

**Written Statement of Carolyn Federoff, Vice President,  
American Federation of Government Employees, Local 3258  
and Massachusetts AFL-CIO  
Before the  
Joint Committee on Veterans and Federal Affairs  
On  
S. 1750 and H. 3211 Resolutions Referendum on a Budget for All  
July 10, 2013**

Chairman Rush, Chairman Basile, Vice Chairwoman Lovely, Vice Chairman Parisella,  
and Members of the Joint Committee –

My name is Carolyn Federoff. I am the Vice President of Local 3258 of the American Federation of Government Employees, representing employees of the U.S. Department of Housing and Urban Development in Massachusetts. I also have the honor of representing AFGE as a Vice President of the Massachusetts AFL-CIO. Thank you for the opportunity to provide testimony on these Resolutions.

AFGE represents workers with diverse interests and concerns. From HUD to the Bureau of Prisons, from the Coast Guard to the National Oceanic and Atmospheric Administration, from EPA to the Department of Labor's Mine Safety and Health Administration, from Department of Defense to the Veterans Administration to Social Security Administration. Our diversity often makes it difficult for us to agree on matters of policy. In my role as a representative, I strive to recognize and balance our diverse interests.

It often takes compromise, something that has been lacking in the federal budget debates for the last few years. The manner in which the budget debate is being waged hurts almost all of us; the only "people" unscathed are corporations, contractors and the very wealthy.

My Local was an early proponent of the Budget for All. Instead of a Budget for All, we got the Budget Control Act and sequestration. Under this first year of sequestration, reductions in HUD funding have resulted in seven days of furlough for HUD employees, lay-offs for scores of public housing employees across the Commonwealth, and loss of Section 8 vouchers for families facing housing emergencies. These costs are not borne just by individuals; our main street economy loses commerce, while our communities are left to pick up the tab for safety net services.

But the budget being prepared by the U.S. House of Representatives for 2014 and beyond is worse yet. It is based upon Chairman Ryan's budget blueprint. That blueprint would shift substantial costs to states and localities. The Center on Budget and Policy Priorities estimates that about 25% of non-defense discretionary spending goes to grants for state and local governments, providing funding for

education, law enforcement, community development, transportation infrastructure, water treatment, and more. Over ten years, funding for state and local grants would be reduced by at least 18% below the already tight caps imposed by the Budget Control Act. And if veterans' programs are to be protected from cuts, CBPP estimates a 22% funding reduction for state and local grants.<sup>1</sup>

Since 1976, federal grants to state and local governments have averaged 1.4% of the nation's Gross Domestic Product (GDP). Under the Budget Control Act, this will be reduced to an estimated .84% by 2023. Under the Ryan Budget, the figure will be .66% by 2023. And these figures don't include the impact of proposed changes to Medicaid, including a 30% reduction in projected spending.<sup>2</sup>

Sequestration was supposed to be too dumb to happen. And the U.S. House of Representatives is preparing budgets for 2014 that are even more draconian.

What is the solution? According to congressional staff, there will be no solution until there is "entitlement reform." But once again, the manner in which the "entitlement reform" debate is being waged hurts middle and working class people; the only "people" unscathed continue to be corporations, contractors and the very wealthy.

The entitlement reform debate is centered on Social Security, Medicare and Medicaid. About 60% of the benefit of these programs goes to the middle 60% of incomes in this country.<sup>3</sup>

But Social Security, Medicare and Medicaid are not the only "entitlement programs" at the federal level. An "entitlement" is anything that an individual or corporation is guaranteed once they (or it) meets the eligibility standard—reaching a certain age, or falling below a certain income, for example. Former Federal Reserve Chairman Alex Greenspan described tax exemptions and deductions as "tax entitlements"; individuals or corporations meeting certain eligibility standards are guaranteed a tax exemption or deduction—paying mortgage interest, owning equipment that has depreciated in value, for example.

Unlike Social Security, Medicare and Medicaid, however, in 2011, 24% of tax entitlements went to the wealthiest 1%, 66% went to the top 20% of households.<sup>4</sup>

---

<sup>1</sup> Center on Budget and Policy Priorities (CBPP), "Ryan Budget Would Shift Substantial Costs to States and Localities," by Michael Leachman, Richard Kogan, Vincent Palacios, and Kelsey Merrick, March 27, 2013.

<sup>2</sup> *Id.*

<sup>3</sup> CBPP, "Achieving Further Deficit Reduction Solely Through Spending Cuts Entails Cutting Entitlements That Benefit the Poor and Middle Class While Shielding the Biggest Entitlement for the Wealthy," Robert Greenstein, January 9, 2013.

<sup>4</sup> *Id.*

While housing programs only provide one in four eligible families with a housing subsidy, the mortgage interest deduction provides four in four eligible families with a housing subsidy. In fact, it provides four in four eligible families with a mortgage interest deduction for their second home. And of these families, whose are more likely to be seriously affected by reductions in Social Security, Medicare or Medicaid?

Our communities, our Commonwealth, and our nation need a Budget for All. We need to protect Social Security, Medicare, Medicaid and Veterans' benefits, housing, food and unemployment assistance. We need to invest in manufacturing, schools, housing renewable energy, transportation and other public services. We need to provide new revenues by scrutinizing "tax entitlements" for corporations and the wealthy. And we need to have a balance of expenditures between defense and non-defense discretionary spending.

At this moment, the debate on Capital Hill is any thing but balanced. There is little talk of compromise. And the budget being debated benefits the few. I urge this body to adopt Senate Resolution 1750 and House Resolution 3211 Referendum on a Budget for All.

This concludes my written testimony. I thank you for including it in the hearing record.

-