

Service agency cuts no budget balancer

If you are not paying full attention to the congressional budget debate (and how many people want to inflict such torment upon themselves?), you probably don't know where most of those "non-defense discretionary spending" cuts that are going to do so much to balance the budget are coming from.

Here's one: The *Business Courier* editorial board received a visit from the Greater Cincinnati Community Action Agencies, the executives of seven local agencies that employ 1,200 and serve more than 150,000 families in 16 Ohio and Kentucky counties. They and their fellow Community Action Agencies nationwide are facing a 50 percent cut in Community Services Block Grants, which provide a significant amount of their funding, if the federal budget passes as is.

One answer to that might be so what – social service spending is just a "giveaway." But, as the CAA executives noted, about 45 percent of the people who have come to their agencies for help over the past several years have been "first-timers," people who lost their jobs and/or their homes in the recession.

And what is given to people is mainly aimed at getting them back on their feet. This is some of what Community Action Agencies, which have existed since the 1960s, provide locally:

- Job search, training and support services;
- Head Start education for 4- and 5-year olds, and Early Head Start;
- Microenterprise loan programs and other business development programs;
- Senior community services, including home-delivered meals and transportation to medical facilities, home-based nursing care and adult day care;
- Tax preparation assistance;
- Crisis help, including emergency housing, food and help with utility bills.

The agency heads visited their local members of Congress, saying they would accept a lesser cut but adding that to slash the funding by half would threaten their primary programs, or even their existence. The answer, they said, was "We can't do anything about it; the budget needs to be balanced," (although, as one executive pointed out, her congressman still refers constituents to her agency for help).

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This would be a sad but necessary move by Congress if cuts to the social services sector were really going to balance the budget, but they aren't. In fact, 57 percent of the budget is mandatory spending, and most of that is for Social Security, Medicare and Medicaid (see an explanation at [http://useconomy.](http://useconomy.about.com/od/fiscalpolicy/tp/US_Federal_Budget.htm)

[about.com/od/fiscalpolicy/tp/US_Federal_Budget.htm](http://useconomy.about.com/od/fiscalpolicy/tp/US_Federal_Budget.htm)). Of the remaining 43 percent, more than half is earmarked for defense and security spending, and about 5 percent goes to interest payments. That leaves less than 20 percent of the budget available to cut.

Is that going to balance the budget? April fool! Of course not.

As economists have said over and over, without reforms to defense spending and entitlement programs, deficits can't be reduced in any meaningful way.

No matter how you feel about it, if Congress goes through with these cuts, they'll destroy part of the social service safety net mainly so that they can tout themselves as budget hawks. It will do little else. What's that worth?

SPENDING AS PERCENTAGE OF U.S. BUDGET

Entitlement programs	50+%
Defense spending	20+%