

Congressional Progressive Caucus

<http://cpc.lee.house.gov>

Co-Chairs
Lynn Woolsey
Barbara Lee
Vice Chairs
Diane Watson
Raul Grijalva
Emanuel Cleaver
Hilda Solis
Mazie Hirono
Phil Hare

Senate Members

Bernie Sanders

House Members

Neil Abercrombie
Tammy Baldwin
Xavier Becerra
Madeleine Bordallo
Robert Brady
Corrine Brown
Michael Capuano
Donna Christensen
Yvette Clarke
William "Lacy" Clay
Steve Cohen
John Conyers
Elijah Cummings
Danny Davis
Peter DeFazio
Rosa DeLauro
Keith Ellison
Sam Farr
Chaka Fattah
Bob Filner
Barney Frank
Luis Gutierrez
John Hall
Maurice Hinchey
Michael Honda
Jesse Jackson, Jr.
Sheila Jackson-Lee
Eddie Bernice Johnson
Hank Johnson
Stephanie Tubbs Jones
Marcy Kaptur
Carolyn Kilpatrick
Dennis Kucinich
Tom Lantos
John Lewis
David Loebsack
Carolyn Maloney
Ed Markey
Jim McDermott
James McGovern
George Miller
Gwen Moore
Jerrold Nadler
Eleanor Holmes-Norton
John Olver
Ed Pastor
Donald Payne
Charles Rangel
Laura Richardson
Bobby Rush
Linda Sanchez
Jan Schakowsky
Jose Serrano
Louise Slaughter
Pete Stark
Bennie Thompson
John Tierney
Tom Udall
Nydia Velazquez
Maxine Waters
Mel Watt
Henry Waxman
Peter Welch
Robert Wexler

73 Strong and Growing: Open to New and Different Ideas

January 23, 2008

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232

Dear Madame Speaker,

We commend your leadership in confronting this country's economic crisis and your efforts to craft an economic stimulus package that will provide an effective and timely response. After seven years of the Bush Administration's economic policies, median family income remains 1.7%, about \$1000, below its 2000 peak. Unemployment has risen to 5 percent, and is much higher in some areas of the country and among people of color. Home foreclosures, health care costs, and energy prices are also up, putting enormous strains on family incomes and many state budgets. The current Administration's economic policies have left the bulk of the American people behind, while they have squandered a record \$5.6 trillion surplus, led to an estimated \$9 trillion national debt, and brought us to the brink of recession.

As you recognize, the first, critical step is to enact an immediate economic stimulus package. We vigorously agree that stimulus provisions must be targeted to those who have been and will be most adversely affected by the economic crisis and who will most fully use assistance to stimulate our domestic economy. We strongly support proposals to increase federal funding for Food Stamp benefits, Federal Medical Assistance Percentage (FMAP) Medicaid payments to states, and unemployment insurance benefits.

Given that much of the current economic downturn is due to turmoil in the housing market, it is critical that a stimulus package assist individuals and communities dealing with the consequences of subprime lending abuses, especially in minority neighborhoods. Accordingly, high priority should be given to moving as many homeowners facing foreclosure as possible out of dangerous subprime adjustable rate mortgages (ARMS) whose initial "teaser" rates are set to reset over the next year. To that end, strong consideration must be given to a temporary – perhaps 90 day – moratorium on foreclosures, as many states implemented during the Great Depression which was the last time home foreclosure rates increased at this rate. Further, a stimulus package should include elements of the FHA modernization bill passed by the House (H.R. 1852—The Expanding American Homeownership Act) and raise the conforming loan limits of the Government-Sponsored Enterprises (GSEs) --, Fannie Mae and Freddie Mac -- so that the Federal Housing Authority and the GSEs can provide sustainable mortgage products to a broader range of distressed homeowners. Finally, state and local governments need at least \$20 billion in federal aid to engage in activities to stabilize neighborhoods

hardest-hit by the foreclosure wave.

In addition, any tax relief in the form of rebates should be progressive, and targeted to those at the lowest income levels, including consideration of changes in the EITC and child tax credit. The rebate should not be limited to those who owe federal income tax. We take strong exception to the President's proposed income tax rebate and strongly urge you to reject his approach. Under the President's proposal, according to independent experts, roughly 30 million low-income working families would not benefit at all and millions more would get less than the full rebate amount. This means those hardest hit by the economic downturn would be left out of the rebate. This is unacceptable to the Progressive Caucus, and to solve this problem, we recommend that any rebate approach include refundability.

As Members of the Progressive Caucus, we cannot support an economic stimulus package which includes an extension of the President's misguided tax cuts. Those cuts overwhelmingly benefited the wealthiest Americans and, coupled with waging a war in Iraq that the CBO estimates will cost \$2.4 trillion through the next decade, have left the government starved of the resources it needs to stimulate the economy and provide needed services. It makes no sense to continue them. Similarly, we do not believe it is appropriate to provide corporate tax breaks, especially for mature industries, that do not meet the test of providing the most effective stimulative effects possible.

As we applaud your efforts on the economic stimulus package, we believe that this is just the first step in the need to revitalize our economy. Certainly, a short-term response is critical. However, we must also address the long-term infrastructure, energy independence, and innovation needs that our country faces in order to attain a vibrant U.S. economy and the creation of quality jobs. There are infrastructure projects (such as school repairs, wastewater systems, and transportation) that are ready-to-go and could be included in the current economic stimulus effort. Congress also recognized industrial and residential needs and the potential for job growth when it passed the Green Jobs Act as part of P.L. 110-140. In addition to helping advance the renewable energy and energy efficiency industries, the Green Jobs Act is an important down payment for America's future and it should begin to create new job training programs that should put more workers on a path to financial self-sufficiency and economic security.

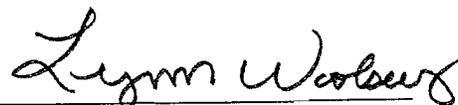
Other initiatives are somewhat longer-term but just as essential to the challenges we face. We look forward to working with you to craft the economic stimulus package, to address the long-term infrastructure and energy challenges facing our country, and to provide Americans with quality jobs and much needed economic assistance.

Again, thank you for your leadership in tackling the urgent economic crisis we face. We look forward to working with you on the immediate and the longer-term effort.

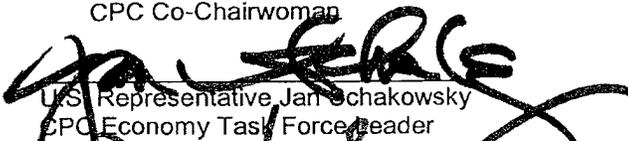
Sincerely,



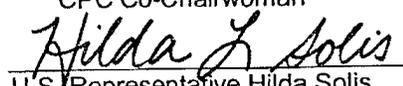
U.S. Representative Barbara Lee
CPC Co-Chairwoman



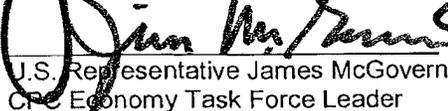
U.S. Representative Lynn Woolsey
CPC Co-Chairwoman



U.S. Representative Jan Schakowsky
CPC Economy Task Force Leader



U.S. Representative Hilda Solis
CPC Economy Task Force Leader



U.S. Representative James McGovern
CPC Economy Task Force Leader



U.S. Representative Keith Ellison
CPC Economy Task Force Leader

Pete Stark

U.S. Representative Pete Stark
CPC Economy Task Force Leader

Steve Cohen

U.S. Representative Steve Cohen

Diane E. Watson

U.S. Representative Diane Watson

Dennis J. Kucinich

U.S. Representative Dennis Kucinich

John Lewis

U.S. Representative John Lewis

Robert Wexler

U.S. Representative Robert Wexler

Bobby L. Rush

U.S. Representative Bobby Rush

John Conyers

U.S. Representative John Conyers

Phil Hare

U.S. Representative Phil Hare

Sheila Jackson Lee

U.S. Representative Sheila Jackson-Lee

Bob Filner

U.S. Representative Bob Filner

Michael Honda

U.S. Representative Michael Honda

Raul M. Grijalva

U.S. Representative Raul Grijalva

Maurice Hinchey

U.S. Representative Maurice Hinchey

Sam Farr

U.S. Representative Sam Farr

Danny Davis

U.S. Representative Danny Davis

Maxine Waters

U.S. Representative Maxine Waters

Mel Watt

U.S. Representative Mel Watt

cc: The Honorable Steny Hoyer, House Majority Leader
The Honorable James Clyburn, House Majority Whip