



The Iowa Policy Project

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Statement from the Iowa Policy Project about the introduction of the Rebuild America Act by Senator Tom Harkin of Iowa, chair of the Health, Education, Labor and Pensions Committee:

The legislation proposed today by Senator Harkin offers several steps that would benefit the middle class and rejuvenate the American economy. Over the last 10 years our organization has recommended policies that are touched on by several parts of the Senator's comprehensive proposals to fix the American economy.

Especially, the Iowa Policy Project would note proposals to:

- **Strengthen Social Security**, in part by phasing out the current cap of \$110,100 on income subject to payroll taxes, to make those taxes apply fairly to every dollar of wages. This would, as sponsors hope, extend the life of the trust fund and decrease the 75-year actuarial deficit. As [IPP's Peter Fisher has noted](#), the main cause of erosion of the trust fund is growing wage inequality over the past 40 years. "Since most of the wage gains have gone to the highest earners, while the average worker's wages have barely kept up with inflation, a larger and larger share of wages are above the cap, contributing nothing to Social Security." By lifting the cap, Social Security would be put on sound financial footing. This proposal is an important counterbalance to so-called "reforms" designed mainly to weaken Social Security and undermine its widespread public support, threatening retirement security for millions of Americans.
- **Establish a fair minimum wage**, raising the current \$7.25 federal minimum in three annual steps to \$9.80 per hour, and indexing it to inflation afterward. It is very difficult politically to keep the minimum wage current without indexing it — a step IPP has advocated for over 10 years. As we noted [recently](#), Iowa's minimum wage this year would be at \$7.90 had it been indexed at the time of the last increase, in 2007. Increases in everyday costs affect working families at low and moderate incomes more than any other American. It is important to stop the erosion of this important standard.
- **Create 21st century renewable energy systems**, supporting community efforts to comprehensively renovate energy systems. IPP analysis through the years has demonstrated tremendous economic potential in sustainable technologies including [wind](#) and [solar energy](#), and has illustrated through its [Green Bike Tour](#) projects that communities have found ways in Europe and the United States to strategically retool themselves with new energy technology. The community emphasis is especially important. Right now, there are [four Iowa communities](#) in the Waterloo-Cedar Falls area that are approaching energy-efficiency strategies in this way. It makes sense to do the same with community-wide energy systems.
- **Restore fairness to the tax code and ensure fiscal responsibility**, through various proposals that include President Obama's so-called "Buffett Rule" plan that would ensure an effective tax rate of at least 30 percent on annual income over \$1 million, and ending tax breaks for companies that ship jobs overseas. IPP has long noted the inequities that exist in both federal and state tax law, and the problem of tax policies and subsidies that do not encourage better-paying, homegrown jobs.

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