

NCSL ANALYSIS OF SEQUESTRATION: WHAT IT MEANS IN DOLLARS AND CENTS FOR STATES FOR FY 2013

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Sequestration is all about spending reductions to state-federal and other programs as written into the Budget Control Act of 2011. Neither the report released by the Office of Management and Budget nor the Budget Control Act addresses match rates, program responsibilities, administrative obligations, maintenance of effort requirements, reporting directives or data sharing.

Medicaid, the Temporary Assistance for Needy Families Block Grant (TANF), transportation programs, administrative assistance for the Supplemental Nutrition Assistance Program (SNAP), the Children's Health Insurance Program (CHIP), and most, but not all, entitlement and mandatory programs are **exempt** from sequestration.

Sequestration affects virtually every category of state-federal discretionary programming. When coupled with the exemptions mentioned above, it means FY 2013 spending cuts states will experience if sequestration survives will come in the areas of **education, environment, energy, human services, housing, community development, labor, job training, law enforcement and homeland security**. These cuts are applied indiscriminately—there are neither statutory or regulatory modifications nor changes to program expectations. There isn't any language or footnote message about how states or localities should cope with reduced federal fiscal participation.

Examples of what states can expect in terms of reduced funding:

Nondefense Discretionary Spending

- \$1 billion plus for **Title One education** programs.
- Nearly \$1 billion in **special education** (IDEA) funding, moving the federal government even further from its decades-old promise to provide up to 40 percent of special education costs.
- Ten of 11 block grants are reduced, including four health, two human services and two community development block grants.
- The **Women, Infants and Children Supplemental Nutrition Program** would shrink by \$500 million.
- The Federal Emergency Management Administration's **disaster relief** fund would lose nearly \$600 million.
- **Programs with unfunded or underfunded mandates**—including Real ID, No Child Left Behind Act, homeland and border security programs, Individuals with Disabilities Education Act, and the state criminal alien assistance program—would be further **underfunded or remain unfunded**.
- **Financial aid for college students** would decline by \$140 million.
- A \$2.5 billion reduction to **medical research**, primarily through NIH, would occur.
- \$200 million or so in **Clean Water and Safe Drinking Water Revolving Fund** infrastructure loan support would be lost.
- **Head Start** would experience an approximate \$600 million reduction.
- More than \$2 billion in **Section 8** rental assistance programs would vanish.
- **Unemployment Insurance administrative** support would decline by more than \$200 million.

Defense Spending

- Almost \$4 billion in cuts to military defense **operations and maintenance**.

- **Research, development and evaluations** would be reduced by \$2 billion.
- \$700 million decline in Department of Defense **procurement**.

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