

## DEEP – FINANCIAL/FEDERAL GRANTS MANAGEMENT

### IMPACTS OF POTENTIAL FEDERAL SHUTDOWN AND/OR DEFAULT ON DEBT LIMIT

#### ***Fiscal Impact of a Federal Shutdown:***

*Minimal impact – Our agency will not be able to draw money down from the Federal Clearinghouse, ASAP, for as long as the shutdown continues. However, because all but a few of our grants are receivables, all payroll and other expenses items will get paid. On a broader scale, the inability to draw money will impact the State since receivable accounts will not be reimbursed for the duration of the shutdown.*

**Background:** We direct fund our federal grants programs, including federally funded staff, through a State receivable account established by OSC pursuant to a Federal Letter of Credit grant award. Periodic federal cash draw downs are processed by the Grants Management unit and proceeds are directed to the State Treasury to pay down our State receivable liability. As a rule, we process federal cash draw downs on a monthly to quarterly basis depending on the amount of the grant and the rate of expenditure.

#### ***Fiscal Impact of a Continuing Resolution - EPA:***

*Significant Impact – We will likely experience further reductions to federal grant funding.*

**Background:** It is assumed that the CR that is eventually passed will include the same Sequestration cuts imposed in FFY13 from FY13 federal appropriations, however some of our grant programs are funded from prior year federal appropriations deferring their reductions by one year. In other words, certain grant funding in FY13 came from FFY12 appropriations, therefore were exempted from FY13 Sequestration cuts last year. They could presumably be included in cuts targeted for FY14 in addition to continuing FY13 reductions. This we will not know until notified by federal agencies.

#### **FY 13 EPA cuts were as follows:**

<i>FY13 Seq Cuts (operating)</i>	<i>\$ 559,640 (translates to 5.2 FTE)</i>
<i>FY13 Seq Cuts (pass-thru)</i>	<i>\$ 947,000 (CWF Infrastructure)</i>
<i>FY13 Seq Cuts (Total)</i>	<i>\$1,506,520</i>

***There were negligible cuts in FY 13 from the Department of Interior, Homeland Security, US of Agriculture and the Department of Energy ranging from no reduction to less than 2.5%.***

***Example:*** DEEP receives approximately \$2.0 Million of PR (Pitman-Robertson) funds. The Grant Program was not impacted by sequestration as the funds are non-appropriated; they are derived from excise taxes from firearms and ammunition and set aside in federal Trust accounts. Release of funding was delayed but funding level was preserved and actually increased due to increase sales volume.

***Fiscal Impact of a Federal Default on Debt:***

*The impacts are speculated to be so severe on a national and international economic level that addressing at state agency level is not meaningful.*