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## **Harkin: It's Time to Restore the American Dream for Middle Class Families**

### ***Introduces Bill to Create Jobs, Invest in America, and Restore Balance to Tax System***

WASHINGTON – Today, Senator Tom Harkin (D-IA) introduced the Rebuild America Act, a far-reaching bill that will create jobs, restore fairness to the tax code, and rebuild America's middle class through investments in areas like education and workforce training, our nation's infrastructure, manufacturing jobs, and retirement security. After a year of hearings and events in Washington and Iowa, Harkin, the Chairman of the Senate Health, Education, Labor and Pensions Committee, developed the bill to combat the middle class squeeze that is holding back our economic recovery, and lay the groundwork for a bright future in the global economy.

“In recent years, many in Washington have been pushing not just misguided budgets, but a dangerously misguided premise – that America is broke, and that we can no longer afford the investments that make possible a strong middle class and a world-class economy. I strongly disagree,” **said Harkin**. “The Rebuild America Act puts policies in place that will repair the engine that drives our nation's economic growth: the middle class. It creates the good jobs families need now through robust investments in America and will help grow the middle class in the long term by building economic opportunity for families. Perhaps most importantly, the bill addresses spiraling economic inequality by restoring fairness and balance to our tax code, which also fully pays for the cost of the bill.”

The Rebuild America Act tackles the problem of our shrinking middle class in three ways: by taking immediate steps to create jobs and kick-start the economy, by implementing policies that will help families achieve financial security and expand the middle class, and by paying for these new investments through a balanced tax code that reduces inequality and fosters economic growth. The bill will:

**Invest in America to Create Jobs and Future Growth** by modernizing our transportation and energy infrastructures, bringing our schools and community colleges into the 21st century, preparing our workers for jobs of the future, and directing the creation of a national manufacturing strategy.

**Create Financial Stability and a Better Future for Middle Class Families** by increasing access to quality child care, expanding time-and-a-half overtime pay, establishing a fair minimum wage, allowing all Americans to earn paid sick leave, ensuring that Americans have the right to join a union, opening new paths to the middle class for people with disabilities, and strengthening Social Security.

**Restore Balance and Fairness to the Tax Code** by instituting the “Buffett Rule,” adopting a Wall Street trading and speculators tax, ending tax breaks for companies that ship jobs overseas, and protecting pensions.

*Harkin’s legislation enjoys broad support from advocates for middle class Americans.*

“Senator Harkin recognizes that a strong and stable middle class is critical to America’s growth now and in the future,” said **Center for American Progress President Neera Tanden**. “The Rebuild America Act tackles some of the most immediate challenges facing America’s economy today, ranging from the rising costs of colleges to stagnant wages to the shortage of skilled workers in key industries. By leveraging federal investments and encouraging key industry partnerships, this legislation would make great strides in helping to prepare America’s workers for the jobs of tomorrow and improving economic security for working families, while also restoring fairness to the tax code. Senator Harkin has a long history of defending the middle class and I commend him for his continued leadership on these issues.”

“The ‘Rebuild America Act’ is the first piece of proposed legislation in the last decade that comprehensively addresses all of the far-ranging systemic problems confronting the American economy and the nation’s workers,” said **Leo Hindery, Chair of the U.S. Economy/Smart Globalization Initiative at the New America Foundation**. “By addressing, at once, upgraded infrastructure, better education, fair wages, trade reform, tax reform and the imperative for a much larger, more stable manufacturing sector – each with identified objectives and outcomes – we can finally contemplate a tapestry of initiatives that will truly reinvigorate the middle class, achieve near full real employment, and eliminate our massive trade deficit in manufactured goods.”

“The Rebuild America Act would raise the minimum wage, protect overtime pay and workers’ right to stand together, and fund investments in education, child care and infrastructure,” said **Debra Ness, President of the National Partnership for Women & Families**. “It is an ambitious, comprehensive bill that addresses the real issues facing America’s families. It would surely go a long way in moving the country forward.”

*A detailed summary of Harkin’s legislation is below:*

# The Rebuild America Act

## Title 1: Invest in America to Create Jobs and Future Growth

As our economy continues to recover from the worst economic period since the Great Depression, we need to invest more wisely in programs that will create jobs and lay the groundwork for future growth. For decades, we have allowed the infrastructure that our nation's prosperity is built upon to crumble. Our roads and bridges are outdated and unsafe, our education system is falling behind our global competitors, and too many factories are shuttered. To rebuild America's foundation to create future growth, we must:

- ***Invest in America's Roads, Bridges, and Infrastructure:*** America's public byways are crumbling as a result of the decade-long failure to invest in our infrastructure. To help overcome this deficit and promote economic growth, the Act provides \$300 billion for investments including roads, bridges, and energy efficiency systems.
- ***Modernize America's Schools:*** Too many of our nation's schools are not equipped to meet the needs of 21st Century students and teachers. The Act provides \$20 billion in formula grants for the modernization, renovation, and repair of early learning facilities, K-12 public schools, and community colleges.
- ***Support Great Teachers:*** Teacher effectiveness has more impact on student achievement than any other in-school factor. The Act provides grants to States to provide professional development to teachers and other school personnel so that they can best prepare students to meet college and career ready standards.
- ***Rebuild America's Manufacturing Power:*** While many of our competitors are taking aggressive steps to support domestic manufacturing, the U.S. lacks a coherent strategy to support manufacturers. The Act includes steps to strengthen American manufacturing so that we can better compete in the global economy and establishes a national manufacturing strategy.
- ***Prepare Americans for Jobs of the Future:*** To be competitive in the global economy, Americans must have the skills for 21<sup>st</sup> Century jobs. The Act offers challenge grants to regional partnerships of businesses, schools, labor, and economic development officials to train workers for well-paying jobs of the future.
- ***Pursue Fair Trade:*** The demand created by America's middle class is the engine of the world's economy, but we won't have a robust economy and a thriving middle class if we allow our trading partners to use unfair trade practices that undercut American workers and manufacturers. The Act includes steps to help American workers compete on a level playing field with our trading partners.
- ***Create Middle Class Jobs and Protect Middle Class Communities:*** While private sector job growth has picked up, since 2008, state and local governments have cut almost 700,000 workers, including over 250,000 teachers. These cuts threaten the safety and impede the progress of America's middle class communities. To create middle class jobs and protect middle class communities, the Act provides funds for state and local governments to hire teachers, cops, firefighters, and other critical employees.

## Title 2: Create Financial Stability and a Better Future for Middle Class Families

Until the 1970s, Americans' wages rose in tandem with productivity growth. Since then, wages have stagnated even as Americans work longer hours and produce more. To help families stay in the middle class, we must help families' wages go farther and create more good-paying jobs with

benefits that help families care for their children and plan for a secure retirement. To rebuild support structures that allow our families to prosper, we must:

- ***Alleviate the High Cost of Child Care:***One of the largest burdens faced by young families is the rising cost of child care. To help, the Act will update the Child Care and Development Block Grant to offer more subsidies for child care while also increasing the quality of that care so that parents can go to work with the assurance that their children are safe and sound.
- ***Help Americans Enjoy Their Golden Years:***Americans deserve to know they can retire with dignity and enjoy their golden years. The Act will improve Social Security benefits and strengthen the private pension system so that more Americans can count on a steady stream of retirement income they will not outlive.
- ***Protect Overtime Pay for Working Americans:***Too many Americans are working longer and harder without anything to show for their efforts in their paycheck. The Act will ensure that Americans who are called on to work long hours receive the fair pay they deserve by updating the threshold used to determine which “white collar” workers automatically qualify for time-and-a-half when they work beyond a normal workweek.
- ***Prevent Americans from Having to Choose Between Their Health and Their Paycheck:***The U.S. is the only industrialized country that does not guarantee paid sick time to workers, forcing many low and middle-income workers to choose between their health, their job, or bringing their sickness to work. The Act will allow Americans to earn up to seven paid sick days per year to use for preventive care, recovery from illness, or to care for sick family members.
- ***Establish a Fair Minimum Wage:***While the minimum wage used to equal about half of average wages, today it is barely a third. A higher minimum wage is the simplest thing we can do to help struggling families become self-sufficient and join the middle class.
- ***Empower Hardworking Americans:***Strong and vibrant unions are essential to creating the good, middle class jobs that can support a family and support a strong economy. By ensuring that all workers have a right to join together and stand up for fair wages and working conditions, and that employers face real penalties for violating that right, the Act will help strengthen the middle class and promote economic growth for our businesses and communities.
- ***Increase Job Opportunities for Americans with Disabilities:*** In the last two years, Americans with disabilities have left the labor force at a rate six times higher than that of non-disabled workers. To help improve employment opportunities for people with disabilities, the Act expands the Work Opportunity Tax Credit for Americans with disabilities.

### **Title 3: Restore Fairness to the Tax Code**

One of the reasons America’s middle class is struggling is that our tax code has become tilted in favor of very wealthy individuals and large corporations. Falling revenues have increased the deficit and made it impossible to invest in America. The Act will help to restore balance to the tax code that is critical for reducing inequality and fostering sustainable long-term economic growth while ensuring fiscal responsibility. To balance our tax code, we must:

- ***Institute the “Buffet Rule”:***As a result of loopholes and special provisions in the tax code, the highest-earning 400 Americans in 2008 – making an average of \$270 million *each* – paid an average effective federal tax rate of just 18.2%. The Rebuild America Act includes the “Paying A Fair Share Act,” introduced by Senator Whitehouse, which will ensure that the wealthiest Americans pay at least as much as middle class families.
- ***Adopt a Wall Street Trading and Speculators Tax:*** The Rebuild America Act includes the Wall Street Trading and Speculators Tax Act, which would place a small tax of 3 basis points on common financial trades undertaken by banks and financial firms that trade financial securities.

- ***End Tax Breaks for Companies that Ship Jobs Overseas:***To create a tax code that benefits Americans, the Act will close loopholes that incentivize companies to ship jobs overseas.
- ***Make Wall Street Take Responsibility:***The Act includes a proposal from President Obama's budget that requires the largest financial institutions to payback the assistance they received from the American taxpayers in order to help rebuilding our economy.
- ***Make Hedge Fund Managers Pay the Same Taxes as the Rest of Us:***The Act closes the carried interest loophole, which allows hedge fund managers and other investors to manipulate the tax code in order to pay a lower rate on their earnings.
- ***Raise the Capital Gains Rate:***The 233% difference between the 15% tax rates the rich pay on capital gains and the 35% top marginal rate on work for ordinary Americans is indefensible. The Act will increase the capital gains tax rate to help restore balance to the tax code.
- ***Protect Pensions:*** To further strengthen the retirement system, the Act will provide basic protections for the 44 million Americans with defined-benefit pension plans.
- ***Close Loopholes to Prevent Worker Misclassification:*** The Act will provide a fairer playing field to America's businesses and workers by helping employers to properly classify their workers.

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