



For immediate release
December 17, 2012

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Automatic federal cuts would hit Ohio hard

Don't make a fiscal deal that increases inequality or poverty, group says

The Budget Control Act of 2011, which is pushing federal funding toward what pundits are calling a “fiscal cliff,” includes spending limits and cuts that would cost Ohio hundreds of millions of dollars each year for the next decade, according to a statement released today by Policy Matters Ohio.

To avoid automatic cuts and spending limits, Congressional leaders are promoting an approach to taxes and spending that would get rid of unemployment insurance for thousands of Ohio families, create deep cuts in safety net programs, and eliminate cuts that have reduced taxes for middle-class and poor families.

“This is the wrong path,” said Amy Hanauer, executive director at Policy Matters. “As policymakers navigate the choices facing them, they must keep core principles in mind. Most importantly, they must not make a deal that increases inequality or impoverishes more children.”

Any agreement must raise significant revenues from the wealthiest, support economic growth and job creation, and preserve tax cuts for the middle class, according to the statement, *Principles for a better budget deal*. At the same time, the outcome must not increase poverty or inequality, or shift costs to states.

“A bad deal – one that would hurt families and children, deepen poverty and hardship, and increase inequality – would be worse than no deal at all,” said Hanauer. “Policymakers must take the time to craft a plan that will strengthen economic growth and protect families in Ohio and across the country.”

Key findings

- Federal policy must not increase poverty or inequality.
- Tax rates on the wealthiest are among the lowest since the 1930s; they should go back to levels in the high-growth 1990s.
- We can't allow cuts – to education, extended unemployment, safety net programs, or the Earned Income Tax Credit – that would hurt millions of Ohioans.
- Spending caps in the Budget Control Act of 2011 already dramatically reduce the deficit.
- Smart choices will improve our economy, reduce poverty, and build the middle class.

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
with offices in Cleveland and Columbus.*