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SPECIAL COVERAGE DEFENSE CUTS

Urgency from Congress missing as deadline looms

Most agree that the sequester process is flawed.



By [Jessica Wehrman](#), Washington Bureau

Head Start student Maryann Keydozius works on a painting at Immaculate Conception School, 2268 S. Smithville Road. Headstart More than \$1 million could be cut from local Head Start programs because of the mandatory federal budget cuts. Staff Photo by Jim Witmer.

If mandatory spending cuts go into effect March 1, the White House on Sunday said that 350 Ohio teachers would lose their jobs, 2,500 Ohio children would lose access to Head Start.

WASHINGTON — Congress has less than a week to undo scheduled spending cuts of \$1.2 trillion, but the halls of Congress last week didn't just lack urgency. They lacked people.

Both the House and Senate were on recess, with members in their districts rather than in Washington. The stock market chugged along, undaunted by cuts that the Secretary of Defense has compared to the apocalypse.

Washington doesn't agree on much anymore, but both sides seem to agree to two things: That the cuts aren't an ideal, or even intelligent, way to cut spending. And that they're inevitable, at least for awhile.

"I don't think people have a sense of the overall link between the national economy and federal spending," said Michael Gessel of the Dayton Development Coalition, who said there is a disconnect between the coming cuts and people's awareness of their potential impact.

And there will be impact, although it could be subtle at first. The federal government has begun preparing to issue furlough notices, meaning government workers and civilians working for the military will face pay cuts. Those furloughs will affect local economies, as workers cope with smaller paychecks and local governments prepare to receive less income tax. The furloughs will also affect government services; everything from air traffic control at airports to meat inspections.

In areas such as Dayton, where the federal government through [Wright-Patterson Air Force Base](#) is an engine that helps drive the regional economy, the cuts will not go unnoticed. A Feb. 18 report by Wells Fargo's economic group found that states with high levels of federal spending — particularly Maryland, Kentucky, Alaska and Virginia — will be the most acutely impacted by the cuts.

In Ohio, some areas will suffer more than others. Overall, just 2.8 percent of the state's GDP is dependent on federal spending.

Gessel argues that it's the inconsistent nature of the cuts, with some communities being decimated while others remain sheltered, that has fed into the lack of urgency.

There's also less pressure because Republican House members say President Obama has not adequately addressed the nation's spending cuts, and that the mandatory cuts, [called "sequestration,"](#) may be the only way to wrestle the nation's spending habits under control.

"They believe this is the only way to get Obama to cut spending without raising taxes further," said Larry Sabato of the University of Virginia.

'Slow-motion crash'

Sabato said most Americans don't see the [sequester](#) as another fiscal cliff, which would have raised taxes on anyone who pays income taxes.

“This is kind of a slow-motion crash, as opposed to an instantaneous one,” he said.

During past crises, such as the one that brought about the Troubled Asset Relief Program in 2008, Congress was ultimately motivated to act when the markets crashed.

But this time has been different, economists say. The markets have held steady, and have yet to panic.

Part of it may be crisis burnout, said James W. Brock, an economics professor at Miami University in Oxford. People are so used to watching Congress confront crises — and often crises that are self-imposed — that they've become immune.

“It's almost like the boy who cried wolf,” he said. “You cry wolf enough and people don't listen.”

Brock said he suspects financial markets are nonplussed by the crisis because it seems like an endless rerun. “It's ‘ho, hum, here we go again,’” he said. “It's just burnout.”

But James W. Coons, a principal at Coons Advisers, which manages investment portfolios, said the market impacts have already been felt. There were a lot of sell-offs of Defense stocks in 2011 when the idea surfaced, he said, and now “it doesn't rise to the level of macroeconomic shock.”

George Mokrzan of Huntington Bank in Columbus said the first installment of the cuts amounts to half a percentage point of the Gross Domestic Product. The market would've reacted more dramatically, he said, if Congress hadn't renewed most of the 2001 and 2003 tax cuts.

“We got through some of those worst fiscal-type fears and now we're into phase 2,” he said. “The [sequester](#) is a bad thing, especially for those directly hit by it...but that doesn't come near the scale of these recent hurdles.”

Local impact

In Ohio, as many as 2,400 children could lose Head Start services because of the forced cuts to the early education program, according to the National Head Start Association.

“I know that any loss of Head Start slots would be devastating to our families and that, for us, it's probably over \$1 million we'd have to cut,” said Mary Burns, president and chief executive officer of the Miami Valley Child Development Centers. The organization serves 2,809 children as the Early Head Start and Head Start provider for Montgomery, Clark and Madison counties. That includes 1,675 preschoolers in Montgomery and 598 in Clark County.

Burns said a \$1.2 million cut would likely result in the loss of local teachers, assistant teachers and social service staff.

“It’s very ironic the president’s plan for preschool would add all this money at the same time [sequestration](#) would take 70,000 kids out of the Head Start program across the nation,” Burns said.

“It’s very hard for us to get our heads around because you want the Head Start program to be strong. You certainly want expanded opportunities for preschool but not at the same time you’re cutting the program for the neediest children.”

Officials at other agencies say the [sequester](#) cuts will be felt by young and old alike.

Social Security administrators said there will be fewer people on hand to process claims and answer phones, resulting in longer lines and waits for service. The Department of Education said the cuts will mean fewer teachers and more over-crowded classrooms.

Both the Food and Drug Administration and the Department of Agriculture predicted the nation’s food supply won’t be as secure, and said that could mean more foodborne illnesses. The National Oceanic and Atmospheric Administration forecasted its ability to monitor catastrophic weather such as tornadoes and hurricanes will decline.

Most will impacts will happen slowly, Gessel predicted. The first effect will be furlough notices — and those will be divvied out according to the agency.

Defense Secretary Leon Panetta last week warned that 800,000 civilian employees in the military — including 13,000 at Wright-Patt — will face unpaid furloughs of up to 22 days unless the White House and Congress reach agreement on avoiding the cuts.

With less than a week to go, that seems unlikely. In Dayton last week, Sen. Rob Portman, R-Ohio, echoed what most Republicans are saying: [sequestration](#) was a “bad idea,” but federal spending needs to be reduced.

Steve Bell, a former Senate Budget Committee staff director who now works at the Bipartisan Policy Center said neither party wants to admit that they cannot keep the promises they made 40 years ago when programs like Social Security and Medicare were created. That has left Congress to cut around the edges, he said, slicing away at programs like Education and Homeland Security.

“We’re really a country tied down by political unwillingness and inability to do what needs to be done,” he said.

For now, people like 25-year-old Thomas Spyker appear to be the victims of that unwillingness.

A police officer at the Defense Supply Center in Columbus, Spyker said he’s worried about a cascading series of problems if his pay is reduced by 20 percent through September — the result of being furloughed two days each pay period.

If he can’t pay his bills, the late payments will ruin his credit rating, he said. And if that happens, he might lose his security clearance, which would mean he loses his job.

“Our credit is monitored much more than the average citizen because of our security clearance,” he said. “For me personally, I’m going to struggle and scrap to pay utilities, mortgage and insurance. I’m going to miss credit card payments... It’s not fun to think about walking into work one day and 20 percent of your take-home pay is gone.”

Ironically, when Spyker left the military three and a half years ago, he decided to become a federal police officer because he felt he’d be less subject to the vagaries of city or state budgets.

“I was informed that it was secure, stable income,” he said. “There was no way to predict that a crazy law enacted in 2011 would take 20 percent of my salary. There’s no way to predict that.”