



# The Middle Class at Risk

The Dangerous Gap Between the Rhetoric and Reality  
of Republican Prescriptions for the Economy

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By Arkadi Gerney, Anna Chu, and Brendan V. Duke July 2015



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# Introduction and summary

American families have experienced dramatic changes over the past few decades. It used to be common that one middle-class income was enough to meet the needs of an entire family—money enough to send kids to college, buy a home, and save for retirement. Today, most families need two incomes to make ends meet. But even as families are working harder and harder, they are struggling and feeling economically insecure.

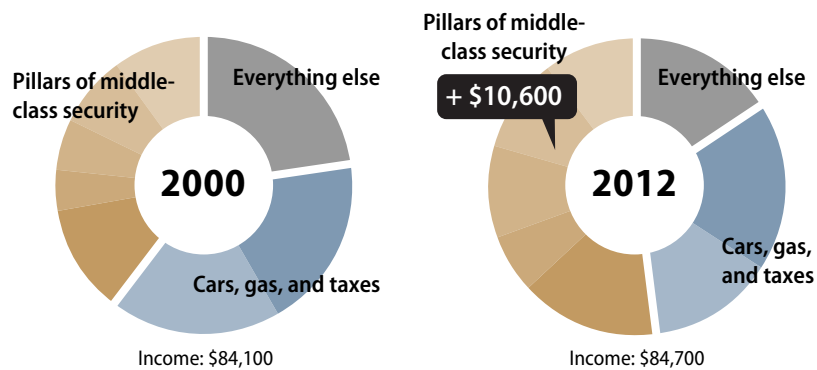
Although corporate profits are at all-time highs and the richest Americans have seen the bulk of the gains in the recovery,<sup>1</sup> working- and middle-class families continue to struggle. The lack of support for families and the challenges of stagnant wages and the ever-rising middle-class costs have placed tremendous strains on most Americans. The research bears out what families are experiencing. The Center for American Progress recently estimated that the real cost of middle-class security—that is to say, health care, college savings, child care, housing, and a retirement nest egg—rose \$10,600, or 30 percent, between 2000 and 2012, a period when the median married couple with two children saw no real income growth.<sup>2</sup> (see Figure 1) The result has been that American families are being squeezed more and more as middle-class costs rise faster than middle-class incomes.

The mounting pressure facing working- and middle-class families is not just playing out around the kitchen table and in the academic literature; public perception and awareness of the problem is increasing as well. Poll after poll reveals what families are experiencing. A January 2015 Pew poll, for instance, showed that about 55 percent of Americans say they are falling behind and that their incomes are not keeping pace with the cost of living.<sup>3</sup> In the midst of these pressures, it is not surprising that an April 2015 Gallup poll shows the share of Americans identifying as “middle class” or “upper-middle class” has fallen to 51 percent, down from a high of 63 percent in 2000s.<sup>4</sup> And as more Americans are feeling financially insecure, another Gallup poll shows that 69 percent are unsatisfied with the way wealth and income is distributed in the United States.<sup>5</sup> A *Wall Street Journal*/NBC News poll taken in summer 2014 found that a majority of people

believe that the growing income inequality between the rich and everyone else undermines “the idea that every American has the opportunity to move up to a better standard of living.”<sup>6</sup> That same poll found that 76 percent of adults believe that their children’s generation will not have a better life than them.<sup>7</sup> Indeed, fewer Americans are subscribing to the American dream; a *New York Times* poll in December 2014 found that only 64 percent of Americans believed that it is possible to start out poor in this country, work hard, and become rich. That is the lowest percent in approximately 20 years.<sup>8</sup>

**FIGURE 1**  
**The cost of middle-class security surged more than \$10,000 in 12 years**

How much the squeeze cost the median married couple with two kids



Notes: Numbers may not add up due to rounding. Select data are estimated for 2000 and 2012 based on the closest available data. This figure has been reproduced from Jennifer Erickson, ed., “The Middle Class Squeeze: A Picture of Stagnant Incomes, Rising Costs, and What We Can Do to Strengthen America’s Middle Class” (Washington: Center for American Progress, 2014) available at <https://www.americanprogress.org/issues/economy/report/2014/09/24/96903/the-middle-class-squeeze/>. For complete source information, see the Methodology section of the report.

Republicans have noticed these real and perceived indicators of middle-class insecurity. In fact, the rising crop of 2016 Republican presidential candidates have responded by pivoting away from their traditional language of helping “job-creators” at the top, and they are instead decrying stagnant wages, inequality, and rising middle-class costs. Take some representative statements from the leading candidates—and prospective candidates—for the Republican presidential nomination.

- Former Florida Gov. Jeb Bush recently posted on Facebook that “we need to create economic opportunity for every American, especially middle class families and those trying to rise out of poverty. While the sluggish recovery has been good for some, far too many people have been left behind.”<sup>9</sup>

- Appearing on the Laura Ingraham Show, Wisconsin Gov. Scott Walker discussed how reaching out to working-class voters would win elections, saying “the bread and butter of what makes my state work and I think makes this country work are the men and women who every day go to work and work hard, not just for a paycheck, they work hard because they want their children and their grandchildren to have a better life than they’ve had. We need to be fighting for them every single day, and when we show... that Republicans care for the average working American, we will win presidential elections just like we won gubernatorial elections.”<sup>10</sup>
- Florida Sen. Marco Rubio introduced his tax plan in a joint op-ed with Utah Sen. Mike Lee arguing that “Too many Americans believe the American dream is slipping away for them and their children. They see their cost of living rise while their paychecks remain stagnant. They see an economy that benefits stock-brokers but not stock clerks. They see the ladder of economic opportunity being pulled farther up and out of their reach.”<sup>11</sup>
- Kentucky Sen. Rand Paul launched his campaign sounding a bit like former Sen. John Edwards (D-NC) in his runs for the Democratic presidential nomination. Sen. Paul said “Martin Luther King spoke of two Americas. He described them as two starkly different American experiences that exist side-by-side. In one America, people experience the opportunity of life, liberty and the pursuit of happiness. In the other America, people experience a daily ugliness that dashes hope and leaves only the fatigue of despair.”<sup>12</sup>
- New Jersey Gov. Chris Christie recently told a crowd of Tea Party activists, “You see, the rich are doing fine. That’s great ... But nor should we cater to the wealthy at the expense of our middle-income workers and the working poor, who are the backbone of every American community.” He continued, “Every policy we advance, every decision we make should be focused on making their lives better, renewing their future, renewing their faith, their belief in this country.”<sup>13</sup>

Yet, the new rhetoric by Republicans has not been matched with new policy ideas. Instead of offering ideas that will improve economic security, boost incomes, and support working- and middle-class families, Republicans are simply repackaging the old top-down solutions that favor the wealthy few at the expense of working families. It’s old wine in new bottles. Although leading Republicans are talking more about opportunity and mobility, there is a mountain of evidence that many of their proposed policies would hurt average families.



This report details how—despite its new rhetorical shift—the GOP continues to propose policies that would undercut economic security for working- and middle-class families and increase their anxiety. More specifically, it examines the following ways Republicans policies would hurt American families:

- **Giving tax breaks to the wealthiest few.** For the past 50 years, the nation’s wealthiest few have been able to secure an almost steady decline in their top statutory tax rates.<sup>14</sup> At the same time, the share of after-tax income received by the top 1 percent grew from 7 percent in 1979 to 13 percent in 2011.<sup>15</sup> Despite the fact that the wealthiest few are doing well, Republicans policies remain the same, giving tax breaks for the wealthiest Americans often at the expense of everyone else. Such is the case with Sen. Rubio’s much ballyhooed tax plan, which would eliminate capital gains and dividends taxes, a massive tax cut for the very rich. The last thing working- and middle-class families need is a plan that could require cuts to critical middle-class programs such as Social Security in order to pay for tax breaks for the wealthy.
- **Opposing policies that help families juggle the demands of work and home.** Fifty years ago, middle-class families were able to buy a home, pay their bills, and save for their children’s education and their own retirement on just one income. But today, the majority of families depend on two incomes to make ends meet. The entry of women into the workforce means that today, women are the primary breadwinners or co-breadwinners for nearly two-thirds of American families with children.<sup>16</sup> With the increase of two-income families, the stress of managing the competing work and family demands on Americans’ time is only increasing. Despite today’s realities, Republican presidential hopefuls continue to oppose paid sick leave policies that would allow working families to juggle work and home. For example, in 2011, Wisconsin Gov. Walker passed a law preempting Wisconsin cities and counties from passing paid sick leave laws.<sup>17</sup> By doing so, he took away the ability of approximately 120,000 Milwaukeeans, equivalent to 47 percent of the private sector workforce in Milwaukee, to earn paid sick leave.<sup>18</sup>
- **Blocking measures that raise wages.** While the economy has been going in the right direction since the Great Recession, there is a need to ensure that working- and middle-class families benefit when the economy grows, not just the wealthy. Since the 2000s, of middle-class families’ wages have been stagnant or even falling. Between 2000 and 2011, real wages and salary income for middle-class households with children actually *fell* 2 percent.<sup>19</sup> Improving incomes for working- and middle-class families should be at the top of every candidate’s

policy platform. Republican presidential hopefuls, however, overwhelmingly oppose policies that would improve wages for working- and middle-class families, including raising the minimum wage, reforming overtime rules, and protecting the right of workers to join together and bargain for improved working conditions. Sen. Rubio, for example, dismissed minimum wage laws as “hav[ing] never worked in terms of having the middle class attain more prosperity.”<sup>20</sup> Likewise, Wisconsin Gov. Walker said he doesn’t think the minimum wage “serves a purpose”<sup>21</sup> and that it was a “lame” idea.<sup>22</sup> Meanwhile, former Gov. Bush believes that the way for Americans to earn more money is to work longer hours, even though he simultaneously opposes reforms to allow more Americans to be paid overtime wages.<sup>23</sup>

- **Slashing education investment and undermining a key ladder of opportunity.**

At the same time that wages are stagnant, the cost of key middle-class expenditures continues to rise much faster than overall inflation. One of those costs is education, a key rung in the ladder of opportunity to the middle class. A college education is more important than at any time in the past: For 25-year old to 32-year-olds, the typical college graduate in that age group earns 63 percent more than the typical high school graduate in the same age group.<sup>24</sup> However, college is becoming harder and harder to afford. Net tuition, which accounts for financial aid, at public four-year colleges has risen a staggering 21 percent between the 2008–09 and 2014–15 school years after calculating inflation.<sup>25</sup> The source of the rising cost of public college is no mystery: State funding for public colleges has declined 10 percent between 2007 and 2014.<sup>26</sup> Many of the GOP presidential hopefuls who are currently serving as governors have proposed some of the largest cuts. For example, Gov. Walker of Wisconsin earlier this year proposed a \$300 million cut to the University of Wisconsin system, a 13 percent reduction in funding.<sup>27</sup> Meanwhile, Louisiana Gov. Bobby Jindal had proposed between \$200 million to \$300 million in cuts to his state’s universities in 2015<sup>28</sup>—even though Louisiana already ranked third in higher education cuts from 2007 to 2014, and public universities’ reliance on tuition for revenue increased 58 percent.<sup>29</sup> The Louisiana legislature ultimately rejected Gov. Jindal’s proposal.<sup>30</sup>





# Giving tax breaks to the wealthiest few

For more than 50 years, the nation's millionaires, billionaires, and big corporations have been highly successful fighting for and receiving significant reductions in their tax rates. Indeed, the top marginal tax rate affecting the nation's wealthiest few has fallen more than 57 percent since 1945.<sup>31</sup> Moreover, the overall or effective tax rate that the very rich actually pay is often far less than the top marginal rate. A maze of tax rules—from tax exemptions to deductions to loopholes—reduce the effective tax rate for the wealthy. For example, although Warren Buffett is the wealthiest individual in America, he pays a lower effective tax rate than his secretary.<sup>32</sup> Overall, the Tax Policy Center estimates that in 2014, the top 1 percent of taxpayers had an average effective federal tax rate of 33 percent.<sup>33</sup>

A growing body of research also suggests that lower taxes on the rich are linked to rising inequality. Research from economists Thomas Piketty, Emmanuel Saez, and Stefanie Stantcheva found a strong correlation between lower top-tax rates and higher levels of income inequality among 18 countries studied.<sup>34</sup> Similarly, a study of top U.S. tax rates by the Congressional Research Service found a strong association between cutting taxes, rising inequality, and the accumulation of wealth at the top.<sup>35</sup> At the same time, a growing body of rigorous economic research shows little positive economic impact from Republican's tax cuts for the rich, despite Republicans claims that trickle-down tax cuts would grow the economy. Instead, these tax cuts would create massive federal deficits since Republicans insist on not offsetting the lost revenue.<sup>36</sup> Piketty, Saez, and Stantcheva find no correlation between reductions in top-tax rates and economic growth across countries.

The GOP presidential hopefuls appear to have gotten the message that the rich are doing just fine and that it's working- and middle-class families who are struggling. For example, Sen. Rubio bemoans how the American dream is “increasingly difficult to achieve for far too many” and how “millions go to sleep each night overcome with the sense that they are one bad break from financial ruin.”<sup>37</sup> Also joining the parade is Sen. Paul, who talks about how many Americans are being left behind, saying “The reward of work seems beyond their grasp. Under

the watch of both parties, the poor seem to get poorer and the rich get richer.”<sup>38</sup> Meanwhile, Gov. Christie has remarked that we should not “cater to the wealthy at the expense of our middle-income workers and the working poor.”<sup>39</sup> Gov. Walker is also worried that “too many of our fellow citizens feel that [the American] dream has become out of reach for them and their families.”<sup>40</sup>

While recent GOP rhetoric has changed, the rhetoric merely serves as a smoke-screen for tax proposals that heavily benefit the top 1 percent, often at the expense of working- and middle-class families. Take for example, Sens. Rubio and Lee’s so-called “pro-family, pro-growth” proposal. In selling their plan, they express concern about the middle class:

*... their cost of living rise while their paychecks remain stagnant ... They see an economy that benefits stockbrokers but not stock clerks. They see the ladder of economic opportunity being pulled farther up and out of their reach.*<sup>41</sup>

Dig a little deeper, though, and one will see that Sens. Rubio and Lee’s plan would result in a massive redistribution of income from working- and middle-class families to the very rich. On its face, the plan appears to assist squeezed families, principally by creating a new \$2,500 partially refundable Child Tax Credit.<sup>42</sup> However, their plan would eliminate all taxes on capital gains and dividends and allow individuals to pay a much lower rate of tax on the income they receive from S corporations—corporations that pass corporate income, losses, deductions, and credits through to their shareholders—and partnerships.<sup>43</sup> These proposals together would deliver a big boon to the wealthiest few while providing very little benefit to middle-class families. The reality is that middle-class families receive very little income from capital gains and dividends: Only 6 percent of market incomes for households in the middle quintile come from business income, capital income, and realized capital gains.<sup>44</sup> The top 1 percent of households, on the other hand, receive more than half of their incomes from the sources Sens. Rubio and Lee seek to cut taxes on. Indeed, the richest 400 tax filers alone receive 12 percent of all capital gains income at \$229 million apiece on average<sup>45</sup> and 8 percent of all dividend income at \$54 million apiece on average.<sup>46</sup> While the heavily concentrated income from dividends and capital gains would go untaxed, the top tax rate for income from wages and salaries—of which the top 400 tax filers receive a *comparably* minor 0.16 percent—would be 35 percent.<sup>47</sup>

Sens. Rubio and Lee's tax proposal would redistribute income from working- and middle-class families by blowing up the federal deficit and requiring cuts to programs that benefit the middle class. While praising it as a "tax plan Republicans should learn to love," conservative columnist Ramesh Ponnuru acknowledged that, "A potential drawback to the Lee-Rubio plan ... is that it swells the deficit."<sup>48</sup> Indeed, a similar plan introduced previously by Sen. Lee would reduce tax revenues by \$2.4 trillion.<sup>49</sup> That means cuts to popular middle-class programs or, as Sen. Rubio put it, "Our generation is going to have to accept that our Medicare and Social Security is going to be different from our parents ... Otherwise, the programs go bankrupt, eventually, Medicare first and then Social Security."<sup>50</sup> These cuts would further squeeze middle-class workers since they would have to save more for retirement to offset cuts to Medicare and Social Security.

Sen. Paul recently came out with a proposal to establish a flat tax of 14.5 percent that would apply equally to all personal income, including wages, salaries, dividends, capital gains, rents, and interest.<sup>51</sup> Replacing our progressive income tax with a flat income tax would represent a massive shift of the tax burden from high-income taxpayers to low- and middle-income taxpayers at a time that income growth has already shifted toward the very top. By the admission of even the conservative research group Tax Foundation, Sen. Paul's tax plan would cut taxes for millionaires far more than it would for the middle class—boosting their after-tax incomes 13 percent compared to just 3 percent.<sup>52</sup> This does not consider, hidden costs to the middle class: Sen. Paul's plan would also repeal the Social Security payroll tax, putting the solvency of this critical middle-class retirement safety net at risk, and would replace the corporate income tax with a business activity tax that would in effect be a regressive consumption tax. Sen. Paul can use all the middle-class rhetoric he wants, but the reality remains that his tax proposal would be a huge financial windfall to the nation's wealthiest few.

Meanwhile, Gov. Christie—ignoring the fact that American voters rejected the 2012 GOP presidential hopeful former Gov. Mitt Romney and his tax plan—offered a nearly identical plan. Like Romney, Gov. Christie proposed lowering tax rates across the board and paying for it by eliminating tax breaks.<sup>53</sup> While this sounds easy in theory, it's difficult in practice. The Tax Policy Center examined the Romney plan and found that revenue neutrality was mathematically impossible,<sup>54</sup> "unless he was planning on effectively raising taxes for the poor and middle class, while reducing them for the country's wealthiest citizens."<sup>55</sup>

Not to be outdone, Gov. Walker has made taxes in Wisconsin far less progressive during his governorship. He has cut taxes by \$210 million, mostly to benefit businesses and upper-income taxpayers.<sup>56</sup> Gov. Walker and the Wisconsin legislature helped pay for these tax cuts by reducing the state's Earned Income Tax Credit, or EITC, by \$56 million, effectively raising taxes for 140,000 Wisconsin families making \$44,000 per year or less.<sup>57</sup> Gov. Walker further cut income and property taxes in 2013 and 2014, reducing taxes by \$197 for families in the middle income quintile compared to \$2,518 for families in the top 1 percent.<sup>58</sup> These tax cuts clearly have not paid for themselves; Wisconsin faced a \$283 million budget shortfall in 2015 and skipped a \$108 million debt payment while Gov. Walker seeks to cut the University of Wisconsin budget by \$300 million.<sup>59</sup> (For more, see the Cutting Higher Education section below)

# Opposing policies that help families juggle the demands of work and home

Over the decades, the structure of the American family, workplace, and economy have changed dramatically. While middle-class families were able to get by on one paycheck and mothers stayed home to raise their children 50 years ago, families often need two paychecks to make ends meet today. Women make up about half of all U.S. workers on payroll,<sup>60</sup> and nearly two-thirds of mothers are now the primary breadwinners or co-breadwinners for their families, including more than half of married mothers.<sup>61</sup> This change in family structure and our economy means that in order to support today's working families, the United States need sensible solutions that allow both women and men to fully participate at work and at home. This includes allowing workers to earn paid sick days and access paid family leave.

When both sets of parents have to work to make ends meet, it becomes more and more difficult for families to balance the competing needs of home and work. Supporting today's working families with both parents in the workforce means allowing parents the flexibility to leave work to take care of their children when they are sick and take time off for their own illnesses without losing their income. This is especially important for low-income women: employers' lack of flexibility toward employee's family needs are often a difficult barrier to employment.<sup>62</sup>

The rhetoric of Republican 2016 presidential contenders would lead many to believe they would support policies that help families juggle the challenges of work and family obligations. Time and again, the Republican candidates extoll the need to support working families. For example, Gov. Bush has spoken about the need to support families, explaining that:

*Decades of studies show that children raised in healthy, supportive families are more likely to remain in school, less likely to fall prey to the destructive and demoralizing effects of drugs and reject crime as a solution to problems. It is critical to support families when challenges first arise, rather than helping them put the pieces together later.<sup>63</sup>*



Meanwhile, Sen. Rubio has said that it is “the family, not the government, [that] is the most important institution in our society.”<sup>64</sup> Likewise, Gov. Walker speaks of how families are the bread and butter of Wisconsin:

*The bread and butter of what makes my state work and I think makes this country work are the men and women who every day go to work and work hard, not just for a paycheck, they work hard because they want their children and their grandchildren to have a better life than they’ve had. We need to be fighting for them every single day.*<sup>65</sup>

Despite all the rhetoric about the importance of helping working families, GOP presidential contenders do not actually support policies that would enable working families to balance the responsibilities of work and home. Instead, they have voted against giving workers the ability to earn paid sick leave and some have even dismantled paid sick leave passed in their states.<sup>66</sup>

Indeed, Republican presidential candidates have overwhelmingly opposed measures that would allow workers to earn paid sick days and let them to take time off to care for their family without leaving money on the table. For example, during 2015’s budget vote-a-rama, the Senate voted on a version of the Healthy Families Act that would have allowed workers to earn up to seven paid sick days a year. But every single Republican considering a presidential run—Ted Cruz, Lindsey Graham, Rand Paul, and Marco Rubio—voted against the measure.<sup>67</sup> These 2016 presidential hopefuls blocked nearly 8.5 million people from their combined states from being able to earn sick leave.<sup>68</sup>

**TABLE 1**  
**Republican presidential candidates voted against paid sick days for more than 8 million people in their states**

Sens. Marco Rubio (R-FL), Rand Paul (R-KY), Lindsey Graham (R-SC), and Ted Cruz (R-TX) voted against paid sick leave for hundreds of thousands of workers in their states

State	Number of private-sector workers without access to paid sick days	Percent of private-sector workers without paid sick days
Florida	3,009,437	47.1 percent
Kentucky	642,164	45.1 percent
South Carolina	719,706	46.5 percent
Texas	4,117,023	44.9 percent

Source: Reproduced from the Institute for Women’s Policy Research and National Partnership for Women & Families, “Worker’s Access to Paid Sick Days in the States” (2015), available at <http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf>.

Meanwhile, at the state level, Republican governors have been busy passing laws, know as preemption laws, which override local laws and ordinances and that would prevent cities and counties from passing sick leave laws. Indeed, of the 12 states with preemption laws in 2014, 11 of those laws were passed by a GOP governor and legislature in 2011 or later.<sup>69</sup> In particular, Wisconsin Gov. Walker actually signed into law a preemption bill that nullified Milwaukee’s 2008 sick leave law—which had been approved by nearly 70 percent of voters<sup>70</sup> and could have helped the more than 120,000 Milwaukeeans—or 47 percent of the city’s private sector workforce—that did not have paid sick leave at the time of the bill’s passage.<sup>71</sup> Further, Gov. Walker’s passage of the preemption bill is harmful to the more than 1 million private sector workers in Wisconsin who do not have access to paid sick leave; that’s more than 45 percent of all private sector workers in Wisconsin.<sup>72</sup>

Former Florida Gov. Bush, another 2016 GOP contender, is similarly unsupportive of paid leave laws. In 2000, U.S. Secretary of Labor Alexis Herman proposed a new rule that would allow states to provide unemployment benefits to parents who take time off after the birth or adoption of a child.<sup>73</sup> Former Gov. Bush disagreed with allowing fathers and mothers to be able to draw upon unemployment benefits after giving birth to or adopting a child, instead siding with businesses that were worried about the cost.<sup>74</sup> Gov. Bush argued that “paid-leave policies are best left to businesses. Having the state fund paid-leave policies—that would be a very expensive proposition.”<sup>75</sup>

In addition to opposing paid sick leave policies, two Republican presidential candidates, Sens. Rubio and Cruz, support the misleadingly named Working Families Flexibility Act,<sup>76</sup> which would hurt families’ paychecks. Under the guise of giving families flexibility, the act would allow employers to compensate employees who work more than 40 hours in a week by giving them paid time off, commonly referred to as comp time, instead of paying them at the rate of time and a half for the hours above 40 worked—which is overtime pay. Rather than providing families with flexibility, in actuality, comp time policies would lead to a “pay cut for workers without any guaranteed flexibility or time off.”<sup>77</sup> The bill would create a financial incentive for employers to give more hours to workers who agree to take comp time instead of overtime pay.<sup>78</sup> This means that mandatory overtime work would become more common while schedules become more unpredictable.<sup>79</sup> Moreover, workers who accumulate comp time do not actually have the right to use it when they need it.<sup>80</sup> Thus, instead of giving families more flexibility, this proposal may instead make it harder for families to meet the demands of today’s family and work place.

Of the 12 states with preemption laws in 2014, 11 of those laws were passed by a GOP governor and legislature in 2011 or later.



# Blocking measures that improve incomes

Families today are feeling squeezed from both ends: As the price of middle-class essentials such as college and child care grow rapidly, middle-class incomes have not even kept up with inflation. Real wages and salary income for middle-class households with children actually fell 2 percent between 2000 and 2011.<sup>81</sup> Part of this decline is a result of the Great Recession and weak job growth, which have robbed workers of their ability to negotiate for higher wages.<sup>82</sup> But wage growth was weak even before 2007; real wages and salaries for these middle-class families with children grew at just 0.8 percent per year between 2000 and the beginning of the Great Recession in 2007, well below the 1.48 percent annual growth in real gross domestic product, or GDP, per capita.<sup>83</sup>

Indeed, workers' wages have also failed to keep up with productivity. For nearly 30 years after World War II, wages for most workers increased at a similar rate as productivity.<sup>84</sup> But starting in the late 1970s, wage growth slowed for most workers, even though productivity continued to rise. Although productivity growth grew by 64.9 percent between 1979 and 2013,<sup>85</sup> hourly compensation for nonsupervisory employees grew only 8.2 percent.<sup>86</sup>

The majority of Republican presidential hopefuls express concern about the plight of the American middle class. For example, Gov. Bush has put inequality at the center of his campaign. His Right to Rise political action committee declares that “the playing field is no longer fair or level” and that “the income gap is real.”<sup>87</sup> Meanwhile, Gov. Christie stated that “every policy we advance, every decision we make should be focused on making the lives [of the middle class] better, renewing their future, renewing their faith, their belief in this country.”<sup>88</sup> Likewise, in an op-ed with Sen. Mike Lee (R-UT), Sen. Rubio expressed concern about how Americans “see their cost of living rising while their paychecks remain stagnant.”<sup>89</sup> Despite all the new rhetoric, when it comes to solutions, the GOP contenders do not support policies that would actually improve incomes for working- and middle-class families.

The recent report from the Commission on Inclusive Prosperity—a group of transatlantic leaders convened by the Center for American Progress and co-chaired by former U.S. Treasury Secretary Lawrence H. Summers<sup>90</sup>—found that in order to have real middle-class wage growth, labor standards such as minimum wage laws must be raised and workers need to be empowered to bargain with their employers for higher wages. Republican presidential hopefuls, however, opposed raising the minimum wage, reforming overtime rules, and strengthening the ability of workers to bargain with their employers.

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## Raising the minimum wage

In 2014,  
41 Republican  
senators with an  
estimated average  
net worth of \$8.1  
million in 2013  
voted against  
giving Americans  
a nearly \$6,000  
annual raise.

One of the reasons for the slow wage growth for working- and middle-class families is the deterioration of wage standards such as the minimum wage. Because the federal minimum wage has not kept up with inflation, it is worth far less today than it was in the late 1960s. If the federal minimum wage had kept up with inflation since 1968, it would be more than \$9.50 in 2014 dollars.<sup>91</sup> Other estimates show that if the federal minimum wage had kept up with productivity, it would be approximately \$22 in 2014 dollars.<sup>92</sup> This slow hourly wage growth has become an especially challenging hurdle for workers because wage-related income accounts for the vast majority of total market income for those at the middle or near the bottom of the income distribution.<sup>93</sup>

Despite the importance of improving wage standards such as the minimum wage, the majority of Republican 2016 hopefuls are overwhelmingly hostile to any minimum wage increase. In 2014, 41 Republican senators with an estimated average net worth of \$8.1 million in 2013<sup>94</sup> voted against giving Americans a nearly \$6,000 annual raise. This included all four GOP 2016 contenders from the Senate,<sup>95</sup> including Sen. Cruz, who is worth an estimated \$3 million but refused to raise the minimum wage to \$10.10 per hour.<sup>96</sup>

GOP 2016 hopefuls coming from state governor mansions also opposed the minimum wage. For example, Sen. Rubio does not believe that minimum wage laws work “in terms of having the middle class attain more prosperity.”<sup>97</sup> Former Gov. Jeb Bush said “We need to leave it to the private sector. I think state minimum wages are fine. The federal government shouldn’t be doing this.”<sup>98</sup> He even argued that he opposed the minimum wage because: “We’re moving to a world that is sticky in the ends, where it’s harder for people in poverty to move up and where

the rich are doing really well and the middle is getting squeezed and any idea that perpetuates that is one that I would oppose, and I think this minimum wage idea is exactly one of those things.”<sup>99</sup>

New Jersey Gov. Christie complained that he was “tired of hearing about the minimum wage.”<sup>100</sup> Gov. Christie then vetoed a minimum wage bill raising the minimum wage in New Jersey from \$7.25 to \$8.50.<sup>101</sup> A year later, voters in his own state overruled his veto by passing a constitutional amendment raising the minimum wage to \$8.25.<sup>102</sup>

Not to be outdone by his rivals, Wisconsin Gov. Walker does not believe the minimum wage serves a purpose<sup>103</sup> and has called it a “lame” idea.<sup>104</sup> Gov. Walker has gone so far against improving incomes for workers that he changed a law in Wisconsin that guarantees Wisconsinites a living wage. Last year, Wisconsin workers sued Gov. Walker for refusing to consider increasing the state’s \$7.25 minimum wage under the state’s living wage law.<sup>105</sup> The law gives Wisconsinites the power to file a complaint with the state for not being paid a “living wage,” which the state considers a compensation that is “sufficient” for workers to have “reasonable comfort, reasonable physical well-being, decency, and moral well-being.”<sup>106</sup> Gov. Walker’s administration, however, rejected the complaint, finding that there was no “reasonable cause” to believe that the wages paid “are not a living wage.”<sup>107</sup>

Gov. Walker’s administration rejected the complaints that \$7.25 an hour is not a living wage in Wisconsin, despite the fact that studies—including one conducted by the Massachusetts Institute of Technology—find that a living wage for one adult with no children in Wisconsin is \$10.13 an hour in 2014.<sup>108</sup> If every minimum wage worker in Wisconsin made \$10.13 an hour instead of \$7.25 an hour, each worker would earn approximately \$5,990 more per year. If all workers making the minimum wage in Wisconsin instead received the living wage of \$10.13, those workers would receive approximately \$245,600,000 more in income annually.<sup>109</sup> Gov. Walker has gone even further recently by passing a budget that would replace all references of a “living wage” in the Wisconsin statutes.<sup>110</sup>

Given the GOP hopeful’s reluctance to support raising the federal minimum wage to \$10.10, it is doubtful that they would support the new legislation introduced by Sen. Patty Murray and Rep. Bobby Scott to raise the federal minimum wage to \$12.00 per hour by 2020.<sup>111</sup>



What these GOP contenders fail to realize, however, is the importance of having a strong wage floor both in combatting income inequality and in spurring economic growth. First, academic research has shown that the decline of the minimum wage's real value contributes to the rise in inequality.<sup>112</sup> In fact, the declining real value of the minimum wage explains half of the expansion of the 50/10 wage gap—the gap between median-wage workers and the bottom 10th percentile—for women from 1979 to 2012.<sup>113</sup>

Second, increasing the minimum wage is good for the economy. Increasing the minimum wage would immediately put more money in the pocket of workers, who will funnel it back into the local economy by spending the money on housing, food, and gas. This boost in demand for goods and services will help stimulate the economy and help create opportunities for all Americans. Indeed, research from the Federal Reserve Bank of Chicago shows that a \$1 minimum wage hike increases spending by about \$700 per quarter in the year following the increase.<sup>114</sup> Moreover, raising the minimum wage would create a spillover effect for workers making above the minimum wage—just a 10 percent increase would raise wages for about one-fifth of workers.<sup>115</sup> This spillover effect was recognized in a letter by 600 economists supporting an increase in the minimum wage.<sup>116</sup>

Many of these Republican hopefuls hail from states that would benefit the most from raising the federal minimum wage to \$12.00 per hour. South Carolina, Kentucky, Texas, and Louisiana are among the top 15 states that would have the largest percentages of their workforce benefit if the federal minimum wage were raised to \$12 by 2020.<sup>117</sup> Yet, Sens. Graham<sup>118</sup> and Paul<sup>119</sup> and Govs. Perry<sup>120</sup> and Jindal<sup>121</sup> all oppose raising the federal minimum wage to even just \$10.10, not to mention \$12.

TABLE 2

## GOP candidates oppose raising the minimum wage, despite how many people it would benefit in their home states

Percentage of workforce that would be affected by increasing federal minimum wage to \$12 per hour by July 2020

Ranking	State	Workforce percentage that would benefit from increasing the federal minimum wage to \$12	Ranking	State	Workforce percentage that would benefit from increasing the federal minimum wage to \$12
1	AR	33.10%	26	ME	26.20%
2	NC	32.50%	27	NE	26.00%
3	MS	31.60%	<b>28</b>	<b>OH</b>	<b>25.90%</b>
4	TN	30.90%	29	IL	25.30%
5	ID	30.80%	30	DE	24.80%
6	WV	30.60%	31	HI	24.30%
7	MT	30.30%	32	PA	24.30%
<b>8</b>	<b>SC</b>	<b>30.20%</b>	33	CA	24.00%
9	AL	29.90%	<b>34</b>	<b>WI</b>	<b>23.80%</b>
<b>10</b>	<b>KY</b>	<b>29.80%</b>	35	RI	22.80%
11	GA	29.50%	36	VA	22.80%
12	NV	29.50%	37	WY	22.50%
13	NM	29.40%	38	NY	22.30%
<b>14</b>	<b>TX</b>	<b>29.40%</b>	39	ND	22.00%
<b>15</b>	<b>LA</b>	<b>29.30%</b>	40	OR	22.00%
16	IN	29.20%	41	NH	21.50%
17	AZ	28.70%	42	MN	20.80%
18	KS	27.80%	<b>43</b>	<b>NJ</b>	<b>20.50%</b>
19	IA	27.10%	44	MD	20.30%
20	OK	27.00%	45	CT	20.20%
<b>21</b>	<b>FL</b>	<b>26.80%</b>	46	CO	20.10%
22	MI	26.60%	47	VT	18.40%
23	MO	26.60%	48	WA	18.20%
24	SD	26.80%	49	MA	16.60%
25	UT	26.60%	50	AK	15.60%

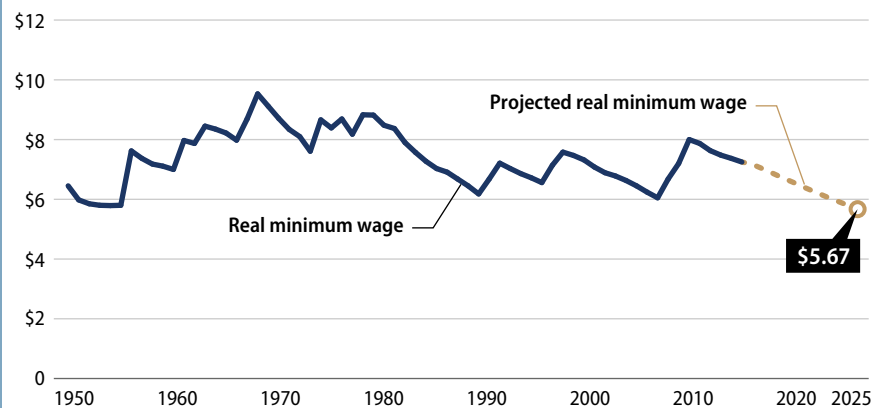
Reproduced from David Cooper, "Raising the Minimum Wage to \$12 by 2020 Would Lift Wages for 35 Million Workers" (Washington: Economic Policy Institute, 2015), available at [www.epi.org/publication/data-tables-raising-the-minimum-wage-to-12-by-2020-would-lift-wages-for-35-million-workers/](http://www.epi.org/publication/data-tables-raising-the-minimum-wage-to-12-by-2020-would-lift-wages-for-35-million-workers/).

The Republican presidential contenders' opposition to the minimum wage bodes poorly for working families. If the minimum wage is not raised, its real value would continue to deteriorate over time. Should a Republican hold the presidency for two terms after President Obama and continue to block minimum wage hikes, by the end of the second term, the real value of the minimum wage would fall to below \$6 an hour in today's dollars, its lowest level in 70 years.

FIGURE 2

**A two-term GOP president would leave the real minimum wage at its lowest level in 70 years**

Historical real minimum wage and projected real minimum wage if not raised by 2025



Source: Author's analysis based on U.S. Department of Labor, "History of Federal Minimum Wage Rates Under the Fair Labor Standards Act, 1938–2009," available at <http://www.dol.gov/whd/minwage/chart.htm>; Inflation between 1950–1966 based on the consumer price index for all urban consumers, or CPI-U; inflation between 1967–1977 based on CPI-U-X1, an experimental consumer price index series; inflation between 1978–2014 based on the consumer price index research series using current methods, or CPI-U-RS, available from the U.S. Bureau of Labor Statistics; Projected inflation between 2014–2025 based on Congressional Budget Office, *The Budget and Economic Outlook: 2015 to 2025* (2015), available at <https://www.cbo.gov/publication/49892>.

Reforming overtime rules

Not only has the real value of the minimum wage failed to keep up with inflation, but other important workplace standards, such as overtime rules, have also deteriorated over the past few decades. Overtime rules provide nonexempt workers with time and a half pay after more than 40 hours of work in one week. Overtime rules used to ensure that Americans were paid for their hard work. But over the years, the rule has been whittled away by inflation, covering fewer and fewer people. Thus, it is not surprising that while Americans may be working harder, they are not seeing the rewards of their labor.

Under the current rules, most workers making less than the salary threshold of \$23,660 would qualify for overtime pay.<sup>122</sup> But this salary threshold has failed to keep up with inflation and its real value has fallen by more than half. Back in 1975, overtime rules were a policy that the vast majority—62 percent—of salaried workers enjoyed.<sup>123</sup> But today, only 8 percent have a guaranteed right to overtime pay.<sup>124</sup> In fact, the salary threshold of \$23,660 is below the poverty level for a family of four.<sup>125</sup>

Recently, the Obama administration announced plans to reform overtime rules and raise the salary threshold to \$50,440 by 2016. This higher threshold would benefit nearly 5 million workers and ensure that hard work is honored.<sup>126</sup> Several Republican 2016 hopefuls, however, have come out against the proposed rule.

In July, during an interview with the New Hampshire Union leader, Gov. Bush explained that “people are going to have to work longer hours and, through their productivity, gain more income for their families.”<sup>127</sup> But even though Gov. Bush wants Americans to work more, he is against paying them overtime wages. He explained at a campaign event that he thought the overtime reform rules would prevent employers from giving managers bonuses.<sup>128</sup> Gov. Bush wholly misses the point. Americans are already working plenty hard. In fact, on average, Americans work longer hours than workers in all other developed nations, other than South Korea.<sup>129</sup> Moreover, American workers are also very productive: productivity in the United States grew by 64.9 percent between 1979 and 2013,<sup>130</sup> but hourly compensation for most workers did not keep up, growing only 8.2 percent.<sup>131</sup>

Likewise, Gov. Walker and former Gov. Perry also oppose reforming overtime rules. Gov. Walker claimed that the reforms would “lead to lower base pay and benefits and will cut workers’ hours and flexibility in the workplace.”<sup>132</sup> Meanwhile, Gov. Perry argued the reforms would “increase the cost of hiring new workers.”<sup>133</sup>

All three governors have not only sidestepped the issue of whether Americans should be paid for their extra hours of labor, but they have also ignored the fact that boosting pay for workers is good for the economy. Putting more money in the pocket of working families would lead to more money spent in the community. Economists at University of California, Berkeley and London School of Economics show that the bottom 90 percent of American families spends almost their entire income—which puts money back into communities—while the top 1 percent spend only two-thirds.<sup>134</sup> Thus, increasing middle-class incomes will do more for the U.S. economy by kick starting consumer spending than boosting the profits of the top 1 percent.

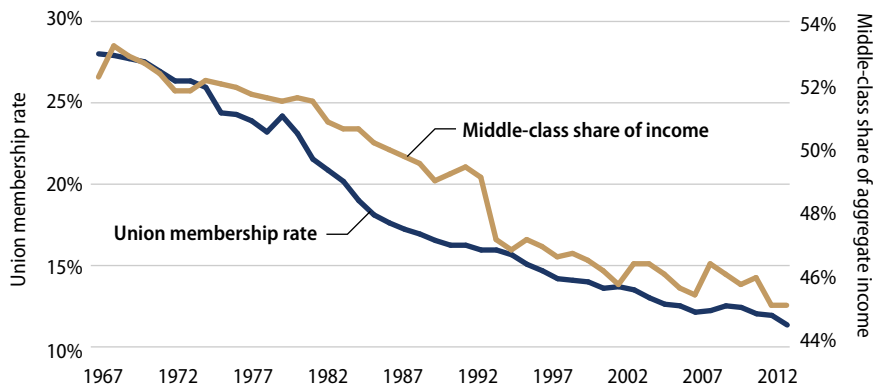
Moreover, these arguments against reforming overtime contradict each other and cannot be simultaneously true: Gov. Walker claims that overtime reform would reduce base pay, while Gov. Perry claims it would increase labor costs for businesses. The only way that raising the overtime threshold would increase corporations' labor costs is if businesses have to raise pay—through either paying time and a half or raising employees' salaries above the threshold. In fact, it is more likely that overtime reform would create jobs: a report from the National Retail Federation, which opposes the overtime rule, concedes that raising the overtime threshold to \$51,168 a year would create approximately 118,000 jobs in their industry alone because employers would find it less expensive to hire new workers, instead of paying overtime to existing workers.<sup>135</sup> Thus, they have an incentive to hire more and tighten the labor market. If Republican hopefuls are truly concerned about helping working- and middle-class families get ahead, they need to stop standing in the way of sensible reforms that would raise pay for workers and create jobs.

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### Bargain for higher wages

Another reason that middle-class incomes are stuck is because of declining union membership. Historically, unions have proven effective in helping workers negotiate higher wages; middle-skilled workers in unions make 20 percent more than nonunion middle-skilled workers.<sup>136</sup> At the same time, unions raise wages for all workers because nonunion firms must compete for workers with unionized firms offering higher wages.<sup>137</sup> Moreover, unions are the most important political advocates of the middle class. A recent study on interest groups and political influence found that most of the national groups that supported middle-class priorities were unions.<sup>138</sup> Today, however, the percentage of private sector workers in unions in the United States is almost one-fourth of its 1973 level.<sup>139</sup> And accompanying the decline in union membership rates is the decline of middle-class incomes.

**FIGURE 3**  
**As union membership rates decrease, middle-class incomes shrink**



Source: Union membership rate is from Barry T. Hirsch, David A. MacPherson, and Wayne G. Vroman, "Estimates of Union Density by State," *Monthly Labor Review* 124 (7) (2001). Middle-class share of aggregate income is from the U.S. Census Bureau, Current Population Survey (Department of Commerce).

Middle-class workers need reforms to the nation's collective bargaining system that will enable workers to form unions easily, instead of encouraging businesses to fight them. Unfortunately, Republicans hostility stands in the way of union growth. Over the past four years, Republicans have launched an unprecedented wave of attacks to weaken the collective bargaining rights of workers. In 2011 and 2012 alone, 13 states with Republican governors passed laws restricting public employees unions, while Michigan and Indiana passed right-to-work laws.<sup>140</sup>

Republican presidential candidates would go even further to reduce workers' already weak bargaining power. Wisconsin Gov. Walker led the state-level attacks on unions and recently made Wisconsin a right-to-work state. He claimed that his anti-union legislation would help him create 250,000 jobs during his four-year term;<sup>141</sup> Wisconsin has seen less than half of that growth.<sup>142</sup> In fact, in 2014, Wisconsin ranked 38th in the nation on job growth.<sup>143</sup> Wisconsin performed even worse on middle-class incomes. From 2011 to 2013, median household income fell \$728.<sup>144</sup> Overall, Wisconsin ranked 44th for middle-class income growth from 2011 to 2013.<sup>145</sup>

And while Wisconsin did not experience the job growth that Gov. Walker promised, its public employees bore the brunt of his decision: Union workers experienced an 8 percent to 10 percent take-home pay cut because of Gov. Walker's anti-union legislation.<sup>146</sup> That's hardly the way to improve incomes for working- and middle-class families.



Meanwhile, in March, all but one U.S. Senate Republican voted to kill a rule from the National Labor Relations Board to streamline the union-election process and make it harder for employers to undermine their employees' collective bargaining rights.<sup>147</sup> Sen. Rubio also partnered with Sen. Lamar Alexander (R-TN) on a bill that would allow managers to play favorites among unionized workers when doling out raises, essentially ending workers' ability to work together to raise wages since the workers could not bargain over the raises.<sup>148</sup>

Should Republicans succeed in their quest to further shrink unions, it could mean a continued decrease in middle-class wages and an increase in inequality. As shown in Figure 3, the decline in union membership has been correlated to the decline in middle-class incomes. Unsurprisingly, countries and U.S. states with the highest rates of union membership have the largest middle classes.<sup>149</sup> Additionally, lower unionization rates are also correlated with higher income inequality.<sup>150</sup> Indeed, the decline in unionization accounts for approximately half of the rise in the share of income going to the richest 10 percent in advanced economies, according to an analysis by the International Monetary Fund.<sup>151</sup> At a time when working- and middle-class families are incredibly strained and inequality runs rampant, the last thing Americans need is to weaken the middle class further or to increase inequality.

# Slashing education investments and undermining a key ladder of opportunity

At the same time that wages have declined or stagnated for middle-class families, the price of basic middle-class necessities has steadily risen. Families feel like their wages have not kept up with the cost of living, and that's exactly what's happened.

Looking closer, between 2000 and 2011, while real middle-class wage income fell 2 percent,<sup>152</sup> the price of higher education grew more than three times faster than overall inflation.<sup>153</sup> Adding to this difficult scenario is the fact that the rising cost of college reduces economic opportunity for families. A college degree in the 21st century is becoming what high school education was in the 20th century—that is to say, the gateway to the middle class. Indeed, the typical young college graduate earns 63 percent more than the typical young high school graduate.<sup>154</sup> College graduates are also one-third as likely to be unemployed as high school graduates.<sup>155</sup> Meanwhile, net tuition—which accounts for financial aid—at public four-year colleges has risen a staggering 21 percent between the 2008–09 and 2014–15 school years after inflation.<sup>156</sup>

One way students have coped with rising tuition is by taking on more debt. Between 2008 and 2012, the share of students borrowing to finance their education increased from 35 percent to 40 percent, and the average amount borrowed annually increased from \$6,200 to \$7,800.<sup>157</sup> This rising loan burden leaves our next generation saddled with debt and holds back the country's economy overall. For example, student loan debt is preventing Millennials from buying homes<sup>158</sup> and may be holding them back from becoming entrepreneurs.<sup>159</sup> In comparison to the skyrocketing tuition for U.S. colleges, countries around the world are doubling down on their investments in the next generation. In 2014, Germany, for example, eliminated tuition fees for its citizens and even foreigners.<sup>160</sup> Meanwhile, South Korea's education budget is six times bigger than it was in 1990.<sup>161</sup> It's not surprising then that in 2011, among the countries participating in the Organisation for Economic Co-operation and Development, or OECD, South Korea had the highest percentage of 25 to 34 year olds who held at least an associate's degree—64 percent.<sup>162</sup>

Based on what the GOP presidential candidates have been saying lately, they appear to understand the plight of American students. For example, Sen. Rubio speaks about the importance of a higher education:

*Those with the right advanced education are making more than ever. But those that do not are falling farther and farther behind. ... The result is a growing opportunity gap between the haves and the have-nots, those who have advanced education and those who do not. And if we do not reverse that trend, we will lose the upward mobility that made America exceptional.*<sup>163</sup>

Meanwhile, Gov. Perry has professed concern about how “out of pocket health-care costs, housing, college tuition, all of them have gone up faster than wages have. Student debt is at an all-time high, and this has to change. It’s time to restore hope and opportunity to middle class America.”<sup>164</sup> Joining the discussion is Gov. Walker, who has remarked that “Most people weren’t seeing their wages go up anywhere near what tuition was in the past.”<sup>165</sup>

Despite this change in rhetoric, Republican 2016 hopefuls have blocked meaningful attempts to help borrowers reduce their student debt payments. Unlike a mortgage, student loan borrowers cannot easily refinance their debt, and many are forced to continue paying thousands of dollars more because they borrowed at the wrong time.<sup>166</sup> In June 2014, the Senate considered a bill that would allow borrowers to refinance their student loans, saving them as much as \$14 billion per year in interest payments.<sup>167</sup> Sens. Cruz, Paul, and Rubio all voted against the measure.<sup>168</sup>

Instead of supporting a common-sense proposal allowing borrowers to refinance their loans, Sen. Rubio proposed a “Student Investment Plan,” whereby students could apply for investors to pay a student’s tuition.<sup>169</sup> Student would then repay the investors with a percentage of their income for a set period of time after graduating, even if the payment does not amount to the original investment.

Beyond the obvious problems of encouraging students to beg investors to help them attend college, Sen. Rubio’s plan does not address the rising costs of tuition and would amount to the federal government giving up on helping students pay for college by letting private investors finance low-income students’ education. It is also likely that the private market would not provide opportunities on the scale the federal government does and the terms would be much worse than even current federal loans since many borrowers are young people with no credit history and/or persons of color who are traditionally ill-served by banks. The

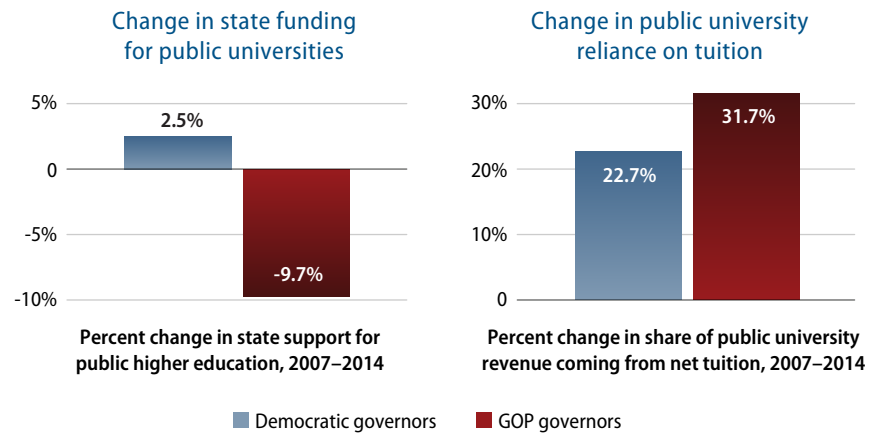
private student loan market—which serves the least risky borrowers who have a cosigner—offers dubious products with high interest rates and few protections. Private student investment plans are a talking point—not a real method of delivering opportunity to the millions of students who borrow for school each year.

Meanwhile, Sen. Paul would allow college students to deduct the cost of their college tuition over the course of their working career.<sup>170</sup> The idea, however, also does nothing to address the rising cost of tuition and would not help college graduates who earn too little to itemize their deductions; 78 percent of taxpayers making between \$20,000 and \$50,000 do not itemize their deductions as do 45 percent making between \$50,000 and \$100,000.<sup>171</sup> Most importantly, Sen. Paul's plan does nothing to reduce the immediate cost of a college education as state funding for public universities and Pell Grants have helped to ease the cost. As a matter of fact, Sen. Paul would make the immediate problem worse by eliminating the Department of Education and capping federal spending on Pell Grants at \$16 billion—an amount that would fall in real value over time since he does not peg the cap to inflation.<sup>172</sup>

In addition to Republicans presidential candidates blocking real attempts to ease student debt, Republicans governors running for office have also dramatically cut higher education investments in states. The real source of the rising cost of public college—which 73 percent of students in the middle 20 percent of the income distribution attend<sup>173</sup>—is no mystery: State funding for public colleges has declined 10 percent between 2007 and 2014.<sup>174</sup> State budget cuts have forced public universities to balance their budgets by raising tuition.<sup>175</sup> The best way to reverse tuition increases is to reverse the state higher education cuts that caused them in the first place.

While both Democratic and Republican governors have cut state higher education spending since the Great Recession, overall, more cuts have occurred under Republican leadership.<sup>176</sup> Between January 2008 and January 2014, there were 13 states that continually had a Democratic governor and 15 states that continually had a Republican governor. Between 2007 and 2014, real state funding for public universities grew 3 percent in states with a Democratic governor, but fell 10 percent in states with Republican governors.<sup>177</sup> These cuts to state's higher education budgets forced major tuition increases, especially in states with Republican governors. Between 2007 and 2014, public universities in states with Republican governors increased their reliance on tuition dollars by 32 percent, while universities in states with Democratic governors only increased their reliance on tuition by 23 percent.<sup>178</sup>

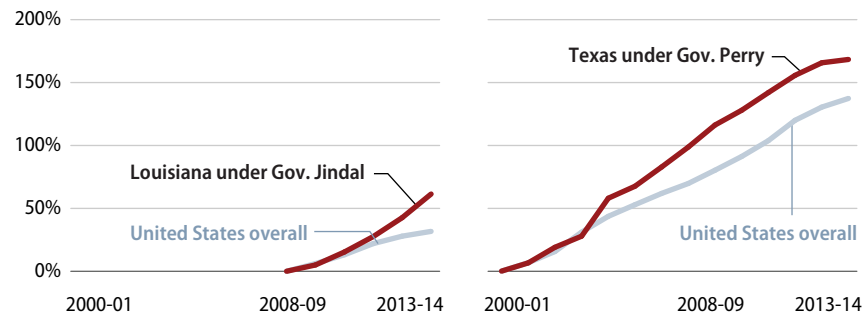
**FIGURE 4**  
**GOP governors have led the charge of state divestment in higher education**



Note: Party affiliation of governor is determined by the party affiliation of elected governors from January 2008 until January 2014.  
 Source: Authors' analysis using data from State Higher Education Executive Officers Association, "SHEF—State Higher Education Finance FY14," available at <http://www.shceo.org/resources/publications/shef—state-higher-education-finance-fy14> (last accessed July 2015).

**FIGURE 5**  
**Tuition skyrocketed under Louisiana Gov. Bobby Jindal (R) and Texas Gov. Rick Perry (R)**

Percent increase in average undergraduate tuition and fees paid by full-time students attending four-year, public higher education institutions



Note: Dollars are current dollars, not adjusted for inflation.  
 Source: Authors' calculation of National Center for Education Statistics database regarding average undergraduate tuition and fees and room and board rates paid by full-time-equivalent students in degree-granting institutions, (2000–2013), available at <http://nces.ed.gov/programs/digest/>.

As states write their budgets in 2015, state-level Republican leaders have doubled down on cutting funding to universities. For instance, Wisconsin Gov. Walker has proposed a \$300 million cut to the University of Wisconsin system, a 13 percent reduction in funding.<sup>179</sup> Although Gov. Walker simultaneously enacted a two-year tuition freeze, the freeze would not actually keep the net price of college the same since the cuts would reduce financial aid and access, as University of Wisconsin-Madison Chancellor Rebecca Blank pointed out.<sup>180</sup> For some universities, such as University of Wisconsin-Rock County, the funding levels would be cut to 1998 levels and would lead to faculty layoffs.<sup>181</sup> Meanwhile, administrators at University of Wisconsin-Eau Claire have had to offer buyouts to one-quarter of campus employees.<sup>182</sup>

While Wisconsin students will likely suffer from the reduced faculty, staff, and services, the wealthiest in Wisconsin will benefit. The *Milwaukee Journal-Sentinel* reported that the savings from education spending would “mostly go toward property tax relief,”<sup>183</sup> which predominantly benefits the wealthy.<sup>184</sup>

Similarly, Texas Gov. Perry cut higher education by \$1.2 billion in his 2012 budget despite the state’s \$6 billion in reserves.<sup>185</sup> Tuition has also increased sharply from the beginning of Perry’s term to his last year in office: Tuition and fees went up more than 168 percent in nominal terms from 2000 to 2013, far higher than the national increase of 137 percent.<sup>186</sup> If the average national tuition and fees had increased at the same rate as in Texas under Perry’s tenure, then tuition and fees would have been nearly \$1,100 higher during that time.<sup>187</sup>

Not to be outdone, Louisiana Gov. Jindal has proposed between \$200 million to \$300 million in cuts to his state’s universities in 2015,<sup>188</sup> even though Louisiana already ranked third in higher education cuts from the 2007 to 2014. Louisiana’s public universities’ reliance on tuition for revenue increased 58 percent during that span.<sup>189</sup> Gov. Jindal should reconsider his proposed cuts to Louisiana universities since tuition has already been skyrocketing for Louisiana students. From the beginning of Jindal’s term in 2008 to the 2013-14 school year, tuition and fees in Louisiana for four-year public schools increased more than 61 percent—this is nearly double the national increase of 31.7 percent.<sup>190</sup> If the average national tuition and fees had increased at the same rate as in Louisiana under Gov. Jindal’s term, then tuition and fees would have been nearly \$1,900 higher during that time.<sup>191</sup> Fortunately, even the GOP-controlled Louisiana legislature thought Jindal’s proposed cuts were too drastic and rejected them.<sup>192</sup>



# Conclusion

Working- and middle-class families need real solutions to the problems they are grappling with around the kitchen table. They need workable solutions to the pressure created by the changing demands of the family and workplace, the economic insecurity caused by insufficient incomes, and the ever-rising cost of living.

Finally, if belatedly, recognizing the needs and concerns of the middle class, Republicans—many of whom spent the past 15 years arguing that investing in the wealthy would eventually help all Americans—are now telling working families that they are focused on their challenges and appreciate that a strong middle class is critical for a healthy, growing economy. But their policies do the exact opposite. The policy agendas advanced by Republicans continue to serve the wealthy and fail to promote higher wages or to take the steps necessary to reduce skyrocketing costs faced by middle-class families.

Pairing the old, failed, top-down policies with new populist rhetoric may be smart politics, but in reality, it is as disingenuous as it is dangerous.



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The Center for American Progress Action Fund is an independent, nonpartisan policy institute and advocacy organization that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country.

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As progressives, we believe America should be a land of boundless opportunity, where people can climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity.

And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

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We develop new policy ideas, challenge the media to cover the issues that truly matter, and shape the national debate. With policy teams in major issue areas, The Center for American Progress Action Fund can think creatively at the cross-section of traditional boundaries to develop ideas for policymakers that lead to real change. By employing an extensive communications and outreach effort that we adapt to a rapidly changing media landscape, we move our ideas aggressively in the national policy debate.

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