



Leadership Conference on Civil Rights



COALITION ON HUMAN NEEDS

Center for American Progress Action Fund



May 12, 2008

The Honorable Rober Byrd
Chairman
Committee on Appropriations
311 Hart Senate Office Building
Washington, DC 20510-4801

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
113 Dirksen Senate Office Building
Washington, DC 20510-2402

Dear Chairman Byrd and Ranking Member Cochran:

On behalf of the Leadership Conference on Civil Rights¹, the Coalition on Human Needs², the Association of Community Organizations for Reform Now (ACORN)³, and the Center for American Progress Action Fund⁴, we urge you to enact swiftly a package of initiatives that will alleviate mounting economic hardships and also provide the most effective economic stimulus to our faltering economy.

For the last seven years, economic growth has bypassed many of our citizens. Since 2001, inflation-adjusted weekly wages have risen only 1.4 percent. But costs have continued to rise. Food prices have increased 21.6 percent and fuel and utility costs have jumped 36.3 percent. Now, the worsening economy is causing even more pain for more and more families all across America. And its ill effects are disproportionately severe among people of color and those vulnerable because of age (young or old), sickness, or disability.

¹ *The Leadership Conference on Civil Rights (LCCR) is the nation's oldest, largest, and most diverse coalition of civil and human rights organizations with nearly 200 organizations.*

² *The Coalition on Human Needs is an alliance of over 110 religious, service provider, labor, and other organizations advocating for the needs of low-income and vulnerable people.*

³ *ACORN is the nation's largest community organization of low- and moderate-income families. The Center for American Progress Action Fund is a think tank and advocacy organization dedicated to improving the lives of Americans through ideas and action.*

⁴ *The Center for American Progress Action Fund is a think tank and advocacy organization dedicated to improving the lives of Americans through ideas and action.*

Effective steps towards shared recovery ought to include extending unemployment benefits, help with the high cost of food and home energy, funds to states to prevent cuts to Medicaid, child support, and other services, and school repair. . Strengthening these programs will provide immediate and necessary support to the Americans who are least capable of absorbing the costs of a downturn because they have been squeezed and excluded from recent economic growth.

Our networks see every day the hardships felt by people across our nation. We hear reports of growing lines at food pantries that have less food to distribute. We see older people and working families now facing utility shut-offs because they are unable to pay their skyrocketing home energy bills. Worse yet, just when hard-hit families need help most, they are being abandoned by federal and state governments. Federal inaction will allow millions without jobs to run out of unemployment benefits and will force young and old alike to go without food. Letting such preventable hardships occur is a not just a moral wrong – it will make the recession more severe for all.

Because people of color and ethnic/linguistic minorities are disproportionately low-income, they are disproportionately threatened by this recession. The unemployment rate for African Americans was 9 percent in March 2008, twice the rate for whites. Hispanics' unemployment was 6.9 percent in that month. The poverty rate for non-Hispanic whites was 8.2 percent in 2006; the rate for blacks was nearly triple that (24.3 percent); the poverty rate for Hispanics and Asians was 20.6 percent and 10.3 percent, respectively. Failure to take steps towards shared recovery will hurt everyone, but it will also widen the pernicious racial/ethnic gap in income and assets.

Economists tell us that benefits like unemployment insurance and Food Stamps are the most effective boosts to the economy because they put money in the hands of people who will spend it. To quote Federal Reserve Chair Ben Bernanke, "If you're somebody who lives paycheck to paycheck, you're more likely to spend that extra dollar."

As important as it is for you to heed the words of prominent economists, we want you to hear from people on the recession's front lines. Here is a 59 year-old man from Michigan: "I was laid off in June of 2007. Did not think I would have a problem finding suitable employment. Have 30 years sales/management experience plus proprietor experience. Health benefits ran out in January of 08, no extensions allowed as of now for unemployment... All my life I have worked hard to make ends meet, but now with the economy the way it is there is a real possibility of foreclosure on my home, my wife is seriously ill with Scleroderma (no insurance) Medicaid benefits still pending. I am in a very humiliating situation and am trying to keep positive and confident that things will turn around soon, just as many other people in this mess. Never thought I would be here." (*From the National Employment Law Project's compilation of unemployment stories at www.unemployedworkers.org.*)

If this family is abandoned, its losses will bring the economy down further. The Congressional Budget Office estimates that the Michigan man will be joined by 3.5 million people exhausting their unemployment insurance benefits by the end of this year. Revenue gaps in states are starting to force cuts in Medicaid, causing slowdowns or denials of badly needed health care, just as out-of-work families are losing their employer-based health insurance.

We believe that Congress should not delay in enacting comprehensive legislation to protect families from the real risk of losing all they have worked for. Key components of such a package should include:

- **Extended unemployment benefits**, at minimum, such as provided in the McDermott-English bill, H.R. 5749. Ideally, Congress should quickly adopt the Unemployment Insurance Modernization Act (H.R. 2233; S. 1871), to provide incentives for states to update their

unemployment insurance rules to count more of the unemployed now excluded from benefits, such as workers with more recent earnings and those only able to seek part-time work.

- **Nutrition assistance**, including an increase in Food Stamp benefits and more funds for the Women, Infants and Children nutrition program (WIC) and for The Emergency Food Assistance Program (TEFAP). The cost of basic foods is climbing steeply – milk rose 19 percent; bread increased 10 percent, and eggs jumped 33 percent from December 2006 to December 2007. The average Food Stamp benefit is about \$1 per person per meal, woefully inadequate even before the past year’s surge in prices. Caseloads for these programs are rising because of the harsh combination of lost jobs and rising costs.
- **Aid to states to prevent Medicaid and other service cuts.** Because of budget gaps likely to exceed \$39 billion across the states, at least 20 states have proposed or carried out cuts to health care, education, and services for the elderly and for those with disabilities. According to the Center on Budget and Policy Priorities, these cuts include denying health coverage to low-income parents, increasing the amount families must pay for their children’s health care, cutting community services for those with developmental disabilities, allowing fewer staff at nursing homes, eliminating hospice care for terminally ill Medicaid patients, and laying off thousands of teachers. We strongly favor temporarily increasing the level of federal support for state Medicaid programs and enacting or extending moratoria on the Bush Administration’s Medicaid and State Children’s Health Insurance (SCHIP) regulations or directives to prevent the cuts these would impose. We also favor other ways of assisting states to prevent the loss of other essential jobs and services in education, mental health, home care for the elderly, child care, etc.
- **School repair and maintenance:** More than \$100 billion in needed repairs to U.S. schools have been identified that can be quickly implemented, according to the Economic Policy Institute. Carrying out \$20 billion in repairs would create 280,000 jobs and improve student performance. A high-poverty school district in Texas found that from 1994 to 2001, the percentage of students who passed the Texas Assessment of Academic Skills was higher in school buildings that were clean and in good condition.
- **Home energy assistance:** The cost of heating and cooling homes has climbed steeply, but the Low Income Home Energy Assistance Program (LIHEAP) served only 15.6 percent of eligible households last year. Over the past four years, heating costs rose 47 percent, while the amount provided by LIHEAP actually declined, from \$464 a year in 2006 to \$378 in 2008. The need for home energy aid has not diminished even though temperatures are rising. Moratoria on gas or electricity shut-offs expire in the spring, but high costs and reduced income mean it will not be easy for families to pay their bills. Last year, 1.2 million households had their gas or electricity shut off. That number is likely to grow if more help is not provided. Further, an increase in LIHEAP funds will allow more help with home cooling, essential to prevent senior citizens and other vulnerable people from genuinely life-threatening situations in high heat.
- **Restored child support funding to prevent at least \$1 billion from being lost to children and their families.** States are beginning to lay off child support enforcement workers because previously enacted federal cuts. The recent successes in collecting billions in child support will be undermined, causing families to lose at least \$1 billion a year, according to the Congressional Budget Office. Low-income single-parent families need that income; without it, they will spend less, increasing their own hardships and pulling the economy down further.
- **Preventing reductions in Head Start:** Head Start programs around the country are cutting back on program hours and days and/or cutting services like transportation because of cuts of 11 percent since FY 2002, counting inflation. Such harmful cuts mean some families will no longer be able to place their children in Head Start, and may either be forced to incur big increased child care expenses or lose jobs. These cuts will cause short-term and long-term damage to children, families, and the economy.
- **Summer jobs for unemployed youth:** Employment for teens is at its lowest level since post-World War II, with only 34.8 percent of all teens and only 19 percent of African American teens

working last year. Federally funded summer jobs will provide these low-income young people and their families needed income that will flow immediately into the economy, while giving youth needed work experience.

Please 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 reversing a recession should be uppermost; divisions that distract from that goal do not serve the national interest.

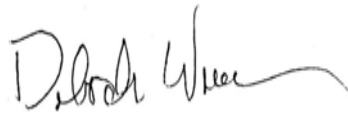
Each week seems to provide additional alarming news about joblessness, home loss, and cost of food and fuel. There is legislation moving separately that seeks to stem further home losses by reducing unnecessary foreclosures and providing communities with resources to combat the high level of foreclosed, vacant, and abandoned properties and the negative impact those properties have on neighborhoods. It is crucial that Congress acts now and provides more homeowners with a measure of economic safety and security in knowing their homes are not at risk. Combined with the initiatives described above, we have an opportunity to provide a needed helping hand to the most vulnerable among us, while also helping to stabilize the housing market and in turn mitigate the severity of the recession.

In the last recession, the failure of the federal government to act quickly, including a delay in implementing extended unemployment benefits, made the recovery an unshared one, with most of the economy's gains going to the richest among us and the rest of us losing ground. Please quickly enact an effective stimulus package that reaches the people and communities most in need. If you have any questions, please feel free to contact Deborah Weinstein, Coalition on Human Needs, at 202.223-2532x31 or Nancy Zirkin, Leadership Conference on Civil Rights, at 202.263.2880.

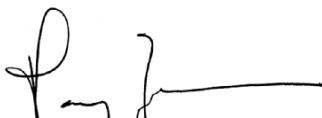
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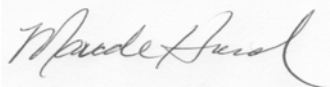
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cc: Committee on Appropriations