



JANET BARRESI
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
STATE OF OKLAHOMA

MEMORANDUM

TO: Superintendents and Special Education Contacts

FROM: Anita Eccard, Financial Planning, Special Education Services

DATE: August 7, 2012

SUBJECT: **Sequestration: Preparation for Possible Reduction in Federal Funds for FY 2014**

The purpose of this letter is to inform Oklahoma local educational agencies (LEA) of the possibility that all federal grants administered by the Oklahoma State Department of Education (OSDE) may be reduced for the 2013–2014 school and grant year.

On August 2, 2011, President Obama signed the Budget Control Act of 2011 (BCA). The purpose of this Act was to balance an increase to the U.S. debt limit (debt ceiling) and legislate a series of measures to decrease federal spending.

Among other things the BCA calls for the following:

- Caps on federal spending, with a legislated \$900 billion spending reduction from federal fiscal years 2012-2021. Over the next decade, these cuts will be imposed upon discretionary funds, including education (i.e., Title 1, IDEA B 611 & 619, etc.) and defense.
- Created a Joint Select Committee on Deficit Reduction, (referred to as the “Super Committee”) made up of members from the House and Senate, Democrats and Republicans charged with writing amendment-proof legislation anticipated to cut the federal budget by approximately \$1.2 to 1.5 trillion over the 10-year span.

The Joint Select Committee, or Super Committee as it is commonly referred, failed to draft the required legislation by its November 23, 2001, deadline. As a result the sequestration process was enacted.

Sequestration

Defined by the Congressional Budget Office as a cancellation of budgetary resources, sequestration is the process by which the federal government automatically cuts its spending. The Office of Management and Budget (OMB) has sole authority to determine when sequestration must go into effect and the apportionment of automatic cuts across the various federal agencies. The OMB has not yet issued its sequestration guidance determining the exact amount to be cut from each affected federal agency.

The Congressional Budget Office is a nonpartisan office that advises Congress on the implications of its proposals, and has estimated that sequestration will mean a cut of **8% or more** to all education programs. The entire U.S. Department of Education's budget will be reduced by approximately \$3.5 billion. The dollar amount of the cuts must be divided evenly over the nine-year span (2013-2021), across all departments with discretionary funds (including the Department of Defense) to total approximately \$109 billion annually.

OSDE Recommendations

The OSDE will take the sequester from funds that will become available in July 2013 for the school year FY 2014, if Congress does not take action to avoid sequestration. The OSDE is advising districts to design two budgets for program planning purposes, allowing for potential cuts to the October 1, 2013, allocations.

The OSDE will communicate updates to districts as information is made available from the USDE. If you have questions regarding the sequestration process, please contact me any time at (405) 521-4865 or through email at <Anita.Eccard@sde.ok.gov>. For questions about financial planning for your district, please contact Ms. Pam Kimery at (405) 522-3246 or through email at <Pam.Kimery@sde.ok.gov>.

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cc: Dr. Rene Axtell, Assistant State Superintendent, Special Education Services
Ms. Cynthia Valenzuela, Executive Director, Special Education Services