



Testimony to the National Commission on Fiscal Responsibility and Reform

Submitted by Deborah Weinstein,
Executive Director
Coalition on Human Needs
June 30, 2010

Thank you for the opportunity to share the views of member organizations of the Coalition on Human Needs, as expressed in a letter to you signed by 119 national organizations which I am submitting as part of this testimony (available at www.usaction.org/docs/Deficit_Commission_Letter.pdf).

The letter asks you to make the commitment that your recommendations to reduce the deficit will not make low- and moderate-income people worse off. We ask this out of an urgent concern about our nation's future. The signers include service provider organizations representing agencies serving the poor and vulnerable nationwide; faith organizations representing congregations across the country; labor, civil rights, policy and other advocacy organizations. All report the painful impact of the recession. Economists tell us that if we had the official poverty statistics for this year, they would show **more than one in four** of our children living in poverty, with even higher proportions poor among communities of color and disproportionately afflicted regions of the country. Service providers see the surge in need showing up in emergency food sites, homeless shelters, emergency rooms, and unemployment lines. There is ample research to show that children growing up in poverty are more likely to have poor nutrition, become sick, be hospitalized, move frequently, fall behind in school and drop out of school than children who are not poor.¹ In multiple ways, poverty places roadblocks to opportunity. Many poor children triumph over those constraints, but many do not. These barriers to opportunity place our nation at risk. We cannot afford to close doors to millions of our children and youth and expect our future security and prosperity to be assured.

You are participating in this Commission out of a concern for our future. We urge you to see that our future is threatened if we do not make the investments necessary to prevent high levels of poverty from becoming a permanent condition. Our economic growth depends on the

¹ See, for example, research by Children's HealthWatch, including *Reading, Writing and Hungry*, November 2008, at <http://www.childrenshealthwatch.org/upload/resource/PEWFIBrief.pdf>

ability of families to enter the middle class through productive work. Over the course of our nation's history, we have invested federal resources in opening up opportunities for people to be as productive as possible. When it was clear that our young people were so undernourished they were unable to qualify for military service, we invested in school lunches; we greatly reduced hunger through food stamps. We expanded opportunities for college education and added funds for elementary and secondary education in low-income communities. Now investments of this kind are threatened. Congress is at this point unable to secure a majority to continue expenditures which respected economists tell us are needed to prevent further increases in joblessness; that failure may plunge us deeper into recession. Your Commission is not concerned with today's crisis, but it must determine whether its recommendations will set in stone policies that deny opportunities to those currently left out of whatever glimmerings of recovery we are now experiencing. The signers of the letter delivered to you today believe your role should be to find a path to a sustainable future that does not enshrine or worsen current inequalities.

We understand why the participants in the recent America Speaks town hall meetings considered it a core value to achieve a balance between the needs of current and future generations. For us, though, it is not possible to make future generations more secure by sacrificing the prospects of people today, or five years from now. If your recommendations prevent adequate investments in nutrition, public health, education, youth employment, and rebuilding low-income communities, today's children and young workers will be more likely to drop out of school, with reduced job prospects and productivity. Today, 25 percent of our youth drop out of school.² We should be investing to reduce that number and to increase the number of students who complete post-secondary programs.

Investing in children and youth and preventing harm to them must be seen as essential components of a strategy to secure our economic future. But they are not the only low-income and vulnerable people who should be protected as you consider proposals to reduce the deficit. Reducing income assistance and other programs to help the long-term unemployed, people with disabilities, and retirees will reduce consumption, shrinking economic activity while hurting the individuals affected.

² James J. Heckman and Paul A. LaFontaine, *The High School Graduation Rate: Trends and Levels*, Institute for the Study of Labor, December 2007, available at <http://buildingbrightfutures.net/Post/sections/42/Files/The%20American%20High%20School%20Graduation%20Rate.pdf>

We do not dispute that there are serious choices ahead of us. But we do dispute that the choices inevitably must hurt the poor and vulnerable. In an analysis by the Center on Budget and Policy Priorities, the Bush-era tax cuts and spending on the wars in Iraq and Afghanistan alone will add \$7 trillion in deficit spending from 2009 through 2019.³ The Commission should direct much of its attention to wasteful military spending and to fair and adequate revenues. The America Speaks town hall meeting participants on June 26 also agreed that “placing a greater burden for reducing the deficit on those more financially able” is a core value.⁴ Since 2001, tax cuts account for almost half of deficit growth; military spending is responsible for another 35 percent.

The letter we submit today calls upon you to “obtain and make public in a timely way a distributional analysis” to show the impact of the proposals you consider on different income groups. When faced as we are with a prolonged period of unemployment and rising poverty, it is vital that we know whether proposals will make conditions worse. It will be tempting for you to simply call for percentage cuts in certain types of spending, such as non-defense discretionary programs. But if you recommend spending cuts without coming to grips with what those cuts will mean, it will almost certainly result in a further reduction in support for education, for job training and work supports like child care and public transit. These cuts will assuredly make low- and moderate-income people worse off. If instead you recommend cuts in nutrition programs like SNAP (food stamps) or child nutrition programs, the consequences for children will be harsh.

We now face the distressing epidemic of obesity and type II diabetes, disproportionately prevalent among low-income children and youth. In some high poverty communities, low birthweight and incidence of prenatal care are getting worse, not better. These are the consequences of poverty, with costs spanning decades and lifetimes.

When people look back at this time, how will they judge us? Will they see us as failing to invest in our own future; unaccountably allowing growing numbers of our children to grow up poor, poorly nourished and inadequately educated? Will they find we failed to recognize that more revenues were needed from those most financially able, who have benefited so much from tax cuts and unshared prosperity over the past decade and more, and instead presided over a weakening of the middle class and greater barriers for those attempting to enter the middle class? Will they judge that we turned over a burden of debt to our grandchildren greater

³ Kathy A. Ruffing and James R. Horney, *Critics Still Wrong on What's Driving Deficits in Coming Years*, Center on Budget and Policy Priorities, Updated, June 28, 2010

⁴ Preliminary National Town Meeting Results, by Carolyn Lukensmeyer, at <http://usabudgetdiscussion.org/preliminary-national-town-meeting-results-are-in/>

because of the failure to invest and the failure to collect fair and adequate revenues – and therefore made our nation poorer?

The Commission ought to play a leadership role in turning away from these grave missteps. As the letter states, “an explicit goal to protect the most vulnerable in our nation, together with impact analyses to ensure the goal is being met, will assist the Commission in producing recommendations that can put the nation on a sustainable fiscal course without harm to those who have no margin to sacrifice more.”

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To Members of the National Commission on Fiscal Responsibility and Reform:

We are writing to urge the Commission to take special care not to cause harm to America's low- and moderate-income households in formulating its recommendations this year. In particular, we ask that:

1) The Commission adopt as a basic principle that its proposals should not make lower-income individuals and families worse off. The Commission's recommendations should not harm those who already have difficulty getting by. Its proposals should not push people into poverty or make those who are already poor still poorer.

2) To aid it in meeting this goal, the Commission should assure that it obtains and makes public in a timely way a distributional analysis (e.g., by income deciles or quintiles) of the impact of the proposals that it considers. Understanding and making transparent how different paths would affect different income groups is an essential means of determining fairness in who bears the burdens of changes in spending and tax policy.

Even before the recession, low- and moderate-income people in our nation had been largely shut out from the benefits of the nation's economic growth for two generations. From 1979 to 2006, the average after-tax income of the bottom fifth of the population rose only 11 percent over 27 years, from \$14,900 to \$16,500, in inflation-adjusted 2006 dollars, according to the Congressional Budget Office. This includes non-cash income like food stamps, housing assistance, and refundable tax credits. The average income of the second fifth rose a modest 18 percent, to \$35,400 — still well under 1 percent per year. In contrast, the average income of the top fifth rose 86 percent, from \$98,900 to \$184,400 during this period, and the average income of the top 1 percent increased 256 percent, from \$337,100 to \$1.2 million.

Moreover, during the last economic recovery, from 2001 to 2007, poverty actually increased and the median income of working-age households declined, even as income at the top of the income scale continued to rise.

In other words, after nearly three decades of overall economic growth, America saw only very weak gains for the bottom two-fifths of the population and substantially widened gaps between the top and bottom of our society. Income stagnation and rising inequality have left lower-income households bearing a heavy cost.

Reducing public supports for this population would be unwarranted. This population has borne an undue share of the pain of the economic and political transformations of the last several decades, not to mention the deep recession from which the country is only beginning to emerge.

Reducing the federal deficit is a means to an end — the strongest possible economic future for the nation. Under-investing in low- and moderate-income children and adults would not be consistent with that goal. Indeed, smart and more adequate investments for them could help strengthen the economy and the nation.

We believe that an explicit goal to protect the most vulnerable in our nation, together with impact analyses to ensure the goal is being met, will assist the Commission in producing recommendations that can put the nation on a sustainable fiscal course without harm to those who have no margin to sacrifice more.

Sincerely,

9to5, National Association of Working Women
AFL-CIO
Afterschool Alliance
American Association of University Women (AAUW)
American Federation of Government Employees, AFL-CIO
American Probation and Parole Association
Americans for Democratic Action, Inc.
APWU Retirees Department
Association of Farmworker Opportunity Programs
Association of Nutrition Services Agencies
Bread for the World
Center for Community Change
Center for Medicare Advocacy
Center for Women Policy Studies
Center on Budget and Policy Priorities
CFED
Child Welfare League of America
Children's Defense Fund
Citizens for Tax Justice
CLASP
Coalition on Human Needs
Common Cause
Communications Workers of America
Community Action Partnership
Community Food Advocates
Community Food Security Coalition
Conference of Major Superiors of Men
Contact Center
Department of Professional Employees, AFL-CIO
Disciples Justice Action Network
Early Care and Education Consortium
Easter Seals
Evangelical Lutheran Church in America
Every Child Matters
Families USA
Feeding America
First Focus Campaign for Children
Food Research and Action Center (FRAC)
Forum for Youth Investment
Franciscan Action Network
Friends Committee on National Legislation
Generations United
Habitat for Humanity International
Interfaith Worker Justice
International Brotherhood of Boilermakers
International Federation of Professional and Technical Engineers
International Union, United Automobile, Aerospace and Agricultural Implement Workers of America
(UAW)
Jewish Council for Public Affairs
Leadership Conference of Women Religious
LEAnet

Legal Momentum

Lutheran Services in America

Mennonite Central Committee, Washington Office

National Advocacy Center of the Sisters of the Good Shepherd

National African American Drug Policy Coalition, Inc.

National Alliance of Community Economic Development Associations

National Alliance to End Homelessness

National Association for Commissions for Women

National Association for State Community Services Programs

National Association for the Education of Young Children

National Association of Child Care Resource & Referral Agencies

National Association of Counsel for Children

National Association of Social Workers

National Black Child Development Institute

National Center for Housing and Child Welfare

National Center for Law and Economic Justice

National Coalition for the Homeless

National Community Action Foundation

National Community Tax Coalition

National Council of Jewish Women

National Council of La Raza

National Council of Women's Organizations

National Council on Aging

National Employment Law Project

National Family Planning & Reproductive Health Association

National Gay and Lesbian Task Force

National Head Start Association

National Housing Conference

National Housing Trust

National Human Services Assembly

National Low Income Housing Coalition

National Network for Youth

National Partnership for Women & Families

National Senior Citizens Law Center

National WIC Association

National Women's Law Center

NETWORK: A National Catholic Social Justice Lobby

Northwest Federation of Community Organizations

Older Women's League

OMB Watch

Pension Rights Center

PHI National

Progressive Congress Action Fund

RESULTS

Sargent Shriver National Center on Poverty Law

Service and Advocacy for Gay, Lesbian, Bi-sexual and Transgender

Service Employees International Union

Sisters of Mercy Institute Justice Team

Sisters of Mercy of the Americas

Social Security Works

Sojourners

Stewards of Affordable Housing for the Future (SAHF)
Sugar Law Center for Economic and Social Justice
The Alliance to End Hunger
The Arc of the United States
The Hatcher Group
The Jewish Federations of North America
The United Methodist Church - General Board of Church and Society
Union for Reform Judaism
United Cerebral Palsy
United for a Fair Economy
USAction
Voices for America's Children
Volunteers of America
Washington Office of Public Policy, Women's Division, United Methodist Church
WhyHunger
Wider Opportunities for Women (WOW)
Women's Institute for a Secure Retirement
YWCA USA