

U.S. House of Representatives

Impact of Automatic Spending Cuts on Northwest Washington

Staff Report by the Office of Rep. Rick Larsen, WA-02

February 25, 2013

Introduction

This report summarizes some of the direct consequences in Northwest Washington if the automatic federal spending cuts go into effect as scheduled on March 1.

Automatic federal spending cuts known as the sequester are a result of the Budget Control Act of 2011. The sequester was designed as an alternative deficit-cutting measure that would go into effect only if Congress did not reach an agreement to reduce the deficit by an additional \$1.2 trillion. The spending cuts are set to be phased in over 10 years, with \$85 billion due in cuts this year.

Congressman Larsen directed his staff to determine the direct impacts of the sequester in the Second Congressional District. This report relies on data provided by local officials and federal reports. While not comprehensive, this report contains a survey of the consequences sequestration will have in Northwest Washington.

The spending cuts are split between defense and domestic discretionary spending. The Obama administration exempted military personnel from the cuts. Spending outside the discretionary budget, including Social Security, Medicare and highway funding (which is funded by the Highway Trust Fund) is not affected.

Spending cuts are largely untargeted, requiring a set percentage of cuts to federal spending. Those cuts have been detailed in several reports, including a Feb. 13 report by Democrats on the House Appropriations Committee [available here](#).

The Congressional Budget Office and other economists estimate the sequester to cut economic growth by 0.5 percent this year, costing Americans 750,000 jobs.¹ This slow economic growth will counteract deficit reduction by requiring more spending on unemployment insurance and safety net spending while reducing tax revenue that would help close the deficit.

Congressman Larsen believes we must continue to cut the deficit by more than is required under current law. He supports a balanced approach that includes real spending cuts, reductions in future spending growth and additional tax revenue. This approach, used by the Simpson-Bowles

¹ Elemndorf, Douglas. Testimony before House Budget Committee. February 13, 2013. <http://tinyurl.com/a5xtwfx>.

Commission, will preserve investments that create jobs and grow the economy while bringing the debt-to-GDP ratio to a stable level in 10 years.

The following report on the consequences of automatic spending cuts in Northwest Washington makes clear why the sequester must be replaced with a balanced measure. The report concludes with a section on the path to prevent these untargeted cuts while putting the United States on a path to a fiscally responsible budget.

Education

Sequestration cuts to education impact every level of education in the country, from early childhood education to college and university research.

- **Education for Low-Income Children:** Title I cuts in Washington state will impact about 11,000 low-income students who attend schools that will experience funding cuts.² Title I funding provides needy school districts extra reading and math programs for students and funds additional teachers and special education assistance. School districts with large portions of low-income families receive Title I funding from the federal government based on their poverty levels and the cost of education in their states. Title I funding will be cut approximately 5 percent.³ The following districts received at least \$100,000 in Title I funding in 2012 and would be significantly impacted by Title I cuts:⁴
 - Anacortes: Received \$286,193 in Title I funding
 - Arlington: Received \$438,679 in Title I funding
 - Bellingham: Received \$1,608,131 in Title I funding
 - Burlington-Edison: Received \$631,939 in Title I funding
 - Coupeville: Received \$108,826 in Title I funding
 - Everett: Received \$2,984,936 in Title I funding
 - La Conner: Received \$244,963 in Title I funding
 - Marysville: Received \$1,696,160 in Title I funding
 - Mukilteo: Received \$2,921,071 in Title I funding
 - Oak Harbor: Received \$773,113 in Title I funding
 - Orcas Island: Received \$129,559 in Title I funding
 - San Juan Island: Received \$117,499 in Title I funding
 - Sedro-Woolley: Received \$636,292 in Title I funding
 - South Whidbey: Received \$168,301 in Title I funding
 - Stanwood: Received \$481,704 in Title I funding
- **Head Start:** Cuts to Head Start will force Washington state to turn away 1,000 children from Head Start⁵, including approximately 58 children in Snohomish and Skagit counties.⁶ The Head Start program gives economically disadvantaged children the help they need to become effective learners and successful students. Through Head Start,

² The White House.

³ Department of Education Office of Legislation and Congressional Affairs. February 2013.

⁴ Department of Education. "Washington FY2012 Title I Allocations Final Congressional Notification." September 2012.

⁵ The White House. "Impact of March 1st Cuts on Middle Class Families, Jobs and Economic Security: Washington." February 24, 2013. <http://go.usa.gov/2qUz>.

⁶ Washington State Association of Head Start and Early Childhood Education and Assistance Program. February 2013.

parents receive educational and professional support to help them be better parents and community members, and children receive health, nutrition, and educational support to help them learn.

- **Children with Disabilities:** Washington will lose approximately \$11 million in funds for about 140 teachers, aides, and staff who help children with disabilities.⁷
- **Paying for College:** Around 440 fewer low income students in Washington would receive aid to help them finance the costs of college and around 180 fewer students will get work-study jobs that help them pay for college.⁸
- **Safe Afterschool Programs:** Cuts to afterschool enrichment programs, including some Boys and Girls Club programs, will require programs to turn away nearly 1,000 5-13 year olds in Washington state.⁹
- **Impact Aid:** 1,900 students in Washington state will be negatively impacted by sequestration reductions in federal Impact Aid payments to local school districts.¹⁰ Federal Impact Aid is payments to local districts that are financially impacted by federal activities that include military installations and tribal lands that do not contribute to public revenues. Impact Aid also provides additional payments for children with disabilities. Sequestration cuts to local communities include:
 - Oak Harbor School District: A cut greater than \$500,000 for the remainder of the 2013 school year, and over \$1 million for the 2013-2014 school year. The school district will freeze maintenance operations and purchases of textbooks and other academic materials. The cut may lead to the loss of six teaching positions and 12 instructional aides, most of whom serve students with disabilities.¹¹
 - La Conner: Impact Aid provides nearly 28 percent of the La Conner School District's budget, covering nearly half of the total student population. Because of sequestration, the school district will see a loss of over \$200,000. According to a letter from the La Conner School Board, the school district "would have no choice but to let class sizes increase and/or reduce elective offerings at the high school level. Sadly, elective offerings at a small high school end up being higher-level math courses like calculus."¹²
 - Six local school districts received Impact Aid funds in 2012.¹³ They are:
 - Oak Harbor School District: \$3,974,795.65
 - Coupeville School District: \$41,302.46
 - Marysville School District: \$656,757.13
 - La Conner School District: \$2,027,521.31
 - Ferndale School District: \$337,396.36
 - Nooksack Valley School District: \$58,799.82
- **Scientific Research:** The National Science Foundation (NSF) will cut funding for approximately 1,000 grants, impacting approximately 12,000 scientists, researchers,

⁷ The White House.

⁸ The White House.

⁹ National Education Association. "Impact of Sequestration on Federal Education Programs." February 5, 2013. <http://tinyurl.com/bev39rs>.

¹⁰ National Education Association. "Impact of Sequestration on Federal Education Programs." February 5, 2013. <http://tinyurl.com/bev39rs>.

¹¹ Oak Harbor School District. February 2013.

¹² La Conner School District. February 2013.

¹³ Department of Education, Office of Legislation and Congressional Affairs. August 2012.

graduate students, and undergraduate students.¹⁴ These cuts will make grants smaller and harder to secure, slowing the pace of cutting edge research in the 2nd District, Washington state, and the country.

- Western Washington University has 39 active NSF grants totaling more than \$12 million.¹⁵
- Edmonds Community College received \$12 million in NSF grants last year.¹⁶
- Everett Community College received \$900,000 in NSF grants last year.¹⁷
- Whatcom Community College Received about \$1 million in NSF grants last year.¹⁸

Defense

- **Civilian employees:** Washington state communities which neighbor military installations will feel the effects of sequestration. 29,000 civilian employees will lose their jobs or be furloughed throughout the state. The projected financial impact is nearly \$175 million in lost pay, money that would otherwise support impacted families and local economies.¹⁹
 - Naval Station Everett: Approximately 1,000 civilian employees and contractors would be subject to furloughs.²⁰
 - Naval Air Station Whidbey Island: Approximately 1,200 civilian employees and contractors would be subject to furloughs.²¹
- **Naval Air Station Whidbey Island:** If sequestration goes into effect, the Navy and Marine Corps will be forced to delay or cancel depot maintenance of NASWI-stationed aircraft including the EA-6B Prowler, Navy EP-3E, Pacific Fleet P-3 Orion and EA-18 Growler in the 3rd and 4th quarters of the year.²² These aircraft will not be forward deployed at their current operational tempo and will be sitting on the tarmac in NASWI instead of with the Fleet forward deployed. Personnel responsible for both training and maintaining Navy and Marine Corp aircraft may be furloughed. Strategically, delaying or cancelling the maintenance of these aircraft will have an impact on the Navy and Marine Corps' ability to project power to the Pacific Command and Central Command military theaters.
- **Air Force Tanker (Boeing):** The Air Force has indicated that it may need to delay or modify its contract to build the next generation tanker which is being carried out by Boeing at the Everett factory. This hard fought contract award is worth \$35 billion and will create up to 50,000 jobs, primarily in Washington state.²³
- **Navy P-8A Poseidon (Boeing):** Sequestration may slow the procurement of P-8A Poseidons for the Navy. These anti-submarine warfare platforms are critical to our

¹⁴ The White House.

¹⁵ Western Washington University. February 2013.

¹⁶ Edmonds Community College. February 2013.

¹⁷ Everett Community College. February 2013.

¹⁸ Whatcom Community College. February 2013.

¹⁹ Department of Defense. "DoD Estimated Civilian Gross Payroll by State." February 2013.

²⁰ Department of the Navy. February 2013.

²¹ Department of the Navy. February 2013.

²² The White House.

²³ Megan Scully, "Refueling Tankers Face Twin Trouble." CQ Weekly. February 20, 2013.

national security both for responsiveness and reconnaissance. Assembled in Renton, the P-8A Poseidon is scheduled to be stationed at NAS Whidbey Island.²⁴

- **Health Care for Military Personnel and Retirees:** A 9 percent cut to the Defense Health Program will leave TRICARE, the health care plan for service members, their families and retirees, without enough funding to provide care to all enrollees.²⁵
- **Small businesses:** A 10 percent cut in defense procurement, maintenance and operations will hurt small businesses that contract with the Department of Defense. Northwest Washington has many small and medium-sized defense contractors.²⁶
- **United States Coast Guard:** The Coast Guard will significantly reduce operations by almost 25 percent, which makes our borders more dangerous, our commerce less efficient, and puts our seafarers at higher risk.²⁷ The Coast Guard is already thinly stretched, and additional cuts may mean that it cannot meet all its missions. Cuts to the shipbuilding budget will delay the construction of new ships in the Puget Sound for the Coast Guard, significantly impacting job creation in the maritime sector. Many ships will go without maintenance, impacting the readiness of the fleet and further hindering maritime jobs. Fishermen who work in the Puget Sound and Alaskan waters will have fewer resources available if something goes wrong at sea. The already delayed building of new icebreakers that are needed to patrol the Arctic will likely be further delayed.

Aviation

Paine Field: The FAA has announced that if sequester cuts continue through 2014, air traffic control towers at both Everett's Paine Field and Boeing Field in Seattle will be closed.²⁸ The airfields would be run instead by offsite controllers, leading to delays through the region's air traffic system.

The Pacific Northwest is the aerospace capital of the world. Aviation means jobs in Northwest Washington. Investments made in critical aviation infrastructure directly translate into a safer, more robust aviation industry that supports more U.S. flights and allows airlines to purchase more planes and supplies from Puget Sound manufacturers. The aviation economy provides thousands of good, family wage jobs in the Puget Sound region. If the aviation system slows down, the aviation economy slows down. The Washington State Department of Transportation has [summarized the aviation industry's economic impact on the state](#).²⁹

- **Furloughs:** The majority of FAA's 47,000 employees will furlough one day per pay period until the end of fiscal year 2013.³⁰
- **Delays and Cancellations:** Cuts to air traffic controllers, engineers and airmen at FAA will lead to delays and flight cancellations for travelers throughout the country with severe

²⁴ Association of the U.S. Navy. "Impacts of Sequestration on the Navy." December 20, 2012. <http://tinyurl.com/bjl3zor>.

²⁵ House Committee on Appropriations, Democrats. "Report on Sequestration." February 2013. <http://go.usa.gov/2qAe>.

²⁶ Department of Defense. January 2013.

²⁷ Napolitano, Janet. Testimony before U.S. Senate Committee on Appropriations. February 14, 2013.

²⁸ FAA News Release. February 22, 2013. <http://go.usa.gov/2q7A>.

²⁹ Washington State Department of Transportation. "2010 Aviation Economic Impact Study." March 30, 2012.

³⁰ Letter from Secretary of Transportation LaHood to Aviation Stakeholders. February 22, 2013: <http://go.usa.gov/2qkd>.

impacts to our economy. Transportation Secretary Ray LaHood said flights out of major airports could face regular 90 minute delays.³¹

Health Care

Sequestration cuts to health care impact programs that provide coverage and preventative care for people of all ages.

- **Medicare:** While seniors' Medicare benefits are sheltered from sequester cuts, Medicare will face a 2 percent cut. This means doctors, hospitals and other health care providers may face cuts to their reimbursements from Medicare for care they provide to seniors.
 - Gregg Davidson, Chief Executive Officer of Skagit Regional Health, expects to see a \$1.6 million reduction in Medicare payments. Davidson said of the cuts, "This of course would have a direct and immediate impact on our current level of operation and services and would require an immediate response to maintain our fiscal health. It would compromise our ability to improve access to primary care and continue to accept high levels of uncompensated care."
 - Waste, Fraud and Abuse: A 2 percent cut to Medicare funding will impact the anti-fraud activities carried out by the Medicare Fraud Task Force. The task force returns \$7.90 to the federal government for each \$1 the government spends on the program. Decreasing anti-fraud activities could harm Medicare's long-term viability.³²
- **Health Care for Homeless:** Snohomish County's Health Care for the Homeless Program will receive a \$150,000 cut, negatively impacting health care for 1,600 people in Snohomish County.³³
- **Vaccines for Children:** Around 2,850 fewer children in Washington will receive vaccines for diseases such as measles, mumps, rubella, tetanus, whooping cough, influenza, and Hepatitis B due to reduced funding for vaccinations of about \$195,000.³⁴
- **Public Health Threats:** Washington will lose approximately \$642,000 in funds to help upgrade its ability to respond to public health threats including infectious diseases, natural disasters, and biological, chemical, nuclear, and radiological events. According to the Washington State Department of Health, these cuts would significantly reduce the state's ability to respond to pandemics like whooping cough which significantly affected residents in Snohomish and Skagit counties last year.³⁵
- **Substance Abuse Treatment:** Washington will lose about \$1,740,000 in grants to help prevent and treat substance abuse, resulting in around 3,800 fewer admissions to substance abuse programs, including Compass Health in Everett.³⁶
- **HIV Tests:** The Washington State Department of Health will lose about \$174,000 resulting in around 4,300 fewer HIV tests.³⁷

³¹ Letter from Secretary of Transportation LaHood to Aviation Stakeholders. February 22, 2013: <http://go.usa.gov/2qkd>.

³² Department of Health and Human Services. "Departments of Justice and Health and Human Services announce record-breaking recoveries resulting from joint efforts to combat health care fraud." February 11, 2013. <http://go.usa.gov/2qQ5>.

³³ Community Health Center of Snohomish County. February 2013.

³⁴ The White House.

³⁵ The White House.

³⁶ The White House.

- **Washington State Department of Health:** Sequestration cuts to various health programs will reduce Washington Department of Health funding by \$22 million. State impacts include a cut to safe drinking water projects of \$1,978,384 for community water system improvements and a cut to breast and cervical cancer screening programs resulting in 1,372 fewer women receiving screenings.³⁸
- **National Institutes of Health:** The National Institutes of Health will reduce funding for, and the number of, research grants.³⁹ Reduction in funding will result in fewer and less generous research grants, making it harder for Washington state researchers to get grants, and for their institutions (including the University of Washington, Children's Hospital and the Fred Hutchinson Cancer Research Center) to afford to support research and treatment for critical diseases like cancer and muscular dystrophy.

U.S. Army Corps of Engineers

The U.S. Army Corps of Engineers performs critical infrastructure projects throughout the region. Army Corps funding is slated to be cut by 5 percent.⁴⁰ Army Corps funding for projects in the region vary from year to year. Communities that depend on Army Corps work will find that funding is more difficult to obtain and will come in smaller amounts. Communities that benefit from Army Corps funding include:

- **Skagit County**
 - Skagit River General Investigation: The investigations budget for the Army Corps of Engineers will be cut \$6.25 million. Last year the Skagit River General Investigation received over \$700,000 in discretionary funds from the Army Corps of Engineers.⁴¹ The Skagit River General Investigation is on target for completion in less than three years but is reliant on discretionary funding.
 - Swinomish Channel Dredging: The operations and maintenance budget for the Army Corps of Engineers will be cut \$107.5 million. The Swinomish Channel silts in and needs to be fully dredged every three years. The channel was dredged last year with agency discretionary funds totaling \$2.277 million.⁴²
- **Snohomish County**
 - Qwuloolt Restoration Project: The construction budget for the Army Corps of Engineers will be cut \$76 million. These discretionary funds provided over \$2 million for the Puget Sound Adjacent Waters program that funded the Qwuloolt Restoration Project in Marysville, a substantial tidal wetlands restoration project.⁴³

³⁷ The White House.

³⁸ Selecky, Mary, Washington State Department of Health. Testimony to the Democratic Steering and Policy Committee. February 21, 2013.

³⁹ National Institutes of Health. "NIH Operation Plan in the Event of Sequestration." February 21, 2013. <http://go.usa.gov/2q5P>.

⁴⁰ U.S. Army Corps of Engineers Office of Congressional Affairs. February 2013.

⁴¹ Larsen, Rick. "Larsen: Army Corps Commits to \$700,000 in Funding for Skagit G.I." February 7, 2012.

⁴² Larsen, Rick. "Larsen: Swinomish Channel to Receive \$2.277 Million in Army Corps Funding for Full Dredging." February 7, 2012.

⁴³ Larsen, Rick. "Larsen, Smith: \$2 Million Coming for Puget Sound and Adjacent Waters Restoration." February 8, 2012.

- **Snohomish River Dredging:** The operations and maintenance budget for the Army Corps of Engineers will be cut \$107.5 million. The Snohomish River silts in and requires regular maintenance funded by agency discretionary funds. The river, at Everett, was dredged last year with \$708,000 in Army Corps funds.

Small Businesses

- **Small Business Loans:** Last year, 293 businesses throughout the 2nd Congressional District and 2,791 small businesses in the state rely on loans from the Small Business Administration (SBA) to invest and hire new workers. SBA loans are slated to be cut by \$902 million nationwide.⁴⁴
- **Small Business Development Centers (SBDCs):** SBDCs provide guidance to small businesses and entrepreneurs to help them grow their enterprises. Northwest Washington businesses rely on SBDCs in Snohomish, Skagit and Whatcom counties. Cuts to SBDCs will result in 2,000 fewer long-term counseling clients.⁴⁵
- **Supporting International Trade:** Washington state is heavily trade dependent with 4 in 10 jobs dependent on foreign trade. Decreased trade resources will limit the ability of Washington businesses to expand to new markets. The International Trade Administration (ITA) will cut the number of federal employees in critical international growth markets where U.S. manufacturers and businesses have the most markets of value to gain.⁴⁶ Additional reductions within the ITA will lead to fewer actions on international trade disputes, meaning fewer barriers to U.S. goods in foreign markets will be removed.

Seniors and Veterans

While payments to individuals from benefits will not be impacted by sequestration, agency budget cuts will impact service for beneficiaries of federal benefits.

- **Social Security:** Staff furloughs mean the Social Security Administration would not be able to complete 20,000 retirement claims, 10,000 disability claims and 3,000 disability hearings.⁴⁷ Furloughs, closures, and reduced hours at Social Security offices will impact seniors applying or making corrections to their benefits.
- **Veterans Administration:** Hiring freezes and furloughs of VA staff in Washington state will impact 1,565 employees, disproportionately impacting veterans who make up 44 percent of VA hires.⁴⁸ Extended delays in processing benefits can lead to financial hardship for veterans and veterans with disabilities.
- **Meals on Wheels:** Washington state will lose more than \$1 million in funding for meals for seniors. Senior Services Snohomish County will serve 10,000 fewer meals to

⁴⁴ U.S. Small Business Administration. Letter to Senate Appropriations Committee. February 2013. <http://go.usa.gov/2q5z>.

⁴⁵ Mills, Karen. Letter to Senate Appropriations Committee. February 1, 2013.

⁴⁶ The White House.

⁴⁷ House Committee on Appropriations, Democrats. "Report on Sequestration." February 2013. <http://go.usa.gov/2qAe>.

⁴⁸ House Committee on Appropriations, Democrats. "Discretionary Appropriations will Reach Historic Lows Under Existing Law." February 7, 2013. <http://go.usa.gov/2qs5>.

seniors.⁴⁹ This means, for the first time ever, Senior Services will have to introduce a waitlist for food.

Law and Justice

- **Byrne-JAG Funding:** Washington state and certain communities receive millions annually in Justice Assistance Grants (JAG) to help provide law enforcement agencies with special emphasis and materials funding. Funding for Washington state will be cut by \$271,000.⁵⁰ These funds would have been awarded to local communities trying to improve public safety. Cuts to JAG grant funding will slow law enforcement's ability to respond to growing crime trends. In addition to the state, several communities in the 2nd Congressional District are awarded funds annually. While the award amounts are small, they go a long way in providing additional resources and crime-fighting capacity to our communities. Communities will only receive funding if they are due more than \$10,000
 - Sequestration cuts to Byrne-Jag funding include:⁵¹
 - Skagit County: Reduces the award to below \$10,000 annually, which could eliminate the grant.
 - Marysville: Reduces the award to below \$10,000 annually, which could eliminate the grant.
 - Bellingham: Reduces annual award by \$2,000
 - Snohomish County: \$10,000 less annually used to support the Regional Gang and Drug Task Force
 - Everett: \$3,000 less annually
 - Communities use Byrne-Jag funding for a variety of purposes. In 2011:
 - The Snohomish County sheriff's office used grant funds for overtime costs associated with the training of staff for a new Automated Field Reporting system.
 - The city of Mt. Vernon used JAG funds to purchase upgraded technology for the police department and court campus such as eight surveillance cameras for crime reporting and to collect, document, and analyze crime data and information as well as increase officers safety.
 - The city of Everett used JAG funds to purchase training pistols for the firearms training simulator, tasers and cartridges, rifle magazines, patrol ballistic shields, digital cameras, non-lethal and gas delivery system enhancements, a Cellebrite UFED Mobile Phone Exam System, trunk vaults, LED flashlights, and training for SWAT, Anti-Crime Team, and Bomb technician officers.
 - The city of Bellingham used JAG funds to outfit seven traffic motorcycles with electronic collision and ticket writing hardware.
 - Skagit County used JAG funds to support part-time staff for the Victim Offender Meeting Program. This program is geared towards the victim and offender obtaining some resolution toward creating a sense of justice.

⁴⁹ Senior Services of Snohomish County. November 2012.

⁵⁰ The White House.

⁵¹ U.S. Department of Justice. February 14, 2013.

- The city of Marysville used JAG funds to purchase supplies, software, and training for the Crime Analysis Unit.
- **COPS:** Department of Justice COPS grants help local police departments keep police officers on the beat and fund necessary upgrades. COPS funding will be subject to a 5 percent cut under sequestration.⁵² The following communities have used COPS grants in the last few years:
 - Mount Vernon Police Department: \$636,538 awarded to provide Mount Vernon with two additional police officers.
 - Island County: \$80,000 awarded to the Island County Sheriff's Office to upgrade computers in sheriff cruisers.
 - Burlington: \$287,000 was awarded to the Burlington Police Department to hire one new officer.
 - Everett: The Everett Police Department was awarded \$608,000 for two additional police officers. One officer was trained as a school resource officer.
 - Skagit County Sheriff: \$25,000 was awarded to the Skagit County Drug Enforcement Unit for surveillance equipment.
 - Snohomish County: \$50,000 awarded to the Snohomish County Regional Drug Task Force for new equipment.
- **Violence Against Women Act:** Sequestration would cut funding made available through the Violence Against Women Act for the protection of domestic violence victims.
 - Citizens Against Domestic and Sexual Abuse (CADA): Funding cuts of \$90,000. CADA in Island County, provided services to 1,000 clients last year.⁵³ Cuts would reduce staff hours and impact training to law enforcement personnel and prosecutors.
 - Domestic Violence Services of Snohomish County: Total funding cuts from sequestration amount to \$16,000 meaning cuts to legal services, emergency food and shelter, counseling and casework services to the victims of domestic violence.⁵⁴

Housing

- **Section 8 Housing:** Low-income families depend on federal assistance for housing. Housing Assistance Vouchers for Section 8 housing will be cut, resulting in the following local impacts:
 - Housing Authority of Snohomish County: A cut of \$2.2 million, eliminating support for 245 families to stay in their homes.⁵⁵
 - Housing Authority of Island County: A cut of \$342,000, eliminating support for 20 families stay in their homes.⁵⁶

⁵² The White House.

⁵³ Citizens Against Domestic and Sexual Abuse. February 2013.

⁵⁴ Domestic Violence Services of Snohomish County. February 2013.

⁵⁵ Housing Authority of Snohomish County. February 2013.

⁵⁶ Housing Authority of Island County. February 2013.

- Housing Authority of Skagit County: A cut eliminating support for 44 families to stay in their homes.⁵⁷

Local Government

County and city governments rely on federal grants and entitlements to fund affordable housing, education and public safety. The following is a sample of what cuts to these programs will mean in local communities:

- **CDBG:** Community Development Block Grants (CDBG) are distributed to 1,200 communities and states throughout the country. CDBG funds are used to make investments that strengthen local communities by providing affordable housing, provide services to the most vulnerable in our communities, and create jobs through the expansion and retention of business. Cuts to CDBG funding under sequestration could include:⁵⁸
 - Marysville: a cut of \$ 13,750
 - Everett: a cut of \$ 38,532
 - Bellingham: a cut of \$48,451
 - Snohomish County: a cut of \$146,420
 - Washington state: a cut of \$1,194,429
- **PILT:** Payment In Lieu of Taxes (PILT) are federal payments to local governments that are used to provide critical services in their rural communities including police and fire protection, school construction and roads help. PILT payments offset losses in property taxes due to nontaxable federal lands within their boundaries. PILT reductions because of sequestration include:⁵⁹
 - Skagit County: \$64,000
 - Whatcom County: \$110,450
 - Snohomish County: \$54,370
 - Washington state: \$898,616

National Parks and the Environment

- **National Parks:** Cuts to national parks will likely translate to park closures, reductions to hours of operations, and some program eliminations. In the 2nd Congressional District:
 - San Juan National Park will receive a \$50,000 cut.⁶⁰
 - Ebey's Reserve will receive a \$17,000 cut.⁶¹
- **Clean Water and Air:** Washington would lose about \$3,301,000 in environmental funding to ensure clean water and air quality, as well as prevent pollution from pesticides and hazardous waste.⁶²
- **Fish and Wildlife Protection:** Washington could lose \$924,000 in grants for fish and wildlife protection.⁶³

⁵⁷ Housing Authority of Skagit County. February 2013.

⁵⁸ U.S. Department of Housing and Urban Development. February 2013.

⁵⁹ National Association of Counties. February 2013

⁶⁰ The White House.

⁶¹ The White House.

⁶² The White House.

Unemployment Insurance

- **Unemployment Insurance:** People receiving Emergency Unemployment Compensation benefits would see their benefits cut by nearly 11 percent, averaging more than \$450 per unemployed person. Economists have estimated that every dollar in unemployment benefits generates \$2 in economic activity.⁶⁴

Replacing the Sequester, Preserving Growth and Tackling the Deficit

The consequences of the automatic spending cuts are as extreme as they are unnecessary. The sequester was never intended to take effect. It was designed to be so distasteful that its threat would compel Congress to come to a more balanced agreement to cut the deficit. Unfortunately that did not happen.

Congressman Larsen believes that the United States can cut the deficit while preserving vital job-creating investments by cutting unnecessary spending, slowing the pace of federal spending growth and raising new revenues.

Even if sequester were to take effect, it would not be enough to overcome the nation's deficit challenge. The Congressional Budget Office warns that by the end of this fiscal year, federal debt will reach 76 percent of the GDP, the largest percentage since 1950.⁶⁵ While the sequester would cut \$1.2 trillion in spending while slowing overall economic growth, the Center for Budget and Policy Priorities (CBPP) has determined that it will take \$1.5 trillion in deficit reduction to stabilize the public debt over the next decade. The centrist groups Third Way and the Committee For a Responsible Federal Budget both have argued that we should replace the \$1.2 trillion in sequester with at least \$2.4 trillion in deficit reduction in the next ten years.⁶⁶

The CBPP and other experts including OMB and CBO director Peter Orszag and former vice chairman of the Federal Reserve Board Alan Blinder, also make the case that with an unemployment rate near 8 percent, deficit reduction efforts need to be coupled with some targeted temporary fiscal measures that would accelerate economic growth and job creation.⁶⁷

Congressman Larsen supports a balanced approach that brings the debt-to-GDP level to stability within 10 years. He has voted twice for the bipartisan Simpson-Bowles framework that requires targeted spending cuts, entitlement reforms and new revenues.

⁶³ The White House.

⁶⁴ The White House.

⁶⁵ Congressional Budget Office. "The Budget and Economic Outlook: Fiscal Years 2013 to 2023." <http://go.usa.gov/23TJ>.

⁶⁶ Center on Budget and Policy Priorities. "\$1.5 Trillion in Deficit Savings Would Stabilize the Debt Over the Coming Decade." February 11, 2013. <http://tinyurl.com/aevdqtw>.