

Sequestration 2013

- Automatic spending cuts known as “sequestration” took effect on March 1, 2013
- 2011 Budget Control Act (BCA) as amended by the 2013 American Taxpayer Relief Act (ATRA) automatically cuts \$85 billion from:
 - Defense programs – \$42.7 billion;
 - Non-Defense Programs - \$42.7 billion.

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**Summary of Dollar and Percent Cuts in 2013 Funding
Required by the Supercommittee Sequestration on March 1st
(Percentages apply only to programs subject to sequestration)**

	Billions	Percent
National defense programs:	42.7	
Discretionary appropriations	42.6	7.8%
Mandatory programs	0.1	7.9%
Non-defense programs:	42.7	
Discretionary appropriations	25.8	5.0%
Medicare (capped at 2%)	11.3	2.0%
Certain other mandatory health funding (capped at 2%)	*	2.0%
Other mandatory programs	5.5	5.1%
Total	85.3	

* Indicates less than \$50 million. Parts may not add to totals due to rounding. CBPP calculations based on OMB and CBO estimates.

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Defense Cuts

- The \$42.7 billion in 2013 defense cuts are imposed on both discretionary (non-entitlement) and mandatory (entitlement) defense programs.
- The vast bulk of defense cuts occur through across-the-board, proportional cuts in funding for discretionary defense accounts.
 - Department of Defense Research and Development
- Military personnel funding is exempt from cuts.

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Non-Defense Cuts

- As with defense, \$42.7 billion in non-defense cuts come from both mandatory and discretionary programs.
- Mandatory Program Cuts (\$16.8 billion):
 - Medicare program payments to providers cut 2% or \$11.3 billion in 2013;
 - Other mandatory programs(i.e., emergency unemployment compensation, farm price supports, social services block grants, etc.) cut approximately \$5.5 billion in 2013;
 - Social Security, Medicaid, Children's Health Insurance, Supplemental Security Income programs are exempt.

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Non-Defense Cuts

- Non-defense discretionary cuts \$25.8 billion
- Cuts to Scientific Research and Development
 - National Institutes of Health (NIH)
 - National Science Foundation (NSF)
 - Department of Energy (DOE)
- Cuts to Student Aid Programs
 - Supplemental Educational Opportunity Grants (SEOG)
 - Federal Work Study (FWS)
 - TRIO/Gear Up
 - Perkins
 - Graduate Assistance in Areas of National Need (GAAN)
 - ***Pell Grant Program is exempt from 2013 Sequestration***

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Impact on USC

For the University and our students, there are three major areas where the impact of sequestration will be felt:

- research funding;
- student aid; and
- healthcare funding.

These three categories are by no means inclusive of all programs with funding implications for higher education, but they do comprise the overwhelming majority of federal funding to our university.