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Automatic Budget Cuts Are Here Don't Panic, Act!

Call your members of Congress TODAY!

On Friday, the \$85 billion in automatic budget cuts (known as the sequester) took effect. While it may take weeks or more for the impact of these cuts to be felt, we know **the impact to our communities could be drastic**. For domestic discretionary programs like HCH projects, 5% of annual federal funding will be cut, but a cut of this size spread out over only seven months is actually a 9% reduction since five months of the fiscal year have already passed. While the cuts are real, we do not yet know how they will be implemented within programs; however, we know any cuts to the social safety net will have negative impacts on consumers and the programs that serve them.



For example, the cuts to HRSA could result in **900,000 fewer patients served at health centers**; cuts to HUD could result in 125,000 households losing Housing Choice Vouchers; cuts to SAMHSA could mean 373,000 individuals lose access to mental health services; and the list goes on. **These cuts are real. Rather than push the panic button, we need to demonstrate solidarity and demand that our elected officials repeal or replace these arbitrary cuts.**

TAKE ACTION

It is critical to illustrate how these budget cuts will harm communities in real ways. *Mobilizer* readers need to call and explain how these cuts will hurt their projects, patients, and communities. **Call the Capitol Switchboard toll free at (877) 210-5351 to be connected to your representative and two senators. Let them know the following:**

- **The sequester must be repealed or replaced with a solution that does not harm those earning the least.**
- **What a 9% cut would do to your project.** What services would you have to discontinue? What community need would go unaddressed? Nationally, the health center program faces an estimated \$120 million cut.
- **What a 9% cut would mean for housing and community development in your community.** A state-by-state list of lost vouchers and HUD cuts can be found [here](#). The following cuts are estimated nationally:
 - The Housing Choice Voucher program: \$938 million cut, leading to 125,000 fewer vouchers
 - McKinney Vento homeless assistance: \$96 million cut, leading to 100,000 fewer individuals receiving support
 - Project based rental assistance: \$470 million cut
 - Public housing operating and capital funds: combined \$293 million cut.
 - Community Development Block Grants: \$965 million cut
 - Read [Secretary Donovan's letter](#) for more information.
- **What a 9% cut would mean for mental health, substance abuse, and other social services in your community.** The following cuts are estimated nationally:
 - SAMHSA: \$168 million cut, leading to 373,000 fewer mental health treatment slots, 109,000 fewer inpatient addiction slots, 91,000 fewer outpatient addiction slots, and 8,900 fewer homeless persons receiving PATH services
 - Low-Income Home Energy Assistance: \$175 million cut
 - Social Services Block Grant: \$117 million cut

- Read [Secretary Sebelius' letter](#) for more information.

Two types of proposals have been suggested that are not acceptable. Some have suggested giving agencies more flexibility to allocate the cuts. While flexibility helps some, the overall level of the cuts is the problem. Additionally flexibility will not prevent cuts to services. Others have suggested replacing these cuts with new cuts to other parts of the budget such as Medicaid and SNAP (food stamps). *If offices suggest these alternatives, make sure you voice opposition to these approaches.*

The HCH community will be following up with legislators during upcoming National HCH Conference March 14 - 16 but must start speaking out now. Call today while the attention to this issue is high.

As always, please contact [Dan Rabbitt](#) with any questions and to report how your call goes!

Background

How the sequester will work: The sequester is crafted so that each program account in each agency will face the same percentage of reductions without any targeting or flexibility. However, within each program, there is some flexibility to decide when certain purchases are made. Agencies have been instructed to cut training, travel, and other overhead that does not disrupt services first. They have also been instructed to leave open positions vacant and furlough rather than lay off employees as needed. These accounting maneuvers will delay and soften the impact of the sequester, but real cuts in services will still occur. Public Housing Authorities have been instructed to use reserves, freeze wait lists, and not renew vouchers when households leave rental assistance, but this will not be enough in all communities. Other programs will similarly try to mitigate the impact of the cuts, but cuts in services will occur.

How the sequester will work for health centers: HRSA may be able to fully replace any cuts due to the sequester by using additional funds available through the ACA. The health center program was scheduled to receive a \$300 million increase for the current fiscal year through the ACA, which would more than replace the \$120 million cut due to sequester. However, the Bureau of Primary Health Care has not confirmed that this is what they will do. If the cuts stand, HCH grantees could see as much a 9% reduction in their grants the next time they are disbursed. The same goes for other sources of federal public funding through SAMHSA, Ryan White, or other programs.

Timing and politics: Now that the sequester has gone into effect, the next best opportunity to reverse it will be in the legislation needed to fund the government for the remainder of FY13. The government is currently funded through a Continuing Resolution. It runs out on March 27 and further legislative action is needed to keep the government fully funded. It will be very difficult to reverse the sequester once a bill to fund the government for the remainder of FY13 is passed. It will also be difficult to address the very low levels of funding available to domestic programs in the years ahead.

Giving agencies flexibility is politically problematic. It would allow for prioritizing certain programs and functions, but it implicitly accepts the level of cuts. This must be rejected. Other proposals are much better, such as simply repealing the sequester or replacing it with some combination of increased revenues and spending cuts that do not harm vulnerable people.

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