



COALITION ON HUMAN NEEDS



A Better Budget for All: Saving Our Economy and Helping Those in Need

Report by the Coalition on Human Needs
For the SAVE for All Campaign:
Strengthening America's Values and Economy for All
February 25, 2011

About the Coalition on Human Needs

The Coalition on Human Needs (CHN) is an alliance of national organizations working together to promote public policies that 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
Visit us at www.chn.org.

Acknowledgments

The Coalition on Human Needs is grateful for the support of the Annie E. Casey Foundation, the George Gund Foundation, the Evangelical Lutheran Church in America, anonymous donors, and the support of its members, without whom this report and the work to educate people about its contents would not be possible.

This report was prepared with the writing, editing and research assistance of Debbie Stein and Amy Saltzman of The Hatcher Group.

Board of Directors

Ellen Teller,
Food Research and Action Center, Chair
Steve Savner,
Center for Community Change, Vice Chair
John Irons,
Economic Policy Institute, Treasurer
Fran Bernstein,
AFSCME, Secretary

Liany Elba Arroyo, National Council of La Raza
Jennifer Beeson, Families USA
Bill Bentley, Voices for America's Children
Lucreda Cobbs, Catholic Charities USA
Sheila Crowley, National Low Income Housing Coalition
Sharon Daly, Past Chair
Joan Entmacher, National Women's Law Center
Barbara Gault, Institute for Women's Policy Research
Andrew Genszler, Evangelical Lutheran Church in America
Alan Houseman, Center for Law and Social Policy
Todd Jorns, United Way of America
Don Mathis, Community Action Partnership
Ellen Nissenbaum, Center on Budget and Policy Priorities
Khalid Pitts, Service Employees International Union
Kathy Saile, U.S. Conference of Catholic Bishops
Randi Schmidt, YWCA USA
John Schiamanna, American Humane Association
Mala Thakur, National Youth Employment Coalition
Julie Ward, Arc-UCP Disability Policy Collaborative
Dinah Wiley, National Immigration Law Center

Deborah Weinstein, Executive Director,
Coalition on Human Needs

Table of Contents

Introduction	4
<i>Who the House Plan Hurts</i>	5
Two Budgets, Two Visions	7
<i>Without Home Energy Assistance, Millions of Families Could Be Left in the Cold</i>	10
<i>Proposed Cuts Would Eliminate Proven Job-Training Programs</i>	15
<i>Community Services Block Grants: A Proven Record of Changing Lives</i>	17
<i>CDBG: Protecting Programs that Protect the Most Vulnerable</i>	18
Structural Budget Proposals Set a Dangerous Precedent	20
<i>Federal Funds Help Charities and Local Governments Meet Growing Need</i>	23
Conclusion	25

Introduction

We stand together in good times and bad: that is at the heart of what drives our country and propels us to greatness. Throughout U.S. history, the federal government has played an essential role in spurring economic growth and increasing opportunity. Federal support made the railroads, interstate highways and land grant colleges possible. The G.I. Bill opened up education and improved living standards for millions of veterans and their families. Unemployment Insurance, Social Security and Medicare have made Americans more secure, saving us from deep poverty during economic downturns, old age and illness.

But now, just as our nation has begun to recover from the worst recession in decades, Congress is flooded with budget proposals that would disproportionately harm vulnerable people, and dangerous plans for revamping the structure of the budget process itself. These proposals would place a stranglehold on the federal government's ability to meet the needs of a growing and aging population, to provide the jump-start needed to fuel our economy, or even to respond to emergencies. At the same time they would maintain unaffordable tax cuts and unsustainable military spending. The House of Representatives has approved drastic and irresponsible cuts in domestic appropriations for the rest of fiscal year 2011. President Obama's budget for fiscal 2012, while taking a more balanced approach, nevertheless proposes cuts aimed at low-income people and would freeze domestic spending for the next five years, making no allowance for increasing population, inflation or the funding needed for his new initiatives.

Such cuts run counter to American values of opportunity and security for all. They also ignore the lessons of history: that a strong federal role is needed for broadly shared economic progress.

In a February poll¹, fully 41 percent of respondents said that they or someone in their immediate family had been unemployed in the past year. This disturbing fact explains why Americans overwhelmingly believe that spurring job creation and strengthening the economy should be the nation's number-one priority.²

“ Americans overwhelmingly believe that spurring job creation and strengthening the economy should be the nation's number-one priority.

Unfortunately, some of our leaders are ignoring this reality and focusing on just one aspect of our future prosperity—the current size of the federal deficit. While the long-term federal deficit must be addressed, this should take place over time through a balanced approach that includes equitable increases in revenue and thoughtful reductions in expenditures, such as wasteful military spending. Right now, we still need to focus on the policies that will hasten the economic recovery and build a strong foundation for our shared future.

Ultimately, the biggest deficit reduction measure is an expanding economy, with more people working and paying taxes.

Many of the budget proposals before Congress, however, would have the opposite effect. These proposals would try to reduce the deficit immediately, while the economy is still fragile; they would address the deficit solely or primarily by cutting spending, instead of balancing revenue increases with budget cuts; and they ignore many forms of wasteful spending, including tax loopholes and bloated military budgets.

The structural budget proposals currently on the table are even more problematic. These include balanced budget amendments, limiting spending to a share of the GDP and multi-year caps on spending. They would tie our

hands in dealing with a wide range of national crises, from recessions and joblessness, to poverty, inequality and global competitiveness. Instead of these broad, overarching approaches, our leaders need to make the tough decisions about how to reduce the deficit carefully and thoughtfully, program by program. They need to look at the whole federal budget, not just domestic annual appropriations. That means they need to consider raising revenues, eliminating tax breaks and other forms of hidden spending, and analyze every program based on its effectiveness and importance in meeting national goals. If Congress tries to reduce the deficit primarily by slashing funding for the most

Who the House Plan Hurts

Millions of people would suffer under the House of Representatives' plan for the rest of fiscal year 2011. Here's a sampling:

- **218,000 young children** would not be able to receive Head Start services.
- **11 million patients** would lose health care they would have received at Community Health Centers over the next year, with **3.2 million losing care in the next few months**; **127 health center sites** would have to close, and **7,434 jobs would be lost**.
- **20 million low-income people**, including 5 million children, 2.3 million seniors and 1.7 million people with disabilities, would have access to anti-poverty services disrupted.
- **9.4 million low-income college students** would lose some or all of their Pell grants.
- More than **8 million adults and youth** would lose access to job training and other employment services. Job training under the Workforce Investment Act would essentially be shut down until July 2012.
- **81,000 low-income people**, mostly seniors and some children, would no longer receive food packages and six states would not be able to join the program after being approved to do so.
- **1.2 million poor households** in public housing (two-thirds of whose members are elderly or have a disability) would see maintenance and repairs on their apartments deteriorate due to cuts in the Public Housing Capital Fund.
- **10,000 people with significant long-term disabilities** would lose their rental assistance; most of these would lose their homes.

vulnerable among us and reducing the scope of critical federal programs, it will weaken us as a nation. It will threaten the health, development and education of millions of low-income children; risk harm to seniors and people with disabilities; and reduce the incomes of many millions of families.

“ Our leaders need to make the tough decisions about how to reduce the deficit carefully and thoughtfully, program by program. They need to look at the whole federal budget, not just domestic annual appropriations.

Ours is a rich and great country with virtually unlimited potential. Yet in 2009, 100 million people—one-third of our nation—were living in or near poverty, with incomes below about \$44,000 for a family of four. If we are to save our country’s future, we must work together to preserve the programs that mean the difference between hope and despair for so many. We must begin today by **Strengthening America’s Values and Economy for All**. With this report, and with the launch of the **SAVE for All** campaign, supported by more than 1,000 organizations across the country, we call on Congress and the President to remember that we are one nation and we need to make decisions that are in the best interest of all Americans.

Together, we ask them to:

- **Protect low- and moderate-income people in budget and deficit reduction proposals.**
- **Prevent multi-year appropriations caps that force harsh reductions in domestic/human needs services.**
- **Prevent damaging structural changes in essential programs.**
- **Reject efforts to adopt a constitutional amendment to balance the federal budget.**
- **Support deficit reduction plans that include additional revenues drawn from equitable sources.**
- **Oppose rules and statutory changes that favor tax cuts over important domestic investments.**

The United States should be a country where all are afforded economic opportunity and the ability to live in dignity. However, to reach that potential we need to make investments in the basic infrastructure of a successful and productive life: education, health care, food and nutrition, job training opportunities, work supports, affordable housing and other human needs programs.

Strengthening America’s Values and Economy for All requires saving the federal government’s capacity to address our needs and keep our promises.

Two Budgets, Two Visions

The release of the president's fiscal year (FY) 2012³ budget this month and passage in the House of Representatives of a budget proposal for the last seven months of FY 2011⁴ offer a glimpse at two vastly divergent visions of our country and the role of government in moving our economy forward. Both call for unwarranted and harmful reductions in critical human needs programs. But the House cuts are far more extreme and unbalanced, placing much of the deficit reduction burden on the backs of the most vulnerable.⁵ The administration's plan is less one-sided, calling for a reduction in tax breaks for corporations and the wealthy and limiting military and other spending without demonstrated effectiveness. It is true that the legislative vehicles are of a different scope—the House spending bill does not deal with revenues, while the president's budget does. But repeated comments by the House leadership indicate that they have no plans to reduce the deficit through increased revenues.

The House plan for the remainder of FY 2011 offers massive cuts in funding for education, health care, affordable housing, energy assistance and other vital domestic programs, while increasing military spending. The House plan includes the largest cuts, on an annualized basis, in domestic appropriations in history. These damaging cuts are disproportionately aimed at jobless and low-income families. Programs are recklessly terminated, either by zeroing out funding when five months of spending have already occurred, or cutting so deeply that there would be no funds to operate programs on the first day the spending plan takes effect. On the other hand, military spending on wasteful contracts and technology that doesn't work has been

untouched or increased. The bipartisan National Commission on Fiscal Responsibility and Reform issued deficit reduction proposals including \$100 billion in defense spending cuts in 2015⁶ alone. Calls for reductions in the military are coming from the left and right in Congress, and a successful amendment to the spending bill did stop funding for an alternative engine for the F-35 Joint Strike Fighter, saving \$450 million. But when it comes to the House leadership, most of this has fallen on deaf ears.

President Obama's budget for FY 2012 is more responsible, recognizing that investments in economic growth, fair revenue increases and military savings are necessary components of any sensible plan for our future. The budget puts forth important provisions that help low-income people recover from years of hard times. These include new funding for child support collection, which will significantly help hardworking custodial parents, and restoration of Supplemental Nutrition Assistance Program (SNAP) benefits that had been cut to help pay for expanded child nutrition programs. It also would prevent the loss of subsidized child care placements, and would reward programs that keep abused or neglected children safe, minimizing their time in foster care and restoring them to their families or placing them in another permanent home. The budget would make permanent important tax credits available to low-income families with children and college students. Finally, the president's budget includes badly needed investments in early care and education, as well as K-12 education.

But President Obama's budget disappoints by making deep cuts to a set of community-

“ At a time when so many are still reeling from the aftershocks of the Great Recession, the House FY 2011 plan and elements of the president’s budget do not provide those who are struggling most with the support they need.

based services that enable low-income people to build better lives. These cuts undermine the president’s own economic recovery goals.

It is unwise and unnecessary for the president to make two-thirds of his budget’s deficit reduction plan spending cuts, while revenues comprise just one-third. This has the effect of protecting corporate and upper-income interests while needlessly shortchanging low-income families. The military cuts, while welcome, are far too limited. The proposal to cut the military budget by \$78 billion over five years only offers reductions in projected spending and will slow down but not halt real growth in the military. One expert analysis suggests that we could save \$358 billion by the end of 2015 by reducing personnel in areas where they are no longer needed and ending major purchases of obsolete or technologically troubled equipment.⁷

At a time when so many are still reeling from the aftershocks of the Great Recession, the House FY 2011 plan and elements of the president’s budget do not provide those who are struggling most with the support they

need. While the recession officially ended in June of 2009 when the economy began to grow again, 14 million Americans are still unemployed and half of them have been out of work more than six months.⁸ It will take years of economic growth to bring unemployment rates down to pre-recession levels, leaving millions of people struggling to put food on the table and a roof over their heads and pay for the medical care they need to stay healthy and productive.

Moreover, the proposed spending cuts in domestic programs would follow three years of increasingly dire circumstances for states already forced to sharply reduce services for vulnerable people. At least 46 states have cut programs since 2008 that affect every major area of services, including health care, K-12 education and services for the elderly.⁹ The same number of states expects to face continuing budget gaps, almost certainly resulting in more cuts for FY 2012.¹⁰ With levels of hardship this high, and with even less support from states than in the past, vulnerable families cannot be asked to bear the brunt of federal efforts to reduce the deficit. Yet many of the budget proposals now before Congress would do just that. Here’s a rundown:

More people would go hungry

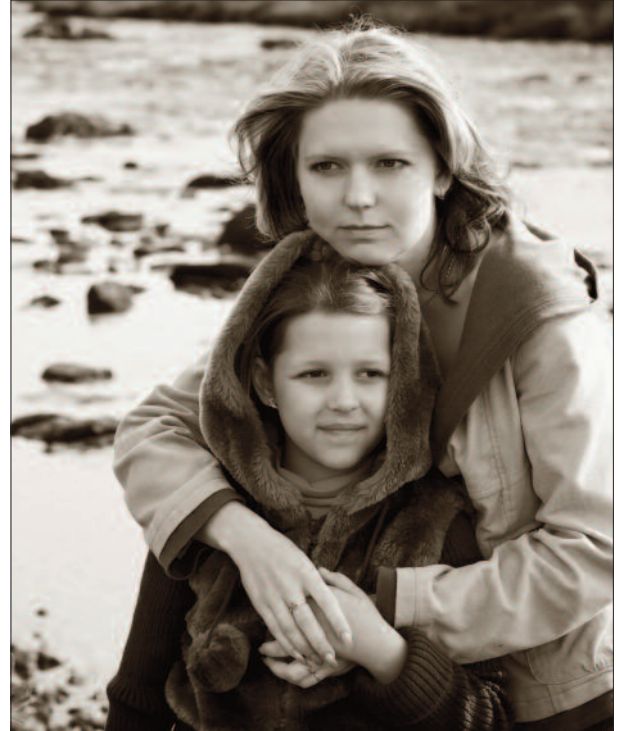
Despite dramatic growth in **SNAP** participation, hunger has become a disturbingly common experience for millions of families in this country. In nearly every state, at least one in seven respondents reported in the first half of 2010 that there were periods during the prior 12 months when they did not have enough money to buy food for themselves or their family.¹¹ Similarly, the U.S. Department of Agriculture (USDA) found that in 2009, one in seven households was “food insecure,”

meaning they were uncertain whether they could provide enough food for everyone in the home.¹² Hunger is this widespread despite record levels of participation in the SNAP program—43.5 million people currently receive benefits.¹³ This is partly because one in three eligible people does not participate in the program because they do not know they are eligible, application processes are too complex or there is not enough staff to process applications.¹⁴ But it is also because the benefit levels are too low to provide enough food.

The president's proposal would restore the SNAP benefits lost as part of the child nutrition legislation deal, delaying the loss of \$59 a month for a family of four from November 2013 to April 2014 and potentially staving off hunger for millions. Although this is an important step, hunger will likely continue to be problem for some time. Those benefits should be restored for the longer period in place prior to changes made as part of an earlier extension of aid to states.

By contrast, the House proposal for FY 2011 contains several cuts that would worsen hunger. It includes a \$20 million, or 11.4 percent, cut to the **Commodity Supplemental Food Program**, which provides food packages to about 467,000 low-income people. As a result, nearly 81,000 fewer low-income people, mostly seniors and some children, will receive these food packages. In addition, six states (Connecticut, Hawaii, Idaho, Maryland, Massachusetts, and Rhode Island) that had been newly approved to start distributing food under this program will no longer have the funding they need to carry out those distributions.

The House would also slice funding in half for the **FEMA Emergency Food and Shelter**



Program, from \$200 million to \$100 million. In 2009, United Way agencies that manage this program provided about 89 million meals to soup kitchens, through meals-on-wheels programs or distributed at food pantries or other emergency food sites. The program also provides hundreds of thousands of shelter beds for the homeless. Additionally, the House cuts \$747.2 million from **WIC**, the nutrition program for Women, Infants and Children. The House's \$6.5 billion funding level is likely to be enough to cover the current caseload, but could fall short if food prices spike, and would not allow for a further improvement in the fresh fruits and vegetables in the WIC food package. Finally, the House bill would terminate funding for several small but important programs, among them the Congressional Hunger Center and Hunger Free Communities Grants.

Without Home Energy Assistance, Millions of Families Could Be Left in the Cold

The economic downturn, combined with rising energy costs, has already taken a significant toll on the ability of low-income families to keep their homes warm this winter. Now President Obama proposes to cut the Low-Income Home Energy Assistance Program (LIHEAP) by about \$2.5 billion in his 2012 budget, which would deny assistance to more than three million households. The House FY 2011 plan would cut the LIHEAP contingency fund by two-thirds, a nearly \$400 million reduction in a program that provides much-needed aid during periods of particularly severe weather or energy price increases. The House cut would leave few funds available to respond to this year's harsh conditions.

The proposed reductions could not come at a worse time. Community service agencies throughout the country report sharp increases in families seeking energy assistance. "So far this year, I am seeing a high volume of applicants who are struggling to keep up with their utility payments due to loss of a job or trying to live off unemployment," said an intake worker for an Iowa Community Action Agency. Of these households, he said, at least half of the applicants each week are either facing disconnects or have no funds to fill their propane tanks. He told the following stories about how LIHEAP has helped these people keep their heat on:

"Yesterday I had a gentleman stop by our office in a crisis situation. He recently became a single dad of two children ages five and eight and had been living without heat for some time. I asked him how he was keeping the house warm, and he said he shut off the entire house except for two rooms and was using several space heaters to heat those rooms. He also said that since his hot water heater was also propane, he had no hot water. He told me that he was boiling water on the stove for hot water for cleaning and bathing. . . He is a hard worker employed through a temp agency and wonderful father who wasn't looking for a handout but a hand up. He told me that he and the kids have made the best of the situation. He said they draped blankets over the furnishings to make tents and that way the heat stayed in those areas better. He said the kids thought it was fun. It wasn't until his plumbing burst due to frozen pipes that he had to ask for some help and he was extremely grateful for the assistance we were able to give him.

"In November 2010, I had an applicant who was a single mother of three children, ages two, three and seven. Her income consisted of self-employment and child support. She had been using electric heaters to provide heat for their household because she could not afford to get her tank filled. With the help of LIHEAP we were able to have propane delivered to her during a winter storm the day after the request went in.

"A newly widowed, 81-year-old woman was in jeopardy of being disconnected from her heat due to unpaid bills. She was so beside herself thinking about how she would handle this winter without any heat. Her husband always handled the bills, so she wasn't quite sure what to do. Her daughter called and asked if there was help available. We told her about the LIHEAP program, made a same-day appointment and took care of her disconnect. She was so thankful, she hugged me and cried. She couldn't believe someone cared enough to help."

More people would be homeless

Keeping a roof over their heads is a challenge for millions of Americans. Four in 10 renters and one in three homeowners with a mortgage spend more than a third of their income on housing. Remarkably, even one in eight homeowners who doesn't have a mortgage pays more than a third of their income in housing costs such as taxes, insurance, utility costs and fuel.¹⁵

The House proposal for FY 2011 will reduce housing support for our most vulnerable populations. Section 811 housing for persons with disabilities would lose \$210 million and Section 202 Housing for the elderly would lose \$551 million, leaving both programs with less than a third of the funds they would receive if the current level of funding were extended for the rest of FY 2011. More than 10,000 people with significant long-term disabilities would lose their rental assistance vouchers; most would lose their homes. Both programs provide construction of new housing and operating subsidies for the non-profit sponsors that construct and manage the housing units and supportive services. No new construction would be possible at these funding levels. The House plan will strip out 10,000 new housing vouchers for homeless veterans from the **Veterans Affairs Supportive Housing** program. A recent report from the U.S. Department of Housing and Urban Development (HUD) concluded that there were more than 135,000 homeless veterans—nearly half of whom were living on the street or in abandoned buildings.¹⁶ The House proposal would also slash more than \$1 billion dollars, more than 40 percent of the current level, from the **Public Housing Capital Fund**, assuring that more units will fall out of use because of the unmanageable backlog of repair jobs.

The president's budget includes a commitment to put \$1 billion into the **National Housing Trust Fund** designed to increase both rental housing and home ownership for extremely and very low-income families, as defined by the Department of Housing and Urban Development.¹⁷ Unfortunately it also would cut the Public Housing Capital Fund by \$95 million, or 4 percent, Section 202 supported housing for the elderly by 8 percent and Section 811 supported housing for persons with disabilities by a third.

Housing expenses aren't limited to having a roof over one's head. To keep those homes habitable, they need to be heated in the winter and prevented from reaching dangerously hot temperatures in the summer. President Obama's proposed 2012 budget could take that ability away from more than three million households by cutting core funding for the **Low Income Home Energy Assistance Program (LIHEAP)** by about \$2.5 billion. The House plan for FY 2011 would not cut the core LIHEAP grants to states but instead would cut the LIHEAP contingency fund by two-thirds, a reduction of nearly \$400 million. The contingency fund is available for release when harsh weather conditions or spiking energy prices increase the need for heating or cooling aid. But \$125 million of this fund was already released in January, leaving only about \$65 million available for the rest of the year.

Cuts to the federal LIHEAP program will disproportionately affect rural families that are typically more likely to participate than those in urban or suburban areas.¹⁸ And the cuts could not come at a worse time. Energy costs are rising¹⁹ and the number of households requesting help to offset the increasing cost of home energy is expected to reach record levels in FY 2011 for the third year in a row.

The number of households served by LIHEAP increased from about 5.8 million in FY 2008 to 8.3 million in FY 2010 due to funding from the American Recovery and Reinvestment Act (ARRA), with 8.9 million projected for this year based on level funding instead of cuts. But even with that increase, the program could only serve one out of four eligible households, with an average grant of \$456, or less than half the average cost of home heating in 2010.²⁰ Nine in ten of the households receiving LIHEAP aid include a senior citizen, child or family member with a disability. Nearly one-third of LIHEAP recipients in 2009 did without food in order to afford heat; more than 40 percent went without medical care; and one in four reported that someone in the home became ill because it was too cold.²¹ (See box on page 10 for a closer look at how LIHEAP helps low-income families.)

More people would lack health care

The number of uninsured Americans continues to grow. In 2009, nearly 51 million people were uninsured, a jump of more than 4 million since 2008. Not surprisingly, this growth is the result of people no longer receiving insurance through their jobs either because they are out of work or because their employers no longer provide affordable health insurance.²² When people are not insured, they don't get the medical care they need to stay healthy. For instance, 15 percent of 18- to 64-year-olds put off or don't seek needed medical care because of cost, compared with only 5 percent of much better insured children and elderly.²³

For the uninsured, **community health centers** are often their only lifeline to reliable health care. Twenty-four million patients are seen at 8,000 community health center sites across the country. Yet the House proposal for the

remainder of FY 2011 would cut community health care funding by a billion dollars, chopping it nearly in half compared with the current level of funding. The National Association of Community Health Centers estimates that, if adopted, the measure would result in health centers losing the ability to serve 11 million patients over the next year, with 3.2 million patients losing care within the next few months. During that same period the cuts would result in the loss of 7,434 jobs and the closing of 127 health center sites.²⁴

The president's FY 2012 budget cuts \$124 million from community health centers, or just under 6 percent—a painful decrease given rising health care costs, but one that is more manageable since community health care centers will receive additional funding under the new health care reform law. House members sought to de-fund the health care law in amendments to their FY 2011 spending bill.

The House also eliminated all FY 2011 funding for the **National Health Service Corps**, which reimburses medical providers for their education loans in return for a five-year commitment to serve in areas of the country where there is a shortage of health professionals. The president reduced funding for the program from \$142 to \$123 million, a reduction of more than 13 percent.

The House also cut the **Maternal and Child Health Block Grant**, which states use to implement a wide range of programs needed to improve the health of children and their mothers, by \$50 million, or 7.6 percent, while the president cut it by \$6 million, or 1.2 percent. The House would eliminate **teen pregnancy prevention funding**, while the president would keep it at its current level of \$110 million. The House adopted an

amendment to end all funding for **Planned Parenthood**, whose affiliates operate more than 820 health centers providing a wide range of safe, reliable health services, more than 90 percent of which are preventive, primary care. And the House would eliminate the **Ryan White Emergency Assistance** funds, which provide additional medical care funds to communities most severely affected by AIDS and HIV. The president's budget keeps this critical program at the current level.

Fewer children would have access to early learning



The budget proposals on early learning presented by the House and the president offer a particularly clear contrast on how each views the role of government in helping those in need. The president would make significant new investments in early learning, while the House proposal calls for devastating cuts that would result in 368,000 children losing access to quality early learning settings, such as Head Start.

For more than 45 years, **Head Start** has launched low-income, pre-school children on a positive educational path and provided their parents with a range of health, nutrition and other supports they need to succeed.²⁵ Yet the House leadership's proposal for FY 2011 would cut Head Start by \$1.083 billion from the current level, dropping 218,000 children from the program. By contrast, President Obama's budget recognizes the vital role Head Start has played in moving children and families toward a more prosperous future. It calls for an increase of \$866 million in Head Start and Early Head Start funding, allowing the program to continue serving an estimated 968,000 children, the same number as current levels.

By making quality child care more affordable, child care subsidies also offer critical assistance to low-income families. They help parents access the child care they need to go to work or school,²⁶ while supporting the healthy development children only get through quality care. The benefits of a good early learning experience include improved school achievement, better language skills and better social development.²⁷ With the assistance of ARRA funding, most states have managed to maintain their child care assistance programs until now, but many are exhausting these funds and will be forced to scale back unless additional federal funding is provided.²⁸

Despite the growing need, the House bill would cut the **Child Care and Development Block Grant (CCDBG)** by \$39 million compared with current funding, reducing subsidies that make child care affordable for low-income, working families. Combined with the end of child care funding from ARRA, these cuts would result in 150,000 children losing child care. By contrast, the president's FY 2012

budget recognizes the importance of early learning in helping children succeed and parents work. It includes a \$1.3 billion increase for child care, of which \$500 million would require a state to provide matching funds. That would allow the same number of children to continue to receive services, with some additional funding to strengthen the quality of child care. It also includes \$350 million for a proposed **Early Learning Challenge Fund**, as well as expansion of the **Child and Dependent Care Tax Credit**, nearly doubling the credit for families making less than \$75,000 a year and benefiting nearly all families making less than \$103,000.

More children and young adults would face diminished educational opportunities

Americans have always recognized the vital role education plays in creating opportunity for children and spurring innovation and economic expansion for our economy. Unfortunately, when it comes to education, the differences between the president and House approaches could not be starker. While the president increases support for the most vulnerable children, the House slashes it.

The president adds \$300 million in FY 2012 to **Title I**, which is allocated to schools with high numbers of poor children, while the House would cut \$700 million from the current funding level for FY 2011. If the House bill becomes law, 957,000 students would be affected and as many as 9,000 jobs might be lost.²⁹ The president would also add \$200 million to the section of the **Individuals with Disabilities Education Grant** (known as IDEA part B) that funds special education services for children with disabilities. The House bill initially cut IDEA funding by \$558 million. A floor amendment restored those funds, but

only by cutting the same amount from two other important K-12 programs—the **School Improvement Grants** and the **Teacher Quality Partnership Grants (TQP)**. School Improvement Grants are awarded by states to the persistently lowest-achieving schools to pursue one of four strategies aimed at improving educational outcomes. TQP works to improve teacher quality through a variety of training and professional development programs.

These programs are critical to helping students graduate from high school ready to succeed in college and ultimately in the workforce. The number of jobs that require post-secondary education has been climbing steadily since 1973. As a result, by 2018 America will need 22 million new workers who have associate degrees or better and 4.7 million workers with post-secondary certificates. Projections show that we will be short at least three million workers with college degrees³⁰ unless American colleges and universities can graduate 10 percent more students each year. Without these educated workers, our economy will be constrained for decades.

While President Obama would significantly expand higher education funding for low-income students, giving them the opportunity to contribute to a growing economy, the House takes the opposite approach. The president's budget would increase **Pell grants** by nearly \$5.5 billion, or more than 20 percent, keeping the maximum grant at \$5,500, while the House would cut more than \$5.6 billion, lowering the maximum grant level to \$4,705, resulting in reduced or eliminated grants for nearly 9.4 million college students. While the president maintains the **Supplemental Educational Opportunity Grants** at their current level, the House would eliminate them for the rest of FY 2011, cutting off financial aid to 1.3 million students.

Proposed Cuts Would Eliminate Proven Job-Training Programs

The House budget calls for terminating program year 2011 funding for the primary Workforce Investment Act (WIA) programs that support job training for adults, youth and dislocated workers. It also proposes deep cuts in others areas, such as eliminating funding to the highly successful YouthBuild program, which helps low-income young people obtain their GEDs or high school diplomas while learning job skills through building affordable housing for homeless and low-income people. Together these programs have given millions of people the opportunity to learn the skills necessary to become productive contributing members of society. Here are two examples:

YouthBuild

As a boy in Ohio, Mike Dean cut hair to put food on the table for his four siblings and got them to school because their mom was hooked on drugs and alcohol. He was embarrassed at school because roaches would crawl out of his clothes or notebooks. At 16, he fled his home life and spent the next few years crashing at friends' homes. At 17, he got his girlfriend pregnant, dropped out of school and hung out with the wrong crowd, selling drugs. Eventually, he and his girlfriend applied for YouthBuild and found teachers who supported and cared about him. Mike earned his GED through YouthBuild and got decent union construction jobs. Today, he is a YouthBuild program manager, helping other young people. He started his own construction business, married his girlfriend and leads a nonprofit that mentors young men. He is an ordained minister.

Mike's story is not unusual. From 2004 to 2008, 92 percent of YouthBuild participants entered the program without their GED or diploma; 41 percent had been in the criminal justice system and 23 percent had received public assistance. Despite these overwhelming odds, 62 percent completed the program and 71 percent of graduates went on to college or jobs averaging \$8.87 an hour. Research published in 2007 shows a return on investment of at least \$10.80 for every dollar spent on a court-involved YouthBuild participant.

Workforce Investment Act

Tommy Roach, 49, was no stranger to work. He got his first job at a small grocery store in Columbus, Ohio, at the age of 13 to support his family and has worked ever since. He found he could make his living in after-market auto parts, working for seven years for Action Crash Parts in Columbus before relocating to manage its West Liberty, Ky., branch in 2001. Unfortunately, Action Crash Parts closed its West Liberty branch in 2007, leaving Tommy without a job. He found employment with another after-market auto parts company, but when the economy soured he was laid off again in late 2009.

Tommy knew it was time to think about a career change. He contacted a career adviser he knew in the WIA office at Gateway Community Action Agency (GCAA) in West Liberty who told him he could retrain for a new career for free in an Industrial Maintenance class. Tommy jumped at the opportunity. Before he graduated last July, the knowledge Tommy had gained and the contacts he made through GCAA helped him find a job at Acer Technologies, where he helps build prototype machines for the oil and gas industry.

More people would be jobless

During a time of continuing high unemployment, the House budget slashes job training and employment services, while the president's budget leaves these programs at close to their current levels. The House cuts are a recipe for economic misery. A third of the unemployed have been out of work for more than a year. Many of these workers are finding that because of their extended unemployment, their job skills are becoming obsolete. If they are to return to the workforce, they need help updating their job skills and finding work. Moreover, our economy needs more "middle skills" workers—precisely the kinds of skills provided through the **Workforce Investment Act (WIA)** programs.

According to a December 2009 report by the Business Roundtable, more than 60 percent of employers reported that even in the depths of the recession, candidates lacked the skills to fill available positions. Manpower Inc. found that the top 10 occupations with the greatest skill shortages for 2009 include middle-skill occupations such as nursing, skilled trades (for example, electricians and welders) and machinists. More than 40 percent of manufacturing jobs in 2012 will require at least some college or other post-secondary training.³¹

Yet the House plan would eliminate all new funding for WIA's (title I) Adult, Dislocated Workers and Youth formula grant programs in program year 2011, which begins July 1. These programs provide job-training and other services for adults, low-income youth, and workers who have been laid off. Currently these programs provide job training or other employment services to eight million people. If the House cut goes into effect, there would



be no new funds available July 1, 2011, and it appears that only a small fraction of full-year WIA funding would remain available from the advance and carryover funds to enroll new participants and fund program operations. Moreover, the problem would be worse in the areas with the most need. States and local areas that have provided increased levels of services to meet demand would likely have very little, if any, carryover funds to provide training or services to new participants after July 2011.³² (See box on page 15 for a description of how WIA and other job-training programs help put people to work.)

Community Services Block Grants: A Proven Record of Changing Lives

From providing job training that leads to stable employment to helping children start the school year with the school supplies they need to succeed, Community Services Block Grants (CSBG) change lives every day. But under the House budget plan, funding for CSBG would be nearly eliminated for the remainder of FY 2011, leaving communities and families without vital funds for overcoming poverty and contributing to the nation's economy. Most disappointing, President Obama proposes cutting CSBG funding in half in FY 2012. Here are a few examples of the many ways CSBG-funded programs help:ⁱ

- Community Action Partnership in Lewiston, Idaho, helps families build economic security through a program called Circles. Supportive services such as meals, child care and individual family advocates, called "Circle Allies," eliminate potential barriers to participation. Despite the economic downturn, 43 percent of participants got a better job, with average earned incomes increasing by 58 percent. Sixty-seven percent were able to pay off a credit card or payday loan and 60 percent opened or added money to a bank account.
- The Indiana County Community Action Program in Pennsylvania organized and managed a community-wide "Back to School Bash," which involved 89 businesses, service agencies and churches working together to ensure that low-income children had a positive start to the school year. The event featured more than 52 booths that provided children with new backpacks, school supplies, clothing, haircuts, retail gift cards, food and entertainment, turning a stressful time for families with limited incomes into a celebration of the coming school year.
- When the community experienced a sudden large increase in evictions and other housing crises, Southeastern Vermont Community Action (SEVCA) assembled a multi-agency Housing Task Force to respond quickly when eviction was to occur within 48-72 hours. It streamlined the application process, allowed for more efficient service delivery and stretched the available dollars to help more families. Of 143 households assisted, 132 families were stabilized in their current housing, five found new housing, three were assisted in moving in with other family members and another three secured Section 8 housing.
- Solid Ground Washington, a Seattle Community Action Agency, launched a pilot project to cut childhood obesity in a state where almost one in four children in grades eight to 12 is obese or overweight. The project provided 4,000 hours of on-site nutrition and fitness education during the school day and after-school activities, reaching 1,500 school children. The agency also organized family-oriented food and fitness activities with community organizations.
- Through regular CSBG funding, as well as additional CSBG American Recovery and Reinvestment Act funds, the Hinds County Human Resource Agency in Mississippi was able to expand critical job training efforts during a time of high unemployment. As a result, 167 participants found employment and 45 graduated with certifications in the medical field from the Healthcare Institute of Jackson.

ⁱCommunity Services Block Grant American Recovery and Reinvestment Act Success Stories FY 2009, National Association of State Community Services Programs, http://nascsp.org/data/files/csbg_publications/success_stories/csbg%20arra%20success%20stories%20-%20final.pdf.

More communities would need to cut crucial services

Both the president's budget for FY 2012 and the House plan for the remainder of FY 2011 would cut essential community service funds, weakening the agencies that provide job training, weatherization, emergency food, Head Start and a range of other programs. In addition to assisting community residents in getting the help they need, these agencies fill a crucial role as community-builders, bringing people together to identify problems and find solutions.

The president's budget would cut the **Community Services Block Grant (CSBG)** from \$700 million to \$350 million, dramatically reducing the funds used by the nation's 1,065 community action agencies to reduce poverty. The House budget attacks community services even more precipitously, cutting \$305 million for FY 2011, which effectively eliminates all federal funding for the remainder of the fiscal year. These proposed cuts make no sense in our current economy. Community action agencies generate \$6.54 from state, local and private sources for every federal dollar

CDBG: Protecting Programs that Protect the Most Vulnerable

Carole Coppens, executive director of the YWCA of Binghamton/Broome County in Binghamton, N.Y., doesn't mince words. If proposed budget cuts in the Community Development Block Grant (CDBG) program are enacted, the group's emergency women's shelter *"would most likely have to close."*

The shelter, which serves more than 300 women and children a year, many victims of domestic violence, is the only facility of its kind in the community. CDBG funds, which come to the program through the City of Binghamton annual Emergency Shelter Grant, are the shelter's primary funding source, paying the salaries for a case manager and security personnel. But under the House budget plan for FY 2011, nearly \$2.5 billion, or two-thirds of the current CDBG funding, would be cut, forcing programs like Coppens's to shut their doors or dramatically reduce services.

Maureen Powers, CEO of YWCA of Lancaster, Pa., said cuts in CDBG funding would likely force her to lay off counselors in the organization's Sexual Assault Prevention and Counseling Center, which counsels 700-1,000 direct service clients annually. That would mean starting a waiting list for people who have been sexually assaulted. "One-third of our direct service clients are children, and we really should not have a waiting list for child clients. It takes a lot for them to disclose sexual abuse to begin with," said Powers.

She gave an example of how the program helped a 14-year-old girl and her family after they went to the police to report that she had been sexually assaulted by a family "friend":

The man was eventually charged with assaulting six young teen-age girls...We counseled her and her family through the entire process, accompanying her at the hospital, to hearings and the trial as well. Her parents wrote a letter thanking us profusely for our services to their daughter and to them.

Powers said CDBG funds are critical for maintaining services to survivors of sexual assault, many of whom suffer from post-traumatic stress disorder. "They are the most vulnerable of the vulnerable, and must be protected."



provided. They served more than 20 million low-income people in 2009, including 5 million children, 2.3 million seniors and 1.7 million people with disabilities. As a result of the services provided, 3.8 million people were better prepared for work, got a job and/or increased their earnings. Families were strengthened through child and family development programs involving 3.6 million people. Especially important during hard times, 15.7 million struggling individuals and families received emergency assistance.

In addition to cuts in funding, the president's budget calls for new competition for the remaining CSBG funds. This is less reasonable than it sounds. The combination of slashing the funds in half and beginning a process that might significantly alter service delivery is likely to result in major service disruptions at a time when poverty and joblessness remain high. (See box on page 17 for a description of how CSBG helps boost communities in need.)

The president also proposes to cut \$306 million from the **Community Development Block Grant (CDBG)** program, which provides communities with flexible funding to meet a

range of needs from housing construction to street repairs to services that help victims of domestic violence. While this 7.6 percent reduction is troubling, it pales in comparison with the House proposal to cut \$2.49 billion from CDBG – a 62 percent reduction. (See box on page 18 for a description of how communities use CDBG funds to staff women's shelters and help victims of sexual assault.)

Several of the proposed cuts could also have a direct impact on community crime levels. For example, the House slashes services to combat youth crime from \$424 million to \$233 million—a 45 percent drop for the remainder of the fiscal year. The House specifies that \$91 million of the total cuts would result from the elimination of a set of demonstration projects. The administration's budget also makes substantial reductions in youth justice services, dropping funding by 34 percent. These are cuts few communities can afford. According to the Children's Defense Fund, one in three African American boys and one in six Hispanic boys are at risk of being incarcerated during their lifetimes. Programs like the Juvenile Detention Alternative Initiative, which operates in 100 jurisdictions in 24 states plus the District of Columbia, have been highly successful in diverting youth from crime, particularly by keeping them out of correctional facilities. One program in Santa Cruz, Calif., reduced its juvenile hall population from 50 to 20 youths per day and saw juvenile felony arrests decline by 36 percent over a 10-year period.³³ While all existing programs to prevent or respond to youth crime may not be as effective, efforts should be made to replicate the most successful ones rather than simply end services.

Structural Budget Proposals Set a Dangerous Precedent

It seems that every day someone in Congress floats a new proposal to change the fundamental rules by which America decides what our collective priorities are and how we will pay for them.

Proposals in the new Congress include:

- **Several balanced budget amendments to the Constitution;**
- **Legislation capping federal spending at a percentage of gross domestic product;**
- **Rigidly low multi-year caps on domestic (and some international) spending; and**
- **Automatic cuts to enforce these proposals.**

In addition, the House has already replaced the even-handed “pay-as-you-go” rule with the lopsided “cut-go” rule. Under pay-as-you-go any new programs and tax cuts were required to be “budget neutral,” meaning they needed to be paid for with new revenues or savings from cuts in existing programs. Cut-go only allows new or expanded programs by cutting other spending; funding new services by increasing revenues is not permitted under these rules. On the other hand, proposals to reduce taxes do not need to be paid for, no matter how much they deepen the deficit.

All of these proposals share a common flaw: they reject revenue increases as part of a balanced solution for reducing the federal deficit and debt. Moreover they would remove the responsibility—and the ability—to make prudent revenue and spending decisions, tax by tax and program by program, from the shoulders of today’s leaders. But our annual

deficit and our total debt are simply too large to be solved solely by spending cuts. For example, eliminating a fiscal gap of 4.9 percent of GDP by 2050 just by cutting spending “would require a 22 percent reduction in all programs—including Social Security, Medicare, defense and anti-terrorism activities, education, veterans’ benefits, law enforcement, border security, environmental protection, and assistance to the poor — every year over the entire 2011-2050 period.”³⁴

In addition, many of these proposals require deficit reduction to fall disproportionately or entirely upon a relatively small segment of our total budget, a subset of domestic (and some international) spending. Given the size of our current deficit, cutting only from a portion of domestic spending that constitutes less than a fifth of our total budget simply cannot solve our federal deficit and debt, but it will cause enormous pain and cripple our economic future.³⁵

Beyond these overarching problems, many of the proposals embrace a mixed-up and misunderstood notion of budget reality. They need to be challenged immediately. What follows is a close look at the myth and reality behind several of the proposals:

Myth: *States manage to comply with constitutional balanced budget requirements so the federal government can and should do the same.*

Reality: *In fact, the opposite is true. In complying with their balanced budget requirements during hard times, states weaken the economy by cutting jobs and services. But because the federal government is not so constrained, those ill effects are reduced.*

“ Our annual deficit and our total debt are simply too large to be solved solely by spending cuts. . .

Cutting only from a portion of domestic spending that constitutes less than a fifth of our total budget simply cannot solve our federal deficit and debt, but it will cause enormous pain and cripple our economic future.

During this economic downturn, states have been forced by their balanced budget requirements to lay off hundreds of thousands of workers. These layoffs have markedly worsened their state economies, increased hardship and delayed economic recovery.³⁶ Moreover, an important reason that states have managed to continue essential services and retain as many employees as they have is because the federal government provides counter-cyclical funds that immediately and automatically become available when the economy begins to contract as part of the regular business cycle. These new funds support state residents and strengthen state economies and revenues. Because the federal government is free of an annual balanced budget constraint, it is able during recessions to sustain programs that funnel money into the state. These programs include unemployment insurance, food stamps and Medicaid. When the economy begins to falter, such programs kick in immediately and automatically, providing economic stimulus and

individual relief long before the state or local governments can react. They are only possible because the federal government can borrow to fund them.

In addition, in the last two recessions, the federal government has been able to provide important additional state fiscal relief, most recently through ARRA, which enabled states to continue a host of essential services, including preserving the jobs of more than 375,000 K-12 teachers, absorbing higher shares of Medicaid costs and a wide range of other services, including rehabbing public housing; providing affordable child care; and creating 240,000 temporary jobs through Temporary Assistance for Needy Families. In addition, the federal government had the capacity to help state residents directly through additional unemployment insurance expansions, increased food stamp benefits and assistance for the unemployed in paying for health insurance premiums. These programs provided essential support for workers and their families. They also helped the states live within their balanced budget requirements by bringing new funds into the states, expanding their economies and preserving revenues. Once again, they were only possible because the federal government could borrow.

Myth: *Historical spending averages tell us all we need to know to set federal spending levels.*

Reality: *This assumption, which underlies efforts to both balance the budget and place caps on federal spending as a share of gross domestic product (GDP), fails to recognize that there may be times when the nation can safely spend less than the historic average and times when it should, and must, spend more.*

In fact, we have safely and appropriately exceeded the levels set in these proposals at critical times in our nation's history. For example, federal spending during World War II exceeded 40 percent of GDP.³⁷ The historical average approach also ignores important changes in our society and government, including our aging population, substantial increases in health care costs, and new federal responsibilities in areas such as homeland security, veterans' health care and prescription drug coverage for seniors. Under President Reagan, federal spending averaged 22 percent of GDP, more than allotted in any of the current proposals, at a time when no baby boomers were retired and health care costs were more than one-third lower as a share of the economy than they are today. As the federal government's responsibilities change, so must its appropriate spending.

Myth: *The balanced budget amendment and legislative caps on federal spending are responsible approaches that will preserve our country's long-term economic health.*

Reality: *Both approaches pose significant dangers to our nation.*

They would prevent us from responding to a wide range of crises, from recessions and joblessness to the need to protect our global competitiveness to our deepening poverty and income inequality. They would tie America's hands in dealing with emergencies we cannot foresee. There is widespread agreement among economists, for example, that the recent recession would have been far more devastating, affecting even more people and lasting longer, without the temporary spending through ARRA, which was only possible because the federal government could exceed the caps that would have been set by these proposals.³⁸

All of these structural changes would target spending to the exclusion of revenue, resulting in disproportionate harm to a very large swath of Americans—the one-third living in or near poverty. These families have seen their standard of living drop over the last decades.³⁹ Their children are most likely to be the ones who will fall behind in school and who will struggle all their lives because of the recession.⁴⁰ It is precisely these families that can least afford to bear the cost of deficit reduction.

Reducing the federal deficit is a means to an end—the strongest possible economic future for the nation. Major steps toward deficit reduction should be gradual and long term. The solutions will be much easier and the resulting pain much less severe if we wait until the economy is stronger and don't try to fix the deficit overnight.

When we do embark on a deficit reduction plan, it should:

- ***Not rely primarily on cuts in domestic appropriations, which are not the cause of the ballooning federal deficit.***

According to the Center on Budget and Policy Priorities, the economic downturn, the Bush tax cuts and the wars in Afghanistan and Iraq together make up virtually the entire deficit over the next 10 years.⁴¹ Total spending for all federal programs other than Medicare, Medicaid and Social Security—which includes both appropriations and federal entitlement programs other than these “big three”—is projected to shrink as a share of the economy in coming decades. These programs will consume a smaller share of the

Federal Funds Help Charities and Local Governments Meet Growing Need

During the past two years, as unemployment soared and significantly more people struggled to meet basic needs, many charities and local governments could not keep up with the demand. They would have been far more strapped without federal funds.

Catholic Charities, for example, which serves more than nine million people a year, has seen enormous increases in requests for services. The organization surveyed its local agencies in the third quarter of 2010ⁱ and found that 74 percent reported increases in emergency financial assistance, 71 percent in utilities assistance, 64 percent in food assistance, 58 percent in rent or mortgage assistance and 45 percent in counseling or mental health services.

Many of these agencies are already unable to handle the requests they get. In Yakima, Wash., programs that have been in operation for 15-20 years have been discontinued—including those for child care, pregnancy counseling and medical case management. In Wheeling, W.V., there has been a 35 percent increase in requests for food and utility assistance, but due to lack of funds, the agency can only assist a fraction of those seeking aid. In Pueblo, Colo., the housing and homeless prevention program went from seeing 346 clients in the third quarter of 2009 to 650 this year—but still turned 1,500 people away.

Catholic Charities relies on many funding sources, including private donations, but over two-thirds of its funds come from government entities. If those funds are cut, they will have to turn away even more people.

Similarly, the U.S. Conference of Mayors annually surveys members on hunger and homelessness.ⁱⁱ In 2010, every one of the 27 cities surveyed reported that the number of requests for emergency food assistance increased over the past year for a wide range of constituencies:

- **56 percent were people in families,**
- **30 percent were employed,**
- **19 percent were elderly, and**
- **17 percent were homeless.**

Particularly troubling, nine in 10 of the cities reported an increase in the number of people requesting food assistance for the first time, with 68 percent characterizing the increase as substantial. This resulted in a 17 percent average increase in the pounds of food distributed, with The Federal Emergency Food Assistance Program (TEFAP) providing one out of every four dollars spent on food. Despite the increase in food distribution, the 12 cities able to estimate the percent of unmet demand reported that an average of 23 percent of all persons needing assistance did not receive it. Based on current projections of economic conditions and unemployment, officials in all but one of the cities expect requests for emergency food assistance to increase over the next year.

ⁱ*Snapshot Survey 3rd Quarter 2010: A Watershed Moment in American Poverty*, Catholic Charities, <http://www.catholiccharitiesusa.org/Document.Doc?id=2433>.

ⁱⁱ*Hunger and Homelessness Report: A Status Report on Hunger and Homelessness in America's Cities*, U.S. Conference of Mayors, December 2010, http://www.usmayors.org/pressreleases/uploads/2010_HungerHomelessness_Report-final percent20Dec percent2021 percent202010.pdf.

nation's resources in 2050 than they do today. It is neither practical nor in the national interest to try to solve the long-term fiscal problem by concentrating cuts on domestic appropriations.⁴²

- ***Include equitable revenue increases.***

At least half the deficit reduction should come from revenue increases, including closing corporate tax loopholes, identifying tax credits that do not produce the intended benefits and increasing taxes on those who can most afford to pay.

We applaud the president's proposals to increase revenues. His proposals include imposing fees on those responsible for the financial crisis, which would raise \$30 billion over 10 years; taxing hedge fund managers' and other dealers' earnings as ordinary income, and not at the lower capital gains rate (worth \$2.7 billion over 10 years); reducing the value of certain tax expenditures (raising \$321 billion over 10 years); capturing more revenues from companies operating internationally (worth \$129 billion over 10 years); and ending tax breaks for the oil and gas industries (saving \$46 billion over 10 years). These are just some of the possible revenues available to Congress that can be used to reduce the deficit while protecting important national investments.

However, the need is too great to use all the revenues generated from closing corporate loopholes to pay for the corporate tax rate reduction, as the president's budget proposes.

“ Just as federal investments following World War II paved the way for the largest middle-class expansion in history and made it possible to pay off the huge post-war deficit, the best way to recover from the Great Recession is to make strategic investments that will spur job creation, build a stronger economy and allow for a more rapid reduction of the deficit.

While it may make sense to use some of those revenues for that purpose, we must also increase net revenues from America's businesses. Business should pay its share of the government functions it needs to succeed—everything from transportation systems to workforce education.

- ***Reduce wasteful spending and protect low-income people from harm.***

Spending cuts must come from the entire budget, including military or security spending that has essentially gone without scrutiny for decades. Spending cuts should not make lower-income individuals and families worse off. Some among us simply cannot afford even a tiny share of the cost of deficit reduction. If they are harmed, their ability to contribute to our economic prosperity in the future will be weakened.

Conclusion



The multitude of benefits government provides are so deeply ingrained in our society that many people don't think of them as government programs at all. A recent study shows that more than one in three seniors does not know that Medicare is a government program. More than half the people who take the home mortgage deduction, the child and dependent care tax credit, or the Earned Income Tax Credit — and who use many of the most popular tax benefits to save or pay for higher education — don't believe they have ever used a government social program. And more than one in three beneficiaries of programs like unemployment insurance, social security, the GI bill, Pell grants or social security disability benefits have no idea these are services provided by government.⁴³ The range of these programs shows how integral, and how invisible, the role of the federal government is to our prosperity — from our earliest moments to our last years. But invisible does not mean undesirable or unnecessary. We all benefit from the wise investments our government makes.

Just as federal investments following World War II paved the way for the largest middle-class expansion in history and made it possible to pay off the huge post-war deficit, the best way to recover from the Great Recession is to make strategic investments that will spur job creation, build a stronger economy, and allow for a more rapid reduction of the deficit.

We call upon Congress to reject the irresponsible spending cuts contained in the House budget proposal and work together to boost job creation and strengthen our economy without undermining the needs of our most vulnerable people.

Endnotes

- ¹ *Winning the Budget Debate*, Democracy Poll, February 14, 2011, <http://www.democracycorps.com/strategy/2011/02/winning-the-budget-debate>.
- ² *Unemployment Solidifies Position as Most Important Problem*, Gallup Poll, February 11, 2011, <http://www.gallup.com/poll/146081/Unemployment-Solidifies-Position-Important-Problem.aspx>.
- ³ The federal fiscal year begins October 1, so FY 2012 will begin October 1, 2011.
- ⁴ The House has passed its version of the continuing resolution that would fund the final seven months of FY 2011. In this report we refer to it as the House proposal or House plan for the rest of FY 2011.
- ⁵ The Senate has not yet developed a budget proposal for the last seven months of FY 2011; the final FY 2011 budget will be the results of negotiations between the House and Senate and requires the President's approval. Both House and Senate will develop their budget resolutions for FY 2012, which provide the blueprint for the more specific program decisions, later this spring.
- ⁶ *\$200 Billion in Illustrative Savings*, National Commission on Fiscal Responsibility, November 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf.
- ⁷ *Defense Cuts are Mandatory*, Lawrence J. Korb, Laura Conley, Alex Rothman, February 15, 2011 http://www.americanprogress.org/issues/2011/02/defense_cuts_mandatory.html, and http://www.americanprogress.org/issues/2011/02/responsible_defense_cuts.html.
- ⁸ Worse, 30 percent of the unemployed have been out of work over a year. *Issues in Labor Statistics*, Bureau of Labor Statistics, October, 2010, <http://www.bls.gov/opub/iils/pdf/opbils87.pdf>.
- ⁹ *An Update on State Budget Cuts: At Least 46 States Have Imposed Cuts That Hurt Vulnerable Residents and the Economy*, Nicholas Johnson, Phil Oliff and Erica Williams, updated February 9, 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=1214>.
- ¹⁰ *States Continue to Feel Recession's Impact*, By Elizabeth McNichol, Phil Oliff and Nicholas Johnson Updated February 10, 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=711>.
- ¹¹ Food Research and Action Center's (FRAC) analysis of data from the Gallup-Healthways Well-Being Index, available at <http://frac.org/new-analysis-of-food-hardship-shows-at-least-one-in-seven-respondents-in-nearly-every-state-unable-to-afford-enough-food-in-first-half-of-2010>.
- ¹² USDA data available at http://www.ers.usda.gov/Briefing/FoodSecurity/stats_graphs.htm.
- ¹³ FRAC analysis of USDA data, November 2010, http://frac.org/wp-content/uploads/2009/09/snapdata2010_november.pdf.
- ¹⁴ *Trends in Supplementation Nutrition Assistance Participation 2001-2008*, USDA, June, 2010, <http://www.fns.usda.gov/ora/menu/Published/snap/FILES/Participation/Trends2001-2008.pdf>.
- ¹⁵ CHN analysis of American Community Survey data for 2009, available at http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=01000US&-qr_name=ACS_2009_5YR_G00_DP5YR4&-ds_name=&-_lang=en&-redoLog=false&-format=.
- ¹⁶ A HUD study estimated that over 135,000 veterans spent time in a homeless shelter or transitional housing at some point between October 1, 2008 and September 30, 2009. *Veteran Homelessness: A Supplemental Report to the 2009 Annual Homeless Veteran Report to Congress*, U.S. Department of Housing and Urban Development, February, 2011, <http://www.hudhre.info/documents/2009AHARVeteransReport.pdf>.
- ¹⁷ The Trust Fund was created in 2008 but Fannie Mae and Freddie Mac, which were originally expected to provide the funds, suspended their contributions in September of 2008. Consistent with the original plans for The Trust Fund, the \$1 billion in the President's budget appears to come from mandatory funding rather than the

annual appropriations process. *National Housing Trust Fund Frequently Asked Questions*, National Low Income Housing Coalition, February 2011, http://www.nlihc.org/doc/NHTF_FAQ_2_16_11.pdf.

¹⁸ Analysis of 2010 Current Population Survey data reveals that rural poor above deep poverty (earnings between 50 and 100% of the poverty threshold) and low income households (earnings between 100 and 200% of the poverty threshold) are significantly more likely to receive energy assistance than are such suburban or urban households. Personal communication from Jessica Bean and Mary Beth Mattingly of the Carsey Institute to CHN, February 2011. Policy brief forthcoming.

¹⁹ The US Energy Information Administration “forecasts average household expenditures for space-heating fuels to total \$991 during this 2010-2011 winter season, \$24 higher than last year. EIA projects higher expenditures for heating oil and propane, flat expenditures for electricity, but lower expenditures for natural gas. A forecast of milder weather in the South and the West compared with the 2009-2010 winter leads to lower fuel consumption in those areas.” <http://www.eia.doe.gov/steo>.

²⁰ Testimony Of The National Energy Assistance Directors’ Association Before The Subcommittee On Labor, Health And Human Services, Education, And Related Agencies Committee On Appropriations, U.S. House FY 2011 Appropriations Request For The Low Income Home Energy Assistance Program April 15, 2010. <http://www.neada.org/communications/testimony/2010-04-15.pdf>.

²¹ *National Energy Assistance Directors Association 2009 Energy Assistance Survey*, April 2010, http://www.neada.org/communications/surveys/2010-04-19NEADA_2009_Survey_Report.pdf.

²² CHN analysis of Census data, available at <http://chn.org/pdf/2010/CPSFirstLook.pdf>.

²³ *Health, United States, 2010: In Brief*, National Center for Health Statistics, February 2011, http://www.cdc.gov/nchs/data/hus/10_InBrief.pdf.

²⁴ *Immediate Impact of Federal Funding Health Cuts*, National Association of Community Health Centers, February 2011.

http://www.nachc.com/client/Immediate%20Impact%20of%20Federal%20Funding%20Cuts%20to%20Health%20Centers_updated.pdf.

²⁵ The federally-funded Head Start Impact Study showed that Head Start positively impacted the school readiness of poor children. Head Start children outperformed members of the control group on every measure of children’s preschool experiences, including cognitive development and health. Children with special needs benefitted from Head Start well into the elementary school years. Black children and dual language learners also showed significant benefits from Head Start. *Head Start Impact Study: Final Report*, January 2010, http://www.acf.hhs.gov/programs/opre/hs/impact_study.

²⁶ When low-income families receive help meeting child care costs they are more likely to enter and remain in the workforce, and may work more hours. For example, a study of a representative sample of low-income single mothers found that receipt of child care subsidies increased the probability of employment by 15 percent. *Child Care Subsidy Receipt, Employment and Child Care Choices of Single Mothers*, Erdal Tekin, 2004. <http://ideas.repec.org/p/iza/izadps/dp1121.html>. *Receipt of a child care subsidy increased the employment rate of single mothers by 23 percent*, Blau and Tekin, 2001. <http://www.springerlink.com/content/p607m616150105t1>.

²⁷ The NICHD Study of Early Child Care and Youth Development found that children who received more sensitive caregiving as youngsters in child care displayed better language and math ability, memory, and attention skills through the later elementary grades, and into adolescence. Children in higher quality child care had somewhat better language and cognitive development during the first 4½ years of life. *The NICHD Study of Early Child Care*

- and Youth Development, U.S. Department of Health and Human Services, National Institutes of Health, <http://www.nichd.nih.gov/research/supported/seccyd/overview.cfm>, http://www.nichd.nih.gov/publications/pubs/upload/seccyd_06.pdf. *Early Care and Education Quality and Child Outcomes*, Child Trends, May 2009. http://www.childtrends.org/Files/Child_Trends-2009_5_21_RB_earlycare.pdf.
- ²⁸ *Additional Child Care Funding Is Essential*, National Women's Law Center, February 2011, <http://www.nwlc.org/resource/additional-child-care-funding-essential>.
- ²⁹ *Impact of the House Full Year Continuing Resolution for FY 2011*, National Education Association, February 2011, http://www.nea.org/assets/docs/Impact_of_House_FY11_CR_%28HR_1%29_on_ED__Selected_Programs.pdf.
- ³⁰ *Help Wanted: Projections of Jobs and Education Requirements through 2018*, Georgetown University Center on Education and the Workforce, June 2010, <http://cew.georgetown.edu/jobs2018>.
- ³¹ *The Bridge to the New Economy: Worker Training Fills the Gap*, Institute for America's Future and National Skills Coalition, January 2010, <http://www.nationalskillscoalition.org/assets/reports-/the-bridge-to-a-new-economy.pdf>.
- ³² Memo from Jobs for the Future, February 16, 2011, http://www.nationalskillscoalition.org/homepage-archive/documents/jff_hr1_letter_2011-02-16.pdf.
- ³³ *Promising Models for Reforming Juvenile Justice Systems*, Marian Wright Edelman, Children's Defense Fund, September 4, 2009, at <http://www.childrensdefense.org/newsroom/child-watch-columns/child-watch-documents/promising-models-for-reforming.html>.
- ³⁴ *The Right Target: Stabilize the Federal Debt*, Center on Budget and Policy Priorities, January 12, 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3049>.
- ³⁵ *Policy Basics: Introduction to the Federal Budget Process*, Center on Budget and Policy Priorities, January 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=155>.
- ³⁶ As part of their efforts to balance state budgets, states have cut over 400,000 jobs. *An Update on State Budget Cuts*, Center on Budget and Policy Priorities, January, 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=1214>.
- ³⁷ *Federal Outlays and Revenues as a Share of GDP*, National Priorities Project, 2010, <http://nationalpriorities.org/resources/federal-budget-101/charts/general/federal-outlays-and-revenues-1930-2015-perc-gdp>.
- ³⁸ *Exclusive: Obama stimulus reduced our pain, experts say*, USA Today survey of economists, April 2010, http://www.usatoday.com/money/economy/2010-01-25-usa-today-economic-survey-obama-stimulus_N.htm.
- ³⁹ This fact was pointed out in a letter to the National Commission on Fiscal Responsibility and Reform, signed by more than 1,000 organizations across the country: *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. 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.* Letter to National Commission on Fiscal Responsibility and Reform, September, 2010, <http://www.chn.org/pdf/2010/DeficitComLetterSigners.pdf>.
- ⁴⁰ *The Recession Generation*, Coalition on Human Needs, July 2010, <http://www.chn.org/pdf/2010/RecessionG>

eneration.pdf.

⁴¹ *Critics Still Wrong on What's Driving Deficits in Coming Years*, Center on Budget and Policy Priorities, June 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3036>.

⁴² *The Right Target: Stabilize the Federal Debt*, Center on Budget and Policy Priorities, January, 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3049..>

⁴³ Suzanne Mettler, "Reconstituting the Submerged State: The Challenge of Social Policy Reform in the Obama Era," *Perspectives on Politics* (September 2010): 809, excerpted in *Keep Your Government Hands Off My Government Programs!*, by Catherine Rampell, New York Times, February 11, 2011, <http://economix.blogs.nytimes.com/2011/02/11/keep-your-government-hands-off-my-government-programs>.



COALITION ON HUMAN NEEDS