



# FEDERAL FUNDS OVERVIEW AND SEQUESTRATION

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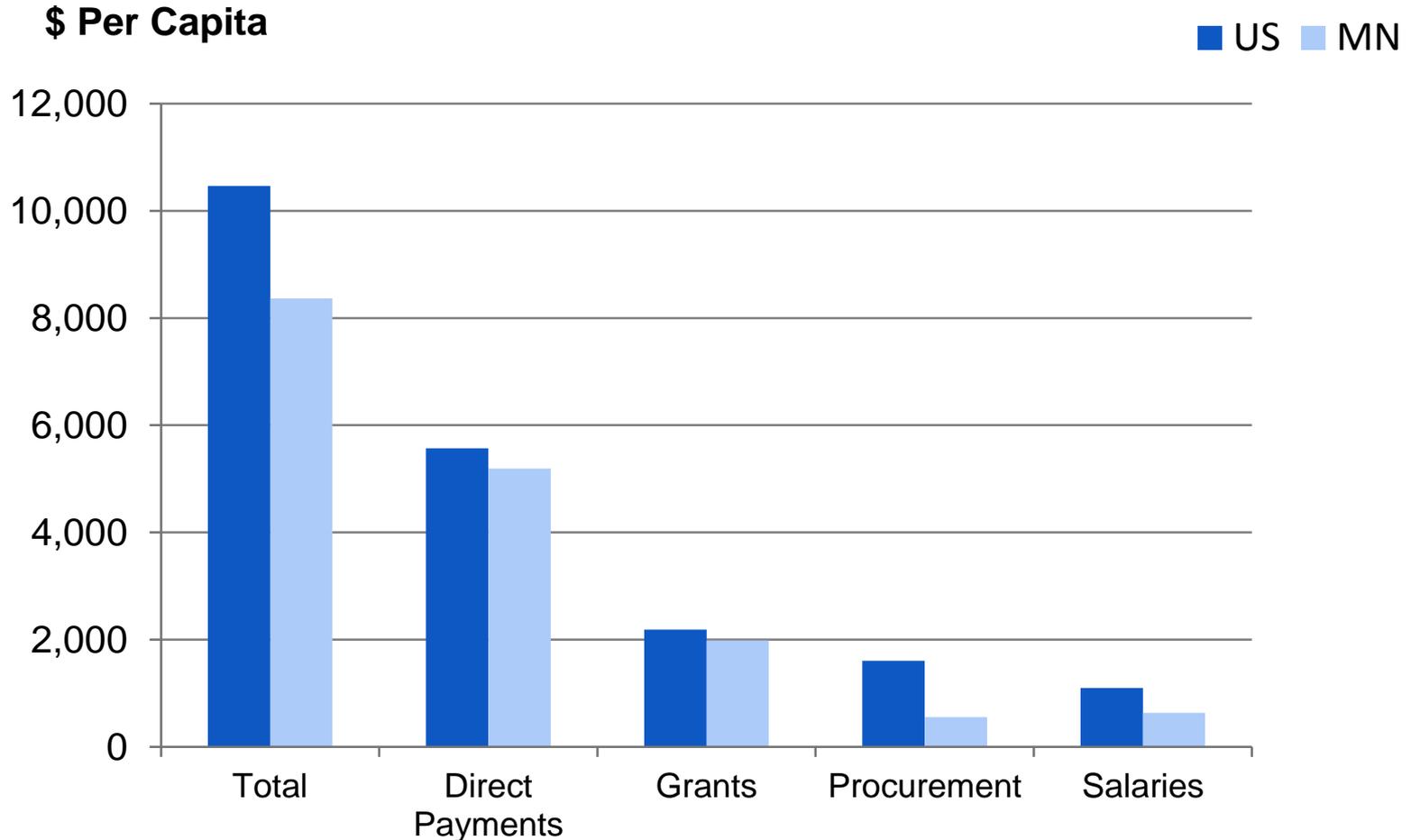
# Federal Funds Overview



# Federal Funds in Minnesota

- Federal spending impacts Minnesota through direct payments, grants, procurement and wages
- Not all federal grants are distributed at the state level.
  - Example – Headstart
- Some federal funds received by the state are pass-thru to other political jurisdictions
  - Examples – Title I and Special Education , Community Development Block Grant
- The four largest federal grant categories are Medicaid (Medical Assistance), highway planning and construction, cash and food assistance and education funding

# Minnesota Ranks 49th Among States in Per Capita Federal Expenditures

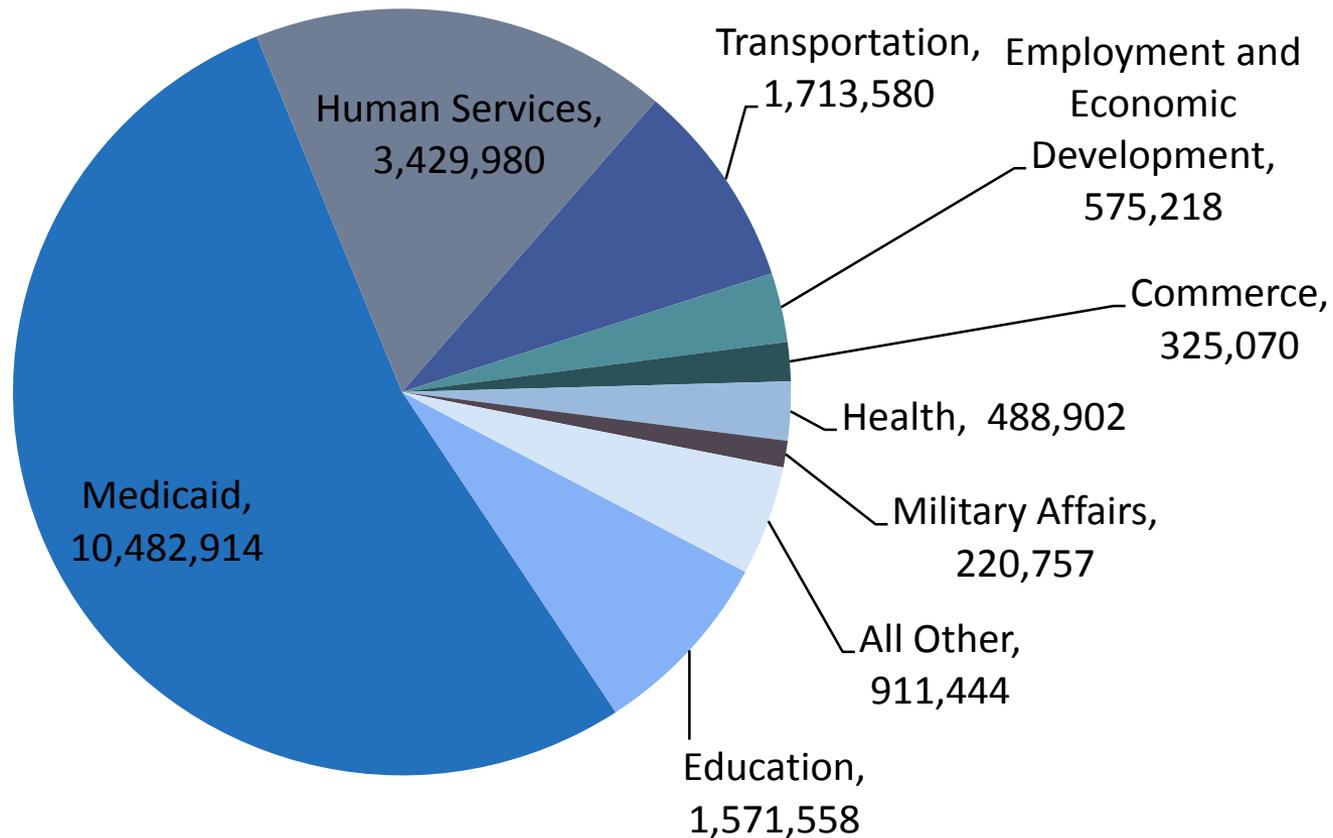


Source: FFIS 'State Policy Report', October 2011

# Federal Funds in State Budget

- Approximately 30% of the FY2014-15 budget
- \$9.7 billion federal revenue in FY 2014
  - \$4.9 B Medicaid
  - \$1.1 B Human Services
  - \$0.8 B Education
  - \$0.9 B Transportation
  - \$2.0 B grant funds across the rest of state government
- Approximately 10% (3,143) of the state's full-time equivalents are federally funded (FY 2012)

# Minnesota State Agencies Will Receive an Estimated \$19.7 billion in Federal Revenue in FY 2014-15



(\$ in thousands)

Source: February 2013 Consolidated Fund Statement

# Sequestration

# How Will MN fare?

- Many unknowns remain
  - Timing of reductions
  - Restrictions placed on state agencies
  - Final amounts of reductions
- Potential \$90 million annual reduction in programs subject to sequestration (FFIS estimate)
- Reductions could be offset by automatic or specified increases in funding

# Large Federal Programs are Exempt from Sequestration

Program	FY 2013 CR Funding (in thousands)	Exempt [E] or Covered [C]
Medicaid -Vendor	\$251,463,885	E
National Highway Performance (NHPP)	21,751,779	E
Temporary Assistance for Needy Families (TANF)	17,178,026	E
Title I - Grants to Local Education Agencies (LEAs)	14,605,298	C
Special Education - Basic State Grant	11,648,712	C
Medicaid Administration	11,440,274	E
Surface Transportation Program	10,005,135	E
Head Start	8,017,311	C
Women, Infants & Children (WIC)	6,659,002	C
Foster Care	4,146,000	E

# Minnesota's Response to Sequestration

- Tracking updates from Federal Funds Information for States (FFIS)
- State agencies are in communications with their federal cognizant agencies
- MMB and state agencies have met to address sequestration and its potential impacts
- MMB has been centrally tracking state agency guidance received from federal government
  - Only received guidance on roughly 1/3 of total sequestration estimate