



What the Fiscal Cliff Means for MOWAA Member Programs

December 18, 2012



Erika Kelly
AVP, Policy & Legislation



Larry Tomayko
Interim CEO



Bob Herbolsheimer
VP & General Counsel

Agenda

- Overview of the Fiscal Cliff
- Threats & Challenges
- Specifics of Sequestration
- Proposals on the Table
- Taking Action



The Fiscal Cliff

A looming combination of sharp....

- Tax Increases
- Spending Cuts



Congress has 14 days to act in order to avert going over the fiscal cliff.

What does the fiscal cliff mean to Meals On Wheels?

Republicans and Democrats alike want to avoid going over the cliff, but they disagree on the how. Specifically, how to reduce the federal budget deficit over time. e.g. taxes and federal savings from reforms to programs such as Medicare and Social Security.

Immediate Threats:

1. Sequestration – automatic, across-the-board spending cuts.

The 2011 Budget Control Act requires a \$109 billion sequestration on January 2, 2013, unless Congress finds equivalent savings elsewhere. For nondefense discretionary programs like the Older Americans Act, this represents a 8.2% cut in funding.

2. Changes to the Charitable Tax Deduction

The Specifics of Sequestration

- If the 8.2% estimated sequester is accurate, OAA Nutrition Programs would be cut by nearly \$67 million.
- At a Senate Appropriations hearing last year, Secretary Sibelius said a roughly 8% cut would translate to about a loss of about 17 million meals.
- According to conservatively estimated MOWAA calculations, this could mean more than 127,000 seniors could lose their meals for an entire year.

For State by State Estimates, visit:

http://mowaacenter.org/documents/SequestrationStatebyState_DollarsMealsPeople.pdf

- Under the BCA, a number of other federal nutrition programs – such as the Supplemental Nutrition Assistance Program (SNAP), child nutrition programs (School Lunch and Breakfast) and the Commodity Supplemental Food Program (CSFP) – are protected from sequestration cuts. OAA Nutrition Programs are NOT protected, even though they are serving one an equally vulnerable population. **We need to continue to repeat this message and make the case for parity.**

Facing Multiple Challenges

Even before sequestration, OAA Nutrition Programs are facing a cut.

- The Administration on Aging's Budget Justification of FY 2013, estimated the President's request for level funding would support 219 million meals for OAA Nutrition Programs. **This represents 22 million fewer meals** than the number served in FY 2010.

At the same time there is...

- **Increased Demand:** More than 10,000 individuals turn 60 every day. The number of seniors in this country will double by 2030 to over 70 million.
- **Increased Need:** Since the onset of the recession in 2007 to 2010 there was a 34% increase in seniors facing the threat of hunger. (a 78% increase since 2001).

For State by State data, visit:

http://mowaacenter.org/documents/SequestrationStatebyState_DollarsMealsPeople.pdf

- **Increased Costs:** Higher food and fuel costs.
- **Slow Economy:** Reduced donations, client contributions and other funding sources. i.e. state, county, municipalities.

Yet Another Challenge: Proposals to Change Charitable Tax Deduction

Two Main Proposals:

- Limit on higher income taxpayers to reduce the deduction from current level of 35% to 28%
- Overall cap on itemized deductions for all taxpayers – cap levels are proposed to be between \$25,000 and \$50,000
- MOWAA Board has approved a policy statement on this issue (next slide)



Meals On Wheels Association of America
Policy Statement On the Deductibility of Charitable Donations

Meals On Wheels programs across our country serve in excess of one million meals every day to a vulnerable population of seniors in need of good nutrition. These local community-based programs rely significantly on small charitable contributions from individual donors. These donations are used to supplement other sources of funding to enable them to produce and deliver meals needed to meet the growing demand for services from an aging society that is increasingly at risk of hunger.

Proposals have surfaced in Congress and in the Administration to amend the Internal Revenue Code to limit the deductibility of charitable contributions from individual donors. Because of the adverse impact these changes inevitably would have on organizations serving the most vulnerable and needy Americans, the Meals On Wheels Association of America (MOWAA) opposes any changes that would have the effect of eliminating or reducing charitable giving. MOWAA believes there are better approaches to raising revenues and addressing current budget issues.

However, if a change to the Internal Revenue Code affecting charitable deductions is unavoidable, MOWAA believes that a proposal affecting the fewest number of potential donors is preferable to an alternative that would impact all taxpayers. Particularly onerous would be a proposal to place a cap on the total amount of itemized deductions that a taxpayer could take. Affecting all taxpayers, this proposal would, if enacted, have a great impact on charities like Meals On Wheels programs which rely heavily on low-dollar contributions by average Americans. Because mortgage or tax deductions would likely reach the proposed cap, the likely result would be that charitable donations of many taxpayers would not be deductible and fewer would be made. This approach would substantially reduce the number and amounts of charitable donations critically needed by organizations like MOWAA Member programs.

Therefore, as a matter of policy, MOWAA opposes any measure that would place a cap on itemized deductions that would have the effect of reducing or eliminating small charitable contributions from average Americans desiring to support important social services in their communities.

December 2012

so no senior goes hungry.

Our Window of Opportunity

There is still time to enact a deficit-reduction deal .

Obstacles to Fiscal Cliff Deal Are Still Piled High

Fiscal Cliff Talks Test as Speaker Meets Caucus



Obama Sends Boehner New Offer on Fiscal Crisis; May Be Close to Final Deal

Fiscal Cliff Talks Intensify...

At What Price

Still No End In Sight for Big Cliff Deal

Here is What You Can Do Today

- Write letters or send an emails to all of the Members of Congress representing your program's service area. Share facts and stories.
- Call your U.S. Senators and Representatives' offices in Washington, DC and/or in your state.
- Use social media outlets to convey your messages to Members of Congress and/or encourage others in your community to share their views too.
- Collaborate with organizations in your community to send a joint or coalition letter on important issues.
- Write a opinion piece or letter to the editor for your local newspaper.
- Request a meeting with Member of Congress and/or staff.
- Invite Members of Congress to deliver meals and/or visit your program.
- **Feel free to reach out to MOWAA if you have questions or would like to discuss any ideas. We are here to help.**

Other Tips for Being a Good Legislative Advocate

- Learn the ways to make a difference through your Board and other individuals in your community such as city officials, business owners, school administrators, etc.
- Know the issue and how it affects you and the seniors you serve.
- Prepare short summary of impacts to you and seniors you serve.
- Develop coalitions with organizations in your community.
- Be respectful of, and recognize the time and constraints facing elected officials.
- Develop a media strategy to promote your message and to reach decision-makers.
- Understand the politician's areas of interest.
- Make yourselves heard.
- Let us know when you have made contact.
- Look for appropriate opportunities to convey messages.

Taking Action Together



- Raising the visibility of the work you do every day and the work of MOWAA.
- Raising awareness about how issues in Washington affect you, your program and the seniors you serve.
- MOWAA is here to help you in your efforts.

Always feel free to contact Erika at 703.548.5558 or erika@mowaa.org