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The Fiscal Cliff: Diving without a Parachute *Call your members of Congress TODAY to ensure a safety net is there to catch us.*

While the results of the elections (both Congressional and Presidential) should be on all of our minds, one thing is certain regardless of the outcome: budgetary and deficit issues will be the first order of business after the elections are complete.

A combination of expiring tax cuts and automatic spending cuts, known collectively as "the fiscal cliff," is set to kick in on January 1, 2013, and negotiations are happening now. The current law that requires significant cuts to both defense and non-defense programs is wildly unpopular and may be supplanted by an alternative agreement, where the real danger to safety net programs lies. Programs like Medicaid, health centers, housing assistance, and many other lifelines for vulnerable and poor people are renewed targets, especially given the intense pressure to maintain or even increase defense spending. Hence, even deeper cuts to human service programs are possible.



The HCH Community needs to act now. Educate your members of Congress on the importance of safety net funding before a bad deal is reached!

TAKE ACTION

The exact timing of a new agreement depends on the election, with the potential for things to move very quickly once the lame duck session of Congress begins on November 13. Now is the time to begin or intensify communication with your elected officials about the impact cuts to various programs would have on your projects, patients, and communities.

Contact your two Senators and one or more Representatives through the Capitol Switchboard at 1 (877) 210-5351. Ask to speak to the staff person who handles budget, health or housing funding, or 'fiscal cliff' issues. Use the following talking points and supporting materials in your discussion:

- **Non-defense discretionary programs** (like health centers and housing programs) **should not be cut** because they have already endured significant cuts.
 - The Budget Control Act (the August debt ceiling agreement) capped domestic programs - cutting \$894 billion through FY22. This is already in law and further cuts would be disastrous. View the Center for Budget Policies and Priorities [report](#).
 - The Sequester would result in an 8.2% cut to domestic programs. For example, 250,000 families would lose Section 8 vouchers if the sequester occurred. View the Campaign for Housing and Community Development [report](#) for other housing statistics.
- **The non-defense discretionary sequester must be averted - but not through other domestic cuts.** Protect safety net programs like Medicaid in deficit reduction efforts.
 - Medicaid beneficiaries are seniors, children, pregnant women, disabled adults, or working parents - all vulnerable populations with no other options

- for health insurance.
- Medicaid provides excellent care. View the Families USA [report](#) on Medicaid quality.
- Cuts to Medicaid do not reduce costs, they only shift costs to states, providers, and beneficiaries.
- **Further discretionary cuts will hurt the economy and cost jobs.**
 - View the George Mason University [report](#) for state-by-state estimates of job losses.
- **Increased revenues must be part of any deficit reduction agreement.**
 - Without significant new revenue, the magnitude of cuts in a deficit reduction agreement is simply untenable.

The above talking points are provided so that you have a breadth of topics to discuss. Do not feel obliged to touch on each point - consider the priorities of your agency and your members of Congress in crafting your message. The important thing is to make your voice heard to ensure the most vulnerable among us are protected in these negotiations. **Call today!**

Additional Background on the Fiscal Cliff

The August 2011 debt ceiling deal (the Budget Control Act) and the subsequent failure of the Super Committee resulted in automatic spending cuts (the sequester) to defense and non-defense discretionary spending totaling \$1.2 trillion over 8 years and set to go into effect on January 1, 2013. Most of the attention to date has focused on the defense cuts, but the non-defense cuts are equally devastating. **These cuts will amount to an 8.2% reduction for most non-defense programs, including \$169 million less in health center funding.** The health center cut would potentially be offset by the additional health center funds included in the Affordable Care Act, though that means fewer resources for expansion to meet the needs of newly insured patients in 2014. Housing programs would also be hard hit, with as many as 1 million individuals (250,000 families) losing Section 8 Housing Assistance. Additionally, the 2001/2003 tax cuts (a.k.a. "the Bush tax cuts") are set to expire, resulting in an approximate \$4 trillion tax increase over ten years. Beyond the immediate "fiscal cliff," a \$4 trillion deficit reduction agreement is what budget experts have concluded is needed to stabilize the deficit, so further cuts and/or revenue increases are likely.

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