

# **TFT Urges State Legislators to Push for New Economic Stimulus**

Tennesseans for Fair Taxation (TFT) has asked each member of the Tennessee General Assembly to send a letter to the President and congressional leadership in support of a new, broad-based job creation plan, including significant additional fiscal relief to state and local government to foster economic growth and create and maintain jobs across the nation.

“Tennessee still faces unemployment above 10 percent and this reality directly affects the sharp drop-off of tax revenue and the growing budget deficit that will soon reach historic proportions,” said TFT state chair John G. Stewart. In a letter to each state legislator, TFT notes that “the current economic climate calls for a new federal job creation plan that includes fiscal relief to state and local governments to foster growth and create and maintain jobs.”

Stewart noted that the current fiscal stimulus legislation (the American Recovery and Reinvestment Act) enacted by Congress in early 2009 was instrumental in helping Tennessee avoid even greater program cuts in education, children’s services, public safety, and health care.

“Without continued federal assistance, Tennesseans will face catastrophic cuts in 2010 and 2011. Plus, economic recovery in Tennessee will be seriously set back due to the sharp reductions in state programs and the elimination of thousands of public service jobs, such as teachers and health care workers,” Stewart said.

The full text of TFT’s letter to members of the General Assembly and the suggested letter to President Barack Obama, House Speaker Nancy Pelosi, Senate Majority Leader Harry Reid, and members of the 111<sup>th</sup> Congress are below.

## **Letter to Members from TFT:**

Dear \_\_\_\_\_,

As you and fellow legislators know all too well, Tennessee is one of many state governments across the country that continue to face steep budget shortfalls and economic uncertainty, fueling painful cuts to public services and further job losses. In our state, Governor Bredesen has notified each department to expect 6- to 9 percent cuts in funding when his budget proposal is released later this month.

These cuts will come at a critical point in Tennessee's economic climate, as the state's unemployment rate has risen above 10 percent – and even this number is mitigated by the federal stimulus funds the state received from the American Recovery and Reinvestment Act. When those funds expire in January 2011, the depth of Tennessee's budget crisis will be felt across all sectors.

But the news is not all bad, and supports the findings of prominent economic experts: federal and state investment in public structures at a time of economic crisis is the best way to ensure long-term economic development and job security – budget cuts may appear to provide temporary relief, but will not pull our state out of its ongoing deficit and deficiencies in education, health care, public safety and other much-needed services. In fact, a Rutgers University study released January 8 and published in the Tennessean confirms this trend, noting that although the state's stimulus funding was below the national average, Tennessee still managed to exceed expectations for employment and job creation with the minimal funds received.

With this admirable feat, imagine how the state could boost job stability and economic growth with additional federal funding as we face the current budget crisis.

For that reason, we are asking you to sign this letter from Tennessee legislators in support of a second job creation and state fiscal relief program by the federal government and submit it to President Barack Obama.

The current economic climate calls for a new federal job creation plan that includes fiscal relief to state and local governments to foster growth and create and maintain jobs.

Therefore, Tennesseans for Fair Taxation is joining with state and national allies to launch this timely call by state legislators for a new federal job creation plan. We are asking you to send a letter to President Obama and Congress calling on them to enact a comprehensive jobs plan, including fiscal relief to states and local governments. The full text of the letter is included below.

Congress is likely to move on this issue soon and given the states' essential role in the nation's economic recovery, it is important that you, as a state legislator send a clear, powerful call now for the most robust job creation plan with significant state fiscal relief.

Millions of Americans and many Tennesseans are out of work while our state and others struggle to find ways to deal with enormous deficits. High unemployment, a record number of foreclosures, huge cuts to public services, and decreased quality of educational systems call for swift and bold action.

Take action now and join this important campaign by sending the job creation letter.

### **Job Creation Letter:**

**Dear President Barack Obama, House Speaker Nancy Pelosi, Senate Majority Leader Harry Reid, and Members of the 111th US Congress:**

As leaders in the Tennessee state legislature, we join our colleagues across the nation calling on President Obama and the Congress to enact a new, broad-

based job creation plan, including significant additional fiscal relief to states and local governments to foster economic growth and create and maintain jobs across the nation.

Almost eight million more Americans are unemployed today than at the start of the recession in December 2007. The number of Americans who are unemployed or underemployed has reached over 27 million, and in Tennessee, our unemployment rate has risen steadily and is now above 10 percent of our population. State tax revenues dropped nine percent during fiscal year 2009, the largest decline since the years directly following World War II, and in Tennessee, we face an unprecedented \$1 billion budget deficit. As Tennessee and other states are forced to slash programs and jobs, more and more Americans are relying on public services.

The American Recovery and Reinvestment Act (ARRA) helped prevent a far worse calamity, creating an estimated 600,000 to 1.6 million jobs as of September 2009, keeping millions of families from falling into poverty, and reducing the severity of poverty for tens of millions of Americans. By providing fiscal relief to the states, some of the cuts to vital programs, like education and health care, were avoided. In Tennessee, this was certainly true, although the state received fewer federal funds than the national average. When the stimulus funds end in January 2011, we will face an historic financial crisis in our state

**Unfortunately, this national crisis is far from over.** Even at the time of ARRA's passage, many economists were calling for a much larger package to provide the economic growth needed for full recovery.

States are facing an estimated \$260 billion budget shortfall in fiscal years 2011 and 2012. States are taking drastic action to deal with these deficits, including measures that will lead to higher unemployment. Teachers, nurses, public safety officers, and many other state and local employees face the dire prospect of job loss during a time of economic uncertainty. At the same time, families will have to deal with the reality of budget cuts: larger class sizes, an inferior educational system, reduced health care services, and generally diminished quality of vital public programs. Tennessee has suffered this plight too long, and will face difficulty turning the tide without support from the federal government,

**Accordingly, the federal government must take proactive steps to create jobs and enact further fiscal relief for state and local governments.** This includes extending FMAP increases for Medicaid, providing additional support for education, boosting funding for infrastructure projects and public transportation investments, supporting the long-term unemployed to sustain them until they re-enter the workforce, and providing direct financial assistance to state and local governments to perform the vital services needed to maintain growth in local communities across the nation.

**There is tremendous consensus that state fiscal relief must be a key focus**

**of recovery.** Programs administered by the states assist countless families and communities, have a high multiplier effect in boosting local consumer demand, and are one of the most effective methods for reviving the economy. Without further assistance, states will be forced to make painful layoffs and cuts to public services that will undermine economic recovery.

**We need a strong job creation plan to foster growth, ensure that states perform the core functions that all American families deserve, and deliver jobs to Americans on Main Street. The gravity of the crisis demands swift and bold action.**

We call on President Obama and the Congress to enact a job creation plan, including comprehensive and enduring fiscal relief to state and local governments, as soon as possible and pledge our support as Tennessee lawmakers and allies.