



Executive Report

09/28/2012

Sequestration under Budget Control Act (2011) Report

TO Delegate Body

CCd President Gordon Gee
Vice President Javaune Adams-Gaston
Dean Patrick Osmer

THE PROBLEM

Under the Budget Control Act, Congress called for \$1.2 trillion dollars in spending cuts over the next 10 fiscal years (FY), to reduce the national deficit. A bi-partisan committee was established to outline spending cuts from each agency in order to meet these requirements; however failure to do so would result in automatic sequestration beginning in January of FY2013.

WHAT IS SEQUESTRATION?

Briefly, sequestration is an across the board spending cut, in this case half from defense and half from non-defense programs, that impacts all agencies equally, with exceptions to those required by federal law (non-discretionary) like Pell grants, Social Security, Medicaid, food stamps etc.

WHAT ARE THE MAJOR IMPACTS?

This being said, congress may pass legislation exempting various institutions not currently protected under federal law (discretionary) from

budget cuts, as seen with the passing of a recent bill excluding the Department of Veterans Affairs from military budget cuts stemming from enactment of sequestration. Although Pell grants are currently considered non-discretionary, many funding agencies that contribute to higher education are not. A report released as currently as 9/21/2012 outlines mandatory budget cuts of 8.2% for all domestic discretionary funds aimed at higher education, approximately \$140 million. Out of the nearly \$313 million dollars Ohio will lose under sequestration, it is likely that work-study programs will lose approximately \$3.4 million (2,000+ students), which does not include other programs like the Opportunity Grant which could stand to lose an additional \$3 million in spending. Although these programs are directed towards undergraduate students, some work study aid is geared towards graduate education and further assumptions can be made that overall university spending may be diminished trying to cover financial loses for these students. Although Pell grants are considered to be non-discretionary, this title lapses in FY2014, so further budget cuts may be seen if further protective legislation for this service is not passed.

HOW DOES THIS AFFECT GRADUATE STUDENTS?

Graduate students may see a heavier burden caused by sequestration because most graduate students are currently funded by monies acquired through advisor grants from research and development (R&D) agencies, such as the National Institutes of Health (NIH), National Science Foundation (NSF), Department of Defense (DOD), or those other cultural agencies like National Endowment for the Arts (NEA). Using the NIH and NSF as examples, the FY2012 budget for NSF was approximately \$7 billion, while the NIH was approximately \$30 billion. R&D money is usually accrued through a percent increase from the previous FY budget, with projections showing the President's FY2013 budget will show an increase of 4.6% towards the NSF and 0.0% towards the NIH. These figures represent current funding increases if the budget committee reaches an agreement on specificities of the \$1.2 trillion in cuts. However, sequestration numbers will look like something closer to net cuts of 3.4% for the NSF and 8.0% for the NIH from FY2012 levels.

WHAT ARE THE PROPOSED EFFORTS?

With it growing more likely that the appointed committee will not reach an agreement by the December Congressional Recess leading into FY2013, it is becoming more important that students benefiting from higher education make their voices heard. Surely cuts need to be made to decrease our national debt, but drastic cuts in higher education are not a solution to a slow economy in the 21st century. This is an important time for CGS and student organizations everywhere to proverbially get in the game and underscore the detrimental effects these cuts could have on education in the US.