

The Measuring Real Income Growth Act of 2018

Background

Economic inequality in the United States has increased dramatically over the last 40 years, with economic gains increasingly concentrated among the most affluent. By contrast, the majority of Americans have seen incomes and wages stagnate, even as the most closely watched measure of our nation's economic health, Gross Domestic Product (GDP), paints a rosier picture. Between 2003 and 2005, for example, real GDP grew by more than 3 percent each year, but the average income for half of all Americans actually fell during this period. Relying on top-line GDP and GDP growth numbers masks these important trends and may lead to policies that do not accurately reflect the economic experiences of most families in America.

The lack of consistent and up-to-date distributional growth measures means we do not have a real-time sense of whether the economic growth we are seeing today is continuing the pattern of the last 40 years. This is all the more urgent given recent policy changes, including President Trump's tax cut. According to all nonpartisan estimates, the overwhelmingly majority of economic benefits from the tax cut will flow to the top 1 percent of Americans.

Bill Summary

The Measuring Real Income Growth Act of 2018 will require an official and timely reporting of how growth is distributed across the income spectrum, providing policymakers with metrics that better correspond to the economic experiences of all American families. Specifically, the bill:

- **Establishes new Income Growth Indicators (IGI):** Would require the Bureau of Economic Analysis (BEA) to produce distributional measures of economic growth by each decile of income earners and the top 1 percent, allowing us to measure whether economic growth is benefitting all Americans.
- **Requires timely reporting:** Would require BEA to report their most recent estimates of distributional growth with each quarterly and annual GDP release, beginning in 2020.

Section-by-Section Summary

Section 1. Short Title

Sets out the bill's short title, the Measuring Real Income Growth Act of 2018.

Section 2. Findings

Presents findings on the need for distributional growth measures.

Section 3. Estimates of Aggregate Economic Growth Across Income Groups

Directs BEA to produce disaggregated estimates of economic growth for each decile of income earners and the top 1 percent, and to report the latest estimates available with each quarterly and annual GDP release beginning in 2020. Authorizes appropriations for the Department of Commerce for the purpose of implementing this new reporting.