

Sequestration: Impact on States

NGA Winter Meeting

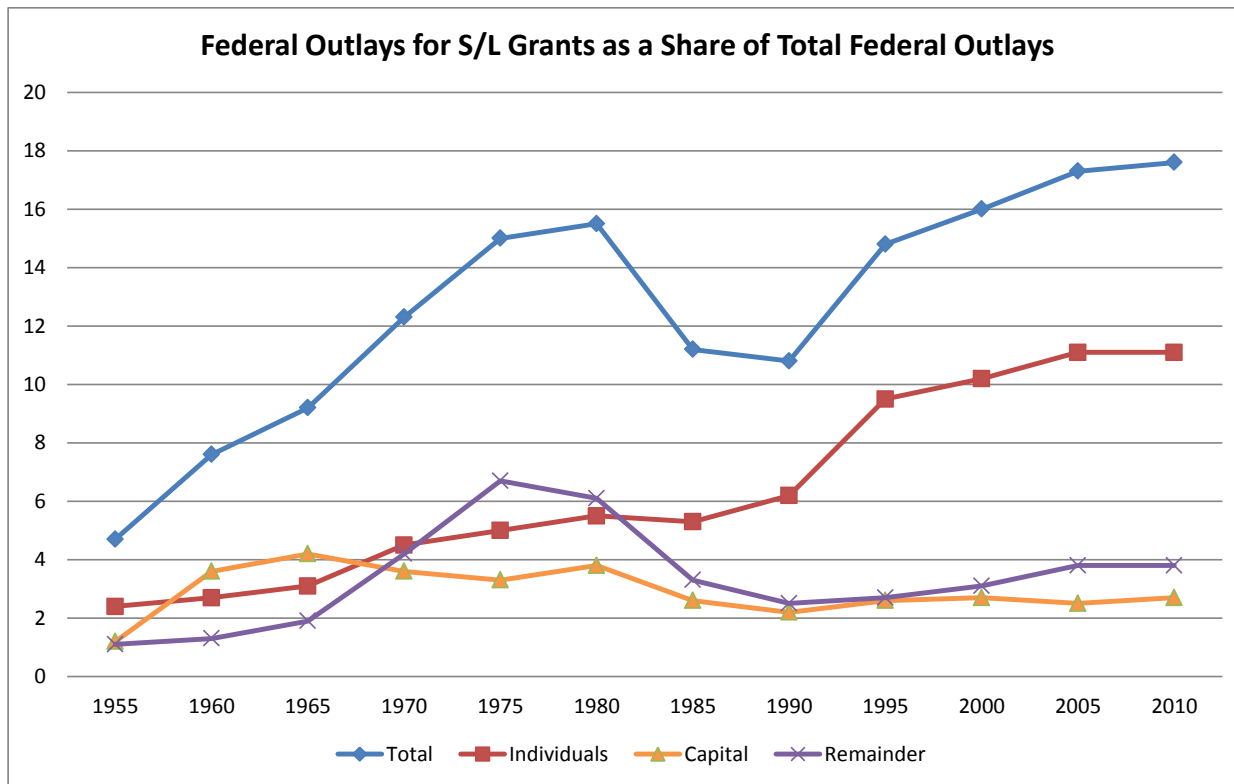
Program for Chiefs of Staff

February 23, 2013



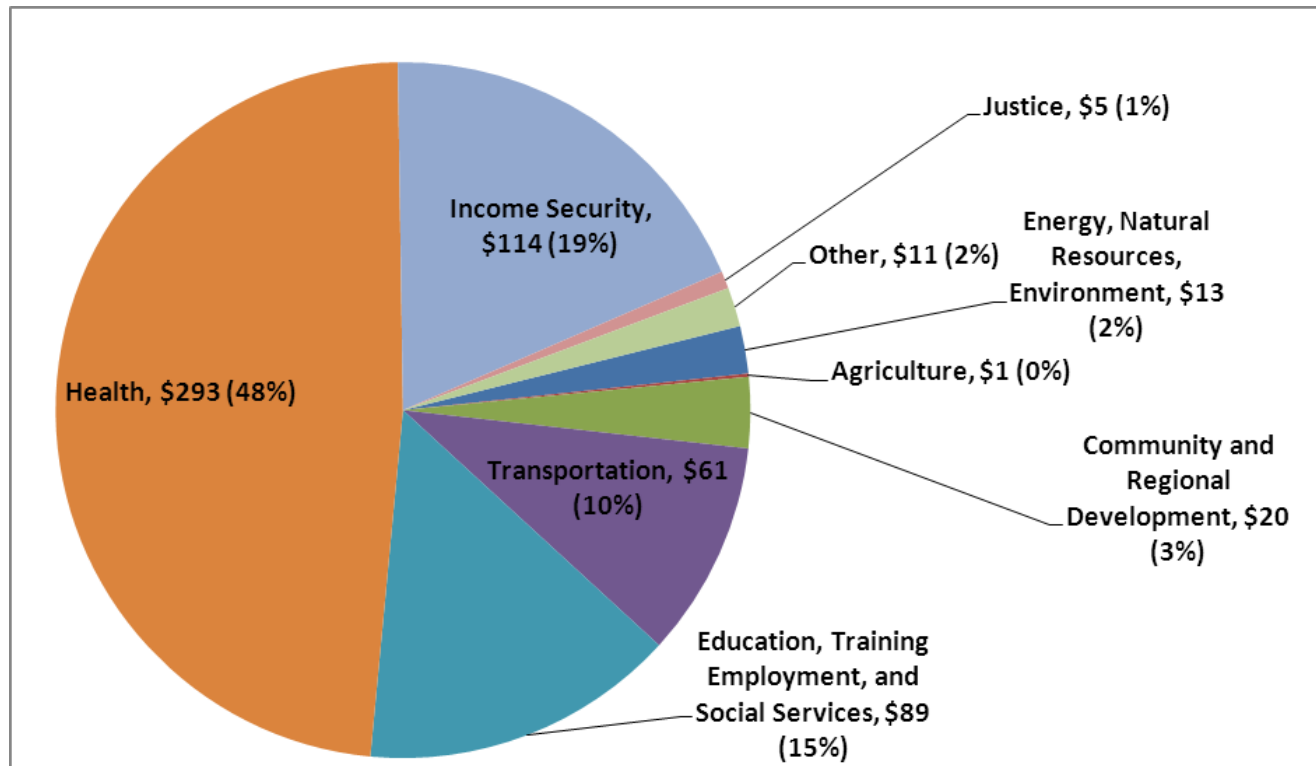
**Federal Funds
Information for States**
www.ffis.org

Federal grant money that goes to state/local government



What programs areas are supported by state/local grants?

Federal Outlays to State and Local Governments, FY 2011
(\$ in Billions, % of Total)

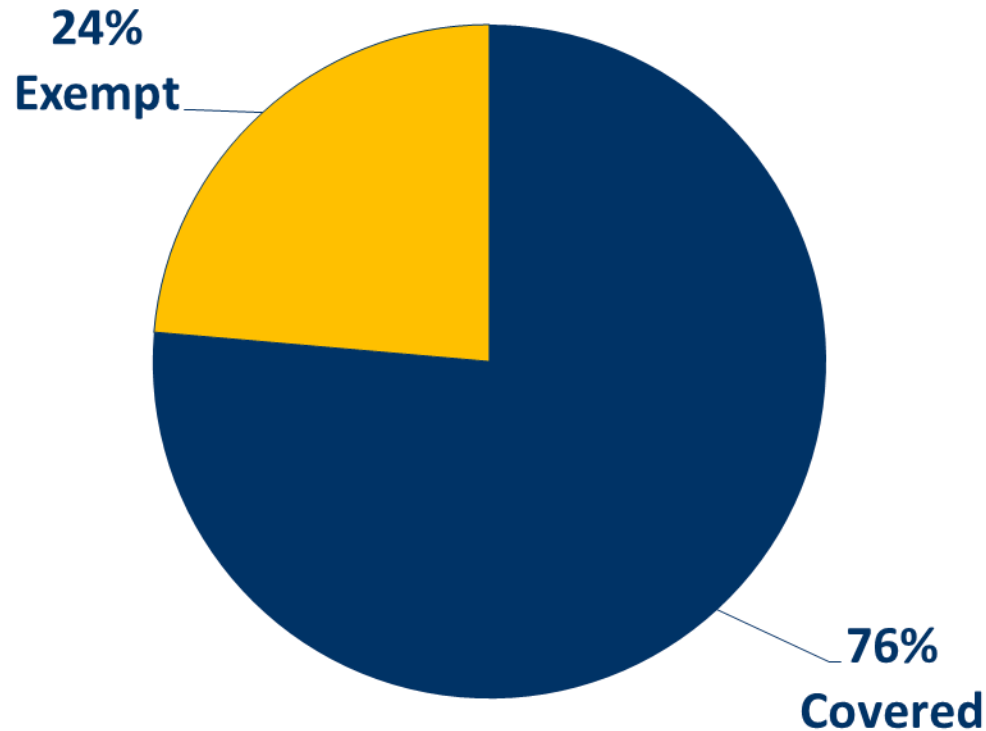


The “fix” didn’t change much

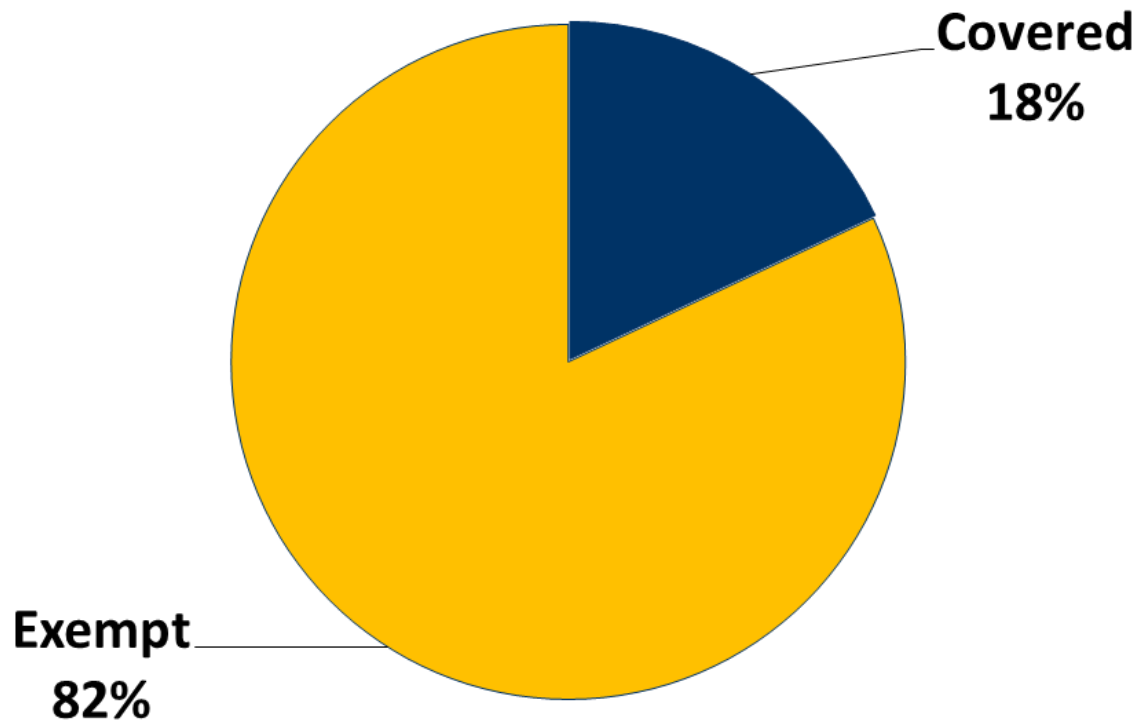
- Two-month delay until March 1, 2013
- The sequester changes minimally:
 - \$85 billion (from \$109 billion) split equally between defense/nondefense
 - Many exemptions, special rules remain
- Domestic discretionary <-5.9% (FFIS estimate) instead of -8.2% (OMB estimate)
- Domestic mandatory <-5.7% (FFIS) instead of -7.6% (OMB)



While most state grant programs are subject to sequester...



Most state grant funding is exempt



Some program areas more affected than others

Budget Function	% of Funding Covered by Sequester
Agriculture	100%
Employment and Training	100%
Community Development	100%
Justice	100%
Energy, Env., Natural Resources	89%
General Gov't	89%
Education	54%
Income Security and Social Services	23%
Transportation	5%
Health	3%



Among the 10 largest grants, 7 are totally exempt

Program (dollars in billions)	FY 2013 CR
Medicaid – Vendor (E)	\$251
Food Stamp Benefits (E)	70
Pell Grants (E)	36
National Highway Performance (C/E)	22
CHIP (E)	17
TANF (E)	17
Title I Grants to LEAs (C)	15
Special Education (C)	12
Medicaid—Admin (E)	11
School Lunch (E)	11



The largest nonexempt grants largely benefit local governments

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Potential impact of amended sequester is relatively minor

Program (dollars in billions)	FY 2012	FY 2013 CR w/sequester	Difference
Nondefense Grants in FFIS Database:			
Covered Programs	\$108	\$104	-\$4
Exempt Programs	484	496	12
All Programs	592	600	8



Questions? Comments?



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