President Obama recently rolled out his [Blueprint for Middle-Class Economics](http://www.huffingtonpost.com/barack-obama/obama-budget-middle-class-economics_b_6570948.html). Here is a quote from the President laying out his agenda:

“We would establish new advanced manufacturing hubs, rebuild crumbling infrastructure, combat antibiotic-resistant bacteria, and lead a new age of precision medicine that uses cutting-edge science to find new treatments for diseases like diabetes and cancer. We would give working parents a chance to get ahead with guaranteed paid sick leave, and we'd give Americans of all ages a chance to earn new skills by making community college free for responsible students. And we should invest in a 21st century military to confront global challenges with strong and sustained American leadership.”

While that statement is a little vague on specifics (yes curing cancer would be awesome, but it is a difficult promise to follow through on), it does mention building infrastructure, providing free (tax payer funded) community college, and throwing in a minimum wage increase (noted elsewhere in the President’s proposals).

Who wouldn’t want to help the middle class? I certainly want to help them. In that vein, I have compiled a list of actions the federal government could enact to help the middle class. Note that if we want to target the middle class, we need to know statistically who they are, so we’ll use data provided by the US Census for 2011.

**Median 2011 Household Income Quintiles**

First quintile Second quintile Third quintile Fourth quintile Fifth quintile

$11,490 $29,686 $51,179 $82,098 $186,000

**2011 Upper Income Limits by Quintile**

First quintile Second quintile Third quintile Fourth quintile Fifth quintile

$20,599 $39,764 $64,582 $104,096

This means that middle class household (those in the second through fourth quintiles) income in 2011 must be greater than $20,599 and less than $104,096. That means [one in five federal government workers are not middle class](http://www.breitbart.com/big-government/2012/08/20/federal-workers-earn-twice-as-much-as-private-workers/) because their salaries put them into the rich quintile (assuming they don’t have a working spouses). Given that the census data is by household income, many more government employees fail to be middle class if they have another member of their household who has a job.

For that matter, we have to rule out many state employees from the middle class. [The Boston Globe found](http://www.bostonglobe.com/2014/02/12/nearly-mass-state-employees-earn-more-than/7CeGvLcvKzFLpmqPxWkN7H/story.html) that 8,850 state employees earned more than $100,000 in 2013. The main beneficiaries of the “rich” salaries were university professors and the state police. Private school professors are often too rich for the middle class as well. The US Senate didn’t make Elizabeth rich for the first time. [Her Harvard salary](http://www.bostonmagazine.com/news/blog/2012/01/13/elizabeth-warren-salary-harvard/) (before you add in consulting income and royalties) was $429,981 between 2010 and 2011.

One government salary in a household may take the household out of the middle class. Two average government salaries places most households out of the middle class and into the rich. (Disclaimer: I’m not middle class because I and my wife are both professors at a public university).

Alternatively, if we want to define the middle class by wealth and not inomce:

**Median Household Net Worth by Quintile and Age 2011**

First quintile Second quintile Third quintile Fourth quintile Fifth quintile

$-6,029 $7,263 $68,839 $205,985 $630,754

Less than 35 years of age $6,676

65 years of age and over $170,516

In terms of wealth, it is difficult for adults under 35 to be considered middle class (unless they live with their parents). On the flip side, many elderly households are too wealthy to be defined as middle class in terms of wealth.

Middle-class economics should include (but not necessarily be limited to):

1. Enroll all Americans in Medicare

The elderly (typically wealth households) get health care coverage from taxpayers. So too do the poor through Medicaid. Who is left out? The middle class. Drop Medicaid, enroll everyone in Medicare and reform Medicare to ensure its financial sustainability. Note: this is not the same as a universal health plan where the government employs all doctors. Rather this is a plan where the government determines what, if any health care, they cover for every American and then people who want more health care can buy it.

1. Increase infrastructure

By this I mean ports, roads, and bridges in where the cost-benefit calculation is done to ensure that the projects that will boost productivity the most are the ones invested in. Note: this also requires a repeal of the Davis-Bacon law. The point is to build actual infrastructure, not to overpay unionized contractors.

1. Stop running up the national debt.
2. Reducing burdens the government places on middle class families

Simplify the tax code so that middle class Americans don’t have to spend hours filing taxes or paying money to hire tax consultants. The payroll tax is automatic, so too should be the income tax.

Reduce the cost of food and fuel (a sizeable portion of the middle class budget). Eliminate the sugar tariff, end the ethanol mandate (eat corn, don’t burn it) and stop paying farmers not to grow crops.

1. Reform public pensions
2. Don’t raise the minimum wage for teenagers
3. Decrase housing tax deduction to $50,000 on only one house

End sugar tariff - $2.4 billion a year 41% more for sugar than the rest of the world

End ethanol mandate

Simplify the tax code

Middle class