

TRANSCRIPT OF AUDIO FILE:

WM28015 - THE DEFICIT DEAL EXPLAINED

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BEGIN TRANSCRIPT:

RACHEL: Hello, and welcome to today's webinar with the Coalition on Human Needs titled the Deficit Deal Explained: A Non-Wonky Guide to the New Law's Sweeping Push to Cut Federal Spending; and Maybe Increase Revenues, Too?

It's my pleasure to introduce our moderator for today, Ellen Teller, Director of Government Affairs, at the Food Research and Action Center. Without further ado, Ellen, the floor is all yours.

ELLEN TELLER: Thank you so much, and thanks to everyone for joining us today. We know that it's not always easy to carve out some time in August for a webinar, but there was a ground swell of interest in this topic.

And you are now logged into the Coalition on Human Needs budget webinar, and first I want to thank CHN and the Community Action Partnership for their sponsoring of today's webinar. And also a big shout-out thank you to CHN's funders who make our work possible, and that includes the Annie E. Casey Foundation, the George Gund Foundation, the Evangelical Lutheran Church in America, their World Hunger Grant program, and many, many other generous donors to CHN.

First, let me just say at the outset that all of the slides in the entire recorded presentation from today's webinar will be on the CHN web site and the links will be sent to all registrants for today's webinar. So again, you will be able to download today's webinar through the CHN website and will be sent to your e-mail address that you registered for the webinar.

I also want to encourage folks to type in questions under the Q&A tab which is on the upper part of your screen. Debbie is going to be going through a very slow and methodical explanation of the very convoluted budget process. And if at any point in time you need a clarification or you have a question, please send that to us and we'll gently interrupt Debbie and ask her to go back and further explain it.

As is often the case, so much of our substantive work is impacted by various processes and procedures. The late Senator Byrd was able to influence legislation in the Senate by mastering the Senate's parliamentary processes and procedures. And many lawyers will tell you that often times it is the civil procedures that they use that can very much influence the outcome of litigation, so much so with the budget process. There are very few people in D.C. and outside of D.C. that genuinely get jazzed by learning the intricacies of the budget process.

That being said, the outcome of our legislation and the programs that we all care about so much are very much influenced by the budget process and procedures, so we all really do need to understand how the process works and how it can influence our programs, especially in the current political climate here in Washington, D.C.

Equally as important, and Debbie will get into this in her presentation, is how important it is for us to come up with common messaging and a common plan to ensure that our safety net programs are protected and are able to continue to thrive in the current economic climate.

So without further ado, I'm going to introduce CHN's executive director, Debbie Weinstein, who comes to us from the Children's Defense Fund and also from her past advocacy in the State of Massachusetts. And we are delighted to have Debbie today to literally go through the A, B's, and C's of the budget process. So Deb, I'm going to hand it over to you.

DEBORAH WEINSTEIN: Well, thanks very much, Ellen, and thanks to all of you. We have quite a lot of people on and registered. And I did promise a non-wonky presentation. So as Ellen said, if you have questions as I get on with this because I launched into wonkiness, stop me before I go too far in that direction. I want this to be something that helps us all do the advocacy we need.

(Slide)

So one of the things that I want to keep front and center is what the nation needs, which is in some contrast to what this law provides. Well, what does the nation need most right now? Well, its jobs. You know, here's this chart from the Economic Policy Institute. You all know how long we've had very high unemployment. We will know from all of the data and news that's coming in how extremely fragile and unsettled our economy is right now. That's what we really need is to get our economy on a sounder footing.

But, you know, what are we getting? Well, cuts. The Budget Control Act of 2011 had two major goals: One, of course, as you recall from the high drama into the beginning of August, preventing the loss of the Federal Borrowing Authority, preventing us from suddenly not being able - because we need to borrow in order to pay our bills at this point, to perhaps no longer be able to honor our creditors and our obligations, and no longer able, at least temporarily, to pay what we owe to Social Security beneficiaries or other people needing services. Well, you know, that would be quite disastrous, so we wanted to prevent that.

And the price of that, in this negotiation that resulted in this bill, was deficit reduction over the next ten years. And the way the law is written, heavily favors, but not exclusively, spending cuts as opposed to revenue increases.

Our goals are we need millions of jobs in this country, we need to protect vulnerable people, and of course we need to restore the U.S. long-term fiscal stability. So nothing I say should lead you to think that we don't think here that deficit reduction over the long term, well beyond ten years, is important.

But it's going to be kind of hard to get there if we don't have people at work and paying taxes.

So let's start with a little bit of a question here. You probably have seen polls, but what do you think? Based on polling information, do most people want the deficit to be reduced? Do most people want job creation? Do they want both about equally? So I see people are starting to respond. And I won't give you too much longer, but the vast majority...

Actually, Rachel, you can show these results. Shifting a little bit here. Can everybody see the results at this point?

RACHEL: Yup, the results are open.

DEBORAH WEINSTEIN: Okay. So two-thirds of you thought that the majority wanted job creation.

What happened here?

And about a third thought Americans want both equally.

Well, in a pretty recent poll, and I think there was one out just yesterday that I didn't factor in here from the New York Times CBS News, found that people think the economy is in horrible shape. There is absolutely nobody who answered the poll that the condition of the economy was very good; that's what I meant by zip: No one. Fairly good: Only 12 percent. Fairly bad or very bad: 86 percent. And then when they're asked the question, which should be the higher priority, cutting government spending or creating jobs, cutting spending was way, way behind creating jobs, and not very many people said both. So that's what the nation's goals are.

Nevertheless, the Budget Control Act; this slide is where I'm going to tell you what I'm going to tell you. So just going through this relatively rapidly with no detail, the first thing that the law does is it caps spending, and I'll say more about all this in a minute, but over the next ten years, cutting or reducing the deficit by about 900 billion. It also raises the Federal debt limit in stages, enough to get past the election so we won't have this kind of holding the nation hostage again. It creates what's called the Joint Select Committee on Deficit Reduction, and a lot of people have been calling that the super committee, which is charged with recommending, by towards the end of November, more round of cuts, and I'll say more about that in a minute.

Another provision of the law is that Congress must vote on a constitutional amendment to balance the budget by the end of this year. They don't have to pass it, but they have to take a vote on it. And I don't say more about the constitutional amendment in this presentation. We will send you some materials. We think that it would be highly unwise and harmful for the nation to change the constitution in that way.

So the super committee, if they're able to come up with legislation as they're supposed to, Congress must vote on it. It's fast-tracked - can't be filibustered, can't be amended - by the end of December. They can't be forced to pass it. If they don't pass it or if they're unable to come up with something to submit to Congress, there will be automatic cuts of up to 1.2 trillion over ten years. But they don't start for a year after they would be kind of announced.

So to make sure that everybody understands everything, we've got the words for the day, our little glossary. And if you know all this stuff, then this guy in the hammock, at break time, you can go get some well-earned rest.

(Slide)

But here are some words that sometimes people don't know the meaning of in the context of a Federal budget and it helps if you do. So discretionary spending; that does not mean optional.

And Rachel, I'm hearing an occasional beep. I don't know whether it's - is everything going well as far as you can tell?

RACHEL: Yes. I'm not hearing a beep on my end, but let me know if you run into anything.

DEBORAH WEINSTEIN: Okay.

ELLEN TELLER: Deb, I'm not hearing it on my end either.

DEBORAH WEINSTEIN: Great, okay. Sorry for that. I just was hoping people were hearing me.

So, okay, discretionary spending; you know, in plain English, that sounds like it's kind of optional, but really that's not what it means in Federal budget speak. It means that the program needs annual appropriations from Congress in order for funding to continue. There are lots of very important programs that require that annual appropriations, most education programs, training, subsidized housing, Home Energy Assistance, the WIC - Women, Infants, and Children nutrition program, Head Start, Environmental Protection, military, public health, medical research; many others. But the thing that is similar about all of them is that if they don't get that annual appropriation, they just shut down.

Another word for the day: Mandatory spending. And that is a program that Congress writes the law for that program. And within the law, it contains the rules of operating that program, and that goes on year in and year out without the need for annual appropriations.

Entitlements are a word that's not quite synonymous, but entitlement programs are mandatory spending programs; and Social Security, Medicare, Medicaid, SNAP, or formerly known as food stamps. The other things you see listed on the screen; those are examples of mandatory programs.

So we will talk first now about the first round of cuts that are in the Budget Control Act, and these do have to do with the discretionary or annually appropriated programs. In the first two years, which for this law are fiscal '12 and fiscal '13, they divide up that spending into security and non-security spending. I find this an irritating phrasing because I think that our national security is enhanced by, you know, people having economic security, and many of the programs on the domestic side certainly offer that.

But in this case, by security what is meant is not just defense, but also Homeland Security, veterans. In this case foreign aid is in this, so a grouping of programs. And the other side, mostly the domestic human needs programs; again, education, job training, certain nutrition programs, children's services, housing, et cetera, et cetera.

So what happens in this first round, there are ten years of caps established; caps that cut blow what we would have spent in the absence of these caps as the Congressional budget office has determined. So through the next ten years, through 2021, there will be savings of more than \$900 billion because of these caps, and not all of them are actually from cuts. As you see, 740 billion is from actual cuts, or 760. There's a little bit of mandatory savings in those first ten years. And the rest of the reduction in the deficit comes because if you spend less, you borrow less, and there's less interest.

So in the first two years, they divide up between this domestic or security and non-security. After that, through 2021, there's just one big amount where they don't specify how much is either security or non-security.

So the word for the day, I anticipated myself here, what do we mean by security spending? You see a listing of those items. The administration has claimed that, through 2021, security spending will be cut 350 billion, and that isn't a sure thing. It would be true if the proportions that are specified in the first two years continue, but there's nothing that requires that. So we don't really know how much - when Congress gets through really making the specific cuts - how much really will be from these security programs and how much from domestic ones.

Now here, I've got some errors on this slide, and I apologize for that. When we send you the materials, we'll correct them. And in a way, some of the cuts that are listed from fiscal '10 to '11 are greatly exaggerated here. Because at the very end of the process, very successful advocacy, for instance, from the Community Action Partnership, our co-sponsor in this, meant that the Community Services Block Grant was not cut so deeply, was cut more like four percent, which is very good news and it shows that advocacy can work. Some of these, unfortunately, are correct, but we will get you the accurate information. It is still true that cuts have already started for many programs, so if we're adding to those cuts, it hurts people.

The other part of the slide, much more than was finally cut from '10 to '11, was originally proposed, and we can look over and over again. As more cuts now have to happen, you can expect to see more proposals to cut rental vouchers, for instance, or the WIC program, or Home Energy Assistance, or Pell grants. Many of these proposals will come back over and over again.

So that gives you a run through what will happen in that first round of the discretionary or annually appropriated programs.

Round two: The joint select committee on definite reduction, which a lot of people have been calling the super committee. And since I like clipart, I couldn't be deterred from super people illustrating the super committee. It's got 12 members, and they're supposed to reduce the deficit by another 1.5 trillion, or at least 1.2 trillion beyond what we've just been talking about. And they've got to come up with a plan that would be voted on in committee by this coming November 23rd, which isn't really all that far off.

So who are they? Senator Patty Murray is the Senate Co-Chair; Representative Jim Hensarling is the House Co-Chair; and you can see the listing of all the other members here. The leaders, minority and majority from House and Senate, each got to appoint three. And so we have an equal number of Republicans and Democrats, equal number of House and Senate members, and very different ideologies.

So what are they supposed to be doing when they come up with this proposal by November 23rd? Well, they can cut pretty much anything they want, or I should say they can do pretty much anything they want. They don't only have to make cuts. They can raise revenues. They can cut mandatory programs again, any of those things you saw listed: Social Security, Medicare, Medicaid, SNAP or food stamps, unemployment insurance.

They can go after deeper cuts in the discretionary; annually appropriated programs. They can cut military programs. They can cut domestic programs. Again, they can raise revenues. They've got the world of the Federal budget in front of them. So they're supposed to vote a recommendation out of committee by November 23rd, report it out to Congress by December 2nd, and Congress must vote just before Christmas. And it can't be filibustered, it can't be amended. So if something comes out of that committee, it certainly could be defeated, or the President could veto it, but it will have to at least be acted upon.

ELLEN TELLER: So Deb, just if we can stop and pause here for one second.

DEBORAH WEINSTEIN: Yes, sure.

ELLEN TELLER: I just want to inform folks on the call that you will be discussing ways to influence members of the super committee later in your presentation. But we do have a question as to why there are two representatives from the State of Michigan, and why wasn't Finance and Ways and Means members included if revenues are going to be on the table?

DEBORAH WEINSTEIN: Well, they did include members. Let me go back to the listing.

Just let me - one second. So Senator Max Baucus is the Chair of the Senate Finance Committee, so the question is absolutely right. And Representative Dave Camp of Michigan is the Chair of the House Ways and Means Committee.

So those are the two revenue writing committees, and it is good that they're represented. Why two from Michigan? You'd have to ask Speaker Boehner because he got to choose whoever he wanted as three Republican representatives and those are the ones he chose. Certainly Representative Camp, again, since he's Chair of Ways and Means, is a logical choice. And I don't exactly know why he particularly chose Fred Upton, but the most important thing for the leadership was probably loyalty to their goals, expertise in particular areas, but not necessarily where they come from.

ELLEN TELLER: Thank you.

DEBORAH WEINSTEIN: So let's see. So super challenges for the super committee. There have been a lot of announcements before they were ever appointed that the Republicans will oppose any kind of new revenues, although then there were some little openings there, but especially on the House side, very firm statements. And certainly the House Chair, Representative Hensarling, is one of the most conservative members of the House, a leader in the Republican Study Committee, which is kind of an extra-conservative right-wing group within Congress.

And Democrats have certainly talked about opposing cuts in these important programs, and many of them have talked about that revenues are an essential component. So, you know, will they be able to come up with a deal? We don't know.

But here's what we think they should have in such a deal; that it should have job creation and protection for vulnerable people in the early years. There's no reason why you can't even spend some money in this overall deal as long as the net result is deficit reduction. And certainly if, again, you want to have people working, paying taxes, as a primary way towards the end of this ten-year period of reducing the deficit, then you can consider it highly appropriate to incorporate job creation measures.

And I mention a couple of examples: Infrastructure repair, particularly school repair. There's a proposal out there that's \$50 billion. There's a bigger proposal from Representative Dan Schakowsky that is broader than just school, but a lot of job creation, a lot of infrastructure, repair, service provision, to create two million jobs.

We hope that Congress will consider incorporating. We hope the administration that's been talking about job creation will really press for some version like these two examples. Certainly we need to prevent the Federal Unemployment Insurance program from expiring at the end of this year, which it will do if action isn't taken, and we care more about the results than the vehicle, but it could be part of this. Again, the overall thrust of this needs to be reducing the deficit, but that doesn't mean you can't have some increased spending as part of the overall mix.

So what else do we think belongs in a Smart Plan? Well, including substantial revenues, and we'll say more about that in a second. Seeking savings from wasteful contracting in military

expenditures and elsewhere and other kinds of military savings. I'll say more about that, too, in a second, and that is a very constructive part of deficit reduction without hurting people. And, of course, we want to protect the programs that serve low income people.

Talk a little more about revenues. Well, I could not help myself. Many of you may have heard or read Warren Buffett in the last few days saying, "Look, I'm only paying about 17 percent tax rate" and "Billionaires like me should pay more taxes," as I quoted over here on the left. All of his employees pay a higher tax rate than he does because we are so favorable towards unearned income and they pay such a much lower rate.

Richest 400 households, as you can see here - oops. Their incomes have absolutely soared and their tax rates have declined. So over here on the right, you see a whole bunch of examples of fair sources of revenues that would reduce the deficit by quite a lot of money and would spare the kinds of service cuts that we want to avoid.

Another example, as I've mentioned; there's bipartisan support for military reductions. The initial deficit commission, the Bowles-Simpson Commission, cut a hundred billion dollars over a several year period. Senator Coburn, a Republican from Oklahoma, makes a huge trillion dollar cut in defense. And when we send you a lot of materials, we'll send you a piece co-authored by Larry Korb, who proposes \$400 billion in military savings through 2015, not even counting the war. So the military is an area where you can make savings.

(Slide)

Getting back to issues of whether the wealthiest among us can afford to increase their taxes, just look at this graph that shows the enormous gains that have occurred - oops, lousy oval - for the top one percent. So yeah, they're doing pretty well and they can afford to pay more.

Well, what the super committee should do versus what they might do: If they continue with an insistence on no revenues, there will be very, very damaging cuts to essential programs. Examples of some of the cuts that have previously been proposed: There was a deal that was talked about between Speaker Boehner and the President that never took place. But the rumors about it were that it would have saved about \$700 billion by raising the age of eligibility for Medicare to 67; something we would consider a truly terrible idea; also asking Medicare recipients to pay more; shifting Medicare costs to states; reduced COLAs for Social Security and other programs. All of that would be only half the savings that the super committee has to achieve. So if there aren't any revenues in the mix, it just gives you a sense of how bad it would be.

And here is more of a sense. The House-passed budget has huge cuts in Medicaid. Again, the House passed it; nobody else has. This is not reality, but it gives you a sense of what there might be.

So they - by changing the Medicaid program into a block grant, that would shift costs to states, ensure huge levels of cuts. \$750 billion cut over ten years was in the House-passed budget, and of course they would repeal the new healthcare law. Together, these kinds of cuts, according to

the Kaiser Family Foundation, if you apply the cuts just by dumping people off the caseload, it would mean cutting the caseload for Medicaid nearly in half at the end of ten years, so that gives you the a sense of how incredibly severe that kind of cut is.

Again, in the House-passed budget, they would also block-grant SNAP, or food stamps, a huge cut that would either dump eight million needy people from the caseload, or, if you did it just by reducing benefits, would sharply reduce benefits \$147 a month for a family of four.

So that gives you a sense of how vital it is that military and revenues are in the mix.

Well, okay. You can see how controversial all the proposals will be. If the super committee can't get a deal, then, okay, here is another word for you: Sequestration; that means no deal.

ELLEN TELLER: Deb, before we go into sequestration, I just have a quick question just on the initial role of the super committee. We've gotten some questions. People are a little confused between the time line for the super committee to report out and the normal FY 2012 budget process.

DEBORAH WEINSTEIN: Well, that's a good question. The 2012 budget process, they are using the capped - they're starting to use the capped figure for 2012 that came out of this law, and they are supposed to finish up work on fiscal 2012 by the end of this coming September. And if they don't, because remember we're talking about these annually appropriated programs, everything shuts down. If they have a hard time with it, they may have temporary spending measures for a while, but that is supposed to be going on a separate track. And everything the super committee is doing is really coming up with a plan to go over the next ten years.

ELLEN TELLER: So Deb, are we looking at more continuing resolutions possible for after September 30th?

DEBORAH WEINSTEIN: Well, your crystal ball is as good as mine, but I would think that every single decision that Congress has to make is going to be fraught with difficulty, fraught with politics, and that means delay and continuing resolutions. That means temporary stop-gap measures may certainly be a feature of the coming year.

ELLEN TELLER: Thank you.

DEBORAH WEINSTEIN: Cheered you right up. So again, if the super committee can't get a deal, or if they propose something and Congress votes it down, there will be automatic spending cuts, and that's called the sequester, or sequestration, so those are automatic cuts applied as a fixed percentage.

And the interesting thing about the law is that the automatic cuts don't kick in immediately. It will be a full year before they kick in. And one very key element is that low income entitlement programs are exempted from the automatic across-the-board cuts, so that means food stamps or SNAP. It means Medicaid. It means TANF - Temporary Assistance for Needy Families - and a whole list of other low income programs which was an important victory for advocates.

Again, if the committee manages to make decisions and gets something through Congress, any of those programs can be affected. But if they can't and it is just automatic cuts, they're exempted. Medicare can be cut, but not - they distinguish between provider payments. Medicare provider payments can be cut a maximum of two percent, and defense can be cut. So the way it would work out, defense can be cut 55 billion a year. Interestingly, remember before we were talking about security costs, and that included Homeland Security and veterans and foreign aid. Here, in the automatic cuts, it's not that broad definition. It basically is military cuts, and they could be cut 55 billion a year, or they would be. And the non-defense cuts, another 55 billion a year, including 17 billion in the mandatory programs that aren't exempt and 38 billion in discretionary programs.

ELLEN TELLER: Now, Debbie, we're getting a lot of people sending us questions right now with regard to the discretionary programs. And are there any discretionary programs that would be exempt from cuts, from across-the-board cuts?

DEBORAH WEINSTEIN: They're not, and this raises a very important point. There are many, many discretionary programs that are low income programs that are extremely important for low income people: The WIC program, Home Energy Assistance, subsidized housing, many others, and forgive me... Community services block grant. Many programs that serve low income people - Head Start - but are not exempt. So they would be affected by these across-the-board cuts.

Any other questions, Ellen, that... I think I'm...

ELLEN TELLER: Well, we have some questions that we'll wait until the end, but I'm trying to just capture the questions dealing with specifics that you're talking about right now.

DEBORAH WEINSTEIN: Okay. So again, the sequester, the automatic cuts. Again, defense cuts, much narrower definition, as I just said. The mandatory cuts, exempting the low income programs and allows - exempts most Medicare services, but does allow up to two percent in Medicare provider payments to be cut. And then the non-defense discretionary, such as the ones we've all mentioned, environmental protection as well, education, could also hit foreign aid, which I know would be - especially the, you know, humanitarian aid, is definitely on the minds of some of the people on the call.

So okay, what do we think is really going to happen? So here are two alternatives. The super committee will never get a deal; some people say that. The members are too partisan. You know, some will say over my dead body they'll ever be revenues, and others say over my dead body they'll be a deal without revenues, they'll never get to a deal. And they decide either that the automatic cuts are better than, you know, the deal that seems to be coming through, or, have to remember, they got a full year after the automatic cuts would be triggered. But before they actually took effect, and they might say to themselves, "Well, we'll pass something else, we'll change the law, but I'm not going to go along with whatever this deal is."

And then other people say yeah, they are going to get to a deal, because the across-the-board cuts will be unacceptable. And you're already hearing people, including from the Obama

Administration, Secretary of Defense Panetta now saying we couldn't accept the military cuts that would be in the second round. So maybe these cuts will seem unacceptable, and I don't mean to suggest it's only the military that it would be unacceptable, but those would be powerful players.

ELLEN TELLER: Yeah, these, and they got a question on that, too. Is that just Leon Panetta speaking as the Secretary of Defense, or is that the administration speaking through Leon Panetta?

DEBORAH WEINSTEIN: Well, I would think it would be kind of surprising if Secretary Panetta was a free agent here, but I don't know. But I think it would be quite a surprise if he wasn't speaking the administration's position, so be so advised.

You know, other reasons that people think they will actually get to a deal: They don't want to be blamed for failure; everybody hates Congress these days; don't think they can do anything. Maybe they will get to do revenues because they will define closing tax loopholes as spending through the tax code, and that will be face-saving for the people who don't want to increase revenues. Certainly any deal that does come through, we do have to be worried about what they'll do about Medicaid. But so that's - we don't know. But here is a chance for you to weigh in.

This isn't one of those things that's got a right or wrong answer, but I am curious. Do you think that the Congress will enact a plan proposed by the super committee? Do you think they won't be able to and there will be automatic cuts? Or do you think that they won't have a deal out of the super committee and that Congress will change the law before the automatic cuts take effect?

ELLEN TELLER: And part of a question to that degree is, whether or not a plan that could come out of the super committee, does that need 60 votes in the Senate?

DEBORAH WEINSTEIN: No. That's the fast-track aspect of this. If the plan comes out of the super committee and is recommended to Congress, there can't be any filibustering. There can't be any amending. It can pass with a simple majority, so it certainly would be considerably easier to pass that if they can come to an agreement in the first place.

So let's see. Ah-ha, we've got – or Rachel, you can show people what people have said about this.

RACHEL: The results are now showing.

DEBORAH WEINSTEIN: So not too many people think that the super committee is going to come up with a deal, and very even numbers think that we'll go to the automatic cuts or that Congress will figure out a way around the automatic cuts.

ELLEN TELLER: Now Deb, in terms of the across-the-board cuts, one of the questions we have here is, A, what is the baseline that they're using, and does this assume that the Bush tax cuts will expire?

DEBORAH WEINSTEIN: Well, that's a very good question. The baseline is compared to what the Congressional budget office came up with as of this past March, and so it is cuts below what they came up with at that point. The Congressional budget office sort of projects out over the course of the ten years what they think spending would be, would get to in the absence of any of these measures, and the cuts are below that. The cuts are not below the level that was in fiscal '11 or '12 or something like that, so I hope that's clear.

And then the other question about whether there's an assumption that the Bush tax cuts would expire; the super committee can kind of decide how it wants to treat the Bush tax cuts, but the expectation is that they would assume that they get the benefit out of a reduction if they actually let some or all of them expire. There's more that we can say about the Bush tax cuts in a minute; but not so much the assumptions about them, but what might actually happen.

ELLEN TELLER: And going over on the discretionary side of the equation for just a minute, a couple people have asked how does one get a somewhat complete list of the discretionary programs that impact low-impact people?

DEBORAH WEINSTEIN: That's really quite a hard thing to do. We'll think about probably one source of that would be information that's contained within the President's annual budget submission. But it's a pretty long and complicated list.

ELLEN TELLER: Because we have to compile the education programs, the housing programs, the agriculture programs, health programs, and they're all under different agencies' jurisdictions.

DEBORAH WEINSTEIN: That's right, and it's a very oddball list, to tell you the truth. Some of it is sort of the accident of history or advocacy choices over the years. You know, child care is an interesting example. About half of child care is mandatory and half is discretionary. Really, there's nothing different about the way the funding is applied. But you can see it's kind of complicated.

ELLEN TELLER: Yeah. A survey request that just came in: People wanting to know whether or not we think the Bush tax cuts will be allowed to expire in December of 2012. It didn't happen last time, and can we survey the group. I don't know if that's possible to do spontaneously, but it would be interesting.

DEBORAH WEINSTEIN: I don't know if we can quite get that in here fast enough. But here, if you take a look at this slide, the Bush tax cuts, if nothing else is done, will all expire in September of 2012. If Congress does nothing else and - here I'm not talking about just the upper income ones, but all of them - between 2012 and 2019, it would save about two-and-a-half trillion dollars to let all of those tax cuts expire. It would bring the deficit down to 3.6 percent in 2021 anyway, 3.6 percent of the economy or GDP, and that's more or less where we - most economists say we want to be getting to that level. So if nothing else is done, I'm not saying that it would be such a great idea to get rid of all of the Bush tax cuts. And it would be very painful to lose the refundable tax credits, but it would pretty much singlehandedly achieve what the budget control act is looking to achieve.

So let me get on to at least briefly what we have to do. You know, I've tried to lay out that there are alternatives. There is a vision that does not involve Draconian cuts. If we're going to fight those cuts, we have to hold to that vision, but we also have to - we cannot keep saying they're going to cut a trillion dollars out of this or a couple of hundred billion dollars out of this. We have to say things like when I said, "You know, if you did this level of cuts, you'd be cutting half of the people off of Medicaid"; that has meaning to people, and we need to be able to talk that way about all the different programs we care about.

So we need your help to develop those estimates and incorporate information about cuts that states have already made. You know around the country that we're not talking about a vacuum here; that many states have made terrible cuts already. These would deepen those cuts. And we need to communicate all of that through all of the usual tools and more; reports that you'll help us release around the country, events, op-eds, direct contacts to Congress.

Again, we have to insist that we need to rebuild the economy and create jobs, and that can be a part of the Budget Control Act, and we have to insist on protecting low income people. It is an important provision that if there were to be automatic cuts, that many low income programs are exempted, but as we've already said, not all.

We've got to point to the needs of low income people and how we all are hurt if they're cast aside. And we need to build up our ability to talk about all of this in the super committee states. And we need to reach out to more allies, some of whom I've listed there, so that we speak more loudly.

You know, just to summarize, we have alternatives, and I've listed out hundreds of billions, trillions, of dollars of cuts and savings that can be made, that can prevent harm to people and harm to our economy. We've got to fight for those, and we won't get there if we don't work together.

(Slide)

So we've been doing this work through the SAVE for All campaign; many of you are part of it. SAVE for All stands for Strengthening America's Values and Economy for All. More than 1600 groups have signed principles, which you can find right on the homepage of our web site. If you haven't and you want to sign those principles, contact Danica Johnson at that e-mail address. And when we send out materials to you, we'll send you some links.

So we thank you very much for all of this, and we do want you to fill out a survey. And while Ellen is maybe reading off some more questions, I hope for those of you who are still on will just fill out the survey and identify yourself at the bottom of the survey, because otherwise we can't find you if you're interested in helping to participate in some of the things that are listed here.

ELLEN TELLER: Great.

DEBORAH WEINSTEIN: So thank you.

ELLEN TELLER: Thank you. We've got a lot of questions queued up, and hopefully folks on the webinar will have their questions answered now. A lot of questions about the Bush tax cuts expiring. Can you explain some of the Bush tax cuts, concerns about EITC, and tax cuts that benefit low-wage workers? And if we just say let the Bush tax cuts expire, won't we be harming some of the constituencies we represent?

DEBORAH WEINSTEIN: Yes, and that's why it would not - it's not a choice that the Coalition on Human Needs has decided to make, and so I want to hasten to say that. It's a difficult, difficult choice if we felt we had to go there for the reason that we made some very substantial advances for low income people in expansions of the child tax credit and the earned income tax credit that will - essentially added to the Bush tax cuts, and we wouldn't like to see those go away.

There are tax cuts within the overall Bush tax cuts that are beneficial to the middle class, depending on the state of the - well, at the end of fiscal - I mean, excuse me, 2012, it's very possible that the economy will still be quite weak and people would be reluctant to increase taxes for the middle class. So it's not a decision to be made lightly. The almost \$700 billion that could be gotten for eliminating the Bush tax cuts for the upper income; certainly we don't have any hesitation in strongly, strongly favoring those.

ELLEN TELLER: Great. Just got a follow-up question to this. In regards to the Bush tax cut question, that constituency argues tax cuts are vital to employers and create jobs in an economy begging for it. How do we argue intelligently on this, and can you recommend some research that sheds light on this issue?

DEBORAH WEINSTEIN: When we send a set of resources out to everybody who registered for the webinar, we will include a number of pieces from economists that talk about what really is the most effective means of job creation. Tax cuts for the upper income have long been judged to be very ineffective for job creation or for moving the economy and we'll put those materials out there. But there's real credible analysis that the upper income tax cuts are not the drivers of economic progress.

ELLEN TELLER: Okay. Regarding sequestration, there's a question. Can sequestration - can the sequestration process be suspended in the event of war or a period of low economic growth?

DEBORAH WEINSTEIN: I don't believe that there is a provision for that in this legislation. Definitely not with regard to, you know, a downturn in the economy. But as I have said, the lag time between when the automatic cuts are triggered, which would occur in December 2012 - excuse me, December 2011, this coming December, and when they would actually start taking effect, which would be January 2013, there's a whole year, and there's plenty of time for Congress to change the law if they want to.

ELLEN TELLER: We've got a few questions on this, and that is why is Social Security and Medicare considered entitlements when we pay into it and our employers pay into these programs?

DEBORAH WEINSTEIN: Well, this is the definition which simply refers to the fact that within the framework of the Federal budget you don't have to appropriate Social Security funding every year the way you do the discretionary programs. And if you are - the entitlement aspect of it is if you are eligible by the rules of the program, they can't put you on a waiting list to get Social Security, so that's what's meant by entitlement.

ELLEN TELLER: Another question is since there are so many different programs all across the board that can be potentially cut, and cut dramatically both on the discretionary side and by the super committee, what efforts are going on in Washington, D.C., and what can people do at the local and community level to coalesce around these cuts and to come together on a uniform message?

DEBORAH WEINSTEIN: Well, there are a number of efforts; that the SAVE for All campaign is one that brings together, in particular, people of faith, service providers, low income advocates, labor; many. There's an even broader coalition that's just kind of called the budget coalition that we participate in that has many other organizations. And we are trying to work in a coordinated fashion to encourage activities around the states to encourage as many people as possible to be doing the activities that I kind of listed on some of the other slides; every kind of contact to member of Congress being out there in the press.

One thing I forgot to put down on the slides but is clearly important is being out there in the town meetings that members of Congress may be having during this recess; to be saying what we need is jobs, we need to protect low income people, don't cut these programs, et cetera, et cetera.

So there are efforts being made to bring people together around those things and those activities, and we need you to be part of that. And that's why if you're not already part of the SAVE for All campaign as one means of participating, please sign up and send an e-mail to Danica Johnson, djohnson@chn.org, and if you didn't quite get that, we'll send an e-mail to you and urge you to reply.

There are other ways of participating. Many faith groups have come together in something called the Circle of Protection, you may have heard about that, where they have emphasized the protection of low income people, something that we completely subscribe to. And so there's not only one way of doing it, but being coordinated. You know, getting our e-mails is one way of being coordinated would be a big help.

ELLEN TELLER: So timeline, September 16th, a joint committee must hold its first meeting. Then by October 14th, the authorizing committees have the opportunity to make suggestions to the joint committee. And by November 23rd, the joint committee must report out its bill with the 1.5 trillion over ten years in deficit reduction measures. The question is, between that first meeting that must be held by September 16th and the November 23rd reporting out, will this be an open process? How will we know what's going on, and different points where organizations can try to influence the process?

DEBORAH WEINSTEIN: That's a really good question and a very well informed question, and it speaks to a bunch of things. First, we don't really know to what extent the super committee will

be an open process. There's some in Washington who feel like if they're really going to negotiate something, they can't do it completely in the public eye; they'll have to be having closed-door sessions. That's true, but that doesn't preclude them from having hearings, and they might. We just don't know yet. But certainly we needed a concentrated effort to do a lot of expanded organizing in the states that were listed that have the super committee members.

But that's not the only thing that we have to do. The point was made by October 14th, the authorizing committees, other committees of Congress that care about all of those programs that might be cut, get to weigh in with the super committee to say, you know, "Here are our recommendations or our cautions so we could be talking to those." And we will be talking to those members of those committees to urge them to deliver certain messages, and of course, the leadership in Congress who appointed the super committee members in the first place. So there are lots of people that we have to get to in Congress, not just those dozen.

ELLEN TELLER: And this is more of a comment than a question, and I think it would be good for all of us on the webinar to be sensitive to. And that is, when using unemployment statistics, we have to be very careful that there are those that are no longer in the system, either underemployed or exhausted their benefits, but are not counted in the Federal unemployment statistics. And the question is where can we find the real unemployment statistics?

DEBORAH WEINSTEIN: Well, generally speaking, the Economic Policy Institute, for instance, sometimes National Employment Law Project, Center for Economic and Policy Research; these are three groups that generally add up all of the kinds of people that the questioner alluded to. And so when we send out our resources, you've just encouraged me to put that kind of resource on the page as well.

But in general, you know, it means if there's somewhere like 15 - someone is giving me a statistic - 16.2 percent? Yeah, 16.2 percent unemployment, where unemployment and underemployment is really what we have if you add in those discouraged and involuntarily part-time workers, and it's about, you know, 25 million people.

ELLEN TELLER: And we also have a note from one of our webinar participants that there is also data from BLS, the Bureau of Labor Statistics, unemployment versus jobless labor participation rates, et cetera, so we might find it useful to link to those.

DEBORAH WEINSTEIN: Yes, and that's absolutely right. And all of those organizations that I just mentioned utilize the Bureau of Labor Statistics data.

ELLEN TELLER: And I apologize. When we were asking the question regarding authorizing committees, and they have the opportunity to weigh in and submit proposals by October 14th, we neglected to define what an authorizing committee is. And yes, very many folks in my world and the anti-hunger world know that the House and Senate agriculture committees are the ones that determine any substantive changes to the Farm Bill of which SNAP, food stamps, is part of that. Can you identify some of the other authorizing committees?

DEBORAH WEINSTEIN: Right. Well, for instance, the health committee on the Senate side, Health Education, Labor, and Pensions; they changed legislation that sets up the rules by which, you know, perhaps child care programs, various kinds of labor programs, unemployment insurance programs, I believe - oh, I might be wrong about that - operate. And authorizing committees for taxes would be Senate Finance and House Ways and Means, for instance. So these would be separate from the appropriations committees that, you know, follow the rules set out by the other committees, but then when it's the annually appropriated programs, come up with the money for them.

ELLEN TELLER: And you can access the authorizing committees by going to www.house.gov or www.senate.gov. And many of the groups that are members of the Coalition on Human Needs have on their web sites the members on different committees. And I know on the FRAC web site we also list out the staff that cover, for instance, the nutrition programs for the Ways and Means Committee, the ag committee, and the education and the workforce committee and others like that. So I think you should go to the CHN web site and that will send you to different member organizations.

We have time just for a couple more questions. A lot of questions regarding the process of the super committee, and this one is representative of a lot of the questions we're getting, and that is who is exactly determining the cuts if the super committee can't reach an agreement? How would the sequestration kick in, and does Congress have to approve that? Is it automatic? Is there a process for the sequestration cuts?

DEBORAH WEINSTEIN: The cuts would be automatic, and they would be based on a percentage calculation that the administration, the Office of Management and Budget, would do. But there won't be a lot of judgment involved. It would be applying whatever the appropriate percentage across all of the programs. And the only way that Congress could change it would be to alter the law, which would not be so easy.

So I don't want to just - I don't want people to think that changing the law, when it was such a highly visible thought experience to get it to pass in the first place, would just be an easy thing to do, but if Congress makes the law, it can change the law. They would have to explicitly change the law, you know, repeal some parts of it, and alter it in order to stop those cuts from going forward.

ELLEN TELLER: And last question: On the revenue side of the equation, there are a lot of questions about whether it's tax cuts or gas and oil taxes and other attempts to try to squeeze some revenues out of big oil and large corporations. And how do we perceive the mix going into the super committee?

DEBORAH WEINSTEIN: I do think that, you know, there's a whole set of tax breaks or tax loopholes that are also known as tax expenditures. And the oil and gas subsidies, for instance, are in that category, things that we like more, like the mortgage interest deduction, which many middle class people like.

So there are all kinds of different tax expenditures, but many do benefit high income and corporations disproportionately. And those probably - if revenues are going to be raised, that would seem to be an area where agreement might conceivably be possible in Congress because of this notion that it's spending through the tax code, or that's a way that many people look at it. Whether, you know, frankly, the Republicans, who have been most intransigent against any kind of revenue increase, will buy that, I don't know. But it would certainly seem to be closer to getting an agreement than, you know, raising rates on the upper income or something like that.

ELLEN TELLER: And final, final, final follow-up question, and that is this webinar has been focused exclusively on the super committee and if sequestration of the super committee fails to be able to pass its plan. The question is should we be concerned about efforts outside of this process, independent of this process, within Congress, to attempt to cut programs even deeper, or make changes through the regular authorization processes that may be going on or just other independent efforts outside of this process?

DEBORAH WEINSTEIN: Yes. That would be the shortest answer. Well, for one thing, I had round one and round two of this law. Round one is ten years of discretionary cuts that I mentioned at the beginning that are not part of what the super committee does, and that the actual decision-making around those cuts will be going on and people need to weigh in on those things, so that's one thing.

But then we know that the level of cuts that was proposed, for instance, in the House budget is deeper than what this Budget Control Act came up with over the course of ten years. And there are people who would want to go even more deep than what the House budget did, and they will still be out there.

And I didn't want to take the time to talk a lot about the balanced budget amendment, but part of this will be coming for a vote. If that were to pass, it would inflict extraordinarily harmful and damaging cuts and weaken the capacity of the Federal government. So yes, there is lots to be concerned about.

ELLEN TELLER: Thank you. Again, reminding everyone that this presentation will be up on the CHN web site in the next couple of days and that everybody will be sent a link to the presentation. We encourage you to use the materials that have been in this webinar. We would like you to cite the Coalition on Human Needs in the use of those materials. And continue to e-mail us and let us know your thoughts on topics for future webinars. If you found this webinar useful, we are all ears and always want to be responsive to the needs of the folks in our community.

Deb, any last comments?

DEBORAH WEINSTEIN: Well, thanks to everyone. We kept you longer than we said. Hope that it wasn't too wonky and that it's made you mad and we all need to fight this together.

ELLEN TELLER: Yes. Thank you again, and we look forward to chatting with you in the next CHN webinar. Thank you.

END TRANSCRIPT