



FACT SHEET: AMERICANS WILL FACE CATASTROPHIC CONSEQUENCES IF GOP FORCES DEFAULT ON DEBT

“We can’t guarantee, if there were a default, any specific bill will be paid.” – President Obama’s Press Secretary Jay Carney 7/12/2011

While many families in the United States are living paycheck to paycheck, Republicans are toying with defaulting on our nation’s debt by opposing every deficit reduction compromise that is offered to them, and claiming the results of default would be minor. Put simply, if the debt ceiling is not raised, the revenue coming into the government will not be enough to coverage its obligations – putting Social Security, Medicare, Medicaid, veteran’s benefits, military payments, student loan payments, and many other government services at risk of being disrupted:

Social Security: More than **54 million** American’s Social Security benefits are in danger of being disrupted. On July 12, President Obama warned, “I cannot guarantee that those checks [Social Security] go out on Aug. 3 if we haven’t resolved this issue because there may simply not be the money in the coffers to do it.” [[SSA.gov](#); Roll Call, [7/12/11](#)]

Medicare: Over **45 million** Americans rely on Medicare, and those benefits would be put in jeopardy. In a January letter to Majority Leader Harry Reid, U.S. Treasury Secretary Tim Geithner warned that Medicare benefits payments “would be discontinued, limited, or adversely affected” if Congress failed to raise the debt ceiling. [[CMS.gov](#); Geithner Letter, [1/6/11](#)]

Veterans: America’s **22.5 million** veterans would be at risk of having their benefits disrupted. According to *ABC News*, a Treasury report showed that “More than 80 million Americans who receive benefits payments from the government each month could be at risk. Most of those checks cover Social Security recipients, veterans and civil service retirees.” [[VA.gov](#); *ABC News*, [7/12/11](#)]

Troops: Over **204,000** active duty military personnel could stop receiving payments for their service to our country. *USA Today* reported that “If Social Security, Medicare, Medicaid, unemployment benefits, payments to defense contractors and interest payments on Treasury bonds were exempt, that would be all the government could afford for the month. **No money for troops or veterans.** No tax refunds. No food stamps or welfare. No federal salaries or benefits.” [Contingency Tracking System Deployment File; *USA Today*, [6/28/11](#)]

Local Communities: The federal government pumped **\$3.2 trillion** into local communities across the country in fiscal 2009, or just under **\$29,000** per household. These investments include Social Security, Medicare, grants to local and state governments for law enforcement, transportation and other investments critical to communities. States and localities would be forced to raise property taxes on families if these investments are threatened. If America defaults, every household and town across America will feel the pain immediately. [[Census.gov](#)]