NATIONAL WOMEN'S LAW CENTER
Justice for Her. Justice for All.

RECKONING WITH THE HIDDEN RULES OF GENDER IN THE TAX CODE:

How Low Taxes on Corporations and the Wealthy Impact Women's Economic Opportunity and Security

ROOSEVELT INSTITUTE
REIMAGINE THE RULES

AUTHORS
Katy Milani, Melissa Boteach, Steph Sterling, Sarah Hassmer

NOVEMBER 2019

ABSTRACT

The tax code helps set the rules for how our economy works and how wealth and power are distributed. Low taxes on the wealthy and corporations result in fewer revenues, which lead policymakers to constrain investments in programs and benefits important to women. A powerful but lesser-known effect is how these low taxes also incent or enable behaviors that have negative downstream effects on women's economic well-being, stability, and opportunity.

In "Reckoning With the Hidden Rules of Gender in the Tax Code: How Low Taxes on Corporations and the Wealthy Impact Women's Economic Security and Opportunity," we discuss how low taxes for the wealthy and corporations have played a role in enabling – and in some instances encouraging – those with the highest incomes and the most capital to accumulate outsized wealth and power in our economy. Centuries of discrimination and subjugation of women and people of color interact today with widening economic inequality such that white, non-Hispanic men are disproportionately represented among the wealthiest households, while labor and economic contributions from women of color are consistently undervalued. Power and wealth beget power and wealth, and accordingly, an agenda to advance racial and gender justice must reckon with these rules – including provisions in our tax code – that perpetuate and enable these inequities.

This report describes several substantial ways that low taxes for the wealthy have failed to deliver on the promise of widespread prosperity, have failed low-income women and families, and have contributed to or exacerbated the compounding economic effects of gender inequality. We do this by showing how the following tax policies negatively impact low-income women and their families: the ongoing erosion of taxes on intergenerational wealth transfers, the code's preferential treatment of capital over income, the reduction of effective rates on the highest income earners, treatment of pass-through income, and the tax code's preferential treatment of debt. The report then offers a set of reforms to better leverage the tax code to advance gender and racial equity.

NATIONAL WOMEN'S LAW CENTER
Justice for Her. Justice for All.

ABOUT THE NATIONAL WOMEN'S LAW CENTER

The National Women's Law Center fights for gender justice – in the courts, in public policy, and in our society – working across the issues that are central to the lives of women and girls.

We use the law in all its forms to change culture and drive solutions to the gender inequity that shapes our society and to break down the barriers that harm all of us – especially those who face multiple forms of discrimination. For more than 45 years, we have been on the leading edge of every major legal and policy victory for women.

ROOSEVELT INSTITUTE
REIMAGINE THE RULES

ABOUT THE ROOSEVELT INSTITUTE

Until the rules work for every American, they're not working.

The Roosevelt Institute is a think tank and student-driven national network that believes in an economy and democracy by the people, for the people. The few at the top – corporations and the richest among us – hold too much wealth and power today, and our society will be stronger when that changes. Armed with a bold vision for the future, we want our work to move the country toward a new economic and political system: one built by many for the good of all.

ACKNOWLEDGEMENTS

AUTHORS

Katy Milani is the director of advocacy and policy for the Roosevelt Institute's research, policy, and strategy work to rein in corporate power. Her work focuses on financial regulation and corporate governance. She has an M.S. in regulation from the London School of Economics and a bachelor's degree in international affairs and Spanish from the University of Colorado.

Melissa Boteach is the vice president for income security and child care/early learning at the National Women's Law Center. She oversees NWLC's advocacy, policy, and public education strategies to ensure that all women and families have the income and supports they need to thrive. Melissa has a master's of public policy from the George Washington University; a master's of equality studies from University College Dublin, where she studied women in social movements; and a bachelor's degree in government and Spanish from the University of Maryland.

Steph Sterling is the vice president for advocacy and policy at the Roosevelt Institute. She holds a J.D. from the Georgetown University Law Center and a B.A. from Brown University.

Sarah Hassmer is a senior counsel for income security for the National Women's Law Center, advocating for policies to increase economic security for low-income women, children, and families. Her portfolio includes federal and state tax policies, federal anti-poverty programs such as food and housing assistance, and the 2020 Census. Sarah received her J.D. from the Georgetown University Law Center and B.A. in political science from Randolph-Macon Woman's College.

DESIGN & PRODUCTION

Andres de la Roche, *ADELAROCHE DESIGNS*

The authors thank Kate Bahn, Jeremy Bearer-Friend, Seth Hanlon, Greg Leiserson, and Kitty Richards, as well as all those who contributed to the executive summary and all three reports in this series, for their invaluable and smart feedback.* Nell Abernathy from the Roosevelt Institute provided strategic guidance on this project. Jess Forden from Roosevelt and Jasmine Tucker from NWLC provided research assistance. Kendra Bozarth, Debarati Ghosh, Matt Hughes, Victoria Streker, and Ariela Weinberger from Roosevelt and Julie Vogtman, Catherine White, Amy Matsui, and Bitsy Skerry from NWLC all contributed to the project.

This report would not have been possible without the generous support of Groundwork Collaborative.

DISCLAIMER

Text, citations, and data are current as of the date of publication. This report does not constitute legal or tax advice; individuals and organizations should consult with counsel related to specific tax matters.

**Inclusion in the acknowledgement section does not indicate endorsement of this report.*

TABLE OF CONTENTS

NOTE ON TERMINOLOGY

This report analyzes data from multiple sources that use varying terms when referring to different racial groups. Throughout this report, we use the terms "Black women" or "Black men" when the data refers to women or men who are Black or African American. We use the terms "Latinx women" or "Latinx men" to refer to women or men who are Hispanic or Latino. Due to slight differences in how white women and men are defined in the sources throughout this report, we use the term "white" to refer to them. Please reference the individual sources cited for further detail on race categories.

INTRODUCTION

Tax policy is one of the most powerful tools we have to shape our economy. Tax policy determines if there are sufficient revenues to invest in national priorities. Who and what are taxed – and how those tax dollars are distributed – can shift resources from one area of the economy or group of people to another, with reverberations across generations. Tax policy can also influence the choices of individuals and corporations before even a cent of revenue is collected, and does so in ways that exacerbate or mitigate inequality.

In other words, the tax code helps set the rules for how our economy works and how wealth and power are distributed – all of which carry significant consequences for women's economic well-being, stability, and opportunity. For a more equitable economy – one that works for women of color and the families who depend on them – we must examine the ways certain parts of the tax code funnel wealth and power toward those with more of both and away from those who have less.

There are a number of ways today's tax code fails women. Decades of tax cuts on rising corporate profits and the incomes of the wealthy have resulted in insufficient revenues, which, in turn, have undermined programs and benefits important to women. From inadequate funding for child care assistance to ongoing attempts to dismantle Medicaid, the diminution of public spending that stems, in part, from strained revenues contributes to the economic precarity of women and families. By comparison, other developed democracies have raised revenues to expand services and investments beyond anything contemplated in the United States.[1] This component of tax justice, discussed in further depth in an accompanying report, "A Tax Code for the Rest of Us,"[a] is critical for women.

There is, however, another powerful line of argument that deserves a place in the tax justice and gender justice agenda. Over the last five decades, tax cuts for the wealthy and corporations have played a role in enabling – and in some instances encouraging – those with the highest incomes and the most capital to accumulate outsized wealth and power in our economy. Centuries of discrimination and subjugation of women and people of color interact today with widening economic inequality such that white, non-Hispanic men are disproportionately represented among the wealthiest households, while labor and economic contributions from women of color are consistently undervalued. Power and wealth beget power and wealth, and accordingly, an agenda to advance racial and gender justice must reckon with these rules – including provisions in our tax code – that perpetuate and enable these inequities.

a *A Tax Code for the Rest of Us: A Framework & Recommendations for Advancing Gender & Racial Equity Through Tax Credits* describes how low-income families, women, and people of color are underserved by both direct spending programs and existing tax subsidies and argues that the tax code can and should do more to advance equity, economic mobility, and opportunity for all.

In this report, we argue that a tax policy agenda that centers women's economic security must examine the ways in which decades of lower taxes on the wealthy and corporations have served to concentrate wealth and power and, in doing so, have contributed to the economic precarity experienced by millions of women and their families.

Today, low-income women and their families face a range of economic challenges.

Ongoing employment discrimination; overrepresentation in poorly paid jobs; a gender wage gap for women of all races and ethnicities but even greater gap for Black, Latinx, Native, and Native Hawaiian and Pacific Islander women; greater responsibilities for unpaid caregiving; and a lack of supports balancing breadwinning and caregiving mean that women are more likely than men to face economic insecurity at every stage of life.[2] These disparities translate into hundreds of thousands of lost dollars over the course of women's lifetimes and ultimately undermine the ability to build wealth and retire with dignity.[3] This affects not just women but the families who rely on them. Forty-one percent of women are the sole or primary breadwinner for their households, and two-thirds of families rely on a mother's income.[4] When women's work is undervalued, society overall suffers. While these ills may not be directly traceable to failures of tax policy, tax policy plays a role in amplifying them and, thus, has a critical role to play in redressing them.

This report is divided into three sections.

SECTION I describes how tax policy can be a powerful tool to redress inequity and outlines several ways "trickle-down" tax cuts for the rich failed to deliver on promised economic growth and prosperity for all.

SECTION II examines specific ways lower taxes on the wealthy and corporations have given rise to or exacerbated inequality and harmed women. These include:

- How the tax code's treatment of inherited wealth and preference for income from wealth over income from work exacerbates rather than rectifies historic and current race and gender wealth disparities.
- How low effective tax rates on the highest earners and new tax breaks for "pass-through" income create incentives for executives and employers to use their greater power over workers – often women and people of color – to further pay and power disparities.
- How the tax code's preferential treatment of debt has encouraged the rise of predatory financial firms, such as private equity, that strip value from companies and harm workers, including at many companies where the workforce is predominantly women and people of color.

SECTION III proposes a set of tax policy reforms that would help reshape how income, wealth, and power are distributed in our economy, and, by extension, would contribute to advancing gender and racial economic equity.

Three important notes: First, we are not arguing that shifts in tax policy over the last few decades alone have produced the unequal distribution of wealth and power that adversely affects women of color, nor that tax policy changes on their own will address it. Nor are we arguing that our proposed solutions should result in a more equal distribution of women and people of color among the wealthy within the existing, highly unequal economic structure. Rather, we argue that maintaining any form of the vast economic inequality we have today will continue to produce negative outcomes for the women and people of color at the bottom of the economic ladder, and that a tax agenda should be part of a gender justice agenda that rebalances and dismantles these inequalities to create broadly shared prosperity and gender and racial equity.

"TRICKLE DOWN" TAX CUTS UNDERMINE EQUITY

Tax policy is a powerful force to redress inequity. Unfortunately, "trickle-down" tax cuts have moved the United States in the wrong direction. Tax cuts for the wealthy and corporations have not delivered faster growth, and there is evidence that reductions in government investments that have followed significant tax cuts have actually hurt the economy.

Tax policy is among the most powerful tools we have to mitigate – or exacerbate – economic inequality. It operates in three interconnected but distinct ways, with real consequences for the economic security of women and their families:[5]

- **RAISES REVENUE.**
  First, taxes provide the revenues needed for the government to provide goods and services that the private market either does not or cannot adequately provide to all citizens, including investments that bolster economic opportunity for low- and moderate-income people.
- **STRUCTURES AFTER-TAX INCOMES AND WEALTH.**
  Second, tax policy can determine the after-tax incomes and wealth of individuals and businesses; that is, tax policy can widen income and wealth disparities by taxing those with lower incomes or less wealth disproportionately more than those with higher incomes or more wealth, or vice versa.
- **SHAPES BEHAVIORS OF KEY ECONOMIC ACTORS.**
  Finally, tax policy can change the behavior of market participants – including workers, consumers, small-business owners, multinational corporations, and corporate executives – in ways that shape the distribution of income, wealth, and power in the market before taxes are even collected.

Unfortunately, over the last five decades, lawmakers have bought into a flawed economic worldview that says that gains for the richest households and corporations would "trickle down" to benefit working people and the economy in the form of higher wages, lower prices, better benefits, greater corporate investment in innovation, or expansion of new and better jobs. Contrary to this theory, tax cuts for the wealthy and corporations have not delivered faster growth, and there is evidence that reductions in government investments that have followed significant tax cuts have actually hurt the economy.[6]

The following sections explain how "trickle-down" tax cuts have undermined the role of taxes in fighting inequality across all three of its functions – with particularly harmful effects for women and people of color.

TRICKLE-DOWN TAX CUTS UNDERMINE REVENUE COLLECTION, CONSTRAINING EQUITABLE INVESTMENTS

One of the primary roles of the tax code is to raise revenue. Revenue is essential to make public investments that mitigate the historic and persistent effects of gender and racial discrimination, improve the lives and economic opportunities of low-income women and their families, and lay the groundwork for broadly shared economic prosperity.

Over time, however, tax cuts for the wealthy have undercut the revenue-raising function of the tax code. The Tax Cuts and Jobs Act of 2017 (TCJA), for example, which primarily targeted tax cuts to the wealthiest households and corporations, generated $1.9 trillion in deficits.[7]

Months after the TCJA's passage, President Trump used those deficits to justify proposed cuts to nutrition assistance, affordable housing, and educational programs that disproportionately benefit women and people of color. An NWLC analysis of the White House's FY 2020 budget proposal found that the first year of budget outlays included $62 billion in cuts to major programs disproportionately serving women and families.[8] In contrast, the TCJA's corporate tax cut is estimated to cut corporate tax revenue by $125.3 billion in 2019 alone.[9]

Moreover, insufficient revenue limits the willingness of lawmakers to make investments that are central to gender justice. Take, for example, affordable and high-quality child care, a central priority to advance gender and racial equity. Yet, under current law, only about one in six children eligible for federal child care assistance receives it.[10] Mothers of young children with access to affordable child care are more likely to work, and to be able to work more hours, bolstering their economic security.[11] In contrast, research shows that when women leave the labor force to engage in unpaid caregiving for children, people with disabilities, or aging parents, it has a compounding effect on their lifetime earnings and their ability to accumulate wealth.

A recent analysis from the Center for American Progress, for example, estimated that a woman who is being paid the median salary for younger full-time, full-year workers and who takes five years off at age 26 to care for a child would lose $467,000 over her working career.[12] In addition, the professional child care workforce, comprised disproportionately of women of color, is often paid low wages,[13] with the median hourly child care worker paid just $11.17 an hour, or $23,240 a year.[14] These low wages leave the essential professionals who care for our children struggling to make ends meet for their own families.[15] This is one example of ways in which lawmakers often constrain investments in gender justice priorities, with the justification that "we cannot afford it," while cutting taxes for the wealthy.

TRICKLE-DOWN TAX CUTS ERODE THE EQUITABLE DISTRIBUTION OF AFTER-TAX INCOME AND WEALTH

In addition to raising revenue, tax policy structures the after-tax incomes and wealth for all of us. As a result, tax policy has an enormous role to play in whether the tax code reduces inequality, exacerbates inequality, or does little or nothing to affect it.

The extent to which tax policy reduces or exacerbates inequality depends in part on whether the tax code is progressive or regressive. While there are different ways to think about whether the tax code overall, or any given tax, is progressive or regressive, one way to understand these terms is that a progressive tax code is one in which people with higher incomes or more wealth pay a larger share of their income, on average, than people with lower incomes or less wealth.

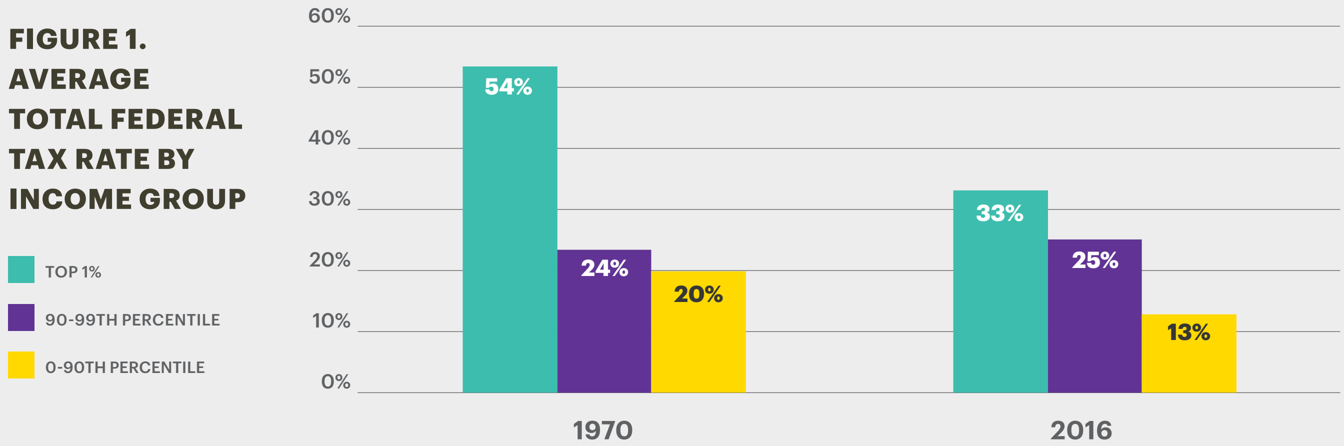
A 2012 paper from the Center for American Progress describes well the relationship between the progressivity of the tax code and inequality:

> *If every household in the United States paid exactly the same share of their income in federal taxes – if everyone's effective tax rate was the same – then the distribution of income after federal taxes would be precisely identical to the distribution of income before taxes. If the tax code asks higher-income households to pay, on average, higher taxes than middle- and low-income households then the post-tax incomes of rich households will be reduced by a greater amount than the post-tax incomes of those in the middle and at the bottom. The tax code only makes a difference to income inequality if households at different points on the income spectrum pay different effective tax rates. This would result in an after-tax distribution of income that is more evenly spread than the pre-tax distribution. This means that the more progressive the tax code is, the more it will reduce inequality.*[16]

The federal tax code overall is progressively structured; that is, higher income households pay a larger share of their income, on average, in taxes than lower income households. However, a series of failed "supply-side" tax cuts have dramatically undercut the role taxes play in reducing inequality and the concentration of wealth.[17] Though assessments vary, a number of researchers have found that the tax code has become less progressive over the last several decades, particularly at the high end of the income distribution. According to work from economists Thomas Piketty and Emmanuel Saez, for example, people with incomes in the top .01 percent paid over 70 percent of their income in federal taxes in 1960, but just 35 percent of their income in 2004, while federal tax rates during this same period for middle-class households remained relatively constant.[18] More recently, the TCJA's tax cuts were heavily weighted toward the wealthy, with analysis by the Tax Policy Center showing that by 2027, 83 percent of the TCJA's tax cuts will flow to the top 1 percent of households.[19]

Today, the federal tax code is far less progressive than it should or could be. There are a number of reasons for this, some of which will be described in detail in Section II, including cuts to top tax rates, the expansion of various tax benefits that flow disproportionately to the rich, and tax preferences for "capital income," or income that comes from wealth rather than from work. These cuts have been accompanied by corporate tax cuts, which further undercut the inequality-fighting power of the tax code.

FIGURE 1. AVERAGE TOTAL FEDERAL TAX RATE BY INCOME GROUP



Source: Author calculations based on Thomas Piketty & Emmanuel Saez, *How Progressive is the U.S. Federal Tax System? A Historical and International Perspective*, 21 J. Econ. Perspectives 3, 13 (2007), https://eml.berkeley.edu/~saez/piketty-saezJEP07taxprog.pdf; Tax Pol'y Ctr., Historical Average Federal Tax Rates for All Households (July 19, 2019), https://www.taxpolicycenter.org/statistics/historical-average-federal-tax-rates-all-households.

A tax code that does too little to reduce inequality is a gender and racial justice issue. A substantial body of literature outlines how the effects of various forms of race and gender discrimination compound on each other and over time. Employers pay women across their lifetimes less than men, as a result of occupational segregation, implicit and explicit bias, women's disproportionate responsibility for unpaid caregiving, and other factors.[20] Black women working full-time, year-round are typically paid only 62 cents for every dollar paid to their white, non-Hispanic male counterparts – leading to a lifetime loss of $946,120.[21] Other women of color also face a gender wage gap. For every dollar paid to their white, non-Hispanic male counterparts, Latinx women are paid only 54 cents, Native Hawaiian and Pacific Islander women are paid only 61 cents, Native women are paid only 57 cents, and Asian women are paid only 90 cents (with some subgroups of Asian women facing an even larger wage gap).[22] Women of color also face enormous wealth disparities attributable not only to these ongoing pay inequities, but historical discrimination and subjugation that reverberates today. As described below, lawmakers have intentionally limited wealth-building opportunities for women and people of color throughout history. Today, the intergenerational transfer of wealth built off these inequities means that Black and Latinx women often start with substantially less wealth at birth than white men.[23]

Tax cuts for the rich funnel even more income and wealth to those who have benefited most from the economic status quo. A more progressive tax code is thus a more just tax code for women and their families, especially women of color.

TRICKLE-DOWN TAX CUTS SHAPE BEHAVIORS EXACERBATING GENDER AND RACIAL INEQUALITY

Tax policy also plays a role in shaping the behaviors of market participants – including workers, consumers, small-business owners, multinational corporations, and corporate executives. For example, there is evidence that regressive changes to the federal tax code have increased the power and willingness of high-earning individuals to hoard income in the market, ensuring that they take home more than is fair or economically efficient for the goods and services they provide.[24] In fact, this dynamic may actually have contributed to wage stagnation for lower income workers over the past several decades.[25] More recent provisions, such as new tax breaks for "pass-through" income in the TCJA, have also provided incentives for some employers to misclassify workers in ways that may further undermine both their compensation and power.

The following sections delve into greater detail on specific ways that particular features of, and changes to, the tax code have benefited the very wealthy, often at the expense of low-income women.

BOX 1. TWO CASE STUDIES ILLUSTRATE THE FAILURE OF TRICKLE-DOWN TAX CUTS TO DELIVER BENEFITS TO WOMEN AND PEOPLE OF COLOR

Trends in corporate spending following the passage of the TCJA, which reduced the corporate tax rate from 35 percent to 21 percent, effectively illustrate how trickle-down tax cuts have not delivered on their promise and, in fact, have exacerbated inequality.[26]

Contrary to claims made by the law's proponents that workers would see significant boosts in pay, neither workers nor, to date, productive, new corporate investments have been the primary beneficiary.[27] The tax law did, however, result in a significant windfall to shareholders and executives in the form of stock buybacks and dividends.[b] Companies in the S&P 500, for example, set a new all-time record for stock buybacks and total shareholder returns in 2018, with the amount of money companies spent to reward share sellers totaling over $1 trillion.[28] In other words, during a period when wages for average workers were barely keeping up with inflation, corporations used their tax breaks to collectively pay $1 trillion to executives, boards of directors, and share sellers.

The following case studies provide illustrations of how the massive windfall from corporate tax cuts has enriched shareholders, rather than benefiting low-income workers, who are disproportionately women and people of color:[29]

STARBUCKS

Starbucks' workforce is 68 percent women and almost half people of color.[30] In 2018, the year following passage of the TCJA, Starbucks increased spending on buybacks by nearly 240 percent to $7.2 billion.[31] The spending on buybacks outpaced the company's net profits by 159 percent,[32] which means Starbucks tapped into cash reserves or borrowed to pay shareholders. The $7.2 billion spent to reward shareholders could have paid for a $24,729 compensation increase for its 291,000 workers.[33] That compensation increase could help a mother pay for 12 months of child care, nine months of groceries, eight months of rent, and 12 months of health insurance premiums.[34] The median worker pay at Starbucks is $12,754.[35]

HILTON WORLDWIDE

While Hilton Worldwide Holdings is recognized for being an inclusive workplace, it is also providing enormous payouts to shareholders – rather than using those funds to substantially raise the pay of its workers. Fifty-three percent of Hilton's workforce is women and 69 percent people of color.[36] The median worker pay is $36,530.[37] In 2018, Hilton's spending on buybacks grew by 98 percent to nearly $1.8 billion.[38] This outpaced the company's net profit by 231 percent.[39] This means the hotel conglomerate used cash reserves or borrowed to reward shareholders. The $1.8 billion spent on shareholders is equal to $10,444 per worker.[40] That compensation increase could pay for more than three months of child care, four months of groceries, four months of rent, and three months of health insurance premiums.[41]

Almost none of the windfall provided to shareholders in the form of stock buybacks and dividends as a result of the TCJA accrued to the benefit of low-income women or women of color. In addition, the corporate tax cut cost $125.3 billion in lost revenue in 2019 alone.[42] This could have provided child care assistance for about 4.4 million low-income children, Pell Grant awards to 5.3 million low-income students, Supplemental Nutrition Assistance Program (SNAP) benefits to 20.6 million people struggling to put food on their table, and a housing choice voucher to 3.2 million households.[43]

b Stock buybacks occur when a company repurchases shares of its own on the open market, which reduces the number of shares available and thus raises the price of remaining shares. For an extended discussion of stock buybacks, *see, e.g.*, Irene Tung & Katy Milani, *Curbing Stock Buybacks: A Crucial Step Toward Raising Worker Pay and Reducing Inequality*, Nat'l Emp. L. Project & Roosevelt Inst. (July 2018), https://s27147.pcdn.co/wp-content/uploads/Curbing-Stock-Buybacks-A-Crucial-Step-in-Raising-Worker-Pay.pdf.

LOW TAXES FOR THE RICH EXACERBATE INEQUALITY

This section describes some specific examples of ways low taxes for the richest shape corporate and individual behavior, have given rise to or exacerbated inequality, and have led to downstream harmful effects for women and their families.

In this section, we illustrate some ways that specific changes to the tax code over time have operated in our economy and describe their effects on women. While all of these examples have significant revenue implications, this section focuses on the ways in which tax policies shape corporate and individual behavior – and the negative downstream effects on women's economic stability. For more information on how reduced revenues undermine gender justice and disproportionately harm low-income families, women, and people of color, see an accompanying report, "A Tax Code for the Rest of Us."

EXACERBATING GENDER AND RACIAL WEALTH GAPS

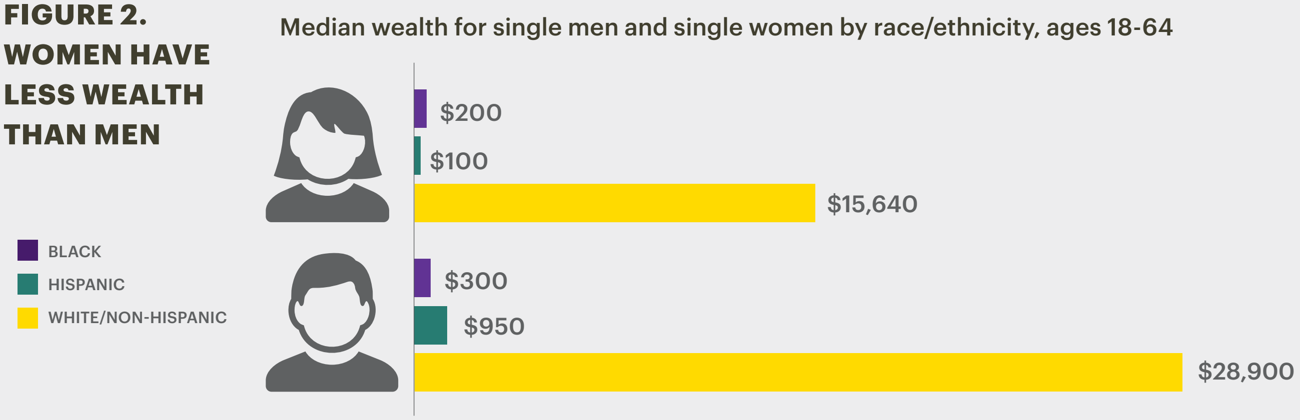
The tax code's treatment of inherited wealth and preference for income from wealth over income from work allow the very wealthiest – disproportionately white men – to pay lower effective tax rates than what workers pay on their wages. Together, these tax policies exacerbate, rather than rectify, historic and current race and gender wealth disparities.

THE NON-TAXATION OF INHERITED WEALTH DRIVES INEQUALITY AND WORSENS WEALTH DISPARITIES BY GENDER AND RACE

Wealth is extremely concentrated in the United States. The wealthiest 1 percent of families control 40 percent of all wealth in the country, while the bottom 60 percent of the country owns less than 10 percent of the country's wealth.[44] Differences in wealth – commonly defined as what you own minus what you owe – between white, non-Hispanic men and women of color are staggering.[45] Today, women have less wealth than men, and Black women have less wealth than white men or white women.[c] The median wealth among white households is about 13 times larger than it is among Black households.[46] The median wealth of a single white, non-Hispanic man between the ages of 18 and 64 is $28,900.[47] For single white, non-Hispanic women, it's $15,640, while the median wealth for single Black women is just $200, and $100 for single Latinx women.[48] While the typical single white man has a substantial nest egg, the typical single woman of color has essentially no wealth to her name.

c There are data limitations and challenges (historically and currently) with how wealth is conceptualized and measured. Given that wealth data are often collected by household, it is difficult to estimate wealth for married individuals, particularly married women, though most estimates do tell us that married women in general have greater wealth than women who have never married. As a result of these data challenges, gender and racial analysis of wealth tends to focus on single women – meaning we do not have a comprehensive understanding of the wealth disparities within the context of marriage.

FIGURE 2. WOMEN HAVE LESS WEALTH THAN MEN



Source: Mariko Chang, *Women and Wealth: Insights for Grantmakers*, Asset Funders Network 1, 6 (2015), https://assetfunders.org/wp-content/uploads/Women_Wealth_-Insights_Grantmakers_brief_15.pdf.

There are a range of overlapping and compounding forms of discrimination that prevent women, and particularly women of color, from building wealth during their lifetimes. As outlined above, women face employment discrimination; have increased caregiving responsibilities; and face greater barriers to wealth accumulation through income during their lifetimes. In addition, the amount of wealth one has also depends on the amount of debt one has. The median debt for women is 177 percent higher than the median debt for men.[49] An individual's accumulation of wealth during their lifetime is also predicated on the extent to which they have been subject to various forms of wealth extraction, including, for example, predatory lending practices in communities of color. One study found that upper- and middle-income Black women were at least twice as likely to receive high-cost loans as their white counterparts in more than 84 percent of metropolitan areas examined.[50]

This gendered accumulation of wealth during one's lifetime is only part of the story, however. The gender and racial wealth gaps are rooted in the racist and misogynist policies that go back to our country's founding on slavery to the Reconstruction and Jim Crow periods. This history encompasses exclusions of women from property rights that go back to the late 1800s and redlining that kept families of color from owning their homes.[51] Even hallmark legislation enacted during the New Deal era excluded Black women from participating in critical government wealth-building programs such as Social Security, which left out farm and domestic workers.[52] As recently as the late 1970s, women could not get a loan or open a credit card without a male relative's signature.[53] And by 2005, prior to the Great Recession, women were more likely than men to receive subprime loans on home mortgages, with Black and Latinx women facing the highest rates of subprime lending.[54] A companion report, "A Tax Code for the Rest of Us," discusses how the gender and racial wealth gaps result in women and people of color not benefiting from tax incentives like the mortgage interest deduction and existing tax preferences for saving for higher education expenses.

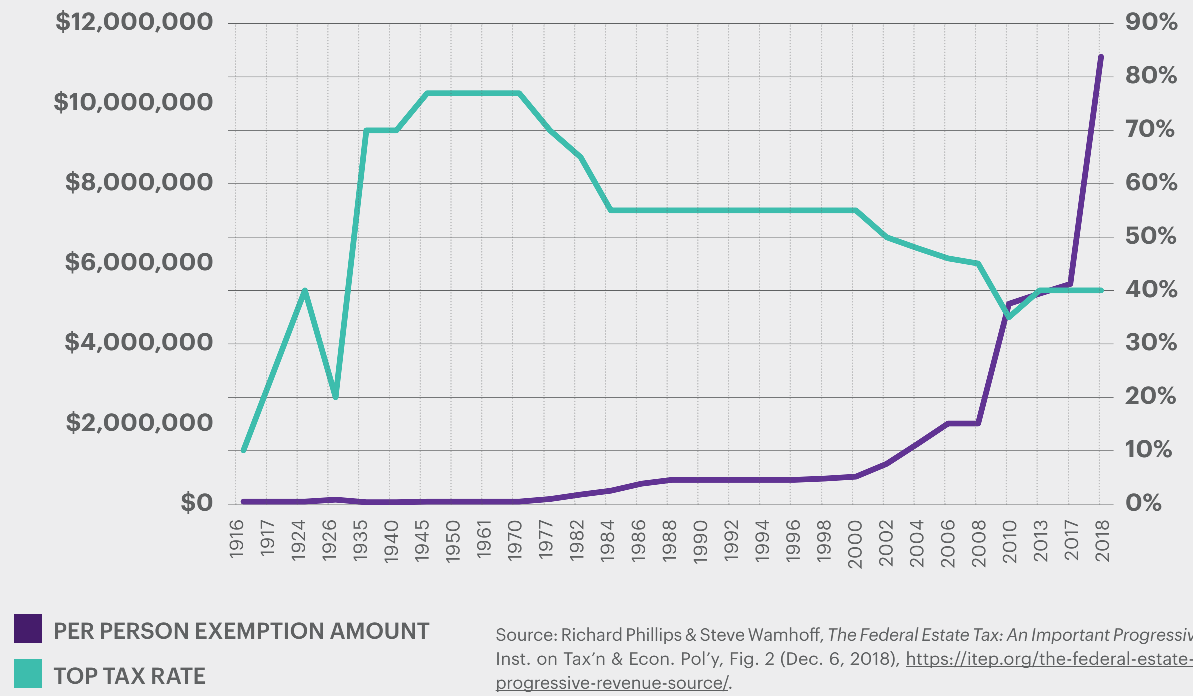
These inequities compound across generations in many ways, and with substantial societal effects. Most directly, parents and other relatives transfer wealth intergenerationally in the form of inheritances at death and substantial gifts of money and assets from one living person to another. Inheritances represent roughly 40 percent of all wealth and about 4 percent of annual household income.[55] As economist Janelle Jones notes, "White families are twice as likely to receive an inheritance as Black families, and that inheritance is nearly three times as much."[56] And inheritance is the single variable with the greatest explanatory power of the overall racial wealth gap.[57] Research estimates that inheritances have an enormous effect on differences in economic opportunity across families, explaining about 30 percent of the correlation between parent and child incomes – more than IQ, schooling, and personality combined.[58]

Yet inheritances and gifts are not taxed as income the way that income from work is taxed. In fact, the majority of intergenerational wealth transfers are never taxed at all. While a woman who works to support her family pays income tax (and payroll taxes) on every dollar she makes, heirs who inherit $5 million at age 18 and live their lives spending it down could do so without ever paying any income taxes. This tax-free passage of wealth from one generation to another magnifies and perpetuates wealth inequality.

Rather than taxing inheritances as income, we have a distinct tax system that taxes only some very large estates before they are passed on to heirs. This estate tax (along with related taxes on gifts) is a key policy tool to mitigate the racialized and gendered accumulation of dynastic wealth and to level the playing field between those who inherit wealth and those who depend on earned income. The modern tax on intergenerational wealth transfers, adopted by President Theodore Roosevelt, was proposed "specifically for the purpose of limiting the amount that one individual could transfer to another and thereby to break up large concentrations of wealth."[59]

However, changes to the estate tax and related taxes over the past several decades have substantially eroded their ability to serve the critical function of putting a brake on dynastic wealth. From the 1940s to the mid-1970s, a 77 percent tax was levied on any estate above $60,000 (about $962,000 in today's dollars).[60] There were several changes to the estate tax in 1976 and 1981, and then sweeping changes in 2001 as a result of the Bush-era tax cuts. Today, following these changes and passage of the TCJA in 2017, which doubled the amount the wealthiest households can pass on tax-free to their heirs, the estate tax is a 40 percent tax on the value of any estate transferred above $11.18 million per individual or $22.36 million per couple. That is to say, an heir inheriting an estate worth $25 million from their parents would only pay taxes on the value above $22.36 million – that is a 40 percent tax on $2.64 million, for an effective tax rate of 4.2 percent. If the estate were valued at "only" $20 million, they would pay no taxes at all.

FIGURE 3. U.S. ESTATE TAX, 1916 – 2018



Source: Richard Phillips & Steve Wamhoff, *The Federal Estate Tax: An Important Progressive Revenue Source*, Inst. on Tax'n & Econ. Pol'y, Fig. 2 (Dec. 6, 2018), https://itep.org/the-federal-estate-tax-an-important-progressive-revenue-source/.

Today, the estate tax applies to so few estates that it does little to mitigate the racialized and gendered accumulation of wealth or to mitigate wealth concentration. According to 2017 research from the Center for American Progress, while 6 out of every 10 households are white, 9 out of every 10 households with a net worth above the estate tax threshold are white.[61] In addition to forgoing billions in revenue needed for national priorities, the erosion of the estate tax has contributed to the widening wealth gaps between people of color and white people in the United States.[62] While insufficient alone, rectifying the racial and gender inequities grounded in the historical exclusion of wealth-building opportunities must include a robust estate or inheritance tax that mitigates the concentrations of wealth passed intergenerationally.

THE TAX CODE'S PREFERENCE FOR INCOME FROM WEALTH OVER INCOME FROM WORK EXACERBATES, RATHER THAN RECTIFIES, HISTORIC AND CURRENT RACE AND GENDER INEQUITIES

While much wealth is passed intergenerationally without being taxed much, if at all, the tax code's preference for income from wealth over income from work also exacerbates the gender and racial wealth gaps. These preferences play out in a number of ways. First, a significant share of the income received by the richest households in the United States is what is known as "capital gains," and the treatment of capital gains in the tax code is one of the ways the tax system has come increasingly to favor the very wealthy.

35% vs. 20%

The maximum capital gains rate was as high as 35 percent in the 1970s, but today at its maximum is just 20 percent. Moreover, the capital gains rate matched the "ordinary income" tax rate that workers pay on wages for about 10 years after the 1986 tax reform.[63]

In general, a capital gain is an increase in value of a capital asset – things like a share of stock, a piece of art, a house, or a business. The tax code treats capital gains in a variety of complicated ways, depending on what the specific capital asset is, how long a person has held it, and what kind of entity holds it. As a general matter, there are two important things to know about the tax treatment of capital gains: First, as long as the capital asset has been held for at least a year, the profit earned when the asset is sold or otherwise realized is taxed at a special low rate. Currently, the maximum tax rate on capital gains is 20 percent – substantially lower than the maximum tax rate for ordinary income, which is taxed at 37 percent. Second, and importantly, capital gains are not taxed until the gains are "realized" – generally, sold or transferred. This can seem intuitive, but it's actually a departure from a normal income tax, where income is taxed as it is received. A wealthy person whose capital assets increase substantially in value in a given year is materially better off, but they won't be taxed if they can wait to sell the assets.

Preferential tax treatment of capital gains overwhelmingly benefits the highest income taxpayers, because long-term capital gains income is concentrated among those at the top. According to estimates from the Tax Policy Center, nearly 59 percent of households in the top 1 percent reported positive long-term capital gains income on their 2018 tax returns, compared to just 8 percent of households in the bottom 60 percent.[64] A recent report from the Center for American Progress, based on a Tax Policy Center data, finds that the households with incomes greater than $750,000 in 2018 accounted for nearly 69 percent of all capital gains on tax returns.[65]

The tax treatment of capital gains, coupled with other provisions of the tax code, also creates massive tax avoidance opportunities, which further benefit the wealthy. For example, a provision known as "stepped-up basis" means that wealthy property owners can effectively avoid ever paying taxes on their capital gains. If you hold your appreciated property until death, you can avoid ever facing a taxable "realization event," and then under stepped-up basis, the capital gains slate is wiped clean for your heirs, so that all of the gains over your lifetime go untaxed, permanently. As discussed below, some wealthy money managers have been able to apply the low capital gains rate to their management fees instead of paying taxes at the ordinary income rate.

Since the enactment of the Bush-era tax cuts, preferential tax treatment of wealth has expanded to include special low rates for certain dividends – the payments corporations make to shareholders to distribute profits. According to the Tax Policy Center, more than 70 percent of the tax benefit of lower tax rates on long-term capital gains and qualified dividends will go to taxpayers with incomes over $1 million.[66]

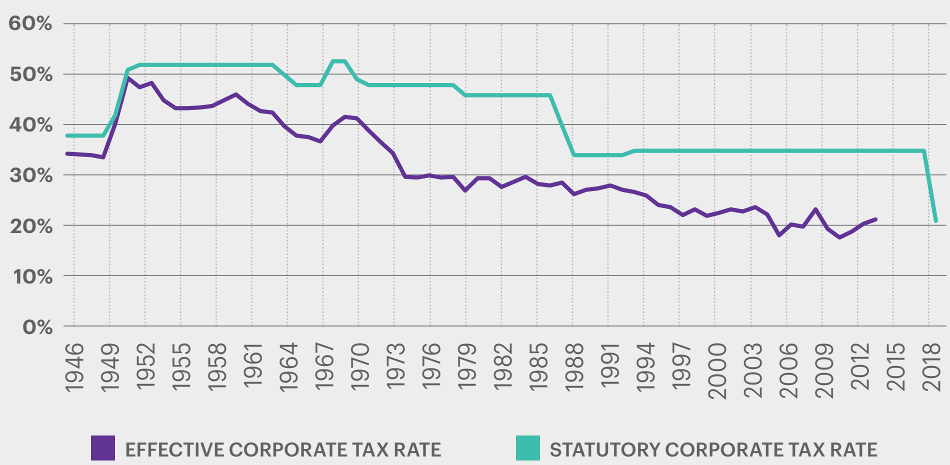
Meanwhile, corporate taxes have been steadily eroding. The TCJA dramatically lowered the corporate income tax rate, from a progressive rate structure with a maximum of 35 percent, to a flat 21 percent; repealed the corporate alternative minimum tax;[d] and made a number of other changes to the ways corporations are taxed. This continues the downward trend over decades that has lowered the effective corporate tax rate (**see Figure 4**).

The corporate tax is one of our most progressive revenue sources because it falls disproportionately on shareholders[67] and ownership of stocks is concentrated among the white and wealthy. Widespread stock ownership across the United States is a myth.[68] In 2016, the top 10 percent of families accounted for about 85 to 90 percent of stock shares, bonds, trusts, and business equity.[69] One of the best available studies breaking out the demographics of share ownership found especially stark disparities of stock ownership across racial lines.[70] In 2007, corporate stock, financial securities, mutual funds, and personal trusts comprised over 17 percent of the total assets held by white families.[71] For Black families, it shrinks to 3.4 percent and decreases to 2.5 percent for Latinx families.[72] Recall that white families also own, on average, 13 times as much wealth as Black families,[73] and seven times as much wealth as Latinx families.[74]

Taken together, the tax code preferences wealth over work in a variety of ways, including through very low taxes on intergenerational wealth transfers, capital gains rates, the "stepped-up" basis at death, low rates on dividends, and the corporate tax rate. Insofar as those with enormous wealth and those who receive substantial income from their assets are far more likely to be white men than they are to be single women or people of color, reforming the tax code's wealth preference is an important part of a gender and racial justice project.

FIGURE 4. HISTORICAL U.S. CORPORATE INCOME TAX RATES,
1946 – 2018

Source: Gabriel Zuchman, *Taxing across Borders: Tracking Personal Wealth and Corporate Profits*, Data Set, Am. Econ. Ass'n (2014), https://www.aeaweb.org/articles?id=10.1257/jep.28.4.121 (effective corporate tax rate data); Tax Pol'y Ctr., Corporate Top Tax Rate and Bracket 1909 to 2018 (July 17, 2019), https://www.taxpolicycenter.org/statistics/corporate-top-tax-rate-and-bracket.



d Prior to the TCJA, corporations calculated both a corporate income tax and a separate, distinct alternative minimum tax, and paid the higher of the two.

WIDENING PAY AND POWER DISPARITIES BETWEEN EXECUTIVES AND POORLY PAID WORKERS

Low tax rates on the highest earners and new tax breaks for "pass-through" income create incentives for executives and employers to use their greater power over workers to further pay and power disparities. These incentives have the potential to further exacerbate existing disparities for women and people of color.

LOW EFFECTIVE MARGINAL TAX RATES ON HIGH EARNERS ENCOURAGE HOARDING

Lower tax rates on the highest earners encourage executives, managers, and other highly paid professionals (the majority of whom are white men) to bargain for higher compensation, exacerbating inequality with the low-wage workforce (disproportionately women and people of color) whose labor creates the profit. Exorbitant pay for CEOs and other executives, coupled with decades of little or modest wage growth for workers, is a major contributor to inequality.

For a range of reasons, from implicit and explicit bias and harassment and discrimination to the unequal distribution of household labor and caregiving, to insufficient public support for care, men are far more likely to serve in executive and other senior-level management positions than women.[76] For example, women make up 45 percent of the employees in S&P 500 companies – a set of 500 large, publicly traded companies – but only 5.4 percent of CEOs and 11 percent of workers with the highest wages are women **(see Figure 5)**.[77]

According to recent research, the ratio of CEO compensation to typical worker compensation, for example, has risen from 20-to-1 in 1965 and 58-to-1 in 1989 to 278-to-1 in 2018.[75]

These disparities go beyond the largest public companies. According to data from the Bureau of Labor Statistics, women made up less than 30 percent (26.9 percent) of the more than 1.5 million chief executives in 2018.[78] Moreover, women are disproportionately represented among the low-wage workforce, comprising nearly two-thirds of the nearly 23.8 million workers in the 40 lowest paying jobs (typically paying less than $12 per hour).[79] While women of all races are overrepresented in the low-wage workforce, women of color are overrepresented at even higher rates **(see Figure 6)**.

FIGURE 5. WOMEN IN S&P 500 COMPANIES

Source: Catalyst, Pyramid: Women in S&P 500 Companies (Sept. 1, 2019), https://www.catalyst.org/research/women-in-sp-500-companies/.

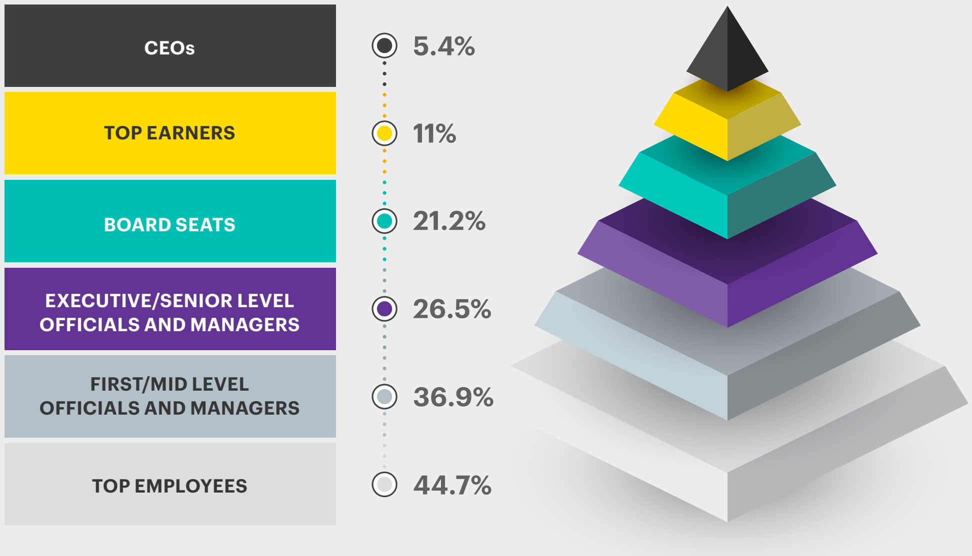
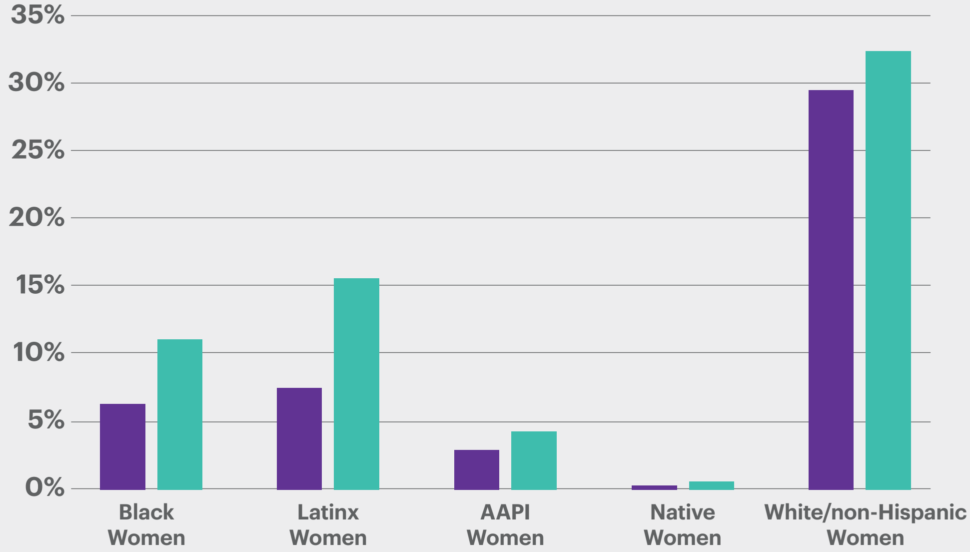


FIGURE 6.
WOMEN ARE DISPROPORTIONATELY REPRESENTED IN THE LOW-WAGE WORKFORCE



Source: NWLC calculations based on U.S. Census Bureau, 2017 American Community Survey using IPUMS.

While occupation segregation and the devaluation of women's labor[80] account for some of these disparities, there is also some evidence, albeit substantially hindered by data limitations in the United States, that at least some of the wage gap can be attributed to differences in pay within firms. Recent data from a survey of tech companies found, for example, that "60 percent of the time men are offered higher salaries than women for the same job title at the same company" and "companies offer women 3 percent less on average than men for the same roles."[81]

Furthermore, while there are several factors that account for the rise in CEO pay and the growing disparities between executives and workers, there is emerging evidence that the lowering of top marginal tax rates is among them. The marginal tax rate is the rate applied to a taxpayer's last dollar of income. The federal income tax system breaks different amounts of income into what are typically known as "brackets" and applies a tax rate to each successive bracket, with a lower tax rate applied to lower brackets and successively higher tax rates applying to each successive tax bracket. This is part of the reason why – in general – people with lower incomes pay lower average tax rates than people with higher incomes.[82] The top marginal income tax rate has varied widely over time and is significantly lower today than in the mid-20th century. The top marginal income tax rate was as high as 91 percent in 1952 and as low as 28 percent in 1986 (**see Figure 7**). Today, the highest marginal tax rate is 37 percent, plus a 3.8 percent Medicare tax on high-income earners.

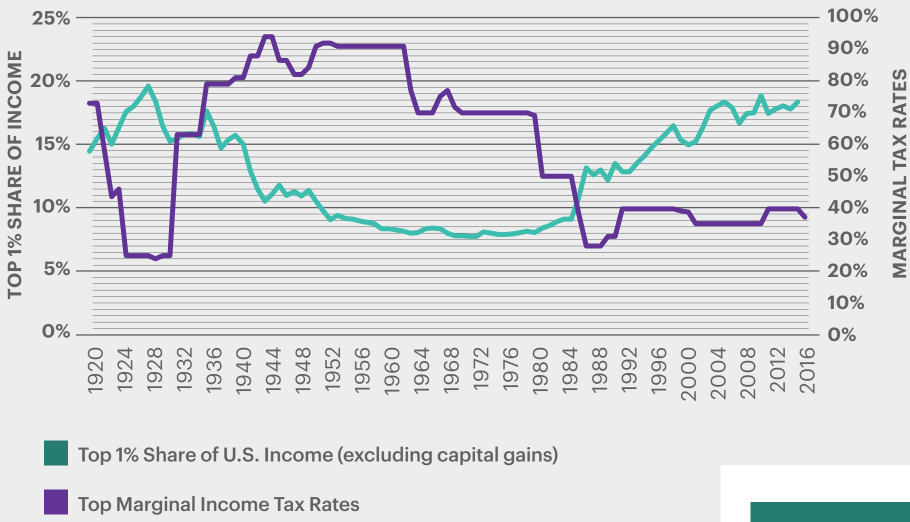


FIGURE 7.
TOP 1% SHARE OF U.S. INCOME AND TOP MARGINAL INDIVIDUAL INCOME TAX RATES,
1920 – PRESENT

Source: Emmanuel Saez, Table A1: Top fractiles income shares (excluding capital gains) in the United States (2017), https://eml.berkeley.edu/~saez/TabFig2017.xls; Tax Pol'y Ctr., Historical Highest Marginal Income Tax Rates (Jan. 18, 2019), https://www.taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates.

As noted by the Economic Policy Institute:

[T]he post-World War II reduction in top marginal income tax rates has encouraged 'rent-seeking' behavior by executives and managers to bargain for a higher share of total income, without changing the overall size of the pie being divided up. Essentially, a lower top tax rate increases the rate of return to efforts demanding greater compensation from boards of directors, and successful efforts will come out of workers' paychecks, not shareholders' portfolios.[86]

Research has shown that lowering effective income tax rates on high earners encourages them to bargain for and, in the end, extract more of a firm's earnings for themselves; the incentive for this behavior is much higher if you get to keep more of the resulting money rather than handing it to the IRS.[83] This form of "rent-seeking"[e] enables a range of highly salaried professionals, including private-firm lawyers, doctors, and those in the financial sector, to generate incomes far beyond what the market might have provided were it operating efficiently.

The cuts in top marginal tax rates have been accompanied by skyrocketing top 1 percent income shares. Increasingly, economists are looking to the substantial decreases in the top marginal tax rates enacted over the last 50 years as one of the reasons that high earners have extracted such exorbitantly high incomes.[84]

As executives and other high earners bargain for higher salaries for themselves, workers lower down the income scale may suffer; this bargaining effect may be part of the reason why real wages for most workers have barely budged over the past several decades. In the bargaining model, based on research described above, growth in top income shares comes at the expense of low earners in a zero-sum transfer.[85]

This research suggests that, in addition to having substantial revenue effects, raising marginal tax rates on high earners may play a role in mitigating pre-tax income inequality. As described above, women – especially women of color – tend to be paid less than men, and they make up a disproportionately small percentage of high-income workers. While women comprise nearly half the workforce (47 percent), they make up approximately two-thirds of the nearly 23.8 million workers in low-wage jobs in the United States.[87] Consequently, tax and other policies that exacerbate inequality between executives and workers may have gendered and racialized effects. Therefore, tax and other policies that mitigate inequality between executives and workers should be part of any gender and racial justice project.

e Rent-seeking" is an economic term which describes the practice of obtaining wealth not through economically valuable activity but by extracting it from others. In the context of this report, it describes a circumstance whereby the income one receives is higher than what was actually necessary to induce one to supply their labor or spend their capital. *See*, e.g., Lawrence Mishel & Josh Bivens, *The Pay of Corporate Executives and Financial Professionals as Evidence of Rents in Top 1 Percent Incomes*, Econ. Pol'y Inst. (Jun. 20, 2013), https://www.epi.org/publication/pay-corporate-executives-financial-professionals/. *See also* Joseph E. Stiglitz, *Rewriting the Rules of the American Economy*, Roosevelt Inst. 16 (2015), https://rooseveltinstitute.org/wp-content/uploads/2015/10/Rewriting-the-Rules-Report-Final-Single-Pages.pdf.

BOX 2. A CAUTIONARY TALE: HOW TAX POLICY HAS SHAPED CEO PAY AND CORPORATE BEHAVIOR

The dramatic increase in CEO pay – disproportionately benefiting white men who make up the vast majority of corporate executives – was in part driven by a recently repealed law that provided favorable tax treatment for executive compensation based on "performance."

Over the past several decades, CEO compensation has grown enormously. By one measure, CEO compensation was 1,007.5 percent higher in 2018 than it was in 1978.[88] Today, CEOs at the largest, most valuable companies receive the majority of their compensation not from their base salary but from compensation paid to them in the form of the company's stock.[89]

This shift in the way CEOs are compensated – and the growth in CEO pay – was in part fueled by a 1993 tax law that incentivized it.[90] The law capped the amount a corporation could deduct in compensation for top executives at $1 million, but allowed unlimited deductions for "performance-based" pay, including compensation in the form of stock options, in which top executives typically are provided with an opportunity to buy shares at a certain price and sell them at some point in the future.[91] A company, for example, might give a CEO stock options at the current price of the stock that the CEO can exercise in one year's time. If the stock price doubles, so does the value of the stock option. If the stock price falls, so too does the executive's compensation. Under the "performance pay" provision, this form of compensation for top executives would have been tax-deductible, while deductions for other forms of compensation were capped at $1 million.

This "performance pay" provision was part of a trend in corporate governance that sought to align the interests of CEOs with the interests of shareholders, on the theory that such alignment would create incentives for CEOs to act in the best interest of shareholders and that this would be economically efficient. This theory, often termed "shareholder primacy," is a legal and economic framework that posits that the sole purpose of the corporation is to maximize wealth for shareholders.[92] Shareholder primacy has recently come under increasing scrutiny from economists, experts, and business leaders alike.[93] The provision was expected to rein in executive compensation, which was already viewed as excessive, but it turned out that the performance pay regime was opaque, confusing, and subject to gaming, and the use of stock options surged for executive pay following its passage.[94]

The performance pay exception was recently repealed as part of the TCJA, leaving all salaries above $1 million non-deductible to the business. While it remains too soon to tell whether it will have any effect on the level or structure of CEO pay,[95] some commentators have argued that, absent more substantial corporate governance reforms, other institutional pressures will make it difficult to rein in CEO compensation now that it has risen so high.[96]

THIS PROVISION IS AN IMPORTANT EXAMPLE – PERHAPS A CAUTIONARY TALE – OF THE WAYS THAT TAX POLICY SHAPES CORPORATE BEHAVIOR.

THE PASS-THROUGH DEDUCTION IN THE 2017 TAX LAW CREATED AN INCENTIVE FOR FIRMS TO SHIFT THE STRUCTURE OF EMPLOYMENT IN WAYS THAT UNDERMINE PAY AND WORKER POWER, ESPECIALLY FOR WOMEN OF COLOR WORKERS

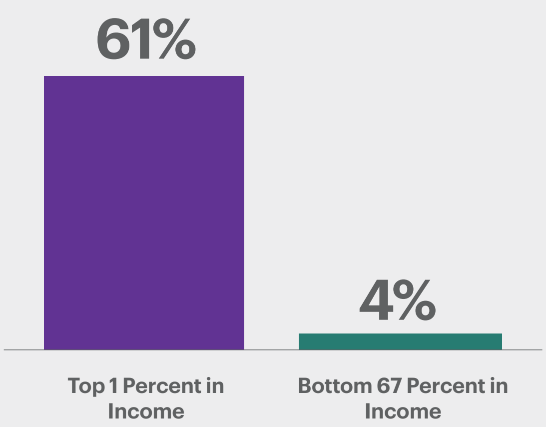
Tax policy not only influences how corporations behave regarding executive compensation; it can also shape the way companies structure employment in ways that have detrimental effects on workers with the least power – disproportionately women and people of color.

A recent example is a new 20 percent deduction for certain "pass-through" income, which lawmakers enacted in the TCJA. While some businesses, known as C-corporations, are taxed annually on their profits at the corporate level, the profits from other businesses known as "pass-through" businesses – sole proprietorships, partnerships, and others – are taxed at the individual level, at the same rate as the business owner or partner's labor income.[97] That is, their profits "pass through" each year to the business owners. Allowing these owners to reduce the marginal individual income tax rate on this income by 20 percent is a huge windfall.[98] Like many other provisions of the TCJA, the "pass-through deduction" is heavily tilted toward the wealthy **(see Figure 8)**.

One of the many concerns raised by the new 20 percent deduction for "pass-through" entities is that it may create incentives for employers to shift employees to independent contractor status or to rely more heavily on contract firms rather than employing workers in-house.[99] First, because this deduction provides a tax break for work performed as an independent contractor but not for work as an employee, employers may try to encourage workers to become misclassified as independent contractors rather than employees as a way to benefit from the tax law.

While it is true that the "pass-through" deduction may create an income tax advantage to such an arrangement, there are substantial drawbacks to working as an independent contractor rather than an employee. A woman working as an independent contractor, for example, is not entitled to wage and hour protections under the Fair Labor Standards Act, like the minimum wage or overtime; is not protected by Title VII of the Civil Rights Act that prohibits discrimination on the basis of race or sex in employment, including legal protections against sexual harassment; generally cannot form a union or collectively bargain; and is typically not provided health insurance or retirement benefits, even if those benefits are provided to the firm's employees. Independent contractors are also responsible for paying for the "employer" and "employee" portions of FICA (Social Security) taxes, and are likely to underpay those taxes – which will impact their eventual Social Security benefits.[100]

FIGURE 8.
SHARE OF TAX BENEFIT IN 2024 FROM THE TAX CUTS AND JOBS ACT PASS-THROUGH DEDUCTION
Share of Tax Benefit, 2024



Source: Chuck Marr, *JCT Highlights Pass-Through Deduction's Tilt Toward the Top*, Ctr. on Budget & Pol'y Priorities (Apr. 24, 2018), https://www.cbpp.org/blog/jct-highlights-pass-through-deductions-tilt-toward-the-top.

In addition, the new "pass-through" deduction could push firms to "contract out" work to other companies rather than employing workers in-house, because a contracted firm is eligible for the 20 percent tax deduction while a manager's salary is not.

The Center on Budget and Policy Priorities provides a useful example of how this might play out:

Consider a lead firm deciding whether to retain its in-house IT department or hire an outside contractor firm to do the same work with the same management structure. The owner-managers of the contractor firm qualify for the pass-through deduction, but the in-house managers don't. The contractor owner-managers can therefore charge the lead firm less while doing the same work for the same take-home pay as the in-house managers, enticing the lead firm to choose the contractor option.[101]

Under this scenario, a woman working for the new outside contractor firm may be protected by some federal labor and employment laws, including, for example, minimum wage protections. Depending on the size of the outside contractor firm, however, she may not be covered by Title VII, which applies only to firms with 15 or more employees, or have the right to 12 weeks of job-protected unpaid leave under the Family and Medical Leave Act, which applies only to firms with 50 or more employees. Aside from legal protections, there are other ways that workers would fare worse under the outside contractor arrangement: There is significant evidence that workers employed by outsourced or franchised firms across various industries receive lower wages and have worse benefits, have fewer opportunities for career advancement, and are more likely to experience wage theft or other labor law violations.[102]

Women and people of color may fare poorly as a result of these new incentives in other ways. Workers who are susceptible to employer exploitation because they are low-income, undocumented, have limited other employment opportunities, have limited English proficiency, or for a range of other reasons – often women, particularly women of color – may be at greatest risk from employer exploitation, including being pressured to accept an independent contractor arrangement, despite its many drawbacks.

ENCOURAGING PREDATORY FINANCIAL PRACTICES THAT NEGATIVELY AFFECT MANY WOMEN WORKERS

Over the past two decades, a particular type of financial firm known as "private equity" has begun to occupy an outsized role in our economy. Between 2000 and 2018, the number of private equity-owned companies rose from less than 2,000 to nearly 8,000.[103] Today, private equity's investments in companies are five times greater than those from the public market.[104]

As described above, tax policy can shape how individuals behave within firms, what kinds of economic activities individuals and firms pursue, and even how markets are structured. While there are many reasons for the increasing role of private equity firms in our economy, changes to the tax code over the past several decades are among them – and some of the activities these firms have undertaken have had a harmful effect on women workers.

Private equity companies are investment firms that pool capital from investors and use it to take ownership and control of private companies in various ways, restructure them, and sell them. Typically, private equity funds exit their investment by selling the company on the public or private market after three to five years.[105]

Private equity firms are among the many types of firms in the financial sector. While a healthy financial system is essential for economic growth, the financial sector has grown enormously in the United States, and there is evidence that much of the profits being generated from modern finance result from extracting value from the real economy rather than contributing to it.[106] Some have argued that there are substantial social and economic costs associated with such a high proportion of talented professionals going into a financial sector that has become increasingly extractive.[107] A number of economists have noted a sharp rise in the incomes of financial professionals and the degree to which this is a driver of growing inequality.[108] Between 1979 and 2005, for example, finance professionals increased their presence among the top 1 percent by 80 percent (from 7.7 to 13.9 percent).[109] The growth of the financial sector has been partly tax-related. Economists Lawrence Mishel and Josh Bivens have argued that part of the reason for the increase in the incomes of financial services professionals, far above what is economically efficient for the market to pay, is the shift in incentives that resulted from the sharp decreases in top marginal income tax rates.[110]

Rather than tackle the whole financial industry and its effects on low-income women, however, this report focuses on some of the illustrative activities of private equity firms and their recent effects on firms in particular industries, like retail, with substantial numbers of women workers. Private equity firms often engage in what are known as leveraged buyouts. The private equity firm makes an initial investment in a company to get significant influence over the company's management and then forces the company to issue extensive amounts of debt and uses the proceeds to buy-out existing owners or engage in other types of restructuring.

BOX 3. THE TAX TREATMENT OF VARIOUS ACTIVITIES UNDERTAKEN BY PRIVATE EQUITY FIRMS

While a complete accounting of the tax treatment of various activities undertaken by private equity firms is outside the scope of this analysis, there are a few worth highlighting here:

TAX TREATMENT OF DEBT. As a general rule, interest payments on loans are tax-deductible by businesses.[111] This means that financing transactions with debt provides a significantly higher after-tax rate of return to investors than financing in other ways. This creates incentives for private equity firms to use debt as a way to finance many of their activities, because there is more after-tax profit available when they do so.

As Eileen Appelbaum, a leading expert on private equity at the Center for Economic and Policy Research, describes it:

> The U.S. tax code treats debt more favorably than equity since interest on the debt can be deducted from income. In what might be called tax-payer funded capitalism, the reduced taxes from the higher interest deduction increase the firm's value and returns to investors without creating any new value. This is simply a transfer of wealth from taxpayers to private equity.[112]

The discussion of Toys "R" Us below provides a useful example of the harm that debt-fueled private equity restructuring can have on low-income women and their families.

CARRIED INTEREST "LOOPHOLE." As a result of the way private equity firms have structured their compensation arrangements, much of the income earned by private equity partners and managers is taxed at the lower capital gains rate, as though they were investors rather than managers receiving compensation for services rendered. This is often referred to as the "carried interest loophole." This makes being a private equity partner much more lucrative, after taxes, than being an ordinary manager or executive at a profitable company.

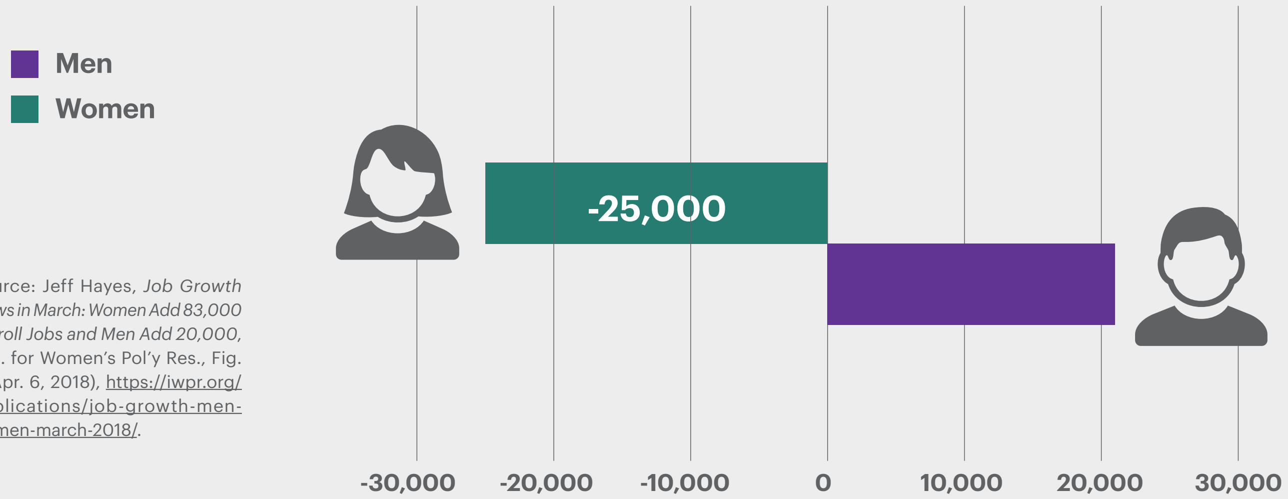
The relative merits of private equity to our economy are the subject of much debate, and generally beyond the scope of this report. Some argue that private equity can play a valuable role in our economy, providing small, promising companies the capital they need to expand or providing poorly managed companies the expertise they need to become more efficient. Others, including Eileen Appelbaum, argue that "too often . . . the behavior of private equity firms is governed by a set of perverse incentives that tend to reduce productive investment and increase risk-taking."[113] What is clear is that there are substantial systemic and other risks to the overuse of debt financing, including the risk of bankruptcy or financial distress to companies.

Beyond questions of economic efficiency, private equity firms in recent years have engaged in activities, in part driven by the tax code, that have real-world consequences for workers and families. A recent report from the Center for Popular Democracy finds that private equity firms and hedge funds have made substantial controlling investments in over 80 major retail companies over the last decade.[114] Ten of the 14 largest retail chain bankruptcies since 2012 were at private equity–acquired chains.[115] While the retail sector as a whole added nearly one million jobs over that period, nearly 600,000 people working in 25 private equity–owned retail companies lost their jobs due to bankruptcy or liquidation, while more successful private equity–owned chains only added 76,000 jobs – one new job for every eight jobs destroyed.[116]

The private equity–related job losses have had a substantial and disproportionate effect on low-income women.

According to Bureau of Labor Statistics data, 76 percent of the retail clothing workforce is women.[117] Retail salespeople on the whole make a median hourly wage of $11.70 per hour, while cashiers make $10.78 per hour.[118] Research from the Institute for Women's Policy Research (IWPR) found that women have lost jobs in the "retail apocalypse" over the past year, while men have had a net gain in retail jobs.[119]

FIGURE 9.
CHANGE IN NUMBER OF RETAIL JOBS ON PAYROLLS,
January – March 2018



Source: Jeff Hayes, *Job Growth Slows in March: Women Add 83,000 Payroll Jobs and Men Add 20,000*, Inst. for Women's Pol'y Res., Fig. 2 (Apr. 6, 2018), https://iwpr.org/publications/job-growth-men-women-march-2018/.

BOX 4. THE SLOW DEMISE OF TOYS R US: WHAT WENT WRONG

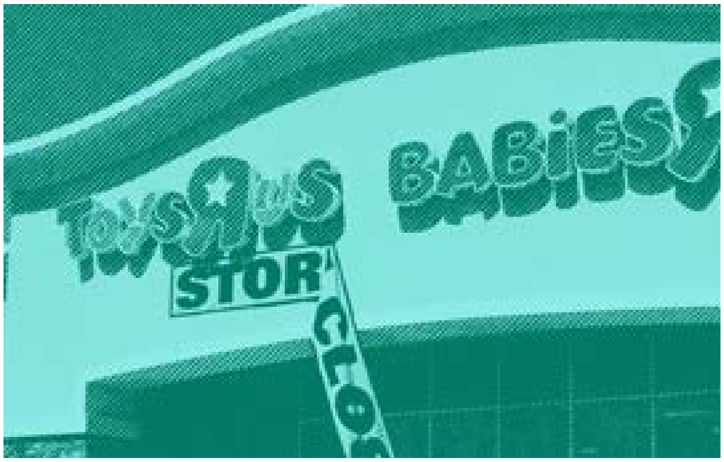
After years of ambitious plans to get it back on its feet, using bankruptcy tools to restructure, the slow demise of Toys R Us finally arrived in 2018.

In 2005, a consortium of private equity companies, including Bain Capital, purchased Toys "R" Us for $7.5 billion.[120] Like other private equity takeovers at the time, the new owners estimated that the company's real estate portfolio was valuable. Toys "R" Us operated 1,500 stores globally (900 in the United States) and owned almost half of those properties, a portfolio estimated to be worth $2.3 billion.[121]

After acquiring the company, the private equity consortium split ownership of these 900 U.S. stores between two corporate entities that would serve as the retailer's landlords, allowing them to sell an additional $2 billion of debt backed by rent payments on top of the debt needed to finance the original transaction.[122] While an increasingly competitive retail landscape and Amazon's disruption in the market were factors in Toys "R" Us' demise, the real challenge to the company came from the sheer quantities of debt it held as a result of the private equity takeover.[123] Toys "R" Us still had annual sales of $11.5 billion when it filed for bankruptcy – but the debt payments, almost $400 million a year and likely incentivized by the way the tax code treats debt, were insurmountable.[124] The debt payments were decimating the company's profits, while the change in retail markets with Amazon's rise to prominence left the company stuck in the past.

Without profits or access to additional loans, the company could not invest in innovating and adjusting to the new market.[125] By 2017, the company had $1.2 billion of debt due and an additional $668 million due the following year.[126] In March of 2018, Toys "R" Us had to close all 753 remaining U.S. stores and lay off all 30,000 of its employees.[127] Though the company originally had not planned to give workers any severance packages, months of worker protests led two of the original private equity firms to allocate $20 million for worker payments.[128]

The increasing role of private equity in our economy and some of its most extractive activities may have been fueled in part by our tax code – and they have resulted in enormous harm to the economic security of hundreds of thousands of low-income women and their families.



TAKING BACK THE TAX CODE FOR WOMEN AND FAMILIES

We can take back the tax code to focus on gender and racial equity by raising taxes on the wealthy and corporations to rebalance power and raise revenue.

Tax policy is not race and gender neutral; as outlined in this report, tax cuts at the top have a profound effect on the distribution of wealth and power in our society – and our solutions must reflect that reality. We need to raise taxes on the wealthy and corporations in order to curb the concentration of wealth and power in our economy, both through raising more revenue to advance gender justice and through incenting high-road behavior by wealthy individuals and corporations, which would have positive downstream effects on women workers. To be clear, even if women and people of color were equally distributed among the wealthiest, there would still be negative outcomes for women and their families at the bottom, particularly if things like bias and discrimination, unequal care burdens, and occupational segregation continue to lower women's incomes and lifetime wealth.

The goal of the following reforms is to restructure, rebalance, and dismantle massive economic inequalities to create shared, equitable prosperity – an economy that works for us all. The policies that follow are not, nor are they intended to be, a comprehensive proposal to reform the tax system. Rather, these are policies that any proposal to rebalance wealth and power for low-income women and families must include, and they are illustrative of the kinds of policies that women's advocates and policymakers should consider as they develop a progressive tax policy agenda to achieve gender justice.

A policy agenda to achieve gender equity and tax justice must raise top marginal tax rates, tax capital like work, restore meaningful taxation of dynastic wealth, and fund IRS enforcement.

POLICYMAKERS SHOULD RAISE TOP MARGINAL TAX RATES

By raising top marginal tax rates to a more optimal tax rate, policymakers can raise revenue, lessen inequality, and reduce the incentive for executives and other highly paid professionals to extract value from their companies and from the economy. This would not only lessen inequality directly by reducing after-tax top incomes but – as some evidence suggests – could even leave more room in corporate budgets for higher wages or the kinds of productive corporate investment that can create jobs.

Top marginal tax rates have been as high as 70 or even 90 percent in the 20th century, during a period of a growing middle class and strong economic growth. Today, with top marginal tax rates at just 37 percent, executives and other highly paid professionals are incentivized to extract rents from their companies and others by paying themselves ever higher compensation, often at the expense of the low-income women and families whose labor is generating the profits. Without even taking this pre-distributive effect into account, economists Emmanuel Saez and Peter Diamond estimated that the optimal top marginal tax rate is 70 percent.[129] When the ability of the tax code to lessen pre-tax income inequality is factored in, the optimal top rate rises to 83 percent.[130]

POLICYMAKERS SHOULD TAX CAPITAL LIKE WORK

There are a number of proposals available to raise capital gains and dividends taxes and to reform the way capital gains are taxed. Raising the tax rate on capital gains to the same rate as ordinary income is an important step toward leveling the playing field for low-income women and families. Researchers have shown that there is not an economic benefit from cutting capital income taxes, and multiple studies have shown that optimal rates can be significantly higher than they are today.[131]

Another important step that should be taken in conjunction with higher rates is to address the variety of ways that the wealthy avoid paying taxes on their capital income, allowing them to accumulate wealth at rates that far outpace the ability of working families to accumulate wealth from labor income. One way to do this is by adopting what is known as a "mark-to-market" system. As described above, the gain on capital assets is only taxed when the asset is sold or exchanged and the gain is "realized," instead of when gain accrues economically. A mark-to-market system would tax the gain in the value of capital assets annually – whether realized or not – at ordinary rates and would subject those not publicly traded to a related, approximate charge.[132] While mark-to-market taxation would be a major tax policy shift, and may take time, repealing the stepped-up basis is simple and should be done immediately.

POLICYMAKERS SHOULD RESTORE MEANINGFUL TAXATION OF DYNASTIC WEALTH

There are several ways to tax the accumulation and transfer of wealth as a step toward reducing the enormous benefit that wealthy families have over low-income women. One way to do this would be to raise the estate tax rate and substantially lower the current exemption, or to consider an inheritance tax, which would formally shift the taxes paid to the people who receive the inheritance, rather than the estate of the deceased. Another possible step to explore would include an annual wealth tax – which is a yearly tax on the total value of very wealthy individual or household net worth.[133]

POLICYMAKERS SHOULD FUND IRS ENFORCEMENT TO ENSURE THAT THE RICH AND CORPORATIONS CAN'T CHEAT THE SYSTEM

Reversing the evisceration of the IRS is critical to reducing the concentration of wealth and power. With proper resources for tax enforcement, there is a lower likelihood that either current law or these more expansive proposals will be undermined by tax avoidance. One effective deterrent to tax avoidance is simply funding the IRS at effective levels. From 2010 to 2017, the IRS audit rate fell 42 percent, resulting in 675,000 fewer audits. At the same time, the IRS has cut audits of the rich at a much faster rate than it has cut audits of low- and moderate-income families.[134]

The disproportionate auditing of low-income households can deter women from claiming the earned income and child tax credits, the subject of another report in this series, "The Faulty Foundations of the Tax Code."[f] Such lopsided tax enforcement cannot be justified on efficiency grounds as relatively low amounts of money will be reclaimed from an audit of a low-income single mother who inadvertently claimed the same child as her ex-spouse, versus the audit of a multinational corporation practicing tax avoidance.

f *The Faulty Foundations of the Tax Code: Gender and Racial Bias in Our Tax Laws* examines the outdated assumptions along with gender and racial biases embedded in the U.S. tax code. It highlights tax code provisions that reflect and exacerbate gender disparities, with particular attention to those that disadvantage low-income women, women of color, LGBTQ people, people with disabilities, and immigrants.

CONCLUSION: A PATH FORWARD FOR TAX JUSTICE AND GENDER JUSTICE

Tax policy determines if we have the revenues necessary to finance critical investments in women and families; it can exacerbate or ameliorate income and wealth inequalities, including those attributable to race and gender; and it influences corporate decisions that end up affecting workers' rights, including wages, benefit packages, scheduling, and safety protections. It follows then that tax policy decisions made by Congress, and the resulting decisions in company boardrooms, are central to gender equality.

Over the past five decades, policy decisions based on the failed theory of 'trickle-down economics' have curbed the ability of the tax code to rein in massive concentrations of wealth and extractive behaviors by wealthy individuals and corporations. Left unchecked, these trends are undermining the economic stability and power of millions of low-income women, disproportionately women of color. In short, tax justice is gender and racial justice, and a more equitable tax code is an essential pillar of an agenda for women's economic security and equality.

ENDNOTES

1 Francine D. Blau & Lawrence M. Kahn, *Female Labor Supply: Why is the US Falling Behind*, The Nat'l Bureau of Econ. Res. (Jan. 2013), https://www.nber.org/papers/w18702.

2 Jay Shambaugh & Ryan Nunn, *How women are still left behind in the labor market*, Brookings Inst. (2018), https://www.brookings.edu/blog/up-front/2018/04/10/how-women-are-still-left-behind-in-the-labor-market/; Stephen J. Rose & Heidi Hartmann, *Still a Man's Labor Market: The Slowly Narrowing Gender Wage Gap*, Inst. for Women's Pol'y Res. (Nov. 26, 2018), https://iwpr.org/publications/still-mans-labor-market/; Nat'l Women's Law Ctr., *The Wage Gap: The Who, How, Why, and What to Do*, (Sept. 2019), https://nwlc.org/resources/the-wage-gap-the-who-how-why-and-what-to-do/ [hereinafter "*The Wage Gap*"].

3 *The Wage Gap*, *supra* note 2; Joan Entmacher & Amy Matsui, *Addressing the Challenges Women Face in Retirement: Improving Social Security, Pensions, and SSI*, 46 John Marshall L. Rev. 749 (2013); Diane Oakley, et al., *Shortchanged In Retirement: Continuing Challenges to Women's Financial Future*, Nat'l Inst. on Retirement Sec. (2016).

4 Sarah Jane Glynn, *Breadwinning Mothers Continue To Be the U.S. Norm*, Ctr. for Am. Progress (May 10, 2019), https://www.americanprogress.org/issues/women/reports/2019/05/10/469739/breadwinning-mothers-continue-u-s-norm/.

5 Steph Sterling & Marshall Steinbaum, *Beyond the Budget: How the Tax Cuts and Jobs Act Increases Inequality and Exacerbates Our High-Profit, Low-Wage Economy*, Roosevelt Inst. 1, 2 (Jun. 20, 2018), https://rooseveltinstitute.org/beyond-budget/.

6 Ctr. On Budget & Pol'y Priorities, *Tax Cuts on the Rich Aren't an Economic Panacea-and Could Hurt Growth* (Oct. 10, 2017), https://www.cbpp.org/research/federal-tax/tax-cuts-for-the-rich-arent-an-economic-panacea-and-could-hurt-growth.

7 John McClelland & Jeffrey Werling, *How the 2017 Tax Act Affects CBO's Projections*, Cong. Budget Office (Apr. 20, 2018), https://www.cbo.gov/publication/53787.

8 Jasmine Tucker, Melissa Boteach & Amy Matsui, *Trump is Paying for His Tax Cuts on the Backs of Women and Families*, Nat'l Women's Law Ctr. (Mar. 19, 2019), https://nwlc.org/blog/trump-is-paying-for-his-tax-cuts-on-the-backs-of-women-and-families/.

9 The Joint Comm. on Tax'n, *Estimated Budget Effects of the Conference Agreement for H.R.1, the "Tax Cuts and Jobs Act"* (Dec. 18, 2017), https://www.jct.gov/publications.html?func=startdown&id=5053.

10 Nina Chien, *Estimates of Child Care Eligibility & Receipt for Fiscal Year 2015*, U.S. Dep't of Health & Human Servs., Office of the Assistant Sec'y for Planning & Evaluation (Jan. 2019), https://aspe.hhs.gov/system/files/pdf/260361/CY2015ChildCareSubsidyEligibility.pdf.

11 Maria E. Enchautegui, et al., *Effects of the CCDF Subsidy Program on the Employment Outcomes of Low Income Mothers*, U.S. Dep't of Health & Human Servs., Office of the Assistant Sec'y for Planning & Evaluation (Dec. 2016), https://aspe.hhs.gov/system/files/pdf/253961/EffectsCCSubsidiesMaternalLFPTechnical.pdf.

12 Michael Madowitz, Alex Rowell & Katie Hamm, *Calculating the Hidden Cost of Interrupting a Career for Child Care*, Ctr. for Am. Progress (Jun. 21, 2016), https://www.americanprogress.org/issues/early-childhood/reports/2016/06/21/139731/calculating-the-hidden-cost-of-interrupting-a-career-for-child-care/.

13 Marcy Whitebook, et al., *Early Childhood Workforce Index*, U. of Cal., Berkeley, Ctr. for the Study of Child Care Emp't., Inst. for Res. on Labor & Emp't. 1, 16, 24-25, 27-29 (2018), https://cscce.berkeley.edu/files/2018/06/Early-Childhood-Workforce-Index-2018.pdf.

14 U.S. Dep't of Labor, Bureau of Labor Statistics, *Occupational Outlook Handbook: Childcare Workers*, (Sept. 29, 2019), https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm.

15 Whitebook, *supra* note 13, at 5-6.

16 Michael Linden, *The Federal Tax Code and Income Inequality: How the Federal Tax Policy Changes Have Affected and Will Affect Income Inequality*, Ctr. for Am. Progress 1, 4 (2012), https://cdn.americanprogress.org/wp-content/uploads/issues/2012/04/pdf/tax_code_inequality.pdf.

17 For useful discussions of the relationship between inequality and the tax code, including the ways the tax system benefits the very wealthy, *see* Linden, *supra* note 16; Alexandra Thornton & Galen Hendricks, *Ending Special Tax Treatment for the Very Wealthy*, Ctr. for Am. Progress (Jun. 4, 2019), https://www.americanprogress.org/issues/economy/reports/2019/06/04/470621/ending-special-tax-treatment-wealthy/.

18 Thomas Piketty & Emmanuel Saez, *How Progressive is the U.S. Federal Tax System? A Historical and International Perspective*, 21 J. of Econ. Perspectives 3, 12 (2007), https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.21.1.3.

19 Tax Pol'y Ctr., *Distributional Analysis of the Conference Agreement for the Tax Cuts and Jobs Act* (Dec. 18, 2017), https://www.taxpolicycenter.org/publications/distributional-analysis-conference-agreement-tax-cuts-and-jobs-act/full.

20 See. e.g., *The Wage Gap*, *supra* note 2.

21 Nat'l Women's Law Ctr. calculations based on 2019 Current Population Survey (CPS), Annual Social and Economic Supplement, Table PINC-05. The "lifetime wage gap," is based on the difference between Black women's and white, non-Hispanic men's median annual earnings for full-time, year-round workers, multiplied by 40 years. Figures are not adjusted for inflation. White, non-Hispanic men are those who have self-identified as white but who are not of Hispanic, Latino, or Spanish origin.

22 *The Wage Gap*, *supra* note 2.

ENDNOTES

23 *See*, e.g, Heather McCulloch, *Closing the Women's Wealth Gap: What It Is, Why It Matters, and What Can Be Done About It*, Women's Wealth Gap 1, 5 (Jan. 2017), https://womenswealthgap.org/wp-content/uploads/2017/06/Closing-the-Womens-Wealth-Gap-Report-Jan2017.pdf.

24 For an excellent analysis of the rent-seeking activities of a range of highly paid professionals, *see* Kitty Richards, *Taxes and Rent: The Power of Tax Policy to Shape the Distribution of Pre-Tax Income* (2019), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3330239.

25 Andrew Fieldhouse, *How much can tax policy curb income inequality growth? Maybe a lot*, Econ. Pol'y Inst. (Jun. 14, 2013), https://www.epi.org/blog/tax-policy-curb-income-inequality-growth/.

26 For a full description of the changes to taxes for corporations from the Tax Cuts and Jobs Act, *see* Tax Pol'y Ctr., *How did the Tax Cuts and Jobs Act change business taxes?*, https://www.taxpolicycenter.org/briefing-book/how-did-tax-cuts-and-jobs-act-change-business-taxes (last accessed Sept. 30, 2019).

27 For good summaries of these arguments, *see* Andrew Schwartz & Galen Hendricks, *One Year Later, the TCJA Fails to Live Up to Its Proponents' Promises*, Ctr. for Am. Progress (Dec. 20, 2018), https://www.americanprogress.org/issues/economy/reports/2018/12/20/464534/one-year-later-tcja-fails-live-proponents-promises/.

28 Press Release, S7P Dow Jones Indices, S&P 500 Q4 2018 Buybacks Set 4th Consecutive Quarterly Record at $223 Billion; 2018 Sets Record $806 Billion (Mar. 25, 2019), http://press.spglobal.com/2019-03-25-S-P-500-Q4-2018-Buybacks-Set-4th-Consecutive-Quarterly-Record-at-223-Billion-2018-Sets-Record-806-Billion.

29 We used the following inputs for the Starbucks and Hilton opportunity cost analysis: Net income as reported in 2018 SEC 10k Annual Report; total share repurchase (buyback) spending as reported in 2018 SEC 10k for 2017 and 2018; number of global employees collected from 2018 Annual 10ks; median worker pay collected from each company's 2019 Proxy Statement. These inputs were used for the following calculations: For buyback spending growth, we took the percentage change of total yearly spending on share repurchases from 2017 to 2018. For the buyback spending as a share of profits, we used the total spending on buybacks in 2018 and divided that by the total net income in the same year. For the spending on buybacks per worker, we divided the amount spent on stock repurchases by the total global employees in 2018. For a description of the rise in stock buybacks and the failure of corporate governance, *see* Lenore Palladino, *The American Corporation is in Crisis—Let's Rethink It*, Boston Review (Oct. 2, 2019), http://bostonreview.net/forum/lenore-palladino-american-corporation-crisis%E2%80%94lets-rethink-it. For an additional discussion of the opportunity costs of stock buybacks generally, including for certain low-wage workforces, *see* Tung & Milani, *supra* footnote b. Unpublished analysis of the opportunity costs of stock buybacks for workers in industries with a substantial number of women workers is on file with the Roosevelt Institute.

30 Starbucks Coffee Co., Diversity at Starbucks, https://www.starbucks.com/responsibility/community/diversity-and-inclusion/aspirations (last accessed Sept. 30, 2019).

31 For the percent change calculation of total yearly spending on share repurchases from 2017 to 2018, we did the following calculation [($7.2 billion - $2.1 billion)/$2.1 billion]. For dollar amount spent on share repurchases in 2017-18, *see* Starbucks, Annual Report 1, 42 (Form 10-K) (Nov. 16, 2018), *available at* https://s22.q4cdn.com/869488222/files/doc_financials/annual/2018/2018-Annual-Report.pdf.

32 To calculate Starbucks' buyback spending as a share of profits, we used the total spending on buybacks in 2018 ($7.2 billion) and divided by the total net income ($4.5 billion) in the same year. *Id.* at 42.

33 *Id.* To calculate the spending on buybacks per worker, we divided the amount spent on stock repurchases ($7.2 billion) by the number of global employees (291,000) collected from 2018 based on *Id.* at 8, 42.

34 Nat'l Women's Law Ctr. calculations based on U.S. Dep't of Agric., *Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average* (July 2018), https://www.cnpp.usda.gov/sites/default/files/CostofFoodJul2018.pdf (groceries calculation based on the USDA thrifty food plan for a family of four, two adults 19-50 and children 6-8 and 9-11, estimated at $644.40 per month); Child Care Aware of America, *Parents and the High Cost of Child Care: 2017 Appendices*, Appendix III (Jan. 2018), http://usa.childcareaware.org/wp-content/uploads/2018/01/2017_CCA_High_Cost_Appendices_FINAL_180112_small.pdf (child care calculation based on average costs for child care in a center in Michigan for a 4-year old, $8,678 annually in 2017 or $723 per month; Michigan's cost for this type of child care falls at the median of all state averages, including the District of Columbia); U.S. Census Bureau, American Housing Survey: 2017 – Table Creator, https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html (housing calculation based on median housing costs for renters was $991 per month in 2017); U.S. Dep't of Health & Human Servs., Agency for Healthcare Res. & Quality, Medical Expenditure Panel Survey: 2017, Table II.D.2 (2017), https://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_2/2017/tiid2.htm (health insurance premium calculation based on the average total employee contribution (in dollars) per enrolled employee for family coverage at private-sector establishments that offer health insurance by firm size, $5,218 annually or $434.83 per month) [hereinafter "Nat'l Women's Law Ctr. calculations for buyback versus wage increase tradeoff"].

35 For Starbucks median worker pay, *see* Starbucks, 2019 Notice of Annual Meeting of Shareholders & Proxy Statement 1, 52 (2019), https://s22.q4cdn.com/869488222/files/doc_financials/annual/2018/2019-Proxy-Statement.pdf.

36 For media reporting on percentage of women and people of color employed at Hilton, *see* Julianne Slovak, *Why Hilton Was Just Named the Best Workplace for Diversity*, Fortune (Dec. 6, 2018), https://fortune.com/2018/12/06/hilton-best-workplace-diversity/.

37 For Hilton's median worker pay, *see* Hilton Worldwide Holdings Inc., Proxy Statement 44 (Schedule 14A) (Mar. 29, 2019), *available at* https://otp.tools.investis.com/clients/us/hilton_worldwide2/SEC/sec-show.aspx?Type=html&FilingId=13328423&CIK=0001585689&Index=10000#D685494DDEF14A_HTM_TOC685494_57.

ENDNOTES

38 For the percent change calculation of total yearly spending on share repurchases from 2017 to 2018, we did the following calculation [($1.8 billion - $891 million)/$891 million] as reported in Hilton Worldwide Holdings Inc., Annual Report 1, 52 (Form 10-K) (Feb. 13, 2019), available at https://otp.tools.investis.com/clients/us/hilton_worldwide2/SEC/sec-show.aspx?Type=html&FilingId=13217616&CIK=0001585689&Index=10000.

39 To calculate Hilton's buyback spending as a share of profits, we used the total spending on buybacks in 2018 ($1.8 billion) and divided that by the total net income ($764 million) in the same year. *Id.* at 64.

40 To calculate Hilton's spending on buybacks per worker, we divided the amount spent on stock repurchases ($1.8 billion) by the number of global employees (169,000) as reported in *Id.* at 12, 64.

41 Nat'l Women's Law Ctr. calculations for buyback versus wage increase tradeoff, *supra* note 34.

42 The Joint Comm. on Tax'n, *supra* note 9.

43 CLASP child care assistance calculations based on Admin. for Children and Families, Office of Child Care, Child Care and Development Block Grant administrative data, *available at* https://www.acf.hhs.gov/occ/data; Nat'l Women's Law Ctr. Pell Grant calculations based on College Board, *Pell Grants: Recipients, Maximum Pell and Average Pell*, https://research.collegeboard.org/trends/student-aid/figures-tables/pell-grants-recipients-maximum-pell-and-average-pell (last visited Sept. 25, 2019) (calculation based on maximum grant of $5,920 for 2017-2018); Nat'l Women's Law Ctr. SNAP calculation based on U.S. Dep't of Agric., *Supplemental Nutrition Assistance Program Participation and Costs* (Sept. 2019), https://fns-prod.azureedge.net/sites/default/files/resource-files/SNAPsummary-9.pdf (last visited Sept. 25, 2019) (calculation based on average monthly benefit per recipient in FY 2018 ($126.78)); Nat'l Women's Law Ctr. housing choice voucher calculation based on Cong. Res. Serv., *HUD FY2018 Appropriations: In Brief* (Jun. 2018), https://fas.org/sgp/crs/misc/R44931.pdf (listing total federal appropriations of $22,015,000,000 in FY 2018 for numerator); Ctr. on Budget & Pol'y Priorities, *Federal Rental Assistance* (May 14, 2019), https://www.cbpp.org/research/housing/federal-rental-assistance-fact-sheets#US (listing number of households served for denominator).

44 Greg Leiserson, Will McGrew & Raksha Kopparam, *The distribution of wealth in the United States and implications for a net worth tax*, Washington Ctr. for Equitable Growth (Mar. 21, 2019), https://equitablegrowth.org/the-distribution-of-wealth-in-the-united-states-and-implications-for-a-net-worth-tax/.

45 There are many different ways to understand what we mean by "wealth," but one commonly used definition is simply what you own minus what you owe. For a useful primer on women, race, and wealth, *see* Khaing Zaw et al., *Women, Race & Wealth*, Samuel DuBois Cook Ctr. on Social Equity & Insight Center for Cmty. Econ. Dev. (Jan. 2017), https://www.insightcced.org/wp-content/uploads/2017/01/January2017_ResearchBriefSeries_WomenRaceWealth-Volume1-Pages.pdf; Rebecca Tippet et al., *Beyond Broke: Why Closing the Racial Wealth Gap is a Priority for National Economic Security*, Ctr. for Global Pol'y Solutions & Duke Social Science Res. Inst. (May 2014), http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond_Broke_FINAL.pdf.

46 Pew Res. Ctr., *On Views of Race and Inequality, Blacks and Whites are Worlds Apart* 1, 8 (June 27, 2016), https://www.pewsocialtrends.org/wp-content/uploads/sites/3/2016/06/ST_2016.06.27_Race-Inequality-Final.pdf (providing data from 2013, the most recent year available at time of publication).

47 Mariko Chang, *Women and Wealth: Insights for Grantmakers*, Asset Funders Network 1, 6 (2015), https://assetfunders.org/wp-content/uploads/Wom-en_Wealth_-Insights_Grantmakers_brief_15.pdf (providing data from 2013 Survey of Consumer Finances).

48 *Id.* at 6.

49 *Id.* at 11.

50 Nat'l Council of Negro Women & the Nat'l Cmty. Reinvestment Coal., *Assessing the Double Burden: Examining Racial and Gender Disparities in Mortgage Lending* 1, 4 (Jun. 2009), https://ncrc.org/wp-content/uploads/2009/07/ncrc%20nosheild%20june%2009.pdf; *see also* The STOP Campaign, *Stopping the Debt Spiral*, POWER-PAC Ill. 1, 6 (2018), http://www.cofionline.org/COFI/wp-content/uploads/2018/01/COFI-STOP-Report.pdf (respondent unable to work for public school because of debt to city); Peter Edelman, *How it Became a Crime to be Poor in America*, The Guardian (Nov. 6, 2017), https://www.theguardian.com/commentisfree/2017/nov/06/how-poverty-became-crime-america; In addition, Black women had the highest mean cumulative debt for students graduating with a bachelor's degree, compared to white men, white women, Latinx women, and Asian women, in 2011-2012. Ass'n of Am. U. Women, *Women Deeper in Debt: Women and Student Loans* 1, 19 (2017), https://www.aauw.org/aauw_check/pdf_download/show_pdf.php?file=deeper-in-debt. Given its import, this is a more abbreviated discussion of the racialized and gendered wealth gap than is warranted. For a full discussion, *see, e.g.*, Andrea Flynn et al., *Rewrite the Racial Rules: Building an Inclusive American Economy*, Roosevelt Inst., 1, 24-30 (June 2016), https://rooseveltinstitute.org/wp-content/uploads/2016/06/Structural-Discrimination-Final.pdf [hereinafter "*Rewrite the Racial Rules*"]; *see generally* McCulloch, *supra* note 23; Chang, *supra* note 47.

51 *Rewrite the Racial Rules, supra* note 50.

52 Andrea Flynn et al., The Hidden Rules of Race: Barriers to an Inclusive Economy, Roosevelt Inst. 1, 63-76 (Sept. 2017), *available at* https://rooseveltinstitute.org/book-hidden-rules-race-barriers-inclusive-economy/.

53 Winnie F. Taylor, *The ECOA and Disparate Impact Theory: A Historical Perspective*, 26 J. L. & Pol'y 575, 602-03 (2018), *available at* https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=1566&context=jlp.

54 McCulloch, *supra* note 23, at 9.

55 Lily Batchelder, *The 'Silver Spoon' Tax: How to Strengthen Wealth Transfer Taxation*, Wash. Ctr. for Equitable Growth (Oct. 31, 2016), https://equitablegrowth.org/silver-spoon-tax/.

ENDNOTES

56 Janelle Jones, *Receiving an inheritance helps white families more than black families*, Econ. Pol'y Inst. (Feb. 17, 2017), https://www.epi.org/publication/receiving-an-inheritance-helps-white-families-more-than-black-families/.

57 Darrick Hamilton & Michael Linden, *Hidden Rules of Race are Embedded in the New Tax Law*, Roosevelt Inst. 1, 5 (May 2018), https://rooseveltinstitute.org/wp-content/uploads/2018/05/Hidden-Rules-of-Race-and-Trump-Tax-Law.pdf (citing Maury Gittleman & Edward N. Wolff, *Racial Differences in Patterns of Wealth Accumulation*, 39 J. Human Res. 193 (2004), https://www.jstor.org/stable/3559010?seq=1#page_scan_tab_contents.

58 Richard Phillips & Steve Wamhoff, *The Federal Estate Tax: An Important Progressive Revenue Source*, Inst. on Tax'n & Econ. Pol'y (Dec. 6, 2018), https://itep.org/the-federal-estate-tax-an-important-progressive-revenue-source/.

59 The Joint Comm. on Tax'n, *History, Present Law, and Analysis of the Federal Wealth Transfer Tax System* 1, 5 (Mar. 18, 2015), https://www.jct.gov/publications.html?func=startdown&id=4744).

60 Darien B. Jacobson, Brian G. Raub & Barry W. Johnson, *The Estate Tax: Ninety Years and Counting*, I.R.S. Statistics of Income Bulletin 118, 122 (June 22, 2007), https://www.irs.gov/pub/irs-soi/ninetyestate.pdf.

61 Connor Maxwell & Danyelle Soloman, *4 Ways Repealing the Estate Tax Would Expand the Racial Wealth Gap*, Ctr. for Am. Progress (Nov. 16, 2017), https://www.americanprogress.org/issues/race/news/2017/11/16/442836/4-ways-repealing-estate-tax-expand-racial-wealth-gap/.

62 Meg Wiehe et. al., *Race, Wealth and Taxes: How the Tax Cuts and Jobs Act Supercharges the Racial Wealth Divide*, Inst. on Tax'n & Econ. Pol'y & Prosperity Now 1, 8 (Oct. 2018), https://prosperitynow.org/sites/default/files/resources/ITEP-Prosperity_Now-Race_Wealth_and_Taxes-FULL%20REPORT-FINAL_5.pdf.

63 Tax Pol'y Ctr., *Key Elements of the U.S. Tax System* 1, 27 https://www.taxpolicycenter.org/sites/default/files/briefing-book/key_elements_of_the_us_tax_system_1.pdf (last visited Oct. 4, 2019) [hereinafter "*Key Elements*"].

64 Tax Pol'y Ctr., T18-0053 - Distribution of Individual Income Tax on Long-Term Capital Gains by Expanded Cash Income Percentile, 2018 (May 15, 2018), https://www.taxpolicycenter.org/model-estimates/distribution-individual-income-tax-long-term-capital-gains-and-qualified-28.

65 Alexandra Thornton & Galen Hendricks, *Ending Special Tax Treatment for the Very Wealthy*, Ctr. for Am. Progress (June 4, 2019), https://www.americanprogress.org/issues/economy/reports/2019/06/04/470621/ending-special-tax-treatment-wealthy/ (citing Tax Pol'y Ctr., Distribution of Long-Term Capital Gains and Qualified Dividends by Expanded Cash Income Percentile, 2018, https://www.taxpolicycenter.org/model-estimates/distribution-individual-income-tax-long-term-capital-gains-and-qualified-30 (last accessed May 2019)).

66 *Key Elements*, *supra* note 63, at 30.

67 Tax Pol'y Ctr., *Briefing Book: Some Background*, https://www.taxpolicycenter.org/briefing-book/who-bears-burden-corporate-income-tax (last visited Oct. 4, 2019).

68 Susan R. Holmberg, *Who Are the Shareholders?*, Roosevelt Inst. (June 19, 2018), https://rooseveltinstitute.org/who-are-shareholders.

69 Edward N. Wolff, *Household Wealth Trends in the United States, 1962 to 2016: Has Middle Class Wealth Recovered?*, Nat'l Bureau of Econ. Res., 19 (Nov. 2017), https://www.nber.org/papers/w24085.pdf.

70 *Id*. This study used Federal Reserve's Survey of Consumer Finance breaking down the racial and ethnic disparity in wealth holdings. This dataset tracks household (not individual) level data, which means data breaking down stock ownership by gender is not available.

71 *Id*.

72 *Id*.

73 Pew Res. Ctr., *supra* note 46, at 24.

74 Danyelle Soloman & Christian E. Weller, *When a Job is Not Enough: The Latinx-White Wealth Gap*, Ctr. for Am. Progress (Dec. 5, 2018), https://www.americanprogress.org/issues/race/reports/2018/12/05/461823/job-not-enough.

75 Lawrence Mishel & Julia Wolfe, *CEO Compensation has Grown 940% Since 1978*, Econ. Pol'y Inst. (Aug. 14, 2019), https://www.epi.org/publication/ceo-compensation-2018/.

76 *See. e.g.*, Juliana Menasce Horowitz, Ruth Igielnik & Kim Parker, *Views on leadership traits and competencies and how they intersect with gender*, Pew Res. Ctr. (Sept. 20, 2018), https://www.pewsocialtrends.org/2018/09/20/2-views-on-leadership-traits-and-competencies-and-how-they-intersect-with-gender/; Matthew Biddle, *Men are still more likely than women to be perceived as leaders, study finds*, U. Buffalo (Aug. 6, 2018), http://www.buffalo.edu/news/news-releases.host.html/content/shared/mgt/news/men-still-more-likely-than-women-perceived-leaders-study-finds.detail.html.

77 Pyramid: Women in S&P 500 Companies, Catalyst (Sept. 1, 2019), https://www.catalyst.org/research/women-in-sp-500-companies/.

78 Bureau of Lab. Stats., Labor Force Statistics from the Current Population Survey, https://www.bls.gov/cps/cpsaat11.htm (last visited Oct. 4, 2019).

79 Nat'l Women's Law Ctr. calculations based on U.S. Census Bureau, 2017 American Community Survey using Steven Ruggles et al., IPUMS USA: Version 9.0 [dataset] (Minneapolis, 2019), *available at* https://ipums.org/.

ENDNOTES

80 A study of more than 50 years of data revealed that when women moved into a field in large numbers, wages declined, even when controlling for experience, skills, education, race and region. *See* Asaf Levanon, Paula England & Paul Allison, *Occupational Feminization and Pay: Assessing Causal Dynamic Using 1950-2000 U.S. Census Data,* Social Forces (Dec. 2009), http://sf.oxfordjournals.org/content/88/2/865.short.

81 *The State of Wage Inequality in the Workplace*, Hired, https://www.hired.com/page/wage-inequality-report/distribution-gender-wage-gap (last accessed Oct. 8, 2019).

82 For a useful explanation of how this works, with some examples, *see* Ctr. on Budget & Pol'y Priorities, *Policy Basics: Marginal and Average Tax Rates* (June 21, 2019), https://www.cbpp.org/research/federal-tax/policy-basics-marginal-and-average-tax-rates.

83 Thomas Piketty, Emmanuel Saez & Stefanie Stantcheva, *Optimal Taxation of Top Labor Incomes: A Tale of Three Elasticities*, 6 Am. Econ. J.: Econ. Pol'y 230-71 (2014), *available at* https://doi.org/10.1257/pol.6.1.230.

84 *See* Lawrence Mishel & Josh Bivens, *The Pay of Corporate Executives and Finance Professionals as Evidence of Rents in Top 1 Percent Incomes*, Econ. Pol'y Inst. (June 20, 2013), https://www.epi.org/publication/pay-corporate-executives-financial-professionals/; Richards, *supra* note 24.

85 For a useful discussion of this research, *see* Richards, *supra* note 24.

86 Andrew Fieldhouse, *How Much can Tax Policy Curb Income Inequality Growth? Maybe a Lot*, Econ. Pol'y Inst. (June 14, 2013), https://www.epi.org/blog/tax-policy-curb-income-inequality-growth/.

87 Nat'l Women's Law Ctr. calculations based on U.S. Census Bureau, 2017 American Community Survey using IPUMS.

88 Mishel & Wolfe, *supra* note 75.

89 *Id.*

90 Susan Holmberg & Michael Umbrecht, *Understanding the CEO Pay Debate: A Primer on America's Ongoing C-Suite Conversation*, Roosevelt Inst. 1, 8-13 (Oct. 23, 2014), https://rooseveltinstitute.org/wp-content/uploads/2015/10/244163008-Understanding-the-CEO-Pay-Debate-A-Primer-on-America-s-Ongoing-C-Suite-Conversation.pdf (providing a history of CEO pay policy).

91 Omnibus Budget Reconciliation Act of 1993 § 13211, 26 U.S.C.A. § 162(m).

92 For a complete discussion of shareholder primacy, *see, e.g.,* Lynn Stout, *The Shareholder Primacy Myth* (2012) (1st ed.).

93 Lenore, *supra* note 29. *See also* Rick Wartzman, *America's top CEOs say they are no longer putting shareholders before everyone else*, Fast Co. (Aug. 19, 2019), https://www.fastcompany.com/90391743/top-ceo-group-business-roundtable-drops-shareholder-primacy.

94 Holmberg & Umbrecht, *supra* note 90, at 11-12 (citing Carola Frydman & Dirk Jenter, *CEO Compensation*, 2 Annual Review of Financial Econ. 75 (2010)).

95 Dean Baker, Josh Bivens, & Jessica Schieder, *Reining in CEO compensation and curbing the rise of inequality*, Econ. Pol'y Inst. (2019), https://www.epi.org/publication/reining-in-ceo-compensation-and-curbing-the-rise-of-inequality/.

96 For a useful analysis of the options available to companies following changes to 26 U.S.C.A. § 162(m), known as the "performance pay loohople," including a proposal for the Securities and Exchange Commission (SEC) to issue a new disclosure rule to inform investors of the tax costs associated with CEO compensation packages, *see* Kobi Kastiel & Noam Noked, *The 'Hidden' Tax Cost of Executive Compensation*, 70 Stanford L. Rev. 179 (2018), https://www.stanfordlawreview.org/online/hidden-tax-cost-executive-compensation/.

97 For a complete description of the "pass-through" provision in the TCJA and its many flaws, *see* Ctr. on Budget & Pol'y Priorities, *Pass-Through Deduction Benefits Wealthiest, Loses Needed Revenue, and Encourages Tax Avoidance* (Mar. 27, 2019), https://www.cbpp.org/research/federal-tax/pass-through-deduction-benefits-wealthiest-loses-needed-revenue-and-encourages.

98 Brendan Duke, *Pass-Through Deduction in 2017 Tax Law Could Weaken Wages and Workplace Standards*, Ctr. on Budget & Pol'y Priorities (2018), https://www.cbpp.org/research/federal-tax/pass-through-deduction-in-2017-tax-law-could-weaken-wages-and-workplace. Analysts have also noted that women-owned small businesses are unlikely to benefit from the pass-through deduction. *See 2017 Tax Law – Impact on the Budget and American Families Before the H. Comm. On the Budget*, 116th Cong. (2019) (statement of Caroline Bruckner, Executive-in-Residence, Accounting and Taxation Managing Director, Kogod Tax Pol'y Ctr, Kogod School of Business, Am. U.), *available at* https://docs.house.gov/meetings/BU/BU00/20190227/108985/HHRG-116-BU00-Wstate-BrucknerC-20190227-U1.pdf.

99 This analysis borrows heavily from the excellent analysis by Brandon Duke and his colleague, Chye Ching Huang, at the Center on Budget and Policy Priorities. *See, e.g.,* Duke, *supra* note 98.

100 Caroline Bruckner & Thomas L. Hungerford, *Failure to Contribute: An Estimate of the Consequences of Non- and Underpayment of Self-Employment Taxes by Independent Contractors and On-Demand Workers on Social Security*, Ctr. for Retirement Research at Boston College (Jan. 2019), http://crr.bc.edu/wp-content/uploads/2019/01/wp_2019-1.pdf.

101 Duke, *supra* note 98.

ENDNOTES

102 Arindrajit Dube & Ethan Kaplan, *Does Outsourcing Reduce Wages in the Low-Wage Service Occupations? Evidence from Janitors and Guards*, Cornell U., ILR Sch. (Jan. 2010), http://econweb.umd.edu/~kaplan/empiricaloutsourcing.pdf; Katharine G. Abraham & Susan K. Taylor, *Firms' Use of Outside Contractors: Theory and Evidence*, 63 J. of Lab. Econ. 287 (1996), https://www.jstor.org/stable/2535360?seq=1#page_scan_tab_contents; C. Jeffrey Waddoups, *Did Employers in the United States Back Away from Skills Traning during the Early 2000s*, Cornell U., 68 ILR Rev. (2015), https://journals.sagepub.com/doi/abs/10.1177/0019793915619904; Sarah Leberstein & Catherine Ruckelshaus, *Independent Contractor vs. Employee: Why independent contractor misclassification matters and what we can do to stop it*, Nat'l Emp. L. Project (May 2016), https://s27147.pcdn.co/wp-content/uploads/Policy-Brief-Independent-Contractor-vs-Employee.pdf.

103 Soloman & Weller, *supra* note 74, at 2; Gillian Tett, *The surprising rise of private capital*, Financial Times (2019), https://www.ft.com/content/d083b08e-82c7-11e9-b592-5fe435b57a3b.

104 Jakob Wilhelmus & William Lee, *Companies Rush to Go Private*, Milken Inst. 1, 6 (2018), https://assets1b.milkeninstitute.org/assets/Publication/Viewpoint/PDF/WP-083018-Companies-Rush-to-Go-Private-FINAL2.pdf.

105 Mike Konczal, Amanda Page-Hoongrajok & J.W. Mason, *Ending Short-Termism: An Investment Agenda for Growth*, Roosevelt Inst., 1, 9 (Nov. 6, 2015), https://rooseveltinstitute.org/ending-short-termism-investment-agenda-growth.

106 For a discussion of the role of the financial sector in today's economy, *see* Joseph Stiglitz et. al., *Rewriting the Rules of the American Economy*, Roosevelt Inst. 1, 29-32 (May 12, 2015), https://rooseveltinstitute.org/rewriting-rules-report/.

107 Stephen G. Cecchetti & Enisse Kharroubi, *Why does financial sector growth crowd out real economic growth?*, Bank for Int'l Settlements (2015), https://www.bis.org/publ/work490.pdf.

108 *See* Thomas Philippon & Ariell Reshef, *Wages and Human Capital in the U.S. Financial Industry: 1909 – 2006*, 127 Quarterly J. Econ. 1551 (2012), http://qje.oxfordjournals.org/content/127/4/1551; Mishel & Bivens, *supra* note 84.

109 Jon Bakija, Adam Cole & Bradley T. Heim, *Jobs and Income Growth of Top Earners and the Causes of Changing Income Inequality: Evidence from U.S. Tax Return Data*, Williams College 1, 35, (Apr. 2012), https://web.williams.edu/Economics/wp/BakijaColeHeimJobsIncomeGrowthTopEarners.pdf.

110 Mishel & Bivens, *supra* note 84. *See also* Richards, *supra* note 24.

111 Eileen Appelbaum & Rosemary Batt, *A Primer on Private Equity at Work: Management, Employment, and Sustainability*, Ctr. for Econ. & Pol'y Res. 3 (Feb. 2012), http://cepr.net/documents/publications/private-equity-2012-02.pdf. TCJA did include new limitations on interest deductions, though they remain generous and the full effects are still unknown. Foreign subsidiaries might also be used to get around the debt limits.

112 *Id.* at 3.

113 *Id.* at 2.

114 Jim Baker et al., *Private Equity: How Wall Street Firms are Pillaging American Retail*, The Ctr. for Popular Democracy 1, 2 (2019), https://populardemocracy.org/sites/default/files/Pirate%20Equity%20How%20Wall%20Street%20Firms%20are%20Pillaging%20American%20Retail%20July%202019%20FINAL%20UPDATED%207-23-2019.pdf.

115 *Id.* at 1.

116 *Id.* at 15.

117 U.S. Dep't of Labor, Bureau of Labor Statistics, Household Data, Annual Averages, Table 18. Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity, https://www.bls.gov/cps/cpsaat18.htm (last modified Jan. 18, 2019).

118 U.S. Dep't of Labor, Bureau of Labor Statistics, Occupational Employment and Wages, May 2018 41-2011 Cashiers, https://www.bls.gov/oes/current/oes412011.htm (last modified Mar. 29, 2019); U.S. Dep't of Labor, Bureau of Labor Statistics, Retail Sales Workers (Sept. 4, 2019), https://www.bls.gov/ooh/sales/retail-sales-workers.htm#tab-1 (providing 2018 median pay).

119 Krystal Hu, *Retail job losses mount, women impacted more than men*, Inst. for Women's Pol'y Res. (2019), https://iwpr.org/retail-job-losses-mount-women-impacted-more-than-men/.

120 Bryce Covert, *The Demise of Toys 'R' Us Is a Warning: The private-equity companies swooping in to buy floundering retailers may ultimately be hastening their demise*, The Atlantic (July 2018), https://www.theatlantic.com/magazine/archive/2018/07/toys-r-us-bankruptcy-private-equity/561758/.

121 Susan Berfield et al., *Tears 'R' Us: The World's Biggest Toy Store Didn't Have to Die: An object lesson in financial mismanagement and miscalculation from the fallen Toys "R" Us*, Bloomberg (June 6, 2018), https://www.bloomberg.com/news/features/2018-06-06/toys-r-us-the-world-s-biggest-toy-store-didn-t-have-to-die.

122 *Id.*

123 *Id.*

124 Covert, *supra* note 120.

125 Chris Isidore, *Amazon didn't kill Toys 'R' Us. Here's what did*, CNN Business (Mar. 15, 2018), https://money.cnn.com/2018/03/15/news/companies/toys-r-us-closing-blame/index.html.

ENDNOTES

126 Berfield et al., *supra* note 121.

127 Michael Corkery, *Toys 'R' Us Says It Will Close or Sell All U.S. Stores*, N.Y. Times (Mar. 14, 2018), https://www.nytimes.com/2018/03/14/business/toy-r-us-closing.html.

128 Chavie Lieber, *Thousands of Toys R Us workers are getting severance, following months of protests*, Vox (Nov. 21, 2018), https://www.vox.com/the-goods/2018/11/21/18106545/toys-r-us-retail-workers-severance.

129 Peter Diamond & Emmanuel Saez, *The Case for a Progressive Tax: From Basic Research to Policy Recommendations*, J. of Econ. Perspectives (2011) https://www.aeaweb.org/articles?id=10.1257/jep.25.4.165.

130 Piketty, Saez & Stantcheva, *supra* note 83, at 267.

131 Lenore Palladino, Devin Duffy & Marybeth Seitz-Brown, *Reality Check: Raising Revenue for Structural Reform and Large-Scale Public Investment*, Roosevelt Inst. (2017), https://rooseveltinstitute.org/wp-content/uploads/2017/07/Reality-Check_final.pdf; Anthony B. Atkinson & Joseph E. Stiglitz, *Lectures on Public Economics* (Princeton University Press 2015), https://www.amazon.com/Lectures-Public-Economics-Anthony-Atkinson-ebook/dp/B00SJXRG70; Thomas Piketty & Emmanuel Saez, *A Theory of Optimal Capital Taxation*, Nat'l Bureau of Econ. Res. (2012), https://www.nber.org/papers/w17989.pdf.

132 Greg Leiserson & Will McGrew, *Taxing wealth by taxing investment income: An introduction to mark-to-market taxation*, Wash. Ctr. for Equitable Growth (2019), https://equitablegrowth.org/taxing-wealth-by-taxing-investment-income-an-introduction-to-mark-to-market-taxation/. There are several other ways to address the variety of ways that capital is insufficiently taxed that should be considered. For a useful discussion, *see, e.g.*, Seth Hanlon et al., *America Can Do Big Things: A Budget Plan for a Better Future*, Ctr. for Am. Progress (June 11, 2019), https://www.americanprogress.org/issues/economy/reports/2019/06/11/471022/america-can-big-things-budget-plan-better-future/.

133 Emmanuel Saez & Gabriel Zucman, *Progressive wealth taxation*, Brookings Inst. (Sept. 5, 2019), https://www.brookings.edu/bpea-articles/progressive-wealth-taxation/.

134 Jesse Eisinger & Paul Kiel, *After Budget Cuts, the IRS' Work Against Tax Cheats is Facing "Collapse"*, ProPublica (Oct. 1, 2018), https://www.propublica.org/article/after-budget-cuts-the-irs-work-against-tax-cheats-is-facing-collapse.