

The Fiscal Cliff

Fiscal Policy Scheduled Expiration of

- Bush Era Tax Cuts
- Temporary Payroll Tax Cut
- UI Benefits Extension
- Special Depreciation Allowance for Business

Sequester = \$1.2 trillion in cuts over 2013-21

Contractionary... increases probability of recession

Inaction causes uncertainty

Budget Cuts Loom...

- Sequestration: \$1.2 trillion scheduled 2013-2021, .
- \$88 billion in cuts in 2013, roughly half in defense
- Potential Impact on California in 2012-13: *
 - Defense: 135,200 jobs lost (direct, indirect, induced)
 - Non-defense: 90,300 “
 - Total: 225,500 “
- LA County will bear significant burden of cuts
- Poor timing with high-unemployment rates and slow recovery from Great Recession

* The Economic Impact of the Budget Control Act of 2011 on DOD and non-DOD Agencies (George Mason University, July 12, 2012)