

**SEQUESTRATION DEFINED:** A procedure by which automatic spending cuts are triggered. The mechanism was introduced to the federal budget in 1985 by the Gramm–Rudman–Hollings Balanced Budget Act and further refined in the Budget Control Act of 2011.

Unless Congress reaches a deal on a long-term spending plan by January, school districts across the country will experience a major cut to their anticipated federal funds.

Most Washington insiders don't expect Congress will agree on any sort of budget compromise until after the presidential election in November. Because of the uncertain nature of whether major cuts will or happen or not, it is extremely difficult for schools and districts to build a budget for their 2012-2013 school years.

The following links provide access to pertinent sources about the federal budget, sequestration and its impact on education. They are updated regularly and posted under the ["What's New"](#) section of the National Title I Association website.

- Education Week [Education Policy Blog](#)
- Education Week [Politics K-12 Blog](#)
- Committee for Education Funding [website](#)
- Federal Education Budget Project [website](#)
- Center on Budget & Policy Priorities [website](#)
- AASA Sequestration [Toolkit](#) (on their website)

**What you can do:**

1. Stay informed with updated information on sequestration;
2. Use the sequestration calculator tool to learn more about the impact of the possible loss of federal funds on your state;
3. Share this information and the calculator tool with your local education agencies, districts and schools to help them prepare for the coming school year; and,
4. Along with schools and districts, educate your Congressional representatives about the impact sequestration will have on your state's schools and students.

**Sequestration Basics**

The failure of the Congressional Joint Select Committee on Deficit Reduction to develop a plan for budgetary savings of at least \$1.2 trillion over the next ten years (FY2012-2021), will trigger automatic spending reductions in January 2013, as part of the Budget Control Act of 2011.

The planned cuts – known as sequestration – are part of a deal Congress enacted last summer to raise the debt ceiling and avoid financial default.

***If Congress does not take additional measures before January 2, 2013, virtually all discretionary education funding will be cut by as much as 9.1% on this date. This includes most Title I Part A funds.***

Because of the advance funded nature of Title I allocations, not all funds are subject to this automatic reduction. Approximately 2/3 of Title I Part A funds are likely to be affected.

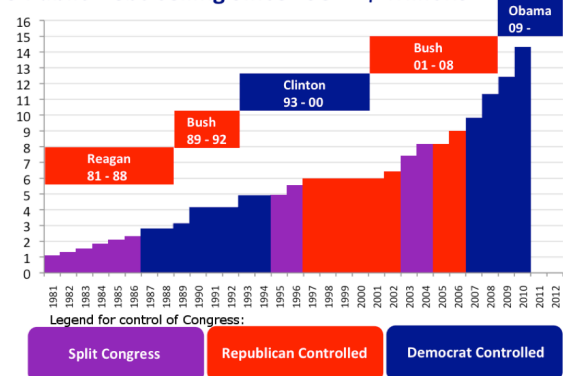
Subject to Sequestration

- Unobligated balances from FY12 advanced appropriations available on October 1, 2012
- FY13 new current year budget authority

Not Subject to Sequestration

- Unobligated FY12 balances remaining on January 2, 2013
- FY13 advanced appropriations available on October 1, 2013

**US Public Debt Ceiling Since 1981 - \$ Trillions**



From Wikipedia

## Political Realities

*by Richard Long  
Executive Director for Government Relations  
National Title I Association*

First, neither Democrats nor Republicans want the sequester to take place. Second, each wants to see the deficit reduced. And, third there is no agreement to resolve points one and two.

*The Republicans* want to reduce the deficit - but not cut defense spending any further - and want the Bush era tax cuts to remain. (The Bush era tax cuts expire in December 2012.) They also don't want to be seen as being in favor of cutting Social Security.

*The Democrats* want to reduce the deficit but do not want to cut the annual appropriated programs like education or the mandated programs like Medicare/Medicaid and Social Security.

Therefore, to get a change in current law there needs to be a grand compromise on annual spending on education, military spending, entitlements, and taxes.

### **And, there is the political calendar**

The current sense in DC: the President will win the election; the Republican takeover of the Senate is now less likely; and the Republican Congressional majority in the House may be in doubt. Please note, all of these predictions are worthless except for how they impact current plans. Remember, no one wants the sequestration to happen but they have to find an agreement to change it, or it does happen automatically.

Some are predicting that there will be 150 new members of Congress next year. This is a massive number and reflects the electorate's frustration with current circumstances. No members want to go out on a limb and suggest compromise before the election. Since no one wants to be on the wrong side of any issue, we are unlikely to get agreements on *anything* major before the election. And the coming "lame-duck" session (after the election but before the new Congress sits) will mean members who lost the election won't have much fiscal deal-making power.

In a meeting at the White House on Wednesday, April 4, 2012, a spokesperson for the Administration was asked what schools should do in terms of budget planning for next year. He responded that the Administration is working on a complex "chess game" of a plan to replace the sequester with another plan. He said that this should come together before the sequestration date during the lame-duck session. This would mean late November or December.

The Republican budget plan submitted by Chairman Ryan (R-MN) calls for a significant cut to non-defense spending (which includes education) as a part of an overall deficit reduction.

There is another wild-card in the mix. The debt ceiling may need to be raised before the new Congress convenes in 2013. This will cause another massive fight on cutting the deficit, but like other options it is impossible to predict the outcome and the impact on schools on January 2, 2013.

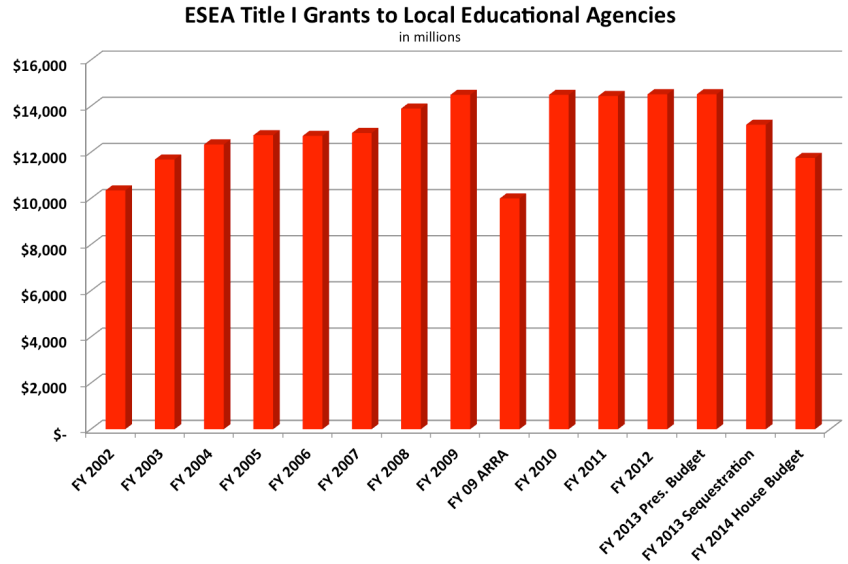
### **What are the possible scenarios?**

1. Sequestration happens because no new agreement could be made.
2. Sequestration doesn't happen because a new agreement is made on spending and taxes before the deadline.
3. The deadline is changed until later in 2013.

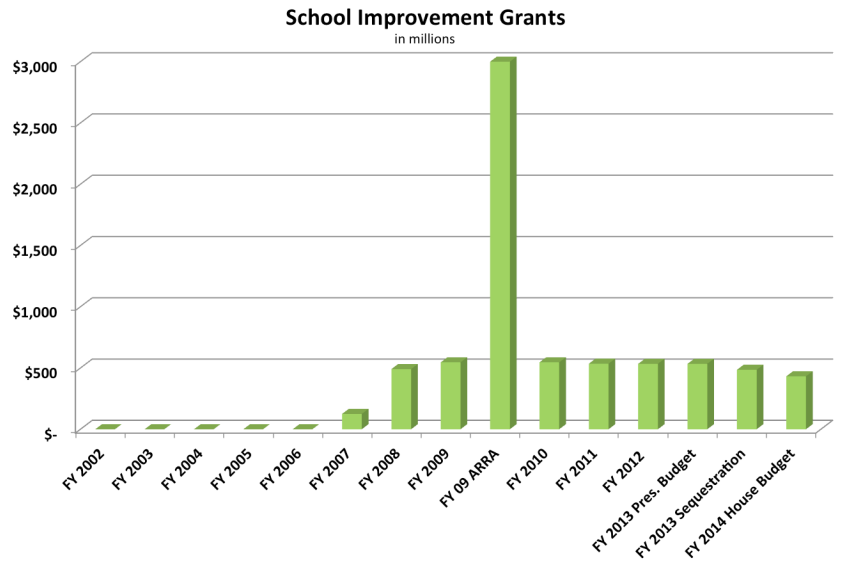
# Funding Projections for Selected ESEA Programs

Charts, included by permission from the Committee on Education Funding, show the projected cuts under various scenarios.

## Title I Part A



## School Improvement Grants



## Race to the Top

