



# COALITION ON HUMAN NEEDS

**FOR IMMEDIATE RELEASE**

December 2, 2010

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## **Statement of Deborah Weinstein, Executive Director of the Coalition on Human Needs, on the Deficit Commission Proposal**

*Fiscal Commission Proposal Counterproductive:  
More investments in the economy needed now to reduce the long-term deficit*

WASHINGTON, D.C. – Recommendations for cutting the deficit, proposed Wednesday by the co-chairs of the National Commission on Fiscal Responsibility and Reform, miss the mark by calling for cuts in the very programs that will help turn our economy around and ultimately reduce the deficit.

With high unemployment and poverty likely to continue for the next several years, the plan to cut \$60 billion below President Obama's request for FY 2012 appropriations (more than 7 percent below the President's recommendation) will make it difficult to invest in education, public health, job training, nutrition aid, child care and many other services that both create jobs and prepare people for work.

In this very weak economy, poverty is expected to continue to grow for years, with one in four children projected to be poor in 2014. We need federal investments to help parents work, and to prevent the current hardships from becoming a permanent fact of life for millions of families in America. This plan does not leave room for the early investments that will reduce the deficit by spurring economic growth.

The Commission, established by President Obama to recommend a plan to reduce the deficit, will vote Friday, December 3, on the proposal put forward by its co-chairs. This draft differed from a previous version by increasing cuts to annual appropriations in 2013 and 2014, and by including a more specific proposal to increase revenues.

Some Commission members and outside analysts questioned the timetable, pointing out that economists are now projecting high unemployment and poverty continuing into 2012 and beyond. Concern about the effects of these early cuts on a fragile economy was heard even among the minority of Commission members who have announced they will vote for the plan. Alice Rivlin, former budget director in the Clinton Administration, said in the Commission's December 1 meeting that she would have preferred upfront economic stimulus expenditures and is concerned about the level of discretionary spending cuts in the early years.

The plan's tax proposals were a mixed bag, raising less than optimal amounts from progressive sources. There are two dollars in spending cuts for every dollar of revenue increases. The highest income groups will see the largest percentage increase in taxes, but even the bottom fifth will experience a small increase. By failing to raise revenues from fair sources such as the financial and energy industries, the Commission risks stalling economic growth and preventing families from recovering from today's low point. There are better alternatives. Plans by the Economic Policy Institute, Rep. Jan Schakowsky (D-IL), and others raise more revenues and leave room to create jobs now instead of forcing more layoffs among teachers, child care workers and other service providers.

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*The Coalition on Human Needs (CHN) is an alliance of national organizations working together to promote public policies which address the needs of low-income and other vulnerable populations. The Coalition conducts analyses of federal budget proposals and policies to determine their impact on people in need. The Coalition's members include civil rights, religious, labor and professional organizations and those concerned with the well being of children, women, the elderly and people with disabilities. CHN is located at 1120 Connecticut Ave. NW Suite 312, Washington, D.C. 20036. For more information please visit [www.chn.org](http://www.chn.org)*