

Leadership Conference on Civil Rights

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COALITION ON HUMAN NEEDS

1120 Connecticut Avenue, NW · Suite 910 · Washington, DC 20036

Support an Effective Stimulus Package that Puts Money in the Hands of People Who Will Spend It

January 28, 2008

Dear Senator:

On behalf of the Leadership Conference on Civil Rights (LCCR), the nation's oldest, largest, and most diverse coalition of civil and human rights organizations with nearly 200 organizations, and the Coalition on Human Needs, an alliance of over 110 religious, service provider, labor, and other organizations advocating for the needs of low-income and vulnerable people, we urge you to enact an effective economic stimulus package that includes extended unemployment insurance, food stamps, and aid to the states. The House-passed package is only a first step in what is needed in a stimulus proposal. The Senate should complete the package and do what the economy needs most by helping those most in need.

Economists across the political spectrum agree with Federal Reserve Chair Ben Bernanke, who testified, "There is good evidence that cash that goes to low- and moderate-income people is more likely to be spent in the near term." Extended unemployment insurance, increased food stamps, home energy assistance, and tax rebates for people with incomes too low to owe federal income taxes are among the most efficient stimuli, because the recipients will use the income to pay bills and purchase necessities. Economists also believe that federal aid to states will prevent the downturn from worsening by minimizing cuts in services such as Medicaid, child support enforcement, and education, and by reducing the need for state or local tax increases.

Unemployment Insurance: The legacy of the slow recovery from the last recession is that it takes longer for workers to regain employment after losing their jobs. In December of 2007, the average unemployed worker was jobless for 16.5 weeks, compared with 12.8 weeks at the start of the previous recession in March 2001. Some racial groups are more likely to be unemployed longer. In 2006, the average duration of joblessness for unemployed whites over age 16 was 15.6 weeks; for African Americans it was 20.4 weeks; for Asians, 21.3 weeks. Similarly, older unemployed men and women stay out of work longer. Women and men aged 55-64 remained jobless 22.2 weeks and 23.8 weeks respectively in 2006. If unemployment benefits are not extended, the National Employment Law Project estimates that nearly 1.3 million unemployed people will exhaust their state benefits between this month and June 2008. Extending benefits and providing federal funds to increase them \$50 a week will channel urgently needed dollars to disproportionately low-income groups, and will reach people quickly.

Food Stamps: A short-term increase in Food Stamp benefits will generate \$1.73 in new economic activity for each dollar invested, according to economist Mark Zandi of Moody's economy.com. Close to 27 million people use Food Stamps, of whom 88 percent are poor. A 10

percent increase in maximum Food Stamp benefits would result in an increase of \$44 per month for a mother earning the minimum wage with two children, according to the Center on Budget and Policy Priorities. Food Stamps are particularly effective as a stimulus because the increase can be added to the debit cards used by recipients within about 30 days of enactment – far faster than the distribution of tax rebates.

State Aid: The business tax breaks proposed in the House will have the effect of reducing state revenues in some states, worsening an increasingly troubled revenue picture for states. Adding aid to states to the stimulus package will offset the loss of state revenues, and will produce further benefits by preventing cuts in services. An increase in federal funds for Medicaid, for example, will enable states to avoid cuts in Medicaid services or eligibility. Medicaid cuts will cause hardships felt disproportionately by the elderly, people of color, and families with children headed by women. Aid to states can also prevent layoffs of state and local government workers or contractors, all of which will make the downturn worse.

If the stimulus package is to work quickly, it needs to reach as many low- and moderate- income people as possible. Tax rebates, even ones equitably distributed as in the House plan, will not reach older people or people with disabilities who lack earnings. Food Stamps, home energy assistance through LIHEAP, and state aid will reach them, resulting both in money returned swiftly to the economy and reduced health crises that would otherwise burden individuals and states.

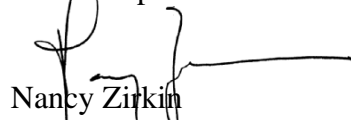
We further strongly urge you to reject the insertion of anti-immigrant provisions in stimulus legislation. Such language will inevitably create barriers to serving eligible needy people. This is a time when preventing a recession should be uppermost; divisions that distract from that goal do not serve the national interest.

Enacting a balanced stimulus plan of direct expenditures and limited, targeted tax rebates will simultaneously provide effectiveness and equity. We urge you to support and work for speedy enactment of such a plan. If you have any questions, please feel free to contact Deborah Weinstein at 202.223.2352, x31 or Nancy Zirkin at 202.263.2880.

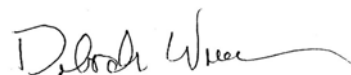
Sincerely yours,



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Deborah Weinstein
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