

SAVE for All

Strengthening America's Values and Economy for All

Dear Representative/Senator:

We represent organizations in every state, providing essential services, practicing many faiths, helping to strengthen our communities and support the children, youth, working people, families, and seniors who live in them. We include experts in health care, housing, education and training, income assistance, and services for children, the elderly, and people with disabilities that our people need. We know that across all the states, about one-third of the revenues used to fund state programs come from the federal government. Beyond that, millions rely directly on Social Security, the Supplemental Nutrition Assistance Program, Supplemental Security Income, low-income tax credits, housing assistance, and federal health care programs. Therefore, the federal budget is of vital importance to us. We believe that by making the right investments in essential services, the federal budget can and should be an engine of prosperity for all Americans.

We come together to urge you in your budget decisions to preserve the capacity of the federal government to invest in shared prosperity and to help people escape poverty. Our organizations, representing millions of people, agree that federal budget choices should be based on four principles espoused by the Strengthening the Values and Economy (SAVE) for All campaign: (1) protect low-income and vulnerable people; (2) invest in broadly shared prosperity that raises incomes across the economic spectrum; (3) increase revenues from fair sources; and (4) seek responsible savings by targeting wasteful spending in the Pentagon and elsewhere. Specifically:

(1) Protect low-income and vulnerable people: More than 45 million Americans live in poverty. About 28 percent of working age people with disabilities and one in five children are poor. Even more sobering, about one in three African American and Latino children is poor. But taking into account vital federal safety net programs, including the Supplemental Nutrition Assistance Program (SNAP), low-income tax credits for working families, unemployment insurance, and Social Security, millions have been lifted out of poverty. Congress' goal should be to strengthen the role of these programs, plus Medicaid, Medicare, the Children's Health Insurance Program (CHIP), the Affordable Care Act, Supplemental Security Income (SSI), Social Security Disability Income (SSDI) and Temporary Assistance for Needy Families (TANF), in improving economic security for low-income and vulnerable people. Reduced benefits or eligibility will inflict harm. We strongly oppose straitjacketing SNAP and Medicaid by rigid limits such as block-granting or per capita caps. Broadly shared economic growth depends on maintaining the capacity of these programs to respond to need.

Congress should protect vital services for low-income people by ending the sequestration cuts scheduled to resume next October. Adequate appropriations for programs providing child care, education and training, affordable housing and home energy assistance, nutritious food for young and old alike, health care, mental health and substance abuse services, offer routes out of poverty. These domestic and international ("non-defense discretionary") programs have already suffered serious cuts. Under existing caps, domestic discretionary spending in 2015 would fall to its lowest level as a share of the economy in 50 years. If sequestration resumes in FY 2016, overall cuts in this category would rise to 17 percent since FY 2010, taking inflation into account. Sequestration holds us back.

(2) Invest in broadly-shared prosperity: There are many ways the federal budget can promote economic growth that leads to more jobs with decent pay and benefits. One lesson is clear: merely continuing or expanding tax cuts for upper-income individuals or corporations is not an effective means of increasing

access to good middle-class jobs. Such policies have helped those at the top to increase their income and wealth, but have done far too little to promote shared prosperity. In fact, by reducing federal revenues needed to fund investments, these unfair tax cuts have denied opportunity to low-income people and worsened inequality. With the same bipartisan approach that led to the reauthorization of the Workforce and Innovation Opportunity Act (WIOA), we urge Congress to provide funding for all levels of education, from early childhood through post-secondary, apprenticeships, and subsidized jobs to make sure that workers have the skills and experience they need. We also urge your support for job-creating investments in infrastructure, renewable energy, and other sectors.

(3) Increase revenues from fair sources: Federal revenues are inadequate to meet our nation's current needs. It harms economic growth to slash needed investments by keeping revenues far below almost all other industrialized nations as a percentage of GDP. Despite the higher statutory tax rates, effective tax rates for the richest Americans are low: the Wall Street Journal cited IRS data that the 400 richest taxpayers (averaging \$265 million in income) paid an effective federal income tax rate of 18 percent in 2010. Corporations have been able to avoid taxes on trillions of dollars of income stashed in tax havens overseas. Because they fail to pay their fair share, our nation is losing the competitive advantage that comes from a skilled and healthy workforce and cutting-edge infrastructure and technology. We strongly support closing tax loopholes that target benefits to the wealthy and profitable corporations. For example, Congress should raise the income tax rate on investment income (e.g. capital gains or dividends) to match the rate on earned income. Congress has repeatedly extended a large number of mostly corporate tax breaks on a temporary basis. To the extent that continuation of these tax cuts can be genuinely justified, they should not deepen the deficit, but should be paid for by reducing tax breaks judged inequitable and/or ineffective at promoting shared prosperity. Any tax reform plan should result in net increased revenue.

In order to maintain fairness in the tax code, it is vital that Congress makes permanent the 2009 improvements in the Child Tax Credit and Earned Income Tax Credit (EITC). If these improvements are allowed to expire in 2017, 16 million people, including 8 million children, will fall into poverty or become more deeply poor. Tax credits for low-income families have a demonstrated track record of encouraging work and improving children's education and earnings in adulthood. Expanding EITC benefits for low-income childless workers and non-custodial parents has bipartisan support, would encourage work and prevent these workers from being taxed into or deeper into poverty.

(4) Target wasteful spending in the Pentagon and elsewhere: Wasteful spending does not help our security. Since 2001, Pentagon spending has nearly doubled. Overseas Contingency Operations (OCO) funding has allowed the military to avoid substantial impact from sequestration and other funding limits by moving non-war items into the uncapped OCO account. Military experts and bipartisan leaders have identified billions of dollars in responsible savings in the Pentagon budget, while still keeping our service men and women safe, protecting our security, and maintaining our commitment to veterans. We strongly oppose increases in military spending at the expense of domestic programs that educate our children, meet our health and nutrition needs, support our seniors in retirement, and invest in economic growth.

We urge you to support a budget that adheres to the SAVE for All principles. Disinvesting in human needs or cutting some important programs in order to fund others will jeopardize our nation's future prosperity by excluding millions from full economic participation.