

## CHECK THESE OUT...



**Coalition for Health Funding**  
Nonprofit alliance working to preserve and strengthen public health investments in the best interest of all Americans  
<http://www.publichealthfunding.org/>

**Office of Management and Budget**  
Government site with information, spreadsheets, and resources on the budget, presidential proposals, and analysis  
<http://www.whitehouse.gov/omb/budget>

**US Government Spending**  
Non-government sponsored site of budget and spending resources, information and data for state and federal funding  
<http://www.usgovernmentspending.com/>

## ISSUE 26

# focus

Issue 26 2013

### TOPIC WATCH

Each month we will feature a different topic: expanding the knowledge, resources, and peer networking in targeted areas. These target areas will include workforce development, transition, supported education, leadership, organizational development, sustainability, and others as they are identified.

## Sequestration

### What Does it Mean?

One cannot turn on the television or read a news clip without some reference to the budget issues faced by the country today. Sequestration, deficits, across the board cuts, and budget reconciliation: what do they all mean to the mental health world? The key to interpreting these budget threats is understanding sequestration and the role it plays in setting deadlines and legal requirements for making mandatory cuts across selected programs and agencies.

### A Little Background

To sequester (pronounced si kwéstər) means to set apart or to take something away. In the context of funding federal programs, sequester means a portion of funding is taken away through mandatory, across-the-board cuts to most programs, in addition to the \$1 trillion in cuts already sustained through the Budget Control Act's discretionary caps. "Discretionary programs" are those that programs that fund non-entitlements. Discretionary programs differ from "entitlement" programs that are funded automatically to meet the needs of all who qualify for them. Congress funds discretionary programs annually through the appropriations process. Congress retains complete discretion, or choice, on whether, and at what level, to fund discretionary programs. A "cap" means that there is a limit on how much the budget for those programs can be increased.

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## **The Impact**

On March 1, 2013, all departments of the federal government began making mandatory across-the-board cuts required by the sequestration process, with a reduction of five percent or more to the federal fiscal year 2013 (FFY13) budgets of most federal human service programs. Although the federal fiscal year has only seven months remaining, the cuts affect the full fiscal year allocation, meaning that non-exempt human service programs will need to cut spending for the rest of the year by nine percent. Government-wide, the cuts reduce planned budget allocations by \$85 billion for FFY13; the Department of Health and Human Services lost \$15.5 billion, or 1.6% of its total \$941 billion budget proposed for FFY13.

Some mandatory programs are exempt from the sequester, including Social Security and Medicaid, refundable tax credits to individuals, and low-income programs such as the Children's Health Insurance Program, Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and Supplemental Security Income. Some discretionary programs also are exempt, including all programs administered by the Department of Veterans Affairs. Also, subject to notification of Congress by the President, military personnel accounts may either be exempt or reduced by a lower percentage. There are also a few discretionary programs that are exempt from sequestration in the first year, such as Pell grants in the Department of Education.

The sequestration does affect mental health services. The Substance Abuse and Mental Health Services Administration (SAMHSA) is losing \$168 million of its \$3.3 billion budget for non-exempt programs, or five percent. Assuming that SAMHSA uses its budget at the same amount each month, during the first five months of FFY13, SAMHSA spent \$1.3 billion. The \$168 million to be cut represents about eight percent of the remaining \$2 billion in SAMHSA's budget. SAMHSA advised states that both substance abuse and mental health grants are scheduled to be reduced by five percent. To meet the target, some state grants or cooperative agreement awards may be affected. SAMHSA may decline to issue a continuation award, or may reduce the scope of an award. Plans for new grants or cooperative agreements may be re-scoped, delayed, or canceled, depending on the nature of the work and the availability of resources (Source: "Office of Management & Budget Report To Congress On Sequestration For Fiscal Year 2013" The OPEN MINDS Circle Library; <http://www.openminds.com/library/030113ombjsegrpt.htm>).

## **What You Should Do?**

The news about cuts in programs and services can be an added worry for all of us. The following can help us stay on top of what is happening and how it might impact our programs, services, and communities.

- Learn more about what these cuts mean to mental health services. Ask partners and service providers if they expect any interruption in access to services, treatments, or supports for consumers. If they do not know, ask who you can call to find out.
- Check in with your funders. Many federal departments have started releasing guidance to states and grantees on how implementing the sequester will take place. These notices identify targeted programs and the date the cuts will actually begin. Call your project officer and ask them if they are aware of any cuts anticipated to your funding.
- Do not get caught up in the "hype." Media sources are sometimes aligned with political viewpoints and can have a political slant on their reporting. Take care in believing everything you read or hear. While the news can tip you off to changes or problems within the sequestration process, you should still do research and make sure you are well connected with agency and program resources for your information.
- Get on mailing lists for breaking news from programs that are tracking budget changes and cuts. Use the resources listed on the front page to connect with some of these.
- Gather stories of how the budget cuts have impacted the populations you serve and share these with stakeholders and policymakers so they can better understand the real life impact.

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