Budget Control Act of 2011 & Sequestration

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The Budget Control Act of 2011

- Deficit Reduction Committee (Super Committee) to identify cuts “or else”
  - calls for caps on discretionary spending in FY2013 through FY2021
  - established a deficit reduction system, referred to as sequestration,
  - will apply across-the-board federal cuts beginning this January

- The cost of failure so high, they had to succeed
  …They did not
Sequestration is law

- for the circumstances laid out here to change, the law has to be changed.
- an expectation that this law may be repealed in a lame duck session of Congress after the election November 6th
  - Starting to look less likely
- Sequestration -
  “It’s not going to happen.”

President Barack Obama signs the Budget Control Act of 2011 in the Oval Office, Aug. 2, 2011. (Official White House Photo by Pete Souza)
A Fiscal Cliff?

- If sequestration remains in effect it would cut billions from the current budget
  - scientific research, student aid, and healthcare.
  - directly affect the number and sizes of grants available.
  - federal work-study
  - lower Medicare reimbursement
## Sequestration Worksheet*

Please note: To determine the most accurate estimates of the effect sequestration will have on your institution in FY2013, please use data from your most recent full fiscal year (which may be FY2011).

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>$ Amount of Awards Your Institution Expended (enter full dollar amounts)</th>
<th>Estimated % Reduction (Source: CBPP)</th>
<th>Estimated Total $ Amount of Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Science Foundation</td>
<td>9,289,737.00</td>
<td>8.40%</td>
<td>780,337.91</td>
</tr>
<tr>
<td>National Institutes of Health</td>
<td>22,343,905.00</td>
<td>8.40%</td>
<td>1,876,888.02</td>
</tr>
<tr>
<td>Department of Energy</td>
<td>1,755,268.00</td>
<td>8.40%</td>
<td>147,442.51</td>
</tr>
<tr>
<td>Department of Defense</td>
<td>4,915,670.00</td>
<td>9.5% (assumes that military personnel will be exempted from cuts)</td>
<td>466,988.65</td>
</tr>
<tr>
<td>NASA</td>
<td>3,548,659.00</td>
<td>8.40%</td>
<td>298,087.36</td>
</tr>
<tr>
<td>USDA</td>
<td>2,084,990.00</td>
<td>8.40%</td>
<td>175,139.16</td>
</tr>
<tr>
<td>Dept. of Education – Research</td>
<td>362,813.00</td>
<td>8.40%</td>
<td>30,476.29</td>
</tr>
<tr>
<td>Dept. of Education – Student Aid (SEOG, Work-study, TRIO, GAAN, GEAR UP)</td>
<td>37,280,705.00</td>
<td>8.40%</td>
<td>3,131,579.22</td>
</tr>
<tr>
<td>Other Federal</td>
<td>7,594,155.00</td>
<td>8.40%</td>
<td>637,909.02</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>7,544,848.14</strong></td>
</tr>
</tbody>
</table>

Many students would be affected indirectly, and in some cases directly, by the potential sequestration cuts to the research and education programs in the federal agencies listed in the worksheet. Additionally, students who use federal student loans next year would be affected by increased origination fees for federal student loans. The attached figures do not include the Loan Programs below:

- Perkins Loans
  - $1,660,717.00
- Direct Loan Program
  - $178,119,553.00
- Nurse Faculty Loan Program
  - $43,360.00

*Note: In many cases, the estimated cuts may be underestimates. In many, if not most, cases, the final FY2012 figures may exceed those of FY2011. Thus, calculating FY2013 estimates using FY2011 figures may not capture the full magnitude of the cuts.
Sequestration Estimates

- Sequestration difficult to predict. All information currently available is based on estimates and conjecture.
- In 2013, sequestration calls for approximately $109.4 billion in discretionary spending cuts.
- For non-defense discretionary programs cuts
Defense Lobby very organized

- Because of the severe impact of these cuts, the defense related industries are lobbying to exempt Defense from the sequestration.
  - much more organized
  - There is a justifiable fear that Defense may be exempted, which could approximately double the cuts to non-Defense accounts.
United WE stand?

- Be Aware
- Be Active
  
  This is a great opportunity to work through professional organizations that are addressing this issue with Congress.

June 2012, Nearly 70 A·P·L·U Presidents, dressed in academic attire, pause at the Lincoln Memorial to honor President Lincoln for signing the Morrill Act of 1862. This was the first event in a three-day observance of the Morrill Sesquicentennial Anniversary by A·P·L·U.
Office of Management and Budget Plans

- Sept. 14, the OMB released its Sequestration report to Congress:
  - Possibly reduce federal R&D expenditures by $57.5 billion, or 8.4%. The reduction would average $11.5 billion per year, and total $12.1 billion in the first year.

- OMB offered Agencies guidance for CR that directs agencies to "continue normal spending and operations" in early FY13. *Translation: ignore the looming sequester for now.*

- The White House is ordering federal agencies to plan for spending as if Congress will undo the sequester.
FOR THE STUDENT WHO FAILS TO TAKE A SUBJECT SERIOUSLY...

FISCAL CLIFF NOTES

Editorial Cartoon by Mike Keefe, Formerly of The Denver Post
NIH and Dr. Francis Collins

- Association of Public and Land Grant Universities (APLU) Summer 2011 Council of Government Affairs meeting speaker, Pat White, Legislative Affairs for NIH
  - Looking for opportunities to speak with Members of Congress
- UTGR working on strategy to raise the profile of the University and partner with agencies
- Dr. Gold is the Chair of the Council of Medical School Deans, Ohio

*Director of the National Institutes of Health, Francis Collins rocking his blues guitar singing “Disease don’t care” at TEDMED 2012*
Supporting Scientific Research with the NIH

- UT Government Relations arranged a meeting, June 6th, 2012 with the Director of the National Institutes of Health (NIH), the Medical School Deans of Ohio and members of the Ohio Congressional delegation.

- Goals
  - Increase Congressional support of NIH
  - Educate NIH about UT’s programs
  - Develop relationship between UT and NIH and Director, Dr. Francis Collins.
Dr. Francis Collins, Dr. Lloyd Jacobs, Dr. Jeffrey Gold and Members of Congress included Senator Brown, Representative Kaptur, Representative LaTourette, Representative Renacci, Representative Tiberi, Representative Fudge, Representative Ryan, and Representative Latta.
Deans talk NIH funding to Speaker Boehner

- July 19th, 2012 the Director of the National Institutes of Health (NIH), the Medical School Deans of Ohio and Speaker Boehner met

- Goals
  - Increase leadership support of NIH
  - Discuss affects of Sequestration on NIH and its funded programs
  - Build relationship between UT and NIH and Director, Dr. Francis Collins

Dr. Gold speaking to NIH Director, Dr. Collins and Speaker Boehner
Dr. Francis Collins, Dr. Lloyd Jacobs, Dr. Jeffrey Gold and Speaker Boehner
Thank you from UT’s Office of Government Relations

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