

Fact Sheet: Impact of Fiscal Cliff on Montana

Impact on Middle Class Taxes in Montana

400,000 middle-class Montana families will see their federal income taxes increase. If the middle-class tax cuts are allowed to expire on January 1st, a median-income Montana family of four earning \$65,700 would see its income taxes rise by \$2,200. [NEC, [12/6/12](#)]

52,028 additional Montana taxpayers will be hit by the AMT. The AMT was originally created to prevent the wealthiest individuals from using loopholes to avoid paying their fair share. However, it was not indexed for inflation and without the kind of annual adjustment Congress has made in the past it will inadvertently hit middle-class families with an unexpected tax increase. [CRS, [12/4/12](#)]

28,000 Montana taxpayers will no longer get a tuition tax credit to help pay for college. The expiration of the American Opportunity Tax Credit, which provides as much as \$10,000 of help over four years, will make it harder for middle-class Montana families to afford the cost of higher education. [NEC, [12/6/12](#)]

98,000 Montana families raising children will see an average tax increase of \$1,000. Millions of American families raising children would see their taxes rise as they lose access to the Child Tax Credit. [NEC, [12/6/12](#)]

A tax increase on Montana's working families. On January 1st the enhanced Earned Income Tax Credit is set to expire. In one year, 19,831 Montana working families received critical benefits from the credit. [CTJ, [11/30/10](#)]

Impact on Montana Jobs and Economy

3,600 Montanans will lose unemployment benefits. The Emergency Unemployment Compensation program, which provides federally-funded benefits for up to 47 weeks, and temporary 100% federal financing for the Extended Benefit program are set to expire at the end of 2012. [House Committee on Ways and Means (Minority), [11/12/12](#)]

\$700,000,000 less in consumer spending for Montana businesses. As tax hikes take a bite out of middle-class budgets, Montana consumers will have less money to spend on goods and services in their communities. [NEC, [12/4/12](#)]

1.9% slower growth for Montana's economy. The combination of higher middle-class taxes and resulting decline in consumer activity would deal a significant blow to Montana's economic growth. [NEC, [12/4/12](#)]

Job search assistance provided to 1,342 fewer Montana veterans. The Jobs for Veterans State Grants Program provides funding support to states in order to help meet the employment needs of veterans, transitioning service members, and their spouses. An across-the-board offset cut could result in \$43,000 in reduced funding. [Department of Labor, accessed [12/17/12](#); Senate Appropriations Subcommittee on Labor, Health, and Human Services, and Education, and Related Agencies, [7/25/12](#)]

Impact on Montana Families and Children

301 Montana children will lose access to school readiness programs. Head Start promotes the school readiness of low-income children from birth to the age of five years-old by enhancing their cognitive, social, and emotional development. These types of early education services improve students' chances of success in school. Across-the-board spending cuts could result in a \$1,876,802 reduction in funding, limiting children's access and costing 63 jobs. [HHS, accessed [12/17/12](#); Senate Appropriations Subcommittee on Labor, Health, and Human Services, and Education, and Related Agencies, [7/25/12](#)]

671 fewer Montana women will be screened for cancer. The National Breast and Cervical Cancer Early Detection Program helps low-income, uninsured, or underinsured women gain access to diagnostic services like clinical breast examinations, mammograms, pap tests, and pelvic examinations. An across-the board cut could result in \$169,084 in reduced funding. [CDC, accessed [12/17/12](#); Senate Appropriations Subcommittee on Labor, Health, and Human Services, and Education, and Related Agencies, [7/25/12](#)]

655 fewer children will receive life-saving vaccinations. Grants for childhood immunizations help to purchase and distribute vaccines for poor and uninsured children. An across-the board cut could result in \$44,772 in reduced funding. [CDC, accessed [12/17/12](#); Senate Appropriations Subcommittee on Labor, Health, and Human Services, and Education, and Related Agencies, [7/25/12](#)]

\$1,643,809 less in funding for home heating and cooling assistance. The Low Income Home Energy Assistance program (LIHEAP) provides funding to states for home energy assistance programs for low-income households. Approximately 39 percent have a senior over age 60; 44 percent have a household member who is disabled; and 45 percent have at least one child. [Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education, [7/25/12](#); Congressional Quarterly, [10/15/12](#)]

Title I would serve 3,625 fewer Montana children. Title I grants under the Elementary and Secondary Education Act provide financial assistance to schools with high numbers of children from low-income families to help them meet educational performance standards. An across-the-board cut could result in a \$2,859,495 reduction in funding, leading 43 fewer schools to receive grants and supporting 39 fewer jobs. [Department of Education, accessed [12/17/12](#); Senate Appropriations Subcommittee on Labor, Health, and Human Services, and Education, and Related Agencies, [7/25/12](#)]