The Budget Control Act of 2011 charges Congress with reducing the federal deficit by $1.2 trillion over the next decade. The bipartisan Joint Select Committee on Deficit Reduction, established under the Act, failed to propose a plan to reduce the deficit by an agreed upon deadline, resulting in an enforcement mechanism of automatic budget cuts in both defense and non-defense spending. The enforcement mechanism is termed “sequestration” and is currently U.S. law. If the law remains unchanged, automatic cuts applied to non-defense discretionary appropriations on January 2, 2013, will impact critical HIV/AIDS programs such as research, prevention, treatment, care, and housing. Cuts will continue each fiscal year until 2021.

This issue brief examines the potential human impact of budget sequestration on the response to the domestic HIV/AIDS epidemic including research, prevention, housing, and treatment programs. The brief also provides an analysis of how HIV-positive minority populations in the U.S. will be harmed by sequestration.

In September 2012, Congress passed what is commonly referred to as a Continuing Resolution (CR). This occurs when Congress fails to pass regular appropriations bills in order to avoid a shutdown of essential federal government programs. The CR provides federal funding at approximately FY 2012 levels for a specified time period until action on regular appropriations is completed. Due to passage of the CR, this issue brief uses FY 2012 funding levels.

A cut in domestic HIV/AIDS programs of 8.2 percent will have a devastating impact on people living with HIV/AIDS (PLWHA) while providing negligible deficit reduction (Figure 1). It will undercut America’s leadership in health research, and will impede the National HIV/AIDS Strategy goals of reducing the rate of new HIV infections, improving access to lifesaving care, and reducing HIV-related health disparities.
If sequestration takes place in January 2013, the 8.2 percent reduction in federal support for ADAP will mean that:

• FY 2013 Sequestration – More than **10,500** people of color living with HIV and AIDS will lose ADAP AIDS treatment benefits.

**Housing Assistance**

**Housing Opportunities for Persons with AIDS**

The Housing Opportunities for Persons with AIDS Program (HOPWA) provides housing assistance and related supportive services to people living with AIDS who are unable to afford housing. HOPWA funds may be used for a wide range of housing, social services, program planning, and development needs including the acquisition, rehabilitation, or new construction of housing units, costs for facility operations, rental assistance, and short-term payments to prevent homelessness. HOPWA funds may also be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services.

Research demonstrates a direct relationship between improved housing status and reduced HIV risk behaviors. Homeless or unstably housed individuals are up to six times more likely to share needles, exchange sex for money or drugs, or use drugs than...
people in stable housing. Stable housing can also lead to improved adherence to HIV/AIDS drug treatment regimens, which lower viral load and reduce the risk of transmission.

The FY 2012 budget appropriated $332 million for HOPWA. It is estimated that 60,000 households will be assisted by the HOPWA program in FY 2013, including 25,000 households continuing to receive permanent housing support and 35,000 households provided with short-term or transitional housing assistance. An 8.2 percent cut in funding for HOPWA as a result of sequestration will mean that:

- FY 2013 Sequestration – 2,100 fewer households will receive permanent housing and 2,900 fewer households will receive short-term assistance to prevent homelessness.

People of Color: People of color served by HOPWA will be seriously affected by sequestration. Of the 5,000 households that will be removed from the HOPWA program under sequestration, nearly 60 percent will be racial minority households.

- FY 2013 Sequestration – 3,000 households including at least one person of color will lose housing services; 900 households including at least one Hispanic person will lose housing services.

**HIV/AIDS Research**

**National Institutes of Health**

The National Institutes of Health (NIH), which supports the world’s leading AIDS research programs, has been at the forefront of AIDS research for 30 years. It is estimated that AIDS research funded by NIH has led to a gain of more than 14.4 million life-years globally since 1995. The year 2011 was groundbreaking in the field of HIV prevention research. An NIH-sponsored study, hailed as the scientific breakthrough of the year by the journal *Science*, demonstrated that HIV treatment not only saves and improves the lives of people living with HIV/AIDS, but also reduces their risk of transmitting HIV to an uninfected partner by 96 percent.

![Figure 3. States That Are Most Affected by Across-the-Board Cuts to ADAP Funding Also Disproportionately Impact People of Color.](image-url)
The FY 2012 budget for all NIH AIDS research programs was $3.075 billion. If the 8.2 percent cut caused by sequestration is enacted, the following would occur:

- **FY 2013 Sequestration** – A reduction of $252 million in AIDS research funding, the equivalent of 460 AIDS research grants that will go unfunded (based on the average value of AIDS research grants in FY 2011), including 50 specifically funding AIDS vaccine research.

**HIV Prevention**

**Centers for Disease Control and Prevention**

As a part of its overall public health mission, the Centers for Disease Control and Prevention (CDC) provides leadership in helping control the HIV/AIDS epidemic by working with community, state, national, and international partners in surveillance, research, prevention, and evaluation activities. CDC estimates that about 1.2 million Americans are living with HIV and 18 percent of them do not know it.10

Most of CDC’s HIV/AIDS prevention efforts fall within the Division of HIV/AIDS Prevention (DHAP), which supports HIV testing and other HIV prevention activities in states and local jurisdictions, as well as research, evaluation, and public education on HIV/AIDS. In FY 2012, CDC supported the HIV prevention efforts of 67 state and local health departments through the HIV Prevention by Health Departments Program and 167 community-based organizations through the National Programs to Identify and Reach Highest Risk Populations. It also awarded 83 grants through the HIV Adolescent and School Health Program.

Sequestration would result in a **$64.7 million** cut in CDC’s HIV prevention programs, including:

- $27.6 million from HIV Prevention by Health Departments;
- $2.4 million from HIV Adolescent and School Health.

Such a reduction would substantially undercut efforts to deliver HIV testing and prevention services nationwide.

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**Methodology and Assumptions**

The estimates in this issue brief are based on publicly available information or direct communications with agencies and organizations on unit costs of services and federal spending. The Office of Management and Budget estimates sequestration would lead to an 8.2 percent reduction in funding for most non-exempt non-defense discretionary programs. This analysis calculates the number of people who could be affected by scheduled sequestration cuts as applied to FY 2012 funding levels (given that the U.S. government will be operating on a Continuing Resolution at FY 2012 funding levels when sequestration is applied in January 2013). The analysis uses estimated unit costs for ADAP and actual reported unit costs for HOPWA.

The estimates here are intended only to illustrate the possible human impact of implementing sequestration. It is understood that Congress and U.S. government agencies will have a range of budgetary options at their disposal and may choose to fund particular programs at higher or lower levels than those assumed in this brief.

**References**

3. In accordance with data from Kaiser Family Foundation’s February 2012 fact sheet, total cuts to federal funding for domestic HIV/AIDS programs and research for FY 2013 would total $657 million. This brief describes four programs that comprise $421 million of that sum.