

To: Members, Legislative Commission on Planning and Fiscal Policy

From: Bill Marx, House Fiscal Staff
Eric Nauman, Senate Fiscal Staff

Date: April 4, 2013

Subject: Federal Funds and Sequestration Information

Attached is information we have received from the Federal Funds Information Service (FFIS) on federal funds expected to be received in Minnesota. The information shows the projected effect of federal budget changes including sequestration.

The attached information is not a complete picture of federal funds. According to FFIS, the attached information represents about 70 percent of the total federal funding. FFIS says these grants are those that are of the most importance to states.

The attached chart lists federal grant programs by federal agency and then grant program within that agency.

The numbers show funding amounts for federal fiscal year (FY) 2012 and projected federal FY 2013 funding before sequestration and projected federal FY 2013 funding after (post) sequestration. Then the two change columns compare Federal FY 2013 post sequestration to federal FY 2012. Sequestration may not be the only change affecting the FY 2013 numbers. The appropriations for some of these programs may have been reduced or increased in the continuing resolution or other legislation that set appropriations for the first six months of federal FY 2013. The effect of sequestration would be on top of any other changes affecting the appropriations.

The notes after the numbers for each program provide additional information regarding the specific program including noting which programs were subject to sequestration.

The total numbers on the last page show a total reduction in federal grant funds in the programs listed of \$170 million. The \$170 million is the result of all federal budget changes, not just sequestration.

This information is current, but represents a snapshot in time. FFIS is making ongoing updates to the sequestration effects on the federal budget as new information becomes available. This information will continue to evolve in the weeks ahead.

Federal Funds - Minnesota

The FY 2013 Enacted Budget and Budget Control Act Sequester

Dollars in thousands, federal fiscal year

Data is from the Federal Funds Information Service (FFIS), The VIP Series, Vol. 13, No. 1

This data is used with permission from FFIS.

Data is listed by federal agency, grant program name and CFDA (catalog of federal domestic assistance) number.

	<u>FY 2012 Enacted</u>	<u>FY 2013 Final</u>	<u>FY 2013 Post Sequester</u>	<u>Change: FY 2012 to FY 2013 Post-Sequester</u>	<u>Percent Change</u>
AGRICULTURE - Women, Infants & Children (WIC) (10.557)					
	93,373	96,906	92,209	-1,164	-1.2%

FY 2013 final reflects -2.513% across-the-board rescission in final appropriation.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs

EDUCATION - Title I - Grants to Local Education Agencies (84.010)

	157,485	152,548	144,662	-12,823	-8.1%
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This program receives an advance appropriation. The Department of Education (ED) has indicated that it will take the full sequester amount from FY 2013 current-year funds, so that no reduction is made in school year 2012-2013.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

EDUCATION - Vocational Rehabilitation - State Grants (84.126)

	48,149	49,723	47,187	-962	-2.0%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

EDUCATION - Special Education - Basic State Grant (84.027)

	189,532	189,532	180,044	-9,488	-5.0%
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This program receives an advance appropriation. The Department of Education (ED) has indicated that it will take the full sequester amount from FY 2013 current-year funds, so that no reduction is made in school year 2012-2013.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

EDUCATION - Improving Teacher Quality (84.367)

	33,022	32,908	31,254	-1,768	-5.4%
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This program receives an advance appropriation. The Department of Education (ED) has indicated that it will take the full sequester amount from FY 2013 current-year funds, so that no reduction is made in school year 2012-2013.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

EDUCATION - Career and Technical Education State Grants (84.048)

	16,961	16,685	15,834	-1,127	-6.6%
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This program receives an advance appropriation. The Department of Education (ED) has indicated that it will take the full sequester amount from FY 2013 current-year funds, so that no reduction is made in school year 2012-2013.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Adoption Assistance (93.659)

	31,704	33,306	33,306	1,602	5.1%
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This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - CDC: State and Local Capacity (Bioterrorism) (93.069)

	11,303	11,303	10,735	-568	-5.0%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Child Care and Development Block Grant (93.575)

30,691 31,365 29,821 -870 -2.8%

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Child Care Entitlement - Mandatory and Matching (93.596)

52,521 52,521 52,521 0 0.0%

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Child Support Enforcement (93.563)

120,382 115,042 115,042 -5,340 -4.4%

Allocations reflect federal share of state and local administrative costs and federal incentive payments to states. This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Community Services Block Grant (93.569)

8,113 8,113 7,705 -408 -5.0%

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Consolidated Health Centers (93.224)

22,394 24,822 24,019 1,625 7.3%

Funding levels reflect additional mandatory funding appropriated in the Affordable Care Act (\$1.2 billion in FY 2012, and \$1.5 billion in FY 2013).

FY 2013 post-sequester funding levels calculated by applying a special sequester percentage of 2% to the mandatory portion included in the Affordable Care Act (\$1.5 billion) and 5% to FY 2013 CR funding levels . (per OMB's sequester report)

HEALTH & HUMAN SERVICES - Foster Care (93.658)

38,938 39,128 39,128 190 0.5%

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Head Start (93.600)

84,053 84,406 80,178 -3,875 -4.6%

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Low-Income Home Energy Assistance Program (93.568)

116,839 116,839 110,961 -5,878 -5.0%

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Medicaid - Administration (93.778)

219,035 184,212 184,212 -34,823 -15.9%

FY 2012 amounts from May 2012 CMS-37 report. FY 2013 figures from November 2012 CMS-37.

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Medicaid - Vendor Payments (93.778)

4,712,882 4,630,957 4,630,957 -81,925 -1.7%

FY 2012 amounts from May 2012 CMS-37 report. FY 2013 figures from November 2012 CMS-37.

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Medicare Part D Clawback

-165,685	-165,600	-165,600	85	0.1%
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All data reflect FFIS estimates.

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Promoting Safe and Stable Families (93.556)

3,455	3,455	3,279	-176	-5.1%
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Includes mandatory and discretionary funds. Funds for technical assistance, Indian tribes, state courts, and regional partnerships are included in unallocated.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Social Services Block Grant (93.667)

29,041	29,011	27,532	-1,509	-5.2%
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FY 2013 allotments are FFIS estimates based on 2011 population data.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Children's Health Insurance Program (93.767)

21,392	32,308	32,308	10,916	51.0%
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Amounts exclude performance bonus payments and quality improvements.

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HEALTH & HUMAN SERVICES - Substance Abuse and Prevention Block Grant (93.959)

25,316	25,316	24,042	-1,274	-5.0%
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Includes Red Lake Tribal amount.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HEALTH & HUMAN SERVICES - Temporary Assistance for Needy Families (93.558)

263,434	263,434	263,434	0	0.0%
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State allocation reflects family assistance grants.

This program is exempt from sequester under the Budget Control Act, based on section 255 of P.L. 99-177 and subsequent modifications.

HOMELAND SECURITY - State Homeland Security Grant Program (97.073)

2,801	2,856	2,715	-86	-3.1%
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The FY 2012 enacted budget provided \$1.350 billion for several programs, with earmarks of \$50 million for Operation Stonegarden and \$231.7 million for training and technical assistance. Remaining funds were allocated among 11 programs, including SHSGP, based on risk rather than formula.

FY 2013 final reflects -0.092% across-the-board rescission in final appropriation.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HUD & INDEPENDENT AGENCIES - Community Development Block Grant (CDBG) - Entitlement (14.218)

30,302	30,302	28,778	-1,524	-5.0%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HUD & INDEPENDENT AGENCIES - Community Development Block Grant (CDBG) - Non-Entitlement (14.228)

16,736	16,736	15,894	-842	-5.0%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HUD & INDEPENDENT AGENCIES - EPA - Clean Water SRF (66.458)

26,239	25,977	24,657	-1,582	-6.0%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

HUD & INDEPENDENT AGENCIES - EPA - Drinking Water (66.468)

15,062	14,911	14,153	-909	-6.0%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

JUSTICE - State Criminal Alien Assistance Program (16.606)

1,334	1,390	1,323	-11	-0.8%
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Figures include state and local allocations.

FY 2013 final reflects -1.877% across-the-board rescission in final appropriation.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

JUSTICE - Justice Assistance Grants (16.738)

2,904	3,022	2,876	-28	-1.0%
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Figures include only state allocations.

FY 2012 enacted funding excludes \$100 million for presidential nominating conventions.

FY 2013 final reflects -1.877% across-the-board rescission in final appropriation.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

LABOR - Workforce Investment Act (WIA) - Adult Employment and Training (17.258)

9,135	8,931	8,484	-651	-7.1%
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Funding levels reflect program years rather than fiscal years. The Department of Labor has indicated that it will apply the full sequester amount to the base portion of program year (PY) 2013 funds.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

LABOR - Dislocated Workers (17.260)

12,016	10,190	9,680	-2,336	-19.4%
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Funding levels reflect program years rather than fiscal years. The Department of Labor has indicated that it will apply the full sequester amount to the base portion of program year (PY) 2013 funds.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

LABOR - Employment Services State Grants (17.207)

11,869	11,696	11,108	-761	-6.4%
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Funding levels reflect program years rather than fiscal years.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

LABOR - Unemployment Insurance - State Administration (17.225)

49,536	48,921	46,412	-3,124	-6.3%
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Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

LABOR - Workforce Investment Act (WIA) - Youth Activities (17.259)

10,523	10,382	9,860	-663	-6.3%
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Funding levels reflect program years rather than fiscal years.

Final FY 2013 post-sequester column calculated using the Office of Management and Budget's (OMB) final sequester percentages of 5.0% for nondefense discretionary programs and 5.1% for nondefense mandatory programs.

TRANSPORTATION - National Highway Performance Program (20.205)

268,530	378,008	377,453	108,923	40.6%
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Most federal highway spending is exempt from sequester. However, \$639 million, which falls into the National Highway Performance Program (NHPP) and is not subject to the annual obligation limitation, is subject to sequester at the 5.1% rate according to OMB, resulting in a \$32.6 million cut.

TRANSPORTATION - Surface Transportation Program (20.205)

158,249	173,872	173,872	15,623	9.9%
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For comparison purposes FY 2012 total includes Surface Transportation Program and Appalachian Development Highway System.
Federal highway spending subject to the annual obligation limitation is exempt from sequester.

TRANSPORTATION - Highway Safety Improvement Program (20.205)

24,809	35,582	35,582	10,773	43.4%
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Federal highway spending subject to the annual obligation limitation is exempt from sequester.

TRANSPORTATION - Congestion Mitigation & Air Quality Improvement (20.205)

27,007	32,232	32,232	5,225	19.3%
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Federal highway spending subject to the annual obligation limitation is exempt from sequester.

TRANSPORTATION - Equity Bonus (20.205)

148,637	0	0	-148,637	-100.0%
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This program was eliminated by MAP-21.

Total of All Above Grants

6,980,019	6,863,248	6,809,849	-170,170	-2.4%
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The VIP Series focuses on federal grant-in-aid programs in the FFIS database that are of most importance to states. While FFIS tracks more than 200 grant-in-aid programs, the lion's share of federal aid, almost 70% of total funding tracked by FFIS, is reported here.

This edition of The VIP Series includes federal fiscal year (FY) 2013 appropriations based on P.L. 113-6, which included five individual appropriations bills (Agriculture, Defense, Commerce-Justice-Science (CJS), Homeland Security, and Military Construction-Veterans Affairs) plus a full-year continuing resolution for all other programs. In addition, the numbers reported here reflect the impact of the budget sequestration process mandated by the Budget Control Act of 2011 (BCA; P.L. 112-25), which took effect on March 1, 2013.

When sequestration was implemented on March 1, it applied to funding levels in place on that date, which were those included in the initial FY 2013 CR that was passed last September. Thus, sequestration amounts were calculated against those amounts, rather than the final amounts included in P.L. 113-6. The numbers in this report reflect that reduction, which was -5.0% for nondefense discretionary programs and -5.1% for nondefense mandatory programs. Of the 42 programs included in The VIP Series, 12 are fully exempt from sequester.

In addition, the final FY 2013 appropriations language included across-the-board (ATB) rescissions for certain appropriations: -2.513% for Agriculture and Military Construction-Veterans Affairs, -1.877% for CJS, and -0.092% for all security discretionary programs (including homeland security). Again, the numbers reported here reflect these reductions. Finally, P.L. 113-6 funded most of the programs subject to the CR at FY 2012 levels, although it did specify different amounts in some cases.