

# REPORT ON SEQUESTRATION

By House Appropriations Committee Democrats

February 13, 2013

## ECONOMIC RISKS

On March 1<sup>st</sup>, the Office of Management and Budget (OMB) will sequester \$85 billion in Fiscal Year (FY) 2013 spending as mandated by the Budget Control Act, unless Congress acts. This across-the-board cut will slow economic growth and job creation while cutting services and investments critical to the American people. Sequestration comes on top of \$1.5 trillion in discretionary cuts already enacted, a large part of the reason the economy contracted in the 4<sup>th</sup> quarter of 2012.

CBO previously estimated a contraction of -0.5 percent in the first quarter of 2013. While the delay in starting sequestration, from January to March, reduces the probability of negative growth in the first quarter, CBO still projects that **sequestration would cut economic growth in 2013 by half**. The U.S. economy is expected to grow at a rate of 1.4 percent this year; however, without this year's fiscal belt-tightening, "economic growth would be roughly 1 and 1/2 percentage points faster than we now project," according to CBO.

Last year, the fragile economic recovery struggled to create a total of 2.2 million jobs. The Bipartisan Policy Center estimates at least a million jobs will be lost due to sequestration. The Congressional Budget Office estimates up to 1.4 million jobs are at stake – wiping out more than half the entire job growth achieved for all of last year.

A recent study from George Mason University projects a loss of 2.14 million American jobs if sequestration takes effect. The analysis by Dr. Stephen S. Fuller of George Mason further shows "nearly half of all sequestration job losses would come from small businesses." Dr. Fuller concludes that over 950,000 small business jobs nationwide are at risk under sequestration. The uncertainty has already caused business owners to slow hiring. This effect was evident in the news that the economy contracted during the last quarter of 2012. The largest single contribution to the decline was a 22 percent reduction in defense spending in anticipation of the sequester.

States rely on federal spending to varying degrees. In states that are more dependent on federal spending, the economic impact will be magnified. This report includes state-by-state impact analysis for several accounts, including two education grant programs, payments in lieu of taxes, and defense civilian furloughs.

One of the most common means of meeting sequestration targets will be massive furloughs. This report examines first how such furloughs are bad public policy. The report then covers the impact of sequestration on several budget functions: health, education and job training, social services, natural resources and environment, Corps of Engineers, science and innovation, international affairs, and defense.

## **FURLOUGHS OF CRITICAL PERSONNEL**

Sequestration reduces funding in each non-exempt account. For operations, administration, salaries and expenses, or any other accounts comprised principally of personnel costs, personnel actions will be required to make the necessary reductions.

Some agencies have authority to offer incentives for early retirement or other voluntary separations from federal employment. This will not be of significant help in meeting sequestration targets because all of the savings must be achieved in the remaining seven months of the fiscal year. Incentive payments and other termination costs will minimize savings from voluntary separations during that time period making it impossible to use these tools to achieve the savings in the allotted time. In personnel accounts, the only way to meet the targets is to use administrative furloughs.

An administrative furlough is a planned event by an agency requiring employees to take unpaid leave for specified times in an effort to reduce funding for any reason other than a lapse in appropriations. Unlike a lapse furlough, missed pay will likely not be restored. For more information, see <http://www.opm.gov/furlough/Guidance-for-Administrative-Furloughs.pdf>

Because agencies would still have funds available after March 1 but would have to reduce funding over the remainder of the year, they would have to provide advance notice if furloughs prove to be necessary. Different notification requirements apply depending on the length of the furlough. Generally, employees must be given at least 30 days notice for furloughs lasting 22 or fewer workdays and 60 days notice for more than 22 days of furlough. Particular agencies will have additional requirements, as set forth in applicable laws, regulations, and collective bargaining agreements.

In summary, agencies will not begin personnel actions such as furloughs immediately on March 1. In addition, administrative furloughs are the only available personnel actions to meet sequestration targets in certain accounts, regardless of whether such leave is good public policy or makes economic sense.

Following are examples of the impact of such furloughs:

### **National Nuclear Security Administration (NNSA)**

The Y-12 site, in Oak Ridge, Tennessee, is one of four production facilities in our Nation's nuclear weapons complex; its mission is to process and store uranium. During the early morning hours of July 28, 2012, three anti-nuclear protesters, including an 82 year-old nun, were able to breach the Y-12 site's high-security perimeter and reach the Highly Enriched Uranium Materials Facility.

The Energy Department Inspector General quickly completed an investigation. Not surprisingly, the IG found "troubling displays of ineptitude in responding to alarms, failures to maintain critical security equipment, over reliance on compensatory measures, misunderstanding of security protocols, poor communications, and weaknesses in contract and resource management." The report also noted concerns that "constrained Federal funding had negatively impacted security controls at Y-12."

Nonetheless, sequestration would require the Y-12 site to furlough 700-1,000 of 4,500 employees for a period of up to 6 months. Clearly, these layoffs will adversely impact efforts to improve security. Other NNSA facilities will also face furloughs. The Pantex Plant in Amarillo, Texas will furlough up to 2,500 employees for 3 weeks. Los Alamos National Lab in New Mexico will furlough over 500 for about 2 weeks. And Sandia National Labs will lay off up to 100 positions and forgo hiring staff to support the B61 bomb life extension program.

The NNSA plays a critical national security role in developing and maintaining the Nation's nuclear deterrent. In the area of our nuclear weapons stockpile, efforts to refurbish and extend the life of several weapons systems would be delayed, including the B-61, leading to increased costs and impacts to deployment and readiness in the future. Sequestration would erode the security posture at sites and facilities by layoffs, workforce reassignments, and project deferrals. Sequestration would hamper the internal oversight function of DOE nuclear facilities and reduce the depth and frequency of audits and evaluations needed to ensure ongoing robust security operations.

## **Federal Aviation Administration (FAA)**

The operations and the facilities & equipment accounts of the FAA will be impaired by sequestration. Total reductions in these accounts will exceed \$619 million.

**Operations:** FAA's operating account will incur the majority of the reductions. FAA will be required to cut its operational activities by nearly \$483 million. As a consequence, all FAA employees will be furloughed for 11 days. As much as 10 percent of FAA's workforce of 40,000 would be "on furlough" on any given day resulting in reduced air traffic control, longer delays, and economic losses for air transportation, tourism and the economy as a whole.

As of March 1<sup>st</sup>, FAA will institute a complete hiring freeze which means that FAA will not be able to feed the pipeline of departing controllers, inspectors and technicians. Thirty percent of FAA's current controller workforce is eligible to retire and it takes more than three years to train new controllers.

With furloughs and a hiring freeze, reductions to traffic control operations will impact travel for goods and passengers during the most lucrative season (summer) for commercial air carriers. With reduced air traffic operations, there will be fewer passengers travelling which means that the receipts to the aviation trust fund will decline since it is funded through an excise tax on passengers. The aviation trust fund pays for all of FAA's airport improvement grants, facilities & equipment and research program. FAA's operations are funded partially through the aviation trust fund. The downward receipts to the aviation trust fund means that FAA will need to rely more heavily on already scarce general funds. While FAA's airport grant program is exempt from sequestration because it is funded through contract authority, the program will be affected if receipts to the aviation trust fund are severely curtailed.

FAA's aviation safety workforce will focus its resources on the oversight of existing operators and cut back on the approval of new air carriers and equipment. FAA estimates that this could impact the approval process of as many as 1,480 ongoing aircraft and part manufacturing projects. If budget levels are permanently reduced by sequestration, FAA may shutdown or severely reduce traffic at hundreds of lower level Federal and contract air traffic control towers.

**Facilities & Equipment:** The FAA's capital program to maintain and modernize the air traffic control systems will be reduced by more than \$136 million. FAA is currently in the midst of a multi-year, multi-billion dollar effort to transition from a ground-based navigation system to a satellite-based navigation system (also known as NextGen). Since many of FAA's facilities and systems are as much as forty years old, NextGen is critical for the modernization of air traffic control. Once implemented, NextGen will provide additional capacity and efficiency to the national airspace system.

FAA expects to focus capital resources on completing mature programs such as En Route and Terminal Automation programs and the Automatic Dependent Surveillance Broadcast program. Investments in additional technologies and tools would be postponed. Less mature programs such as data communications and future facilities will be delayed.

### **U.S. Customs and Border Protection (CBP)**

CBP would not be able to maintain current staffing levels of 21,775 Customs Officers and 21,370 Border Patrol Agents as mandated by Congress. In the near term, CBP may need to furlough CBP Officers and Border Patrol Agents between 12 and 14 days. These furloughs would significantly increase wait times for visitors at our Nation's land ports of entry, and for passengers at airports. At the busiest airports, the increase in peak airport wait times would regularly reach three or more hours. These delays would dramatically impact air travel, potentially causing thousands of missed passenger connections daily, and negatively impact our economy. In addition, beginning April 1, CBP would begin to downsize its workforce by 2,750 CBP Officers and 5,000 Border Patrol Agents, as well as reduce overtime. The cuts in Border Patrol agents would jeopardize security between our ports of entry.

### **Transportation Security Administration (TSA)**

The TSA would reduce its frontline workforce, including a seven-day furlough for TSA screeners, which may result in adding to current passenger wait times by as much as an additional hour at the nation's largest and busiest airport security checkpoints.

## **U.S. Coast Guard**

The Coast Guard would have to curtail air and surface operations by nearly 25 percent, adversely impacting maritime safety and security across nearly all mission areas. A reduction of this magnitude will substantially reduce drug interdiction, migrant interdiction, fisheries law enforcement, aids to navigation, and other law enforcement operations as well as impact the safe flow of commerce along U.S. waterways. In addition, the Coast Guard plans to defer asset maintenance, which could have a long-term detrimental impact on the readiness of its aging fleet and shore facilities. Sequestration would also delay the Coast Guard's move in 2013 to its new headquarters at the former site of St. Elizabeths Hospital in Washington, DC.

## **Defense Environmental Management**

Significant furloughs of the Defense Environmental Management contractor workforce would range from weeks to months. The Hanford site in Washington State would furlough over 1,000 workers for approximately six weeks; the Savannah River site in South Carolina would furlough over 1,000 workers for approximately four months; and 4,000 to 5,000 workers schedules would be affected across the complex. Sites will be forced to suspend and/or delay cleanup activities and shutdown facilities.

Affected facilities will be placed in a safe standby condition. As a consequence,

- processing of plutonium in H Canyon at Savannah River would be suspended;
- operation of Oak Ridge (Tennessee) environmental remediation landfill would be curtailed, hindering progress of other remediation efforts across the site;
- retrieval and disposition of radioactive liquid tank waste at the Office of River Protection (Washington) and Savannah River would be delayed;
- exhumation of buried transuranic waste in Idaho would be suspended, as would shipments of transuranic waste to the Waste Isolation Pilot Plant (New Mexico);
- decontamination projects at Oak Ridge and Hanford would be delayed.

Up to 30 compliance milestones across the complex would be delayed which could result in significant fines and penalties.

## **U.S. Secret Service**

Furloughs and reductions in overtime would adversely affect the availability of the Secret Service workforce and obstruct ongoing investigations. All Special Agents, Uniformed Officers and administrative, professional and technical staff would be subject to furloughs of up to seven days. All of the Secret Service's contracts and acquisition programs, including operational countermeasures and vehicle replacements, would be delayed or severely reduced.

## **Department of Justice (DOJ) Federal Law Enforcement**

The DOJ would be cut by \$1.6 billion, requiring furloughs equivalent to the loss of thousands of positions, including approximately 1,000 federal agents. The FBI would lose \$550 million, requiring furloughs for up to 14 days, the equivalent of losing 2,285 employees, including 775 Special Agents. A \$100 million cut to the US Attorneys would lead to the attrition of an additional 145 attorney positions and result in thousands fewer criminal and civil cases and a corresponding loss of potentially billions of dollars to the Treasury from criminal and civil fines and debt collection.

## **Federal Bureau of Prisons (BOP)**

The Federal Bureau of Prisons would be cut by \$338 million, necessitating an average furlough of 12 days for all of its 36,700 personnel. This would be equivalent to the loss of five percent of BOP's staff, including 1,300 correctional officers.

Also because of sequestration, the Bureau of Prisons would have to suspend the activation of two prisons constructed at taxpayer expense, and would not be able to begin the activation of two other newly constructed prisons.

## **Department of Defense (DoD) civilian employees**

The President announced that he will exercise his authority to exempt military personnel accounts. However, civilian employees will face severe cuts; the Department of Defense (DoD) is considering the furlough of up to 800,000 civilian employees (the entire workforce) for up to 22 days. DoD is also in the process of implementing hiring freezes. The impact will be felt nationwide as 86 percent of the total DoD workforce is assigned to duty stations outside the Washington, DC, metropolitan area.

The furloughs and hiring freeze will impact veterans most heavily because veterans make up 44 percent of the DOD civilian workforce.

Below, the reader will find a chart showing state-by-state the lost wages associated just with Air Force civilian workforce furloughs.

<b>Total Air Force - Civilian Pay Civilian Furlough Sequestration</b>					
<b>Days</b>	<b>Hours</b>	<b>Hours Furlough/ Hours Yearly</b>	<b>% of Lost Hours</b>	<b>Composite Rate</b>	<b>Lost Wages</b>
<b>22</b>	<b>8</b>	<b>176/2080</b>	<b>0.084615385</b>	<b>\$92,000</b>	<b>\$7,784.62</b>
<b>STATE</b>	<b>PERSONNEL</b>		<b>LOST WAGES</b>		
Alabama	2,433		18,939,969.23		
Alaska	2,407		18,737,569.23		
Arizona	3,074		23,929,907.69		
Arkansas	1,102		8,578,646.15		
California	10,666		83,030,707.69		
Colorado	6,248		48,638,276.92		
Connecticut	223		1,735,969.23		
Delaware	1,169		9,100,215.38		
Florida	12,145		94,544,153.85		
Georgia	15,529		120,887,292.31		
Hawaii	1,782		13,872,184.62		
Idaho	715		5,566,000.00		
Illinois	3,751		29,200,092.31		
Indiana	871		6,780,400.00		
Iowa	514		4,001,292.31		
Kansas	1,097		8,539,723.08		
Kentucky	265		2,062,923.08		
Louisiana	1,682		13,093,723.08		
Maine	266		2,070,707.69		
Maryland	3,058		23,805,353.85		
Massachusetts	3,157		24,576,030.77		
Michigan	809		6,297,753.85		
Minnesota	775		6,033,076.92		
Mississippi	2,378		18,511,815.38		
Missouri	1,191		9,271,476.92		
Montana	831		6,469,015.38		
Nebraska	2,806		21,843,630.77		
Nevada	1,462		11,381,107.69		
New Hampshire	264		2,055,138.46		



New Jersey	2,071	16,121,938.46
New Mexico	3,664	28,522,830.77
New York	2,268	17,655,507.69
North Carolina	1,447	11,264,338.46
North Dakota	1,060	8,251,692.31
Ohio	14,278	111,148,738.46
Oklahoma	16,024	124,740,676.92
Oregon	591	4,600,707.69
Pennsylvania	1,074	8,360,676.92
Rhode Island	201	1,564,707.69
South Carolina	2,275	17,710,000.00
South Dakota	818	6,367,815.38
Tennessee	1,162	9,045,723.08
Texas	16,351	127,286,246.15
Utah	11,089	86,323,600.00
Vermont	254	1,977,292.31
Virginia	6,550	50,989,230.77
Washington	1,565	12,182,923.08
West Virginia	581	4,522,861.54
Wisconsin	469	3,650,984.62
Wyoming	775	6,033,076.92

### **Social Security Administration (SSA)**

Sequestration would force the SSA to furlough most of its workforce, quite possibly for ten days or more. Each day of a furlough means that SSA would not be able to complete 20,000 retirement claims, 10,000 disability claims, and 3,000 disability hearings. Fewer staff also means that offices might close earlier each day or close permanently.

Beneficiaries visiting Social Security offices or calling the 1-800 number will have to wait longer for service. All the options available to SSA to achieve this reduction will result in people having a more difficult time accessing their benefits.

### **Internal Revenue Service (IRS)**

Sequestration will be particularly devastating to the IRS, since it will require furloughs to take effect during the 2012 filing season. Furloughs at IRS call centers equate to longer hold times on the phone for taxpayers, if the call is answered at all. Fewer enforcement agents will be available to investigate fraudulent claims, leading to an increase in the number of identity theft cases unresolved. Further, each dollar invested in enforcement actions returns \$4 in additional revenue to the Treasury. Cutting investment in enforcement will lead directly to an increase in the deficit.

## **Securities and Exchange Commission (SEC)**

Under sequestration, the SEC will also suffer furloughs of enforcement personnel. The SEC will be forced to curtail its efforts to police the markets, particularly in new areas of enforcement, such as hedge funds and over-the-counter derivatives. When we reduce oversight of the market, the market becomes vulnerable, and recovery is threatened.

## **Judiciary**

In addition to the 1,837 employees already lost in recent cutbacks, the Judiciary will be forced to furlough thousands more court employees. Reduced staffing levels will result in delays in court proceedings, primarily in civil and bankruptcy cases, which could harm families and businesses during our economic recovery. Public safety would also be adversely affected because of fewer probation officers to supervise criminal offenders released in our communities and a 20 percent cut in funding for drug testing and mental health treatment of offenders. Finally, a 30 percent reduction in funding for court security systems and equipment would jeopardize the safety of litigants, witnesses, jurors, and judges. Chief Justice John Roberts said in his 2012 Year-End Report on the Federal Judiciary, “[a] significant and prolonged shortfall in judicial funding would inevitably result in the delay or denial of justice for the people the courts serve.”

## **Food Safety and Inspection Service (FSIS)**

The meat and poultry industry would be especially vulnerable under a sequester. The FSIS regulates meat, poultry and egg products. It oversees operations at nearly 6,300 plants and inspects all products coming into the country. Plants are not allowed by law to operate without inspectors. Sequestration would reduce FSIS funding to below the 2009 level. This would force two weeks of furloughs of federal inspectors, forcing plants to operate fewer hours or close their doors. Employees at those plants would be laid off or have reduced hours. Impacts would also ripple through grocery stores, restaurants and other businesses, resulting in billions of dollars of losses in the private sector. Below, the report will analyze the impact of sequestration in various budget functions.

## **HEALTH**

### **Centers for Disease Control and Prevention (CDC)**

Sequestration would mean cuts of \$350 million or more for the CDC, whose mission is to prevent and detect outbreaks of infectious diseases like flu, tuberculosis and foodborne

illnesses, and to improve prevention and screening for chronic diseases like cancer and diabetes. Among other things, sequestration would result in about 25,000 fewer breast and cervical cancer screenings for low-income, high-risk women, and approximately 424,000 fewer HIV tests conducted by health departments. It would also mean purchase of about 540,000 fewer doses of vaccine against diseases like hepatitis, flu, measles and whooping cough for children and adults in need of immunizations.

### **National Institutes of Health (NIH)**

Funding for the medical research programs of the NIH would be cut by about \$1.6 billion. More than four-fifths of NIH funding is used to support research and research training at more than 2,500 universities and institutes throughout the country. Sequestration would mean some combination of fewer grants and smaller grants to support this work. These cuts would come at a time when the purchasing power of NIH appropriations has already been eroded, with the number of research project grants awarded falling from a peak of just over 37,000 in 2004 to about 34,600 last year and the chances of an application receiving funding dropping from almost one in three twelve years ago to less than one in five currently. OMB indicates that each research award supports up to seven research positions; hence, several thousand research personnel could lose their jobs.

No matter how sequestration is implemented, it will accelerate these trends and mean that fewer physicians and scientists will be working to find better treatments and cures for diseases like cancer, Alzheimer's, and diabetes.

### **Community Health Centers**

Federal support for Health Centers would be reduced by about \$120 million, which could mean about 900,000 fewer patients served. Health Centers are an important source of primary health services for people without health insurance or otherwise lacking access to care.

### **Food and Drug Administration (FDA)**

Sequestration would reduce non-user fee funding of the FDA by \$133 million below the current level, putting the agency at about the level it was three years ago. Recent increases in FDA's inspection workforce and improved oversight of the safety of food and medical products could be lost. With reduced funding, recent landmark legislation, the Food Safety Modernization Act, would be even more difficult to implement. At our

borders, there would be significant reductions in testing of the high volume of imported food and medical products. OMB indicates FDA could conduct 2,100 fewer inspections at domestic and foreign facilities. No matter how FDA implements funding cuts, the safety of imported and domestic food and medical products will be reduced.

## **Indian Health Care**

Under sequestration, Indian health care would suffer a major setback. The budget for the Indian Health Service (IHS) would be cut by several hundred million dollars. IHS and tribal hospitals and clinics would be forced to provide 3,000 fewer inpatient admissions and 804,000 fewer outpatient visits. Native Americans already die at significantly higher rates than other Americans from a host of diseases. While Native American life expectancy has increased, it is still 5.2 years less than all other U.S. races. Clinical and preventive care programs would need to be scaled back to fit within the sequestration-ordered cut. Decreased funds to recruit and retain qualified health care professionals would accelerate the existing problem of staffing rural health care facilities. Many of these facilities are already in dire need of repair or replacement, which would be further delayed under a sequestration-ordered cut.

## **EDUCATION AND TRAINING**

### **Elementary and Secondary Education**

At a time of steadily increasing public school enrollment, essential Federal support to help educate the nation's children would be seriously curtailed under sequestration:

Title I Grants to school districts would see a cut in excess of \$750 million, denying funding to well over 2,500 schools serving more than 1 million disadvantaged students. These funds pay for teachers, tutors, and after-school programs. Sequestration would mean job losses for more than 10,500 teachers and aides.

The Impact Aid program, a critical support system for military families, would be cut by more than \$68 million for 1,200 school districts serving nearly one million federally impacted children. This will lead to more teacher layoffs and other reductions in services.

Special Education Grants to States, serving 6.6 million students with special needs, would be reduced by more than \$600 million under sequestration. As a result, states and school districts could be forced to lay off approximately 7,400 special education teachers and aides as well as other staff serving kids with disabilities.

The following table estimates state-by-state reduction of sequestration on Title I Grants to school districts and IDEA Special Education Grants to States.

<b>State</b>	<b>Title I Reduction</b>	<b>IDEA Reduction</b>
Alabama.....	-\$11,434,997	-\$9,450,716
Alaska.....	-1,635,015	-2,034,164
Arizona.....	-18,817,616	-10,642,986
Arkansas.....	-6,267,821	-5,971,053
California.....	-91,801,879	-66,626,637
Colorado.....	-8,948,972	-8,594,594
Connecticut.....	-9,427,036	-6,693,358
Delaware.....	-1,458,645	-1,950,017
District of Columbia.....	-565,370	-980,474
Florida.....	-58,109,036	-32,957,644
Georgia.....	-30,474,589	-18,505,955
Hawaii.....	-5,066,041	-2,157,729
Idaho.....	-3,985,758	-3,037,251
Illinois.....	-35,473,963	-26,137,017
Indiana.....	-14,756,227	-13,119,587
Iowa.....	-6,896,700	-6,117,076
Kansas.....	-5,813,199	-3,380,438
Kentucky.....	-12,500,335	-8,150,243
Louisiana.....	-16,775,367	-10,337,426
Maine.....	-2,842,890	-2,741,727
Maryland.....	-15,278,778	-10,302,525
Massachusetts.....	-14,809,892	-14,223,379
Michigan.....	-23,387,525	-21,496,047
Minnesota.....	-7,489,881	-9,751,267
Mississippi.....	-5,767,706	-6,491,426
Missouri.....	-12,752,339	-11,408,348
Montana.....	-1,611,979	-2,034,164
Nebraska.....	-3,168,367	-3,741,384
Nevada.....	-9,718,700	-4,002,502
New Hampshire.....	-1,142,351	-2,382,526
New Jersey.....	-12,276,383	-18,111,056
New Mexico.....	-6,538,899	-4,616,113
New York.....	-45,215,643	-38,561,060
North Carolina.....	-27,190,862	-17,782,731
North Dakota.....	-1,199,558	-1,583,390
Ohio.....	-26,577,682	-23,328,918
Oklahoma.....	-5,117,297	-7,738,717
Oregon.....	-11,030,644	-6,754,558

Pennsylvania.....	-27,546,191	-22,663,944
Puerto Rico.....	-5,141,860	-6,505,822
Rhode Island.....	-2,563,780	-2,191,123
South Carolina.....	-13,337,023	27,104,388
South Dakota.....	-1,231,888	-1,886,230
Tennessee.....	-15,576,431	-12,408,996
Texas.....	-71,376,081	-54,088,534
Utah.....	-6,681,250	-6,013,369
Vermont.....	-1,195,351	-1,526,691
Virginia.....	-15,043,045	-14,710,956
Washington.....	-12,282,290	-11,926,433
West Virginia.....	-6,136,825	-3,805,263
Wisconsin.....	-9,017,440	-10,702,980
Wyoming.....	-1,223,131	-1,601,650
American Samoa.....	0	-337,001
Guam.....	-6,041,200	-747,229
Northern Mariana Islands.....	-1,652,522	-256,087
Virgin Islands.....	0	-474,926
Indian set-aside (BIA).....	0	-4,924,213
Freely Associated States.....	0	-348,703
Other (non-State allocations).....	0	-1,325,000
Unallocated.....		-38,389,363
<b>TOTAL.....</b>	<b>-\$769,372,250</b>	<b>-\$613,626,328</b>

## Early Childhood Care and Education

Under sequestration, roughly 70,000 children nationwide would lose access to Head Start—thereby losing comprehensive early childhood services. This could force a range of private, community and public employers to lay off more than 14,000 Head Start personnel.

In addition, approximately 30,000 low-income children of working parents would lose child care assistance through the child care and development block grant and many more would experience a reduction in services. This would exacerbate the difficulty states are experiencing in serving low-income families at a time when state budgets in this area have been cut. It also would set back state efforts to improve the quality of child care for our most vulnerable children.

The following two tables provide estimates of the state-by-state impact of sequestration on Head Start and Child Care Assistance.

## Estimated Sequester Impact on Child Care Assuming 5.3% Reduction from FY 2013 CR Estimate

State	Before Sequestration*	After Sequestration	5.3% Reduction
Alabama	\$43,103,918	\$40,819,411	\$2,284,508
Alaska	4,560,828	4,319,105	241,724
Arizona	57,215,425	54,183,008	3,032,418
Arkansas	28,315,726	26,814,993	1,500,733
California	245,497,817	232,486,432	13,011,384
Colorado	28,616,516	27,099,840	1,516,675
Connecticut	15,031,656	14,234,978	796,678
Delaware	5,563,569	5,268,700	294,869
District of Columbia	2,980,313	2,822,356	157,957
Florida	121,750,151	115,297,393	6,452,758
Georgia	93,560,602	88,601,890	4,958,712
Hawaii	7,729,646	7,319,974	409,671
Idaho	14,331,816	13,572,230	759,586
Illinois	80,568,588	76,298,453	4,270,135
Indiana	53,084,393	50,270,920	2,813,473
Iowa	21,226,717	20,101,701	1,125,016
Kansas	21,772,262	20,618,332	1,153,930
Kentucky	39,822,749	37,712,143	2,110,606
Louisiana	42,750,913	40,485,115	2,265,798
Maine	7,838,865	7,423,405	415,460
Maryland	27,732,806	26,262,968	1,469,839
Massachusetts	27,231,747	25,788,464	1,443,283
Michigan	70,453,680	66,719,635	3,734,045
Minnesota	30,878,799	29,242,222	1,636,576
Mississippi	33,538,919	31,761,356	1,777,563
Missouri	44,656,405	42,289,615	2,366,789
Montana	6,812,772	6,451,695	361,077
Nebraska	13,521,188	12,804,565	716,623
Nevada	16,631,638	15,750,162	881,477

New Hampshire	5,385,971	5,100,514	285,456
New Jersey	40,325,765	38,188,500	2,137,266
New Mexico	20,200,190	19,129,580	1,070,610
New York	102,142,717	96,729,153	5,413,564
North Carolina	76,593,981	72,534,500	4,059,481
North Dakota	4,181,889	3,960,249	221,640
Ohio	80,880,608	76,593,936	4,286,672
Oklahoma	34,094,036	32,287,052	1,806,984
Oregon	26,385,920	24,987,466	1,398,454
Pennsylvania	70,071,621	66,357,825	3,713,796
Puerto Rico	32,711,878	30,978,148	1,733,730
Rhode Island	5,656,138	5,356,363	299,775
South Carolina	41,485,151	39,286,438	2,198,713
South Dakota	6,259,353	5,927,608	331,746
Tennessee	53,213,674	50,393,349	2,820,325
Texas	244,486,494	231,528,710	12,957,784
Utah	27,432,852	25,978,911	1,453,941
Vermont	3,223,287	3,052,452	170,834
Virginia	43,711,342	41,394,641	2,316,701
Washington	39,354,401	37,268,618	2,085,783
West Virginia	14,449,612	13,683,782	765,829
Wisconsin	36,255,763	34,334,207	1,921,555
Wyoming	3,000,062	2,841,058	159,003
American Samoa	3,020,354	2,860,275	160,079
Guam	4,321,966	4,092,901	229,064
Northern Mariana Islands	1,916,651	1,815,068	101,582
Virgin Islands	2,202,310	2,085,588	116,722
Native American set-aside	44,839,002	42,462,535	2,376,467
Technical Assistance	5,705,812	5,403,404	302,408
Other	11,966,887	11,332,642	634,245
<b>Total</b>	<b>2,292,256,110</b>	<b>2,170,766,536</b>	<b>121,489,574</b>

---

NOTE: Estimate reflects reduction in number of children served in FY 2013 as compared to FY 2012.



\*Based on each State's proportional share of the CCDBG allocation.

**Estimated Impact on Head Start  
Assuming 5.3% Reduction from FY 2013 CR  
Estimate**  
(\$ in millions)

State	FY 2012 Appropriation	FY 2013 CR Estimate	5.3% Reduction
Alabama	\$126	\$127	\$7
Alaska	14	15	1
Arizona	122	123	7
Arkansas	75	76	4
California	961	967	51
Colorado	81	82	4
Connecticut	59	59	3
Delaware	15	15	1
District of Columbia	28	28	2
Florida	314	316	17
Georgia	199	200	11
Hawaii	26	26	1
Idaho	27	28	2
Illinois	315	317	17
Indiana	116	116	6
Iowa	59	60	3
Kansas	60	60	3
Kentucky	126	127	7
Louisiana	169	170	9
Maine	32	32	2
Maryland	90	90	5

Massachusetts	123	124	7
Michigan	269	270	14
Minnesota	84	85	5
Mississippi	181	182	10
Missouri	139	140	7
Montana	24	24	1
Nebraska	42	43	2
Nevada	30	30	2
New Hampshire	16	16	1
New Jersey	150	151	8
New Mexico	63	63	3
New York	496	499	26
North Carolina	172	173	9
North Dakota	20	20	1
Ohio	288	289	15
Oklahoma	98	99	5
Oregon	71	71	4
Pennsylvania	263	264	14
Puerto Rico	279	281	15
Rhode Island	25	25	1
South Carolina	100	100	5
South Dakota	22	22	1
Tennessee	138	138	7
Texas	561	565	30
Utah	45	46	2
Vermont	15	15	1
Virginia	116	116	6
Washington	118	119	6
West Virginia	58	59	3
Wisconsin	106	106	6
Wyoming	13	14	1
Tribal	225	226	12

Migrant Program	327	329	18
National Activities/Other	278	280	14
<b>Total</b>	<b>\$7,969</b>	<b>\$8,017</b>	<b>\$424</b>

---

## **Employment and Training**

Job Corps, which provides a residential environment at 124 centers nationwide for at-risk youth to gain the education and skills they need to find and keep jobs, serve in the military or enroll in post-secondary education, could suffer a cut approaching \$100 million. Construction of all new Job Corps centers will be halted and the Office of Job Corps will have to either permanently close up to 15 centers or close down all centers for a significant portion of program year 2013.

More broadly, the millions in funding cuts from all workforce programs will leave hundreds of thousands of Americans looking for work without access to employment and training services provided through the one-stop career centers nationwide network. Tailored employment and training services for veterans will also be significantly reduced, leaving tens of thousands of veterans without assistance in their efforts to obtain civilian employment after completing their military service.

## **SOCIAL SERVICES**

### **Federal Emergency Management Agency (FEMA)**

FEMA's Disaster Relief Fund would be reduced by over \$1 billion dollars, impacting survivors recovering from Hurricane Sandy and recent winter storms, and affecting the economic recoveries of local economies in those regions. According to FEMA, the sequestration cuts could require them to implement Immediate Needs Funding restrictions during the heart of hurricane season.

FEMA's state and local homeland security grants funding would also be reduced by over \$120 million. This reduction could lead to layoffs of state and local emergency personnel and first responders.

### **Supplemental Nutrition Program for Women, Infants and Children (WIC)**

Sequestration would reduce WIC funding for the by \$353 million, resulting in over 600,000 low-income, nutritionally at risk, pregnant, postpartum, and breastfeeding women, infants, and children being dropped from the rolls.

### **Senior Nutrition Programs**

Funding for senior nutrition programs such as Meals on Wheels would be cut by \$35 million, meaning that these programs would serve four million fewer meals. These meals are especially important for those seniors who depend on them for the majority of their food each day.

### **Low-Income Home Energy Assistance (LIHEAP)**

The Low-Income Home Energy Assistance Program would lose \$185 million—on top of the \$1.6 billion (32 percent) cut that has already occurred since FY 2010. Among other impacts, sequestration will make it harder for LIHEAP to help low-income families and seniors avoid having their utilities cut off because of overdue bills when winter shutoff moratoriums expire, or help with urgent summer cooling needs.

### **Tenant Based Rental Assistance (Section 8)**

If sequestration were to take effect, about 125,000 vouchers would not be renewed. According to HUD, each voucher houses approximately 2.5 people, so the cuts would affect about 312,500 adults and children. To put that in perspective, Pittsburgh, PA has a population of 307,484. On average, Section 8 households earn \$12,549 per year, far lower than the US median of \$50,742. Half of Section 8 households have children, 40 percent are disabled and 20 percent are elderly. About two-thirds have no income from wages.

### **Homeless Assistance Grants**

Further cuts to Homeless Assistance Grants will mean that about 100,000 people won't be housed next year. Some of these cuts will be to permanent supportive housing units. These projects are on 30-year contracts; it's likely that some wouldn't get renewed. Other cuts would be to programs that prevent homelessness or rapidly re-house

homeless people. These programs tend to be the most effective and target homelessness before it happens.

## **NATURAL RESOURCES AND THE ENVIRONMENT**

### **National Parks, Forests, Wildlife Refuges, and Public Lands**

Under a sequestration-ordered cut, federal land management agencies would be forced to reduce services provided to the public. The cut would mean shortened periods of time when certain national parks or other federal sites are open to the public, as well as reduced hours of operation for visitor centers and other facilities. Closures and limited access may be the only option for some federal units. For approximately 128 national wildlife refuges sequestration would mean complete closure or program elimination. Campgrounds, trails, and other recreational areas would also have to be closed when there is insufficient staff to ensure the protection of visitors or resources.

### **Wildland Fire**

A sequestration-ordered cut would seriously harm programs that address Wildland fire. Timber stands would be at greater risk of catastrophic fire as brush clearing and other mitigation efforts would have to be curtailed. Funding for firefighting operations (Suppression) would not be adequate to cover expected fire costs. Such a likely shortfall would impact more than just the fire programs. We have no choice but to fight the fires, whatever the cost. As in 2012, agencies would be required to take funds from non-fire accounts like construction, to make up the firefighting funding shortfall. Already agencies are estimating that they could be more than \$700 million short in FY 2013 based on their current appropriation. This would mean that construction projects (and the resulting jobs) would have to be halted or delayed.

### **Oil, Natural Gas, and Coal**

A sequestration-ordered cut would slow down development of oil, natural gas, and coal on federal lands and waters. Agencies would have to reduce personnel, resulting in delays in lease sales, delays in the timely and thorough review of exploration and development plans, as well as the issuance of a variety of permits. Safety inspections would need to be scaled back resulting in the potential for reduced safety and a greater chance of accidents. Ironically, a cut of this magnitude would mean less revenue

collected for the federal government, as well as the increased possibility of fraud as audits would have to be curtailed.

## **Federal Payments to State and Local Governments**

According to the Department of the Interior, sequestration would mean that State and local governments would lose more than \$200 million in direct funding from the Payments in Lieu of Taxes (PILT) program, revenue sharing from mineral leasing on federal lands, and various grant programs. In some communities, especially in the western United States, these funds are a significant portion of their revenue. Local governments would have to cut back on core operations ranging from police and fire protection to school and road maintenance.

### **Federal Payment Cuts to Certain States**

	<u>PILT Cut</u>	<u>Mineral Revenue Sharing Cut</u>
<b>California</b>	-\$2,100,000	-\$4,900,000
<b>Colorado</b>	-\$1,500,000	-\$9,500,000
<b>Montana</b>	-\$1,400,000	-\$2,600,000
<b>New Mexico</b>	-\$1,800,000	-\$26,200,000
<b>Utah</b>	-\$1,900,000	-\$9,000,000
<b>Wyoming</b>	-\$1,300,000	-\$58,700,000

### **Environmental Protection Agency (EPA)**

Sequestration would hamper site clean ups, efforts to clean up great bodies of water, and enforcement of environmental laws.

EPA implements several programs that facilitate the cleanup of toxic sites across the country. The main programs are Superfund, Brownfields, and Leaking Underground Storage Tanks (LUST). Sequestration would result in nearly 290 fewer cleanups of LUST sites and add to the backlog that already exists. Also the reduction to the LUST program would mean the reduction of State employees as these grants support the salaries of State employees. EPA would also be unable to fund new Superfund construction projects and may have to stop work at one or more ongoing Superfund sites.

Sequestration would slow the multi-year initiatives to clean up the Great Lakes, Chesapeake Bay, and Puget Sound. Significant resources have been committed to these three water bodies over the last three fiscal years to clean up toxics, combat invasive

species, restore wetlands, and protect endangered species. Federal dollars also serve as seed funding for State funding for these restoration initiatives. The loss of Federal funding will result in the loss of matching State funds for certain restoration projects.

A major function of EPA, in partnership with States, is to enforce the nation's environmental laws. Sequestration would mean fewer enforcement agents and result in an estimated 1,000 fewer inspections in fiscal year 2013. EPA and States capacity to identify air emissions and waters discharges would contract through man power reductions and fewer monitoring systems. Shutdown of some air monitoring sites would make it more difficult if not impossible in some areas to determine if areas of the country meet Clean Air Act standards.

Superfund enforcement ensures that the government recoups funds from polluters. Sequestration would cut the capacity to go after responsible parties and result in an estimated \$100 million loss in payments from polluters, leaving taxpayers on the line for cleaning up Superfund sites.

## **CORPS OF ENGINEERS – CIVIL**

The Corps of Engineers would face sequestration cuts totaling \$255 million. At this spending level, the Corps would likely have to:

- close 57 recreation areas;
- partially close an additional 186 recreation sites;
- not fund 52 studies that were funded in FY 2012;
- not fund 65 construction projects that were funded in FY 2012; and
- not fund 43 operations and maintenance (O&M) dredging projects that were funded in FY 2012.

As the studies and construction projects are cost shared with non-Federal sponsors, over 115 local sponsors would be left with no Federal share to match their contributions for these studies and projects, further delaying completion of these efforts. Costs for construction projects and studies will increase due to inflation and O&M costs will be increased because the Corps will not be able to efficiently bundle O&M projects for dredging of harbors and channels.

A longer term effect of the sequester is that funding Corps construction projects at minimal levels increases the overall costs of those projects due to increased interest cost during construction. The longer the projects construction schedules are stretched,

the more expensive the construction of the project becomes leading to decreases in the benefits to costs ratio (BCR). These increased costs have in the past led, and will likely in the future lead, to additional currently budgeted projects falling out of the Corps budget due to OMB and the Corps' budgetary policy that heavily relies on BCR.

The most immediate effect of sequestration that would likely be noticed by the public would be to the Corps Regulatory program. The time frame for permit actions for Section 404 and Section 10 would likely become lengthier. Travel budgets would be curtailed keeping permit evaluation personnel from making necessary site visits for individual permits. As the Corps adjusts their personnel to account for the sequester, it is likely that fewer personnel will be available in each District to process permit actions.

At the likely funding level with the sequester only the bare minimums for dredging of ports and harbors will be available. This will lead to inefficiencies in transportation due to required light-loading which will ultimately lead to increases in consumer costs.

## **SCIENCE AND INNOVATION**

### **National Science Foundation (NSF)**

A \$375 million cut to the NSF would result in nearly 1,000 fewer research grants, impacting nearly 12,000 individuals supported by NSF, including professors, graduate students, and undergraduates, K-12 teachers and students.

Sequestration would lead to the termination of approximately \$35 million in NSF major facilities contracts and agreements, leading to tens of millions of dollars in increased future year costs.

### **National Aeronautics and Space Administration (NASA)**

A \$950 million cut to NASA would cut the Exploration program (which includes the Orion capsule, the Space Launch System and commercial crew development); the science



budget (which includes climate research satellites and solar system exploration projects); Space Operations (including the International Space Station) and Space Technology and Aeronautics. Sequestration would mean thousands fewer aerospace and research private sector jobs.

## **Department of Energy Office of Science**

The Office of Science is critical to maintaining U.S. leadership in scientific and technological innovation by supporting basic research to advance energy technologies and operating world-leading facilities to advance scientific discoveries.

Sequestration will result in hundreds of layoffs at national labs, universities, research facilities, and private sector companies that rely on Office of Science grant funding for energy research. It will reduce operations of major scientific facilities, meaning less research and development in one of the highest priority research areas—designing novel materials—which is critical to advancing energy technologies.

No new awards to advance high performance computing will be made to stay ahead of Chinese competition and develop the next generation system, known as exascale, before the U.S. reaches the limits of current technology.

Sequestration will stop almost all construction projects that are replacing aging infrastructure at the national labs. This investment is necessary to support science missions and attract the best scientists from around the country and the world. Several major user facilities at national labs would be shut down including the Lujan Neutron Scattering Center, Los Alamos National Laboratory; High Flux Isotope Reactor, Oak Ridge Tennessee; Relativistic Heavy Ion Collider, Brookhaven National Laboratory. Other facilities may be temporarily shuttered, delayed or less available to their extensive user communities.

The safeguards and security of nuclear and radiological materials at the national labs could be at higher risk with reductions in security officers and inability to fund new security needs at Oak Ridge National Lab after an independent review found security weaknesses.

## **Energy Efficiency and Renewable Energy**

No additional funding would be provided to the advanced manufacturing program, a key initiative of the Administration to help manufacturers in the clean energy sector compete with China and other countries. Cuts in research and development would result in over a hundred layoffs across the country at the national labs and fewer grants available to universities and private companies to advance energy efficiency goals.

### **Department of Homeland Security (DHS) National Cybersecurity Protection System**

Reductions in funding to the National Cybersecurity Protection System would scale back cybersecurity developments currently underway to bolster Federal civilian networks. DHS' ability to detect, analyze, and build capabilities to respond to emerging cyber threats will be reduced. For example, the impact of sequester would delay the Einstein 3 program which is designed to detect intrusions and unauthorized access to the Federal government's civilian networks, by one year (from 2015 to 2016). Further, deployment of a critical cyber diagnostic strategy for the 118 federal agencies will be reduced by seven percent, leaving several departments and agencies unprotected and delaying critical risk reduction features until at least FY 2014. Twenty percent of the positions at the DHS United States Computer Emergency Readiness Team will be left vacant, reducing incident response time and expertise. The FY 2013 Cyber Storm cybersecurity exercise will be cancelled, reducing the Nation's ability to respond to a cybersecurity incident.

### **DHS Science and Technology Directorate (S&T)**

S&T would have to stop or severely curtail ongoing research and development on countermeasures. For example, S&T would cut disaster resiliency research by over 50 percent, which would eliminate work to provide the ability to quickly restore facilities to use in the event of a chemical or biological event, stop work on protecting the grid from brown-outs and blackouts, and eliminate funding for research into making tunnels more resilient to flooding. Border security research would be cut 50 percent eliminating tunnel detection work cargo security at the borders, small aircraft detection and interdiction, and maritime security. S&T would reduce biothreat detection, assessment and resiliency by 40 percent, eliminating most of the planned research on next generation biothreat detection methods, reducing the Nation's threat assessment capability, and eliminating work to develop tools for responders to assess and characterize the size and severity of a chem/bio attack. Cyber security research would be cut by 30 percent, eliminating work in areas such as: data privacy; identity management; security for cloud based systems; internet attack modeling; and cyber

security forensics. S&T's cyber work is the only research in the Federal Government focused on unclassified ".gov" and ".com" vulnerabilities. And finally, at this level, S&T would eliminate virtually all funding targeted at mass transit protection, including such things as the ability to detect explosives safely at a distance, the ability to detect threats on left behind packages and bags and threat detection on individuals.

## **INTERNATIONAL AFFAIRS**

### **State Department and USAID Operations**

Sequestration would reduce funding levels for basic operations by at least \$780 million. Sequestration cuts to these programs would once again set the State Department and USAID on a path toward hollowing out staffing at embassies and missions. Such cuts directly compromise the ability of the United States Government to help promote U.S. business opportunities overseas, open new markets for U.S. firms, protect intellectual property rights and create a level playing field for U.S. firms to compete for foreign government and private contracts. USAID's operating budget will be reduced by nearly \$71.4 million, reversing the progress made to better equip the Agency to achieve its objectives abroad in an accountable, transparent manner. Such a cut could force USAID to implement a hiring freeze for both Civil and Foreign Service Officers which could dramatically reduce program and contract oversight, increasing the risk of fraud, waste and abuse.

### **Cuts to Diplomatic/Embassy Operations**

The efforts of the State Department overseas directly support 20 million U.S. jobs. A cut to State Department's embassy operations would inhibit the work of the men and women who provide passport and visa services. Consular services facilitate the lawful travel of international students, tourists and business people to the United States, adding greatly to our economy. The cuts required by sequestration would jeopardize efforts to provide secure error-free travel documents and protect our borders by denying access to the United States to those who would do us harm, while allowing for the legitimate flow of commerce. Funding cuts would result in expanded wait times for visas and passports which would have a direct impact on U.S. business.

### **Embassy Security**

Security is paramount not only to the men and women serving our nation abroad, but also for the thousands of American citizens traveling or working overseas. The State Department is maintaining missions in increasingly dangerous locations, making it more difficult to provide security in these locations and necessitating the use of more security resources.

If sequestration goes into effect, the cut to embassy security and the protection of personnel would be \$168 million. Currently more than 80 facilities are waiting for upgrades or new construction to be in compliance with Department of State security guidelines. As we recently were reminded in Libya and Turkey, we cannot fully protect against diverse threats, but U.S. personnel and the citizens and businesses that rely on their service deserve more than basic protection. Under sequestration, security upgrades will be further delayed and United States personnel and property will remain at risk. Such a cut would severely limit the ability of the State Department to provide physical protection for diplomatic personnel and facilities overseas and maintain missions in increasingly dangerous locations.

These cuts would significantly impact security programs where State Department personnel advise U.S. corporations operating internationally on the security environment to help promote further business development and trade. Additionally, diplomatic security personnel serve a critical role in risk assessments that inform advisory warnings for American tourists traveling internationally, placing at risk the ability for American citizens to travel and work overseas in safety.

### **International Affairs Assistance Accounts**

The State/USAID Foreign Assistance programs would be reduced by \$1.8 billion. The long term effects of sequestration will require indiscriminate cuts undermining vital assistance objectives. The majority of these reductions to foreign assistance would be borne by the Economic Support Fund (ESF), Development Assistance (DA), Foreign Military Financing (FMF), Global Health Programs (GHP), and humanitarian assistance accounts—the accounts that support some of our most critical security partnerships, development programs, and humanitarian interventions.

### **Global Health Programs**

A sequester would force cuts to global health and development funding of over \$432 million, severely hindering the United States Government from taking advantage of opportunities to dramatically change the face of disease and, in some cases, permanently reduce suffering. Implementation of mandated sequestration would result

in lost opportunities and lives in Sub-Saharan Africa and Asia - the neediest regions of the world – and jeopardize the progress we are making in saving lives and building a better and more secure world for children and their families. Additionally, further cuts to family planning and reproductive health programs below the FY 2012 level could deny 1.6 million women access to family planning services, leading to 450,000 additional unintended pregnancies, resulting in an estimated 210,000 more abortions.

Sequestration would cut the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) by \$293.8 million impeding efforts to expand HIV/AIDS treatment and prevention efforts. These cuts would impact the ability to achieve an AIDS-free generation and ending preventable mother and child deaths. As a result:

- HIV/AIDS treatment for 171,900 people will not be available, potentially leading to 39,200 more AIDS-related deaths and 77,200 more children becoming orphans.
- 67,200 fewer HIV-positive pregnant women will receive services to prevent mother-to-child transmission, leading to nearly 12,800 infants more being infected with HIV.
- Important research to develop a vaccine for HIV/AIDS could be threatened, ultimately slowing our progress to find a cure.

Sequestration would also cut USAID's global health program by \$139 million, which would set back USAID's efforts to eliminate polio globally, control malaria in Africa, and mitigate possible highly virulent viruses such as H5N1 from developing into a pandemic and directly endangering U.S. citizens. Funding for food, education, and livelihood assistance will not be available for 238,500 children; 1.2 million fewer insecticide-treated mosquito nets will be procured, leading to over 3,200 deaths due to malaria; 2 million fewer people will receive treatment; 37,400 fewer people with tuberculosis (TB) will receive treatment, leading to 4,500 more deaths due to TB; 200 fewer people with multidrug-resistant TB will receive treatment; and 836,800 fewer vaccines for children will be available through GAVI, leading to 8,900 more deaths from preventable diseases.

Finally, a sequester would require cuts to contributions to the Global Fund to Fight AIDS, TB, and Malaria. As a result, 1.6 million fewer insecticide-treated mosquito nets will be available, leading to 4,200 deaths from malaria; 57,000 fewer TB patients will receive treatment, leading to 6,800 more TB deaths; and, an additional 63,400 people will not be treated for HIV/AIDS.

## **Humanitarian Assistance**

If sequestration goes into effect the State Department and USAID may have to reduce the humanitarian assistance accounts by over \$152.4 million. With needs already outstripping the ability to respond to humanitarian disasters and at a time when the world faces ever-increasing needs in Syria and its neighboring countries, such cuts may force the cessation, or reduction, of assistance to millions of disaster-affected people as well as the ability to respond to the ongoing crises in the Horn of Africa and the Sahel.

Funding is already overextended for the Migration and Refugee Assistance (MRA) account. Sequestration will require MRA to sustain a cut of \$100.4 million. This will necessitate a shift of resources away from assistance that is not directly life-saving and likely mean cuts in gender-based violence prevention and services; refugee education programs; income generating programs for refugees (which reduce long-term dependence on aid); and programs to find homes for the long-term displaced. This would have stark long-term impacts on these refugee populations, leaving them less self-sufficient and more aid dependent in the long run.

Sequestration will cut \$52 million from the International Disaster Assistance (IDA) account. Funding for IDA is already badly strained, due to the multiple major crises in the Horn of Africa, the Sahel, Sudan, Syria, and Yemen. Cuts to this account could reduce support to conflict victims in places like Darfur and South Sudan as well as mothers and children facing starvation in Somalia and the Sahel; reduce resources for preventing new emergencies; and undermine the United States Government's ability to respond to the next major natural disaster.

## **International Security Cooperation**

Security assistance to countries around the world would face a \$551.6 million reduction. Such cuts to international security cooperation would jeopardize our commitment to allies and partners as well as gravely undercut our own national security. The United States conducts security assistance business with over 150 nations and international organizations around the world. Such large cuts to security assistance accounts would undercut our own national security and result in a loss of sales and jobs. It would significantly impair our ability to: ensure Israel maintains its technological/military advantage; train and assist Mexican authorities to fight violent cartels; provide counter narcotics efforts and secure our southern border; and support assistance to over 130

nations in efforts to deny al Qaeda safe havens and promote stability and progress. Sequestration would impede the impending civilian transition efforts in Afghanistan.

For instance, sequestration will reduce Foreign Military Finance (FMF) by \$317 million. FMF dollars are spent on U.S. goods and services that provide jobs across the United States, strengthening the industrial base, and often lowering the cost for the same military articles and services to our own armed forces. A cut to FMF would likely lead to reductions in military assistance to Israel, Jordan, and other vital allies, undermining our commitment to their security and thereby degrading our national security posture.

A sequester would force the Department to cut contributions to international peacekeeping operations by \$19 million which will impact efforts to respond to and stabilize the conflict in Mali. It would also reduce support for our efforts to counter terror, secure loose and dangerous weapons from falling in the wrong hands, and destroy conventional weapons by \$36 million. This cut would occur at a time when political transitions in the Middle East and instability in Northern Africa require immediate attention as extremists try to fill the political vacuum. Efforts to counter violent extremism in places like Pakistan can go a long way towards preventing radicalization.

Sequestration would cut funding to bolster law enforcement and counternarcotics efforts by nearly \$103 million, which could include work to fight transnational crime and dismantle drug-trafficking networks in Mexico, Central America and the Caribbean.

### **International Financial Institutions**

The impact of sequestration to multilateral and international financial institutions are not readily evident to constituents back home, as they do not see the impact such assistance has on job production. Yet, United States involvement in international financial institutions significantly advances opportunities for United States companies in developing markets by supporting growth in emerging economies creating new business opportunities and jobs at home. Additionally, funding to multilaterals through international financial institutions is an extremely cost effective way to advance United States priorities in the developing world. These institutions serve our fundamental values, as well as our economic interests, by lowering trade and investment barriers, supporting private sector growth, opening the markets of tomorrow, and giving people a chance to succeed. Sequestration cuts will cause the United States to fall further behind in our commitments with arrears negatively impacting our influence.

## **DEFENSE**

The Undersecretary of Defense (Comptroller) notes that in addition to the sequestration resulting from the failure of the Joint Committee to agree on a plan for deficit reduction, defense expenditures will be reduced by an additional approximately \$6 billion stemming from the enforcement mechanism that narrows the definition of national security. DoD is under another financial stress because the Army, Navy and Air Force are spending at accelerating rates for OCO. At this tempo, the Army estimates a shortfall in excess of \$6 billion; the Air Force estimates a shortfall of \$1.8 billion and the Navy would need an additional \$446 million because of the additional carrier presence in the Persian Gulf.

### **Defense Health Program (DHP)**

DHP will lose \$3 billion from sequestration, approximately nine percent of the FY 2013 total. DoD estimates that the DHP will exhaust funding in August and has not resolved whether medical care will remain available for uniformed personnel, their dependents and eligible retirees. Military medical centers will remain open but TRICARE contractor payments will likely be suspended as funding is exhausted.

### **Army**

The Army will release about 1,300 temporary and term employees and implement an Army-wide hiring freeze. The Army is also planning for the furlough of up to 251,000 civilian employees.

The Army will be unable to support operations outside of Afghanistan.

Required training will be delayed for 78 percent of the Army's combat formations (units that are not forward stationed). Lost training opportunities will require years to recover.

The Army will be forced to cancel four of six brigade and battalion level collective combat training events at the National Training Center and the Joint Rotational Training Center. The Army will cancel 15 Field Artillery Training courses. The Army will cut support to Combat Command Exercises and building Partnership Capacity events. The Army will suffer specific skill shortages because of canceled training including a shortfall



of 513 aviators and 4,000 military intelligence trained soldiers. The strategic impact of training cuts will be a rapid deterioration of unit combat skills that will leave the Army unable to meet demands of the National Military Strategy by the end of the year. The Chief of Staff of the Army indicates the impending readiness crisis may surpass the Task Force Smith debacle at the beginning of US involvement in the Korean War.

In total, Army military construction and family housing will be reduced by \$735 million, devastating the Army's Barracks Modernization efforts. Specifically, this reduction would delay the construction of a new Cadet barracks at West Point. This is troubling because the last construction of barracks for West Point was 1965, when the Corps of Cadets was all male. Among other requirements, this is the first barracks construction since women were admitted to West Point that will appropriately accommodate the women who comprise 18 percent of the Corps.

The Army will cut Yellow Ribbon transition assistance, services at Soldier Family Assistance Centers, and Army Substance Abuse programs.

## **Navy**

The Navy will furlough most civilians for 22 work days.

Forces supporting combat operations will be manned, trained and equipped to be fully ready; however, the readiness of forces at home station will deteriorate because of reduced maintenance and training, requiring nine months or more to recover. Navy forward deployed units will also have readiness activities cut. Flying hours on deployed carriers in the Middle East will be reduced 55 percent, and steaming days will be cut by 22 percent. The Navy will shut down all flying for four of nine Carrier Air Wings in March 2013. The Navy estimates it will take nine to twelve months to restore the readiness of these units at two to three times the normal cost of training. The Navy will cut participation in overseas exercises.

On February 6, 2013, the USS Harry Truman (carrier) and the USS Gettysburg (cruiser) deployments were delayed because of budgetary uncertainty and to preserve deployment capability. These vessels were slated to deploy to the Central Command AOR on Friday February 8, 2013. The Navy will have to reduce the Carrier Strike Group Presence in the Persian Gulf from two carriers to one in FY 2014.

Western Pacific deployed operations will be reduced by 35 percent, and non-deployed

Western Pacific ships will lose 40 percent of steaming days. By the end of the fiscal year, only one Carrier Strike Group and one Amphibious Ready Group (Japan-based) will be ready for crisis-response. The Navy will also cancel several submarine deployments.

The Navy will cancel all operations in and around South America. The Navy will also cancel all non-Ballistic Missile Defense deployments to Europe.

The Navy will cancel 23 ship maintenance actions affecting shipyards around the country. The Navy will also cancel emergency repairs to the USS MIAMI, the USS PORTER, and the USS MONTPELIER.

Community outreach programs will be canceled for the remainder of the year and Blue Angels performances will be canceled in the 3rd and 4th quarters of this year.

In total, Navy & Marine Corps military construction and family housing will be reduced by \$419 million. The Navy and Marine Corps have initiated efforts to improve the “Quality of Life” for the sailors, Marines, and their families. If sequestration takes place it would make the Department of the Navy’s (DON) current goal to obtain an “adequate” rating for 90 percent of their family housing units by 2017 extremely difficult. Sequestration has the potential to affect 10,000 Navy-owned and 3,000 leased homes by delaying housing construction and improvements. Furthermore, sequestration would also put in jeopardy the DON’s top priority to improve unaccompanied Sailors accommodations by 2016. Currently, some junior enlisted sailors live in cramped spaces aboard ships when their ship is in port, and delays in this program could affect sailor retention.

Sequestration will result in approximately 400 layoffs within the Naval Reactors program in New York, Pennsylvania, Idaho and Virginia. Further, an additional 117 fewer hires would be made than planned. These employees were to be hired for highly technical, nuclear engineering positions in reactor examinations, reactor servicing, radiological safety and shipyard support. The nuclear navy’s land based training prototype in New York will be delayed, degrading the Nuclear Navy’s ability to ensure adequate qualified sailors exist to operate its fleet of submarines and aircraft carriers. Construction of a new spent fuel handling facility for the Navy in Idaho will be delayed, resulting in a cost of \$100 million for additional shipping and storage canisters.

## **Marine Corps**

Because of sequestration, the Marine Corps would be unable to maintain all currently planned deployments and exercises. Over 55 percent of USMC forces will have unsatisfactory readiness ratings. USMC will not be able to accomplish reset of equipment returning from Afghanistan. Depot maintenance will be reduced to 27 percent of the baseline requirement causing a delay of 18 months or more to reset "war torn" equipment. More than 50 percent of USMC Aviation squadrons will be non-deployable. The USMC will not complete rebalancing forces to Asia-Pacific region.

## **Air Force**

The Air Force will suffer an 18 percent reduction of flying hours degrading readiness ratings. This reduction to training will take over six months to recover.

The Air Force will reduce theater security and continuous bomber presence for regions outside of Afghanistan. Depot workload for aircraft will be reduced by 33 percent.

The Air Force will reduce sustainment of Defense Satellite Communications Systems by 75 percent harming worldwide military communication. The Air Force will reduce missile warning and space surveillance tracking from 24 hours per day operations to eight hour operations. This will have a significant negative affect on National Missile Defense.

In total, Air Force military construction and family housing will be reduced by \$272 million. Sequestration would impact the Air Forces' modernization efforts to provide quality housing for Airmen and their families. The Air Force goal is to eliminate inadequate housing for unaccompanied Airmen by 2017. Sequestration would cause Airmen to continue to live in substandard housing and could impact retention.

## **Defense-Wide Military Construction**

In total, Defense-Wide military construction will be reduced by \$523 million, severely hampering the DOD's school recapitalization's efforts. A comprehensive assessment of DOD dependent schools and construction requirements indicated that 149 of 189 schools had facilities with an overall condition rating of either Q3 (poor) or Q4 (failing) and required significant recapitalization efforts to eliminate space shortfalls and temporary facilities, sequestration will only exacerbate this problem.

## **Base Realignment and Closure (BRAC)**

Funding for BRAC 1990 & 2005 cleanup would be reduced by \$83 million. According to the GAO, for the 1990 BRAC alone there are 1492 BRAC sites awaiting restoration, and this reduction will only further delay the cleanup of hazardous materials and unexploded weapons at numerous locations across the United States.

## **CONCLUSION**

Unless Congress immediately rejects these indiscriminate cuts and commits to a more thoughtful budgeting process, our fragile economic recovery will stall. These cuts will mean abrupt lay-offs for tens of thousands of American workers at a time when our economy has just begun to recover. The job losses will be across all sectors and will have broad implications well beyond the federal workforce. The sequester will also cripple key investments in education, infrastructure improvements, and research. The Congressional Budget Office predicts sequestration would cut growth in half this year. Congress has the ability to stop sequestration from going into effect and should do so without further delay.