



February 21, 2013

The Honorable Ben Cardin
Senator
United States Senate
SH-509 Hart Senate Office Building
Washington, DC 20510-2002

Re: Sequestration Must Be Avoided

Dear Senator Cardin:

Sequestration will have a destructive impact on localities in the National Capital Region and stymie an economy which is beginning to revive.

The Greater Washington Board of Trade and the Metropolitan Washington Council of Governments have previously expressed our concerns to you. Together, we write again to urge Congress and you as our elected representative to take immediate, thoughtful action to stop the impending sequestration on March 1. The automatic across-the-board cuts, as opposed to thoughtful deficit reduction, will have a debilitating effect on an already fragile economy.

Sequestration will have enormous ripple effects throughout the entire Region, much more so than any other metropolitan area in the country. According to George Mason University experts, 400,000 job losses are expected to occur in the National Capital Region alone. These startling figures do not include the second tier of support workers who will also be hit hard and, plainly, are likely to lose their jobs.

Compounding the major implications that these cuts will have for business in the Greater Washington region, the lack of clear information about these reductions causes unnecessary concern. To date, the federal government has given very little guidance, and those directives which have been given often conflict with prior instructions. This uncertainty about funding is debilitating to businesses and local governments, which are trying to budget strategically and plan for the future.

Sequestration affects the local ability to raise funds for facility costs which is critical to jump-starting the economy. National rating agencies are advising our localities that the cloud of sequestration is already negatively impacting their bond ratings. The arrival of sequestration will further adversely affect these bond ratings. Simply put, construction of public improvements through bond issues will become much more expensive, if possible at all. As a result, much needed public works will not proceed, and local private contractors who would have constructed the facilities will lose the contracts. So sequestration means tax dollars will buy fewer necessary facilities, infrastructure will continue to deteriorate, businesses will not have work, and their employees will be more likely to lose their jobs.

Another prime example of how sequestration cuts will ripple is evident in the Metro transit system. Sequestration will have a profound adverse impact on Metro's dedicated capital funds, resulting in a direct loss of up to \$12 million in Federal Fiscal Year 2013. Moreover, analysts

predict that millions of Metro's capital "formula dollars" could also be reduced significantly. Such a loss further complicates the agency's critical rebuilding efforts. Compounding these losses, Metro estimates that sequestration will result in a reduction of millions of dollars annually in fare box revenue due to furloughs in the federal workforce and a reduction in ridership of federal employees. Simply stated, people who lose their jobs will not need transit to go to work. These sequestration-related reductions result in a significant decrease in Metro's capital funds and operating revenues – funding that the Metro system cannot afford to lose.

The foregoing are but two examples of the negative impacts of sequestration.

Greater Washington's business and government leaders recognize that the national economic challenge is great, requiring the federal government to get its fiscal house in order. However, we strongly encourage you to adopt a bi-partisan balanced solution to deficit reduction that promotes rather than undermines our economic growth.

We would be glad to talk with you in person or assist with testimony before Congress regarding the severe impacts of sequestration. Please contact us.

Sincerely,



James C. Dinegar, CAE
President & CEO
Greater Washington Board of Trade



Karen Young
Chair, Board of Directors
Metropolitan Washington Council of
Governments