

BUDGET CONTROL ACT ACROSS-THE-BOARD REDUCTIONS

The Federal Funds Team estimated the potential fiscal impact for the across-the-board reductions using the newly released reduction percentage of 8.2% for nondefense discretionary funding by the Office of Management and Budget (OMB) for the 13 state agencies that receive 98% of the federal funds in the Texas budget.

Significant Findings

- If the BCA across-the-board reductions are not delayed or modified by Congress, the reductions would total \$1.0 billion for the FY 2014-15 biennium. Figure 1 lists an estimated \$12.4 billion in covered federal funds that would be reduced by 8.2 percent.

Budget Control Act Across-the-Board Reductions (In Millions)				
Agency Name	Requested SFYs 2014-15	Exempted	Covered	BCA Reduction
Texas Education Agency	\$10,451.4	\$4,138.8	\$6,312.6	(517.6)
Department of State Health Services	2,456.4	245.0	2,211.3	(181.3)
Texas Workforce Commission	1,867.0	657.0	1,210.0	(99.2)
Department of Assistive & Rehabilitative Services	956.7	114.3	842.3	(69.1)
Department of Aging & Disability Services	7,438.0	6,982.3	455.8	(37.4)
Department of Housing and Community Affairs	403.5	0.0	403.5	(33.1)
Department of Public Safety	1,172.5	954.4	218.1	(17.9)
Department of Family & Protective Services	1,447.9	1,246.7	201.2	(16.5)
Department of Transportation	8,348.0	8,147.5	200.6	(16.4)
Department of Agriculture	988.8	840.9	147.9	(12.1)
Health & Human Services Commission	28,950.2	28,814.9	135.3	(11.1)
Office of the Attorney General	394.3	301.5	92.7	(7.6)
General Land Office	1,295.7	1,288.7	6.9	(0.6)
Total	\$66,170.3	\$53,732.0	\$12,438.3	(\$1,019.9)

- Slightly more than half (51 percent) of the reductions would impact the Texas Education Agency (TEA), followed by an estimated 29 percent of reductions to Article II agencies.
- The TEA's estimated reduction of \$517.6 million is the most significant agency reduction, followed by the Department of State Health Services' reduction of \$181.3 million.
- Several of the largest federal funding programs subject to the reductions are Title I Grants to Local Educational Agencies, Special Education Basic State Grants, and the Nutrition Program for Women, Infants, and Children (WIC).
- Approximately 81 percent or \$53.7 billion of the federal funds requested are exempted from sequestration. This includes many federal safety-net programs, such as Medicaid, Children's Health Insurance Program, National School Lunch Program, and Temporary Assistance for Needy Families.
- Discretionary transportation programs are also exempted, including programs administered by the Federal Highway Administration and Federal Transit Administration. Payments to trust funds from excise taxes or other receipts are also considered exempt (e.g., Abandoned Mine payments, Boating Safety, Crime Victims Fund, and Sport Fish Restoration).