

# Strong Defense: STRONG AMERICA

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## **Looming Defense Job Losses in Perspective**



### Panetta: DOD cuts could up jobless rate by 1%

"Defense Secretary Leon Panetta warned Congress on Thursday that if lawmakers fail to agree on debt-ceiling talks and trigger \$1 trillion in Pentagon budget cuts, they could add 1 percentage point to the nation's jobless rate."

The 1.53 million job losses, or 1% unemployment increase, that Secretary Panetta forecasts:

- Exceeds all of the job losses in the construction industry during the recession.
- Equates to 76% of all of the job losses in manufacturing during the recession.
- More than triples the job losses seen in the leisure & hospitality industry, and more than quadruples the job losses in the transportation & warehousing industry during the recession.

Even if Secretary Panetta's job loss numbers are off by as much as 2/3, the losses would be devastating. If <u>only</u> 500,000 jobs are lost:

- We are looking at firing more people than the number of unemployed individuals in West Virginia, New Mexico, Maine, Nebraska, Montana, Hawaii, New Hampshire, Delaware, Alaska, South Dakota, Vermont, Wyoming, and North Dakota <u>COMBINED</u>.
- We are looking at eliminating more jobs than those lost during the six worst months of 2010.
- Would be greater than all of the job losses in the transportation & warehousing industry during the recession.

Conservative estimates of 500,000 defense job losses would exceed the number of unemployed individuals in West Virginia, New Mexico, Maine, Nebraska, Montana, Hawaii, New Hampshire, Delaware, Alaska, South Dakota, Vermont, Wyoming, and North Dakota, combined.

#### The Bottom Line for those that Serve

An analysis of the impacts of an additional \$600 billion in defense cuts

## Pink Slipping Our Warfighters

- **13**% **of our warfighters pink slipped:** Roughly 200,000 active duty servicemembers will have to leave service should Congress slash another \$600 billion from national security.
- 1 in 4 defense civilian positions terminated: Roughly 200,000 defense civilians will get pink slips.
- \$800 million in unemployment compensation: As a result of job losses, the DoD will incur a tab of an additional \$800 million a year in unemployment compensation. With this \$800 million the Navy could have completed this year's backlog of ship maintenance and had \$433 million left over.
- **Spike in unemployed veterans:** Finding employment for newly-fired veterans will be difficult. The national unemployment rate is 9%, but the unemployment rate for young Iraq and Afghanistan veterans is 22%. For wounded veterans it is 41%.

Bottom line: Service members will have to worry about keeping their jobs, as they put their lives on the line for the nation.

## **Breaking Faith with Military Families**

- **Less time at home:** Achieving a 1:3 ratio of time deployed versus time at home will be difficult, if not impossible, even in steady state scenarios.
- Less school funding: Elimination of DOD supplementary aid to local schools in and around military bases.
- Fewer education opportunities for spouses: Significant reductions in tuition assistance for spouses.
- **Potential for overseas tuition bills:** DOD overseas school system required to reduce employees, potentially increase class sizes, and close some schools. Parents could potentially be required to pay 15% of the cost, or approximately \$2,850 per student in tuition.
- **Significantly increased grocery bills:** Grocery savings for families at the commissaries are decimated; 30% savings perhaps reduced to 15% or even zero depending on store structure options.
- **Slashing of quality of life programs:** Loss of \$300 million funding for morale, welfare, and recreation programs.

Bottom line: No service member, military family, or dependent will escape the impact of cuts to support programs upon which families depend.

## **Billing Our Veterans for Debt Reduction**

- **Increased health care and prescription drug costs:** The Obama Administration has released a deficit reduction proposal that contains specific plans to cut \$27 billion in military health care through initiatives such as an annual enrollment fee for TRICARE for Life and a retail pharmacy copay hike.
- **Significant changes to military retirement:** The Administration has also recommended a BRAC-style commission to "civilianize" the military retirement system.

Bottom line: Retirees and veterans, many on fixed incomes, will see increases in costs for health care and prescription drugs.