

July 6, 2011

The Honorable Debbie Stabenow
U.S. Senate
Senate Office Building
Washington, DC 20510

Dear Senator Stabenow:

In Michigan, we appreciate the growing consensus in Congress to address our long-term fiscal imbalance. We strongly believe Congress should act to put our nation on a more sustainable fiscal path and provide a solid foundation for long-term growth and shared prosperity. But we urge Congress to do so through a *balanced* approach that includes savings from all parts of the budget—including revenues—and protects programs for the most vulnerable. If an agreement is reached to add a deficit reduction mechanism to legislation to increase the federal debt limit, that mechanism must ensure that half the savings come from revenues and half from spending.

The budget resolution passed by the House of Representatives does not meet this test and results in very little in actual deficit reduction. It imposes huge cuts in and structural changes to Medicare, Medicaid and slashes key investments largely to expand tax cuts for the richest Americans. It also fails to consider major areas of spending like defense or tax expenditures, and imposes the vast majority of its spending cuts on middle- and lower-income families. Michigan residents have been in a longer economic recession than any other state—Michigan cannot afford to cut any more programs that keep children and families out of poverty and in good health.

We are also very concerned about proposals to cap total federal spending. A global spending cap would inevitably lead to enormous cuts in Medicare and Medicaid as well as other areas including education, environmental protection, basic research, veterans programs and possibly social security or it would force indiscriminate and deep across-the-board cuts if Congress failed to meet the caps.

As the demographics in Michigan shift, it is important to keep programs in place that limit the burden on working residents in our state. Draconian cuts to and changes in Social Security, Medicare and Medicaid would create hardship for millions of seniors, children and people with disabilities. Medicare would have to be turned into a voucher program and the value of the vouchers would not keep up with rising health costs forcing seniors to pick up more of the costs. Medicaid would have to be turned into a block grant, shifting health care costs to states and individuals.

Additionally, Michigan has been in the top five states with the highest unemployment rate since the recession started. Deep cuts in investments like education, basic research, environmental protection, transportation and infrastructure could weaken future economic growth.

A spending cap would preclude consideration of the revenue side of the budget resulting in an unbalanced approach to deficit reduction. That's because under a spending cap even closing egregious tax loopholes would not affect total spending and therefore would not count as deficit reduction.

Capping spending at historic levels also ignores developments such as rising health care costs, the aging population and new federal responsibilities to protect homeland security and care for veterans

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returning from Iraq and Afghanistan, which all need to be considered in determining appropriate levels for federal spending.

As you tackle this important issue, we strongly urge you to adopt these guiding principles:

All three major areas of the budget—discretionary spending, entitlement spending and revenues—should contribute to deficit reduction.

Deficit reduction proposals should not push families into poverty, make lower-income people worse off, or widen the gap between rich and poor.

Congress should only consider multi-year caps on discretionary spending as part of a comprehensive deficit reduction plan that also includes revenues.

We fully recognize that Congress will have to make difficult choices to put our nation on a sustainable fiscal course. We, the undersigned organizations, represent tens of thousands in Michigan and we stand ready to help you ensure that Congress takes a balanced and equitable approach to deficit reduction. We will continue to share our analyses of the impact of various proposals on the people of Michigan.

Sincerely,

**Center for Civil Justice
Community Economic Development Association of Michigan (CEDAM)
The Justice and Peace Task Force of Edgewood United Church of Christ
Kent Regional Community Coordinated Child Care
Michigan's Children
Michigan Citizen Action
Michigan League for Human Services
Michigan Peace Budget Coalition
MichUHCAN
Progress Michigan
Women's International League for Peace & Freedom, Detroit Branch**