

Massachusetts: One state through the sequester lens

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Massachusetts will be hard hit as federal research agencies implement cuts required by the sequestration order of March 1. Job losses could number in the thousands, and include faculty, research staff, administrators, and graduate students. Total research funding is approximately \$7.7 billion per year.

A wide range of social welfare programs in Massachusetts also face direct cuts because of sequestration, affecting not just the newly unemployed but those already struggling to get by in one of the most expensive areas of the country. A recent report by the web site MassBenchmarks notes “that it costs over \$52,000 for a family of three (two adults and a school-aged child) to meet a bare-bones budget in Massachusetts.”

Massachusetts is the seventh most unequal state in the country in terms of income. Jobs offering decent wages for less-skilled labor have plummeted in recent years. According to a Georgetown University study, since the recession of 2007 nearly 6 million jobs deemed fit for high school graduates were lost in the state, while over 2 million jobs requiring college degrees have been added. The National Skills Coalition estimates that more than 20,000 Massachusetts workers will lose access to job training programs because of sequestration.

Throughout the economic crisis of the last five years, the unemployment rate in Massachusetts has stayed below the US average, sometimes by as much as two points. Among the reasons for this phenomenon are the state’s economic relations with Europe and the billions of dollars of federal research funds that flow into Massachusetts’ research labs, universities, and companies.

The first of these factors—the state’s close economic ties to Europe—is being hit by the economic crisis there,

and the Massachusetts unemployment rate was already increasing pre-sequester. According to the *Boston Globe*, in 2011, “Europe accounted for 40 percent of Massachusetts exports, the largest share of any major industrial state and nearly double the US average” and European companies—particularly pharmaceuticals—“invested billions of dollars in Massachusetts and employed more than 100,000 workers in the state.”

Among the federal agencies that fund research in Massachusetts are the National Institutes of Health (NIH), the National Science Foundation, the Department of Energy, NASA, and various military branches. The sequestration law mandates a cut of 5 percent to all non-military research spending in the government’s 2013 fiscal year (which ends September 30), but because it takes effect five months into the year, the effective cut to current grants and contracts will be 8.5 percent. In other words, a grant bringing in \$100,000 per month will see a monthly cut of \$8,500 between now and September because 5 percent was not cut between October 2012 and February 2013.

NIH funds more than \$2.5 billion of health-related research in Massachusetts every year, with \$1.7 billion being spent by universities and hospitals in the Boston area. A report issued by the office of Massachusetts Rep. Ed Markey (Democrat) estimates that 35,000 jobs in the state are supported by this money. This number breaks down to about 14,000 jobs per \$1 billion, similar to the 17,200 jobs per \$1 billion of health care spending that was estimated in a 2011 report by the Political Economy Research Institute at UMass Amherst. This report does not specifically address sequestration, but finds that a given amount of money spent on the military creates fewer jobs than the same amount spent on health care or education.

While the state's unemployment rate has been kept relatively low by a preponderance of universities, hospitals, and high-tech and biomedical start-ups, many former industrial and fishing cities—now euphemistically referred to as “gateway” cities—have rates as high as 15 percent. Unemployment in Lawrence, once known for its textiles, stood at 15.1 percent in January 2013; Holyoke, a former hub for paper mills, was at 10.8 percent. The city of Gloucester, which has been hit hard by the depletion of Atlantic cod stocks, has a jobless rate of 10.1 percent, while the former whaling capital of New Bedford had 14.2 percent unemployed.

The cuts to social programs mandated by sequestration will deepen an austerity policy that has already found form in the shredding of benefits for municipal retirees and an effort by the Governor to increase the state income tax from 5.25 percent to 6.25 percent. (See “Massachusetts governor releases budget proposal”)

These cuts will hurt working class families already struggling to get by, but will also mean cuts in jobs funded by these programs. Hundreds of teachers are likely to lose their jobs, along with counselors and administrators. Between 200 and 300 jobs will be lost to the Head Start cuts alone.

The offices of Ed Markey and Senator Tom Harkin (Democrat of Iowa), along with the White House, have estimated the effects of sequestration on social programs in Massachusetts. While these estimates likely contain some political angles, they are harrowing nonetheless. They include:

- \$10.7 million to \$18.2 million cut from Title I education funding, with the result that at least 16,000 low-income children will no longer receive assistance
- 800 jobs lost for working class college students
- A \$9.6 million cut in Head Start funding, which would kick between 1,000 and 1,500 children out of this vital program and eliminate 200 to 300 jobs
- Cuts of more than \$20 million in Special Education grants
- The loss of retraining funds for at least 500 low-skilled or underemployed workers
- Cuts in Workforce Investment Act programs serving thousands of adults and hundreds of at-risk youth.
- Inadequate funding for immunizing children against

potentially deadly diseases, including measles, tetanus, whooping cough, and the flu

- \$1.7 million cut from grants for substance abuse treatment
- More than \$500,000 cut from funding for meals for the elderly
- \$6.7 million to \$11.2 million is projected to be cut from the LIHEAP fuel assistance program. Government support for this program is already inadequate: with winter not yet over, one of the state's biggest providers of fuel assistance (Action for Boston Community Development) had already run out funding by February 20.



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