

# Policy Recommendations for Meeting the Grand Challenge to Reduce Extreme Economic Inequality

The extreme inequality that marks the United States has been fostered by a confluence of macroeconomic, demographic, and political forces, but it can be reversed through thoughtful and purposeful action. Growing inequality requires a new and comprehensive social contract. The contract elements proposed here include innovations to increase income and assets at the bottom of society and to reduce inequality in income and wealth. The social work profession is uniquely positioned to confront political opposition to activist social policies and lead this important challenge.

## **Recommendation 1:**

### **Strengthen Labor Standards and Reform Employment Policies**

Employment and scheduling practices, together with low earnings, undermine the income potential of low-wage hourly workers and fuel families' economic insecurity and underemployment. Low-wage jobs cannot lift families out of poverty.<sup>1</sup> Income, benefits, and hours in low-level jobs are often unstable and unpredictable; families depending on those jobs have little ability to accumulate reserves.<sup>2</sup> Employees' standard-of-living, family life, health, and investment in long-range self-improvement strategies all suffer.<sup>3</sup> Social workers should advocate across levels of government to expand policy initiatives around increased minimum wages, earned sick days, and paid family and medical leave.<sup>4</sup> They should also advocate for laws that establish new work-hour standards, including minimum advance-schedule notice, a pay premium for last-minute schedule changes, and elimination of on-call shifts.<sup>5</sup> Further, social workers can engage employers in efforts to voluntarily improve the quality of jobs in ways that benefit both employees and employers.<sup>6</sup>

## **Recommendation 2:**

### **Expand Active Employment Creation Through Public Programs and Support for Business Start-Up and Capitalization**

Although unemployment has declined over the last 6 years, underemployment remains high.<sup>11</sup> Public employment policies similar to Depression era efforts like the Works Progress Administration and the Civilian Conservation Corps could reduce unemployment and underemployment while providing regular wages.<sup>12</sup> Subsidized employment also helps build job skills and work experience. Social workers can advocate for public employment and also encourage support among policymakers, community leaders, and local investors for business start-ups that increase job availability in impoverished communities.

## **Recommendation 3:**

### **Expand the Earned Income Tax Credit (EITC)**

Many households, even those with members who work full-time jobs, earn below-poverty incomes. The EITC has become the largest income-support policy and a powerful tool for increasing

income in low-income households.<sup>7</sup> By tying the size of the credit to the number of children in the household, this transfer targets support to low-income households with the greatest need. However, EITC reforms need to extend the program to individuals without dependent children, including noncustodial parents and low-income workers without children. Social workers should educate families about the EITC, work toward its increase and expansion, and advocate for expanded access to low-cost tax-preparation services.

## **Recommendation 4:**

### **Expand Child Care Access to Enable Stable Employment in the Context of Healthy Child Development**

Parents face serious difficulties locating and paying for child care that meets the twin goals of supporting parental employment and healthy child development. To achieve both aims, policies should promote access to all types of safe, legal, quality care (care in centers and preschools, licensed family child care, and informal home-based care) through a coherent set of initiatives that reduce families' out-of-pocket expenses (e.g., refundable tax credits and child care subsidies) and increase child care supply (e.g., direct investments in early care and education.) Universal, high-quality preschool is one critical piece of a robust agenda addressing working parents' needs and educational disparities among children.<sup>8</sup> Home-based child care provides work-family benefits and flexible scheduling to support parental employment and children's development.<sup>9</sup> Social workers should promote these policies and additional initiatives such as financial incentives and technical supports to providers offering expanded- and variable-hour programming; transportation grants to enable children in home-based settings to also attend preschool; and tax credit and subsidy reform to improve child care access for workers with unstable employment.<sup>10</sup>

## **Recommendation 5:**

### **Create New, Lifelong Policies for Inclusive and Progressive Wealth Building**

Families vary enormously in their capacity to build assets on behalf of their children, and public policy for asset building is extraordinarily regressive. Current policies provide billions of dollars of tax relief benefits to the wealthiest.<sup>13</sup> More inclusive asset-building policy—ideally universal and progressive—could launch accounts for all children at birth. The policy could evolve into a lifelong system that builds wealth for education, homes, and other life goals.<sup>14</sup> More specifically, Children's Savings Accounts (CSAs) can be combined with Promise models (i.e., early commitment grants and scholarships) to provide more universal opportunities

for higher education without crushing debt. Such joint family–public investments allow family saving contributions in CSAs to make a real difference in children’s educational opportunities. The combination of CSA and Promise models together provides opportunities not only to reduce educational attainment gaps, but also to increase the return on a degree, and ultimately to reduce income and wealth inequality in America.<sup>15</sup> Social workers are already leading efforts to build and test the features of universal and progressive asset-building policies, but there is much more to do.

Social workers play a critical role in realizing this reform agenda through education, advocacy, and research and evaluation, and through active collaboration across disciplines, professional groups, and community partners.

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## End Notes

1. Edin and Lein (1997); Lambert (1999).
2. Edin and Shaefer (2015); Lambert, Fugiel, and Henly (2014).
3. Henly and Lambert (2014).
4. National Employment Law Project (2015).
5. Center for Popular Democracy, Local Progress, and Fair Workweek Initiative (2016); Lambert (2014).
6. Lambert and Henly (2012).
7. Marr, Huang, Sherman, and Debot (2015).
8. Magnuson and Duncan (2016). Bradbury, Corak, Waldfogel, and Washbrook (2015).
9. Bromer et al. (2010).
10. Henly et al. (2015); Illinois Action for Children (2016).
11. Economic Policy Institute (2015).
12. Sherraden (2014).
13. Sherraden (2014).
14. Sherraden (1991); Beverly, Clancy, Huang, and Sherraden (2015)
15. Elliott, Constance-Huggins, and Song (2013).

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