What is the fiscal cliff, anyway? A 'cliff' primer for Georgians: Congressional leaders will convene this week to try to hammer out a solution to the much discussed and feared "fiscal cliff." Here, exclusively from The Atlanta Journal-Constitution, is a guide to what's at stake for Georgia and Georgians.

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What is the fiscal cliff, anyway?

It's a series of tax increases (actually, the expiration of various tax cuts), combined with deep, automatic spending cuts. Both are set to begin in January. Both would have the effect of lowering the deficit --- a good thing. But, occurring at the same time, economists say, they could also put the economy into a tailspin --- a bad thing.

What tax increases? The most significant increase comes from the expiration of the payroll tax cuts enacted two years ago, as well as the 2001 and 2003 tax cuts implemented by then-president George W. Bush. Implementation of the Affordable Care Act will bring more tax provisions affecting businesses and individuals.

What spending cuts? Half will come from the defense budget --- a source of contention between Republican and Democratic leaders. Half will come from domestic programs, excluding entitlements such as Social Security and Medicare.

$8 trillion is how much the combination of lower spending and higher tax revenue would trim from the nation's debt over the next decade, according to the nonpartisan Congressional Budget Office.

$16.2 trillion is the current size of the debt.

Why does it matter?

In a word: recession. Both conservative and liberal economists say so much austerity all at once could lead to one.

0.5 percent is how much the national economy would shrink next year unless Congress delays some or all the elements that make up the cliff, the CBO estimates.

9.1 percent unemployment would probably result nationwide, the CBO estimates. Georgia's unemployment rate was 1.2 points above the nation's, according to the latest comparable figures.

Why would recession happen?

"If the government gets more revenue, people have less money to spend on other things. When taxes go up, the economy does down." --- Georgia State University economist Rajeev Dhawan

How will households feel the cliff?

90 percent of Americans will pay more in taxes unless Congress and the president agree to delay the expiration of various cuts. The average tax increases for different types of households would be:

$400 for the lowest earning households
$2,000 for middle-income households

$120,000 for the top 1 percent

$3,500 average for all households

What about businesses?

"If I'm a business owner, do I want to take the risk of trying to extend my business and invest in new equipment and hire new workers if ... whatever fruit is produced by that activity is taken by the government?" --- economist Dorsey Farr, with Atlanta-based investment advisers French Wolf & Farr

Is that so bad if it lowers the deficit and the debt?

"If we were in a period of relatively robust growth, it would be easier to absorb this kind of shock." --- Mercer University economist Roger Tutterow

What the fiscal cliff might mean for Georgia

The CBO estimate of a 0.5 percent contraction is about one-tenth the shrinkage that took place during the Great Recession in 2008 and 2009.

As a very rough guide to what that might look like in Georgia, a downturn one-tenth as bad as the last one could translate to roughly:

- 30,000 fewer jobs (300,000 disappeared between December 2007 and June 2009)
- $2.8 billion less in gross state product ($28 billion was lost between 2007 and 2009)
- 95,000 fewer passengers boarding planes at Hartsfield-Jackson International Airport (from 2007 to 2009, that number dipped 950,000)
- 320,000 tons less cargo moving through the Port of Savannah (it shrank by 3.2 million tons from June 2007 to June 2008)
- $150 less in median household income (it declined by $1,500 from 2007 to 2009)
- 25,000 more people in poverty (250,000 more lived in poverty in 2009 than in 2007)
- 8,000 more children in poverty (80,000 more lived in poverty in 2009 than in 2007)
- 25,000 more people on food stamps (250,000 more were enrolled in 2009 than in 2007)
- 10,000 more people enrolled in Medicaid (100,000 more enrolled in 2009 than in 2007)
- 6,000 more children enrolled in PeachCare for Kids (60,000 more were enrolled in 2009 than in 2007)
- $206 million less in revenue for the state of Georgia (state revenue fell by more than $2 billion from 2007 to 2009)
- $150 million less in revenue for Georgia schools (money for schools dropped by $1.5 billion from 2007 to 2009)

Bottom line

"We want to acknowledge the risks are there and say it could have real effects and alter confidence and perceptions of how the economy is doing. But it would be a mistake to compare the likely effects with the depths of the recession of 2008 and 2009." --- Tutterow

"Hard choices will be made in 2013. The issue is when." --- Dhawan

Sources: Georgia Department of Labor, U.S. Bureau of Economic Analysis, U.S. Census Bureau, Georgia Department of Community Health Governor's Office of Planning and Budget, Georgia Department of Education, The Urban Institute and Urban-Brookings Tax Policy Center