

JANUARY 2004

The Myth of the Middle?

Campaign 2004 on America's Middle Class

TODAY'S MIDDLE-CLASS FAMILIES ARE SUFFERING from overwhelming concern about making ends meet, affording everyday essentials, saving for the future, providing health insurance for their families in the face of rising unemployment and health care costs, and avoiding the bankruptcy that has become epidemic among middle income Americans.

While their financial health has changed over the last thirty years, the other expectations of them, such as a college education, holding a good job, and owning a home, have remained the same. As a result, families that find themselves making choices between the gas bill and mortgage payments still consider themselves middle class—in fact, nearly all of America does. This contradiction—between the ‘middle class state of mind’ and the financial pressures on middle class life—illustrates a failure of the American dream.

The Drum Major Institute for Public Policy has surveyed the major candidates for the Democratic Party's nomination for President on a set of important issues affecting the middle class—the cost of housing, education, childcare, and healthcare; unemployment; the minimum wage; the right to organize; credit card debt; bankruptcy, and more. In doing so, we intend to help Americans form an opinion about the candidates and where they stand on protecting the middle class and restoring the mobility of poor and working families who want to earn their way into the middle class. We intend to send the message that the challenges facing middle class families can no longer be neglected. And we intend to provide the basis for holding the eventual nominee accountable for his commitments to improving the lives of a group critical to stable neighborhoods and a stable America.

Why should we care about the Middle Class?

While the U.S. Census Bureau has no official definition of the “middle class,” conventionally it has come to represent a large swath of the American populace with incomes between approximately two hundred percent of the federal poverty threshold and those of the nation’s top-five percent income earners—roughly \$25,000 to \$100,000 a year (*U.S. Census Bureau*).

For most Americans, being middle class is more a state of mind than of income.

In 2003, having received less than \$400 on average of the President’s 2003 tax cut, the middle class was saddled with increases in the cost of nearly all everyday expenses, as well as suffering from sweeping unemployment and debt:

- **Unemployment:** Those employed as public administrators, teachers, and retail sales workers, earning anywhere from \$488 to \$1,124 a week, experienced average periods of unemployment as long as 11 weeks in 2003. (*Bureau of Labor Statistics*)
- **Bankruptcy:** In 2003, more than 92% of the 1.6 million Americans who filed for bankruptcy—one third citing “job loss” as the main reason for filing, and half citing “a serious health problem”—were in the middle class. (*USA Today*)
- **Credit Cards:** With most Americans holding at least 2 active credit cards, Americans maintained, on average, \$2,294 worth of credit card debt this year. (*American Cities Business Journal, Inc.*)
- **Education:** In 2003, college tuitions increased by nearly \$600 (14.1 percent) nationally. (*EdFUND*)
- **Healthcare:** Americans with incomes greater than 150% of the federal poverty threshold accounted for more than half (54%) of Americans without prescription drug coverage. Those with employer-provided health insurance programs saw their premiums rise by 13.9 percent nationally in 2003. (*Henry J. Kaiser Family Foundation*)
- **Childcare:** With nearly 60 percent of middle class families with children relying of non-parental forms of childcare, the cost of childcare swelled to as much as 40% of middle class families’ monthly income. (*Child Care, Inc.*)
- **Property Taxes:** According to a Citizen’s League survey of 108 major U.S. cities, property taxes rose by an average of 2.8 percent in 2003. (*Citizen’s League*)
- **Home Foreclosures:** Foreclosure rates reached a 30 year high in 2002, with more than 134,885 lenders initiating mortgage foreclosures in that year. (*Mortgage Bankers Association of America*)
- **Utilities:** In 2003, the cost of home heating oil increased by 25 to 40 percent. (*United States Department of Energy*)

A poll conducted by the Drum Major Institute for Public Policy of New Yorkers revealed shared concerns, across class, about their financial futures:

- **62% said they were worried about making ends meet** and being able to afford every day things.
- **46% said they spend more than half of their household income on essential items** such as health care, food, rent, and electricity, including one in five voters who spend more than two-thirds.
- **51% said they are rarely able to save money** from month to month.

These findings were echoed in a national survey of working American adults conducted by the Consumer Federation of America and Providian Financial Corporation in July 2003, revealing that of those polled:

- **Two-thirds with incomes under \$25,000 were “worried about their finances.”**
- **Half with incomes between \$25,000 and \$75,000 were “worried about their financial condition.”**
- **One-third of those earning over \$75,000 said they were “worried”** as well.

With an ever increasing number of working-class Americans comprising the bulk of the recently uninsured, unemployed, underemployed, and bankrupt, the election of 2004 is prime real estate to engage in a discussion about the future of America’s struggling middle class.

If elected, will you support the following?

							
	Clark	Dean	Edwards	Kerry	Kucinich	Lieberman	Sharpton
Increase in ceiling on income eligibility for Earned Income Tax Credit to include more middle-class working families	Yes	* LEFT BLANK	Yes	Yes	Yes	* LEFT BLANK	Yes
Raising the minimum wage with annual adjustments for inflation	Yes	Yes	Yes	Yes	Yes	* LEFT BLANK	Yes
Expansion of eligibility for Child Care Tax Credit	Yes	* LEFT BLANK	Yes	Yes	Yes	Yes	Yes
Bankruptcy Abuse Prevention and Consumer Protection Act of 2003	No	* LEFT BLANK	No	No	Yes	* LEFT BLANK	Yes
National Usury Law to limit how much interest credit card companies can charge customers	* LEFT BLANK	* LEFT BLANK	* LEFT BLANK	Yes	Yes	No	Yes
Increased federal regulation of the credit card and lending industries	* LEFT BLANK	Yes	Yes	Yes	Yes	Yes	Yes
Programs to support the reduction of student loan debt	* LEFT BLANK	Yes	Yes	Yes	Yes	Yes	Yes
Policies to make college tuition tax-deductible	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tax credits or refunds to individual Americans to pay for health insurance, including those in the middle class	* LEFT BLANK	* LEFT BLANK	Yes	Yes	Yes	Yes	Yes
Policies to advance a single-payer health care system	No	* LEFT BLANK	No	No	Yes	No	Yes
The Employee Free Choice Act, allowing a union to be certified if a majority of employees have signed authorization cards	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ban on permanent striker replacements	* LEFT BLANK	Yes	Yes	Yes	Yes	Yes	Yes
Expansion in eligibility for Unemployment Insurance	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* left blank = candidate chose not to respond with a "yes" or "no" to the question.

What are the 3 greatest challenges facing America's middle class?



Clark

1. Falling middle-class income
2. Rising health care costs and number of uninsured
3. Rise in college tuition and fees for public 4-year institutions



Dean

1. Jobs
2. Healthcare
3. Higher education



Edwards

1. Workers face fewer jobs and lower wages. We have lost nearly 3 million private-sector jobs in the last three years, while the median income has fallen by \$1,400.
2. The price of belonging to the middle class is skyrocketing. Families are struggling to afford housing, health care, childcare, and college tuition. Meanwhile, parents are working harder.
3. Families used to save more than one-tenth of their incomes, but now most are sliding deeper into debt. More parents will declare bankruptcy than get divorced. Predatory lenders, payday lenders, and credit card companies are robbing families of billions each year.



Kerry

1. Meeting basic expenses (health care, child care, tuition) as expenses rise faster than wages
2. Balancing responsibilities of work with that of parenting and caring for family elders
3. Obtaining affordable health care



Kucinich

1. Affordability of health care
2. Quality and affordable pre-K through college education
3. Preservation of jobs at good wages



Lieberman

1. Rising health care premiums and loss of health care insurance
2. Cost of college tuition, child care and care of elderly
3. Fall in income over the past 3 years



Sharpton

1. Ensuring high quality health care
2. Ensuring high quality education
3. The shrinking number of jobs due to the economic policies of our current government

What 3 policies would you seek to implement as President to restore mobility into the middle class for poor and working-class Americans?



Clark

1. Families first tax reform which will eliminate federal income taxes for families making less than \$50,000 and lower federal income taxes for families making less than \$100,000
2. Raise the minimum wage to \$7 an hour by 2007
3. Provide health insurance for 31 million Americans who lack coverage and lower premiums for those who currently have coverage but face rising costs



Dean

1. Fund to Restore America: a 2-year, \$100 billion fund designed to add more than 1 million new jobs
2. Health Care for America: making health care affordable and including more Americans into the health care programs that already exist
3. Invest for Success: a \$110 billion, 10-year commitment helping parents get pre-school, medical care and childcare support



Edwards

1. Make middle-class life affordable. Pass new laws to stop abusive predatory lending, payday lending, and credit card abuses. Offer tax cuts to help families save, expand access to affordable health insurance; expand daycare and after-school options; and make college universally affordable.
2. Lift 10 million Americans out of poverty. Reward work by expanding tax credits for low-income workers and raising the minimum wage. Parents should be held responsible for child-support.
3. Create 5 million new jobs in the first two years of my term. Insist on fair terms of trade for American workers, cut taxes for companies that create jobs here instead of exporting them, and bring venture capital to start businesses where jobs are needed most.



Kerry

1. College Opportunity Tax Credit to make four years of college affordable
2. Increase the minimum wage and index it to inflation
3. Create new high-paying jobs through new manufacturing jobs credit, by investing in new energy industries, by restoring the technology sector and providing fiscal relief to states.



Kucinich

1. Repeal Bush tax cuts for the rich and restore a fairer tax structure, 'Progressive Tax Act of 2003'
2. Restore balance between workers and corporations, including 'card check' for union organizing efforts; enactment of a living minimum wage indexed to inflation
3. Restoration of full Social Security benefits at age 65; passage of single-payer, universal enhanced 'Medicare for All' that un-links health care from employment status



Lieberman

1. Reduce the poverty rate by 1/3 over the next decade by increasing the minimum wage to \$7 per hour as well as the Earned Income Tax Credit
2. Fully fund the reforms of 'No Child Left Behind,' expand Head Start and increase grants and loans that give more young people a chance at college
3. Insure the 31 million Americans that are currently uninsured by giving them the chance to buy into low-cost, high quality insurance pools, like federal employees can



Sharpton

1. Education is the key to success, so striving to provide children the best education possible is a must.
2. A fair tax plan that helps the working and middle classes.
3. Providing all our citizens with health care is something we as a nation should strive for.

What policies have you already advanced to improve the lives of the middle class?



Clark

1. As Division Commander at Ft. Hood, TX, responsible for the quality of 17 schools and ordered that soldiers should have days off to enable them to keep appointments with their kids' teachers.
2. Worked to improve the quality of military housing for soldiers under my command.
3. Fought to improve military health care for soldiers.



Dean

1. While governor of VT 56,000 new jobs were created, the state's workforce increased 20%, new businesses came to VT and our downtowns were revitalized
2. In VT, nearly 92% of adults have health coverage, 99% of all VT children are eligible for health insurance and about 96% have it.
3. Success by Six, 9 out of 10 parents with a newborn baby receive a home visit from a community outreach worker to put parents in touch with services



Edwards

1. I worked with John McCain and Ted Kennedy to reach bipartisan consensus on the Patients' Bill of Rights. President Bush blocked this legislation to protect patients from abuses by their HMOs.
2. The Bush Administration's revisions to the "new source review" regulations are the largest rollback of our clean air laws in history. I led the fight on the Senate floor against this corporate giveaway.
3. I co-authored legislation to stop brand companies from blocking entry of cheaper generic drugs onto the market and fought to rein in misleading drug advertising.



Kerry

1. Fought to make health care affordable and to expand coverage so that more middle class Americans can afford quality health care for their families
2. Worked with President Clinton to create jobs, cut taxes for the middle class and make college more affordable
3. Stood up against Newt Gingrich and the Republican's attempt to slash Medicare and Social Security



Kucinich

1. Introduced in Congress the 'Universal Pre-Kindergarten Act' to establish pre-K education programs all across America
2. Developed innovative financial mechanism for giving cities and states interest-free, 30 year loans for public works programs to create jobs and rebuild nation's infrastructure
3. Developed a comprehensive plan to end the war (and massive war spending) in Iraq by getting the UN in and the US out within 90 days of enactment



Lieberman

1. As the Attorney General, I have stood with single moms against dead beat dads, prosecuted polluters and fought corporations that broke the law to prey on consumers
2. Fought hard to spur innovation, create jobs and keep government's books in balance
3. Championed the creation of a Dept. of Homeland Security to better protect Americans from terrorist attack



Sharpton

1. I've spoken out on many issues others would not, including health care for everyone, justice for those who rarely seem to get it, and increased voter registration in the parts of the country that are often overlooked. I have made it my life's goal to speak out on behalf of those that would otherwise not have a voice. No other candidate has the civil rights activism record that I do.

As President, how do you intend to restructure the tax code to address the needs of middle-class families?



Clark

I have proposed the Families First Tax Reform to make the tax code simpler, fairer, more Progressive and more pro-growth. The plan eliminates federal income taxes entirely for a family of 4 making \$50,000 a year or less and gives some tax relief to all families making less than \$100,000 annually. I pay for this plan by closing corporate tax loopholes, asking those making more than 1 million to pay a 5% surcharge on income over a million dollars.



Dean

Repeal the Bush tax cuts and use those funds to pay for universal health care, homeland security and investments in job creation that benefit all Americans. Create a fairer and simpler system of taxation. Assure that Social Security and Medicare are adequately funded. Set the nation on the path to a balanced budget, recognizing that we cannot have social or economic justice without a sound fiscal foundation.



Edwards

I will cut taxes for middle-class families to help them save and invest and buy a first home so they can get ahead. I will also cut taxes to help low-income workers make ends meet and help families pay for health insurance and welcome a newborn child. I will roll back Bush tax cuts that benefit only the top 2 percent of taxpayers and set the tax rate on the investment income of the wealthiest Americans equal to the tax rate paid by middle-class Americans on their earned income.



Kerry

I will roll back Bush's tax cuts for the wealthiest Americans to invest in education and healthcare. I would not raise taxes on middle class families by reversing the increases in the child tax credit, the reduced marriage penalty and the new 10 percent tax bracket. I'll give new tax credits to the middle class to make health care, after school programs and college tuition more affordable.



Kucinich

On Dec. 8, 2003, I introduced in Congress the "Progressive Tax Act of 2003" that would give \$87 billion per year in tax relief to middle class families... The two key features benefiting the middle class are (1) a \$1530 annual Payroll tax credit for working people and (2) a \$2,000 per year Simplified Family Tax Credit which consolidates the EITC, the Child and Additional Child Credits, and the exemption for children into a single simplified family credit.



Lieberman

Reset the top two income tax rates that Bush lowered to allocate the individual tax burden more fairly. Cut taxes for 98% of taxpayers. Restore dividend tax that Bush repealed and reform estate tax that Bush repealed. Eliminate wasteful corporate loopholes and subsidies that Bush protected.



Sharpton

I would create Tax Fairness by reversing the Bush Tax Plan for the wealthiest and giving the biggest tax breaks to the working people of our nation. That way we can use our tax dollars on economic development, improving schools, protecting the right to vote here at home before shipping our dollars overseas.

Who is the Drum Major Institute for Public Policy?

The Drum Major Institute for Public Policy is a non-partisan, non-profit organization dedicated to challenging the tired orthodoxies of both the right and the left. The goal: progressive public policy for social and economic fairness. DMI's approach is unwavering: We do not issue reports to see our name in print or hold forums for the sake of mere talk. We seek to change policy by conducting research into overlooked, but important social and economic issues, by leveraging our strategic relationships to engage policymakers and opinion leaders in our work, and by offering platforms to amplify the ideas of those who are working for social and economic fairness.

Originally called the Drum Major Foundation, DMI was founded by Harry Wachtel, lawyer and advisor to Rev. Dr. Martin Luther King, Jr. during the turbulent years of the civil rights movement. DMI was relaunched in 1999 by New York attorney William Wachtel, Harry's son, Martin Luther King III, and Ambassador Andrew Young. Today, energized by the nationally recognized leadership of Fernando Ferrer, DMI is committed to adding a rigorous progressive voice to compete in the marketplace of ideas.

For more information about this survey, or our “Myth of the Middle” polling of New Yorkers, please visit www.drummajorinstitute.org.

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