



March 1, 2013

One day before sequestration was set to take place, Congress on Thursday abandoned talks and left town for the weekend. President Obama is scheduled to meet with Congressional leaders on Friday, but expectations for the meeting are low. House Republicans are already turning their attention to the next deadline on March 27, drafting a measure that would avoid a government shutdown while leaving the sequester in place through the end of September. Administration officials insist that the path to compromise lies in a “balanced” approach that replaces the cuts in part with higher taxes. However, among Republicans the interest in new taxes is almost nonexistent.

White House officials and some Republicans are arguing that the best way out of the impasse is to resume the search for a comprehensive deficit-cutting deal that gets to the core of the long-term problem through a rewrite of tax policy and a revamp of entitlement programs such as Social Security and Medicare.

How much will the spending cuts total? That depends on whom you ask. The White House reports that spending will be reduced by \$85 million, while the Congressional Budget Office (CBO) reports spending reductions of \$42 million.

Why the difference? The White House figure refers to how much money agencies have permission to spend (which is known as budget authority); while the CBO is looking at the amount they would actually spend this year (outlays). The difference is that once Congress gives agencies budget authority, they will spend all the money eventually – maybe just not in the same year that they were given permission to do so. As a result, not all of the \$85 billion would have been spent this year, even if sequestration were not to happen.

Some cuts will take effect quickly, but many will require advance notice (such as the 30 days’ notice required before starting to furlough federal workers).

According to the White House, the following cuts will take place because of the sequester:

- Federally, approximately 600,000 women and children will be dropped from the Dept. of Agriculture’s **WIC program**.
- **HUD’s Housing Choice Voucher program** will face significant reduction in funding, which would place about 125,000 families at immediate risk of losing housing (According to the Center on Budget and Policy Priorities [CBPP], approximately 4,312 families will be cut from Housing Choice Vouchers in Michigan).
- More than 100,000 formerly homeless people, including veterans, will be removed from their current housing and emergency shelter programs (according to CBPP, \$3,779,957 cut in **Homeless Assistance programs** in Michigan).
- In Michigan, **CDBG funding** cuts are estimated to be \$5.8 million.

- Michigan will lose approximately \$22 million in funding for **primary and secondary education**, putting around 300 teacher and aide jobs at risk.
 - Michigan will lose approximately \$20.3 million in funds for about 240 teachers, aides and staff who help **children with disabilities**.
- **Head Start** and Early Start Head Start services will be eliminated for approximately 2,300 children in Michigan reducing access to critical early education.
- Michigan will lose about \$5.9 million in **environmental funding** to ensure clean water and air quality, as well as prevent pollution from pesticides and hazardous waste. In addition, Michigan could lose another \$1.5 million in grants for fish and wildlife protection.
- In Michigan, approximately 10,000 civilian **Department of Defense employees** will be furloughed, reducing gross pay by around \$67.7 million in total.
- Michigan will lose about \$482,000 in **Justice Assistance Grants** that support law enforcement, prosecution and courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement and crime victims and witness initiatives.
- Michigan will lose about \$1.7 million in funding for **job search assistance, referral and placement**, meaning around 54,400 fewer people will get the help and skills they need to find employment.
- Up to 900 disadvantaged and vulnerable children could lose **access to childcare**, which is also essential for working parents to hold down a job.
- Michigan could lose up to \$209,000 in funds that provide services to **victims of domestic violence**, resulting in up to 800 fewer victims being served.
- Michigan will lose approximately \$1.8 million in funds that provide **meals for seniors**.
- Federally, **SBA loan guarantees** will be cut by up to approximately \$900 million.
- Federally, up to 2,100 fewer **food inspections** could occur.
- Federally, up to 373,000 seriously **mentally ill adults** and seriously **emotionally disturbed children** could go untreated.
- Many of the 398 **national parks** across the country will be partially or fully closed, with shortened operating hours, closed facilities, reduced maintenance and cuts to visitor services.

A complete list from the White House can be found [here](#).

The Office of Management and Budget (OMB) now calculates that sequestration will require an annual reduction of roughly 5 percent for nondefense programs and roughly 8 percent for defense programs. However, given that these cuts must be achieved over only seven months instead of 12, the effective percentage reductions will be approximately 9 percent for nondefense programs and 13 percent for defense programs.

The next big brinkmanship deadline is March 27 when a temporary spending bill expires. For ongoing updated information on sequestration, visit the National Low Income Housing Coalition page [here](#).