- supporting coalitions of workers, consumers, and high-road employers who can build the necessary power and create compelling narratives to galvanize change that fosters a broader sharing of economic prosperity
- convening employers to craft commitments to sectoral codes of conduct that institutionalize high-road employment practices
- investing in care sector-based initiatives to improve these critical jobs and demonstrate how sectoral approaches can change low-wage work and better meet the needs of consumers and workers
- ensuring that commitments to addressing structural racism, gender inequality, and the vulnerability of those without legal work status remain a central focus in crafting new policies and practices

Government is an essential partner in fostering economic mobility, and the rapidly changing nature of work requires policymakers to innovate alongside employers and workers. Key areas for government partnership include

- maintaining a commitment to data collection in the rapidly changing work environment and seeking improvements in the measurement of alternative work arrangements, multiple job holding, and informal and gig economy work;
- collaborating with employers and worker groups to develop a new approach to worker classification that is more appropriate for the 21st century;
- engaging in experimentation (particularly at the state and sectoral levels) to test new labor policies that ensure consistent protections for all workers, create models for offering portable benefits, and leverage subsidies and job guarantees to support employment for the most vulnerable workers;
- leveraging the power of government procurement practices to foster high-road practices among employers;
- using the power of enforcement to hold employers accountable for low-road practices; and
- being a high-road employer.

Appendix A. Expanding the Earned Income Tax Credit

The earned income tax credit has been an important tool for countering stagnant wages by providing an earnings supplement for lower-income workers who file annual tax returns. The EITC has also been an effective antipoverty strategy. In 2015, the Center on Budget and Policy Priorities estimates that EITC payments lifted 6.5 million people out of poverty, including 3.3 million children.⁸⁰ Recent research suggests that official estimates may actually underestimate the EITC's positive economic effects.⁸¹ However, the credit has primarily focused been on boosting the income of families with children, and the current structure of the EITC has done relatively little for individuals who do not have dependent children, although these workers may have very low earnings and a number may also be noncustodial parents. Currently, the maximum annual credit for an adult without a dependent child is a little over \$500, and eligibility phases out entirely at an annual income of about \$15,300 in 2018. In contrast, a single parent with two children can receive a maximum credit of about \$5,700 and the phase-out of eligibility does not occur until annual earnings reach almost \$46,000 (or approximately \$51,600 for married joint filers).⁸² Researchers and policy analysts across the political spectrum have called for changes to the EITC that can address the current inequities in its design, offer a more inclusive approach over the life course, and reach a wider variety of workers who would not previously have been eligible (e.g., older workers with adult children, single workers under the current age threshold of 25).⁸³ In addition, a number of proposals have examined how to increase the value to workers with children and/or combine expansions of the EITC with refundable child tax credits to bolster outcomes for these families.

The Paycheck Plus experiment was created to examine the potential impact of expanding the EITC to single adult workers without dependents and is currently being fielded as a randomized controlled trial in New York City and Atlanta.⁸⁴ In New York City, 6,000 single adults without dependents were recruited to participate between September 2013 and February 2014. The maximum available credit in the experiment was raised from the current annual limit of approximately \$500 to \$2,000. The annual earnings eligibility ceiling was raised to \$30,000, and the range of workers eligible to participate was also expanded. Interim findings reported in September 2017 indicate that these simulated credits, which averaged \$1,400, increased workers' incomes and produced modest gains in employment rates (which were larger for women than men). Participants who owed child support also increased these payments, and child support payments in arrears were reduced, suggesting that an expanded credit can have a broader impact on other family members.

The nonpartisan Urban-Brookings Tax Policy Center developed revenue impact estimates for several EITC expansion scenarios in January 2018, including those focused specifically on adults without dependents and more generous credits for working families. These tables are available at <http://www.taxpolicycenter.org/simulations/options-expand-earned-income-tax-credit-jan-2018> and reproduced here. The Tax Policy Center provides regularly updated tax policy analyses, which can be found at <http://www.taxpolicycenter.org/>. Despite widespread support for the EITC, no expansions of the credit were included in the recent tax system legislation passed at the end of 2017.

TABLE T18-0011

Options to Expand the Earned Income Tax Credit (EITC): Impact on Tax Revenue (\$ billions), Fiscal Years 2018–27*Baseline: current law (post-Tax Cuts and Jobs Act)*

Proposal	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018– 27
Option 1. Expand EITC for childless workers: increase phase-in rate to 30 percent and phase-out rate to 17 percent; increase start of phase-out to same value as for those with children; lower minimum eligible age from 25 to 21 ^a	-2.6	-25.8	-26.4	-26.8	-27.1	-27.6	-28.0	-28.2	-28.5	-28.7	-249.6
Option 2. Expand EITC for childless workers: increase phase-in rate to 30 percent and phase-out rate to 15.98 percent; increase end of phase-in to same value as for those with one child; increase start of phase-out to same value as for those with children; lower minimum eligible age from 25 to 21 ^a	-4.5	-44.6	-45.7	-46.1	-46.8	-47.5	-48.0	-48.6	-48.9	-49.1	-429.8
Option 3. Expand EITC for all workers: Option 2 plus increase phase-in rate to 65.28 percent for those with one child, 76.8 percent for those with two children, and 86.4 percent for those with three or more children ^b	-14.3	-143.2	-146.2	-148.3	-151.0	-153.6	-156.5	-159.0	-161.1	-163.1	-1,396.4
Option 4. Expand EITC for all workers: increase phase-in rate to 14.69 percent for childless workers; 65.28 percent for those with one child; 76.8 percent for those with two children; and 86.4 percent for those with three or more children ^b	-10.2	-101.9	-104.0	-105.7	-107.8	-109.9	-112.3	-114.4	-116.2	-118.0	-1,000.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law, including the impact of the Tax Cuts and Jobs Act. Proposals are assumed effective 01/01/18. Revenue estimates include the effects of microdynamic responses. Estimates assume a 10-90 fiscal split (fiscal year revenue is estimated to be 90 percent of revenue from the previous calendar year and 10 percent of revenue from the current calendar year).

^a Under current law, the phase-in and phase-out rates for childless workers are 7.65 percent.

^b Under current law, the phase-in rates are 7.65 percent for childless workers; 34 percent for those with one child; 40 percent for those with two children; and 45 percent for those with three or more children.

TABLE T18-0012

Expand the Earned Income Tax Credit (EITC): Option 1
Distribution of Federal Tax Change by Expanded Cash Income Level, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Level (thousands of 2017 dollars) ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ^d	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Less than 10	21.3	-1,080	0.0	0	4.4	12.8	-230	-4.1	2.9
10-20	18.9	-1,750	0.0	0	2.2	33.1	-330	-2.1	1.0
20-30	25.2	-1,460	0.0	0	1.5	34.4	-370	-1.5	3.0
30-40	20.2	-850	0.0	0	0.5	12.0	-170	-0.5	6.7
40-50	6.1	-920	0.0	0	0.1	3.1	-60	-0.1	9.4
50-75	3.6	-840	0.0	0	0.1	3.1	-30	-0.1	11.9
75-100	1.1	-960	0.0	0	0.0	0.8	-10	0.0	14.2
100-200	0.3	-1,030	0.0	0	0.0	0.4	*	0.0	17.0
200-500	*	**	0.0	0	0.0	0.0	0	0.0	20.6
500-1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	24.9
More than 1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	31.0
All	10.4	-1,300	0.0	0	0.2	100.0	-140	-0.2	17.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand the EITC for childless workers by increasing phase-in rate to 30 percent and phase-out rate to 17 percent; increasing start of phase-out to same value as for those with children; lowering minimum eligible age from 25 to 21.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0013

Expand the Earned Income Tax Credit (EITC): Option 1
Distribution of Federal Tax Change by Expanded Cash Income Percentile, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Percentile ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ^d	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	20.6	-1,560	0.0	0	2.3	65.4	-320	-2.2	1.5
Second Quintile	18.0	-1,010	0.0	0	0.5	29.5	-180	-0.5	7.1
Middle Quintile	3.2	-870	0.0	0	0.1	4.0	-30	0.0	12.4
Fourth Quintile	0.4	-1,010	0.0	0	0.0	0.5	*	0.0	15.8
Top Quintile	0.1	-990	0.0	0	0.0	0.1	*	0.0	23.3
All	10.4	-1,300	0.0	0	0.2	100.0	-140	-0.2	17.9
Addendum									
80-90	0.1	-990	0.0	0	0.0	0.1	*	0.0	18.5
90-95	0.0	0	0.0	0	0.0	0.0	0	0.0	20.2
95-99	0.0	0	0.0	0	0.0	0.0	0	0.0	22.2
Top 1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	30.3
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	31.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand the EITC for childless workers by increasing phase-in rate to 30 percent and phase-out rate to 17 percent; increasing start of phase-out to same value as for those with children; lowering minimum eligible age from 25 to 21.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>. The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0014

Expand the Earned Income Tax Credit (EITC): Option 2
Distribution of Federal Tax Change by Expanded Cash Income Level, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Level (thousands of 2017 dollars) ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ^d	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Less than 10	21.3	-1,180	0.0	0	4.7	8.1	-250	-4.4	2.6
10-20	18.9	-2,550	0.0	0	3.2	27.8	-480	-3.1	0.1
20-30	25.3	-2,450	0.0	0	2.6	33.4	-620	-2.5	2.0
30-40	30.3	-1,500	0.0	0	1.4	18.3	-460	-1.3	5.9
40-50	19.2	-930	0.0	0	0.4	5.7	-180	-0.4	9.1
50-75	6.5	-1,210	0.0	0	0.1	4.6	-80	-0.1	11.9
75-100	3.4	-880	0.0	0	0.0	1.2	-30	0.0	14.2
100-200	0.4	-1,420	0.0	0	0.0	0.4	-10	0.0	17.0
200-500	*	**	0.0	0	0.0	0.0	0	0.0	20.6
500-1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	24.9
More than 1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	31.0
All	13.0	-1,800	0.0	0	0.3	100.0	-240	-0.3	17.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand the EITC for childless workers by increasing phase-in rate to 30 percent and phase-out rate to 15.98 percent; increasing end of phase-in to same value as for those with one child; increasing start of phase-out to same value as for those with children; lowering minimum eligible age from 25 to 21. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; and excise taxes.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0015

Expand the Earned Income Tax Credit (EITC): Option 2
Distribution of Federal Tax Change by Expanded Cash Income Percentile, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Percentile ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ^d	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	20.6	-2,200	0.0	0	3.2	53.6	-450	-3.1	0.6
Second Quintile	26.6	-1,580	0.0	0	1.3	39.3	-420	-1.2	6.5
Middle Quintile	6.4	-1,120	0.0	0	0.1	6.0	-70	-0.1	12.3
Fourth Quintile	1.0	-1,080	0.0	0	0.0	0.7	-10	0.0	15.7
Top Quintile	0.1	-1,410	0.0	0	0.0	0.1	*	0.0	23.3
All	13.0	-1,800	0.0	0	0.3	100.0	-240	-0.3	17.8
Addendum									
80-90	0.2	-1,540	0.0	0	0.0	0.1	*	0.0	18.5
90-95	*	**	0.0	0	0.0	0.0	0	0.0	20.2
95-99	*	**	0.0	0	0.0	0.0	0	0.0	22.2
Top 1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	30.3
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	31.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand the EITC for childless workers by increasing phase-in rate to 30 percent and phase-out rate to 15.98 percent; increasing end of phase-in to same value as for those with one child; increasing start of phase-out to same value as for those with children; lowering minimum eligible age from 25 to 21. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>. The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0016

Expand the Earned Income Tax Credit (EITC): Option 3
Distribution of Federal Tax Change by Expanded Cash Income Level, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Level (thousands of 2017 dollars) ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Rate ^d		
	With Tax Cut		With Tax Increase				Average Federal Tax Change (\$)	Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Less than 10	27.7	-1,300	0.0	0	6.8	3.5	-360	-6.3	0.7
10-20	34.3	-2,940	0.0	0	6.7	17.8	-1,010	-6.5	-3.4
20-30	47.7	-3,230	0.0	0	6.4	25.3	-1,540	-6.1	-1.6
30-40	55.0	-2,740	0.0	0	4.6	18.5	-1,500	-4.2	3.0
40-50	43.9	-2,860	0.0	0	3.0	12.3	-1,260	-2.7	6.8
50-75	29.5	-3,230	0.0	0	1.7	17.2	-950	-1.5	10.5
75-100	16.8	-2,230	0.0	0	0.5	4.6	-370	-0.4	13.8
100-200	1.7	-1,620	0.0	0	0.0	0.6	-30	0.0	17.0
200-500	*	**	0.0	0	0.0	0.0	*	0.0	20.6
500-1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	24.9
More than 1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	31.0
All	27.3	-2,820	0.0	0	1.0	100.0	-770	-0.8	17.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand the EITC for childless workers by increasing phase-in rate to 30 percent and phase-out rate to 15.98 percent; increasing end of phase-in to same value as for those with one child; increasing start of phase-out to same value as for those with children; lowering minimum eligible age from 25 to 21. Proposal would also expand EITC for other workers by increasing phase-in rate to 65.28 percent for those with one child, 76.8 percent for those with two children, and 86.4 percent for those with three or more children. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0017

Expand the Earned Income Tax Credit (EITC): Option 3
Distribution of Federal Tax Change by Expanded Cash Income Percentile, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Percentile ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Rate ^d		
	With Tax Cut		With Tax Increase				Average Federal Tax Change (\$)	Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	35.1	-2,710	0.0	0	6.8	34.2	-950	-6.5	-2.8
Second Quintile	50.8	-2,860	0.0	0	4.3	41.6	-1,450	-4.0	3.6
Middle Quintile	27.8	-3,070	0.0	0	1.5	21.7	-860	-1.3	11.2
Fourth Quintile	5.5	-1,890	0.0	0	0.1	2.2	-100	-0.1	15.7
Top Quintile	0.1	-2,320	0.0	0	0.0	0.1	*	0.0	23.3
All	27.3	-2,820	0.0	0	1.0	100.0	-770	-0.8	17.2
Addendum									
80-90	0.2	-2,350	0.0	0	0.0	0.1	-10	0.0	18.5
90-95	*	**	0.0	0	0.0	0.0	*	0.0	20.2
95-99	*	**	0.0	0	0.0	0.0	0	0.0	22.2
Top 1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	30.3
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	31.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand the EITC for childless workers by increasing phase-in rate to 30 percent and phase-out rate to 15.98 percent; increasing end of phase-in to same value as for those with one child; increasing start of phase-out to same value as for those with children; lowering minimum eligible age from 25 to 21. Proposal would also expand EITC for other workers by increasing phase-in rate to 65.28 percent for those with one child, 76.8 percent for those with two children, and 86.4 percent for those with three or more children. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>. The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0018

Expand the Earned Income Tax Credit (EITC): Option 4
Distribution of Federal Tax Change by Expanded Cash Income Level, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Level (thousands of 2017 dollars) ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Rate ^d		
	With Tax Cut		With Tax Increase				Average Federal Tax Change (\$)	Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Less than 10	24.5	-680	0.0	0	3.1	2.3	-170	-2.9	4.0
10-20	30.1	-1,950	0.0	0	3.9	14.4	-590	-3.8	-0.6
20-30	32.6	-2,900	0.0	0	3.9	21.6	-950	-3.7	0.8
30-40	27.6	-3,830	0.0	0	3.2	18.1	-1,060	-3.0	4.2
40-50	26.2	-4,130	0.0	0	2.6	14.7	-1,080	-2.4	7.1
50-75	23.7	-3,700	0.0	0	1.6	22.1	-880	-1.4	10.6
75-100	13.6	-2,530	0.0	0	0.5	5.9	-350	-0.4	13.8
100-200	1.4	-1,610	0.0	0	0.0	0.7	-20	0.0	17.0
200-500	*	**	0.0	0	0.0	0.0	*	0.0	20.6
500-1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	24.9
More than 1,000	0.0	0	0.0	0	0.0	0.0	0	0.0	31.0
All	19.5	-2,830	0.0	0	0.7	100.0	-550	-0.6	17.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand EITC for all workers by increasing phase-in rate to 14.69 percent for childless workers; 65.28 percent for those with one child; 76.8 percent for those with two children; and 86.4 percent for those with three or more children.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

TABLE T18-0019

Expand the Earned Income Tax Credit (EITC): Option 4
Distribution of Federal Tax Change by Expanded Cash Income Percentile, Calendar Year 2018

Baseline: current law (post-Tax Cuts and Jobs Act)

Expanded Cash Income Percentile ^a	Tax Units with Tax Increase or Cut ^b				Percent Change in After-Tax Income ^c	Share of Total Federal Tax Change	Average Federal Tax Rate ^d		
	With Tax Cut		With Tax Increase				Average Federal Tax Change (\$)	Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	29.8	-1,850	0.0	0	3.9	27.7	-550	-3.8	-0.1
Second Quintile	27.8	-3,760	0.0	0	3.1	41.6	-1,040	-2.9	4.8
Middle Quintile	22.1	-3,560	0.0	0	1.3	27.7	-790	-1.2	11.3
Fourth Quintile	4.7	-2,010	0.0	0	0.1	2.8	-90	-0.1	15.7
Top Quintile	0.1	-3,740	0.0	0	0.0	0.1	*	0.0	23.3
All	19.5	-2,830	0.0	0	0.7	100.0	-550	-0.6	17.5
Addendum									
80-90	0.1	-3,540	0.0	0	0.0	0.0	*	0.0	18.5
90-95	*	**	0.0	0	0.0	0.0	*	0.0	20.2
95-99	0.0	0	0.0	0	0.0	0.0	0	0.0	22.2
Top 1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	30.3
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	31.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Notes: Baseline is current law incorporating the impact of the Tax Cuts and Jobs Act. Proposal would expand EITC for all workers by increasing phase-in rate to 14.69 percent for childless workers; 65.28 percent for those with one child; 76.8 percent for those with two children; and 86.4 percent for those with three or more children.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>. Number of AMT taxpayers (millions): baseline, 0.2; proposal, 0.2.

^a Includes both filing and nonfiling units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>. The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.

^b Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

^c After-tax income is expanded cash income less individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

^d Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

* nonzero value rounded to zero; ** insufficient data

Appendix B. Codes of Conduct

Model Codes for Municipal Procurement

Government procurement of goods and services offers another opportunity to influence contractors' labor practices. The Good Food Purchasing Program, originated by the Los Angeles Food Policy Council, adapts the metric-based framework used in Leadership in Energy and Environmental Design (LEED) certification to encourage energy efficiency as a model to promote commitments in five food-sector company practices: fair labor, development of local food economies, environmental sustainability, nutrition, and animal welfare.⁸⁵ Although the model can be adapted by institutions that purchase food and related services, the initial focus has been on securing adoption among municipalities that have large-scale impact on their regional food systems. The City of Los Angeles adopted the Good Food Purchasing Program in 2012, followed by the Los Angeles Unified School District. The San Francisco Unified School District adopted the program in 2016. The Food Chain Workers Alliance,⁸⁶ a coalition of worker-based organizations whose members plant, harvest, process, pack, transport, prepare, serve, and sell food, has made the Good Food Purchasing Program a priority in its efforts to improve wages and working conditions for workers along the food chain.

Model Codes for Digital Platforms

The Good Work Code is an emerging model for securing commitments to high-road employment practices among companies operating digital platforms. The Good Work Code originated with the National Domestic Workers Alliance, in response to increasing shift in many domestic work opportunities to online platforms. On-demand workers share similar challenges in securing jobs with good wages and basic labor protections. The Good Work Code encourages companies to identify their current practices and specify commitments for improvements in eight areas: safety, stability and flexibility, transparency, shared prosperity, fair pay, inclusion and input, support and connection, and employee growth and development.⁸⁷ Part of the strategy for accountability is public documentation of key workforce practices by participating companies.

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