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To: Soura, ChristianChristianSoura@gov.sc.gov
Date: 3/6/2013 10:29:23 AM
Subject: Fw: Letter from Secretary Duncan re: Sequestration
Attachments: SC.doc

Looks like most staff already received this.

From: Honeysett, Adam [mailto:Adam.Honeysett@ed.gov]
Sent: Wednesday, March 06, 2013 09:46 AM
To: Walls, Courtney
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Subject: Letter from Secretary Duncan re: Sequestration

March 5, 2013

Honorable Nikki Haley
Governor of South Carolina
1205 Pendleton St.
Columbia, South Carolina 29201

Dear Governor Haley:

As you know, on March 1, the President was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal Government for the remainder of the 2013 Federal fiscal year. We want to provide you with timely and clear information about how these unfortunate budget cuts will affect Federal education programs, and in turn what they mean for fiscal year 2013 program allocations to South Carolina.

These cuts couldn't come at a worse time. Thanks to your leadership, and to the hard work of the teachers, principals, and many other public servants in your State and across the nation, we are finally beginning to see the gains in student achievement across the country that our families and communities deserve. The President has challenged us to regain America's place as the world leader in college completion, and our international standing is now improving. Graduation rates stand at their highest level in decades. These changes have not happened by chance; they are victories hard-won by countless unsung heroes in our schools, guided and led by dedicated State and local leaders. The President, my colleagues, and I pledge to continue the fight to make Washington a better partner in your work; you and South Carolina's students deserve that. Further, we want to assure you that you will see a continued strong commitment to improving our education systems in the 2014 budget request that President Obama will release later this spring.

As it stands, we want to share with you the most current information we have on the budgetary impact of sequestration. Sequestration will reduce the Department's overall budget authority for fiscal year 2013 by an estimated \$2.5 billion when compared to the fiscal year 2012 level. Examples of significant impacts on overall program funding levels include the following:

- \$725 million would be eliminated in Title I Grants to Local Educational Agencies, which serves 23 million students in high poverty schools.
- Formula grants to States under Part B of the Individuals with Disabilities Education Act (IDEA) would be reduced by \$598 million, including \$579 million for Part B Grants to States and \$19 million for Preschool Grants.

- \$60 million would be eliminated from school year 2012-2013 Impact Aid Basic Support Payments for schools serving large concentrations of military families and children living on Indian lands.
- Federal Work-Study would be cut by \$49 million that supports on-campus employment opportunities for postsecondary students.
- Supplemental Educational Opportunity Grants would be cut by \$37 million.

More specifically, in your State, sequestration is expected to result in the loss of \$11,867,551 in Title I Grants to Local Educational Agencies, or roughly the equivalent of the funds that your State currently uses to pay 163 staff to serve 14,618 students in 27 Title I schools. Another hard-hit program is the IDEA Part B Grants to States program, which will see reductions in funding of roughly \$8,583,510, potentially requiring your State to find other resources to provide a free appropriate public education to students with disabilities. The amount of this cut assumes enactment of the Administration's proposed appropriations language that authorizes the Department to calculate a State's allocation without regard to a reduction in funding in a prior year resulting from a failure to meet the maintenance of State financial support requirement in section 612 of the IDEA.

These and other reductions in funding for South Carolina required by sequestration are shown in the attached table, which highlights the impact of sequestration on the Department's 12 largest formula grant programs. While these reductions are unfortunate and damaging, we plan to work closely with you, including by providing timely information on their effect on Federal education programs. Please note, for example, that current estimates of the impact of sequestration may be adjusted once Congress completes final action on the fiscal year 2013 appropriation for Department of Education programs.

In addition to Work-Study and SEOG program allocation data, we also have posted at <http://ifap.ed.gov/eannouncements/030113ImpactofSequestrationonTitleIVFSAProg.html> information for borrowers and postsecondary institutions regarding three changes in mandatory programs: origination fees in Direct Loans, reductions to Iraq and Afghanistan Service Grants, and reductions in TEACH Grants.

It is important to note that sequestration cancels funding that would be provided through fiscal year 2013 appropriations only. Sequestration does not affect funds from grants received from the Department of Education that used fiscal year 2012 or prior year appropriations. The full amount of the fiscal year 2013 reductions required by sequestration for programs with advance appropriations—ESEA Title I Grants to Local Educational Agencies, IDEA Part B Grants to States, ESEA Title II Improving Teacher Quality State Grants, and Carl D. Perkins Career and Technical Education State Grants—will be taken from the July 1, 2013, portion of total program allocations. Please also note that while sequestration reduces funding levels for each program, it does not change the underlying statutory requirements that govern program operations, including within-State allocation requirements. For example, there is no change in maintenance of effort requirements, supplement not supplant rules, hold-harmless requirements, or State or local reservations of funding for required activities. Thank you for your continued partnership with the Department of Education in working to achieve the education goals of your State and our nation.

Sincerely,

Arne Duncan