



Budget cuts could cost nearly 800,000 jobs

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NEW YORK (CNNMoney)

Federal budget cuts totaling \$85 billion could result in nearly 800,000 people losing their jobs and a reduction in economic growth of about half a point.

The job losses would result from declines in government spending in a wide range of government programs. The across-the-board spending cuts are known as [the sequester](#) and are slated to take effect Friday.

The reductions could force furloughs of federal employees in everything from forest firefighters to airport security screeners, and outright terminations of federal contractors.

The Congressional Budget Office estimates the cuts will cost 750,000 jobs and hit growth by 0.6 percentage points, assuming the cuts remain in effect for the remainder of the fiscal year. Some economists expect a slightly bigger impact.

The cuts add a "significant" burden to the economic recovery, Federal Reserve Chairman Ben Bernanke [said Tuesday](#).

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The hit to the economy will depend on how the cuts play out, according to Anthony Chan, chief economist at Chase Private Client.

Though there has been little progress in negotiations, there is always a chance the cuts will be delayed, replaced or implemented in a less damaging way.

If more surgical cuts were allowed, said Chan, the White House could make cuts that had less of an impact on the economy.

Cutting meals for the elderly, for example, would hurt more than reducing the amount of funding for the IRS.

The theory is that the elderly who rely on this program do not have much savings, so they would have to cut back spending in other areas.

There's also the chance that the White House could "back end" the cuts, meaning not lay people off until later in the year.

But some cuts are already in the works. In Texarkana, Texas, mechanic Raymond Wyrick has been told he'll [lose his job](#) refurbishing military Humvees next week.

"I don't know how we're going to make it," said Wyrick.

-- *CNNMoney's Jennifer Liberto and Annalyn Kurtz contributed to this report* ■

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