

Emergency Update: *The Deficit Reduction Clock is Ticking*



November 16, 2011

Our Very Special Guest

Senator Al Franken

In 2008, Senator Franken was elected to the Senate as a member of the DFL (Democratic-Farmer-Labor) Party from Minnesota. He currently sits on the Health, Education, Labor, and Pension Committee; the Judiciary Committee; the Energy and Natural Resources Committee, and the Committee on Indian Affairs.





Deborah Weinstein

Executive Director,
Coalition on Human
Needs

*Thanks to the Center on
Budget and Policy Priorities
for its analyses!*

November 23



In just one week, the Joint Select Committee on Deficit Reduction is supposed to submit a 10-year plan to reduce the deficit by at least \$1.2 trillion to Congress.

Two-Plus Options

If they approve a plan...

- Congress must vote on it by December 23.
- It's on a fast track: no amendments, no filibusters.
- They may leave some details to other committees.

If they don't...

- Automatic cuts (*sequester*) in domestic and military appropriations, and limited cuts to Medicare providers triggered. Low-income programs like Medicaid, SNAP, TANF exempted.
- Auto-cuts would not start until January 2013.
- If plan saves less than \$1.2 trillion, sequester will make up the difference.

What should be in a deficit reduction plan?

SAVE for All

Strengthening America's Values and Economy for All

- More than 1,600 groups signed statement of principles
- Meetings with Congress, activities in states
- Protect low- and moderate-income people and the programs that serve them
- Include job creation
- Fair sources of new revenue should be a big part of the plan
- Find savings from reducing wasteful spending in the military and elsewhere

What's been proposed?

From Republicans: **\$1.5T in deficit reduction**

- Small amount of net new tax revenue (\$250-\$300b); additional non-tax revenue
- Shift of tax burden from rich to rest
- Cut spending by \$875b (\$635b mandatory; \$240b discretionary)
- Remainder in reduced interest costs

From Democrats: **\$2.3T in deficit reduction**

- \$1T in new revenue
- \$1T in spending cuts
 - \$350b Medicare
 - \$50b Medicaid
 - \$200b other mandatory
 - \$400b discretionary
- \$300b reduced interest costs

Republican Tax Plan

Step 1:

Collect **\$3.5 - \$3.7 T** in new revenues –

By limiting tax deductions/credits to a percentage of income –
Would be felt most by those with incomes under \$200,000



Step 2

Give away all but **\$300b**

- By cutting tax rates in ways that overwhelmingly favor those at the top.

Millionaires would average **\$150,000 a year** from making Bush tax cuts permanent plus even lower new rates,



plus a million dollar estate tax break!



Things to watch out for on the tax side

- Is there enough?
- Is it collected fairly?
- If the specifics of finding new revenues are left to the tax-writing committees in 2012, what assurances that they will come through?

Assurances?

- Could be automatic upper-income tax increases if no action by Congress
- Could hold up approved spending cuts until revenue increases were approved

Things to watch out for on the spending side

Are low/moderate income people protected?
Will damage to the economy be minimized?

- ✂ Republican plan raised Medicare age to 67; reduced Social Security benefits by re-calculating inflation adjustments; in all cut mandatory programs by \$635b, cut discretionary programs by \$240b
- ✂ Democratic plan cuts Medicare by \$350b (\$100b in beneficiary cuts); cuts Medicaid/other health programs by \$50b; cuts discretionary programs by \$400b (\$200b defense; \$200b domestic)

Deal versus Auto-cuts:

What happens to appropriations?

Auto-cuts

(aka "sequester"):

✂ Would cut \$300b more over 10 years from domestic approps.

Deal

(Democratic plan example):

✂ Would cut \$400b more from all approps. (half supposed to be from defense, but if Congress doesn't go along, could be same domestic cuts as in sequester)

A lot is at stake.

Hint:



The minute we're done,

Please call
your senators!



They should tell the "Super
Committee."

Tell your Senators:

Please tell the Deficit Reduction Committee to **reject** plans that cut essential services for low-income people and to **insist** on substantial increased revenues from high-income people and corporations.

The plan should create jobs and make savings from reducing wasteful spending in the military and elsewhere.

We're not all the same.

Ways to modify the message, if you need to:

Please tell the Deficit Reduction Committee to **reject** plans that cut **essential services for low-income people**
(can specify Medicaid, Medicare, SNAP, Unemployment Insurance, Social Security, SSI, education, child care...)

and to **insist** on substantial increased revenues from high-income people and corporations.

The plan should create jobs and make savings from reducing wasteful spending in the military and elsewhere.

The Senators on the Joint Select Committee on Deficit Reduction

- Patty Murray (D-WA) (co-chair)
- Max Baucus (D-MT)
- John Kerry (D-MA)
- Jon Kyl (R-AZ)
- Rob Portman (R-OH)
- Patrick Toomey (R-PA)

Is this a waste of time because the Joint Select Committee won't "get to yes"?

- There's no certainty about what the Committee will do.
- But deficit reduction efforts won't end.
- If we add our voices in support of the SAVE principles, we can minimize harmful cuts and encourage fair revenues, military cuts, and even investment in job creation.

So please call right now!

Thanks to AFSCME, a toll-free number:



1-888-907-1485

Call 2 times for both Senators.

Before you do anything else...

Call

1-888-907-1485

Reject plans that cut essential services for low-income people and to **insist** on substantial increased revenues from high-income people and corporations.



Thanks!!
www.chn.org

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