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Automatic budget cuts are almost certain

By: Jim Puzzanghera and Richard Simon - February 09, 2013

WASHINGTON — In less than a month, a budget ax is set to fall on the federal government, indiscriminately chopping funding for the military and slicing money for various programs, including preschools and national parks.

The \$85 billion in cuts that would take effect from March 1 through September — the first installment of \$1.2 trillion in reductions over the next decade — would strike just about every agency and service in an attempt to ease the budget deficit.

The slashing, part of an automatic process known as sequestration, would affect the economy, government workers and average Americans in ways big and small. President Obama and Congress agreed to the sequestration law in 2011 hoping the threat of cuts would bring about a compromise to lower the deficit. But that hasn't happened. Now, to stop the process, Congress and Obama would have to agree to an alternative.

Though the reductions were never intended to be implemented, there is a growing belief they will kick in anyway, because Washington politicians are sharply divided on how to reduce the deficit.

Many Republicans want to spare the military by cutting more out of social programs. Obama and his fellow Democrats want to offset some of the cuts with new revenue from limiting tax loopholes.

"I just don't see how we're going to avoid it," House Armed Services Committee Chairman Howard P. "Buck" McKeon (R-Santa Clarita), who is concerned about the impact on the military, said of the looming cuts. "It's like everybody has dug in their heels."

The Defense Department would take half of the budget hit and has been warning of its toll.

As many as 800,000 civilian employees of the military could be furloughed without pay for 22 days this year. The time that Air Force pilots spend in the air on training and flying missions would be reduced by 203,000 hours. And the Navy's Blue Angels precision flying squadron would cancel all of their planned performances for the last six months of the fiscal year.

"This will badly damage our national defense and compromise our ability to respond to crises in a dangerous world," Defense Secretary Leon E. Panetta said last week.

Because of limits on cuts to Medicare and exemptions for Social Security and other benefits, non-defense programs would face less of a spending cut — about 4.6% overall this year compared with 7.9% for the Pentagon. But on top of other reductions the last two years, the cuts would have a deep impact, according to analysts, advocacy groups and government workers.

"You're going to feel it," said Steve Bell, senior director of economic policy at the Bipartisan Policy Center in Washington. "There's no way there can't be a slowdown [in government services]. You're going to see it at a local level."

The White House said the cuts would reduce loan guarantees to small businesses, result in fewer food safety inspections, and leave hundreds of thousands of mentally ill adults and children untreated. Internal Revenue Service agents would not be available to help millions of taxpayers complete their returns, or to audit them. More than 1,000 federal agents would not be able to pursue criminals or protect the borders.

California's defense industry would face a \$3.2-billion loss this year from the cuts. The state also stands to lose about \$670 million in federal aid for a host of programs, including housing assistance for low-income families and funding to fight neighborhood blight, according to Federal Funds Information for States, which studies how federal decisions affect states. A planned \$177-million cut in research funding to California also is causing anxiety in the UC system.

Los Angeles warns it would lose more than \$100 million in federal aid this year at a time when the city is struggling to close a hole in its own budget.

"Yeah, it's going to hurt," said Long Beach Mayor Bob Foster, whose city would see cuts in federal aid for a variety of services. "Overall, it will reduce our ability to rebuild our infrastructure, reduce our ability for public security and safety, particularly around the ports, reduce our ability to provide health services for our citizens."

The National Head Start Assn. projects a loss of more than \$400 million nationally, including \$49 million in California, which would eliminate early education slots for more than 7,700 low-income children in the state.

The Assn. of State and Territorial Health Officials warned that the cuts to public health programs would put Americans "at greater risk for infectious disease outbreaks."

And the National Park Service is considering delaying the opening of some facilities at Yellowstone and other parks, said Joan Anzelmo, public affairs director of the Coalition of National Park Service Retirees.

"Instead of a 5% cut being a part of Congress' plan to help the economy, they're going to devastate the economy further with across-the-board cuts that don't take into account specifically what they are cutting," said Anzelmo, former superintendent of the Colorado National Monument.

Economists project the budget cuts would reduce the nation's total economic output by about 0.6 percentage points this year, a significant hit when growth remains sluggish. Combined with tax increases that began last month and some other federal changes, the economy would expand about 1.5% in 2013 — half of what it could grow without the fiscal tightening, the Congressional Budget Office said.

For that reason, Obama pushed Congress last week to delay the automatic budget cuts for a couple more months. He wants more time to work with lawmakers on a better deficit-reduction plan.

"Deep, indiscriminate cuts to things like education and training, energy and national security will cost us jobs, and it will slow down our recovery," Obama said. "It's not the right thing to do for the economy. It's not the right thing for folks who are out there still looking for work."

Republicans aren't fond of the automatic budget cuts either, particularly those set for the Defense Department.

"I think it's taking a meat ax to our government — a meat ax to many programs — and it will weaken our national defense," House Speaker John A. Boehner (R-Ohio) said last week.

Still, he wants to see government spending reduced. Republicans have tried unsuccessfully to replace the automatic cuts with more selective ones that target entitlement spending over defense programs.

"The problem is if you eliminate all defense spending — grow daisies in the Pentagon — you haven't touched the problem," McKeon said. "The real problem is the mandatory spending."

But after agreeing in January to a two-month delay as part of the fiscal-cliff deal, reducing the amount to be cut this year by \$24 billion, some Republicans said they would rather see the automatic cuts than push off again what they believe is the necessary shrinking of the federal government.

And while liberals have argued the automatic cuts would cause huge economic damage — some have dubbed them "an austerity bomb" — conservatives say the impact is vastly overstated.

"There are no cuts, just a very modest reduction in the baseline growth of government," said Dan Mitchell, a senior fellow at the Cato Institute in Washington. "The worst that can be said is that a few parts of the budget, such as defense, are disproportionately affected."

But those who would be most affected see it differently.

"I think everybody believed that we wouldn't get to this point, but we're here," said Dennis Kenneally, a retired general and executive director of the Southwest Defense Alliance, a defense advocacy group. "When you thought it couldn't get worse, it did."