



A Road-Map for Ensuring Workers' Economic Security and Expanding the Middle Class

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Starting Point

The starting point for achieving economic security and expanding the middle class is to recognize the connections that *all* adults have with the labor market and paid work.

Starting Point

All adults, at *all* times, have *some* relationship with work:

- They may be unemployed or underemployed...that is: they lack paid work.
- The vast majority are employed...and have full-time work.
- Some take temporary leave from work...then return to work.
- A significant share have a disability so severe that they cannot work.
- A large number worked for decades, and then retired from work in old age.

Starting Point

The problem is: Far too many American adults do not bring home enough income to live on from their different relationships with work.

Their income shortfall stems from two fundamental flaws:

1. The labor market shortcomings, especially:
 - Too few jobs most of the time, and
 - Far too many low-paying jobs
2. To Government's failure to correct these shortcomings with sound policy.

The Power of a Policy Package

An independent analysis by the Urban Institute, published in August 2025, found that a **combination** of federal policy reforms -- a seven-part, work-based “policy package” -- will **dramatically** improve American workers’ economic security and **greatly** expand the nation’s middle class.

Three Work-Based Principles

First: **Make work available** for all unemployed and underemployed adults until they are absorbed in the regular labor market;

Second: **Make work pay enough** for all workers to join the middle class...raising workers' wages, earnings, and income...and lowering the cost of child care;

Third: **Make sure a decent income** is provided to all adult citizens with a disability so severe that they can't work, and seniors who retire after years of work.

Seven Components

The Urban Institute examined, for 2018, these 7 policies...separately and as a package:

1. A national Transitional Jobs program (similar to the WPA);
2. A much higher federal minimum wage...roughly \$17.50/hour today;
3. A bigger EITC...with no marriage penalty;
4. Renewal of the expanded Child Tax Credit;
5. Affordable childcare;
6. A higher SSI benefit set at 175% of the poverty line; and
7. A minimum Social Security benefit set at 190% of the poverty line.

Seven Components

The Urban Institute examined, for 2018, these 7 policies...separately and as a package:

To Make Work Available.

1. A national Transitional Jobs program (similar to the WPA);

To Make Work Pay.

2. A much higher federal minimum wage...roughly \$17.50/hour today;
3. A bigger EITC...with no marriage penalty;
4. Renewal of the expanded Child Tax Credit;
5. Affordable childcare;

To Make Sure Disabled and Retired Workers Have a Decent Income.

6. A higher SSI benefit set at 175% of the poverty line; and
7. A minimum Social Security benefit set at 190% of the poverty line.

Components of the Policy Package	Brief Description	Phase Out Policy--IF Applicable		
	<i>Proposed 2018 dollar amounts to be adjusted for inflation</i>		<i>Proposed 2018 dollar amounts to be adjusted for inflation</i>	
		<u>Start</u>	<u>Rate</u>	<u>End</u>
(1) Transitional Jobs for Unemployed and Underemployed Workers	A national Transitional Jobs (TJ) program (similar to the New Deal's CCC and WPA) would be established. Its workers would earn the new minimum wage (below) for up to 40 hours/week (when TJ work and work in the regular labor market are combined).	No Phase-Out	
(2) Higher Federal Minimum Wage	The minimum wage would rise, in 2018 dollars from \$7.25 to \$13.75/hour. The "tipped" minimum would rise from \$2.13/hr to \$6.00/hr. The proposed \$13.75 minimum wage for 2018 is equivalent to approximately \$17.50 in 2025.	No Phase-Out	
(3) Bigger Federal Earned Income Tax Credit (EITC)	The EITC would be 50% of earning, up to \$4,000/year for each worker plus up to \$2,500/year for a 1st and a 2nd child ... with no marriage penalty	\$20,000	Worker: 6% 1 Child: 3.75% 2 Children: 7.5%	\$86,667
(4) Larger Child Tax Credit (CTC)	The Child Tax Credit would be returned to the levels used in 2021: • For a child 0-5, \$3,600/year •For a child 6-17, \$3,000/year	Single: \$87,000. Married: \$174,000	10%	If child is 0-5: • Single: \$123,000 • Married: \$210,000 If child is 6-17: • Single: \$117,000 • Married: \$203,000
(5) Child Care Purchasing Accounts	Free Childcare Purchasing Accounts would be provided for all eligible children, enabling their parents for up to 25 days per month to pay \$50/day for a child 0-2, \$40/day for a child 3-5, and \$35/day for a child 6-12 (with amounts and ages adjusted if a child has special needs) to qualified childcare providers.	No Phase-Out	
(6) Higher Supplemental Security Income (SSI) Benefit	For adults getting SSI, the SSI benefit would be set at 175% of the DHHS poverty line for a single adult, thus raisng the 2018 from \$9,000/year to \$21,245	After SSI recipient's taxable income exceeds \$5,000/yr (or \$10,000/yr if joint filers)	SSI benefit declines by 50¢ for each \$1 of extra taxable income	•If single: \$48,000 •If married and joint filers: If only one SSI recipient, \$53,000 of total incomeIf both SSI recipients, \$95,000 of total income
(7) Higher Social Security Minimum Benefit	(7) The minimum Social Security benefit would increse to 190% of DHHS's poverty line for a single adult, which in 2018 would be \$23,066/year	No Phase-Out	

Shared Design Features

Promote Work

Enable, encourage, and reward work

Avoid Poverty-Requiring “Means Tests”

Do not add new “means tests”... and end some existing ones

Remove Barriers to Marriage

Avoid penalizing marriage...and end a major marriage penalty

Components of the Policy Package	Work-Based ?	Means-Tested for Poor Persons ? ##	Marriage Penalty ?
<i>Proposed 2018 dollar amounts to be adjusted for inflation #</i>			
Jobs			
(1) A national Transitional Jobs (TJ) program (similar to the New Deal's CCC and WPA) whose workers would earn the new minimum wage (below) for up to 40 hours/week (when TJ work and work in the regular labor market are combined).	Yes	No	No
Minimum Wage			
(2) A much higher federal minimum wage, raised in 2018 dollars from \$7.25/hour to \$13.75/hour. Tipped" minimum to rise from \$2.13/hr to \$6.00/hr	Yes	No	No
EITC			
(3) A bigger Earned Income Tax Credit (EITC), up to \$4,000/year for each worker plus \$2,500/year for 1st and 2nd child ... with no marriage penalty	Yes	No	No
CTC			
(4) Renewal of the expanded Child Tax Credit •Child 0-5, \$3,600/year •Child 6-17, \$3,000/year	Yes, under current law. No, in 2021 expansion and as modeled by Urban Institute. A modified past OR current "worker" test could be added that would have only a small impact on eligibility. *	No	No
Child Care			
(5) Free Childcare Purchasing Accounts, for all eligible children, enabling their parents for up to 25 days per month to pay \$50/day for a child 0-2, \$40/day for a child 3-5, and \$35/day for a child 6-12 (with amounts and maximum age adjusted if a child has special needs) to qualified childcare providers	Work search, activity, or history not required...but most parents are working (or an unemployed , disabled , or retired worker). **	No	No
SSI			
(6) For adults getting SSI, an SSI benefit set at 175% of the DHHS poverty line for a single adult, thus raising the 2018 from \$9,000/year to \$21,245	Yes...in the sense that eligibility for SSI (and for Social Security Disability Insurance, SSDI) requires a determination that the individual is unable to work ("engage in substantial gainful employment"). ***	Current law limits eligibility to very low-income individuals. The proposal creates no new income test. The asset test is eliminated.	No
Social Security			
(7) A minimum Social Security benefit increaed to 190% of DHHS's poverty line for a single adult, which in 2018 would be \$23,066/year	Yes	No	No

Propsed dollar amounts, shown in 2018 dollars, would be adjusted for inflation. The proposed \$13.75 minimum wage for 2018 is equivalent to approximately \$17.50 in 2025 dollars.

##Means-Tested programs limit their benefits to individuals with no income or a low income, typically 100%-200% of the poverty line. At specified income levels, the benefit ends. If the benefit is money or a cash equivalent, the benefit may steadily decline to \$0. Some benefits faces a “cliff,” dropping abruptly from a higher level to \$0 if income rises by \$1.

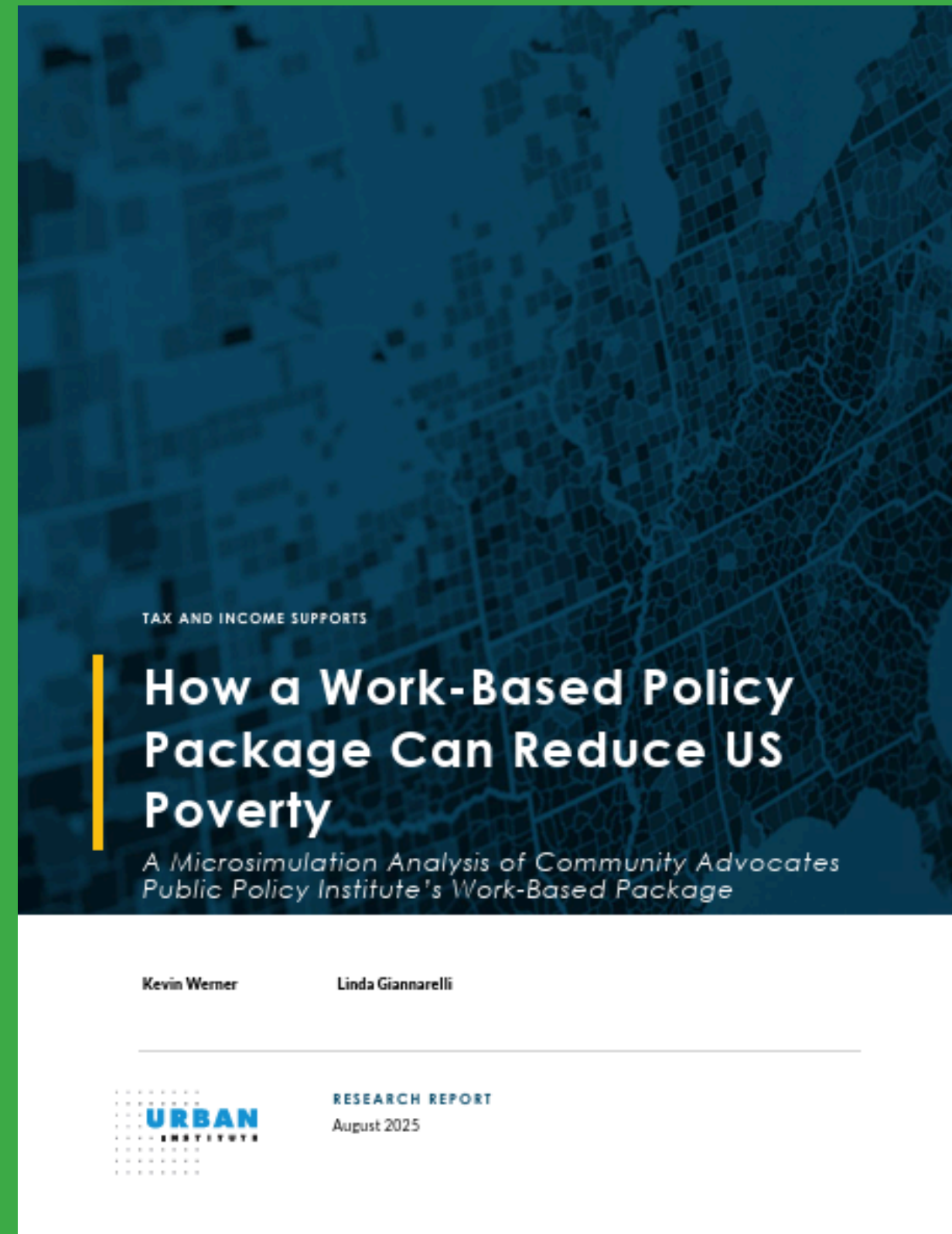
*CTC could be based on parent’s status as a worker--not dependent on current earnings, but on past OR present work history (e.g., sufficient number of Social Security work quarters).

***”In 2024, about 68.3% of U.S. mothers with children under age 6 are currently working or actively looking for work, while the labor force participation rate for fathers with children under 6 is 94.9%. These rates include parents who are either employed or unemployed but seeking work.” Source: Perplexity AI, 2025-9-21.

***Also, of the roughly two-thirds of SSI recipients who receive only SSI (not Social Security in any form), a significant share--though fewer than 20%--had a work history. Of the roughly one-third of SSI recipients who also receive Social Security, most had a work history...especially men (95%)

Policy Package Details & Data Source

Kevin Werner and Linda Giannarelli
Urban Institute Research Report
August 2025



Scan the QR code below to read
the report.



A Road-Map for Ensuring Workers' Economic Security and Expanding the Middle Class

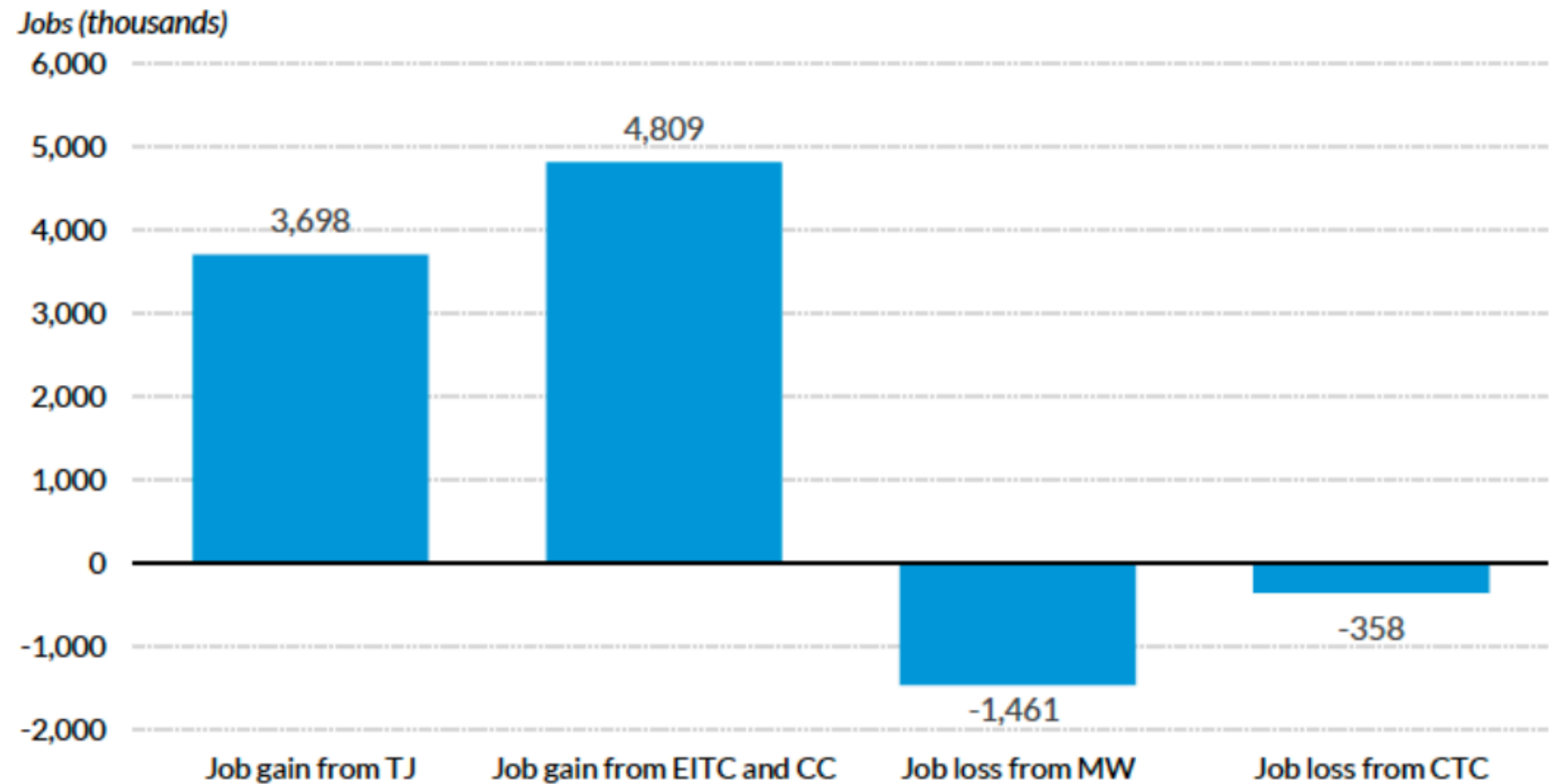
Impact on Employment and Earnings: Very Large Gains

Net Increase in Workers' Employment: **6.688 million**

2018 employment would increase from 167.555 million
to 174.243 million.

FIGURE 8
Effect of Proposed Policy Package on Employment

Package with employment effects



URBAN INSTITUTE

Source: TRIM3 microsimulation model.

Net Increase in Workers' Earnings: **\$323.4 billion**

2018 earnings would grow from \$9,204.6 billion
to \$9,528.0 billion.

Impact on Poverty

Individual Components

The **individual** components have a small-to-modest impact on poverty.

Policy Package as a Whole

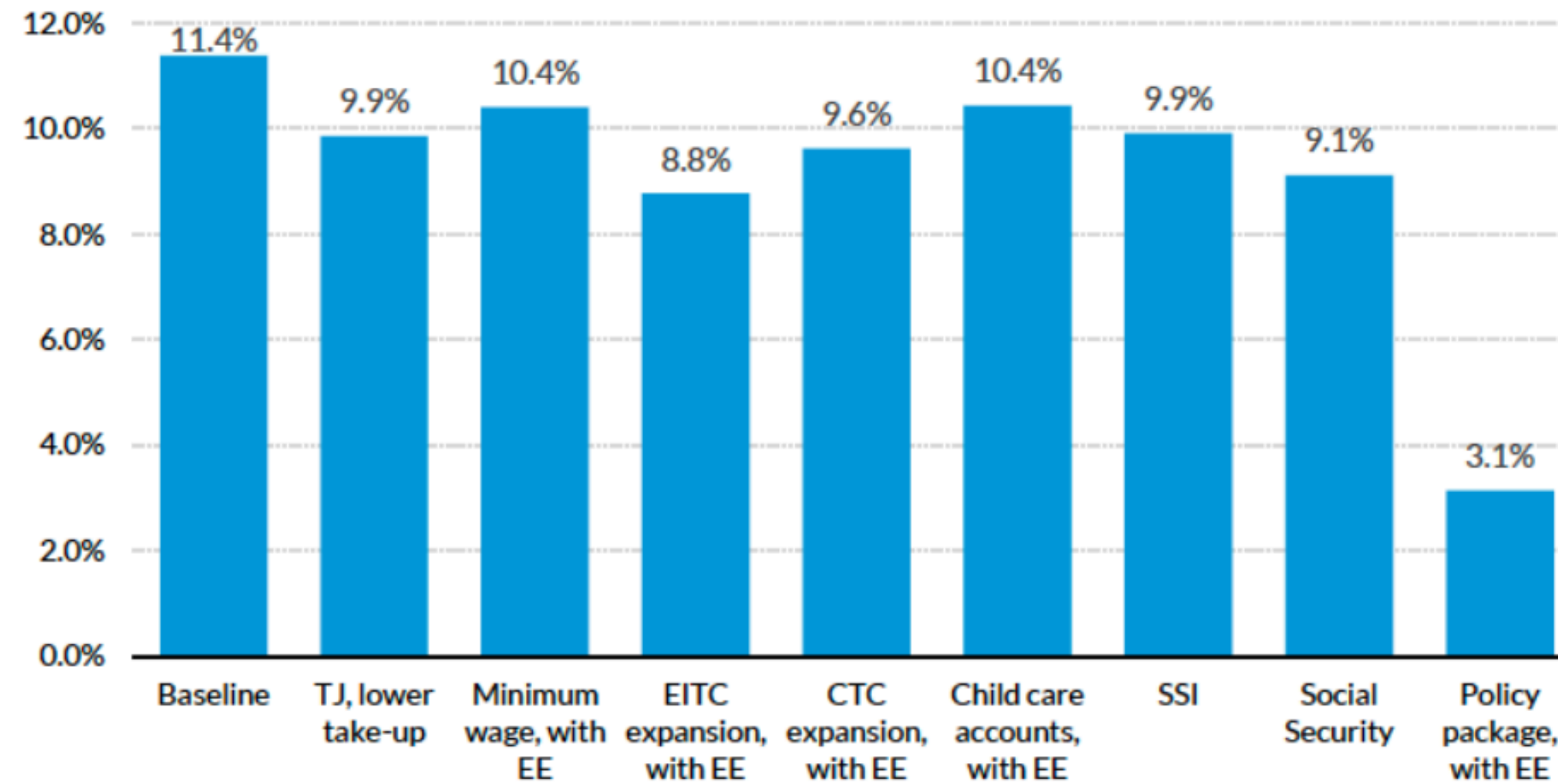
The package **as a whole** produces huge, unprecedented, reductions in US poverty.

FIGURE 2

Effect of Proposed Policies on SPM Poverty Rate, 2018

Full population

SPM poverty rate



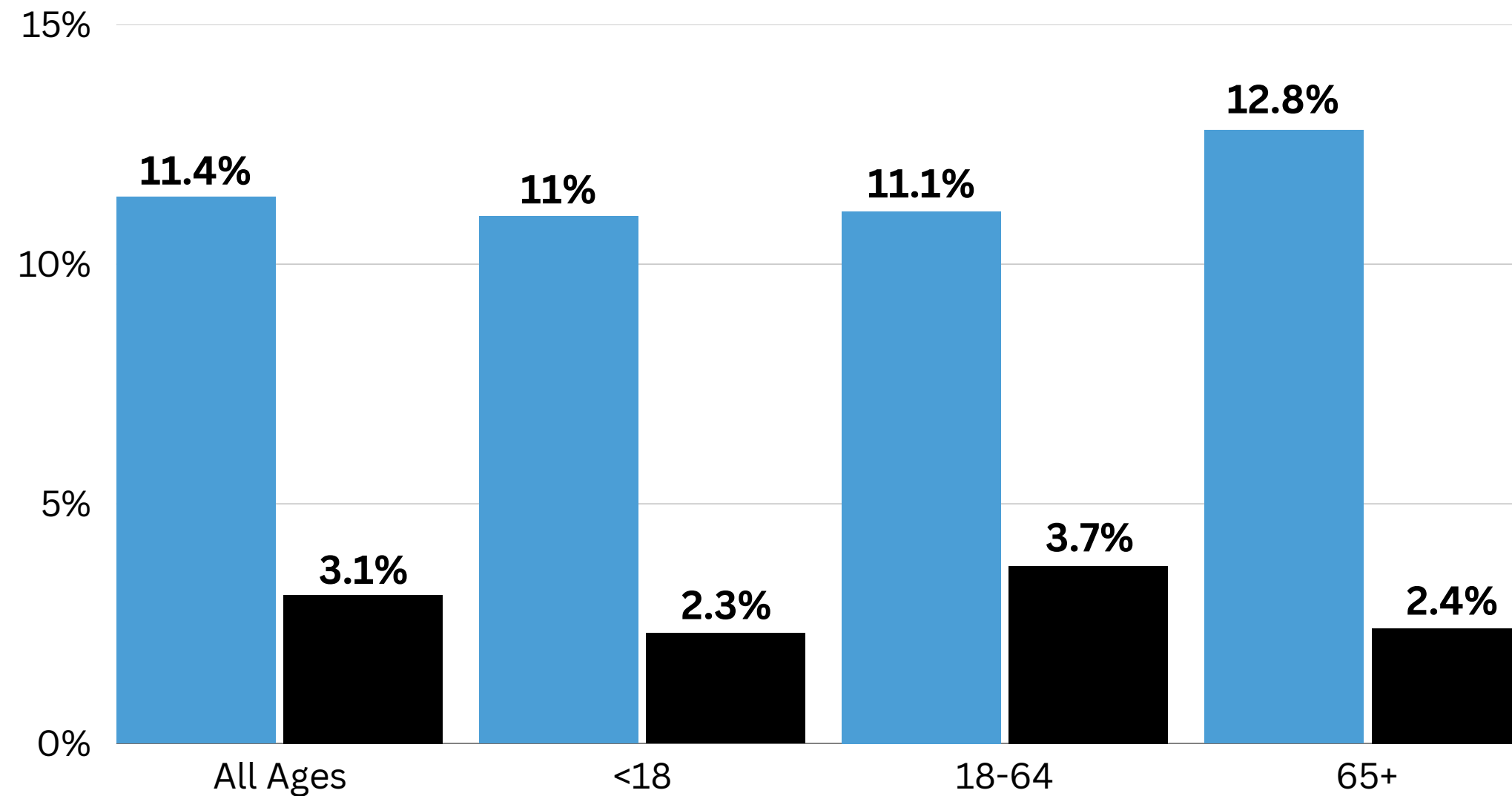
URBAN INSTITUTE

Source: TRIM3 microsimulation model.

Notes: CTC = child tax credit; EE = employment effects; EITC = earned income tax credit; SSI = Supplemental Security Income; TJ = transitional jobs program

Impact of Policy Package on SPM Poverty of US Residents: By Age

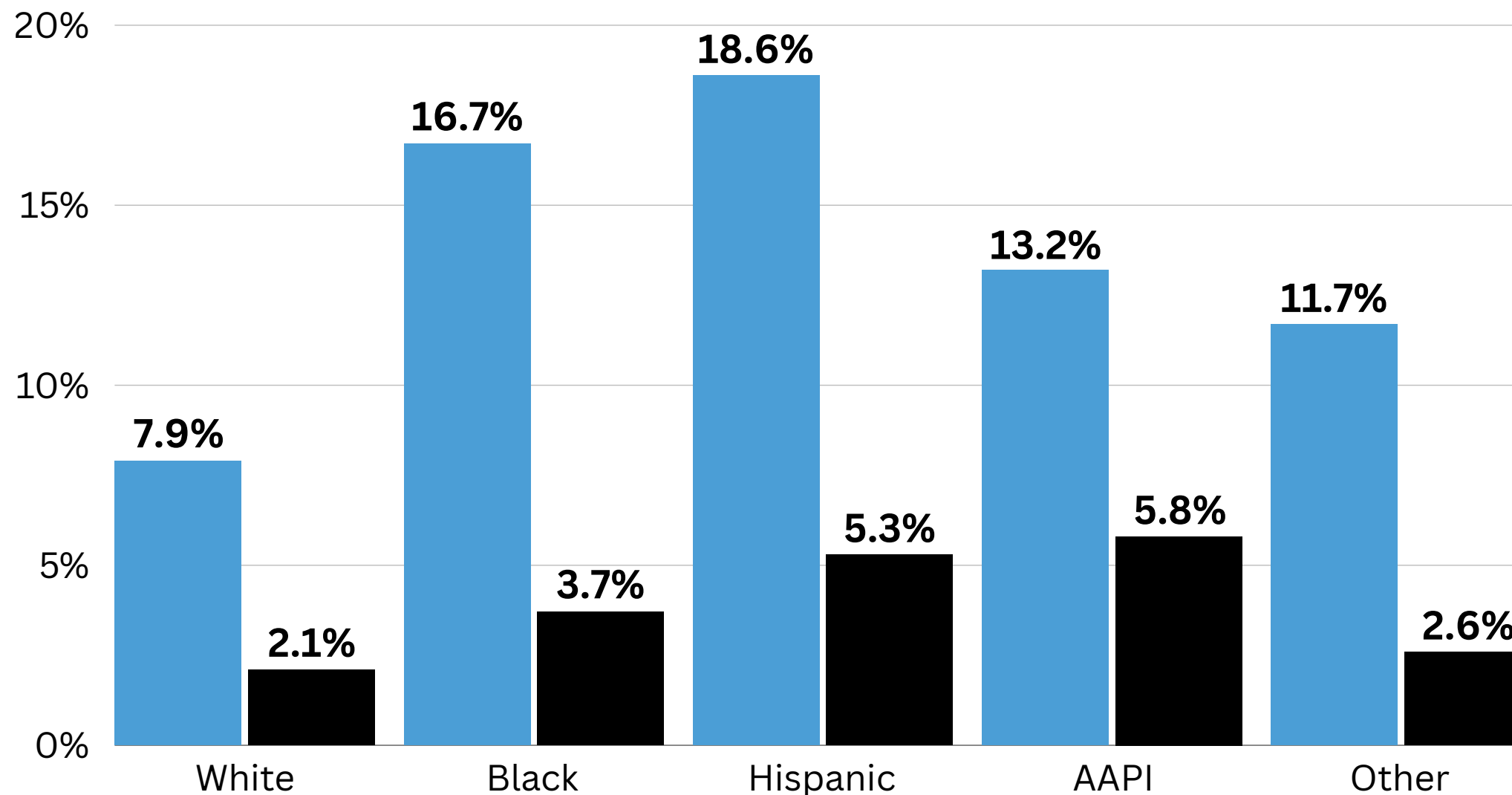
SPM
Poverty
Rates



■ Baseline in Poverty
■ Policy Package Impact WITH Employment Effects | LOWER Rate of TJ Take-Up

Impact of Policy Package on SPM Poverty of US Residents: By Race

SPM
Poverty
Rates



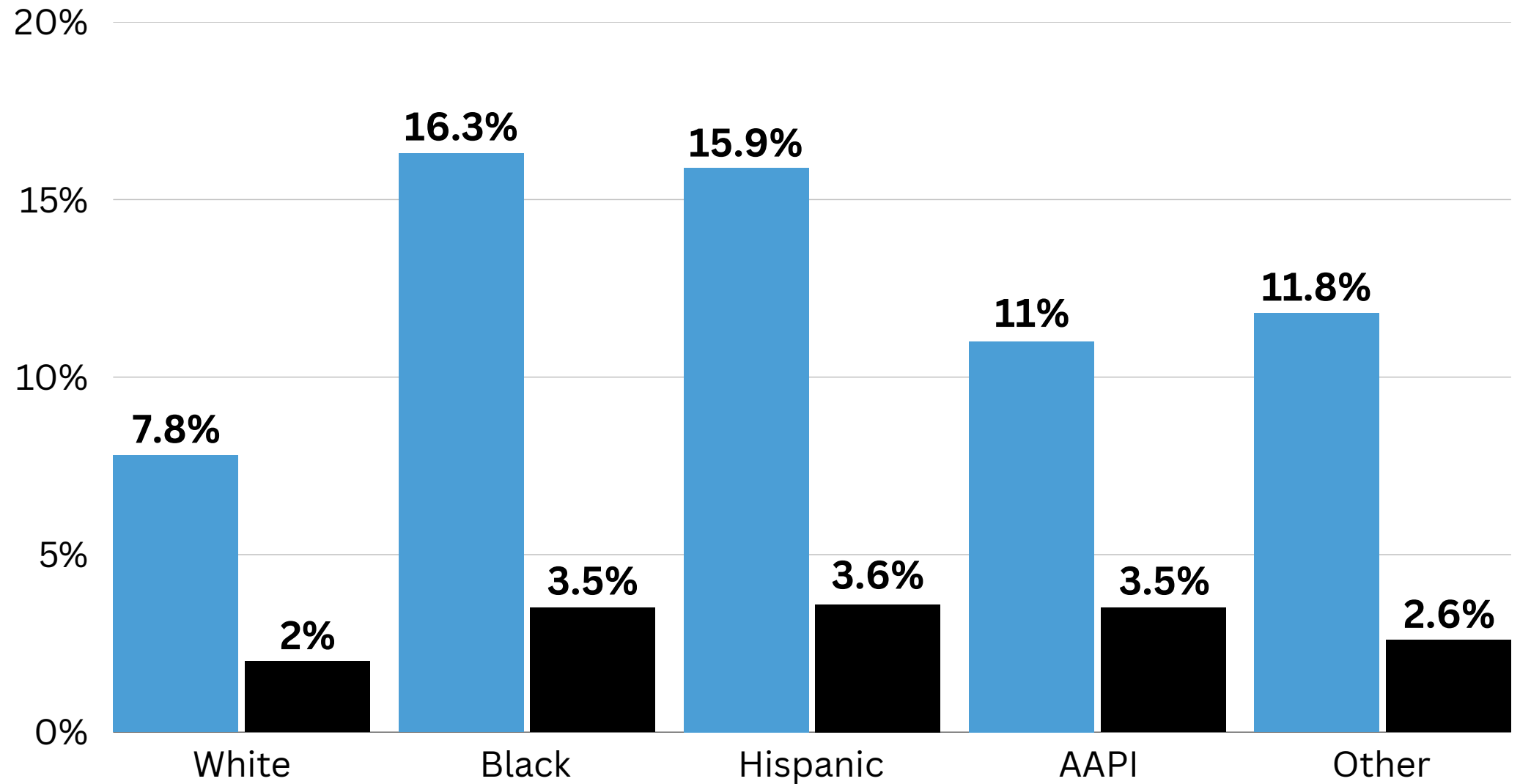
■ Baseline in Poverty
■ Policy Package Impact WITH Employment Effects | LOWER Rate of TJ Take-Up

US Residents: Poverty Reduction:

White 73.3%
Black 77.7%
Hispanic 71.5%
AAPI 55.9%
Other 77.9%

Impact of Policy Package on SPM Poverty of US Citizens: By Race

SPM
Poverty
Rates



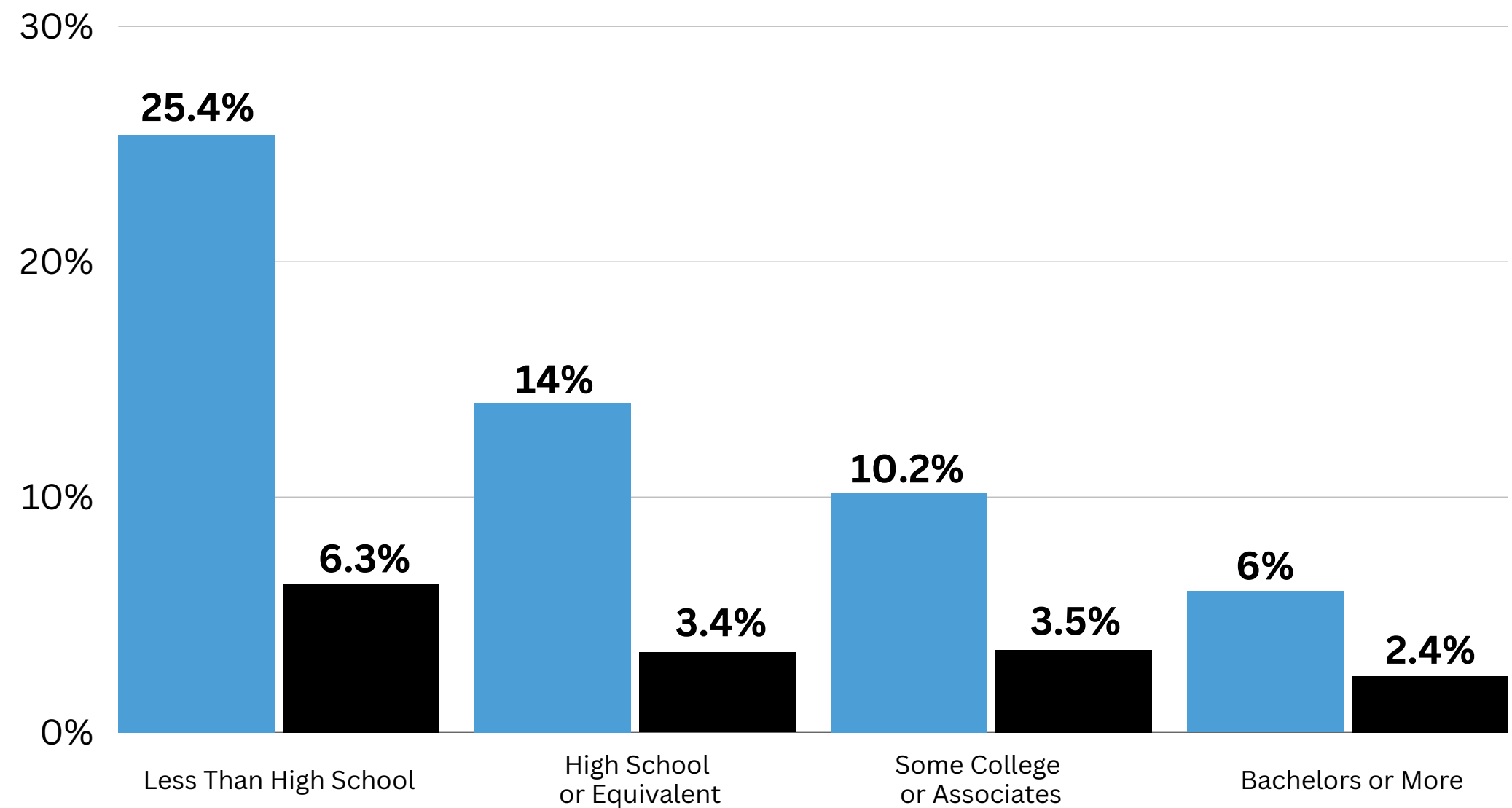
- Baseline in Poverty
- Policy Package Impact WITH Employment Effects | LOWER Rate of TJ Take-Up

US Citizens: Poverty Reduction:

White 74.0%
Black 78.6%
Hispanic 77.1%
AAPI 67.9%
Other 77.9%

Impact of Policy Package on SPM Poverty of US Residents: By Education

SPM
Poverty
Rates



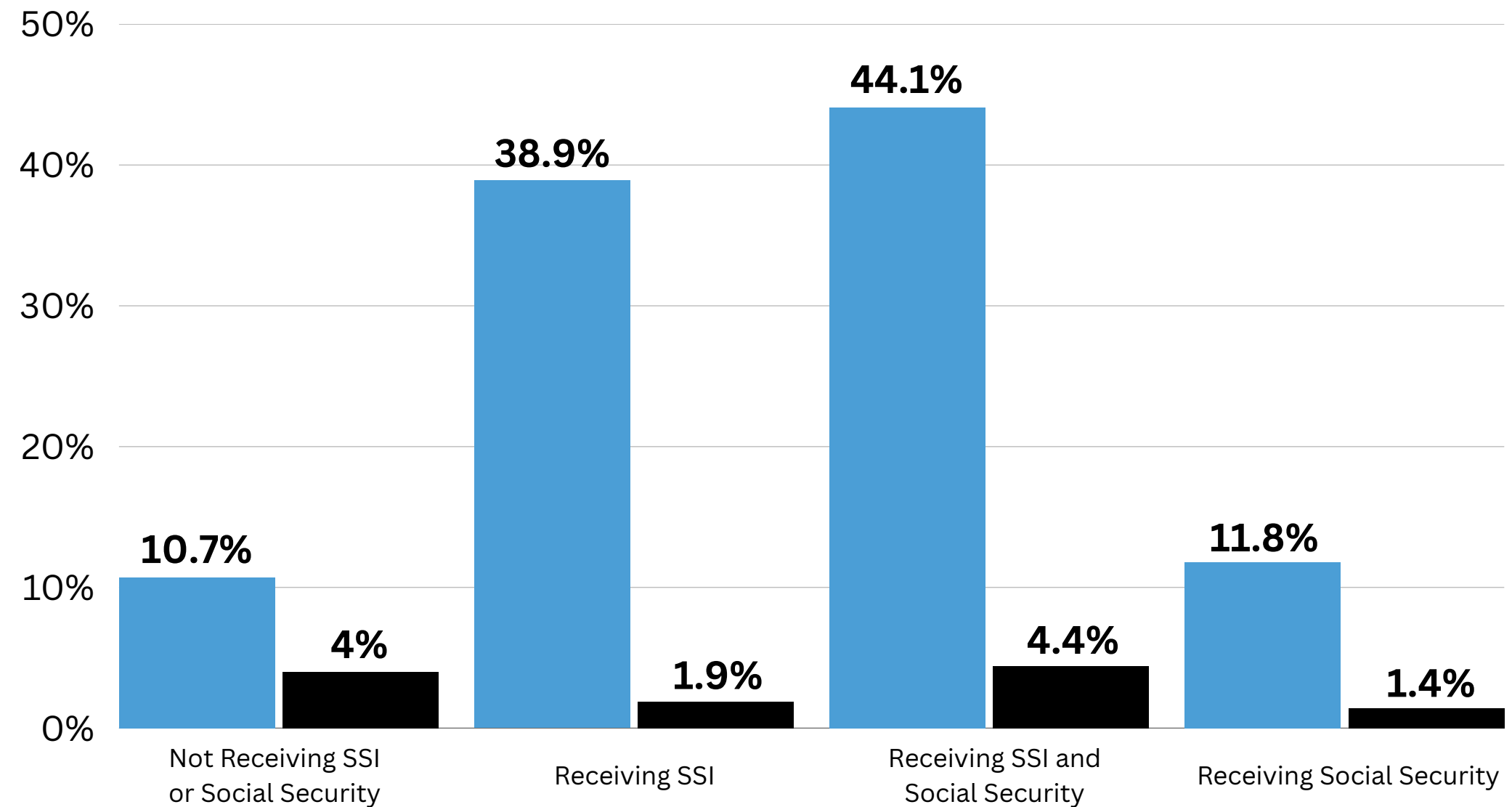
■ Baseline in Poverty
■ Policy Package Impact WITH Employment Effects | LOWER Rate of TJ Take-Up

US Residents: Poverty Reduction:

No High School Degree 81.2%
High School Degree 78.5%
Some College 67.2%
Bachelor's Degree 65.4%

Impact of Policy Package on SPM Poverty of US Residents: For Recipients (Ages 18+) of SSI or Social Security

SPM
Poverty
Rates



■ Baseline in Poverty
■ Policy Package Impact WITH Employment Effects | LOWER Rate of TJ Take-Up

Impact on US Workers' Economic Security and America's Middle Class:

Huge, Staggering Gains

Change in PERCENTAGE of US Residents in Poverty, “Near-Poverty,” and Middle Class

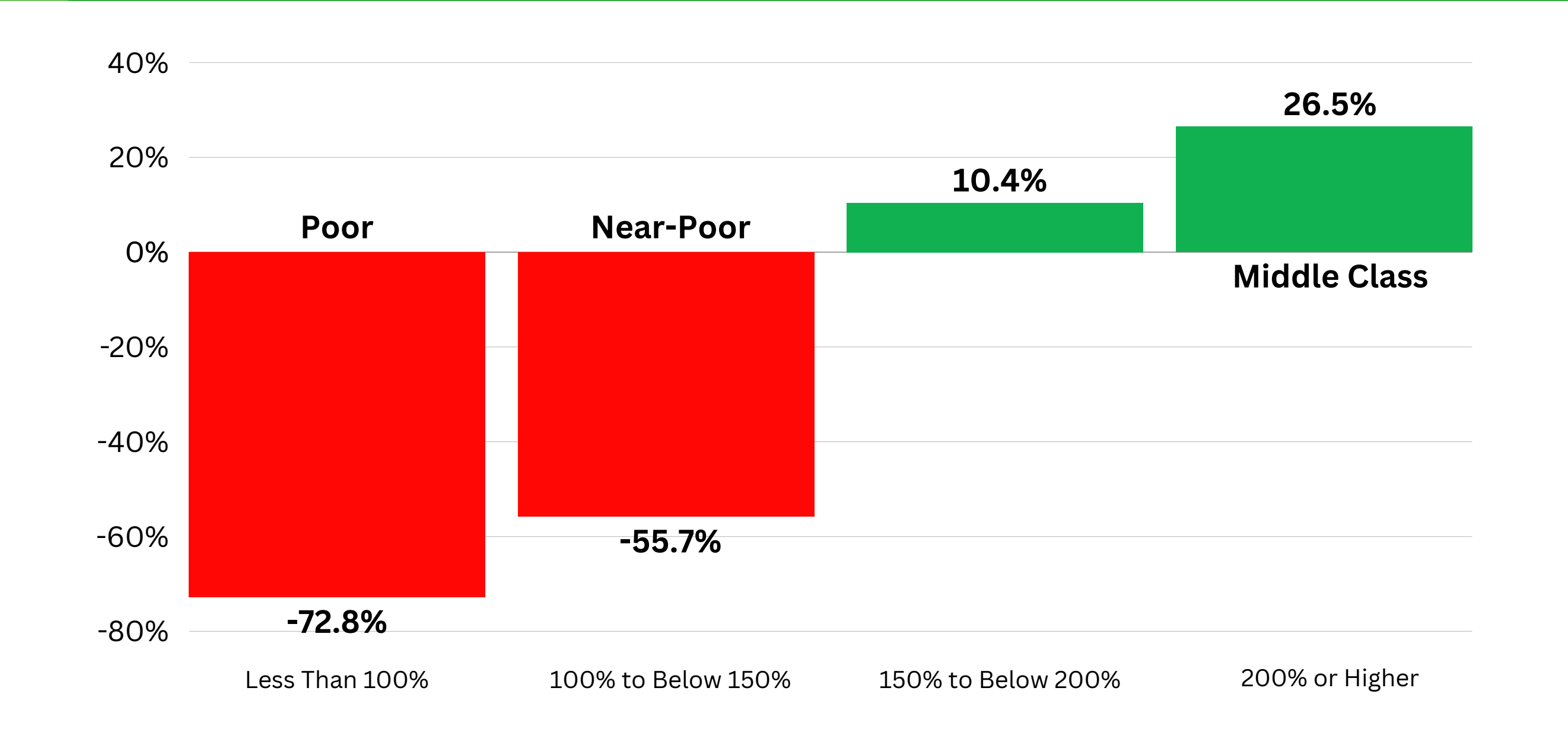
Impact of Policy Package on PERCENTAGE of US Residents Below or Above SPM Poverty Line

Percentage Below or Above	2018: Baseline	2018: Impact of Policy Package*	Change: %
Below 100%	11.4%	3.1%	-72.8%
100% to Below 150%	15.8%	7%	-55.7%
150% to Below 200%	13.5%	14.9%	10.4%
200% and Higher	59.3%	75%	26.5%

*Assuming Lower Take-Up of Transitional Jobs and Employment Effects

Change in PERCENTAGE of US Residents in Poverty, “Near-Poverty,” and Middle Class

Assuming Lower Take-Up of Transitional Jobs and Employment Effects



Percentages of 2018 Supplemental Policy Measure (SPM) Thresholds

Change in NUMBER of US Residents in Poverty, “Near-Poverty,” and Middle Class

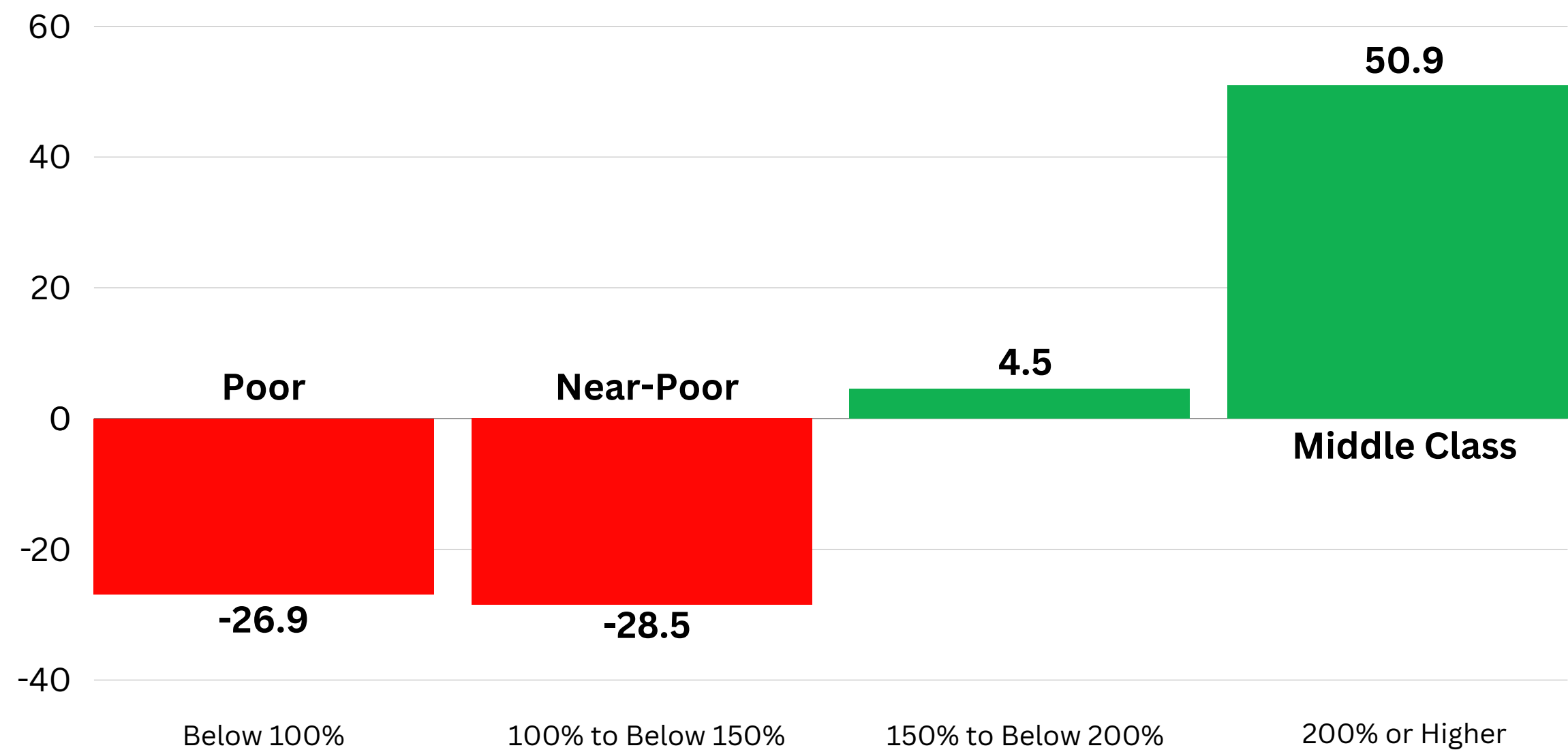
Impact of Policy Package on PERCENTAGE of US Residents Below or Above SPM Poverty Line

Percentage Below or Above	2018: Baseline	2018: Impact of Policy Package*	Change: Number
Below 100%	36,976,584	10,055,036	(26,921,548)
100% to Below 150%	51,248,248	22,704,920	(28,543,328)
150% to Below 200%	43,788,060	48,329,044	4,540,984
200% and Higher	192,343,108	243,267,000	50,923,892

*Assuming Lower Take-Up of Transitional Jobs and Employment Effects

Change in NUMBER of US Residents in Poverty, “Near-Poverty,” and Middle Class

Assuming Lower Take-Up of Transitional Jobs and Employment Effects



Percentages of 2018 Supplemental Policy Measure (SPM) Thresholds

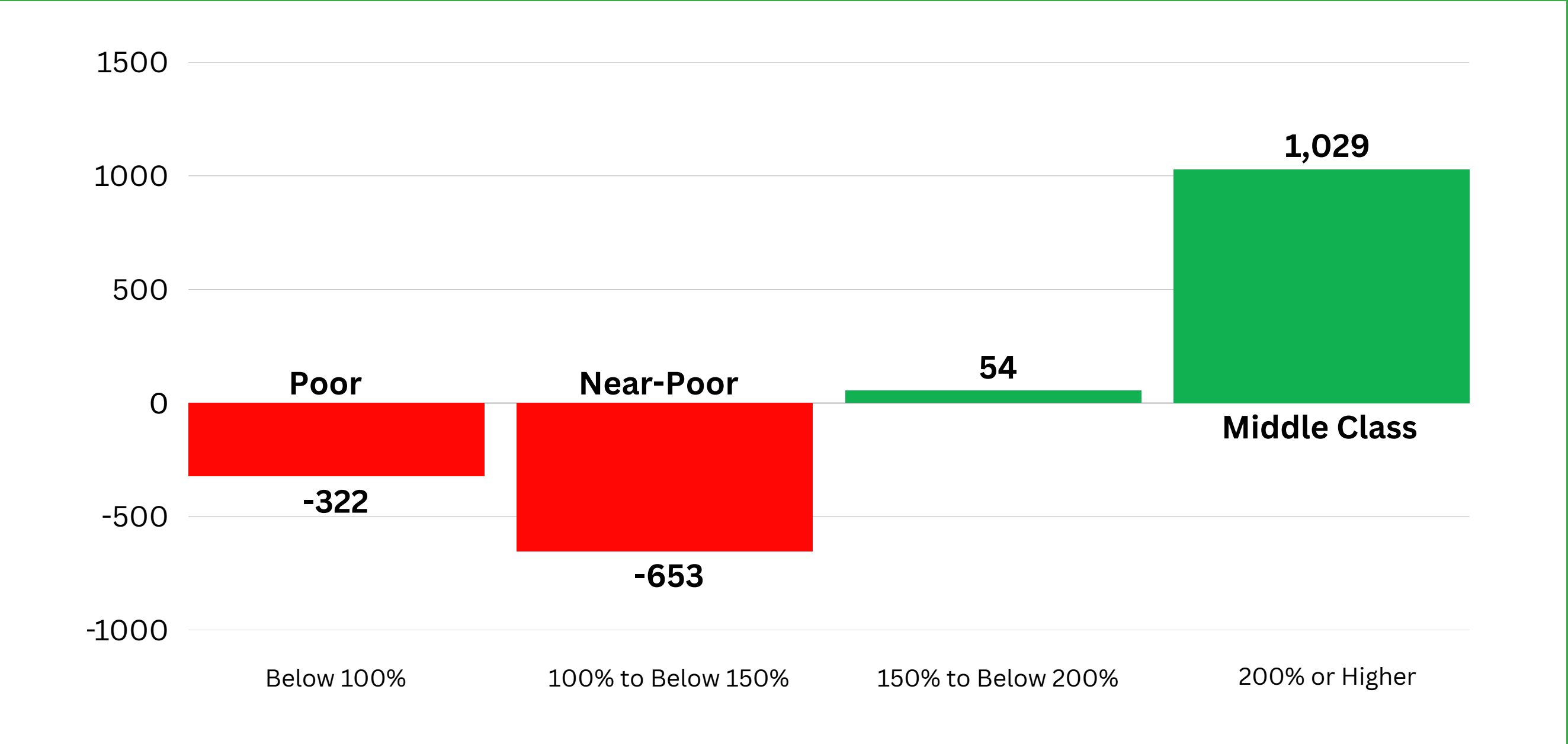
Change in
NUMBER of
MILLIONS of
US Residents:
2018

Breakout for Wisconsin and Milwaukee Area

A Road-Map for Ensuring Workers' Economic Security and Expanding the Middle Class

Policy Package Impact on CHANGE IN NUMBER of Wisconsin Residents Below or Above SPM Poverty Line

Assuming Lower Take-Up of Transitional Jobs and Employment Effects



Percentages of 2018 Supplemental Policy Measure (SPM) Thresholds

Change in NUMBER of
THOUSANDS of
Wisconsin Residents:
2018 (thousands)

*Data for Wisconsin provided by
Urban Institute analyst, but not
included in published report.*

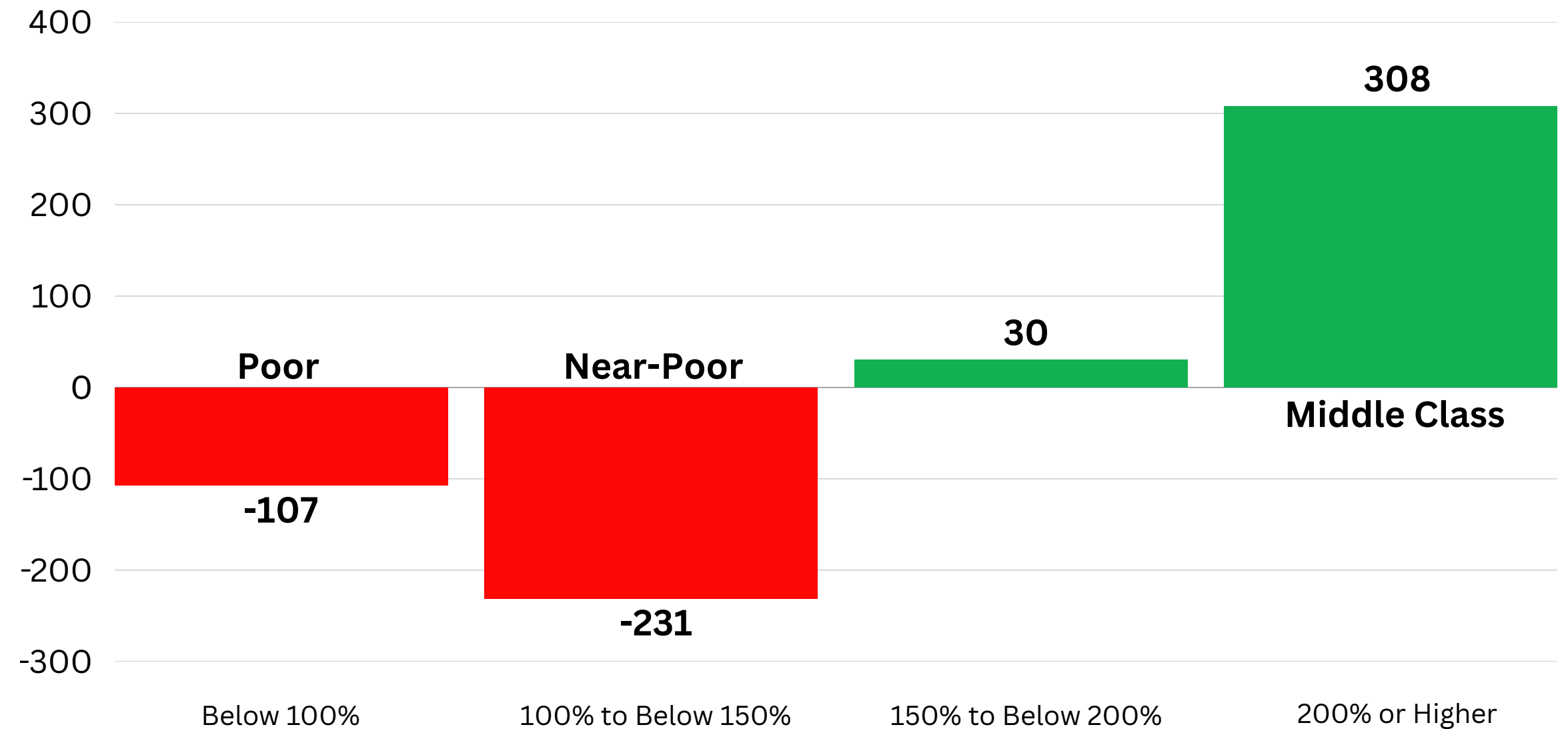
Policy Package Impact on CHANGE IN NUMBER of Milwaukee Area Residents Below or Above SPM Poverty Line

Assuming Lower Take-Up of Transitional Jobs and Employment Effects

**Change in NUMBER of
THOUSANDS of
Milwaukee Area Residents:
2018 (thousands)**

Data for Milwaukee Area provided by Urban Institute analyst, but not included in published report.

The U.S. Census Bureau defines the Milwaukee-West Allis-Waukesha area as the Milwaukee Metropolitan Statistical Area (MSA), which includes the following jurisdictions: Milwaukee County, Ozaukee County, Washington County, and Waukesha County



Percentages of 2018 Supplemental Policy Measure (SPM) Thresholds

Net Federal Cost

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Policy Package Net Federal Cost: 2018

Cost Increases

Amounts in Millions

Cost of Policy Package

\$1,073,764

Other Costs

\$2,307

TOTAL Cost Increases

\$1,076,071

Cost Offsets

Means-Tested Programs

-\$39,108

Additional Revenue*

-\$229,816

TOTAL Offsets

-\$268,924

NET Federal Cost

\$807,147

**As an offset to cost increases, presented in negative amount.*

Note: Does not include \$2,708 million decrease in state revenue.

Source: TRIM3 microsimulation model

Full Package with Employment Effects

Data from the Urban Institute report, Table 5, p. 33, and Table A-3, pp. 42-43

**Policy Package Cost
And
Other Cost Increases
vs
Cost Decreases
And
Revenue Gains:
2018**

Federal Cost Increases	
Cost Increase of Policy Package	Amounts in Millions
(1) Transitional Jobs Program	\$ 107,751
(2) Higher Federal Minimum Wage	\$ -
(3) Earned Income Tax Credit (EITC) Increase	\$ 240,348
(4) Child Tax Credit (CTC) Increase	\$ 90,801
(5) Childcare Purchasing Accounts Program	\$ 142,777
(6) SSI Benefit Increase	\$ 100,291
(7) Social Security Minimum Benefit Increase	\$ 391,796
SUBTOTAL: Cost of Policy Package	\$ 1,073,764
Other Cost Increases	
Unemployment Insurance	\$ 2,307
SUBTOTAL: Other Cost Increases	\$ 2,307
TOTAL: Federal Cost Increases	\$ 1,076,071
Offsetting Federal Cost Decreases and Revenue Gains	
Decreased Costs of Existing Means-Tested Programs	
TANF	\$ (1,148)
SNAP	\$ (20,169)
LIHEAP	\$ (1,147)
WIC	\$ (48)
Public and Subsidized Housing	\$ (15,588)
Child Care Subsidies	\$ (1,008)
SUBTOTAL: Offsetting Cost Decreases	\$ (39,108)
Federal Revenue Gains	
Federal Child and Dependent Care Tax Credit	\$ (3,257)
Federal Payroll Tax Revenue	\$ (181,784)
Income Tax Revenue	\$ (44,775)
SUBTOTAL: Offsetting Revenue Gains	\$ (229,816)
TOTAL: Offsetting Federal Cost Decreases and Revenue Gains	\$ (268,924)
NET Federal Cost Total:	
Higher Federal Costs <i>Minus (Offset by) the Sum of Lower Federal Costs + Federal Revenue Gains</i>	\$ 807,147
State Revenue Loss	
Income Tax Revenue	\$ 2,708
COMBINED Net Federal Cost and State Revenue Loss	\$ 809,855

Full Package with Employment Effects
Source: TRIM3 microsimulation model
Data from the Urban Institute report,
Table 5, p. 33, and Table A-3, pp. 42-43.

Potential New Federal Revenue

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Potential New Federal Revenue: 2018

Close the “Tax Gap” (Owed but uncollected revenue) in 2018 by 50% **\$190 billion**

Reduce Tax Expenditures for Highest Income Quintile of US Households (Federal: 2018) **\$535 billion**

Apply Financial Transaction Tax of 0.2% **\$640 billion**

Improve Social Security Revenue **\$99 billion**

Total **\$1,464 billion**

Note: The above was created by David Riemer. None of the estimates were made by the Urban Institute. None of the amounts listed appear in the Urban Institute report.

Potential New Federal Revenue: 2018

1. Curtail Tax Evasion and Close the “Tax Gap”

- a. Increase IRS staffing to prevent cheating, avoidance, and errors
- b. Make sure all filers pay the taxes they legally owe
- c. Closing half the 2018 “Tax Gap” (owed but uncollected revenue) would have yielded: **\$190 billion**

2. Reduce or End Tax Breaks for Richest Filers

- a. Phase out “tax expenditures” for filers with the top 20% of household income
- b. Reduce for Filers in 81st - 90th percentiles...end for those in top 10%
- c. In 2018, this downsizing of tax breaks could have produced additional revenue of: **\$535 billion**

3. Raise the Financial Transaction Sales Tax from a Tiny to Still Small Percentage

- a. 2018 financial transactions in US were: \$178 trillion = \$178,000,000,000,000
- b. The miniscule tax now paid to the SEC is only 0.002% = 2 thousandths of 1%
- c. A still-small tax of 0.2% on all 2018 US financial transactions would have generated: **\$640 billion**

4. Make Sure All Compensation is Subject to the FICA Tax that Pays for Social Security

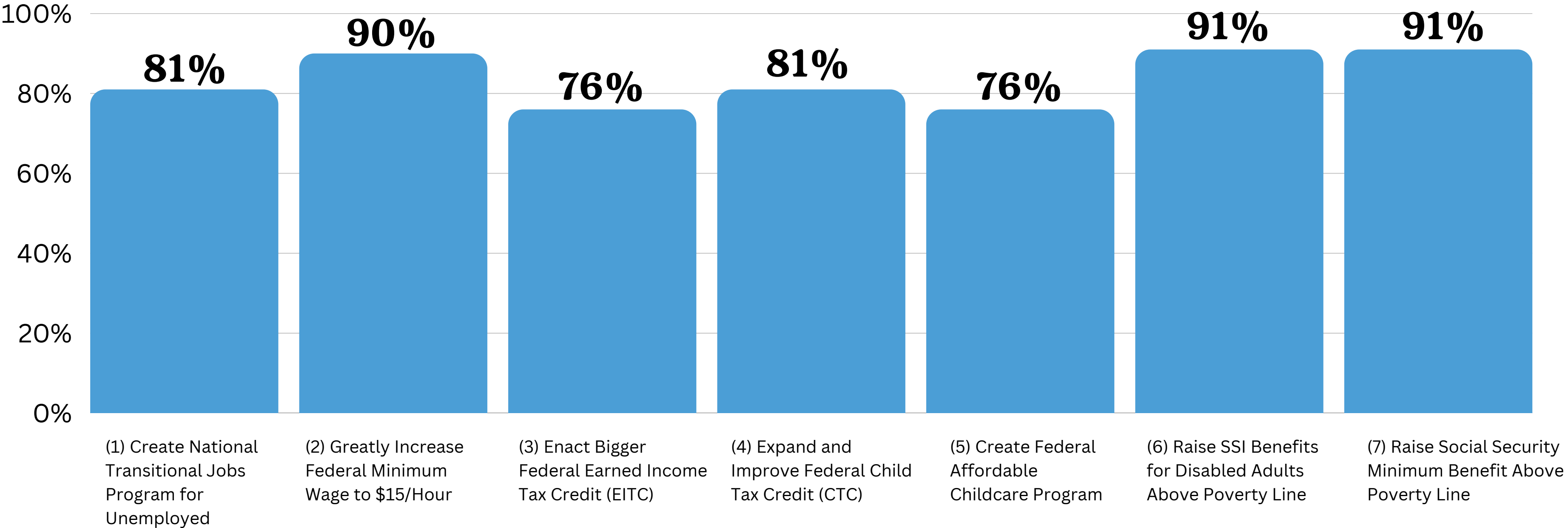
Note: The above was created by David Riemer. None of the estimates were made by the Urban Institute. None of the amounts listed appear in the Urban Institute report.

Public Opinion

Public support for all 7 components of the policy package is strong.

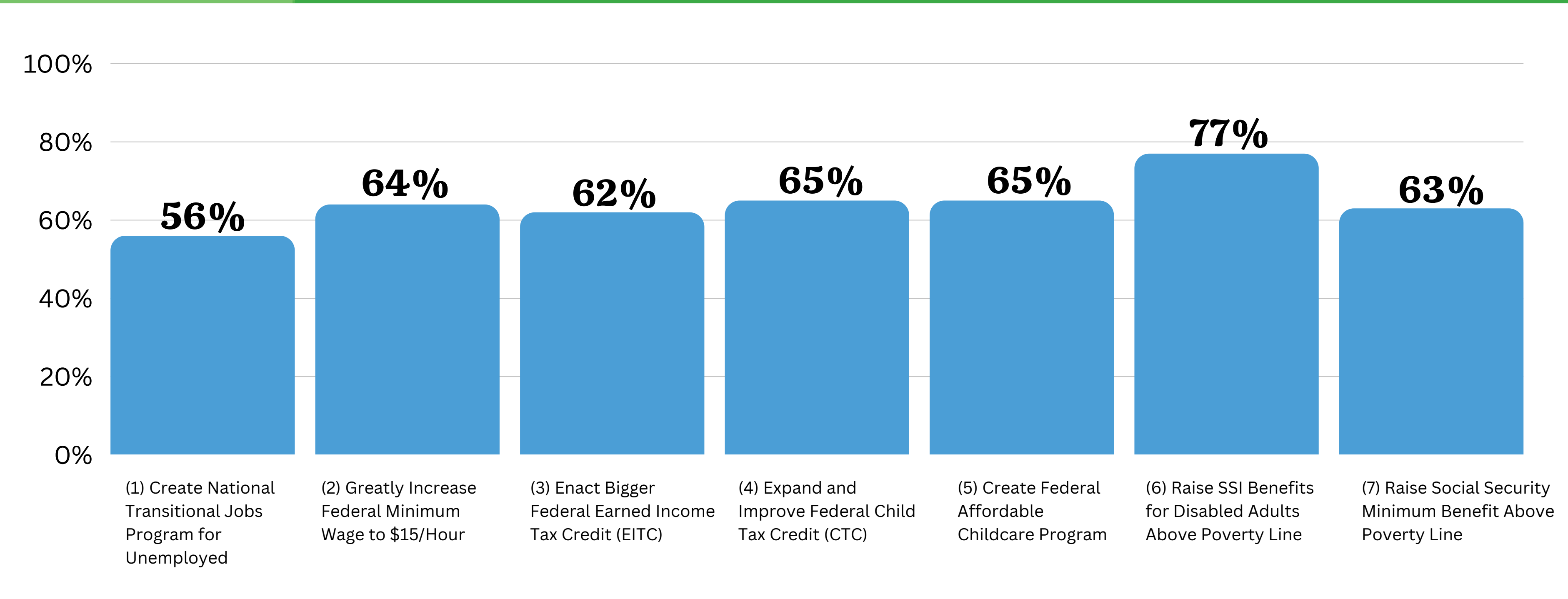
Sample of Polls of Americans' Support for Seven Components of the Policy Package

Democrats



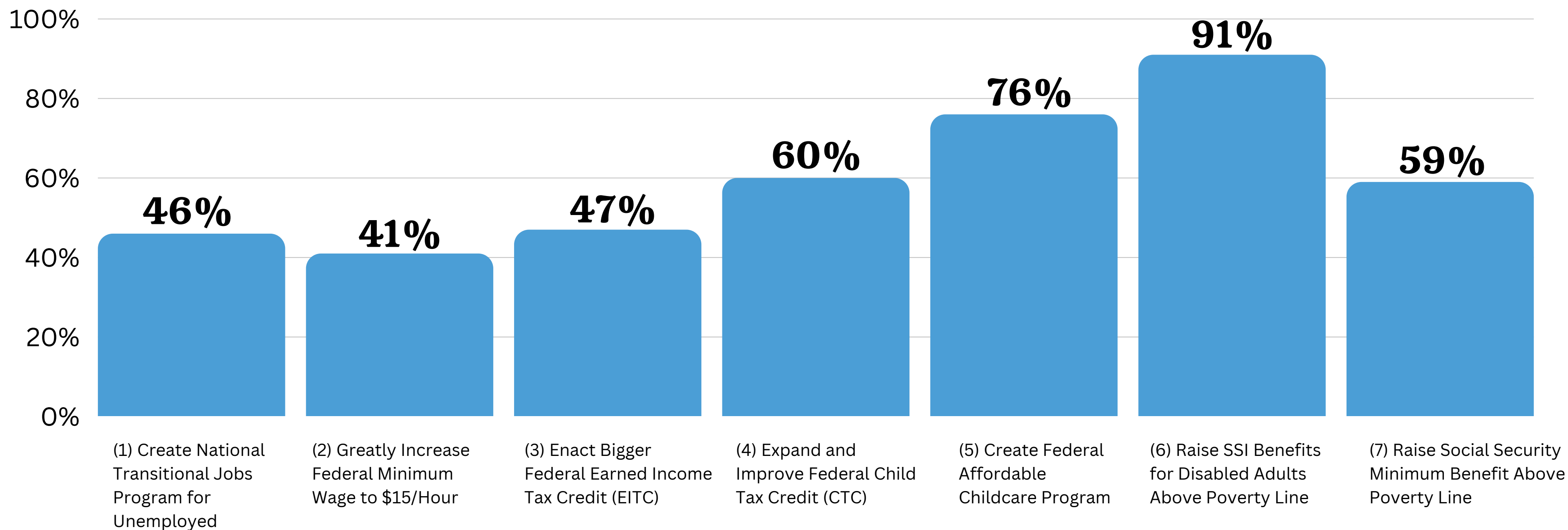
Sample of Polls of Americans' Support for Seven Components of the Policy Package

Independents



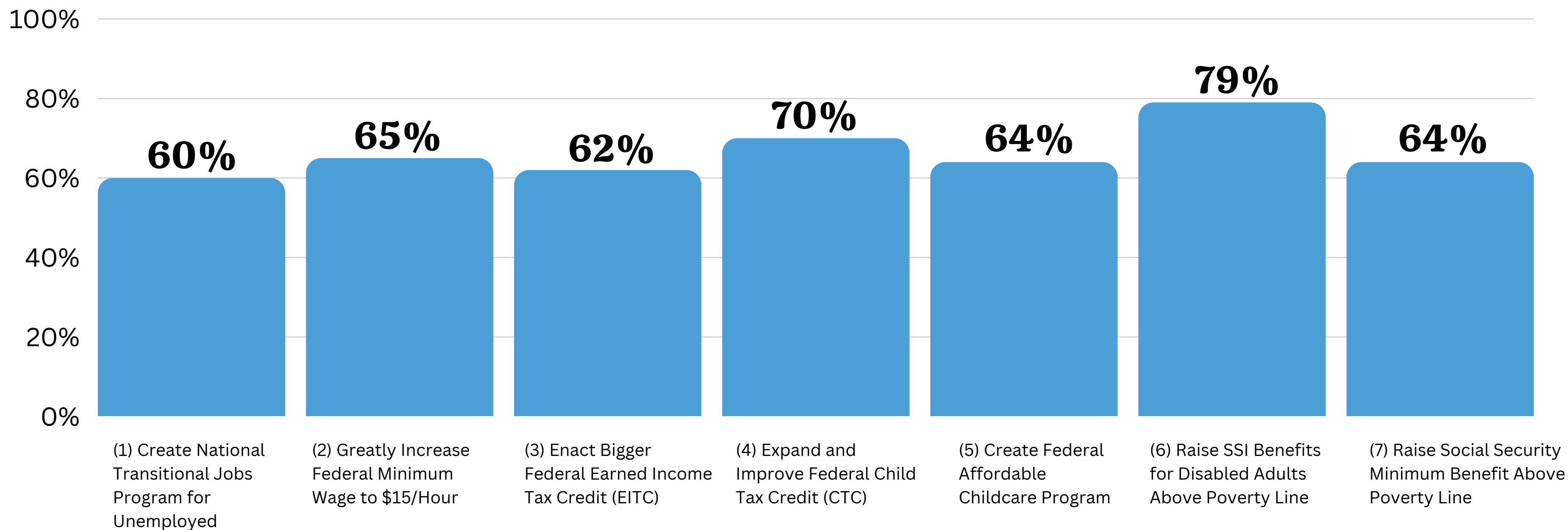
Sample of Polls of Americans' Support for Seven Components of the Policy Package

Republicans



Sample of Polls of Americans' Support for Seven Components of the Policy Package

Overall



Next Steps

A Road-Map for Ensuring Workers' Economic Security and Expanding the Middle Class

State Level

1 - STATE Legislation to “Lead the Way” towards national action

- a. Draft all components of policy package as a **single** bill
- b. Introduce state bills to:
 - 1. Implement **entire** policy package in **several small areas** of the state
 - 2. Implement **pieces** of policy package in **entire** state
- c. Gain endorsements, add co-sponsors
- d. Hold hearings...informal and, when possible, formal
- e. Bring legislation forward for adoption by State Legislatures and Governors

Federal Level

2 - FEDERAL Legislation Leading to Adoption of Entire Policy Package

- a. Draft components of “policy package” as a single bill, e.g. “Stronger Way Act”
 - 1. 2016: S. 3231 in 114th Congress
 - 2. 2017: S. 1938 in 115th Congress
- b. Introduce federal bills - in this **and** future sessions – to:
 - 1. Create the entire “policy package” as a **whole**
 - 2. Create each piece as a **separate** program
- c. Gain endorsements, add co-sponsors
- d. Hold hearings...informal, and, when possible, formal
- e. Bring legislation forward for adoption by Congress and President

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