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Wages for the average US worker have barely budged in 40 years. For many people, this means massive debt. For others, it means real hunger. And for millions of Americans, it means doing without basic things to improve their lives, like continuing their education.

But wage stagnation is not just an individual problem. It's a national economic problem. Low wages make it difficult for employers to attract and retain talent. And financially stressed workers hurt productivity because they can't perform their best.

Our nation needs solutions. That's why JFF is launching the $1 Billion Wage Gain Challenge to raise the wages of at least 100,000 workers by $10,000 or more.

Understanding the root causes of low wages will go a long way toward reversing the devastating trend. Research has identified several key factors, and few players are spared. Business, labor, and education—systems, practices, and policies—all have a role.

Here are five of the biggest causes and one big reason for optimism:

1. Outsourcing

Some of this will sound familiar: corporate outsourcing of production to countries with lower wages has slashed the number of jobs with good pay in the US.

But there's a twist. The outsourcing of jobs to contractors within the US has reduced wages for those who still have jobs. For example, janitors earn 4 to 7 percent less, and security guards earn 8 to 24 percent less, when they are employed by a contractor rather than the company whose facilities they clean or protect.

2. Imbalance of market power

In areas with few large employers, workers have few options for employment. The labor market becomes less competitive so employers have more power to limit wage growth.

Economists call this "monopsony" and it tends to wreak the most havoc in rural areas, small cities, and towns.

Unions used to help balance the equation by giving workers a strong voice in salary negotiations. But today unions represent only 7 percent of the private-sector workforce, down from a peak of 35 percent in the 1950s.

Non-compete clauses are another erosion of worker rights, and their impact has spread far beyond the professional class. Today, one in five workers with a high school degree or less are subject to such restrictions, which prevent employees from seeking better opportunities at similar companies within a certain period of time.

3. Meager minimum wage

The federal minimum wage has been stuck at $7.25 per hour since 2009, while what people can buy with that money has declined significantly since the 1970s. This drop in real-purchasing power explains the majority of the wage gap between low- and middle-wage workers.

4. Untapped workforce

Labor market discrimination, which limits the educational and career opportunities of people by race, ethnicity, gender, and individuals with criminal records, puts downward pressure on all wages, particularly of those who are discriminated against. It also reduces productivity by restricting the known benefits that diversity brings to the workplace.

5. Shareholder pressure

More and more, public companies face enormous pressure from shareholders to produce growing quarterly profits. Executive managers who respond by prioritizing short-term growth over long-term growth often cut labor costs through layoffs, wage reductions, and less resources for training. The budget impact can be immediate, but over time these cuts can undermine the business model and weaken the company.

The bad news

Deep-seated wage stagnation—and the stark income inequality it contributes to—are among the greatest challenges of our time. Transforming these long-term trends will require an enormous national commitment to change. That, in turn, will require multifaceted innovation, immense will, and dogged persistence by dedicated stakeholders across the country.

The good news

The good news is that the labor market is evolving, and where there is change, there is an opportunity to do things differently. Meanwhile, job growth in the US is still strong and many of these new occupations pay a living wage.

How can we continue building new jobs that pay good wages, while simultaneously restoring wages that have dropped?

Building economic opportunity for all has been a cornerstone of JFF's work for the past 35 years. JFF has been a leader in connecting jobseekers to the skills they need for success with today's employers.

But we're well aware that with the changes in our economy and labor market, these opportunities are just a start. JFF wants to do more to address wage stagnation head on, while continuing to expand opportunities for economic advancement.

The challenge

Which brings us back to the $1 Billion Wage Gain Challenge, the first moonshot of our new innovation arm, JFFLabs, in partnership with Schmidt Futures.

The competition is supported by Schmidt Futures and will be complementary and connected to its efforts in the Alliance for the American Dream. Schmidt Futures works to advance society through technology, inspire breakthroughs in scientific knowledge, and promote shared prosperity. As a venture facility for public benefit, Schmidt Futures drives discovery through investment in people, platforms, and partnerships.

Our goal is to engage innovators, educators, policymakers, and employers in bringing to light new ideas for raising wages in America—and to scale up the best ideas to expand their reach. Bringing together venture capitalists and philanthropists with the expertise of JFF, the Wage Gain Challenge aims to reverse wage stagnation and once again put the American Dream within realistic reach of America's workers. Join us in this important pursuit; visit jff.org/wagegain.

Coming soon: a blog exploring ideas to reverse wage stagnation into wage gains.