



WASHINGTON BUREAU · NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
1156 15TH STREET, NW SUITE 915 · WASHINGTON, DC 20005 · P (202) 463-2940 · F (202) 463-2953
E-MAIL: WASHINGTONBUREAU@NAACPNET.ORG · WEB ADDRESS WWW.NAACP.ORG

STATEMENT OF HILARY O. SHELTON
DIRECTOR, NAACP WASHINGTON
BUREAU &
SENIOR VICE PRESIDENT
FOR ADVOCACY AND POLICY
before the
FORUM ON IMPACT OF BUDGET
PROPOSALS ON JUSTICE AND JOB
CREATION
organized by
CONGRESSMAN JOHN CONYERS, JR.
February 24, 2011



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Good Morning Congressman Conyers, Congressman Nadler and friends. I appreciate the opportunity to share with you the concerns of the NAACP over the budget proposals we have seen lately for the remainder of fiscal year 2010 and beyond.

As we are all aware, all of the budget proposals we have seen contain significant reductions in domestic discretionary spending. And it is the impact of these spending reductions – these draconian cuts – that have us very concerned about the future.

Let me begin by saying that the NAACP shares the concerns of most Americans that our national deficit is too high. We disagree, however, with those who feel that the deficit can or should be tamed solely by cutting essential services to the American people.

Rather, we would advocate a thorough review of the entire federal budget, revenue as well as expenditures.

Just a few months ago, Congress passed and the President signed a flawed bill which, among other things, extended tax cuts for the wealthiest Americans. The total cost of this bill will be more than \$850 billion over the next ten years.

Specifically, this legislation, which is now law, gives away \$139 billion in tax breaks to the wealthiest 2 percent of Americans over the next two years. While there were provisions in the legislation which the NAACP supported, including a 13-month extension of Emergency Unemployment Insurance Benefits we opposed and continue to disagree with many of the provisions that unnecessarily deplete revenue from the federal coffers and benefit only a few Americans.

I would be remiss if I didn't point out and thank Congressman Bobby Scott and the entire Congressional Black Caucus for their foresight and thoughtfulness in compiling an alternative to this problematic legislation.

Specifically, their alternative included a 13-month extension of Emergency Unemployment Insurance Benefits plus additional assistance for the chronically unemployed – those Americans who have been unable to find work for more than 99 weeks; a payroll tax holiday or equivalent payment, such as a tax rebate check, with guarantees that Social Security will not be deprived of revenue; and targeted tax relief through a 2-year extension of earlier tax cuts for hardworking middle- and low-income families and extending the enhanced provisions included in the American Recovery and Reinvestment Act for the Earned Income Tax Credit, the Child Tax Credit, and the American Opportunity Tax Credit.

Perhaps more importantly for today's discussion is the fact that the CBC proposal would have cost less than half of the proposed trillion dollar compromise, and create virtually the same number of jobs.

We need to look carefully back at the tax breaks which were just extended, as well as other tax policies, and analyze who benefits from these policies, including how many living wage jobs are honestly created, and weigh the benefits of these policies against the cost to the federal government.

But to go back to the budget proposals we have before us for the remainder of fiscal year 2011 and beyond. H.R. 1, the *Full-Year Continuing Appropriations Act, 2011*, which decisively passed the House of Representatives last Saturday in yet another divisively partisan vote, and is currently before the Senate would, if enacted as it is currently written, would have near catastrophic results for too many racial and ethnic minority Americans, not to mention most low- and middle-income Americans throughout.

Overall, the legislation cuts federal, non-security discretionary spending for the remainder of fiscal year 2011 by 24%, or almost a quarter. It was targeted to be \$100 billion below the President's federal budget request for fiscal year 2011, an arbitrary number made up by some of the very same people who gave us the \$139 billion in tax breaks to the wealthiest 2 percent of Americans over the next two years just two months ago.

As a result of this quest to reduce the budget by \$100 billion, almost every federal program, regardless of their value, their successes, how many jobs they create or the needs of the American population they are intended to serve, experienced crippling reductions. Education, from head start and early start programs, through job training programs for unemployed workers and Pell grants for aspiring, economically challenged college students would be cut.

Essential health care services, including The Community Mental Health Services Block Grant and the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC program are subject to significant funding reversals under H.R. 1. Several programs which were established to provide housing services to the most needy among us are slated to have their funding cut nearly in half by H.R. 1.

Do these cuts, and others like them, disproportionately affect African Americans and other racial and ethnic minorities? Sadly, the unequivocal answer is a resounding yes.

Chairman Conyers, Members of Congress, as you know all too well our Nation is still tenuously recovering from one of the worst economic downturns in our country's history. And, as the expression goes, when America gets a cold, African Americans get pneumonia. To quote the Center for American Progress in their newly issued report *The State of Communities of Color in the U.S. Economy: A Snapshot as We Enter 2011*

The Great Recession of 2007–2009 produced widespread employment losses for communities of color and white families alike—losses that have yet to be overcome amid the still tentative economic recovery. All U.S. households were severely hurt by the recession but communities of color experienced larger losses than whites. This also means that, as the economic recovery deepens and the labor market recovers, communities of color will have to climb out of a deeper hole to regain the same level of economic security as they had before the crisis.¹

The report goes on to say,

The percentage of the U.S. population living below the poverty line increased for all racial groups in the recession, more so for communities of color than for whites.

In 2009, more than one in four Latino (25.3 percent) and African-American families (25.8 percent) lived below the poverty line. Conversely, poverty rates among white Americans and Asian Americans were 9.4 percent and 12.5 percent, respectively.²

Many of the programs that are facing funding reductions in H.R. 1, if not complete elimination, from health care to education to job training to job creation were developed or enhanced to help these Americans and their families survive, and potentially get back on their feet. By defunding or eviscerating them now, before the detrimental effects of the economic downturn have been remedied, these programs will not be able to adequately serve the people they are intended to help. And, sadly, yet again, a disproportionate number of these people are racial and ethnic minorities.

¹ Christian E. Weller, Jaryn Fields, and Folayemi Agbede, Center for American Progress, “*The State of Communities of Color in the U.S. Economy: A Snapshot as We Enter 2011*” January 2011, page 1

² Ibid, p.8

In response to the negative impact these funding reductions will have, the NAACP National Board of Directors, just last Saturday, passed an emergency Action Item in opposition to these cuts. Specifically, the Action Item states that the NAACP “vociferously, loudly, and consistently opposes budget reductions which will impact the quality of life for low-and moderate-income Americans.”

Congressman Conyers, friends, we as a Nation can and must do more to stabilize our national budget and reduce the deficit. We must not do it, however, at the expense of those who are already suffering, our Nation’s most vulnerable people.

The federal government has an obligation to ensure that the basic human needs of all its citizens are met. Now is not the time, our economy is still too precarious and there are still too many people suffering, to make dramatic cuts in the services made available through federal funding.

Any genuine budget which is intended to reduce the deficit must take a holistic approach, and look at both realistic spending cuts along with a progressive tax policy which generates adequate revenues. We must not allow budget cuts to hurt the most vulnerable among us.