Caught in the Budget Battle
How the ‘Fiscal Showdown’ Impacts Gay and Transgender Americans

Center for American Progress and The National Gay and Lesbian Task Force   November 2012
Foreword by the Human Rights Campaign
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In this report, the term ‘gay’ is used as an umbrella term to describe people that identify as lesbian, gay or bisexual.
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Foreword

As Congress returns to work during the lame-duck session, Americans from all walks of life are focused on how, or even if, members of Congress will resolve the impending “fiscal showdown” and avert drastic, across-the-board cuts to a host of federal programs. With mandatory cuts of nearly 8 percent to many federal programs on the horizon, every American has a great deal at stake under sequestration.

But while newspaper headlines and cable television shows are awash in coverage of this critical issue and its consequences for all Americans, little attention has been paid to how it will affect one specific population already struggling with the economic impact of discrimination—the gay and transgender community. This vital report from the Center for American Progress and the National Gay and Lesbian Task Force takes that much-needed look at the tremendous impact these cuts could have on our community and further highlights the urgent need for a swift and fair resolution by Congress.

These drastic, across-the-board cuts would have a tremendous impact. Programs designed to serve the most vulnerable Americans are among those that are threatened, including programs that provide a vital lifeline for thousands of gay and transgender people, as well as people living with HIV and AIDS across the country. If sequestration occurs, it is estimated that nearly 10,000 low-income people will lose access to life-saving medicines under the AIDS Drug Assistance Program. Hundreds of millions of dollars will be stripped from federal programs that provide treatment and housing to the most vulnerable individuals living with HIV and AIDS. Cuts to staff and resources could also stymie the investigation and prosecution of hate crimes, including those against gay and transgender people. These cuts would be a devastating setback. Budgets for long-awaited programs focused on the unique needs of our community, like the National LGBT Aging Resource Center and the LGBT Refugee Resource Center, could be slashed if not cut entirely.
Sequestration will impact many other critical programs that disproportionately serve low-income Americans—from early childhood education and vaccinations, to meals for older people in need, to job training and education for dislocated workers.

This report examines the impact of the “fiscal showdown” on gay and transgender people and people living with HIV and AIDS. Many gay and transgender people across the nation already face economic hardship due to discrimination in employment and health care, and because their families lack the critical protections that come with marriage equality. Many of these families depend on federal programs every day—from federally funded health centers to Pell Grants that help make sure their children can attend college. The cuts mandated by sequestration would undoubtedly pull the safety net out from under these and other vulnerable Americans.

As this report lays out in detail, we cannot afford for Congress to sit idly by while programs that provide a lifeline to vulnerable gay and transgender people are gutted by avoidable cuts. There’s no doubt that tough choices need to be made, but we urge Congress to make cuts thoughtfully. Now is not the time to abandon the programs so vital to vulnerable Americans, including gay and transgender people. Now is the time to work together to achieve a balanced, fair approach for everyone.

Chad Griffin
President, Human Rights Campaign
Introduction and summary

If Congress fails to act during the lame-duck session, a series of onerous automatic federal spending cuts and tax hikes will go into effect on January 2, 2013. The budget battle has two major components:

• Significant cuts to the federal budget under a process known as “sequestration”

• Expiration of a number of tax cuts

Sequestration in particular would result in draconian cuts to federal programs that support the health, wellness, and livelihood of gay and transgender Americans and their families. From workplace nondiscrimination protections to health care coverage to supporting our nation’s elders, cuts in these programs would seriously harm gay and transgender Americans.

The fiscal showdown is looming, with a little longer than one month remaining before it possibly goes into effect. While policymakers work to hammer out an eleventh-hour deal to avoid devastating budget cuts, it is important to remember that we did not get to the edge of this metaphorical fiscal cliff by accident.

In 2011 Congress passed the Budget Control Act of 2011 as part of a deal to raise the ceiling on our nation’s debt. As part of that deal, congressional Republicans held the nation’s credit worthiness and economic recovery hostage to force painful and immediate spending cuts on the country, totaling more than $1 trillion over the 10-year period from 2012 through 2021.

In addition to these immediate cuts, the Budget Control Act also left Congress with the task of finding an additional $1.2 trillion to cut from the budget over the same 10-year period. In the fall of 2011 the congressional super committee, tasked with designing a plan to reduce the deficit by this amount, failed to produce an agreed-upon proposal. Unless Congress acts during the upcoming lame-duck session, automatic cuts to the federal budget—known as sequestration—will be
triggered and will go into effect beginning in January 2013 so as to achieve the $1.2 trillion in deficit reduction as mandated by the Budget Control Act.\(^7\)

Additionally, a number of tax cuts are set to expire at the same time that sequestration is set to go into effect at the beginning of 2013, potentially creating a perfect storm that would simultaneously mandate across-the-board cuts to the federal budget and raise taxes on nearly all Americans.\(^8\) Economists agree: Failure to reach a resolution would hurt job growth, weaken our economic recovery, and impact all Americans.\(^9\)

Avoiding sequestration remains a critical policy goal for Congress. Doing so is important for all Americans, including gay and transgender Americans and their families. As this report details, many federal programs, both directly and indirectly, function to support and serve the gay and transgender population. If across-the-board budget cuts go into effect, this population will experience a host of negative outcomes, including the following:

- Sequestration would hurt gay and transgender workers and threaten their employment security because federal agencies would have fewer resources to investigate claims of employment discrimination.

- Sequestration would compromise gay and transgender health by reducing programmatic funding used to address the health care needs of gay and transgender Americans.

- Sequestration would remove critical resources from government agencies currently working to combat bullying and school violence against gay and transgender youth.

- Sequestration would limit the federal government’s ability to address the high rates of homelessness among gay and transgender youth.

- Sequestration would limit the government’s capacity to prevent discrimination in housing against gay and transgender renters, tenants, and potential homeowners.

- Sequestration would hamper the government’s efforts to prevent violent crime against gay and transgender people through enforcement of hate crimes legislation and other similar federal initiatives aimed at preventing violence in this community.
The bottom line: Gay and transgender Americans simply cannot afford to be caught in the middle of the fiscal showdown. Reductions to federal programs under sequestration would be particularly harmful to gay and transgender people of color, a population that already experiences significant health disparities and economic vulnerabilities due to their double minority status.

While there has been significant research and speculation on the possible effects of sequestration on federal programming, it remains to be seen exactly how the full impact and extent of the potential budget cuts will play out. Still, it is clear that sequestration in any form would have a devastating impact for gay and transgender people, as well as their families. Congress can and must work to reach a deal before this year’s end to ensure that this does not happen.

Fortunately, congressional lawmakers from both sides of the aisle are doing just that. As negotiations proceed, lawmakers must lay the foundation for a rational, long-term solution to the fiscal challenges facing our country. Legislators can achieve this by considering a balanced approach of spending reductions and revenue increases similar to what has been proposed by a number of bipartisan commissions and what is reflected in the White House’s budget proposals. If lawmakers cannot agree to a comprehensive deficit deal by year’s end, Congress should at the very least pass a short-term delay so that sequestration does not go into effect at the beginning of 2013. A delay would then provide the newly elected class of congressional leaders with the opportunity to immediately craft a viable, bipartisan, and long-term solution, and prevent devastating cuts to federal programs.

Congress must act swiftly to put our country back on a stable fiscal path that strengthens the current economic recovery. But Congress must do so while avoiding across-the-board spending cuts that would be harmful to millions of Americans, including those who are gay and transgender. The clock is ticking.
How sequestration works

In 2011 Congress passed the Budget Control Act of 2011 as part of a deal to raise the ceiling on our nation’s debt. As part of this deal to ensure that we would not default on our debt, congressional Republicans required Congress to make sweeping across-the-board cuts to government spending, resulting in the fiscal predicament we find ourselves in today.

If Congress fails to strike a deal before the end of this year, sequestration will go into effect in two phases. First, in 2013 sequestration will trigger an automatic 8.4 percent across-the-board cut in most nondefense discretionary programs, an automatic 7.5 percent cut in affected defense programs, and an automatic 8 percent cut in mandatory programs. Under the federal government’s existing budget, these cuts will be split evenly between defense and nondefense programs. There will be approximately $54.7 billion in across-the-board cuts to both defense and nondefense programs in 2013.11

In the second phase of sequestration—from 2014 through 2021—there are no across-the-board cuts to defense program budgets. Instead, those budgets are capped to reduce projected appropriations funding, which will achieve savings of $54.7 billion per year through 2021 and leaves reduction and allocations decisions to congressional appropriations committees.12 For nondefense programs there is a distinction between how mandatory programs and nondefense discretionary budgets will experience cuts.13 Mandatory programs will experience the same across-the-board budget cuts per year that they will face in 2013. Discretionary programs, on the other hand, will be capped in a way similar to defense programs, leaving it to Congress to determine the exact nature of the discretionary cuts.

Some programs are spared the axe under both phases of sequestration. These programs include Social Security, Medicaid, the Children’s Health Insurance Program, the Supplemental Nutrition Assistance Program, Temporary Assistance to Needy Families, and numerous tax credits for low-income families.14 All programs that fall under the jurisdiction of the Department of Veteran’s Affairs, including veterans’ compensation, are exempt from sequestration.15

In addition to sequestration, the fiscal showdown has a number of other components. First and most importantly, a number of tax cuts are set to expire at the same time sequestration is set to kick in. This includes the expiration of the Bush tax cuts for both high- and middle-income Americans, the expiration of the payroll tax cut, the expansion of the Alternative Minimum Tax back to 2000 levels, and a number of other expiring tax provisions.16 In conjunction with the expiration of these tax cuts, the emergency unemployment insurance extension for the nation’s long-term jobless would also expire. Unemployed workers are entitled to 26 weeks of unemployment compensation payments that are provided for through state taxes and are exempt from sequestration. The federal government has been providing unemployment compensation after the state obligation has been exhausted, but this extension is set to expire at the end of 2012.17

Note: These figures are based on projections from the Center on Budget and Policy Priorities. The exact figures for budget cuts are unknown and are subject to a number of variables.
Sequestration would hurt gay and transgender workers

Gay and transgender workers are all too often not hired or fired from their jobs due to bias and discrimination. Studies confirm that this population faces extraordinarily high rates of discrimination in the workplace. Employment insecurity for gay and transgender workers ultimately makes it more difficult for them to buy groceries, pay for housing, and otherwise make ends meet for themselves and their families.

What’s more, gay and transgender workers lack comprehensive legal protections that shield them from discrimination in the workplace. A majority of states have failed to pass laws prohibiting employment discrimination on the basis of sexual orientation or gender identity. In other words, it remains legal in a majority of states to fire someone because they are gay or transgender. Until Congress passes the Employment Non-Discrimination Act, gay and transgender workers will lack uniform federal protections from employment discrimination.

For gay and transgender workers, sequestration would turn an already precarious situation into a dire one. It would leave them with fewer resources for protection against discrimination and would exacerbate existing income and employment insecurities. Additionally, budget cuts under the sequester would stifle job-training programs assisting unemployed gay and transgender Americans, as well as hamper the success of gay- and transgender-owned small businesses.

Sequestration would weaken the Equal Employment Opportunity Commission’s ability to investigate claims of discrimination against gay and transgender workers

Under sequestration, the Equal Employment Opportunity Commission, which enforces federal employment discrimination laws, would see an automatic cut to its budget in 2013, and these will continue from 2013 through 2021 if no budget resolution is reached after sequestration occurs. As a consequence of these cuts,
the Equal Employment Opportunity Commission would have fewer resources to investigate discrimination complaints and to enforce our nation’s nondiscrimination laws.

This limitation has especially important implications for gay and transgender workers, who face extraordinarily high rates of discrimination on the job.\textsuperscript{22} In April 2012 the commission issued a watershed decision determining that discrimination against transgender individuals based on their gender identity falls within Title VII of the Civil Rights Act’s prohibition of “sex” discrimination, as does discrimination against gay people who break gender norms or sex stereotypes. Thanks to this ruling, gay and transgender people now have recourse if they are denied a job or fired based on their gender identity.\textsuperscript{23}

Diminished resources under the sequester, however, may mean that workers who experience discrimination due to bias may be caught in a backlog of cases. An increase in backlogged cases would not be without precedent—budget cuts under former President George W. Bush resulted in an explosion of backlogged discrimination complaints between 2000 and 2008.\textsuperscript{24} Reducing agency resources even more would prolong the period from when the Equal Employment Opportunity Commission receives a discrimination report to when the agency can actually address and investigate the complaint. This not only delays the relief that workers need from discrimination but can also impede effective trial of discrimination cases as evidence gets stale, and witnesses are further removed from the incidence of discrimination.\textsuperscript{25}

Beyond investigating claims of discrimination, the commission also works to prevent discrimination through outreach, education, and technical-assistance programs.\textsuperscript{26} This function of the Equal Employment Opportunity Commission is especially important to making sure gay and transgender workers are informed of their protections under federal law. It is similarly necessary to educate employers and inform them that discrimination against gay and transgender workers could be found illegal under Title VII. With limited funding, however, education and outreach on this issue may be on the chopping block.
Sequestration would limit the government’s ability to prohibit gay and transgender discrimination in federal employment

The federal government is the largest employer in the United States. According to its equal employment opportunity policy, the federal government currently prohibits discrimination on the basis of “race, color, religion, sex (including pregnancy and gender identity), national origin, political affiliation, sexual orientation, marital status, disability, genetic information, age, membership in an employee organization, previous participation or cooperation in an EEOC complaint, parental status, military service, or other non-merit factor." Former President Bill Clinton added sexual orientation to the federal government’s employment nondiscrimination statement in 1998. President Barack Obama added gender identity to this policy in 2010.

Automatic budget cuts in 2013 and caps on annual appropriations from 2014 to 2021 under sequestration would reduce nearly all federal agency budgets and funding for agency administration. With limited budgets, federal agencies would likely devote fewer resources to programs that combat and address discrimination against gay and transgender federal employees. For example, federal agencies would have fewer resources to train their employees about workplace discrimination protections. Beyond education and training, federal agencies would also have fewer resources to devote to addressing specific occurrences of employment discrimination itself. With strapped budgets, federal agencies may be compelled to delay or even halt investigations of discrimination within their agencies.

This is particularly problematic for federal workers who experience discrimination based on their sexual orientation or gender identity, which unlike other categories are not explicitly protected under federal statute from employment discrimination even though they are included in the federal employment policy. Cuts to the Merit System Protection Board under sequestration would be particularly harmful for gay and transgender federal workers, since this independent board is one of the only bodies that investigates and mediates incidences of gay and transgender discrimination within the government itself.
Sequestration would cut funding to job training and vocational schools that help unemployed gay and transgender Americans

Federal agencies, primarily the Department of Labor, administer grants to train workers and provide them with skills that will benefit employers and help unemployed Americans looking for jobs. The Employment and Training Administration within the Department of Labor, for example, oversees the Workforce Investment Act state grants, which provide funding for job training. It is expected that almost half a million people will not be able to access this vital service if sequestration is triggered. Another agency that funds similar programs is the Environmental Protection Agency, which provides grants to organizations to train low-income and minority unemployed and underemployed people with work skills related to the environmental field, including assessment and clean up.

Despite the essential function of subagencies such as the Employment and Training Administration in promoting investment in American workers and reducing unemployment rates, many of these programs could experience massive cuts under sequestration. This is especially problematic for gay and transgender workers because high rates of discrimination leave far too many gay and transgender workers without a job and among the ranks of the unemployed. For many, job training expands their skill-set, giving them a fairer chance at re-entering the workforce on a level playing field. Job-training and vocational programs offer a lifeline to gay and transgender Americans who are unemployed. Under sequestration, however, that lifeline would be cut.

Sequestration would reduce opportunities for gay and transgender veterans to access employment and training services

For those who have served in the military, job-training and employment-opportunity programs are both particularly important. As of 2012, military veterans who have served since September 2001 have a significantly higher unemployment rate than nonveterans. This includes a significant number of the more than 1.3 million gay and transgender veterans who have served their country. The Department of Labor’s Veterans’ Employment and Training Services has taken action to address this problem through the Jobs for Veterans state grants program, which awards funds to states in direct proportion to the number of veterans seeking employment in each state. The goal is to assist in connecting eligible veterans with employment opportunities and providing job development services and
employment training. But slashing funding to this program under sequestration would result in service cuts for more than 50,000 veterans, including many gay and transgender former service members.

Sequestration would allocate fewer funds, if any at all, to small businesses owned by gay and transgender Americans

In 2011 the Department of Labor apportioned $1.65 million to identifying and developing strategies to increase the capacity of small businesses and communities. This initiative, known as the Add Us In Initiative, included underrepresented and historically excluded communities such as the gay and transgender population. Both the National Gay and Lesbian Chamber of Commerce and the New York City LGBT Chamber of Commerce received funds as part of the initiative. If Congress fails to act in time to avoid the fiscal showdown, the Department of Labor would have significantly fewer funds to develop the capacity of minority small-business owners, many whom are gay or transgender.
Sequestration would compromise gay and transgender health and safety

Due to a variety of factors—including stigma, discrimination, and the minority stress caused by discrimination and stigma—gay and transgender individuals suffer from a number of health disparities compared to their straight peers. The disparities affecting this population include increased risk of cancer, higher rates of smoking, and other substance use as compared to the general population. Gay and transgender people also disproportionately lack access to health insurance and culturally competent health care services, exacerbating these health disparities and obstructing access to life-saving preventive care and screenings.

Luckily, many federal programs are in place to support the physical and mental health of gay and transgender Americans, including programs discussed below that treat or prevent HIV/AIDS, substance abuse, and suicide. There are also other programs that are especially important for gay and transgender youth (for example, antibullying initiatives) and for meeting the needs of gay and transgender elders (for example, resource centers and Medicare). Unfortunately, sequestration would undo much of the progress that has been made in advancing the health and wellness of gay and transgender Americans.

Sequestration would obstruct gay and transgender seniors’ access to Medicare

Medicare is the federal health insurance program providing coverage to Americans ages 65 and older. Medicare coverage ensures that 48 million Americans have access to health care, including many gay and transgender elders. The Medicare program is also the largest mandatory (entitlement) program that will experience cuts under sequestration.

If the sequester goes into effect, there will be an automatic $11 billion in cuts to Medicare payments to doctors, hospitals, and other health care providers for FY 2013. While this would not change the coverage available to Medicare recipi-
ents, an estimated 1.5 million gay and transgender seniors—who, similar to other older Americans, rely on Medicare—may nonetheless have their access to care limited by cuts to Medicare provider reimbursements. These seniors may face longer wait times in appointments with providers who continue to participate in the program because of high demand. Worse still, they may lose access to culturally competent doctors whom they trust because of these cuts.

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**Sequestration would limit the government’s ability to combat gay and transgender bullying**

Gay and transgender youth experience high rates of harassment and physical violence on school campuses throughout the United States. Unfortunately, bullying has a deleterious effect on these students’ mental and physical health. Bullying also takes a significant toll on the academic performance of gay and transgender youth.

The Department of Education and the Department of Justice have taken significant steps over the past four years to combat bullying and school violence against gay and transgender students. Specifically, these departments have investigated instances of antigay and antitransgender bullying as claims of sex discrimination in education under Title IX of the Education Amendments of 1972. As a result of these investigations, the federal government has reached numerous settlements with school districts that have consequently taken action to prevent bullying against students based on their sexual orientation or gender identity.

Sequestration, however, would cut funding for the agencies within the Department of Education and Department of Justice responsible for carrying out these needed investigations. With fewer resources at their disposal, investigations may be delayed or impeded—a situation that would roll back the significant progress we have made in addressing bullying, at the cost of the health, safety, and education of gay and transgender youth.
Sequestration would curtail efforts to curb substance abuse among the gay and transgender population

Gay and transgender people experience higher rates of substance abuse compared to the general population. Although there is limited data on substance abuse rates in the gay and transgender community, initial studies show that 20 percent to 30 percent of gay and transgender people are substance abusers, compared to about 9 percent of the general population. The principle driver behind this disparity is the stress associated with discrimination and stigmatization that many gay and transgender people experience. Research shows that minority communities that experience stigmatization have a significantly higher self-reported rate of substance use—many turn to substances as a way to cope with these challenges. Moreover, the lack of cultural competency in the health care delivery industry frequently prevents effective treatment for substance use.

To address this issue, the federal government has encouraged states to consider the needs of gay and transgender communities when administering the Substance Abuse and Mental Health Services Administration’s Substance Abuse Prevention and Treatment block grants. These grants fund treatment and recovery services for individuals and families affected by substance abuse. A report from the Senate Labor and Health and Human Services Appropriations subcommittee estimates that under the sequester, nearly 170,000 fewer people will have access to treatment, which likely includes a disproportionate number of gay and transgender people.

Additionally, state educational agencies have been awarded federal grants to support the statewide measurement of targeted programmatic interventions to help schools improve safety and reduce substance use among youth. Because of the disproportionate rate of substance abuse among gay and transgender youth, these grants are especially critical in ensuring that these youth who struggle with substance use have the help they need to live happy and healthy lives. Under sequestration, however, these grants would likely experience significant reductions, placing more obstacles in the way of accessing treatment for gay and transgender youth.

Sequestration would reverse progress on addressing the HIV/AIDS crisis

HIV and AIDS continue to disproportionately impact the gay and transgender community. Men who have sex with men account for more than 50 percent of the 56,000 new HIV/AIDS infections annually, and HIV/AIDS prevalence among
transgender women, particularly transgender women of color, exceeds 25 percent nationwide.\textsuperscript{57} Federal funding for HIV/AIDS treatment, prevention, and research are essential to improving the health of all Americans, particularly for those who are gay or transgender. If Congress does not act to prevent sequestration, a number of HIV/AIDS programs will face serious cuts, jeopardizing the lives of people living with the disease and slowing progress in improving prevention. Programs that would be on the chopping block include:

- Ryan White HIV/AIDS program: This program would experience an estimated $196 million in cuts in the first year of sequestration. This includes AIDS Drug Assistance Program cuts, which could result in more than 9,000 patients losing access to vital medications.\textsuperscript{58}

- National Institutes of Health AIDS research: Under sequestration, the National Institutes of Health would experience $251 million in cuts in the first year alone. Those cuts would be devastating to research aimed at treating, understanding, and eliminating HIV and AIDS.\textsuperscript{59}

- Housing Opportunities for People with AIDS (HOPWA): This vital program would experience an estimated $27 million in cuts in 2013 under sequestration. These cuts would adversely impact housing assistance and related programs for people with HIV/AIDS.\textsuperscript{60}

\textbf{Sequestration would reduce funding to health centers serving the gay and transgender population}

Community health centers provide low-cost medical care regardless of whether a patient is insured. These health centers rely on federal funds to operate and provide crucial health care services in their communities, and they serve more than 20 million people annually.\textsuperscript{61} For gay and transgender people, who are disproportionately without insurance,\textsuperscript{62} these clinics are vital for accessing the treatments and screenings necessary to stay healthy. Additionally, many community health centers have taken steps to ensure that providers are culturally competent with regard to gay and transgender patients, often making them one of the few sources of gay- and transgender-friendly health care available in a given region.\textsuperscript{63}

Under sequestration, slashed funding sources may result in cuts to clinics that provide care to thousands of gay and transgender patients every year. Though cuts
to community health centers are capped at 2 percent under the Budget Control Act, any reduction in funding will negatively impact the ability of these clinics to serve their communities.

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**Sequestration would impede suicide-prevention efforts**

The 2012 National Strategy for Suicide Prevention developed by the U.S. Surgeon General and National Action Alliance for Suicide Prevention puts the gay and transgender population at higher risk for suicidal behaviors than the general population due to stress associated with cultural and social prejudice and discrimination. Gay and transgender youth, who often face high levels of family and peer rejection, may be at increased risk for suicide, a situation worsened from a lack of effective safety nets at home or school.

Acting on the National Strategy, the Department of Health and Human Services’ Substance Abuse and Mental Health Services Administration has developed a number of programs focusing on gay and transgender suicide prevention, particularly among youth. These initiatives include trainings and publications on suicide prevention for gay and transgender people produced by the Suicide Prevention Resource Center; crisis intervention provided by the National Suicide Prevention Lifeline, and grants to state and local organizations and universities through The Garrett Lee Smith State and Tribal Youth Suicide Prevention Program and The Garrett Lee Smith Campus Suicide Prevention Program.

Sequestration would have a devastating impact on these life-saving programs, creating a significant gap between the need for suicide prevention and crisis intervention, and the capacity to provide effective and inclusive services. Mental Health America, a leading advocacy organization addressing mental health and substance use conditions, estimates that budget cuts could negatively impact 350,000 suicide-related crisis calls in 2013 alone, could prevent access to mental health screenings for at-risk youth, and could cut youth suicide-prevention trainings for thousands of professionals. Without the ability to provide these services to those in need, including a disproportionately large number of gay and transgender adults and youth, progress on inclusivity in suicide-prevention efforts will suffer.
Sequestration would impede data collection efforts to help close the gay and transgender health disparities gap

In 2011 the Department of Health and Human Services announced the development of a data progression plan to develop sexual orientation and gender identity questions for its national surveys. It is expected that sexual orientation metrics will be added to the National Health Interview Survey in 2013 and gender identity questions soon thereafter. Collecting this type of data is key to identifying the disparities impacting gay and transgender people and to developing fact-based, data-driven solutions to health disparities.

Cuts in agency funding under sequestration could bring these data collection efforts to a halt, stalling progress on collecting crucial information and improving health equity. Results from the national health surveys help direct private and public funds to communities facing substantial health inequities. Without inclusive data collection, appropriate health care funding may not be distributed to the gay and transgender population.

Sequestration would impede state establishment of health insurance exchanges under the Affordable Care Act

A key aspect of health care reform under the Affordable Care Act is the creation of new mechanisms for connecting individuals with high-quality health care and the expansion of affordable, comprehensive insurance coverage to an estimated 20 million Americans through state-based health insurance exchanges. The Affordable Care Act intends for the exchanges to serve those with incomes between 138 percent and 400 percent of the federal poverty level. Organizations such as the Williams Institute, a sexual orientation and gender identity law and policy think tank at UCLA law, have conducted research on the socioeconomic status of the gay and transgender population and have found that the income bracket to be served by the exchanges is likely to include many gay and transgender people and their families. Research such as a 2011 report from the Institute of Medicine also shows that this population is disproportionately uninsured and underinsured, and experiences significant health disparities as a result.

The Department of Health and Human Service’s Centers for Medicare and Medicaid Services has been administering grants to states to establish these exchanges, assisting in localized implementation of the law and a shift away from
federal management of the exchange marketplaces. But under sequestration, Affordable Insurance Exchange Grants would be reduced by an estimated $66 million dollars. While gay and transgender people will still likely be able to enroll in insurance coverage through federally facilitated exchanges created under the law, a lack of state-level funding may make these exchanges less well-suited to the specific needs of the gay and transgender population.

Sequestration spares Medicaid from the chopping block

Luckily, the Budget Control Act exempts Medicaid from the sequestration chopping block. Even if sequestration goes into effect, this critical safety-net program would remain intact, and millions of low-income Americans would not see any changes in their health insurance coverage. This is especially good news for gay and transgender Americans, who disproportionately rely on Medicaid due to income disparities and discrimination in benefits.
Sequestration would exacerbate gay and transgender homelessness and housing discrimination

Homelessness is a major issue facing the gay and transgender population. Gay and transgender Americans experience disproportionately high rates of homelessness compared to the general population.\textsuperscript{81} This is particularly true for gay and transgender youth: Although they comprise only 5 percent to 7 percent of all youth in America, gay and transgender youth represent up to 40 percent of all homeless youth in America.\textsuperscript{82} These high rates of homelessness are in part attributable to youth coming out as gay or transgender at younger ages and experiencing family rejection at a time when they are physically, financially, and materially dependent on their families.\textsuperscript{83}

Housing discrimination is also a problem for gay and transgender Americans. Only 21 states and the District of Columbia have established that it is illegal to discriminate against gay people in housing.\textsuperscript{84} Only in 16 of those states and the District of Columbia is it also illegal to discriminate against transgender people in housing.\textsuperscript{85} In other words, a majority of states do not prohibit discrimination against gay or transgender renters or tenants. What’s more, Congress has failed to take action to make sure it is illegal in all 50 states to deny an apartment or force someone out of their home due to antigay or antitransgender bias.\textsuperscript{86} Housing antidiscrimination legislation is needed, considering the high rates of discrimination gay and transgender people face in housing.\textsuperscript{87}

Fortunately, multiple agencies within the federal government are working to address gay and transgender homelessness and housing discrimination based on sexual orientation and gender identity. Their ability to do so, however, will be severely hampered if sequestration goes into effect.
Sequestration would reverse progress made in addressing gay and transgender homelessness

In 2010 the U.S. Interagency Council on Homelessness included gay- and transgender-specific issues for the first time in its national strategy to end and prevent homelessness. To build on that strategy, the federal government has many programs that address the needs of gay and transgender youth at risk of or currently experiencing homelessness. One of the main ways the federal government helps alleviate homelessness among gay and transgender youth is by providing targeted grants to organizations working on the ground to address this issue.

One of these grant recipients, the Ali Forney Center, aims to help homeless gay and transgender teens in New York City. In 2010 the center received a three-year $450,000 grant from the Department of Health and Human Services’ Federal Administration for Children and Families, along with a three-year $249,000 grant from the Department of Justice’s Office of Violence Against Women. It also received a five-year $1,750,000 grant from the Substance Abuse and Mental Health Services Administration. Under sequestration, however, each of these federal agencies would see their budgets slashed, and the negative effects of those budget cuts would impact organizations—such as the Ali Forney Center—which serve the specific needs of gay and transgender homeless youth.

Sequestration would limit the government’s ability to fight gay and transgender housing discrimination

Earlier this year the U.S. Department of Housing and Urban Development announced sweeping regulations to combat discrimination against gay and transgender people and their families in housing. These regulations require owners and operators of department-assisted or department-insured housing to make programs available to all eligible persons, regardless of sexual orientation or gender identity. In 2010 the Department of Housing and Urban Development issued a memorandum to all agency grant applicants requiring them to comply with state and local housing nondiscrimination laws.

Through such guidance and regulations, the Department of Housing and Urban Development has made significant progress in ending housing discrimination against gay and transgender people. Department agencies, however, would experi-
ence a sharp reduction in program funding under sequestration. With fewer resources it would become more difficult to enforce the relatively new federal regulations prohibiting discrimination against gay and transgender renters, tenants, and potential homeowners. Sequestration would greatly undermine the progress made over the past four years toward combating housing discrimination against this population.
Sequestration would make higher education less accessible for gay and transgender students

Access to higher education is regarded as a pathway to economic prosperity for many Americans, but the financial investment required to pursue a postsecondary education is significant. In 2008 the annual cost to attend a four-year public college comprised nearly half of a low-income family’s income, and more than a quarter of the income for a moderate-income family. Because of these significant costs, financial aid in the form of loans, grants, and work-study programs are regarded as a lifeline to accessing higher education for many students, including gay and transgender students.

Fully two-thirds of all undergraduate students received financial aid during the 2007–08 school year, and much of it was federal assistance. One form of federal financial assistance—Pell Grants—are exempt from the first set of cuts in 2013 but not in the second phase of sequestration from 2014 to 2021. After 2014 spending caps are lowered, and federal agency administrators must find cuts within these caps. Additionally, as a result of previous budget limits, budget experts—including the Center on Budget and Policy Priorities—anticipate that Pell Grant funding will have significant shortfalls in 2014. The combined effect of revenue shortfall and sequestration are cause for serious concern about the future funding of Pell Grants. It is important to note that while many students benefit from federal aid to attend school, many gay and transgender students and young adults in families headed by same-sex couples face bias and inequitable treatment in the financial aid application process.

Sequestration would also cut federal work-study programs and Supplemental Opportunity grants, which provide additional funding and support to low-income students by allocating grant money to postsecondary institutions to give to eligible students. Budget shortfalls in these programs will affect the gay and transgender community in two ways. First, we know that gay and transgender youth face high levels of family rejection, making it less likely that their parents will support a post-secondary education and more likely that the students will rely on federal grants. Second, gay and transgender individuals are more likely to live
in poverty and face employment discrimination throughout their lives. The high likelihood that the children of gay and transgender parents will be poor or have limited financial resources means that they are more likely to rely on federal subsidies to pursue their post-secondary educations. If sequestration is allowed to proceed, many gay and transgender youth or youth living in same-sex households will therefore deal with the brunt of the cuts to federal higher-education programs.

**Sequestration would drastically reduce the availability of federal work-study programs for gay and transgender students**

Federal work-study programs provide students with the opportunity to work part time and earn money while attending college as a way to offset the costs of getting a postsecondary degree. The Department of Education allocates federal work-study funds according to the needs of eligible students, and approximately 3,400 schools have made these opportunities available. For gay and transgender students, as well as children with same-sex parents, federal work-study aid is particularly valuable in making education affordable. Many of these students do not have financial support from their families or have been unfairly denied access to other financial aid because of restrictions due to the Defense of Marriage Act, making work study an important aspect of paying for school.

But sequestration cuts to federal work-study programs may cut off this source of funding for many students. Sen. Tom Harkin (D-IA), chairman of the Senate Appropriations Subcommittee on Labor, Health and Human Services and Education, and Related Agencies, has estimated that between FY 2012 and 2013 alone, sequester cuts will mean a loss of federal work-study aid for more than 50,000 students. This will further exacerbate inequalities in accessing higher education and may disproportionately disadvantage gay and transgender students.

**Sequestration would reduce supplemental educational opportunity grants for low-income gay and transgender students**

The Federal Supplemental Educational Opportunity Grants program provides funding to approximately 3,800 postsecondary institutions, enabling these schools to allocate need-based grants to make higher education more affordable for low-income students. These grant awards prioritize “exceptional need” students with the lowest-expected family contributions toward these costs, as well as those who
are receiving Pell grants. These grants will provide financial aid to more than 1.4 million students during the 2012–13 academic year alone, including many gay and transgender students and children with same-sex parents. In just one year under sequestration budget cuts, more than 110,000 fewer students would receive supplemental educational opportunity grant aid. Once again, many gay and transgender students may have their higher educations put further out of reach.
Sequestration would limit the government’s ability to prevent violence against gay and transgender people

Despite the marked increase in acceptance of gay and transgender people over the past decade, gay and transgender individuals continue to be subjected to disproportionate levels of abuse, harassment, and violent crime.109 Thankfully, the federal government is tackling this issue head on through preventive programming, investigation, and prosecution of crimes motivated by antigay and antitransgender bias. But sequestration’s across-the-board cuts in 2013 and rigid spending caps through 2021 would significantly undermine the government’s ability to do so, leaving many gay and transgender victims without the help they so desperately need.

Sequestration would limit resources available to investigate, prosecute, and prevent hate crimes

In 2009 Congress passed the Matthew Shepard and James Byrd, Jr. Hate Crimes Prevention Act. This bill expanded existing federal hate crimes statutes to include crimes motivated by a victim’s sexual orientation or gender identity (as well as gender and disability).110 This law clarifies that the federal government can prosecute antigay and antitransgender hate crimes to the full extent of its jurisdiction and provides federal assistance to state and local law enforcement in the investigation of bias-motivated crimes.111 Additionally, the law provides federal funding and technical assistance to state, local, and tribal jurisdictions to improve and expand their ability to investigate, prosecute, and—perhaps most importantly—prevent hate crimes.112

Sequestration, however, would severely limit the ability of the Department of Justice to combat these crimes in four important ways. First, the Federal Bureau of Investigation would have fewer resources to investigate violent crimes committed against gay and transgender people. Second, the Department of Justice’s Civil Rights Division would have restricted resources to federally prosecute bias crimes. Third, sequestration would impede the ability of the Department of Justice to collect data on hate crimes, a critical component of understanding and preventing
violent crime in the United States. Finally, stretched resources and limited finances under the sequester would make it more difficult to train state and local law enforcement to help prevent hate crimes based on sexual orientation and gender identity. In each of these ways, gay and transgender victims of violent crime would lose under sequestration.

Sequestration would reduce funds used to prevent prison rape

In May 2012 the Obama administration finalized regulations implementing the Prison Rape Elimination Act. The regulations include provisions aimed at preventing sexual abuse and violence against gay and transgender inmates. This is particularly important because of the alarmingly high rates of physical and sexual violence that gay and transgender people face while incarcerated.

The law’s regulations apply to all federal confinement facilities, and implementation of the newly announced standards is underway. Nonetheless, these facilities would experience sharp cuts to their budgets in 2013 and beyond under sequestration. With fewer resources, implementing these relatively new protections will prove difficult and could further endanger the health and safety of gay and transgender inmates.

Sequestration would make it harder for the gay and transgender victims of domestic violence to access life-saving services

The Violence Against Women Act is our nation’s legislative response to address and prevent domestic violence. Gay and transgender victims of domestic violence have yet to be fully incorporated into the law’s purview—something that Congress must also address in this lame-duck session—but luckily, in 2010 the Department of Justice determined that federal prosecutors could enforce certain criminal provisions of the law in cases involving same-sex partners. This is critical, considering that gay people experience similar—and sometimes higher—rates of intimate partner violence compared to their counterparts, but face unique barriers in accessing support services.

Budget cuts under sequestration would slash millions of dollars from programs aimed at preventing and prosecuting violent crimes under the Violence Against Women Act. Sequestration would have a negative impact on the gay and trans-
gender community in two ways. First, reduced funding would cut the number and amount of grants that the office would be able to administer to organizations that address domestic violence in the gay and transgender community. Second, the federal government would also have fewer resources to train state and local law enforcement to ensure that individuals in violent and abusive relationships, regardless of sexual orientation or gender identity, get the help they need to survive.

Sequestration would result in more than 112,000 victims of domestic violence, including those who are gay or transgender, being denied access to shelters or programs.\(^\text{120}\) Gay and transgender victims of violence would be among the most vulnerable if sequestration goes into effect because of pre-existing barriers to accessing adequate support services.
Sequestration would limit the capacity of the United States to protect the human rights of gay and transgender people worldwide

Discrimination and violence against gay and transgender people is a persistent and alarming problem both domestically and internationally. Seventy-eight countries currently have laws or other legal provisions that criminalize sex between people of the same gender. In at least five countries, being gay is punishable with the death penalty.121

Acknowledging that gay and transgender rights are human rights, the Department of State has taken the lead in promoting a comprehensive human rights agenda aimed at protecting the full human rights of gay and transgender people around the world.122

Sequestration would limit the public diplomacy efforts conducted by U.S. embassies to promote gay and transgender human rights

U.S. embassies worldwide have been active in declaring support for gay and transgender rights through innovative efforts in public diplomacy. These efforts have included issuing public statements of support for “pride” events, hosting public discussions and debates on gay and transgender issues, and hosting film screenings to promote dialogue and public education.123 These diplomatic efforts would be devastated under the looming automatic budget cuts. The Office of Personnel Management has indicated that the State Department’s diplomatic and consular programs will face more than $1 billion in cuts in 2013 alone.124 These cuts would significantly impede the continuation of gay and transgender diplomatic efforts and would be another hit to support for global gay and transgender equality.
Conclusion

As we approach the end of the year, Congress must come up with a rational solution to reducing our country’s deficit without compromising the health, wellness, and livelihood of Americans, including those who identify as gay or transgender. If Congress cannot agree on a plan of action, sequestration will go into effect at the beginning of 2013.

Allowing sequestration to take place would hinder the government’s ability to investigate and prevent workplace discrimination against gay and transgender employees. It would reduce programmatic funding to services aimed at addressing the specific health needs of gay and transgender people. It would reduce funding awarded to organizations working to reduce homelessness among gay and transgender youth. It would impede the government’s ability to prevent and address violent crime against gay and transgender people. And it would hinder diplomatic efforts to promote the human rights and basic safety of gay and transgender people around the globe.

In short, allowing sequestration to go into effect would be disastrous for gay and transgender Americans.

Congress must act, and it must act swiftly, to agree upon a long-term solution that meets the requirements of the 2011 Budget Control Act’s deficit-reduction goals. Critically, the solution must not compromise crucial government programs and agencies that serve the gay and transgender community. In the event that Congress fails to reach a long-term solution by the end of the year, however, Congress should pass a short-term delay in sequestration so that the new class of recently elected officials that will take office in January is afforded the opportunity to craft a viable, bipartisan, and sustainable solution to our nation’s deficit.

As negotiations proceed, crafting a truly effective solution will require a balanced approach of mixing revenue increases with spending cuts in programs where there is bipartisan agreement. To achieve this balanced approach, however, congres-
ional Republicans must acknowledge that allowing tax cuts for the wealthiest Americans to expire is imperative to reaching a compromise and reducing our nation’s deficit. Lawmakers cannot sacrifice the health, wellness, and livelihood of ordinary Americans to protect tax cuts for millionaires.

Time is running out. Members of Congress and the president have a little more than a month to strike a deal. For all Americans—gay or straight, transgender or not—it is vital that they do.
About the authors

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Endnotes


3 In this report, the term “gay” is used as an umbrella term to describe people that identify as lesbian, gay, or bisexual.


12 Ibid.

13 Ibid.


17 Sarah Ayers, “Failing to extend emergency unemployment benefits would be unprecedented,” Center for American Progress, November 13, 2012.


20 Ibid.


43 Ibid.


59 Ibid.

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64 Kogan, “How the Across-the-Board Cuts in the Budget Control Act Will Work.”


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69 Ibid.


72 Ibid.


74 Internal Revenue Code § 36B (added by Patient Protection and Affordable Care Act § 1401 and amended by Health Care and Education Reconciliation Act of 2010, Public Law 112, 111th Congress, (2010)); Patient Protection and Affordable Care Act § 1402 (as amended by Health Care and Education Reconciliation Act of 2010) and § 1412.

75 Randy Albeda and others, “Poverty in the Lesbian, Gay, and Bisexual Community” (Los Angeles: The Williams Institute, 2009).


82 Ibid.

83 Ibid.


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87 Ibid.


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95 National Center for Education Statistics, 2007-08 National Postsecondary Student Aid Study (Department of Education, 2009), p. 3.

96 Kogan, “How the Across-the-Board Cuts in the Budget Control Act Will Work.”


103 Ibid.


108 Ibid.


112 Ibid.


120 Ibid.


123 Ibid.

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