



COALITION ON HUMAN NEEDS

The Human Needs Report

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Major Victory in House for Health Reform

History was made last Saturday, November 7, on the House floor. In a close vote, 220-215, the House passed the Affordable Health Care for America Act, H.R. 3962. All but one Republican voted against the bill (the exception, Representative Anh Cao (R-2nd LA)); 39 Democrats voted against the bill.

Arriving at the 218 votes needed for passage was not easy. House leaders were forced to make last-minute concessions in order to ensure the survival of the bill. To appease anti-abortion Democrats, House leaders allowed Representative Bart Stupak (D-MI) to offer an amendment that would ban coverage of abortion in the public plan option and would prohibit anyone receiving a federal subsidy from purchasing a health plan that includes abortion benefits. The amendment was adopted 240-194 with the support of 64 Democrats. Although angered by the amendment, in the end abortion rights lawmakers voted for final passage.

Immigration was another issue that could have derailed health reform in the House. There was a fear that Republicans, in their motion to recommit (a vote essentially to derail the legislation), would offer an amendment to bar undocumented immigrants from purchasing coverage in the Exchange. The bill currently permits undocumented immigrants to purchase coverage in the Exchange at full cost. However, Republicans instead opted to offer an amendment related to tort reform, which failed. It is unclear whether

the bill would have passed had greater immigrant restrictions been added. Key Democratic members had threatened to vote against the bill if such restrictions were included. In the end the bill managed to scrape by with a slim majority.

Numerous groups, including the Coalition on Human Needs, rallied behind passage of the bill (see letter CHN sent to House Members on November 5: <http://chn.org/pdf/2009/chnhr3962letter110509.pdf>). H.R. 3962 makes important advances towards guaranteeing affordable, quality coverage for a vast majority of people. (See *Human Needs Report* for a summary of the key provisions in the bill: <http://www.chn.org/humanneeds/091102a.html>.) Still the bill is not perfect and advocates hope there will be opportunities to make improvements that protect and expand access to coverage moving forward. Some areas of concern relate to coverage of low-income children and lawfully present immigrants. Children's advocacy groups are concerned that once the Children's Health Insurance Program (CHIP) expires in December of 2013 children who will be moved into the Exchange may not receive the same level of benefits and cost-sharing protections as in CHIP. (For a summary of changes to Medicaid and CHIP, as well as other provisions affecting low-income families, see the Center for Children and Families' summary: <http://ccf.georgetown.edu/index/health-care-reform-legislative-proposals>.) Advocates also hope that the five-year waiting period that currently prevents lawfully present immigrants from enrolling in Medicaid and Medicare will be removed.

Passage of the House health bill has added greater pressure on the Senate to follow suit quickly. There is a possibility that Senate Majority leader Harry Reid (D-NV) will bring a bill to the Senate floor on Monday, November 16, but it will all depend on whether Democrats have the 60 votes necessary to proceed.

Relief Comes for Long-Term Unemployed Workers

In good news for hundreds of thousands of the long-term unemployed, Congress enacted an extension of unemployment benefits after some months of delay. Unemployed workers whose unemployment insurance (UI) recently ran out or is about to expire will receive an extension of benefits. On September 22 the House passed the Unemployment Compensation Extension Act of 2009 (H.R. 3548) extending UI benefits for 13 weeks. It took the Senate until November 4 to pass an amended version of H.R. 3548 which was approved by the House the next day and signed into law by the President on November 6. The final bill includes 14 additional weeks of UI for unemployed workers on top of whatever benefits they were already entitled to receive, and up to 6 more weeks for those in the 29 states, the District of Columbia and Puerto Rico whose unemployment rate is over 8.5 percent. The Senate added two other provisions to the bill – an extension and expansion of the Homeowners Tax Credit and a new business tax credit.

The added unemployment benefits are critically important because the Department of Labor reports that the average duration of unemployment is at a record of nearly 27 weeks and over 35 percent are unemployed for even longer. In October the unemployment rate jumped to 10.2 percent with 15.7 million workers now officially unemployed. According to the National Employment Law Project, 600,000 workers exhausted their benefits in September and October and 700,000 more were expected to by the end of the year prior to passage of the legislation. Unemployed workers whose UI expired before November 6 when H.R. 3548 was signed into law, cannot retroactively receive benefits, but they can now begin to receive the additional weeks of assistance.

The bill extends the \$8000 first-time homebuyer's credit on homes with contracts signed by April 30, 2010 and closed on by June 30, 2010. In addition, homebuyers who have owned their current primary residence for at least 5 consecutive of the past 8 years can receive a \$6500 credit for the purchase of a new home costing up to \$800,000. The income caps to qualify for the credits were increased from \$75,000 to \$125,000 annually for individuals and from \$150,000 to \$225,000 for couples. The estimated cost of the credit is \$10 billion. Critics contend that this is an unnecessary expenditure of scarce federal resources because most of the homebuyers who receive the credit would have purchased the home without it.

H.R. 3548 also contains a provision that allows businesses that have lost money in 2008 and 2009 to receive a tax refund based on taxes paid on profits for up to 5 years.

In ordinary times, regular Unemployment Insurance (UI) benefits are available to workers for 26 weeks and funded by states from a tax on employers. In times of high unemployment workers may receive Extended Benefits (EB) for 13, and in some cases up to 20, additional weeks. The cost of the extended benefits is shared by the state and federal government. The American Recovery and Reinvestment Act (ARRA) passed in February provides for the federal government to assume the full cost both of the EB program and any additional weeks of temporary Emergency Unemployment Compensation (EUC). ARRA also provides for an increase of \$25 per week for unemployed workers receiving both regular and extended benefits. In addition, ARRA provides some unemployed workers a subsidy for up to 9 months that covers 65 percent of COBRA Health Insurance coverage they previously held through work.

The ARRA benefits are set to expire on December 31, 2009 unless Congress acts to extend them. Workers receiving EB or EUC on December 26 would continue to receive benefits until they exhausted their weeks, but those who become unemployed after that date would receive the regular state-funded 26 weeks of UI but not the additional weeks. Most economists anticipate that high unemployment rates will continue at least well into 2010. Based on this assumption, it is imperative that Congress pass an extension of the ARRA provisions.

Pressure Intensifies on Washington to Create More Jobs

Economists have been predicting double digit unemployment rates for some time. When the unwelcome milestone of 10.2 percent was reported for October, it was a sobering moment for political leaders. It made the urgency of extending unemployment benefits all the more obvious (see UI article this issue), and Congress finally took that step. But pressure is increasing to show more progress in getting people back to work. In one high-profile response, President Obama announced on November 12 that he would convene a jobs summit meeting in December, bringing together business, labor, nonprofit sector, and other leaders to explore job creation strategies. For the millions of Americans out of work, the need to turn around the job loss is increasingly urgent.

Advocates, economists, and policy-makers are starting to come together in support of important federal steps that can save and create jobs. Drawing upon the expertise of its members, the Coalition on Human Needs has created a set of job creation principles that it will use to promote routes to jobs for low-income people. Called *If It's Jobless, It's Not a Recovery* (<http://chn.org/pdf/2009/CHNjobsagenda111209.pdf>), the principles call for direct investment in public jobs that meet community needs, from school repair to retrofitting housing for energy efficiency to more child care and health care services. The principles support increased federal aid to states, to prevent further state and local cuts in jobs and services. They

also seek training and supports so that low-income and vulnerable people can qualify for good jobs. The overarching theme is that this recovery must be different from the experience of the past decade, in which low-income people lost ground and found opportunities shrinking. That is not only important for poor people themselves; it is also essential to build a more secure and sustained prosperity for all in the years to come.

The economic recovery legislation (American Recovery and Reinvestment Act of 2009, or ARRA) has created or saved jobs. A recent report by the Obama Administration pointed to 640,000 jobs so far, but that is only a partial count of the jobs created. It counts hiring directly as a result of contracts for new projects, but does not count the jobs that are added because of more spending by low-income people made possible by unemployment or food stamps benefits. Although ARRA has reduced the severity of the recession, more is needed.

Many are agreed that central to reversing the grim job statistics is a continuation of aid to states and localities. The economic recovery legislation included \$140 billion in aid to states. Included in this funding is \$87 billion for expanded federal help in covering Medicaid costs, which are growing as the recession slashes the incomes of millions of families and making many more eligible. Other funds are in the form of grants used for education and many other state services. Despite this substantial help, states' revenues have been driven so low by the recession that state governments are still making severe cuts. But there is no question that the loss in services and jobs would have been far worse without the federal help. According to the Center on Budget and Policy Priorities, the ARRA aid helped states to close 30-40 percent of their budget gaps. However, ARRA aid to states is set to expire on December 31, 2010. The fiscal picture is not expected to improve for states for more than a year beyond the expiration date. If the federal aid stops precipitously, it will force far worse cuts and create a drag on the economy projected to result in the loss of another 900,000 jobs, according to the Center on Budget and Policy Priorities analysis. (See <http://www.cbpp.org/cms/index.cfm?fa=view&id=2988>.) Advocates and states are seeking a continuation of the aid, perhaps with a gradual phase-out. The first important step towards this goal was included in the health care reform legislation adopted by the House of Representatives. That legislation includes 6 more months of higher federal contributions towards Medicaid costs. Since it is clear the economy will not have turned around in as little as six months after the ARRA aid would otherwise expire, advocates will work for more federal help.

Apart from state aid, the specific policies Congress may be persuaded to adopt are not yet clear. Members of Congress and the Administration are torn between recognizing that more action is needed and fear of further increasing the deficit. Economists have pointed out that spending now to create jobs is an investment that will pay off in economic growth and increased revenues that will shrink the deficit. Initiatives to hire workers to rebuild roads and schools, to provide health services, or improve energy efficiency are examples of investments that will lead to economic growth and better permanent jobs. A shared growth strategy to reverse decades of shrinking opportunity will target projects in low-income communities, rural and urban alike, and will help youth, parents, people with disabilities, those with limited English proficiency, racial minorities, women, and others whose low skills prevents them from being as productive as our future economic growth demands.

Experts including the Economic Policy Institute, Service Employees International Union, and the Center for Community Change are among those developing proposals for direct expenditures on public jobs. The proposals vary, but agree on the need for multi-billion dollar investments to hire perhaps a million or more workers. Communities with high levels of unemployment or poverty would get preference for public works projects. There would be protections against displacing permanent employees with

temporary workers. Funding would flow to localities or states, and would meet needs for infrastructure repair, weatherization of public buildings, health and social services, etc. Workers hired would gain training and experience and would be more likely to secure permanent employment as a result.

Many initiatives could target jobs to low-income people, from summer jobs for youth to transitional jobs with added supports for people with serious barriers to employment to training and hiring public housing residents to renovate public housing units. Advocates will work in Congress to identify possible opportunities for jobs funding to be included in legislation likely to move forward in the coming weeks and months. It will not be easy.