Frequently Asked Questions Guide: Budget Sequestration

Congress is currently preparing for a budgetary process known as sequestration, which will impose federal deficit cuts over the next ten years on a variety of programs, including those important to children and pediatricians. The AAP Department of Federal Affairs has created this guide to outline what the pending sequestration process could mean for federally funded child health programs and how AAP members can become involved in advocating for programs they care about.

What is sequestration?

Sequestration is a term used to describe a set of automatic budget cuts totaling at least $1.2 trillion over ten years that are scheduled to take effect beginning on Jan. 2, 2013. Both defense and non-defense spending will be subject to annual budget cuts, resulting in across-the-board funding reductions for most federal programs through 2021. As part of sequestration in 2013, automatic budget cuts estimated to be in the range of 7.8 - 8.4 percent will be applied to most federally funded programs.

Why do we have the budget sequester?

Last year, the United States reached its $14.3 trillion debt ceiling. In order to raise the national debt limit, Congress passed the Budget Control Act of 2011 (BCA), which President Obama signed into law in August 2011.

The BCA established caps on discretionary spending resulting in $917 billion in spending cuts to take place over ten years, and directed a bipartisan Joint Select Committee on Deficit Reduction (also referred to as the “Super Committee”) to identify an additional $1.2 trillion in budgetary savings. The twelve members of Congress comprising the Super Committee failed to agree on a deficit reduction plan, which triggered the sequestration process.

What programs are exempt from sequestration?

Social Security, Medicaid, the Children’s Health Insurance Program, Supplemental Nutrition Assistance Program, child nutrition programs, Supplemental Security Income, refundable tax credits such as the Child Tax Credit and Earned Income Tax credit, veterans’ compensation and benefits, and federal retirement are all exempt from sequestration.

What does sequestration mean for child health funding?

Sequestration will significantly reduce funding for many programs important to children and pediatricians. Automatic cuts will come from both discretionary (annually appropriated) and mandatory (entitlement) programs, excluding the exempt programs listed above. Federal agencies and departments will have limited control of how the sequester will impact individual programs.

Non-defense discretionary (NDD) funding supports numerous child health programs, such as the Title V Maternal and Child Health Services Block Grant, the Section 317 Immunization Program, and the Children’s Hospital Graduate Medical Education program. As mentioned above, in the 2013 fiscal year (Oct. 1, 2012 – Sept. 2013), automatic budget cuts estimated to be in the range of 7.8 - 8.4 percent will be applied to most federally funded programs.
30, 2013), most NDD programs will face automatic cuts estimated to be between 7.8 and 8.4 percent from the previous year’s funding.

Non-exempt mandatory programs, such as the Maternal, Infant, and Early Childhood Home Visitation Program, the Prevention and Public Health Fund and other Affordable Care Act mandatory funds, will also be subject to the same spending cuts. Additionally, sequestration would apply a 2 percent cut to Medicare that could reduce graduate medical education funding and physician payments.

**Can sequestration be avoided?**

Yes. It is possible that Congress could avoid the sequester through various budgetary mechanisms, such as repealing or amending existing law, creating new revenues (such as taxes) to offset the cuts, or passing alternative deficit reduction legislation. However, election-year politics and the limited time before sequestration takes effect create challenges for Congress to act.

**What’s next?**

The Academy is urging Congress to take a balanced approach to deficit reduction that does not disproportionately hurt children, by advocating in the following ways:

1) Partnering with the broad NDD community to collectively voice concern with the adverse effects of sequestration on vulnerable populations

2) Working with other public health organizations to draw attention to the damaging impacts sequestration could have on the health and well-being of children and families

3) Sharing pediatricians’ concerns with Congress about how the scheduled funding cuts would hurt programs that promote and protect children’s health

**What can AAP members do?**

Academy members are encouraged to reach out to federal legislators to share how sequestration will affect pediatricians and the children they care for. For assistance reaching out to Congress, please visit the AAP Department of Federal Affairs website, FederalAdvocacy.aap.org to find federal advocacy resources and tools, including personalized contact and biographical information for federal legislators.

Pediatricians invested in child health programs that will be impacted by sequestration are also encouraged to share personal stories with members of Congress and the media to raise awareness about the importance of federal funding to support strong child health programs in communities across the country.

For more information on how to share a story in the press or with federal legislators, please e-mail the AAP Department of Federal Affairs at kids1st@aap.org.