



Contact Information

WASHINGTON, DC
413 Cannon HOB
Washington, DC 20515
(202) 225-3101 Phone
(202) 225-3354 Fax

NORTH CAROLINA
Wilson District Office
216 West Nash Street
Wilson, NC 27893
(252) 237-9816 Phone
(252) 291-0356 Fax

Weldon District Office
311 West 2nd Street
Weldon, NC 27890
(252) 538-4123 Phone
(252) 538-6516 Fax

Williamston District Office
415 East Boulevard
Williamston, NC 27892
(252) 789-4939 Phone
(252) 729-8113 Fax

Congress Approves Taxpayer

Rebate Checks

Congress approved a two-year, \$168 billion economic stimulus package this week that will send rebate checks to millions of low- and middle-income Americans, including senior citizens and disabled veterans.

This stimulus package will provide tax rebates of up to \$600 per individual and \$1,200 per married couple, plus an additional \$300 per child. Rebate checks could be sent as early as mid-May, getting money to Americans who will spend it immediately to reinvigorate the economy.

The measure provides rebates to anyone who receives at least \$3,000 in Social Security income, self-employment income or veterans' disability payments (including payments to survivors of disabled veterans).

The rebates are focused on low- to middle-income Americans. The wealthiest taxpayers are not eligible for this relief. Tax relief begins to phase out above incomes of \$75,000 for a single and \$150,000 for a married couple.

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The legislation includes safeguards to ensure that undocumented workers unable to obtain rebates, including an eligibility requirement of a valid Social Security number.

Economists estimate that each dollar of broad-based tax cuts leads to \$1.26 in economic growth. Congress will also be developing a plan of further assistance, which should include extension of unemployment benefits, Food Stamps, state and local assistance and Medicaid.

Bush Proposes \$3 Trillion

Federal Budget

This week, President Bush presented Congress with a proposed federal budget for Fiscal Year 2009 totaling more than \$3 trillion.

President Bush has again presented a troubling budget that fails to consider the needs of seniors, veterans and working families. President Bush wants to cut health care for seniors and working families, raise health care costs for veterans and slash energy assistance.

Despite growing numbers of people spiraling into the vicious cycle of poverty, President Bush has called for reductions in Medicaid totaling \$17 billion over five years. This highly successful federal-state partnership serves some 55 million people across the country, including the poor and many elderly nursing home residents.

Medicaid cuts would have a devastating affect on North Carolina where one out of every five residents access health care through the program. In 2006-2007, Medicaid served approximately 1.7 million children, aged, blind and/or disabled individuals in North Carolina.

President Bush would also greatly increase veterans' costs for accessing health care. Under the budget, veterans' prescription drug co-payments would more than double and some veterans would be required to pay a new annual \$250 fee to access government health care.

It's difficult to understand why President Bush would want to make it more difficult and costly for our veterans to access the health care services they were promised, especially at a time of war.

I'm also troubled by President Bush's proposal to cut the Low-Income Home Energy Assistance Program (LIHEAP) by 22 percent. It's an important program that is sorely needed, especially in the face of the difficult economy.

North Carolina will receive about \$37 million through LIHEAP in the current fiscal year, which will assist an estimated 233,620 households. Even with that funding, many families in North Carolina will struggle to pay for heat this winter. In fact, the current funding level is only enough to serve 16 percent of eligible families. A cut like this would leave many more families in the cold.

House Addresses College Access and Cost

The House approved legislation to address the soaring price of college tuition and to remove other obstacles that make it harder for qualified students to go to college.

By an overwhelming bipartisan vote of 354 to 58, the House approved the College Opportunity and Affordability Act (H.R. 4137), which would reform and strengthen the nation's higher education programs to ensure that they operate in the best interests of students and families.

The legislation is the second major step that Congress has taken to make college more affordable and accessible for all qualified students. Last year, Congress enacted into law a \$20 billion increase in college financial aid over the next five years, the largest increase in student aid since the G.I. Bill of 1944.

This legislation will ease the financial burdens being placed on working families paying high post-secondary education costs. Passage of this bill will make post-secondary education more attainable and affordable for all Americans.

An October 2007 report from the College Board showed that, over the previous five years, tuition and fees had increased across the board, at public and private colleges and at two-year and four-year colleges.

In North Carolina, tuition and fees at two-year and four-year colleges grew by at least 6 percent between 2006-07 and 2007-8. The bill would address these rising prices by encouraging colleges to rein in price increases, ensuring that states maintain their commitments to higher education funding, and providing students and families with consumer friendly information on college pricing and the factors driving tuition increases.

The legislation also strengthens provisions previously approved by the House to avoid conflicts of interest in the student loan programs. The bill's new provisions include requiring better consumer disclosures and protections on private student loans. Together these protections form a Bill of Rights for college consumers.

In addition, the College Opportunity and Affordability Act would:

- Streamline the federal student financial aid application process;
- Make textbook costs more manageable for students by, among other things, helping them plan for textbook expenses in advance of each semester;
- Allow students to receive year-round Pell Grant scholarships;
- Strengthen college readiness and support programs for minority and low-income students;
- Increase college aid and support programs for veterans and military families;
- Improve safety on college campuses and help schools recover and rebuild after a disaster;
- Ensure equal college opportunities and fair learning environments for students with disabilities; and
- Strengthen our nation's workforce and economic competitiveness by boosting science, technology, and foreign language educational opportunities.

Profiting on Poverty

The current course continues to fail far too many Americans – especially those who are struggling to make ends meet. While corporate profits are reaching record highs, tens of millions of Americans find themselves without decent paying jobs or basic health care. Proposed budget cuts for low-income housing, education, Medicaid, nutrition programs and a slew of effective anti-poverty initiatives are also harming those most vulnerable in our society.

Even worse, current policies allow unscrupulous companies to prey on the poor. Substandard minimum wage and predatory credit and lending practices are providing unchecked opportunities for these companies to build their fortunes on poverty.

For example, it's estimated that banks collect more than \$10 billion in fees for overdraft loans annually and much of that is collected from low-income account holders. In essence, it creates a system of fees and short-term loans that translate into annual interest rates which can reach well over 1000%. And, consumers are often enrolled in these high-cost overdraft loan programs without their consent or knowledge.

There are many other examples of predatory loan and credit practices which continue unabated. It's estimated that abusive home lending practices alone cost U.S. consumers \$9.1 billion annually. Other practices include everything from high-cost lending to rent-to-own stores that charge two to three times the retail cost of appliances, electronics and furniture.

There are also unscrupulous mortgage firms that trap unwitting consumers with the so-called "convenient" one-stop shopping where the real estate agent, broker, lender, lawyer and appraiser are all linked together. Other dubious practices include tax refund anticipation loans, payday lending and automobile title loans.

Regrettably, there are huge numbers of low-income Americans ripe for unscrupulous companies to target. Today, nearly 40 million Americans live in poverty, including 13 million children and nearly 25 percent of all blacks. America is the richest and most powerful nation on earth, but nearly a fifth of its children go to bed hungry at night because their parents, many of whom are working full time at the minimum wage, still can't make ends meet.

And when the ends fail to meet near the end of the month, there is no shortage of people willing to prey and profit on this desperate population. North Carolina was the first of more than 30 states to bar lenders and mortgage brokers from making predatory, high-cost loans to low-income borrowers, but this problem still spills over state borders and hurts the people who can afford it least. And while there are state regulations and federal bills aimed at addressing some of these problems, many can and should be solved with stricter enforcement of existing federal laws.

In addition to the needed enforcement, there must also be increased support for financial literacy, credit counseling, community development and savings programs for low-income people. Anything short of this is a failure of our government to live up to its responsibility to protect our most vulnerable citizens. And, those who shrink from their responsibility also become willing and unconscionable partners in the practice of profiting on poverty.