



Legislation Text

File #: 30902, **Version:** 1

Fiscal Note

The CD Division's Housing Development Reserve Fund currently has a balance of CDBG funds sufficient to offset the effects of sequestration cuts, estimated at \$35,588. No new funding is being requested by this Resolution, and there is no impact on the local tax levy.

Title

Authorizing the CD Division to make up a budget shortfall resulting from the federal government's sequestration cuts by utilizing eligible CDBG funds currently available in the Division's Housing Development Reserve Fund.

Body

On January 1, 2013, Congress and the President approved a deal avoiding the "fiscal cliff" known as sequestration. Part of that legislation included the delay of billions of dollars in automatic spending cuts in federal defense and non-defense programs in order to reduce the federal deficit (i.e., sequestration). As Congress failed to take action to avoid the implementation of these spending cuts, the cuts required by sequestration took effect on March 1, 2013.

The City's Community Development Division (by way of its CDBG Office) annually administers several community agency contracts funded by federal grant programs that will be adversely affected by the sequestration cuts, including the Community Development Block Grant (CDBG) Program, and Emergency Solutions Grant (ESG) Program. The sequestration cuts reduce the City of Madison's CDBG allocation by an anticipated 2.5% and its ESG allocation by an anticipated 3% from their 2012 funding levels directly impacting the 2013 budgets of thirty-three community agency contracts ("A List" projects) that were previously approved and funded with ESG or CDBG funds through the CD Division's 2013-2014 funding process and approved by Common Council 2013 budget process.

This Resolution authorizes the Division to make up the resulting budget shortfall to community agency contracts by utilizing eligible CDBG funds currently available in the Division's Housing Development Reserves Fund. Doing so would prevent these approved contracts' budgets from being negatively impacted by the effects of sequestration.

WHEREAS, thirty-three community agency contracts ("A List" projects) that were approved for 2013 as part of the Community Development Division's 2013-2014 funding process have budgets comprised of an aggregate \$1.9 million in federal CDBG and ESG funds; and,

WHEREAS, anticipated federal sequestration cuts of 2.5% to the City's CDBG allocation and 3% to the City's ESG allocation will negatively impact these 33 community agency contracts that are funded partially or wholly by these federal funds;

NOW BE IT RESOLVED, that the Community Development Division is authorized to offset the effects of federal sequestration cuts on approved 2013 community agency contracts by utilizing up to \$35,588 in eligible CDBG funds, currently available in the CD Division's Housing Development Reserve Fund.