

PLEASE TAKE ACTION FOR A SHARED RECOVERY FROM THE RECESSION

May 1, 2008

Dear Representative/Senator:

Without ever having shared in the benefits of the last recovery, millions of Americans are now suffering new losses from the recession that is overtaking us. The economy has lost 296,000 private sector jobs in the past quarter; unemployment claims have surged upwards to a four-week average of 376,000; others are still in jobs, but with reduced hours. Their incomes lost ground through the period after the 2001 recession ended. Now things are getting a lot worse.

The undersigned organizations strongly urge you to act quickly to enact initiatives designed to reverse the impact of the recession. At minimum, these initiatives ought to include extended unemployment insurance benefits, Food Stamp and other nutrition assistance, aid to states and localities to prevent harsh cuts in Medicaid, SCHIP, and other services, help with home energy costs, restoration of child support enforcement funding, prevention of Head Start cutbacks, summer jobs for unemployed youth, and school repair projects. **We urge speedy enactment of such a package because respected economists agree that putting money in the hands of low-to-moderate income people and preventing harsh cutbacks in state and local services are the most effective ways to boost the economy.**

Expanded unemployment insurance benefits will help the 3.5 million people expected to exhaust their benefits by the end of this year to avoid serious hardships. A woman in Massachusetts recounts on the website www.unemployedworkers.org that she ran out of unemployment benefits in February; she now faces eviction this month and other unpaid bills. “I have worked all my life and never imagined I would be in a situation like this.” But across the country, more and more are in this untenable situation. Nearly 1.3 million people were actively seeking work in March despite having been unemployed for more than six months. That is almost twice the number of long-term unemployed as in 2001, the start of the previous recession. And a majority of jobless workers – especially low-wage workers and women – fail to qualify for unemployment benefits because of outdated eligibility rules, even though they have been paying into the system. When unemployed people are unable to pay their bills, it drags the economy further down. When people do receive unemployment compensation, their purchases prevent job loss – in fact, a study of previous recessions found that UI benefits preserved as many as 130,000 jobs, as an annualized average. We believe that in order for unemployment benefits to work most effectively, funds should be increased to allow states and localities to deliver services and benefits to more of the jobless.

Nutrition assistance also quickly increases purchasing power. Analyses of the debit cards through which Food Stamp benefits are dispensed show that recipients spend nearly all of their allotments each month. Food Stamp benefits, which average \$1 per person per meal, have become even more grossly inadequate with the recent spike in food prices. A substantial temporary increase in Food Stamp benefits (along with increased support so the delivery system can meet the growing demand) during this downturn will make an immediate difference in the ability of families to put food on the table, providing obvious help to them as well as needed

income for food stores. The Food Stamp Program is the strongest bulwark against hunger – it needs additional support now. It is also essential that the Women, Infants and Children (WIC) nutrition program receives additional funds, to respond both to the higher cost of food and the rising caseload resulting from families' loss of earnings during the recession. Further, shortages in The Emergency Food Assistance Program (TEFAP) have left food banks in a critical situation. There are far fewer commodities to distribute at a time when emergency food facilities are seeing longer lines of people in need.

Preventing state budget shortfalls from causing painful losses in services and jobs is an essential part of effective economic stimulus. A majority of states are now facing shortfalls totaling \$39 billion, a situation expected to worsen. So far, federal action has worsened states' fiscal picture because the first stimulus legislation cost states \$1.7 billion in lost revenues. We strongly support fiscal relief in the form of a temporary increase in federal funding for states' Medicaid programs, combined with a requirement that states at least maintain their current Medicaid program and spending. In addition, we urge you to place or extend moratoria on recent Medicaid/SCHIP regulations or directives that will result in restricting eligibility and benefits and/or further shifting to states the burden of providing services. We also favor other forms of aid to states to prevent cuts in education, child welfare, and social services. In 2003, Congress took effective action to pull us out of the last economic downturn through \$20 billion in state fiscal relief, for Medicaid and other services. The only criticism of that stimulus was that it was not implemented fast enough. Therefore, Congress should act now.

Congress should protect children and families from losing \$1 billion a year in child support owed to them. Because of a previously enacted reduction in federal child support enforcement funds just now starting to be implemented, families will lose \$1 billion a year in uncollected child support. These mostly single-mother families will spend virtually all of the child support they receive within the month they receive it, another example of quick economic stimulus. Congress should restore the funding, helping families to receive support averaging about \$4,000 a year (for families below two times the poverty line, or \$35,200 for a family of three).

Home energy assistance will also put money into the economy quickly. Last year, 1.2 million households had their gas or electricity shut off after the moratoria on shut-offs ended in the spring. With energy costs rising so rapidly, the number of shut-offs may be far worse this year. Increased funding for the Low Income Home Energy Assistance Program (LIHEAP) will help families and elderly or disabled individuals to avoid these hardships. In addition, people are now doing without food and medicine because they fear the loss of heat or cooling is even more imminently life-threatening. With LIHEAP help, they will have more money left over to spend on other items.

Head Start has been cut 11 percent between FY 2002 and FY 2008, taking inflation into account. The erosion in funding has led to reductions in hours or days of service or other reductions in operations among more than three out of five Head Start programs. Fewer hours and cancelled transportation services force working parents to remove their children from Head Start. Congress should act now to prevent the multiple ills created by these cuts – loss of proven developmental improvements for children, increased child care or transportation expenses for parents or lost jobs, and layoffs among Head Start staff.

We support summer youth employment programs as part of a stimulus package because they will provide needed income to low-income youth and their families, as well as providing valuable work experience. Youth unemployment has risen 19 percent since 2000, an increase of 700,000 jobless youth.

School repair or maintenance projects can provide needed jobs right away while also improving the learning environment for children. Projects already planned by school districts now awaiting funding can be quickly implemented and will both provide short-term stimulus and lasting investment.

Doing what is right is also the most effective way to rebuild our economy. Congress has been willing to act quickly to provide tax cuts for business and other supports for upper-income households. So far, Congress has been too slow to respond to genuine and growing hardship among low-income and vulnerable people. It is wrong to let the jobless lose their homes and health insurance, just as it is wrong to allow people to go hungry. These hardships may cause lasting damage to children's development, to the health of older people, and to family stability. Their losses, the economists warn us, are ours.

Please act now to enact initiatives that provide for a shared recovery.

Sincerely,

9to5, National Association of Working Women
 ACORN
 AFL-CIO
 African American Ministers In Action (AAMIA)
 Alliance for Children and Families
 Alliance for Retired Americans
 American Academy of HIV Medicine
 American Association of University Women (AAUW)
 American Federation of State, County, and Municipal Employees (AFSCME)
 American Friends Service Committee
 Americans for Democratic Action
 The Arc of the United States
 Association of Farmworker Opportunity Programs
 Association of Nutrition Services Agencies
 Campaign for America's Future
 Center for American Progress Action Fund
 Center for Law and Social Policy
 Children's Defense Fund
 Child Welfare League of America
 Coalition on Human Needs
 CODEPINK: Women for Peace
 Community Action Partnership
 Easter Seals
 Emergency Campaign for America's Priorities

Evangelical Lutheran Church in America
 Families USA
 Food Research and Action Center
 Friends Committee on National Legislation
 Jewish Council for Public Affairs
 Legal Momentum
 Let Justice Roll
 Mennonite Central Committee, U.S. Washington Office
 Migrant Legal Action Program
 Military Spouses for Change
 National Advocacy Center of the Sisters of the Good Shepherd
 National Association for State Community Services Programs
 National Association for the Education of Young Children
 National Association of County Human Services Administrators
 National Association of Federally Impacted Schools
 National Association of Social Workers
 National Center for Law and Economic Justice
 National Coalition for the Homeless
 National Community Action Foundation
 National Consumer Law Center on behalf of our low-income clients
 National Council of Jewish Women
 National Council of La Raza
 National Disability Rights Network
 National Education Association
 National Employment Law Project
 National Gay and Lesbian Task Force Action Fund
 National Head Start Association
 National Korean American Service and Education Consortium
 National Low Income Housing Coalition
 National Migrant and Seasonal Head Start Association
 National Organization for Women
 National Partnership for Women and Families
 National Priorities Project
 National Research Center for Women & Families
 National WIC Association
 National Women's Law Center
 NETWORK, A National Catholic Social Justice Lobby
 OMB Watch
 Planned Parenthood Federation of America
 Presbyterian Church (USA) Washington Office
 Public Education Network
 Religious Coalition for Reproductive Choice
 Research Institute for Independent Living
 RESULTS
 Sargent Shriver National Center on Poverty Law
 Service Employees International Union (SEIU)

Union for Reform Judaism
United Cerebral Palsy
United Church of Christ, Justice and Witness Ministries
United Neighborhood Centers of America
United States Student Association
USAction
Voices for America's Children
Wider Opportunities for Women
Women Work! The National Network for Women's Employment
Xaverian Brothers USA
YWCA USA