



WASHINGTON BUREAU · NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE  
1156 15<sup>TH</sup> STREET, NW SUITE 915 · WASHINGTON, DC 20005 · P (202) 463-2940 · F (202) 463-2953  
E-MAIL: [WASHINGTONBUREAU@NAACPNET.ORG](mailto:WASHINGTONBUREAU@NAACPNET.ORG) · WEB ADDRESS [WWW.NAACP.ORG](http://WWW.NAACP.ORG)

## **ACTION ALERT**

**DATE:** November 15, 2012  
**TO:** Concerned Parties  
**FROM:** Hilary O. Shelton, Director, NAACP Washington Bureau

### **NAACP Calls On Congress to Prevent The Nation From Falling Over the “Fiscal Cliff” and to Halt Devastating Budget Cuts URGES DEVELOPMENT OF A FAIR AND BALANCED FEDERAL BUDGET**

#### **THE ISSUE:**

Unless action is taken to avert it before then, on January 2, 2013, the United States will be faced with what has become known as the “**fiscal cliff**.” Under this scenario, automatic, across-the-board spending cuts of about \$109 billion per year are scheduled to take place: this means that almost every federal discretionary program will be facing a reduction in its budget of approximately 8.6%. Also, a number of tax cuts which were first enacted under President George W. Bush, and which affect all Americans from the wealthiest among us to those with little or no income, are set to expire as of December 31, 2012. Finally, the federal Emergency Unemployment Compensation program, which currently helps more than 5 million long-term unemployed Americans, will end as of December 31, 2012, unless it is reauthorized.

The non-partisan Congressional Budget Office has determined that if Congress and the President do not act, and America is allowed to fall off the “fiscal cliff,” our nation will be slammed back into a recession with national unemployment levels reaching over 9% by the end of the year (unemployment rates for African Americans tend to be roughly double that of the national average at any given time). The funding cuts will affect both defense and non-defense programs; it is estimated that as many as 2 million Americans, including police officers, teachers, air traffic controllers, and civilian defense workers may lose their jobs as a result. Other groups estimate that if none of the tax breaks are reauthorized, the average, middle class family making between \$40,000 and \$64,000 annually will be facing a \$2,000 increase in their annual tax bill. And if the Emergency Unemployment Compensation program is allowed to expire, more than 2 million Americans will lose their jobless benefits as of January 1, 2013, and another 1 million will lose them as of April, 2013. It is fair to say that between the cuts in services, the tax increases, and the loss of unemployment benefits no person, family, community, or business will not feel the effects if we fall off the “fiscal cliff.”

It is clear that Congress and the Administration must work together over the next six weeks to develop a federal budget and to avoid the potential devastation of the “fiscal cliff.” This will most likely involve all aspects of the federal budget, including entitlement programs such as Social Security, Medicaid, Medicare and Veterans’ benefits. Due to the disproportionate impact the fiscal cliff would have on the most vulnerable among us, the NAACP has consistently called on Congress and the Administration to put aside their partisan bickering and develop a balanced budget which makes the tax code more fair and does not do additional harm to the programs which serve us all, especially the most vulnerable among us. We further urge Congress to use this opportunity to focus on job creation and avoid any actions that would cost jobs; oppose benefit cuts for Social Security, Medicare, and Medicaid; protect our nation’s safety net; and oppose any extension of the Bush tax cuts for the richest 2 percent of Americans.

**FOR MORE INFORMATION ON THE “FISCAL CLIFF,**

## **THE ACTION WE NEED YOU TO TAKE:**

Contact your Representative and both your Senators and **URGE THEM TO WORK TOWARDS THE DEVELOPMENT OF A BALANCED BUDGET WHICH MAKES THE TAX CODE MORE FAIR AND DOES NOT DO ADDITIONAL HARM TO THE PROGRAMS WHICH SERVE US ALL, ESPECIALLY THE MOST VULNERABLE AMONG US.** To contact your Senators and Representative, you may:

✓ **Make a Phone Call:**

Call your Senators and your Representative in Washington by dialing the Capitol Switchboard and asking to be transferred to your Senators'/Congressman's offices. The switchboard phone number is **(202) 224-3121** (see message section, below).

✓ **Write a Letter**

To write letters to your Senators, send them to:

The Honorable (name of Senator)

U.S. Senate

Washington, D.C. 20510

To write a letter to your Representative, send it to:

The Honorable (name of Representative)

U.S. House of Representatives

Washington, D.C. 20515

**A SAMPLE  
LETTER IS  
ATTACHED**

✓ **Send a Fax**

If you would like to send a fax, call your Senators' or Representative's offices (through the Capitol switchboard) and ask for their fax numbers (you can use either the attached sample letter or the message box, below).

✓ **Send an E-Mail**

To send an e-mail to your Senators, go to [www.senate.gov](http://www.senate.gov); click on "*Find Your Senators*". Look up your Senators by state; go to their web sites for e-mail addresses. To send an e-mail to your Representative, go to [www.house.gov](http://www.house.gov), and click on "*Write Your Representative*" (on the left hand side, just under "find your Representative"). This will help you identify who your congressman is and how to contact him/her.

## **REMEMBER TO CONTACT BOTH YOUR SENATORS!!!!**

### **THE MESSAGE**

- Between the cuts in jobs, federal services and federal programs, the tax increases, and the loss of unemployment benefits which will occur if we allow our Nation to fall off the "fiscal cliff" no person, family, community, or business will be left unharmed.
- It is clear that Congress and the Administration must work together through the end of the year to develop a federal budget that carefully balances spending cuts with new revenues to avoid the potential devastation of the "fiscal cliff."
- The NAACP strongly and consistently urges Congress to use this opportunity to focus on job creation and avoid any actions that would cost jobs; oppose benefit cuts for Social Security, Medicare, and Medicaid; protect our nation's safety net; and oppose any extension of the Bush tax cuts for the richest 2 percent of Americans.

**THANK YOU FOR YOUR ATTENTION TO THIS IMPORTANT MATTER!!!**

If you have any questions, call Hilary Shelton at the Washington Bureau at (202) 463-2940.

**MEMBERSHIP IS POWER! JOIN THE NAACP TODAY.**

To become an NAACP member or to sign up for e-mail legislative and press updates, visit [www.naacp.org](http://www.naacp.org)

**Sample**

(date)

The Honorable \_\_\_\_\_  
United States Senate / House of Representatives  
Washington, D.C. 20510 / 20515

**RE: OPPOSITION TO THE "FISCAL CLIFF"**

Dear Senator / Representative \_\_\_\_\_;

As your constituent, I am writing to urge you to put aside petty partisan bickering and to work with your colleagues and the Administration and to do all you can to ensure that our nation does not fall off the "fiscal cliff" on January 2, 2013. If we are allowed to go to these extremes, the non-partisan Congressional Budget Office estimates that we will be "slammed" back into a recession with national unemployment levels reaching over 9% by the end of the year.

It is fair to say that between the cuts in jobs, federal services and programs, the tax increases, and the loss of unemployment benefits no person, family, community, or business will not feel the effects if we fall off the "fiscal cliff." The funding cuts will affect both defense and non-defense programs; it is estimated that as many as 2 million Americans, including police officers, teachers, air traffic controllers, and civilian defense workers may lose their jobs as a result. Other groups estimate that if none of the tax breaks are reauthorized, the average, middle class family making between \$40,000 and \$64,000 annually will be facing a \$2,000 increase in their annual tax bill. And if the Emergency Unemployment Compensation program is allowed to expire, more than 2 million Americans will lose their jobless benefits as of January 1, 2013, and another 1 million will lose them as of April, 2013.

Given the potential dangers facing all Americans, I urge you to use this opportunity to focus on job creation and governmental stability and avoid any actions that would cost jobs; oppose benefit cuts for Social Security, Medicare, and Medicaid; protect our nation's safety net; and oppose any extension of the Bush tax cuts for the richest 2 percent of Americans.

Again, I hope that you will do all you can to see that the Congress and the Administration work together to resolve this impending problem. In that vein, I hope you will feel free to contact me to let me know what I can do to help you come to a resolution, and I look forward to hearing from you soon with news of what you are doing to address the federal budget.

Sincerely,

(sign and print your name and  
remember to include your address)

***Remember to contact your  
Representative and BOTH  
your Senators.***



# THE FISCAL CLIFF

## THE FISCAL CLIFF

---

## QUESTIONS & ANSWERS

### 1. **What is the “Fiscal Cliff”**

The “fiscal cliff” is the name given to what may happen as of January 2, 2013 if a federal budget agreement is not reached. Under current law, three economic events are currently set to take place at that time:

- “sequestration”, or severe, across-the-board budget cuts affecting every discretionary program, both military and non-defense related, which receives federal funding;
- An expiration of a whole host of tax cuts first enacted under President George W. Bush; and
- An end to the federal emergency Unemployment Insurance program, which provides benefits to long-term unemployed Americans after their state benefits have expired.

### 2. **What do you mean by “sequestration”? What will the impact be?**

Under the terms of the *Budget Control Act of 2011*, automatic, across-the-board spending cuts would take place on January 2, 2013. These cuts are known as “sequestration” and they would result in federal spending being cut by \$1.2 trillion over 10 years, which translates into about \$109 billion per year as of January 2, 2013. This means that almost every federal discretionary program will be facing an immediate reduction in its budget of approximately 8.6% on January 2, 2013.

This funding cut will affect both defense and non-defense programs; it is estimated that as many as 2 million Americans, including police officers, teachers, air traffic controllers, and civilian defense workers, among others, may lose their jobs as a result. Essential services would also be drastically cut, disproportionately affecting the most vulnerable among us, including childhood vaccinations (it is estimated that almost 212,000 children will not be vaccinated if sequestration takes effect) and Head Start (almost 100,000 fewer low-income children would be served) to screenings for breast and cervical cancer (as many as 34,000 fewer women would be screened) and Meals-On-Wheels for seniors who are not able to get out (17 million fewer meals would be served).

Furthermore, with the national unemployment rate still hovering above 8% (and the rate among African Americans nationally at 14.4%), sequestration would result in 1.6 million fewer adults, dislocated workers and at-risk youth receiving job training, education or employment services.

**3. Which tax cuts will expire? Who will be affected?**

Given the magnitude of the tax cuts which are expected to expire on December 31, 2012, every American, regardless of his or her income, is likely to be affected. All sides seem to agree that the cuts affecting households making less than \$250,000 annually should be extended. The debate is really over whether or not to extend the tax cuts which benefit the wealthiest 2% among us. If they are allowed to lapse, an additional \$42 billion will be added to the U.S. Treasury in 2013.

Included in the tax breaks that everyone agrees should be extended, for individuals making less than \$200,000 or couples making less than \$250,000, are:

- Simplified rules and expanded eligibility for the earned-income tax credit and provisions that increased the income range at which the credit phased out for married couples;
- Relief from the so-called marriage penalty through an increase in the standard deduction for married couples filing jointly;
- A maximum child tax credit of \$1,000, as well as provisions that expand eligibility for the refundable portion;
- A reduction in the payroll tax credit, in which employees' half of the payroll tax was from 6.2% to 4.2%. The employers' half was unchanged. Self-employed individuals were subject to a rate of 10.4% instead of 12.4%.

**4. What about the federal Emergency Unemployment Compensation program?**

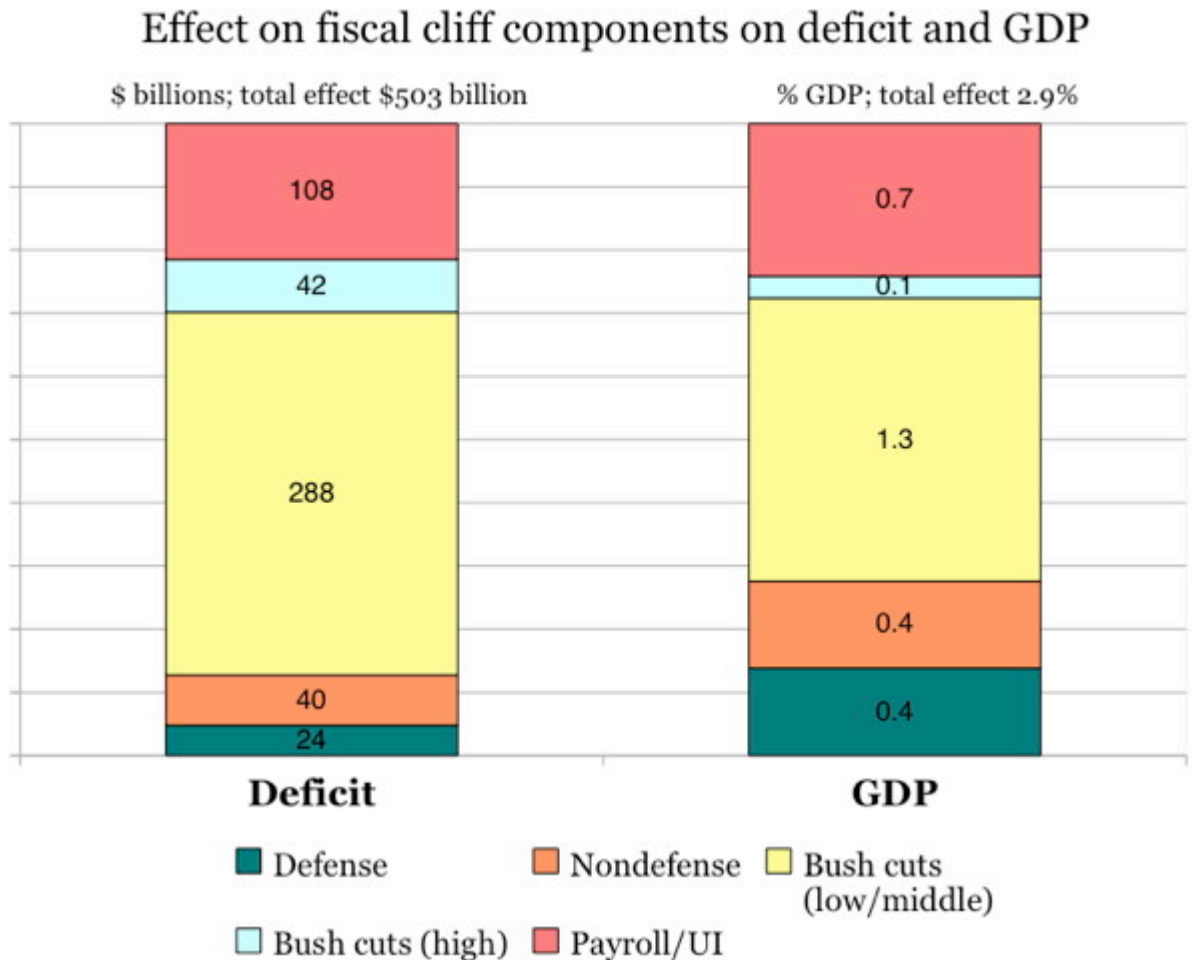
The federal Emergency Unemployment Compensation program, which currently helps more than 5 million long-term unemployed Americans, will end as of December 31, 2012, unless it is reauthorized. This means that more than 2 million Americans will lose their jobless benefits as of January 1, 2013, and another 1 million will lose them as of April, 2013.

**5. What are the consequences of the "fiscal cliff"?**

While estimates vary widely, there is little doubt that every American will feel the effects of the fiscal cliff. The non-partisan Congressional Budget Office released a report in early November indicating that if the cliff is not averted, the country will almost certainly fall into yet another recession, and national unemployment will reach over 9% by the end of 2013 (unemployment among African Americans is traditionally double the national average).

**6. What amount does each element contribute to the total impact of the fiscal cliff?**

According to the Congressional Budget Office, the “fiscal cliff” will generate about \$503 billion in total for the federal government in fiscal year 2013, or about 2.9% of the Gross Domestic Product (GDP). But not all revenues / spending have an equal impact on the GDP. Below are two charts to help explain the situation:



**7. Are programs like Social Security, Medicaid, Medicare and Veterans’ Benefits affected by the “Fiscal Cliff”?**

Not directly. As “non-discretionary programs” they are not affected by the looming budget cuts. The programs affected by the “sequester” are only military and non-military *discretionary* programs (“discretionary spending” is funding for programs which is limited by the amount of money made available, rather than by demand; “non-discretionary” federal programs include Social Security, Medicare and Medicaid and Veterans’ benefits, and spending is determined by programmatic rules and limits and the number of people who use them, rather than by limits on the amount of funding available).

Furthermore, the people and administrations which facilitate these programs will be affected by the looming cuts should they occur, such as the Social Security Administration. This means that it

will be more difficult to resolve problems, claim backlogs would grow and it will likely take longer for beneficiaries to obtain the benefits they have earned.

However, because a resolution to the “fiscal cliff” will likely involve the entire federal budget, Social Security, Medicare, Medicaid and Veterans’ Benefits will undoubtedly be brought into the conversation.

**8. *How can we avoid the “fiscal cliff”?***

Congress and the Administration can avert the “fiscal cliff” by passing a law prior to December 31, 2012. To do this, however, they will need to work very hard to develop a federal budget which closes the national deficit through spending cuts and revenue increases.

**9. *What is the NAACP calling for?***

The NAACP has consistently called on the President and the Congress to develop a balanced budget which makes the tax code more fair and does not do additional harm to the programs which serve us all, especially the most vulnerable among us. We further urge Congress to use this opportunity to focus on job creation and avoid any actions that would cost jobs; oppose benefit cuts for Social Security, Medicare, and Medicaid; protect our nation’s safety net; and oppose any extension of the Bush tax cuts for the richest 2 percent of Americans.