

US Sequester Cuts Target Jobs, Medicare, Medicaid and Social Security

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Two weeks into the “sequester” triggered on March 1, the effects of the \$85 billion in federal cuts mandated this year are already being felt across the country. The failure of the Obama administration and the Republicans to come to an agreement on “deficit reduction” has set into motion spending cuts that will impact jobs, unemployment benefits and vital social programs and services depended upon by millions of Americans.

Having initiated the sequester, the two big business parties unveiled their budget proposals this week. Both proposals—the Republicans’ plan to cut \$4.8 trillion and the Democrats’ for \$1.8 trillion—see the sequester cuts as the starting point for even deeper cutbacks. The two parties have already moved on to the next order of business, coordinating an attack on the core federal health care and retirement programs that largely escape the sequester budget ax—Medicare, Medicaid and Social Security.

The sequester reduces federal spending by \$85 billion in the fiscal year that ends September 30, and by a total of \$1.2 trillion over the next 10 years. The cuts this year include \$42.7 billion in discretionary defense spending (7.9 percent), \$28.7 billion in non-defense discretionary spending (5.3 percent), \$9.9 billion from Medicare (2 percent), and \$4 billion in other mandatory cuts (5.9 percent).

While Medicaid, Social Security, welfare and food stamps are exempt from the sequester, cuts to other vital social programs benefiting working people and the poor will be devastating. Federal agencies and programs supported by them will be forced to lay off and furlough workers and cut back on the services they provide.

The White House has estimated that 750,000 workers will lose their jobs as a result of the sequester, although other projections range anywhere from 250,000 jobs lost, up to as many as 2 million. Economic forecasters predict that it will shave 0.6 percentage points from gross domestic product for the year, contributing not only to job cuts, but also to reduced consumption and a slowdown in job creation.

Hundreds of thousands of employees in the Defense Department, the Treasury, the Transportation Safety Administration and other federal agencies are likely to experience unpaid furloughs over the course of the next weeks and months. A ripple effect could result in mass layoffs of government workers at the state and local level.

Marty Kusler, government relations director at the National Education Association, told MSNBC, “We anticipate that over 50,000 educators across the country could be losing their jobs through all of this.” This comes under conditions in which more than 300,000 public

school teachers have already lost their jobs since 2009 under the impact of state and local government austerity. Kusler said the cuts would hit poorer districts the hardest. "Lots of urban centers, a lot of urban poverty," she said.

Federal employees are already working into the third year of a pay rate freeze, which was imposed for two years beginning in January 2011. The freeze has been extended through the end of March, and with the sequester in motion and the budget talks underway, it is likely to be ended for at least the remainder of the year.

For those workers who had already lost their jobs before sequestration, cuts to the Emergency Unemployment Compensation program will hit hard. Created in mid-2008, the federal program provides benefits to the long-term unemployed who have exhausted their state jobless benefits. Assuming the sequester runs for the entire year, an estimated 3.8 million workers could be affected.

The Obama administration estimates that sequestration will require an 11 percent cut in federal jobless benefits, or about \$140 a month on average for those affected. Seven states have already reduced the maximum number of weeks of unemployment benefits, down from the traditional 26 weeks: Michigan (20 weeks), Missouri (20), South Carolina (20), Arkansas (25), Illinois (25), Florida (12-23 weeks, depending on the jobless rate).

Because the maximum duration of federal benefits is proportional to the length of state benefits, those states providing a lower number of weeks of benefits receive less federal benefits. In Michigan, about 75,000 long-term jobless workers will see their weekly benefits fall from about \$285 to \$254 beginning April 1.

The National Park Service (NPS) expects to hire 1,000 fewer seasonal workers this summer, down from 10,000 last year, and plans to open roads later, close visitor centers and furlough park police. NPS Director Jonathan Jarvis said the sequester cuts will also worsen the service's \$12 billion park maintenance backlog.

The nearly 300 million people projected to visit the historical and natural sites maintained and operated by the NPS this year can expect to find many cutbacks. The National Capital Region, overseeing Civil War battlefields in the Washington, DC area, is considering limiting the hours of, or closing altogether, the visitor center at Antietam National Battlefield in Maryland. The region plans to hire only half of its usual 400-450 seasonal workers.

The Superintendent at the Cape Cod National Seashore in Massachusetts is contemplating closing the Province Lands Visitor Center, which had 260,000 visitors last summer. Grand Teton National Park in Wyoming, Yellowstone National Park, and other parks are considering closing visitor centers, reducing snow plowing and cutting rangers' and seasonal workers' jobs.

Low-income families will see deep cuts to programs that provide nutrition, housing and other needs. As many as 775,000 women, infants and children could be cut off from WIC, the supplemental nutrition program that provides food and baby formula for at-risk families.

The Meals On Wheels Association of America, an umbrella group of about 5,000 local organizations that distributes about a million hot meals a day, estimates that the mandated cuts will result in 19 million fewer meals being delivered. For many housebound individuals, the majority of them elderly, Meals On Wheels provides their major source of nutrition as

well as one of their only points of contact with others in the community.

The Health Resources and Service Administration (HRSA) disbursed \$7 billion to the states in 2011 to pay for maternal and children's health programs. HRSA's budget will see a \$365 million reduction due to sequestration, cutting funds for screening newborns for genetic conditions, immunizing children, tobacco cessation programs for pregnant women, and other services.

Mental Health Block Grants distributed by the federal government through the Substance Abuse and Mental Health Services Administration will lose \$168 million. Joel Miller of the National Association of State Mental Health Program Directors told Pew Charitable Trusts that "373 adults with serious mental health issues and children with serious behavioral and emotional illnesses" could lose critical services.

The Centers for Disease Control and Prevention (CDC) will see a \$303 million reduction in funding. CDC funds comprise about 40 percent of state public health budgets. The cutbacks will hamper efforts to detect and fight new infectious diseases, while reducing the ability to screen for diseases such as HIV/AIDS.

A \$1.5 billion cut to the National Institute of Health's budget will contribute to slowing or shutting down research centers across the country, as well as cutting jobs at these institutions.

Funding to the Indian Health Service will be reduced by \$198 million due to the automatic cuts, leading to a potential decrease of 3,000 in-patient admissions and 804,000 outpatient visits at tribal hospitals and clinics.

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