

Administrative Memo

Date: January 4, 2013
To: School Administrators, Federal Sub grantees/Recipients, and Finance Staff
From: Ron Lankford, Deputy Commissioner
Subject: FAS-13-001, Taxpayer Relief Act of 2012 and Effect on Sequestration

The Department continues to post updates on the potential impact of Sequestration as information becomes available. The latest update included a summary of the Tax Agreement from the White House postponing the sequester for two months, giving Congress time to work on a balanced plan.

Keep in mind the July 2012 message from Secretary Arne Duncan indicates that sequestration would not impact funding for the current 2012-13 school year, but rather be applied to funding that becomes available July 1, 2013 in the 2013-14 school year. However, this **has not** been confirmed by Congress or the Office of Management and Budget (OMB) so we can only assume that their interpretation reflects the eventual outcome. Prior information has projected the impact to be around an 8% reduction to the 2013-14 funding and beyond, **but** there is no guarantee of this percentage.

The only thing that is certain is that all estimates are uncertain as is evidenced by this information received today:

The Committee for Education Funding is projecting that the revised sequestration percentage for nondefense discretionary (NDD) programs will be 5.9% instead of the 8.2% projected by OMB. This is due to the \$24 billion reduction in the sequester total for FY 2013. Thus, the total sequester amount will be \$85.33 billion, instead of \$109.33 billion. For the Department of Education, that would result in a cut of approximately \$2.95 billion based on the analysis from the coalition.

As you continue your work on budgets for 2013-14, please be aware that sequestration is still looming as an uncertain and volatile unknown variable. We strongly encourage that districts keep informed as funding discussions as they progress. We will continue to send out updates as we receive them.

To view the information related to sequestration, please go to the following link:
<http://dese.mo.gov/fas/Sequestration.html>.