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May 16, 2013

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Dear Colleague:

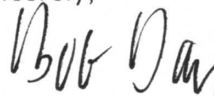
Thank you for attending RNRF's Congressional Forum on Sustaining Natural Resources and Conservation Science: What is at Stake in the Years Ahead. This forum is a follow-up to our 2012 national congress of the same name.

The congress report has been published as a special issue of the *Renewable Resources Journal* and is being distributed at the forum. It also is available as a free download at RNRF's website.

Enclosed is recent testimony from several science and natural resources management agencies regarding impacts of sequestration. Additional materials about sequestration are posted at www.rnrf.org/2012cong.

Please contact me or RNRF Program Director Melissa Montagna if you have any questions about the congress report or our activities (see contact information above).

Sincerely,



Robert D. Day, J.D.
Executive Director

Table of Contents

RNRF has compiled the following documents and resources for your use. With one exception, they are all primary sources documenting the plans, anticipated impacts, and adopted measures by federal science and natural resources management agencies in the context of the sequester.

In the order they appear:

1. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Thomas J. Vilsack, Secretary, U.S. Department of Agriculture, February 5, 2013.
2. Secretary's Column: Common Sense Efficiencies and Record Accomplishments. By Thomas Vilsack, U.S. Department of Agriculture. March 8, 2013.
3. Excerpt: Testimony Before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, U.S. House of Representatives, Regarding the Fiscal Year 2013 President's Budget Request for the U.S. Forest Service. By William Imbergamo, Executive Director, Federal Forest Resource Coalition, April 16, 2013.
4. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Steven Chu, Secretary, U.S. Department of Energy, February 1, 2013.
5. Statement of Director of the Office of Science, William F. Brinkman, U.S. Department of Energy to Subcommittee on Energy & Water Appropriations, U.S. House of Representatives. March 5, 2013.
6. Excerpt: Testimony of Lisa P. Jackson, Administrator, U.S. Environmental Protection Agency, Before the Committee on Environment and Public Works, U.S. Senate. March 22, 2012.
7. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Lisa P. Jackson, Administrator, U.S. Environmental Protection Agency, February 6, 2013.
8. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Ken Salazar, Secretary, U.S. Department of the Interior, February 1, 2013.
9. Testimony of the USGS Coalition, Dr. Robert Gropp, Chairman, Regarding the U.S. Geological Survey 2014 Budget to the House Committee on

- Appropriations, Subcommittee on Interior, Environment, and Related Agencies. April 16, 2013.
10. Statement of Jonathan B. Jarvis, Director, National Park Service, Department of the Interior, Before the House Committee on Oversight and Government Reform Concerning Federal Agency Sequestration Planning and Implementation. April 16, 2013.
 11. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Rebecca M. Blank, Deputy Secretary, U.S. Department of Commerce, February 8, 2013.
 12. Information from the website of the National Oceanic and Atmospheric Administration. April 16, 2013.
 13. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Charles F. Bolden, Jr., Administrator, National Aeronautics and Space Administration, February 5, 2013.
 14. Letter to Sen. Barbara Mikulski, Chairwoman, Committee on Appropriations, U.S. Senate from Subra Suresh, Director, National Science Foundation, February 6, 2013.
 15. Link to Webcast of U.S. Senate Appropriations Committee Hearing on the Impacts of Sequestration.
 16. Furlough Watch: Agency-by-Agency Impacts of Sequestration. Government Executive. May 10, 2013.



United States Department of Agriculture

FEB 5 2013

Office of the Secretary
Washington, D.C. 20250

The Honorable Barbara Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Room S 128, The Capitol
Washington, D.C. 20510

Dear Madam Chair:

Thank you for your letter of January 18, 2013, requesting additional information on the impact of potential across-the-board spending cuts on the Department of Agriculture's (USDA) operations. Like you, I am very concerned about the impact of the March 1 sequester on the American economy, specifically in the areas of food, agriculture, natural resources, rural development, nutrition, and related issues.

Since fiscal year (FY) 2010, USDA's operating budget has been reduced by about \$3 billion, or 12 percent. As part of our Blueprint for Stronger Service, USDA has saved taxpayers millions in travel and printing costs and is consolidating more than 700 different cell phone contracts into about 10. We are also pursuing other cost reduction efforts in several areas such as sourcing uniforms from the AbilityOne Strategic Alliance, standardizing bulk mail and processes, and implementing a "Shared First" acquisition policy to consolidate IT-related acquisitions. What's more, the Department is achieving significant savings by closing more than 250 domestic and foreign offices while ensuring that the vital services they provide are not cut.

If Congress does not act before March 1, it is estimated that the across-the-board spending cuts would indiscriminately reduce funding for USDA programs further by almost \$2 billion in FY 2013. About two thirds of these cuts would come from programs funded by discretionary appropriations under the Committee's jurisdiction. While the Department is still developing plans on how to operate under a sequester, agencies have already taken actions—in addition to those mentioned above—to prepare for additional funding reductions through prudent practices such as hiring freezes and limiting operating costs. Should a sequestration occur, we would likely need to implement furloughs impacting about a third of our workforce, as well as other actions. These furloughs and other actions would severely disrupt our ability to provide the broad range of public services we administer. Examples of these programmatic impacts include:

- A reduction of 600,000 low-income women and children who could receive nutrition assistance and associated nutrition education and breastfeeding support through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). WIC has been shown to provide important improvements in nutrition of women and children, lower health care costs, and improved cognitive development of children.
- A nationwide shutdown of meat and poultry plants during a furlough of inspection personnel. The furlough could result in as much as 15 days of lost production, costing roughly over \$10 billion in production losses, and industry workers would experience over \$400 million in lost wages. Consumers would experience limited meat and poultry supplies, and potentially higher prices, and food safety could be compromised.

- Elimination of rental assistance for more than 10,000 very low income rural residents, generally elderly, disabled, and single female heads of households. With an average monthly income of approximately \$803, these Americans are the least able to absorb rent increases and would face very limited options for alternate housing if landlords increase rents to cover the loss of the rental assistance payments.
- A curtailing of conservation technical and financial assistance to approximately 11,000 producers and landowners, thereby limiting benefits to water quality and quantity, soil erosion, and wildlife habitat that benefit the public.
- Increased risk to communities from wildfires with as many as 200,000 fewer acres treated for hazardous fuels.
- A loss of over \$60 million resulting in more than 100 fewer grants awarded for agricultural research conducted by both university scientists and private partners, disrupting critical progress being made in many topical areas such as water, nutrient management, bioenergy production, animal and plant disease, and childhood obesity.
- A reduction in assistance to States for pest and disease prevention, surveillance, and response, potentially leading to more extensive outbreaks and economic losses to farmers and ranchers.
- Furloughs and other reductions in a number of USDA agencies that would limit the ability to provide program oversight, leading to potentially higher levels of erroneous payments and/or fraud. Even small increases in improper payments have large public costs given the magnitude of programs involved.

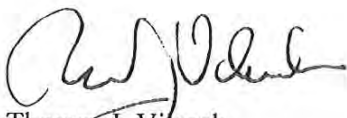
Additional information on impacts covering selected accounts is enclosed.

In addition to impact to programs under the Committee's jurisdiction, a third of USDA's sequestered funds would come from mandatory programs, including those authorized through the Farm Bill. While plans are still being developed on how the sequester would be implemented for these programs, reductions have the potential to impair important elements of support for agriculture and the environment, including disaster assistance, conservation, and export enhancement programs.

I deeply hope that Congressional leaders will reach an agreement to achieve deficit reduction while averting an across-the-board cut. I look forward to working with Congress to preserve the many priorities of rural America while making sensible program reforms and reductions that will lead to deficit reduction.

Again, thank you for writing.

Sincerely,



Thomas J. Vilsack
Secretary

Enclosure

Additional Sequestration Information

Bureau: **Food and Nutrition Service**

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

Sequestration Amount: **\$333 million**

Impact:

Grants to States

- WIC is a federally funded program. If funding is inadequate to maintain the current caseload—as it would be under sequestration—State WIC programs would have to reduce participation and establish waiting lists using the priority system provided in regulation.
- A full year continuing resolution, coupled with sequestration, will result in a budget authority of about \$6.3 billion. Using all available resources, including carryover and all contingency funds, will allow the program to support about 8.6 million participants—a reduction of approximately 300,000 participants on an annual basis from last year or about 600,000 participants if the reductions are compressed in the last two quarters of the fiscal year.
- Even before sequestration occurs, States may begin to implement cost-cutting strategies sometime in February. These strategies could range from reducing clinic hours, closing clinics, to establishing waiting lists as a last resort.
- When funds are not sufficient to support caseload, WIC agencies implement a priority waiting list of individuals. The first to lose benefits would be non-breastfeeding postpartum women and individuals certified solely due to homelessness or migrancy. African-American women have the lowest breastfeeding rates so they are more likely to represent a significant proportion of these women.
- Nutrition Services and Administration funding provided to States would be reduced by about \$75-100 million from the fiscal year (FY) 2012 level, which could result in up to 1,600 State and local jobs lost.

Bureau: **Food Safety and Inspection Service (FSIS)**

Program: **Salaries and Expenses**

Sequestration Amount: **\$51 million**

Impact: Sequestration would result in an across-the-board furlough of as much as 15 days for all FSIS employees, including inspectors. Since Federal law mandates inspection of meat, poultry, and egg products, production will shut down for that time period, impacting approximately 6,290 establishments nationwide. Due to lost production volume of more than 2 billion pounds of meat, an additional 2.8 to 3.3 billion pounds of poultry and over 200 million pounds of egg products, the industry would experience a production loss of over \$10 billion. Consumers would experience a shortage of meat, poultry, and egg products available for public consumption, and the shortage may result in price increases for these products. Restaurants, grocers, local merchants, and others who rely on FSIS-inspected products would suffer multiplier effects from the shortfall in production. The impact could force smaller businesses and merchants out of business. Industry workers would also be furloughed, resulting in over \$400 million in lost

wages. The livestock industry would also incur additional costs for disruption of the pipeline from farms to production establishments as farmers and livestock producers would have to feed and store animals longer than anticipated.

FSIS would also eliminate export inspections, resulting in losses for U.S. producers and causing additional storage costs and or loss of product. Export inspections could adversely affect other nations since the volume of products would decline. Furthermore, public food safety could be compromised by the illegal selling and distribution of uninspected meat, poultry, and egg products. Because FSIS is also responsible for verifying the safety of imported products, cutting import inspections would result in a reduction of 154 to 178 million pounds of imported meat, poultry, and egg products entering the country, in addition to the lost production capacity within the United States. Cutting import inspections might be construed as an international trade issue. Moreover, there is limited storage space along the border so that unless foreign countries stopped shipments, chill/frozen storage capacity and refrigerated truck/train/ship capacity would be compromised.

Bureau: Rural Development, Rural Housing Service
Program: Rental Assistance
Sequestration Amount: \$46 million

Impact: The Rental Assistance Program provides assistance to eligible low-income tenants in USDA-financed multi-family housing so that Americans pay no more than 30 percent of their incomes for rent. Approximately 286,000 tenants receive the benefit of rental assistance in almost all of the apartment complexes financed by Rural Development. The sequestration would cause more than 10,000 current recipients to lose rental assistance. The average monthly income of families and individuals receiving rental assistance (generally female-headed households, elderly, and the disabled) is approximately \$803. These Americans are the least able to absorb any increase in the rent due to the loss of rental assistance. Loss of this rent supplement may cause property owners to increase rents, making the units unaffordable to the very low income residents who have few options for decent, affordable housing.

With the loss of rental assistance, or higher vacancies resulting from very low-income Americans being unable to afford higher rents, many properties will be unable to pay all of their operating costs. Owners may be unable to maintain the property and allow it to fall into disrepair, or the properties may become delinquent in their loan payments. Potentially, 411 projects may become delinquent by October 2013. Ongoing delinquencies will lead to defaults and foreclosure and may result in long-term loss of affordable housing in rural communities in future years.

The loss of rental assistance supporting new construction of Farm Labor housing would result in the loss of affordable housing for approximately 28 farm workers and their families; the loss of rental assistance supporting construction of multi-family assisted housing would result in the loss of affordable housing opportunities for 17 low or very low income families.

Bureau: **Natural Resources Conservation Service (NRCS)**
Program: **Conservation Operations and Farm Security and Rural Investment Programs**
Sequestration Amount: **\$222 million**

Impact: NRCS will implement a hiring freeze and reduce travel and other costs. This will impact NRCS' ability to ensure timely, complete conservation planning activities and delivery of financial assistance, which would affect program accomplishments and service to farmers and ranchers nationwide. This would result in longer timeframes to address these challenges continuing to put at risk the business operations of the agency. In addition, NRCS would implement significant cuts in agreements and contracts with non-Federal entities by over \$20 million in technical assistance and about \$109 million in financial assistance. These reductions will have a deleterious impact on the ability to provide technical and financial assistance services to conservation customers, resulting in reduced conservation opportunities and reduced natural resource benefits with short and long effects on the Nation's private lands.

Overall, these cuts will undercut the ability to support priorities including landscape-scale conservation, water quality improvements, wildlife habitat protection, open space protection, as well as natural infrastructure restoration, carbon sequestration, weather prediction capacity, plant material development and other programs and services that support extreme weather and climate change adaptation and mitigation.

Bureau: **Farm Service Agency (FSA)**
Program: **Farm Loan and Salaries and Expenses**
Sequestration Amount: **\$80 million**

Impact: Sequestration would require reductions of \$80 million in FSA salaries and expenses and farm credit programs. The following highlights address some of the impacts of these reductions.

FSA Program Management:

The sequestration would reduce the spending authority for FSA salaries and administrative expenses by about \$75 million. In order to accomplish this reduction, FSA will implement a number of actions including hiring freezes, reducing contract operations for both Information Technology (IT) and non-IT operations, eliminating states flown in the National Aerial Imagery Program, and furloughing employees up to 5 days. FSA employees are responsible for managing a wide range of programs including farm loans, conservation and disaster activities with budgets totaling over \$11 billion annually. Reduced ability to effectively manage these major nationwide programs will limit the ability to provide timely support to producers during the ongoing extreme, widespread drought and will erode the capability to provide oversight to limit erroneous payments.

Farm Loan Programs:

FSA provides direct loans to family farmers and ranchers who cannot obtain commercial credit from a bank or other lender. The program is an important source of credit for beginning farmers, who tend to have limited resources and as a result, are less likely to meet commercial credit standards. Extreme drought conditions prevailing in significant areas of the Nation that have weakened the financial condition of agricultural producers significantly increase the importance

of these loan programs. Operating loans are used to purchase items such as livestock, feed, farm equipment, fuel, farm chemicals, insurance, minor improvements or repairs to buildings, refinance farm-related debt excluding real estate and other operating costs, including family living expenses. Sequestration would reduce the budget authority for Farm Credit Programs by approximately \$5.4 million (\$35.6 million in program level), meaning that 890 fewer direct farm operating loans and 661 other farm loans could be made. The sequestration of farm loan funding could result in a loss of over 1,650 private sector jobs (plus the hundreds of farmers that would be forced out of farming and into the off-farm job market), reduce the GDP by more than \$259 million, and could reduce household income by \$44 million.

Bureau: **Forest Service**
Program: **Wildland Fire Management**
Sequestration Amount: **\$134 million**

Impact: This level of reduced funds would result in an appropriated funding level that is \$42 million below the calculated 10-year average of fire suppression costs for FY 2013. In addition, a reduction of Preparedness funds typically increases suppression costs since the initial attack success will be reduced. Additionally, 2012 fire transfer funds are subject to sequestration, which results in needing to recover \$20 million of funds repaid. The agency would complete as many as 200,000 fewer acres of hazardous fuel treatments, resulting in an increased risk to communities from wildfires.

Certain decisions may result in increased costs in the end. For example, the agency could reduce upfront costs by reducing use of Exclusive Use aviation contracts, 115 engines, and 10 hotshot crews. However, this could result in larger fires, which will result in higher expenditures.

Bureau: **Forest Service**
Program: **National Forest System (NFS)**
Sequestration Amount: **\$78 million**

Impact: The agency's essential services to the public will be reduced for a variety of high demand activities (recreation, forest and watershed restoration, grazing, mining and oil/gas operations) as a result of reduced operations at campgrounds, visitor information centers, and offices. This would largely occur during the peak use seasons in spring and summer. Thousands of private sector jobs in rural communities across the Nation would be lost due to a reduction of recreation opportunities, and minerals and oil and gas operations, which are completed through contracts, grants, and agreements.

The agency would close up to 670 public developed recreation sites out of 19,000 sites, such as campgrounds, picnic areas, and trailheads. Closing this many recreation sites would reduce an estimated 1.6 million recreation visits across the country, thereby harming the economies of remote rural communities that depend on recreationists' economic activity, and eliminating convenient vacation opportunities for rural residents.

Increased risks to health and safety for visitors to the 193 million acres of public lands would occur as a result of reductions of 35 sworn law enforcement officers, leaving 707 total officers to

control drug trafficking organizations, prevent crime, and protect and serve the public. The reduction in sworn officers would result in an increase of illegal activities on National Forest System lands, like arson during fire season, timber theft, and other natural resource crimes.

Forest and watershed restoration work would be curtailed. Timber volume sold would be reduced to 2,379 million board feet from 2,800 million board feet proposed for FY 2013. The agency would restore 390 fewer stream miles, 2,700 fewer acres of lake habitat and improve 260,000 fewer acres of wildlife habitat.

Bureau: **National Agricultural Statistics Service (NASS)**
Program: **Census of Agriculture and Agricultural Estimates**
Sequestration Amount: **\$8 million**

Impact: NASS is responsible for the collection and analysis of a broad range of agricultural statistics and completion of the Census of Agriculture. These statistics provide information critical to decisionmaking by a wide population of stakeholders and ultimately benefit all consumers by enhancing orderly and unbiased market conditions for agricultural products. Sequestration would stop FY 2013 scheduled activities for the census, causing data processing to be placed on hold and potentially not recoverable. Data will become incomplete and will not be statistically sound for publication. Not having the 2012 census will negatively affect decisions made by farmers, businesses, and governments and ultimately will bring volatility to food markets and impact prices consumers pay. Data collected by the census includes the number of farms, value of land, market value of agricultural production, and inventory of livestock and poultry.

NASS' annual agricultural estimates reports are critically important to assess the current supply and demand in agricultural commodities. These unbiased, timely reports are extremely valuable to producers, agribusinesses, farm organizations, commodity groups, economists, public officials, and others who use the data for decisionmaking. The statistics disseminated by NASS support fairness in markets ensuring buyers and sellers have access to the same objective official statistics at the same pre-announced time. This prevents markets from being influenced by "inside" information, which might unfairly affect market prices for the gain of an individual market participant. The efficiency of commodity markets is enhanced by the free flow of information, which minimizes price fluctuations for U.S. producers. Statistical measures help the competitiveness of our Nation's agricultural industry and have become increasingly important as producers rely more on world markets for their sales. There is no other source for the statistical surveys, estimates, and reports NASS produces.

U.S. Department of Agriculture
Secretary's Column: Common-Sense Efficiencies and Record Accomplishments¹
Agriculture Secretary Tom Vilsack, March 8, 2013

On March 1, across-the-board spending cuts, known here in Washington as “the sequester,” took effect when Congress was unable to reach a new agreement on the budget. These cuts are required by law for every item within USDA’s budget, and they will impact all of the work we do in some way.

Under the Obama Administration, USDA already has made historic efforts to streamline operations and safeguard taxpayer dollars. Under our Blueprint for Stronger Service, we have carried out workforce reductions, closed offices and laboratories, and streamlined IT services. We have cut our travel costs by more than 42 percent since 2010. We’re always looking for new ways to save more.

These targeted efforts have already saved taxpayers more than \$700 million. In fact, our operating budget today is lower than it was in 2009.

At the same time, we have achieved record results – record farm loans, record conservation efforts, record assistance for rural businesses, and much more. This was made possible by a concerted effort at every level of USDA to find smart, targeted, common-sense efficiencies.

The across-the-board sequester cuts limit our ability to achieve additional common-sense budget reductions. For example, USDA will be forced to carry out furloughs of food inspectors – an action that will force plant shutdowns and put a new strain on livestock producers.

As USDA moves forward to implement the sequester as required by Congress, I am committed to carrying out these cuts in a manner that is fair, and one that provides the least possible disruption for USDA’s customers. The indiscriminate nature of the sequester will make both of these goals difficult, but we take our work seriously. We are not going to let up in our efforts to strengthen the rural economy and build up new economic opportunity in rural America.

Rural America has momentum today, growing more food, more jobs, and more opportunity than ever before. The sequester threatens to deeply impact this progress. That’s why I hope that Congress will take action soon to avert these harmful cuts, and let us at USDA get back to finding common-sense budget reductions that have already saved hundreds of millions of dollars.

¹ <http://blogs.usda.gov/2013/03/08/secretarys-column-common-sense-efficiencies-and-record-accomplishments/#more-44527>

Excerpt:
**Testimony Before the Subcommittee on Interior, Environment, and Related Agencies,
Committee on Appropriations, U.S. House of Representatives
Regarding the Fiscal Year 2013 President's Budget Request for the U.S. Forest
Service²**

*William Imbergamo, Executive Director, Federal Forest Resource Coalition
Washington, DC, April 16, 2013*

While we appreciate the support this subcommittee has shown for forest management in the past, we must point out our serious concerns with the priorities established for the Forest Service as a result of the sequester and subsequent Continuing Resolution. While it appears that some regions of the Forest Service are doing their best to continue offering an expanded timber sale program, the reductions resulting from the sequester and the CR will inevitably result in reduced outputs. Administration estimates suggest that the sequester will result in a 15% reduction in timber offer levels, which will result in the loss of over 7,000 jobs in some of the poorest counties in America.

Our member mills have weathered the worst recession our industry has seen since the great depression, a recession which is widely acknowledged to have hit housing harder than any other sector. Although forest product demand has been slowly increasing for the last 18 to 24 months the loss of national forest timber volumes will stall this growth as these mills struggle to find timber to meet this demand. Moreover, the markets these mills create enable the U.S. Forest Service to perform the forest health and wildfire prevention so badly needed on our national forests.

For the sequester to force unnecessary mill closures and further job losses in our hard hit rural communities is unconscionable. By further reducing forest management and capital improvement spending in the CR, Congress and the President are setting exactly the wrong priorities for the Forest Service and the Bureau of Land Management. The Chief of the Forest Service has testified before Congress that the agency has between 50 and 80 million acres in need of active management, with 45 million acres being decimated by bark beetles in the Rocky Mountains alone. Further, the agency's budget presentation states that they have a \$6 billion maintenance backlog. This backlog does not just affect the roads my members depend on to access timber, but the trails, campgrounds, and visitor centers millions of Americans use for recreation. To cut these programs further goes right to the heart of the visitor experience and raises serious questions about the government's continued commitment to management these lands for the greatest good.

² <http://docs.house.gov/meetings/AP/AP06/20130416/100518/HHRG-113-AP06-Wstate-ImbergamoB-20130416.pdf>



The Secretary of Energy
Washington, D.C. 20585

February 1, 2013

The Honorable Barbara Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter regarding the impacts of potential across-the-board spending cuts, otherwise known as "sequestration," facing government agencies on March 1, 2013. I share your concern for the government's, and specifically for the Department of Energy's (DOE or the Department), ability in the face of such cuts to make the investments needed to grow our economy through basic scientific research and advances in clean energy technology, secure our Nation through the stewardship of our nuclear stockpile, and meet our obligations to clean up the environmental legacy of the Cold War.

Sequestration would affect thousands of jobs among Federal, contractor, and grant awardee personnel, affecting these people individually and reducing the Department's ability to serve the American people. The cuts would come five months into the fiscal year (FY), forcing the Department to absorb the spending reduction in a seven-month period. While the Department has assiduously followed the direction of Congress and operated at prescribed levels during the current Continuing Resolution, such reductions would be difficult to absorb while continuing to sustain the same level of progress on our mission.

The effects of sequestration are particularly damaging because, by law, they apply equally to each program, project, and activity within an account, thereby severely constraining our ability to prioritize and make tradeoffs among activities under reduced funding scenarios. Being able to focus and prioritize funds and effort in a reduced funding environment is critical to maintaining the human and physical capital needed to accomplish our mission; the way sequestration must be implemented withholds this essential discretion from my staff and me.

Per your request, I am providing a description of the impacts that sequestration would have on the Department of Energy's operations, infrastructure, and critical initiatives.

Basic Scientific Research

DOE's Office of Science is the largest supporter of the physical sciences in the United States and the operator of 10 world-class national laboratories. Funding cuts to DOE's basic science mission would be severe. First, operations at numerous facilities would be curtailed, potentially impacting more than 25,000 researchers and operations personnel



who rely on these facilities to make advances both in basic science and in developing advanced commercial technologies. Second, sequestration would cause schedule delays and increased costs for new construction of user facilities throughout the Office of Science that are poised to contribute significantly to many areas of our understanding of nature. Finally, research grants would need to be reduced both in number and size affecting researchers at our national laboratories and at universities around the country; the pipeline of support for graduate student and post-graduate research fellowships would be constricted in a way that hurts our long-term economic and technological competitiveness.

Clean Energy Technology

The Department of Energy works across energy sectors to reduce the cost and speed the adoption of clean energy technologies. These efforts range from cost-competitive high-efficiency solar installations to carbon capture and storage to next generation biofuels and high-efficiency vehicle technologies. Under sequestration, funding reductions would decelerate the Nation's transition into a clean energy economy, and could weaken efforts to become more energy independent and energy secure, while spurring overall economic growth. For example, a reduction in funding would slow down the significant advances made in making solar energy cost-competitive with conventional forms of electricity generation, as well as cut funding for solar industry job training that is targeted at military veterans and provided to 261 community colleges. It would also hinder U.S. innovation as global markets for solar energy continue to grow rapidly and become more competitive. In addition, a cut to the Department's Vehicle Technologies Program would delay the program's efforts to leapfrog the current technologies in critical areas of advanced vehicles, batteries, and lightweight materials, slowing American development of cleaner and more efficient vehicles as affordable as today's vehicles. Reducing the cost of manufacturing these clean energy technologies is a key goal of the Administration's efforts and sequestration would negatively impact our Advanced Manufacturing program by delaying initiation of 2-3 industrial research and development project co-investments for at least a year or requiring shutting down a Manufacturing Demonstration Facility for 6-8 months.

Further, the Department of Energy provides assistance to low-income families by making their homes more energy efficient through funding provided to States, territories, and tribes. Funding reductions under sequestration will reduce by more than a thousand the number of homes that would be weatherized in FY 2013 and could result in the unemployment of 1,200 skilled weatherization professionals. Reductions of the magnitude associated with sequestration likely would also threaten the ongoing viability of some State programs delivering these home efficiency upgrades, closing the associated training centers, with a concurrent loss of professional retrofit certification capability.

In just four years Advanced Research Projects Agency – Energy (ARPA-E) projects have achieved significant technical breakthroughs, including doubling the energy density of lithium batteries, dramatically shrinking the size and increasing the capacity of high-power transistors, and engineering microbes that can turn hydrogen and carbon dioxide into transportation fuel. Reduced funding in the clean energy area would scale back the

Department's ability to spur such accomplishments, slowing progress toward a transformed, 21st Century energy sector.

The Department works to improve the security and reliability of the Nation's electrical grid by working with utilities and transmission and distribution companies to reduce risk of impacts from natural disasters, cyber attacks, and other human-generated events. Reduced funding would scale back these efforts, including research to detect and mitigate cyber attacks and monitoring of space weather events through deployment of technology and facilitating information sharing within the electricity sector on best practices for protection and/or mitigation when such solar flares occur.

National Security

DOE plays a critical national security role in developing and maintaining the Nation's nuclear deterrent, securing nuclear materials around the world, supporting the Navy's nuclear propulsion systems for its fleet, and conducting intelligence and counterintelligence activities. Cuts under sequestration would total \$900 million and result in degradation of critical capabilities in this area. In the area of our nuclear weapons stockpile, critical efforts to refurbish and extend the life of several weapons systems would be delayed, leading to increased costs and impacts to deployment and readiness in the future. Our security posture at sites and facilities would be eroded due to project deferrals and workforce reassignments. Further, these cuts would degrade 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.

Among the impacts to the Nation's nuclear nonproliferation capability, reduced funding would cause delays and increased costs to efforts to secure and convert surplus nuclear materials around the world. Finally, work utilizing special nuclear materials would be impacted, affecting nonproliferation and emergency response training, and spent fuel stabilization activities.

In the Naval Reactors program, sequestration would risk Naval Reactors' responsiveness to operational fleet support issues, and it would delay the design and development effort of the OHIO-Class Replacement nuclear reactor. It also would delay the refueling of a training reactor New York that trains Navy personnel in reactor operations, thereby reducing the number of qualified sailors trained to operate reactor plants on submarines and aircraft carriers. In addition, cuts would delay by one year an essential facility in Idaho for handling spent fuel from Navy vessels.

Environmental Cleanup

The Department of Energy runs one of the largest environmental cleanup and remediation programs in the world in addressing the legacy of Cold War nuclear weapons production at sites around the country. Sequestration would curtail this progress, delaying work on our highest risks at sites in Washington state, Tennessee, South Carolina, and Idaho. In addition, the Department is in legally binding agreements with state and Federal regulators to make progress in addressing environmental contamination, and funding reductions would put numerous enforceable environmental compliance milestones at risk,

calling into question the Federal government's commitment to protect human health and the environment.

As these examples demonstrate, sequestration would impact both the economic and national security of this country, and I appreciate your leadership in avoiding such cuts. I look forward to working with you and other members of Congress on behalf of the Administration in this area to avoid these impacts in a responsible and well-considered manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Chu". The signature is fluid and cursive, with the first name "Steven" and last name "Chu" clearly distinguishable.

Steven Chu

cc: The Honorable Richard Shelby
Ranking Member, Committee on Appropriations

The Honorable Dianne Feinstein
Chairman, Energy and Water Development Appropriations Subcommittee

The Honorable Lamar Alexander
Ranking Member, Energy and Water Development Appropriations Subcommittee

Statement of Director of the Office of Science, William F. Brinkman

U.S. Department of Energy

Subcommittee on Energy & Water Appropriations

U.S. House of Representatives

March 5, 2013

INTRODUCTION

Thank you Chairman Frelinghuysen, Ranking Member Kaptur, and distinguished members of the Committee. I am pleased to come before you today to discuss the Office of Science at the Department of Energy. The DOE Office of Science is the Nation's largest source of funding for basic research in the physical sciences. Our research investments and user facilities are vital to advancing U.S. leadership in science and strengthening our national competitiveness. I thank you and this Committee for your ongoing support for our mission.

We face a unique and challenging time during this period of intense budget uncertainty. We are operating under a continuing resolution that expires on March 27th. We face sequestration cuts that will mean a reduction of \$215 million for the Office of Science as compared to the FY 2012 enacted level. The Office of Science is doing everything possible to mitigate the problems caused by both the continuing resolution and impact of sequestration. However, there will be impacts to our programs, facilities, and construction projects that affect not just the progress of the science we steward, but also the everyday lives of the researchers, institutions, and businesses we support.

Sequestration greatly endangers the scope of our scientific program, as well as our ability to keep our construction projects on time and on budget. While we are facing dramatic cuts to scientific funding due to sequestration at home, other countries around the world are challenging our scientific leadership in essentially all the scientific disciplines that we steward. Stable and predictable funding is critical to the proper execution of our mission.

Despite this uncertainty, our facilities and research make highly significant contributions to science. The 2012 Nobel Prize in chemistry was awarded last October for work on the structure of the G protein-coupled receptors using our synchrotron x-ray light sources, the fourth time our facilities have played an essential role in protein structure discoveries that were recognized by the Nobel Prize.

The Linac Coherent Light Source (LCLS) at SLAC National Accelerator Laboratory (SLAC), the world's first hard X-ray free electron laser, continues to enable science that was previously impossible. Its ultra-intense stroboscopic x-ray pulses enabled the very first simultaneous images

of the atomic and electronic structures of Photosystem II, a large light-harvesting protein complex found in green plants and algae that is the essence of photosynthesis.

At the Large Hadron Collider (LHC), we observed a new subatomic elementary particle that is consistent with the long-sought Higgs boson that bestows other fundamental particles with mass. The Relativistic Heavy Ion Collider (RHIC) has forged ahead with studies of a form of matter, the quark-gluon plasma, that likely last existed for only moments after the Big Bang. The Daya Bay experiment, an international collaboration with China, was able to make the first definitive measurement of a fundamental parameter that controls the behavior of neutrinos.

We are also making inroads toward new discoveries with potentially large impacts on future energy technologies. Our Energy Frontier Research Centers are making many important contributions, from new structures for solar cells to new forms of catalysts and catalytic reactions. In addition to the Joint Center for Artificial Photosynthesis Energy Innovation Hub, we have started the new Joint Center for Energy Storage Research, our Battery and Energy Storage Hub. This hub has the ambitious goal of creating revolutionary batteries that are five times more efficient, five times lighter, and five times less expensive than conventional lithium ion technology. We also recently renewed the DOE Bioenergy Research Centers (BRCs) for an additional five years. Among other accomplishments, BRC researchers have developed new approaches to increase the amount of easily-digestible starch in switchgrass and have identified new lignin subunits that could be modified to make it easier to process plants into liquid fuel.

Industry continues to rely on our user facilities for critical measurements. As an example, at Argonne National Laboratory's (ANL) Advanced Photon Source, Eli Lilly maintains a permanent beam line to enable rapid determination of the structure of various possible molecules for novel drug design. Our computing facilities are also in demand. As of early this calendar year, the Industrial High Performance Computing Partnerships Program at the Oak Ridge National Laboratory (ORNL) has fifteen projects being carried out by industry. Many Fortune 500 companies and scores of medium and small businesses utilize our scientific user facilities each year to advance American innovation.

IMPACTS OF SEQUESTRATION

While we have supported many discoveries and accomplishments during the past year, sequestration reduces funding in the Office of Science by \$215 million compared to the FY 2012 enacted levels. This will have significant and potentially lasting impacts on the scientific user facilities and our research portfolio. Each of our six core science programs will have to absorb this cut in proportion to their budgets. Cuts to basic research threaten our scientific leadership and economic competitiveness at a time when investments in science and technology are more important than ever to our Nation's future prosperity. At a time when other nations are intensifying their investments in R&D--recognizing the centrality of such investments to their prosperity, security, and international competitiveness; America, once the world's undisputed leader in R&D, is hobbling its research efforts.

The consequences of sequestration are further compounded by the consequences of operating under the continuing resolution (CR) that expires on March 27th. In preparation for the budgetary uncertainty caused by the confluence of these two events, each program in the Office of Science has been cautious with its funds. We have operated at a spending rate below the current CR level for the first six months of FY 2013.

Should sequestration stay in effect, it will have significant impacts across all of the Office of Science programs. Growth in computing performance has the potential to advance multiple sectors of our economy, including science, manufacturing, and national defense. In our Advanced Scientific Computing Research program, reductions in our supercomputing budget will mean cancelling the second planned request for proposals for the new FastForward initiative to accelerate the next generation of supercomputers at a time when international competition in this domain is growing. Research funds to universities will be delayed, impacting as many as 60 graduate students.

In our largest program, Basic Energy Sciences, the Linac Coherent Light Source II (LCLS II) upgrade project at SLAC is in danger of a significant delay that will lead to substantial increases in total project cost. Our FY 13 Budget proposed changing the scope of LCLS-II, making it a construction line item; however, under a CR construction funds are not available. As a result the project cannot enter into a contract for civil construction, and it faces reduced funding levels that will delay its completion. The new National Synchrotron Light Source II at Brookhaven National Laboratory (BNL), planned to become fully operational in 2015, may be forced to reduce early operations, impacting its scheduled availability for scientific users.

In the Biological and Environmental Research program, there are wide ranging impacts due to the current CR, spanning low dose radiation, biofuel feedstock, and carbon cycle research. Three funding opportunity announcements will be cancelled, impacting potentially over 25 grants. Other grants will be cancelled before their final year, impacting scores of senior investigators and students alike. ANL, LBNL, Pacific Northwest National Laboratory, and ORNL all face reductions in their BER research programs.

In the Fusion Energy Sciences, sequestration will impact both domestic research facilities and funding for U.S.-made hardware for the international ITER project. We are still assessing the proper balance of reductions in these two areas. Funding levels for ITER below the FY 13 Budget request will impact our ability to meet US hardware delivery dates in support of the ITER construction schedule.

In High Energy Physics, Fermi National Accelerator Laboratory (Fermilab) will face reduced accelerator runtime and staff reductions. Core research will also be reduced, impacting scientists at universities nation-wide and at DOE laboratories.

In Nuclear Physics, the run time at RHIC at BNL will be reduced, prematurely ending a series of planned experiments with polarized protons and compromising efforts to make unique and world-leading discoveries. The Thomas Jefferson National Accelerator Laboratory faces funding reductions that will reduce scientific efforts, as well as have other impacts on materials and supplies procurement that will hinder the Continuous Electron Beam Accelerator Facility 12GeV Upgrade – a project already extended by previous budget shortfalls

Overall, the impacts to facilities operations at our laboratories will have an impact on university and private sector research. Over 25,000 scientists nationwide, and across many fields, rely on Office of Science user facilities for their research. While the impact is difficult to quantify, the scientific progress of many researchers will be slowed by user facility budget reductions.

INCREASING INTERNATIONAL COMPETITION

These cuts to our scientific programs and facilities occur at a time when the United States faces an increasingly competitive international landscape in scientific research. For most of the second half of the twentieth century, the United States was the world leader in essentially all of science. However, in the last twenty years, a substantial number of countries around the world have been rapidly increasing their scientific investments and productivity. Today, European Union publishes more scientific papers than the United States. Stated simply, the United States is losing ground to other countries around the world, which are greatly increasing their scientific output. The European Union, Chinese, Japanese, and South Korean governments are investing heavily in science. While the investments made in the Office of Science and other United States' science agencies over the past decades have made the United States a world leader in many scientific areas, stable, sustained funding is necessary if the United States is to maintain its world-leading status. The research reductions necessitated by sequestration will only serve to further reduce US scientific output relative to the rest of the world.

New facilities and investments in other countries also challenge our global leadership in several areas. As an example, the LCLS free electron laser, which I highlighted earlier, is currently one-of-a-kind – but not for long. There are currently four competitive facilities being built around the world, three in Europe and one in South Korea. Under a sequester, we will be unable to keep the LCLS II project on schedule which could blunt our competitive edge in this area.

Since the inception of high-performance computing, the United States has been a world leader in this field. The Advanced Scientific Computing Research program supports two leadership computing facilities at ONRL and ANL, respectively, and a general-purpose computing facility at LBNL, altogether providing a combination of high performance computing resources, user support, and broad scope of scientific research unparalleled in other countries. Today, our historical leadership is being challenged by the EU, China, and Japan, all of which have set goals to be the first to achieve exascale level computing, which will improve current computing capabilities 1000-fold. The reductions in ASCR funding necessitated by the sequester will impact our ability to keep pace with the rest of the world.

CLOSING

The Office of Science has delivered impactful discoveries, tools, and resources that are in great demand by scientists. Our research investments have positioned the U.S. as a global leader in fields crucial to our national, environmental, and energy security. Our user facilities – the most comprehensive suite of large scale research tools in the world – have enabled United States

industry to achieve breakthroughs in areas ranging from drug discovery to the design of vehicles, aircraft, and jet engines.

Certainly, the federal government must maximize the return for the taxpayer. But sequestration cuts will have real and lasting consequences. The reduced funding levels of sequestration will greatly undermine our position, at a time when other countries are increasing their investments in science and technology.

Excerpt:
TESTIMONY OF LISA P. JACKSON
ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS³
U.S. SENATE
March 22, 2012

Madam Chairwoman, as you know, as part of the Budget Control Act, through a sequestration, spending may be forced to be slashed in an irresponsible manner that can endanger the public health protections that we rely on and not invest in an America that's built to last. By design the sequester is bad policy, bringing about deep cuts in defense and nondefense spending to act as an incentive for congressional action on deficit reduction.

Even without the sequester, discretionary spending has already been cut in nominal terms for two straight years. Under the Budget Control Act, it is on a path to reach its lowest level as a share of GDP since the Eisenhower Administration.

If the sequester were to happen, it would bring another round of deep cuts in discretionary spending. Although the Administration is continuing to analyze the impact of the sequester, CBO has said that in 2013, the sequester would result in a 7.8% cut in nonsecurity discretionary accounts that are not exempt from the sequester. It would be impossible for us to manage cuts of that magnitude and still achieve our fundamental mission to protect human health and the environment.

The sequester would thus have a devastating effect on our country's ability to conduct the following activities over the long haul:

- A sequester would result in deep cuts to EPA's Operating Budget, which includes funds for the enforcement of public health and environmental protections.
- It would significantly harm our ability to help state and local governments finance needed drinking water and wastewater projects that provide communities clean and safe water.
- A sequester also would slash EPA grants that help states carry out basic functions that protect human health and the environment like water quality permitting and air quality monitoring.
- The sequester would impair progress on the country's ability to clean up the nation's hazardous waste sites over the long haul.

The President has been clear that Congress needs to avoid a sequester by passing a balanced deficit reduction - at least as much as the Budget Control Act required of the Joint Select Committee on Deficit Reduction to avoid sequestration. The President's Budget reflects such a balanced proposal, and we believe Congress should enact it and cancel the sequester.

³ http://www.epa.gov/ocir/hearings/testimony/112_2011_2012/2012_0322_lpj.pdf



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE ADMINISTRATOR

FEB 06 2013

The Honorable Barbara A. Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Madam Chairwoman:

I am responding to your letter dated January 22, 2013, requesting information about the impact that sequestration will have on the U.S. Environmental Protection Agency's ability to protect the nation's environment and public health. As stewards of taxpayers' dollars, we have set priorities, made tough choices and managed our budget carefully. Sequestration, however, will force us to make cuts we believe will directly undercut our congressionally-mandated mission of ensuring Americans have clean air, clean water and clean land. I am enclosing our preliminary assessment of some of the impacts of sequestration, should it be implemented. Our assessment highlights a number of immediate impacts to programs, people and services.

Should you have any questions about the information included, please have your staff contact Ed Walsh of my staff at (202) 564-4594.

Sincerely,

A handwritten signature in black ink, which appears to read "Lisa P. Jackson". Below the signature, the word "(for)" is written in a smaller, handwritten font.

Lisa P. Jackson

Enclosure

Potential Impacts of Sequestration

Air Programs

ENERGY STAR

- ENERGY STAR is relied upon by millions of Americans and thousands of companies to save money and protect the environment through energy efficient products and practices.
 - Results are already adding up. Americans, with the help of ENERGY STAR, prevented 210 million metric tons of GHG emissions¹ in 2011 alone— equivalent to the annual emissions from 41 million vehicles—and reduced their utility bills by \$23 billion.
- Under sequestration, there would be three specific impacts that could jeopardize, delay or impair further progress: (1) EPA's ability to keep ENERGY STAR product specifications up to date across more than 65 categories would slow down, including electronics, appliances and home heating and cooling systems; (2) EPA would have to reduce the number of energy-intensive industrial sectors it works with to develop energy performance indicators and Energy Efficiency Guides; and (3) EPA would reduce support for our Portfolio Manager, both the planned upgrade and our ability to support its users, including the approximately 10 major cities and states as well as the federal government, which use the tool in emissions and energy disclosure and benchmarking policies.

Vehicle Certification

- Before new vehicles can be sold in the United States, EPA must first certify that they are in compliance with emissions standards.
- Sequestration would harm EPA's ability to confirm in a timely manner that manufacturers are complying with all vehicle emission standards and creates the risk that some manufacturers would be delayed in their ability to certify their products. Without this certification, they would be unable to sell these products in the United States, thus depriving car-buyers access to the latest vehicles and potentially harming vehicle sales and the economy.

State Air Monitors

- Air quality monitoring is vital to the protection of public health from harmful air pollution.
- Sequestration would reduce the funding EPA provides states to monitor air quality, likely forcing the shutdown of some critical air monitoring sites. Lost monitoring for high priority pollutants such as ozone and fine particles would impact the collection of data necessary for determining whether areas of the country meet, or do not meet, the Clean Air Act's health-based standards.
- Sequestration would force the Agency to eliminate or significantly reduce essential air quality data systems like AIRNow, a popular air quality reporting and forecasting system. Americans that have or care for individuals with respiratory and cardiac health issues rely on AIRNow for information about when to take action to avoid health impacts from air pollution. The Agency would eliminate upgrades for the Emission Inventory and Air Quality Systems — the Agency would only fund operations for these systems. These systems store and process air quality monitoring and emissions data from across the nation that informs EPA, state, tribal, and local air agencies' decisions on steps needed to improve air quality. Without this monitoring data, future improvements in air quality would be hampered or delayed.

Potential Impacts of Sequestration

Enforcement and Compliance Programs

Civil and Criminal Enforcement

Americans expect their government to protect them from violations of the nation's environmental laws that could harm their families and impact the safety and prosperity of their communities.

Sequestration's reduction to EPA's enforcement budget would:

- Reduce EPA's ability to monitor compliance with environmental laws – as fewer environmental cops are on the "beat" to enforce environmental laws (note implementation of the sequester could result in 1,000 fewer inspections in FY 2013.)
- Limit EPA's capacity to identify toxic air emissions, water discharges, and other sources of pollution that directly affect public health and the environment.

National Environmental Policy Act

- EPA's comments on environmental reviews are required by law and help to ensure that federal agencies understand the potential environmental impacts and have considered alternatives to proposed projects on federal lands. Sequestration would reduce support for environmental reviews and could slow the approval of transportation and energy related projects.

Superfund Enforcement

Superfund enforcement ensures that responsible parties pay for necessary and often costly cleanups at the nation's most polluted sites. Sequestration would cut work to press responsible parties to clean up contaminated sites in communities and restore clean up funds for use at other sites – putting the costs back on the American public. (note: estimated \$100 million loss in clean-up commitments and cost reimbursements to the government).

Tribal Programs

EPA tribal funding supports environmental protection for 566 tribes on 70 million acres of tribal lands. This funding includes the most significant grant resources to help tribal governments build the core capacity necessary to protect public health and the environment. Funds are used to support staffing of environmental directors and technicians to implement environmental projects, including safe drinking water programs and development of solid waste management plans. Reduced funds under sequestration would directly impact some of the country's most economically disadvantaged communities, resulting in loss of employment, and hindering tribal governments' ability to ensure clean air and clean and safe water.

Research and Development Programs

Air, Climate and Energy

- Under sequestration, cuts to EPA climate research would limit the ability of local, state and the federal government to help communities adapt to and prepare for certain effects of climate change, such as severe weather events. Without information provided by climate research, local

Potential Impacts of Sequestration

governments would not know how climate change would affect water quality, and therefore would be unable to develop adaptation strategies to maintain protection of water quality as the climate changes.

- Implementation of the sequester would eliminate research to increase our understanding of exposures and health effects of air pollutants on susceptible and vulnerable populations, such as asthmatics, the growing aging population, and individuals living near air pollution sources which would impact the development of national air quality standards as required by the Clean Air Act.

Chemical Safety for Sustainability

- Under sequestration, the reduction in funding would impede EPA's ability to assess and understand the effect of nanomaterials on human health and dispose of rare earth materials used in electronics, thereby limiting innovation and manufacturing opportunities with these materials in the US. The reduction in funding for endocrine disrupting chemicals research would limit our nation's ability to determine where and how susceptible people are exposed to endocrine disrupting chemicals, and to understand how these toxic exposures impact their health and welfare. Limiting the use of advanced chemical evaluation approaches recommended by the National Academy of Sciences would impair the ability of business, states and EPA to make decisions on both the safety of existing industrial chemicals, as well as on the development and use of safer chemicals.

Sustainable & Healthy Communities

- Under sequestration EPA would reduce the number of undergraduate and graduate fellowships (STAR and GRO) by approximately 45, thus eliminating any new fellowships. The Fellowship program, one of the most successful fellowship programs in government, is educating the next generation of environmental scientists, which is critical to a strong and competitive economy.
- Reductions under Sequestration would discontinue funding for two joint EPA/National Institutes of Health Centers of Excellence for Children's Health Research. These centers are providing a greater understanding of how the environment impacts today's most pressing children's health challenges, including asthma, autism, attention deficit hyperactivity disorder (ADHD), neurodevelopmental deficits, childhood leukemia, diabetes, and obesity. Eliminating funding would negatively impact graduate students and faculty who would have to look for new funding to keep their research going and ultimately slow down the pace of scientific research in these important areas. Research in these areas translates to improved public health.
- EPA research and grants to academic institutions for studies to understand human health disparities at the community-level would both be severely curtailed by reductions under sequestration. This would be especially significant to disproportionately affected communities across the US. Important research would be stopped mid-stream and graduate students would be without expected funding. This would delay scientific research in these fields, which are important to advancing public health.

Safe and Sustainable Water Resources

- Under sequestration Reductions to green infrastructure (GI) research would slow the Agency's ability to provide GI best-management practices to municipalities dealing with costly stormwater enforcement actions. Other benefits of GI, such as wildlife habitat, flood and erosion control, recreational opportunities, jobs and increased property values, would also be lost.
- Sequestration would cut research to find cleaner and cheaper solutions to help states and cities address the nation's crumbling water infrastructure that is contaminating clean drinking water and

Potential Impacts of Sequestration

causing substantial loss of valuable quantities of water.

Human Health Risk Assessment

- Reductions under Sequestration would result in the significant delay of crucial Integrated Risk Information System (IRIS) human health related assessments (e.g. arsenic, styrene, ethylbenzene, naphthalene and manganese) that would limit the ability of EPA and states to make decisions to protect people's health.
- Sequestration reductions delaying the delivery of four major Integrated Science Assessments would limit the ability of EPA to make decisions that would protect people from certain air pollutants.

Homeland Security Research

- Sequestration would stall development of approaches to manage waste from radiological contaminants following a terrorist attack or a nuclear accident. Opportunities to learn lessons from the Japanese Fukushima Disaster would be lost.
- Under sequestration, reductions in practical research on preparedness following disasters would inhibit the development of techniques and procedures for communities to prepare for and recover from natural disasters and industrial accidents (e.g., Deepwater Horizon, Superstorm Sandy). This would lead to longer recovery times and higher costs at the local, state, and national levels.

Water Programs

State Revolving Fund Program (SRFs):

- Under sequestration, cuts to Clean Water and Drinking Water SRFs would deprive communities from access to funding to build or repair decaying water and wastewater infrastructure that provides safe drinking water and removes and treats sewage.

Water Program State Implementation Grants:

- Reductions under sequestration would impact states' ability to meet drinking water public health standards and to reduce the nitrogen and phosphorus pollution that contaminate drinking water supplies, cause toxic algae blooms, and deprive waters of oxygen that fish need to survive. This reduction would result in the elimination of more than 100 water quality protection and restoration projects throughout the United States. Examples of specific projects that would be impacted include but are not limited to:
 - Assisting small and/or disadvantaged public drinking water systems that need assistance to improve the safety of the drinking water delivered to communities.
 - Protecting children from harmful exposure to lead in drinking water by revising the Lead and Copper Rule
 - Protecting public health from cancer-causing Volatile Organic Compounds in drinking water

EPA's Water Program Implementation:

- Reductions under sequestration would limit assistance provided to states and tribes to ensure safe and clean water, including protecting children from exposure to lead in drinking water; protecting rivers and streams from industrial and municipal pollution discharges, identifying and developing

Potential Impacts of Sequestration

cleanup plans for polluted waterways, and developing science to support human health and aquatic life.

Superstorm Sandy Appropriation:

- Sequestration would reduce funding available to enhance resiliency and reduce flood damage risk and vulnerability at treatment works in communities impacted by Superstorm Sandy.

Community Protection Reduced

The Agency's cleanup programs protect communities from the risks posed by hazardous waste sites and releases and returns formally contaminated properties to beneficial use.

- The Superfund Remedial program would be unable to fund an estimated 3-5 new construction projects to protect the American public at Superfund National Priority List sites due to constrained funding from the sequestration.
- Under sequestration, the Agency may have to stop work at one or more ongoing Superfund Remedial construction projects. Stopping any ongoing work would increase costs in the long run (due to contract termination penalties and the need to demobilize and re-mobilize construction contractors).
- The sequestration would reduce funding available for other parts of the Superfund Remedial program as well. Critical steps leading up to construction would be curtailed.
- Cuts to the Brownfield Program's budget under sequestration would limit the Agency's ability to provide cleanup, job training, and technical assistance to brownfield communities. The Program leverages nearly \$17 dollars of private and public sector funding for every dollar expended by the Brownfields program to clean up sites and help revitalize communities and support economic development.
- Under sequestration, funding cuts would reduce Risk Management Plan (RMP) Program inspections and prevention activities. Both high-risk and non high-risk RMP facility inspections would be reduced by approximately 26 inspections per year, from 500 to 474. Of the reduced inspections, approximately 8 would be from high risk facilities and the RMP inspector training program would be reduced.
- Cuts to the Oil Spill program under sequestration would reduce protection of US waters from oil spills by reducing inspection and prevention activities. The largest program impact of an oil budget reduction would be on inspections at regulated facilities. EPA currently conducts approximately 840 inspections per year at SPCC-regulated facilities (which represents 0.13 % of the total universe of 640,000) and 290 FRP inspections/ unannounced exercises (about 6.5% of the universe of 4,400). EPA would reduce approximately 37 FRP inspections in FY 2013 and limit the development of a third party audit program for SPCC facilities, which may lead to a decrease in compliance with environmental and health regulations.

EPA / State Cleanup and Waste Program Cuts

- Under sequestration state cleanup program funding would be cut reducing site assessments.
- Cuts in Leaking Underground Storage Tank state grants under sequestration would result in nearly 290 fewer cleanups completed at contaminated sites, limiting further reductions to the backlog of sites awaiting cleanup. It would reduce the number of sites and acres ready for reuse or continued

Potential Impacts of Sequestration

use, and therefore, fewer communities would receive the redevelopment benefit of cleaning up LUST sites.

- Under sequestration, cuts in state grants would result in approximately 2,600 fewer inspections, and would limit the States' ability to meet the statutory mandatory 3-year inspection requirement. Decreased frequency of inspections may lead to a decline in compliance rates and could result in more UST releases.
- Since 75% of state clean up grants and 80% of state prevention grants support state staff, these cuts under sequestration could lead to the loss of state jobs.
- Under sequestration, cuts to the Brownfield Program would reduce funds to states and tribes for the development of voluntary response programs.
- A cut of \$2.5 million to CERCLA 128(a) State and Tribal response program Brownfields categorical grants program under sequestration would reduce the ability to fund new grantees (7 tribal grantees) without further reducing the allocations of existing grantees, and would decrease the number of properties that could be overseen by Voluntary Cleanup Programs by nearly 600.
- Cuts under sequestration would delay work on a three-year project to develop a fee-based system for managing hazardous waste transport (e-Manifest) that would produce the estimated \$77 million to \$126 million in annual projected savings to industry and the states.
- Sequestration cuts would reduce funding for maintenance to the only national system for tracking state and federal RCRA permitting and corrective action. RCRA Info is vital to the U.S. economy since it enables states to prioritize and implement their hazardous waste programs by tracking facility activities regarding the handling hazardous waste (generators, or treatment, storage, or disposal facilities).



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 01 2013

The Honorable Barbara Mikulski
Chairwoman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter dated January 22, 2013, requesting information from the Department of the Interior on the impact of a potential sequester of funds on our operations, employees, contractors, and, when known, the impact on the state and local economies where the Department operates or distributes funding.

I understand your concern that the impact of the sequester may not be fully understood by Congress and the American public. In response to your letter, I have asked our bureaus and offices to provide information regarding the impacts they anticipate from a sequester. They have compiled several of the most significant identified impacts a summary of which is enclosed.

We appreciate the opportunity to provide this information about the serious impacts that sequestration will have on the Department's management of many of the United States most valuable and treasured natural, historical, scientific, and tribal resources.

Please let me know if you have any questions or require additional information from the Department.

Sincerely,


Ken Salazar

Enclosure

Department of the Interior
Assessment of Key Impacts from Sequestration

Oil and Gas and Coal. Development of oil, gas, and coal on Federal lands and waters would slow down due to cuts in programs that: Issue permits for new development, plan for new projects, conduct environmental reviews, and inspect operations. Leasing of new Federal lands for future development would also be delayed, with fewer resources available for agencies to prepare for and conduct lease sales. As a result:

- Efforts to expedite processing of offshore oil and gas permitting in the Gulf of Mexico would be thwarted by delays, putting at risk some of the 550 exploration plans or development coordination documents Bureau of Ocean Energy Management (BOEM) anticipates for review this year.
- Reductions would impact BOEM's oil and gas activities in the Alaska Region, including the processing of G&G seismic permits, review and analysis needed for Environmental Assessments, work on Worst Case Discharge analysis for drilling permit reviews, and Air Quality data gathering and modeling work with other Federal agencies.
- Approximately 300 fewer onshore oil and gas leases would be issued in Western states such as Wyoming, Utah, Colorado, and New Mexico, delaying prospective production from those lease tracts and deferring payments to the Treasury.
- Delays in coal leasing would defer as much as \$50 to \$60 million from the Treasury for each sale delayed.
- The FWS would conduct approximately 2,000 fewer consultations, delaying economic development projects and energy facilities that need environmental approvals.

Visitor Impacts. The public should be prepared for reduced hours and services provided by Interior's 398 national parks, 561 refuges, and over 258 public land units. Reductions would:

- Reduce hours of operation for visitor centers, shorten seasons, and possibly close camping, hiking, and other recreational areas when there is insufficient staff to ensure the protection of visitors, employees, and resources.
- Require complete closure or program elimination at about 128 refuges. Visitor programs at nearly all refuges would be discontinued.
- Limit the Department's ability to sustain a full complement of seasonal employees needed for firefighting, law enforcement, and visitor services at the time when parks, refuges, and land areas are preparing for the busy summer season.

Local communities and businesses that rely on recreation to support their livelihoods would face a loss of income from reduced visitation to national parks, refuges, and public lands. The 435

million recreational visits to Department managed lands in 2011 supported about 403,000 jobs nationwide and contributed nearly \$48.7 billion to local economies.

Cuts in Federal Payments to State and Local Governments. States and local governments would lose over \$200 million in direct funding from the Department for Payments in Lieu of Taxes (PILT), revenue sharing from mineral leasing on Federal lands, and various grants. Local governments, particularly in Western states, rely on these funds to cover their base budgets and they would have to cut back on core operations ranging from police and fire protection to school and road maintenance.

- Impacted would be the states' share of revenue from energy and mineral production within their borders and offshore on the Outer Continental Shelf. Last year more than \$2.1 billion was disbursed to 36 states and counties in nine states. Wyoming, New Mexico, Utah, California, Colorado, and North Dakota are among the largest revenue recipients facing cuts.

States would also have to scale back on wildlife conservation work and access, which could affect local hunting, shooting, fishing, and boating. State and local economies depend on the associated revenue from hunters, anglers, and wildlife watchers who in 2011 spent \$145 billion on related gear, trips, and other purchases, such as licenses, tags, and land leases and ownership.

Native American Programs. Tribes would lose almost \$130 million in funding from the Department. Reductions would be necessary in many areas including human services, law enforcement, schools, economic development, and natural resources.

- Reductions will cut short the availability of assistance programs to the neediest of Indian Country by 3 or 4 months. Payments would stop to approximately 2,400 needy Indians for each month the General Assistance program is shut down.
- Cuts to Indian education programs will directly impact school services and scholarships offered to attend schools in the 2013-2014 academic year. The Bureau of Indian Affairs (BIA) schools would have the choice of reducing staff, services, or the number of days in the school year.
- Additionally, many tribes would be affected by reductions to funds that offset administrative costs for tribal management of Federal programs. Reductions to BIA's natural resource programs would impact the development of conventional and renewable energy and minerals on tribal lands.

Water Challenges. Some Bureau of Reclamation (BOR) facilities could be closed to the public due to unsafe conditions while necessary maintenance and repairs are delayed. High priority Dam Safety corrective modifications would be completed at a slower pace at several dams that pose potential risk to the downstream public. The BOR would be at risk for missing water deliveries related to environmental commitments in water districts across the West.

The United States Geological Survey may have to discontinue operation of 350 to 375 stream gages used throughout the country to predict and address drought and flood conditions by monitoring water availability. Work would also stop on water availability studies in Delaware, Colorado, and the Apalachicola-Chattahoochee-Flint River basins.

USGS Coalition

Testimony of the
USGS Coalition
Dr. Robert Gropp, Chairman

Regarding the
U.S. Geological Survey
FY 2014 Budget

To the
House Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies

April 16, 2013

Summary

The USGS Coalition appreciates the opportunity to provide testimony about the fiscal year (FY) 2014 budget for the United States Geological Survey (USGS).

The USGS is uniquely positioned to provide information and inform responses to many of the nation's greatest challenges. The USGS plays a crucial role in assessing water quality and quantity; reducing risks from earthquakes, tsunamis, floods, landslides, wildfires, and other natural hazards; providing emergency responders with geospatial data to improve homeland security; assessing mineral and energy resources (including rare earth elements and unconventional natural gas resources); and providing the science needed to manage our ecosystems and combat invasive species that can threaten natural and managed environmental systems and public health.

The USGS Coalition is an alliance of over 70 organizations united by a commitment to the continued vitality of the United States Geological Survey to provide critical data and services. The Coalition supports increased federal investment in USGS programs that underpin responsible natural resource stewardship, improve resilience to natural and human-induced hazards, and contribute to the long-term health, security, and prosperity of the nation.

Essential Services for the Nation

Established by Congress as a branch of the Department of the Interior in 1879, the U.S. Geological Survey has a national mission that extends beyond the boundaries of the nation's public lands to positively impact the lives of all Americans. The USGS plays a crucial role in protecting the public from natural hazards, assessing water quality and quantity, providing geospatial data, and conducting the science necessary to manage our nation's living, mineral, and energy resources. Through its offices across the country, the USGS works with partners to provide high-quality research and data to policymakers, emergency responders, natural resource managers, civil and environmental engineers, educators, and the public. A few examples of the USGS' valuable work are provided below.

The Survey collects scientific information on water availability and quality to inform the public and decision makers about the status of freshwater resources and how they are changing over time. During the past 130 years, the USGS has collected streamflow data at over 21,000 sites, water-level data at over 1,000,000 wells, and chemical data at over 338,000 surface-water and groundwater sites. This information is needed to effectively manage freshwaters – both above and below the land surface – for domestic, public, agricultural, commercial, industrial, recreational, and ecological purposes.

The USGS plays an important role in reducing risks from floods, wildfires, earthquakes, tsunamis, volcanic eruptions, landslides, and other natural hazards that jeopardize human lives and cost billions of dollars in damages every year. Seismic networks and hazard analyses are used to formulate earthquake probabilities and to establish building codes. USGS monitors volcanoes and provides warnings about impending eruptions that are used by aviation officials to prevent planes from flying into volcanic ash clouds. Data from the USGS network of stream gages enable the National Weather Service to issue flood and drought warnings. The bureau and its federal partners monitor seasonal wildfires and provide maps of current fire locations and the potential spread of fires. USGS research on ecosystem structure informs fire risk forecasts.

USGS assessments of mineral and energy resources – including rare earth elements, coal, oil, unconventional natural gas, and geothermal – are essential for making decisions about the nation's future. The Survey identifies the location and quantity of domestic mineral and energy resources, and assesses the economic and environmental effects of resource extraction and use. The agency is mapping domestic supplies of rare earth elements necessary for widespread deployment of new energy technologies, which can reduce dependence on foreign oil and mitigate climate change. The USGS is the sole federal source of information on mineral potential, production, and consumption.

USGS science plays a critical role in informing sound management of natural resources on federal and state lands. The USGS conducts research and monitoring of fish, wildlife, and vegetation – data that informs management decisions by other Interior bureaus regarding protected species and land use. USGS science is also used to

control invasive species and wildlife diseases that can cause billions of dollars in economic losses. The Survey provides information for resource managers as they develop adaptive management strategies for restoration and long-term use of the nation's natural resources in the face of environmental change.

Research conducted by the USGS is vital to predicting the impacts of land use and climate change on water resources, wildfires, and ecosystems. The Landsat satellites have collected the largest archive of remotely sensed land data in the world, allowing for access to current and historical images that are used to assess the impact of natural disasters and monitor global agriculture production. The USGS also assesses the nation's potential for carbon sequestration. Other Interior bureaus use USGS research on how climate variability affects fish, wildlife, and ecological processes to inform natural resource management decisions.

Funding Shortfall

Over the years, Congress has worked in a bipartisan fashion to restore damaging budget cuts proposed by Administrations from both parties. These efforts have paid dividends and helped the USGS continue to provide answers to the challenging questions facing decision-makers across the country.

A major challenge currently facing the USGS is budget sequestration. Not only has the agency's budget been cut by \$61 million, but the USGS faces further funding cuts as other federal agencies scale back reimbursable activities, which represent roughly \$400 million of USGS' annual operating budget.

Among the sequestration-induced impacts to USGS science:

- In order to prevent the shutdown of 350 stream gauges, USGS will stop delivering stream flow information. This will hinder informed decision-making, but is less costly than turning off the stream gauges and losing data altogether.
- Maintenance of real time status of stream gauges and seismic networks will diminish, potentially resulting in data gaps.
- Decreased monitoring of volcanoes and delayed warnings about volcanic activity. The Federal Aviation Administration relies upon this information to route planes safely in Alaska and elsewhere.
- Fewer early warnings will be issued about emerging wildlife diseases. This could jeopardize natural resource managers' abilities to respond to threats in a timely manner.
- Energy assessments will take longer to be completed. These delays could slow economic development and the nation's efforts to utilize more domestic energy.

The USGS has also implemented a hiring freeze, disallowed overtime, and cancelled all training and non-essential travel. Contracts and grants are being reviewed internally to determine the feasibility of delay, re-scoping, or termination.

Employee furloughs of up to nine days are also possible. The employees of the USGS

are hardworking and committed individuals dedicated to serving the American public. They routinely work in harsh conditions and with limited resources. Unpaid furloughs threaten to further diminish employee morale.

In addition, USGS suspended employee attendance at twenty-seven conferences in February, March, and April. Although this may save money in the short term, scientists must be able to exchange ideas and information freely. Scientific conferences are a highly productive mechanism for the transfer of information among scientists and engineers.

USGS has identified ways to cope with its diminished budget in the short term, but the agency's ability to deliver science over the long-term is in jeopardy. We are especially concerned about long-term data sets, as information gaps cannot be filled later.

The USGS is a science agency. Much of its budget is dedicated to salaries and equipment that must be maintained and updated to ensure the continuity of data acquisition and to ensure that the data gathered are reliable and available for future scientific investigations. We believe that the leadership of the USGS is doing all it can, and has been for a number of years, to contain costs while continuing to deliver high quality science. We are concerned, however, that agency managers have few options left and that the science will soon begin to suffer.

Conclusion

We recognize the financial challenges facing the nation, but losing irreplaceable data can increase costs to society today and in the future. Data not collected and analyzed today is data lost forever. This is particularly significant for environmental monitoring systems, where the loss of a year's data can limit the scope and reliability of long-term dataset analysis. The USGS Coalition requests that Congress adequately support the USGS in fiscal year 2014 so that the agency can continue critical programs that improve the nation's environment, health, safety, quality of life, and future economic growth.

The USGS Coalition appreciates the subcommittee's past leadership in strengthening the United States Geological Survey. Thank you for your thoughtful consideration of our request.

**STATEMENT OF JONATHAN B. JARVIS, DIRECTOR, NATIONAL PARK SERVICE,
DEPARTMENT OF THE INTERIOR, BEFORE THE HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM CONCERNING FEDERAL AGENCY
SEQUESTRATION PLANNING AND IMPLEMENTATION.**

April 16, 2013

Mr. Chairman and members of the committee, I appreciate the invitation to appear before you today to discuss the planning process and implementation of automatic across-the-board budget cuts, known as sequestration, within the National Park Service (NPS).

On March 1, 2013, the sequestration order required by law, set into motion \$85 billion in across-the-board cuts. Under this order, the NPS was required to reduce five percent of discretionary and 5.1 percent of mandatory budgetary resources, or approximately \$153.4 million. The law requires that sequestration cuts be taken proportionately from each account, so \$113 million of the \$153 million cut was taken from the NPS operational account (ONPS). For NPS, this involves cuts for each park and organization as presented in our annual budget justification.

To give you a deeper understanding of how these cuts are being implemented, I would like to first explain our approach to internal budget planning over the past few years, and then describe how we furthered our cost savings as sequestration appeared more likely. Finally, I will explain how we calculated the impacts that will result from sequestration, and how we accrued the necessary savings while making our best effort to uphold our mission and to protect park visitors and resources.

Over the past three fiscal years, park base budgets (i.e. the portion of park operations funding allocated directly to parks managers) have been in a slight but steady state of decline. The data indicate roughly a four percent reduction from FY 2010 to FY 2012 in appropriated park base budgets. This reduction, coupled with rising inflation, increasing fixed costs, and the constant uncertainty of the budget cycle over the past few years, has forced park managers to make reactive financial decisions that are unsustainable in the long term. In an effort to help parks anticipate and plan for a continued decline in their base budgets, I issued a budget planning memo in June 2012, before sequestration appeared to be inevitable. This memo instructed NPS leadership to work with every park, program, and organization to develop a financial model that would prepare their operations to succeed within a reduced budget scenario over the following three years, through FY 2015.

This exercise, which all parks began in the summer of 2012, was critical for positioning the NPS to deal with sequestration as it came to pass one month ago. Finding long-term efficiencies within park base budgets is challenging, because parks have very little spending flexibility given the long-term investments in infrastructure and staffing to maintain and operate park units. Approximately 85 percent of park base budgets are spent on costs that involve long-term commitments and in some cases are externally driven, such as the salaries of permanent employees, rent, utilities, and communications. That leaves on average only 15 percent of their base budgets with some flexibility to cover seasonal employees, travel, equipment, and short-term contracts.

During this exercise, we asked parks and programs to identify priorities and appropriate levels of services under the forecasted and constrained planning targets, and to think about how they could restructure their workforces to most efficiently meet identified needs. As a result, parks and programs have approached spending over the past nine months in a very conservative manner – leaving vacant positions unfilled, planning for fewer seasonal hires, and reducing short-term spending.

Before we were able to conclude this planning effort, it became more evident that sequestration might come to pass, and in January 2013, our Department began to accelerate our planning efforts and determine how we would reduce spending by five percent over the remainder of FY 2013. The NPS was able to use the planning effort we began in the summer of 2012 as a starting point for implementing these more sudden and significant cuts to our operation.

While we developed our service-wide strategy for implementing sequestration cuts with the intent that above all, the NPS mission, particularly ensuring that visitors, employees, and resources would be protected, the five percent cut had to be absorbed at each individual park and program. The NPS laid out a series of carefully structured steps for parks to follow, and we asked parks to prioritize cuts that would affect the fewest numbers of visitors during our upcoming period of peak summer visitation.

First, I implemented a hiring freeze on all permanent positions. Leaving funded positions unfilled provides a cost savings which requires no further action. As a part of our budget planning effort last summer, we asked parks to be extremely cautious in deciding to commit to permanent salaries. Park and program managers acted prudently and as a result we accrued approximately 1,300 funded vacancies by the time the freeze took effect. To help meet the five percent sequestration cut, parks and programs plan to leave approximately 900 of these positions unfilled. The vacancies that are filled will be approved at the highest level of our organization, and managers will have to explain how they have, where appropriate, consolidated functions to ensure the most efficient organization possible. The continued salary lapse will save the NPS \$43.5 million overall through the end of the fiscal year.

Next, parks and programs were asked to eliminate spending on travel, overtime, supplies and equipment, and contracted services that could be deferred with minimal short-term repercussions and without irreversibly compromising the long-term mission of the parks and programs. Though we have been scaling back spending in many of these areas in the recent past, or closely controlled our activities, this was the next logical cost driver to examine. Strict travel controls have been in place across NPS since 2003 and spending on travel has remained consistent with 2003 spending levels when adjusted for inflation. Under sequestration, travel will be controlled even more tightly and NPS participation in many conferences has been cancelled. Employees will travel only when it is deemed mission critical and when the meeting or training cannot be conducted through alternative methods such as video or teleconference. We estimate that we will reduce travel by \$5.1 million for the remainder of FY13. Although not a sustainable source of long-term savings, purchasing supplies and equipment will be deferred to future years, saving \$7.9 million in FY 2013.

In cases where parks were still unable to meet their reduction amount after taking these first two actions, they were instructed to eliminate temporary seasonal positions and extend furloughs of subject-to-furlough employees, who are permanent employees whose regular work schedule includes a period of furlough for at least two pay periods per year, to the maximum length allowed in accordance with the individual's specific employment agreement. We excluded positions that are required to ensure the health and safety of visitors and employees or protect resources and assets. In keeping with our intention to minimize impacts to visitors, we asked managers to prioritize seasonal hiring in the most frequently visited seasonal areas within their parks, in some cases shifting the duties of permanent and seasonal employees to maintain coverage at some of our most popular park facilities. We estimate we will derive approximately \$11.6 million of savings from hiring 1,000 fewer seasonal employees, and \$1.3 million from increasing furlough time for subject-to-furlough employees.

Lastly, if the total savings could not be met by all previous actions, parks were instructed to furlough all permanent employees for the length of time needed to achieve their five percent savings, ensuring that all employees were furloughed for an equal number of days. Due to the many cost saving measures parks have taken over the past few years, and the careful planning we began last summer, the only NPS furloughs required will be for the U.S. Park Police. The U.S. Park Police budget is mostly salary and other nondiscretionary costs, so after taking the steps identified above, furloughing employees was the only viable method to accrue the required savings. As noted above; ensuring that visitors, employees, and resources would be protected will be the Service's highest priority.

Each park and program submitted a sequestration plan outlining how they intended to cut five percent from their base budgets and a list of impacts that would result from the cuts. The NPS Budget Office reviewed each submission, ensuring that each plan was consistent and reasonable, and that, to the best of a park's ability, the plans prioritized spending to protect activities to support visitors, resources, and mission. Care was taken to avoid potential negative effects of sequestration on visitors. However, a reduction of this magnitude, implemented in a compressed timeframe of seven months, is challenging, and impacts are not avoidable in all cases. The impacts are the result of having fewer seasonal employees and keeping permanent positions vacant. The effects include delayed road openings, reduced hours of operation for programs and services and fewer programs and patrols. Impacts reflect the simple reality that the NPS will not have the resources to fill positions or the flexibility to absorb the cuts in other areas. Every park activity will be affected and impacts will continue to accumulate over time. In addition, there will be negative impacts to park entrance fee revenue, concession revenue, and economic effects in gateway communities as parks adjust operating seasons and facility staffing schedules.

The impacts of not filling permanent positions will be felt throughout every area of park operations. In their reports of expected impacts, parks reported vacant natural and cultural resource management positions. Unfilled natural resource management positions will reduce park capacity to collect water quality data, monitor the condition of federally listed threatened and endangered species, perform compliance consultations, manage mineral extraction and monitor mine drainage, and combat invasive plants and animals. Similarly, lapsing cultural resource positions that preserve and maintain fragile museum objects and exhibits, cultural and tribal sites, and historic objects and buildings will impact museum collections, delay National

Historic Preservation Act consultations, delay National Environmental Policy Act and historic preservation clearances, reduce outreach to tribal communities and schools, decrease protection of ethnographic resources and historic properties listed on the National Register of Historic Places.

Parks reported that they will also leave vacant critical positions in interpretation and education, outreach, and volunteer coordination. These vacancies will limit visitor opportunities for face-to-face contact with a professional park ranger, reduce distribution of orientation information, and require parks to curtail guided programs. Parks will experience significant reductions in school programs, community outreach, visitor center hours, and volunteer programs. Under sequestration, parks will be unable to fill vacant commissioned and noncommissioned ranger positions, as well as support positions such as dispatchers. Holding these positions open will impact backcountry patrols, front country law enforcement activities, dispatch operations, and resource protection capabilities.

In the information parks provided to NPS, they reported expected decreases in daily janitorial activities, such as cleaning comfort stations and other facilities. The loss of specialized positions that are required to operate unique systems like water treatment plants and electrical systems will impact visitor amenities. In addition, many parks reported that they would be reducing maintenance and repairs, resulting in increases in the inventory of deferred maintenance. Service-wide, the estimate of deferred maintenance needs is \$11.5 billion. Sequestration will accelerate the growth of these costs because of reductions to park operations and reductions to facility project accounts.

In addition to lapsing permanent positions, the reduction of approximately 1,000 seasonal positions Service-wide will have major impacts on visitor services, resource management, maintenance, and other areas of park operations. Since FY 2010, spending on seasonal and short-term employees has decreased by eight percent Service-wide. Seasonal employees are critical to every aspect of NPS operations, from visitor services to fire fighting. Funding for seasonal employees is often the only substantial area of flexibility that parks have available. When faced with declining budgets, many parks have no other option but to reduce their seasonal employees.

As a result of scaling back seasonal employment, parks reported reductions in visitor access, including closures of entire areas or facilities, such as campgrounds and visitor centers. Other impacts include delayed openings of visitor service areas and recreational facilities such as campgrounds, visitor centers, comfort stations, and trail access points, and delayed road openings. Snow plowing and other cleanup efforts will be delayed by staffing shortages. The capacity of parks to provide visitor information, including safety information, historical and interpretive content, directional information, and other communication useful to visitors will be reduced. All interpretive programs, including youth and education, will be negatively impacted. Reduced seasonal employees will impact the Volunteers-in-Parks program and diminish volunteer support, which is heavily relied upon by many national parks.

National parks are valuable economic drivers for nearby communities and have a 10 to 1 return on investment for the nation as a whole. In 2011, in addition to the employment and economic

benefits of the \$3 billion annual budget, 279 million national park visitors spent \$13 billion in communities within 60 miles of a national park. That spending supported 252,000 jobs – more than 170,000 of those jobs exist in park gateway communities. The net benefit to our nation's economy was \$30 billion. With fewer employees on staff to keep parks open and operational, local businesses may feel the impacts of sequestration.

Through careful planning and conservative spending over the past few years, and in particular the last twelve months, the NPS has positioned itself to implement these budget reductions while preserving our mission to the maximum extent possible. Because each park has a slightly different budget and staffing structure, we have given parks the ability to make the choices best suited to their individual circumstances. All park and program sequestration plans have been vetted through the regional and headquarters offices. We are maintaining high levels of communication throughout NPS, with local communities and with our constituents. Most of these reductions are not sustainable in the long-term, and even now, the NPS leadership is working to create a financial model that will allow us to fulfill our mission should we be faced with continued budgetary constraints in the long-term. This is not a satisfactory way to operate the government and we remain hopeful that Congress will take action to address the sequester and its damaging impacts.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or the other members of the committee may have.



THE DEPUTY SECRETARY OF COMMERCE
Washington, D.C. 20230

February 8, 2013

The Honorable Barbara A. Mikulski
Chairwoman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter of January 18, 2013, requesting information on impacts of sequestration. As you know, unless Congress acts to amend current law, the President is required to issue a sequestration order on March 1, 2013, canceling approximately \$85 billion in budgetary resources across the Federal Government, of which \$551 million is from the Department of Commerce (Department).

Sequestration would have both short-term and long-term impacts on the Department's ability to deliver on critical parts of our mission and would have a sizable economic cost for the Nation. All bureaus would see impacts to their missions as they implement hiring freezes, curtail or cancel training, and halt critical program investments needed to strengthen performance and improve efficient use of taxpayer dollars. All of these would have a harmful impact on our Department's ability to deliver services to America's businesses and keep our economy moving forward on the path of recovery. The Department is working hard to provide services in a cost-efficient and service-positive manner. We take our trust of taxpayer dollars seriously. As you have requested, I am providing you with some specific impacts to the Department below.

The Department's National Oceanic and Atmospheric Administration (NOAA) would see significant impacts. Communities across the country rely on NOAA every single day to preserve property, protect lives, prepare for extreme weather events, adapt to a changing world, and to enhance economic prosperity. NOAA's central mission of science, service, and stewardship touches the lives of every American and these cuts would negatively impact the ability for NOAA to effectively provide the products and services communities have come to rely upon.

As with all our agencies, these impacts are not abstract. They directly affect NOAA employees and partners throughout the country: up to 2,600 NOAA employees would have to be furloughed, approximately 2,700 positions would not be filled, and the number of contractors would have to be reduced by about 1,400. If sequestration is enacted, NOAA will face the loss of highly trained technical staff and partners. As a result, the government runs the risk of significantly increasing forecast error and, the government's ability to warn Americans across the country about high impact weather events, such as hurricanes and tornadoes, will be compromised.

Forced reductions in funding for fishery stock assessments, at-sea observers, and support for the regional fishery management councils jeopardize NOAA's ability to open fisheries that are economically important to our coastal communities, such as ground fish in New England and along the West Coast, Red Snapper in the Gulf, and the Nation's largest fisheries in Alaska. In addition, with these reductions in data and support for scientific analysis, NOAA will be forced to manage fisheries throughout the Nation more conservatively, which could mean smaller quotas and earlier closures as protections against overfishing. The economic impacts of these measures are unknowable at this point, but could be significant.

Significant and costly impacts to NOAA's satellites and other observational programs are also certain. For example, sequestration will result in a 2-3 year launch delay for the first two next-generation geostationary weather satellites (currently planned to launch in 2015 and 2017), which track severe weather events such as hurricanes and tornadoes. This delay would increase the risk of a gap in satellite coverage and diminish the quality of weather forecasts and warnings. Sequestration will also reduce the number of flight hours for NOAA aircraft, which serve important missions such as hurricane reconnaissance and coastal surveying. NOAA will also need to curtail maintenance and operations of weather systems such as NEXRAD (the national radar network) and the Advanced Weather Interactive Processing System (used by local weather forecast offices to process and monitor weather data), which could lead to longer service outages or reduced data availability for forecasters.

Marine transportation contributes \$1 trillion and 13 million jobs to the American economy. NOAA provides nautical charts and real time observations, such as tides and water levels, to prevent ship groundings and supports the movement of commerce by sea and through the Great Lakes. Under sequestration, navigational safety, and therefore commerce, would be hampered due to reduced surveying, charting, geospatial and observing services.

All told, there would be significant impacts in NOAA's ability to meet its mission to preserve Americans' property, protect lives, prepare for extreme weather events, adapt to a changing world, and to enhance economic prosperity. It is unclear that future years of investment will be able to undo some of the damage—especially to the economics of America's fisheries and to our weather preparedness.

Sequestration would have to cut a total of \$46 million from the Department's Census Bureau. The Census Bureau will be forced to significantly cut contract dollars and not fill hundreds of vacancies, pushing back research and testing for the 2020 Decennial Census as well as seriously delaying the release of critical economic and demographic data needed for this calendar year.

The last benchmark of economic statistics supporting America's assessment of Gross Domestic Product (GDP) and other key economic indicators was taken in 2007, prior to the recession. If the sequestration cuts move forward, the Census Bureau will be forced to impose a six-month delay in releasing vital statistics for these indicators, putting at risk our ability to take accurate stock of current economic conditions and well-being and potentially impacting policy making and economic decisions in the private sector.

Furthermore, delays in developmental work for the 2020 Decennial Census will increase the risk that the Census Bureau will not be ready to make major departures from past operational designs that are intended to save money without diminishing quality. The Census Bureau has committed to executing a Census that would cost less per household in real dollars. Cuts now are virtually guaranteed to force the Census Bureau to ask for larger investments later, putting at risk that goal of achieving more significant savings.

Cuts to the Department's Economic Development Administration (EDA) would hinder the bureau's ability to leverage private sector resources to support projects that would spur local job creation. The sequester would likely result in more than 1,000 fewer jobs than expected to be created, and more than \$47 million in private sector investment is likely to be left untapped. In addition, EDA would be forced to impose administrative furloughs of roughly 6.5 days for each of its employees. These cuts would limit EDA's ability to be a strong partner to states and local communities in helping our country rebound from one of the worst recessions since the Great Depression.

The cuts at the Department's National Institute of Standards and Technology (NIST) would largely fall on grants, contracts, equipment procurements, deferment of open positions, and cuts in the repair and maintenance of NIST facilities that will negatively impact NIST's ability to keep them in acceptable working condition. While cutting in these areas will enable NIST to maintain its core scientific workforce, the forced reductions would negatively impact NIST's ability to deliver on its mission in other ways. For example, the elimination of some contracts and grants within the Scientific and Technical Research and Services would result in the elimination of at least 100 research associates at NIST who are important for the support of scientific research activities. The proposed cuts will also result in delayed or canceled equipment purchases needed to support work in critical areas such as advanced materials, advanced manufacturing, and alternative energy. In addition, if the sequestration moves forward, NIST will be forced to end work it is currently doing through the Manufacturing Extension Partnership (MEP) Center system to help America's small manufacturers innovate their business practices, make cost-effective improvements to their businesses, develop market growth strategies both at home and abroad, streamline their supply chains, and determine which technology investments make sense for their future. At a time when America's small and medium sized enterprises need help the most, programs like MEP warrant strong support. NIST will also be forced to delay efforts to help return small manufacturing enterprises back to the United States from offshore locations.

An important component of the Department's Bureau of Industry and Security (BIS) national security mission is to engage directly with end-users of sensitive controlled commodities and determine whether these items are being used in accordance with license conditions. If sequestration moves forward, BIS will be forced to significantly cut travel specifically in support of these checks, which will hinder BIS's ability to pursue some known threats to our national security.

The Department's International Trade Administration (ITA) would be forced, under sequestration, to reduce its support for America's exporters, trimming assistance to U.S. businesses looking to increase their exports and expand operations into foreign markets by nearly \$15 million. In addition, ITA will not be able to place staffers in critical international growth markets, where there is a clear business opportunity for many American businesses to increase their sales and create jobs at home. These staff would have been part of a key program working to promote and facilitate global investment into the United States, supporting thousands of new jobs through foreign direct investment. Furthermore, federal trade enforcement, compliance, and market access activities would be cut by nearly \$7 million, leading to fewer actions by the Federal Government to reduce trade barriers and ensure compliance with trade laws and agreements.

Sequestration will also force a cut of \$4.9 million from the Department's Bureau of Economic Analysis (BEA). BEA will have to terminate work on key programs that help businesses and communities better understand GDP, foreign direct investment, and the impact of changes to economic activity within a specific regional economy (e.g., the economic impact related to Sandy).

Once again, thank you for your support of the Department, and we are happy to answer any specific questions you may have.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca M. Blank". The signature is fluid and cursive, with the first name "Rebecca" being the most prominent part.

Rebecca M. Blank

National Ocean and Atmospheric Administration

From the NOAA website:

While the Continuing Resolution signed by President Obama included an appropriations act for NOAA that increased funding for some critical mission areas, programs, and systems, it also leaves us with some serious fiscal challenges in other critical programs, due to the reductions required by the sequestration and rescissions. For NOAA, this amounted to a mandatory 7 percent reduction from its overall FY13 budget.

NOAA implemented an organization-wide hiring freeze on March 27th, in order to save funds. In addition, a number of reductions were taken to programs in order to absorb sequestration cuts. These included major reductions to contracts for products and services in all areas of NOAA operations, such as:

Significant reductions to grants and cooperative institutes, including, but not limited to:

- Reductions to travel and conferences, training, awards and award ceremonies;
- Reductions to financial system operations and education programs;
- Reductions for analytical work and assessments that support the Seafood Inspection Program;
- Reductions to research and observing programs;
- Reductions to visitor center hours;
- Reductions to spill response training and facilitation activities;
- Reductions to Hurricane Forecast Improvement Program (HFIP) models and data assimilation program development;
- Reductions to the high performance computing and AWIPS II initiatives;
- Reductions to the operational support for deployed satellites;
- Reductions to the number of days at sea and flight hours for NOAA vessels and aircraft, deferred maintenance of operational and scientific equipment; and,
- Reductions to protected species stock assessments.

April 16, 2013⁴

⁴ http://www.noaanews.noaa.gov/stories2013/20130416_sequestration.html

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



February 5, 2013

The Honorable Barbara A. Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairwoman:

This is in response to your letter of January 18, 2013, requesting information about the potential impacts of the March 1, 2013, sequestration on NASA. Our response articulates impacts of sequestration relative to the President's FY 2013 budget request for NASA of \$17.711.4 million in direct discretionary funding. NASA estimates that a March 1 sequester applied to the annualized levels in the current FY 2013 Continuing Appropriations Resolution (Section 101, P. L. 112-175) would reduce the total NASA funding level to \$16.984.7 million in direct discretionary funding, or \$726.7 million less than the President's FY 2013 budget request, and \$894.1 million less than the annualized levels in the current FY 2013 Continuing Appropriations Resolution.

Overall, for purposes of this assessment, the Agency assumed that the FY 2013 Continuing Resolution, with all of its terms and conditions, would be extended from March 27 to September 30, 2013, and that the sequester would cancel 5.0 percent of the full-year amount, which would be the equivalent of roughly a 9 percent reduction over the remaining seven months of the fiscal year. NASA's assessment of the impacts of a March 1 sequester is presented in the enclosure.

I would be pleased to discuss this information with you in greater detail if you wish.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Bolden, Jr.", with a long horizontal stroke extending to the right.

Charles F. Bolden, Jr.
Administrator

Enclosure

Impacts of March 1, 2013, Sequester on FY 2013 President's Budget Request for NASA

Science (President budget request: \$4,911.2 million; -\$51.1 million sequester impact to FY 2013 budget request)

Sequestration would reduce Science by \$51.1 million below the FY 2013 budget request, which would cause NASA to have to take such steps as:

- Reducing funding for new Explorer and Earth Venture Class mission selections by 10 to 15 percent, resulting in lower funding levels for new activities and causing minor launch delays, and
- Reducing funding available for competed research (e.g., "research and analysis") projects by about 2 percent, resulting in about a 5 percent reduction in new awards to support labor/jobs at universities, businesses, and other research entities distributed around the nation this year. Ongoing projects started with awards made prior to this fiscal year would not be affected.

Aeronautics (President budget request: \$551.5 million; -\$7.3 million sequester impact to FY 2013 budget request)

Sequestration would reduce Aeronautics by \$7.3 million below the FY 2013 budget request. The Aeronautics Mission Directorate would need to take cuts to areas such as funding for facilities maintenance and support; air traffic management concept development; systems analysis conducted with the Joint Planning and Development Office; research into safety for vehicle and systems technologies; and research into civil tilt-rotor technologies. These reductions would decrease or delay NASA's ability to develop technologies necessary to enable next generation air traffic management and to ensure needed safety levels. The reductions would also negatively impact NASA's ability to maintain and operate national asset level test facilities to support the related R&D efforts, and would lead to cancellations of ongoing partnerships.

Space Technology (President's budget request: \$699.0 million; -\$149.4 million sequester impact to FY 2013 budget request)

Sequestration would reduce Space Technology by \$149.4 million below the FY 2013 budget request. At that funding level, the Space Technology Mission Directorate cannot maintain its technology portfolio as several projects underway require increased funding in FY 2013 to proceed. Thus NASA would likely have to cancel one of these projects or be able to offer no new awards for programs that vary in scope from research grants, to public-private

partnerships, to in-space demonstrations during FY 2013. NASA would also consider the following:

- Canceling 6 technology development projects, including work in deep space optical communications, advanced radiation protection, nuclear systems, deployable aeroshell concepts, hypersonic inflatable Earth reentry test, and autonomous systems. In addition, the program would consider delaying an additional 9 projects.
- Canceling several flight demonstration projects in development, including the Deep Space Atomic Clock, Cryogenic Propellant Storage and Transfer and the Materials on International Space Station Experiment-X projects.
- Elimination or de-scoping of annual solicitations for Space Technology Research Grants (STRG), NASA Innovative Advanced Concept (NIAC), and the Small Spacecraft Technology (SST) Program.
- Reduction in the number of Flight Opportunity program flights and payloads that could be flown in FY 2013 and beyond.
- Elimination of Centennial Challenges funding to perform new prizes.

Exploration (President's budget request: \$3,932.8 million; -\$332.2 million sequester impact to the FY 2013 budget request)¹

Sequestration would reduce Commercial Space Flight funding by \$441.6 million below the FY 2013 budget request. After sequestration, NASA would not be able to fund milestones planned to be allocated in the fourth quarter of FY 2013 for Commercial Crew Integrated Capability (CCiCap) such as the SpaceX Inflight Abort Test Review, the Boeing Orbital Maneuvering and Attitude Control Engine Development Test, and the Sierra Nevada Corporation Integrated System Safety Analysis Review #2. Overall availability of commercial crew transportation services would be significantly delayed, thereby extending our reliance on foreign providers for crew transportation to the International Space Station.

The sequester would also reduce Exploration Research and Development funding by \$45.5 million below the FY 2013 budget request. For Advanced Exploration Systems, the sequester would delay procurement of critical capabilities required for the next phase of Human Space Exploration. In the Human Research Program (HRP), national research solicitations/selections would be canceled, with the largest impact likely being at the Johnson Space Center. Additionally, reduced resources for the HRP would likely result in reduced funding to the National Space Biomedical Research Institute and delay NASA Space Radiation Laboratory upgrades.

Construction and Environmental Compliance and Restoration (CECR) (President's budget request: \$619.2 million; -\$251.7 million sequester impact from FY 2013 budget request)ⁱⁱ

For the Construction of Facilities (CoF) program, the \$227.8 million sequester impact would adversely impact the infrastructure needed for NASA's Space Launch System (SLS), Orion Multi-Purpose Crew Vehicle, Launch Services, Rocket Propulsion Test, 21st Century Launch Complex, Commercial Crew and Cargo, and Space Communications and Navigation (SCaN) programs.

- Sequestration would leave NASA with almost no funds for Programmatic CoF.
- Sequestration would cancel many institutional construction projects that would repair, refurbish, or replace critical infrastructure that supports NASA's mission. These projects are required to repair NASA's rapidly deteriorating infrastructure in order to protect NASA employees and meet Mission requirements. For Institutional CoF, projects are likely to be cancelled at the following locations:
 - Glenn Research Center
 - Goddard Space Flight Center/ Wallops Flight Facility
 - Jet Propulsion Laboratory
 - Johnson Space Center
 - Kennedy Space Center
 - Langley Research Center
 - Marshall Space Flight Center

For the Environmental Compliance and Restoration program, the \$23.9 million sequester impact would result in numerous delays to projects requiring re-negotiation of agreed upon compliance dates, with the potential for the imposition of fines for non-compliance. The most pronounced impacts would likely occur at the Santa Susana Field Lab, Kennedy Space Center, and White Sands Test Facility.

Office of the Inspector General (President's budget request: \$37.0 million; -\$0.4 million sequester impact from FY 2013 budget request)

Sequestration would reduce the Office of Inspector General by \$0.4 million, which would reduce future hiring and mean that some critical positions are not back-filled. These impacts would likely result in fewer audits and investigations.

ⁱ The Agency is currently operating under a Continuing Resolution operating plan under which \$53 million was transferred from the Exploration account to the Space Operations account (\$3 million) and the Construction and Environmental Compliance and Restoration account (\$50 million). The effect of \$53 million in transfers from Exploration to other accounts under the Agency's CR operating plan is not included in this description.

ⁱⁱ The effect of a \$50 million transfer from Exploration to CECR Exploration CoF is not included in this description.

NATIONAL SCIENCE FOUNDATION

4201 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22230

February 4, 2013



OFFICE OF THE
DIRECTOR

The Honorable Barbara Mikulski
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairwoman Mikulski:

This letter is in reply to your request for information regarding the impact of a possible sequester on the National Science Foundation's (NSF) operations and activities.

At NSF, the central focus of our planning efforts will be predicated on the following set of core principles:

- First and foremost, protect commitments to NSF's core mission and maintain existing awards
- Protect the NSF workforce
- Protect STEM human capital development

By adhering to these principles and the government-wide guidance provided in OMB memorandum M-13-03, "Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources," the Foundation will best accommodate the possible sequestration reductions in ways that minimize the impact on our mission, both short- and long-term.

We do know, however, that the required levels of cuts to our programmatic investments would cause a reduction of nearly 1,000 research grants, impacting nearly 12,000 people supported by NSF, including professors, K-12 teachers, graduate students, undergraduates, K-12 students, and technicians.

Vital investments in basic research, leading edge technology, and STEM education would be jeopardized. Impacted areas could include:

- NSF-wide emphasis on sustainability, including vital investments in clean energy research;
- Major investments critical to job creation and competitiveness, such as advanced manufacturing and innovation;
- Advances in cybersecurity aimed at protecting the Nation's critical information technology;
- Pathbreaking efforts to improve pre-college and undergraduate education, including new investments to transform undergraduate science courses.

Major Research Equipment and Facilities Construction funding at \$160 million or less in FY 2013 will result in the termination of approximately \$35 million in contracts and agreements to industry for work in progress on major facilities for environmental and oceanographic research. This would directly lead to layoffs of dozens of direct scientific and technical staff, with larger impacts at supplier companies. In addition, out year costs of these projects would increase by tens of millions because of delays in the construction schedule.

Thank you for the opportunity to provide you with this look at possible impacts of a sequester on the Foundation. Please let me know if you have any additional questions, and as always, thank you for your strong support of the Foundation.

Sincerely,

A handwritten signature in black ink, appearing to read "Subra Suresh", written in a cursive style.

Subra Suresh
Director

**United States Senate Appropriations Committee
Hearing on the Impacts of Sequestration
Chairwoman Barbara Mikulski**

Watch online at:

<http://www.appropriations.senate.gov/webcasts.cfm?method=webcasts.view&id=56ff4ea-a-98ca-45cb-b5db-eb4c031e3c10>

Furlough Watch: Agency-by-Agency Impacts of Sequestration

By

May 10, 2013

This report has been updated.

Across-the-board budget cuts known as sequestration are having have serious implications for federal workers, as mandatory unpaid furloughs planned for hundreds of thousands of employees begin to take effect. We have compiled a list of possible agency-by-agency plans and effects. We will update the list as more information becomes available. Please use the comment section below to let us know if you have additional information about your agency.

Agriculture Department: The department will not need to furlough food safety inspectors, due to the continuing resolution bill signed March 26. An email sent by a senior official on April 24 to employees at the Farm Service Agency said that the stop-gap funding bill passed by Congress would prevent furloughs at the agency. And the Rural Development division might escape furloughs too, meaning the whole department could be in the clear.

Air Force: *The Washington Post* [reported](#) that employees in combat zones, non-appropriated funds employees, and foreign nationals would be excepted from furloughs. The *Post* also said that further exceptions would be allowed for "safety of life or property." An Air Force spokeswoman told *Government Executive* that all Air Force civilian police, security guards and firefighters would be subject to furlough "except at installations where the manning level is under 25 percent."

Army: The Army [formally clarified its furlough plans](#) in a memo published March 20. Officials wrote that the Office of the Secretary of Defense had excepted employees deployed in a combat zone, non-appropriated fund employees, foreign national employees, political appointees, civilians funded through the National Intelligence Program and Foreign Military Sales workers. The memo also included overtime exceptions for workers ensuring "health, safety, and security of personnel or property."

Broadcasting Board of Governors: The agency does not anticipate needing to furlough employees this year, according to a memo obtained by *Government Executive*. BBG is required to reduce spending by approximately 5 percent, or \$37.6 million, by September 30, the memo said. It will do so by freezing hiring, eliminating bonuses, postponing technical upgrades and reducing broadcasts

Commerce Department: As of May 9, no employees had been furloughed, according to a spokeswoman. She said plans were still in progress at component agencies, and details "are still forthcoming."

Customs and Border Protection: Started sending furlough notices to all 60,000 of its employees on March

7, but as of April 1, the furloughs were postponed.

Defense Department: Secretary Leon Panetta on Feb. 20 informed lawmakers that sequestration would force the Pentagon to put the “vast majority” of its 800,000 civilian workers on administrative furlough. The furloughs were set to occur one day a week for up to 22 discontinuous work days, but in late March Defense officials announced they would reduce them to 14 days. (See separate **Air Force** and **Army** entries.)

Education Department: No fiscal 2013 furloughs at Education, according to a May 10 memo sent to employees and obtained by Education Week. Secretary Arne Duncan had testified Feb. 14 before the Senate Appropriations Committee that he expected furloughs. “The sequester would ... likely require the department to furlough many of its own employees for multiple days,” he wrote in a Feb. 1 letter to the committee.”

Environmental Protection Agency: Employees can expect 10 unpaid furlough days through the end of the fiscal year on September 30, according to The Washington Post. Officials had expected 13 furlough days, but acting Administrator Bob Perciasepe noted that the agency's careful money management had allowed the the number to be reduced.

Federal Aviation Administration: After nearly a week of flight delays nationwide, Congress on April 26 agreed to end FAA furloughs.

Federal courts: 20,000 employees could be furloughed for 16 days.

Government Accountability Office: Plans to avoid furloughs, according to The Washington Post. But, the sequester would affect hiring, employee benefits and travel and contract spending, according to Feb. 26 testimony from Comptroller General Gene Dodaro.

Government Printing Office: Will save money by scaling back technology and other investments, but “if necessary, a furlough of GPO's workforce may also be implemented,” acting Public Printer Davita Vance-Cook testified before a House subcommittee on Feb. 26.

Homeland Security Department: Law enforcement personnel would face furloughs of up to 14 days, DHS Secretary Janet Napolitano said in a Feb. 13 letter to House lawmakers. She did not provide a specific number of employees affected but said it would be a “significant portion” of the department’s front-line law enforcement staff (see **Customs and Border Protection** and **Transportation Security Administration** entries).

Housing and Urban Development: A memorandum of understanding signed by agency executives and union officials says seven unpaid furlough days for employees won't happen until May 24. A union representative told *Government Executive* that the department would shut down on furlough days, except for the Government National Mortgage Association and the inspector general's office, neither of which are paid from the HUD salaries and expenses account.

Interior Department: Secretary Ken Salazar has warned about furloughs of thousands of employees. The National Parks Service plans to furlough permanent staff if other cost-savings measures fail.

Internal Revenue Service: Employees could expect a total of five to seven furlough days by the end of the fiscal year on Sept. 30, acting Commissioner Steven T. Miller said in a memo to employees. The furloughs would begin “sometime in the summer, after the filing season ends,” he wrote. Employees would have no more than one furlough day per pay period.

Justice Department: Attorney General Eric Holder said the department would not have to implement sequestration furloughs in fiscal 2013. He said Justice was able to avoid mandatory unpaid leave by taking extraordinary actions that will not be available next year if lawmakers fail to agree on a plan to replace sequestration.

Labor Department: Sent 4,700 employees furlough notices on March 5. [A document posted](#) on the department's website said furloughs would begin on April 15, and continue through Sept. 21. All furlough scheduling would begin on March 29, and half of the furlough hours must be taken by July 13.

Merit Systems Protection Board: MSPB does not anticipate needing to furlough its employees this year, according to Executive Director Jim Eisenmann. However, as *Government Executive* reported in February, the board is preparing for the possibility of processing and adjudicating appeals of furloughs by federal employees.

NASA: 20,500 contractors could lose their jobs. The agency has not notified federal employees of any furlough possibility, but a spokesman told *Government Executive* on Feb. 25 that "all possible effects" of sequestration are "still being assessed." In a [series of memos](#) posted by website [SpaceRef](#) on March 22, and confirmed by a NASA spokeswoman on Monday, David S. Weaver, the agency's associate administrator for communications, told employees that sequestration would force immediate cuts to "all education and public outreach activities." This includes many educational workshops, videos, and "any other activity whose goal is to reach out to external and internal stakeholders and the public concerning NASA." In a later memo, he exempted breaking news updates, mission announcements and responses to media inquiries from the suspension.

National Institutes of Health: Director Francis Collins said during a Feb. 25 conference call with reporters that the agency would "do everything we can to avoid furloughs." He said that furloughs would barely help the agency manage a 5 percent cut since a bulk of the budget was spent on grants and funding for research. Areas that could face the axe include travel and conference spending, Collins said.

National Labor Relations Board: Has issued formal furlough notices, according to OMB.

National Oceanic and Atmospheric Administration: Employees can expect up to four furlough days through September, acting NOAA administrator Kathy Sullivan said on April 15. "Our current proposal includes plans to close a majority of our offices entirely on four specific days," she said. "The proposal is intended to extend federal holiday weekends, when possible, which provides additional utilities and other facility cost savings." She said the four days being proposed were July 5, July 19, Aug. 5 and Aug. 30.

National Park Service: In a March 20 statement, NPS said that sequestration-related budget cuts would force reduced visitor hours at several major attractions including Independence Hall and the Liberty Bell, the Thaddeus Kosciuszko National Memorial, and the Edgar Allan Poe National Historic Site. The agency noted that the budget cutbacks did not necessitate furloughs of current staff.

National Nuclear Security Administration: Acting chief Neile Miller said it might not become clear until a month into sequestration whether the agency's employees will have to be furloughed as a result of the across-the-board federal budget cuts.

Nuclear Regulatory Commission: Has ruled out furloughs or salary cuts.

Office of Management and Budget: An OMB spokesman told *Government Executive* that 480 employees subject to administrative furloughs were issued notices on March 7. Employees will be required to take 10 unpaid furlough days for the pay periods between April 21 and Sept. 7.

Office of Personnel Management: Plans to find the required savings through a hiring freeze and administrative cuts, rather than furloughs.

Small Business Administration: The Small Business Administration will rely on staff cuts made through early retirements in 2012 to avoid furloughs, according to an *Associated Press* report.

Smithsonian: Does not anticipate furloughs.

Social Security Administration: Remains “uncertain” about reducing its employees’ hours, which would save about \$25 million per furlough day, according to a Feb. 1 letter to Congress. It will instead try to reach the reduced budget level through attrition.

State Department: Won't need furloughs in 2013.

Transportation Security Administration: Isn't planning any furloughs; will rely on a hiring freeze and reductions in overtime, according to a union official.

Treasury Department: Acting Treasury Secretary Neal Wolin told the Senate Appropriations Committee earlier in February that the department would try to avoid furloughs by instituting hiring freezes, and reducing spending on support, travel, training and supplies, but noted that if the sequester takes effect, “most Treasury employees would face furloughs, which would have a cascading effect on employees’ families as well as on the economy at large.” The Internal Revenue Service would be particularly hard hit, he said (see separate **IRS** entry).

Veterans Affairs Department: Mostly exempt from sequestration.

White House: Assistant chef Sam Kass on April 9 told reporters he would be furloughed, but the White House did not offer further details, according to Reuters.

By

May 10, 2013

<http://www.govexec.com/management/2013/05/furlough-watch-potential-agency-agency-impacts-sequestration/61535/>