Assured Income for the 21st Century

A Working Paper* Preceding the Report of the Economic Security Study Panel of the National Academy of Social Insurance

* This document will be amended based on feedback offered by participants in the National Academy of Social Insurance's 2021 conference *Pathways to Economic Security: Bringing All Voices to the Table* and continued comments from members of the Economic Security Study Panel. This working paper does not include the Policy Options section of the report, which will outline the means by which policymakers might improve labor policy, benefit policy, protection policy, and equity policy, as defined on page 32. Revisions to the Policy Options section continue to take place; in your feedback we welcome suggestions for policies you believe should be included in the forthcoming report. The final report will include Acknowledgments, Methodology, the sections herein, Policy Options, and appendices. The perspectives expressed in this working paper do not necessarily reflect the views of individual members of the Economic Security Study Panel, or of the organizations with which they are affiliated. Participation in a particular working group does not mean that a Panel member advocates for any of the approaches that may be associated with a particular working group.

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Preface

In June of 1934, President Franklin Delano Roosevelt created the Committee on Economic Security with the mandate to craft policy proposals that would provide the individuals in the United States "security against several of the great disturbing factors in life."[1] Whether or not they knew it at the time, the fifty members and staff of the Committee stood at the onset of a new era of political economy.[2]

Prior to Roosevelt's presidency, a shift in the labor market—from agriculture toward manufacturing—had been taking place for decades.[3] The Great Depression revealed that the government's role in the economy had not similarly transitioned to handle the new avenues of economic risk the majority of households faced. Economic insecurity—the risk that an individual would not be able to maintain an adequate income in the face of a shock—has always been present, but the nature of that risk often changes as the main sources of income evolve. The Roosevelt Administration addressed the newfound systemic risks by asking Congress to enact bold legislation, including the 1935 Social Security Act, the Fair Labor Standards Act, and the National Labor Relations Act.[4]

These programs and others created during the New Deal Era reflected the Committee's work, which was aimed at a singular goal:

> *"A program of economic security, as we vision it, must have as its primary aim the assurance of an adequate income to each human being in childhood, youth, middle age, or old age—in sickness or in health."* - Report to the President of the Committee on Economic Security

The 1934 Committee's goal was to craft a policy of economic security to provide a level of protection commensurate with the economic hazards of the times. That goal served as the inspiration for the National Academy of Social Insurance's 2019-2020 Economic Security Study Panel.

As the economy transitioned in recent decades from an exporting production economy with a broad manufacturing base to a service economy reliant on global integration, government action

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[1] One of the best resources about the history of the Social Security Act and related legislation is the Social Security Administration itself, which has a historian's office.

[2] The executive group included Frances Perkins, Henry Morgenthau, Jr., Homer Cummings, Henry Wallace, and Harry Hopkins, and was "the ultimate decision-making authority on the CES". The Executive Director of the staff was Edwin Witte. An advisory council of twenty-three "civic leaders from outside the Roosevelt Administration," and a technical board of twenty-one officials from Federal agencies below the cabinet level augmented and supported the executive team. The Social Security Administration details all members of the Committee and its staff.

[3] There are many sources of U.S. economic history. One of the most sweeping is Robert Gordon's *Rise and Fall of American Economic Growth*.

[4] The Social Security Act of 1935 established old-age benefits, unemployment compensation, and made a number of state-grants to promote income security. The Fair Labor Standards Act of 1938 established the United States' first minimum wage, standardized a 44-hour work week, required extra pay for overtime work, and prohibited certain child labor. The purpose of the National Labor Relations Act of 1935 was to "protect the rights of employees and employers, to encourage collective bargaining, and to curtail certain private sector labor and management practices".

has not adapted to sufficiently reduce the economic risks that these changes present for the nation's people. As we will discuss in this report, many have inadequate or unreliable income and are vulnerable to economic shocks, even if they are working full time. The current mix of government taxes and transfers that bolster economic security are largely successful in helping meet the need they were designed to address, but do not adequately meet needs that have arisen or grown in severity since.

The Study Panel was formed in the fall of 2019 to assess economic insecurity and present policy options to better provide stable and adequate income. Economic insecurity incorporates two components: current income and the risk to current income.[5] In that way, economic insecurity may come from not having enough income or from not having reliable sources of income. Precarity and uncertainty, not just a dollar amount, are major concerns. The answer to precarity, and therefore the answer to insecurity, is assurance. We call our policy portfolio, and the philosophy of this approach, "assured income" i.e., income without the uncertainty. The policy options we present seek to guarantee that everyone in the U.S. always has income—how it is guaranteed, and how much is guaranteed, and at what frequency, vary across the options.

Not long into the Study Panel's period of research, the COVID-19 pandemic shook the economy into a deep recession, making more striking the economic parallels of the current study with the context in which the work of 1934 Committee took place. Like then, the Panel set out to address decades of evolving risk faced by U.S. households and insufficient incomes for large segments of the population, but it did so at an acute moment of economic pain and distress, and political turmoil.

In April 2020, the economy shed over 20 million jobs. In the leisure and hospitality industry, the hardest hit, 53 percent of the jobs that existed in March were gone in April.[6] The fallout reverberated throughout the economy and provided an acute and stark manifestation of the level of economic insecurity faced by many households. As of late April that year, 47 percent of the adult population in the United States reported a loss of employment income since March 13th. This share rose to 58 percent for Hispanic/Latino adults, and 52 percent for Black adults. Significantly, 55 percent of households earning less than $25,000 experienced a loss in employment income. These income losses have devastating consequences. The number of adults who reported sometimes or often not having enough to eat in the past week rose by 20 percent, or by over four million people. By December of 2020, that number had increased by 48 percent, encompassing well over 10 percent of the entire U.S. adult population.[7]

The lasting policy ecosystem of New Deal programs and those created since provide a strong baseline of support during economic downturns. Still, that baseline would have been inadequate without emergency federal legislation pumping trillions of dollars of relief to individuals,

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[5] Wealth is implicitly included in "the risk to current income" in that one may draw on wealth as source of income in the event of a shock to current income. In other words, wealth reduces risks to current income.
[6] Source: Bureau of Labor Statistics. 2021. *Employment levels by industry, seasonally adjusted, 2000-2020.*
[7] Source: United States Census Bureau. 2021. *Week 1 Household Pulse Survey: April 23 - May 5* and *Week 21 Household Pulse Survey: December 9 – December 21*. Employment Tables, Table 1. Food Sufficiency and Food Security Tables, Tables 2a. and 2b.

businesses, and the economy as a whole. The CARES Act augmented current programs, created new programs, and sent cash to 85 percent of households.[8]

The economic experience during the pandemic-induced recession provides an orientation to the Panel's work. The U.S. has an effective policy support system that establishes a baseline of economic security for many people, but there are still unmet needs and sources of risk that require additional government action. While the extent of economic insecurity is vast, it is not universal.

The goal of the Study Panel is to help design an assured income policy portfolio that solidifies a floor of basic support and reduces economic insecurity. This report examines how economic insecurity has evolved over time, how it may be addressed, what assured income might mean in practice, and how to achieve it. This policy goal is not solely backward looking or corrective. An inclusive economy with basic security for all creates both the backstop from depression *and* widespread prosperity during periods of economic growth.

In two ways, the Panel's effort today differs significantly from the 1934 Committee's work. First, the Committee developed its policies largely on a blank slate. It was the New Deal legislation that created the federal policymaking apparatus that, in the eight decades since, has generated a web of overlapping federal and joint state-federal programs. Cash benefits have been augmented with in-kind transfers, subsidies to service providers, direct service provisions, vouchers, and more.[9] The Study Panel today, on the other hand, designed its policy menus within a well-established structure.

Second, the Committee had no mandate (and little immediate success) in providing economic security to all people in the United States. For example, the Social Security Act did not protect the majority of Black workers who worked in jobs not included in Title II of the original legislation.[10] But where, in 1935, calls from Black leaders to amend the legislation to ensure a benefit program of equal access and coverage were met with little support, 2020 was markedly

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[8] Source: United States Census Bureau. 2020. *Week 12 Household Pulse Survey: July 16 – July 21*. Stimulus Table, Table 1.

[9] An example of an in-kind transfer is the Supplemental Nutrition Assistance Program (SNAP), through which beneficiaries receive benefits that may only be spent on certain food items.
An example of a subsidy to service providers is the Legal Services Corporation Basic Field Grant. This grant funds the Legal Services Corporation, which then distributes funds to providers of civil legal aid to low-income people.
An example of direct service provision is Head Start. Head Start offers early educational opportunities to children in low-income families, in addition to other supports to promote a healthy home environment.
An example of a voucher program is the Housing Choice Voucher Program. The program provides vouchers to (some, not all) very low-income families, elderly individuals and couples, and people with disabilities. The vouchers allow beneficiaries to choose suitable housing in the private market. In most cases, the benefitting family pays 30 percent of monthly adjusted gross income toward rent and utilities, while the local public housing agency covers the remaining rent and utility expenses.

[10] The old age insurance portion of the legislation did not initially include farmworkers and domestic workers, which amounted to excluding at least sixty percent of Black workers from coverage at the time. By 1950, most workers in these professions were covered, and the remainder were covered in 1954 (see Dewitt, 2010). Regardless of the reasoning, the effect on Black workers' financial security was significant. The federal government created a large and generous program that did not benefit many of the lowest-income workers for over a decade of its existence.

different.[11] At the start of the summer, the killing of George Floyd spurred widespread protests and a national conversation about, and reckoning with, the legacies of enslavement, brutality, racial injustice, and the deep, persistent economic inequality separating White and Black peoples in the United States. There is substantial evidence of the extent of the exclusion of Black communities in economic security programs, and the lasting effects of those exclusions, from federally backed mortgages[12] to the GI Bill. [13]

Workers in the United States encompass an array of groups who have at one point been left out from economic security legislation, including Black workers, women workers, farmworkers, Asian workers, LGBTQ workers, formerly incarcerated workers, Native American workers, documented immigrant workers, undocumented immigrant workers, and others. Often this is a product of the occupation, industry, earnings, or type of work arrangement disproportionately experienced by certain groups.[14]

The Panel also operated with an advantage that the 1934 Committee did not have, i.e., 85 years of experience with, and evaluation of, income security policies. Questions of how to design, finance, administer, and evaluate public programs have answers built on decades of research and practice. The Panel includes individuals who have built that evidence base and engaged their expertise in income policy.

[11] Charles H. Houston—the President of the National Association for the Advancement of Colored People at the time—testified before the Senate regarding the first draft of the bill which would ultimately produce the Social Security Act. He stated that the legislation "looked like a sieve with the holes just big enough for the majority of Negroes to fall through." It should be noted, Dewitt writes, that "Houston pointed out the adverse impact of the provision on African Americans, as part of an overall critique designed to persuade Congress to drop the whole Social Security program entirely. He wanted a single, universal, federal welfare benefit in lieu of a contributory social insurance system" and conceded that the administration of "'a pay roll tax on casual, domestic and agricultural workers would practically consume the tax itself.' So Houston was not advocating coverage for domestic and farm workers, but rather rendering the whole issue moot by rejecting the Social Security system entirely."
George E. Haynes—Executive Secretary at the Department of Race Relations for the Federal Council of Churches—also testified regarding discrimination and exclusion in the legislation. Mr. Haynes advocated for a clause prohibiting "discrimination on account of race or color in the administration of the services and benefits to any person otherwise eligible." No such clause was included in the original legislation.
[12] *The Color of Law* (Rothstein, 2017) documents closely how Black individuals in the U.S. have been excluded, both explicitly and (especially) implicitly, from many of the benefits offered by public policy over the past century.
[13] *Returning from War, Returning to Racism* (Clark, 2020) looks specifically at how the promised benefits of the G.I. Bill were in a large part denied to Black veterans. Some argue that the discriminatory implementation of the G.I. Bill reined in an era of affirmative action for White families.
[14] Today, for example, many part-time workers (especially low-wage, part-time workers) do not earn enough or do not have steady enough employment to qualify for UI benefits. Independent contractors are ineligible for benefits altogether. (Kovalski and Sheiner, 2020)

The Need for Action

By virtually every economic measure, most people in the U.S. today are better off than most were in 1935. That year marked a pinnacle of legislative activity in response to the Great Depression. These enactments represented a new era of economic and domestic social policy in the United States. The most fundamental change was the role of the federal government in stabilizing the economy and promoting individual economic security.[15]

The latter change—the promotion of individual economic security—was a recognition of new forms of risk that many faced. Economic insecurity is the risk that an individual cannot maintain adequate income in the face of a shock. The time period leading up to the Great Depression saw more individuals' primary source of income come from the labor market. Selling labor presents numerous risks—the risk of not being able to find work at all, work at sufficient wages, or work in safe environments. By working for an employer, like a manufacturer, workers were exposed to economic risks that were different from the risks facing a rancher or small farmer. Critically, labor market risks stem not solely from individual behavior, but also from larger changes in the economy outside of an individual's control, such as the strength of certain industrial sectors.

The New Deal programs cemented a dual responsibility. The government's responsibility was to reduce overall risk through stabilizing the macroeconomy, reduce labor market risk through regulation, and provide support to individuals who were not able to work. These benefits took two forms: insurance benefits to workers who were out of work, either because they could not find a job (Unemployment Insurance) or who could no longer work (Old Age Insurance); and cash benefits to individuals who were not expected to work. At the time, this group was mothers with young children, and the program was titled Aid to Families with Dependent Children. The individual's responsibility was personal—to seek work if they were able and to be productive at work. Between the two responsibilities is a difficult balance in adequately insuring and reducing risk to the individual, while not disincentivizing the individual from seeking labor income.

The tension between risk and incentive is accompanied by the challenge of an ever-changing economy. Economic risks in general, and economic risk to labor income in particular, persist and evolve over time. The U.S. has transitioned from an exporting production economy with a broad manufacturing base to a globally integrated service economy. Alongside that transition, the average unemployment duration has increased significantly. From 1948 to 1982, the average

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[15]Often these structural and individual interventions went hand in hand. The Banking Act of 1933, for example, created the Federal Deposit Insurance Corporation (FDIC), that both stabilized the banking industry through stricter regulation but also insured individual deposits up to an amount, which greatly reduced the risk depositors were exposed to. Similarly, the National Housing Act of 1934 created the Federal Housing Administration (FHA), which both stabilized the housing market through insuring mortgages but also created a broader mortgage market for consumers with better, regulated terms. You can find an overview of all New Deal legislation here.
While these new laws reduced precarity and improved wellbeing for many working households, Black people were directly excluded from these gains. Rothstein writes "The Federal Home Loan Bank Board, for example, chartered, insured, and regulated savings and loan associations from the early years of the New Deal but did not oppose the denial of mortgages to African Americans until 1961. It did not enforce the new race-blind policy, however—perhaps because it was in conflict with the board's insistence that mortgage eligibility account for "economic" factors. Like the FHA, it claimed that judging African Americans to be poor credit risks because they were Black was not a racial judgment but an economic one. As a result, its staff failed to remedy the industry's consistent support for segregation." (*The Color of Law*. 2017. p. 108)

unemployment spell in a given year ranged from 7.9 to 15.8 weeks. Average unemployment stints have exceeded 15.8 weeks in twenty-six of the thirty-eight years since then, peaking at 39.4 weeks in 2011 and 2012. [16] Another more recent trend has taken place in labor force participation (LFP) rates, which have consistently declined since peaking in 1997 and 1998. Even prior to the pandemic, the share of the population aged 25-54 years old in the labor force was 83.1 percent—1.4 percentage points less than a peak in LFP in the late 1990s.[17]

The Study Panel was convened to explore a portfolio of policy options aimed at producing assured income. First, we explain in some detail the fundamental problem the policies seek to address: economic insecurity.

Security versus Status

Economic *insecurity* is the threat, or risk, of inadequate income. Conversely, economic *security* is the assurance of adequate income through mitigation of that risk or its consequences. However, it may be easier to understand economic security and insecurity when contrasted with economic status.

Economic status is visible and measurable, reflecting how much a person earns, owns, saves, and consumes.[18] That status is amenable to evaluation in many ways. For example, one might ask whether a person earns enough to manage the basics of daily living, or colloquially, to "make ends meet." Researchers and policy makers disagree on what is "enough," or what "ends" entail in terms of basic needs like food, housing, education, and health care, or what comprises a good, or sufficient status.[19] Regardless of the definition of status, it is measured at a point in time, e.g., can a person pay rent this month?

Economic security, on the other hand, is much less tangible or measurable, reflecting the more expansive concept of whether a person will be able to maintain an adequate standard of living in the wake of an unfortunate event, like job loss, illness, or natural disaster. The idea of economic security depends on two factors: the likelihood of the at-risk event, or "shock", happening—e.g.,

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[16] Source: Bureau of Labor Statistics. *Labor Force Statistics from the Current Population Survey*. Series: (Seas) Average Weeks Unemployed – LNS13008275.

[17] On aggregate, LFP rates for the 16+ population are down four percentage points between 1999 and 2019. This may not be too problematic, however, as the aged 16-24 population has seen LFP rates decline by almost ten percentage points. These declines are nearly seventeen percent points for the aged 16-19 population. In other words, if young people are receiving more education and therefore not participating in the labor force, that is not a problem. On the other end of the spectrum, the 55+ population has observed a LFP increase of 8.4 percentage points over the same time period. This includes a 9.5 percentage point increase for the 65-74 population, and a four-percentage point increase for the 75+ population. To the extent that these increases are related to more accessible and less physically burdensome work, they are not a problem. To the extent that they are related to retirement insecurity, they are more problematic. (Bureau of Labor Statistics, 2020)
Source of 25-54 LFP data: U.S. Bureau of Labor Statistics, Labor Force Participation Rate - 25-54 Yrs. [LNU01300060], retrieved from FRED, Federal Reserve Bank of St. Louis.

[18] Economic status is not to be confused with socioeconomic status, which is defined by the American Psychological Association as follows: "Socioeconomic status is the social standing or class of an individual or group. It is often measured as a combination of education, income and occupation." In short, economic status refers to what resources one owns and can afford to buy, while socioeconomic status refers to one's wellbeing compared to others.

[19] For example, one definition of economic status is whether a person is "in poverty". A poverty threshold is a dollar amount below which some is considered to be poor, and above which someone is not poor. What that poverty threshold *should* be, and what it should measure, is the subject of a long and sometimes fierce debate.

job loss, illness, or natural disaster—and the level of protection in place should the event happen, or the shock occur. Economic security is therefore comprised of both risk exposure and risk protection. Given that it relies on unforeseen future events, economic security is often considered over a longer and undefined time horizon, e.g., can a person pay rent if they become unemployed?

Consider two employees of a company: the chief executive officer and the janitor. By most measures, the CEO is in the much riskier job; about half of CEOs who depart their position for any reason are fired or forced out of their jobs.[20] Yet CEOs are not economically insecure. Not only do they make significantly more money than the janitor, but they also probably have an employment contract (often called a "golden parachute") that compensates them even if they are fired.[21] In addition, a high-earning CEO has very likely accumulated credit and assets; their wealth is a de facto form of insurance to borrow against or sell. The janitor, on the other hand, may be less likely to be fired, but also much less likely to have adequate income, a severance, savings, or immediate alternate employment options. And with a low income, the janitor is much less likely to have significant assets or access to credit.[22] The janitor has a substantially higher level of economic insecurity, even if the CEO has more risk in terms of job stability.

Thus, economic security is not just income, but precarity. The two are correlated, but not necessarily uniformly or evenly.

Measuring economic insecurity remains difficult. Researchers attempt to measure protection against risk through assets, such as savings and insurance. Although they seek to predict the likelihood of a particular negative shock, the true extent of risk, and the true extent of protection, are often not known until a shock occurs.[23] On top of this uncertainty, not all shocks are similar. A hurricane causing a business to close for two months is a shock to its workers, but of a different degree than the shock to workers if the business closes permanently. Similarly, a business closing permanently is a shock to its workers of a different degree if it is easily substitutable (like a restaurant in a mall food court) versus if it is the largest employer in a small city (like a manufacturing plant).[24]

Since the 1930s, the U.S. has achieved substantial gains in economic status. Per capita Gross Domestic Product (GDP), or the total size of the U.S. economy divided by the number of people

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[20] Source: Sahada, 2019. *Up to half of exiting CEOs don't quit. They get fired*. CNN Business.

[21] CEOs are a well-studied profession—they are not only leaders in industry, but also the poster children for inequality. A recent report from the Economic Policy Institute finds the ratio of "CEO-to-typical-worker compensation was 320-to-1" in 2019, up from 293-to-1 in 2018, 61-to-1 in 1989, and 21-to-1 in 1965 (Mishel and Kandra, 2020). In terms of "golden parachutes", the most recent data shows "change in control benefits for the top 200 CEOs" to be about $27.9 million in 2019 (*Executive Change in Control Report*, 2020).

[22] To expand on the example, janitors and cleaners made, on average, $30,010 per year as of May 2019. For families earning less than the median family income—$86,000 in 2019 (see Table H-5)—there is a 50 percent chance of owning a home (see Table 8). As such, it is very unlikely that the janitor owns a house.

[23] Potter (2011), for example, details the failure of the economics community to forecast the level of risk present in the housing market leading up to the Great Recession in 2007.

[24] *Janesville* by Amy Goldstein documents the story of workers at a General Motors plant in Janesville, Wisconsin when it closed in 2008. The factory employed 4,800 individuals and paid high wage jobs that the laid off workers struggled to replace.

in it, rose in real terms from $10,081 in 1940 to $58,164 in 2020.[25] On average at least, people in the U.S. are better off now and have grown steadily better off over time.

As a part of being better off, people in the U.S. consume more every year. For example, during the Great Depression, between 1930-1933, consumption spending decreased each year by at least 2.2 percent. Since then, in no two consecutive years has consumption spending in the U.S. economy decreased. Only in four years (out of over 80) has consumption decreased relative to the prior year.[26]

Perhaps the most salient measure of progress is that households own more goods than they ever have before. Table 1[27] and Table 2[28] below show data on ownership rates of other common household items for recent years.

Table 1. Household Ownership Rates (percent) of Certain Goods, 1980-2015

	1980	**1987**	**1997**	**2005**	**2009**	**2015**
Oven	95.6	97.5	98.8	98.6	90.1[a]	91.4[a]
Refrigerator	99.7	99.8	99.8	99.9	99.8	99.3
2+ Refrigerators	14.0	13.6	15.2	22.1	22.9	44.9
< 10 years old	N/A	N/A	64.1	65.4	70.4	70.4
Dishwasher	37.2	43.1	50.2	58.2	59.3	66.9
Clothes Washer	71.6	73.3	77.4	82.6	82.0	82.4
Clothes Dryer	61.3	65.9	71.2	78.8	79.4	80.3
Color Television	82.0	92.7	98.7	98.7	98.7	97.2
2+ Televisions	N/A	N/A	66.9	77.8	77.5	71.8
3+ Televisions	N/A	N/A	29.5	42.9	44.5	38.7
4+ Televisions	N/A	N/A	10.4	21.9	21.0	16.3
Microwave	14.3[b]	60.8	83.0	87.9	96.0	96.1
Air Conditioning	57.2	63.3	72.5	84.0	87.1	87.0
Central Air	27.2	32.5	46.8	59.3	63.4	64.4
Desktop Computer	N/A	N/A	35.1	68.0	75.9	41.7
Laptop Computer	N/A	N/A	N/A	24.5	33.4	63.7

[25] To account for the change in prices over time, dollar amounts from prior eras are adjusted for comparison to today's dollars, or to "real" terms by accounting for the average change in prices over time. Throughout the report, we note by use of "real" to show that dollar amounts are adjusted in this manner. Gross domestic product data comes from the Bureau of Economic Analysis Table 1.1.6. Real Gross Domestic Product, Chained Dollars, line 1. Dollars are in terms of chained 2012 dollars. Population data comes from the Bureau of Economic Analysis Table 2.1. Personal Income and Its Disposition, line 40.

[26] The largest year over year decrease in consumption spending since 1942 took place in 2009 and was small in comparison to decreases observed during the Great Depression (1.3 percent). The data are only available through 2019; 2020 will likely be the fifth year of decline.
Source: Bureau of Economic Analysis Table 2.3.1. Percent Change From Preceding Period in Real Personal Consumption Expenditures by Major Type of Product 1930-2019.

[27] Source: Residential Energy Consumption Survey (RECS): 1980, 1987, 1997, 2005, 2009, and 2015.

[28] Source: Pew Research Center. 2019. *Mobile Fact Sheet*.

Internet Access	N/A	N/A	20.4[c]	60.2	71.4	85.2[d]

[a] Households with a stove with an oven and cooktop. 11.9 percent (2009) and 11.8 percent (2015) had a "separate wall oven", though the overlap is not clear. Prior years' question asked about oven use in general.
[b] Estimated 14.3 percent of households stated that the microwave oven is their first or second most used "oven".
[c] Stated as " Modem Connecting PC to Telephone Line."
[d] See footnote 31 for more recent data on internet access.

Table 2. Adult Ownership Rates of Cellphones and Smartphones

	2002	**2006**	**2010**	**2014**	**2019**
Cellphone	62%	73%	80.5%	90.5%	96%
Smartphone	N/A	N/A	N/A [a]	57%	81%

[a] The earliest figure available in the Pew data is 35 percent in May of 2011.
Note: In years where Pew reported multiple numbers, the data for the earliest date and the latest date in the year are averaged.

In terms of larger assets, between 1960 and 2018, the portion of households that owned at least one car increased from 78.5 percent to 91.5 percent, while the portion owning at least two cars nearly tripled to 59 percent, and the portion owning at least three cars increased almost nine-fold to 21.9 percent.[29] In a similar vein, the proportion of U.S. owner-occupied households increased by over 150 percent between 1940 and 2020, from 43.6 percent to 67.4 percent.[30]

The increase in access to basic consumer goods—goods that many would consider a necessity—is clear evidence of an improvement of economic status, but how much it says about economic security, or how much economic security these goods confer, is unclear. For instance, most individuals, when asked if they could weather an unemployment spell or the illness of a partner that forces them to quit their job, are unlikely to bring up that they have a refrigerator or cell phone. Security comes from larger assets, such as cars or homes. As to the former, automobile ownership is at an estimated 91.5 percent, but cars as assets provide weak security because they are (except in rare cases) constantly depreciating in value. Homeownership, as previously noted, was at 67.4 percent in 2020.

Many of the averages in ownership of goods mask differences across key demographic groups. In 2018, for example, 94.4 percent of the U.S. population had access to internet at the speed of 25 Mbps—a decent enough speed for most users—while only 77.7 percent of those in rural areas and 72.3 percent of those on tribal lands had such access.[31] 91.5 percent of U.S. households own a car, but households of color are more than twice as likely to be without a car than White households.[32] Overall homeownership increased to 67.4 percent, but Black homeownership is only 46.4 percent, Hispanic homeownership is 50.9 percent, and Asian (which includes Native

[29] Source: Oak Ridge National Laboratory. *Table 9.04: Household Vehicle Ownership, 1960-2018*.
[30] Sources: U.S. Census Bureau. 1976. *Historical Statistics of the United States, Colonial Times to 1970*.
U.S. Census Bureau. 2020. *Homeownership Rate for the United States [RHORUSQ156N]*, retrieved from FRED, Federal Reserve Bank of St. Louis.
[31] Source: Federal Communications Commission. 2020. *2020 Broadband Deployment Report*. Figure 4, p. 23. Busby et al. 2020 indicate that the FCC's report significantly overestimates the portion of individuals with access to broadband internet at every level.
[32] Source: National Equity Atlas. *Car access, United States: Percent of households without a vehicle by race/ethnicity: United States; 1990–2017.*

Alaskan and Native Hawaiian) is 61.0 percent, compared to 75.8 percent for non-Hispanic White individuals.[33]

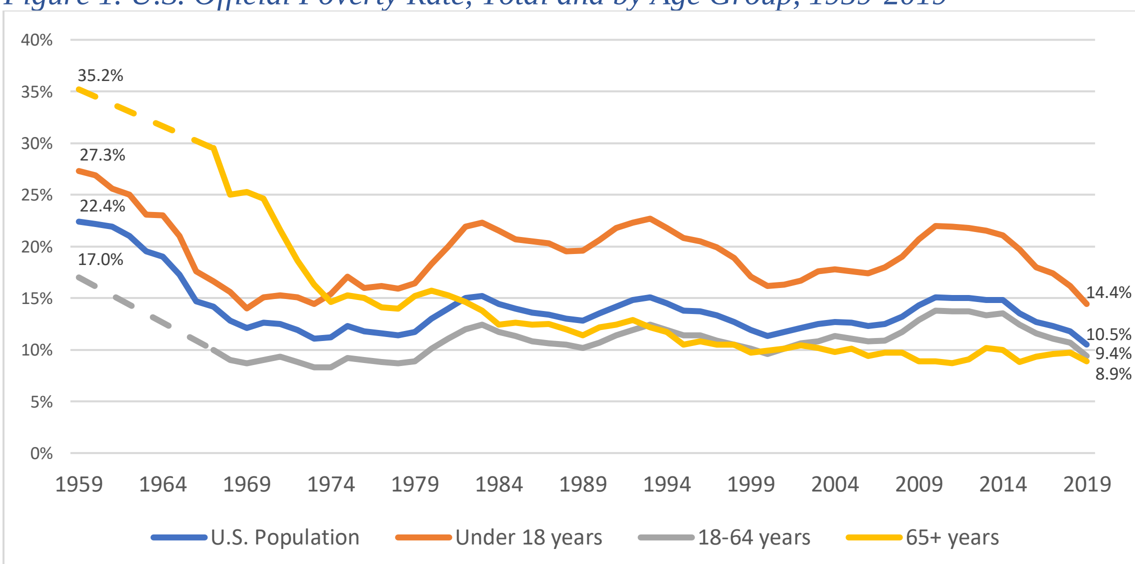
Hence, even as the average household earned, owned, and consumed more, many in the U.S. may still be economically insecure.

To assess economic insecurity (and the risk of inadequate income), we present three discussions of income in the U.S.: poverty, income trends, and income volatility.

Poverty

The official poverty measure (OPM) in the U.S. fell from 22.4 percent of the population in 1959 to 10.5 percent in 2019,[34] which suggests that economic insecurity—at least as measured by the portion of people who are in poverty—has fallen. These gains, however, were not steady or evenly shared. Figure 1 shows the percent of people in the U.S. who are in poverty since 1959 (there is no data for certain subgroups between 1959 and 1967, which is linearly interpolated with a dotted line)[35]. It also shows poverty rate by age groups—under 18, 18-64, and 65 and over. For most of the period here, age 65 was the full retirement age for Social Security Old Age Insurance benefits.[36]

Figure 1. U.S. Official Poverty Rate, Total and by Age Group, 1959-2019



For children and adults under 65, the reduction in poverty occurred in the initial period of measurement, from 1959 to 1973. In the nearly five decades following, the poverty rate

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[33] Source: U.S. Census Bureau. 2020. *Quarterly Residential Vacancies and Homeownership, Third Quarter 2020*. CB20-153.
[34] Source: Semega et al. 2020. *Income and Poverty in the United States: 2019*. Table B-5. United States Census Bureau.
[35] Source: U.S. Census Bureau. 2020. *Historical Poverty Tables: People and Families - 1959 to 2019*. Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin, and Table 3. Poverty Status of People by Age, Race, and Hispanic Origin.
[36] As a result of the Social Security Amendments of 1983, the age at which one receives full Social Security retirement benefits began increasing from 65 to 67 in the year 2000. The full retirement age will reach 67 in 2022.

fluctuated between 11 percent and 15 percent. For adults over 65, on the other hand, the share in poverty has been on a slow and steady decrease, falling to 8.9 percent in 2019.[37]

Breaking down poverty by race reveals deep disparities. In 2019—a record year of poverty-lows under the OPM—18.8 percent of the Black population, 15.7 percent of the Hispanic population, 7.3 percent of the non-Hispanic White, and 7.1 percent of the Asian population were in poverty. Over the thirty years from 1989 to 2018, OPM poverty rates averaged 26.4 percent for the Black population, 24.4 percent for the Hispanic population, 11.9 percent for the Asian population, and 8.8 percent for the non-Hispanic White population.[38]

Reaching an overall poverty rate of 10.5 percent in 2019 was a milestone, but experts expect data to show an increase in poverty in 2020 due to the COVID-19 pandemic.

The official poverty rate cannot be interpreted as an exhaustive estimate of economic insecurity. There are two key problems.

First, the official measure is generally recognized as flawed.[39] Specifically, it counts the number of people who have cash income below a certain threshold, but that threshold only increases with inflation. Wages rise faster than prices (this is how standards of living increase) so, although the threshold increases every year, the actual number becomes less meaningful as a measure of poverty relative to trends in the economy. In 1959, for example, the family of four threshold was $2,973, which represented 55 percent of median family income. In 2019, the threshold was $26,172 or 38 percent of median family income.[40]

The other problem with the official poverty rate is that it only measures pre-tax cash income, and therefor does not capture post-tax transfers or non-cash support programs. So Social Security, a cash benefit not subject to the income tax,[41] is counted, but the Earned Income Tax Credit (EITC) and Supplemental Nutrition Assistance Program (SNAP, nee Food Stamps) are not. This means that the official poverty measure accurately reflects cash income but not all income resources. The U.S. Census Bureau developed the Supplemental Poverty Measure (SPM) to take those post-tax transfers and in-kind benefits into account (among numerous other changes). Prior research has found that under the SPM accounting, these income support programs have

[37] The reduction in poverty among the 65+ population is largely attributed to Social Security providing a significant and steady stream of income in retirement. While the 65+ population is the most impacted by Social Security, the program provides substantial poverty relief for the sub 65 population. The program is estimated to have lifted almost seven million children and adults out of poverty in 2018. Read more in *Social Security Lifts More Americans Above Poverty Than Any Other Program.*

[38] Source: U.S. Census Bureau. 2020. *Historical Poverty Tables: People and Families - 1959 to 2019*. Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin.

[39] [Background Essay: Poverty Measures]

[40] Source of poverty threshold data: U.S. Census Bureau. 2020. *Historical Poverty Tables: People and Families - 1959 to 2019*. Table 1. Weighted Average Poverty Thresholds for Families of Specified Size: 1959 to 2019.
Source of 1959 median income: U.S. Census Bureau. 1961. *Income of Families and Persons in the United States: 1959*.
Source of 2019 median income: U.S. Census Bureau. 2020. *Historical Income Tables: Households.* Table H-6. Regions-by Median and Mean Income.

[41] Higher income Social Security beneficiaries may see a portion of their benefits subject to the income tax. Read more on the SSA website.

powerful anti-poverty effects, which have resulted in significant reductions in poverty rates in recent decades.[42] Still, it estimates 11.7 percent of the population was poor in 2019.[43]

An alternative definition of poverty is used by the Organization of Economic Cooperation and Development (OECD)[44]; they define poverty as 50 percent of median income in a given country.[45] According to this definition, the poverty rate in the U.S. after taxes and transfers was 17.8 percent in 2017.[46]

If we were to assume that poverty was an exhaustive measure of economic insecurity in the U.S., we would then be left with the conclusion that the U.S. labor market has made little progress in reducing economic insecurity over the past forty years and has been greatly bolstered by public support programs.

But it is incorrect to equate poverty with insecurity. Poverty measures income, not precarity, though it is arguably the best measure of precarity at our disposal. It should be considered necessary but not sufficient; that is, even if we assume that nearly all individuals in poverty are economically insecure, there are individuals who are not in poverty who are also economically insecure.

During the pandemic, it was not solely the 10.5 percent of the population that was in poverty to begin the year that was affected by the recession. In December 2020, 37.5 percent of adults reported it had been at least somewhat difficult paying for "usual household expenses"[47], 13.7 percent of adults were in households where there was not enough food to eat sometimes or often over the last week[48], and 18.1 percent of renter-occupied households were behind on rent.[49] Of those behind on rent, over 52 percent reported it as at least somewhat likely that they would be evicted in the next two months.[50] Precarity extended far above the threshold for poverty.

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[42] *Poverty in the United States: 50-Year Trends and Safety Net Impacts* (Chaudry et al. 2016) shows tax and transfer programs as reducing poverty by 12.7 percentage points in 2012. Figures 7 through 16 document the anti-poverty impacts of an array of income security programs in the United States.

[43] Source: Short, Kathleen. 2011. *The Research SUPPLEMENTAL POVERTY MEASURE: 2010*. United States Census Bureau. P60-241.; Fox, Liana. 2020. *The Supplemental Poverty Measure: 2019*. United States Census Bureau. P60-272.

[44] Initially formed in 1961 by twenty-one national governments in Europe and North America, the OECD now includes thirty-seven member countries. Whenever making international comparisons along economic metrics, the US should be compared to the OECD countries only or the subset of the most advanced economies within the OECD (known as the G7): Canada, France, Germany, Italy, Japan, and the United Kingdom.

[45] The OECD's definition is justified by "the notion that avoiding poverty means an ability to access the goods and services that are regarded as customary or the norm in any given county." Source: OECD. 2019. *Society at a Glance 2019: OECD Social Indicators*. OECD Publishing, Paris. Chapter 6. https://doi.org/10.1787/soc_glance-2019-en.

[46] Source: OECD. 2021. Poverty rate (indicator). doi: 10.1787/0fe1315d-en

[47] Source: United States Census Bureau. 2021. *Week 21 Household Pulse Survey: December 9 – December 21.* Spending Tables, Table 1.

[48] Source: United States Census Bureau. 2021. *Week 21 Household Pulse Survey: December 9 – December 21.* Food Sufficiency and Food Security Tables, Table 2.

[49] Source: United States Census Bureau. 2021. *Week 21 Household Pulse Survey: December 9 – December 21*. Housing Tables, Table 1b.

[50] Source: United States Census Bureau. 2021. *Week 21 Household Pulse Survey: December 9 – December 21*. Housing Tables, Table 3b.

Income Trends

Income is the annual total amount of money an individual earns in a year before taxes, including money from wages and salaries, self-employment, interest, dividends, rent, and government cash transfers. It does not include non-wage compensation such as the value of health insurance. For all but the top one percent of households, the majority of income comes from wages.[51]

In the U.S., many jobs are low paid, and many workers earn at or below poverty incomes. Table 3 shows the fifteen largest occupations in the U.S., the number of workers in each occupation, their median hourly wage, and their median annual income.[52]

Table 3. Employment and Median Hourly Wages in the Largest U.S. occupations, May 2019

Occupation	Employment	Median Hourly Wage	Median Annual Income
Retail Salespersons	4,317,950	12.14	25,250
Fast Food and Counter Workers	3,996,820	10.93	22,740
Cashiers	3,596,630	11.37	23,650
Home Health and Personal Care Aides	3,161,500	12.15	25,280
Registered Nurses	2,982,280	35.24	73,300
Office Clerks, General	2,956,060	16.37	34,040
Laborers and Freight, Stock, and Material Movers, Hand	2,953,170	14.19	29,510
Customer Service Representatives	2,919,230	16.69	34,710
Waiters and Waitresses	2,579,020	11.00	22,890
General and Operations Managers	2,400,280	48.45	100,780
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,145,450	13.19	27,430
Stockers and Order Fillers	2,135,850	13.16	27,380
Secretaries and Administrative Assistants, Except Legal, Medical, Exec.	2,038,340	18.12	37,690
Heavy and Tractor-Trailer Truck Drivers	1,856,130	21.76	45,260
Bookkeeping, Accounting, and Auditing Clerks	1,512,660	19.82	41,230

Many of these very large occupations (shaded) pay less than $15 per hour at the median, which for a full-time (40 hours per week), full-year (52 weeks per year) worker is $31,200. Given that many full-time workers do not have paid vacation or sick leave, $31,200 is a maximum; it is only feasible if the worker does not miss a single hour of work in the year. For that reason, that maximum is often *well above* what most of these workers take home, as shown in the final column.[53] For reference, the official federal poverty threshold for a family of four in 2019 was

[51] Whereas, before taxes and transfers in 2017, labor income made up 61 percent of total income for the lowest income quintile, 68 percent of income for the middle three quintiles, and 70 percent for those in the 81st to 99th percentiles, labor income accounted for only one-third of income for the top 1 percent of earners. See *The Distribution of Household Income, 2017* (Congressional Budget Office) for more information.

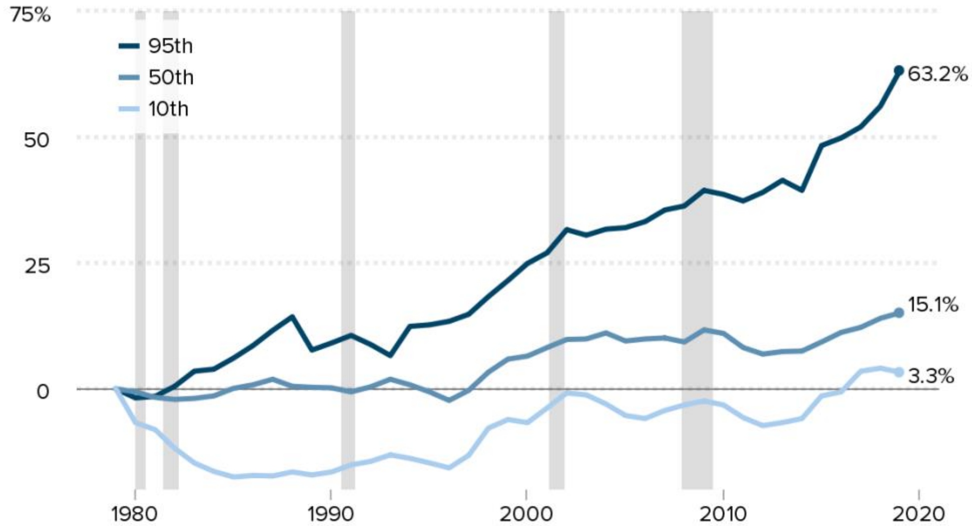
[52] Source: Occupational Employment Statistics. 2020. *May 2019 National Occupational Employment and Wage Estimates United States*. U.S. Bureau of Labor Statistics.

[53] As of March 2020, 88 percent of full time, non-federal employees have access to paid sick leave. Of this population, 87 percent have access to paid vacations, but only 25 percent have access to paid family leave. Access rates are significantly lower for part time workers. (U.S. Bureau of Labor Statistics, 2020).

$25,750.[54] In total, at least 46.5 million workers are in occupations that pay below $15 per hour at the median.[55] This number represents almost a third of all employees in the United States.[56]

The large number of workers in jobs with low expected wages is the result of years of weak, or negative, wage growth. Figure 2[57] shows the change in real (adjusted for inflation) wages at different points of the wage distribution.[58]

Figure 2. Cumulative Change in Real Hourly Wages of Workers, by Wage Percentile, 1979-2019



Notes: Shaded areas denote recessions. The xth-percentile wage is the wage at which x% of wage earners earn less and (100−x)% earn more.

Source: Elise Gould's analysis of EPI Current Population Survey Extracts, Version 1.0 (2020), https://microdata.epi.org

At the bottom, workers at the 10th percentile did not see a real wage increase for the 37-year period from 1979-2016. Finally, in 2017—after eight years of GDP growth following the Great Recession—the tenth percentile experienced an increase in real wages relative to 1979 of about three percent. Over a forty-year period, this group observed a total raise from $9.75 to $10.07.[59] Workers at the median wage experienced higher, but still relatively anemic, growth in wages

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[54] Source: Assistant Secretary for Planning and Evaluation. *2019 Poverty Guidelines*. U.S. Department of Health and Human Services.

[55] The median annual earnings for an additional 1.4 million workers are less than $31,200—the earnings of a full-time, full-year worker at $15 per hour. The OES does not offer median wage data for these occupations ("teaching assistants, except postsecondary"; "legislators"; and "umpires, referees, and other sports officials").

[56] This total excludes self-employed workers, who are not employees.

[57] Gould, Elise. 2020. *State of Working America Wages 2019*. Figure C. Economic Policy Institute.

[58] There are 100 points, or percentiles, in a distribution. The wage distribution is the wages of each worker in the U.S., ranked from smallest to highest; you can conceptualize this as a line of workers arranged from lowest earning to highest earning. If there were 100 people in a line, wages at the 10th percentile are the earnings of the tenth person in line, and not the wages of that person and the 9 people below him. Therefore, the 10th percentile earner is the highest earner among the ten lowest.

[59] Source: Economic Policy Institute. 2019. *State of Working America Data Library*. Wages by percentile and wage ratios. Original data from the Current Population Survey Outgoing Rotation Group microdata.

after 1996, reaching $19.33 in 2019. Researchers point out that weak growth in wages has occurred despite overall increases in labor productivity, but there is debate as to why that is the case.[60]

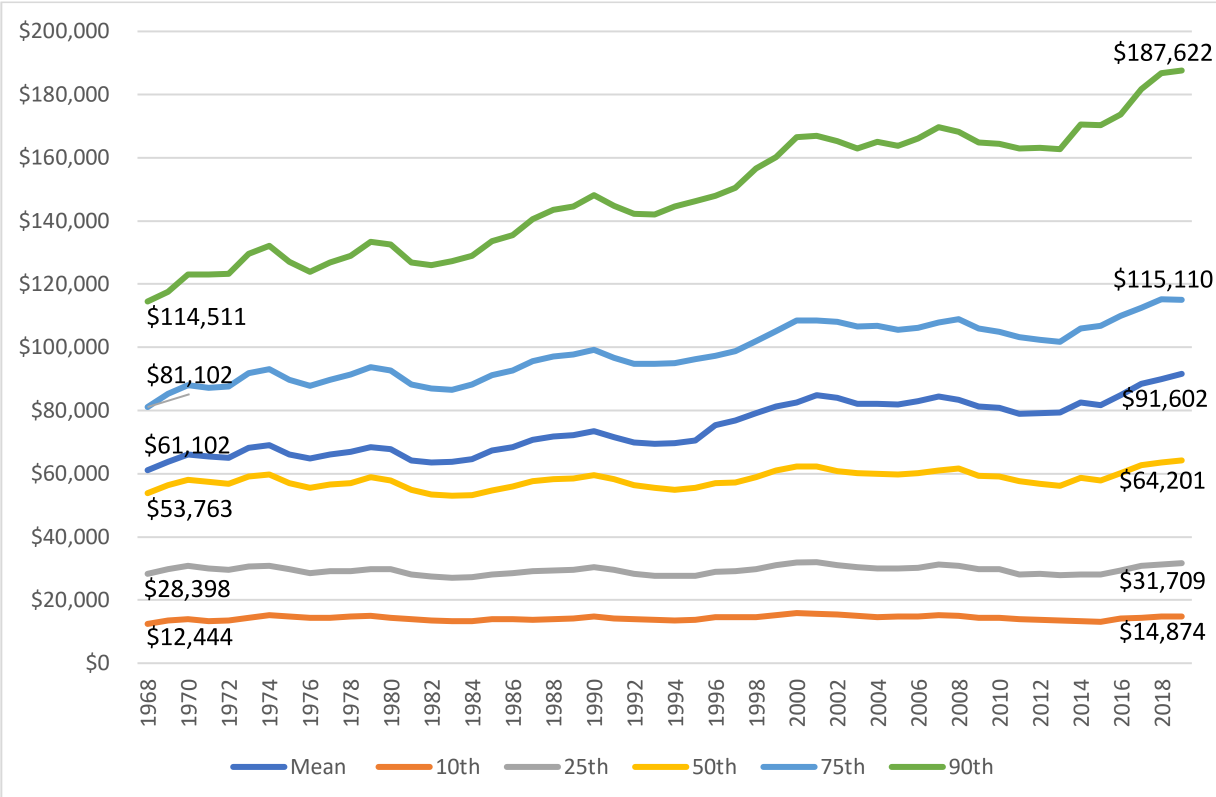
This stall in wage growth is similarly reflected in income growth. Figure 3 shows real (adjusted for inflation) income growth from 1968-2019[61] from households at key points of the distribution.[62] Income in Figures 3 through 6 refers to all cash income including sources of unearned income; it does not include the value of non-cash transfers such as benefits from SNAP.

[60] Two points of debate exist around whether the link between worker pay and overall worker productivity is causal and, regardless of the link, the causes of weak wage growth. Summers and Stansbury 2017 find a strong and positive causal relationship between productivity and compensation, arguing that "other orthogonal factors are likely to be responsible for creating the wedge between productivity and pay in the US economy, suppressing typical workers' incomes even as productivity growth acts to increase them." Summers and Stansbury 2018 summarize in detail the existing literature around the productivity-compensation gap:
"*Computerisation and automation have been put forward as causes of rising mean-median income inequality (e.g. Autor et al. 1998, Acemoglu and Restrepo 2017); and automation, falling prices of investment goods, and rapid labour-augmenting technological change have been put forward as causes of the fall in the labour share (e.g. Karabarbounis and Neiman 2014, Acemoglu and Restrepo 2016, Brynjolffson and McAfee 2014, Lawrence 2015).*

At the same time, non-purely technological hypotheses for rising mean-median inequality include the race between education and technology (Goldin and Katz 2007), declining unionisation (Freeman et al. 2016), globalisation (Autor et al. 2013), immigration (Borjas 2003), and the 'superstar effect' (Rosen 1981, Gabaix et al. 2016). Non-technological hypotheses for the falling labour share include labour market institutions (Levy and Temin 2007, Mishel and Bivens 2015), market structure and monopoly power (Autor et al. 2017, Barkai 2017), capital accumulation (Piketty 2014, Piketty and Zucman 2014), and the productivity slowdown itself (Grossman et al. 2017)."

Benmelech et al. 2018 also discuss the extent to which labor market concentration may contribute to wage stagnation.
[61] We show the full series, starting with the first available year. Income at key percentiles of the distribution, are estimated and published annually by the Census Bureau, wages are not. They must be estimated from the raw Census data from the Current Population Survey. Survey methodological changes mean that most wage series start, at the earliest, in 1975.
[62] Source: DQYDJ. 2020. *Household Income by Year: Average, Median, One Percent (and a Percentile Calculator)*.

Figure 3. Household Income by Percentiles and Average Income in 2020 Dollars, 1968-2019



At the bottom, the 10th percentile household real income in 1968 was $12,444 and it grew to $14,874 in 2019, an increase of about $2,500 over fifty years (a 19.5 percent increase). The 25th percentile had similarly small gain of $3,300 (an 11.7 percent increase), and incomes at the median had a gain of about $10,400 (a 19.4 percent increase). Both Figures 2 and 3 depict income growth at the bottom and median as slow or even negligible in recent history.

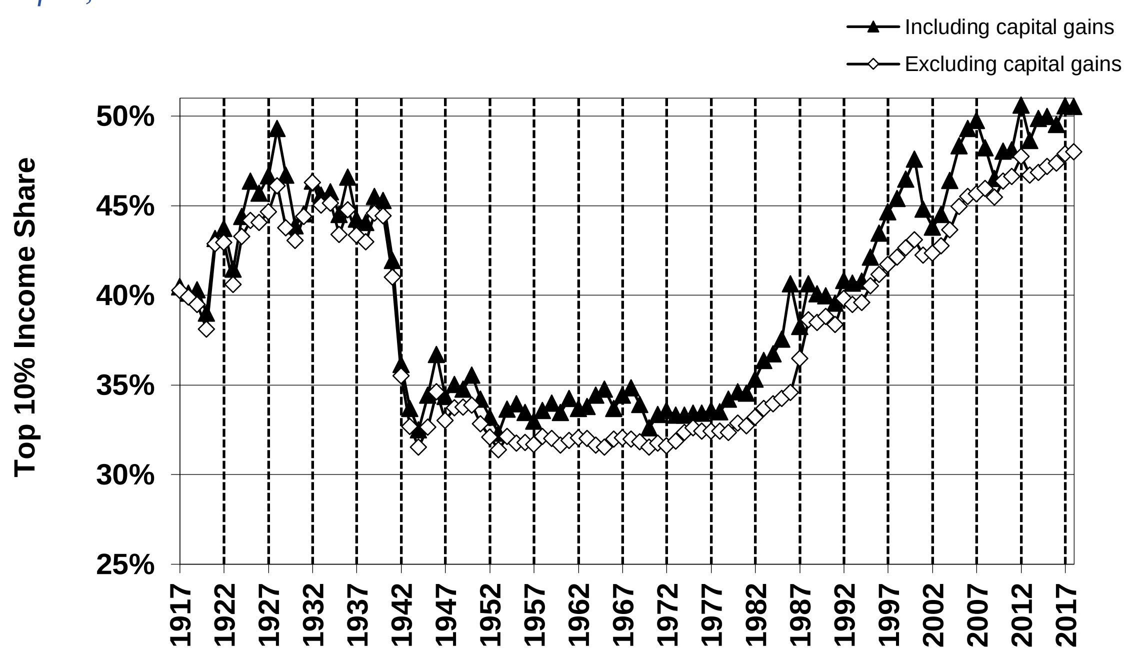
These figures are not comparing a single person over time, but rather, people of the same relative wage or same relative income at different points in time. Slow growth at the bottom of the wage or income distribution would be less problematic if most workers did not stay at that wage or income for long. For instance, most people earn their lowest wage in their first job, because they are young and do not have any experience and earn more as they accrue more experience. A person may start at the 35th percentile but retire at the 85th. Studies of lifetime earnings, however, are pessimistic. Even when looking at the total a person earns over their career, the growth in income and wages of workers in the bottom half of the distribution is small, especially in comparison to the top end of the distribution.[63]

[63] Leonesio and Del Bene 2011 find that, using data from 1981-2004, the earnings trajectory of male workers at the 50th income percentile or below is declining over time. For female workers during this period earnings trajectories increased at each income percentile, though by substantially larger magnitudes as one moves up the income scale. *Kopczuk and Saez, 2010* "find that long-term mobility measures among all workers… display significant increases since 1951 either when measured unconditionally or when measured within cohorts. However, those increases mask

Slow growth at the bottom of the wage or income distribution would also be less problematic if income at the top of the distribution only grew apace.[64] Instead, growth at the top was much faster than growth at the bottom. At the 90th percentile (or, the bottom-end of the highest earning ten percent) wages grew by 44.3 percent between 1979 and 2019 compared to 3.3 percent for the 10th percentile. Over the same period income (see Figure 3) at the 90th percentile increased by $54,000, or 40.7 percent, compared to a 0.4 percent decline at the 10th percentile.

Income inequality is not a constant in the U.S. economy, and evidence suggests that it has worsened over the past 40 years. Figure 4 shows the income shares of the top 10 percent of households since 1917, or how much of all income in the U.S. was taken home by the top 10 percent households in the income distribution.[65]

Figure 4. Share of Total Income Taken Home by Top 10 Percent of Households Prior to Transfers, 1917-2018[66]



substantial heterogeneity across gender groups. Long-term mobility among males has been stable over most of the period with a slight decrease in recent decades. The decrease in the gender earnings gap and the resulting substantial increase in upward mobility over a lifetime for women is the driving force behind the increase in long-term mobility among all workers." Table 1 in [Auten, Gee, and Turner 2013] shows that, of taxpayers in the bottom income-quintile in 1987, 52 percent remained in the bottom quintile in 2007, and an additional 23 percent had incomes in the 2nd quintile.

64 In other words, lack of growth at the bottom of the distribution would not be as noteworthy if there was not growth (especially high levels of growth) at upper portions of the distribution.

65 Source: Saez, Emmanuel. 2020. *Striking it Richer: The Evolution of Top Incomes in the United States (Updated with 2018 estimates).* Figure 1.

66 Capital gains are income from the profit on a sale of an asset—typically these include stocks, bonds, real estate, or a business. As noted earlier in this section, the wealthiest households in the United States tend to have disproportionate income shares as capital gains relative to the rest of the population (see footnote 51).

The ten years preceding the Great Depression saw growing income concentration. During the Depression, the top 10 percent income share held steady at 45 percent and then fell beginning in 1940. For the next four decades, the top 10 percent of the distribution took home a third of all income. Starting in the late 70s, the share going to the bottom 90 percent steadily eroded until, in 2012, more than half of all income went to the top ten percent of households. Put another way, the total income of the bottom 90 percent was less than the total income of the top 10 percent. Not only does this show the increase in income accruing to the highest earners, but also that this is a recent trend and not a permanent or necessary feature of the U.S. economy.[67]

It is not clear what the relationship is between economic inequality and economic insecurity. Slow income growth for the bottom half of households does not necessarily mean that they are all economically insecure. And importantly, inequality is a result, not a cause. It is a summary of the income distribution. At the very least, income inequality greatly curtails the gains in average economic status among the population and demonstrates that not all households share in those gains.

To explore that, we examine two traditional channels of attaining economic security: buying a home and going to college, the former being an asset that provides security and the latter a means of attaining higher income. Figure 5 shows the growth in the median sale price of a new home and median income in nominal dollars—that is, the actual dollar amount not adjusted for the average change in prices over time.[68] The dollars are not adjusted because the illustrations examine two goods (home price, and separately, tuition) which have increased in prices much faster than average prices and, as the illustrations show, much faster than income.[69]

In 1975, nominal median (the 50th percentile) household income in the U.S. was $11,800 and the nominal median sale price of a new home was $39,300. By 2019, median household income in the U.S. was $68,700 and the median sale price of a new home was $321,500. The price of a home jumped from about three times annual income to nearly five times annual income.[70]

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[67] Income shares, shown in Figure 4, are not the only measure of income equality. There are also income ratios, GINI coefficient, and others. They each show an increase in income inequality since the mid-1970s. Researchers have compiled an incredible library of resources to depict graphically the extent of inequality. The Economic Policy Institute and Inequality.org offer interactive charts which help depict changes in the distribution of wealth and income over the past decades in the U.S. The World Inequality Database offers similar charts from nearly every country in the world. Some of the more prominent economists who have written on inequality recently include: Joseph Stiglitz, Heather Boushey, Thomas Piketty, Alan Krueger, and James Heckman. This Center on Budget and Policy Priorities report discusses how inequality is measured and the various sources of data.

[68] Source (median price of a new home): United States Census Bureau. 2020. *New Residential Sales*. Median and Average Sale Price of Houses Sold.
Source (median income in nominal dollars): United States Census Bureau. 2020. *Historical Income Tables: Households*. Table H-6.

[69] In general, in well-functioning economies, incomes should rise faster than prices—this increase in income levels is the source in the improvement of economic status over time among households. Otherwise, people may have more money but be able to afford less of a good, as is the case with homes and college tuitions.

[70] 2019 was the first year since 1991 outside of the Great Recession in which median new home sale prices fell, while median household income saw its largest annual increase since 1979. In short, the ratio of median new home sale prices to median household income fell from 5.2 in 2018 to 4.7 in 2019.

Figure 5. Median Sale Price of a New Home vs. Median Household Income in Nominal Dollars, 1963-2019

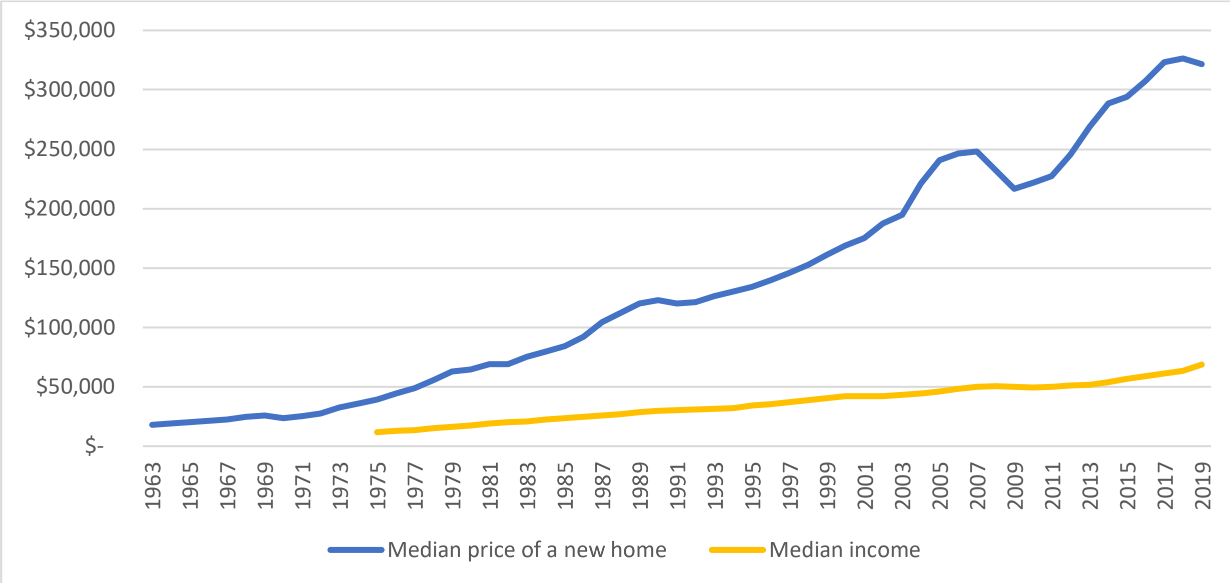
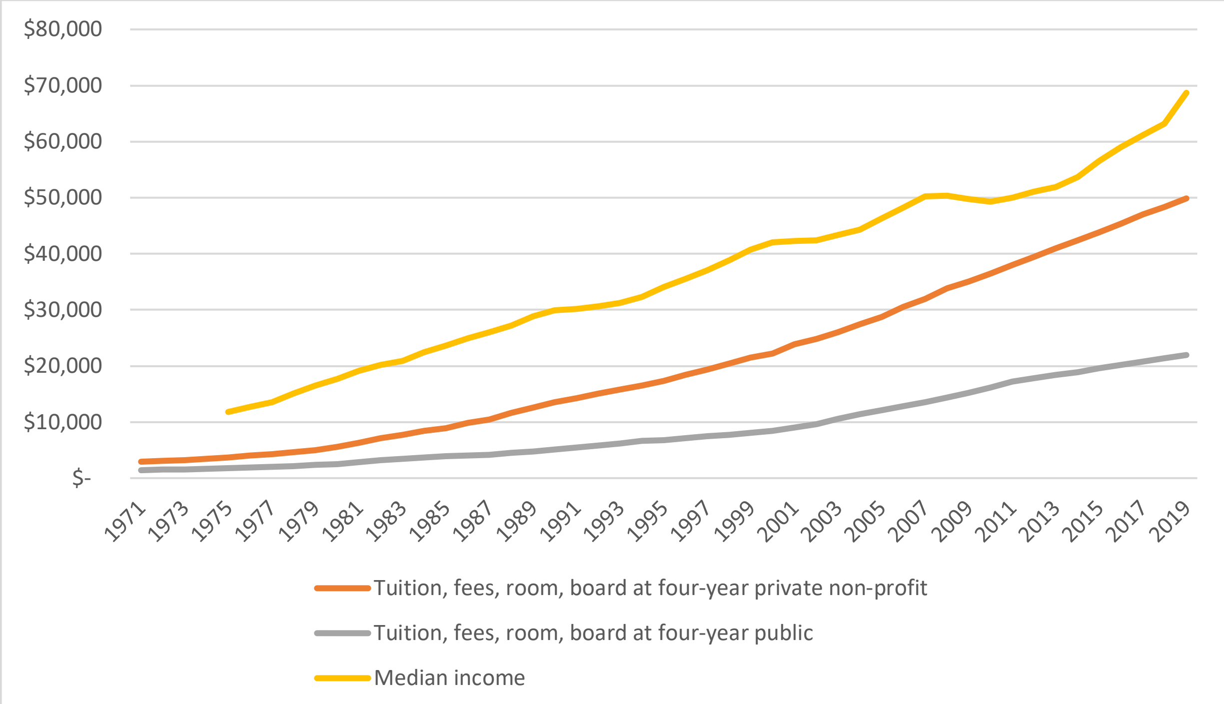


Figure 6 provides the same illustration but compares nominal median income with the nominal price of tuition, fees, room, and board at a four-year private non-profit college and a four-year public college.[71] In 1975, median income was $11,800 compared to $3,680 for the cost of a year of private college and $1,780 for a year of public college. In 2019, median income was $61,000 while a year of private college cost $49,870 and a year of public college costs $21,950. Thus, the cost of a year at a public college went from one-sixth of the median family's income to more than one-third.

[71] Source (college pricing): Ma, Jennifer, Matea Pender, and CJ Libassi. 2020. *Trends in College Pricing and Student Aid 2020*. Table CP-2, Excel Data. New York, College Board.
Source (median income): Ibid footnote 68.

Figure 6. Price of Tuition, Fees, Room, and Board of Four-Year Colleges vs. Median Household Income in Nominal Dollars, 1971/72-2019/20



The growth in the price of homes and tuition, both hallmarks of economic security, is greatly outpacing ability to pay. In 1975, if prospective homebuyers at median income saved 10 percent a year, they could afford a twenty percent down payment for a home in six and a half years. In 2019, it would take ten and a half years. Similarly, in 1975, if they used that 10 percent instead for college, they could fully finance a four-year private education in twelve years and a public one in six. In 2019, annual savings of 10 percent of median income would take thirty-three years to finance a four-year private education fully and fourteen to finance a public one.[72]

When compared to rates of growth in housing prices and tuition rates (see Figures 5 and 6), most have little hope to afford such items without enormous undertakings of debt.

Indeed, there is evidence that household debt is increasing.[73] Figure 7 shows that total household debt has more than doubled since 2003.[74] Over the same period, median income increased by less than 14 percent.[75] Like home prices and college tuition, household debt is rising much faster than income.

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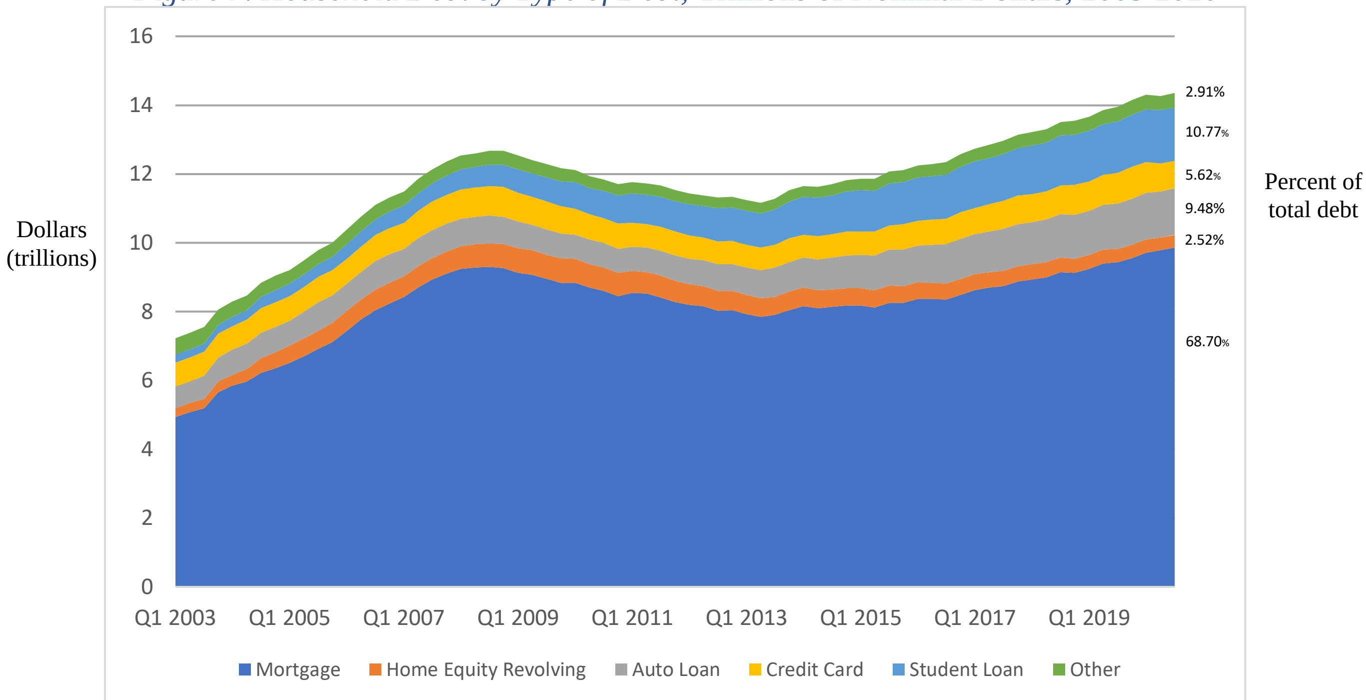
[72] These calculations assume that the savings are not invested in growing assets.
[73] Source: Board of Governors of the Federal Reserve System (US), Household Financial Obligations as a percent of Disposable Personal Income [FODSP], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/FODSP, November 19, 2020.
[74] Source: Federal Reserve Bank of New York. 2020. *Quarterly Report on Household Debt and Credit, 2020: Q3.* Total Debt Balance and its Composition. P.3.
"Home equity revolving" accounts are also known as home equity lines of credit. They can be thought of as "home equity loans with a revolving line of credit where the borrower can choose when and how often to borrow up to an updated credit limit". P.42.
[75] Median income increased by about 13.8 percent nominally between 2003 and 2019.

Figure 7. Household Debt by Type of Debt, Trillions of Nominal Dollars, 2003-*2020*



Debt itself is not a bad thing; financing an investment that will lead to higher income or economic security in the future is considered a sound practice.[76] Accumulating debt payments, however, may increase economic insecurity.[77]

The inverse of debt is savings, and as debt has increased, savings has decreased.

[76] See Fichtner 2019 for an analysis of increasing levels of debt among retirees and the extent to which debt is reducing economic security in retirement.

[77] Monica Prasad 2019 provides evidence that higher levels of spending on social insurance across OECD nations is associated with lower levels of household indebtedness. Allen et al. 2017 provides causal evidence that the 2011-2012 Medicaid expansion in California resulted in lower demand for high interest loans. To this extent debt—especially high-interest debt—might be viewed as both a symptom and reinforcer of economic insecurity.

Figure 8. Personal Savings as a Percentage of Disposable Income, 1959-2019

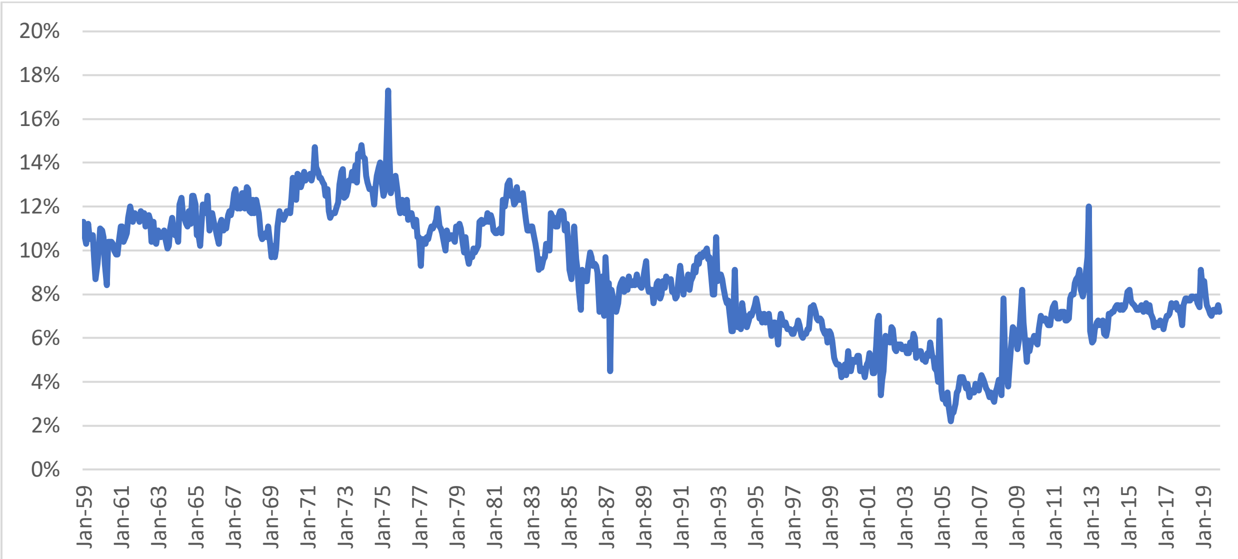


Figure 8 depicts the downward trend in saving rates among individuals in the United States over the past sixty years.[78] Between 1959 and 1985—in periods of economic expansion and decline—the average savings rate in a given year rarely fell below 10 percent. Since then, 2020 was the only year in which the average savings rate exceeded 10 percent (individual months may be higher in the figure).[79] This period is underscored by historically low savings rates prior to the Great Recession; they reached an annual average as low as 3.1 percent of disposable income in 2005. Altogether, weak income growth has a parallel trend of declining savings. Consequentially, there is ample evidence suggesting that many today have minimal savings to draw on.[80]

An oft cited study states that about half of U.S. households cannot cover an unexpected $400 expense.[81] The implications of this finding are often exaggerated. The question asks if the person has cash on hand to cover the expense. A large majority of the half who do not have sufficient cash answered that they would borrow from a friend or family member, sell something, delay other payments, or employ other strategies which would allow payment of the $400 expense. While the finding does not mean that half of the population is $400 away from ruin, it does mean that half have hardly any breathing room in their budgets. Critically, the individuals who answered that they did not have $400 in cash were not all poor. About a third of the respondents

[78] Source: Bureau of Economic Analysis. 2021. *National Income and Product Accounts*. Table 2.6. Personal Income and Its Disposition, Monthly.

[79] 2020 is excluded from Figure 8 as—due to the unprecedented nature of the pandemic—the savings rate data are extraordinarily high, and make the prior sixty years more difficult to understand.

[80] In August of 2020, 34 percent of U.S. adults reported having less than $1,000, and 55 percent reported having $5,000 or less. This survey took place following the four highest monthly savings rates since 1959 from April through July 2021.

[81]This finding comes from the Survey of Household Economics and Dynamics (SHED) and the Survey of Consumer Finances (SCF), both from the Federal Reserve. Both of these surveys inform the Fed's annual Report on the Economic Well-Being of U.S. Households. The first year the question was asked (2013), 50 percent of respondents answered in the negative. Since then, the portion has declined to 37 percent in 2019.

had $35,000-$40,000 in income, but also had student loans, installment loans, a mortgage, or a combination of the three.[82]

As we noted, income inequality greatly curtails the gains in average economic status among the population and demonstrates that not all households share in those gains. We showed that inequality by comparing the top half of households to the bottom half. There is also persistent inequality between different racial groups. The median wage and income for Black households and Hispanic households were much less than the wage or income for White households, even when looking within categories of educational attainment (Table 4).[83]

Table 4. Wage and Income by Race and Education Level, 2019

	Median Wage			**Median Income**[84]		
	Black	Hispanic	White	Black	Hispanic	White
<High school	$12.40	$14.60	$13.88	$24,303	$25,832	$30,779
High school	$16.37	$17.88	$20.04	$30,437	$32,299	$38,869
Some college	$17.86	$19.23	$22.26	$36,348	$36,979	$44,026
Bachelor's degree	$27.81	$30.35	$35.90	$49,928	$48,699	$61,414
Advanced degree	$37.33	$40.80	$45.29	$69,713	$65,878	$81,235

A difference in income might reflect benign causes—there is not an identical distribution of Black and White individuals across U.S. states or regions, for example.[85] But it certainly reflects more malicious causes as well. There is a large and robust literature documenting discrimination against Black workers in the hiring process.[86] This has implications in terms of longer unemployment spells, higher unemployment rates, and lower income.

But the differences do not stop with income. The ability to save, for example, is greatly hindered by not having a bank account. Six percent of the U.S. population is unbanked, meaning that they do not have a checking, savings, or money market account. Virtually all of those unbanked individuals had incomes of less than $40,000 a year. On racial lines, 14 percent of Black individuals were underbanked compared with 10 percent of Hispanic individuals and only 3 percent of White individuals. Those unbanked individuals report instead using alternative

[82] This explanation is according to the author's analysis in *Why are so Many Households Unable to Cover a $400 Expense?* (Chen, 2019)
[83] Source for wage data: Economic Policy Institute. 2019. *State of Working America Data Library*. Wages by education. Original data from the Current Population Survey Outgoing Rotation Group microdata.
Source for income data: United States Census Bureau. 2020. *PINC-03. Educational Attainment-People 25 Years Old and Over, by Total Money Earnings, Work Experience, Age, Race, Hispanic Origin, and Sex.* 25 Years and Over, Total Work Experience "White alone, not Hispanic", "Black alone", and "Hispanic (any race)". Current Population Survey Annual Social and Economic Supplement.
[84] Income data are presented by the Census Bureau in smaller sub-groups than in this table. For example, ">High school" is broken down into "less than 9th grade and "9th to 12th nongrad". To account for this, the data presented here are the weighted sums of the median income data presented by the Census Bureau (when necessary).
[85] Source: Kaiser Family Foundation. 2020. *Population Distribution by Race/Ethnicity*.
[86] *Are Emily and Greg More Employable than Lakisha and Jamal?* is known as the landmark study that quantified some aspects of racial discrimination in the hiring process. Quillian et al. 2017 reviewed more than two dozen similar studies and found that the same result has persisted over the last three decades for Black individuals.

financial services that are often associated with high fees or interest rates, such as money orders, check cashing services, payday loans, and pawn shops.[87]

Similarly, Black and Hispanic individuals also hold more student loan debt than White individuals and are more likely to be behind on payments.[88] Being behind on student debt is also correlated with being a first-generation college student.[89] A more troubling form of debt held by Black and Hispanic households is unpaid legal expenses, fines, or court costs. This is debt associated with interaction with the criminal justice system. Only 5 percent of White individuals have this type of debt, compared to 12 percent of Black individuals and 9 percent of Hispanic individuals.[90] A report from the U.S. Commission on Civil Rights found that "municipalities target poor citizens and communities of color for fines and fees.[91]

It is important to keep in mind, however, that many surveys of income, wealth, savings, and debt do not ask about identification with certain demographic groups. It is typical for a household survey, like the Current Population Survey (which is used to estimate the unemployment rate) to ask about race, gender, age, and education. It is less common for a survey to ask about sexual orientation or religion.

Research has shown that the LGBTQ community also faces discrimination in the labor market.[92] Federal law did not explicitly prohibit from firing or discriminating against a worker for their sexual orientation until June of 2020.[93] And many LGBTQ individuals are, or were at some point in time, cut off from their families, including financially. Lastly, cities that are typically welcoming to LGBTQ individuals tend to be relatively highly priced cities.[94] Labor market discrimination, lack of help from family, and a higher likelihood of living in an expensive city are all thought to be contributors to the higher levels of poverty and financial insecurity among LGBTQ households.

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[87] Source: Board of Governors of the Federal Reserve System. 2020. *Report on the Economic Well-Being of U.S. Households in 2019 - May 2020*. Banking and Credit. Figure 18 and Tables 10 and 11.
[88] Source for average debt level: U.S. Department of Education, National Center for Education Statistics. *2016/17 Baccalaureate and Beyond Longitudinal Stud*y (B&B:16/17). Table 5.1. Cumulative Amount Borrowed and Percent Owed.
[89] Source: Board of Governors of the Federal Reserve System. 2020. *Report on the Economic Well-Being of U.S. Households in 2019 - May 2020*. Student Loans and Other Education Debt. Figures 33 and 34.
[90] Source: Board of Governors of the Federal Reserve System. 2020. *Report on the Economic Well-Being of U.S. Households in 2019 - May 2020*. Overall Well-Being in 2019. Box 2, Table A. Exposure to crime and the court system.
[91] Source: U.S. Commission on Civil Rights. 2017. *Targeted Fines and Fees Against Communities of Color: Civil Rights & Constitutional Implications.*
[92] Tilcsik 2011 documents variation in response to job applications in which resumes show experience in a gay campus organization. He finds "in some but not all states, significant discrimination against the fictitious applicants who appeared to be gay". This finding is reinforced by Badgett et al. 2009. While we might expect discrimination to have lessened since these papers were written, there is little question as to whether discrimination against the LGBTQ community still exists in the labor market. The *2015 U.S. Transgender Survey* (see page 5) found that 15 percent of respondents were unemployed (compared to 5 percent of the total population at the time), and 29 percent of respondents were living in poverty (12 percent in U.S. total population).
[93] Source: Human Rights Campaign. 2020. *U.S. Supreme Court is on the right side of history for LGBTQ.*
[94] Chai and Maroto 2019 inspect the various sources of economic insecurity for gay and bisexual men in recent decades.

Hence, the level of income growth of the past five decades has not been sufficient for many in the U.S. to establish economic security. The growth was weak for the bottom half of households, and indicative of that weak growth, coincided with decreases in savings and increases in debt.

Income Volatility

The last component of economic insecurity is income volatility, i.e., fluctuations in income month-to-month or year-to-year. [95] A number of studies have documented the increase in income volatility in the United States over the past four decades.[96] One study estimates that between 1980 and 2009, volatility in family income doubled. The *increase* in volatility was most stark at the top one percent of the income distribution, though income volatility for the bottom ten percent of earners exceeds that of the top in any given year. Figure 9, pulled from that study, shows this increasing trend broken down by married families, female headed families, Black families, and White families by graphing the variance in income.[97] While income volatility is increasing across the board, Black families and female headed families have consistently faced the least stable incomes.

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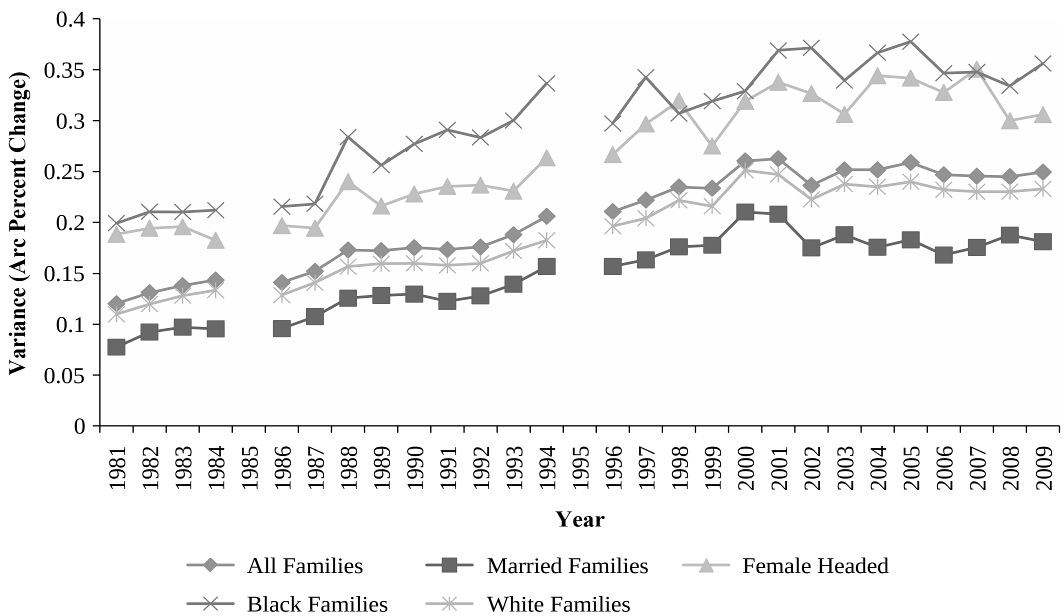
[95] The Financial Diaries Project and The Fragile Families and Child Wellbeing Study delve into income instability, and Jonathan Morduch, Kathryn Edin, and Katherine Newman have all contributed extensively to this literature.

[96] In income volatility literature, "permanent" and "transitory" shocks to income are frequently discussed. The former describes a shock with a "long-lasting effect which does not go away, even partially", and the latter, a shock that affects earnings over a short period of time but does not permanently impact one's future earning trajectory. While permanent negative shocks are more harmful, transitory negative shocks can be extremely difficult for households to manage as well. Gross volatility encompasses both permanent and transitory shocks. Moffit and Zhang 2018 "find that both gross volatility [of male income] and the component consisting of only the variance of transitory shocks have experienced a large increase during the Great Recession after following similar trends to those previously established showing upward trends from the 1970s to the 1980s followed by a stable period until the Recession." Lastly, Western et al. 2016 find that large income losses have become more common than large income gains for low-income children between the mid 1990s and 2010. Moffit and Zhang provide an extensive overview of existing literature on income volatility in Tables 1-3 on pages 43-48.

[97] Source: Hardy, Bradley and James P. Ziliak. 2014. *Decomposing Trends in Income Inequality: The "Wild Ride" at the Top and the Bottom.* Economic Inquiry. Vol. 52, No. 1. p. 459-476.

Figure 9. Trends in Disposable Income by Race and Family Structure, 1981-2009



This volatility in income, which can also be thought of as income unpredictability, is not without consequences. The Federal Reserve estimates that 10 percent of households experience hardship related to unstable income.[98] Further, household income instability reduces engagement at school among adolescents, and helps predict "adolescent expulsions and suspensions, particularly among low-income, older, and racial minority adolescents".[99]

The U.S. Financial Diaries[100] project was designed to take a close look at the extent of income volatility among households, and how families try to cope with these changes in income. The project tracked finances of 235 low- and moderate-income households (which they define relative to the federal poverty line, area median incomes, and the Supplemental Poverty Measure) during the period July 2012 through June 2013 to study how U.S. households experience volatility and insecurity. The project found that three out of four households saw income vary by at least 22 percent month-to-month. A third of those households (25 percent of the total studied) had monthly incomes varying by over 48 percent.[101] These swings are large. At 22 percent variance, a family with $2000 in income in one month can expect an income somewhere between $1,600 and $2,400 the following month. That $800 swing is difficult to plan around in both the short term (such as meeting exigencies like buying food or paying rent) or in the medium or long term (such as saving for a house or retirement).

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[98] Source: Board of Governors of the Federal Reserve System. 2020. *Report on the Economic Well-Being of U.S. Households in 2019 - May 2020*. Income. Table 6.

[99] Source: Gennetian, Lisa A., Sharon Wolf, Heather D. Hill, and Pamela A. Morris. 2015. *Intrayear household income dynamics and adolescent school behavior*. Demography. Apr;52(2):455-83. doi: 10.1007/s13524-015-0370-9. PMID: 25735265.

[100] See U.S. Financial Diaries

[101]Source: *83 Charts to Describe the Hidden Financial Lives of Working Americans*. Chart 2.4. These data do not include income shocks from tax refunds or credits.

The Financial Diaries Project also confirmed how little cushion most families had. The average "emergency savings" of the families included in the project were $1,788, but the median emergency savings was $55—and 45 percent of households had no emergency savings at all.[102]

The lack of predictability in income—especially for those who do not have savings—is at the heart of economic insecurity. Households cannot be expected to plan for shocks like job-loss and the death of a breadwinner when they cannot reliably plan how they will meet short-term costs of living.

The ability to smooth income in the face of unpredictable changes or unstable sources can be aided through access to credit and banking. Taking the example of the $2,000 monthly income that has a 50 percent chance of being $400 higher or lower in a given month: in theory, a $1,600 month may be insufficient to pay for all necessary expenses, but a credit card can fill in the difference, and can be paid off during a $2,400 month. However, given the unpredictably of volatility, it is difficult in practice to know if an accrued debt can be paid off in the future.

In addition, access to credit is not universal. As a parallel to having less access to banks, Black individuals also had a more difficult time obtaining credit. When looking at credit application denials within groups of individuals with similar incomes, Black individuals had more credit denials than White individuals or Hispanic individuals, by a factor of two or three. [103]

Table 5. Credit Applicants with Adverse Outcomes, 2019

Family Income and Race	Denied	Denied or Approved for Less than Requested
Less than $40,000		
White	40	48
Black	58	68
Hispanic	41	49
Overall	43	51
$40,000–$100,000		
White	17	22
Black	41	57
Hispanic	30	39
Overall	22	29
Greater than $100,000		
White	7	10
Black	19	31
Hispanic	17	22
Overall	9	13

[102] *83 Charts to Describe the Hidden Financial Lives of Working Americans*. Charts 4.1-4.2.
[103] Source: Board of Governors of the Federal Reserve System. 2020. *Report on the Economic Well-Being of U.S. Households in 2019 - May 2020*. Banking and Credit. Table 12.

All incomes		
White	19	24
Black	44	57
Hispanic	32	40
Overall	24	31

Income volatility is increasing and presents a hardship for many families. Without stable or reliable incomes, it can be difficult to establish a base of economic security.

A Crisis of Unprecedented Scope – Covid-19

The Panel's assessment of economic insecurity, through examinations of poverty, income trends, and income volatility, relied on data that was available at the time of writing, most of which was for the year 2019. Poverty in the U.S. dropped, under the official poverty measure, to a historic low of 10.5 percent, but much of the population ended 2019 cash-strapped and indebted. The typical household's income did not grow as fast as the economy nor did it keep up with the price of certain goods, like a home or a college education. For many, income itself was insecure and prone to volatility, or unpredictability. They were materially better off in many respects than any prior generation, but also in precarious economic situations.

Economic insecurity is a function of exposure to economic risk and of the level of protection available if the risk is realized. The assessment of insecurity has so far focused on the latter. A realized risk can be anything from a car that's been wrecked to a flooded or forest fire torched house to a high medical bill.

While these risks can be devastating, they typically hit individuals sporadically—one at a time, here and there. In contrast, recessions, in which the overall economy declines, are periods of widespread economic shock. In a recession, tens of millions of across the country suffer risk through job loss, income cuts, and business closure. In some ways, the most accurate measure of economic insecurity is how well households fare during recessions.

The "Pandemic Recession" officially began in February 2020, the same month that the World Health Organization and the U.S. Department of Health and Human Services issued public health emergencies. In April, the unemployment rate jumped from 4.4 to 14.7 percent and the economy shed 22.5 million jobs.[104] Schools closed, businesses were forced to shut down or greatly limit operations, and food prices increased quickly.[105]

Recognizing that a historic downturn was fast approaching, in March, Congress passed the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and

[104] Source: U.S. Bureau of Labor Statistics. *Table A-3. Employment status of the civilian noninstitutional population by sex and age, seasonally adjusted*. Labor Force Statistics from the Current Population Survey.
[105] Source: Mead, David, Karen Ransom, Stephen B. Reed, and Scott Sager. 2020. *The impact of the COVID-19 pandemic on food price indexes and data collection*. U.S. Bureau of Labor Statistics. Table 4.

Economic Security (CARES) Act to provide relief and support for households and businesses.[106] The bills included, on a temporary basis:

- Requirements for some employers to provide paid sick leave and paid family leave, reimbursed by the government[107, 108]
- Borrower opt-out forbearance of student loans[109]
- Borrower opt-in forbearance of mortgages[110]
- Federally funded increases to Unemployment Insurance benefit amounts and extension of benefit duration[111]
- Creation of a new unemployment program for independent contractors and workers otherwise ineligible for unemployment benefits[112]
- Waived eligibility restrictions for Supplemental Nutrition Assistance Program (SNAP)[113]
- Recovery payments in the amount of $1,200 to most documented adults[114]
- Supplemental $500 payment to households for each child under 17 years old
- Ability to withdraw from 401(k) retirement accounts without penalty
- One-time emergency payments

The FFRCA, CARES Act, and the extension of certain CARES Act provisions passed in December 2020 speak to a basic, if reactive, strategy of how to increase economic security. Insecurity is the risk of inadequate income in the face of a shock, and Congress saw that a large shock was coming. They acted to bolster existing programs, expand access to existing programs, created new programs, eased debt payments, and sent cash to 85 percent of households.[115] Action to permanently address economic insecurity would do all these things, but be proactive as well, and reduce the sources of insecurity and exposure to risks. The U.S. has an effective policy support system that establishes a baseline of economic security, but there are still unmet needs and unaddressed sources of risk.

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[106] In December of 2020, Congress passed another relief bill after many of the provisions of the CARES Act were set to expire (*H.R.133 - Consolidated Appropriations Act, 2021*). At the time of our writing, additional relief bills are being proposed. None of the relief mentioned below was available to noncitizens.

[107] Source: Cole, Bethany. 2020. *Paid Leave Provisions in Recent Federal COVID-19 Response Legislation*. National Academy of Social Insurance.

[108] Due to the exemption of private employers with over 500 employees and the limitations on "qualified reasons for leave", the provision was not very effective in increasing paid leave in 2020.

[109] Source: Federal Student Aid. *Coronavirus and Forbearance Info for Students, Borrowers, and Parents*. U.S. Department of Education.

[110] Source: *Learn about mortgage relief options and protections*. Consumer Financial Protection Bureau.

[111] Source: O'Leary, Christopher J. 2020. *Food Stamps and Unemployment Compensation in the COVID-19 Crisis*. Upjohn Institute for Employment Research.

[112] Ibid.

[113] Ibid.

[114] Source: Arnone, William. 2020. *CARES Act Rebates: Who, How Much, When, and How?* National Academy of Social Insurance.

[115] Source: United States Census Bureau. 2020. *Week 12 Household Pulse Survey: July 16 – July 21*. Stimulus Table, Table 1.

Assuring Income

Assured income reduces economic insecurity by guaranteeing that every individual has some form of income or resources in every month.

The Panel takes as a mix of inspiration and cues the 1934 Committee on Economic Security and ensuing New Deal legislation, as well as the 2020 legislative relief bills that were intended to mitigate the economic impact of the Pandemic Recession. The former was *proactive*. It came on the heels of the Great Depression but was forward looking in its reach; it reduced labor market risk through regulation and provided benefits to individuals who could not work. The latter was *reactive*. It was in response to a specific risk—the pandemic—and how that risk was affecting individuals. Its composition reflected that many existing programs were effective at meeting some need, but also that the overall range of needs was larger than what those programs were designed to address.

In addressing economic insecurity, the solution is not a single policy, but a portfolio of policies. These policies reflect an overarching goal—get income to households—but not a single means of doing so. This in turn reflects that the sources of economic insecurity are not simple or even the same for different individuals and families.

The Panel's portfolio consists of four components. The first two comprise the primary channels of getting households income and how to increase that income:

1. **Labor** policy – The active regulation of the labor market, including higher minimum wages, improved overtime pay, promotion of work and return to work.
2. **Benefit** policy – The tax and spending of the federal government that results in money or resources to households through explicit transfer programs, social insurance systems, or tax expenditures.

The second two are smaller in scale but more ambitious in scope, in that they address threats to income:

3. **Protection** policy – Policies that protect income from either labor or transfer sources through promoting savings, reducing debt, accessing credit, and regulating key financial actors.
4. **Equity** policy – Policies that address the severe inequities between demographic groups

A coherent assured income strategy should contain each component to be successful. While the labor market is the most important source of income generation, not everyone is able to work. Benefit policy might assure income, but it should not disincentivize work for those who are able. The effectiveness of either labor income or benefit income at maintaining economic security might itself be reduced without ensuring key protections for that income. And no policy, whether new or renewing, should ignore that—whether measuring wages, income, assets, savings, or debt—there are some groups that are worse off than others. Most importantly, labor, transfer, protection, and equity are not substitutes, but complements. They supplement, but do not supplant each other.

Within each component, there are different approaches to specific policy. Some are competing options, but most are complementary.