

**Programs Identified That May Be Affected by Federal Budget Control Act Sequestration Process**

On August 2, 2011, President Barack Obama signed into law the Budget Control Act of 2011 (BCA), increasing the nation's debt limit and imposing a series of measures to limit spending and decrease the nation's debt. The BCA created a Joint Select Committee on Deficit Reduction made up of members from the House and Senate, Democrats and Republicans, charged with finding \$1.2 trillion in reductions over the next decade. Sequestration, should it occur, is the result of the failure of the Joint Select Committee on Deficit Reduction to propose, and Congress to enact, legislation reducing the deficit by \$1.2 trillion as required by the BCA. Sequestration is the process of cordoning off money that may have been authorized by Congress but is now prohibited from being spent. Sequestration will begin unless Congress and the Administration change the law. Sequestration will result in automatic reductions to federal programs not specifically excluded beginning January 1, 2013.

State agencies receiving federal funds were asked to report information on any programs that may be affected by federal funding reductions due to sequestration beginning in January 2013 as a result of provisions of the BCA. At this time, actual sequestration amounts are unknown. Information from agencies estimating potential impacts of sequestration is provided below. Other agencies not listed may be affected by sequestration; however, the potential impacts were not quantifiable to report at this time.

Before adjourning for its August 2012 break, Congress passed The Sequestration Transparency Act of 2012. The Sequestration Transparency Act of 2012 requires the President to submit to Congress a report on the sequestration for fiscal year 2013 that is scheduled to be ordered on January 2, 2013. In mid-September 2012 after state agency surveys were collected, the White House's Office of Management and Budget outlined planned spending cuts of \$109 billion for 2013 as follows:

- Reductions to defense programs of either 9.4 percent or 10 percent, depending on how programs receive appropriations from Congress (\$55 billion).
- Reduction in Medicare payments to providers of 2 percent (\$11 billion).
- Reductions to nondefense spending (like elementary and secondary education or rehabilitation services and disability research) to be reduced by either 8.2 percent for discretionary spending or 7.6 percent for selected mandatory programs (totaling \$43 billion).

		<b>Estimated Effect of Potential Federal Sequestration on Programs and Services Agency Plans to</b>						
	Agency Name/Program Name	Funds Estimated to Be Received Without Sequestration for the		Funds Estimated to Be Received With Sequestration for the		Reduce Program Services	Request General Fund Support to Continue Program	Explanation
		2011-13 Biennium	2013-15 Biennium	2011-13 Biennium	2013-15 Biennium			
<b>GENERAL GOVERNMENT</b>								
<b>Attorney General</b>								
16.543	Internet Crimes Against Children	\$359,757	\$459,000	TBD <sup>1</sup>	TBD <sup>1</sup>			Since the amount of the sequestration is unknown at this time, the Attorney General would likely consider a combination of methods to address any reductions. If sequestration occurs, the Attorney General plans to review and prioritize programs based on the state's needs at that time.
16.550	State Justice Statistics	\$59,779	\$255,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.579	Drug Control and System Improvement/Justice Assistance	\$2,241,661	\$2,563,640	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.593	Residential Substance Abuse Treatment for State Prisoners	\$263,730	\$250,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.607	Bulletproof Vest Partnership Program	\$5,000	\$5,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.609	Project Safe Neighborhoods	\$151,874	\$197,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.710	Community Policing Services - (COPS)	\$563,749	\$570,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.710	COPS-CSPP	\$500,000	\$244,200	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.741	DNA Backlog Reduction Program	\$650,000	\$400,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	\$569,750	\$480,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program	\$160,510	\$0	TBD <sup>1</sup>	N/A			
16.750	Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking (SMART)	\$548,295	\$662,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
20.600	Highway Traffic Safety	\$500,000	\$400,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
20.601	Highway Traffic Safety	\$175,000	\$150,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
93.998	High Intensity Drug Trafficking Area (HIDTA)	\$1,300,000	\$1,300,000	TBD <sup>1</sup>	TBD <sup>1</sup>			
97.074	State Domestic Preparedness	\$245,868	\$413,012	TBD <sup>1</sup>	TBD <sup>1</sup>			

Estimated Effect of Potential Federal Sequestration on Programs and Services  
Agency Plans to

Agency Name/Program Name	Funds Estimated to Be Received Without Sequestration for the		Funds Estimated to Be Received With Sequestration for the		Reduce Program Services	Request General Fund Support to Continue Program	Explanation
	2011-13 Biennium	2013-15 Biennium	2011-13 Biennium	2013-15 Biennium			
<b>EDUCATION</b>							
<b>Department of Public Instruction</b>							
84.027 Individuals With Disabilities Education Act	\$55,264,437	\$56,129,611	\$53,531,155	\$50,516,650	X		
84.173 Individuals With Disabilities Education Act - Preschool	\$1,581,981	\$1,619,156	\$1,581,981	\$1,457,240	X		
84.287 21st Century	\$11,297,082	\$11,286,398	\$11,297,082	\$10,157,758	X		
84.365 Title III - English Language Acquisition	\$1,007,000	\$1,039,350	\$1,007,000	\$935,415	X		
84.010A Title I Part A	\$72,086,736	\$76,235,000	\$70,089,865	\$71,660,901	X		
84.367 Title II Part A	\$22,440,497	\$22,400,000	\$21,791,973	\$21,056,001	X		
84.002 Adult Basic Education	\$2,027,379	\$2,039,658	\$2,027,379	\$1,906,223	X		
<b>State Board for Career and Technical Education</b>							
84.048 Carl D. Perkins	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000	X		
17.6 Mine Safety	\$137,082	\$130,000	\$137,082	\$130,000	X		
17.259 WIA	\$250,626	\$250,626	\$250,626	\$250,626	X		
<b>HEALTH AND WELFARE</b>							
<b>State Department of Health</b>							
<b>Department of Human Services</b>							
14.228 Community Development Block Grant	\$10,000	\$0	\$10,000	\$0			
17.235 Senior Employment	\$1,067,490	\$1,071,989	\$1,067,490	\$1,071,989			1
84.126 Voc. Rehab. Basic Supp.	\$24,607,585	\$21,417,842	\$24,607,585	\$18,956,000			3
84.161 Client Assistance	\$239,505	\$227,828	\$239,505	\$227,828			1
84.169 VR Independent Living - B	\$842,524	\$839,916	\$842,524	\$839,916			1
84.177 VR IL Older Blind	\$437,346	\$672,959	\$437,346	\$672,959			1
84.181 Part C	\$6,258,945	\$4,948,726	\$6,258,945	\$4,948,726			1
84.186 Drug-Free Schools	\$278,118	\$0	\$278,118	\$0			
84.187 Supported Employ. VI-C	\$597,364	\$676,192	\$597,364	\$676,192			1
84.224 IPAT (TEC GRANT)	\$888,711	\$888,772	\$888,711	\$888,772			1
84.265 VR Inservice Train	\$37,512	\$40,917	\$37,512	\$40,917			1
93.041 Elder Abuse Prevention	\$50,084	\$50,000	\$50,084	\$50,000			1
93.042 Ombudsman Activity	\$166,829	\$169,132	\$166,829	\$169,132			1
93.043 AOA Preventive Health	\$210,261	\$209,903	\$210,261	\$209,903			1
93.044 Title III B	\$3,136,682	\$3,530,672	\$3,136,682	\$3,530,672			1
93.045 Aging Administration	\$6,515,369	\$6,469,743	\$6,515,369	\$6,469,743			1
93.048 Aging Disability Resource Center	\$379,323	\$7,059	\$379,323	\$7,059			1
93.052 Title III E - Family Caregiver	\$1,526,796	\$1,529,866	\$1,526,796	\$1,529,866			1
93.15 Project for Homeless - Path	\$590,000	\$596,325	\$590,000	\$596,325			1
93.556 Promoting Safe and Stable Families	\$1,034,600	\$676,489	\$1,034,600	\$676,489			1
93.566 Refugee Assistance CMA	\$2,897,290	\$2,922,396	\$2,897,290	\$2,922,396			1
93.568 LIHEAP	\$39,075,056	\$39,272,780	\$39,075,056	\$37,902,000			3
93.575 Child Care Development Fund - Discretionary Funds	\$4,031,623	\$9,381,656	\$4,031,623	\$7,664,000			3
93.59 Child Abuse - Challenge Grant	\$655,163	\$406,533	\$655,163	\$406,533			1
93.599 Education and Training Grant	\$238,928	\$235,030	\$238,928	\$235,030			1
93.6 Head Start Collaboration	\$244,465	\$201,796	\$244,465	\$201,796			1
93.63 Developmental Disabilities Council	\$1,020,700	\$946,896	\$1,020,700	\$946,896			1
93.645 Child Welfare Services	\$1,130,446	\$1,329,893	\$1,130,446	\$1,329,893			1
93.667 Social Service Block Grant	\$7,133,022	\$7,365,396	\$7,133,022	\$6,790,000			3
93.669 Child Abuse - Basic Grant	\$369,455	\$204,017	\$369,455	\$204,017			1

Estimated Effect of Potential Federal Sequestration on Programs and Services  
Agency Plans to

Agency Name/Program Name	Funds Estimated to Be Received Without Sequestration for the		Funds Estimated to Be Received With Sequestration for the		Reduce Program Services	Request General Fund Support to Continue Program	Explanation
	2011-13 Biennium	2013-15 Biennium	2011-13 Biennium	2013-15 Biennium			
<b>Department of Human Services</b>							
93.958 Mental Health Block Grant	\$1,425,060	\$1,576,173	\$1,425,060	\$1,576,173			1
93.959 Substance Abuse Prevention Treatment	\$10,696,641	\$10,844,495	\$10,696,641	\$10,032,000			3
93.994 Maternal and Child Health Services Block Grant	\$136,561	\$201,297	\$136,561	\$201,297			1
96.001 Disability Determination Services	\$5,748,199	\$7,375,296	\$5,748,199	\$7,375,296			1
<b>Job Service</b>							
17.801, Veterans Program	\$1,282,389	\$1,136,000	\$1,239,389	\$1,050,000	X		Reduction in services to approximately 271 veterans
17.804, 17.807							
17.258, Workforce Investment Act	\$11,068,392	\$9,877,224	\$10,722,180	\$9,184,800	X		Reduction in services to approximately 900 WIA adult, youth, and dislocated workers. Reduction in staff and local offices providing WIA services.
17.260, 17.278							
17.207 Wagner-Peyser	\$12,827,533	\$11,564,352	\$12,415,522	\$10,740,330	X		Reduction in services to approximately 9,170 job seekers. Reduction in staff and local offices providing employment services.
17.225 Unemployment Insurance	\$21,702,292	\$20,341,185	TBD <sup>1</sup>	TBD <sup>1</sup>	X		Estimated sequestration reduction of unemployment insurance administrative funding at a level of 10 percent or \$1,232,702
<b>PUBLIC SAFETY</b>							
<b>Department of Corrections and Rehabilitation</b>							
4							
<b>NATURAL RESOURCES</b>							
<b>NDSU Extension Service</b>							
10.500 Cooperative Extension	\$7,142,393	\$7,137,154	\$6,785,273	\$6,066,581	X		
<b>NDSU Main Research Station</b>							
10.203 Hatch			\$5,645,198	\$5,308,932	X		
10.202 McIntire Stennis			\$385,766	\$271,295	X		
10.207 Animal Health			\$42,144	\$40,560	X		
<b>Council on the Arts</b>							
45.025 Basic State Partnership	\$1,476,600	\$1,530,000	\$1,450,000	\$1,480,000		X	North Dakota communities, schools, and nonprofits rely on these grants for a variety of projects and programs. Council on the Arts would ask the state to replace the loss of federal funds.

<sup>1</sup>Dependent on sequestration amount.

<sup>2</sup>The State Department of Health federal grant programs of Medicaid and Vaccines for Children are believed to be exempt from the sequestration process and Medicare is limited to a 2 percent reduction.

<sup>3</sup>The future funding level of the program is a legislative decision, the department will defer to the Legislative Assembly for a decision on the future funding of the program.

<sup>4</sup>The Department of Corrections and Rehabilitation is uncertain which programs may be subject to sequestration; however, if any programs are affected the department anticipates either program eliminations or delays in payments to eligible recipients will occur.