



Who should pay for across-the-board budget cuts to reduce the deficit that start in January: the Richest 2% or working families?

- Instead of going ahead with \$1.2 trillion in across-the-board budget cuts over 10 years, which will kill jobs and hurt families, Congress should end the Bush tax cuts for the richest 2%. This will raise \$1.1 trillion over 10 years, about the same amount to be cut.
- Continuing the Bush tax cuts for the richest 2% gives a \$160,000 tax break on average to someone who makes \$1 million. It's time the richest 2% paid their fair share. Their tax breaks should not be paid for by the rest of us.
- **Sequestration will cost up to 2.1 million jobs next year in a fragile economy.** Tens of thousands of teachers, police officers, and workers who provide other services will lose their jobs, dragging even more families and local communities into hard times.¹
- **Working families have already paid the price to reduce the deficit.** Rather than supporting more huge tax cuts for millionaires, Congress should focus on protecting families who have already taken an economic hit:
 - Federal spending was already cut by \$1.5 trillion in the first round of deficit reduction in 2011. 60% of the cuts came from programs important to our families such as such as education, food safety, environmental protection and law enforcement.
 - Across-the-board budget cuts will make things worse for struggling families by slashing education, job training and safety, medical research, child care, and transportation programs that protect the middle class and low-income families and communities.

Congress has a choice: Make the richest 2% and big corporations pay their fair share. If we give more tax breaks to those who don't need them we won't be able to protect middle-class priorities like education and healthcare from deep cuts.

- **Who Pays: Kids and Teachers or the Richest 2%?** Parents and local communities will lose \$2.7 billion in federal funding in 2013 for three critical education programs that ensure all children have a real opportunity to get a high-quality education and meet state academic standards, including children in special education programs and toddlers in Head Start.
- **Who Pays: Seniors and People with Disabilities or the Richest 2%?** The Social Security Administration will lose 5,000 staff, which will delay benefits for millions of Americans that have earned them.
- **Who Pays: Veterans or the Richest 2%?** Veterans and their families will lose health care services, including treatment for mental health, suicide prevention and traumatic brain injury administered through the Defense Health Program.²

Background and Detailed Effects of Sequestration

- Starting in January, there will be \$1.2 trillion in across-the-board spending cuts (sequestration) over 10 years to reduce the deficit. Cuts are split equally between defense and domestic programs. The amount to be cut in 2013 is nearly \$110 billion. Social Security and Medicare benefits and Medicaid are exempt from these cuts, as are most veterans programs.
- Some members of Congress want to exempt the Pentagon from sequestration, either by finding substitutes for the defense cuts or by cutting the entire \$1.2 trillion from domestic programs.
- Investing \$1 billion in health care or education creates significantly more jobs than spending \$1 billion on the military. In health care, the difference is 54 percent more jobs; in education it's 138 percent more jobs – nearly two-and-a-half times as many as for military spending.³

Education Cuts in 2013

States and communities will lose \$2.7 billion in federal funding for just three critical education programs that serve a total of 30.7 million children. 46,349 employees will either lose their jobs or rely on cash-strapped states and localities to pick up their salaries instead. Programs to be cut:

- Title I programs to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and meet state academic standards
- Special education State grants
- Head Start

Health Care Cuts in 2013

- \$63.7 million will be cut from senior nutrition programs depriving 17 million seniors needing home-delivered meals, many of whom suffer from limited mobility or geographic isolation.
- \$42 million will be cut from the Maternal and Child Health Block Grant program resulting in 5.7 million fewer families receiving the health care services needed to meet the most urgent maternal and child health needs. These include prenatal care, well-child services, infant mortality, injury and violence, oral healthcare, racial and ethnic disparities, and comprehensive care through clinics, home visits, and school-based health programs.
- \$14.5 million will be cut from Childhood Immunization Grants resulting in over 210,000 fewer low-income and uninsured children receiving vaccines.
- \$12.3 million will be cut from the Breast and Cervical Cancer Screening program depriving nearly 34,000 low-income, uninsured, and underinsured women access to breast and cervical cancer screening and diagnostic services. These include: clinical breast examinations, mammograms, pap tests, pelvic examinations, diagnostic testing if results are abnormal, and referrals to treatment.

Social Security Cuts in 2013

While Social Security benefits will not be cut, \$890 million will be cut from the Social Security Administration (SSA), which also administers the Supplemental Security Income program and Medicare.

- SSA will lose 5,000 staff through attrition and the loss of temporary hires.
- SSA's approximately 65,000 employees and 15,000 State Disability Determinations Services employees will face up to 6 weeks of furloughs.
- These budget cuts will force millions of Americans filing for retirement and disability benefits to wait longer for the benefits they've earned. Backlogs for those with pending disability claims and hearings could reach record levels.

Veterans Support Services Cuts in 2013

- Veterans and their families will lose 51,000 job training slots that give veterans a better shot at increasing their chance of getting a job. Veterans who served in our military typically have an unemployment rate that is higher than that of nonveterans.
- Veterans and their families will lose health care services, including treatment for mental health, suicide prevention and traumatic brain injury administered through the Defense Health Program.

Sources and Endnotes

All budget cuts cited are from [Under Threat - Sequestration's Impact on Nondefense Jobs and Services](#), a report by Sen. Tom Harkin, Chairman, Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies, July 25, 2012.

<http://www.harkin.senate.gov/documents/pdf/500ff3554f9ba.pdf>

State-by-state breakdowns of sequester cuts for various programs are available in this report.

¹ [Under Threat - Sequestration's Impact on Nondefense Jobs and Services](#), a report by Sen. Tom Harkin, Chairman, Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies, July 25, 2012. [The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies](#), Stephen S. Fuller, Ph.D., Dwight Schar Faculty Chair and University Professor Director, Center of Regional Analysis, George Mason University with Chmura Economics & Analytics. Prepared for the Aerospace Industries Association, July 17, 2012. http://www.aia-aerospace.org/assets/Fuller_II_Final_Report.pdf

² [A Report on Consequences of Sequestration](#), House Appropriations Committee Democrats, October 9, 2012. http://democrats.appropriations.house.gov/index.php?option=com_content&task=view&id=1037&Itemid=28

³ [The U.S. Employment Effects of Military and Domestic Spending Priorities: 2011 Update](#), Robert Pollin & Heidi Garrett-Peltier, Political Economy Research Institute, University of Massachusetts, Amherst, December 2011. http://www.peri.umass.edu/fileadmin/pdf/published_study/PERI_military_spending_2011.pdf