

Sequestration and Continuing Resolution at the Department of Education

The funding situation for Department of Education programs in 2013 has been complicated. The 2014 budget request was prepared before there was final information on the 2013 levels for accounts and programs. Thus, the 2014 budget makes most comparisons to the 2012 dollar levels that had been extended into 2013 by the continuing resolution that ran through March 27. The 2013 funding has also been more complex because of sequestration.

The Budget Control Act (BCA) of 2011, P.L. 112-25, extended the Government's debt ceiling, reduced the deficit by fixing caps on discretionary funding for 10 years, established a procedure for additional deficit reduction proposals from a Joint Select Committee, and set up a backup "sequestration" procedure as an incentive for legislative changes. Sequestration is a process for automatic, across-the-board cuts. The timing of sequestration was tied to the expiration of various tax reductions and entitlement provisions. Under the BCA, if deficit reductions did not occur by the end of 2012—what became known as the "fiscal cliff"—funding would be subject to a sequester beginning January 2, 2013.

Just in time to avoid the January fiscal cliff, Congress passed some of the necessary legislation in the American Taxpayer Relief Act of 2012, P.L. 112-24. It also postponed the sequestration deadline to March 1, 2013, to give Congress more time to pass deficit reduction legislation.

Congress did not pass additional legislation to deal with the Federal budget deficit by the new deadline. Thus, the President was required by the BCA to issue a sequestration order March 1 canceling approximately \$85 billion in budgetary resources across the Federal Government for the remainder of the 2013 fiscal year. The total for the Department of Education came to almost \$2.5 billion. That is the amount that has to be subtracted from education appropriations.

The sequestration total for the Department of Education was calculated based on at least four assumptions:

- Most discretionary accounts are reduced by 5.0 percent of the amount available in the continuing resolution at the time.
- Except where limited in the law, mandatory accounts are reduced by 5.1 percent.
- The Pell Grant program is specifically exempted by law.
- The law has a special rule for student loans that specifies a small change in the origination fee for loans made after the March 1 sequester order equal to the percentage change in mandatory programs.

While sequestration reduces funding levels for each program, it does not change the underlying statutory requirements that govern program operations, including within-State allocation requirements. For example, there is no change in maintenance of effort requirements, supplement-not-supplant rules, hold-harmless requirements, or State or local reservations of funding for required activities.

Sequestration also does not affect funds from grants received from the Department of Education that used fiscal year 2012 or prior year appropriations.

The full amount of the fiscal year 2013 reductions required by sequestration for programs with advance appropriations—ESEA Title I Grants to Local Educational Agencies, IDEA Part B Grants to States, ESEA Title II Improving Teacher Quality State Grants, and Carl D. Perkins Career and Technical Education State Grants—will be taken from the July 1, 2013, portion of total program allocations.

The calculation of the sequestered amounts is based on P.L. 112-175, the Continuing Appropriations Resolution for 2013, which provided funding for the Federal Government through March 27, 2013. P.L. 112-175 included a 0.612 percent across-the-board increase to discretionary accounts.

On March 26, 2013, the President signed the Consolidated and Further Continuing Appropriations Act, 2013, providing funding for the remainder of fiscal year 2013. This continuing resolution (CR) did not include the 0.612 percent increase; instead it reduced education discretionary funding below 2012 levels by 0.2 percent on an across-the-board basis. The sequester will be taken from that new level.

Under the terms of the CR, the Department has 30 days to submit an operating plan to Congress providing 2013 funding levels for Department programs, projects, and activities. That operating plan is expected by April 25. Both the 0.2 percent reduction and the sequester will be taken on an across-the-board basis from each program, project, and activity within each discretionary account. In general, the final 2013 program levels will be 5.23 percent below 2012.

The table that follows shows the 2013 appropriation levels and sequester amounts by account and illustrates the reduction for many of the larger Department programs. A more detailed table showing final 2013 levels will be posted on the ed.gov Web site.

Department of Education Sequester
\$2.5 billion (discretionary and mandatory)

(dollars in millions)

Accounts and Selected Programs	Sequesterable Amount	Amount Sequestered	OMB Report
Accelerating Achievement and Ensuring Equity			789
College- and Career Ready (Title I)	14,539	727	
School Improvement State grants	537	27	
AAEE, Other	696	35	
	15,772	789	
Impact Aid	1,299	65	65
Education Improvement Programs			228
Title II Teacher Quality State grants	2,471	124	
21st Century Community Learning Centers	1,159	58	
EIP, Other	932	46	
	4,562	228	
Supporting Student Success	257	13	13
Innovation and Instructional Teams			77
Race to the Top	552	28	
Investing in Innovation	150	8	
School Leadership	26	1	
I&IT, Other	809	41	
	1,537	77	
English Language Acquisition	737	37	37
Special Education			
IDEA Grants to States	11,592	580	
IDEA Preschool Grants	375	19	
IDEA Part C Infants and Toddlers	445	22	
Special Education, Other	249	12	
	12,661	633	
Rehabilitation Services and Disability Research			184
Vocational Rehabilitation - Discretionary	392	20	
Vocational Rehabilitation - Mandatory	3,231	165	
	3,623	184	
Career, Technical and Adult Education			87
CTE State grants	1,133	57	
Adult Education State Grants	610	31	
	1,743	87	
Federal Student Aid			
Student Financial Assistance - Discretionary	1,722	86	86
Student Financial Assistance - Mandatory	0	0	
	1,722	86	
Student Aid Administration - Discretionary	1,050	53	71
Student Aid Administration - Mandatory	359	18	
	1,409	71	
Postsecondary Education			116
Higher Education - Discretionary	1,881	94	
Higher Education - Mandatory	428	22	
	2,309	116	
Other, ED Discretionary	1,814	91	
Other, ED Mandatory	33	2	
TOTAL Sequester		2,478	