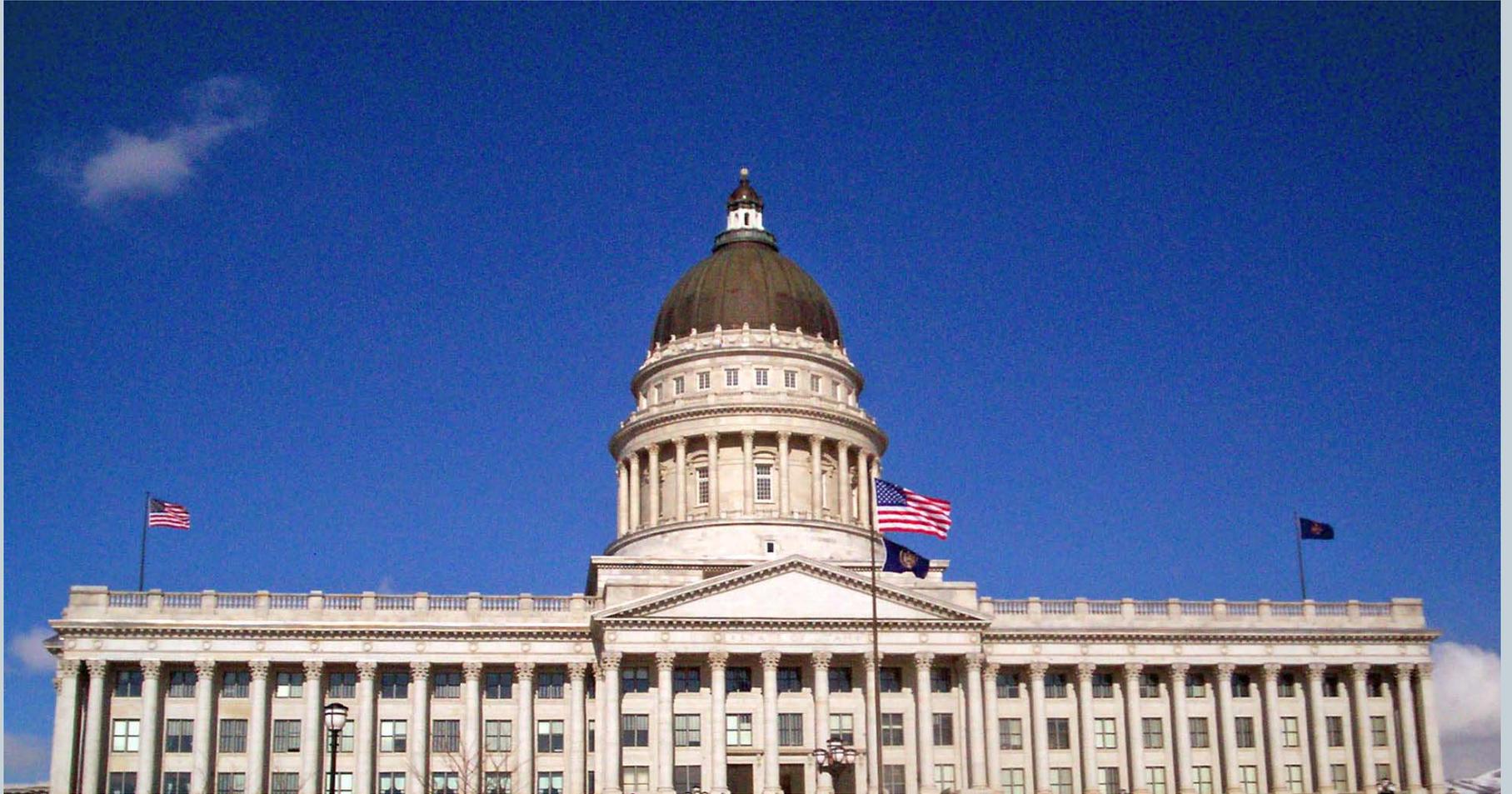
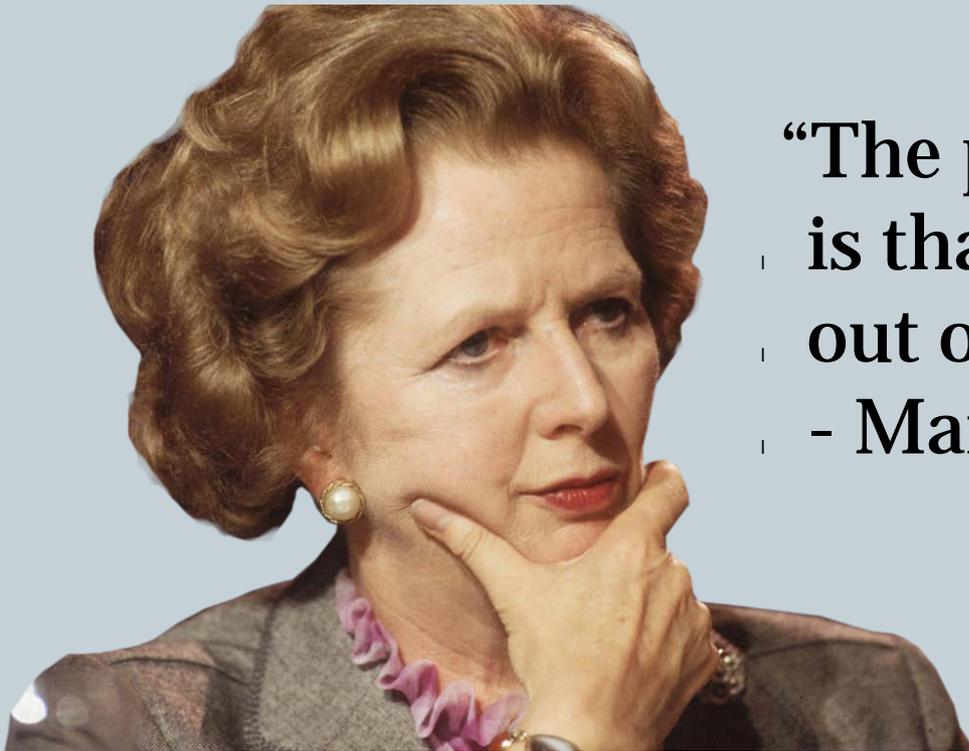


A Question of Sequestration



In Memorium

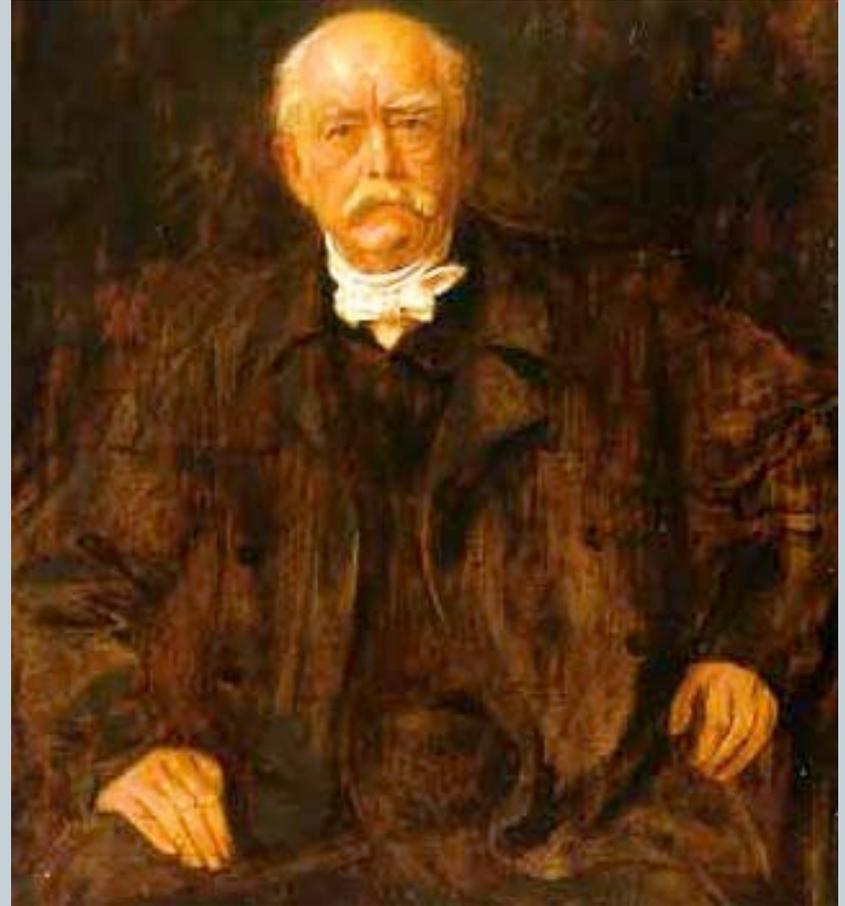


**“The problem with socialism is that you eventually run out of other people's money.”
- Margaret Thatcher**

Otto von Bismarck



“Laws are like sausages. It is better not to see them being made.”



State Budget



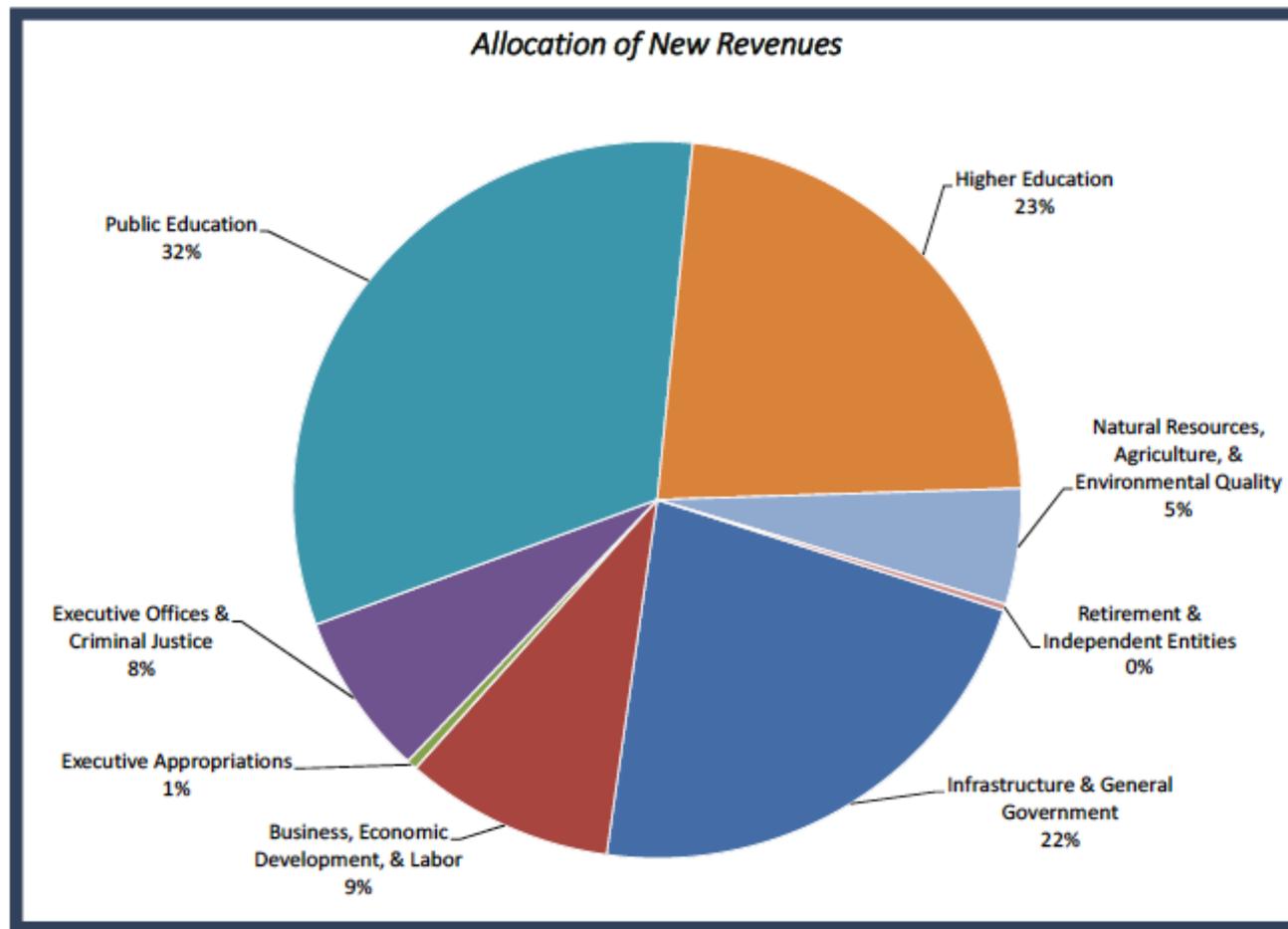
(In billions)

<u>Operating/Capital</u>	<u>All Sources</u>	<u>GF/EF</u>
FY 2012 Actual	\$11.9	\$4.9
FY 2013 Revised	\$12.6	\$5.1
<i>Percent change</i>	<i>5.9</i>	<i>5.6</i>
FY 2014 Approp.	\$12.9	\$5.5
<i>Percent change</i>	<i>2.1%</i>	<i>6.6%</i>

New Revenue



Allocation of New Revenues





What was the Fiscal Cliff?

Expenditure Side

Budget Control Act (BCA) of 2011.

“Sequestration” = automatic spending cuts of \$1.2 trillion over 10 years.

Half defense, half non-defense.

FY13: across the board cuts.

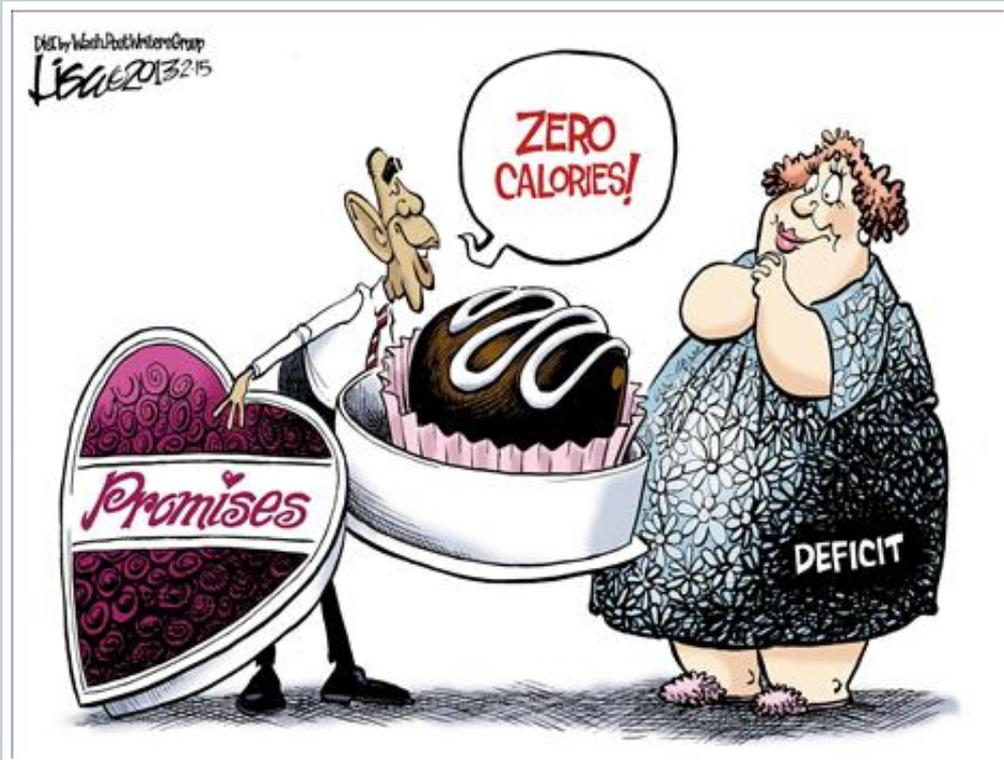
FY14: lowered spending caps through appropriations process and some across the board cuts.

Revenue Side

Tax provisions set to expire:

- “Bush Tax Cuts” (reduced rates, marriage penalty, personal exemptions and itemized deductions, etc.)
- Alternative Minimum Tax adjustment (26 million taxpayers)
- Payroll tax cut from 6.2% to 4.2%
- Temporary tax provisions known as “tax extenders”

Sequestration is a Symptom



Sequestration is not the root of the federal funding problem. The problem is unsustainable deficit spending.

And So It Begins...



Utah could lose \$100M due to sequestration, White House says

By David Self Newlin

February 24th, 2013 @ 6:08pm

Fewer immigrants booked into Utah jail since sequestration

Immigration » Obama administration has not been forthcoming on issue.

By Nate Carlisle | The Salt Lake Tribune

First Published Mar 18 2013 01:01 am • Last Updated Mar 20 2013 12:07 pm

Two Utah Airports To Close Towers Due To Sequestration

(KUTV) Utah's second and third largest airports are two of hundreds being forced to close their control towers due to sequestration.

Sen. Orrin Hatch warns sequestration could hit Utah hard, says it may be needed

By Lisa Riley Roche, Deseret News

Published: Wednesday, Feb. 20 2013 2:15 p.m. MST

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76 Comments »

Sequestration Impacts on Utah's Budget



- Federal funds = 27% of FY13 budget sources
- Most federal grants to states (82%) are exempt
- Covered non-defense programs cut by 5%
- Potential federal fund reductions of up to \$40M compared to FY 2012 (full year)

Sequestration Exemptions



- Most transportation programs
- Medicaid (vendor payments & admin)
- Pell Grants
- CHIP
- Most child nutrition and food stamps
- Most child care, child support enforcement, foster care, and adoption assistance
- Abandoned Mine Reclamation Fund
- Crime Victims Fund



Sequestration Non-exemptions



- Most state-federal discretionary programs
- Education (elementary, secondary, vocational, higher)
- Employment and training
- Energy
- Environment
- Agriculture / Natural Resources
- Justice
- Housing / Community Development
- Social Services (non-mandatory)
- Health (non-Medicaid / CHIP)
- National Forests / Mineral Leasing
- Defense



Some Utah Sequestration vs. FY 2012



Local Government Transportation Capital Investments	(10,923,000)
Special Education State Grants	(5,588,000)
Education (Title I)	(4,695,000)
WIC - Supplemental Feeding Program	(2,210,000)
Head Start	(2,136,000)
BLM - Payments in Lieu of Taxes	(1,632,000)
Mineral Leasing	(1,351,000)
Unemployment Insurance State Admin	(1,317,000)
Child Care & Development Block Grant	(1,287,000)
EPA Grants	(1,179,000)
Low Income Home Energy Assistance	(1,138,000)
Community Development Block Grant	(856,000)
Subst. Abuse Prevent. & Treatment Block Grant	(803,000)
Rehab. Services - Basic State Grant	(773,000)
State Grants for Improving Teacher Quality	(762,000)
Social Services Block Grant	(750,000)
Forest Service - National Forests	(614,000)
Voc. Ed. - Basic State Grant	(599,000)
Refugee Assistance - Cash and Medical	(451,000)

What is Utah doing to prepare?



- Contingency planning

- Automatic Rainy Day

- Funds deposits

- Commission Relating to Federal Issues

- Federal Funds Review Process

Are We Willing to do the Right Thing?



There will never be enough money to cover the demands on government. Not enough for education, health care, transportation or law enforcement. Money will not solve our problems.

What we can spend is political capital. It's well past time to make the hard choices. The consequences facing us demand nothing less.

Questions & Comments



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