Decoding Deficit Reduction: Who Will Hurt the Most

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By Triada Stampas

The spending-reduction deal Congress and the President struck this week to avoid defaulting on the national debt (the Budget Control Act of 2011) leaves every federally funded program – including those that make up our social safety net – vulnerable to deep cuts, restructuring or elimination. With the recession having left low-income households even further behind, the nation's poor can ill withstand the unraveling of that safety net.

Federal government programs fall into one of two categories: "entitlement," for which funding is able to adjust in order to meet fluctuating levels of need, guaranteeing that benefits are provided to all people who meet the program's eligibility standards; and "discretionary," meaning program funding must receive Congress's approval every year. The process for reducing the deficit by at least $2.1 trillion over ten years splits the process into two phases and treats each of these categories differently:

Phase One
The debt deal sets a target of $900 billion in discretionary program cuts over 10 years, starting in Fiscal Year (FY) 2012 (which begins October 1, 2011). Of this amount, $550 billion must come from non-defense discretionary spending. Essential programs like the federal emergency food program (TEFAP) – the single largest source of food distributed to our city's soup kitchens and food pantries – may be on the chopping block. While only $21 billion will be cut in the FY 2012 budget, the cuts will increase each year over the next 10 years until the target is reached.

Phase Two: Entitlement and Discretionary Program Cuts
Next, the agreement creates a 12-member Congressional committee to identify $1.5 trillion in further cuts over 10 years. At this step in the process, all federal government programs, including TEFAP and food stamps (SNAP), will be fair game for cuts, restructuring or elimination. The Committee will move quickly: it must produce a plan before Thanksgiving for Congress to approve by December 23, 2011 in order to avoid triggering across-the-board cuts.

If the committee fails to produce a bill or the bill doesn't pass, automatic across-the-board cuts of $1.2 trillion will take effect on January 1, 2013. Half of those cuts will be in non-defense programs, with certain exemptions (including SNAP benefits and child nutrition programs).

The programs that low-income Americans rely on are in danger at every step of this process, and the next four months will be absolutely critical. Even before this agreement was reached, the House of Representatives had already passed an Agriculture Appropriations bill for FY 2012 that would provide 10 million fewer meals for New Yorkers in need – under this new budget-slashing mandate, however, the impact on low-income New Yorkers could be far, far worse. With the cuts spaced out over ten years, the Food Bank is committed to protecting the New Yorkers we serve in the long run.

Triada Stampas works to inform government officials, policy makers and the general public about the needs of the city's network of emergency food organizations and the more than 1.3 million people who rely on them; and to advance public policy that meets those needs.