



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: September 17, 2012

To: Council Vice President Robert Lilligren and Council Member Elizabeth Glidden

Subject: Federal State Local Update

Recommendation: Receive and File

Department Information

Prepared by: IGR Staff

Approved by: _____

Presenters in Committee: Gene Ranieri, IGR Director

Supporting Information:

Federal. Congress reconvened last week and passed a six month continuing resolution (CR) for the first six months of FY 2013 (October 1, 2012 to March 31, 2013). The amounts in the CR are slightly above the FY 2012 amounts.

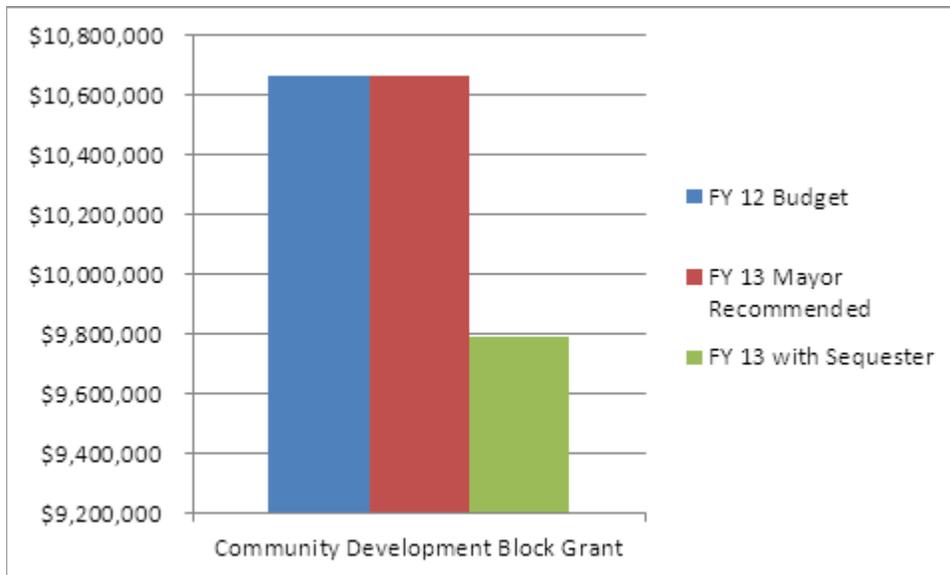
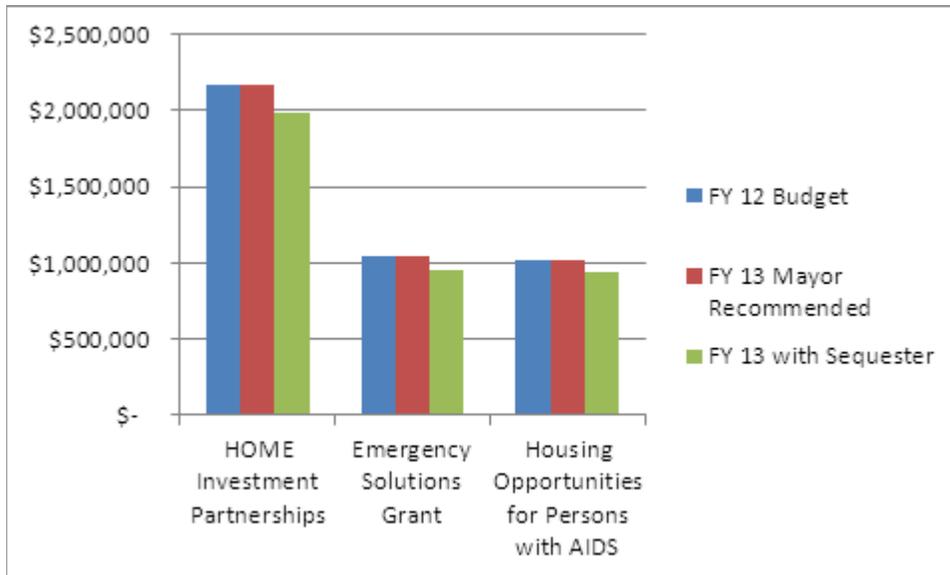
The CR contains no policy changes. As a result of the CR, federal funds for such programs as the community development block grant should be allocated based on current funding levels. However, if Congress does not act prior to the end of the year to address the automatic appropriation reductions required by the sequester the across-the-board reductions will occur.

Sequester Report: Office of Management and Budget. On Friday September 14, 2012, the President released the sequester report required by the BCA. The report provides an explanation of the sequester calculations and identifies the reduction amount to each of 1200 budget accounts. The amount of the annual reduction is \$109 billion with the reduction being equally divided between defense and non-defense. The reductions are further calculated to account separately for discretionary and direct spending. As a result of the statutory formula the following percentage have been assigned:

Defense (discretionary)	9.4%
Defense (direct spending)	10.0
Non-Defense (discretionary)	8.2%
Non-defense (direct spending)	7.6

The percentages differ because the non-defense half of the total amount of \$109 billion is reduced approximately \$11.0 billion by a 2% reduction in Medicare spending and other health programs.

If sequestration occurs several federally funded programs administered by the City of Minneapolis would be impacted. The following tables identify the programs funded by the US Department of Housing and Urban Development that would be subject to the 8.2% sequester.



Congressional leaders and the President have voiced opposition to the sequester and have indicated a desire to avoid the imposition of it. However it is unclear if the Congress can agree to an alternative prior to the end of the year. Several senators are working on a plan but it could include revenue increases. The inclusion of revenues could make it difficult to impossible to pass a package. However, several economists have warned that no action would negatively impact the economy.

State: Commissioner of Revenue Meetings. Commissioner has scheduled two community meetings in the city. One occurred Monday night, September 17, 2012, in Logan Park while the next meeting is set for Saturday, September 22. The Saturday meeting will be held in Hiawatha School Park at 4305 42nd Street East. The Logan Park meeting was hosted by Rep. Loeffler and the Hiawatha meeting will be hosted by Rep. Jim Davnie. Both representatives are members of the House Tax Committee. Sen. Dibble will host a meeting on October 1 in his district but the location has not been finalized. A meeting on the North Side is being arranged.

Metropolitan Council. The Metropolitan Council is in the process of drafting its policy framework for the next round of comprehensive plans. To obtain input from city and community leaders the Council is hosting a series of ten listening sessions throughout the region. The purpose of the sessions is to briefly describe the process and request input. The Minneapolis meeting is set for:

**Monday, September 24, 11:30AM to 1:30PM
Minneapolis Central Library- Pohlad Hall
300 Nicollet Mall**