



# Budget Sequestration:

## *What It Means for the Title V Maternal and Child Health Services Block Grant and MCH Funding*

### AMCHP's Role

The Association of Maternal & Child Health Programs is a national resource, partner and advocate for state public health leaders and others working to improve the health of women, children, youth and families, including those with special health care needs.

### What is Sequestration?

The failure of the Joint Select Committee on Deficit Reduction on Nov. 23, 2011 to produce a bill identifying budgetary savings of at least \$1.2 trillion over 10 years has triggered an automatic spending reduction process known as sequestration to take effect on Jan. 2, 2013, as stipulated by the *Budget Control Act of 2011* (P.L. 112-25). Budgets will be cut evenly between the Department of Defense and nondefense spending. Specifically, defense programs would be cut by a total of \$54.7 billion each year from fiscal year 2013 through 2021, with nondefense programs cut by the same amount. The \$54.7 billion in annual nondefense cuts would come from both mandatory (entitlement) and discretionary programs, although some mandatory programs such as Medicaid and CHIP are exempt.

### Will there be official federal guidance?

The White House Office of Management and Budget (OMB) should be providing guidance to the federal agencies detailing how they plan to administer the cuts or what funding baseline the agency will use to calculate their cuts. To date, no guidance has been issued.

### What does this mean for MCH funding for fiscal year 2013?

Automatic across-the-board cuts in the range of 7.8 percent to 8.4 percent will be applied to most programs, including the Title V Maternal and Child Health Services Block Grant. If the block grant is flat funded at \$645 million in fiscal year 2013, this would equate to a cut of \$54 million, bringing the total below \$600 million. Additionally, it is our understanding that a reduction of 8.2 percent in nonexempt mandatory programs, including the Maternal, Infant and Early Childhood Home Visitation Program, the Prevention and Public Health fund and other Affordable Care Act mandatory funding, is expected for fiscal year 2013.

### Why is the cut "in the range" of 7.8 percent to 8.4 percent?

The Congressional Budget Office calculated the cut as 7.8 percent, but additional analysis from the Center on Budget and Policy Priorities projects the cut to be 8.4 percent.

### What programs receive limited cuts in fiscal year 2013?

The Budget Control Act limits the cuts in funding for community and migrant health centers and for Indian health services and facilities to 2 percent. Cuts in Medicare payments to providers and insurance plans are limited to 2 percent. Pell grants and most veterans funding are exempt from cuts in 2013.

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## What does this mean for discretionary spending in fiscal years 2014-2021?

The automatic procedures for reducing discretionary spending would be carried out by lowering the caps on discretionary budget authority. This means that automatic across the board spending reductions may not happen, however, the appropriations committees could in theory target specific programs for elimination in order to meet the tight budget caps. Pell grants, community health centers will have no special status in fiscal year 2014-2021.

## What does this mean for nonexempt mandatory spending for fiscal years 2014-2021?

Reductions of approximately 7.4 percent to 5.4 percent are expected.

## What programs are exempt from sequestration?

Social Security, Medicaid, Children's Health Insurance Program, Supplemental Nutrition Assistance Program, child nutrition, Supplemental Security Income, refundable tax credits, veterans' compensation and other benefits, and federal retirement.

## Is there any way to avoid sequestration?

The Budget Control Act was signed into law in August 2011 and unless Congress approves legislation by Jan. 2, 2013 to provide a "balanced approach" to deficit reduction, it appears very unlikely sequestration will be avoided. Currently, Congress is only considering replacing the sequester to protect the Department of Defense, which would mean even deeper cuts to nondefense spending.

## What are the next steps?

AMCHP will be partnering with a number of coalitions, including the Coalition for Health Funding, the Association of State and Territorial Health Officials and others, to articulate the impact an additional 8.4 percent cut will have on already eroded maternal and child health and public health departments.



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## SOURCES:

### Center on Budget and Policy Priorities

*How the Across the Board Cuts in the Budget Control Act Will Work*

[www.cbpp.org/cms/?fa=view&id=3635](http://www.cbpp.org/cms/?fa=view&id=3635)

### Congressional Research Service

*Budget Control Act: Potential Impact of Automatic Spending Reduction Procedures on Health Reform Spending*

[www.fas.org/sgp/crs/misc/R42051.pdf](http://www.fas.org/sgp/crs/misc/R42051.pdf)

### Congressional Budget Office

*Final Sequestration Report for Fiscal Year 2012*

[www.cbo.gov/publication/42857](http://www.cbo.gov/publication/42857)

### Congressional Research Service

*The Budget Control Act of 2011*

[www.fas.org/sgp/crs/misc/R41965.pdf](http://www.fas.org/sgp/crs/misc/R41965.pdf)

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