

Federal Funding

**FACT SHEET**

**Background**

People with disabilities, their families, and advocates are extremely concerned about the outlook for federal programs as Congressional leaders discuss strategies for reducing federal deficits and the debt. While entitlement programs (such as Medicaid, Medicare, and Social Security) have so far largely been protected from deficit reduction efforts, there are growing calls to cut eligibility and benefits for these essential programs. The discretionary programs that people with disabilities rely upon to live in the community (employment, education, housing, and more) are slated for unprecedented cuts starting in 2013.

**The Budget Control Act**

The Budget Control Act (BCA), enacted into law in August 2011, establishes the overall discretionary spending caps for defense and nondefense discretionary spending (which includes disability programs) over the next ten years. Beginning in Fiscal Year 2012, the BCA cuts $840 billion in discretionary spending over 10 years through spending caps. Beginning in FY 2013, an additional nearly $1 trillion will be cut though automatic, across-the-board cuts (also known as“sequestration”), over 9 years if Congress does not change the law or find alternate savings and revenue increases.

**The President’s Budget**

On February 13, President Obama released his FY 2013 budget request to Congress. The President’s budget offers a replacement for the automatic $1 trillion in spending cuts required by the BCA over 10 years, with a number of targeted spending cuts and revenue increases. The request avoids major cuts to entitlement benefits and would allow the high-income Bush-era tax cuts to expire. It also requests a few small increases, decreases, and consolidations for discretionary disability-related programs.

**The Congressional Budget**

On March 20, House Budget Committee Chairman Paul Ryan (R-WI) released his proposed FY 2013 Budget Resolution which would cap total spending at $19 billion below the limit set by the Budget Control Act. It was passed by the House on March 29 by a vote of 228 to 191. Similar to last year’s House Budget Resolution, this one contains many proposals that would decimate critical disability-related programs, including block granting the Medicaid program and slashing spending for discretionary programs. The Senate is not likely to vote on a separate Senate Budget Resolution since the BCA already set spending caps for FY 2013.

**Key Issues**

All recently enacted deficit reduction has been through program cuts ONLY. Further cuts to entitlement and discretionary programs are short-sighted. They would threaten the fragile economic recovery and reduce the number of jobs available. Most discretionary disability-related programs have largely been level funded in the last five years, including the Councils on Developmental Disabilities, University Centers for Excellence in Developmental Disabilities, and Protection and Advocacy Systems. Some programs, including supported employment, postsecondary programs for people with intellectual disabilities, and disability prevention research and services within the Centers for Disease Control and Prevention have been slated for elimination or consolidation. All Family Support projects funded through the Projects of National Significance (within the Developmental Disabilities Act) were terminated in the FY 2012 funding cycle as a result of a $6 million cut to this program. These projects provided direct services to over 5,000 families with children with disabilities nationwide. The federal share of average per pupil spending for special education remains at about 17% -- far below the 40% promised by the Individuals with Disabilities Education Act (IDEA).

Rebuilding our investment in these domestic programs will boost the economy and reduce the deficit through prevention of costly chronic diseases, increased earnings, and reduced expenditures for unemployment and other social service programs.

**A Balanced Approach to Deficit Reduction**

We share in our Nation’s goal of reducing the deficit and returning to a path of fiscal sustainability. However, this cannot be done through spending cuts alone. Revenues must be part of the equation.
To achieve the additional $1.2 trillion in savings over the next ten years (as the BCA requires) from the spending side alone would require cutting an average of roughly $110 billion annually, starting in FY 2013.

**Recommendations**

* Congress should cancel the across-the-board cuts (sequester) and replace them with a more reasonable deficit reduction package.
* Congress must balance deficit reduction between program cuts and revenues.
* Congress should not block grant or cap the Medicaid program.
* Congress should fully exempt non-defense discretionary programs from any further cuts.
* If the sequester is not cancelled, Congress must not exempt or reduce the cuts to defense discretionary programs as this would result in even greater cuts to non-defense discretionary programs.
* Congress must protect programs for people with disabilities.

**Relevant Committees**

House and Senate Budget Committees

House and Senate Appropriations Committees

House and Senate Appropriations Subcommittees on Labor, Health and Human Services, Education and Related Agencies

For more information, please contact The Arc at (202) 783-2229, United Cerebral Palsy at (202)776-0406, Association of University Centers on Disability at (301) 588-8252, American Association on Intellectual and Developmental Disabilities at (202) 387-1968, National Association of Councils on Developmental Disabilities at (202) 506-5813, or Self-Advocates Becoming Empowered at SABEnation@gmail.com

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