



AMERICAN  
SUSTAINABLE  
BUSINESS  
COUNCIL

# “CREATING AN ECONOMIC SYSTEM THAT WORKS FOR ALL”

Comprehensive Public Policy Initiatives



10.07.20

## THERE IS NO GOING BACK

### “Creating an Economic System that Works for All”

#### Public Policy Initiatives

There is no going back! The COVID-19 crisis together with the outrage about the ongoing racism in America has revealed what many of us have always known: our current system of capitalism does not work for most Americans. As Pulitzer Prize-winning journalist Steven Pearlstein recently wrote, “our economic system has run off the moral rails, offending our sense of fairness, eroding our sense of community, poisoning our politics and rewarding values that easily degenerate into greed and indifference.”

This dysfunction was recognized in a recent May 2020 JUST Capital/Harris Poll where 75% of Americans believe our current form of capitalism doesn’t ensure the greater good of society, and only 29% believe it produces the kind of society they want for the next generation or believes it works for the average American.<sup>1</sup>

In December 2019 the American Sustainable Business Council (ASBC) launched its work on **Creating an Economic System that Works for All** at its Washington DC Summit and in March 2020 ASBC launched its multi-stakeholder Working Group (details on the participants of the Working Group can be found in the appendix.) The working group has identified the most important business-related public policy initiatives required to **Create an Economy that Works for All.**

ASBC initiated these conversations because while capitalism remains a dynamic force, challenges such as income inequality, crumbling infrastructure, market consolidation, climate change, underinvestment, and the financialization of America’s economy pose serious threats to our continued global leadership and social stability. Many across the country view our current capitalist system as rigged and not working for them.

In recent history, management has focused on maximizing value for themselves and their shareholders. But a growing chorus of finance experts argues that this narrow focus has come at great cost to customers, employees, suppliers, and communities who have an even larger stake in the economy. If our economy is to work for *all* then business leaders have to implement ways to simultaneously address the priorities of *all* their stakeholders.

The limited progress that has been made in response to these challenges over the past three to four decades has been insufficient given the scale of the global crises we face. In August 2019, the CEO members of the Business Roundtable, representing 181 of the largest global corporations, announced a modern standard for business by committing to lead their companies for the benefit of ALL stakeholders -- customers, employees, suppliers, communities, and shareholders. However, with this initiative barely off the ground, on April 13, 2020, the NYTimes declared, “Big Business Pledged Gentler Capitalism. It’s Not Happening in a Pandemic.” C.E.O.s who signed a celebrated Business Roundtable document, promising to elevate worker interests, are now resorting to furloughs.”

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<sup>1</sup> "SURVEY: What Americans Want From Corporate America During The Response, Reopening, And Reset Phases Of The Coronavirus Crisis — JUST Capital". *JUST Capital*, 2020, <https://justcapital.com/reports/survey-what-americans-want-from-corporate-america-during-the-response-reopening-and-reset-phases-of-the-coronavirus-crisis/>



Why is this critical business initiative off to such a shaky start?

The stated redirection in ‘business purpose,’ from a focus on shareholders to stakeholders requires broad public policy changes as well as clear measurable goals, both of which are lacking in the Business Roundtable initiative. This critical transition will also require many changes in the culture, compensation, ownership, and the careful measurement of business performance as well as the passage of public policies that are based on serving the needs of all stakeholders. Such is our task and challenge.

Racial equity must be a foundational part of any public policy recommendations that seek to **Create an Economy that Works for All**. This is both a moral and economic imperative. From the 2018 Growth Productivity Revenues Output Report from The Kellogg Foundation, beyond an increase in economic output, advancing racial equity can translate into meaningful increases in consumer spending, as well as federal and state/local tax revenues, and decreases in social services spending and health-related costs. For example, in consumer spending alone, closing the racial equity gap in the U.S. would generate an additional \$191 billion spent on food, \$500 billion on housing, \$52 billion on apparel, \$259 billion on transportation, and \$77 billion on entertainment each year. Federal tax revenues would increase by \$450 billion and state and local tax revenues would increase by \$100 billion annually.<sup>2</sup>

The time to act is now. We hope this paper will help lead the way.

**Jeffrey Hollender & Maya Fano-Caroti**

**Jeffrey Hollender, Co-Founder & CEO and Maya Fano-Caroti, Policy Assistant, the American Sustainable Business Council and the ASBC Working Group**

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<sup>2</sup> Noricks, Rebecca. "Updated Study Outlines Potential Gains To U.S. Economy And A Pathway For Economic Growth - W.K. Kellogg Foundation". *W.K. Kellogg Foundation*, 2020, <https://www.wkff.org/news-and-media/article/2018/04/updated-study-outlines-potential-gains-to-us-economy-and-a-pathway-for-economic-growth>.



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## Introduction

This is, by design, a long read. The length of the document results from our commitment to approach the challenges we face and the solutions we propose from a systems perspective. The challenges we face have been designed into our system of governance, by and large, over the past 30 to 40 years. These challenges are interrelated and interconnected. You can't solve climate change without dealing with environmental justice, and you can't solve environmental justice without addressing health care for all, you can't solve our healthcare challenges without addressing the impact of the hundreds of millions of dollars that have been spent by the pharmaceutical industry to influence public policy.

Systems thinking is a framework based on the belief that the individual parts of a system can only be understood in the context of the relationships they have with other parts of the system, the system as a whole, and the other systems with which they interact.

*“The approach of systems thinking is fundamentally different from that of traditional forms of analysis. Traditional analysis focuses on separating the individual pieces of what is being studied; in fact, the word ‘analysis’ actually comes from the root meaning ‘to break into constituent parts.’ Systems thinking, in contrast, focuses on how the thing being studied interacts with the other constituents of the system—a set of elements that interact to produce behavior—of which it is a part. This means that instead of isolating smaller and smaller parts of the system being studied, systems thinking works by expanding its view to take into account larger and larger numbers of interactions as an issue is being studied. This results in sometimes strikingly different conclusions than those generated by traditional forms of analysis, especially when what is being studied is dynamically complex or has a great deal of feedback from other sources, internal or external.”*

Daniel Aronson, the [\*Thinking Page\*](#)

We are creatures of habit. When things go awry, we think only of those solutions that have worked for us in the past. When this strategy does not work as expected, we tend to do the same thing all over again, only more aggressively. But what has failed the first time is almost always destined to fail again, and so things continue to get worse, *because we've failed to understand the system in which we are operating and adjust accordingly*. Specifically, we have failed to understand the interdependencies within the system. This failure creates instabilities in the system for which we tend to blame each other and not ourselves. These emotional reactions do nothing to fix the original problem or the instabilities created by our inability to solve it. And so a kind of “panic” sets in as we keep trying and failing to make repairs using the same set of solutions, and conditions continually worsen.

And thus, we end up with a lengthy document that is divided into two sections. The first, and shorter part, is a narrative that describes the public policy changes that we propose and in many cases the business case for making those changes. The second, and longer part, contains the actual public policies that we are proposing. The table of contents will guide you to specific issues but please consider the whole narrative rather than the issue that may feel of greatest importance to you.



## Share this freely.

This publication has five goals:

1. **Education.** To help business leaders, managers of NGO's, educators, legislators and key influencers understand the public policy system changes that are required to create a just and sustainable economy.
2. **Dialogue.** To equip these individuals to lead conversations about these critical issues.
3. **Coalition building.** Through networks of likeminded organizations, build a coalition of those willing to join with us to seek these changes.
4. **Influence.** To use the document to build the support required to influence public policy at the national and local level through direct dialogue with legislators.
5. **Upgrade.** This is a living document bound to require upgrades and improvements. Through your critique and ideas, we can collaboratively upgrade and improve this document. This is a draft and will always remain a draft. Please send comments or suggestions on ways to improve this document [here](#).

Cut and paste, email to friends and associates, circulate widely with attribution to the **American Sustainable Business Council** please.

## Principles


The development of these policy proposals is driven by a set of overarching principles that include:

- ★ Each policy must be strategically essential to businesses and the business community.
- ★ Business must be a key stakeholder in the implementation of the policy.
- ★ The policy must address the social, economic, and environmental dimensions of sustainability.
- ★ The policy must represent an “acupuncture” point in making our economic system work for all.
- ★ Every proposal must close an inequality gap.

## Solutions

Elected leaders working with business and other stakeholders must craft policies that address the challenges we face. The **American Sustainable Business Council** is committed to influencing policymakers and regulators on economic, environmental, workplace, and social issues that foster broad-based prosperity. Such issues include promoting income equality to strengthen the middle class, addressing climate change, upgrading public infrastructure, promoting an equitable tax system, supporting a diverse and inclusive society, fostering innovation in safer chemicals and sustainable products and packaging, supporting clean water and regenerative agriculture and encouraging new models of employee ownership.






What is required is a bold and integrated approach to complex, comprehensive systemic change, along with a new mindset and practical working relationships where organizations collaborate in a highly integrative and interdependent way to invent and address this transformation.

Looking through the business lens and using the stakeholder framework, we have organized our proposed policy initiatives into seven areas:

1. Corporate Governance
2. Access to Capital
3. Equity, Investment, Taxes & Disclosure
4. Worker Wellbeing
5. Government, Money, & Politics
6. Environment
7. Trade

Following our description of these proposed policy interventions you will also find numerous detailed policy proposals in the appendix.

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The [American Sustainable Business Council](#) (ASBC) is the leading business organization serving the public policy interests of responsible companies, their customers and other stakeholders. Founded in 2009, its membership represents over 250,000 businesses in a wide range of industries. ASBC advocates for policy change and informs business owners, policymakers and the public about the need and opportunities for building a vibrant, broadly prosperous, sustainable economy.

Representatives from these organizations contributed to this paper. Inclusion here does not imply the support by the organization.

- ★ 1worker1vote
- ★ American Economic Liberties Project
- ★ American Promise
- ★ B-Lab
- ★ Better World Club
- ★ Carol Sanford Institute
- ★ Center for Partnership Studies
- ★ Cornerstone Capital
- ★ Economic Policy Institute
- ★ Ibis Communications
- ★ King Arthur Flour
- ★ Leadership Momentum
- ★ New York University, Stern School of Business's Center for Sustainable Business
- ★ One Fair Wage
- ★ Patriotic Millionaires
- ★ Pirelli Tire North America
- ★ RSF Social Finance
- ★ Sierra Club
- ★ Seventh Generation
- ★ Social Venture Circle
- ★ Tellus Institute
- ★ University of North Carolina
- ★ Workers Benefit Fund

**Please see the Appendix for a list of the individual Working Group members. Please note that while each Working Group member contributed to this document, their inclusion here does not indicate that they approve of and agree with each and every one of the following recommendations.**



## 1. Corporate Governance

The largest companies in the U.S., from Amazon to Wells Fargo and Walmart, impact the lives of millions of people across the U.S. Amazon employs over 560,000 people and Wells Fargo reaches over 70 million customers. These corporations sit in the middle of a massive web of stakeholders, from workers to managers to customers to executives to shareholders. Yet, only those last two, executives and shareholders, have any substantive say in how these businesses are actually run.

*The goal of stakeholder governance* is to ensure that business operates for the benefit of all of its stakeholders in a reasonably balanced manner. While the concept is straightforward, maintaining the balance between the needs and interests of all stakeholders is challenging. As mentioned earlier, that balance requires clear goals and measurable results. The foundation for creating that balance requires that all for-profit companies adopt fiduciary duty that requires its Board of Directors to consider the impact of their decisions on all their stakeholders, including society and the environment, instead of solely their shareholders. This concept has been championed by B-Lab for over 15 years.

This also means that for stakeholder governance to be truly effective, we must amend rules and regulations so that *investors are also responsible for the impact of their investment decisions on all their stakeholders*, including natural and social systems. This requires a significant change in the rules that govern fiduciary responsibility.

Building on their long experience advocating for stakeholder governance, B Lab, in partnership with The Shareholder Commons, has articulated the necessary actions by Congress, the Securities and Exchange Commission, the Department of Justice and the Federal Trade Commission to transition both company and investor fiduciary duty to stakeholder governance. Their report "From Shareholder Primacy to Stakeholder Capitalism" recommends revising the Investment Company Act of 1940 to require institutional investors to consider certain economic, environmental and social effects of their decisions on the interests of their beneficiaries with respect to stewardship of companies within their portfolios and recommends establishing a federal requirement that any corporation or other business entity involved in interstate commerce be formed under a state statute that requires companies to account for the impact of corporate actions not only on financial returns, but also on the viability of the social, natural, and political systems that affect all stakeholders.

Looking more closely, public equity markets, along with private equity partnerships, control a huge portion of our private economy. Most of the money invested in these markets comes from institutional investors, including pension funds, mutual funds, endowments, and foundations. In order to ensure that these funds are being allocated and stewarded in a manner that protects the holistic interests of the individual shareholders who ultimately benefit from these funds, the fiduciary duties of fund trustees should be modified so that the trustees can account for the effects of their decisions on the economy, social institutions, and the environment as they impact the interests of the beneficiaries. These impacts include effects on investors in their capacities as owners of diverse portfolios of securities, as workers and citizens, and as community members.

Part of the challenge, and needed correction, results from asset owners such as pension funds that pursue aggressive returns in order to meet their targeted rate of return with respect to their funding ratios. These return expectations are often unrealistic, marked to historical financial benchmarks based on decades of extractive practices that are therefore inflated, and put pressure on fund managers and companies to cut corners. In fact, these return expectations conflict with the effective integration of ESG principles. Furthermore,

the way investment professionals are evaluated, and incentivized is often short-term oriented. This needs also to change.

In addition, ESG and impact frameworks need to take into account investment structure, fund structure, financial engineering, fund manager compensation, and tax structuring as part of their fiduciary responsibility.

A proposed public policy that begins to accomplish this, Elizabeth Warren's Accountable Capitalism Act, would mandate a fundamental restructuring of large companies so that their business decisions favor and account for not just executives and shareholders, but the whole range of stakeholders that support them. If companies, as current courts have ruled, are to be treated like people, Warren wants to ensure that they conduct themselves like ethical members of society.

As a related matter, we must also severely limit the corporate takeover of the political process that is in part driven by the unlimited use of lobbying and money in politics. It is this excessive corporate influence over the last 30 – 40 years during which time many of the problems we're now trying to correct were written into law. (One way to accomplish this is to prohibit public companies from spending money on politics without the consent of at least 75% of their shareholders as proposed by Leo Strine among others. To ensure that investors' money is not being spent on politics without their consent, the Proposal would bar public companies from making any disbursement for a political purpose without first obtaining the consent, either for that specific disbursement or under a general policy allowing disbursements of that type, of at least 75% of their shareholders. This provision tracks a proposal by the late John Bogle, the respected founder of the index fund giant Vanguard.

To limit corporate influence in the political process we must *address cronyism and foster corporate political responsibility*. An economy that serves all stakeholders relies on civil society to set the "rules of the game" that ensure markets are not extractive and that companies do not profit by creating problems for society or the natural environment.<sup>3</sup> Yet, over the past 40 years, new rules regarding corporate political activity have allowed (and pressured) companies to intervene in civil society's processes for setting those rules of the game.<sup>4</sup> Because companies are economic entities, with narrow purposes and are constrained by strict interpretations of fiduciary duty, this shift has effectively elevated sources of political influence that bend regulatory frameworks toward private interests and eclipsed the counter-balancing voices of the common good, civil society, and the long-term.<sup>5</sup>

In the words of Leo Strine, "Unregulated political spending by corporations is inconsistent with corporate law and the Constitution. Shareholders and our economy lose when the focus of corporate management shifts from legitimate, productive ways to generate sustainable wealth, to rent-seeking."<sup>6</sup> Several recent reports confirm that corporate political activity is having a marked impact in practice, in both the economic and civic spheres -- increasing cronyism, complexity, uncertainty and pressure for short-termism in the economic environment, and eroding public trust and the perceived legitimacy of both representative democracy and

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<sup>3</sup> "Understanding Friedman'S Thesis | Business Ethics". *Philosophia.Uncg.Edu*, 2020, <https://philosophia.uncg.edu/phi361-matteson/module-1-why-does-business-need-ethics/understanding-friedmans-thesis/>.

<sup>4</sup> "Money-In-Politics Timeline". *Opensecrets*, 2020, <https://www.opensecrets.org/resources/learn/timeline>.

<sup>5</sup> Macey, Jonathan, and Leo Strine. "Citizens United As Bad Corporations". *SSRN*, 2018, pp. 1-106.,

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3233118#:~:text=Rather%2C%20they%20speak%20using%20funds,total%20ban%20on%20corporate%20speech.&text=That%20is%20bad%20corporate%20law%20making%20bad%20constitutional%20law](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3233118#:~:text=Rather%2C%20they%20speak%20using%20funds,total%20ban%20on%20corporate%20speech.&text=That%20is%20bad%20corporate%20law%20making%20bad%20constitutional%20law).

<sup>6</sup> Salter, Malcolm S. "Crony Capitalism, American Style: What Are We Talking About Here?" Harvard Business School Working Paper, No. 15-025, October 2014.

capitalism.<sup>7 8 9</sup> Even more concerning, new rules for corporate political activity presumed full disclosure and opportunities for shareholder input, neither of which is required by law; this has created a fiduciary “blind spot” whereby management is directing resources into political purposes without shareholder knowledge or consent.<sup>10</sup>

Thus, it is essential to the success of every other strategy required to foster an economy that works for all, that we include a legal framework to ensure “corporate political responsibility.”<sup>11</sup>

Such a framework would: *Ensure transparency of corporate political activity.*

- ★ Implement rules requiring disclosure of corporate political activities, including lobbying and political expenditures, as material factors in shareholder evaluations of their investments.<sup>12</sup>  
*Close the “fiduciary blind spot” that has allowed shareholder resources to be used for political speech without consent.*
- ★ Require consent by 75% of voting shareholders for political expenditures or implement Jamie Raskin’s Shareholders United Act.  
*Support alignment of firm political activities with stated public commitments.*
- ★ Ensure board oversight includes political activities.  
*Reduce incentives and pressure for firms to use political influence to stay competitive.*
- ★ Support the super-majority of citizens calling for a constitutional amendment to allow reasonable limits on political spending by companies, unions, special interests and individuals, and to distinguish between legal entities and natural persons, as a strategy for reducing cronyism and allowing businesses to focus on creating real value<sup>13</sup>

The Shareholders United Act would prevent corporate expenditures for campaign purposes unless the corporation has established a process for determining the political will of its majority shareholders. If a corporation has no such process or is unable to assess the “majority will” of shareholders because the majority of shares are owned by entities that are prohibited from registering a political preference - such as states and cities, pension and mutual funds, universities, charities, or foundations – then the corporation will be prohibited from using its resources on political campaigns.

The workforce must be adequately represented on corporate boards through appropriate **Solution: Board Diversity**. Corporate boards must be representative of the demographics of its employees and the markets they serve, i.e. inclusion of persons representative of a multicultural America of racial identity,

<sup>7</sup> Porter, Michael et al. "A RECOVERY SQUANDERED: The State Of U.S. Competitiveness 2019". *Hbs.Edu*, 2019, <https://www.hbs.edu/competitiveness/Documents/a-recovery-squandered.pdf>.

<sup>8</sup> Hacker, Jacob et al. "Conflicted Consequences". *Politicalaccountability.Net*, 2020, <https://politicalaccountability.net/hifi/files/Conflicted-Consequences.pdf>.


<sup>9</sup> "Crony Capitalism: Unhealthy Relations Between Business And Government". *Committee For Economic Development Of The Conference Board*, 2015, <https://www.ced.org/reports/crony-capitalism-unhealthy-relations-between-business-and-government>.

<sup>10</sup> Strine, Leo. "Fiduciary Blind Spot: The Failure Of Institutional Investors To Prevent The Illegitimate Use Of Working Americans’ Savings For Corporate Political Spending". *The Harvard Law School Forum On Corporate Governance*, 2018, <https://corpgov.law.harvard.edu/2019/01/04/fiduciary-blind-spot-the-failure-of-institutional-investors-to-prevent-the-illegitimate-use-of-working-americans-savings-for-corporate-political-spending/>.

<sup>11</sup> Lyon, Thomas, Magali A. Delmas, John W. Maxwell, Pratima Bansal, Mireille Chiroleu-Assouline, Patricia Crifo, Rodolphe Durand, Jean-Pascal Gond, Andrew King, Michael Lenox, Michael W. Toffel, David Vogel, and Frank Wijen. "CSR Needs CPR: Corporate Sustainability and Politics." *California Management Review* 60, no. 4 (Summer 2018): 5–24.

<sup>12</sup> "GRI 415: Public Policy 2016". *Globalreporting.Org*, 2018, <https://www.globalreporting.org/standards/gri-standards-download-center/gri-415-public-policy-2016/#:~:text=GRI%20415%3A%20Public%20Policy%202016%20sets%20out%20reporting%20requirements%20on,impacts%20related%20to%20this%20topic.>

<sup>13</sup> "Business Statement Of Principle - American Promise". *American Promise*, 2020, <https://americanpromise.net/take-action/join-a-program/national-business-network/statement-of-principle/>.



ethnicity, religion, gender or sexual identity, and neural and physical ability. Currently, California is the only state to enforce a form of such a requirement and that requirement is exclusively with regard to women. Not only should regulations be expanded to all states, but be expanded to include underrepresented groups such as African Americans, Latinx, Disabled, et al.

In addition, we strongly support worker representation on corporate boards. “Effectively implementing such a reform requires consideration of key issues, including: how many corporate directors should represent employees; how they should be chosen and who counts as a worker when the choice is made; how they should meaningfully represent workers, and what information the board owes the workforce; how these choices are different in a unionized or non-union context; and the relationship between a worker’s role as director and employee, in terms of pay, time, and protection from repercussions at work.” These issues are explored in detail in Lenore Palladino’s paper, [Worker Representation on U.S. Corporate Boards](#).

In addition, companies must **Require Boards to Create Workforce Committees** to address workforce issues at the board level. We must require that the Securities and Exchange Commission, the Department of Labor, and the National Labor Relations Board to jointly develop rules that would ensure the boards of companies with more than \$1 billion in annual sales to create and maintain a Board level committee focused exclusively on workforce concerns.

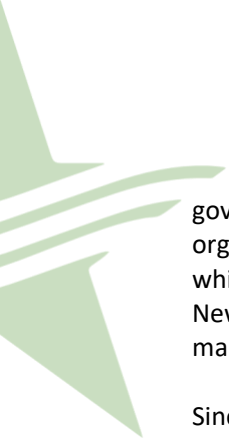
A separate but critically foundational corporate governance change is the adaption of “**Full Cost Accounting.**” This is necessary to ensure that companies measure and account for the externalities that are presently shouldered by society and the environment. For most companies, their interactions and impact on nature and natural systems are not captured on a company’s profit and loss statement or on their balance sheet. They remain ‘externalities’, or issues without internal consequence. However, there are several drivers that will increasingly create pressure for this to change including: increasing regulatory or legal action by stakeholders impacted by these externalities, market forces and changing operating environments, plus an increasing drive for transparency or voluntary action by businesses because they recognize the significance of transparency to their future success.

To better capture the true (and full) cost and impact of our economic activity we should also therefore consider new metrics that, unlike GDP, do not count activities that harm and take life, such as selling cigarettes as well as the resulting medical and funeral costs, as “productive,” while ignoring the economic value of the work in households of caring for people, starting in childhood, and of caring for our natural life support systems. For example, the Social Wealth Economic Indicators developed by the Center for Partnership Studies, now being updated and condensed into a Social Wealth Economic Index, show the significant value and return on investment in caring for people, starting at birth, and caring for our natural life-support systems.<sup>14</sup>

While full cost accounting covers a company’s externalized impacts, policy should also **Require Reporting on Supply Chains** to promote supply chain traceability and require businesses to report on the due diligence they conduct to identify the human rights and environmental impacts in their supply chains. The existence of human rights abuses in the supply chains of U.S. brands hit the public consciousness in the 1990s, with exposés about poor working conditions in Nike’s supplier factories in Indonesia and Walmart’s in Honduras. The United States

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<sup>14</sup> Indradeep Ghosh, “Social Wealth Economic Indicators for a Caring Economy,” *Interdisciplinary Journal of Partnership Studies*, Vol. 1, Issue 1, available at <https://pubs.lib.umn.edu/index.php/ijps/article/view/90/84>; Social Wealth Economic Indicators, available at <https://centerforpartnership.org/programs/caring-economy/indicators/>; Social Wealth Index, available at <https://centerforpartnership.org/programs/caring-economy/social-wealth-index/>; Riane Eisler, *The Real Wealth of Nations: Creating a Caring Economics* (San Francisco: Berrett-Koehler, 2007).



government took a leadership position then by convening leaders from industry, nongovernmental organizations and universities for discussions that resulted in the creation of the Fair Labor Association (FLA), which was incorporated in 1999. (Apple was the FLA's highest-profile new member in 2012, after a front-page New York Times investigation about labor abuses in Foxconn supplier factories in China, where iPads were manufactured.)

Since then, numerous initiatives in the U.S. and internationally have encouraged - and in some cases mandated - reporting by companies on their efforts to discover and address labor abuses in their supply chains. One of the most prominent of these efforts was the United Nations Guiding Principles on Business and Human Rights, unanimously endorsed by the Human Rights Council in 2011 with support from stakeholders as diverse as the U.S. Council for International Business and numerous civil society groups. The U.N. Guiding Principles spell out states' duties to protect human rights; companies' responsibilities to respect human rights by conducting due diligence; and the need to provide access to remedy where abuses have occurred.

Numerous governments have applied the U.N. Guiding Principles in legislative, regulatory, and judicial settings. The U.K. and Australia passed Modern Slavery Acts in 2015 and 2018, requiring entities to report on the risks of modern slavery in their operations and supply chains. France and Germany's requirements for corporations to conduct and report on supply chain due diligence on human rights (with, in some cases, fines and civil liability for non-compliance and resultant harm), has led the European Union to develop a proposal for mandatory requirements.


In the U.S., the draft Corporate Human Rights Risk Assessment, Prevention, and Mitigation Act of 2019 echoes those initiatives. The Act creates an annual requirement for public companies to assess their human rights risks, including in their supply chains (which the bill refers to as "value chains"). The Act also mandates that companies identify approaches they have taken to prevent and mitigate violations and to justify instances where, despite being aware of an operational or supply chain vulnerability, the company has taken no action at all. This "comply or explain" approach was taken by both the California's Transparency in Supply Chains Act, which went into effect in 2012 and the conflict minerals provision in the Dodd-Frank Act of 2010.

In July 2019, the House Subcommittee on Investor Protection, Entrepreneurship and Capital Markets heard testimony in support of the Act from organizations including the Global Reporting Initiative and CalPERS (the California Public Employees' Retirement System, the largest public pension fund in the country with \$372.6 billion under management in 2019). In his testimony, Degas A. Wright, CEO of Decatur Capital Management, said: "We have found that those firms with positive human rights media news compared to firms with negative human rights news outperform one year later. Based on our research, we have found human rights risk to be [a] material item in making investment decisions."

Passing the Act would have the U.S. catch up to much of the Western world in terms of requiring companies to disclose their supply chain risks – which well-governed companies should be doing anyway. Instituting such requirements would help ensure that companies manage the risks of bad actors in their supply chains, and that they are not committing or complicit in human rights abuses.

In addition to legislation, the federal government should convene ongoing dialogue with industry and civil society to learn from each other and maintain the ability to exert collective pressure on governments and companies that fail to take these issues seriously.

Improved governance also requires the active enforcement of **Antitrust Legislation** to reduce the overbearing influence of the 3 – 4 largest companies in any industry. America used to have antitrust laws that permanently stopped corporations from monopolizing markets, and often broke up the biggest culprits. No longer. Now,



giant corporations are taking over the economy – and they’re busily weakening antitrust enforcement.<sup>15</sup> That concentration of power and influence reduces competition, increases costs for consumers, and stifles the growth of small competitors. Monopoly power is all around us: as consumers, business owners, employees, entrepreneurs, and citizens. When we purchase everything from washing machines to groceries, website domains to medical supplies, and even when we select a coffin for a recently deceased loved one, we are constrained by the small set of actors who increasingly control America’s commerce.

Wall Street’s five largest banks now account for 44 percent of America’s banking assets – up from about 25 percent before the crash of 2008 and 10 percent in 1990. That means higher fees and interest rates on loans, as well as a greater risk of another “too-big-to-fail” bailout.<sup>16</sup> Due to the extreme concentrations of wealth and political power that result from these monopolies, our country is experiencing severe economic inequality, stagnant household income, the collapse of business formation and innovation, and historic levels of political polarization. This concentration of power is not unique to one or two economic sectors. It is persistent across a diverse range of industries. And it is often even more extreme in a regional, rather than national, context.

Locating data on how few companies control individual markets, though, has long been difficult, and not by accident. Although Americans used anti-monopoly policies throughout much of the 20th century to preserve competition, a shift in ideology in the late 1970s allowed increased monopolization across the economy. To shield this pro-corporate turn from the public, the Federal Trade Commission halted the collection and publication of industry concentration data in 1981. More detail on this critical issue can be found in Tepper and Hearn’s excellent book, “The Myth of Capitalism, Monopolies and the Death of Competition.”

And as is now clear in the midst of the Covid-19 pandemic, we must also require [Error! Reference source not found.](#) for all essential businesses and industries. Our society needs large-scale institutional innovation to ensure the means of survival during crises and to correct the systemic misallocation of resources that keeps so many from meeting basic human needs and pursuing fulfilling lives.

To create a just, resilient, and sustainable economy – an economy that works for all - will also require that we:

★ **Invest in Clean Technology Manufacturing and Low-Carbon Materials Production**, while deeply cutting emissions. At the same time, we must build a new generation of good jobs in America, enhance equity and pathways into manufacturing careers, and support safer, healthier, and more prosperous communities.


For example, cutting fossil fuel emissions actually puts *more* people to work, at comparable wages, than business as usual. Fossil fuel employment has been shrinking for years, mainly because of mechanization, not regulation. For example, in 1980, producing 100 tons of coal per hour required 52 miners; by 2015 that number dropped to 16. Even though more coal was being mined, coal mining lost 58 percent of its jobs between 1980 and 2015.

In 2018, there were 2.4 million jobs in clean energy and energy efficiency, compared to half that many in fossil energy. Even without a price on carbon, installers and service technicians for solar and wind are forecast to grow 11 to 13 times faster than the U.S. average. Also, the vast majority


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<sup>15</sup>Vidani, Peter. "Whatever Happened To Antitrust?". *Robert Reich*, 2020, <https://robertreich.org/post/119767465905>.

<sup>16</sup> Vidani, Peter. "Whatever Happened To Antitrust?". *Robert Reich*, 2020, <https://robertreich.org/post/119767465905>.







of energy sector jobs, such as electricians, power plant operators, riggers, etc., are needed for both fossil and non-fossil energy.<sup>17</sup>

★ Our Nation also urgently requires that we **Develop a Sustainable, Long-term Government Economic Development Strategy** that, for example, eliminates subsidies for the fossil fuel industry and redirects those funds toward the alternative energy industry, regenerative agriculture, and clean technology and security. An investment in the infrastructure required to support a new “green” economy is based on the framework that economic and environmental benefit is mutually beneficial.

★ Prior to the 1980s, **Stock Buyback Restrictions** were generally viewed as impermissible market manipulation and thus rarely occurred. Today, when a company executes a stock buyback, they typically raise the price of that company’s shares for a period of time, but the funds spent on buybacks are then unavailable to be spent on the types of corporate activities that could make the company more productive over the long term such as investments in future productivity and in the workforce as well as research and development. Stock buybacks are one of the drivers of our imbalanced economy, in which corporate profits and shareholder payments continue to grow while wages for typical workers stay flat. Stock buybacks are virtually unregulated, even though Congress has recognized its potential for market manipulation. Importantly, there are currently no meaningful limits to stop executives from using corporate money on stock buybacks to raise share prices for their own short-term gain by increasing the value of the stock they hold as well as their stock options. Executives are not required to disclose that they have conducted a buyback until the next quarter’s filing; meanwhile, there are no substantive limits to stop them from selling their own personal shares in the same quarter as they are conducting buybacks.

★ Stock buybacks have reached record volume: Corporations spent roughly \$900 billion on them in 2018, and projections for 2019 predict an even higher scale. The U.S. publicly traded companies across all industries spent almost 60 percent (58.6 percent) of their profits on buybacks between 2015 and 2017, leaving fewer funds (relative to growth of profits) for other productive purposes, such as corporate investment, job creation, and raising wages.


★ To put this into perspective, that is nearly a third of our national spending on health care. Their magnitude explains why even many on Wall Street are ringing warning bells, saying that executives are prioritizing stock price highs over the kinds of true investment that will lead to long-term prosperity. We must either eliminate or severely restrict corporate stock repurchase programs.

**Increase the Weight of Voting Shares Based on Tenure** for asset owners who have held their investment for a minimum of 12 months, this will help ensure that a longer-term perspective prevails over a shorter-term owner who has purchased their equity to weigh in on a short-term governance issue.

**Policies for Boosting Research, Development and Innovation.** Research shows that innovation is the main driver of a country’s long-term economic growth. At the same time, companies in free-market economies are likely to underinvest when it comes to research and development. That’s because an individual firm bears all the costs for developing a new solution, but competitors reap some of the

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<sup>17</sup> "Jobs: Fossil Fuels Versus Clean Energy". *Citizens' Climate Lobby*, 2020, <https://citizensclimatelobby.org/laser-talks/jobs-fossil-fuels-vs-renewables/>.



benefits by either imitating the invention or waiting until a patent runs out. That's where the government policy comes in.

## 2. Access to Capital

**Increased Access to Capital and Affordability for Cooperative, Sustainable, Diverse, Local and High-Road Small Business** is also essential to create high quality jobs and reduce social inequity. Despite the importance of entrepreneurship to our economy, small business owners—particularly women, people of color and other underserved populations face significant hurdles accessing capital from banks and other traditional sources. According to the Federal Reserve Bank’s [2016 report on minority firms](#), only 40% of firms owned by people of color received the full amount of capital sought, compared to 68% of nonminority-owned firms. Similarly, U.S. Small Business Administration (SBA) loans to women-owned business accounted for only 18% of the total number of SBA 7(a) and 504 loans approved. On the investment side, according to [TechCrunch](#), women-led start-ups received only 2.8% of venture capital in 2019, and less than 1% went to Black and Latinx entrepreneurs.

While online and other alternative lending products have sprung up to fill this market need, they operate in an almost entirely unregulated market, making many small business owners vulnerable to predatory practices. The advent of investment crowdfunding under Title III of the JOBS Act presents new opportunities yet remains underutilized. To fully realize the economic potential of small businesses, we must ensure greater access and more options for entrepreneurs to obtain responsible capital.


In order to make the American Dream of economic opportunity available for anyone with vision, drive, and ingenuity, we must find ways for all of us to participate equally in the system. Restrictions on unaccredited investors to make direct local investments stem from the Securities Act of 1933 and Investment Company Act of 1940 and were put in place to protect the average citizen from scam artists and other unscrupulous actors. A worthwhile endeavor that is still needed today, yet an unforeseen consequence has been the institutionalization over nearly 100 years of a system where only the wealthy are deemed “sophisticated” (i.e. intelligent, rational, able to make wise decisions) enough to make direct investments into companies aligned with their vision of how they’d like to deploy their money in the world.

If we want to change who gets funded, we need to change who does the funding. We believe that all investors, not just wealthy ones, should have the opportunity to discover, evaluate, and make investments into local, sustainable, diverse, and high road small businesses.

*We must also strengthen CDFIs, community banks and credit unions, and require institutional investors to invest in alternative deal structures with strategies including, but not limited to, local investing, permanent capital vehicles, revenue-based financing, equity redemption financing, mezzanine debt to facilitate conversion/exit to community or workers rather than an exclusively traditional approach though venture capital and private equity.*

Credit unions often offer numerous benefits over traditional commercial banks. First and most importantly, Credit unions are owned by their customers and have no other shareholders to generate profits for. Credit unions often offer some of the best rates on credit products such as car loans, mortgages and credit cards. They often provide fee-free checking accounts and savings accounts, too, without requiring a substantial minimum balance.

If you don't have a credit history or do but it's damaged, you could have serious trouble applying for a credit card or loan with a low rate from a bank. Credit unions are more forgiving of people in this position. Credit unions are generally committed to investing in and being a positive force in the local



community. Credit unions also tend to offer higher interest rates on savings and deposit accounts than banks do. And these accounts are as secure as those provided by commercial banks, since they are also insured.

The CDFI industry has grown dramatically since the first community development banks were established in the 1970s, and the industry's impact is indisputable. However, many communities throughout the country, both urban and rural, continue to struggle due to lack of investment for broader, faster physical and economic development and growth. CDFIs are proven investment intermediaries that can direct resources to these communities and drive continued positive impact that will not only bolster the communities themselves, but also fuel the larger national economy. However, the industry needs new sources of capital to play its role more effectively. CDFI assets remain at less than 1% of the \$18.3 trillion combined assets of FDIC-insured banks and NCUA-insured credit unions today. Furthermore, as the Urban Institute study demonstrated, coverage of low-income communities across the country is neither equal nor equitable.

### 3. Equity, Investment, Taxes & Disclosure

Income disparities in the United States are so pronounced that America's top 10 percent now average more than nine times as much income as the bottom 90 percent. Americans in the top 1 percent tower stunningly higher, averaging over 39 times more income than the bottom 90 percent. But that gap pales in comparison to the divide between the nation's top 0.1 percent and everyone else. Americans at this lofty level are taking in over 196 times the income of the bottom 90 percent. We must recognize the role that tax, and accounting rules, play in creating this dangerous and growing economic inequality.


Domestic businesses have expressed support for a more equitable method of taxing business activity in U.S. markets regardless of where the business is based. Current state laws disadvantage domestic firms with their multinational competitors, who can unfairly reduce their tax liability by shifting profits based on US sales to low-income foreign jurisdictions.

By adopting **Worldwide Combined Reporting**, considered the gold standard for closing tax loopholes, businesses would be required to fully report businesses activities by jurisdiction. As a result, if a company showed 10 percent of its global sales took place in a state, then that state would impose business taxes based on the 10 percent of sales activities taking place within its borders. Domestic companies would no longer be expected to bear the multinational share of a State's business tax burden.

To stop and reverse the continuing increase of economic inequality and decreasing government tax revenues<sup>18</sup> now is the time to:

- ★ Increase taxes on wealthy individuals through a **Wealth Tax** on everyone with assets over \$50 million with two tax brackets: 2% for people with \$50 million or more in assets and 6% for assets above \$1 billion.
- ★ **Reduce Federal and State Estate Tax Exemptions** for families with incomes over \$500,000. Over the last decades the rich have been increasingly able to increase their wealth, while the middle and lower classes have seen their wealth decrease on aggregate. A progressive estate tax targeted at millionaires and billionaires is the primary method to help reallocate wealth back to Americans with the least amount of wealth. Senator Bernie Sanders' For the 99.8 Percent Act establishes a progressive estate tax on the fortunes of the top 0.2 percent. Under this legislation, the families of all 588 billionaires in America who have a combined net worth of over \$3 trillion would owe up to \$2.2 trillion in estate taxes. This is the fairest way to reduce wealth inequality, invest in the disappearing middle class, and preserve our democracy is to enact a progressive estate tax on the inherited wealth of multi-millionaires and billionaires.
- ★ A **Progressive Consumption Tax (PCT)** would generate reasonable revenues by taxing the purchase of goods and services, rather than exclusively income. The PCT is modelled after the modern goods and services taxes of Organization for Economic Cooperation and Development (OECD) countries—countries with advanced economies similar to that of the United States.

<sup>18</sup> The Trump tax cuts dramatically altered the U.S. tax landscape for the first time in decades by permanently slashing the corporate tax rate from 35% to 21%, temporarily cutting individual tax rates and limiting state and local tax deductions, among other changes. From 2017 to 2018, the U.S. tax-to-GDP ratio fell from 26.8% to 24.3%, while corporate tax revenues fell by .7% and personal income tax revenues dropped by .5%.



Like a sales tax, the PCT would tax the sale of most purchases at a single rate. Like many existing consumption taxes, it would employ a “credit-invoice” system. This means that the PCT is charged at each point of sale of a taxable good or service. Businesses are allowed a credit for any PCT previously paid on purchases used to produce or distribute the taxable good or service. Progressivity is maintained through a large income tax exemption for many U.S. taxpayers and a rebate provided to low- and middle-income households.

The PCT would be destination-based and border-adjustable. Any goods or services that are exported would not be subject to the tax and exporters would receive a credit for taxes previously paid on inputs. Imports of goods and services would be subject to the tax.

- ★ **Remove the Social Security Cap on Income of Over \$133,000.** Social Security taxes are levied on covered earnings up to a maximum level set each year. In 2019, this maximum—formally called the *contribution and benefit base*, and commonly referred to as the *taxable earnings base* or the *taxable maximum*—is \$132,900. The taxable earnings base serves as both a cap on contributions and on benefits. As a contribution base, it establishes the maximum amount of a worker’s earnings that is subject to the payroll tax. As a benefit base, it establishes the maximum amount of earnings used to calculate benefits.

Since 1982, the Social Security taxable earnings base has risen at the same rate as average wages in the economy. Because the cap is indexed to the average growth in wages, the share of the population below the cap has remained relatively stable at roughly 94%. However, due to increasing earnings inequality, the percentage of aggregate covered earnings that is taxable has decreased from 90% in 1982 to 83% in 2017.

Raising or eliminating the cap on wages that are subject to taxes could reduce the long-range deficit in the Social Security trust funds. For example, phasing in an increase in the taxable maximum to cover 90% of covered earnings over the next decade would eliminate roughly 30% of the long-range shortfall in Social Security. If all earnings were subject to the payroll tax, but the current-law base was retained for benefit calculations, the Social Security trust funds would remain solvent for over 60 years. However, having different bases for contributions and benefits would weaken the traditional link between the taxes workers pay into the system and the benefits they receive.<sup>19</sup>

- ★ **Revise the Alternative Minimum Tax by Graduating It.** We often think about taxes incompletely, focusing on the nominal tax rate, the rate in the tax tables. Seldom do we consider the effective tax rate—what people actually pay. Making a graduated Alternative Minimum Tax (AMT) should be a key part of the program. The AMT could start at a rate of 30% at \$1 million as suggested by Warren Buffett. Return the top rate to 39.6% and the \$10 million earners can pay that rate (as opposed to the effective rate of 24% they pay today—or the 13.9% Mitt Romney paid when he earned \$22 million.

And the AMT will be a more effective revenue generator than just increasing the top corporate rate. Graduating the AMT should result in roughly the same amount as revenue as raising the nominal rate to 70%—if not more. (When the nominal tax rate was 91% in the 1950s, the effective tax rate was about 40%, just as it would be here for \$10 million+ earners.)

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<sup>19</sup> <https://fas.org/sgp/crs/misc/RL32896.pdf>



The Corporate AMT should be resurrected—and strengthened. Companies netting over \$1 billion should pay the top corporate rate, rather than the 0-3% effective rate that so many pay—as Amazon did despite earning over \$10 billion last year.<sup>20</sup>

★ **Eliminate the Carried Interest Deduction.** Under current law, some of the nation’s wealthiest individuals—hedge fund and private equity managers—pay a lower tax rate than average Americans because the bulk of their income is taxed at the preferential 20% long-term capital gains tax rate as so-called “carried interest,” rather than at the ordinary income tax rate of 37%, even though they are effectively being paid for their labor. Ensuring our system works for all also requires eliminating this unfair tax advantage hedge funds get over other workers.

★ **Eliminate the Remaining Mortgage Interest Tax Deduction.** While an important tax benefit for lower income citizens, this tax deduction is unnecessary for higher income earners with income over \$500,000 for a family of four. The policy is regressive, as the middle 20 percent of households receive 7% of the benefits, while the roughly 75% of benefits go to the top quartile.<sup>21</sup> It has also been criticized for reducing the homeownership rate, encouraging the construction of unnecessarily large houses, and increasing the likelihood of mortgage defaults.<sup>22</sup>

The existing ceiling was created in the House GOP Tax Cuts & Jobs Act, as a step in the right direction of reallocating wealth from the wealthiest Americans. However, the policy still mostly benefits the highest quartile of Americans. William G. Gale, a senior economic fellow at the Brookings Institute, calls for a one-time refundable tax credit of \$10,000. The policy would encourage homeownership instead of home indebtedness. “At a cost of \$20 billion per year, it would be far less expensive, far more progressive, and far more effective in boosting homeownership rates than the current deduction.”<sup>23</sup> Other Economists have called for eliminating the deduction all together.<sup>24</sup>

★ It is also essential that we **Eliminate Incentives for Short-Term Investment Decisions** and incentivize long term perspectives. To accomplish this, we must: Extend the holding period requirements for short & long-term capital gains and increase the Federal tax rate to 50% for investments held less than 30 days, 40% for investments held less than twelve months, 20% for investments held for 5 years or less and 5% for investments held for 10 years or more.

★ In Leo Strine’s “A Comprehensive Proposal to Help American Workers, Restore Fair Gainsharing Between Employees and Shareholders,” he proposes several accounting rule changes as well as many other structural corrections that are very well aligned with, “Creating an Economy that Works for All.” One such proposal is changing accounting rules to **Treat Investments in Workers like Long-Term Investments** and require companies to disclose more information in narrative form about their human capital investments is one such proposal.


<sup>20</sup> Rofsky, Mitch. "The Rich Can Finally Put Their Money Where Their Mouths Are". *Huffpost.Com*, 2011, [https://www.huffpost.com/entry/fix-the-deficit-tax-rich\\_b\\_850321](https://www.huffpost.com/entry/fix-the-deficit-tax-rich_b_850321).

<sup>21</sup> "T17-0134 - Tax Benefit Of The Deduction For Home Mortgage Interest, Baseline: Current Law, Distribution Of Federal Tax Change By Expanded Cash Income Percentile, 2017". *Tax Policy Center*, 2020, <https://www.taxpolicycenter.org/model-estimates/individual-income-tax-expenditures-april-2017/t17-0134-tax-benefit-deduction-home>.

<sup>22</sup> Smith, Christine. "Why Economists Don't Like The Mortgage Interest Deduction | St. Louis Fed". *Stlouisfed.Org*, 2020, <https://www.stlouisfed.org/open-vault/2018/may/why-economists-dont-like-mortgage-interest-deduction>.

<sup>23</sup> Gale, William. "It's Time To Gut The Mortgage Interest Deduction". *Brookings*, 2017, <https://www.brookings.edu/blog/up-front/2017/11/06/its-time-to-gut-the-mortgage-interest-deduction/>.

<sup>24</sup> Francis, Theo. "NPR Choice Page". *Npr.Org*, 2012, <https://www.npr.org/sections/money/2012/07/19/157047211/six-policies-economists-love-and-politicians-hate>.

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- ★ Strine also proposes that we, require companies to release quarterly earnings guidance to make other necessary and appropriate disclosures. Strine writes, “No rational person believes that corporations can deliver consistent, quarter-to-quarter earnings growth nor that corporations should be managed with that objective in mind, especially in light of the fact that most of their capital comes from human investors who are saving for the long run and therefore need sustainable growth, not bubble returns. Forward-looking quarterly earnings estimates provide little value to investors but continue to contribute to managing to the market in an unproductive way. And isolated issuer restraint is of little utility as competitive realities lead to a collective lack of discipline and wisdom because CEOs fear the loss of analyst coverage if they refuse to feed the market beast and their competitors continue to do so.”

Strine’s proposal, “would have the SEC promulgate rules requiring companies to disclose more information or adhere to other standards if companies are going to release forward-looking quarterly earnings estimates. Under the proposal, the SEC must require any company that issues quarterly guidance to maintain, make public, and keep current a long-term plan for earnings growth and situate any quarterly guidance within the context of that long-term plan. By requiring companies to disclose long-term plans along with their forward-looking quarterly estimates, managers would be able to focus more on sustainable, long-term corporate growth and less on meeting the market’s short-term expectations, and institutional investors would have a roadmap to hold corporations accountable for sustainable performance.”

- ★ **Stop Wealth Hiding.** As much as \$21 trillion in wealth is now sitting hidden in offshore tax havens, shell companies, and trusts. Congress must shut down the international wealth hiding apparatus by using legislation, trade negotiations, and international sanctions to require greater corporate transparency, eliminate tax dodges, and provide greater resources for tax enforcement. A good start would be to pass the Corporate Transparency Act (HR 2513) and require the disclosure of beneficial ownership of corporations and limited liability companies, key tools in the wealth hiding toolbox.<sup>25</sup> Additionally, large transnational corporations should be required to register and reincorporate federally instead of at the state-level, as this has precipitated a race to Delaware, the state with the most forgiving and flexible corporate law.

- ★ **Create a Charity Stimulus.** Billionaires have for years now been donating funds to donor-advised funds and private foundations, accepting tax breaks, and warehousing funds that ought to be distributed to charitable operations. Congress should institute an emergency temporary three-year mandate to increase payout from private foundations and donor-advised funds. This policy change would stimulate \$200 billion over three years in additional giving to direct charities in the independent nonprofit sector. This stimulus would require no new tax dollars, as it has already been paid for by previous tax deductions.<sup>26</sup>

Congress should act to mandate a timely payout of these taxpayer-subsidized charity funds to fulfill the public interest.

**Donor-Advised Funds.** Over \$120 billion is warehoused in private donor-advised charity funds (DAFs) without any requirement for dispersal. Donors have already taken tax breaks on these dollars and have no


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<sup>25</sup> Collins, Chuck et al. "Billionaire Bonanza 2020". *Ips-Dc.Org*, 2020, <https://ips-dc.org/wp-content/uploads/2020/04/Billionaire-Bonanza-2020.pdf>.

<sup>26</sup> Collins, Chuck, and Helen Flannery. "The Case For An Emergency Charity Stimulus". *Inequality.Org*, 2020, <https://inequality.org/wp-content/uploads/2020/05/Brief-CharityStimulus-Revision-May12-FINAL.pdf>.







incentive to move funds to active charities on the ground. Congress should mandate that DAFs payout funds within three years.<sup>27</sup>

**Foundation Payouts.** Private foundations hold an estimated \$1.2 trillion in assets and are required to pay out only 5 percent of those assets per year. But overhead expenses can be included toward this 5 percent. Congress should institute a three-year emergency payout mandate, temporarily increasing the payout to 10 percent and excluding overhead, Impact investments, and donations to donor-advised funds from satisfying this requirement.<sup>28</sup> Such a program could raise \$190 billion over three years.<sup>29</sup>

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<sup>27</sup> Collins, Chuck, and Helen Flannery. "Time For An Emergency Charity Stimulus". *Institute For Policy Studies*, 2020, <https://ips-dc.org/time-for-an-emergency-charity-stimulus/>.

<sup>28</sup> Collins, Chuck, and Helen Flannery. "Time For An Emergency Charity Stimulus". *Institute For Policy Studies*, 2020, <https://ips-dc.org/time-for-an-emergency-charity-stimulus/>.

<sup>29</sup> Helen Flannery and Chuck Collins, "Increasing Private Foundation Payout," Policy Brief, Institute for Policy Studies, April 2020.

## 4. Worker Wellbeing


“Liberty,” Franklin Delano Roosevelt said in 1936, “requires opportunity to make a living — a living decent according to the standard of the time, a living which gives man not only enough to live by, but something to live for.” To ensure the wellbeing of our work force and that they are educated to take on the challenges of the 21<sup>st</sup> century, earn a livable wage, and are supported by a dependable social safety net, we must:

**Provide Reparations for Descendants of Enslaved Black Americans.** Currently, white household median wealth is 7-10x greater than African American household wealth. The statistics are similarly disparate for Latinx and Native Americans. Illustrated in dollars, while white families recovered dramatically better after World War II, leading to median household wealth exceeding \$140,000, African American households have less than \$20,000. Why? Most of the white wealth is based on home ownership. But Blacks were discriminated against by even the Federal Government’s Federal Housing Authority in the 1940s—and by redlining long after.

We support reparations for past and continuing harms. The government, responsible corporations and other institutions that have profited off of the harm they have inflicted on Black people — from colonialism to slavery through food and housing redlining, mass incarceration, and surveillance — must repair the harm done. As articulated by Black Lives Matter, this includes:

- ★ Reparations for the systemic denial of access to high quality educational opportunities in the form of full and free access for all Black people (including undocumented and currently and formerly incarcerated people) to lifetime education including: free access and open admissions to public community colleges and universities, technical education (technology, trade and agricultural), educational support programs, retroactive forgiveness of student loans, and support for lifetime learning programs.
- ★ As already put forth elsewhere in the document, specific reparations for the continued divestment from, discrimination toward and exploitation of our communities in the form of a guaranteed minimum livable income for all Black people, with clearly articulated corporate regulations.
- ★ Reparations for the wealth extracted from communities through environmental racism, slavery, food apartheid, housing discrimination and racialized capitalism in the form of corporate and government reparations focused on healing ongoing physical and mental trauma, and ensuring our access and control of food sources, housing and land.
- ★ Reparations for the cultural and educational exploitation, erasure, and extraction of our communities in the form of mandated public-school curriculums that critically examine the political, economic, and social impacts of colonialism and slavery, and funding to support, build, preserve, and restore cultural assets and sacred sites to ensure the recognition and honoring of our collective struggles and triumphs.
- ★ Legislation at the federal and state level that requires the United States to acknowledge the lasting impacts of slavery, establish and execute a plan to address those impacts. This includes the immediate passage of H.R.40, the “Commission to Study Reparation Proposals for African-Americans Act” or subsequent versions which call for reparations’ remedies.<sup>30</sup>

<sup>30</sup> "REPARATIONS – M4BL". *M4bl.Org*, 2020, <https://m4bl.org/policy-platforms/reparations/>.



**Provide Reparations for Native Communities.** The Honoring Promises to Native Nations Act addresses chronic underfunding and barriers to sovereignty in Indian Country and holds the federal government accountable for honoring America's legal promises (to provide resources for housing, education, health care, self-determination, and public safety) to Native peoples. It improves the federal programs supporting the social and economic wellbeing of tribal nations and Native peoples, invites feedback on how best to achieve budgetary certainty and transparency for Native programs, increases tribal representation in the Executive Branch, requires meaningful and timely consultation by the federal government with tribes, and improves tribal self-governance and self-determination.

**Strengthen the Americans with Disabilities Act (ADA).** Introduced by Illinois Sen. Tammy Duckworth, The *Disabled Access Credit Expansion Act* would make it easier for small businesses to become accessible for people with disabilities and help those businesses comply with the landmark Americans with Disabilities Act (ADA). The *Disabled Access Credit Expansion Act* bolsters the existing Disabled Access Credit (DAC), which helps businesses pay for renovations by doubling the maximum tax credit and allowing more small businesses to receive it. The legislation also invests in programs that mediate ADA-related disputes to avoid additional litigation and help individuals and businesses understand the ADA.<sup>31</sup>

**Dedicate the proceeds of the Estate Tax to Universal Trust Funds** so that Inheritance Is Universal. The most popular taxes—Social Security, gasoline—are dedicated to a popular purpose. Today, half of Americans—and 2/3 of minorities—own not one share of the stock market. Take the \$20 billion in estate tax revenue, divide it among our nearly 4 million annual births. Each newborn would receive over \$5,000 which is then invested in a U.S. equity fund—for 60 years. At past rates of return, this will grow to over \$150,000 in *today's* dollars—and it is then given to your children. In one lifecycle, nearly every American would have twice the median equity holdings of today! Roll back the estate tax exemption and increase the trust fund even more.

**Provide Paid Leave and Critical Workplace Benefits.** Working families lose an estimated \$20.6 billion in wages each year due to a lack of access to paid family and medical leave. The FAMILY Act would create a comprehensive national program that helps meet the needs of new mothers and fathers and people with serious personal or family health issues through a shared fund that makes paid leave affordable for employers of all sizes and for workers and families.<sup>32</sup>

★ The FAMILY Act would spread the cost of leave, reducing the burden on individual employers and allowing many more workers to access paid leave. Paid leave contributes to reduced turnover and increased employee engagement and loyalty, leading to significant employer cost savings. Additionally, A national paid leave insurance program would help keep new parents and family caregivers in the workforce and boost their incomes and savings over time, all of which would contribute to economic productivity and growth.<sup>33</sup>

**Disclosure on Pay Methodology** to ensure everyone is evaluated the same way on reasonable consistent metrics. In America today, women who work full time are paid just 80 cents, on average, for every dollar paid to men. For Latinas it's 53 cents, for Native American women its 58 cents, and for Black women it's 61 cents. All that money adds up to more than \$400,000 over the course of a woman's career, and more than \$1 million

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<sup>31</sup> "Duckworth, Casey, Hassan, Klobuchar Introduce Legislation To Strengthen The ADA & Help Small Businesses Become Accessible | U.S. Senator Tammy Duckworth Of Illinois". *Duckworth.Senate.Gov*, 2020, <https://www.duckworth.senate.gov/news/press-releases/duckworth-casey-hassan-klobuchar-introduce-legislation-to-strengthen-the-ada-and-help-small-businesses-become-accessible>.

<sup>32</sup> "The Family And Medical Insurance Leave (FAMILY) Act". *Nationalpartnership.Org*, 2019, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/family-act-fact-sheet.pdf>.

<sup>33</sup> "The Family And Medical Insurance Leave (FAMILY) Act". *Nationalpartnership.Org*, 2019, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/family-act-fact-sheet.pdf>.

for Latinas, Native American women, and Black women.<sup>34</sup> It is time we hold corporations accountable for pay inequality in America. We must require corporations to prove they do not engage in pay discrimination, and fine companies that refuse to close wage gaps.

To eliminate poverty, we must **Increase the Minimum Wage to a Livable Wage** with no exceptions for tipped workers are others that today earn a sub-minimum wage. A *National Employment Administration* will complement the private sector to ensure a full employment economy while putting people to work on these projects while providing a just transition for workers into new industries.

Provide everyone with a **“Universal Basic Income.”** The Alaska Permanent Fund gives every citizen a check each year from oil revenues—sometimes over \$2,000, almost \$9,000 for a family of four. The federal government should establish a National Permanent Fund using income and revenue from federal taxes and assets, such as: a climate/CO2 tax, or sales from the broadcast spectrum, and mine leases.

Research shows that worker owned social enterprises with aligned high road principles and practices are more stable, inclusive, equitable, democratic, resilient and competitive with fewer job losses, especially during downturns.<sup>35</sup> That’s why we must **Require all Businesses to Operate “High-Road” Workplaces** monitored with appropriate GRI like disclosure that:

- ★ Provide family-friendly benefits
- ★ Offer flexibility
- ★ Invest in employee growth and development
- ★ Cultivate inclusion
- ★ Govern fairly and transparently
- ★ Engage with local communities
- ★ Manages its supply chain responsibly
- ★ Promotes health and safety

- ★ To date, there is no comprehensive bill that covers all of ASBC’s “high-road” initiatives aimed at creating a more inclusive and fair economy. The bill that comes closest to these targets is the Small Business Regulatory Relief Act. The Small Business Regulatory Relief Act empowers the SBA’s Office of the National Ombudsman ONO to enhance outreach to small businesses, develop the best practice guidelines for agencies to address small business regulatory concerns, increase the ONO’s visibility and enhance collaboration at federal agencies, and expand the ability of the ONO to help small businesses selling to the federal government.

#### Other ways to rebuild our middle class include:

- ★ **Support the Growth, Expansion and Evolution of Labor Unions** with The Employee Free Choice Act. The freedom to form a union is a democratic right that is under attack. Too many workers are prevented from freely choosing to band together in a union to bargain collectively with their employer on workplace issues.

More than half of all workers in the United States say they would vote to join a union if they could, but union membership in the private sector is less than 8 percent today—down from one-third of private

<sup>34</sup>“Holding Corporations Accountable For Pay Inequality In America | Full Policy | Kamala Harris For The People”. *Kamala Harris For The People*, 2020, <https://kamalaharris.org/policies/equal-pay/full-policy/>.

<sup>35</sup> Walsh, Peter, Michael Peck, and Ibon Zugasti. 2018. Why The U.S. Needs More Worker-Owned Companies. Ebook. Harvard Business Review.

sector workers in the middle of the 20th century—because existing laws make forming a union a Herculean task that few want to undertake.

The Employee Free Choice Act is a sensible reform that would protect workers’ right to join together in unions and make it harder for management to threaten workers seeking to organize a union.

The Employee Free Choice Act will restore balance to the union election process by allowing workers the choice to organize a union through a simple majority sign-up process—a system that works well at the small number of workplaces that choose to permit it, raising penalties when the law is violated and promoting productive first contract negotiations with a mediation and arbitration option.


★ In addition, we must **Reform the Union Election Process** by permitting card check elections to make it easier for workers to organize and collectively bargain with their employers. Senator Bobby Scott (D-VA) introduced the “Protecting the Right to Organize (PRO) Act” in 2019, which streamlines union elections and prevents employers from interference by removing them as a “party” to union representation elections. HR.2474 increases penalties on employers for breaking the laws and makes it more difficult for employers to delay union recognition through legal challenges. Through the PRO Act, it will be easier for workers to engage in collective action and solidarity by prohibiting employers from permanently replacing workers during an economic strike and removing all limitations on secondary boycotts.

★ **Incentivize Entrepreneurial Activity.** Government policies and principles are important for entrepreneurship to succeed. These are the regulations that make it possible for young businesses to exist within parameters that are not restrictive to their growth. Governments that support entrepreneurs typically develop and implement growth-oriented structures that allow enterprise development. Representative Dean Phillips (D-MN-3) recently proposed the “New Business Preservation Act” that boosts entrepreneurship and SMEs by creating a new program managed by the Department of Treasury, in which the federal government (alongside participating states and private capital) will invest in promising early-stage firms. It will encourage startups with a government funding match that helps fuel a resurgence of early stage firms, economic growth, and a boom in innovation in the wake of COVID-19. Below are further examples of the types of government policies that allow for growth:

- ★ *Strengthen Intellectual Property Rights*
- ★ *Inclusion of entrepreneurship within school curricula*
- ★ *Reduced burden on business formation*
- ★ *Improved Access to funding for SME's and Start-ups*<sup>36</sup>

★ **Protect Gig Economy Workers.** Over the past decade, gig economy companies like Uber and TaskRabbit have eroded hard- won employment protections by classifying workers as independent contractors. Workers in the gig economy face the uncertainty of scheduling an income along with the hazard of operating without basic benefits like health insurance, workers’ compensation, breaks, or paid time off. They are often subjected to unsafe, compromising situations without recourse. In the wake of the landmark AB 5 legislation, labor and worker cooperative advocates drafted the

<sup>36</sup> "Policies With A Purpose: Government Policies That Support Entrepreneurship | Anzisha Prize". *Anzishaprize.Org*, 2017, <https://anzishaprize.org/policies-with-a-purpose-government-policies-that-support-entrepreneurship/>.



Cooperative Economy Act (CEA) to restructure the relationship between companies, including platform companies, and their workers.<sup>37</sup>

★ **Expand Employee Stock Ownership Plans.** Twenty-eight million Americans belong to the nearly 7,000 employee stock ownership plans in the U.S. This isn't enough. We need to examine current ESOP incentives as every major corporation should have an ESOP—and we need to examine how part-time workers can earn stock as they are often excluded from this form of compensation. The “Promotion and Expansion of Private Employee Ownership Act” proposed by Senator Pat Roberts (D-KS) bolsters the creation of S Corporation employee stock ownership plans (ESOPs) and provides protection for small businesses by ensuring that they can qualify for Small Business Administration (SBA) loans, contracting assistance, or business development programs after they transition to an ESOP. It also allows business qualifying for minority-owner, female-owned, or veteran-owned programs to maintain their status after the ESOP acquires the shares. As such, the PRO Act would eliminate barriers that businesses and their owners currently face in establishing a new S corporation ESOPs or expanding the employee-ownership stake in an S corporation.

★ We also advocate that all ESOPs achieve “Enlightened” or “Democratic” metrics defined by a clear differentiation between retirement plan and ownership plan incentives and how to reach higher common ground such as ensuring a:

- single class stock for all worker owners,
- independently verified fair and transparent market valuations,
- investors who cash out only based on company performance over time,
- high impact democratic workplace participation,
- a workforce that ends up owning the majority of company stock,
- and, anti-demutualization and outsourcing/offshoring provisions.”

★ In addition, we also advocate for Tax Policy parity with ESOPs for hybrid and diverse ownership models including worker and union cooperatives, as well as other emerging, hybrid shared ownership structures (HSOS) in federal laws. Tax laws treat cooperatives differently than ESOPs, and S Corp ESOPs are treated differently than C Corp ESOPs. The laws must be changed to make tax treatment more uniform for all worker ownership models so hosting communities and their emerging worker-owners can choose the model and approach best for them.

- A first step would be to advocate for a leveled tax policy playing field offering an S-Corp ESOP-like corporate income tax exemption, and the ability to deduct both interest and principal on a worker cooperative loan.
- This way, ESOP/employee ownership successes in wealth creation can be extended to worker coops, union-coops, and other hybrid worker ownership structures.
- Research proves that combining an equity stake with a participatory ownership culture (essentially the definition of a worker cooperative) creates better performing businesses.
- Our message is one of fairness - extending the tax breaks to worker-owned LLCs expands the potential beneficiaries of the law.
- Follow-on legislation should learn the lessons of various state-based, overly-detailed (perhaps restrictive) cooperative statutes and not place too many requirements/limitations on qualifying for tax breaks.
- We would also make the case that a worker cooperative's democratic governance already ensures/guarantees a broad-based ownership structure, negating the need for high levels of regulation.

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<sup>37</sup> 2020, <https://www.cooperativeeconomyact.org/>.




- We also believe that America’s potential and current worker-owners and their hosting community stakeholders are best served through the freedom of choosing the ownership structure that’s best for them. This choice requires tax parity among competing ownership structures that currently favor investors, boardrooms and passive-income, and usually ex-territorial shareholders.
- A shared-services cooperative approach would help lower compliance costs for small businesses.

★ **Create Alternative Ownership Structures.** To support the transition to stakeholder governance and provide new opportunities for worker ownership, we support the development of new “stewardship” owner models. These include:

- *Golden Share:* A public-benefit company where voting rights (“steward-shares”) are separated from economic rights (“non-voting preferred shares”). Steward shares can only be held by people closely related to the company’s operations or mission and non-voting preferred shares typically have capped returns. An independent foundation holds veto-power (“golden share”) to prevent any changes that could unwind the structural separation of voting and economic rights.
- *Perpetual Purpose Trust (PPT):* A non-charitable trust owns a C-Corp for the benefit of a purpose rather than shareholders. The trust can include employees, investors, and other stakeholder groups in both voting and economic rights through a “Trust Protector Committee.” A separate “Trust Enforcer” is ultimately responsible for ensuring the purpose of the trust is fulfilled. The PPT structure grants a great deal of flexibility around the purpose of the trust and how different operating bodies relate to each other according to a “Trust Agreement.”
- *Employee Ownership Trust (EOT):* A type of PPT in which employees or members are defined as the “purpose” of the business. The trust structure ensures that the ownership of a company remains in the hands of its employees or members. Employee-owners elect members of the Trust Protector Committee and all privileges and rights are terminated when an individual departs from the company.
- *Cooperatives:* A cooperative legal form is designed for the benefit of member-owners, rather than outside investors. However, it’s possible for coops to “demutualize” through a process where members sell the company or transform into a non-cooperative structure. Thus, a Golden Share model or “poison pill” (a charter clause that prevents members from personally profiting from a sale of the cooperative) should be introduced to ensure long-term steward ownership.

★ **Increase Opportunities and Incentives for Local Investment.** As previously discussed, investments in small local business strengthen the resilience of those communities, create new jobs and provide much needed capital to businesses often overlooked by traditional investors. Modeled on Michigan Bill PA 281, this proposal would provide a tax credit of 50% for qualified investments.

★ **Provide Access to Education.** During the industrial age, when high school was the gateway to the American dream, public-school systems covered the costs of earning a diploma. Today, however, as associate degrees have replaced high-school diplomas as the indispensable ticket into the middle class, families are forced to cover the costs of tuition and more. If the information-age economy demands a workforce with additional training, we need to begin cutting students and families the same deal: Anyone willing to work hard and earn the degree should be able to attend community college—for free.



★ In addition to support our families and the education of their children we must provide Free **Universal Pre-K**. Children with access to high-quality early childhood education are more prepared for school, more likely to be reading and achieving on grade level, and more likely to graduate from high school and go to college. Children who start out behind, the research shows, never catch up, at great expense to themselves, their families, schools, and communities. New cost-benefit studies of expenditures on early childhood education project positive economic returns to society from investments in pre-K that range from, at the least, two to four times the cost of investment to as much as seven to ten times the investment for a high-quality universal pre-K program brought to scale. It is now well documented that all children benefit from high-quality pre-K, with children from low-income families showing the greatest gains.<sup>38</sup>

In this post-industrial age, businesses need workers with both creative and flexible intellectual intelligence and emotional-social intelligence; this is the “high quality human capital” we hear so much about as essential in this new technological era. For businesses to fulfill this need requires that they invest, or support government investment, in the specific stage, and ages, of human development that are most conducive to developing the workforce businesses increasingly require. Recent findings from neuroscience and developmental psychology identify this stage as early infancy and childhood because the ages from birth to age three are when 85% of brain growth and the majority of personality development occur.

Specifically, this means that businesses can take an active role in ensuring that their needs for a highly developed workforce are met by supporting investment in parenting education and long parental leave times. These are already a successful policy in some economically successful nations, such as Finland, where parents are entitled to 7 months parental leave.

In addition, the human and economic costs of trauma from adverse early childhood experiences are enormous. Therefore, another important investment with significant economic benefits for businesses is to invest in, and/or support investment in, research into trauma and the development of trauma recovery therapies. Such investment would not only improve overall human development and quality of life, but also improve the health, wellbeing, and hence effectiveness, of the workforce. Child trauma studies show that even in the United States a majority of children suffer trauma that can change brain chemistry enough to cause auto-immune and heart diseases in adulthood, as well as emotional-social problems throughout the lifespan. If businesses want the highly developed workforces they require in this post-industrial age, support for trauma research and trauma recovery therapy is a sound investment.<sup>39</sup>

**Medicare for All.** The COVID-19 pandemic and resulting economic depression has shown the folly of connecting employment to health insurance. Nearly 46 million U.S. workers<sup>40</sup> have lost their jobs since early March 2020,

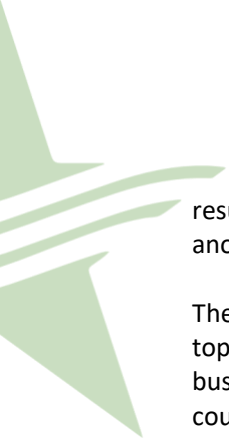
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<sup>38</sup>"Establishing Universal Access To Prekindergarten As A Constitutional Right". *Nieer.Org*, 2017, [http://nieer.org/wp-content/uploads/2017/12/Prekindergarten\\_as\\_a\\_Right\\_BriefingPaper.pdf](http://nieer.org/wp-content/uploads/2017/12/Prekindergarten_as_a_Right_BriefingPaper.pdf).

<sup>39</sup> Riane Eisler and Douglas Fry, *Nurturing Our Humanity: How Domination and Partnership Shape Our Brains, Lives, and Future* (New York: Oxford University Press, 2019); Vincent J. Felitti, "Adverse Childhood Experiences and Adult Health," *Academic Pediatrics* 9 (2009): 131-132, 131, doi: 10.1016/j.acap.2009.03.001. Available online at <http://static1.squarespace.com/static/500ee7f0c4aa5f5d4c9fee39/t/53ecfab7e4b03cc699a85f97/1408039607750/Adverse+Childhood+Experiences+and+Adult+Health.pdf>; Bessel van der Kolk, *The Body Keeps the Score: Brain, Mind, and Body in the Healing of Trauma* (New York: Penguin, 2015); The National Child Traumatic Stress Network, available online: <https://www.nctsn.org/>.

<sup>40</sup> Davidson, Paul. "Layoffs: 1.5M Workers File For Unemployment Amid COVID-19 Even As States Let Businesses Reopen". *Usatoday.Com*, 2020, <https://www.usatoday.com/story/money/2020/06/18/unemployment-claims-another-1-5-m-file-jobless-claims-amid-covid-19/3210774001/>.





resulting in 27 million workers<sup>41</sup> also losing their employer-sponsored health insurance. Prior to this crisis, another 37 million Americans lacked health insurance and 40 million more had inadequate insurance.

The health care system has also failed our business community. The average cost of a family plan in 2019 topped \$20,000 a year, with the business paying \$14,000 of this premium<sup>42</sup>. This cost is unsustainable for businesses of all sizes, from family-owned Main Street cafes to national brands with distribution across the country. Businesses routinely rank health care costs as the top threat to the success of their companies.

A Medicare for All system would have better prepared our health care system and economy for this crisis. The United States should join the rest of the industrialized world and guarantee health care as a right to all residents and use the purchasing power of the federal government to control costs.

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<sup>41</sup> Garfield, Rachel et al. "Eligibility For ACA Health Coverage Following Job Loss". *KFF*, 2020, <https://www.kff.org/coronavirus-covid-19/issue-brief/eligibility-for-aca-health-coverage-following-job-loss/>.

<sup>42</sup> "Benchmark Employer Survey Finds Average Family Premiums Now Top \$20,000". *KFF*, 2019, <https://www.kff.org/health-costs/press-release/benchmark-employer-survey-finds-average-family-premiums-now-top-20000/>.

## 5. Government, Money & Politics

To protect our Democracy, we must **Stop the Unlimited Flow of Money into Political Races**. The Fair Elections coalition notes that “Following the Supreme Court’s Citizens United decision, small-donor matching funds remains the most powerful way to counter the unlimited, secret money flowing into our elections.” With this in mind, the group proposes to “implement a small-donor matching system for state elections, including District Attorneys,” which “gives everyday people the means to run for office and represent their communities while relying on small donations instead of large checks.” Comprehensive campaign finance reform is essential. By matching small-dollar donations with public funding—\$6-to-every \$1 raised—we can amplify the voices of women; of people of color; of the working and middle classes; and of any and all under-represented Americans in the political process.

Concern about big money in politics is cross-partisan, as reflected by a recent report from the Pew Research Center that showed a majority of Americans—77 percent—support limits on the amount of money individuals and organizations can spend on political campaigns and issues. The same poll found that 74 percent of Americans say it is “very important” that major political donors not have more influence than others, and another 16 percent say this is “somewhat important.”

**Overturn Citizens United.** In the 2010 U.S. Supreme Court ruling in the *Citizens United v. Federal Election Commission* case, the court ruled that campaign contribution limits would restrict the right to free speech—their interpretation of the Constitution is that wealthy corporations, unions and other organizations should be able to spend unlimited amounts of money on political advertising.

Most citizens don’t agree and believe in equal representation regardless of wealth. By amending the Constitution, we create a constitutional requirement for that equal representation.

In July 2020, the national, non-partisan Commission on the Practice of Democratic Citizenship found an “**urgent threat to our democratic way of life,**” and recommended key steps, including passage and ratification of an amendment to the US Constitution to correct the damage of unlimited, unregulated money in our political system and ensure equal voice in our political process. This constitutional amendment is well on the way, and when passed and ratified, will protect the equal rights of all Americans to a voice, a vote and real representation in our political system and it will combat corruption and unlock the solutions to the many urgent, systemic crises we now face. The amendment has strong cross-partisan support, and more and more business leaders are making the strong case for passage and ratification now— a necessary constituency to drive this systemic, permanent reform by July 2026, as urged by the Commission.<sup>43</sup>

Approval of the 28th Amendment will affirm that “We the People” rather than big money, corporations, unions and special interests—govern the United States of America. The 28th Amendment will allow Congress and the states to set common-sense limits on campaign contributions and advertising. Americans have united before in support of a constitutional amendment in response to a judicial ruling. Approval of the 28th Amendment to

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<sup>43</sup> "Business Statement Of Principle - American Promise". *American Promise*, 2020, <https://americanpromise.net/take-action/join-a-program/national-business-network/statement-of-principle/>.

overturn the *Citizens United* ruling would be the eighth time an amendment has overruled a Supreme Court decision.

## 6. Environment

For too long, vulnerable and marginalized communities like communities of color, the elderly, children, and low-income communities have been hit hardest by the climate crisis and toxic pollution and are often the first to experience the brutal impacts. The disparate climate impacts these communities face is caused by and exacerbates long-standing inequalities in American life.<sup>44</sup> To create a successful economic system that works for all, we must have initiatives in place to protect the natural resources that are necessary to support all life on the planet and put those that are most impacted by the effects of the climate crisis at the center of our solutions.<sup>45</sup> In order to promote sustainable development practices that put the environment, and hard-hit communities, first, for our future, we focus on four areas: a green and resilient infrastructure, circular economy, low-carbon transition and regenerative agriculture. In addition, many of these initiatives will provide much-needed jobs. Much of what we have outline here has been proposed as part of the Green New Deal in Congress, which we support.

### Put People to Work for Green and Resilient Infrastructure:

Our nation's infrastructure is decaying, non-resilient, problematic from an environmental perspective, and not meeting our needs. We therefore have a unique opportunity to put people to work, as was done in the 1930s, with public infrastructure projects that improve our water supplies, reduce our greenhouse gas emissions, eliminate toxic chemicals and make us more resilient to climate change, amongst numerous other benefits. We must pay special attention to mitigating and eliminating the pollution affecting communities living on the fence line of industry and waste sites.

- ★ **Green Built Environment.** Buildings are responsible for much of our greenhouse gas emissions—in NYC, for example, they are responsible for about 70% of NYC's carbon emissions. We propose replicating efforts such as the Climate Mobilization Act in NYC, which requires buildings of a certain size to put in place energy conservation technology and measures that will radically reduce GHG and other toxic emissions, or face severe fines. Governments can start with government office buildings and with government-owned public housing.
- ★ **Increase Federal Funding of Water Resources to Eliminate Privatization .** Aging drinking water, wastewater, and storm-water systems do not meet existing environmental and public health standards. Furthermore, our water infrastructure was never designed for the impacts of climate change, including the increasing frequency of droughts and sea level rise, so many existing systems will need to be redesigned or relocated. That is why congress must triple annual appropriations for the clean water and drinking water state revolving funds, increasing them from approximately \$2 billion to \$6 billion.
- ★ **Improve Access to Clean Water.** No family should have to choose between paying their water bill and paying for food, clothing, and other essentials. Water prices are rising across the country and low-income families increasingly cannot afford the cost of services. We must ensure that clean drinking water is not only available but also affordable for all Americans, especially low-income families. We support a new federal Clean Water for All initiative to ensure that every American has access to clean

<sup>44</sup>"Why Climate Progress & Racial Justice Are So Deeply Connected". *Seventh Generation*, 2020, [https://www.seventhgeneration.com/blog/climate-progress-and-racial-justice?utm\\_source=facebook&utm\\_medium=social&utm\\_campaign=climate-justice&utm\\_content=1592395011&fbclid=IwAR05pUNUn0sk9YKSREJAXmxb4g-NbyOC5TJsiD1a2IIsoHrKxYrn9hP2730](https://www.seventhgeneration.com/blog/climate-progress-and-racial-justice?utm_source=facebook&utm_medium=social&utm_campaign=climate-justice&utm_content=1592395011&fbclid=IwAR05pUNUn0sk9YKSREJAXmxb4g-NbyOC5TJsiD1a2IIsoHrKxYrn9hP2730).

<sup>45</sup> *ibid*

water, as a human right. The Clean Water for All initiative should target the front-line communities most at-risk of contaminated water.<sup>46</sup> We cannot support a two-tiered system in America where the wealthy have access to water that is clean and safe for their families, while disadvantaged communities are forced to accept second-class water and wastewater systems that pose risks to their health and environment.<sup>47</sup>

★ **Green Transportation.** The last major federal transportation legislation authorized \$45 billion in annual federal expenditures on highways, but provided only \$12.2 billion in annual public transit investments. Furthermore, federal funding will cover 80% of the cost of a highway project, but only 50% of a transit project. Federal lawmakers must reform how the federal government builds transportation infrastructure by significantly increasing federal investments in clean, sustainable and climate-smart transportation infrastructure, and provide local, state and tribal governments with much-needed resources to invest in expanding public transit and connecting people in communities through safe, multi-modal transportation options.<sup>48</sup> We should increase federal investment in zero-emission vehicle infrastructure and manufacturing, as well as clean, affordable, and accessible public transit and high-speed rail.

★ **Prioritize Resources for Frontline Land and Food Injustice Communities, Urban and Rural** by creating two funds; one to support local economic and workforce development, and the other to create good jobs through site cleanup, environmental remediation and ecological restoration. Data show that economic development patterns that isolate low-income communities and concentrate environmental harm alongside poverty are the result of decades of systematic policy choices. And these communities are frequently communities of color.<sup>49</sup> Rural communities can pay a real price as sacrifice zones for extractive industries. This is especially true during times of transition. As mines and power plants close, entire communities are too often left to foot the bill, with abandoned infrastructure, neglected health and environmental hazards, a torn social safety net, and decimated local economies.<sup>50</sup>

★ **Prioritizing environmental justice communities.** The effects of COVID-19, layered on top of a legacy of environmental justice neglect are being felt across the country, but they are particularly acute in communities with underlying health conditions. We are concerned that environmental justice communities – low-income communities, communities of color, and Tribal and indigenous communities – across the U.S. and in the U.S. territories are especially vulnerable and lack the necessary resources to fully recover from the pandemic. Members of environmental justice communities are more likely to be exposed to pollution that can cause other health problems, such as cancer and asthma, and too often, they also lack access to healthcare. That is why we must work together to pass legislation that addresses the needs of environmental justice communities while reducing the pollution that will make it harder for them to recover. Funding must be available to ensure:

- Quality water and ensure drinking water services
- Increased access to and investment in energy programs
- Accelerating the deployment of zero emissions transportation and goods movement
- Supporting programs that support workforce development and pollution reduction.<sup>51</sup>

## Support the Low-Carbon Transition

<sup>46</sup> Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

<sup>47</sup> "Water, Health, And Equity-The Infrastructure Crisis Facing Low-Income Communities & Communities Of Color — And How To Solve It". *Protectcleanwater.Org*, 2020, <http://protectcleanwater.org/wp-content/uploads/2017/09/CWFA-Infrastructure-Health-Equity-White-Paper-Oct-2018.pdf>.

<sup>48</sup> Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

<sup>49</sup> Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

<sup>50</sup> Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

<sup>51</sup> "Environmental Justice Initiative". *Natural Resources Committee*, 2020, <https://naturalresources.house.gov/environmental-justice>.

This is the decisive decade for keeping global warming to below 2 degrees. Some of the changes required are outlined in other sections such as infrastructure (e.g. built environment) and regenerative agriculture. However, we call for additional actions focused on supporting renewable energy and eliminating fossil fuels. Fossil fuels are especially damaging for communities at the front-line of environmental injustice. Black communities, other communities of color, and low-income populations are more likely to experience negative health impacts from pollution. This is because the factories and industries responsible for creating pollution that's harmful to human health are built close to the communities where these populations live.<sup>52</sup>

- ★ **Place a Price on Carbon** by imposing a carbon fee on all fossil fuels and other greenhouse gases at the point where they first enter the economy, starting with \$25 per metric ton and increasing by \$10 annually. The fees should go back to American households in the form of an annual “dividend.”
- ★ **Advancing 100% Renewables Market Shift and Policies** by moving forward with the proposed Green New Deal which calls for a national 10-year mobilization period of meeting 100 percent of the power demand in the United States through clean, renewable, and zero-emission energy sources by dramatically expanding and upgrading renewable power sources
- ★ **Government, State, and Private Sector Fossil Fuel Divestment** to reduce the financial liability that fossil fuel assets pose to those investing in them while also reducing investment in an industry directly fueling our current global climate crisis. Additionally, in the face of such staggering injustices to the health of our most marginalized communities, there is no better time to divest from these toxic systems.

## Regenerative Agriculture

Conventional agriculture contributes to climate change, water scarcity and pollution, biodiversity loss and unfair and dangerous working conditions among other negative impacts. In order to ensure the resilience of our planet and our food supply, we must encourage regenerative agriculture practices.

- ★ **Advance Regenerative Agriculture / Soil Health** by ensuring farmers benefit financially and ecologically from the positive impact their regenerative farming practices provide. Incentivize farming methods that prioritize agroecology, biodiversity, zero-waste and composting, carbon sequestration, organic methods, and minimal ecological footprints. Build on the Soil Health Demonstration Projects authorized in the 2018 Farm Bill and support the Conservation Stewardship Program with more financing to incentivize improvements in soil health, crop rotation, cover cropping, and rotational grazing all necessary for soil health, carbon removal, and environmental conservation. Provide ecosystem service payments for carbon sequestration and methane capture. Reduce emission of nitrous oxide — a greenhouse gas 250 times more potent than carbon (which accounts for more than 50% of U.S. cropland greenhouse gas emissions) with support for improved nutrient management strategies. Support fledgling carbon markets trading in farmland carbon sequestration.
- ★ **Invest in Emerging Small-Scale, Worker-Owned Food Production, Processing, and Service Cooperatives.** and shift power away from large agribusinesses. Just 5% of U.S. agricultural operations generated 75% of sales in 2017. These large businesses, which have grown in size as they

<sup>52</sup> "Why Climate Progress & Racial Justice Are So Deeply Connected". *Seventh Generation*, 2020, [https://www.seventhgeneration.com/blog/climate-progress-and-racial-justice?utm\\_source=facebook&utm\\_medium=social&utm\\_campaign=climate-justice&utm\\_content=1592395011&fbclid=IwAR05pUNUn0sk9YKSREJAxmxb4g-NbyOC5TJsID1a2IISoHrKxYrn9hP2730](https://www.seventhgeneration.com/blog/climate-progress-and-racial-justice?utm_source=facebook&utm_medium=social&utm_campaign=climate-justice&utm_content=1592395011&fbclid=IwAR05pUNUn0sk9YKSREJAxmxb4g-NbyOC5TJsID1a2IISoHrKxYrn9hP2730).

have merged vertically and horizontally, can now effectively set prices and control entire swaths of America's agriculture sector.<sup>53</sup> Government subsidies and incentives currently disproportionately reward the larger players and should be redesigned to support small family farms.

## Stimulate the Circular Economy

A circular economy designs out waste and pollution, keeps products and materials in use, and regenerates natural systems. The federal government can provide incentives and regulations to discourage waste and encourage circularity.

★ **Circular Packaging.** The current system of packaging production and waste management was not built to sustain the volume of global commerce we see today. Further, existing market mechanisms for materials capture and reuse are weakening as supply outstrips recycling capacity. A well-designed packaging system should not generate waste or pollution (all packaging materials should be recovered) and all recovered materials should be kept in use (reused or recycled). As a result, a systems-level overhaul of how we design, use and dispose of packaging is necessary, with circularity and sustainability prioritized at its center and the ultimate goal of a zero-waste economy.

We support the Break Free from Plastic Pollution Act which requires producers of packaging, containers, and food-service products to design, manage, and finance their own waste and recycling programs. It also creates a nationwide beverage container refund program, bans certain single-use plastic products that are not recyclable and places a fee on remaining carryout bags, spurs massive investments in U.S. domestic recycling and composting infrastructure, and prohibits plastic waste from being shipped to developing countries. It places a temporary pause on new plastic facilities until EPA updates and creates important regulations on those facilities.

★ **Advance Safer Chemicals and Products with EU REACH Legislation.** Moving away from toxic substances toward safer and cleaner chemicals and products will drive innovation and job creation while also making workplaces and communities safer. Toxic chemicals present disruptive challenges to the circular economy because they contaminate vast pieces of the entire supply chain and can't be recycled or reused. By changing the laws that govern the rules of how chemicals in commerce are used, tested and reported on, we can establish a fertile landscape for green and renewable chemistry to create new and exciting alternatives to toxic chemicals. Downstream users can have the confidence of knowing what is in the products they make and sell when meaningful transparency rules are in place.

The Alan Reinstein and Trevor Schaefer Toxic Chemical Protection Act revises the Toxic Substances Control Act by expanding the EPA's authority to require development of new information about a chemical. It enables governments at all levels to identify and prioritize chemicals of concern and establishes their authority to address the most problematic chemicals, requires the chemical industry to provide regulatory agencies with the information they need to determine whether a chemical is safe, and requires manufacturers to report health and exposure information about the chemicals they use to regulators, businesses, and the public.<sup>54</sup>

<sup>53</sup> Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

<sup>54</sup> "S.725 - 114Th Congress (2015-2016): Alan Reinstein And Trevor Schaefer Toxic Chemical Protection Act". *Congress.Gov*, 2020, <https://www.congress.gov/bill/114th-congress/senate-bill/725>.



## 7. Trade

**Sustainable Equitable Trade.** A New Doctrine for International Commercial Policy U.S. international trade policy increasingly conflicts with U.S. domestic politics. In its report, the Roosevelt Institute offers a Sustainable Equitable Trade (SET) doctrine that can make international cooperation more domestically responsible. The doctrine has two pillars:

- I. Flip the class bias: For 100 years, the U.S. has had a business-friendly and heavily judicialized approach to global governance. While international economic cooperation agreements are essential to addressing shared global challenges, policymakers must flip the class bias of international arrangements so that the working-class majority is favored over elite minorities.
- II. Promote systemic participation: The international economic policies policymakers advocate must create and nurture their own political constituencies if they are to survive attack. Labor, environmental, and other civil society groups must be given a direct role in enhancing checks and balances in global economic governance.



## APPENDIX: Detailed Public Policy Proposals

### 1. Corporate Governance

#### Solution:

##### Accountable Capitalism Act

Elizabeth Warren’s Accountable Capitalism Act would require corporations with more than \$1 billion in annual revenue to get a new federal corporate charter (currently, all businesses are chartered by the states). The charter would require corporate directors to consider the interests of all major corporate stakeholders—like workers, their communities, in addition to stockholders—in company decisions. Shareholders could sue if they believed directors weren’t fulfilling those obligations, and companies would be protected from shareholder lawsuits claiming the companies were violating a fiduciary obligation to increase stock prices at all costs.


The bill would also give workers a stronger voice in how they’re represented, by putting them on corporate boards. Currently, workers (unless they’re also shareholders) have no say in either who serves on the board or the decisions it makes, but Warren’s legislation would allow them to directly elect at least 40% of directors (so if there were five directors on a board, two of them would be selected by workers). This, Palladino says, “gives democratic choice to people who want to be on the board.” Warren’s bill doesn’t set rules on who could fill those seats—it could be a union representative, or a current or former employee. The employees themselves, depending on their circumstances, can elect representatives who they feel will be best able to represent their needs and interests on the board. Employee representation on corporate boards is not only a widespread practice in other countries like Germany, it’s also politically popular in the U.S.: Recently, a poll found that well over half of voters supported adding workers’ voices to company decision-making.

But beyond diversifying the makeup of corporate boards, large corporations will also have to ensure that their business practices represent the needs of the broader stakeholder community—an approach, Warren writes in the *Wall Street Journal*, that reflects the benefit corporation model, in which companies opt into a “stakeholder governance” approach that holds them accountable to goals, like environmental sustainability and community impact, that extend far beyond appeasing shareholders.

Companies like Patagonia currently represent the stakeholder governance model done right, Palladino says, but the idea actually represents a reversion to the way businesses used to interact with the greater public—which explains why Warren’s bill is both radical, but not that new of a concept. “The original idea of corporations was that with the privileges granted to them by law and by the public came social responsibilities,” according to Lenore Palladino, senior economist and policy counsel at the Roosevelt Institute.

In addition, Palladino says. “For nearly 100 years, corporations operated to make profit and to produce quality products, but with a balanced sense of social purpose.” Up until the 1980s, for instance, wages grew at a rate that was commensurate with corporate productivity, and workers at a corporation could expect to earn a livable salary that would increase over time.





But that changed, Palladino says, under the Reagan administration. Building off the ideas of conservative economist Milton Friedman, who argued throughout the 1970s that businesses' sole obligation lay in maximizing shareholder returns, the Reagan administration introduced a set of rules in 1982 to prioritize shareholders. Around that time, companies were sending less than half of their earnings to shareholders; between 2007 and 2016, that proportion grew to 93%. It takes only a rudimentary understanding of math to understand how this shift has resulted in the wage stagnation for ordinary workers over the past several decades.

Given the makeup of the government, the bill is obviously just a conversation starter for now. But what would happen if it became law? For one thing, share prices for companies valued at over \$1 billion would fall. *According to Vox*, “for the vast majority of people who earn the majority of their income by working for wages, cheaper stock would be offset by higher pay and more rights at work”—something many working Americans have too long gone without. *Vox* also adds that “for billionaires with huge stock holdings—and for CEOs with compensation packages tied to share price performance—it would be a disaster.” They would see a portion of their wealth transferred away to people who have not seen a meaningful raise since the 1980s.

SOURCE: Anzilotti, Eillie. "Elizabeth Warren's Bold New Plan To Give Corporate Wealth Back To Workers". *Fast Company*, 2018, <https://www.fastcompany.com/90223130/how-elizabeth-warrens-accountable-capitalism-act-works>.

## Solution:

### Board Diversity


Based on California Senate Bill No. 826; CHAPTER 954. An act to add Sections 301.3 and 2115.5 to the Corporations Code, relating to corporations. [ Approved by Governor September 30, 2018. Filed with Secretary of State September 30, 2018.]

This legislation would require corporate boards to have a minimum of one diverse director if the total number of directors is four or fewer; two diverse directors if the corporation has five total directors; and a minimum of three diverse directors if the corporation has six or more total board members.

While the California Board Diversity law is the most binding, several other states have passed nonbinding resolutions encouraging companies to diversify their boards. In 2015, the Massachusetts Legislature passed Resolution S 1007, which seeks equitable and diverse representation on boards by encouraging all companies doing business in the state to adopt policies and practices designed to increase gender diversity on their boards, as well as to publicly disclose the number of women who serve on their boards.

Additionally, in 2015, the Illinois General Assembly passed HR0439, encouraging publicly held corporations with nine or more board of director seats to include a minimum of three women; corporations with at least five, but fewer than nine, seats to have a minimum of two women; and every corporation with fewer than five seats to have a minimum of one woman on its board.

During the 2017 legislative session, Pennsylvania passed HR 273, urging every business in the state to reach a membership of women at 30 percent of all board members by 2020. The resolution also urges businesses to publicly track their progress toward this goal in the intervening years.



Looking ahead to 2019, New Jersey is already set to consider this issue, as legislation has been introduced and sent to its first committee for hearing. [NJ A 4726](#), which is similar to the legislation passed in California in 2018, would require publicly held corporations to appoint a minimum of one female director in the short term and would then build on that requirement based on each corporation's total number of board members in subsequent years. It will be interesting to see if any other states consider either binding or nonbinding measures to encourage corporate board gender diversity in 2019.

SOURCE: Hentze, Iris. "Gender Diversity On Corporate Boards: What Will 2019 Bring? > National Conference Of State Legislatures". *Ncsl.Org*, 2018, <https://www.ncsl.org/blog/2019/01/04/gender-diversity-on-corporate-boards-what-will-2019-bring.aspx>.

## Solution:

### Require Boards to Create Workforce Committees


To make sure that companies give careful consideration to worker concerns at the board level, the Proposal requires the Securities and Exchange Commission, the Department of Labor, and the National Labor Relations Board to jointly develop rules that would require the boards of companies with more than \$1 billion in annual sales to create and maintain a committee focused on workforce concerns. By requiring these committees at all large corporations, not just public corporations, more accountability would be imposed on large private companies, such as those owned by private equity firms, to treat their workforce fairly. These workforce committees would be focused on addressing fair gainsharing between workers and investors, the workers' interest in training that assures continued employment, and the workers' interest in a safe and tolerant workplace. These workforce committees would also consider whether the company uses substitute forms of labor—such as contractors—to fulfill important corporate needs, and whether those contractors pay their workers fairly, provide safe working conditions, and are operating in an ethical way, and are not simply being used to inflate corporate profits at the expense of continuing employment and fair compensation for direct company employees. Offering a middle-ground between the current system and “codetermination”-style worker representation, the committees would be required to develop and disclose a plan for consulting directly with the company's workers about important worker matters such as compensation and benefits, opportunities for advancement, and training. Finally, the National Labor Relations Act would be amended to ensure that companies can use dedicated committees to consult with their workers without running afoul of the Act's prohibition on “dominating” labor organizations, provided that the company doesn't interfere with, restrain, or coerce employees in the exercise of their rights to collective bargaining and self-organization. In essence, this would allow for European style “works councils” without impeding union formation and representation.

SOURCE: Strine Jr., Leo E. *Toward Fair And Sustainable Capitalism: A Comprehensive Proposal To Help American Workers, Restore Fair Gainsharing Between Employees And Shareholders, And Increase American Competitiveness By Reorienting Our Corporate Governance System Toward Sustainable Long-Term Growth And Encouraging Investments In America's Future*. 2019, <https://ssrn.com/abstract=3461924>.

## Solution:

### Full Cost Accounting

The domain of corporate reporting has expanded considerably over the last two decades. While financial reporting to investors about organisations' predominately short-term economic performance and position remains the primary concern of corporate reporting, there has also been a surge in policy frameworks and



corporate engagement with sustainability reporting to a broader range of stakeholders (Bebbington et al. [2014](#), Deegan and Unerman [2011](#)). Much of this sustainability reporting encompasses issues that are not captured in, or are external to, the financial dimensions of transactions and events as communicated in financial reporting.

These externalities comprise social, environmental and broader economic impacts arising from the activities of an entity that are borne by others and do not feedback directly into short-term financial consequences for the entity. They are, therefore, outside the remit of financial reporting, although they may have longer term financial consequences for the entity (Hopwood et al. [2010](#)). However, as externalities are a product of market failures (Mildenberger [forthcoming](#)), and as financial prices from market transactions underlie most financial reporting data, financial reporting information will be flawed and incomplete in the almost inevitable presence of externalities. Accordingly, for financial reporting to provide a representationally faithful portrayal of an entity's performance and position, additional information needs to be provided about material externalities that are not reflected in financial reporting's market-derived financial data.


While sustainability reports provide information about many aspects of material externalities, these reports often take a rather siloed approach to individual issues instead of clearly articulating connections between different areas of impact. This leads to the financial dimensions of many externalities being, at best, opaque in much sustainability reporting. The potential financial impacts of externalities are, therefore, not usually systematically communicated in either sustainability or financial reports.

To more systematically and effectively communicate these financial impacts of externalities, silos between the domains of financial reporting and sustainability reporting, and those within sustainability reporting itself, need to be broken down. Breaking down these silos should enable connections between economic, social, environmental and financial impacts of externalities to be better understood. This, in turn, could help preparers of financial reports draw on the elements of externalities information that are currently (partially) captured within sustainability reports in articulating the material financial consequences that potentially accompany these externalities.

Although the IIRC's International Integrated Reporting Framework (IIRC [2013](#)) sought to break down some of these silos, implementation of this reporting framework by corporations has tended to focus on financial value and capital while marginalising social and environmental factors (Humphrey et al. [2017](#), Zappettini and Unerman [2016](#)). Integrated reporting has, therefore, not been particularly effective in practice in breaking down silos between financial and sustainability reporting. However, development and use of concepts within accounting for externalities may have the potential to help break down these silos by making explicit the connections between financial and non-financial impacts.

With a recent KPMG ([2017](#)) survey of the corporate responsibility (sustainability) reporting practices of 4900 large companies in 49 countries showing three quarters of these companies engaging in such reporting, including 93% of the world's largest 250 companies (by revenue), there are significant policy issues in the quality of externalities information underlying such reports. The same survey showed a substantial growth in the number of these companies now reporting sustainability-related data within their annual (financial) reports (78% of the largest global companies in 2017, up from 44% in 2011) 'indicating that they believe [such] data is relevant for their investors' (KPMG [2017](#), p. 21). As more systematic accounting for the financial impacts of externalities has the potential to improve the effectiveness of both sustainability reports and the reporting of sustainability information within financial reports, the growth of both practices as highlighted by the KPMG survey demonstrates the importance of developing more effective accounting for externalities.

While there has been a burgeoning of research into many aspects of sustainability reporting in recent years (Bebbington et al. [2014](#), Thomson [2014](#)), little of this research has focused on systematic recording or



articulation of the financial impacts of externalities. The limited number of studies into accounting for externalities have been sporadic and fragmented, with little connection in insights across this body of literature (Pajuelo Moreno 2013, Russell et al. 2017), thus restricting the usefulness of this academic evidence for policy-makers. In seeking to redress this, the aim of this paper is to develop insights into accounting for, and reporting of, externalities that can help in advancing the effective use of externalities information in both financial and sustainability reporting. Although externalities information can be useful to a range of stakeholders, to provide focus in addressing this paper's aims, the paper specifically explores the potential of externalities information for those stakeholders seeking to more fully understand an entity's financial performance, position and prospects. This leaves space for a lively discussion elsewhere regarding the use of externalities information in a range of other applications, such as activists' use of data in confronting corporations.

Many decision-making processes used to evaluate financial performance draw heavily on monetised metrics. A dominant policy discourse in reporting social and environmental impacts of externalities also stresses and reinforces the ideal of monetised data (Humphrey et al. 2017, KPMG 2017). However, the nature of the complexities underlying many types of externalities makes it problematic to develop reliable or meaningful metrics to monetise the financial dimensions of these impacts. This poses a particular challenge in developing accounts of externalities that can contribute to a fuller picture of corporate performance in the presence of market failures underlying market-derived financial reporting information. In addressing its aims, this paper therefore also explores the possibilities, challenges and limitations of quantifying and monetising externalities.

To achieve its aims, the paper traces connections between accounting for, and reporting of externalities, theorises the role accounts of externalities can play in corporate reporting and proposes a research agenda to provide evidence to help motivate effective policy interventions. The paper's insights are developed through a review and synthesis of the academic literature, augmented with information about current practices in both accounting for, and reporting of, externalities. This information about current practices has been partly derived from a series of 13 interviews with expert observers<sup>1</sup> of non-financial reporting practices. Analysis of these interviews<sup>2</sup> has informed insights throughout the paper and, where appropriate, quotes from the interviews have been used to further clarify points made.

The paper proceeds as follows: Section 2 explains the concept of externalities. Section 3 analyses the characteristics externalities data needs to possess to underpin effective corporate reporting. Section 4 reviews the limited accounting for externalities academic literature for lessons on identification and quantification of externalities in practice. Section 5 then explores issues around commensuration that need to be understood in evaluating the reliability of quantification and monetisation of externalities. To address problems of effective monetisation, Section 6 develops a continuum illustrating how externalities can progressively become financially internalised. The concluding section summarises key points from the paper and sets out a research agenda in provision of an evidence base to inform policy and practice on accounting for, and reporting of, externalities.

SOURCE: Unerman, Jeffrey et al. "Corporate Reporting And Accounting For Externalities". *Accounting And Business Research*, vol 48, no. 5, 2018, pp. 497-522. *Informa UK Limited*, doi:10.1080/00014788.2018.1470155. Accessed 17 June 2020.

## Solution:

### Require Reporting on Supply Chains

“Corporate Human Rights Risk Assessment, Prevention, and Mitigation Act of 2019”.

SEC. 3. HUMAN RIGHTS DISCLOSURES.

(a) IN GENERAL. —Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78a) is amended by adding at the end the following: “(s) HUMAN RIGHTS DISCLOSURES. —

“(1) ANNUAL ANALYSIS. —

“(A) IN GENERAL. —Each issuer required to file an annual report under this section shall conduct an annual analysis to—

“(i) identify the existence of any human rights risks in the operations and the value chain of the issuer, that are known or should be known, and rank any risks identified based on their severity; and

“(ii) identify the existence of any human rights impacts in the operations and the value chain of the issuer, that are known or should be known, and rank any impacts identified based on their severity.

“(B) RANKING. —

“(i) RISKS. —When ranking human rights risks under subparagraph (A)(i), the issuer shall consider the gravity and expected extent of any potential harm to human rights, and any anticipated challenges in remedying any potential harm.

“(ii) IMPACTS. —When ranking human rights impacts under subparagraph (A)(ii), the issuer shall consider the gravity of the human rights impacts, the extent of harm, and any challenges in remedying such harm.

“(2) DISCLOSURES. —Each issuer required to file an annual report under this section shall include in such annual report, under a heading labeled ‘Human Rights Risk and Impact Report’ —

“(A) a brief description of the business structure of the supply chain of the issuer, including subsidiaries and business relationships, to the extent not otherwise disclosed in such report;

“(B) a description of any process through which the issuer educates executives, employees, contractors, sub-contractors, and other actors in its value chain about any human rights policies that the issuer has;

“(C) a description of the analysis conducted pursuant to paragraph (1);

“(D) the results of the analysis conducted pursuant to paragraph (1), including—

“(i) the ranked list of any human rights risks identified; and

“(ii) the ranked list of any human rights impacts identified;

“(E) a description of any action, including the establishment of any monitoring process, the issuer has taken to avoid or mitigate—

“(i) any human rights risks identified in the current analysis;

“(ii) any human rights risks identified in any analysis described in the most recent annual report;

“(iii) any human rights impacts identified in the current analysis;

“(iv) any human rights impacts identified in the analysis described in the most recent annual report;

“(F) for any action taken, the assessment of the issuer of the efficacy of the action and a description of any outcomes of such action;

“(G) if no action was taken, a reasoned explanation of why no action was taken;

“(H) a description of any process the issuer has in place to avoid and mitigate any human rights impacts that it has caused or may cause; and

“(I) if no such process is in place, a reasoned explanation of why no such process is in place.

SOURCE: “Corporate Human Rights Risk Assessment, Prevention, and Mitigation Act of 2019”. Financialservices.house.gov. (2019). Retrieved from <https://financialservices.house.gov/uploadedfiles/bills-116pih-corphuman.pdf>.


## Solution:

### Antitrust Legislation

As an example of the type of legislation that could rein in monopolistic practices, the Booker, Tester Bill to Halt Ag Mergers Immediately provides a model piece of public policy. The bill would place an immediate moratorium on acquisitions and mergers in the food and agriculture sector. The moratorium would be in place until Congress passes comprehensive legislation addressing the problem of market concentration in the agricultural sector. The bill was originally introduced in the House by Representatives by Rep. Mark Pocan (D-WI). It is supported by more than 200 farm, food, rural, and consumer advocacy organizations.

The Food and Agribusiness Merger Moratorium and Antitrust Review Act was originally introduced by Booker last August and called for an 18-month moratorium on mergers and acquisitions; this year's updated version calls for an indefinite halt. In addition to the indefinite moratorium, the bill would set-up a commission to study how to strengthen antitrust oversight of the farm and food sectors and publish recommended improvements to merger enforcement and antitrust rules. "Our agriculture and food sector have reached alarming levels of corporate concentration - today a small number of giant companies control every link of our food chain," Booker said. "For instance, four companies control as much as 90 percent of the global grain market, and the top four beef packers in the United States now control 85 percent of the beef market." "These excessive levels of concentration and market power are devastating our independent family farmers and ranchers and hollowing out the rural communities in which they live. Farmers and ranchers are being forced to sell into ever more concentrated marketplaces that unfairly reduce the prices they receive for their crops and livestock, and unfairly increase the cost of inputs.

In 1950, a farmer would get 41 cents from every retail dollar for the products he sold; today that portion has plummeted to 15 cents." "This must change. It's time to restore competition to the marketplace, so that our farmers and ranchers can once again have the opportunity to share in the prosperity they help create."



"Consolidation is one of the greatest threats to rural America," Tester said. "Less competition means higher prices and fewer choices for small family farmers as they struggle to make ends meet. This bill will help put family farmers back in control of their futures by improving access to a competitive marketplace. Rural America cannot afford to see multi-national corporations put family farms out of business." "Out-of-control consolidation has enabled big agricultural firms to control prices at every stage of the food chain, from farming to distribution, and Congress must do more to allow local farmers and food systems to be competitive, while establishing greater market transparency for the American consumer," Pocan said.

"Today, corporate profits are soaring, but many middle-class families, farmers, and food workers continue to struggle. Establishing a moratorium on ag-mergers will not only strengthen our antitrust laws, but it will also expand economic security and opportunity to more of our communities." "For too long, Washington D.C. has turned its back on its responsibility to ensure our economy works on behalf of the people and not corporate monopolies," Joe Maxwell, a fourth-generation hog farmer and the Executive Director of the Organization for Competitive Markets, said. "It is only through fair and open competitive markets that our economy can deliver an equitable and inclusive prosperity for all individuals who through their work and investment build the prosperity that is America. Organization for Competitive Markets applauds Senators Booker and Tester for their courage, vision, and leadership in filing this imperative piece of legislation."

SOURCE: "Pocan Reintroduces Bill To Halt Large Ag Mergers Immediately, Indefinitely". *Congressman Mark Pocan*, 2020, <https://pocan.house.gov/media-center/press-releases/pocan-reintroduces-bill-to-halt-large-ag-mergers-immediately>.

## Solution:

### Invest in Clean Technology Manufacturing and Low-Carbon Materials Production

We must build a new generation of good jobs in America, enhance equity and pathways into manufacturing careers, and support safer, healthier and more prosperous communities.

This starts with strengthening domestic clean technology and materials manufacturing and supply chains;

- Apply and extend Buy America/n and comparable domestic content requirements or incentives to all major public spending and policy aimed at clean energy or technology deployment or manufacturing;
- Emphasize economically critical and emerging clean technologies and materials to fill gaps in the domestic supply chain; and
- Encourage retooling and conversion of existing or at-risk facilities.

Create family-sustaining jobs across the clean economy and across the manufacturing supply chain:

- Require or incentivize high labor standards and/or responsible labor practices including:
  - Union neutrality (employer neutrality on organizing and collective action);
  - Sound wages and benefits, strong safety and health programs;
  - Equity, community benefits, training and career paths; and
  - Avoidance of misclassification, excess use of contracted or temporary employees;
- Encourage supply chain reporting, disclosure, and incentivize assembler/supplier commitments and accountability; and
- Require Davis Bacon prevailing wage and project labor agreements (PLAs) for all clean energy or manufacturing project construction.

Reduce pollution and make our communities and workplaces safer and more resilient:

- Ensure investments and policies are in line with the scale of change needed to meet global climate targets, and to ensure environmental justice;
- Buy Clean and prioritize the use of the most efficient, resilient, and cleanest material and products with the lowest carbon footprints; and
- Safeguard the health and safety of workers and communities by minimizing or replacing the use of toxic chemicals, products, and materials and by implementing advanced process safety rules at facilities.

Maximize benefits to workers and communities that need it most

- Target investments in hard-hit communities with a focus on deindustrialized, impacted, or underinvested communities;
- Utilize hiring and procurement policies that benefit low-income communities, people of color, and women; and
- Require or incentivize community benefit/community workforce agreements that increase economic opportunities for communities and local workers—especially for people of color and low-income communities.

Invest in training and jobs together; increase and improve pathways into family-supporting manufacturing and technical careers


- Spur increased public and private sector investment in work-based training and retraining throughout and across careers;
  - Encourage a pipeline starting in high school of education and vocational apprenticeships that result in nationally and sectorally recognized and accredited qualifications
  - Ensure sound, negotiated, and ongoing technical and on the job training and retraining in line with defined career paths in the manufacturing sector; and that results in industry recognized certification and ensures workers are paid for the skills they have or acquire;
  - Utilize registered apprenticeships, and pre-apprenticeships
  - Further develop occupational standards and high-road training that incorporates career paths; and
  - Mandate investment in retraining existing workers where technology changes.
- Increase and improve job access and ensure equitable pathways into family-sustaining manufacturing careers;
  - Require and incentivize the use of community workforce agreements, targeted hire requirements, and similar measures focused on increasing employment of disadvantaged and underrepresented workers and communities in manufacturing; and
  - Invest in pre-apprenticeship and apprenticeship—and integrate with community based “wrap around” services to maximize retention of disadvantaged and underrepresented workers as they enter manufacturing careers.

SOURCE: BlueGreen Alliance - Manufacturing Agenda

**Solution:**

**Develop a Sustainable, Long-term Government Economic Development Strategy**





Tens of millions of people are out of work as unemployment approaches Great Depression levels. One in three families with children cannot afford adequate food. Three million small businesses expect to close their doors permanently. This is the reality of the economic crisis spurred by COVID-19.

We have to do better than what we have considered “normal.” We need to put millions of people back to work building a healthier, more equitable, clean energy economy that leaves no one behind. Congress has the power to do just that, by passing a forward-looking stimulus plan focused on not just rebuilding, but renewal.

A new economic analysis from the Political Economy Research Institute reveals the path forward – with a bold stimulus plan, we could create family-sustaining jobs for over 9 million people every year for the next 10 years while building an economy that fosters cleaner air and water, higher wages, healthier communities, greater equity, and a more stable climate. That includes the creation of over 1 million manufacturing jobs each year. Here’s the sectoral breakdown of the 9 million jobs per year:

- ★ 4.6 million jobs per year to upgrade our infrastructure for clean water, clean transportation, and clean energy;
- ★ 3.2 million jobs per year to expand renewable energy;
- ★ Over 700,000 jobs per year to increase energy efficiency; and
- ★ Over 500,000 jobs per year to restore our lands and invest in regenerative agriculture.

This economic renewal plan would help us simultaneously tackle the multiple, mutually reinforcing crises that we face: public health, joblessness, inequity, and climate change. It would reduce the air pollution that is exacerbating COVID-19 risks, particularly in communities of color. It would counteract the gross levels of inequity that the COVID crisis has magnified by ensuring that those hardest hit get priority access to economic and environmental benefits. While putting people back to work, this plan also would put the U.S. on a path to climate sanity by enabling a 45 percent reduction in our climate pollution by 2030, in line with targets set by climate scientists. Here are a few specific examples:

- ★ To bolster our transition to a 100% clean energy economy, stimulus investments could help many of the 600,000 unemployed clean energy workers get their jobs back, while over 190,000 unemployed oil and gas workers could be hired each year to close orphaned oil and gas wells.
- ★ A program to exchange gas guzzlers for affordable, clean electric vehicles would yield over 635,000 jobs each year – nearly the entire population of Detroit – including over 77,000 good manufacturing jobs to produce the vehicles and components.
- ★ Nearly 400,000 workers could be hired each year to upgrade every public housing unit, school, hospital, and municipal building in the nation to support healthier living conditions, lower energy bills, and reduced pollution.
- ★ Over 350,000 workers could be employed each year to replace lead pipes and secure clean drinking water.
- ★ Over 225,000 people could be hired each year to protect our wetlands and forests and shield communities from toxic pollution by restoring depleted ecosystems and polluted Superfund, Brownfield, and coal mine sites.

To employ over 9 million people every year for five years, this stimulus plan would cost less than \$2.9 trillion. That is less than half the amount that the U.S. government committed in coronavirus spending in just March and April. With the cost of borrowing at rock bottom, this is a small price to pay to offer economic security to millions of unemployed people while charting a path toward a society that is healthier, more just, and less prone to crisis.

SOURCE: Beachy, Ben. "Millions Of Good Jobs: A Plan For Economic Renewal". *Sierraclub.Org*, 2020, <https://www.sierraclub.org/sites/www.sierraclub.org/files/economic-renewal.pdf>.



## Solution:

### Stock Buyback Restrictions

A number of lawmakers have proposed overhauling the regulatory regime surrounding stock buybacks. In the 115th Congress, S. 2605, the Reward Work Act, would have prohibited open-market stock repurchases—by far the most common form of buyback—altogether, while also repealing Rule 10b-18. However, the bill would not have prohibited companies from conducting tender offers for their own stock—that is, offers extended to all of a company’s shareholders to purchase stock at a specific price, which are subject to more rigorous disclosure requirements than open-market repurchases.

Other proposals would impose certain conditions on companies that conduct buybacks. An ultimately unsuccessful amendment to S. 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act would have given the SEC the authority to require detailed prospective disclosures regarding buyback plans and their execution, reject buyback plans, and require corporate boards and CEOs to certify that buybacks are in the long-term “best interest” of their companies. Similarly, in February 2019, two Senators announced that they planned to introduce legislation that would prohibit companies from repurchasing their stock unless they meet various preconditions, such as paying workers certain prescribed wages, providing a minimum amount of paid sick leave, and offering “decent pensions and more reliable health benefits.” Such measures would echo certain academic proposals that Congress prohibit buybacks by companies that have unfunded pension liabilities, engage in layoffs, fail to engage in certain levels of productive investment, and/or have high CEO-to-median-worker pay ratios. Finally, SEC Commissioner Robert J. Jackson, Jr. has proposed that the Commission amend Rule 10b-18 to deny its safe harbor to companies that allow their executives to sell their shares shortly after a buyback program is announced. However, the full Commission has not initiated rulemaking to implement such a proposal.

Other proposals would alter the tax treatment of stock buybacks. Some legislators have expressed support for taxing buybacks at the same rate as dividends in order to incentivize companies to invest excess cash rather than distribute it to shareholders. While lawmakers have yet to introduce legislation fleshing out the details of this proposal, one commentator has suggested that when a company repurchases its shares, the income tax code should treat all of its shareholders—including those who do not sell—as if they had received a dividend and reinvested the proceeds.


SOURCE: Skyes, Jay. "Stock Buybacks: Background And Reform Proposals". *Fas.Org*, 2019, <https://fas.org/sgp/crs/misc/LSB10266.pdf>.

## Solution:

### Increase the Weight of Voting Shares Based on Tenure

The adoption of high-vote and no-vote stock has engendered concern, particularly among some institutional investors. The primary reason given for this concern is that the high-vote stock is typically owned by founders/insiders, and there is no opportunity for ordinary investors to also own these shares. For example, some have argued that the stock price of dual class companies can be negatively impacted (relative to single class companies) in part as a result of shareholders’ lower voting power.

Tenure voting is the award of an additional number of votes to shareholders depending upon the duration of their ownership. There are a variety of different models of tenure voting, but the core principles driving



consideration of and support for tenure voting are: (1) giving long-term shareholders increased voting power over corporate decisions, and (2) incentivizing shareholders to be long-term investors. Tenure voting has gained support in many countries in recent years. For example, France recently passed the Florange Act, which makes tenure voting the default option for its public companies. In addition, with the significant increase in proxy access adoptions over the last year, tenured rights have, at least in this context, become an accepted practice in the United States.<sup>8</sup> This may signal an increased willingness by investors to consider more broadly tenure-based rights, such as tenure voting. Moreover, a small number of companies in U.S. markets currently use tenure voting.

Tenure voting has the potential to be a more palatable alternative to high-vote and no-vote shares while also addressing current arguments about long- and short-termism in U.S. markets. By design, tenure voting rewards all shareholders who hold their shares for an extended period. This could better align incentives with long-term value creation without being unduly punitive toward those shareholders more interested in trading, since all shareholders who wish to take action for the long term will have greater influence in those decisions, while shorter term shareholders will still have a meaningful voice.

SOURCE: Berger, David et al. "Tenure Voting And The U.S. Public Company". *Wsgr.Com*, 2016, <https://www.wsgr.com/publications/PDFSearch/tenure-voting.pdf>.

## Solution:

### Policies for Boosting Research, Development and Innovation

Outlined in a [recent paper](#) in the *Journal of Economic Perspectives*, here are three policies that can effectively drive innovation:

#### 1. Offer Tax Incentives for R&D

The research is clear: Government tax subsidies and grants are the most effective way to increase innovation as well as productivity. Studies show that reducing the price of R&D by 10% increases investment in innovation by 10% in the long run. The U.S. has one of the least generous tax credit policies among developed countries, only cutting the cost of R&D spending by around 5%. Countries like France, Portugal, and Chile are the most beneficent, slashing the cost of R&D spending by more than 30%.

#### 2. Train Workers in STEM Fields

Another way to increase the supply of researchers in the long term is to invest in training them domestically. One option is to promote programs that boost the number of people studying science, technology, engineering, and math (STEM). Another is to expose more would-be inventors from disadvantaged backgrounds to role models and mentoring.

#### 3. Provide Direct Grants for R&D

Compared to tax incentives, government grants — often to university researchers — can target projects that are likely to have the most long-term benefits. Research shows that grants to academics in turn results in more patents filed by private firms. However, it's tough to track the impact of grants, since it's possible that private R&D funding would have stepped up in their absence.

SOURCE: Bloom, Nicholas. "A Toolkit Of Policies To Promote Innovation". *Stanford Graduate School Of Business*, 2019, <https://www.gsb.stanford.edu/faculty-research/publications/toolkit-policies-promote-innovation>.

## 2. Access To Capital

### Solution:

#### Increased Access to Capital and Affordability for Cooperative, Sustainable, Diverse, Local and High-Road Small Business

#### PROMOTE INNOVATION IN SMALL BUSINESS LENDING, WHILE ENSURING TRANSPARENCY AND OTHER RESPONSIBLE PRACTICES


- ★ Pass legislation extending Truth in Lending Act disclosure requirements to small business loans or credit products, similar to California's small business [truth in lending](#) legislation enacted in late 2018.
- ★ Promote responsible lending practices by lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#). Specifically, promote laws governing business lending that require: (1) transparency around rates and terms, including APR; (2) non-abusive products, including curbs against the practice of "double dripping," in which borrowers are double-charged fees when they refinance; (3) responsible underwriting; (4) fair treatment from brokers; (5) nondiscrimination; (6) fair debt collection practices and (7) accurate credit reporting.
- ★ Prohibit "confession of judgment" clauses in small business lending agreements whereby borrowers agree in advance to waive their right to contest any dispute with a lender, often costing them their entire savings. This prohibition has been proposed in the bipartisan Small Business Lending Fairness Act.
- ★ Support a special charter for fintech companies as proposed by the Office of the Comptroller of the Currency (OCC), but ensure that companies obtaining such a special purpose charter are required to serve the needs of entrepreneurs, especially those in underserved communities.
- ★ Support the legal requirement that the Consumer Financial Protection Bureau (CFPB) collect small business lending data as mandated under section 1071 of the Dodd-Frank Act. It is important that this requirement is enacted in a way that is not burdensome on community banks.
- ★ Pass legislation that protects small business owners against predatory debt collectors, especially women and minority-owned businesses who are particularly vulnerable to abusive debt collection practices. Small business owners often use their own capital to finance their business but do not have the same protections consumers do against collectors.

#### INCREASE ENTREPRENEURS' ACCESS TO TRADITIONAL SOURCES OF CAPITAL, PARTICULARLY IN UNDERSERVED COMMUNITIES

- ★ Strengthen responsible sources of capital by expanding SBA loan programs such as the 7(a) Loan Guaranty Program, the 504 Loan Guaranty Program and the Microloan Program.

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- ★ Make the SBA's 7(a) Community Advantage Pilot Program permanent. This program, which is set to expire in 2022, must make a majority of its loans to underserved markets, such as small firms owned by women, entrepreneurs of color and veterans. Making the program permanent would support entrepreneurs that face greater barriers to accessing business loans, ensuring more small businesses have the opportunity to start and grow.
  - ★ Ensure women and entrepreneurs of color get fair access to capital by increasing both funding for and awareness of Women's Business Centers, Small Business Development Centers (SBDCs) and the Minority Business Development Agency. Research shows women and people of color struggle to access credit and gain access to mentoring and networking opportunities.
  - ★ Maintain and expand lending programs for rural entrepreneurs. The 2018 Farm Bill provided outreach and assistance to socially disadvantaged farmers and proposed funding for such programs, including the Rural Microentrepreneur Assistance Program, Rural Business Development Grants and the Intermediary Relending Program. Lawmakers must work together to continue to pass bipartisan legislation that will give rural entrepreneurs, their families and their communities opportunities to succeed.
  - ★ Establish policies that encourage venture capital investment for startup businesses to include rural cities and towns instead of just metro areas.
  - ★ Dramatically expand the annual budget of the Community Development Financial Institutions (CDFI) Fund from \$250 million to \$1 billion. CDFIs are fundamental in breaking down barriers to capital access for small businesses. Expanding the Fund will further increase investment in small firms, especially those in underserved communities.
  - ★ Reaffirm the Community Reinvestment Act's (CRA) mission of stimulating lending in low- and moderate-income areas to ensure business owners in these areas maintain access to capital and consider additional proposals to improve small business lending. The CRA is an important tool for stimulating small business lending, particularly in low- and moderate-income areas. According to a 2016 FDIC report, 71% of all small business loans originate from a bank subject to CRA reporting requirements. However, the Federal Reserve found that small business lending by CRA respondents dropped by more than half between 2007 and 2010.
  - ★ Establish state banks, such as the Bank of North Dakota, that make low-interest loans for infrastructure, agriculture, affordable housing, student loans and small businesses. These banks will spur economic growth and lead to thriving community banks with higher lending totals. A feasibility study done in Vermont found that a state bank would boost gross domestic product 0.64% and create 2,500 jobs.
  - ★ Quadruple SBA lending guarantees—for example, by raising the maximum guaranteed annual loan amount from \$25 billion to \$100 billion—and thereby increasing the volume of small business loans guaranteed by the SBA to \$1 trillion over the next decade. This provides small businesses, particularly minority- and women-owned businesses and rural enterprises, with increased opportunities to participate in SBA loan programs and SBDC programs.

#### PROMOTE EXPANDED USE OF EQUITY INVESTMENTS FOR SMALL BUSINESSES

- ★ Facilitate access to equity financing to small businesses within new Opportunity Zones investments. While investments in Opportunity Zones hold the potential to benefit small businesses, especially those in underserved communities, they must be implemented responsibly. This includes requiring reporting metrics that measure program success based on the number of jobs created, where those jobs are located, employee wages and the number of businesses created, particularly businesses formed by women or people of color.
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- ★ Support innovations like equity crowdfunding while ensuring safeguards that make sense for both small business owners and investors. For example, we recommend increasing investment limits for people making less than \$150,000 per year.
  - ★ Allow crowdfunding investors to pool their money together into a fund advised by a registered investment adviser, as proposed in the JOBS and Investor Confidence Act of 2018. This will attract both businesses and prospective investors and boost the crowdfunding market.
  - ★ Engage and mobilize potential angel investors by creating more tax incentives. According to the Securities and Exchange Commission, there are nine million American households that meet the accredited investor criteria, in addition to the already existing 300,000 angel investors. More than half of states offer tax incentives for angel investors. Creating a 5% tax credit for angel investors that invest in businesses with less than \$2 million in gross receipts would increase financing for qualifying small businesses, especially those that are traditionally underrepresented.

SOURCE: "Access To Capital | Small Business Majority". *Smallbusinessmajority.Org*, 2020, <https://smallbusinessmajority.org/policy-agenda/access-capital>.

## Solution:

### Reform the Labor Union Election Progress

Reforming the corporate election process is a strong start on the path to increased gainsharing between workers and corporations. But to restore shared prosperity and create an economy that benefits all Americans, working Americans also need the ability to collectively organize and bargain with their employers. At least since the Reagan Administration, the ability of American workers to use the rights guaranteed by the National Labor Relations Act ("NLRA") has been increasingly compromised. As a result, the leverage of American workers to obtain fair pay has been weakened, contributing to growing inequality and a decline in fair gain sharing between corporations and their workers. Labor's declining influence has only been further eroded by recent decisions of the U.S. Supreme Court, such as *Janus v. American Federation of State, County, and Municipal Employees* and *Harris v. Quinn*, that treat labor unions in a disfavored manner in comparison to corporations in the area of political spending, and that have now gone further and denied unions the right to obtain fair payments from workers they advocate for in pay negotiations and protect from unfair discharge or demotions. The important reforms contained in the Protecting the Right to Organize Act should become law to address this diminution in worker voice. But an additional important step should be taken. Current law hinders workers' ability to organize because even after a majority of workers signs a petition or authorization card supporting unionization (informally known as "card check"), a company can still demand a formal, time-consuming election during which the company can seek to erode the union's support and delay collective bargaining. That is, even after a majority of employees support unionization, an employer can delay its formation and potentially avoid unionization all together by pressuring workers during the secret ballot campaign. Unsurprisingly, studies suggest that unionization rates are higher when unions are recognized after a majority of workers sign a petition supporting unionization, and union members enjoy higher wages and more robust benefits packages compared to non-union workforces. If we are to improve the wages of American workers, the effectiveness of the NLRA's promise to American workers needs to be renewed by granting unions obtaining a fair showing of majority support recognition and the right to bargain on behalf of the workforce for fair wages and working conditions.

SOURCE: Strine Jr., Leo E. *Toward Fair And Sustainable Capitalism: A Comprehensive Proposal To Help American Workers, Restore Fair Gainsharing Between Employees And Shareholders, And Increase American*

### 3. Equity, Investment, Taxes & Disclosure

#### Solution:

##### Wealth Tax

For decades, the wealthy and the well-connected have put American government to work for their own narrow interests. As a result, a small group of families has taken a massive amount of the wealth American workers have produced, while America's middle class has been hollowed out.

The result is an extreme concentration of wealth not seen in any other leading economy. The 400 richest Americans currently own more wealth than all Black households and a quarter of Latino households combined. According to an analysis from economists Emmanuel Saez and Gabriel Zucman from the University of California-Berkeley, the richest top 0.1% has seen its share of American wealth nearly triple from 7% to 20% between the late 1970s and 2016, while the bottom 90% has seen its share of wealth decline from 35% to 25% in that same period. Put another way, **the richest 130,000 families in America now hold nearly as much wealth as the bottom 117 million families combined.**

Our tax code focuses on taxing income, but a family's wealth is also an important measure of how much it has benefitted from the economy and its ability to pay taxes. And judged against wealth, our tax system asks the rich to pay a lot less than everyone else. According to Saez and Zucman, **the families in the top 0.1% are projected to owe 3.2% of their wealth in federal, state, and local taxes this year, while the bottom 99% are projected to owe 7.2%.**

While we must make income taxes more progressive, that alone won't straighten out our slanted tax code or our lopsided economy. Consider two people: an heir with \$500 million in yachts, jewelry, and fine art, and a teacher with no savings in the bank. If both the heir and the teacher bring home \$50,000 in labor income next year, they would pay the same amount in federal taxes, despite their vastly different circumstances. Increasing income taxes won't address this problem.

That's why we need a tax on wealth. The Ultra-Millionaire Tax taxes the wealth of the richest Americans. It applies only to households with a net worth of \$50 million or more—roughly the wealthiest 75,000 households, or the top 0.1%. Households would pay an annual 2% tax on every dollar of net worth above \$50 million and a 6% tax on every dollar of net worth above \$1 billion. Because wealth is so concentrated, **this small tax on roughly 75,000 households will bring in \$3.75 trillion in revenue over a ten-year period.**

##### Rates and Revenue

- ★ Zero additional tax on any household with a net worth of less than \$50 million (99.9% of American households)
- ★ 2% annual tax on household net worth between \$50 million and \$1 billion

- ★ 4% annual Billionaire Surtax (6% tax overall) on household net worth above \$1 billion
- ★ 10-Year revenue total of \$3.75 trillion

## ADDITIONAL DETAILS

- ★ **All assets are included in the net worth calculation, which will produce more revenue and reduce opportunities for avoidance and evasion:**  
All household assets held anywhere in the world will be included in the net worth measurement, including residences, closely held businesses, assets held in trust, retirement assets, assets held by minor children, and personal property with a value of \$50,000 or more.
- ★ **Taxpayers will be permitted to defer payment of the tax with interest for up to five years:**  
For the rare taxpayer with an extremely high net worth but liquidity constraints that make it difficult to pay this additional tax, there will be an option to defer payment of the tax for up to five years, with interest. The IRS will also be instructed to create rules for cases where deferment is required in truly exceptional circumstances to prevent unintended negative impacts on an ongoing enterprise or a taxpayer facing unusual circumstances that would advise for delay.
- ★ **Valuing assets for the purposes of the Ultra-Millionaire Tax will provide an opportunity to tighten and expand upon existing valuation rules for the estate tax:**  
The IRS already has rules to assess the value of many assets for estate tax purposes. The Ultra-Millionaire Tax is a chance for the IRS to tighten these existing rules to close loopholes and to develop new valuation rules as needed. For example, the IRS would be authorized to use cutting-edge retrospective and prospective formulaic valuation methods for certain harder-to-value assets like closely held business and non-owner-occupied real estate.
- ★ **The proposal also includes strong anti-evasion measures, including but not limited to:**
  - ★ a significant increase in the IRS enforcement budget;
  - ★ a minimum audit rate for taxpayers subject to the Ultra-Millionaire Tax;
  - ★ a 40% “exit tax” on the net worth above \$50 million of any U.S. citizen who renounces their citizenship; and systematic third-party reporting that builds on existing tax information exchange agreements adopted after the Foreign Account Tax Compliance Act.
- ★ **Leading constitutional law scholars believe the Ultra-Millionaire Tax is constitutional:**  
Legal experts have submitted two separate letters in support of the constitutionality of this proposal.

SOURCE: "Ultra-Millionaire Tax | Elizabeth Warren". *Elizabethwarren.Com*, 2020, <https://elizabethwarren.com/plans/ultra-millionaire-tax>.

## Solution:

### Reduce Federal and State Estate Tax Exemptions

#### For the 99.8 Percent Act

This legislation:

- ★ Exempts the first \$3.5 million of an individual’s estate from the estate tax. This plan would only impact the wealthiest 0.2 percent of Americans who inherit more than \$3.5 million. 99.8 percent of Americans would not see their taxes go up by one penny under this plan.
- ★ Establishes a new progressive estate tax rate structure as follows:
  - 45 percent on the value of an estate between \$3.5 million and \$10 million.
  - 50 percent for the value of an estate between \$10 million and \$50 million.



- 55 percent for the value of an estate in excess of \$50 million.
  - 77 percent for the value of an estate in excess of \$1 billion. (The top estate tax rate was 77 percent from 1941 to 1976, according to the Joint Committee on Taxation.)
- ★ Ends tax breaks for dynasty trusts. Billionaires like Sheldon Adelson and the Walton family, who own the majority of Walmart’s stock, have for decades manipulated the rules for trusts to pass fortunes from one generation to the next without paying estate or gift taxes. This bill would:
- Strengthen the “generation-skipping tax,” which is designed to prevent avoidance of estate and gift taxes, by applying it with no exclusion to any trust set up to last more than 50 years.
  - Prevent abuses of grantor retained annuity trusts (GRATs) by barring donors from taking assets back from these trusts just a couple of years after establishing them to avoid gift taxes (while earnings on the assets are left to heirs tax-free). The lawyer who invented this technique for the Walton’s claims it has cost the Treasury \$100 billion since 2000.
  - Prevent wealthy families from avoiding gifts taxes by paying income taxes on earnings generated by assets in “grantor trusts.”
  - Sharply limit the annual exclusion from the gift tax (which was meant to shield the normal giving done around holidays and birthdays from tax and recordkeeping requirements) for gifts made to trusts.
- ★ Closes other loopholes in the estate and gift tax. One of these loopholes involves “valuation discounts,” restrictions placed on interests in family businesses which are claimed, falsely, to reduce the value of the estate. Another loophole involves claiming that the value of an inherited asset is lower, for estate tax purposes, than what is claimed for income tax purposes to calculate gains when the asset is sold.
- ★ Protects farm land and conservation easements. The bill would protect family farmers by allowing them to lower the value of their farmland by up to \$3 million for estate tax purposes. The bill also would increase the maximum exclusion for conservation easements to \$2 million.

SOURCE: "FOR THE 99.8% ACT". *Sanders.Senate.Gov*, 2020, <https://www.sanders.senate.gov/download/estate-tax-one-pager?id=DE8AEADA-A3F5-4D26-8517-F6730F161E29&download=1&inline=file>.


## Solution:

### Progressive Consumption Tax (PCT)

As introduced in the 114th Congress, the Progressive Consumption Tax Act sets the PCT at a single rate of 10 percent. The Joint Committee on Taxation has not yet estimated all of the budgetary and distributional effects of the Act. But, since the U.S. is a low-tax country compared to other advanced-economy countries, the final PCT rate – if any change is made – will likely be set at a rate well below the current OECD average (about 19 percent). A score by the Tax Policy Center of a similar plan by Professor Michael Graetz resulted in a revenue-neutral rate of 12.9 percent.

### Income Tax Reforms– *Eliminated for most households; simplified for all*

Reasonable revenues generated by the PCT would be used to exempt most households from income tax liability and to lower the corporate income tax rate. The individual income tax would be simplified for all filers.



As introduced, the Act provides a significant income tax exemption, called a “family allowance,” of \$100,000 for joint filers, \$50,000 for single filers, and \$75,000 for head of household filers.

For those who still have a tax liability, there will be three marginal brackets, set at 15, 25, and 28 percent for individuals whose income exceeds the family allowance amount. Since most households will no longer have an income tax liability, many of the individual income tax preferences in our current system are streamlined or removed, simplifying the income tax code. Four important tax benefits remain: (1) the charitable contribution deduction; (2) the state and local tax deduction; (3) health and retirement benefits; (4) the mortgage interest deduction.

In the current version of the Act, the corporate tax rate is set at 17 percent. Most of the tax code provisions that currently apply to corporations and pass-through business income remain the same. We would appreciate input from all stakeholders on this issue and on all aspects of the Act’s income tax reforms.

### Progressivity– *Protecting families from an unfair tax burden*

A cornerstone of the Progressive Consumption Tax Act is its progressivity. An often-heard criticism of goods and services tax systems is that they are inherently regressive—low- to middle-income households spend a greater percentage of their income than high-income households do, and so a consumption tax hits them harder.

The Progressive Consumption Tax Act directly counters this regressivity in two ways: (1) a significant income tax exemption for most American households, and (2) rebates to make up for the loss of tax benefits found in our current system that provide essential support for low- and moderate-income families.


The Act’s new income tax exemptions, called “family allowances,” are set at \$100,000 for joint filers, \$50,000 for single filers, and \$75,000 for head of household filers. The family allowances are indexed for inflation.

PCT rebates would counteract the new consumption tax burden and would offset the loss of tax benefits like the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), and the Additional Child Tax Credit (ACTC). The goal of this legislation is to ensure a new system that is at least as progressive as our current tax system, so maintaining these resources for low- and moderate-income families is essential. The PCT rebates are based on earned income or adjusted gross income, family size, and filing status. As with benefits like the EITC, CTC, and ACTC, individuals and families that do not have an income tax liability would still be able to receive rebates.

### Revenue “Circuit Breaker” – *Reasonable revenue*

Another criticism of consumption taxes is the concern that a tax like the PCT might be used to increase the revenue collected by the federal government without any controls. This concern is also addressed directly in the PCTA with a revenue “circuit breaker.”

Under the PCTA, if PCT revenues as a percentage of the Gross Domestic Product (GDP) exceed 10 percent over the calendar year, then any excess revenue will be returned to all individual income tax filers, including those



taxpayers who have filed for a PCT rebate. As introduced, the Progressive Consumption Tax Act returns a flat rebate to single and head of household filers, doubles that rebate for joint filers, and includes additional rebate money for filers with dependents.

A priority for PCT-based reform is to more reliably raise the reasonable revenues that are needed for real investments that benefit all taxpayers—such as investments in defense, health, education, and infrastructure programs. The PCT is not meant to be a means to quickly raise revenues while disregarding the effects of higher consumption taxes on U.S. families and employers.

SOURCE: "What Is The Progressive Consumption Tax? | U.S. Senator Ben Cardin Of Maryland". *Cardin.Senate.Gov*, 2020, <https://www.cardin.senate.gov/pct-what-is>.

## Solution:

### Remove the Social Security Cap on Income of Over \$133,000

The major critique about the Social Security base is that it creates a regressive tax structure above maximum taxable earnings. Workers earning less than the base have a greater proportion of earnings taxed than workers whose earnings exceed it. In 2019, someone with annual earnings of \$50,000 pays \$3,100 in Social Security taxes, or 6.2% of his or her earnings (ignoring the employer share of the tax). However, because the tax is levied on only the first \$132,900 in earnings, someone earning \$200,000 a year pays \$8,240, or 4.1% of his or her earnings.

Supporters of changing the wage base point out that only 6% of workers have earnings above the base in any given year. However, because of rising earnings inequality, the proportion of covered earnings that escapes Social Security payroll taxation has risen from 12% to 17% since 1991. They therefore contend that the current Social Security payroll tax structure favors a small group of the higher-earning workers in society.

Supporters argue that subjecting a larger percentage of earnings to the payroll tax would also adjust for the higher life expectancies of high earners. On average, people with more education and higher earnings live longer than those with less education and lower earnings, and this difference has been growing over time. The impact on the Social Security program is that higher-earning individuals receive benefits for more years over their lifetimes, making the system less progressive. Supporters claim that raising the taxable earnings base would make a reasonable adjustment for the faster-than-average life expectancy gains among high earners.

Among supporters of changing the current base, there is disagreement regarding how high the base should be raised or if other changes should be made to tax income above the base. Several proposals would not eliminate the base entirely but raise it to cover 90% of taxable wages, restoring the level that was set in the 1977 amendments to the Social Security Act. Other options would be to remove the taxable maximum, but lower the tax rate on those higher earnings or tax employers and employees at different rates above the current base. Others have called for broadening the sources of income that are taxed beyond earnings. Proponents of these ideas argue that they would close a significant portion of Social Security's long-range deficit without subjecting upper-middle-income individuals to sizeable increases in their marginal tax rates.

SOURCE: "Social Security: Raising Or Eliminating The Taxable Earnings Base". *Fas.Org*, 2019, <https://fas.org/sgp/crs/misc/RL32896.pdf>.

**Table 3. Impact on the Social Security Trust Funds of Raising or Eliminating the Social Security Taxable Earnings Base**

Options		Percentage of 75-year Shortfall Eliminated	Remaining 75-year Shortfall as Percentage of Taxable Payroll
<b>Current Law based on 2019 Trustees Report</b>		—	2.78 <sup>a</sup>
<b>Tax all earnings above the current-law taxable maximum:</b>			
<b>1. Eliminate taxable earnings base, so all earnings are subject to current payroll tax, with...</b>			
1A	No credit to benefits (retain cap for benefit calculations)	84%	0.43
1B	Credit to benefits (current benefit formula)	65%	0.98
1C	Adjusted benefits (new benefit formula) <sup>a</sup>	76%	0.66
1D	Phased in 2020-2026 (new benefit formula) <sup>b</sup>	78%	0.60
1E	Phased in 2021-2025 (new benefit formula) <sup>c</sup>	75%	0.70
1F	Phased in 2022-2031 (new benefit formula) <sup>a</sup>	68%	0.88
<b>2. Tax earnings above a certain threshold at current payroll tax rate, and tax all earnings once the current-law maximum exceeds that amount, with the threshold equal to...</b>			
2A	\$250,000 beginning in 2020 (retain cap for benefit calculations)	80%	0.56
2B	\$400,000 beginning in 2021 (new benefit formula) <sup>d</sup>	69%	0.86
2C	\$250,000 beginning in 2021 (new benefit formula) <sup>d</sup>	77%	0.65
2D	\$300,000 beginning in 2021 (new benefit formula) <sup>e</sup>	73%	0.75
<b>Tax a portion of earnings above the current-law taxable maximum:</b>			
<b>3. Increase taxable earnings base so 90% of covered earnings are subject to payroll tax (phased in 2020-2029), with...</b>			
3A	No credit to benefits (retain cap for benefit calculations)	35%	1.79
3B	Credit to benefits (current benefit formula)	26%	2.05
3C	Phased in 2021-2026 with adjusted benefits (new benefit formula) <sup>f</sup>	34%	1.82
3D	Apply 6.2% tax rate for earnings above the revised taxable maximum, credit to benefits up to revised taxable maximum	49%	1.42
<b>4. Increase the taxable maximum by 2% each year until reach 90% of covered earnings, with...</b>			
4A	No credit to benefits beginning in 2022 (retain cap for benefit calculations)	27%	2.02
4B	Credit to benefits beginning in 2020 (current benefit formula)	22%	2.17
4C	Adjusted benefits beginning in 2021 (new benefit formula) <sup>g</sup>	23%	2.15
4D	For employee only, while eliminating taxable maximum for employer beginning in 2020 (current benefit formula using revised tax maximum)	51%	1.37



## Solution:

### Revise the Alternative Minimum Tax by Graduating It

#### How to fix the AMT by graduating it:

- ★ Include all income, including capital gains and dividends.
- ★ The AMT rate of 28% would be capped at 1 million. No AMT rate increases for those earning under 1,000,000.
- ★ A new AMT of 29% at 1 million+ of income should be established. The AMT would then increase by 1% for each additional million dollars earned. 2-3,000,000 would be 30%. 3-4,000,000 would be 31%. And so on.
- ★ Cap the rate at the maximum income tax rate — 35% — at 7 million of income.
- ★ Index all of this to inflation. (Unlike the current AMT, which risks dragging lower income taxpayers into its net.) Say, by increasing the brackets by 250,000 every 10 years (i.e. the 29% rate goes to 1.25 million after a decade.)
- ★ Eliminate the AMT on couples who face a phase-in of the AMT today at 415,000. It would cost only a fraction of the amount raised here. And it would represent a permanent tax cut for over 20 million taxpayers now caught up in the AMT

The nearly 400,000 tax filers earning over \$1 million are already affected by the AMT, so this would not require them to do anything new.

This plan raises more than twice the \$70 million raised by increasing marginal rates up to the Clinton era 39.6%. And it affects relatively few earning less than \$1 million (only those who have significant capital gains/dividends but less than a million).

How would this affect marginal rates? This schedule affects the marginal rates of the rich, but only at very high incomes. Under this plan, we don't go back to the "bad old days" of 91% marginal tax rates (at over \$2 million in today's dollars), which were prevalent prior to the Kennedy tax cut of 1964. We don't even go back to Kennedy's 70% rate. The top marginal rate does exceed 35% — for those earning \$5 million or more — but it maxes out at 41% and then settles back down to the 35% figure.

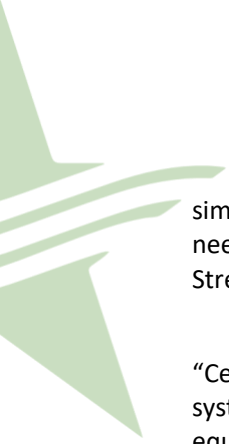
SOURCE: Rofsky, Mitch. "The Rich Can Finally Put Their Money Where Their Mouths Are". *Huffpost.Com*, 2011, [https://www.huffpost.com/entry/fix-the-deficit-tax-rich\\_b\\_850321](https://www.huffpost.com/entry/fix-the-deficit-tax-rich_b_850321). [https://www.huffpost.com/entry/fix-the-deficit-tax-rich\\_b\\_850321](https://www.huffpost.com/entry/fix-the-deficit-tax-rich_b_850321).

## Solution:

### Eliminate the Carried Interest Deduction

U.S. Senator Tammy Baldwin (D-WI) and Representative Bill Pascrell (D-NJ) reintroduced tax reform legislation to close the carried interest tax loophole that benefits millionaires and billionaires on Wall Street.

"President Trump broke his promise to close the carried interest tax loophole that benefits money managers on Wall Street and the top one percent," said **Senator Baldwin**. "I want to see loopholes closed — like the one that favors Wall Street hedge funds and allows them to pay a lower tax rate than many Wisconsin workers. It's



simply unfair for our workers to pay a higher tax rate than a millionaire on Wall Street, so President Trump needs to stand by his word, support our legislation and finally close the carried interest tax loophole for Wall Street.”

“Certain wealthy taxpayers should not have their own parallel tax code of special breaks and deductions. Our system has always been based on the principle that we ask more from those who have more, but today private-equity investors can pay a lower tax rate than their secretaries. Building on the work of my esteemed former colleague Sandy Levin, this new Congress will fight to put fairness back at the center of our nation’s tax policy,” **said Representative Pascrell**. “Millions of Americans filing their taxes are finding that the refunds they anticipated will not materialize this year. They and many other Americans are rightly outraged at a tax code that is badly skewed to favor some of our wealthiest citizens and corporations.”

The *Carried Interest Fairness Act* is supported by the AFL-CIO, Americans for Tax Fairness, American Federation of Government Employees, American Federation of State County and Municipal Employees, American Federation of Teachers, Americans for Financial Reform, Communications Workers of America, Patriotic Millionaires, Public Citizen, U.S. Public Interest Research Group, Working America, and Take on Wall Street, which is a coalition of over 50 groups including unions, community organizations, faith groups, environmental groups, consumer advocates, democracy advocates, economic and racial justice advocates and researchers, and more.

The carried interest tax loophole benefits certain investment fund managers – including private equity fund managers – by allowing them to take advantage of the preferential 20 percent tax long-term capital gains rate on income received as compensation, rather than the ordinary income tax rates of up to 37 percent that all other Americans pay. The *Carried Interest Fairness Act* would end this loophole by ensuring that income earned by managing other people’s money is taxed at the same ordinary income tax rates as that of the vast majority of Americans.

The non-partisan Congressional Budget Office estimated that this legislation, by closing the carried interest loophole, would raise \$14 billion in revenue over 10 years. This additional revenue could be invested in small business tax cuts and strengthening the economic security of working families.

SOURCE: "Senator Baldwin And Representative Pascrell Reintroduce Tax Reform To Close Tax Loophole For Millionaires And Billionaires On Wall Street | U.S. Senator Tammy Baldwin Of Wisconsin". *Baldwin.Senate.Gov*, 2020, <https://www.baldwin.senate.gov/press-releases/carried-interest-fairness-act-2019>.

## **Solution:**

### **Eliminate the Remaining Mortgage Interest Tax Deduction**

#### **The Tax Cuts & Jobs Act**

The Tax Cuts and Jobs Act is a bold, pro-growth bill that will overhaul our nation’s tax code for the first time since President Reagan’s historic tax reform 31 years ago. With this bill, a typical middle-income family of four, earning \$59,000 (the median household income), will receive a \$1,182 tax cut.

Individuals and Families

- ★ Lowers individual tax rates for low- and middle-income Americans to Zero, 12%, 25%, and 35% so people can keep more of the money they earn throughout their lives, and continues to maintain 39.6% for high-income Americans.
- ★ Significantly increases the standard deduction to protect roughly double the amount of what you earn each year from taxes – from \$6,350 to \$12,000 for individuals and \$12,700 to \$24,000 for married couples.
- ★ Eliminates special-interest deductions that increase rates and complicate Americans' taxes – so an individual or family can file their taxes on a form as simple as a postcard.
- ★ Takes action to support American families by:
  - Establishing a new Family Credit, which includes expanding the Child Tax Credit from \$1,000 to \$1,600 to help parents with the cost of raising children, and providing a credit of \$300 for each parent and non-child dependent to help all families with their everyday expenses.
  - Preserving the Child and Dependent Care Tax Credit to help families care for their children and older dependents such as a disabled grandparent who may need additional support.
- ★ Preserves the Earned Income Tax Credit to provide important tax relief for low-income Americans working to build better lives for themselves.
- ★ Streamlines higher education benefits to help families save for and better afford college tuition and other education expenses.
- ★ Continues the deduction for charitable contributions so people can continue to donate to their local church, charity, or community organization.
- ★ Preserves the home mortgage interest deduction for existing mortgages and maintains the home mortgage interest deduction for newly purchased homes up to \$500,000 – providing tax relief to current and aspiring homeowners.
- ★ Continues to allow people to write off the cost of state and local property taxes up to \$10,000.
- ★ Retains popular retirement savings options such as 401(k)s and Individual Retirement Accounts so Americans can continue to save for their future.
- ★ Repeals the Alternative Minimum Tax so millions of individuals and families will no longer have to worry about calculating their taxes twice each year and pay the higher amount.
- ★ Provides immediate relief from the Death Tax by doubling the exemption and repealing the Death Tax after six years. Family-owned farms and businesses will no longer have to worry about double or triple taxation from Washington when they pass down their life's work to the next generation.

SOURCE: "The TAX CUTS & JOBS ACT POLICY HIGHLIGHTS". *Republicans-Waysandmeansforms.House.Gov*, 2020, [https://republicans-waysandmeansforms.house.gov/uploadedfiles/policy\\_highlights.pdf](https://republicans-waysandmeansforms.house.gov/uploadedfiles/policy_highlights.pdf).

## Solution:


### Eliminate Incentives for Short-Term Investment Decisions

In 2019 study from the University of Oxford identified policies that would disincentivise short term investments in favor of long-term ones. In their policy analysis, they found that "taxing or outlawing short-term investment doesn't negatively affect the information in prices about long-term fundamentals. However, such a policy reduces short- and long-term investors' profits and utility. Changing policies about the release of short-term information can help long-term investors—an objective of some policy makers—at the expense of short-term investors. Doing so also makes prices less informative and increases costs of speculation."

The policies they analyzed on aggregate in the study are:

- ★ A tax on transactions
- ★ Artificially extending holding periods by modifying capital gains and taxes on dividends.



- 
- ★ Creating a long-term stock exchange
  - ★ Linking corporate voting rights to tenure
  - ★ Propose to eliminate trade at the very highest frequencies through frequent batch auctions

SOURCE: Crouzet, Nicolas et al. "On The Effects Of Restricting Short-Term Investment". *The Review Of Financial Studies*, vol 33, no. 1, 2019, pp. 1-43. *Oxford University Press (OUP)*, doi:10.1093/rfs/hhz053.

## Solution:

### Treat Investments in Workers like Long-Term Investments

In February 2020, the House Financial Services Committee approved the Workforce Investment Disclosure Act, which would require company annual 10-K filings to include a disclosure of workforce demographics, workforce stability, training and capabilities, health and safety, culture and empowerment, and compensation and incentives.

The Workforce Investment Disclosure Act would expand the disclosure regime beyond objectively measurable items to those that would require more nuanced, qualitative disclosures that align measurements with business goals (see items 4 and 5 below). Most of the listed items contemplate that SEC rules would require inclusion of this information but would permit the SEC to expand those disclosures. The required information is as follows:

- ★ Workforce demographics — including information on the number of full-time, part-time and contingent workers as well as policies and practices relating to subcontracting, insourcing and outsourcing
  - ★ Workforce stability — including information about voluntary and involuntary turnover rates, internal hiring and internal promotion rates
  - ★ Workforce composition — including data on the gender, racial and ethnic composition of the workforce, information about diversity policies and audits (workforce stability information from item 2 above would also be broken out by gender, racial and ethnic components)
  - ★ Workforce skills and capabilities — including information about training (including the average number of hours of training and spending on training per employee per year), skills gap, and the alignment of employee skills and capabilities with business strategy
  - ★ Workforce culture and empowerment — including:
    - Policies and practices regarding freedom of association and work/life balance
    - Incidents of verified workplace harassment (during the five prior fiscal years)
    - Policies and practices relating to employee engagement and wellbeing, including:
      - Management discussions about creating an autonomous work environment
      - Fostering a sense of purpose in the workforce
      - Trust in management
      - A supportive, fair and constructive workplace
  - ★ Workforce health and safety — including information about frequency, severity and lost time due to injuries, illnesses or fatalities, plus disclosure of fines and actions under the Occupational Safety and Health Act
  - ★ Workforce compensation and incentives — including information about:
    - Total workforce compensation, broken out by full-time, part-time and contingent workers
- 

- Policies and practices about how performance, productivity and sustainability are considered when setting pay and making promotion decisions
- Policies and practices regarding incentives and bonuses provided to those who are not named executives (including policies and practices to counter any risk created by such incentives)

★ Workforce recruiting and needs — including the number of new jobs created, the worker classification of new jobs, information about the quality of hire and new hire retention rate.

SOURCE: Breheny, Ann Marie, and Steve Seelig. "Proposed House Bill Would Require Annual Disclosure Of Human Capital Metrics". *Willis Towers Watson*, 2020, <https://www.willistowerswatson.com/en-US/Insights/2020/03/Proposed-House-bill-would-require-annual-disclosure-of-human-capital-metrics>.

## Solution:

### Create a Charity Stimulus

#### The Case for an Emergency Charity Stimulus: An IPS Inequality Briefing Paper

#### POLICY OBJECTIVES

- ★ In this time of national emergency, increase the movement of resources from private, taxpayer-subsidized funding institutions to independent nonprofits directly engaged in charitable work and emergency COVID-19 response.
- ★ Discourage the warehousing of essential charitable funds during this crisis.
- ★ Eliminate design flaws in rules governing charities to prevent abuses such as self-dealing and asset value manipulations.

#### PROPOSED NEW RULES FOR PRIVATE FOUNDATIONS

**Implement an emergency three-year 10 percent mandated annual payout.** This would be an increase from the existing 5 percent requirement, and would apply to distributions from 2020 to 2022.


**Exclude non-charitable contributions, investments, and expenses from counting towards annual payout rates.** The following would be excluded from counting towards the mandated 10 percent annual payout:

- ★ Contributions to donor-advised funds
- ★ For-profit investments, even when considered social-impact oriented
- ★ Foundation overhead and operating expenses above 0.5 percent of assets

#### PROPOSED NEW RULES FOR DONOR-ADVISED FUNDS

**Implement an emergency three-year 10 percent mandated annual payout.** Currently, DAFs are under no annual distribution requirements. Donor-advised funds should have an emergency minimum 10 percent payout requirement applied on a per account basis, matching that required of private foundations, from 2020 to 2022. Payout rate would be calculated using the method applied by the Internal Revenue Service.

**Exclude distributions to other donor-advised funds from counting towards annual payout rates.** Payout would include only distributions to organizations directly involved in charitable work.



**Allow tax deductions for donor-advised funds donations only upon the distribution of funds from the DAF to working charities.** Currently the tax deduction occurs upon donation to the DAF, and is therefore subject to abuse from donations of complex assets.

SOURCE: Collins, Chuck, and Helen Flannery. "The Case For An Emergency Charity Stimulus". *Inequality.Org*, 2020, <https://inequality.org/wp-content/uploads/2020/05/Brief-CharityStimulus-Revision-May12-FINAL.pdf>.

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## 4. Worker Wellbeing

### Solution:

#### **Provide Reparations for Descendants of Enslaved Black Americans**

This reparations package for Black Americans is about restoring the wealth that has been extracted from Black people and communities. Making the American Dream an equitable reality demands the same U.S. government that denied wealth to Blacks restore that deferred wealth through reparations to their descendants in the form of individual cash payments in the amount that will close the Black-white racial wealth divide. Still, reparations are all for naught without enforcement of antidiscrimination policies that remove barriers to economic mobility and wealth building. The architecture of the economy must change in order to create an equitable society. The racial wealth gap was created by racist policies. Federal intervention is needed to remove the racism that undergirds those policies.

#### ***Individual payments for descendants of enslaved Black Americans***


The U.S. government owes lost wages as well as damages to the people it helped enslave. In addition to the lost wages, the accumulative amount of restitution for individuals should eliminate the racial wealth gap that currently exists. According to the Federal Reserve's most recent numbers in 2016, based on the Survey of Consumer Finances, white families had the highest median family wealth at \$171,000, compared to Black and Hispanic families, which had \$17,600 and \$20,700, respectively.

#### ***College tuition to 4-year or 2-year colleges and universities for descendants of enslaved Black Americans***

People should be able to use the tuition remission to obtain a bachelor's degree or an associate's/vocational or technical degree. Tuition should be available for public or private universities. Considering the racial gap in the ability to obtain degrees at private schools, this part of the package will further help to reduce racial disparities by affording more social network access and opportunity structures.

#### ***Student loan forgiveness for descendants of enslaved Black Americans***

Student loan debt continues to be a significant barrier to wealth creation for Black college graduates. Among 25-55-year olds, about 40 percent of Blacks compared to 30 percent of whites have student loan debt. Blacks also have nearly \$45,000 of student loan debt compared to about \$30,000 for whites. Recent research finds that Blacks are more likely to be allocated unsubsidized loans. Furthermore, graduates of Historically Black Colleges and Universities, compared to Predominately White Institutions, are more likely to receive subprime loans with higher interest rates. Universities including Georgetown and Princeton are aiming to atone for the fact that the sale of slaves helped to fortify their university endowments and establish them as elite institutions



of higher education on a global scale. Descendants of the slaves sold by Georgetown and Princeton are now entitled to full rights and benefits bestowed by those universities to obtain degrees across the higher education pipeline. Other universities, along with the federal government, should follow suit.

### ***Down payment grants and housing revitalization grants for descendants of enslaved Black Americans***

Down payment grants will provide Black Americans with some initial equity in their homes relative to mortgage insurance loans. Housing revitalization grants will help Black Americans to refurbish existing homes in neighborhoods that have been neglected due to a lack of government and corporate investments in predominately Black communities. Given recent settlements for predatory lending, low and fixed interest rates as well as property tax caps in areas in which housing prices are significantly devalued should be part of the package. After accounting for factors such as housing quality, neighborhood quality, education, and crime, owner-occupied homes in Black neighborhoods are undervalued by \$48,000 per home on average, amounting to a whopping \$156 billion that homeowners would have received if their homes were priced at market rates, according to Brookings research.

As gentrification occurs, Blacks are typically priced out of neighborhoods they helped to maintain, while the historical and current remnants of redlining and restrictive covenants inhibited investments. Some Black Americans are being forced from their family home of decades because of tax increases as neighborhoods are gentrified. This is an important point because some 2020 Democratic presidential candidates aimed to redress the racial wealth gap by focusing on historically redlined districts. Perry's research shows that these policies fall short of capturing a large segment of Black Americans.

### ***Business grants for business starting up, business expansion to hire more employees, or purchasing property for descendants of enslaved Black Americans***

Black-owned businesses are more likely to be located in predominately Black neighborhoods that need the infrastructure and businesses. However, Black business owners are still less likely to obtain capital from banks to make their businesses successful.

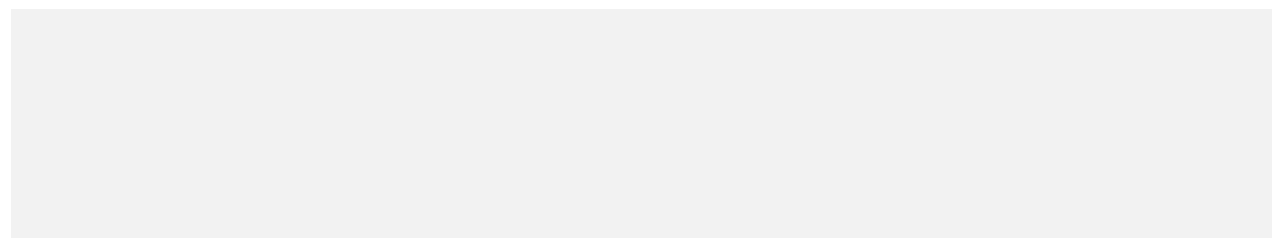
SOURCE: Ray, Rashawn, and Andre Perry. "Why We Need Reparations For Black Americans". *Brookings.Edu*, 2020, [https://www.brookings.edu/wp-content/uploads/2020/04/BigIdeas\\_Ray\\_Perry\\_Reparations.pdf](https://www.brookings.edu/wp-content/uploads/2020/04/BigIdeas_Ray_Perry_Reparations.pdf).

## **Solution:**

### **Provide Reparations for Native Communities**

Congresswoman Deb Haaland and Senator Elizabeth Warren have announced the legislative proposal: Honoring Promises to Native Nations Act in order to implement the recommendations of the U.S. Commission on Civil Rights' landmark 2018 report, Broken Promises: Continuing Federal Funding Shortfall for Native Americans. The Broken Promises report evaluated whether the federal government has met its trust and treaty obligations to Native peoples—particularly pertaining to federal spending—and concluded that the federal government has systematically failed to honor its promises.

This legislative proposal includes a number of provisions aimed at reaffirming the nation-to-nation relationship between the federal government and Tribal Nations and improving federal programs that support Indian Country:



- ★ Introductory Sections: Options for improving budgetary certainty (e.g., advance appropriations, sequestration exemption, mandatory funding, inflation adjustment), budgetary transparency, increasing Tribal representation in the Executive Branch, and addressing the Broken Promises report's recommendations regarding Native Hawaiians.
- ★ Title I—Criminal Justice and Public Safety: Proposals for guaranteed, full funding for Tribal justice systems, Tribal law enforcement and detention facilities, including the Tiwahe Initiative, increased access to crime data, victim services, and programs to combat violence against Native women.
- ★ Title II—Health Care: Proposals for guaranteed, full funding for Native health care programs, including mandatory funding for the Indian Health Service, full implementation of the Indian Health Care Improvement Act, the Special Diabetes Program for Indians, Urban Indian Health Programs, behavioral health, and public health.
- ★ Title III—Education: Proposals for guaranteed, full funding for Bureau of Indian Education schools, Native language programs and culturally inclusive education, programs to support Native students in all public schools, and Tribal Colleges and Universities.
- ★ Title IV—Housing: Proposals for guaranteed, full funding for the Indian Housing Block Grant Program, the Indian Community Development Block Grants, various loan guarantee programs, and housing for Native veterans.
- ★ Title V—Economic Development: Proposals for guaranteed, full funding for Native American Community Development Financial Institutions, Native business incubators, roads and transportation programs, E-rate expansion, the Federal Communications Commission's Office of Native Affairs and Policy, and tribal water pollution control, as well as increased funding of fractionated land buybacks.

SOURCE: Haaland, Deb, and Elizabeth Warren. "Legislative Proposal For HONORING PROMISES TO NATIVE NATIONS ACT". *Warren.Senate.Gov*, 2019, <https://www.warren.senate.gov/imo/media/doc/Honoring%20Promises%20One%20Pager%20-%208.15.2019.pdf>.


## Solution:

### Strengthen the Americans with Disabilities Act (ADA)

#### Disabled Access Credit Expansion Act-S.3459

The *Disabled Access Credit Expansion Act* would:

- ★ Expand the Disabled Access Credit (DAC): Increase eligible expenses businesses can write off in order to make their facilities ADA-compliant to \$20,500, double the maximum credit from \$5,000 to \$10,125, and expand the definition of small businesses to companies with gross receipts of \$2.5 million or less from \$1 million or less.
- ★ Increase Funding for the ADA Mediation Program: Make the Department of Justice's (DOJ) ADA Mediation Program eligible to receive funding to train contracted mediators and increase personnel to help individuals with disabilities and businesses reach a resolution without increased litigation. The legislation would appropriate \$1 million for the 2019 fiscal year to support these efforts.
- ★ Collect ADA Information Line Data: Require DOJ to provide a report to Congress on the specific types of calls the ADA Information Line receives in order to improve the ways individuals with disabilities and businesses learn about their rights and how facilities can become ADA-compliant.



SOURCE: "Duckworth, Casey, Hassan, Klobuchar Introduce Legislation To Strengthen The ADA & Help Small Businesses Become Accessible | U.S. Senator Tammy Duckworth Of Illinois". *Duckworth.Senate.Gov*, 2018, <https://www.duckworth.senate.gov/news/press-releases/duckworth-casey-hassan-klobuchar-introduce-legislation-to-strengthen-the-ada-and-help-small-businesses-become-accessible>.

## Solution:

### Provide Paid Leave and Critical Workplace Benefits

Sponsored by Rep. Rosa DeLauro (D-Conn.) and Sen. Kirsten Gillibrand (D-N.Y.), the Family And Medical Insurance Leave (FAMILY) Act (H.R. 1185/S. 463) would create a comprehensive national program that helps meet the needs of new mothers and fathers and people with serious personal or family health issues through a shared fund that makes paid leave affordable for employers of all sizes and for workers and their families. The FAMILY Act would cut by nearly 75 percent the share of families who fall into poverty after taking the unpaid leave provided by the federal Family and Medical Leave Act.

The FAMILY Act would:

- ★ Provide workers with up to 12 weeks of partial income when they take time for their own serious health conditions, including pregnancy and childbirth recovery; the serious health condition of a child, parent, spouse or domestic partner; the birth or adoption of a child; and/or for particular military caregiving and leave purposes.
- ★ Enable workers to earn 66 percent of their monthly wages, up to a capped amount – ensuring that low- and middle-wage workers have a higher share of their wages replaced.
- ★ Cover workers in all companies, no matter their size. Younger, part-time, lower wage, contingent and self-employed workers would be eligible for benefits.
- ★ Be funded responsibly by small employee and employer payroll contributions of two-tenths of 1 percent each (two cents per \$10 in wages), or less than \$2.00 per week for a typical worker.
- ★ Be administered through a new Office of Paid Family and Medical Leave. Payroll contributions would cover both insurance benefits and administrative costs.

SOURCES: "Text - S.463 - 116Th Congress (2019-2020): FAMILY Act". *Congress.Gov*, 2020, <https://www.congress.gov/bill/116th-congress/senate-bill/463/text>.


"The Family And Medical Insurance Leave (FAMILY) Act". *Nationalpartnership.Org*, 2019, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/family-act-fact-sheet.pdf>.

## Solution:

### Disclosure on Pay Methodology

Companies will be required to obtain an "Equal Pay Certification" and prove they're not paying women less than men for work of equal value.

- ★ To receive certification, companies must demonstrate they have eliminated pay disparities between women and men who are doing work of equal value. To the extent pay disparities do exist for similar jobs, companies will be required to show the gap is based on merit, performance, or seniority—not gender. A similar assessment was performed by Glassdoor of their own pay practices, and a similar law was recently enacted in Iceland.
- ★ In applying for certification, companies will also be required to disclose their pay policies and align them with best-practice standards. For example, companies will be prohibited from asking about prior salary history as part of their hiring process, banned from using forced arbitration agreements in employment contracts for pay discrimination matters, and must allow employees to freely discuss their pay.

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- ★ Companies will also be required to report statistics on the percentage of women in leadership positions and the percentage of women who are amongst the company's top earners. They will also be required to report the overall pay and total compensation gap that exists between men and women, regardless of job titles, experience, and performance. These statistics will be reported by employees' race and ethnicity.
  - ★ Companies with 100 or more employees will be required to obtain Equal Pay Certification from the Equal Employment Opportunity Commission (EEOC) within three years of enactment, and every two years thereafter. Companies with 500 or more employees will have two years from enactment to certify.

Companies will be fined 1% of their profits for every 1% wage gap they allow to persist for work of equal value.

- ★ Companies that fail to receive "Equal Pay Certification" will face a fine for every day they discriminate against their workers. This fine will be assessed based on a company's average wage gap for work of equal value. For every 1% gap that exists after accounting for differences in job titles, experience, and performance, companies will be fined at 1% of their average daily profits during the last fiscal year. We estimate the plan will generate roughly \$180 billion over 10 years, with revenue decreasing over time as strong equal pay practices become part of corporate culture.

SOURCE: "Holding Corporations Accountable For Pay Inequality In America | Full Policy | Kamala Harris For The People". *Kamala Harris For The People*, 2020, <https://kamalaharris.org/policies/equal-pay/full-policy/>.

## Solution:

### Increase the Minimum Wage to a Livable Wage

*Enact the Raise the Wage Act to raise the minimum wage to \$15 and the Wage Theft Prevention and Wage Recovery Act to strengthen protections against wage theft.*

#### H.R. 582-Raise the Wage Act

(Sec. 3) This bill amends the Fair Labor Standards Act of 1938 to increase the federal minimum wage for regular employees over a 7-year period, for tipped employees, and for newly hired employees who are less than 20 years old.

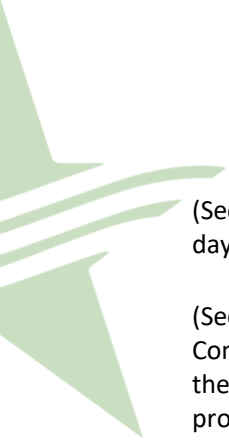
The bill eliminates the separate minimum wage requirements for tipped and newly hired employees. After a specified period, these employees shall be paid the same minimum wage as regular employees.

(Sec. 6) The bill sets forth a schedule of annual increases in the federal minimum wage for individuals with disabilities. The Department of Labor shall no longer issue special certificates for the payment of subminimum wages to such individuals after the final wage increase under this bill for such individuals takes effect.

Labor shall provide, upon request, technical assistance and information to employers to (1) help them transition their practices to comply with wage increases and other requirements under this bill for individuals with disabilities, and (2) ensure continuing employment opportunities for such individuals.

The bill eliminates the separate minimum wage requirements for disabled employees. After a specified period, these employees shall be paid the same minimum wage as regular employees.





(Sec. 7) Labor must publish any increase in the minimum wage in the Federal Register and on its website 60 days before it takes effect.

(Sec. 8) The Government Accountability Office (GAO) must submit a report to Congress, with respect to the Commonwealth of the Northern Mariana Islands, that (1) assesses the status and structure of the economy of the Northern Mariana Islands, and (2) for each year in which a wage increase will take effect, estimates the proportion of employees who will be directly affected by each such increase taking effect for that year.

(Sec. 9) The GAO must also report on the impact of the first and second wage increases on business enterprises.

### H.R. 3712 - Wage Theft Prevention and Wage Recovery Act

This bill amends the Fair Labor Standards Act of 1938 (FLSA) to require employers to make initial and modified disclosures to employees of the terms of their employment, provide such employees with regular paystubs, and make a final payment to an employee for uncompensated work hours within 14 days of the employee's termination. Employers must also allow employees access to wage records.

An employer must compensate an employee at the rate specified in an employment contract, including a collective bargaining agreement, that specifies a rate of pay higher than the minimum wage rate.

The bill establishes new and increased civil and criminal penalties for FLSA overtime or minimum wage violations, including referral to the Department of Justice for criminal prosecution of employers who engage in wage theft, falsification of wage records, or retaliation against employees.

The Wage and Hour Division of the Department of Labor must provide grants to specified organizations, including nonprofits and educational institutions, to enhance the enforcement of wage and hour laws. The Government Accountability Office must study and report on successful grant programs.

SOURCES: "H.R.582 - 116Th Congress (2019-2020): Raise The Wage Act". *Congress.Gov*, 2020, <https://www.congress.gov/bill/116th-congress/house-bill/582>.

"H.R.3712 - 116Th Congress (2019-2020): Wage Theft Prevention And Wage Recovery Act". *Congress.Gov*, 2020, <https://www.congress.gov/bill/116th-congress/house-bill/3712>.


### Solution:

#### "Universal Basic Income"

Sens. Kamala Harris (D-Calif.), Bernie Sanders (I-Vt.) and Ed Markey (D-Mass.) have released the Monthly Economic Crisis Support Act. It would dramatically expand upon the \$1,200 sent to Americans as part of March's gargantuan coronavirus response bill, H.R. 748 (116).

The legislation would send a monthly \$2,000 check to people who make less than \$120,000. It would expand to \$4,000 to married couples who file taxes jointly and also provide \$2,000 for each child up to three. Harris said the bill is a reflection that Congress's efforts so far were not "nearly enough to meet the needs of this historic crisis" and Markey called the massive cash infusion "the most direct and efficient mechanism for delivering economic relief to those most vulnerable."

"Congress has a responsibility to make sure that every working-class household in America receives a \$2,000 emergency payment a month for each family member," Sanders said.



The payments would be retroactive to March and last until three months after the Health and Human Services Department has declared the public health emergency over. The legislation would also bar debt collectors from taking the payments and would deliver them regardless of whether people have a Social Security number or filed taxes last year.

The effort from the two former presidential rivals and Markey represents one of the biggest, and likely most expensive, ideas being put forward for the next round of coronavirus relief. Other House and Senate Democrats have proposed federal guarantees for workers' salaries, and Sen. Josh Hawley (R-Mo.) is pitching having the government subsidize employers' payrolls to avoid mass layoffs.

SOURCE: Everett, Burgess. "Democratic Senators Propose \$2,000 Monthly Payments To Most Americans". *POLITICO*, 2020, <https://www.politico.com/news/2020/05/08/monthly-payments-2000-coronavirus-243670>.

## Solution:

### Require all Businesses to Operate "High-Road" Workplaces

The legislation, Small Business Regulatory Relief Act, would expand the assistance provided by the Small Business Administration's (SBA) Office of the National Ombudsman (ONO), which works with federal agencies across the government to review complaints made by small businesses, reduce or waive penalties, and reverse unfair agency decisions. The United States has about 30 million small businesses.

The bill empowers SBA's Office of the National Ombudsman to:

- ★ **Enhance outreach to small businesses.** Most small businesses are unaware of the Ombudsman's services. The legislation directs the Ombudsman to develop outreach initiatives to promote awareness and increase the office's visibility.
- ★ **Develop best practice guidelines for agencies to address small business regulatory concerns.** Although federal agencies are required to provide compliance assistance programs for small businesses, the quality of these programs vary significantly. The legislation directs the Ombudsman to collaborate with federal agencies to develop best practice guidelines for federal agencies to help small businesses comply with rules through training webinars, compliance guides, and improved customer service.
- ★ **Increase the visibility of the Ombudsman and enhance collaboration at federal agencies.** The legislation establishes a single point of public contact at each federal agency to work with the Ombudsman to find fair regulatory solutions for small businesses.
- ★ **Expand the ability of the Ombudsman to help small businesses selling to the federal government.** To sell to the federal government, small businesses must navigate complex regulations established by each agency. The legislation ensures the Ombudsman can advocate on behalf of more small businesses by clarifying the office also covers federal contracting regulations.

SOURCE: "Support The Small Business Regulatory Relief Act - American Sustainable Business Council". *American Sustainable Business Council*, 2019, <https://www.asbcouncil.org/small-business-regulatory-relief-act>.



## Solution:

### Support the Growth, Expansion and Evolution of Labor Unions

Today, millions of American workers are denied their right to form a union because the process of voting on union formation has been corrupted. Workers that consider forming a union today face an undemocratic system and are frequently intimidated by their employer. A new [report](#) by the Center for Economic and Policy Research finds that in 2007 at least one pro-union worker was fired during 30 percent of union election processes, and pro-union activists faced a more than 20 percent chance of being fired.

The problem isn't just corporations that violate the law. Over the years, our legal system has allowed unfair elections to become the norm. More than 90 percent of companies legally force workers to attend anti-union meetings that include "one-on-one conversations" with supervisors.

According to research by University of Oregon Professor Gordon Lafer, workers often face pressure from their direct supervisors—the person with the most control over their job—to reveal their private preferences for the union. This takes the "secret" out of the "secret ballot"—the most common conservative mischaracterization of current union organizing rules. Meanwhile pro-union employees are banned from talking about forming a union except while they are on break time and from distributing pro-union information except when they are both on [break time and in a break room](#).


Many corporations focus significant time and energy on fighting union organizing drives; 75 percent hire consultants to run sophisticated union-busting campaigns based on mass psychology and distorting the law, according to Cornell University Professor Kate Bronfenbrenner. Corporations can even make dubious "predictions" (but not "threaten") that unionization will force the company to close its doors.

Corporations have the right to their opinion, but they do not have the right to distort the election process to such a degree that it is a parody of democracy. A democratic election requires that one side does not hold all the power, control all the media, and control the timeline of the election. Yet, that is exactly what many union elections look like today.

Nevertheless, there are still workplaces where workers successfully form a union. The corporate response? Often, it's to bargain with the new union in bad faith by using delay tactics and stalling the negotiation of a first contract indefinitely. These delay tactics can cause workers to grow frustrated and lose faith in their ability to be treated fairly at the bargaining table. Only [38 percent](#) of unions certified through the National Labor Relations Board election process achieve a first contract after one year—and only 56 percent ever achieve a first contract.

Unfairly preventing workers from joining together in unions it is not only a violation of their basic human rights, it is also bad for the economy and democracy. Without strong unions, our entire community pays a heavy price: wages lag, race and gender pay gaps widen, and voter turnout is depressed as insecurity, poverty and inequality increase. [Income inequality](#) is now at the extreme levels it was in the 1920s, when unionization rates were also [below 10 percent](#).

By passing the Employee Free Choice Act, Congress can support workers' democratic right to bargain for their fair share, raise the wages of working men and women, and pump [billions](#) of dollars into the American economy. The bill would allow workers rather than corporations—as under current law—the choice to organize a union through a simple majority sign-up process—a system that works well at the small number of workplaces that choose to permit it. The Employee Free Choice Act would raise penalties when the law is violated, and



promote good-faith bargaining through a mediation and arbitration option so that employees can negotiate a first contract.

In 2007, the Employee Free Choice Act passed the House and received majority support in the Senate, but it did not receive enough votes to break the threat of a filibuster. With a new Congress, and President Obama's promise to sign the bill, the Employee Free Choice Act has a strong chance of becoming law.

SOURCE: Madland, David, and Karla Walter. "The Employee Free Choice Act 101 - Center For American Progress Action". *Center For American Progress Action Fund*, 2009, <https://www.americanprogressaction.org/issues/economy/news/2009/03/11/5814/the-employee-free-choice-act-101/>.

## Solution:

### Reform the Union Election Process


The "Protecting the Right to Organize (PRO) Act" proposed by Senator Bobby Scott amends the National Labor Relations Act and related labor laws to extend protections to union workers. Its goal is to cut down on the bureaucracy that's involved when workers try to form labor unions and to penalize companies that try to stop them. The PRO Act protects the basic right to join a union by (1) introducing meaningful, enforceable penalties for companies and executives that violate workers' rights, (2) expanding workers' collective bargaining rights and closing loopholes that corporations use to exploit workers, and (3) strengthening workers' access to fair union elections and requiring corporations to respect the results.

Specifically, HR.2474 revises the definition of "employee" and "supervisor" to prevent employers from classifying employees as exempt from labor law protections, expands unfair labor practices to include prohibitions against replacement of or discrimination against workers who participate in strikes, makes it an unfair labor practice to require or coerce employees to attend employer meetings designed to discourage union membership, permits workers to participate in collective or class action litigation, allows injunctions against employers engaging in unfair labor practices involving discharge or serious economic harm to an employee, expands penalties for labor law violations, including interference with the National Labor Relations Board or causing serious economic harm to an employee, and allows any person to bring a civil action for harm caused by labor law violations or unfair labor practices.

This legislation is imperative in bringing workers' collective power to the bargaining table, so that unions are able to win better wages and benefits for working people. On average, a worker covered by a union contract earns 13.2% more in wages than a peer with similar education, occupation, and experience in a nonunionized workplace in the same sector. Moreover, when unions are strong, they set wage standards for entire industries and occupations, they make wages more equal within occupations, and they help close racial and gender wage gaps. Finally, there is a huge gap between the share of workers with union representation (11.9%) and the share of workers that would like to have a union and a voice on the job (48%) - the PRO Act would take a major step forward in closing that gap.

#### SOURCES:

"House And Senate Democrats Unveil Landmark Legislation To Protect Workers' Right To Organize". *Congressman Bobby Scott*, 2019, <https://bobbyscott.house.gov/media-center/press-releases/house-and-senate-democrats-unveil-landmark-legislation-to-protect>.



Picone, Ethan, and James Plunkett. "The Protecting The Right To Organize PRO Act Of 2019: An Outline Of Its Proposed Labor Reforms". *The National Law Review*, 2020, <https://www.natlawreview.com/article/protecting-right-to-organize-pro-act-2019-outline-its-proposed-labor-reforms>.

Campbell, Alexia. "Democrats Have An Ambitious Plan To Save American Labor Unions". *Vox*, 2019, <https://www.vox.com/policy-and-politics/2019/5/14/18536789/right-to-work-unions-protecting-the-right-to-organize-act-bill>.

"Coalition Letter Of Support For The Protecting The Right To Organize Act". *Economic Policy Institute*, 2020, <https://www.epi.org/coalition-letter-of-support-for-the-protecting-the-right-to-organize-act/>.

"PROTECTING THE RIGHT TO ORGANIZE ACT". *Edlabor.House.Gov*, <https://edlabor.house.gov/imo/media/doc/PRO%20ACT%20-%20Fact%20Sheet.pdf>.

## Solution:

### Incentivize Entrepreneurial Activity

The "New Business Preservation Act" introduced by Representative Dean Phillips establishes the Innovation and Startups Equity Investment (ISEI) Program, through which the Secretary of Treasury can allocate money to certain States to help high-potential, scalable startups access venture capital to commercial innovations, create jobs, and accelerate economic growth. The economic effects of the COVID-19 pandemic are expected to disproportionately harm new businesses, which tend to have less cash on hand and are more poorly positioned to recover from a drop-off in customer demand and lender financing. Equity financing provided by the ISEI provides is critical because it does not require repayment, but instead represents a long-term investment in the business.

The legislation calls for \$2B to go to the ISEI, with \$1.5B going to initial funding and administrative costs, and a further \$500M for follow-on investments. 80% of funds would go to the Midwest, Southeast, and Southwest, with distributions based on population and adjusted for venture capital money already present (priority will be given to areas of the country that do not currently attract significant equity investment in new businesses). Special consideration will also be given to businesses founded by women and persons of color, who face additional barriers in accessing investment capital. It will be self-sustaining, with any returns on investment being reinvested in new businesses in future years. HR.6403 drives startup activity and values creation in the undercapitalized regions of our country, as entrepreneurship is a proven, capital-efficient way to build economic value and transform regions, and adds capital to both bolster existing entrepreneurial ventures and encourage new ones.

SOURCES: *Rep. Phillips pushes for CARES Act fix and New Business Preservation Act to shield startups*. Representative Dean Phillips. (2020). Retrieved from <https://phillips.house.gov/media/press-releases/rep-phillips-pushes-cares-act-fix-and-new-business-preservation-act-shield>.

*Klobuchar, Coons, Kaine, King Introduce Legislation to Protect and Strengthen Young Businesses Across the Country*. U.S. Senator Amy Klobuchar. (2020). Retrieved from <https://www.klobuchar.senate.gov/public/index.cfm/2020/3/klobuchar-coons-kaine-king-introduce-legislation-to-protect-and-strengthen-young-businesses-across-the-country>.

*New Business Preservation Act - Great North Labs.* Great North Labs. (2020). Retrieved from <https://greatnorthlabs.com/new-business-preservation-act/>.

Stangler, D. (2020). *Why Experience, Not Funding, Matters More In New Bill To Help Startups.* Forbes. Retrieved from <https://www.forbes.com/sites/danestangler/2020/03/20/why-experience-not-funding-matters-more-in-new-bill-to-help-startups/#d30cf4155bbc>.

## Solution:

### Protect Gig Economy Workers

To promote legal certainty and enhance economic efficiency, Congress and state legislatures, where appropriate, should enact legislation to define and establish a third legal category of workers, which they call “independent workers.” This includes the enactment of the Cooperative Economy Act (CEA). These workers would occupy a specific part of the gray area in the employee–independent contractor dichotomy. To identify independent workers and to guide the determination of the benefits and protections for which they would qualify, there are three guiding principles:

- ★ Immeasurability of work hours. The worker classification system should recognize that, in these relationships, the line between work and nonwork can be impossible to measure, and that some work involves hours that cannot be apportioned to a company and measured for the purpose of assigning benefits.
- ★ Neutrality. The worker classification system should ensure that businesses do not have an incentive to organize themselves to fit a certain status to gain an unfair advantage over other employers.
- ★ Efficiency. The worker classification system should enable workers and businesses to maximize the joint benefits that their relationships produce.


### Identifying Independent Workers in the Online Gig Economy

Independent workers in the online gig economy are those who operate in a triangular relationship with a business (i.e., an intermediary) and customers. Typically, they use a communications channel, such as an app, created by an intermediary to identify customers for their service. Independent workers can work for multiple intermediaries at once, can choose when and whether to work, and will not necessarily develop dependent, deep, extensive, or long-lasting relationships with their employers. At the same time, independent workers may need to comply with certain requirements from the intermediaries, such as criminal background checks, and intermediaries may set the price for the service provided by independent workers. The intermediary typically receives a predetermined percentage of the fee paid by the customer, via the intermediary, to the independent worker.

Importantly, independent workers are characterized by the immeasurability of their work hours. Most obviously, as illustrated in box 1, because an independent worker can work for multiple intermediaries, it is not always possible to apportion work hours to one intermediary. Also, Harris and Krueger argue that the boundary between work and nonwork can be indeterminate, since independent workers may spend time waiting to engage in work activities and may view that time as hours spent working.

### New Benefits and Protections for Independent Workers

In their policy proposal, Harris and Krueger recommend requiring (or allowing) intermediaries to provide the following benefits and protections to independent workers. Notably, the proposed benefits and protections take into account Harris and Krueger’s guiding principles—immeasurability of work hours, neutrality, and efficiency—and are consistent with their view that independent worker status should fall between the employee and independent contractor classifications.



SOURCE: *A Proposal for Modernizing Labor Laws for Twenty-First Century Work: The “Independent Worker”*. Brookings.edu. (2015). Retrieved from [https://www.brookings.edu/wp-content/uploads/2016/07/modernizing\\_labor\\_laws\\_for\\_twenty\\_first\\_century\\_work\\_policy\\_brief.pdf](https://www.brookings.edu/wp-content/uploads/2016/07/modernizing_labor_laws_for_twenty_first_century_work_policy_brief.pdf).

## Solution:

### Expand Employee Stock Ownership Plans.

Senator Pat Robert’s “Promotion and Expansion of Private Employee Ownership Act” supports a mutually beneficial relationship for both employees and businesses by expanding tax incentives and federal assistance for employee stock ownership plans (ESOPs) that are sponsored by S corporations. This bill extends to all domestic corporations, including S corporations, provisions allowing deferral of tax on gains from the sale of employer securities to an ESOP. The Department of the Treasury would establish the S Corporation Employee Ownership Assistance Office to foster increased employee ownership of S corporation, and better inform companies and individuals about the possibilities and benefits of employee ownership of S corporations.

Under the Small Business Act and the regulations promoted by the Administrator of the Small Business Administration, a small business concern that was eligible under the Small Business Act is denied treatment as a small business concern after an ESOP acquires more than 49% of the business, even if the number of employees, the revenue of the small business concern, and the racial, gender, or other criteria used under the Act to determine whether the small business concern is eligible for benefits under the Act remain the same. However, S.177 ensures that each ESOP participant shall be treated as directly owning his or her proportionate share of the stock in the ESOP business concern owned by the ESOP.

Overall, this bill seeks to expand financing opportunities for S Corporation ESOPs, provide technical assistance for companies that may be interested in forming an S Corporation ESOP, and ensure that small businesses that become ESOPs retain their Small Business Administration (SBA) 8(a) preference when competing for government contracts at all levels. While estimates show that 40% of working Americans have no formal retirement account at all, every American worker who is an employee-owner of an S corporation company through an ESOP has a valuable qualified retirement savings account. ESOP companies are more profitable, more productive, and provide more sustainable jobs when compared to their non-ESOP counterparts. Therefore, policy like S.177 is needed to encourage employee stock ownership by addressing core social issues such as adequate retirement security and making sure working Americans have an ownership stake in our capitalistic system.

SOURCES: *“Promotion and Expansion of Private Employee Ownership Act of 2019”*. Cardin.senate.gov. (2019). Retrieved from <https://www.cardin.senate.gov/imo/media/doc/CardinRoberts%20Retirement%20Bill.pdf>.

*Pro-ESOP Bill, S. 177 Introduced in the Senate*. Prnewswire.com. (2019). Retrieved from <https://www.prnewswire.com/news-releases/pro-esop-bill-s-177-introduced-in-the-senate-300781448.html>.

Schechter, M. (2019). *Senators Introduce ESOP to Expand Employee Ownership | Butterfield Schechter LLP*. Bslip.com. Retrieved from <https://www.bslip.com/senators-introduce-esop-to-expand-employee-ownership>.



## Solution:

### Increase Opportunities and Incentives for Local Investment

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," (MCL 206.1 to 206.713) by adding section 280.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

(1) Sec. 280. A taxpayer that makes a qualified investment in a qualified business after the effective date of the amendatory act that added this section may claim a credit against the tax imposed by this part equal to 50% of the qualified investment made during the tax year. To qualify for the credit under this section, the taxpayer shall request certification from the Michigan strategic fund within 60 days of making the investment. A taxpayer shall not claim a credit under this section unless the Michigan strategic fund has issued a certificate to the taxpayer.

(2) The taxpayer shall attach the certificate to the annual return filed under this part on which a credit under this section is claimed. The certificate required under this subsection shall specify all of the following:

(a) The total amount of investment made during the tax year by the taxpayer in each qualified business.

(b) The total amount of qualified investments made in each qualified business if different from the previous amount.

(c) The total amount of the credit under this section that the taxpayer is allowed to claim for the designated tax year.

(3) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability of the taxpayer for the tax year shall not be refunded but may be carried forward to offset tax liability under this part in subsequent tax years for a period not to exceed 10 tax years or until used up, whichever occurs first.

(4) As used in this section:

(a) "Michigan strategic fund" means the Michigan strategic fund as described in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.

(b) "Qualified business" means a business that the Michigan strategic fund certifies as in compliance with all of the following at the time of the investment:

(i) The business has its headquarters in this state, is domiciled in this state, and has a majority of its employees working in this state, and its transactions are limited to residents of this state under section 3(a)(11) of the securities act of 1933, 15 USC 77c.

(ii) The business receives at least 80% of its gross revenues from the operation of its business in this state.

(iii) The business has at least 80% of its assets in this state.





(c) "Qualified investment" means a cash or a cash equivalent investment certified by the Michigan strategic fund in a qualified business and that is not in a qualified business in which any member of the investor's family is an employee or owner of the business or in which the investor or any member of the investor's family has a preexisting fiduciary relationship with the business.

SOURCE: *Individual income tax: credit*. Legislative Service Bureau. (2020). Retrieved from [http://file:///Users/MayaFano-Caroti/Downloads/Invest%20MI%20bill%20final%20bill%20%23%20924%20-%20intro%20May%2013%202020%20\(1\).pdf](http://file:///Users/MayaFano-Caroti/Downloads/Invest%20MI%20bill%20final%20bill%20%23%20924%20-%20intro%20May%2013%202020%20(1).pdf).

## Solution:

### Provide Access to Education.

#### The College for All Act

*Eliminates tuition and fees at public four-year colleges and universities for those making up to \$125,000 and makes community college tuition- and fee-free for all*

This legislation would provide at least \$41 billion per year to states and tribes to eliminate undergraduate tuition and fees at public colleges and universities and institutions of higher education controlled by tribes. Under this legislation, students from any family making \$125,000 or less—about 80% of our population—would be able to attend a public four-year college or university, or four-year tribal college or university, tuition- and fee-free. All students—regardless of income—would also be able to attend community colleges tuition- and fee-free. Under the College for All Act, the federal government would cover 67% of the cost of eliminating tuition and fees at public colleges and universities and tribal institutions of higher education. States and tribes would be responsible for eliminating the remaining 33% of the costs.

To qualify for federal funding, states and tribes must meet a number of requirements designed to protect students, ensure quality, and reduce ballooning costs. States and tribes will need to maintain spending on their higher education systems, on academic instruction, and on need-based financial aid. In addition, colleges and universities must reduce their reliance on low-paid adjunct faculty. No funding under this legislation may be used to fund administrator salaries, merit-based financial aid, or the construction of non-academic buildings like stadiums and student centers.

*Cuts student loan interest rates in half*

The College for All Act would cut all student loan interest rates in half by restoring a similar policy that was in effect until 2006. If enacted today, student loan interest rates for new undergraduate borrowers would drop from 3.76% to just 1.88%. In addition, the legislation ensures that rates for undergraduates never rise above 5% and that rates for non-undergraduate borrowers never rise above 8.25%.

*Eliminates or reduces tuition and fees for low-income students at private colleges and universities that serve historically underrepresented minorities*

The act provides at least \$1.3 billion per year to eliminate or significantly reduce tuition and fees for low-income students at two- and four-year, private nonprofit Historically Black Colleges and Universities (HBCUs) and private nonprofit Minority Serving Institutions (MSIs) that serve a student body that is composed of at least 35% low-income students. About 200 schools would be eligible to participate

*Provides funding to eliminate equity gaps in higher education attainment*

The legislation doubles funding for the TRIO Programs and increases funding for the GEAR UP Program so more first-generation and low-income students can enroll in and graduate college. This means that TRIO Programs would reach 1.5 million students and GEAR UP would reach over 100,000 more students than it currently does.

SOURCE: *THE COLLEGE FOR ALL ACT*. Sanders.senate.gov. Retrieved from <https://www.sanders.senate.gov/download/the-college-for-all-act-fact-sheet?id=A2524A5A-CA3F-41F8-8D93-DD10813DC384&download=1&inline=file>.

## **Solution:**

### **Universal Pre-K**

#### **DEFINING THE RIGHT TO UNIVERSAL PRE-K**

Based on the foundations established by existing state and local pre-K policies and court rulings, children's right to pre-K for a meaningful educational opportunity should entail the following:

#### **Free Universal Access**

- ★ All children regardless of race, religion, socioeconomic status, or other qualifying characteristic must have access to a full-day pre-K program. Children's right to preschool must be provided through a universal pre-K program that provides unrestricted access to publicly funded preschool in all school districts without any cost to families.

#### **Voluntary Enrollment**

- ★ While every school district must guarantee access to free high-quality full-day pre-K to all children whose parents choose to enroll them, enrollment of children should be voluntary. Districts must affirmatively disseminate and promote information about the availability and advantages of full-day pre-K, but parents should also be free to decide the extent to which these opportunities meet their children's and their family's needs.

#### **Inclusion of Three- and Four-Year-Olds**

- ★ Every district must guarantee access to high-quality full-day pre-K for all three-year-olds and all four-year-olds. With voluntary enrollment, fewer families of three-year-olds take advantage of the option; nevertheless, all those who do should be accommodated.

#### **Mixed System for Service Delivery**

- ★ States should continue to use both public school and community-based programs to provide high-quality pre-K. This approach to service delivery makes the most of existing investments, capacity and expertise in supporting children's learning and healthy development. This strategy also offers families the broadest range of options, including access to extended hours and year-round services for working families and support for linguistic and cultural preferences.

#### **High-Quality Programs**

- ★ States and districts must set and monitor quality standards to guarantee access to high-quality pre-K programs for all children regardless of setting. The state must also provide the infrastructure and

systems support, and local school districts should have a process in place to review the development and implementation of universal full-day pre-K, overseen by a broad local stakeholder group that includes representatives from both the early childhood and public education community.

### Integration of Funding into the K-12 School Finance System

- ★ To ensure it is stable and sustained, pre-K funding for three- and four-year-olds<sup>14</sup> should be integrated into the state's K-12 school funding formula and should flow to school districts as part of their basic state aid, with pre-K allocations protected for pre-K as a special phase of education. Pre-K allocations must be sufficient for quality programs with per-child costs determined through an objective analysis of the cost of providing high-quality full-day pre-K. Additional weights in K-12 funding for "at risk" students, dual language learners, or students with disabilities, should also apply to similarly situated pre-K students. Allocations should be specifically protected for pre-K as a special phase of education.

SOURCE: *Establishing Universal Access to Prekindergarten as a Constitutional Right*. Nieer.org. (2017). Retrieved from [http://nieer.org/wp-content/uploads/2017/12/Prekindergarten\\_as\\_a\\_Right\\_BriefingPaper.pdf](http://nieer.org/wp-content/uploads/2017/12/Prekindergarten_as_a_Right_BriefingPaper.pdf).

### Solution:

#### Medicare for All

System reform is not easy, and we recognize that reforming our broken and complex health care system with a single piece of legislation would be impossible. The following suggested policies are bi-partisan in nature and would bridge the gap between our dysfunctional and ineffective system and a sustainable universal health care system.

- ★ **PUBLIC OPTION FOR ALL:** Establish a public health insurance product that would compete against private insurance plans for customers. This public option should be available to all people and businesses and remain under the traditional Medicare system to avoid the insidious practices and adverse selection that have characterized Medicare Advantage.
- ★ **EXPAND MEDICARE:** Medicare is one of the most effective government health care programs in existence and it should be expanded over time to cover more U.S. residents, starting with lowering the enrollment age immediately to 55 and auto-enrolling all newborns.
- ★ **RESTORE THE ACA:** Strengthen the Affordable Care Act by repealing all executive actions and regulatory attacks on the law by the Trump administration and expand the government's authority to standardize commercial insurance products and negotiate prices for all goods and services across the health care economy.

Medicare for All would jumpstart the U.S. economy, boost worker salaries and family incomes, and unleash a new generation of entrepreneurs and small business start-ups. This view is quickly becoming standard among respected economists and business leaders<sup>55</sup>. While Medicare for All may not yet be politically possible at this time, these common-sense proposals for incremental reform are appropriate, well considered, and advance the vision of a broad universal and affordable solution.

<sup>55</sup> <https://www.citizen.org/article/200-economists-endorse-medicare-for-all/>

## 5. Government, Money & Politics

### Solution:

#### Stop the Unlimited Flow of Money into Political Races

Small donor public financing is the most powerful, proven solution available to counter the overwhelming influence of wealth on our political process in the aftermath of the Citizens United decision, which gave the green light to unlimited special interest spending. It is built on six components:

- ★ **A \$6-to-\$1 match of small donations.** For each small contribution by an in-state resident, a candidate for a state office would receive six times that amount in public money. A contribution of \$10 would then be worth \$70. This would boost the voices of regular New Yorkers.
- ★ **Qualifying thresholds.** To ensure that funds are not wasted on frivolous or uncompetitive candidates, public financing participants would have to first demonstrate reasonable levels of support by collecting a minimum number of small donations from constituents.
- ★ **Reduced contribution limits.** New York's contribution limits are currently sky high. Individuals can give as much as \$69,700 to a candidate for statewide office, \$19,300 to a state Senate candidate, and \$9,400 to a state Assembly candidate in an election cycle. That's much higher than federal contribution limits or those in most states. Candidates participating in small donor public financing would be required to agree to lower limits, to further the program's goal of focusing fundraising on everyday constituents and voters rather than deep-pocketed donors.
- ★ **A cap on public funds, but no limits on total fundraising or spending.** Participating candidates would be able to compete in the face of unlimited independent spending after Citizens United. They would be allowed to raise private funds even after hitting the public funding cap, subject to individual contribution limits, and to spend without limit if they need to do so.
- ★ **Transparency and oversight.** To protect New York's investment of public funds, the program would require public disclosure by participating candidates of fundraising and spending and enforce compliance rules effectively. Drawing on experience in Connecticut, it would establish effective oversight while making compliance easy and inexpensive.
- ★ **Adequate and reliable funding.** If the program had been in place in 2018, even an aggressive projection of the cost to New York — assuming that every candidate opted in — would have come to less than 1/10 of one percent of the state budget for funding and administration, or less than a penny per day per New Yorker.

SOURCE: Norden, Lawrence et al. "The Case For Small Donor Public Financing In New York State". *Brennancenter.Org*, 2019, <https://www.brennancenter.org/sites/default/files/publications/CaseforPublicFinancingNY.pdf>.

### Solution:

#### Overturn Citizens United

H.J.Res.48 - Proposing an amendment to the Constitution of the United States providing that the rights extended by the Constitution are the rights of natural persons only.

“ SECTION 1. The rights protected by the Constitution of the United States are the rights of natural persons only. Artificial entities, such as corporations, limited liability companies, and other entities, established by the laws of any State, the United States, or any foreign state shall have no rights under this Constitution and are

subject to regulation by the People, through Federal, State, or local law. The privileges of artificial entities shall be determined by the People, through Federal, State, or local law, and shall not be construed to be inherent or inalienable.

“ SECTION 2. Federal, State and local government shall regulate, limit, or prohibit contributions and expenditures, including a candidate’s own contributions and expenditures, to ensure that all citizens, regardless of their economic status, have access to the political process, and that no person gains, as a result of that person’s money, substantially more access or ability to influence in any way the election of any candidate for public office or any ballot measure. Federal, State, and local governments shall require that any permissible contributions and expenditures be publicly disclosed. The judiciary shall not construe the spending of money to influence elections to be speech under the First Amendment.

“ SECTION 3. Nothing contained in this amendment shall be construed to abridge the freedom of the press.”.

SOURCE: "Text - H.J.Res.48 - 116Th Congress (2019-2020): Proposing An Amendment To The Constitution Of The United States Providing That The Rights Extended By The Constitution Are The Rights Of Natural Persons Only.". *Congress.Gov*, 2020, <https://www.congress.gov/bill/116th-congress/house-joint-resolution/48/text?q=%7B%22search%22%3A%5B%22hjr48%22%5D%7D&r=1&s=2>.

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## 6. Environment

### Green and Resilient Infrastructure


#### Solution:

##### Green Built Environment

Evergreen Action Plan—4.1—100% Clean Buildings & Energy Efficiency Resource Standards

Greenhouse gas pollution from buildings increased a full 10% in the U.S. in 2018 — driven especially by heating needs in a cooler winter. And while building emissions grew just 2.2% in 2019, climate pollution continues to increase in this sector, natural gas use and water heating and cooling. The next President and Congress must reverse that trend, by increasing energy efficiency and investing in green buildings and taking advantage of renewables in building electrification. A number of key policies must be part of this effort, starting with setting strong standards and a clear goal to ensure that all new construction runs on clean energy by creating a national Zero-Carbon Building Standard by 2023 that would require all zero-carbon new buildings across the U.S. by 2030. The administration should then partner with states and cities to integrate this standard into new and stronger state and local building codes.

This strategy should include stronger federal incentives for local governments to enforce standards to adopt “stretch-codes,” and for building owners to more rapidly adopt advanced sustainability in new buildings. Here, too, states and cities are already leading the way. And, where local jurisdictions can go faster, the next administration should support the growing movement for zero-carbon buildings, including bans on new gas infrastructure in buildings that have been adopted in more than 20 cities, as of early 2020. The next administration should also accelerate implementation of the federal Fossil Fuel-Generated Energy Consumption Reduction rule, through the Department of Energy (DOE), to eliminate by 2023 fossil-fuel use — including coal,



fuel oil and natural gas — in all new and renovated federal buildings. Together, these efforts will accelerate the transition to zero-carbon buildings at the scale and speed required to reach 100% of all new buildings in the coming decade.

While clean building standards will be useful for setting a better direction in new construction, the majority of energy use and carbon emissions will be driven by the existing building stock. To confront energy use in existing buildings, the DOE should immediately reinstate and accelerate proven appliance energy efficiency standards, and promote zero-emission appliances — including water heaters and dryers — that will help make American-manufactured appliances both cleaner and more competitive in global markets, all while cutting pollution and saving consumers money.

The next administration and Congress should also drive private sector investment into energy efficiency through enactment of a national Energy Efficiency Resource Standard (EERS), that requires utilities to achieve all cost-effective energy efficiency measures as part of their planning for load growth and the deployment of new capacity. Such a standard should be similar to rules set in the Washington state I-937 ballot initiative adopted by voters in 2006. Already a majority of states have EERS policies in place, and a federal EERS can strengthen utilities' performance targets by expanding the definition of "cost-effective" energy conservation to include the costs that climate pollution imposes on society. Implementing a national EERS will ensure that management of the electricity grid takes seriously the contributions that can be made from reducing demand by cutting wasted energy in our nation's existing building stock. This will become especially important as more communities and building owners turn away from natural gas, and petroleum-powered cars, to rely increasingly on electricity powered by renewables.


SOURCE: Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

## Solution:

### Increase Federal Funding of Water Resources to Eliminate Privatization

Congress should triple annual appropriations for the clean water and drinking water state revolving funds, increasing them from approximately \$2 billion to \$6 billion. Congress established the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) to provide states sustainable, long-term financial assistance to support communities' water infrastructure needs. These funds have provided \$151.2 billion in financial assistance since their inception, but their full potential remains untapped. To help close the funding gap, there must be increased federal financial support for SRFs. The federal government should increase its long-term commitment to the SRFs. This new funding should target a growing list of priorities that are currently underrepresented in the states' portfolios of SRF assistance, including:

- ★ Water infrastructure that is designed to address the increased risk of droughts, floods, sea level rise, and extreme weather events;
- ★ Repairs for deteriorating water infrastructure and removal of lead service lines in economically disadvantaged communities;
- ★ Water efficiency, water reuse, and water recycling;
- ★ Green infrastructure and storm-water management;
- ★ Source water protection to help prevent pollution and runoff from contaminating rivers, lakes, and reservoirs; and

 Reducing the amount of water that is wasted because of old, leaky water mains.

Prior to taking office, President-elect Trump made an encouraging pledge to triple funding for water infrastructure from the current \$2 billion level to \$6 billion, but that has yet to happen. In February, the Trump administration unveiled its proposed budget and infrastructure plans, both of which fall far short of his earlier promise. Instead, the administration's infrastructure plan overestimates private investors' interest levels in unprofitable projects, like building new water systems to replace those that were poorly sited and are now threatened by inundation from floods or coastal storms. Private investors also will not see much profit from projects like removing lead service lines in low-income communities. President Trump's funding proposal falls 98 percent short of its own goal of raising \$1.5 trillion for roads, according to The Wharton School of The University of Pennsylvania.

Communities often rely on the SRFs to finance routine repairs and upgrades of aging water systems, rather than relying on thoughtful long-term financial planning and setting sustainable water, sewer, and storm-water fees to pay for these anticipated improvements. The heavy reliance on the SRFs for these expenses can leave states with little SRF support for more innovative projects like green infrastructure, water efficiency and reuse, and climate-resilient systems. States could also be using those funds to remove and replace lead water lines that endanger the health of 18 million Americans.

SOURCE: GO BACK TO THE WELL: STATES AND THE FEDERAL GOVERNMENT ARE NEGLECTING A KEY FUNDING SOURCE FOR WATER INFRASTRUCTURE. Protectcleanwater.org. (2018). Retrieved from <http://protectcleanwater.org/wp-content/uploads/2017/09/SRFs-Go-Back-to-the-Well-NRDC-FINAL.pdf>.


## Solution:

### Improve Access to Clean Water

Communities of color, low-income communities, and tribal communities are disproportionately impacted by contaminated water that results from outdated, inadequate, or failing infrastructure due to historic underinvestment in their infrastructure. Because every human being needs safe, clean water and sanitation, we must find ways to ensure that low-income households can afford water services. Federal water infrastructure funding can address this problem by directing assistance to the communities that need it most—like those facing large gaps between their infrastructure needs and their ability to pay. At the same time, we should promote affordability at the local level by encouraging states and water utilities to adopt low-income customer assistance programs, equitable rate structures, and strategies that reduce systemwide costs borne by all customers.

Congress can also promote the use of local customer assistance programs to mitigate water and sewer costs for low-income households by providing grants to utilities supporting the establishment of those programs. It can also create a more comprehensive federal program for water utility bill assistance analogous to the Low Income Home Energy Assistance Program. Meanwhile, the EPA has provided recommendations for equitable rate structures, including “lifeline rates,” where low-income households are charged lower rates on non-discretionary water consumption (the minimum sanitary requirement) and higher rates on water consumed beyond that amount.

Congress must additionally significantly increase federal funding for our nation's water infrastructure by growing existing funding sources and developing new and innovative sources. The EPA has identified hundreds of billions of dollars in need just to keep our water systems functioning—and that total does not include the costs of adapting to climate change. We can tackle this problem by increasing existing sources of funding and



financing, like tripling appropriations for the Clean Water and Drinking Water State Revolving Funds, as well as seeking out new and innovative sources of water infrastructure funding. This approach enjoys broad public support: 88 percent of Americans support increasing federal investment to rebuild our water infrastructure.

This increased funding should not come at the expense of reductions in federal funding for other environmental investments or regulatory programs. After all, water infrastructure investments are good for public health and the economy. According to the CDC, even modest investments in infrastructure upgrades and other efforts that prevent waterborne diseases could lead to reduced incidence of disease and significant healthcare cost savings. Additionally, the Economic Policy Institute found that spending \$188.4 billion on water infrastructure over a five-year period would yield \$265 billion in economic activity and create 1.9 million jobs.

The jobs created by increased federal funding should result in high-road employment through the enforcement of the Davis-Bacon Act prevailing wage, project labor agreements, green job opportunities, local job training programs, and Buy American domestic sourcing requirements. Further, water infrastructure investments should target inclusion of disadvantaged workers and firms for training, jobs, and contracts in design, construction, operations, and maintenance of water infrastructure.

SOURCE: Water, Health, and Equity: The Infrastructure Crisis Facing Low-Income Communities & Communities of Color — and How to Solve It. Protectcleanwater.org. Retrieved from <http://protectcleanwater.org/wp-content/uploads/2017/09/CWFA-Infrastructure-Health-Equity-White-Paper-Oct-2018.pdf>.

## Solution:

### Green Transportation


#### Evergreen Action Plan- 3.2 — Twenty-First Century Transportation Infrastructure

The last major federal transportation legislation authorized an average \$45 billion annual federal expenditure on highways, but provided only \$12.2 billion in average annual transit investments. Furthermore, federal funding will cover 80% of the cost of a highway project, but only 50% of a transit project. The next President and Congress should work together to provide a massive increase in annual federal investment in public transit systems. This investment should include new funding and also come with a rebalancing between federal highways and transit spending. It should meet and exceed the funding need identified by the APTA, and incentivize expansion of transit networks throughout America to give Americans more and cleaner transportation choices, and reduce vehicle miles traveled. According to APTA, these investments themselves could support millions of construction and operations jobs.

The next Transportation Secretary should also implement USDOT performance management rules that require the local deployment of federal transportation investments to be accompanied by life-cycle analyses and reduction strategies for climate and co-pollutants. Through these analyses the federal government can provide major investments into sustainable infrastructure and create millions of jobs, while ensuring against building infrastructure that locks communities into fossil fuel dependent transportation systems. Comprehensive, strategic and climate-smart local planning, encouraged via federal leadership, can help achieve a more sustainable balance between highways and transit investments.

And it is crucial that the next President and Congress work together to build an integrated American rail system, much like developed nations in Europe and Asia. This would entail major new federal investments in electrifying





passenger and rail throughout the country, expanding existing rail lines, and offering federal investments to states and regional partnerships to further develop ultra-high-speed rail. This will create jobs, save time and money for working families, and connect disparate rural and urban population centers with more convenient, carbon-free inter-regional transportation.

SOURCE: Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

## Solution:

### Prioritize Resources for Frontline Land and Food Injustice Communities, Urban and Rural

#### Evergreen Action Plan-6.5 — Funding Economic Transition & Restoration of Impacted Communities

The next President should be committed to an agenda of targeted investment in disadvantaged communities — in particular those experiencing the greatest burdens of environmental harm, economic inequality, and climate change. To do this, to ensure that communities that bore the cost of resource extraction are first in line to receive the benefits from new investment in a clean energy economy, the next President should establish two stable long-term funds: A Re-Power Fund and a Restore Fund. These will aid investment in bottom-up, locally driven economic and workforce development and focus on creating good jobs through site cleanup, environmental remediation and ecological restoration.

The Re-Power Fund should invest in communities impacted by changes in fossil fuel industries through locally driven economic and workforce development strategies. The program should concentrate investment in re-development corridors that build on existing assets and support new business growth in advanced manufacturing and new clean-energy industries, infrastructure investment, and provide supplements to any foregone local tax revenue. And it should prioritize development of energy-related industries that can access existing energy utility and transportation and shipping infrastructure that is frequently abundant and of high quality in these communities — ensuring that new job creation is centered on growing high wage and high value-added industries that draw on the existing skills of workers and strong local supply chains. The Re-Power Fund will build on the heritage of energy producing regions as an asset, focusing on re-industrialization built around growing and globally competitive new energy industries, while ensuring strong worker protections.

Also, establishing a dedicated Restore Fund for communities will create new skilled union jobs in environmental reconstruction that holds historic polluters accountable to pay for the environmental, health and community damages caused by coal, oil and gas extraction. The program should support comprehensive reclamation, hiring local workers for restoration projects in areas where mining, drilling, mountaintop removal, and fracking have damaged human health and natural ecosystems, harmed water tables, and polluted fields, riverbeds, and valleys. The Restore Fund should supplement, and not replace, existing resources like the Abandoned Mine Fund. Jobs for reclamation and restoration, and it should be required to pay prevailing wages and to allow workers the opportunity to organize. It should be administered in a manner that prioritizes community hiring for transitioning workers. And Restore Fund jobs will be long-term, with projects taking years to complete, and would be available to fossil fuel employees in addition to other 'G.I. Bill' training programs that allow workers to remain fully employed.

SOURCE: Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.



## Low-Carbon Transition

### **Solution:**

#### **Place a Price on Carbon**

Upon enactment, impose a carbon fee on all fossil fuels and other greenhouse gases at the point where they first enter the economy. The fee shall be collected by the Treasury Department. The fee on that date shall be \$15 per ton of CO<sub>2</sub> equivalent emissions and result in equal charges for each ton of CO<sub>2</sub> equivalent emissions potential in each type of fuel or greenhouse gas. The Department of Energy shall propose and promulgate regulations setting forth CO<sub>2</sub> equivalent fees for other greenhouse gases including at a minimum methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons (HFCs), perfluorocarbons, and nitrogen trifluoride. The Treasury shall also collect the fees imposed upon the other greenhouse gases. All fees are to be placed in the Carbon Fees Trust Fund and be rebated to American households as outlined below.

To align US emissions with the physical constraints identified by the Intergovernmental Panel on Climate Change (IPCC) to avoid irreversible climate change, the yearly increase in carbon fees including other greenhouse gases, shall be at least \$10 per ton of CO<sub>2</sub> equivalent each year. Annually, the Department of Energy shall determine whether an increase larger than \$10 per ton per year is needed to achieve program goals. Yearly price increases of at least \$10 per year shall continue until total U.S. CO<sub>2</sub>-equivalent emissions have been reduced to 10% of U.S. CO<sub>2</sub>-equivalent emissions in 1990.

Equal monthly per-person dividend payments shall be made to all American households (½ payment per child under 18 years old, with a limit of 2 children per family) each month. The total value of all monthly dividend payments shall represent 100% of the net carbon fees collected per month.

In order to ensure there is no domestic or international incentive to relocate production of goods or services to regimes more permissive of greenhouse gas emissions, and thus encourage lower global emissions, Carbon-Fee-Equivalent Tariffs shall be charged for goods entering the U.S. from countries without comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates shall be used to reduce the price of exports to such countries. The State Department will determine rebate amounts and exemptions if any.


SOURCE: Carbon Fee and Dividend Explained. Citizens' Climate Lobby. Retrieved from <https://citizensclimatelobby.org/carbon-fee-and-dividend/>.

### **Solution:**

#### **Advancing 100% Renewables Market Shift and Policies**

(Section taken from the Green New Deal-The resolution calls for accomplishment of these goals through a 10-year national mobilization effort)

- ★ Meeting 100 percent of the power demand in the United States through clean, renewable, and zero-emission energy sources, including,
- ★ Dramatically expanding and upgrading renewable power sources; and
- ★ By deploying new capacity;



SOURCE: Text - H.Res.109 - 116th Congress (2019-2020): Recognizing the duty of the Federal Government to create a Green New Deal.. Congress.gov. (2019). Retrieved from <https://www.congress.gov/bill/116th-congress/house-resolution/109/text>.

## **Solution:**

### **Government, State, and Private Sector Fossil Fuel Divestment**

#### **Divesting NY pension funds**

Workers should not have to gamble with their retirement savings accounts and pension funds. Divesting from fossil fuels is a necessary measure to protect assets from projected future losses with the increasing risk of fossil fuel company devaluation. There must be a climate-friendly investment option that does not disregard the current climate crisis that continues to threaten us as global temperatures rise. As such, New York State has codified into law a goal of reaching a 40% economy-wide greenhouse gas emissions reduction relative to 1990 levels by 2030, and net zero emissions by 2050.


This bill will require the State Comptroller, after due consideration of his or her fiduciary responsibility and the prudent investor standard, to divest the state Common Retirement Fund (the Fund) from major coal, oil, and gas producers. This will protect the fund, as well as its members and retirees, from the growing risk of rapid devaluation these companies present, while also sending a powerful message that it is no longer acceptable to invest in a business model that is driving the climate crisis.

The threat of climate change and the transformation of the global energy system that will be necessary to mitigate it will have a serious negative impact on investors whose assets are not aligned with a 1.5 degree trajectory. Experts estimate that demand for fossil fuels is likely to peak within the next decade. In spite of this, the majority of fossil fuel producers are not adjusting their business models to take into account the changing energy market, investing billions of dollars in exploring and extracting new reserves, creating stranded asset risk and the potential for rapid, unexpected, and significant loss of value.

Continued investment in fossil fuel producers poses unacceptable risk to the long-term sustainability of the Fund. Attempting to beat the market by holding these investments until the last possible moment is a high-risk strategy that could result in the loss of investment principal. In the words of the Decarbonization Advisory Panel for the New York State Common Retirement Fund, “being too early in the avoidance of the risk of permanent loss is much less of a danger than being too late.”

The Legislature is bound by a fiduciary responsibility over the pension fund. This responsibility includes a duty to future as well as current beneficiaries. It is therefore incumbent upon the Legislature as fiduciary to concern itself with how the Fund rebalances its investments to meet its financial performance targets, favoring the long-term sustainability of the fund over seeking short-term gains. Fossil fuel producers are currently under-performing compared to the broader market. However, even if they were to produce acceptable returns in the near term, they present undue long-term risk that compels trustee action on behalf of future beneficiaries.

Duties to future beneficiaries may also reasonably include consideration of their human interests, quality of life, and public safety and security, and therefore may mandate that trustees try to accelerate the shift away from fossil fuels to help mitigate the future adverse effects of climate change. Given the systemic threat of climate change to the economy as a whole, and therefore to the value of the Fund’s entire portfolio, consideration of the climate impact of certain investments is entirely appropriate. According to the US Department of Labor’s interpretive bulletin 2015-1, environmental issues “may have a direct relationship to



the economic value of the plan’s investment. In these instances, such issues are not merely collateral considerations or tie-breakers, but rather are proper components of the fiduciary’s primary analysis of the economic merits of competing investment choices.”

SOURCES: Krueger, L. (2019). Krueger And Ortiz Introduce Updated Fossil Fuel Divestment Act. NY State Senate. Retrieved from <https://www.nysenate.gov/newsroom/press-releases/liz-krueger/krueger-and-ortiz-introduce-updated-fossil-fuel-divestment-act>.

NY State Senate Bill S2126A. NY State Senate. (2019). Retrieved from <https://legislation.nysenate.gov/pdf/bills/2019/S2126A>.

## Regenerative Agriculture

### Solution:

#### Advance Regenerative Agriculture / Soil Health

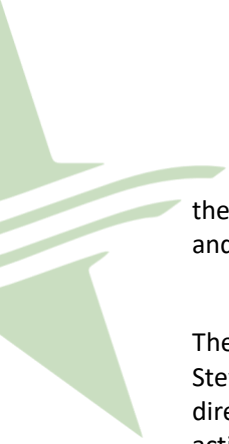
##### Evergreen Action Plan- 6.1 — Investing in Agricultural Innovations to Defeat Climate Change

America can grow climate solutions and build thriving rural and agricultural economies by ensuring farmers and ranchers benefit financially and ecologically from the positive impact their crops and farming practices provide. It’s estimated that at least 50% of the world’s soil carbon has been released as a result of land use change and monocropping, while carbon-rich soil also boosts production and yields and helps create a sponge in the soil that allows for better absorption and water retention in the face of both flooding and droughts. One recent soil health project study by the National Association of Conservation Districts (NACD) showed how a no-till/cover crop system could increase yields by \$110 per acre.

The next federal administration should create new revenue streams that compensate producers for building ecosystem services, especially in removing carbon from the atmosphere and storing it in soil and forests. These investments in rural communities and a healthy climate create both economic opportunity and environmental protection: crop productivity, drought and flood resilience, storm water retention, water filtration, air quality, and preservation of pollinators and other biodiversity.

The next administration should establish performance-based payments for on-farm carbon removal, building upon the Soil Health Demonstration Projects authorized in the 2018 Farm Bill, and by determining the appropriate conservation practices and their climate benefit-value, and establishing payment systems and programs that reward producers who are storing carbon in their landscapes. This should begin by tapping into existing USDA programs like the Commodity Credit Corporation — an agency with \$30 billion in borrowing authority — and those of the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS). The next administration and Congress should also establish a permanent, sustained source of revenue for American farms.

Ensuring a climate-smart crop insurance program should also be a part of this critical agenda, as it currently backs more than 80% of all major U.S. field crops, at a price tag of \$9 billion annually, but it does not account for



the largest risk to America's working lands: climate change. Key reforms are needed to protect farms, taxpayers, and the climate.

The next President should also work with Congress to provide a major increase in funding for the Conservation Stewardship Program (CSP), and build upon the 2018 Farm Bill which, for the first time, provided a general directive for the CSP to focus on soil health and authorized soil planning and climate mitigation as activities eligible for payments. The 2018 Farm Bill also increased incentives for crop rotation, cover cropping, and rotational grazing — all crucial strategies for soil health, carbon removal, and environmental conservation. Unfortunately, both the 2014 and 2018 Farm Bills cut funding for the CSP, which must be restored and then significantly increased.

The next administration should also work with Congress to expand other successful USDA conservation programs, like the Conservation Reserve Program (CRP), the Environmental Quality Incentives Program (EQIP), and the Regional Conservation Partnership Program (RCPP), and increasing their focus on climate-smart agricultural and land-use practices. It should extend conservation compliance measures to cover soil health improvements. Federal lawmakers should confront nitrous oxide — a greenhouse gas 250 times more potent than carbon, which accounts for more than 50% of U.S. cropland greenhouse gas emissions — with a targeted nutrient management strategy. The next administration should also launch public-private waste management partnerships for better soil, and expand the federal “sodsaver” policy to preserve grasslands nation-wide.

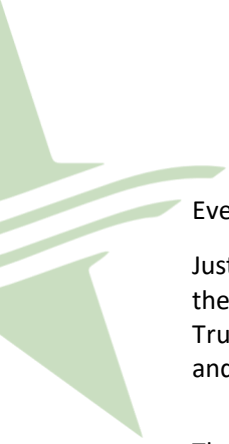
There is also enormous climate benefit to be achieved through on-farm and on-ranch methane capture. And the next administration should invest directly, through aforementioned federal programs, in the deployment of anaerobic digesters to capture methane from livestock operations, for use in on-site energy generation or in reuse as a biogas replacement for fracked gas, for energy and industry and in the production of co-products. It should establish payment systems through existing USDA programs to compensate farmers and ranchers for methane capture, similar to payments for soil sequestration. And it should promote multi-pronged methane abatement strategies, including rotational-grazing, conversion to dry scrape, composting digestate, innovations in animal feed, enhanced solid separation, thermochemical conversion, and more.

Finally, this carbon farming agenda should extend also to rewarding carbon removal in forests. Just as it should reward farmers for carbon removal and environmental services, the next administration should pursue and reward partners in capturing the full potential of forest expansion for deep decarbonization, estimated at 40–50 million acres over the next 20–35 years. This includes incentivizing improved forest management in private working forests, reforestation of marginal farmlands, and long-term protection through voluntary conservation easements.

SOURCE: Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020,  
<https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

## **Solution:**

**Invest in Emerging Small-Scale, Worker-Owned Food Production, Processing, and Service Cooperatives.**



## Evergreen Action Plan- 6.2 — Keeping Farmers Farming

Just 5% of U.S. agricultural operations conducted 75% of sales in 2017. Meanwhile, new farmers struggle to find the capital or land to even begin, and many farmers and farm workers find themselves under attack from the Trump administration's anti-immigrant policies and its racist tweets. In 2018, U.S. farm income hit a 12-year low, and in 2019 farm loan delinquencies reached the highest point since the start of the decade.

The next President must take office committed to reversing each of these troubling trends — to ending Trump's chaos governance, to supporting farmers and farm workers, and to stopping large agribusinesses from taking advantage of America's rural communities. They should reverse Trump's disastrous trade policies, and confront mergers, consolidations, and abusive corporate practices that have led to agricultural monopsony, and instead pioneer an agriculture policy that supports the producers who have underpinned America's food system and rural economies.

The next administration should rebuild stable, long-term agricultural trading partnerships, through the repeal of tariff wars and by increasing investment in the USDA Market Access Program to provide new resources to help American farmers bring their crops to market. It should protect against agribusiness consolidation, by appointing Federal Trade Commission (FTC) commissioners who will aggressively enforce America's antitrust laws and use them to protect family farms against irresponsible vertical and horizontal integration in the agriculture industry, and by empowering the Department of Justice (DOJ) to better protect against anti-competitive behavior in agricultural industries.

At the same time, the federal government must do more to protect farm workers' rights, and also ensure they are protecting from climate change. These workers, many of whom are immigrants, have no right to join a union and very few worker protections. And as temperatures around the globe rise, climate change adds new threats to the health of the farm workers who already spend long days outside in hot, humid conditions. The next President must work with Congress to pass the *Asuncion Valdivia Heat Illness and Fatality Prevention Act*, to make sure workers are trained to deal with heat exposure, have access to safe water and can take breaks to protect themselves.

The next Secretary of Agriculture must also help diverse, beginning, women and young farmers succeed, by addressing institutional discrimination within federal agricultural programs, and increasing outreach and financing programs for underserved communities. The USDA also can lead in breaking down barriers for land access, working with Congress to expand funding for the Beginning Farmer & Rancher Development Program and allowing all young farmers and ranchers to be eligible for the federal Public Service Loan Forgiveness Program.

SOURCE: Ricketts, Sam. "Evergreen Action Plan". *Medium*, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

## Circular Economy

### **Solution:**

#### **Circular Packaging**

The Break Free From Plastic Pollution Act will include the following elements:



### **Require Product Producers to Take Responsibility for Collecting and Recycling Materials**

Producers of covered products (packaging, containers, food service products and paper, regardless of recyclability, compostability, and type of material, including plastic, paper, glass and metal) will be required to design, manage, and finance programs to collect and process product waste that would normally burden state and local governments. The legislation will encourage producers to cooperate with those who produce similar products through Producer Responsibility Organizations (PRO) to take responsibility for their waste and implement cleanup programs with Environmental Protection Agency approval. Producers will invest in U.S. domestic recycling and composting infrastructure, cover the costs of waste management and clean-up, and promote awareness raising measures for covered products.

### **Require Nationwide Beverage Container Refunds**

The legislation will institute a 10-cent national refund requirement for all beverage containers, regardless of material, to be refunded to customers when they return containers. Any unclaimed refunds will go to beverage producers to supplement investments in nationwide collection and recycling infrastructure. This legislation encourages states that have already implemented similar initiatives to continue their current systems if they match the federal requirements.

### **Source Reduction and Phase-Out Certain Polluting Products**

Beginning in January 2022, some of the most common single-use plastic products that pollute our environment, cannot be recycled, and have readily available alternatives will be source reduced and phased out from sale and distribution. The prohibitions will apply to lightweight plastic carryout bags, food and drinkware from expanded polystyrene, plastic stirrers and plastic utensils. Straws will only be available upon request.

### **Carryout Bag Fee**

The legislation would impose a fee on the distribution of carryout bags. The fee can be retained by retailers who implement a reusable bag credit program at their place of business. For fees collected by those who do not participate in a reusable bag credit program, the fee will be used to fund access to reusable bags as well as litter clean up and recycling infrastructure.

### **Minimum Recycled Content Requirement:**

Plastic beverage containers will be required to include an increasing percentage of recycled content in their manufacture before entering the market. Additionally, the EPA will be required to implement post-consumer minimum recycled content for other covered products after a review with the National Institute of Standards and Technology is completed to determine technical feasibility.

### **Recycling and Composting**

The EPA will develop standardized recycling and composting labels for products and receptacles to encourage proper sorting and disposal of items that can be recycled or composted.

### **Plastic Tobacco Filters, Electronic Cigarettes and Derelict Fishing Gear**

Following studies on the environmental impacts of plastic tobacco filters, electronic cigarette parts and derelict fishing gear, the relevant agencies will propose measures to reduce those environmental impacts.

### **Prevent Plastic Waste from Being Shipped to Developing Countries that Cannot Manage It**

The bill prevents the export of plastic waste, scrap and pairings to non-OECD countries, many of whom have been a major source of ocean plastic pollution due to their inability to manage the waste.

### **Protect Existing State Action**

The bill protects state and local governments to enact more stringent standards, requirements, and additional product bans.

### **Temporary Pause on New Plastic Facilities**

The legislation gives environmental agencies the valuable time needed to investigate the cumulative impacts of new and expanded plastic-producing facilities on the air, water, climate, and communities before issuing new permits to increase plastic production. The legislation would also update EPA regulations to eliminate factory-produced plastic pollution in waterways and direct the EPA to update existing Clean Air and Clean Water Act emission and discharge standards to ensure that plastic-producing facilities integrate the latest technology to prevent further pollution.

SOURCE: Break Free from Plastic Pollution Act of 2020 — Plastic Pollution Coalition. Plastic Pollution Coalition. (2020). Retrieved from <https://www.plasticpollutioncoalition.org/break-free-from-plastic-pollution-act-summary>.

## **Solution:**

### **Advance Safer Chemicals and Products with EU REACH Legislation**

The Alan Reinstein and Trevor Schaefer Toxic Chemical Protection Act

This bill works to protect public health, give the public a voice and ensure that states can protect its citizens.

The bill better protects public health by

- ★ Requiring EPA to use a stronger standard to judge whether chemicals are safe.
- ★ Requiring EPA to review more chemicals more quickly.
- ★ Requiring swift action on cancer-causing asbestos.
- ★ Requiring immediate attention on chemicals that accumulate in our bodies and the environment (known as Persistent, Bioaccumulative Toxics, or PBTs).
- ★ Ensuring that EPA's assessments of chemicals are consistent with recommendations of the National Academy of Sciences.
- ★ Requiring EPA to consider the threat a chemical substance poses to drinking water supplies, including from nearby storage, when prioritizing substances for review.
- ★ Making clearer which chemicals EPA can designate as needing review ("high priority") or considered as safe without a full review ("low priority").
- ★ Ensuring that all chemicals in the marketplace are ultimately assessed by EPA.
- ★ Preserving EPA's authority to regulate products and mixtures containing dangerous chemicals.
- ★ Preserving EPA's authority to monitor imports of chemicals and mixtures and products that contain them.
- ★ Broadly preserving the authority of states to restrict the use of chemicals, and enforce federal restrictions under state law. Gives the Public a Voice

The bill gives the public greater voice to ensure it is protected by

- ★ Providing citizens the explicit right to challenge low priority designations in court. Ensures States Can Protect Their Citizens



The bill allows states to continue to protect their citizens from dangerous chemicals by

- ★ Not allowing EPA to preempt state authority.
- ★ Continuing to allow states to enforce federal restrictions on chemicals.

SOURCE: The Alan Reinstein and Trevor Schaefer Toxic Chemical Protection Act Summary. Epw.senate.gov. (2020). Retrieved from [https://www.epw.senate.gov/public/\\_cache/files/d/b/dbec8491-c006-4e04-9e44-416e78622e83/01AFD79733D77F24A71FEF9DAFCCB056.thealanreinsteinandtrevorschaefer Toxic Chemical Protection Act Summary.pdf](https://www.epw.senate.gov/public/_cache/files/d/b/dbec8491-c006-4e04-9e44-416e78622e83/01AFD79733D77F24A71FEF9DAFCCB056.thealanreinsteinandtrevorschaefer Toxic Chemical Protection Act Summary.pdf).

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## 7. Trade


### Solution:

#### Sustainable Equitable Trade

#### The Sustainable Equitable Trade Doctrine: Building Progressive International Cooperation to Counter Right-Wing Economic Authoritarianism

This report outlines a Sustainable Equitable Trade (SET) doctrine that can make international cooperation more domestically palatable. The report makes the following concrete recommendations:

- ★ Cooperate internationally on bigger-ticket items than tariff reductions. The benefits of international cooperation on fighting tax evasion, monopoly power, unstable financial markets, climate change, and macroeconomic imbalances from misaligned currencies far outstrip even the most optimistic projections for agreements like the TPP. In a policy environment where tariffs are low, the gains from further tariff liberalization are limited. This report makes detailed recommendations on changes to international trade agreements and domestic law that will focus foreign policy on the highest-value targets, not the meager and divisive.
- ★ Launch an Equitable Investment Act, Equitable Investment Convention, and Equitable Recognition Act to open up trade agreements and international litigation to broader societal interests. Currently, investors have litigation rights in trade deals that other groups (such as unions, environmentalists, and domestic investors) don't have. By putting all groups on a level playing field—and fixing how pact violations are remedied so as to ward off rent-seeking and speculation—global economic governance will gain legitimacy and defenders.
- ★ Appoint a Special Advisor for Equitable Trade and Globalization to reorganize government and treaty-making. The next generation of global economic governance needs to be much more inclusive. A new trade policymaking agency should be tasked with a much broader mission than simply signing new trade deals. Government statistical agencies must radically upgrade data collection to better understand the impact of trade on working people. And rather than engage in costly country-by-country negotiations, upgrades to treaties should be pursued on a unilateral or multilateral level to maximize the diffusion of progressive rules and rulemaking. Renegotiation of particular deals like the three-country NAFTA is only worth the time if the new deals can be joined easily by large numbers of countries committed to a refashioned agenda.
- ★ Enact a Sustainable Jobs Industrial Policy. While the new administration has pushed "Buy American, Hire American" rhetoric, it has done nothing to ensure that whatever rents are generated by this approach "trickle down" to workers. A smart industrial policy would focus benefits on firms that have the best labor



practices, utilize production processes that require close collaboration between line-workers and designers, and make products that will be of ongoing importance to a green economy.

- ★ Establish a Trade Reparations Commission. For decades, policymakers have subjected U.S. workers to grinding competition with low-wage workers with no adjustment assistance anywhere near scale. However, 30 years in, unwinding supply chains and cancelling trade agreements is likely to do more harm than good. Instead, policymakers should admit their approach was flawed, but focus on building prosperity for the future by making financial reparations for the harm caused.

SOURCE: The Sustainable Equitable Trade Doctrine. Rooseveltinstitute.org. (2017). Retrieved from <https://rooseveltinstitute.org/wp-content/uploads/2017/03/The-Sustainable-Equitable-Trade-Doctrine.pdf>.



## Creating an Economic System that Works for All -- Working Group Members

### *Allen White*

Allen White is Vice President and Senior Fellow at the Tellus Institute and directs the Institute's Program on Corporate Redesign. His work to foster corporations dedicated to creating and sustaining social mission has included co-founding the Global Reporting Initiative in 1997 and Corporation 2020 in 2004.

### *Ali-Reza Vahabzadeh*

Ali-Reza "A.R." Vahabzadeh is the Vice President of Memberships and Chief of Staff to the CEO of the American Sustainable Business Council. He has strong experience in relationship management and marketing and has worked in business development and investor relations roles.

### *Andy Stern*

Andy Stern is the co-founder of the Workers Benefit Fund and President Emeritus of the 2.2-million-member Service Employees International Union (SEIU). SEIU's members — employees in the maintenance, food service, home care, health care and public sectors — built America's largest political action fund, led the fight for universal health care and the Fight for \$15.00.

### *BE (Barbara) Alink*

Barbara Alink is a Dutch designer, architect, humanitarian, and inventor of the Alinker, the walking bike for an active life. Previously she managed reconstruction and restoration projects in Kenya, Kosovo, Ethiopia, the Sudan, Indonesia, and Afghanistan.

### *Ben Waterhouse*

Ben Waterhouse is a history professor at the University of North Carolina. He is interested in contests between economic groups, including business, labor, and the political class, and how the relationships among them shaped the broader contours of the American political tradition and American economic development.

### *Carol Sanford*

Carol Sanford is the founder of the Carol Sanford Institute. Her expertise includes teaching companies how to build triple-digit margin growth and offer a funnel of products for decade-sustaining earnings in dynamic industries and markets. She is a Senior Fellow of Social Innovation and Executive-in-Residence at Babson College.

### *Christine Bader*

Christine Bader is the author of *The Evolution of a Corporate Idealist: When Girl Meets Oil*. From 2015-17 she was Director of Social Responsibility at Amazon, where she built a global team working to ensure respect for the rights of workers in Amazon supply chains and operations.



### **Chrystie Heimert**

Chrystie Heimert was the Director of Communications at Seventh Generation, the spokeswoman for Ben & Jerry's, and former Communications Chief for lululemon athletica. She has 30 years' experience in communications with a passion for authentic brands and their strong commitment to meaningful change.

### **Courtney Cardin**

Courtney Cardin is the Director of Entrepreneurship and Independent Business at the American Economic Liberties Project. Courtney works with policymakers, corporate executives, industry experts, entrepreneurs, impact investors, and communications and media strategists to advance sustainable investment policy reform efforts.

### **David Levine**

David Levine is the President and Co-founder of the American Sustainable Business Council. He has worked as a social entrepreneur for over 30 years focusing on the development of whole systems solutions for a more sustainable society through building strategic partnerships and broad stakeholders' initiatives.

### **Denise Hearn**

Denise Hearn is an advisor, author, and speaker who works with organizations, asset managers, and companies who want to use their resources to support a more equitable future. She is co-author of *The Myth of Capitalism: Monopolies and the Death of Competition* — named one of the Financial Times' Best Books of 2018 and endorsed by two Nobel Prize winners.

### **Elizabeth Burger**

Elizabeth Burger serves as the Manager of Operations and Policy at Social Venture Circle. She works alongside leadership to coordinate organizational development and implementation of policies and procedures of the organization.

### **Elizabeth Doty**

Elizabeth Doty is a former lab fellow of Harvard University's Edmond J. Safra Center for Ethics, a 2016 Top Thought Leader in Trust, and the founder of Leadership Momentum an organization which helps companies clarify and deliver on their most important commitments.

### **Erica Payne**

Erica Payne is the Founder and President of Patriotic Millionaires and founder of the Agenda Project. She is a compelling advocate for economic justice and author of *The Practical Progressive: How to Build a 21st Century Political Movement*.

### **Erika Karp**

Erika Karp is Founder and CEO of Cornerstone Capital Inc. Prior to launching Cornerstone, Erika was Managing Director and Head of Global Sector Research at UBS Investment Bank, where she chaired the UBS Global Investment Review Committee and managed a global team of analysts and strategists.



### **Holly Ensign-Barstow**

Holly Ensign-Barstow is the Director of Stakeholder Governance and Policy at B Lab.

### **Isabel Estevez**

Isabel Estevez is the Senior Policy Advisor for the Sierra Club and PhD candidate at the University of Cambridge. Her research and advocacy work is centered on policies for economy-wide transformation, particularly at the intersection between trade and industrial policy and investment strategy.

### **Janice Shade**

Janice Shade is an entrepreneur, writer, and founder of the Initiative for Local Capital. Her latest book is *Moving Mountains: The Power of Main Street Americans to Change Our Economy*. She also co-authored *Community Investment Funds: A How-To Guide for Building Local Wealth, Equity, and Justice*.

### **Jasper J. van Brakel**

Jasper J. Van Brakel is the CEO and President of RSF Social Finance. Prior to joining RSF, van Brakel was a partner at Newpark Capital, a private equity firm for impact-driven companies. He believes that innovative approaches are needed to address the significant social, cultural, and economic challenges of our time.

### **Jeff Clements**

Jeff Clements is the President and Board Member of American Promise and the American Promise Education Fund.

### **Jeffrey Hollender**

Jeffrey Hollender is the CEO, co-founder and Board Chair of the American Sustainable Business Council. He was also co-founder and CEO of Seventh Generation and the founder of Sustain Natural. He is currently an Adjunct Professor at the Stern Business School at New York University.

### **Joey Bergstein**

Joey Bergstein is the CEO of Seventh Generation. He has been pursuing the company's quest to transform the world into a healthier, more sustainable and more equitable place for all. He has 23 years of experience in marketing.

### **MaryAnne Howland**

MaryAnne Howland is the founder and president of Ibis Communications, Inc. She has more than 20 years of experience there where she has led a team of professionals in branding and marketing solutions directed toward a diverse and inclusive audience. She is also the Vice Board Chair at ASBC.



***Maureen Kline***

Maureen Kline is the Vice President of Public Affairs and Sustainability for Pirelli Tire North America. Prior to her public affairs and communications career, she worked as a journalist over a 15-year period, spending lots of time in Italy.

***Maya Fano-Caroti***

Maya Fano-Caroti is a current policy assistant at ASBC. She is a junior at American University majoring in International Relations with concentrations in Global Economy and Environmental Sustainability & Global Health. She is also minoring in International Business.

***Megan Birnbaum***

Megan Birnbaum is a former policy assistant at ASBC, focusing on the Race & Equity and Regenerative Agriculture initiatives. She is a senior at Bowdoin College majoring in Environmental Studies and Psychology with a minor in Spanish.

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Melissa Kelley is a former intern at ASBC and a rising sophomore at the University of Notre Dame. She is majoring in Finance and Economics and minoring in Sustainability.

***Michael Blakeslee***

Michael Blakeslee is a former intern at ASBC. He is a senior at the University of Michigan majoring in Economics and minoring in Business Administration. The focus of his studies is finding solutions at the crossroads of poverty and sustainability.

***Michael Peck***

Michael Peck is the co-founder of 1worker1vote. He also co-founded The Virtuous Cycle Collaboratory (tvc2) and has served as the International Delegate for the Mondragón Co-operative Corporation. He also serves as board secretary at ASBC.

***Mitch Rofsky***

Mitch Rofsky is the President and CEO of Better World Club. He has nearly two decades of experience of leading businesses and non-profit organizations that champion social responsibility, environmental stewardship, and environmentally friendly products. He is also treasurer on the ASBC board.

***Riane Eisler***

Dr. Riane Eisler is president of the [Center for Partnership Studies \(CPS\)](#), dedicated to research and education, Editor-in-Chief of the Interdisciplinary Journal of Partnership Studies, an online peer-reviewed journal at the University of Minnesota that was inspired by her work.



**Sarah Miller**

Sarah Miller is the Executive Director of the American Economic Liberties Project. Previously, she served as the Deputy Director of the Open Markets Institute and she is also Co-Chair of Freedom From Facebook.

**Suru Jayaraman**

Suru Jayaraman is the President of One Fair Wage. She is also Co-Founder of the Restaurant Opportunities Centers United (ROC United) and Director of the Food Labor Research Center at the University of California, Berkeley.

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Suzanne McDowell is the Co-CEO of King Arthur Flour and the Vice President of Corporate Responsibility and Sustainability.

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Tensie Whelan is the Director of NYU Stern School of Business's Center for Sustainable Business. She has 25 years of experience working on local, national and international environmental and sustainability issues to engage businesses in proactive and innovative mainstreaming of sustainability.

**Thea Lee**

Thea Lee is the President of the Economic Policy Institute. Lee has spent her career advocating on behalf of working families in national policy debates on issues such as wage inequality, workers' rights, and fair trade. She is co-author of *The Field Guide to the Global Economy*.

**Thomas Oppel**

Thomas Oppel is the Executive Vice President at the American Sustainable Business Council. He is the former Chief of Staff to the 75th Secretary of the United States Navy and has more than three decades of experience in management, communications, policy and political campaigns.

**Valerie Red-Horse Mohl**

Valerie Red-Horse Mohl is the former Executive Director of Social Venture Circle. She has over three decades of combined experience leading the way in the field of social impact; building and galvanizing the business world to create social, economic, and environmental change.

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