

December 11<sup>th</sup>, 2008

Dear Member of Congress

On behalf of Half in Ten, a campaign to cut poverty in the US in half in ten years, we write to urge you to support an economic recovery package that will rebuild our economy from the bottom up. The recovery package should include measures that put money in the pockets of the hardest pressed, help them find good jobs, and take into account that those who are already vulnerable are often the first, and most, injured in difficult times.

Absent dramatic action, poverty in the US is likely to increase by 7.5 to 10.3 million people or more in this recession. Unemployment is increasing across the board, but it has gone up particularly sharply for young workers, for less educated workers, and for people of color. The unemployment rates for workers with less than a high school diploma was 10.5% in November, compared to a 3.1% rate for those with college degrees. At the same time, economists agree that targeting stimulus dollars to lower income people who will spend them in their communities to meet daily needs is a particularly effective use of funds; Moodys.com, for example, argues that a dollar spent on unemployment insurance generates 1.64 in GDP growth, and a dollar spent on food stamps generates 1.73 in GDP growth.

In particular, we want to draw attention to the following elements that we believe should be a part of the recovery package.

**Jobs and job training for low-income and disadvantaged workers.**

Federal infrastructure spending should respond to particularly high unemployment levels among lower skilled workers, and in specific communities, and increase the future capacity of the economy by investing in the employment and training of disadvantaged workers, as well by building the bridges, schools, and rail lines our economy needs to grow. On projects receiving Federal recovery dollars, 15% of work hours (increasing to greater amounts in future years) should be performed by disadvantaged workers, including:

- Veterans or past or present members of reserve components of the Armed Forces
- Individuals who reside in census tracts where more than thirty percent (30%) of residents live in poverty
- Formerly incarcerated, adjudicated non-violent offenders
- Individuals who have been unemployed for an extended period
- Individuals receiving food stamps

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All projects should be designed to offer decent wages (and comply with prevailing wage laws), safe working conditions, health coverage, and career paths.

In addition, States should be required to allocate 1% of Federal infrastructure funds to support education and training including apprenticeship and pre apprenticeship programs that will promote employment of members of the targeted populations on assisted projects.

Where States and Localities must choose between projects that are eligible to receive Federal recovery dollars, preference should go to those with higher goals for targeting disadvantaged workers.

In order to understand the job creation impact of infrastructure projects, it is particularly important that data be collected and reported regularly on how many jobs have been created at each project, and on who is filling these jobs. Building on the data reporting on Federal grants and contracts already taking place through the USA Spending website (created by Legislation cosponsored by Senators Obama and Coburn in 2006) would be an effective way to do this.

Support for specific job and training programs will also put people back to work, address the extraordinarily high levels of unemployment among youth, and youth of color in particular (the unemployment rate for 16 to 19 year olds was 20.4% in November 2008, and the rate for African American Youth was over 29 % in September), and build the human capital needed for a sustained and equitable recovery. Funding in recovery for Green Jobs Act workforce training, Transitional Jobs, YouthBuild and Summer Jobs for Youth, along with additional funding for education and training for all unemployed workers through the Workforce Investment Act, should be priorities.

### **Expanding weatherization**

Immediately funding the weatherization assistance program at \$900 million dollars – the fully authorized 2009 level for the program – (in 2008 funding was only 227.2 million) would also create new jobs while retrofitting 350,000 to 400,000 homes, improving energy efficiency, and reducing heating (and cooling) costs for low-income households. In order to move forward on this work quickly, and to prepare for still larger-scale retrofits that should be part of both energy efficiency and poverty reduction efforts ahead, a part of the funding in this round should be devoted to training, technical assistance and monitoring to increase the number of workers – and low-income workers in particular – trained to enter this field.

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### **Targeting infrastructure projects to maximize community benefits**

A number of categories of infrastructure spending, including spending on schools especially in lower income communities, spending on public and assisted housing, and spending on mass transit seem particularly likely to well serve poor people and poor households, and to increase opportunity in the medium and long run, as well as jobs now.

Beyond these categories, standards and priorities for the use of Federal recovery funds should ensure that lower income people and lower income communities benefit from an equitable share of infrastructure spending. These investments will produce both jobs in the short term and future opportunities for economic growth and poverty reduction in the future.

### **Passage of the Unemployment Insurance Modernization Act (UIMA).**

Congress recently acted to extend unemployment benefits to help counter the downward economic pressure of increasing unemployment. But unemployment insurance would work better for workers and for the economy if more people actually received benefits when they were out of work. Today only 37% of unemployed workers get UI benefits, and low-wage workers are more likely to be unemployed, but only half as likely to get benefits. Passage of the UIMA would reward those States that have already broadened access to UI, and provide strong incentives for more states to do so quickly. The changes it rewards would help 500,000 more people get access to UI. It would also immediately provide administrative support to all States to allow them to better handle the surge of claims.

### **A two year 20% increase in the value of Supplemental Nutrition Assistance Program (Food Stamp) benefits.**

Food prices are skyrocketing, even as unemployment increases and average weekly earnings go down. An increase in food stamp benefits is an effective and immediate way to increase consumer purchasing power while helping families meet their basic needs, and economists have indicated that it is likely to be among the most efficient ways to spend stimulus dollars. A full 20% increase in food stamp benefits is warranted.

### **A substantial increase in child care and early education funding**

High unemployment rates put new pressures on parents trying to afford childcare. Reduced hours, or one parent's loss of a job, or loss of one job for those making ends meet by holding down multiple jobs all make child care expenses more daunting. But keeping children in care is crucial for parents' ability to work, and look for work, as well as providing continuity that is so important for young children. Helping children remain in child care also helps stem job loss among child care workers, and child care subsidy dollars allow low-income families to spend more meeting other basic needs.

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### **Help for low-income people boosts the economy for all**

These investments should be part of a recovery package that includes other measures vital to our economy generally, and to lower income people in particular, including support for affordable housing, making any tax credits that are part of the package fully refundable, and state fiscal relief including an enhanced federal Medicaid match. These and similar measures will both strengthen the economy and respond to the dangers of increased poverty during the recession. The basic safety net today is weaker than it was in the early 80s when we last experienced a serious and extended economic downturn, and it is particularly important to include solutions that work for the very lowest income households. On the housing front, taking the range of legal, legislative, and administrative steps necessary to help homeowners stay in their homes with mortgages they can afford, including using TARP funds to acquire and restructure mortgages, bankruptcy reform, and REMIC and tax changes is crucial. Attention to the situation of renters in properties being foreclosed on is also a key antipoverty measure, and requires both protections for renters in foreclosed properties, and helping make sure there is adequate affordable rental stock available.

*The Half in Ten Campaign is committed to cutting poverty in half in the United States over the next 10 years, focusing on practical policy solutions to promote decent work, provide opportunity for all, ensure economic security, and help people build wealth. The cost of child poverty in the United States reaches approximately \$500 billion a year, and addressing the issue of poverty is necessary both for increasing the opportunities available to vast numbers of Americans and improving the U. S. economy.*

Thank you very much for your attention to these questions, and for your work in developing a recovery package to get our economy back on track. For additional information about these proposals, please contact Lisa Donner, Executive Director of Half in Ten, at 202-741-6379 or [ldonner@halfinten.org](mailto:ldonner@halfinten.org).

Sincerely

ACORN  
Center for American Progress Action Fund  
Coalition on Human Needs  
Leadership Conference on Civil Rights