



## COALITION ON HUMAN NEEDS

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May 27, 2010

Dear Senator:

The Coalition on Human Needs strongly supports The American Jobs and Closing Tax Loopholes Act of 2010 (H.R. 4213). We urge you to vote for this legislation, which makes the right choices to create and save jobs while protecting people and communities.

The members of the Coalition on Human Needs include service providers, religious organizations, labor and civil rights groups, policy experts and advocates for low-income and vulnerable people. Our members around the nation see the pain of high unemployment, poverty, and inability to afford health care and other services. They see many juggling bills each month, without enough to pay for rent, utilities, and nutritious food, as they struggle to find work. Our members' direct experience confirms that the provisions of H.R. 4213 will help.

Our support for this legislation is consistent with the views of well-respected economists. In testimony before the Senate Finance Committee on April 14, Mark Zandi, chief economist of Moody's Economy.Com, emphasized the value to the economy of key provisions in H.R. 4213: extending unemployment benefits, providing aid to states, and continuing the TANF Emergency Fund.

The continuation of the federal Unemployment Insurance program is one of the bill's most important provisions. Despite the job gains in the past two months, there are still many more job-seekers than there are jobs. It is notable that a very recent Greenberg Quinlan Rosner poll found that 38 percent of respondents either had lost a job or that someone close to them had become unemployed during the past year. Further, close to half of the unemployed have been out of work for more than six months. The need for extended UI benefits is still very great, both to prevent severe hardship for families and to boost the economy. Mr. Zandi's testimony repeats his finding that every dollar spent on UI returns \$1.61 in economic growth. Similarly, continuing COBRA subsidies for health insurance for the unemployed is an essential step.

The bill's continued higher rates of Medicaid funding for states for an additional six months are essential. This funding is extremely beneficial because it prevents reductions in services and saves private and public sector jobs. Mr. Zandi's April 14 testimony estimates that for every dollar spent in aid to state governments, \$1.41 is returned in economic activity. States are still reeling from recession-related revenue losses that have left gaping budget holes. Continued higher rates of "FMAP" funding will help states to avoid reducing access to quality health care and will also prevent slashing cuts to other vital services in order to cover Medicaid costs.

We strongly support for the 12-month extension of the Temporary Assistance for Needy Families (TANF) Emergency Fund. Forty-five states plus the District of Columbia and the Virgin Islands were making use of this fund as of May 25. It is helping states respond to the desperate situations of some of the poorest families with children. Its subsidized jobs option is now being used by 30 states plus the District of Columbia, and is expected to create 185,000 temporary jobs by the end of September. Use of the subsidized jobs option is accelerating – in the most recent quarter reporting, 56 percent of the funding sought by states from the TANF Emergency Fund was for job creation. Continuing the TANF

Emergency Fund means states will be able to build on these positive outcomes by placing more parents in jobs that will improve their chances of permanent employment.

We are also extremely pleased to see \$1 billion in funding for youth employment, for use in the coming summer and through September 30, 2011. With one in four teen-agers unemployed, youth jobs funding is urgently needed.

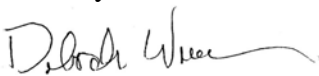
In addition, we strongly favor the \$1.1 billion to capitalize the National Housing Trust Fund, which will result in production of 10,000 rental units, creating 15,000 new construction jobs and 4,000 ongoing operations jobs.

We also want to express our support for paying for some of the bill's provisions through closing tax loopholes, such as taxing the earnings of hedge fund managers and others in a similar position as work income, rather than taxing that income at the lower capital gains rate. We also favor reducing the ability of corporations to avoid paying U.S. taxes through the inappropriate use of Foreign Tax Credits and support restricting the use of "S corporations" by individuals trying to avoid paying payroll taxes.

We urge you to resist proposals to water down these revenue provisions. The legislation already provides preferential treatment to investment fund managers by only treating 75 percent of their earnings as "ordinary" income. If you are concerned about offsetting the costs of H.R. 4213, it is wholly inconsistent to continue unwarranted tax breaks for some of the highest earners in our economy.

It is truly the right choice to create and save jobs and to protect the jobless, and to treat the hardships facing millions of Americans as an emergency. In favoring emergency treatment of measures like UI and state aid, Mark Zandi said "Costs to taxpayers will be measurably greater if the economy does not turn the corner to expansion but instead retreats back into recession." It is also right to pay for the tax reductions and other non-emergency provisions in the bill through the fair tax policy changes in H.R. 4213. We urge you to vote for The American Jobs and Closing Tax Loopholes Act.

Sincerely,



Deborah Weinstein  
Executive Director