

WOW: Weekly Policy Update 2-1-08

Please read on for news concerning the stimulus package, a tax relief proposal in Washington state, Iowa households on food stamps, family tax credits and a Hawaii proposal seeking early-education funding.

ON THE HILL ...

House Passes Economic Stimulus Package; Senate Finance Committee Marks Up Package and Sends For Vote

The House of Representatives on an overwhelming , bipartisan vote of 385-35 on Tuesday voted overwhelmingly to approve a \$145.9 billion economic stimulus package that enjoys the backing of the Bush Administration. Highlights of the House-approved plan include: (1) workers who earned at least \$3,000 in 2007, but paid little or no income tax, would qualify for checks of \$300 for individuals and \$600 for married couples; (2) workers and others who paid taxes last year, whether on wages or investment income, would get checks of up to \$600 for individuals (\$1,200 for married couples). Payments would phase out for individuals with more than \$75,000 in adjusted gross income (\$150,000 for married couples); (3) anyone qualifying for either type of benefit also would receive an additional amount equal to \$300 per dependent child, up to age 17; (4) business tax breaks for new investment expenditures and small businesses; and (5) housing-related relief in the form of raising the FHA loan limit and Fannie Mae and Freddie Mac loan limits.

The Senate, however, refused to go along with the House negotiated bipartisan agreement that enjoyed the support of President Bush. Instead, the Senate Finance Committee insisted on putting its own stamp on the stimulus package and on Wednesday reported its proposal out of committee on a 14-7 vote. That legislation, scheduled to be voted on next week, includes the following elements: (1) every American with \$3,000 in qualifying income who files a 2007 tax return will receive a \$500 stimulus check (doubled to \$1,000 for married couples filing jointly); (2) \$300 to qualified families for each child under age 17; (3) as opposed to the House bill, the definition of qualifying income will include Social Security benefits and net self-employment income as well as wages; doubles the upper limit on who qualifies for the rebate to \$150,000 single filers and \$300,000 for married couples; (4) specific recognition that disabled veterans who receive at least \$3,000 in non-taxable disability compensation; (5) safeguards to ensure that illegal immigrants will not obtain rebates; (6) extension of expiring renewable energy and energy efficiency tax cuts; and (6) modifications to criteria for high-unemployment states eligible for a second 13-week extension of unemployment insurance benefits.

Now the dilemma for Senate Democratic leadership is a strategy for moving the bill to the floor. Debate on the measure started [Thursday](#) but a vote will not occur until next week. Today, Senate Democrats outlined a plan for consideration that will require Republicans to choose between [the](#) bipartisan House-passed [bill](#) and a more generous version that would send rebate checks to low-income senior citizens and disabled veterans. But, without cooperation from Senate Minority Leader Mitch McConnell (R, KY), or a sizeable number of crossover votes from rank-and-file Republicans, they may be hard-pressed to execute the plan. Under the plan, the Senate first will

consider the Senate Finance version of the stimulus package. If that version fails, the Democrats then would offer three separate amendments to the House bill. The first would include extended unemployment benefits, mortgage revenue bonds, food stamps and other measures. Next would come a vote on expanded low-income heating assistance. And, finally the Senate would vote on adding rebate checks for low-income seniors and disabled veterans who don't qualify under the House bill because they did **not** have \$3,000 in wage income in 2007 or enough taxable income. In the end, the Senate would vote on the House bill, with amendments, if any are adopted, or as is. Depending on the outcome, the bill either will go directly to the President for his signature or the two chambers will have to work out their differences.

House Fails to Override Second Veto of Children's Health Insurance Program Reauthorization

On January 23, the House failed, 260-152, to override President Bush's veto of H.R. 3963, a bill to reauthorize the State Children's Health Insurance Program (SCHIP); the vote fell 15 votes short of the two-thirds majority required by the Constitution. The House approved the bill on October 25; the Senate approved it on November 1. After passing H.R. 3963, which President Bush indicated he would veto, members of the House were unable to reach an agreement on the terms of reauthorization, including coverage for childless adults, family income eligibility limits, and funding the program's expansion through an increase in the federal tobacco tax. Given the impasse in negotiations, Congress approved an extension of the current SCHIP program (P.L. 110-273); the extension expires on March 31, 2009.

IN THE ADMINISTRATION...

In his final State of the Union address on Monday, President Bush addressed a range of fiscal issues and signaled that he would ratchet up efforts to curtail spending – particularly on earmarks – and vowed to veto any bills that would increase taxes. He said that the 2009 budget that he will present on Monday, February 4th, will propose \$18 billion in cuts to “bloated” programs, and he warned Congress not to “load up” the stimulus package.

FROM THE STATES...

WA: Tax Relief to Help Low-Wage Washington Residents

Because it lacks a state income tax, Washington State creates one of the highest tax burdens on poorer families, but some relief is being proposed, as the **Washington State Budget & Policy Center** outlines in their policy brief, in the form of a Working Families Credit which would give 350,000 Washington residents the equivalent of 10% of their federal Earned Income Tax Credit (EITC) refund. This would reduce the tax bill for low-wage Washington workers by as much as 30% and, in combination with the federal credit, boost a minimum-wage worker's earnings by up to 31%. If enacted, this would make Washington the first state without an income tax to enact an EITC, but one of 23 states overall to enact an EITC.

State Earned Income Tax Credits are one of the most important tools for offsetting the regressive tax structures of most state tax systems, so this progress is encouraging, according to the Progressive States Network. More information can be found from the Progressive States Network at <http://www.progressivestates.org/dispatch>. For information on the 23 states that

have enacted EITCs and states that are in the process of enacting EITCs, visit http://www.stateeitc.com/research/policy_update_jan08.html.

NC: U.S. Department of Labor announces \$1.25 million to North Carolina to help trade-affected workers pay for health insurance

The U.S. Department of Labor announced a \$1,250,000 National Emergency Grant to North Carolina to help provide assistance in paying health insurance premiums to approximately 1,800 dislocated workers who are eligible for the Health Coverage Tax Credit. The assistance is available through the Trade Adjustment Assistance (TAA) Reform Act of 2002.

National Emergency Grants are part of the secretary of labor's discretionary fund and are awarded based on a state's ability to meet specific guidelines. For more information, visit <http://www.dol.gov/opa/media/press/eta/eta20080109.htm>.

IA: Number of Households on food stamps doubles since 2000

The number of households on food stamps in Iowa more than doubled since 2000 as did the amount of money spent on the federally funded food assistance program, state officials said. In 2000, an average 52,785 households were on food stamps each month with the annual cost of the program at \$100.8 million. In 2007, 109,652 households used food stamps each month totaling an annual cost of \$273.2 million toward food stamps, according to the state Bureau of Research and Statistics' figures released last Friday. From 2000 to 2005, the state's poor population increased to 10.8 percent from 8.3 percent, according to U.S. Census Bureau figures released earlier this month. In addition, median incomes were up 7.8 percent in Iowa over the five years, while inflation rose about 13 percent. Iowa's median income of \$43,610 in 2005 needed to be \$4,000 higher to keep pace with inflation. Child poverty in Iowa was up 29 percent, to 97,700 children.

The growth is attributed to changes in the food assistance program that made applying and using food stamps easier. In 2003, Iowa eliminated food stamp paper coupons in exchange for a plastic card they can use as a debit card at grocery stores. This eliminates a barrier to applying for food stamps due to embarrassment often felt by families. Applicants can now apply through a toll-free telephone number or on the internet instead of having to apply in person. To read further, visit

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20080128/NEWS/801280326/1001>.

For more information on Iowa's food assistance program, see <http://www.dhs.state.ia.us>.

FROM THE INTEREST GROUPS...

New TANF Rules to Loosen Education & Training Restrictions

This week, the U.S. Department of Health and Human Services will hand down new rules for adults participating in education and training activities while receiving Temporary Assistance for Needy Families (TANF) cash assistance. The new rules clearly specify that TANF recipients can count up to one year of vocational education or other degree-bound higher education as work activity and loosen the initial supervision requirements for time spent doing homework to reflect more traditional measures of classroom progress. Check the Spotlight section of TWA's homepage regularly for updates on TANF and

other federal workforce policies, at <http://www.workforcealliance.org/site/c.ciJNK1PJtH/b.3853939/>. To read an Associated Press article on the new rules, visit <http://ap.google.com/article/ALeqM5juqmiV14x1KNqce83wm40CGUWTvwD8UDMT480>.

Rising Food Prices Will Contribute to Increasing Costs for Food Stamp Program

The Congressional Budget Office (CBO) issued a report this week stating that, in response to rising food prices, the cost of the Food Stamp Program will increase to \$38 billion in fiscal year 2008 and rise another 7 percent to \$41 billion in 2009. More than 26 million Americans use food stamps each month, according to the report, at an average benefit of \$1 per meal. These benefits are adjusted once every year, and will have to contend with 2007's "unusually large" food cost increase of 4 percent. Food costs are expected to rise 3.5 percent in 2008, according to USDA. "The economic stimulus bill should include an increase in food stamp benefits," because the program can "move help quickly" to Americans struggling with economic downturns, according to Reuters article circulated by the Food Research and Action Center. To read further, visit <http://www.reuters.com/article/bondsNews/idUSN2316007320080123>.

CBPP: 20 STATES FACE TOTAL BUDGET SHORTFALL OF AT LEAST \$34 BILLION IN 2009

More than half of states anticipate budget problems, according to this updated analysis of state fiscal conditions. According to the Center on Budget and Policy Priorities, 20 states project budget gaps for 2009 with the combined budget shortfall totaling at least \$34 billion. Five states have said they will have 2009 deficits and 3 other states project budget gaps for 2010 and beyond. To see the full report, visit <http://www.cbpp.org/1-15-08sfp.htm>, or <http://www.cbpp.org/1-15-08sfp.pdf>.

NWLC Provides Resources on Family Tax Credits

As you know, tax credits can provide thousands of dollars to families struggling to make ends meet. But many low-income families fail to take advantage of these credits simply because they don't know the credits exist. Families must be informed about the credits and claim them on their tax returns in order to receive the money they're entitled to.

The National Women's Law Center developed a set of easy-to-use resources on the family tax credit that you can use as you work with families in your community to claim these credits. These materials include resources for states, detailed Q&As on the federal tax credits and a toolkit for childcare advocates. To access these materials, please visit www.nwlc.org/loweryourtaxes.

IN THE MEDIA... First, an article from Hawaii on the growing demand for state-funded early-education programs. Second, an article discussing the Family Economic Self-Sufficiency Standard produced by our Massachusetts partner, the Crittenton Women's Union and the growing needs of food banks. Lastly, an article from the New York Times on a proposal to help low-wage workers in Yonkers.

HI: Early-education funding sought. Hawai'i expert testifies in D.C. that growing demand is being unmet

Date: Thursday, January 24, 2008

Source: *The Honolulu Advertiser (Hawaii)*

Author: DENNIS CAMIRE

WASHINGTON - Pre-kindergarten programs in Hawai'i and other states need more federal help to cope with a growing and, so far unmet, demand, Elisabeth Chun, a state education leader, told a House panel yesterday.

In Hawai'i, almost 40 percent of young children live in families that cannot afford early-education programs. Programs that do receive federal and state subsidies are filled and have long waiting lists, said Chun, executive director for Good Beginnings Alliance in Honolulu.

Chun said federal funding for Head Start, Early Head Start, young children's special-education programs and federal childcare and development block grants create a foundation for early childhood education in Hawai'i and every state.

"Yet, none have had a significant increase in funds for six years," Chun told the House Education and Labor Committee. "Given what we know from the research on the value of the investment in high-quality childhood programs, they should be made Congress' first priority for increased investment, starting now."

Chun and other experts said early childcare and educational experiences are especially important for low-income children, who face greater risk of behavior and academic challenges.

"Research has shown that high-quality early-childhood education programs make a difference in educational, social, emotional and physical outcomes, especially for high-risk, low-income children," she said.

Education experts, citing \$25 billion spent annually on preschool programs already, also told the committee that Congress should push for better coordination of various federal early-childhood education programs at the state and local levels and find ways to improve the programs' quality.

"Why would we think that simply pouring new money into the existing system would produce better outcomes," said Ron Haskins, a senior fellow with the Brookings Institution in Washington.

The committee is considering a number of bills that would expand federal involvement in early-childhood education.

"Investments in these programs must be made wisely and we must ensure that we target resources to what works," said U.S. Rep. George Miller, D-Calif., chairman of the committee. "But it is clear that new and greater investments must also be made."

U.S. Rep. Mazie Hirono, D-Hawai'i, a committee member, is pushing her bill to improve pre-kindergarten education with a \$5 billion grant program targeted to increasing the number of teachers, giving states flexibility to improve curriculum quality and expanding programs serving the youngest children, aged birth to 3.

"This hearing shows there is growing support for legislation that promotes high-quality early education," said Hirono who chaired the hearing.

Charles E.M. Kolb, president of the business think tank Committee for Economic Development, called for more investment in pre-kindergarten programs because it increases the likelihood the students will make more economic and social contributions to society than it costs to educate them.

Implementing voluntary preschool programs for all students is expected to generate \$2 to \$4 in benefits for every \$1 invested, Kolb said. That amount would include 50 cents in reduced crime costs and 36 cents to 77 cents in school savings, he said.

Pantries coming up lean: Food bank needs grow, funds shrink

Daily Hampshire Gazette: 01/22/2008

Author: Anya Lott

Food banks across Massachusetts, already hobbled by state and federal budget cuts, are struggling to meet the increasing demands of a faltering economy beset by the mortgage debacle and higher food and energy costs.

'We're literally in a crisis. Even middle-income families are on the brink too,' said Andrew Morehouse, executive director of the Food Bank of Western Massachusetts, based in Hatfield. 'If costs continue to rise, it's going to be even worse. The situation we are in now should be telling us we must do something about this.'

Two chief factors are making this a dismal season for food banks and the people who rely on them: reductions in federal food donations and shrinking governmental funding.

But need is growing, food bank managers say.

Massachusetts food banks serve 464,000 people annually with an average of 114,000 people seeking help every week. Now, centers report those numbers are growing from 5 to 30 percent.

Morehouse said his food bank serves 100,000 people annually in 400 program sites across Hampshire, Franklin, Hampden and Berkshire counties. More than 27 percent seeking help are children under 18. Another 11 percent are senior citizens. And 36 percent of households served have at least one working adult.

A mother of four from Franklin County, who asked to remain anonymous, went to the Amherst Survival Center, a food pantry, six years ago after her husband lost his business.

She said the family had no food in the house and no money to go shopping. Any money that did come in, went to pay bills.

She said her family still won't go with her to the food pantry.

Morehouse estimates his food bank will distribute 7 million pounds of food by the end of the year - a 23 percent increase over 5.7 million pounds last year. About 30 percent comes from private food donations.

Growing need

Hunger advocates say the problem has grown to include many families beset by the threat of foreclosures, and an increase in energy and food costs.

According to the Warren Group, publisher of Banker & Tradesman, Massachusetts foreclosures have tripled compared to last year. Foreclosure deeds in the month of October jumped 119.5 percent, from 333 last year to 731 this year. Through October of this year, there were 6,324 foreclosure deeds in the state, compared to 2,112 at the end of October 2006. There were just 2,634 foreclosure deeds in the state for all of 2006.

Household budgets are also hurt by rising energy costs. According to the state's Division of Energy Resources, heating oil is 30 percent more expensive than last year. Oil was \$2.38 a gallon last winter. Now it's up to \$3.03 a gallon. The price of propane is reportedly 25 percent more than last year.

Food prices are also up. According to the U.S. Bureau of Labor, national food prices have increased by 4.5 percent. Milk prices are up by 20 percent; eggs are up by 44 percent.

'We are in a crisis period,' said Ruthie Liberman, vice president of public policy at the Boston's Crittenton Women's Union. 'There is a huge impact on the increasing costs of gas, heating, and rapidly rising interest rates that are hitting homeowners.'

The Center for Social Policy at UMass-Boston reports that nearly 900,000 Massachusetts residents live in what it calls a 'hardship gap.' The October 2007 report, 'Bridging the Gaps Between Earnings and Basic Needs in Massachusetts,' said one out of every four families doesn't earn enough to cover basic costs of living, as measured by the Crittenton's Family Economic Self-Sufficiency Standards.

The Crittenton measures how much income is needed to meet the basic requirements for various family types across the commonwealth. According to the survey, the state average budget for a single-parent household with two small children is between \$48,000 to \$58,000.

'There are people that are working hard, playing by the rules,' Liberman said. 'They just keep sinking deeper and deeper.'

Hunger advocates also worry about cuts in both state and federal funding. The Massachusetts Emergency Food Assistance Program has seen no funding increase for seven years. It had received \$12 million a year, but the funding will fall to \$11 million this year. Advocates say the cuts are the equivalent of 800,000 meals.

'When the governor came into office, he actually kept us level-funded,' said Stephanie Nichols of the Greater Boston Food Bank. 'But when the budget got to the Legislature, unfortunately we were one of the places they chose to cut.'

The U.S. Department of Agriculture's commodities program, the Emergency Food Assistance Program, distributes \$140 million worth of food annually to emergency food organizations such as food banks, church pantries, soup kitchens, and emergency shelters. The funding is voted every five years under the farm bill.

The American's Second Harvest Food Bank, located in Chicago, distributes 80 percent of the national program's commodities nationally, including in Massachusetts.

Spokeswoman Maura Daly said the USDA also buys surplus commodities for the program, which helps boost the agriculture economy. But Daly said the market has been strong the last few years, limiting the amount of surplus foods in the program.

'We have seen a 70 percent decline in bonus commodities each year,' Daly said. Five years ago, the food bank received \$242 million in bonus commodities. In fiscal year 2006, it received \$67 million.

Massachusetts has seen a 69 percent decline in bonus commodities.

In fiscal 2003, the state received \$2.5 million. In fiscal 2006, that number dropped to \$780,000.

'We have less food in our inventories to distribute to people in need and more people who need it,' Daly said. 'These declines have left many food banks in dire situations. In most cases, bonus commodities count for half of the support food banks distribute.'

Daly said two billion pounds of food are donated annually to America's Second Harvest. Private donations come from retailers, wholesalers, and farmers and are distributed to food bank members.

'Hunger is a silent epidemic,' Daly said. 'It's often going on around you.'

Proposal Seeks a Break for Low-Wage Workers

New York Times

By DIANA MARSZALEK

Published: January 27, 2008

A SINGLE mother of two grown children, Deborah Smith puts in 46 hours a week as a home health aide — a job she has held for more than 20 years — yet barely makes ends meet.

Earning \$9.38 an hour for her union job, Ms. Smith, 47, said her pay is quickly consumed by rent, insurance and bus fare. The Yonkers resident lives in one of the city's public housing projects, rounds out meals with help from local food pantries and regularly borrows a few dollars from her sister.

With no money left for extras, Ms. Smith splurges only on cable TV. Her son-in-law, a barber, cuts her hair free.

"It's very hard living in the gracious City of Yonkers at \$9.38 an hour," said Ms. Smith, who is the treasurer of the Westchester-Putnam Working Families Party. "It's not enough."

Ms. Smith is one of the thousands of Yonkers workers at the crux of a continuing debate in the city about a “living wage” proposal that would make Yonkers the first Westchester municipality to increase the hourly wage above the state minimum. The issue, being debated once again at City Hall, pits advocates for low-wage workers who support the idea against opponents who argue a wage increase will keep businesses away at a time of unprecedented economic development.

The proposal — which in the last year has been approved by the City Council and vetoed by Mayor Philip A. Amicone twice — would require larger businesses to pay their employees at least \$11.85 an hour, and \$1.50 toward health or other benefits, which is above the state minimum wage of \$7.15.

That increase would bring an individual working full time up to the Westchester County poverty line, said Chuck Lesnick, the City Council president, who is a lawyer and supporter of the wage increase. The law, Mr. Lesnick said, is meant not only to help longtime workers like Ms. Smith but also to set a new standard for the owners of retail stores and other businesses expected to come into the city.

The aging Cross County Shopping Center is under renovation. A new mall at Ridge Hill is hoping to lure high-end retailers, and the plans for downtown mixed retail and real estate developments near the Yonkers waterfront are under way.

“The idea is that the rising tide lifts all boats, so we want to make sure that everybody is getting a little bit,” Mr. Lesnick said.

Mr. Lesnick said he was not concerned about offending large retailers since the kind of stores being lured to the city — L. L. Bean, Whole Foods and Target are possibilities — should, and often do, pay higher wages anyway.

[Skip to next paragraph](#) Some business leaders disagree. Kevin Cacace, president of the Yonkers Chamber of Commerce, said a local minimum wage increase would take its toll on the city by giving businesses reason to leave. “Requiring these companies to pay rates that far exceed those in the surrounding towns and cities doesn’t make sense,” Mr. Cacace said.

Mr. Cacace said he also believed the proposal was too aggressive by applying to private businesses, rather than just those with government ties as the county law does. “I think that’s a big mistake,” he said.

Individuals on the retail floor, however, say a wage increase could ultimately benefit businesses as well as employees, primarily by making hourly jobs attractive to qualified individuals who otherwise would not take them.

Able to offer only slightly more than the minimum wage, Kevin Nichols, manager of KB Toys at the Cross County Shopping Center, said he would have better luck attracting a qualified sales staff if he could offer more money.

Instead, Mr. Nichols, who started as an hourly KB employee 12 years ago, said he now has to piece together a fleet of part-time staffers willing to work for less.

“I would be able to get more high-quality people who wouldn’t mind doing retail,” Mr. Nichols said.

Meantime, proponents say they are discussing the details of their most recent living wage proposal, which the City Council approved in October, and deciding whether they will change portions of it in response to

opponents' concerns. That could require concessions on certain points of dispute, like whether tenants of new developments would be excluded from the law, they say.

While such concessions may be necessary for both sides to come to agreement, proponents like Mr. Lesnick say they believe Yonkers has little to risk by keeping low-paying businesses out of the city.

"If Wal-Mart doesn't want to come to Yonkers because they don't want to pay the living wage, then we don't care," he said.

Opponents, however, say that increasing the cost of doing business in Yonkers could deter retailers from moving into the city at a time when the city is trying to court them.

In Mr. Amicone's second veto message (he vetoed the City Council's first approval of the proposal in March), the mayor said a minimum wage increase could put the city at a competitive economic disadvantage that would harm efforts to attract a range of retailers. In addition, the proposal could cost the city millions of dollars in higher wages and contracts, he said. (Estimates show the wage increase would cost the city \$700,000 to \$2.5 million, Mr. Lesnick said.)

Dee Barbato, a city councilwoman who voted against the proposal, said she did not want to send the wrong message to businesses the city has worked so hard to attract.

"The last thing I want to do is chase out developers and businesses and not have any jobs, let alone living wage jobs," Ms. Barbato said. "Everyone says we're on the brink of a recession. Is this the time we should be hammering new businesses that are coming into the city?"

The law would apply to a wide range of businesses, including those that have at least \$25,000 a year in city contracts or receive at least \$150,000 in city subsidies, like tax exemptions and other incentives.

Private businesses with more than five employees, occupying more than 15,000 square feet or generating more than \$1 million in gross revenues, would also be affected. That aspect is a major difference between the Yonkers proposal and the Westchester County living wage law, which applies only to entities that do business with the county. The law does not apply to workers under age 18.

Some of the restrictions were meant to quell concerns that the proposed wage increase would hurt small business owners, local leaders said.