

Dear Network Member,

Please read on for information concerning Congress' agenda beginning Monday, a Trustees report on Medicare, a nationwide healthcare survey, an AAUW action guide to mobilize women voters, and an article concerning the credit crisis and its effect on equity loans.

ON THE HILL...

It was another relatively quiet week in Washington as Congress was in the second of a two week recess. Activity will pick up again when Congress returns on Monday for a long stretch of work before Memorial Day break. First up on the Senate calendar will be a motion to reconsider the February 28th vote in which the Senate rejected a motion to proceed to S. 2636, a mortgage foreclosure relief package. The bill, sponsored by Senate Majority Leader Harry Reid (D, NV), includes a contentious provision that would allow bankruptcy court judges to modify the terms of a homeowner's mortgage. Current law allows bankruptcy judges this authority when it comes to mortgages on second homes, commercial property, investment property and family farms, but not for primary residences. The measure also includes increased funding for Community Development Block Grants for local communities to purchase and rehabilitate foreclosed properties and some tax provisions for businesses. If the motion to proceed is successful, the housing package likely will consume the bulk of next week's schedule.

The House is expected to take up H.R. 5501, legislation to reauthorize the president's global AIDS plan through 2013. The bill would increase funding and authorize \$50 billion for HIV/AIDS, tuberculosis and malaria programs over five years. The House also is likely to consider HR 4847, legislation to reauthorize the U.S. Fire Administration.

Upcoming hearings of interest ... The Joint Economic Committee will hear from Federal Reserve Chairman Ben Bernanke on the U.S. economic outlook on Wednesday; the Senate Banking Committee will take a look at the turmoil in the financial markets on Thursday; and also on Thursday, the Senate Special Aging Committee will hold a hearing on "Scrambling for Health Insurance Coverage: Health Security for People in Late Middle Age" at 10 a.m.

IN THE ADMINISTRATION...

This week, the Department of Health and Human Services responded to a report released by the Medicare Trustees that both the Medicare Hospital Trust Fund and the Supplementary Medical Insurance Trust Fund expenditures are growing faster than the rest of the economy. The Trustees report expenditures were \$432 billion in 2007, or 3.2 percent of gross domestic product (GDP), and are projected to increase to nearly 11 percent of GDP in 75 years. To see the full response, go to <http://www.hhs.gov/news/press/2008pres/03/20080325a.html>.

IN THE STATES...

Florida Partner Released Report on Issues and Barriers for Immigrant Women

Our Florida FESS partner, Human Services Coalition of Dade County, this month released a new report entitled “Canaries In The Coal Mine: Healthcare Access Barriers Faced by Immigrants.” The report focuses on the three identified main barriers that immigrants face when trying to access healthcare in Miami-Dade County: lack of information, fear of detection and an overtaxed safety net. The first and last of these barriers are pervasive characteristics of our health care system that underscore the need for solutions to be implemented for everyone, while the second barrier points

toward the need for comprehensive immigrant reform. More than half of Miami-Dade County residents are immigrants. Taken as a whole, these immigrants tend to have lower education levels, higher poverty rates, and lower paying jobs than the non-immigrant population in the county, and are less likely to have health insurance. These factors make them particularly vulnerable to inadequacies in the current health care system. To read the full report, visit http://www.hscdade.org/clientuploads/pdf/Canaries_FINAL.pdf.

New Jersey Report Shows 1 in 5 Working Families Can't Make it on Own

New Jersey ranks as the nation's second wealthiest state, but 20 percent of its working families - the equivalent of 750,000 men, women and children - don't have enough income to support themselves, according to the report “Climbing the Ladder: How to Invest in New Jersey's Working Families by the New Jersey Policy Perspective and the Rutgers University Center for Women and Work. The number of low-income families in the state has climbed to 200,000, up 16 percent since 2000, the study stated. New Jersey has 8.7 million residents and a per capita income of \$46,344, ranking the state behind only Connecticut for per capita income and 28 percent above the national average. The study shows that one in five families in the state are low-income, earning less than 200 percent of the federal poverty level of \$20,000 for a family of four.

The report proposes: Increasing the state minimum wage from \$7.15 to \$8.50 an hour with an annual adjustment based on the Consumer Price Index, while the current federal minimum wage is \$5.85 and will rise to \$6.55 July 24; Approving paid work leave to give low-income families flexibility to handle emergencies; Expanding eligibility for a state-run health insurance program for the working poor; Expanding adult education and job training for the working poor, and providing more college aid for them; Expanding child care assistance for working poor; and helping welfare recipients not just find work, but jobs that enable them to become self-sufficient. For more information, visit http://www.njpp.org/rpt_ladder.html.

FROM THE INTEREST GROUPS...

One in Three Skip Medical Care Because of Cost, Nationwide Survey of More Than 26,000 Shows

America’s health care system is failing even those who have insurance, an unprecedented 26,419-person survey sponsored by the AFL-CIO and Working America confirmed this week. One in three said their families had to skip medical care because of cost, a quarter had serious problems paying for the care they needed and a huge majority—79 percent—said health care is a top voting issue. The survey results, one of the largest opinion pools available on health care,

includes 7,500 personal stories. Of the more than 26,000 people who took the survey, most are insured and employed. Most are college graduates. More than half are union members.

Some of the survey results show that health care concerns voters of all ages as seventy-four percent of the 18-29 year olds who took the survey count health care a very important voting issue, as do 80 percent of 50- to 64-year olds. Ninety-five percent of respondents overall—including 94 percent of the insured—say health care in America needs fundamental change or to be completely rebuilt. More than half of people in insured families say their insurance does not cover all the care they need at a price they can afford. Despite having insurance, they report not being able to afford prescription drugs, follow-up care and even preventive care, which are either not covered or covered insufficiently. People who buy their own insurance in the private market are more likely than those with employer-provided health care to report that critical needs are not covered or not affordable. For more results and information from the survey, visit <http://www.aflcio.org/issues/healthcare/survey/>.

Center on Budget and Policy Priorities Released Two New Papers Focusing on Trends in Incomes, Inequality and Tax Burdens by Income Levels

The first paper by the Center on Budget and Policy Priorities, “New Data Show Income Concentration Rose Again In 2006,” discusses new data that indicates the income for households in the top 1 percent rose by an average of \$73,000 while the income for those in the bottom 90 percent only rose by \$20. To read the paper, see <http://www.cbpp.org/3-27-08tax2.pdf>.

The second paper “Capital Gains Tax Cuts Slashed Taxes Of Top 400, While Their Incomes Soared” by Aviva Aron-Dine shows that the tax rates for the 400 taxpayers with the very highest incomes fell significantly between 1995 and 2005 — largely due to capital gains tax cuts in 1997 and 2003 — while these taxpayers enjoyed huge gains in pre-tax incomes. To read the paper, see <http://www.cbpp.org/3-27-08tax.pdf>.

AAUW Releases Newly Revised Community Action Guide to Mobilize Women Voters

The American Association of University Women (AAUW) released a second edition of its well-received publication, “*Woman-to-Woman Voter Turnout: A Manual for Community-Based Campaigns to Mobilize Women to Vote.*” This tool is now available free online to both AAUW members and coalition partners who are making plans to activate women voters across the country this fall. AAUW’s *Woman-to-Woman Voter Turnout* guides advocates step-by-step through planning a campaign, which includes recruiting volunteers, working with publicly available voter registration files to identify drop-off women voters in their community, and contacting those women through canvassing and phone banking. To access the guide, visit http://www.aauw.org/advocacy/issue_advocacy/voter_ed/index.cfm.

New America Foundation Releases “The Assets Report 2008”

The New America Foundation recently completed “The Assets Report 2008,” a comprehensive, annual review of federal activity on asset-building policy. The report is divided into three sections. First, a review of policy developments from the past year related to asset building; second, an examination of the president’s budget proposals for fiscal year 2009; and third, a

forecast of the assets policy issues that may be considered in Congress during the year or two ahead. To view the report, visit <http://www.newamerica.net/files/Assets%20Report%202008.pdf>.

Report: The State of Black America

The State of Black America is the annual Urban League report that addresses the issues central to Black America in the current year. Published since 1976, the publication is a barometer of the conditions, experiences and opinions of Black America. The 2008 edition of the State of Black America report is subtitled "In the Black Woman's Voice." The report provides the black female perspective of the challenges that currently confront women of color in America.

The 2008 State of Black America also presents the National Urban League's groundbreaking Opportunity Compact, a comprehensive set of principles and policy economic and social mainstream of this nation. The Compact is not only detailed The Opportunity Compact provides the framework for the 2008 edition, with several essays addressing the recommendations set out in the Compact. It examines black progress in education, homeownership, entrepreneurship, health and other areas. The publication forecasts certain social and political trends and proposes solutions to the community's and America's most pressing challenges. To see the executive summary, visit <http://www.nul.org/publications/SOBA/Executive%20Summary/2008SOBAEXCSUMMARY.pdf>. You can order the report at <http://www.nul.org/thestateofblackamerica.html>.

IN THE MEDIA... First, an article on a flexible leave bill that is likely to pass in Maryland. Second, an article on the credit crisis and equity loans.

MD: Flexible leave bills may pass in Maryland

Date: Tuesday, March 25, 2008

Source: *The Daily Record (Baltimore, MD)*

Author: *Andy Rosen*

The General Assembly is poised to change state laws that govern when private employees can take paid leave, and some in the business community are calling the move an intrusion into the workplace.

"Flexible Leave" bills have passed both the House of Delegates (HB 40) and the Senate (SB 344). They would require employers that offer paid leave to make any earned time off available if an employee has a sick family member. The two chambers will likely have to work out some differences between the two bills in conference committee.

The Senate bill is more limited than the House version. Senators approved a bill that would only apply to children below 18 or who have physical or developmental disabilities. It would also only cover businesses with 15 or more employees.

The House version does not limit coverage based on the number of employees in a business and would allow employees to take leave to care for a child, spouse or parents. The House passed its version Monday, and the Senate bill passed last week. While the House bill passed handily, it met with spirited debate.

Some opponents argued that the bill could discourage employers from offering leave, even if they previously did so.

Del. Ronald George, R-Anne Arundel, said businesses are typically willing to accommodate their workers in case of a family illness. He said the state does not need to get involved.

"I am concerned when government acts as [if] it knows better than business," he said.

Supporters argued that the bill would not require businesses to do anything other than authorize leave that employees already earned. The bill would not force companies to offer leave if they do not already.

"You can only use this leave if there is a current leave policy already in place," said Del. Dereck E. Davis, D-Prince George's.

Other states, including Maine, California, Minnesota and Washington require employers to let workers use some of their earned time off for various family medical reasons.

Maryland firms with more than 50 employees are covered by the federal Family and Medical Leave Act, which allows for up to 12 weeks of unpaid leave for events such as the birth or adoption of a child or a family or personal illness.

Ellen Valentino, Maryland director for the National Federation of Independent Business, said she worries about the potentially increased state presence in the workplace. She said it could lead to laws mandating leave for Maryland's workers.

"There's no question in our minds that's the direction the proponents of this bill are going to go next year," she said.

The Maryland Chamber of Commerce has also opposed the bill, arguing that many of the situations it is designed to address are covered under federal law.

The Community Behavioral Health Association of Maryland, which represents organizations that run rehabilitation, vocational, residential and treatment programs, contends that the industry is not flexible enough to accommodate last-minute employee requests

Both the NFIB and the behavioral health association believe the Senate version is better, but would prefer not to see a bill passed.

Sen. Robert J. Garagiola, D-Montgomery, who sponsored the Senate bill, said the amendments were fair, though he would have preferred not to see the leave policy only extend to children. People may need leave to take care of grandchildren, he said

He said he does not see the bill as harmful.

"It's not going to hurt businesses," Garagiola said. "If they offer leave days, employees should be able to take [them] for a sick family member. "

Equity Loans as Next Round in Credit Crisis

Source: New York Times

Author: VIKAS BAJAJ

Date: 3/27/08

Little by little, millions of Americans surrendered equity in their homes in recent years. Lulled by good times, they borrowed — sometimes heavily — against the roofs over their heads.

Now the bill is coming due. As the housing market spirals downward, home equity loans, which turn home sweet home into cash sweet cash, are becoming the next flash point in the mortgage crisis.

Americans owe a staggering \$1.1 trillion on home equity loans — and banks are increasingly worried they may not get some of that money back.

To get it, many lenders are taking the extraordinary step of preventing some people from selling their homes or refinancing their mortgages unless they pay off all or part of their home equity loans first. In the past, when home prices were not falling, lenders did not resort to these measures.

Such tactics are impeding efforts by policy makers to help struggling homeowners get easier terms on their mortgages and stem the rising tide of foreclosures. But at a time when each day seems to bring more bad news for the financial industry, lenders defend the hard-nosed maneuvers as a way to keep their own losses from deepening.

It is a remarkable turnabout for the many Americans who have come to regard a home as an A.T.M. with three bedrooms and 1.5 baths. When times were good, they borrowed against their homes to pay for all sorts of things, from new cars to college educations to a home theater.

Lenders also encouraged many aspiring homeowners to take out not one but two mortgages simultaneously — ordinary ones plus “piggyback” loans — to avoid putting any cash down.

The result is a nation that only half-owns its homes. While homeownership climbed to record heights in recent years, home equity — the value of the properties minus the mortgages against them — has fallen below 50 percent for the first time, according to the Federal Reserve.

Lenders holding first mortgages get first dibs on borrowers' cash or on the homes should people fall behind on their payments. Banks that made home equity loans are second in line. This arrangement sometimes pits one lender against another.

When borrowers default on their mortgages, lenders foreclose and sell the homes to recoup their money. But when homes sell for less than the value of their mortgages and home equity loans — a situation known as a short sale — lenders with first liens must be compensated fully before holders of second or third liens get a dime.

In places like California, Nevada, Arizona and Florida, where home prices have fallen significantly, second-lien holders can be left with little or nothing once first mortgages are paid.

In December, 5.7 percent of home equity lines of credit were delinquent or in default, up from 4.5 percent in 2006, according to [Moody's Economy.com](#).

Lenders and investors who hold home equity loans are not giving up easily, however. Instead, they are opposing short sales. And some banks holding second liens are also opposing refinancings for first mortgages, a little-used power they have under the law, in an effort to force borrowers to pay down their loans.

“Acknowledging a loss is the most difficult thing to do,” said Micheal Thompson, the executive director of the Iowa Mediation Service, which has been working with delinquent borrowers and lenders. “You have to deal with the reality of what you are facing today.”

While he has been able to strike some deals, Mr. Thompson said that many mortgage companies he talks with refuse to compromise. Holders of second mortgages often agree to short sales and other changes only if first-lien holders pay them a small sum, say \$10,000, or 10 percent, on a \$100,000 debt.

Disagreements arise when the first and second liens are held by different banks or investors. If one lender holds both debts, it is in their interest to find a solution.

When deals cannot be worked out, second-lien holders can pursue the outstanding balance even after foreclosure, sometimes through collection agencies. The soured home equity debts can linger on credit records and make it harder for people to borrow in the future.

Experts say it is in everyone's interest to settle these loans, but doing so is not always easy. Consider Randy and Dawn McLain of Phoenix. The couple decided to sell their home after falling behind on their first mortgage from Chase and a home equity line of credit from CitiFinancial last year, after Randy McLain retired because of a back injury. The couple owed \$370,000 in total.

After three months, the couple found a buyer willing to pay about \$300,000 for their home — a figure representing an 18 percent decline in the value of their home since January 2007, when they took out their home equity credit line. (Single-family home prices in Phoenix have fallen about 18 percent since the summer of 2006, according to the Standard & Poor's Case-Shiller index.)

CitiFinancial, which was owed \$95,500, rejected the offer because it would have paid off the first mortgage in full but would have left it with a mere \$1,000, after fees and closing costs, on the credit line. The real estate agents who worked on the sale say that deal is still better than the one the lender would get if the home was foreclosed on and sold at an auction in a few months.

“If it goes into foreclosure, which it is very likely to do anyway, you wouldn't get anything,” said J. D. Dougherty, a real estate agent who represented the buyer on the transaction.

Mark Rodgers, a spokesman for CitiFinancial, declined to comment on the McLains' situation, citing privacy considerations.

"We strive to find solutions that are acceptable to the various parties involved," he said but two lenders can "value the property differently."

Other lenders like National City, the bank based in Cleveland, have blocked homeowners from refinancing first mortgages unless the borrowers pay off the second lien held by the bank first. But such tactics carry significant risk, said Michael Youngblood, a portfolio manager and analyst at Friedman, Billings, Ramsey, the securities firm. "It might also impel the borrower to file for bankruptcy," and a judge could write down the value of the second mortgage, he said.

A spokeswoman for National City, Kristen Baird Adams, said the policy applied only to home equity loans originated by mortgage brokers.

Underscoring the difficulties likely to arise from home equity loans, a Democratic proposal in Congress to refinance troubled mortgages and provide them with government backing specifically excludes second liens. Lenders holding a second lien would be required to write off their debts before the first loan could be refinanced. That could leave out a significant number of loans, analysts say.

People with weak, or subprime, credit could be hurt the most. More than a third of all subprime loans made in 2006 had associated second-lien debt, up from 17 percent in 2000, according to [Credit Suisse](#). And many people added second loans after taking out first mortgages, so it is impossible to say for certain how many homeowners have multiple liens on their properties.

"This is turning out to be a real impediment to solving this problem," said Mark Zandi, chief economist at Economy.com, "at least, solving it quickly."