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# THE IMPACTS OF SEQUESTRATION

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**HEARING**  
BEFORE THE  
**COMMITTEE ON APPROPRIATIONS**  
**UNITED STATES SENATE**  
ONE HUNDRED THIRTEENTH CONGRESS  
FIRST SESSION

**SPECIAL HEARING**  
FEBRUARY 14, 2013—WASHINGTON, DC

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## CONTENTS

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	Page
Opening Statement of Chairman Barbara A. Mikulski .....	1
Sequester Impact .....	2
Statement of Senator Richard C. Shelby .....	3
Super Committee .....	4
Additional Submitted Statements From Members .....	5
Prepared Statement of Senator Patrick J. Leahy .....	6
Prepared Statement of Senator Richard J. Durbin .....	6
Statement of Hon. Daniel I. Werfel, Controller, Office of Management and Budget .....	7
Effects of Sequestration .....	8
Prepared Statement of Daniel I. Werfel .....	9
Statement of Hon. Arne Duncan, Secretary, Department of Education .....	11
Smart, Targeted Change Needed, Not Indiscriminate Cuts .....	11
Local Education Agencies Planning and Stability Would Be Undermined .....	12
Sequester Would Affect Most Vulnerable Students .....	12
Impact on Higher Education and Student Aid .....	12
Impact Aid—Sequester Impact Affects This School Year .....	13
Impact on Education Department Administration .....	13
Serious Ripple Effects From indiscriminate Education Cuts .....	13
Impact on Ability to Remain Globally Competitive .....	13
Prepared Statement of Arne Duncan .....	14
Immediate Impact of Sequestration .....	14
Impact on State and Local Educational Agencies .....	14
Impact on Programs Serving the Neediest Students .....	15
Impact on Student Aid .....	15
Departmental Management Impact .....	15
Investing in the Future .....	16
Long-Term Impact .....	16
Statement of Hon. Shaun Donovan, Secretary, Department of Housing and Urban Development .....	16
Department of Housing and Urban Development Programs .....	17
Prepared Statement of Shaun Donovan .....	18
Harmful Effects of Sequestration on Homeless and Other Vulnerable Popu- lations Around the Country .....	18
Sequestration's Damaging Effects on Families, Communities, and the Econ- omy Across the Nation .....	19
Statement of Hon. Janet Napolitano, Secretary, Department of Homeland Security .....	20
National Security and Economy .....	20
Prepared Statement of Janet Napolitano .....	22
Impact on the Economy and the American People .....	22
Disaster Preparedness and Recovery .....	23
Border Security .....	23
Immigration Enforcement and Department of Homeland Security Investiga- tions .....	24
Transportation Security .....	24
Cybersecurity .....	24
United States Secret Service Investigations and Protection .....	25
Department of Homeland Security Research and Development .....	25
Department of Homeland Security Enterprise .....	25
Statement of Hon. Ashton B. Carter, Deputy Secretary, Department of De- fense .....	26
National Security .....	26
Department of Defense Civilian Workforce .....	27

IV

	Page
Prepared Statement of Ashton B. Carter .....	29
How Sequestration Would Work .....	30
What Sequestration Means .....	30
Near-Term Actions in Response to the Possibility of March 1 Sequester and Year-Long Continuing Resolution .....	31
Additional Actions That Will Need to be Taken Should Sequestration and a Year-Long Continuing Resolution Occur .....	31
Longer-Term Effects of Sequestration and Reductions in Discretionary Caps ..	32
Sequestration Must be Avoided .....	33
Sequester Impact on Education .....	34
Disadvantaged Children .....	34
Impact on Title I and Children With Disabilities .....	35
Federal Housing Administration .....	35
Unlimited Authority .....	36
Reprogramming .....	36
Return to Regular Order of Budget Process .....	36
Flexible Funding .....	37
Flexibility in Distributing Sequester Cuts Not a Solution .....	37
Discretionary Caps .....	38
Statement of Senator Tom Harkin .....	39
Statement of Senator Susan Collins .....	40
Continuing Resolution .....	41
Shifting Education Funds Among Programs Not a Solution .....	41
Statement of Senator Patty Murray .....	42
National Organizations (Listed Alphabetically) .....	43
Regional, State, and Local Organizations (Listed Alphabetically, by State) .....	52
Housing .....	82
Sequester Would Hit Hard Already Fiscally Strapped Local Education Agen- cies .....	83
Childhood Education .....	83
Negative Impact of Larger Class Sizes .....	84
Impact on Head Start .....	84
Statement of Senator Dan Coats .....	84
Statement of Senator Tom Udall .....	86
National Security Labs .....	86
National Nuclear Security Administration .....	87
Impacts on New Mexico's Military Installations .....	87
Statement of Senator Lisa Murkowski .....	88
Priorities .....	89
Indian Health Services .....	89
Statement of Senator Dianne Feinstein .....	90
National Steel and Shipbuilding Company .....	91
Continuing Resolution .....	91
Long-Lead Financing .....	91
Statement of Senator Roy Blunt .....	92
Fiscal Year 2014 Budget .....	93
Sequester Effect on Impact Aid Funds .....	93
Impact Aid Money .....	94
Onsite Inspectors .....	94
Statement of Senator Mary Landrieu .....	95
Border Patrol .....	96
Statement of Senator John Boozman .....	98
Veterans Benefits .....	98
Shortfall in TRICARE .....	98
Federal Aviation Administration Disruption .....	99
Air Force Cuts Facilities Maintenance Projects .....	100
Statement of Senator Jeanne Shaheen .....	116
Sequester Costs .....	117
Program Costs .....	117
Office of Inspector General Staff .....	118
Statement of Senator Jerry Moran .....	119
National Bioscience Agro-Defense Facility .....	119
National Institutes of Health Research Projects .....	121
Statement of Senator Mark Pryor .....	122
Furloughs .....	122
Industrial Base .....	123
Statement of Senator Lamar Alexander .....	124

	Page
Mandatory Programs Savings .....	124
Entitlement Spending .....	126
Statement of Senator Jeff Merkley .....	126
Budget Control Act of 2011 .....	126
Education Is an Investment That Should Not Be Cut .....	127
Section 8 .....	128
Statement of Senator Thad Cochran .....	129
Statement of Senator Jack Reed .....	129
Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 .....	130
Contracts .....	131
Statement of Senator Lindsey Graham .....	131
National Security .....	131
Sequester Impact on the Nation's Ability to Compete .....	132
Education Investment .....	133
Diversity of Students Obtaining Graduate Degrees .....	133
Start of Sequester .....	134
Sequestration Responses From Departments and Agencies .....	135
Department of Agriculture .....	136
Additional Sequestration Information .....	137
Department of Commerce .....	140
Department of Defense .....	142
Department of Education .....	144
Department of Energy .....	146
Department of Health and Human Services .....	147
Department of Homeland Security .....	149
Department of Housing and Urban Development .....	150
Department of the Interior .....	150
Department of the Interior .....	151
Department of Justice .....	152
Department of Labor .....	155
Department of State .....	157
Impact of Sequestration on Department of State and the U.S. Agency for International Development .....	158
Department of Transportation .....	159
Department of the Treasury .....	160
Environmental Protection Agency .....	161
Potential Impacts of Sequestration .....	161
Air Programs .....	161
Enforcement and Compliance Programs .....	162
Tribal Programs .....	163
Research and Development Programs .....	163
Water Programs .....	164
Community Protection Reduced .....	164
EPA State Cleanup and Waste Program Cuts .....	165
Federal Bureau of Investigation .....	165
Impacts of Sequestration by FBI Program .....	166
National Aeronautics and Space Administration .....	169
Impacts of March 1, 2013, Sequester on Fiscal Year 2013 President's Budget Request for NASA .....	169
National Science Foundation .....	171
Small Business Administration .....	172
Social Security Administration .....	173
Additional Committee Questions .....	174
Questions Submitted to Danny I. Werfel .....	174
Question Submitted by Senator Mary L. Landrieu .....	174
Questions Submitted by Senator Jack Reed .....	174
Questions Submitted by Senator Frank R. Lautenberg .....	175
Question Submitted by Senator Jon Tester .....	176
Question Submitted by Senator Mark Begich .....	176
Questions Submitted by Senator Thad Cochran .....	177
Questions Submitted by Senator Jerry Moran .....	177
National Institutes of Health Grants .....	177
National Institutes of Health Public-Private Partnerships .....	178
National Institutes of Health Authorities .....	178
Centers for Medicare and Medicaid Services .....	178
Questions Submitted by Senator John Hoeven .....	179

VI

	Page
Questions Submitted to Janet Napolitano .....	180
Questions Submitted by Senator Mary L. Landrieu .....	180
Department of Homeland Security Cybersecurity—Risk to Federal Com- puter Systems .....	180
Federal Emergency Management Agency Disaster Relief Fund—Impact on Recovery .....	181
Sequester—Growing the Economy by Enhancing Travel to the United States .....	181
Questions Submitted by Senator Frank R. Lautenberg .....	182
Questions Submitted by Senator Tom Udall .....	182
Question Submitted by Senator Mark Begich .....	183
Questions Submitted by Senator Thad Cochran .....	183
Questions Submitted by Senator Daniel Coats .....	184
Questions Submitted by Senator Jerry Moran .....	184
National Bio and Agro-Defense Facility .....	184
Questions Submitted to Ashton Carter .....	185
Question Submitted by Senator Patty Murray .....	185
Cuts to the Department of Defense/Mental Health .....	185
Question Submitted by Senator Dianne Feinstein .....	185
Intelligence Activities .....	185
Prepared Statement of Feeding America .....	187
The Emergency Food Assistance Program Administrative Funds .....	187
Women, Infants, and Children Nutrition Program .....	188
Senior Meals .....	188
Emergency Food and Shelter Program .....	188
Prepared Statement of the Zuni Tribe .....	189

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THURSDAY, FEBRUARY 14, 2013

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The committee met at 9:35 a.m., in room SH-216, Hart Senate Office Building, Hon. Barbara A. Mikulski (chairwoman) presiding.

Present: Senators Mikulski, Leahy, Harkin, Murray, Feinstein, Durbin, Landrieu, Reed, Pryor, Tester, Udall, Shaheen, Merkley, Begich, Shelby, Cochran, Alexander, Collins, Murkowski, Graham, Kirk, Coats, Blunt, Moran, and Johanns.

OPENING STATEMENT OF CHAIRMAN BARBARA A. MIKULSKI

Chairwoman MIKULSKI. Good morning everybody.

Today, we are convening a hearing of the Appropriations Committee. It is the first hearing of the Appropriations Committee in the 113th Congress, and it is the first hearing with me as the chairwoman of the full committee.

The focus of today's hearing will be on the impact of the sequester on our Government agencies and on critical national functions that are important to the security, safety, and future of the American people.

Today, as I take and assume this gavel, I am mindful of the history that has come before me, and I want to acknowledge the previous leadership of our outstanding chairs.

It is a great honor for me to chair this full committee, but I think we all carry a special place in our hearts, in our presence here today, for Senator Daniel K. Inouye, who was a great American and a great chairman.

This committee has an incredible history of excellent chairmanship on both sides of the aisle, and we also need to acknowledge the incredible roles that Senator Ted Stevens and Senator Robert C. Byrd have played.

I want to acknowledge the wonderful cooperation I received from Senator Thad Cochran. On December 20, I became the chair of this committee. Senator Cochran was the vice chair, and he helped me in those early days to expeditiously move the Hurricane Sandy appropriations. I will be forever grateful for his steady hand, his wise counsel, and the direct assistance that he provided me.

Now I want to acknowledge my ranking member, and in this committee it is called the vice chairman, Senator Richard C. Shelby. It is well known to many of the members of the Appropriations Committee in the Senate that Senator Shelby and I have a long-standing personal and professional relationship. We came to the

House of Representatives together; we served on the same committee; and we have served in the Senate together.

I look forward to working with him as my vice chair in continuing the tradition of bipartisanship that has been characteristic of this committee. My relationship with Senator Shelby is based on mutual trust, mutual respect, and a desire to move things forward in a regular order.

We know that we will disagree on matters of policy, but we feel that if we could agree on matters of process, and get beyond Government of ultimatum, Government by crisis, Government from lurching from one dramatic event after the other, and return to a regular order, that the country will be better governed, and the American people will be better served.

This Appropriations Committee, I remind everybody, is one of only two congressional committees mandated in the Constitution of the United States—a revenue committee, to gather revenue, to operate the Government of the United States; the other is to make wise and prudent expenditures in the interest of the United States. We are constitutionally mandated.

All other committees, except Finance and Appropriations, were created by the Congress to govern itself. We were created to help govern the Nation.

#### SEQUESTER IMPACT

And this is what brings us to our hearing today. We are going to focus on the impact of the sequester.

I think it is a bad idea. I think it is bad policy. I think it is bad economic policy. I think it is bad governance policy. And I really don't like it.

It is my goal, working with the leadership, to be able to find a way to vitiate the sequester and hope that the higher powers find a way to vitiate it for the 9 years that it is mandated.

What we hope to accomplish today is to take a look at the impact of the sequester on the American people.

I want to thank all of the panelists for coming.

Mr. Werfel, we want to thank you. We are eager to get the overview from the Office of Management and Budget (OMB).

Deputy Secretary Carter, we thank you, because you are going to speak about defense, and we have heard a lot about defense. And it has been well-heard and well-spoken.

But there is a lot more to the security of the United States, so we look forward to hearing from you, Secretary Napolitano, on the impact on homeland security.

In the United States military, those who wear the uniform will be protected in the sequester, and they should be. But there are others who wear a uniform to protect the United States of America, and what is the impact on them?

Then we have to look on the future of our country, the day-to-day needs, the ability to build the middle class from the middle on out. And this is where, Secretary Donovan, we want to talk to you about the housing economy. What is it that we need to do?

And, Secretary Duncan, you hold the future of America in your hands. Yes, we want to out-innovate, but first we have to out-edu-

cate. So we want to hear about the impact of the sequester on educational reform.

Whether we look at national security or our domestic agencies, I believe we are at a rendezvous with destiny. We must solve this problem.

But I don't think the American people quite understand the impacts where the sequester mandates an \$85 billion cut, equally to be shared by the Defense Department and the domestic Departments.

And though you are national security, Secretary Napolitano, your department is grouped in with the domestics, which is what homeland security is.

I fear furloughs, layoffs, and services not delivered to the American people. I also have to cope, along with my Members here, with the issues related to the fiscal cliff where we already have to take \$4 billion, also the issues of—because of implementing homeland security.

So we want to look at the impact on these agencies. For me, it will be about jobs and community safety. Are we going to have air traffic controllers? Are we going to have security guards furloughed? What about the Federal Bureau of Investigation and Drug Enforcement Administration? What about the people who staff our Federal prisons? And in the area of health and education, I understand 4 million Meals On Wheels won't be delivered. What are they going to do, go to a nursing home that is also shut down because we are cutting payments? We are cutting funding for special education, already an unfunded Federal mandate.

So we are here to listen to you.

And, of course, Deputy Secretary Carter, we know the impact, that when defense sneezes, the economy could catch a cold or pneumonia. I fear those layoffs or furloughs, not only on the dedicated personnel at the Department of Defense (DOD), but also shipyard workers that will affect several States. So we want to hear from you.

So enough about hearing from me. Working with the leadership, I will seek to try to find a balanced solution of increased revenue; yes, strategic cuts; and a prudent look at mandatory spending. There needs to be a balanced solution where the burden isn't borne just by cuts on domestic agencies alone.

I would like to make sure the sequester doesn't happen this year, but, again, not happen over the next 9 years.

Now I would like to turn to my vice chairman, Senator Shelby, for his opening statement. We will go to the panel after that.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Chairwoman—

Chairwoman MIKULSKI. Mikulski.

Senator SHELBY. Yes, Mikulski, I know that. I can't—

Chairwoman MIKULSKI. Not Murkowski. She is long and lanky and Republican.

I am a little bit—

Senator SHELBY. For Senator Mikulski, thank you for your kind words.

Today, we will hear from our witnesses on the impact of the sequester, which is appropriate and timely, I believe, because the cuts are poised to take effect in just 15 days. It should be noted that the sequester is something that the Congress and the President set in motion knowing full well that this day would come.

The sequester will bring spending cuts that are automatic and across the board for most discretionary accounts. A rigid formula will determine how cuts are made, instead of what is best for economic growth, safety, and prosperity.

Cuts will happen without regard to a program's merit or efficacy. Some of the most severe cuts, as the chairwoman has said, will hit defense programs.

Although we must reduce spending, it should be done, I believe, in a deliberate way. This is why I opposed the bill that created the sequester in the first place.

#### SUPER COMMITTEE

The sequester was supposed to be a last resort if the so-called "super committee" failed to agree upon measures to reduce the deficit.

In the end, the super committee reached an impasse. It did not produce even a penny of deficit reduction.

It has been more than a year since the super committee's failure. Although we have seen the sequester coming, we haven't taken any steps to fix it. In fact, the Congress has only delayed it further.

This situation presents a perfect opportunity, I believe, for the President to exercise some leadership. Although he has called on the Congress to act, he has not put forward a proposal, on his own, with specific options.

Also, when I hear the President and some Members of Congress say that the solution must include raising taxes further, I question their seriousness in fixing the overall problem.

As the Congressional Budget Office's (CBO) latest analysis shows, we do not have a revenue problem. We have a spending problem. Revenues are already on a path to increase and to return to levels that are in line with our historical average of 18 to 19 percent of gross domestic product (GDP).

In contrast, Government spending remains high during the next 10 years and is expected to grow beyond its 40-year average. This will occur even with discretionary spending caps and the sequester put in place by the Budget Control Act of 2011 (BCA). In fact, under current law, CBO estimates that discretionary spending will fall by more than 3 percentage points less than its historical average.

The real driver of our debt is not discretionary spending, as we all know, but entitlement spending. As CBO reports, this combination of an aging population, rising healthcare costs, and an expansion of health insurance subsidies, will drive up the cost of mandatory programs. Absent reform of entitlements, this will lead to an unstoppable debt spiral.

I believe the issue is only compounded by the cost of servicing our debt, which will rise from about \$220 billion in fiscal year 2012 to more than \$850 billion projected in fiscal year 2023. By then, interest payments will equal 60 percent of our discretionary budget.

This growing indebtedness, as CBO states, poses an increased risk of precipitating a fiscal crisis, the likes of which we have never seen.

The warning signs that we are moving toward a fiscal meltdown have been in place for a long time. The Congress has repeatedly failed to heed these signs. It has been years since the Congress has even had a regular order budget process with appropriation measures agreed upon by both Chambers. Instead, important decisions on spending and taxes happen at the 11th hour behind closed doors.

I believe the American public deserves a transparent and accountable budget process that restores fiscal order. Sequestration should not be part of the process. It certainly is no long-term solution to our spending problem.

It should be a cautionary tale for the Congress. The sequester we face today is the tip of the iceberg compared to the austerity measures that will be necessary in the future if the Congress does not act soon on comprehensive fiscal reform.

I believe comprehensive fiscal reform must include both tax reform and spending cuts. One without the other is only a partial solution.

In his State of the Union Address, the President reiterated what appears to be his goal of \$4 trillion in deficit reduction over 10 years. That number alone sounds staggering, but when it is compared with our actual long-term unfunded obligations, \$4 trillion barely scratches the surface.

It is common practice here in Washington when faced with an overwhelming problem to define it down and then declare victory while pursuing half-measures. That is why I am concerned that the debate surrounding the sequester will become a diversion from the real problem facing us.

The time for partial and temporary solutions is long past. What we need, I believe, is a collective acknowledgement of the problem and a comprehensive joint effort to reach a long-term solution. Anything short of that will inevitably place the American economy on an irreversible downward glide path.

Today, we will hear about the dire consequences of the impending cuts. I do not doubt that they will be painful to bear for many agencies and people across the Federal Government.

If there is a way to mitigate the pain while we continue to enforce some fiscal discipline, I am open to discussing it. But I believe it is very important to reemphasize that the sequester and whatever temporary solution we may devise is just a precursor to the main event.

Thank you.

Chairwoman MIKULSKI. Thank you very much, Senator Shelby.

#### ADDITIONAL SUBMITTED STATEMENTS FROM MEMBERS

Before we begin, any member who wishes to submit an opening statement may do so and they will be placed in the record at this point.

[The statements follow:]

## PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Madam Chairwoman, I commend you for the very energetic way you have taken on your new responsibilities, and for starting things off with this hearing. There is no more pressing topic.

Although today's witnesses will focus on the impact of sequestration on a number of Departments and agencies, there are consequences for the budget of the Department of State and foreign operations, which is about the national security of the United States.

It might interest people to know that the entire State, Foreign Operations, and Related Programs budget amounts to 1 percent of the Federal budget, not the 15 or 20 percent some mistakenly believe.

That 1 percent is what we have to operate our Embassies and consulates in more than 290 locations, to carry out diplomacy, respond to humanitarian crises, and build alliances with security and trading partners. There are dozens of examples of how sequestration would harm these efforts, but I will mention just three:

—Cuts in diplomatic security, at a time when everyone agrees we need to do more to protect our Foreign Service Officers overseas. Funding for local guards, diplomatic security personnel, and Embassy security would be reduced by \$181 million from the current level.

This would force the State Department to choose between reducing the number of local guards at overseas posts, delaying maintenance at existing facilities, or postponing construction of secure facilities to replace those that do not meet current safety standards—at a time of increasing attacks against U.S. overseas diplomatic posts.

—Global health programs that prevent the spread of AIDS and pay for vaccines for children, women's health, and to combat malaria and tuberculosis, would be cut by \$468 million from the current level.

A reduction of this size would end life-saving drugs to more than 165,000 people infected with the AIDS virus. It would result in thousands more deaths from malaria. Tens of thousands of people infected with tuberculosis will not receive treatment.

—Funding for disaster and refugee aid would be cut by \$156 million from the current levels. With 750,000 Syrian refugees and 5,000 fleeing the country each day, now is not the time to cut these programs. Other funds to help victims of drought, famine, and extremist violence in Mali, Somalia, and Sudan, and to prevent those crises from getting worse, will also be cut.

These are real world consequences, not only for the people of those countries but for the security of the United States, and I want to be sure people are aware of what is at stake.

I worry that we are losing sight of the fact that sequestration was included in the Budget Control Act of 2011 as an incentive to negotiate. The idea was that it would have such painful consequences that rational minds would replace it with a thoughtful and balanced approach to deficit reduction.

Unfortunately, that has not yet happened, and time is running out.

I thank each of the witnesses for being here to give voice to a side of the conversation we have not heard—the impact of nondefense cuts—and to explain what these cuts would mean to programs the American people depend on.

## PREPARED STATEMENT OF SENATOR RICHARD J. DURBIN

Our national military strategy has long called on our military to be prepared to defend the United States on two fronts on two different continents. Today, the Department of Defense (DOD) is preparing to defend itself on two different fronts: sequestration and the threat of a year-long continuing resolution.

These two fronts would hit DOD hard and have serious effects on our troops, the families that support them, and our industrial capabilities.

For our troops, sequestration will mean an immediate impact on training and readiness. Eighty percent of Army combat units will have training events delayed. Fifty-five percent of Marine Corps combat units will have unsatisfactory readiness ratings. Navy ship deployments will be cut by nearly one-quarter.

Sequestration would mean significant cuts to family support programs. For example, DOD has contracts to provide financial counseling services to military families to help deal with the pocketbook issues of having a loved one deployed to a war zone. There are also contracts for career resource centers, which help find jobs for military spouses when a family relocates from base to base. These contracts would be sharply reduced—or outright terminated—under sequestration.

We are also looking at significant job losses in the industrial base. These job losses are not just jobs building next-generation weapons that we may not need. The Navy estimates up to 30,000 layoffs at shipyards and depots that service the equipment we already own. The Army has estimated 5,000 layoffs at its own depots.

There is a right way and a wrong way to save money in the defense budget. Sequestration is the wrong way. Across-the-board cuts hurt good programs by cutting them for no reason; and prolong bad programs by not cutting them enough.

The right way to save money in the defense budget is to first go line-by-line and eliminate unneeded or redundant spending. In fiscal year 2012, the Defense Appropriations Act cut 775 underperforming programs to save \$23.5 billion. In fiscal year 2011, the bill cut 677 programs to save \$18.1 billion.

There have also been bills introduced in the House and Senate to give DOD unchecked transfer authority to deal with the effects of a continuing resolution. We all know that a continuing resolution is a bad way to run Government, but the answer is not to hand over the power of the purse to the DOD.

The Congress needs to pass an appropriations bill to provide for DOD. If the DOD were to be under a full-year continuing resolution for the first time in its history, there would be no amount of transfer authorities and quick-fixes that would fix all the problems that would arise. There simply aren't enough band-aids to address the problems of a year-long continuing resolution for defense.

Fixing the sequester doesn't simply mean looking out for DOD. Secretary Panetta spoke at Georgetown University and said:

"Let me also remind you that the sequester does serious damage to the non-defense side of the budget as well. It's not just defense, it's education, loss of teachers, it's child care. I think the estimate is that some 100,000 children will be kicked out of Head Start. It's about healthcare, 700,000 women and children will no longer receive nutritional assistance. It's about a number of other programs that support our quality of life in this country. And our quality of life is important to our national security."

Chairwoman MIKULSKI. Now we are going to go to our panel, and I am going to explain how this is going to work.

Ordinarily, we would have a series of panels. We would lead it off with OMB, then we would go to the domestics, and we would wrap up with national security. In the interest of time and efficacy, we are going to have one panel, one table, and then be able to ask the questions, hopefully, where we can get cross-communication going.

Mr. Werfel, we are going to start with you, then Secretaries Duncan, Donovan, and Napolitano. Dr. Carter, we will wrap up with you. Then we are going to go to questions, alternating on both sides of the aisle, led off by Senator Shelby and myself, and then with Senators in the order of their arrival.

So, Mr. Werfel, representing OMB, we know that Mr. Zients had obligations with Presidential responsibility, so, please, why don't you go ahead and give us the view from OMB?

And then I am not going to introduce everybody. We are going to keep it going.

**STATEMENT OF HON. DANIEL I. WERFEL, CONTROLLER, OFFICE OF MANAGEMENT AND BUDGET**

Mr. WERFEL. Thank you.

Madam Chairwoman, Vice Chairman Shelby, members of the committee, good morning. I am here today to discuss the automatic spending reductions known as sequestration currently scheduled to occur March 1 as well as the impacts of these reductions and the actions the administration is taking to prepare to implement sequestration, should it be necessary.

I want to start today by reiterating a point that the administration has made on numerous occasions: Sequestration is bad policy,

and the administration believes that the Congress should pass balanced, bipartisan deficit reduction to avoid it.

#### EFFECTS OF SEQUESTRATION

If allowed to occur, sequestration would have significant and destructive consequences for domestic investments, national security, and core Government services.

The cuts required by sequestration harm middle-class families, seniors, and the most vulnerable. The President believes that these indiscriminate, across-the-board cuts are not a responsible way to address our collective goals of balanced deficit reduction.

Working together with the Congress, we have already made significant progress in this regard, enacting more than \$2.5 trillion in deficit reduction over the past 2 years. The vast majority of this progress has come in the form of spending cuts with roughly \$3 in spending cuts for every \$1 in additional revenue.

The President believes that we need to have a balanced approach to further deficit reduction that includes spending cuts but also includes common-sense tax reform that can raise additional revenue.

As part of the American Taxpayer Relief Act of 2012, the date on which the President would have to issue a sequestration order was delayed by 2 months from January 2, 2013, to March 1, 2013. This delay was paid for in a balanced manner with \$24 billion in deficit reduction split evenly between additional revenue and spending cuts.

This approach set an important precedent of avoiding sequestration through balanced deficit reduction that combines additional revenue and spending cuts.

Should the Congress fail to act in the next 2 weeks, a sequestration of approximately \$85 billion will be ordered for the remainder of fiscal year 2013, split evenly between defense and nondefense programs. This will lead to a number of deeply troubling consequences in critical Government programs that we all depend on.

It would mean fewer teachers to educate our children, less funding for schools to help disadvantaged students with disabilities, less research into life-threatening diseases. It would cut nutrition assistance for vulnerable populations and reduce funding for essential mental health programs.

It would keep Federal agencies from conducting the inspections necessary to keep our food, our air, and our water safe and clean. It would make our country less secure at home, reducing our ability to protect our borders, stay ahead of emerging cybersecurity threats, and keep crime off our streets and out of our neighborhoods. And it would make us less safe abroad by causing critical degradations in the support for and readiness of our Armed Forces.

There is no amount of planning that can avoid these damaging impacts. Prudence dictates, however, that the Federal Government take all reasonable steps to be ready to implement sequestration in the most responsible way possible.

Accordingly, Federal agencies and OMB have been engaged in ongoing planning activities for months to determine how to operate under a potential sequestration, keeping in mind our primary responsibility to execute our core mission areas on the behalf of the American people.

Let me assure you that should a sequestration order have to be issued by the President on March 1, we will be ready to implement the law. But let me also reiterate, no amount of planning or preparation on our part, no matter how thorough or careful, can mitigate the significant and highly destructive impacts that sequestration would have.

PREPARED STATEMENT

Sequestration is not a responsible long-term solution for deficit reduction. The long-term solution is a balanced approach of spending reductions and revenues that builds upon the significant deficit reduction we have already worked together to achieve, strengthens the middle class, protects investments critical to our Nation's continued growth and prosperity, and avoids sequestration.

Thank you. I look forward to answering your questions.  
[The statement follows:]

PREPARED STATEMENT OF DANIEL I. WERFEL

Madam Chairwoman, Ranking Member Shelby, members of the committee, good morning.

I am here today to discuss the automatic spending reductions, known as sequestration, required by section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, as well as the impacts of these reductions and the actions the administration is taking to prepare to implement the sequestration, should it be necessary, on March 1, 2013.

I want to start today by reiterating a point that the administration has made on numerous occasions: sequestration is bad policy, and the administration believes that the Congress should pass balanced, bipartisan deficit reduction to avoid it. If allowed to occur, sequestration would have a wide range of significant and destructive consequences for domestic investments, national security, and core Government services. The President believes that these indiscriminate, across-the-board cuts are not a responsible way to address our collective goals of balanced deficit reduction. Instead, what we need, and what the Nation deserves, is a comprehensive package of deficit reduction that balances additional revenues with targeted spending cuts, while continuing to make investments in research, education, and infrastructure that create jobs and strengthen the middle class.

Working together with the Congress, we have already made significant progress in this regard, enacting more than \$2.5 trillion in deficit reduction over the past 2 years. The vast majority of this deficit reduction has come in the form of spending cuts, with roughly \$3 in spending cuts for every \$1 in additional revenue. The President believes that we need to continue to have a balanced approach to further deficit reduction that includes spending cuts as well as common-sense tax reform that can raise additional revenue. That is why he has put forward sensible reforms that would further reduce spending in Medicare and other entitlement programs as part of a broader plan to reduce the deficit by a total of over \$4 trillion, the level economists and elected officials from both parties recognize is needed to stabilize our debt. This balanced approach, as opposed to the indiscriminate, irresponsible cuts imposed by sequestration, is the right path toward continuing to reduce our deficit.

From the beginning, the inclusion of sequestration as part of the Budget Control Act of 2011 (BCA) was meant to be a forcing mechanism to encourage the Congress to pursue just this type of balanced deficit reduction. The BCA, which was passed with bipartisan majorities in both chambers of the Congress and signed by the President, reduces the deficit through two mechanisms. First, it establishes binding discretionary caps that reduce the deficit by almost \$1 trillion over 10 years. Coming on top of hundreds of billions of additional discretionary cuts enacted earlier in 2011, the caps reduce discretionary funding to its lowest level as a share of the economy since the Eisenhower administration more than half a century ago. These are significant and difficult cuts to discretionary spending that are already locked in, and they represented an important first step down the road toward balanced deficit reduction.

Second, the BCA established a congressional joint committee charged with the task of developing a proposal that would achieve at least \$1.2 trillion in deficit reduction. However, last November the joint committee announced that it could not

reach agreement on a balanced, comprehensive deficit reduction plan. This failure triggered an enforcement mechanism of automatic funding cuts, known as sequestration, to achieve the required deficit reduction. In fiscal year 2013, savings would be achieved through a blunt, across-the-board cut to Federal funding, with the bulk of the reductions coming from discretionary programs. From fiscal year 2014 through fiscal year 2021, the reductions in discretionary funding would be implemented by reducing the discretionary budget caps, and nonexempt mandatory programs would be sequestered each year.

As part of the American Taxpayer Relief Act (ATRA) of 2012, the date on which the President would have to issue a sequestration order was delayed by 2 months, from January 2, 2013 to March 1, 2013. This delay was paid for in a balanced manner, with \$24 billion in deficit reduction split evenly between additional revenue and spending cuts. This approach set an important precedent of avoiding sequestration through balanced deficit reduction that combines additional revenue and spending cuts, and the President believes that the Congress should adhere to this precedent in enacting additional deficit reduction.

Should the Congress fail to act in the next 2 weeks, a sequestration of approximately \$85 billion will be imposed for the remainder of fiscal year 2013, split evenly between defense and nondefense programs. As required by law, the sequestration would be applied as a uniform percentage reduction to all non-exempt budgetary accounts, and the reductions would then be implemented equally across all programs, projects and activities (PPAs) within each account. While the Office of Management and Budget (OMB) has not yet finalized the percentage reductions that would apply to all nonexempt accounts, our preliminary estimates indicate that sequestration would require a reduction of roughly 5 percent for nondefense programs and roughly 8 percent for defense programs. Importantly however, these percentage reductions are based on the assumptions of a full year of budget authority. In reality, should a sequestration order have to be issued on March 1, agencies would be required to implement the cuts over the remaining 7 months of the fiscal year, meaning that in many programs the effective cuts would be closer to 9 percent for nondefense programs and 13 percent for defense programs when compared to what agencies would spend during this period under normal circumstances. Any budgetary cuts of this magnitude would have significant repercussions, regardless of how they are applied.

The sequestration would lead to a number of deeply troubling consequences in critical Government programs that we all depend on. It would mean fewer teachers to educate our children, less funding for schools to help disadvantaged students or children with disabilities, and less research into life-threatening diseases. It would cut nutrition assistance for vulnerable populations, reduce funding for essential mental health programs, and eliminate resources provided to small businesses and homeowners. It would keep Federal agencies from conducting the inspections necessary to keep our food, our air, and our water safe and clean. It would make our country less secure at home, reducing our ability to protect our borders, stay ahead of emerging cybersecurity threats, and keep crime off our streets and out of our neighborhoods. And it would make us less safe abroad by causing critical degradations in the support for and readiness of our Armed Forces.

Across the Federal Government, agencies will have to take significant and painful steps to implement sequestration. As my fellow witnesses today will testify, critical Federal grant and assistance programs would be cut, reducing or eliminating services and programs for millions of Americans. States and localities would see Federal aid slashed. The Department of Defense would have to reduce training and equipment maintenance for later deploying units, delay needed facilities maintenance, and significantly reduce investments in weapons programs. Core operations would have to be shut down or curtailed across nearly all Federal agencies. Businesses that work with the Federal Government would see their contracts reduced or terminated, which could lead to substantial job losses. And agencies would have to consider wide-ranging furloughs of hundreds of thousands of Federal employees, preventing them from carrying out their duties on behalf of the American people and slashing the paychecks they rely on to support their families.

There is no amount of planning or preparation that can avoid these damaging impacts. Prudence dictates, however, that the Federal Government take all reasonable steps to be ready to implement sequestration in the most responsible way possible. Accordingly, Federal agencies and OMB have been engaged in ongoing planning activities for months to determine how to operate under a potential sequestration.

In conducting this planning, we must keep in mind our primary responsibility to execute our core mission areas on behalf of the American people and take all appropriate steps to protect this mission to the extent possible. With that as a framework, OMB has instructed agencies to adhere to a number of specific guiding principles in their planning efforts, such as:

- identifying and addressing operational challenges that could potentially have a significant deleterious effect on the agency’s mission or present risks to life, safety, or health;
- reviewing grants and contracts to determine where cost savings may be achieved in a manner that is consistent with the applicable terms and conditions, remaining mindful of the manner in which individual contracts or grants advance the core mission of the agency;
- identifying the most appropriate means to reduce civilian workforce costs where necessary; and
- taking into account funding flexibilities, including the availability of reprogramming and transfer authority.

OMB has issued multiple memoranda to agencies to help provide guidance and clarity on navigating these issues, as well as held regular discussions with senior leadership across the executive branch. In September, OMB also issued a roughly 400-page report providing detail regarding the reductions that would be required in more than 1,200 budget accounts in the event of sequestration, given certain assumptions specified by law. Let me assure you that, should a sequestration order have to be issued by the President on March 1, we will be ready to implement the law.

That said, this preparation, while the prudent and appropriate thing to do, unfortunately diverts agencies’ time and attention from their core missions in service of the American people, to say nothing of the disruptive effects and anxiety it imposes on Federal employees, contractors, and their families. It is wasteful and inefficient for the Government to operate under this cloud of uncertainty and to divert resources to plan for extraordinarily disruptive contingencies that are within the Congress’ authority to avoid.

Finally, it is important to reiterate that no amount of planning or preparation on our part, no matter how thorough or careful, can mitigate the significant and highly destructive impacts that sequestration would have. Sequestration is not a responsible way to reduce the deficit. Should the Congress require more time to reach this goal and finish the job of deficit reduction, the President has made clear that the right course is to pass a small package of spending cuts and tax reforms that would delay the damaging effects of sequestration until the Congress finds a way to replace these cuts with a smarter solution.

Sequestration is not a long-term solution for deficit reduction. The solution is a balanced approach of spending reductions and revenues that builds upon the significant deficit reduction we have already worked together to achieve, strengthens the middle class, protects investments critical to our Nation’s continued growth and prosperity, and avoids sequestration.

Thank you. I look forward to answering your questions.

**STATEMENT OF HON. ARNE DUNCAN, SECRETARY, DEPARTMENT OF EDUCATION**

Secretary DUNCAN. Thank you so much, Madam Chairwoman, and congratulations. And members of the committee, thank you for this opportunity.

I just wanted to say quickly to Senator Kirk, great to see you again, great to be working with you.

With your support, we have been able to help States, districts, and communities make changes that are bringing major benefits for all students, particularly the most vulnerable.

The issue of sequestration is vital, and I appreciate this opportunity to testify about this topic once again. I hope the committee members will keep those most vulnerable students in the forefront of their minds, because they are the ones who will be hurt most if the Congress chooses to let sequestration happen.

**SMART, TARGETED CHANGE NEEDED, NOT INDISCRIMINATE CUTS**

I want to be clear that I believe we absolutely have opportunities at all levels of Government to make spending on education more productive and more efficient. But boosting educational produc-

tivity requires smart, targeted changes to programs, not indiscriminate across-the-board budget cuts.

Sequestration would force us to cut crucial services, doing real damage to the life chances of millions of students. There is only unnecessary pain. There is no palatable plan B.

#### LOCAL EDUCATION AGENCIES PLANNING AND STABILITY WOULD BE UNDERMINED

Here is who would get hurt with the sequester: The biggest cuts take effect next school year, the 2013–2014 school year, but their impact would start sooner. When I ran the Chicago public schools, we made hiring decisions in the spring, like pretty much every other district. Under sequestration, districts would have to plan to make do with less, meaning fewer teachers and staff, larger class sizes, fewer courses, less tutoring, and higher unemployment.

This undermines the very stability and predictability every school system works so hard to achieve, and hurts families, children, teachers, and school staff. And the vast majority of school districts, obviously, will not be able to make up for these cuts at the local level.

#### SEQUESTER WOULD AFFECT MOST VULNERABLE STUDENTS

When the cuts hit, not surprisingly, they will hurt the most vulnerable students the worst, because Federal education resources generally are targeted to those children with the greatest need.

At the K–12 level, here is what that means concretely: Title I grants serve almost 23 million students in high poverty schools, and special education State grants help about 6.5 million special needs students. Sequestration would cut title I by \$725 million, which could affect 1.2 million disadvantaged students and risk the jobs of about 10,000 teachers and support staff.

In special education, we could be forced to cut almost \$600 million, which would require States and districts to cover the cost of approximately 7,200 teachers, aides, and other staff.

And in early childhood education, we have seen some very tough cuts as well. In Head Start, some 70,000 students could be kicked out. And as the President talked about in his State of the Union Address, we are trying to do a lot more in terms of early childhood education, not go in the opposite direction.

Doing that to our most vulnerable children is educational malpractice, economically foolish, and morally indefensible.

#### IMPACT ON HIGHER EDUCATION AND STUDENT AID

In higher education, the impact is just as destructive. We would have to cut back collection of student debt, decreasing payments to the Treasury, and fall behind on servicing up to 29 million student loans. We would also cut more than 70,000 students from grant and work-study programs that help needy students finance the cost of college. Clearly, that is not the path we want to go down to regain our place as the Nation that leads the world in college completion.

## IMPACT AID—SEQUESTER IMPACT AFFECTS THIS SCHOOL YEAR

While those cuts don't take effect until next school year, others will hit right away. And these cuts affect schools and programs that draw much of their direct funding from us, the Federal Government.

Who would be hurt right away? Disproportionately, families of our military servicemembers, individuals with disabilities, and people living on Native American lands.

Just to give you one quick example, in the Gallup-McKinley County public schools in New Mexico, which enrolls about 7,000 students living on Indian lands, sequestration would cut almost \$2 million from Impact Aid, which makes up more than one-third of that district's budget. These are young people we desperately need to invest more in, not less.

## IMPACT ON EDUCATION DEPARTMENT ADMINISTRATION

And we have already warned our own employees at the Department of Education of possible furloughs, which across-the-board cuts would force us to make. We have already made significant cuts in our Department's budget, and we believe in continuing to look for efficiencies.

## SERIOUS RIPPLE EFFECTS FROM INDISCRIMINATE EDUCATION CUTS

But let me say this: Education isn't just another line in the budget, just another Government expense. Education is fundamentally an investment. It is an investment in the future of our children, our communities, our competitiveness, and our country. High-quality education from cradle all the way through to career is the only way to build a strong and vibrant middle class and to foster upward economic and social mobility.

At a time when most young Americans today don't meet the minimum qualifications to enlist in the military, it is also an investment in our national security.

Budgets, as all of you know, are not just numbers. Whether we as a Nation choose to invest in children and education is a crystal-clear statement about our values. Children listen to what we say, but it is our actions and not our words that tell them whether or not we truly care.

As President Obama said in his State of the Union Address, these are ". . . sudden, harsh, and arbitrary cuts that would devastate priorities like education, energy, and medical research." It would certainly slow down our recovery and cost us hundreds of thousands of jobs.

## IMPACT ON ABILITY TO REMAIN GLOBALLY COMPETITIVE

Internationally, I promise you, our competitors are keeping their education systems strong and striving to actually get better faster. Do we want to help our children successfully compete in a global economy, or do we want our country to drift in the opposite direction?

Madam Chairwoman, you and I both know the Congress can take another better path. Sequestration would represent an uncompromising, rigid, tone-deaf Government at its worst.

## PREPARED STATEMENT

I would echo the President in asking that you take the time to develop a budget that will permanently replace the sequester. As I testified last summer, the President and all of us here on his team remain ready to work with all of you on a long-term plan to cut the deficit while investing in strategic programs that will strengthen our families, our economy, and our global leadership. The American people deserve no less.

Thank you.

[The statement follows:]

## PREPARED STATEMENT OF ARNE DUNCAN

Madam Chairwoman and members of the committee: Thank you for this opportunity to talk about the impact of a March 1 sequestration on education programs. The across-the-board nature of the cuts would focus an ill-advised reduction on our grant programs and the funds we need to administer them. In short, sequestration would have a negative impact on the education of our Nation's children and adults, reducing funding for teachers and other staff, cutting grants and work-study programs that help families pay for college, and potentially slicing payments to the contractors we rely on to administer our financial aid programs.

Education is the last place to be reducing our investment as the Nation continues to climb out of the recent recession and to prepare all of its citizens to meet the challenges created by global economic competitiveness in the 21st century. Indeed, I can assure you that our economic competitors are increasing, not decreasing, their investments in education, and we can ill afford to fall behind as a consequence of the indiscriminate, across-the-board cuts that would be required by sequestration.

## IMMEDIATE IMPACT OF SEQUESTRATION

Some key programs would feel the impact of sequestration immediately. For example, many school districts qualifying for Impact Aid receive a high percentage of their overall funding from the Department and use the money during the current school year. Often the districts get the funds because they have large concentrations of children of military families or children living on Indian lands. These and other districts receive Impact Aid funds because the presence of Federal activities can both increase the number of students and decrease the local property tax base. Sequestration would eliminate roughly \$60 million for Impact Aid Basic Support Payments for schools that are counting on those funds to meet the basic needs of students and to pay teacher salaries this spring, potentially forcing districts to make wrenching, mid-year adjustments. Many districts are already dealing with reductions of instructional and non-instructional staff and delaying needed building maintenance for buildings that are in serious disrepair.

An example of the fiscal impact on these programs is that the Killeen Independent School District in Texas, which has 23,000 federally connected children, including 18,000 military dependents, would lose an estimated \$2.6 million in Impact Aid funds. Similarly, the Gallup-McKinley County Public Schools in Gallup, New Mexico, would lose nearly \$2 million of the funds the district receives from the Impact Aid program to help meet the educational needs of 7,500 federally connected children, including 6,700 who live on Indian lands. This impact is severe, given that Impact Aid funds make up 35 percent of the district's total budget.

In the Vocational Rehabilitation State Grants program, funds are used to provide services to individuals with disabilities to help them become employed. The grants fund operations during the current fiscal year, and the Department provides about 80 percent of these operational funds. Thus, sequestration would immediately eliminate \$160 million from funds supporting activities that help these individuals prepare for, obtain, or retain employment. In particular, counselor caseloads would likely increase, as would wait times for individuals to receive essential vocational rehabilitation services, hurting the effort to lower the unemployment rate for these individuals, which already is significantly higher than that of the general population.

## IMPACT ON STATE AND LOCAL EDUCATIONAL AGENCIES

For Federal education programs that are forward-funded, the impact of sequestration would not reduce funding until the 2013-2014 school year, but local districts will be making decisions in April and May of this year about which jobs to cut and

which teacher contracts to renew. Districts will have to plan on less funding. Fewer teachers and staff could mean larger class sizes, fewer courses or subject areas, less tutoring for struggling students, reductions in counseling, and more difficulty in retaining recently hired teachers. And, local economies will suffer from the higher unemployment and the uncertainty of the staff.

Survey data last year showed that 80 percent of school districts would not be able to make up the losses from sequestration, a finding that should not be surprising given that State and local budgets are only just beginning to recover from the recent financial crisis and economic recession. Any inroads they have made to rebuild or restructure programs as the economy recovers and local tax revenues increase would be undermined by a significant loss in Federal education funds.

#### IMPACT ON PROGRAMS SERVING THE NEEDIEST STUDENTS

In particular, sequestration would hit hard at Federal, State, and local efforts to improve educational opportunities for the Nation's neediest students and their families. Title I Grants to local educational agencies (LEAs) serve nearly 23 million students in high-poverty schools and Special Education State Grants help State educational agencies (SEAs) and LEAs provide a free appropriate public education (FAPE) to roughly 6.5 million special needs students. Sequestration would reduce title I funding by some \$725 million, potentially eliminating support to an estimated 2,700 schools serving 1.2 million disadvantaged students, while also putting at risk the jobs of approximately 10,000 teachers and aides serving these students. Formula grants to States under part B of the Individuals with Disabilities Education Act could be reduced by as much as \$598 million, which would require States and districts to cover the cost of approximately 7,200 teachers, aides, and other staff who are needed to provide a FAPE for students with disabilities, placing additional burden on cash-strapped States and districts.

#### IMPACT ON STUDENT AID

The law specifically exempts Pell grants from sequestration. The law also includes a special rule on student loans that specifies a small increase in the origination fee for loans made after the sequester order. This origination fee change would require adjustments in systems and records for those getting loans late in school year 2012–2013 and early in school year 2013–2014.

Cutting mandatory administrative funds for Student Aid programs will affect the servicing of student loans by Not-For-Profit (NFP) contract servicers. Sequestration could require each NFP servicer payment to be reduced. The impact of reducing payments to the NFP student loan servicers would be significant and could adversely impact as many as 29 million student loan borrowers. NFPs may have to lay off or furlough many of their contract employees in States such as Pennsylvania, Wisconsin, Missouri, Tennessee, Iowa, and Utah. Some smaller NFPs may run operational risks and even be forced to close, disrupting service and potentially causing problems with payment processing for all student and parent borrowers they service.

The Department also uses for-profit contractors to administer functions like FAFSA processing, Pell grant disbursements, loan originations, collections, and related tasks. The Department's ability to collect defaulted student debt and provide high-quality services to borrowers once they are out of school would likely be hampered by sequestration, due to possible cuts in contracts with private-sector entities. If we do not collect on loans, fewer funds will be repaid to the Treasury, and our deficit will increase. That is the opposite of what sequestration is supposed to achieve. It is another illustration of why sequestration is a bad policy. To underscore the magnitude of the risk in this area, during the 2011–2012 award year, the Department delivered or supported the delivery of approximately \$172 billion in grant, work-study, and loan assistance to almost 15 million postsecondary students attending more than 6,000 postsecondary institutions.

The administrative cuts would hamper our aid delivery. Award funding would also be cut in campus-based college programs like Federal Work-Study and Supplemental Educational Opportunity Grants. Federal Work-Study would be cut by \$49 million, eliminating 33,000 students from participation. Supplemental Educational Opportunity Grants would be cut by \$37 million, with a resultant reduction of 71,000 recipients.

#### DEPARTMENTAL MANAGEMENT IMPACT

The sequester also would likely require the Department to furlough many of its own employees for multiple days. The full repercussions are unknown, but extended furloughs would significantly harm the Department's ability to prevent fraud, waste,

and abuse in the very large, complex student financial assistance programs. Furloughing employees also would hurt all the Department's other activities, including making grant awards on a timely basis.

#### INVESTING IN THE FUTURE

Sequestration is a bad policy. It cuts all programs by the same percentage, no matter the purpose or the performance. We need to replace sequestration with balanced deficit reduction that includes revenues. And we need to make smart spending investments within the discretionary caps established by the Budget Control Act of 2011. That's what has been done at the Department of Education. From 2010–2012, 49 programs have been eliminated. Those programs didn't work, had achieved their purpose, or could be done more effectively. The elimination of those programs saves \$1.2 billion annually. Those savings have been largely reinvested in programs with a greater chance for success in improving education. We also saved \$68 billion by reforming the student loan programs in 2010; unnecessary payments to third parties were eliminated. Much of those savings were reinvested in Pell grants, and some reduced the deficit. These are examples of selective cuts and investments where the Congress made choices based on performance and evaluations and cost-savings. That is a much better approach than the mindless across-the-board sequestration.

It's also important to note that even without sequestration, domestic discretionary spending has already been declining. Nonsecurity discretionary spending is now on a path to reach its lowest level as a share of GDP since the Eisenhower administration. In addition, State and local spending has been cut due to the financial crisis. At a time when we are just starting to see signs of renewed economic growth, as well as the positive impact of historic education reforms in programs like Race to the Top and School Improvement Grants that will contribute to future growth and prosperity, it just makes no sense at all to undermine this progress through the sequestration of Federal education funds.

#### LONG-TERM IMPACT

The long-term impact of sequestration could be even more damaging. By reducing education funding now and in the coming years, it would jeopardize our Nation's ability to develop and support an educated, skilled workforce that can compete in the global economy. In addition to what you are hearing today from the Department of Defense, cutting education funding also could hurt our military preparedness, because we won't have enough high school graduates for our uniformed services. Already, nearly 25 percent of American students who do not graduate from high school will not be able to serve in the military, and 30 percent of high school graduates still lack the basic math, science and English competency skills to pass the military's entrance exam. Sequestration would only make this situation worse.

I have given you many reasons why sequestration is a step in the wrong direction. I will stop now and be glad to answer your questions.

#### **STATEMENT OF HON. SHAUN DONOVAN, SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Secretary DONOVAN. Chairwoman Mikulski, Vice Chair Shelby, and the members of the committee, I particularly want to recognize Senator Murray, Senator Collins, the chair and ranking member of our Appropriations subcommittee, for their great partnership together and with us in making difficult but important decisions for our agency and for the country. Thank you, all.

And thank you for the opportunity to testify today regarding the impacts of sequestration on the Department of Housing and Urban Development (HUD) and our programs.

Should sequestration go into effect on March 1, the cuts would be deeply destructive to HUD programs and those who rely on them, including hundreds of thousands of middle class and low-income individuals. It would also cause significant damage to our Nation's housing market at a time when it is helping to lead our economic recovery.

More specifically, sequestration would mean about 125,000 individuals and families, more than one-half of whom are elderly or disabled, losing assistance provided through the Housing Choice Voucher Program and becoming at risk of homelessness.

#### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

Sequestration would also result in more than 100,000 homeless and formerly homeless people, the majority of whom are families, disabled adults, or veterans, being removed from their current housing or emergency shelter programs, putting them at substantial risk of returning to the streets.

Cuts to the Housing Opportunities for Persons With AIDS program, would result in 7,300 fewer low-income households receiving supportive housing assistance and threaten to add even further to the population of homeless Americans.

Cuts to our Office of Healthy Homes and Lead Hazard Control and related programs would result in more than 3,000 of the most vulnerable children not being protected from lead poisoning or other hazards in their homes.

Cuts to housing counseling grants would result in 75,000 fewer households receiving vital foreclosure protection, prepurchase, rental, or other counseling. This means fewer families making responsible, informed choices and greater risk throughout the housing market.

Sequestration will also have a broader, more damaging effect—economic impact—on our still-fragile local economies. While sequestration cuts \$212 million from our HOME and Community Development Block Grant (CDBG) programs, communities lose nearly \$500 million in additional funding from private and other sources because they can no longer leverage those critical Federal dollars.

Cuts to public housing authority budgets would mean more deferred maintenance and capital repairs on top of an existing capital needs backlog of more than \$25.6 billion nationwide, endangering the future of these apartments, the families, and their neighborhoods.

In 2012, CDBG created or retained almost 22,000 permanent jobs and more than 32.5 million people benefited from the CDBG. Sequestration would jeopardize those jobs and services as well.

Indeed, across all of HUD's programs, sequestration will likely result in the loss of tens of thousands of jobs at a time when continued recovery depends on a stable job market, especially in our hard-hit construction industry.

HUD initiatives and programs have been central to the recent recovery in the housing market, but our Department's ability to perform critical activities that support the recovery will be severely hampered by sequestration as a result of furloughs that would be required for agency staff.

Sequestration would jeopardize the Federal Housing Administration's (FHA) ability to process loans at a time when FHA represents a substantial portion of all loan originations for the single-family market, including almost one-half of all first-time homebuyers across the country, as well as 25 percent of all new multi-family construction. That risks destabilizing the market and slowing our economic recovery.

Finally, sequestration seriously threatens our Hurricane Sandy recovery efforts. A 5-percent cut amounts to \$3 billion from the Hurricane Sandy supplemental just passed by the Congress, taking away crucial funding for repair and recovery from housing, transportation, and other areas.

Just as an example, the funding that would be cut from CDBG would help make necessary repairs to more than 10,000 homes and small businesses in the region.

Whether it is the manmade disaster of the recession or the natural disaster of Hurricane Sandy, HUD has been central to recovery efforts, and we cannot afford to threaten them.

As the President said on Tuesday, we know that broad-based economic growth requires a balanced approach to deficit reduction with everybody doing their fair share, not an approach that clearly harms the middle class and the poor, and comes at the expense of our Nation's economy.

Sequestration is a blunt and indiscriminate instrument that was intended to ensure more measured and deliberate cuts would be made. It is my hope, and all of our hope in the administration, that the Congress can find a bipartisan solution to our budget and deficit concerns without risking our economic recovery and imposing the kind of serious damage that the sequester makes inevitable.

#### PREPARED STATEMENT

Again, Madam Chairwoman, thank you for inviting me to testify. I am eager to work with you and your committee in any way I can to help avoid sequestration.

Thank you.

[The statement follows:]

#### PREPARED STATEMENT OF SHAUN DONOVAN

Chairwoman Mikulski, Ranking Member Shelby, and members of the committee, thank you for the opportunity to testify today regarding the effects of the across-the-board Federal cuts that would result from the potential sequestration now scheduled for March 1, just 2 weeks from tomorrow. As the President stated last week, these arbitrary and indiscriminate cuts "will cost us jobs and significantly slow down our recovery." With respect to the Department of Housing and Urban Development (HUD) that I am privileged to lead, these cuts would be deeply destructive, would damage the economy, and would harm numerous families, individuals, and communities across the Nation that rely on HUD programs.

#### HARMFUL EFFECTS OF SEQUESTRATION ON HOMELESS AND OTHER VULNERABLE POPULATIONS AROUND THE COUNTRY

The March 1 sequestration would have devastating effects on homelessness and on other vulnerable groups that HUD works with on housing needs across the country. In particular:

—About 125,000 individuals and families, including elderly and disabled individuals, could lose assistance provided through the Housing Choice Voucher (HCV) program and be at risk of becoming homeless. The HCV program, which is administered by State and local public housing agencies (PHAs), provides crucial assistance to families and individuals in renting private apartment units. There may be even more families affected by the sequestration cuts to the extent that PHAs are forced to absorb annual funding losses in less than a full 12-month timeframe. In addition, since sequestration will also cut PHA administrative fees for the HCV program, numerous PHAs may find continued operation of the program financially untenable and thus stop operating the program entirely, which will harm even more families and individuals, including homeless veterans.

- Sequestration cuts would also result in more than 100,000 formerly homeless people, including veterans, being removed from their current housing or emergency shelter programs, putting them at substantial risk of becoming homeless. Much of this damage will be done through cuts to HUD's Continuum of Care programs, under which formerly homeless families and individuals are quickly rehoused and given other assistance to move them toward self-sufficiency. In addition, the sequestration cuts would eliminate some of the key funding for the Nation's shelter system for the homeless provided by the Emergency Solutions Grants (ESG) program. Because ESG is considered a critical glue, holding together the shelter system across the country, the cuts could have a ripple effect and force some shelters to close down altogether, with even more devastating effects. Over the last several years, we have made significant progress in reducing homelessness and in achieving the national goal of ending veterans' homelessness. These sequestration cuts would lead us in the opposite, and tragically wrong, direction.
- Sequestration cuts to the Housing Opportunities for Persons With AIDS program would result in 7,300 fewer low-income households receiving permanent and short-term supportive housing assistance, including rent or utility assistance. This could result in some people falling into homelessness, which would further exacerbate this tragic problem.
- Safe, decent, and affordable housing is desperately needed in Indian Country, and HUD is an important source of assistance. Sequestration cuts would mean that more than 900 fewer Native American families would be able to obtain housing loan guarantees.
- Sequestration would cut important programs offered by HUD's Office of Healthy Homes and Lead Hazard Control and related HUD programs addressing housing-related health hazards. As a result, more than 3,000 vulnerable children would not be protected from lead poisoning and other safety hazards in the home. Such danger to our Nation's most precious resource—our children—would be another tragic result of the arbitrary cuts required by sequestration.

SEQUESTRATION'S DAMAGING EFFECTS ON FAMILIES, COMMUNITIES, AND THE ECONOMY  
ACROSS THE NATION

From HUD's perspective, the March 1 sequestration would also have even broader harmful effects on middle class families, on communities, and on the economy across the Nation. Specifically:

- Sequestration would result in 75,000 fewer households receiving foreclosure prevention, pre-purchase, rental, or other counseling through HUD housing counseling grants. This counseling is crucial for middle class and other families who have been harmed by the housing crisis from which we are still recovering, and are trying to prevent foreclosure, refinance their mortgages, avoid housing scams, and find quality, affordable housing. Studies show that housing counseling plays a crucial role in those efforts. Distressed households who receive counseling are more likely to avoid foreclosure, while families who receive counseling before they purchase a home are less likely to become delinquent on their mortgages.
- The impact of sequestration would force PHAs to defer maintenance and capital repairs to public housing, leading to deteriorating living conditions and, over the longer term, risking the permanent loss of this affordable housing that serves 1.1 million of the Nation's poorest residents. The cuts would also harm the local economies in the areas served by PHAs. PHA spending on maintenance and capital repairs results in expenditures for goods and services throughout local economies. Sequestration would also reduce the number of families served by HUD programs designed to help families in public housing become more self-sufficient.
- The cuts caused by sequestration would prevent State and local communities that receive funding under the HOME Investment Partnerships program from building and rehabilitating 2,100 affordable housing units for low-income families. These cuts will have an even broader effect on local economies, particularly because historically, every \$1 of HOME funding is leveraged with almost \$4 of other governmental or private investment for the production or rehabilitation of affordable single or multi-family housing. This will mean fewer jobs in and more harm to local construction and related industries.
- Sequestration will also result in significant cuts to community development funding for public services, facilities, and infrastructure improvements across the country. This will harm middle class families who rely on such services and reduce jobs in local economies across the Nation. These funds improve our local

communities, and also support jobs for construction workers and others who build or rehabilitate public facilities, infrastructure, and housing, and for those providing social services at the local level. Historically, it has been estimated that community development related funding over the past decade has sustained 400,000 jobs in local economies across the country. In 2012 alone, nearly 21,800 permanent jobs were created or retained using CDBG funds and more than 32.5 million people benefited from CDBG funded public facilities activities. The negative effects of cuts in community development funding are multiplied because for every \$100 of funding from HUD for such activities, another \$150 in other governmental or private investment in such community development is generated. In addition, these cuts will adversely impact confidence in the long-term sustainability of the private market rental housing that HUD supports.

- Only weeks ago, the Congress appropriated community development and other funds for the recovery and rebuilding of the devastation caused by Hurricane Sandy and other natural disasters. The March 1 sequestration would force cuts to those crucial funds, preventing communities from making critical investments. This will not only prolong the suffering in a region that has been hit again this past weekend by a new storm. It will also cost jobs that would be created by full expenditure of the approved funding and slow the full recovery and rebuilding of a region that is critical to our economy.
- Finally, sequestration would directly affect the employees who work for HUD itself, along with their families and communities. I am privileged to lead just more than 9,000 HUD employees around the Nation in 81 field offices around the country. Specific plans are still being reviewed and finalized, but we believe that furloughs or other personnel actions may well be required to comply with cuts mandated by sequestration. The public will suffer as the agency is simply less able to provide information and services in a wide range of areas, such as FHA mortgage insurance and sale of FHA-owned properties.

#### CONCLUSION

As the President and many Members of Congress have made clear, sequestration is a blunt and indiscriminate instrument that was passed to help ensure that action is taken on a balanced deficit reduction package, not as an actual method of deficit reduction via arbitrary budget cuts. I firmly agree with the President's statement just last week that "our economy is headed in the right direction, and it will stay that way as long as there aren't any more self-inflicted wounds coming out of Washington." Sequestration is just such a self-inflicted wound that would have devastating effects on our economy and on people across the Nation.

#### STATEMENT OF HON. JANET NAPOLITANO, SECRETARY, DEPARTMENT OF HOMELAND SECURITY

Secretary NAPOLITANO. Thank you, Chairwoman Mikulski, Vice Chair Shelby, and members of the committee. I appreciate the opportunity to discuss the impacts of sequestration on the Department of Homeland Security (DHS).

DHS has a broad mission that touches almost every aspect of our economy. We secure our aviation sector, screening 2 million domestic air travelers each day. We protect our borders and ports of entry while facilitating trade and travel.

Last year, our CBP officers processed more than 350 million people and facilitated nearly \$2.3 trillion in trade.

We enforce the immigration laws. We partner with the private sector to protect critical infrastructure. And we work with States and communities to prepare for and respond to disasters of all kinds, like Hurricane Sandy, while supporting recovery and rebuilding.

#### NATIONAL SECURITY AND ECONOMY

Put simply, the automatic budget reduction mandated by sequestration would be destructive to our Nation's security and to our

economy. It would negatively affect the mission readiness and capabilities of the men and women on the frontlines. It would undermine the significant progress DHS has made over the past 10 years to build the Nation's preparedness and resiliency.

Perhaps most critically, it would have serious immediate consequences to the flow of trade and travel at our Nation's ports of entry, including many ports represented by members of this committee.

At the major international airports, average wait times to clear customs will increase by 50 percent. And at our busiest airports like Newark, John F. Kennedy, Los Angeles and Chicago O'Hare, peak wait times, which can already reach more than 2 hours, could grow to 4 hours or more.

Such delays not only would cause thousands of missed passenger connections, they would have severe economic consequences at both the local and national levels.

Furloughs of Transportation Security Officers will increase domestic passenger wait times at our busiest airports by more than 1 hour.

On the Southwest border, our biggest land ports could face waits of 5 hours or more, functionally closing these ports during core hours.

At our seaports, delays in container examinations would increase up to 5 days, resulting in increased costs to the trade community and reduced availability of consumer goods and raw materials. Mid-size and smaller ports would experience constrained hours of operation, affecting local cross-border communities. And at cruise terminals, processing times could increase up to 6 hours, causing passengers, again, to miss flights, delay trips, and increase costs.

Trade and travel are absolutely essential to our economy. Indeed, according to the U.S. Travel Association, 1 new American job is created for every 33 travelers arriving from overseas. And according to the International Trade Administration, each extra minute of wait times at our busiest southern ports can result in \$116 million in economic loss.

Sequestration would have serious consequences for our other missions. CBP would have to furlough all of its employees, reduce overtime, and eliminate hiring to backfill positions, decreasing the number of work hours equivalent to more than 5,000 CBP agents.

The Coast Guard would have to reduce its presence in the Arctic by nearly one-third and surface operations by more than 25 percent, affecting management of our Nation's waterways, as well as fisheries enforcement, drug interdiction, migrant interdiction, port security, and other law enforcement operations.

Under sequestration, Immigration and Customs Enforcement (ICE) would be forced to reduce detention and removal. We would not be able to maintain the 34,000 detention beds mandated by the Congress. Sequestration would reduce our investigative activities into things like human smuggling, counterproliferation, and commercial trade fraud.

Sequestration reductions would require us to scale back the development of critical capabilities for the defense of Federal cybersecurity networks, and the Nation's core critical infrastructure would also remain vulnerable.

Sequestration would have impacts on our Nation's disaster preparedness, response, and recovery efforts. It would reduce the DRF, the Disaster Relief Fund, by more than \$1 billion, affecting survivors still recovering from Hurricane Sandy, the tornadoes in Tuscaloosa and Joplin, and other major disasters across the Nation. And DHS grant funding would be reduced to its lowest level in 7 years, leading to layoffs of State and local emergency personnel across the country.

Threats from terrorism and the need to respond to and recover from natural disasters will not diminish because of budget cuts. Even in this current fiscal climate, we do not have the luxury of making significant reductions to our capabilities without placing the Nation at risk.

DHS will continue to preserve our frontline priorities as best we can, but no amount of planning can mitigate the negative effects of sequestration on the security of the country.

#### PREPARED STATEMENT

As we approach the first of March, I urge the Congress to act to prevent sequestration and ensure the safety, security, and resiliency of the Nation.

[The statement follows:]

#### PREPARED STATEMENT OF JANET NAPOLITANO

Chairwoman Mikulski, Ranking Member Shelby, and members of the committee: Thank you for the opportunity to appear today to discuss the Budget Control Act of 2011 and, specifically, the sequestration that is currently mandated to be ordered on March 1.

The President has made clear that the Congress can and should act to avoid sequestration in a balanced and fiscally responsible manner. If allowed to occur, sequestration would be disruptive and destructive to the Department of Homeland Security (DHS), its missions, and our Nation's security and economy.

The automatic budget reductions—which must be applied in equal measure to virtually every program, project, and activity that DHS has—would negatively affect the mission readiness and capabilities of the men and women on our front lines. Sequestration would undermine the significant progress DHS has made over the past 10 years to build the Nation's preparedness and resiliency.

Sequestration would roll back border security, increase wait times at our Nation's land ports of entry and airports, affect aviation and maritime safety and security, leave critical infrastructure more vulnerable to attacks, hamper disaster response time and our surge force capabilities, and significantly delay cyber security infrastructure protections. In addition, sequestration would necessitate furloughs of up to 14 days for a significant portion of our frontline law enforcement personnel, and could potentially result in reductions in capabilities across the Department.

Today, I would like to provide you with specific examples of the potential impacts of sequestration on the Department and the consequences that will be felt by the American people.

#### IMPACT ON THE ECONOMY AND THE AMERICAN PEOPLE

Sequestration would have significant impacts on our economy, including travel, tourism and trade.

DHS's U.S. Customs and Border Protection (CBP) staff and operate 329 ports of entry (POEs) across the country, welcoming travelers, and facilitating the flow of goods essential to our economy. Each day, almost 1 million people arrive at these ports of entry by land, sea, and air. In fiscal year 2012 alone, DHS processed more than 350 million travelers at our POEs, including more than 98 million international air travelers, as well as \$2.3 trillion worth of trade. Trade and travel is absolutely essential to our economy. Indeed, according to the U.S. Travel Association, one new American job is created for every 33 travelers arriving from overseas.

Any increases in wait times at the borders will have a direct impact on our Nation's economy. A study commissioned by the Department of Commerce's Inter-

national Trade Administration found that border wait times at the five busiest southern border POEs result in an average economic output loss of \$116 million per minute of delay. This study states that in 2008, delays cost the U.S. economy 26,000 jobs and \$6 billion in output.

Reductions mandated under sequestration would require furloughs and reduced staffing at our Nation's POEs and airport security checkpoints, increasing wait times for travelers and slowing commerce across the country. Reduced CBP staffing would make 4- to 5-hour wait times commonplace and cause the busiest ports to face gridlock situations at peak periods. In addition, furloughs of Transportation Security Administration (TSA) Transportation Security Officers (TSOs) would substantially increase airline passenger wait times by as much as 1 hour at the Nation's largest and busiest airports. Such delays would affect air travel significantly, potentially causing thousands of passengers to miss flights with negative economic consequences at the both the local and national levels.

Additional effects of sequestration would be felt by the American public from reductions to U.S. Coast Guard (USCG) fisheries law enforcement, aids to navigation, and other important activities that help ensure the safe flow of commerce along U.S. waterways and the protection of natural resources. These reductions will impact USCG's ability to respond to issues impacting the U.S. Marine Transportation System that generates more than \$3.2 trillion of total economic activity, moves 78 percent of foreign trade, and sustains more than 13 million jobs each year. USCG also will have to reduce its patrols of the 3.4 million square mile U.S. Exclusive Economic Zone—impacting fisheries enforcement and resulting in more incursions by foreign vessels, exploiting our natural resources. Reduced USCG presence protecting the U.S. fishing industry would impact an industry which generates \$32 billion in income and supports more than 1 million jobs annually.

Reductions in the Department's preparedness and grants programs as well as the Science and Technology's (S&T) research and development (R&D) activities would affect first responders on the frontlines across the country. Vital assistance for State and local law enforcement efforts—such as training, technical assistance, security clearances, and connectivity to Federal systems and technologies—would all be scaled back under sequestration.

#### DISASTER PREPAREDNESS AND RECOVERY

DHS, through its Federal Emergency Management Agency (FEMA), works closely with States, cities, tribes, territories, and communities large and small to help prepare for and respond to disasters and emergencies of all kinds. We provide funding through homeland security grants, support training and exercises, assess State and local response capabilities and recommend needed improvements. We also support recovery and rebuilding efforts after a disaster.

Cuts to FEMA would have significant, negative impacts on our Nation's disaster preparedness, response and recovery efforts.

Weeks after the Congress passed the recent fiscal year 2013 Disaster Assistance Supplemental Act (Public Law 113-2), sequestration would reduce the Disaster Relief Fund by more than \$1 billion, affecting survivors recovering from Hurricane Sandy, the tornadoes in Tuscaloosa and Joplin, and other major disasters across the Nation, as well as the economic recoveries of local economies in those regions. Sequestration cuts could also require FEMA to implement Immediate Needs Funding Restrictions late in the fiscal year during what is historically the season for tornadoes, wild fires, and hurricanes, which would limit funding for new projects in older disasters.

Finally, State and local homeland security grants funding would be reduced to its lowest level in the past 7 years, leading to potential layoffs of State and local emergency personnel across our country.

#### BORDER SECURITY

DHS's border security responsibilities are significant. Through CBP and USCG, we protect 4,000 miles of border with Canada; 2,000 miles of border with Mexico; and 2,600 miles of shoreline. USCG also ensures maritime security, protecting our Nation's seaports as well as 95,000 miles of waterways.

Facing more than \$500 million in cuts, CBP would not be able to maintain current staffing levels of CBP agents and CBP officers as mandated by the Congress.

Funding and staffing reductions from sequestration will increase wait times at airports, affect security between land ports of entry, limit CBP's ability to collect revenue owed to the Federal Government, and slow screening and entry programs for those traveling into the United States.

Sequestration would force CBP to immediately begin furloughs of its employees, reduce overtime for frontline operations, and decrease its hiring to backfill positions. Specifically, beginning April 1, CBP would have to reduce its work hours by the equivalent of more than 5,000 CBP agents and the equivalent of more than 2,750 CBP officers.

Sequestration would also have significant impacts to USCG's ability to protect our maritime borders. USCG is the principal Federal agency responsible for maritime safety, security, and environmental stewardship in U.S. ports and inland waterways, along the coasts, and on the high seas. While USCG is one of our Nation's five armed services, it is also a law enforcement and regulatory agency with broad domestic responsibilities and legal authorities.

To address reductions mandated by sequestration, USCG would have to curtail air and surface operations by more than 25 percent, adversely affecting maritime safety and security across nearly all mission areas. A reduction of this magnitude would reduce drug interdiction, migrant interdiction, port security, and other law enforcement operations. Furthermore, to achieve the level of reduction prescribed by sequestration, a significant level of ongoing maintenance and training would be deferred, with serious consequences for USCG's future force readiness and mission effectiveness.

#### IMMIGRATION ENFORCEMENT AND DEPARTMENT OF HOMELAND SECURITY INVESTIGATIONS

DHS also has significant responsibilities with respect to immigration enforcement. U.S. Immigration and Customs Enforcement (ICE) serves as the principal investigative arm of the Department and is the second-largest investigative agency in the Federal Government.

ICE promotes homeland security and public safety through broad criminal and civil enforcement of approximately 400 Federal laws governing border control, customs, trade, and immigration. ICE also identifies, apprehends, and removes criminal and other removable aliens from the United States. Last year, ICE removed more than 400,000 illegal immigrants including 225,000 individuals who had been convicted of felonies or misdemeanors.

Under sequestration, ICE would be forced to reduce current detention and removal operations, potentially affecting public safety, and would not be able to maintain 34,000 detention beds as mandated by the Congress.

ICE Homeland Security Investigations (HSI) works in more than 200 cities throughout the United States and 47 countries around the world to investigate and dismantle transnational criminal organizations involved in smuggling and other cross-border criminal activities. Sequestration would reduce HSI's activities, including human smuggling, counter-proliferation, and commercial trade fraud investigations. ICE would also be required to reduce or eliminate contracts for investigative support, including those for wiretaps under title III of the Omnibus Crime Control and Safe Streets Act.

#### TRANSPORTATION SECURITY

Each year, transportation systems protected by TSA accommodate approximately 640 million aviation passengers; 751 million passengers traveling on buses; more than 9 billion passenger trips on mass transit; nearly 800,000 daily shipments of hazardous materials; more than 140,000 miles of railroad track; 3.8 million miles of roads; and nearly 2.5 million miles of pipeline.

TSA is the Federal Government's lead agency for protecting our Nation's transportation systems from terrorist attacks while ensuring the freedom of movement for people and commerce. TSA manages effective and efficient screening and security of all air passengers, baggage, and cargo on passenger planes. It also deploys Federal Air Marshals internationally and domestically to detect, deter, and defeat hostile acts targeting air carriers, airports, passengers, crews, and other transportation infrastructure.

Sequestration's mandated reductions would require TSA to furlough its frontline workforce and reduce its operations at our Nation's airports, substantially increasing passenger wait times at security checkpoints. TSA would need to initiate a hiring freeze for all TSO positions in March, eliminate overtime, and furlough its 50,000 officers for up to 7 days.

#### CYBERSECURITY

DHS also safeguards our Nation's cyber systems and networks, working in close partnership with the private sector. DHS is the Federal Government's lead agency for securing civilian government computer systems, and through our National Pro-

tection and Programs Directorate (NPPD), we work with our industry and Federal, State, local, tribal, and territorial government partners to secure critical infrastructure and information systems.

Reductions resulting from sequestration would require NPPD to scale back its development of critical capabilities for the defense of Federal cyber networks. Ongoing collaboration and information sharing between NPPD and its Federal, State, local, tribal, private sector, and international partners could also be limited.

Full deployment of the National Cybersecurity Protection System (NCPS) intrusion prevention system, known as E3A, would be delayed. This delay would reduce our ability to detect, analyze, and build capabilities into NCPS to respond to emerging cyber threats. Deployment of a cyber diagnostics capability for the 118 Federal agencies would be affected, leaving departments and agencies less protected and delaying risk reduction features until at least fiscal year 2014. In addition, sequestration would disrupt long-term efforts to build a qualified cybersecurity workforce, leaving up to 20 percent of the positions at the DHS United States Computer Emergency Readiness Team vacant.

U.S. Secret Service (USSS) agents conduct investigations responding to network intrusions and data breaches resulting in the theft of financial data and personally identifiable information on a daily basis. In fiscal year 2012, USSS prevented more than \$1.9 billion in cyber crime fraud loss and identified more than \$330 million in actual loss. Ongoing collaboration with law enforcement, the private sector and academia working to detect and suppress computer-based crime through its 31 domestic and international Electronic Crimes Task Forces would be severely weakened by furloughed staffing and reductions in funding.

#### UNITED STATES SECRET SERVICE INVESTIGATIONS AND PROTECTION

USSS carries out a unique dual mission of protection and investigation through its 165 domestic and international offices. USSS protects the President, Vice President, visiting heads of State and Government, and National Special Security Events. It also safeguards the Nation's financial infrastructure and payment systems to preserve the integrity of the economy, investigates electronic crimes, investigates threats against U.S. and visiting world leaders, and protects the White House and other designated buildings within the Washington, DC area.

In addition to counterfeiting, USSS is the lead law enforcement agency for investigating credit and debit card fraud as well as other types of bank fraud. In fiscal year 2012, USSS investigations prevented more than \$2 billion in potential loss to financial institutions and citizens.

Furloughs and reductions in overtime would adversely affect the USSS workforce, and hinder ongoing criminal and protective intelligence investigations. All USSS Special Agents and Uniformed Division Officers would be subject to furloughs of up to 7 days.

#### DEPARTMENT OF HOMELAND SECURITY RESEARCH AND DEVELOPMENT

Sequestration would also have significant impacts on the S&T, an agency which helps to strengthen our Nation's security and resiliency by providing innovative technology solutions and knowledge products across the homeland security enterprise. S&T works closely with operators, scientists, and engineers to conduct research and development and provide critical homeland security solutions across our missions.

Sequestration would force S&T to halt ongoing R&D efforts focused on countermeasures for bio-threats, improvements to aviation security and cyber security technologies, and projects that support first responders. Funding for the university network that provides essential R&D will face significant cuts, resulting in fewer new technologies available to meet current and emerging threats.

#### DEPARTMENT OF HOMELAND SECURITY ENTERPRISE

Finally, under sequestration, DHS would be unable to move forward with important command and management infrastructure. DHS would have to scale back management integration efforts such as modernizing critical financial systems. This would hinder the Department's abilities to provide accurate and timely financial reporting, facilitate clean audit opinions, address systems security issues and remediate financial control and financial system weaknesses.

#### CONCLUSION

Hurricane Sandy, recent threats surrounding aviation and the continued threat of homegrown terrorism demonstrate how we must remain vigilant and prepared,

as a Department and as a Nation. Threats from terrorism and response and recovery efforts associated with natural disasters will not diminish because of budget cuts to DHS.

Even in this current fiscal climate, we do not have the luxury of making significant reductions to our capabilities without placing our Nation at risk. If we are to continue to prepare for, respond to, and recover from evolving threats and disasters, we will need sufficient resources to sustain and adapt our capabilities accordingly.

In order to sustain frontline operations while planning for declining budgets, the Department has already taken more than \$4 billion in significant reductions and cost avoidances to administrative and mission support functions over the past several years. Further reductions mandated by sequestration will directly impact the Department's frontline operations.

While we will continue to preserve our frontline priorities as best we can, no amount of planning can mitigate the negative effects of sequestration. DHS simply cannot absorb the additional reduction posed by sequestration without significantly and negatively affecting frontline operations and our Nation's previous investments in homeland security.

Thank you for inviting me to appear before you today. The Department appreciates the strong support it has received from the Congress over the past 10 years. As we approach March 1, I urge the Congress to act to prevent sequestration and ensure the safety, security, and resiliency of our Nation.

I would be pleased to answer any questions you may have.

Chairwoman MIKULSKI. Dr. Carter.

**STATEMENT OF HON. ASHTON B. CARTER, DEPUTY SECRETARY, DEPARTMENT OF DEFENSE**

Dr. CARTER. Thank you, Chairwoman Mikulski, very much, and Ranking Member and Vice Chairman Shelby. I thank you both, and this entire committee, very much from the bottom of my heart for having this hearing, and I will tell you why.

We have been very concerned now, Secretary Panetta and I and the entire DOD leadership, about what we have called the devastating effects of the sequester on our Nation's defense and everything we do. We have been talking about this for 16 months now, and now the wolf is at the door.

**NATIONAL SECURITY**

I would like to describe to you some of the specific consequences of the sequester for national security. I should say, right at the beginning, that we have another contingency that is affecting us. It is not affecting my colleagues at the moment, which is the continuing resolution and the prospect that it would remain in force through the end of the year, for reasons I will explain shortly, that has a particularly near-term, deleterious effect on the Department.

So for us, there are two things that come together. The first one is the sequester, which is scheduled to kick in just a couple of weeks' time, and, for us, that requires us to remove \$46 billion from our spending in the last 7 months of the fiscal year and moreover, as you all know, to do it in the dumbest possible way, from a management standpoint, which is account by account, item by item.

The continuing resolution poses a different kind of problem for us. We have enough money in the continuing resolution. The problem is that it is in the wrong accounts, and, in particular, the operations and maintenance part is very much short, and that creates problems I shall describe shortly in the remaining months of the fiscal year.

So these two things come together to create what we have been calling, and what the Joint Chiefs of Staff have called, “a crisis in readiness” in the near term.

In the far term, over the next 10 years, if the budgetary caps triggered at the same time—the sequester is triggered for fiscal year 2013—are sustained, we are not going to be able to carry out the defense strategy, the new defense strategy, that we crafted under President Obama’s leadership just 1 year ago.

It is not that we don’t understand that DOD needs to make a contribution to the Nation’s fiscal situation and its resolution. That is why we have accommodated \$487 billion in cuts over the next 10 years. We are just beginning to make that enormous transition. That was on top of several hundred billion dollars worth of cuts that Secretary Gates began, eliminating unneeded and underperforming programs. And all of this is on top of the historic reduction associated with the winding down of the wars in Iraq and Afghanistan.

I also understand that the taxpayer deserves very careful use of each and every DOD dollar that we do get from you. And that is why we have striven, and will continue to strive, to get better buying power for the DOD dollar and reform the acquisition system.

But both a strategic approach to defense spending and efficient use of the taxpayer dollar are undermined by sequestration. And what is particularly tragic is that sequestration is not the result of an economic recession or an emergency. It is not because discretionary spending cuts are the answer to our Nation’s fiscal challenge. You do the math. It is not in reaction to a more peaceful world. It is not due to a breakthrough in military technology or to a new strategic insight. It is not because paths of entitlement growth and spending have been explored and exhausted. It is not because sequestration was ever a plan intended to be implemented.

All this is purely the collateral damage of political gridlock. For our troops, for the force, the consequences are very real and very personal. The President has indicated his intention to spare military compensation from sequestration. And that is a very good decision and one that we intend to carry out.

But make no mistake, the troops are going to feel this very directly in other ways. And I will just give you, I think, the principal example. There are many.

Between now and the end of the year, we will need to sharply curtail training in all of the services. And so that means, for example, a brigade combat team that has returned from Afghanistan that is used to being at tiptop readiness—and that is what matters to this profession, and that is what we want to have matter to them—can’t train. And the Army reports that two-thirds of its brigade combat teams will be at reduced readiness by year’s end. And I can go through the same thing, true in the Air Force and so forth. So it is going to have a big effect on our uniformed people.

#### DEPARTMENT OF DEFENSE CIVILIAN WORKFORCE

Likewise, also, for our much maligned civilians, you know, a lot of people think that DOD civilians are people who wake up in the Washington suburbs and get in a car and drive up I-395 and come to an office building here. They are not. Most of them work in de-

pots. They fix airplanes. They maintain ships and overhaul ships. Eighty-six percent of them don't even live in the Washington area. Forty-four percent of them are veterans. And on or around April 1, we will need to begin to furlough many of them, and to do that, for up to 22 days, which is the statutory limitation.

And I have promised that when that happens, I am going to give back one-fifth of my paycheck to the Treasury for those last 7 months, if we have to furlough people. I can't be furloughed, because I am a Senate-confirmed Presidential appointee, but I am going to give back one-fifth of my salary.

There is a real human impact here, is what I am saying.

And in addition to the military and civilian personnel, the effects will be devastating on the defense industry, upon which we depend. The quality of our defense industry, second only to the quality of our people in uniform, is what makes our military the greatest in the world. And a technologically vibrant and financially successful defense industry is in the national interest.

The act of sequestration and the longer-term budget cuts, and even the prolongation of uncertainty, will limit capital market confidence in our industry, and companies may be less willing to make internal investments in their defense portfolios.

The turmoil is even greater for our subcontractors. Many of them lack the capital structure to withstand this kind of turbulence. And I will just remind you that 60 to 70 cents of every \$1 we contract goes not to the prime contractor, but is in turn subcontracted out. Many of these are small businesses. We count on them for the vibrancy and new people, new talent, fresh blood in the defense sector.

And above all, the sequester will cause a spike in program inefficiency by stretching out programs and driving up unit costs. So for the force—military, civilian, our industry—the consequences are very direct and devastating.

I would like to close with an appeal, which is to de-trigger sequestration and also, very importantly to us, to pass appropriations bills not only for defense, but for all our Federal agencies for that matter.

And in that connection, I would just like to add that, in the long run, national security rests on a strong economy. It rests on a strong industrial and engineering base. It rests on having science, technology, engineering, and math talent here in America.

These are, I recognize, provided in other parts of the budget, but, indirectly, we depend upon them as well. And understanding the effect of sequestration for us managing in DOD, I understand the comparable problems that are arising for my colleagues around the table.

The cloud of uncertainty hanging over our Nation's defense affairs is already having lasting and irreversible effects. Ultimately, the cloud of sequestration needs to be dispelled and not just moved to the horizon. The magnificent men and women of DOD and their families deserve no less. They need to know that we are going to keep our commitments to them. Our partners in the defense industry and their employees need to know we are going to have the resources to procure the world-class capabilities they provide.

And perhaps most important, the world is watching us. The world is watching—

Chairwoman MIKULSKI. Secretary Carter, we have—

PREPARED STATEMENT

Dr. CARTER. I am almost done.

Our friends and our enemies are watching us, Madam Chairwoman, and they need to know that we have the political will to forestall sequestration.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF ASHTON B. CARTER

Madam Chairwoman, Senator Cochran, Members of the Committee, thank you for holding this hearing on the effects of sequestration. I am not only pleased, but in fact eager, to testify before you. For over a year, Secretary Panetta and I, together with the uniformed leadership of this Department, have been warning of the devastating effects for national defense that will result from sequestration.

Last August, I testified in detail to the impacts of sequestration that are specific to the Department of Defense, which include all the matters we will be discussing today in more detail, including furloughs, degraded readiness, maintenance cutbacks, and disrupted investment programs. I explained that these devastating effects would result from the size—and, for fiscal year 2013, the arbitrary nature—of the budget cuts that would be required under sequestration and the reductions in the discretionary caps mandated by the Budget Control Act of 2011 (BCA).

The consequences of sequestration and a lowering of the discretionary caps are serious and far-reaching. In the near-term, these reductions would create an immediate crisis in military readiness, especially if coupled with an extension of the continuing resolution under which we currently operate. In the long-term, failure to replace these large and arbitrary budget cuts with sensible and balanced deficit reduction would require this nation to change its defense strategy.

I have long understood that the Department of Defense must contribute to the resolution of the Nation's fiscal situation. That is why we already accommodated \$487 billion in budget reductions versus the fiscal year 2012 President's budget, and managed to do so in a manner consistent with our new defense strategy for the new era that America is entering. This \$487 billion reduction, now even larger, was on top of budget reductions that began under Secretary Gates, when we cancelled many unneeded and poorly performing defense programs.

I also understand that the taxpayer deserves careful use of every dollar we are given. That is why we have striven and must continue to strive to get better buying power for the defense dollar.

Both of these efforts will be severely undermined unless the budget uncertainty and cloud of sequestration that hangs over this Department, its uniformed and civilian employees, and the industry that supports us, is lifted.

What is particularly tragic is that sequestration is not a result of an economic emergency or a recession. It's not because discretionary spending cuts are the answer to our Nation's fiscal challenge; do the math. It's not in reaction to a change to a more peaceful world. It's not due to a breakthrough in military technology or a new strategic insight. It's not because paths of revenue growth and entitlement spending have been explored and exhausted. It's purely the collateral damage of political gridlock.

We have long argued that the responsible way to implement reductions in defense spending is to formulate a strategy first and then develop a budget that supports the strategy. If the Department were forced to operate under the mechanistic sequestration rules and the continuing resolution for the remainder of the fiscal year, it would achieve precisely the opposite effect by imposing arbitrary budget cuts that then drive changes in national security strategy.

This is why I continue to urge Congress, in the strongest possible terms, to avoid sequestration by devising a comprehensive and balanced deficit reduction package that both the House and Senate can pass and that the President can sign. I also strongly urge the Congress to pass fiscal year 2013 appropriation bills for all Federal agencies, including the Department of Defense.

## HOW SEQUESTRATION WOULD WORK

The American Taxpayer Relief Act of 2012 changed the dates and size of sequestration. The sequestration will now begin for the Department in about 2 weeks, on March 1, 2013; in addition, a second sequestration due to a breach in the discretionary spending caps for fiscal year 2013 is scheduled to be implemented on March 27. Simply put, the combined effects of these two sequestrations will require the Department to cut roughly \$46 billion from the annualized level of funding provided on the fiscal year 2013 continuing resolution, all in the last 7 months of the fiscal year.

Sequestration cuts would apply to all of the DOD budget, including the wartime or Overseas Contingency Operations (OCO) portions, with only one significant exception. Exercising his statutory authority, the President indicated his intent to exempt all military personnel funding from sequestration. While I support the President's decision to protect our military personnel from sequestration, as a result, other DOD budget accounts must be cut by larger amounts to offset this exemption. We estimate that all other accounts would be reduced by roughly 8 percent by the March 1 sequestration order, and by a total of about 9 percent if both March 1 and March 27 sequestration orders occur. (The Office of Management and Budget would eventually calculate the precise the sequester percentage and provide it in the sequestration order.)

In addition to requiring a large and sudden reduction in defense spending for fiscal year 2013, the law requires that those reductions be accomplished in a rigid, across-the-board manner—account by account, and item by item. Cuts to the operating portions of the DOD budget must be equal in percentage terms at the level of appropriations accounts. (Examples of appropriations accounts in the operating budget include Army active operation and maintenance, Navy Reserve operation and maintenance, and Air Force Guard operation and maintenance.) For the investment portions of the budget, the dollar cuts must be allocated proportionally at a line item level of detail. More than 2,500 programs or projects are separately identified as line items and would be reduced by the same percentage. Within each operating account or investment line item, managers could decide how best to allocate the reductions.

The continuing resolution also plays a deleterious role in shaping the fiscal year 2013 budgetary landscape. The continuing resolution provides funding for OCO at the level requested in the President's budget for fiscal year 2013. However, the current continuing resolution directs that the base budget remain at the level enacted for fiscal year 2012. That provides sufficient total base budget dollars to DOD, but the dollars are in the wrong appropriations. Compared to our needs for fiscal year 2013, the continuing resolution provides too much funding in most investment accounts and insufficient funding in the Operation and Maintenance (O&M) accounts that sustain day-to-day operations and military readiness.

## WHAT SEQUESTRATION MEANS

If sequestration is triggered, we will be required to make cuts of \$46 billion from virtually every category of the budget, except for military personnel. Moreover, these cuts must be accommodated in the last 7 months of fiscal year 2013. The impact of these cuts will be compounded by the misallocation of funding under the continuing resolution.

The combined effects of sequestration and the continuing resolution will be especially problematic for the Operation and Maintenance accounts, which most affect military readiness. So allow me to focus on O&M, and in particular on the O&M in the base budget for active forces, since this portion will be heavily impacted. As part of the overall cut of the \$46 billion cut caused by the two sequestrations, these O&M accounts will be reduced by \$13 billion from the annualized continuing resolution level. We must obviously protect the O&M dollars for our men and women in combat, which under sequestration rules we can only do by cutting base-budget O&M disproportionately—this results in an additional shortfall of \$5 billion in active base-budget dollars.

Then the continuing resolution comes into play. If it is extended in its current form throughout the year, it exacerbates problems because it does not provide enough dollars in O&M—adding an additional shortfall of \$11 billion.

Next, we are anticipating higher-than-expected wartime operating costs due to factors such as unexpectedly high operating tempo, increased transportation costs associated with difficulties experienced with Pakistan ground lines of communication, and an expanded Persian Gulf presence to deal with contingencies in the region. This will add another \$5 billion to \$6 billion to the shortfall in active O&M dollars.

The cumulative effect of adding all these factors is a DOD-wide shortfall of about \$35 billion compared to our fiscal year 2013 budget request (about 23 percent of that request) just in base-budget O&M dollars for Active forces. Some Services will experience base-budget O&M reductions much larger than 23 percent. The Army, for example, has a greater share of wartime operating dollars to protect and is also experiencing higher-than-expected use of wartime operating funds.

Greatly adding to our concern is that we would have only about 7 months to accommodate these formidable shortfalls. The result in the near-term will be a readiness crisis.

NEAR-TERM ACTIONS IN RESPONSE TO THE POSSIBILITY OF MARCH 1 SEQUESTER AND  
YEAR-LONG CONTINUING RESOLUTION

Because the prospect of these developments is now all too real, and because the time in the fiscal year to absorb them is slipping away, on January 10 I authorized all Defense Components to begin taking immediate actions to slow spending in order to prevent even more dire consequences later in the year. I directed each of the Defense Component heads to report back to me by February 1 with a list of proposed actions and an implementation plan. I subjected the plans to three ground rules: first, protect wartime operations, urgent operational procurement needs, and wounded warrior programs; second, protect, whenever possible, key features of the new defense strategy and acquisition efficiencies; and third, ensure, to the extent feasible, that these near-term actions are reversible if action is taken to formulate a balanced deficit reduction deal that averts these developments.

Let me provide you some examples of the steps that are now being taken:

- Most services and defense agencies will institute civilian hiring freezes, with exceptions for mission-critical activities. DOD hires between 1,500 and 2,000 people per week. It is important to note that this freeze will disproportionately affect veterans, who make up 44 percent of the DOD civilian workforce. Hiring freezes will also be felt across the Nation, since 86 percent of DOD's civilian jobs fall outside the Washington, DC metro area.
- Most services and defense agencies will begin laying off a significant portion of our 46,000 temporary and term employees, again with exceptions for mission-critical activities.
- Most services and defense agencies will curtail facilities maintenance. More than \$10 billion in funding—mostly to contractors and small businesses—would be affected, translating into lost jobs in the private sector. The Air Force, for example, plans to cut facilities maintenance projects by about half, including cuts to 189 projects at 55 installations in 26 States.
- As of March 1, services will begin cancelling ship and aircraft maintenance work for the third and fourth quarters. It is estimated that about 25 ships and 470 aircraft will be affected unless we can reverse these actions.
- The Army and other services are curtailing training not directly related to missions.
- The Army has directed a reduction of 30 percent in base operating services relative to fiscal year 2012 levels and other services are also limiting base support.

ADDITIONAL ACTIONS THAT WILL NEED TO BE TAKEN SHOULD SEQUESTRATION AND A  
YEAR-LONG CONTINUING RESOLUTION OCCUR

We are taking these steps now reluctantly, since they are obviously harmful, because we can no longer be confident that the March sequestrations and a year-long continuing resolution will be avoided, and by acting now we can make the damage in later parts of the year somewhat less severe. While these near-term actions will cushion the blow in later months, they are not nearly enough to accommodate a year-long continuing resolution or sequestration. If these unfortunate developments actually come to pass, in March we will have to take more drastic and irreversible actions. Accordingly, I also directed all Defense Services and Agencies to provide me by February 8 with a list of actions that they would take in the event that either budget contingency occurs. We are still formulating these plans, which are complex and require input from thousands of activities. We do not yet have complete information, but I can provide examples of the actions that the Defense Components have proposed to meet budgetary targets in fiscal year 2013:

- All the Services and Agencies are likely to have to furlough most DOD civilian employees for an average of 1 day per week for up to 22 weeks. This action will seriously harm our ability to do important work, which will, in turn, harm national security: civilians fix our ships and tanks and planes, staff our hospitals, handle contracting and financial management, and much more. During this period, furloughs will result in a 20 percent cut in pay for civilians who support

our national defense—which will affect their morale. Senate-confirmed political appointees like me cannot be furloughed under the law. But if our employees are furloughed, I intend to give back to the Treasury the same portion of my salary, and I encourage all of us—executive branch and legislative branch—to do the same. In addition, these furloughs, like other spending cuts, will adversely affect economies in the communities where our civilians live and work. Savings from furloughs will be critical to meeting budgetary cuts by the end of the year. However, it is important to note that even if all 800,000 civilian DOD employees are furloughed to the maximum extent permitted by law, the savings of \$4 billion to \$5 billion will still leave us \$41 billion short of our \$46 billion total target. Thus, much more cutting of DOD spending will result, affecting many defense workers who are not direct DOD employees.

- The Army will curtail training and reduce maintenance for units that are not scheduled to deploy to Afghanistan. This could put readiness for future contingency operations elsewhere at risk. By year end, about two-thirds of Active and most Reserve Brigade Combat Teams (excluding those in Operation Enduring Freedom) will be at reduced readiness levels. As part of accommodating the sequester cuts, the Army may have to cancel up to five full-spectrum training rotations at its premier training centers.
- The Air Force will be forced to cut flying hours sharply and will reduce remaining weapon system sustainment funding by about 30 percent. Current planning suggests that most flying units (especially later-deploying units) will be below acceptable readiness standards by the end of fiscal year 2013. As a result, the Air Force will be substantially less able to respond on short notice to contingencies, which is one of their key missions.
- The Navy and Marine Corps will be forced to cut back on readiness and fleet operations. That could include a reduction of one-third in operations of Navy ships and aircraft in the Asia-Pacific region and gaps in availability of Marine Amphibious Ready Groups.
- DOD would be short between \$2 billion and \$3 billion in funds needed to pay for costs in the Defense Health Program. If we protect the operations of our in military treatment facilities, in order to maintain health readiness for Active-duty forces, then it is possible that DOD might not have enough funds to pay TRICARE bills toward the end of the fiscal year.
- DOD will have to make cuts of roughly 9 percent in each of more than 2,500 investment line items. These cuts will disrupt programs, add to unit costs, and damage the defense industry.

Overall, these actions will seriously disrupt programs and sharply degrade readiness. The acute effects on O&M and readiness are of particular concern to the Secretary and me and the Department's senior military leaders. The Chairman of the Joint Chiefs of Staff, the Vice Chairman, and all the Joint Chiefs recently signed a "28 star letter" stating: "The readiness of our Armed Forces is at a tipping point. We are on the brink of creating a hollow force."

#### LONGER-TERM EFFECTS OF SEQUESTRATION AND REDUCTIONS IN DISCRETIONARY CAPS

So far I have focused on the effects of sequestration and the continuing resolution in fiscal year 2013. But current law also reduces the budgetary limits for defense spending by about \$50 to \$55 billion in each year from fiscal year 2014 through fiscal year 2021. These lower caps would constitute a second long-term budget cut as large as the one DOD has already carried out. Cuts of this magnitude will require that we substantially modify and scale back the new defense strategy that the DOD leadership, working under the guidance of the President, so carefully developed just a little more than 1 year ago.

Last year, we emphasized that we were at a strategic turning point—a transition from the era of Iraq and Afghanistan to the security challenges that will define our future.

The new strategy has five pillars:

First, we said that our force has got to be leaner, but also agile, ready, and technologically advanced. In other words, we wanted to absorb the lessons we learned over the last decade of war—the lessons of counterinsurgency, IEDs, rotational presence, intelligence and operational integration, adaptability—and apply them to the challenges of the future to create a new post-Iraq and Afghanistan concept of readiness for each of our services.

Second, we said that we would continue our focus on the Middle East, which will remain an enduring commitment of the United States, but also execute our so-called rebalance to the Asia-Pacific region, where so much of our future security and economic interests lie.

Third, we said we would strengthen our global alliances and partnerships to achieve shared objectives and to build the capacity of our security partners.

Fourth, we said we would ensure that the United States military remains capable of confronting aggression and defeating any opponent, anywhere, anytime.

Fifth, we said we would continue to invest, even in hard budgetary times, in future-focused capabilities and technologies, like cyber and space, as well as special operations.

If the budget cuts described were sustained for the full 9 years, we would need to make substantial changes to our strategy that will directly diminish our military strength. Large reductions in force structure would almost certainly be necessary. These force structure changes would not happen instantly; in order to meet the new budget levels, we would almost certainly be forced to gut our acquisition programs in the near-term. This would cancel or significantly delay most of our major modernization programs until after the force reductions are achieved years from now. On top of this, we would have little choice but to reduce military compensation and reduce civilian personnel costs.

The resultant force would not be able to rapidly respond to major crises in the world or to be globally positioned to deter our adversaries. To protect the most warfighting capability possible, this Department would need relief from constraints on how the Department manages non-warfighting costs, including such authorities as BRAC.

Just as sequestration and the reductions in the discretionary caps will have devastating effects on the Nation's defense force, it will also be harmful to the defense industry upon which we depend. The quality of the weapons systems produced by our defense industry is second only to the quality of our people in uniform in making our military the greatest in the world. As such, a technologically vibrant and financially successful defense industry is in the national interest. The act of sequestration and longer-term budget cuts, and even the prolongation of uncertainty, will limit capital market confidence in the defense industry, and companies may be less willing to make internal investments in their defense portfolio. The impact will be even greater on our subcontractors, who lack the capital structure to withstand turmoil and uncertainty. Of note, 60 to 70 percent of our defense dollars are subcontracted, and many of our subcontractors are small businesses. Above all, the sequester will cause a spike in program inefficiency by stretching out programs and driving up unit costs.

Already, we saw the threat of sequestration drag on GDP growth in the fourth quarter of 2012, and consumer confidence took a hit over 2 months through January. According to private sector and CBO forecasts, sequestration impacts could reduce GDP growth in 2013 by over half a percentage point. That lost growth would deprive American workers of hundreds of thousands of jobs.

In the long run, national security rests on a strong economy, and also on non-defense functions—like education, especially science, technology, engineering, and math (STEM)—provided in other parts of the Federal budget. The drastic nature of sequestration would obviously be harmful to these functions, as the other witnesses appearing today will describe in greater detail.

Finally, we must be mindful that the world watches—our friends and enemies watch—and continued turmoil and uncertainty take a toll on our international reputation for excellence and resolve in national security affairs.

#### SEQUESTRATION MUST BE AVOIDED

My testimony today makes clear that sequestration, especially if accompanied by a year-long continuing resolution, would be devastating to DOD—just as it would to every other affected Federal agency. The difference is that, today, these devastating events are no longer distant problems. The wolf is at the door.

If we end up with an extended continuing resolution, we will need help from Congress in modifying the continuing resolution to get the dollars in the correct appropriations. We will also need Congress to support our efforts to use the reprogramming process to shift money so as to meet our highest priorities.

But additional flexibility at this late date would do little to offset the devastating effects of sequestration since cuts of this abruptness and magnitude cannot be absorbed without significant and damaging cuts in nearly every budget category. Congress needs to deal quickly and broadly with our country's deficit problems in a balanced way that the President can support. Then Congress needs to de-trigger sequestration and pass appropriations bills for all Federal agencies. Given that there is not enough time to accomplish these far-reaching actions before sequestration is triggered on March 1, I would urge that Congress at least delay sequestration. But as I have emphasized, the cloud of uncertainty hanging over the Nation's affairs is

already having lasting and irreversible effects. Ultimately, the cloud of sequestration needs to be dispelled, not just moved to the horizon.

However it is done, we need relief from the twin evils of sequestration and a year-long continuing resolution. The magnificent men and women of this Department, and their families, deserve no less. They need to know with certainty that we will meet our commitments to them. Our partners in the defense industry, and their employees, need to know that we are going to have the resources to procure the world-class capabilities they can provide, and that we can do so efficiently. And perhaps most important, allies, partners, friends, and potential foes the world over need to know that we have the political will to implement the defense strategy we have put forward.

Again, I want to thank the committee for providing us an opportunity to highlight our grave concerns. I welcome your questions.

Chairwoman MIKULSKI. Thank you.

To our panel, thank you very much for this really compelling and at some points even riveting testimony of the consequences of this policy.

As you can see, we have had an extraordinary turnout among members. We also have to recess by 1 o'clock. So we are going to follow the 5-minute rule, which I will impose on myself as well as on the members. And we would ask the panelists to give crisp answers so we can get in as much content as we can.

The reason we need to have a targeted time is there is a Democratic caucus exactly on our proposal to vitiate the sequester. I know the other party is also pondering this.

So we are going to get right on with it. We are going to recognize people in the order of arrival, and we look forward to these questions.

#### SEQUESTER IMPACT ON EDUCATION

Secretary Duncan, I am going to go right to you. I have heard Secretary Condoleezza Rice, truly an iconic figure in American society, speak not only on national security, but she says repeatedly that education is the civil rights issue of this generation. Education reform began under President Bush the elder, President George W., and President Obama.

Could you tell me the impact of the sequester on our bipartisan, multiyear commitment to educational reform to lift all boats and get our kids ready for the future? Is this going to derail it, dilute it, or just blow it out the window?

#### DISADVANTAGED CHILDREN

Secretary DUNCAN. This would have a devastating impact. And again, the fact that it is so preventable, not that this is easy, but we know we can do better, makes this absolutely untenable.

And as I have said repeatedly, and as Secretary Condoleezza Rice and others have said, if we are trying to level the playing field, if we are trying to help poor children, disadvantaged children enter the middle class, the only way to do that is to give them a high-quality education.

This is the civil rights issue of our generation. It is an economic imperative. It is also an issue of national security. If you take any one of those by itself, that is a pretty big deal. You put those things together—

## IMPACT ON TITLE I AND CHILDREN WITH DISABILITIES

Chairwoman MIKULSKI. What is the impact?

Secretary DUNCAN. The impact on just one piece of this, title I dollars, which go to help poor children, help the children with the greatest need, again trying to break cycles of poverty and social failure, as many as 1.2 million students would be impacted, 2,700 schools.

And if we fail to educate these children, what are they going to do? What is the option?

For children with disabilities, where there is a tremendous need, we have done a lot to try and level the playing field, but, there is a long way to go. It would have a huge impact there as well.

That is just simply, again, unacceptable to me.

Chairwoman MIKULSKI. Thank you.

We also understand that housing—everyone in my business community says housing is one of the sectors to lead us out of the recession. They feel that the economy is poised for recovery, but fragile and vulnerable.

Secretary Donovan, you are the housing guy, along with the Secretary of the Treasury, which is financing. Tell me what you think the impact of the sequester will be, essentially, on housing new starts, rehab, modernization, jobs, the supply chain from the lumberyard all the way up to big, big construction projects?

## FEDERAL HOUSING ADMINISTRATION

Secretary DONOVAN. Senator, you really put your finger on it. As the President said in the State of the Union Address, housing has become one of the leading factors that is driving our recovery. And because of the critical role that the Congress created for FHA, we are absolutely central to that recovery at this point. Almost one-half of all first-time homebuyers in this country today use an FHA loan to buy their first home.

And let me just take one small example. One of the most important factors in our early recovery, particularly in the construction industry, has been multifamily construction. It has jumped dramatically. We drive about 25 percent of all that new multifamily construction. And even just to take a very small number of employees out by furlough or a lack of hiring, a hiring freeze, we believe just this year that there would be about \$3 billion in financing for a particular kind of multifamily construction that would not happen, with all the ripple-effects of jobs.

And that is just one small example. When you multiply that to look at, as I said, almost one-half of first-time homebuyers, 25 percent construction—

Chairwoman MIKULSKI. Well, isn't the ripple effect in like the lumberyard, the brickyard, the pipe—

Secretary DONOVAN. It goes from the bricklayer or the plumber or the carpenter on the frontline. It goes to the window manufacturer. It goes to all of the ripple effects through our system that would be halted by that.

## UNLIMITED AUTHORITY

Chairwoman MIKULSKI. Secretary Carter, you outlined very compellingly what the sequester will be, and I know the other panelists will too. But I want to ask a question: "What is going to minimize the impact on defense?" And there are those that would like to give you unlimited authority to revise the defense budget without any recourse of coming to the Congress, somehow or another, to soften the blow.

What is your position and what is the administration's position in giving you unlimited defense proposal authority without any reprogramming authority? Or do you need something more definite, more reliable, and more sustainable?

Dr. CARTER. That would take, my understanding, legislation. And I hope if there is legislation in the area affecting defense, it is one that dispels this problem once and for all.

The other thing I will say is that, at this point in the fiscal year, with cuts of this magnitude, we have got to go where the money is. So we don't have a lot of choice in the first place.

Chairwoman MIKULSKI. Do you want unlimited authority without congressional approval?

## REPROGRAMMING

Dr. CARTER. We would like some reprogramming authority. That would obviously help us toward the end of the year.

Chairwoman MIKULSKI. Senator Inhofe has a proposal, and it is a bona fide one—we acknowledge that it will be out there and debated; I oppose it—which would give up congressional authority. I want us to have a real solution to the sequester to either vitiate it or to have a proposal go through the continuing resolution or something where every agency could reprogram and so on but could do it for the year.

Right now, what they are talking about is just giving Defense, where you all can decide how to do it, but exempt everybody else.

Dr. CARTER. As I said, at this point in the fiscal year, it doesn't help us that much. And if the price of that is just kicking this can further down the road and having us continue to live under this uncertainty, that is not a very attractive prospect to me.

Chairwoman MIKULSKI. My time is up.

I know you will comment on that, Mr. Werfel.

Senator Shelby.

Senator SHELBY. Thank you.

Chairwoman MIKULSKI. And after Senator Shelby, we go to Harkin, Collins, Murray, and Coats.

Senator SHELBY. Thank you, Madam Chairman.

I think it is obvious that we need to return to regular order in the appropriations process. The chairwoman talked about it. I have talked about it. You have alluded to it.

## RETURN TO REGULAR ORDER OF BUDGET PROCESS

Do all of you agree that, in order to provide certainty, which we need for agency budgets, one of the issues here, do all of you support a return to the regular order of the budget and appropriation measures?

Mr. WERFEL. Yes.

Secretary NAPOLITANO. Yes.

Secretary DUNCAN. Absolutely.

Senator SHELBY. That is what I thought.

now, supporting it and doing it are two different things.

Chairwoman MIKULSKI. This is why we have gathered here.

Senator SHELBY. That is right.

In the interest of reestablishing regular order and in the likely event that the sequester moves forward, would all of you consider transmitting budget amendments for fiscal year 2013 that would give you the flexibility to realign agency funding under new constraints? Assuming the sequester, I think it is a good assumption, goes into effect?

Mr. WERFEL. Thank you, Senator, for that question. I will get the responses started.

#### FLEXIBLE FUNDING

The administration would oppose a solution that kept the sequester in place and tried to reconstruct it in such a way that would try to dull some of the pain. We simply cannot cut \$85 billion out of our budget over the next 7 months without creating significant problems and consequences across both defense and nondefense.

And I think a critical point here is, when the sequester was put in place—and it was passed by bipartisan majorities in both the House and the Senate—there was not only agreement that it should drive a compromise and a solution to balanced deficit reduction, I think everyone agreed that it was going to be enormously harmful. And one of the ways it was going to be enormously harmful, it was going to carry on the backs of certain populations this burden of deficit reduction, the middle class, the vulnerable.

And so the notion that we can live within an \$85 billion cut by moving money around does not change the fact that we would still be in a world where who is bearing the burden of deficit reduction, it would be the middle class, the vulnerable. And all of the critical priorities that these secretaries talked about, it will not be possible to save all of them. We will see very, very harmful consequences with that.

#### FLEXIBILITY IN DISTRIBUTING SEQUESTER CUTS NOT A SOLUTION

Secretary DUNCAN. If I could just add quickly, I think it is a great summary, but the idea of flexibility, you know, it sounds nice as a manager, but the choices here are just devastating.

So the choice would be do we save title I and take more money away from children with disabilities? Do we cut more from homeless children to do more for English language learners? Do we cut Impact Aid to do more for STEM programs?

None of these are good choices. We have to invest.

And so the idea that somehow we can kick the can down the road and just try a little more flexibility leaves us in a situation in which just, again, many, many hundreds of thousands of young people will be hurt.

Secretary DONOVAN. One other point I would add to that, to echo something Deputy Secretary Carter said, we are so late in the fiscal year, recognize we are halfway through the year. Just take one

example of a HUD program where we help a homeless veteran get off the street. We don't do that directly. We provide funding to local partners who figure out what are the needs of that veteran, help them locate a place to live.

And this late in the year to say, we are going to cut substantially from that program, means that you literally—you don't have flexibility. You have to cut off existing funding for existing units in order to be able to achieve these cuts in such a short time.

And no amount of flexibility would allow us, with this kind of both deep cuts but also precipitous cuts, to be able to do this in a way that would mitigate the great damage.

Secretary NAPOLITANO. At this point, "flexibility", and I put that in quotes, really isn't flexible. There are only so many places we can get that kind of money.

So, like my colleagues said, it is a Hobson's choice. But there is no way we would get through sequestration even with just a top-line number without serious cuts at airports, seaports, land ports, and all of the consequences that occur from that.

Senator SHELBY. You have laid it out already, haven't you, Dr. Carter?

Dr. CARTER. I think so.

Senator SHELBY. One last question, my time is running away.

The President, in his State of the Union Address, I thought, laid out several new policies that would expand the role of the Federal Government. But he also said that nothing he proposed, and I will quote him, "should increase our deficit by a single dime."

Would any of the President's new policies require an increase in discretionary spending? And if so, would the Congress be required to raise the caps on discretionary spending? And if the caps weren't raised, would agencies face additional cost burdens to be borne within the current budget constraints?

Mr. Werfel.

Mr. WERFEL. Yes, thank you for the question.

It is premature for me to talk specifically about the President's budget, which would capture a lot of the information that you are requesting. But let me say this, the President's budget will build on the \$2.5 trillion in deficit reduction that has been achieved to date. It will build on the framework from last year's budget for \$4 trillion in total deficit reduction over 10 years.

#### DISCRETIONARY CAPS

And I will point to you something that has been made public. When we issued our guidance to agencies to prepare their budgets, so we could submit a budget to the Congress, there was very clear direction that the discretionary caps that were put in place by the BCA that achieved \$1 trillion of the \$2.5 trillion that I just described are in place, and there are very tough choices that need to be made.

And this is part of the President's overall framework, that he is willing to make tough choices on domestic priorities, and those are embedded into the discretionary caps in the BCA.

But moving forward, it does not mean we can't still make critical investments in education, in infrastructure, in energy, while also

balancing our budgets by doing smart things on tax reforms and making other responsible spending cuts.

Senator SHELBY. Thank you.

Chairwoman MIKULSKI. Excellent.

Senator Harkin, the chair and subcommittee chair of the Labor, Health and Human Services, and Education, and Related Agencies Subcommittee.

STATEMENT OF SENATOR TOM HARKIN

Senator HARKIN. Thank you very much, Madam Chair.

I think, first of all, I want to disagree with those who say we have a spending problem. Everyone keeps saying we have a spending problem. And when they talk about that, it is like there is an assumption that somehow we as a Nation are broke. We can't afford these things any longer. We are too broke to invest in education and housing and things like that.

Well, look at it this way, we are the richest Nation in the history of the world. We are now the richest Nation in the world. We have the highest per capita income of any major nation. That kind of begs the question, doesn't it? If we are so rich, why are we so broke?

Is it a spending problem? No. It is because we have a misallocation of capital, a misallocation of wealth. All of this wealth that has been built up by hardworking Americans has been accumulated into fewer and fewer hands all the time.

And then we have a tax code that is skewed toward the wealthy; a tax code riddled with loopholes; a tax code that encourages companies to offshore jobs, offshore their businesses; a tax code that allows a wealthy hedge fund manager to pay a lower rate of taxes than a nurse, for example.

I think it is very interesting that all of this talk we have about the sequester, talk about the programs that hit the hardest on the homeless and the helpless, the disabled, and, yes, also on the middle class, why aren't we talking about a sequester that, when the curtain falls, it also falls on all of these tax loopholes, that those end on the same day on which we are going to cut back the spending that allows us to educate our kids with disabilities, Secretary Duncan?

No, we are not talking about that. We are not talking about that.

So I take exception to those that say we have a spending problem. We have a misallocation of capital, a misallocation in our tax code.

In the 1990s, when we had full employment, when we had a balanced budget and a growing economy, our revenues equaled about 20 percent of our GDP. Now it is down to 16 percent of our GDP. So what does that equal? What it equals is more of a burden on families with kids with disabilities, Secretary Duncan.

Secretary Donovan, people are homeless, trying to find a place to live, a shelter for our veterans.

And the middle class people that work in the jobs that protect our country, Secretary Napolitano, and Dr. Carter, it falls on them, too, on the middle class.

So I have taken a lot of my time to talk, but we have to start thinking about this in different terms. We can't just focus all of the

time on cutting our obligations as a Government to build a more fair and just society.

I still believe, as former Vice President Hubert Humphrey once so eloquently said, “The moral test of Government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those in the shadows of life, the sick, the needy and the handicapped.” That is a test of Government. And I, quite frankly, don’t think we are meeting that test right now. We are backing off of that.

So count me as one of those who, yes, back to a regular order, we have to do all of these things. But we can’t lose sight of the fact that this Federal Government that we represent has to be involved—has to be involved—in making this a more fair and just society.

So I know that is sort of an overview, and I have taken all my time on that comment.

But as we move ahead, and I hear voices saying, no, we have to exempt defense from the discretionary cuts, if defense is exempted, then the disabled ought to be exempted also. And the homeless ought to be exempted also. And the middle class families that work for you, Secretary Napolitano, they ought to be exempted also.

So I tell you, we have got to get back to a better, rational system of revenues and spending in this country, back to our obligations.

So I have taken all my time. I didn’t ask a question. But I just wanted to make it clear, Madam Chair, that I just feel very strongly that it is not just appropriations that is causing this problem. It is the lack of the revenue that we should be taking in to meet our obligations as a country.

Thank you, Madam Chair.

Chairwoman MIKULSKI. Thank you very much, Senator Harkin. Your longstanding reputation for passion and persistence in the area of social justice is well-known and well-appreciated.

I would like to now turn to Senator Collins, who is also the ranking member on the Subcommittee on Transportation, and Housing and Urban Development, and Related Agencies and also comes to us as the former ranking member on the Homeland Security Subcommittee. You bring a lot to the table, and we look forward to your questions.

#### STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you very much, Madam Chairman.

It is very difficult to follow the eloquence of my colleague from Iowa.

The fact is, however, I believe we do have a spending problem, and the \$16.5 trillion debt is ample evidence of that, and I say that as one who supported increasing taxes on our highest earners.

The fact is, there is plenty of blame to go around for the crisis that we find ourselves in. But there can be no doubt that these indiscriminate cuts represent an utter failure to set priorities, and we simply cannot allow sequestration to go into effect.

If we do so, we might as well just pack up and go home, because if we are just going to have across-the-board cuts, what is the point of our being here?

So I hope we can work together to come up with alternatives.

Secretary Carter, I want to follow up on a point that you made, because the ramifications of sequestration are extreme. But in my judgment, for DOD, a yearlong continuing resolution also would inflict tremendous damage on the Department.

For example, the Congress has authorized the Navy to procure 10 destroyers during the next 5 years as part of last year's National Defense Authorization Act. The Navy already has the bids for these ships in hand. The Navy is ready to sign. But the Navy cannot sign these contracts without an appropriations bill.

Now, here is the point: We risk throwing away significant savings on the order of hundreds of millions of dollars as well as jeopardizing the stability of the shipbuilding industrial base that we have worked so long and hard to preserve if we do not complete work on the fiscal year 2013 appropriations bill.

#### CONTINUING RESOLUTION

So, Dr. Carter, do you agree that it is essential and equally important that we not only deal with the sequester, but pass the DOD appropriations bill for this year?

Dr. CARTER. It is. They are, both of them, separately but together very much so destructive.

The problem with shipbuilding goes like this: I referred earlier to the fact that, in the continuing resolution, we have inadequate operations and maintenance dollars, which is why the effect of the continuing resolution hits us so fast, so hard in training. But separately, to your point, we also need the authority to embark on new starts. And the way shipbuilding is organized, every new ship is a new start.

So we are in the absurd position where we are 5 months into the fiscal year, and we have the authority to build the ships that we built last year and no authority to build the ships that we planned to build this year. That is crazy.

And that has nothing to do with the sequester, by the way, that is the continuing resolution, which is a whole other problem. As I said, we have both of them.

Senator COLLINS. But it is one we do have to address, and we can't just do sequestration.

And I know I have had this same conversation with Secretary Napolitano as well.

#### SHIFTING EDUCATION FUNDS AMONG PROGRAMS NOT A SOLUTION

Secretary Duncan, I have met with superintendents, principals, and educators from Maine who tell me that my State alone would face up to \$11 million in cuts in education funding. That could reduce funding for critical programs such as title I, special education grants, the TRIO programs, rural education.

What does the Department of Education intend to do to help schools that are hardest hit by sequestration if this goes into effect? For example, could you shift the focus of some of your competitive grant programs such as Race for the Top, which I know is your favorite, to help fill the gap in education spending?

Secretary DUNCAN. Race to the Top, the money we spent represented less than 1 percent of spending on K-12. That was \$4 billion. We spend \$650 billion, so it was a little more than one-half

of 1 percent. So to think somehow we could shift a small number of dollars to fill the hole here just doesn't make sense. The numbers don't work.

And so, again, the damage here would be irreparable. There is very little to anything I can do to cushion that blow.

And, again, that is why it is so important, with your leadership and that of others, to do the right thing here. I wish I had a magic wand to wave. I simply don't have that. And I would be lying if I told you otherwise.

Senator COLLINS. Thank you.

And, finally, just a comment for Secretary Carter. You made such an important point about the Federal civilian workforce. I think too often it is thought of as white collar employees who are working inside the Beltway.

Senator Shaheen and I know about the Portsmouth Naval Shipyard in Kittery, Maine. These are welders, nuclear engineers, and pipe fitters who are going to work at a pier. These are the fire-fighters who put out a very dangerous fire on a nuclear submarine. So I think we need to keep that in mind as well.

Thank you, Madam Chairman.

Chairwoman MIKULSKI. Thank you.

Senator Murray, the subcommittee chair on Transportation, Housing and Urban Development, and Related Agencies.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you very much, Madam Chairwoman. I really appreciate the opportunity today to really hear from a really great panel to help us understand the impacts of sequestration, should it go into effect.

I think it is important for all of us to step back and remember sequestration was never written into the bill to be implemented. If it had been, it would have been a lot more thoughtful.

It was put into the bill simply to force us as Members of Congress to come together on a balanced, thoughtful approach on how we deal with our national budget.

So we are here now, 2 weeks away from implementing a policy that not only should not be implemented but was never written to be implemented. And we cannot shirk our responsibility to move forward to replace it with something that is balanced and fair.

And I have been working with Senator Mikulski and others on an approach to do that. And I urge all of our colleagues to really think about how we can do that moving forward.

And I do have a letter for the record, Madam Chairwoman, of more than 3,000 organizations in this country, from the Human Rights Campaign to law enforcement organizations, urging us to do just that.

I would submit it for the record.

Chairwoman MIKULSKI. Without objection.

[The information follows:]

NDD UNITED,  
Washington, DC, February 11, 2013.

DEAR MEMBER OF CONGRESS: As Congress faces the debt ceiling, fiscal year 2013 spending bills, sequestration, and the fiscal year 2014 budget, the following 3,200 national, State, and local organizations urge you to support a balanced approach to deficit reduction that does not include further cuts to discretionary programs. The

approach to deficit reduction has thus far been unbalanced. Discretionary programs have contributed \$1.5 trillion in spending cuts from the fiscal year 2011 continuing resolution, the bipartisan Budget Control Act, and the bipartisan American Taxpayer Relief Act, while revenues have contributed just \$600 billion. Additional cuts in discretionary programs would put the health, education, safety, and security of all Americans at risk.

Discretionary programs are funded annually by Congress through the appropriations process and generally fall into two categories: “defense discretionary,” which includes the Pentagon’s budget; and “nondefense discretionary” (NDD), which includes everything else. NDD programs are core functions Government provides for the benefit of all, including medical and scientific research; education and job training; infrastructure; public safety and law enforcement; public health; weather monitoring and environmental protection; natural and cultural resources; housing and social services; and international relations. Every day these programs support economic growth and strengthen the safety and security of every American in every State and community across the Nation.

Spending on these programs is not “out of control.” On the contrary, NDD programs—cut by \$900 billion already—represent a small and shrinking share of the Federal budget and of our overall economy. For example, NDD programs represented just 3.4 percent of our country’s Gross Domestic Product (GDP) in 2011, consistent with historical levels. Under the funding caps established in the bipartisan Budget Control Act, by 2021 NDD programs will decline to just 2.5 percent of GDP, the lowest level in at least 50 years.

Continued cuts will have consequences for every American, threatening the health, safety, and competitiveness of the United States. Americans may be left waiting longer for help after natural disasters like Hurricane Sandy. They may be more susceptible to deadly infectious diseases, like the West Nile virus, Hantavirus, and meningitis. With fewer air traffic controllers, flights may be curtailed or safety compromised. Classroom size may increase as teachers are laid off. National parks will have fewer visitor hours or may close altogether. Roads and bridges will continue to crumble. Our communities will lack the necessary resources to protect our families, to prevent future crimes and to apprehend and prosecute violent criminals. Promising research will be curtailed, compromising our global position as a scientific leader.

Discretionary programs support our economy, bolster our global competitiveness, and provide an environment where all Americans have the opportunity to lead healthy, safe, and productive lives. Only a balanced approach to deficit reduction can restore fiscal stability, and these programs have done their part. We urge you to work together to find a balanced approach to deficit reduction that does not include further cuts to these critical programs.

If you have questions about this letter, please contact Emily Holubowich, Executive Director of the Coalition for Health Funding (202-484-1100 or eholubowich@dc-crd.com) or Joel Packer, Executive Director of the Committee for Education Funding (202-383-0083 or JPacker@cef.org).

NATIONAL ORGANIZATIONS (LISTED ALPHABETICALLY)

8th Day Center for Justice	AIDS Treatment News
9to5A World Fit For Kids!	AIDS United
Academic Pediatric Association	Alliance for a Just Society
Academy of Medical Surgical Nurses	Alliance for Aging Research
Academy of Nutrition and Dietetics	Alliance for Biking & Walking
Academy of Radiology Research	Alpha-1 Association
AcademyHealth	Alpha-1 Foundation
ACCESS	Alzheimer’s Association
Act V: The End of AIDS	Alzheimer’s Foundation of America
Ad Hoc Group for Medical Research	American Academy of Child and Adolescent Psychiatry
Adult Congenital Heart Association	American Academy of Family Physicians
Advocates for Youth	American Academy of Neurology
Aerospace Industries Association of America	American Academy of Nursing
African American Health Alliance	American Academy of Pediatrics
African American Ministers in Action	American Alliance of Museums
AFSE	American Alliance for Health, Physical Education, Recreation and Dance
Afterschool Alliance	American Art Therapy Association
AIDS Community Research Initiative of America	American Association for Adult and Continuing Education
AIDS Healthcare Foundation	

American Association for Cancer Research  
 American Association for Dental Research  
 American Association for Geriatric Psychiatry  
 American Association for Health Education  
 American Association for Marriage & Family Therapy  
 American Association for Psychoanalysis in Clinical Social Work  
 American Association for the Advancement of Science  
 American Association for the Study of Liver Diseases  
 American Association of Classified School Employees  
 American Association of Colleges for Teacher Education  
 American Association of Colleges of Nursing  
 American Association of Colleges of Osteopathic Medicine  
 American Association of Colleges of Pharmacy  
 American Association of Community Colleges (AACCC)  
 American Association of Community Theatre  
 American Association of Critical-Care Nurses (AACN)  
 American Association of Physics Teachers  
 American Association of Poison Control Centers  
 American Association of Port Authorities  
 American Association of Radon Scientists and Technologists  
 American Association of School Administrators  
 American Association of School Librarians  
 American Association of Service Coordinators  
 American Association of State Colleges and Universities  
 American Association of University Professors (AAUP)  
 American Association of University Women (AAUW)  
 American Association on Health and Disability  
 American Astronomical Society  
 American Bird Conservancy  
 American Brain Coalition  
 American Cancer Society Cancer Action Network  
 American Chemical Society  
 American College of Clinical Pharmacy (ACCP)  
 American College of Preventive Medicine  
 American Council for School Social Work  
 American Council on Education  
 American Council on the Teaching of Foreign Languages (ACTFL)  
 American Counseling Association  
 American Dance Therapy Association  
 American Dental Education Association  
 American Diabetes Association  
 American Educational Research Association  
 American Epilepsy Society  
 American Federation for Medical Research  
 American Federation of School Administrators, AFL-CIO  
 American Federation of Teachers, AFL-CIO  
 American Forests  
 American Geophysical Union  
 American Geosciences Institute  
 American Geriatrics Society  
 American Heart Association  
 American Institute of Biological Sciences  
 American Jail Association  
 American Library Association  
 American Lung Association  
 American Mathematical Society  
 American Medical Rehabilitation Providers Association  
 American Medical Student Association  
 American Meteorological Society  
 American Music Therapy Association  
 American Nephrology Nurses' Association  
 American Nurses Association  
 American Occupational Therapy Association  
 American Organization of Nurse Executives  
 American Pediatric Society  
 American Physical Therapy Association  
 American Planning Association  
 American Psychiatric Association  
 American Psychological Association  
 American Probation and Parole Association  
 American Public Health Association  
 American Rivers  
 American Sexual Health Association  
 American Sleep Apnea Association  
 American School Counselor Association  
 American Social Health Association  
 American Society for Bone and Mineral Research  
 American Society for Clinical Laboratory Science  
 American Society for Clinical Pathology  
 American Society for Engineering Education  
 American Society for Microbiology  
 American Society for Pharmacology & Experimental Therapeutics  
 American Society of Agronomy  
 American Society of Clinical Oncology  
 American Society of Hematology  
 American Society of Mechanical Engineers (ASME)  
 American Society of Nephrology  
 American Society of Pediatric Nephrology  
 American Society of PeriAnesthesia Nurses (ASPA)

American Society of Plant Biologists  
 American Society of Tropical Medicine  
 and Hygiene  
 American Society on Aging  
 American Sociological Association  
 American Speech-Language-Hearing  
 Association  
 American Therapeutic Recreation  
 Association  
 American Thrombosis and Hemostasis  
 Network  
 American Urogynecologic Society  
 Americans for Nursing Shortage Relief  
 (ANSR) Alliance  
 Americans for the Arts  
 America's Service Commissions  
 amfAR, The Foundation for AIDS  
 Research  
 Amputee Coalition  
 Arthritis Foundation  
 Asian & Pacific Islander American  
 Health Forum  
 Asian & Pacific Islander Institute on  
 Domestic Violence  
 Asian & Pacific Islander Wellness  
 Center  
 Asian American Justice Center, Member  
 of Asian American Center for  
 Advancing Justice  
 ASME  
 Associated Universities, Inc.  
 Association for Ambulatory Behavioral  
 Healthcare  
 Association for Career and Technical  
 Education  
 Association for Prevention Teaching and  
 Research  
 Association for Psychological Science  
 Association for Radiologic & Imaging  
 Nurses (ARIN)  
 Association for Research in  
 Otolaryngology  
 Association for Research in Vision and  
 Ophthalmology  
 Association for Women in Mathematics  
 Association of Academic Health Centers  
 Association of Academic Health Sciences  
 Libraries  
 Association of Ambulatory Behavioral  
 Healthcare  
 Association of American Cancer  
 Institutes  
 Association of American Geographers  
 Association of American Medical  
 Colleges  
 Association of American Universities  
 Association of American Veterinary  
 Medical Colleges  
 Association of Assistive Technology Act  
 Programs (ATAP)  
 Association of BellTel Retirees, Inc.  
 Association of Educational Service  
 Agencies  
 Association of Environmental &  
 Engineering Geologists  
 Association of Farmworker Opportunity  
 Programs  
 Association of Jesuit Colleges and  
 Universities (AJCU)  
 Association of Jewish Aging  
 Association of Maternal and Child  
 Health Programs  
 Association of Medical School Pediatric  
 Department Chairs  
 Association of Minority Health  
 Professions Schools  
 Association of Nurses in AIDS Care  
 Association of Prosecuting Attorneys  
 Association of Public and Land-grant  
 Universities  
 Association of Public Health Nurses  
 Association of Rehabilitation Nurses  
 Association of Research Libraries  
 Association of School Business Officials  
 International  
 Association of School Psychologists  
 Association of Schools and Colleges of  
 Optometry  
 Association of Science-Technology  
 Centers  
 Association of State & Territorial Public  
 Health Nutrition Directors  
 Association of State and Territorial  
 Health Officials  
 Association of Teacher Educators  
 Association of University Centers on  
 Disabilities  
 Association of Women's Health, Obstetric  
 and Neonatal Nurses  
 Asthma and Allergy Foundation of  
 America  
 Attention Deficit Disorder Association  
 (ADDA)  
 Autism National Committee  
 Basic Education Coalition  
 Bat Conservation International  
 Bazelon Center for Mental Health Law  
 Be the Change, Inc.  
 Benetech  
 Benign Essential Blepharospasm  
 Research Foundation  
 Berkeley Media Studies Group  
 Biophysical Society  
 Botanical Society of America  
 Brain Injury Association of America  
 Bread for the World  
 Break the Cycle  
 Briar Cliff University TRIO Upward  
 Bound  
 Building Educated Leaders for Life  
 (BELL)  
 Business Industrial Network  
 California Institute of Technology  
 Campaign for Community Change  
 Campaign for Public Health Foundation  
 Campaign for Youth Justice  
 Campaign to Invest in America's  
 Workforce  
 Campus Compact  
 CARE  
 Casa de Esperanza: National Latin @  
 Network for Healthy Families and  
 Communities  
 C-Change

Center for Biological Diversity  
 Center of Concern  
 Center for Effective Government  
 Center for Employment Training  
 Center for HIV Law and Policy  
 Center for Law and Social Policy  
 (CLASP)  
 Center for Science in the Public Interest  
 Center for Women Policy Studies  
 Cerebral Palsy International Research  
 Foundation  
 ChangeLab Solutions  
 Charles R. Drew University  
 Child Care Services Association  
 Child Welfare League of America  
 Children and Adults with Attention-  
 Deficit/Hyperactivity Disorder  
 Children's Defense Fund  
 Children's Environmental Health  
 Network  
 Children's HealthWatch  
 Children's Leadership Council  
 Children's Mental Health Network  
 Christopher & Dana Reeve Foundation  
 Citizen Schools  
 Citizens United for Rehabilitation of  
 Errants—Women Incarcerated  
 City Year  
 Clean Water Action  
 CLEARCorps USA  
 Climate Change is Elementary  
 Clinical Social Work Association  
 Coalition for a Secure Driver's License  
 Coalition for Community Schools  
 Coalition for Health Funding  
 Coalition for Imaging and  
 Bioengineering Research  
 Coalition for Juvenile Justice  
 Coalition for Workforce Solutions  
 Coalition of Higher Education Assistance  
 Organizations  
 Coalition to End Childhood Lead  
 Poisoning  
 Coastal and Estuarine Research  
 Federation  
 Coastal States Organization  
 College Board  
 College Summit  
 Colleges That Change Lives  
 Commission on Adult Basic Education  
 (COABE)  
 Commissioned Officers Association of the  
 U.S. Public Health Service  
 Committee for Education Funding  
 Communities Advocating Emergency  
 AIDS Relief (CAEAR) Coalition  
 Community Action Partnership  
 Community Anti-Drug Coalitions of  
 America  
 Community Economic Development  
 Partners, LLC  
 Conference of Educational  
 Administrators of Schools and  
 Programs for the Deaf  
 Conference of Major Superiors of Men  
 Consortium for Citizens with Disabilities  
 Consortium for Ocean Leadership  
 Consortium for School Networking  
 Consortium of Social Science  
 Associations  
 Cooley's Anemia Foundation  
 COPD Foundation  
 Corporate Hepatitis Alliance  
 Corporation for a Skilled Workforce  
 Corporation for Supportive Housing  
 Council for Adult and Experiential  
 Learning  
 Council for Advancement of Adult  
 Education  
 Council for Advancement of Adult  
 Literacy  
 Council for Exceptional Children  
 Council for Opportunity in Education  
 Council of Administrators of Special  
 Education, Inc. (CASE)  
 Council of State and Territorial  
 Epidemiologists  
 Council of State Community  
 Development Agencies  
 Council of the Great City Schools  
 Council on Social Work Education  
 Council on Undergraduate Research  
 Covenant House International  
 Crohn's and Colitis Foundation of  
 America  
 Crop Science Society of America  
 CURE-Women Incarcerated  
 Defeat Diabetes Foundation  
 Defenders of Wildlife  
 Dermatology Nurses Association  
 Digestive Disease National Coalition  
 Directors of Health Promotion and  
 Education  
 Disability Rights Education & Defense  
 Fund  
 District 1199C Training & Upgrading  
 Fund  
 Division for Early Childhood of the  
 Council for Exceptional Children  
 (DEC)  
 Drugs for Neglected Diseases initiative  
 (DNDi)  
 Dystonia Advocacy Network  
 Dystonia Medical Research Foundation  
 Early Care and Education Consortium  
 Earth Day Network  
 Earthquake Engineering Research  
 Institute  
 Easter Seals  
 Ecological Society of America  
 Education Industry Association  
 Education Law Center  
 Educational Talent Search  
 Educational Theatre Association  
 Elderly Housing Development and  
 Operations Corporation (EHDOC)  
 Emergency Nurses Association  
 Endangered Species Coalition  
 Enterprise Community Partners, Inc.  
 Epilepsy Foundation  
 Equal Justice Works  
 Evangelical Lutheran Church in America  
 (ELCA)

Every Child By Two—Carter/Bumpers  
 Champions for Immunization  
 FairTest: National Center for Fair &  
 Open Testing, Inc.  
 Family Caregiver Alliance  
 Family Promise of Lycoming County  
 Fanconi Anemia Research Fund  
 Federal Law Enforcement Officers  
 Association  
 Federation of Associations in Behavioral  
 & Brain Sciences  
 Federation of Materials Societies  
 Fellowship Health Resources, Inc.  
 Fight Colorectal Cancer  
 First Focus Campaign for Children  
 Foster Family-Based Treatment  
 Association  
 Franklin County Head Start  
 Fred Hutchinson Cancer Research  
 Center  
 Friends of Agency for Healthcare  
 Research and Quality  
 Friends of National Center for Health  
 Statistics  
 Friends of the National Institute of  
 Child Health and Human  
 Development (NICHD)  
 Friends of UNFPA  
 Futures Without Violence (formerly  
 Family Violence Prevention Fund)  
 Gay Men's Health Crisis  
 Gay, Lesbian & Straight Education  
 Network (GLSEN)  
 Generations United  
 Genetics Policy Institute  
 Goodwill Industries of the Valleys  
 Gray Panthers  
 Greenpeace  
 Half in Ten  
 Harm Reduction Coalition  
 Health & Disability Advocates  
 Health Professions and Nursing  
 Education Coalition  
 Healthcare Leadership Council  
 HealthHIV  
 Heifer International  
 Helen Keller International  
 Hemophilia Federation of America  
 Hepatitis B Foundation  
 HIGH IMPACT Mission-based  
 Consulting & Training  
 Higher Education Consortium for Special  
 Education  
 HighScope Educational Research  
 Foundation  
 HIV Law Project  
 HIV Medicine Association (HIVMA)  
 HIV Prevention Justice Alliance  
 Housing Assistance Council  
 Human Factors and Ergonomics Society  
 Human Rights Campaign  
 Human Rights Project for Girls  
 iCAST (International Center for  
 Appropriate & Sustainable  
 Technology)  
 Idea Fuel  
 IDEA Infant Toddler Coordinators  
 Association (ITCA)  
 Illinois Campus Compact  
 Infectious Diseases Society of America  
 Innocence Project  
 Innovate + Educate  
 Innovations in Civic Participation  
 Insight Center for Community Economic  
 Development  
 Institute for Educational Leadership  
 InterAction  
 International Association of Jewish  
 Vocational Services (IAJVS)  
 International Certification and  
 Reciprocity Consortium (IC&RC)  
 International Essential Tremor  
 Foundation  
 International Foundation for Functional  
 Gastrointestinal Disorders  
 International Myeloma Foundation  
 International Reading Association  
 International Society for Developmental  
 Psychobiology  
 International Society for Technology in  
 Education  
 Interstitial Cystitis Association  
 Iron Disorders Institute  
 Jeffrey Modell Foundation  
 Jewish Council for Public Affairs  
 Jewish Labor Committee  
 Jobs for the Future (JFF)  
 Joint Advocacy Coalition of ACRT,  
 APOR, CRF, and SCTS  
 Juma Ventures  
 Jumpstart  
 KaBOOM!  
 Kids vs Global Warming/iMatter  
 Campaign  
 Knowledge Alliance  
 Leadership Conference on Civil and  
 Human Rights  
 LeadingAge  
 League of Conservation Voters  
 Learning Disabilities Association of  
 America  
 Legal Action Center  
 Legal Momentum  
 Local Initiatives Support Corporation  
 Long-term Ecological Research Network  
 Lupus Foundation of America, Inc.  
 Lupus Research Institute  
 Lutheran Services in America  
 Magnet Schools of America  
 Mal de Debarquement Syndrome  
 Balance Disorder Foundation  
 Manufactured Home Owners Association  
 of America  
 March of Dimes  
 Marie Stopes International-US (MSI-  
 US)  
 Marine Conservation Institute  
 Materials Research Society  
 Mathematical Association of America  
 Meals On Wheels Association of America  
 Medical Library Association  
 Medicare Rights Center  
 Meharry Medical College

Mental Health America  
 Mercy Housing, Inc.  
 Mesothelioma Applied Research Foundation  
 Metro TeenAIDS  
 Mexican American Legal Defense and Educational Fund  
 Military Impacted Schools Association  
 Monarch Housing Associates  
 Morehouse School of Medicine  
 NAACP  
 NAADAC—The Association for Addiction Professionals  
 NafME: National Association for Music Education  
 NAFSA: Association of International Educators  
 NARAL Pro-Choice America  
 National Abortion Federation  
 National Academy of Elder Law Attorneys  
 National Advocacy Center of the Sisters of the Good Shepherd  
 National African American Drug Policy Coalition, Inc.  
 National AIDS Housing Coalition  
 National Alliance for Eye and Vision Research  
 National Alliance for Media Arts & Culture  
 National Alliance of Black School Educators  
 National Alliance of Community Economic Development Associations (NACEDA)  
 National Alliance of State & Territorial AIDS Directors  
 National Alliance on Mental Illness  
 National Alliance to End Homelessness  
 National Alliance to End Sexual Violence  
 National Area Health Education Center (AHEC) Organization  
 National Asian Pacific Center on Aging (NAPCA)  
 National Assembly on School-Based Health Care  
 National Association for Bilingual Education  
 National Association for Biomedical Research  
 National Association for Children's Behavioral Health  
 National Association for College Admission Counseling  
 National Association for County Community and Economic Development  
 National Association for Geriatric Education and National Association of Geriatric Education Centers  
 National Association for Hispanic Elderly  
 National Association for Music Education  
 National Association for Public Health Statistics and Information Systems  
 National Association for Rural Mental Health  
 National Association for Sport and Physical Education  
 National Association for the Education of Homeless Children and Youth  
 National Association for the Education of Young Children  
 National Association of Area Agencies on Aging  
 National Association of Chronic Disease Directors  
 National Association of Clinical Nurse Specialists  
 National Association of Community Health Centers  
 National Association of Councils on Developmental Disabilities  
 National Association of County and City Health Officials  
 National Association of County Behavioral Health and Developmental Disabilities Directors (NACBHDD)  
 National Association of Development Organizations (NADO)  
 National Association of Drug Court Professionals  
 National Association of Elementary School Principals  
 National Association of Federally Impacted Schools  
 National Association of Graduate-Professional Students  
 National Association of Housing and Redevelopment Officials  
 National Association of Housing Cooperatives  
 National Association of Human Rights Workers  
 National Association of Local Housing Finance Agencies  
 National Association of Marine Laboratories  
 National Association of Nutrition and Aging Services Programs (NANASP)  
 National Association of People with AIDS (NAPWA)  
 National Association of Private Special Education Centers  
 National Association of Professional Geriatric Care Managers  
 National Association of Pupil Services Administrators  
 National Association of Rural Mental Health  
 National Association of School Nurses  
 National Association of School Psychologists  
 National Association of Secondary School Principals  
 National Association of Social Workers (NASW)  
 National Association of State Alcohol and Drug Abuse Directors  
 National Association of State Directors of Career Technical Education Consortium

National Association of State Directors of Special Education  
 National Association of State Emergency Medical Services Officials  
 National Association of State Head Injury Administrators  
 National Association of State Long-Term Care Ombudsman Programs (NASOP)  
 National Association of State Mental Health Program Directors  
 National Association of States United for Aging and Disabilities  
 National Association of Thrift Savings Plan Participants  
 National Association of Workforce Boards (NAWB)  
 National Association of Workforce Development Professionals (NAWDP)  
 National Black Nurses Association  
 National Center for Healthy Housing  
 National Center for Technological Literacy  
 National Center for Transgender Equality  
 National Center for Victims of Crime  
 National Center on Domestic and Sexual Violence  
 National Coalition Against Domestic Violence  
 National Coalition for Asian Pacific American Community Development  
 National Coalition for Literacy  
 National Coalition for Promoting Physical Activity  
 National Coalition of STD Directors  
 National Community Development Association  
 National Community Reinvestment Coalition  
 National Community Tax Coalition  
 National Congress of American Indians  
 National Consumer Voice for Quality Long-Term Care  
 National Council for Advanced Manufacturing  
 National Council for Community and Education Partnerships (NCCEP)  
 National Council for Community Behavioral Healthcare  
 National Council for Workforce Education  
 National Council of Jewish Women  
 National Council of La Raza  
 National Council of State Directors of Adult Education  
 National Council of State Housing Agencies  
 National Council of Women's Organizations  
 National Council on Aging  
 National Council on Independent Living  
 National Criminal Justice Association  
 National Dating Abuse Helpline  
 National Disability Rights Network  
 National District Attorneys Association  
 National Domestic Violence Hotline  
 National Ecological Observatory Network, Inc. (NEON)  
 National Education Association  
 National Education Association Student Program  
 National Employment Law Project  
 National Estuarine Research Reserve Association  
 National Fair Housing Alliance  
 National Family Planning & Reproductive Health Association  
 National Federation of Families for Children's Mental Health  
 National Forum for Heart Disease and Stroke Prevention  
 National Fragile X Foundation  
 National Fund for Workforce Solutions (NFWS)  
 National Head Start Association  
 National Health Care for the Homeless Council  
 National Healthy Start Association  
 National Health Care for the Homeless  
 National Hemophilia Foundation  
 National High School Equivalency Program/College Assistance Migrant Program Association  
 National Hispanic Council on Aging  
 National Hispanic Media Coalition  
 National Hispanic Medical Association  
 National Housing Conference  
 National Housing Law Project  
 National Housing Trust  
 National Human Services Assembly  
 National Immigration Law Center  
 National Indian Impacted Schools Association  
 National Juvenile Justice Network  
 National Kidney Foundation  
 National Leased Housing Association  
 National Latina Institute for Reproductive Health  
 National Latino Alliance for the Elimination of Domestic Violence (Alianza)  
 National Latino Behavioral Health Association  
 National Law Center on Homelessness & Poverty  
 National League for Nursing  
 National Low Income Housing Coalition  
 National Lung Cancer Partnership  
 National Marfan Foundation  
 National Marine Sanctuary Foundation  
 National Minority AIDS Council  
 National Multiple Sclerosis Society  
 National Network for Youth  
 National Network of Public Health Institutes  
 National Network of Sector Partners (NNSP)  
 National Network to End Domestic Violence  
 National Organization of Social Security Claimants' Representatives  
 National Parks Conservation Association

National Partnership for Women & Families  
 National Partnership to End Interpersonal Violence  
 National Pediatric AIDS Network  
 National Psoriasis Foundation  
 National PTA  
 National Resource Center on Domestic Violence  
 National Rural Education Advocacy Coalition  
 National Rural Education Association  
 National Rural Housing Coalition  
 National School Boards Association  
 National Science Teachers Association  
 National Senior Corps Association  
 National Skills Coalition  
 National Spasmodic Dysphonia Association  
 National Spasmodic Torticollis Association  
 National Student Nurses' Association, Inc.  
 National Summer Learning Association  
 National Superintendents Roundtable  
 National Task Force to End Sexual and Domestic Violence  
 National Title I Association  
 National Tourette Syndrome Association  
 National Transitional Jobs Network (NTJN)  
 National Urban League  
 National Violence Prevention Network  
 National Viral Hepatitis Roundtable  
 National WIC Association  
 National Women's Conference Committee  
 National Women's Health Network  
 National Writing Project  
 National Youth Employment Coalition (NYEC)  
 National Youth Leadership Council  
 Natural Resources Defense Council  
 Nemours  
 NephCure Foundation  
 New Horizons Computer Learning Centers  
 New Leaders  
 North American Society for Pediatric Gastroenterology, Hepatology and Nutrition  
 Nurse-Family Partnership  
 Nurses Organization of Veterans Affairs  
 Oceana  
 Ocean Conservancy  
 Oncology Nursing Society  
 Pancreatic Cancer Action Network (PanCAN)  
 Parents As Teachers  
 Parkinson's Action Network  
 Pediatric Stroke Network, Inc.  
 People For the American Way  
 PFLAG National (Parents, Families and Friends of Lesbians and Gays)  
 Physicians for Reproductive Choice and Health  
 Planned Parenthood Federation of America  
 Points of Light  
 Population Action International  
 Population Association of America/ Association of Population Centers  
 Population Connection  
 Population Institute  
 Positive Education, Inc.  
 Prevent Blindness America  
 Preventive Cardiovascular Nurses Association  
 ProLiteracy  
 Professional Association of Social Workers in HIV and AIDS  
 Project Inform  
 ProLiteracy  
 Provincial Council of the Clerics of St. Viator (Viatorians)  
 Public Allies, Inc.  
 Public Education Network  
 Public Health Foundation  
 Public Health Institute  
 Public Health Solutions  
 Public Housing Authorities Directors Association  
 Public Lands Service Coalition  
 Pulmonary Hypertension Association  
 Racial and Ethnic Health Disparities Coalition  
 Racine County Older Adult Nutrition Program  
 Rape, Abuse & Incest National Network (RAINN)  
 Reading Partners  
 Rebuilding Together  
 Religious Coalition for Reproductive Choice  
 Research Allies for Lifelong Learning  
 Resources for Human Development, Inc.  
 Restore America's Estuaries  
 Robert F. Kennedy Children's Action Corps  
 Rose F. Kennedy University Center for Excellence in Developmental Disabilities  
 RTI International  
 Rushmere Community Development Corporation  
 Ryan White Medical Providers Coalition  
 Safe Kids Worldwide  
 Safe States Alliance  
 Sargent Shriver National Center on Poverty Law  
 Save the Children  
 School Social Work Association of America  
 Scleroderma Foundation  
 Sea Grant Association  
 SEDL  
 Society for Industrial and Organizational Psychology  
 Society of Behavioral Medicine  
 Society of Experimental Social Psychology  
 Society of Mathematical Psychology

Society of Multivariate Experimental Psychology  
 Southwest Educational Development Laboratory (SEDL)  
 SPIE, The International Society for Optics and Photonics  
 Senior Service America, Inc.  
 Services and Advocacy for GLBT Elders (SAGE)  
 Sexuality Information and Education Council of the United States (SIECUS)  
 Sisters of Charity of Nazareth Congregational Leadership  
 Sisters of Mercy of the Americas  
 Sjogren's Syndrome Foundation  
 Sleep Research Society  
 Society for Advancement of Violence and Injury Research  
 Society for Computers in Psychology  
 Society for Healthcare Epidemiology of America  
 Society for Industrial and Applied Mathematics  
 Society for Maternal-Fetal Medicine  
 Society for Medical Decision Making  
 Society for Neuroscience  
 Society for Pediatric Research  
 Society for Public Health Education  
 Society for Women's Health Research  
 Society of General Internal Medicine  
 Society of Gynecologic Oncology  
 Society of Urologic Nurses and Associates  
 Soil Science Society of America  
 Southeast Asia Resource Action Center  
 Spark Action  
 Special Olympics, Inc.  
 Spina Bifida Association  
 Stand Up for Rural America  
 State Educational Technology Directors Association  
 Stem Cell Action Coalition  
 Strategic Applications International  
 STRIVE National  
 Student Conservation Association  
 Sugar Law Center for Economic & Social Justice  
 Teach For America  
 Teaching Strategies, LLC  
 Technical Assistance Collaborative  
 Telecare Corporation  
 TESOL International Association  
 The Advocacy Institute  
 The AIDS Institute  
 The American Society for Cell Biology  
 The Arc of the U.S.  
 The Aspen Institute Workforce Strategies Initiative  
 The Borgen Project  
 The Center for the Celebration of Creation  
 The Coalition for the Life Sciences  
 The Community Builders, Inc.  
 The Corps Network  
 The Education Trust  
 The Eisen Group  
 The Endocrine Society  
 The Every Child Matters Education Fund  
 The Gerontological Society of America  
 The Imani Project  
 The Myelin Project  
 The National Center for Learning Disabilities  
 The National Center on Family Homelessness  
 The National Council for Science and the Environment  
 The National Crittenton Foundation  
 The National Indian Head Start Directors Association  
 The Polycystic Kidney Disease Foundation  
 The Salvation Army  
 The Trust for Public Land  
 The United Methodist Church  
 The Wilderness Society  
 Travelers Aid International  
 Treatment Action Group  
 Treatment Communities of America  
 Treatment Systems Development  
 Trust for America's Health  
 Tufts University  
 Tuskegee University's College of Veterinary Medicine, Nursing, and Allied Health  
 U.S. Water Fitness Association  
 U.S. Positive Women's Network  
 U.S. Soccer Foundation  
 UNCF  
 Union for Reform Judaism  
 Unite 2 Fight Paralysis  
 United Church of Christ  
 United Church of Christ Justice and Witness Ministries  
 United for Medical Research  
 United Neighborhood Centers of America  
 United Spinal Association  
 United States Breastfeeding Committee  
 UNITY, Society for the Advancement of Violence & Injury Research  
 Universities Research Association, Inc.  
 University Corporation for Atmospheric Research  
 U.S. Climate Action Network  
 U.S. Hereditary Angioedema Association  
 VALUEUSA  
 Vasculitis Foundation  
 Vera Institute of Justice  
 Voices for America's Children  
 Voices for National Service  
 Voices for Progress  
 W. Haywood Burns Institute  
 Witness to Innocence  
 WestEd  
 Wider Opportunities for Women (WOW)  
 Women Employed  
 Women in Film  
 WomenHeart: The National Coalition for Women with Heart Disease  
 Women's Action for New Directions  
 Wonderlic, Inc.  
 Woodhull Sexual Freedom Alliance  
 Workforce Learning Strategies

World Education, Inc.  
World Wildlife Fund  
Young Invincibles

YouthBuild USA  
ZERO TO THREE

REGIONAL, STATE, AND LOCAL ORGANIZATIONS (LISTED ALPHABETICALLY, BY STATE)

*Alabama*

1917 HIV/AIDS Outpatient Clinic at University of Alabama at Birmingham, Birmingham	Auburn Housing Authority, Auburn Eastside Mental Health, Birmingham Learning Disabilities Association of Alabama, Montgomery
AIDS Alabama, Birmingham	Low Income Housing Coalition of Alabama, Birmingham
Alabama Association for Career and Technical Education, Montgomery	National Alliance on Mental Illness (NAMI) Shoals, Florence
Alabama Association of School Business Officials, Huntsville	Southwest Alabama Behavioral Healthcare Systems, Monroeville
Alabama Association of Secondary School Principals, Montgomery	The Concerned Citizens of Atmore "Unity in the Community," Atmore
Alabama Council of Administrators in Special Education, Guntersville	Unity Wellness Center Housing Department, Auburn
Alabama Disability Advocacy Program, University of Alabama, Tuscaloosa	VOICES for Alabama's Children, Montgomery
Alabama School Counselor Association, Montgomery	YWCA Central Alabama, Birmingham
Alabama Disabilities Advocacy Program, Tuscaloosa	

*Alaska*

Akeela Development Corporation, Anchorage	Denali Family Services, Anchorage Disability Law Center of Alaska, Anchorage
Alaska Association of Secondary School Principals, Fairbanks	Kawerak, Inc., Nome
Alaska Council of Administrators of Special Education, Fairbanks	Kenai Peninsula Food Bank, Soldotna
Alaska Innocence Project, Anchorage	Kenai Senior Services, Kenai
Alaska Occupational Therapy Association, Anchorage	Southeast Alaska Regional Health Consortium (SEARHC), Juneau
Cook Inlet Housing Authority, Anchorage	University of Alaska Anchorage, Center for Human Development, Anchorage

*American Samoa*

American Samoa Office of Protection &  
Advocacy for the Disabled, Pago Pago

*Arizona*

Arizona Association for Lifelong Learning, Phoenix	Booker T. Washington Child Development Center, Inc., Phoenix
Arizona Center for Disability Law, Tucson	Cedar Unified School District, Keams Canyon
Arizona Council of Administrators of Special Education, Phoenix	Cocopah Head Start, Somerton
Arizona Housing Alliance, Phoenix	Community Intervention Associates, Inc., Yuma
Arizona Justice Project, Phoenix	Compass Affordable Housing, Tucson
Arizona School Administrators, Inc., Phoenix	Cornucopia Community Advocates, Sedona
Arizona School Counselors Association, Sahuarita	Early Head Start, Littlefield
Arizona State Impact Aid Association, Sacaton	Fellowship Square Tucson, Tucson
Arizona Institute for Peace, Education, and Research, Tempe	Fort Thomas Unified School District, Fort Thomas
Association for Career and Technical Education of Arizona (ACTEAZ), Tucson	Foundation for Senior Living, Phoenix
Association for Supportive Child Care, Tempe	Holbrook Unified School District #3, Holbrook
Association of Arizona Food Banks, Phoenix	Hospice Family Care, Inc., Prescott
Blackwater Enterprises, Rdc, Higley	Housing America Corporation, Somerton
	Local Initiative Support Corporation Phoenix, Phoenix
	Mayer Elders Club, dba Mayer Area Meals on Wheels, Mayer
	McDowell Healthcare Center, Phoenix

- Old Pueblo Community Services, Tucson  
 Our Family Services, Tucson  
 Parker Unified School District #27,  
 Parker  
 Peach Springs USD #8, Peach Springs  
 Pinal County Public Health Services  
 District, Florence  
 Portable Practical Educational  
 Preparation, Inc., Tucson  
 Prescott Meals on Wheels, Prescott  
 Sacaton Elementary School District  
 #118, Sacaton Teens, Training and  
 Taxes, Parks
- Arkansas*
- Area Agency on Aging of Southeast  
 Arkansas, Inc., Pine Bluff  
 Arkansas Advocates for Children and  
 Families, Little Rock  
 Arkansas Association of School Business  
 Officials, Little Rock  
 Arkansas Association of Secondary  
 School Principals, Springdale  
 Arkansas Association of Student  
 Assistance Programs, Fayetteville  
 Arkansas Council of Administrators in  
 Special Education, North Little Rock  
 Arkansas Education Association, Little  
 Rock  
 Arkansas Federation of Families for  
 Children's Mental Health (AFFCMH),  
 Little Rock
- California*
- Advocates for Peace and Justice, Irvine  
 United Congregational Church, Irvine  
 Affordable Housing Network of Santa  
 Clara County, San Jose  
 Age Well Senior Services, Inc., Laguna  
 Woods  
 AIDS Legal Referral Panel of San  
 Francisco, San Francisco  
 AIDS Project Los Angeles, Los Angeles  
 American Family Housing, Midway City  
 Armona Union Elementary School  
 District, Armona  
 Association of California School  
 Administrators, Sacramento  
 California Association of Alcohol and  
 Drug Abuse Counselors (CAADAC),  
 Sacramento  
 California Association of School Business  
 Officials, Sacramento  
 California Center for Public Health  
 Advocacy, Davis  
 California Coalition for Rural Housing,  
 Sacramento  
 California Community Colleges  
 Chancellor's Office, Sacramento  
 California Council of Administrators of  
 Special Education (CA CASE), Santa  
 Rosa  
 California Council of Community Mental  
 Health Agencies, Sacramento  
 California Department of Public Health,  
 Sacramento  
 California Hepatitis Alliance, San  
 Francisco
- Tuba City Unified School District #15,  
 Tuba City Tucson Planning Council for  
 the Homeless, Tucson  
 United Food Bank, Mesa  
 Valley Interfaith Project, Sun City  
 Whiteriver Unified School District,  
 Whiteriver Unified School District  
 Window Rock Unified School District #8,  
 Fort Defiance  
 Yarnell Senior Community Center,  
 Yarnell
- Disability Rights Center of Arkansas,  
 Little Rock  
 Family Violence Prevention, Inc.,  
 Batesville  
 Henderson State University,  
 Arkadelphia  
 Little Angels Childcare, Prescott  
 Little Rock Community Mental Health  
 Center, Little Rock  
 Pinon Unified School District #4, Pinon  
 Portable Practical Educational  
 Preparation, Inc., Tucson  
 National Alliance on Mental Illness  
 (NAMI) Arkansas, Springdale Affiliate,  
 Siloam Springs  
 Universal Housing Development  
 Corporation, Russellville
- California Housing Partnership, San  
 Francisco  
 California Innocence Project, San Diego  
 California Lutheran University,  
 Thousand Oaks  
 California Small School Districts'  
 Association, Sacramento  
 California Teachers Association,  
 Burlingame  
 California WIC Association, Sacramento  
 California Workforce Investment Board,  
 Sacramento  
 California Association for Micro  
 Enterprise Opportunity (CAMEO), San  
 Francisco  
 Central Union Elementary School  
 District, Lemoore  
 Children Now, Oakland  
 Children's Defense Fund-California,  
 Oakland  
 Church of All, Burbank  
 Citizen Schools California, Redwood City  
 Community Action Napa Valley, Napa  
 Community Action Partnership Food  
 Bank of San Bernardino County, San  
 Bernardino  
 Community Action Partnership of San  
 Luis Obispo County, Inc., San Luis  
 Obispo  
 Community Research Foundation, San  
 Diego  
 Council of University of California  
 Faculty Associations, Berkeley  
 Desert Manna, Barstow

Disability Rights California, Sacramento  
 Disability Services & Legal Center,  
 Santa Rosa  
 East Bay Housing Organizations,  
 Oakland  
 Epilepsy Foundation of Northern  
 California, San Francisco  
 Fair Housing Council of Central  
 California, Fresno  
 Fair Housing of Marin, San Rafael  
 Ferguson and Company, Oakland  
 First Baptist Church Head Start,  
 Pittsburg  
 Foundation for Successful Solutions, Los  
 Angeles  
 Fresno County EOC Head Start, Fresno  
 HIV ACCESS, Alameda County  
 Housing Authority of the City of  
 Calexico (HACC), Calexico  
 Housing Authority of the City of Santa  
 Barbara, Santa Barbara  
 Housing Authority of the City of Upland,  
 Upland  
 Housing California, Sacramento  
 Housing Rights Committee of San  
 Francisco, San Francisco  
 Independent Living Resource Center San  
 Francisco, San Francisco  
 Interdisciplinary Leadership Education  
 in Neurodevelopmental and Related  
 Disabilities Training Program (CA-  
 LEND), Los Angeles  
 Irvine Meals on Wheels, Irvine  
 Jewish Labor Committee Western  
 Region, Los Angeles  
 Klamath-Trinity Joint Unified School  
 District, Hoopa  
 Kalusugan (Good Health) Community  
 Services, National City  
 Kings County Charter—Association of  
 California School Administrators,  
 Hanford  
 Kings County Office of Education,  
 Hanford  
 Kings River-Hardwick Elementary  
 School District, Hanford  
 KyotoUSA, Berkeley  
 Lake Family Resource Center,  
 Kelseyville  
 Lakeside Union Elementary School  
 District, Hanford  
 Lemoore Union High School District,  
 Lemoore  
 Lincoln Child Center, Oakland  
 Local Child Care Planning Council,  
 Oroville  
 Local Government Commission,  
 Sacramento  
 Local Initiatives Support Corporation  
 Bay Area, San Francisco  
 Local Initiatives Support Corporation  
 Los Angeles, Los Angeles  
 Local Initiatives Support Corporation  
 San Diego, San Diego  
 Los Angeles Area Chamber of  
 Commerce, Los Angeles  
 Los Angeles-Orange County  
 Environmental Training Center,  
 Anaheim  
 Los Angeles Unified School District  
 (LAUSD), Los Angeles  
 Meals-on-Wheels Greater San Diego,  
 Inc., San Diego  
 Mending Wheel, Fortuna  
 Mental Health America of California,  
 Sacramento  
 Mexican American Opportunity  
 Foundation, Montebello  
 Mizell Senior Center, Palm Springs  
 MobileMD, Alameda  
 Momentum for Mental Health, San Jose  
 Monterey County Health Department  
 WIC Program, Salinas  
 Muroc Joint Unified School District,  
 Edwards  
 Napa Valley Community Housing, Napa  
 National Alliance on Mental Illness  
 (NAMI) Yolo County, Davis  
 National Council of Jewish Women,  
 Contra Costa Section, Walnut Creek  
 National Council of Jewish Women, Long  
 Beach Section, Huntington Beach  
 National Council of Jewish Women, Los  
 Angeles  
 National Council of Jewish Women,  
 Sacramento  
 National Council of Jewish Women,  
 Topanga  
 New Life Advocacy, Los Angeles  
 Northern California Innocence Project,  
 Santa Clara University School of Law,  
 Santa Clara  
 Oasis Clinic, Los Angeles  
 Oceanside Unified School District,  
 Oceanside  
 Oldtimers Housing Development  
 Corporation—IV, Huntington Park  
 Pacific Asian Consortium in Employment  
 (PACE), Los Angeles  
 Parent Voices El Dorado County  
 Chapter, South Lake Tahoe  
 Parent Voices Southern Alameda  
 County, Hayward  
 Parents' Place Family Resource and  
 Empowerment Center, West Covina  
 Peninsula Volunteers Inc, Menlo Park  
 Portia Bell Hume Behavioral Health and  
 Training Center, Concord  
 PowerWorks, San Francisco  
 Project Sister Family Services, Pomona  
 Sacramento Housing Alliance,  
 Sacramento  
 San Diego Housing Federation, San  
 Diego  
 San Fernando Valley Community Mental  
 Health Center, Inc., Van Nuys  
 San Gabriel Valley/Whittier Chapter of  
 NOW, Fontana  
 San Mateo County HIV Program  
 Community Board, San Mateo County  
 Santa Cruz Community Counseling  
 Center Head Start, Santa Cruz  
 Senior Network Services, Santa Cruz

- Senior Services Coalition of Alameda County, Oakland  
 Shasta Senior Nutrition Programs, Redding  
 Sierra Cascade Family Opportunities Head Start, Susanville  
 Sierra Cascade Family Opportunities, Inc., Quincy  
 Sierra Senior Providers, Inc., Sonora  
 Silver Valley Unified School District, Yermo  
 SRO Housing Corporation, Los Angeles  
 State of California Office of AIDS Surveillance Section, Fresno  
 Stop the GA Cuts Coalition, Oakland  
 Tarjan Center at UCLA, Los Angeles  
 The Non-Profit Housing Association of Northern California, San Francisco  
 The Occupational Training Institute, Foothill-De Anza Community College District, Cupertino  
 The Public Interest Law Project, Oakland  
 The Wall Las Memorias Project, Los Angeles
- Colorado*  
 Academy School District #20, Colorado Springs  
 ACADIA LLC, Boulder  
 Adams County Housing Authority, Commerce City  
 Adams County School District #14, Commerce City  
 Adams County Workforce and Business Center, Brighton  
 Boulder County Network, Boulder  
 Boulder Housing Partners, Boulder  
 Colorado Association for Career and Technical Education, Denver  
 Colorado Association of School Executives, Englewood  
 Colorado Campus Compact, Denver  
 Colorado Center on Law and Policy, Denver  
 Colorado Chapter of ASPIRE, Denver  
 Colorado Children's Campaign, Denver  
 Colorado Education Association, Denver  
 Colorado NAHRO, Boulder  
 Colorado School Counselor Association, Denver  
 Colorado School Social Work Association, Fort Collins  
 Colorado Thespians—Educational Theatre Association, Denver  
 Colorado Urban Workforce Alliance, Denver  
 Community Reach Center, Thornton  
 Community Strategies Institute, Denver  
 Delta Housing Authority, Delta  
 Denver's Great Kids Head Start, Denver
- Connecticut*  
 1199NE Training and Upgrade Fund, Hartford  
 All Our Kin, Inc., New Haven  
 BHcare, Ansonia
- Time for Change Foundation, San Bernardino  
 United Administrators of San Francisco, San Francisco  
 University of California (U.C.) Riverside Faculty Association, Riverside  
 University of California (U.C.) Berkeley Faculty Association, Berkeley  
 University of California at Davis Faculty Association, Davis  
 University of California Santa Cruz Faculty Association, Santa Cruz  
 University of Southern California School of Pharmacy  
 Violence Prevention Coalition of Greater Los Angeles, Los Angeles  
 Volunteers of America Los Angeles, Los Angeles  
 Watts/Century Latino Organization, Los Angeles  
 Westside Progressives, Los Angeles  
 Women Organized to Respond to Life-threatening Diseases (WORLD), Oakland  
 Rural Community Assistance Corporation, West Sacramento
- Denver Housing Authority, Denver  
 Federation of Families for Children's Mental Health, Colorado Chapter, Denver  
 FRESC: Good Jobs, Strong Communities, Denver  
 Healthy Colorado Youth Alliance, Denver  
 Housing Authority of the County of Yuma, Yuma  
 Housing Resources of Western Colorado, Grand Junction  
 Ignacio School District 11JT, Ignacio  
 Julesburg Housing Authority, Julesburg  
 LeaderQuest, Denver  
 Mental Health America of Colorado, Denver  
 Occupational Therapy Association of Colorado, Denver  
 Occupy Greeley, Greeley  
 Public Allies at Eagle Rock School, Estes Park  
 Regis University, Denver  
 RNA Group, Denver  
 Rocky Mountain Wild, Denver  
 Servicios de La Raza, Inc., Denver  
 Sexual Assault Response Advocates (S.A.R.A.), Inc., Fort Morgan  
 Southern Ute Indian Tribe, Ignacio  
 The Bell Policy Center, Denver  
 The Legal Center for People with Disabilities and Older People, Denver  
 The Pendulum Foundation, Denver
- Bridgeport Council of Administrators and Supervisors, Bridgeport  
 Center for Latino Progress—CPRF, Hartford

- Collaborative Center for Justice, Inc.,  
Hartford
- Connecticut AIDS Resource Coalition,  
Hartford
- Connecticut Association for Human  
Services, Hartford
- Connecticut Association of Directors of  
Health, Hartford
- Connecticut Association of School  
Business Officials, West Hartford
- Connecticut Association of School  
Psychologists, Bridgeport
- Connecticut Association of School Social  
Workers (CASSW), New Haven
- Connecticut Association of Schools,  
Cheshire
- Connecticut Community College System,  
Hartford
- Connecticut Education Association,  
Hartford
- Connecticut Federation of School  
Administrators, Cromwell
- Connecticut Food Bank, East Haven
- Connecticut Housing Coalition,  
Wethersfield
- Connecticut Voices for Children, New  
Haven
- Connecticut Women's Education and  
Legal Fund (CWEALF), Hartford
- Eastern Highlands Health District,  
Storrs
- Family Services of Greater Waterbury,  
Waterbury
- Delaware*
- Delaware Association of School  
Administrators, Dover
- Delaware Association of School  
Psychologists, Wilmington
- Delaware School Counselor Association,  
Dover
- District of Columbia*
- Clearinghouse on Women's Issues
- Council of School Officers, American  
Federation of School Administrators,  
Local 4, AFL-CIO D.C.
- D.C. Behavioral Health Association
- D.C. LEARNs
- D.C. Coalition Against Domestic Violence
- Defeat Poverty D.C.
- District of Columbia Occupational  
Therapy Association
- Edward C. Mazique Parent Child  
Center, Inc.
- Florida*
- 1000 Friends of Florida, Tallahassee
- Ability Housing of Northeast Florida,  
Inc., Jacksonville
- Adult and Community Educators of  
Florida, Inc., Tallahassee
- Bond Community Health Center, Inc.,  
Tallahassee
- Broward Meals on Wheels, Fort  
Lauderdale
- FSW, Bridgeport
- Gilead Community Services, Middletown
- Holy Family Home and Shelter, Inc.,  
Willimantic
- LAMPP Project—Connecticut Children's  
Medical Center, Hartford
- Local Initiatives Support Corporation,  
Hartford
- National Alliance on Mental Illness  
(NAMI) Farmington Valley, Avon
- Norwich School Administrator's  
Association, Norwich
- Our Piece of the Pie, Hartford
- Public Assisted Housing Resident  
Network (PHRN), Norwalk
- Region 16 Administrators Association,  
Prospect
- Regional School District 16, Prospect
- Saint Francis Hospital and Medical  
Center, Hartford
- Sexual Assault Crisis Center of Eastern  
CT, Inc., Willimantic
- St. Philip House, Plainville
- University of Connecticut A.J.  
Pappanikou Center for Excellence in  
Developmental Disabilities Education,  
Research and Service, Farmington
- Village for Families and Children,  
Hartford
- Wellmore Behavioral Health, Waterbury
- Woodland Regional High School, Beacon  
Falls
- Delaware State Education Association,  
Dover
- Epilepsy Foundation of Delaware,  
Wilmington
- Ministry of Caring, Inc., Wilmington
- YWCA Delaware, Wilmington
- Georgetown University Center for  
Excellence in Developmental  
Disabilities (UCEDD)
- Georgetown Center for Poverty,  
Inequality and Public Policy
- Georgetown University Medical Center
- Living Wages Adult Education Program
- Local Initiatives Support Corporation  
Washington, DC
- National Association of Local Housing  
Finance Agencies
- Potomac Gardens Resident Council
- Public Allies Washington, DC
- United Way of the National Capital Area
- Catholic Charities Housing, Diocese of  
Venice, Inc., Sarasota/Venice
- Center for Independent Living of South  
Florida, Inc., Miami
- Century Village Democratic Club, West  
Palm Beach
- Children's Forum, Tallahassee
- Christian Coalition Against Domestic  
Abuse, Miami

- City of Deerfield Beach, Deerfield Beach  
Coalition for Independent Living  
Options, West Palm Beach
- Community Coalition on Homelessness,  
Bradenton
- Community Enterprise Investments Inc.,  
Pensacola
- Community Justice Project—Florida  
Legal Services, Miami
- Dab the AIDS Bear Project, Oakland  
Park
- Daytona State College, Daytona Beach
- Department of Community Development,  
Miami
- Depression and Bipolar Support Alliance  
(DBSA), St. Cloud
- disAbility Solutions for Independent  
Living, Inc., Daytona Beach
- Documents International, St. Petersburg
- Dunbar Center, Inc., Hobe Sound
- Epilepsy Foundation of Florida, Miami
- Familias Latinas Dejando Huellas,  
Tampa
- Farmworker Association of Florida,  
Apopka
- Florida Alliance of Community  
Development Corporations, Inc.,  
Jacksonville
- Florida Alliance for Health, Physical  
Education, Recreation, Dance and  
Sport, Parkland
- Florida CASE, Archer
- Florida Center for Fiscal and Economic  
Policy, Tallahassee
- Florida Education Association,  
Tallahassee
- Florida HIV/AIDS Advocacy Network,  
Oakland Park
- Florida HIV/AIDS Patient Care Planning  
Group, Freeport
- Florida School Counselor Association,  
Safety Harbor
- Florida Supportive Housing Coalition,  
Tallahassee
- Fusion, Wilton Manors
- Gay Free If You Want To Be, Clearwater
- Heart of Putnam Coalition, Palatka
- Helen B. Bentley Family Health Center,  
Miami
- Homes in Partnership, Inc., Apopka
- Hope and Help Center of Central  
Florida, Inc., Orlando
- Housing and Homeless Assistance  
Program, North Miami
- Innocence Project of Florida, Tallahassee
- Georgia*
- AID Gwinnett/Ric Crawford Clinic,  
Duluth
- Armstrong Atlantic State University  
(AASU), Savannah
- Augusta Housing Authority, Augusta
- BAIN, Inc. Center for Independent  
Living, Bainbridge
- Camden County Schools, Kingsland
- Center for Leadership in Disability,  
Atlanta
- Life Management Center of Northwest  
Florida, Panama City
- Local Initiatives Support Corporation,  
Jacksonville
- Meals on Wheels, Etc., Sanford
- Miami Coalition for the Homeless, Inc.,  
Miami
- National Alliance on Mental Illness  
(NAMI) & Depression and Bipolar  
Support Alliance, Lakeland
- National Council of Jewish Woman  
Miami, Miami
- National Council of Jewish Women  
Aventura, Aventura
- National Council of Jewish Women  
Greater Miami Section, Miami
- National Council of Jewish Women  
Hollywood, Hollywood
- National Council of Jewish Women  
Southeast Atlantic Section, Boca Raton
- Neighborly Care Network, Inc.,  
Clearwater
- North Florida Educational Development  
Corporation, Gretna
- Northwest Florida AIDS/HIV  
Consortium (NOFLAC), Brent
- Planned Parenthood of South Florida  
and the Treasure Coast, West Palm  
Beach
- Positive Champions Speakers Bureau,  
Daytona Beach
- Positively U, Inc., Davenport
- Rural Neighborhoods, Inc., Homestead
- Sanford Housing Authority Agency-Wide  
Resident Council, Sarasota
- South Florida Community Development  
Coalition, Miami
- St. Johns County Council on Aging, St.  
Augustine
- St. Johns River Alliance, Jacksonville  
Beach
- Sugarloaf Women's Land Trust,  
Sugarloaf Key
- Suncoast Partnership to End  
Homelessness, Sarasota
- Tampa Housing Authority, Tampa
- The Florida Housing Coalition,  
Tallahassee
- The Good Shepherd of North East  
Florida, Inc., Lake City
- The Mental Health Association of  
Okaloosa/Walton Counties, Fort  
Walton Beach
- United Faculty of Florida, Tallahassee
- DEW Consultants, Inc., Roswell
- Douglas County Homeless Shelter,  
Douglasville
- East Point Housing Authority, East  
Point
- Epilepsy Foundation of Georgia, Atlanta
- Families First, Inc., Atlanta
- Family Visions Outreach, Inc., Sylvester
- G-CASE, McDonough

- Georgia Alliance to End Homelessness, Marietta  
 Georgia Association of Secondary School Principals, Thomasville  
 Georgia Council of Administrators for Special Education, McDonough  
 Georgia Parent Support Network, Inc., Atlanta  
 Georgia School Counselors Association, Marietta  
 Georgia State University Center for Leadership in Disability, Atlanta  
 Georgia Supportive Housing Association, Atlanta  
 Grady Health System, Atlanta  
 Here's to Life, Inc., Decatur  
 HOPE Atlanta Programs of Travelers Aid, Atlanta  
 Housing Authority of DeKalb County, Decatur  
 Liberty County Board of Education, Hinesville
- Guam*  
 University of Guam Center for Excellence in Developmental Disabilities (UCEDD), Mangilao
- Hawaii*  
 Community Alliance for Mental Health, Honolulu  
 Good Beginnings Alliance, Honolulu  
 Hawaii Association of Secondary School Administrators, Honolulu  
 Hawaii Association of School Librarians, Honolulu  
 Hawaii County Economic Opportunity Council, Hilo  
 Hawaii Disability Rights Center, Honolulu  
 Hawaii County Economic Opportunity Council, Hilo
- Idaho*  
 Aberdeen Education Association, Aberdeen  
 Blackfoot School District No. 55, Blackfoot  
 Boise State University, Boise  
 Buhl Education Association, Buhl  
 Cambridge-Midvale Senior Citizens Center, Cambridge  
 Cassia County Education Association, Burley  
 Castleford School District, Castleford  
 Challis Education Association, Challis  
 Coeur d'Alene Education Association, Coeur d'Alene  
 Family Crisis Center, Rexburg  
 Filer Education Organization, Filer  
 Gem County Education Association, Emmett  
 Idaho Association of School Administrators, Boise  
 Idaho CASE, Boise  
 Idaho Council for Exceptional Children, Boise
- Liberty County Public School System, Hinesville  
 Long County School District, Ludowici  
 Lou Walker Senior Center, Lithonia  
 Northwest Georgia Federation of Families, Rome  
 Peak Performance Learning, L.L.C., Atlanta  
 Sexual Assault Support Center, Inc., Columbus  
 SisterLove, Inc., Atlanta  
 Sisters of Mercy, Macon  
 South Fulton Senior Services, College Park  
 STEM, Inc., Covington  
 The Cottage, Sexual Assault Center & Children's Advocacy Center, Athens  
 Urban Residential Development Corporation, Atlanta  
 Briarcliff Oaks, Atlanta
- Hawaii Policy Advisory Board for Elder Affairs, Honolulu  
 Hawaii State Council on Developmental Disabilities, Honolulu  
 Hawaii State Department of Education, Honolulu  
 Hawaii State Office of Youth Services, Honolulu  
 Hawaii State Teachers Association, Honolulu  
 Lanakila Pacific, Honolulu  
 Learning Disabilities Association of Hawaii, Honolulu  
 YWCA of Kauai, Lihue
- Idaho Council on Developmental Disabilities, Boise  
 Idaho Education Association, Boise  
 Idaho Education Association, Coeur d'Alene  
 Idaho Education Association, Post Falls  
 Idaho Federation of Families for Children's Mental Health, Boise  
 Kimberly Education Association, Kimberly  
 Lakeland Education Association, Rathdrum  
 Meadows Valley Education Association, New Meadows  
 Minidoka County Education Association, Rupert  
 Plummer-Worley Jt School District #44, Plummer  
 Post Falls Educational Association, Post Falls  
 Richfield IEA, Richfield  
 Rimrock Senior Center, Grand View  
 Ririe Education Association, Ririe

Rockland Education Association,  
Rockland  
Teton Education Association, Felt  
The New Meadows Senior Center, New  
Meadows

*Illinois*

ACTE, Springfield Aging Care  
Connections, La Grange  
AIDS Foundation of Chicago, Chicago  
AIDS Legal Council of Chicago, Chicago  
Alexian Brothers AIDS Ministry,  
Chicago  
Burr Ridge Community Consolidated  
School District #180, Burr Ridge  
Calumet Area Industrial Commission,  
Chicago  
Campaign for Better Health Care,  
Illinois, Champaign and Chicago  
Canticle Ministries, Wheaton  
Career Link, Bloomington  
Casa Central, Chicago  
Cass School District #63, Darien  
Central Illinois Friends of People with  
AIDS, Peoria  
Chicago Jobs Council, Chicago  
Chicago Rehab Network, Chicago  
Chicago Workforce Investment Council,  
Chicago  
Children's Home and Aid, Chicago  
United Workforce Development Board,  
Pekin  
Citizen Schools Illinois, Chicago  
City of Chicago Department of Family &  
Support Services, Chicago  
City of Kankakee Community  
Development Agency, Kankakee  
CJE SeniorLife Home Delivered Meals  
Program, Chicago  
Coalition for Equitable Community  
Development, Chicago  
Community Behavioral Healthcare  
Association of Illinois, Springfield  
Community Outreach Intervention  
Projects, SPH, UIC, Chicago  
Connect 2 Protect Chicago, Chicago  
Connections for Abused Women and  
their Children, Chicago  
Cook County GED Testing Program,  
Chicago  
Department of Human Services,  
Woodstock  
DuPage Senior Citizens Council, DuPage  
County  
DuPage Workforce Board, Lisle  
East Central Illinois Area Agency on  
Aging, Bloomington  
Educational Support for Students in  
Temporary Living Situations (STLS),  
Chicago  
Egyptian Mental Health Department,  
Eldorado  
FED ED, Northbrook  
Goldie's Place, Chicago  
Haymarket Center, Chicago  
Heartland Alliance for Human Needs &  
Human Rights, Chicago

Twin Falls Education Association, Twin  
Falls  
Twin Falls School District, Twin Falls  
Valley Meals on Wheels, Lewiston  
West Ridge Elementary, Post Falls

Housing Action Illinois, Chicago  
Housing Authority of the County of  
DeKalb, DeKalb  
Human Resources Development  
Institute, Inc., Chicago  
IACEA: The Voice of Adult Education in  
Illinois, Crystal Lake  
Illinois Association for College Admission  
Counseling, Mt. Prospect  
Illinois Association of Career Tech  
Educators, Rockford  
Illinois Association of Educational  
Opportunity Program Personnel,  
Chicago  
Illinois Community College Board Adult  
Education and Family Literacy  
Program, Springfield  
Illinois Eastern Community Colleges,  
Mattoon  
Illinois Lead Program, Springfield  
Illinois Maternal and Child Health  
Coalition, Chicago  
Illinois Migrant Council, Harvard  
Illinois Principals Association,  
Springfield  
Illinois School Counselor Association,  
DeKalb  
Illinois School Counselors Association,  
Chicago  
Illinois School Library Media  
Association, Canton  
Institute on Disability and Human  
Development, Chicago  
Interfaith Open Communities, Chicago  
Jewish Council on Urban Affairs,  
Chicago  
Lake County Center for Independent  
Living, Mundelein  
Lake County Workforce Investment  
Board, Waukegan  
Learning Disabilities Association of  
Illinois, Chicago  
Lifescape Community Services, Inc.,  
Rockford  
Living Daylight Corporation, Elgin  
Local Initiatives Support Corporation  
Chicago, Chicago  
Local Initiatives Support Corporation  
Peoria, Peoria  
Management, Training, and Consulting,  
Corp., Marion  
Mary Crane League, Chicago  
Mascoutah Community Unit School  
District #19, Mascoutah  
Mascoutah Senior Services Program,  
Mascoutah  
McHenry County Workforce Investment  
Board, Woodstock  
McHenry County Workforce Network,  
Woodstock

- National Council of Jewish Women,  
Illinois State Policy Advocacy  
Committee, Chicago  
New Foundation Center, Northfield  
Oak Park Coalition for Truth and  
Justice, Oak Park  
Open Door Clinic, Elgin  
Ounce of Prevention Fund, Chicago  
Pediatric AIDS Chicago Prevention  
Initiative, Chicago  
Prairie Center Against Sexual Assault,  
Springfield  
RAMP Center for Independent Living,  
Rockford  
Randolph County Health Department,  
Chester  
Regional CARE Association, Joliet  
Rock Island County Health Department,  
Rock Island  
Rock River Training Corporation,  
Rockford  
Safe Kids Adams County, Quincy  
SIL Radon Awareness Task Force, Inc.,  
Mt Vernon  
Southside Solidarity Network, Chicago  
St. Catherine Laboure Parish, Glenview  
St. Joan of Arc Social Justice & Peace,  
Lisle  
Stroger Hospital of Cook County,  
Chicago  
Supportive Housing Providers  
Association of Illinois, Springfield
- Indiana*
- Area IV Head Start, Frankfort  
Association of Indiana School Library  
Educators, Indianapolis  
ATTIC, Inc., Vincennes  
Brown County Schools, Nashville  
Community Action of Northeast Indiana,  
Inc. (CANI) Head Start and Early  
Head Start, Fort Wayne  
Fulton County Health Department,  
Rochester  
Housing Authority City of Richmond,  
Richmond  
Housing Authority of South Bend, South  
Bend  
ICASE, Madison  
Indiana Association of Area Agencies on  
Aging, Indianapolis  
Indiana Association of School Principals,  
Indianapolis  
Indiana Council of Community Mental  
Health Centers, Inc., Indianapolis  
Indiana Council of Special Education  
Administrators, Indianapolis  
Indiana Institute for Working Families,  
Indianapolis  
Indiana School Counselor Association,  
Lafayette  
Indiana School Social Work Association,  
Mooresville
- Iowa*
- Black Hawk-Grundy Mental Health  
Center, Inc., Waterloo
- Test Positive Aware Network, Publisher  
of Positively Aware Magazine, Chicago  
The Children's Place Association,  
Chicago  
The Safer Foundation, Chicago  
Trinity Resources Unlimited, Inc.,  
Chicago  
University of Illinois, Urbana  
Vermilion County Job Training  
Partnership, Danville  
West Suburban Jobs Council, Wheaton  
Western Illinois Area Agency on Aging,  
Rock Island  
Wheaton Franciscans, Wheaton  
YWCA of the Sauk Valley, Sterling  
Heartland Alliance, Chicago  
Illinois Alliance of Administrators of  
Special Education, Lebanon  
Illinois School Counseling Association,  
Chicago  
Illinois School Psychologist's Association,  
Chicago  
Interfaith House, Chicago  
Mary Crane Center—Head Start,  
Chicago  
Minority AIDS Awareness Council  
(MAAC), Peoria  
People for Community Recovery, Chicago  
Senior Services Plus, Alton  
St. Vincent de Paul Center, Chicago  
University of Illinois, Chicago  
YWCA Metropolitan Chicago, Chicago
- Indiana State AFL–CIO Labor Institute  
for Training, Inc., Indianapolis  
Indiana State Teachers Association,  
Indianapolis  
INFBPW/Merrillville-Duneland,  
Schererville  
Kokomo Area Special Education  
Cooperative, Russiaville  
Local Initiatives Support Corporation  
Indianapolis, Indianapolis  
Logansport Area Joint Special Services  
Cooperative, Logansport  
Madison County JobSource, Anderson  
Mental Health America in Cass County,  
Logansport  
Middle Way House, Inc., Bloomington  
Midwest Center for Youth and Families,  
Valparaiso  
Northwest Indiana Special Education  
Cooperative, Crown Point  
Porter-Starke Services, Inc., Valparaiso  
The Riley Child Development Center,  
Riley Hospital for Children,  
Indianapolis  
Training, Inc., Indianapolis  
YWCA North Central Indiana, South  
Bend
- Chickasaw County Public Health and  
Home Care Services, New Hampton

- Child and Family Policy Center, Des Moines  
 Community Health Partners of Sioux County, Orange City  
 Crisis Intervention Services, Oskaloosa  
 Disability Rights Iowa, Des Moines  
 Dubuque Franciscan Sisters, Dubuque  
 Heritage Area Agency on Aging, Cedar Rapids  
 Iowa Association for College Admission Counseling, Newton  
 Iowa Association of Community Providers, Urbandale  
 Iowa Coalition 4 Juvenile Justice, Des Moines  
 Iowa Comprehensive Human Services, Des Moines  
 Iowa Council of Administrators of Special Education I-CASE, Des Moines  
 Iowa Federation of Families for Children's Mental Health, Anamosa  
 Iowa School Counselor Association, Des Moines  
 Iowa School Social Work Association, Des Moines
- Kansas*  
 Aging Projects, Inc., Hutchinson  
 Butler County Health Department, El Dorado  
 Center for Child Health and Development, Kansas City  
 Clinical Psychologist, Iola  
 COMCARE, Wichita  
 Derby Public Schools #260, Derby  
 ECKAN, Ottawa  
 Geary County Unified School District #475, Junction City  
 Great Plains Association for College Admission Counseling, Overland Park  
 HOMESTEAD Nutrition Project, Hays  
 Independent Living Resource Center, Wichita  
 Johnson County Area Agency on Aging, Olathe  
 Johnson County Department of Health & Environment, Olathe  
 Kaman Composites—Wichita, Inc., Wichita  
 Kansas Adult Education Association, Paola  
 Kansas Association of School Librarians, Larned  
 Kansas Association of Secondary School Principals, Halstead  
 Kansas Head Start Association, Lawrence  
 Kansas National Education Association, Topeka
- Kentucky*  
 Appalbanc, Inc., Berea  
 Ashland County Community and Technical College/Boyd County Adult Education, Ashland  
 Audubon Area Community Services, Inc., Owensboro
- Jackson County Home and Community Health, Maquoketa  
 Kirkwood Community College, Cedar Rapids  
 Lincoln Mental Health, Fort Dodge  
 Lutheran Services in Iowa, Des Moines  
 Monona County Public Health, Onawa  
 North Fayette High School, West Union  
 PITCH, Milford  
 Positive Iowans Taking Charge, Des Moines  
 Siouxland Community Health Center, Sioux City  
 Siouxland District Health Department, Sioux City  
 Sisters of the Presentation, Dubuque  
 State Public Policy Group Inc., Des Moines  
 The Culture Buzz, Des Moines  
 Tri-County Child and Family Development Council, Inc., Waterloo  
 United Way of Central Iowa, Des Moines  
 Waubonsie Mental Health Center, Clarinda
- Kansas Occupational Therapy Association, Topeka  
 Kansas School Counselor Association, Clay Center  
 Kansas School Social Work Association, Wichita  
 Kansas University Center on Developmental Disabilities, Lawrence  
 Kanza Mental Health and Guidance Center, Inc., Hiawatha  
 Meals on Wheels Association of Kansas, Ottawa  
 Mid-America Nutrition Program, Inc., Ottawa  
 Missouri Valley Adult Education Association, Paola  
 Newton Housing Authority, Newton  
 Olathe National Education Association, Olathe  
 Parsons Housing Authority, Parsons  
 Prairie Independent Living Resource Center, Inc., Hutchinson  
 Senior Services of Southeast Kansas, Inc., Coffeyville  
 SKIL Resource Center, Parsons  
 Statewide Independent Living Council of Kansas, Topeka  
 Southwest Boulevard Family Health Care, Kansas City  
 Three Rivers Independent Living, Inc., Wamego
- Beattyville Housing & Development Corporation, Inc., Beattyville  
 Central Kentucky Community Action Council, Inc., Lebanon  
 Central Kentucky Community Action Head Start, Lebanon

- Central Kentucky Housing & Homeless Initiative, Lexington  
 Christian County Health Department, Hopkinsville  
 Commonwealth Council on Developmental Disabilities, Frankfort  
 Cumberland Valley Housing Authority, Williamsburg  
 Florence Crittenton Home & Services, Inc., Lexington  
 Floyd County Health Department, Prestonsburg  
 Hardin County Adult Education, Elizabethtown  
 Head Start, Paducah  
 Kentucky Association for Career and Technical Education, Frankfort  
 Kentucky Association of School Business Officials  
 Kentucky Communities Economic Opportunity Council, Corbin  
 Kentucky Council of Administrators of Special Education, Lexington  
 Kentucky Domestic Violence Association, Frankfort  
 Kentucky School Media Association, Frankfort  
 Kentucky Youth Advocates, Louisville
- Louisiana*
- A Community Voice—Louisiana, New Orleans  
 Advocacy Center, New Orleans  
 Brand New Attitude, New Orleans  
 Greater New Orleans Fair Housing Action Center, New Orleans  
 Gulf Area Training Enterprises, L.L.C., New Orleans  
 Innocence Project New Orleans, New Orleans  
 Louisiana Association of Educators, Baton Rouge  
 Louisiana Association of Principals, Winnfield
- Maine*
- Center for Community Inclusion and Disability Studies, Orono  
 Coastal Enterprises, Inc. (CEI), Wiscasset  
 Community Housing of Maine, Portland  
 CWS Architects, Portland  
 Graham Behavioral Services, Inc., Augusta  
 Maine Association of School Psychology, Kennebunk  
 Maine Education Association, Augusta  
 Maine Children's Alliance, Augusta  
 Maine Marine Trades Association, Biddeford  
 Maine People's Alliance, South Portland  
 New England Association for College Admission Counseling, Kittery
- KY HANDS Home Visitation Program, Kentucky Department for Public Health, Frankfort  
 Louisville Peace Action Community, Louisville  
 Louisville-Metro Senior Nutrition Program, Louisville  
 Matthew 25 AIDS Services, Henderson  
 Mountain Association for Community Economic Development, Berea  
 New Beginnings Sexual Assault Support Services, Owensboro  
 Pathways, Inc., Ashland  
 People's Self-Help Housing, Inc., Vanceburg  
 Senior Services of Northern Kentucky, Covington  
 SeniorCare Experts, Louisville  
 The Catalytic Fund, Covington  
 The Kentucky Association for Psychology in the Schools, Mount Washington  
 The Pulaski Adult Learning Center, Somerset  
 Todd County Adult Education, Elkton  
 University of Kentucky, Lexington  
 West Kentucky Allied Services, Inc., Mayfield  
 Western Kentucky University Department of Family and Consumer Sciences, Bowling Green
- Louisiana Federation of Families for Children's Mental Health, Inc., Baton Rouge  
 Louisiana Housing Alliance, Baton Rouge  
 Louisiana Lung Cancer Partnership, Lake Charles  
 Louisiana State University Health Sciences Center-Human Development Center, New Orleans  
 N'R PEACE, Inc., Gretna  
 Southwest Louisiana AIDS Council, Lake Charles  
 Southwest Louisiana Independence Center, Lake Charles  
 Tulane University, New Orleans
- New England Consortium Poverty Reduction Initiative, South Portland  
 New Hampshire Educational Opportunity Association, Eliot  
 New Hampshire Leadership Education in Neurodevelopmental and Related Disabilities (NH-LEND), Durham  
 Opportunity Maine, Portland  
 Portland Housing Authority, Portland  
 The Horizon Program, Augusta  
 The Maine Association for Mental Health Services, Augusta  
 The Maine Association of Substance Abuse Programs, Augusta  
 TRiO at Plymouth State University, Durham

*Maryland*

Advocacy and Training Center,  
 Cumberland  
 Advocates for Children and Youth,  
 Baltimore  
 Allegany County Teachers' Association,  
 Cumberland  
 Anne Arundel County Community Action  
 Agency, Annapolis  
 Baltimore Black Pride, Inc., Baltimore  
 Baltimore County Association of Senior  
 Citizens Organizations (BCASCO),  
 Baltimore County  
 Baltimore County Public Schools—  
 Education Support Professionals of  
 Baltimore County, Baltimore  
 Baltimore County Public Schools (BCPS),  
 Nottingham  
 Baltimore Workforce Investment Board,  
 Baltimore  
 Calvert Association of Supervisors and  
 Administrators, Prince Frederick  
 Cecil County Classroom Teachers  
 Association (CCCTA), Elkton  
 Cecil County Public Schools, Conowingo  
 Channel Marker, Inc., Easton  
 Community Behavioral Health  
 Association of Maryland, Catonsville  
 Education Association of St. Mary's  
 County, California  
 Education Support Professionals of  
 Baltimore County (ESPBC), Baltimore  
 Elkton Housing Authority, Elkton  
 Empire Homes of Maryland, Inc.,  
 Baltimore  
 Frederick Association of School Support  
 Employees, Mount Airy  
 Frederick County Teachers Association,  
 Frederick  
 Fund Our Communities, Kensington  
 Garrett County Community Action  
 Committee, Oakland  
 Goodwill Industries International,  
 Rockville  
 Head Start of Washington County,  
 Hagerstown  
 IEC Chesapeake, Odenton  
 Ivory House Health Services, Lutherville  
 Kennedy Krieger Institute, Baltimore  
 Legal Aid Bureau, Inc., Baltimore  
 LifeLinc of Maryland, Baltimore  
 Maryland Association of Secondary  
 School Principals, Ellicott City

*Massachusetts*

AIDS Action Committee of  
 Massachusetts, Boston  
 AIDS Project Worcester, Worcester  
 Alliance of Cambridge Tenants (ACT),  
 Cambridge  
 Amory Street Associates, Waltham  
 Association for Behavioral Healthcare,  
 Natick  
 Asthma and Allergy Foundation of  
 America, New England Chapter,  
 Needham

Maryland Campus Compact,  
 Emmitsburg  
 Maryland Department of Labor,  
 Licensing, and Regulation, Division of  
 Workforce Development and Adult  
 Learning, Baltimore  
 Maryland Disability Law Center,  
 Baltimore  
 Maryland State Education Association,  
 Annapolis  
 Maryland United for Peace & Justice,  
 Bowie  
 Maryland Rural Development  
 Corporation and MRDC Head Start,  
 Annapolis  
 Montgomery County Education  
 Association, Rockville  
 Montgomery Housing Partnership, Silver  
 Spring  
 National Alliance on Mental Illness  
 (NAMI), Maryland, Columbia  
 National Council of Jewish Women  
 Howard County, MD. Section,  
 Columbia, Ellicott City, Clarksville  
 Peace Action Montgomery, Brookeville  
 PeterCares House, Greenbelt  
 Potomac Association of Housing  
 Cooperative, Baltimore  
 Prince George's County Educators'  
 Association, Forestville  
 Progressive Cheverly, Cheverly  
 Public Justice Center, Baltimore  
 Reservoir Hill Mutual Homes, Inc.,  
 Baltimore  
 Simon Publications, Bethesda  
 St. Bernardine's Head Start, Baltimore  
 The Alliance for Integrative Health Care,  
 Baltimore  
 The Beacon Newspapers, Silver Spring  
 The Freedom Center, Frederick  
 University of Maryland School of  
 Medicine, Baltimore  
 Upper Bay Counseling & Support  
 Services, Elkton  
 Vehicles for Change, Baltimore  
 Veterans For Peace—Washington, DC—  
 Area Chapter, Rockville  
 Volunteers of America Chesapeake, Inc.,  
 Lanham  
 Xaverian Brothers, Baltimore  
 YWCA Greater Baltimore, Baltimore

Barnstable County HOME Consortium,  
 Barnstable  
 Bedford Youth & Family Services,  
 Bedford  
 Behind Locked Doors, Newton  
 Bellingham Housing Authority,  
 Bellingham  
 Boston Health Care for the Homeless  
 Program, Boston  
 Boston Public Health Commission,  
 Boston  
 Brigham and Women's Hospital, Boston

- Cambridge Economic Opportunity Committee, Inc., Cambridge  
 Cambridge Neighborhood Apartment Housing Services, Cambridge  
 Cape Cod Children's Place, North Eastham  
 Career Center Initiative Board, Partnership for A Skilled Workforce, Waltham  
 CareerPOINT Career Center, Chicopee  
 CASPAR Inc., Cambridge & Somerville  
 Child Tools Consulting, Fitchburg  
 Citizen Schools Massachusetts, Boston  
 Citizens' Housing and Planning Association (CHAPA), Boston  
 Conservation Law Foundation, Boston  
 Disability Law Center, Massachusetts, Boston  
 Epilepsy Foundation of Massachusetts, Rhode Island, New Hampshire, and Maine, Inc., Boston  
 Family Promise Metrowest, Natick  
 Harbor Health Services, Inc., Boston  
 Heaven In View Outreach Ministry, Inc., Springfield  
 Homeowners Rehab, Inc., Cambridge  
 Housing Corporation of Arlington, Arlington  
 Immigrant Service Providers Group/Health, Somerville  
 Independence Associates, Inc., Center for Independent Living, Brockton  
 Jewish Vocational Service: Boston, Boston  
 Local 201 IUE/CWA, Greenfield  
 Local Initiatives Support Corporation Boston, Boston  
 Massachusetts Advocates Standing Strong, Boston  
 Massachusetts Association of School Business Officials, Chelmsford  
 Massachusetts Families Organizing for Change (MFOFC), Raynham  
 Massachusetts Law Reform Institute, Boston  
 Massachusetts Music Educators Association, Inc., South Attleboro  
 Massachusetts Neuropsychological Society, Boston  
 Massachusetts Organization for Addiction Recovery, Boston  
 Massachusetts School Counselors Association, Boston
- Michigan*
- A2FACES: Ann Arbor Families for Autistic Children, Ann Arbor  
 Advocacy Services for Kids, Kalamazoo  
 American Cancer Society, East Lansing  
 American Federation of School Administrators (AFSA)—Michigan, Detroit  
 Ann Arbor Public Schools, Ann Arbor  
 Area Agency on Aging 1-B, Southfield  
 Association for Children's Mental Health, Lansing
- Massachusetts School Psychologists Association (MSPA), Boston  
 Massachusetts Secondary School Administrators' Association, Franklin  
 Massachusetts Teachers Association, Boston  
 Massachusetts Vocational Association, East Freetown  
 Massachusetts General Hospital, Boston  
 McLean Hospital, Belmont  
 Museum of Science, Boston  
 National Alliance on Mental Illness (NAMI) Cape Ann, Inc., Gloucester  
 Natick Housing Authority, Natick  
 National Association of Social Workers, Dorchester  
 New England Innocence Project, Boston  
 Northeast Counselors Association, Groveland  
 One Family, Inc., Boston  
 PACE, Inc. Housing Services, New Bedford  
 Partners HealthCare, Boston  
 Partnerships for a Skilled Workforce, Inc., Marlborough  
 Pine Street Inn, Boston  
 Pioneer Valley Planning Commission, Springfield  
 RCAP Solutions, Inc., Worcester/Gardner  
 SkillWorks, Brookline  
 Somerville Homeless Coalition, Somerville  
 South Middlesex Opportunity Council, Inc., Framingham  
 South Shore Mental Health, Quincy  
 Spaulding Rehabilitation Hospital, Boston  
 Technology for Memory and Organization, Walpole  
 TenHoor and Associates, Duxbury  
 The Caleb Group, Swampscott  
 The Massachusetts Administrators for Special Education (ASE), Cambridge  
 Tohn Environmental Strategies, Wayland  
 Training, Inc., Boston  
 TRI-City Community Action Program, Malden  
 Tri-Valley, Inc., Dudley  
 Wayside Youth & Family Support Network, Framingham  
 Woods Hole Oceanographic Institution, Woods Hole  
 Woods Hole Research Center, Falmouth
- Center for Civil Justice, Saginaw  
 Communities Overcoming Violent Encounters, Ludington  
 Community Economic Development Association of Michigan (CEDAM), Lansing  
 Developmental Disabilities Institute, Detroit  
 Dial Help Community Support and Outreach Center, Houghton

- Disruptive Innovations for Social Change, Grand Rapids  
 Educational Talent Search, Alpena  
 Epilepsy Foundation of Michigan, Southfield  
 Ferris State University College of Pharmacy, Big Rapids  
 Flint Strive, Flint  
 Focus: HOPE, Detroit  
 Hand Up, Inc. Nonprofit Organization, Romulus  
 Holy Innocents Episcopal Church, Little Lake  
 Jackson Area Manufacturers Association, Jackson  
 Jewish Labor Committee—Michigan Region, Detroit  
 Kent Regional Community Coordinated Child Care, Grand Rapids  
 Keppen Elementary School, Lincoln Park  
 Learning Disabilities Association of Michigan, Lansing  
 Leland Public School, Leland  
 Levin Energy Partners, LLC, Bloomfield Hills  
 LifeWays, Jackson  
 Local Initiatives Support Corporation Detroit, Detroit  
 Local Initiatives Support Corporation Michigan Statewide, Kalamazoo  
 Matrix Human Services, Detroit  
 Michigan Alliance of Cooperatives, Blanchard  
 Michigan Association for College Admission Counseling, East Lansing  
 Michigan Association for Health, Physical Education, Recreation and Dance, Lansing  
 Michigan Association of Administrators of Special Education (MAASE), Holland  
 Michigan Association of Secondary School Principals, Lansing  
 Michigan College Access Programs and Personnel, Marquette  
 Michigan Community Action Agency Association, Okemos  
 Michigan Community Service Commission, Lansing  
 Michigan Disability Rights Coalition, East Lansing
- Minnesota*
- A Minnesota Without Poverty, Minneapolis  
 Bois Forte Tribal Government, Nett Lake  
 Children's Defense Fund—Minnesota, St. Paul  
 CROSS Meals on Wheels, Rogers  
 Deer River Public School District, Deer River  
 Education Minnesota, St. Paul  
 Entrepreneur Fund, Duluth  
 Family Life Mental Health Center, Coon Rapids
- Michigan League for Public Policy, Lansing  
 Michigan Music Education Association, Jackson  
 Michigan Protection and Advocacy Services, Lansing  
 Michigan School Counselor Association, Grand Rapids  
 Michigan's Children, Lansing  
 Morley Stanwood Community Schools, Morley  
 Mott Community College Workforce Development, Flint  
 Northwest Michigan Community Action Agency, Traverse City  
 Organization of School Administrators and Supervisors (OSAS) Local 28—American Federation of School Administrators 9AFSA, Detroit  
 Ottawa County Great Start Collaborative, Holland  
 Ottawa County Great Start Parent Coalition, Allendale  
 Paw Paw Housing Commission, Paw Paw  
 Provider Alliance of the Michigan Association of Community Mental Health Boards, Lansing  
 Saginaw County Youth Protection Council, Saginaw  
 Sault Area Public Schools, Sault Ste. Marie  
 Save Michigan Seniors, Kalamazoo  
 Senior Nutrition Services, Region IV, Benton Harbor  
 Shiawassee Regional Education Service District, Corunna  
 South Central Michigan Works!, Hillsdale  
 Southeast Michigan Census Council, Southfield  
 Southwest Counseling Solutions, Detroit  
 Superior AIDS Prevention Services, Iron Mountain  
 Temple B'nai Israel, Petoskey  
 The Arc Michigan, Lansing  
 Walker Firehouse Cafe/Senior Neighbors, Grand Rapids, Michigan  
 Watersmeet Township School District, Watersmeet  
 Wisdom Institute, Detroit  
 YWCA of Greater Flint, Flint
- Family Service Rochester, Rochester  
 Hamline University, St. Paul  
 Houston County Public Health Department, Caledonia  
 Hunger Solutions Minnesota, St. Paul  
 Hutchinson Housing & Redevelopment Authority, Hutchinson  
 Innocence Project of Minnesota, St. Paul  
 Integrated Community Solutions, Inc., Fridley  
 JM Grants, Sartell  
 Litchfield Public Schools Early Childhood Programs, Litchfield

- Little Falls Partners for Peace, Little Falls  
 Local Initiatives Support Corporation Duluth, Duluth  
 Local Initiatives Support Corporation Twin Cities, St. Paul  
 Local Public Health Association of Minnesota, St. Paul  
 McLeod County Public Health, Glencoe  
 Minnesota Association for Career and Technical Education, Fergus Falls  
 Minnesota Association for College Admission Counseling, Northfield  
 Minnesota Association of Secondary School Principals, St. Paul  
 Minnesota Head Start Association, Inc., Duluth  
 Minnesota Housing Partnership, St. Paul  
 Minnesota Indian Women's Resource Center, Minneapolis  
 Minnesota Occupational Therapy Association (MOTA), St. Paul  
 Minnesota School Psychologists Association, Winona
- Mississippi*
- Biloxi Branch NAACP, Biloxi  
 Disability Rights Mississippi, Jackson  
 Faye's Playhouse & Learning Center, Verona  
 Local Initiatives Support Corporation Mid South Delta, Greenville  
 Mississippi Association of Educational Opportunity Program Personnel, Jackson  
 Mississippi Association for Health, Physical Education, Recreation and Dance, Olive Branch
- Missouri*
- Advance National Education Association, Advance  
 Bayless Education Association, St. Louis  
 Blue Springs National Education Association, Blue Springs  
 Bridgeway Women's Center, St. Charles  
 Caruthers Street Charities, Inc. dba Project HOPE, Cape Girardeau  
 Central Missouri Community Action (CMCA) Head Start, Columbia  
 Central Missouri Community Action-Head Start, Laddonia  
 Dent County Health Center, Salem  
 Disabled Citizens Alliance for Independence, Viburnum  
 Epilepsy Foundation of Missouri and Kansas, Kansas City  
 Farmington National Education Association, Farmington  
 Ferguson-Florissant National Education Association, Ferguson  
 Festus Housing Authority, Festus  
 Head Start, Salem  
 Independence Housing Authority, Independence  
 Independence National Education Association, Independence
- Minnesota School Social Workers Association, Gibbon  
 Minnesota State Colleges and Universities (MnSCU), White Bear Lake  
 Minnesota Workforce Council Association, Saint Paul  
 National Alliance on Mental Illness (NAMI) Minnesota, St. Paul  
 Naytahwaush Community Charter School, Naytahwaush  
 Nett Lake School District, Nett Lake  
 Positive Care Center at Hennepin County Medical Center, Minneapolis  
 Religious Community of Women, Little Falls  
 Southeast Minnesota Workforce Board, Rochester  
 The Metropolitan Consortium of Community Developers, Minneapolis  
 Waubun-Ogema-White Earth Public Schools, Waubun  
 Workforce Development, Inc., Southeast  
 YWCA Minneapolis, Minneapolis
- Mississippi Association of Secondary School Principals, Columbia  
 Mississippi Council of Administrators of Special Education (MS CASE), Mendenhall  
 Mississippi Families as Allies, Jackson  
 Mississippi Innocence Project, Oxford  
 Nollie Jenkins Family Center, Inc., Lexington  
 Pontotoc Housing Authority, Pontotoc  
 Public Policy Center of Mississippi, Jackson
- Jefferson County Health Department, Hillsboro  
 Jefferson Franklin Community Action Corporation, Hillsboro  
 Joplin Adult Education and Literacy, Joplin  
 Kaiden's Voice for the Abused, Springfield  
 Kansas City Adult Education & Literacy, Kansas City  
 Kansas City Criminal Justice Task Force, Kansas City  
 Kansas City Missouri School District Adult Education and Literacy, Kansas City  
 Knob Noster R-VIII School District, Knob Noster  
 Lindbergh National Education Association, St. Louis  
 Local Initiatives Support Corporation Greater Kansas City, Kansas City  
 Lutheran Family & Children's Services of Missouri, St. Louis  
 Mississippi County Health Department, Charleston  
 Missouri Adult Education & Literacy Administrators Association, Jefferson City

- Missouri Association for Career and Technical Education, Jefferson City  
 Missouri Association for Social Welfare, Jefferson City  
 Missouri Association of Local Public Health Agencies, Jefferson City  
 Missouri Association of School Business Officials, Jefferson City  
 Missouri Association of Secondary School Principals, Columbia  
 Missouri Council for Exceptional Children (MO-CEC), Blue Springs  
 Missouri Council of Administrators of Special Education, Jefferson City  
 Missouri Development Disabilities Council, Jefferson City  
 Missouri Division of Workforce Development, St. Louis  
 Missouri National Education Association, Jefferson City  
 Missouri Public Health Association, Jefferson City  
 Missouri School Counselor Association, Jefferson City  
 National Alliance on Mental Illness (NAMI), St. Louis  
 National Council of Jewish Women, St. Louis Section, St. Louis  
 Normandy National Education Association, St. Louis
- Montana*  
 ADAPT Montana, Missoula  
 Arlee School District, Arlee  
 Association of Montana Public Health Officials, Helena  
 Billings Clinic, Billings  
 Box Elder Public School District 13G, Box Elder  
 Dixon School District #9, Dixon  
 Dodson Schools, Dodson  
 Eastern Montana Community Mental Health Center, Miles City  
 Family Support Network—Montana, Billings  
 Great Falls Housing Authority, Great Falls  
 Harlem Public Schools, Harlem  
 Helena Indian Alliance, Helena  
 Lodge Grass Public School District #2 & 27, Lodge Grass  
 MEA-MFT, Helena  
 Montana Aspire TRIO, Great Falls
- Nebraska*  
 Creighton University, Omaha  
 Disability Rights Nebraska, Lincoln  
 Eastern Nebraska Community Action Partnership, Omaha  
 Head Start CFDP Inc., Hastings  
 Lutheran Metro Ministry, Omaha  
 Nebraska AIDS Project, Omaha  
 Nebraska Federation of Families for Children's Mental Health, Minden  
 Nebraska Head Start Association, Hastings  
 North East Community Action Corporation, Bowling Green  
 Ozarks Area Community Action Corporation, Springfield  
 Pettis County Health Center, Sedalia  
 Phelps/Maries County Health Department, Rolla  
 Second Harvest Community Food Bank, Saint Joseph  
 Senior Citizens Community Center, Paris  
 Training & Employment Administrators of Missouri (TEAM), Jefferson City  
 Shelby County Health Department, Shelbyville  
 Smithville R-II School District, Smithville  
 St. Francois County Health Center, Park Hills,  
 St. Louis Agency on Training and Employment (SLATE), St. Louis  
 St. Louis Lead Prevention Coalition, St. Louis  
 Starkloff Disability Institute, St. Louis  
 Taney County Health Department, Branson  
 Waynesville R-VI School District, Waynesville  
 Westside Community Action Network Center, Kansas City  
 Youth In Need, Inc., St. Charles
- Montana Association for Career and Technical Education, Worden  
 Montana Innocence Project, Missoula  
 Montana Public Health Association, Choteau  
 National Alliance on Mental Illness (NAMI), Helena  
 Not Dead Yet Montana, Missoula  
 Polson School District, Polson  
 Poplar School Districts 9 & 9B, Poplar  
 RiverStone Health, Billings  
 Ronan School District #30, Ronan  
 School Administrators of Montana, Helena  
 Teton County Health Department, Choteau  
 University of Montana Rural Institute: Center for Excellence in Disability Education, Research, and Service, Missoula
- Nebraska School Librarians Association, Lincoln  
 Nebraska State Education Association, Lincoln  
 Progressive Research Institute of Nebraska, Omaha  
 Santee Sioux Nation Head Start, Niobrara  
 Sisters of Mercy West Midwest Justice Team, Omaha

- Somali Community Service, Inc., Omaha  
University of Nebraska Medical Center,  
Omaha
- Nevada*
- Catholic Charities of Southern Nevada,  
Las Vegas  
Churchill County School District, Fallon  
Food Bank of Northern Nevada, Reno  
Golden Rainbow, Las Vegas  
Inter-Tribal Council of Nevada, Inc.,  
Reno  
Nevada Adult Educators, Las Vegas  
Nevada Association of School  
Administrators, Pahrump
- New Hampshire*
- Center For Life Management, Derry  
Children's Alliance of New Hampshire,  
Concord  
Greater Nashua Mental Health Center  
at Community Council, Nashua  
Housing Action New Hampshire,  
Concord  
Local 119, Exeter  
Nashua Soup Kitchen & Shelter, Inc.,  
Nashua  
New Hampshire Association of School  
Principals, Concord
- New Jersey*
- Abundant Life Community Development  
Corporation, Edgewater Park  
Advocates for Children of New Jersey,  
Newark  
Alternatives to Domestic Violence,  
Hackensack  
Atlantic Cape Family Support  
Organization, Northfield  
Bergen County Youth Services  
Commission, Hackensack  
Burlington County Workforce  
Investment Board, Mount Holly  
Camden County Family Support  
Organization, Merchantville  
Cape May City Elementary School, Cape  
May  
Career and Technical Education  
Association of New Jersey, Pemberton  
Cathedral Soup Kitchen, Inc., Camden  
Catholic Charities Diocese of Trenton,  
Trenton  
Children's Aid and Family Services,  
South Orange  
Citizen Schools New Jersey, Newark  
Community FoodBank of New Jersey,  
Hillside  
COPE Center, Inc., Montclair  
Cumberland/Salem Workforce  
Investment Board, Bridgeton  
Englewood Housing Authority,  
Englewood  
Family Support Organization of Bergen  
County, Waldwick  
Family Support Organization of Bergen  
County, Fair Lawn  
Food Bank of South Jersey, Pennsauken
- Western Nebraska Resources Council,  
Chadron  
Association of Career and Technical  
Education of Nebraska, Lincoln
- Nevada Occupational Therapy  
Association, Las Vegas  
Nevada School Counselor Association  
(NvSCA), Reno, Las Vegas  
Reno Senior Citizens Advisory  
Committee, Reno  
Washoe County (Nevada) Department of  
Senior Services, Reno
- New Hampshire Association of Special  
Education Administrators, Concord  
New Hampshire School Library Media  
Association, Laconia  
New Hampshire School Library Media  
Association (NHSLMA), Exeter  
Rockingham Nutrition and Meals on  
Wheels Program, Brentwood  
The New Hampshire Occupational  
Therapy Association, Concord  
University of New Hampshire, Durham
- Garden State Employment & Training  
Association, Toms River  
Head Start Community Program of  
Morris County, Inc., Dover  
Homefront, Inc., Lawrenceville  
Horizon Health Center, Jersey City,  
Bayonne  
Housing Community Development  
Network of New Jersey, Trenton  
Hudson County Housing Resource  
Center, Jersey City  
Hyacinth AIDS Foundation, New  
Brunswick  
JCDTOC, Inc., Cape May Court House  
Kean University, Union  
LEW Corporation, Mountainside  
Local Initiatives Support Corporation  
Greater Newark, Newark  
Meals On Wheels, Inc.—Linden, Linden  
Monmouth County Regional Health  
Commission, Tinton Falls  
Morris-Sussex-Warren Workforce  
Investment Board, Morristown  
Mount Carmel Guild, Cranford  
National Alliance on Mental Illness  
(NAMI), Asbury Park  
National Alliance on Mental Illness  
(NAMI), Cherry Hill  
National Alliance on Mental Illness  
(NAMI), Gloucester County, Wenonah  
National Alliance on Mental Illness  
(NAMI), Greater Monmouth, Freehold  
National Council of Jewish Women,  
Concordia Section, Monroe Township  
National Council of Jewish Women,  
Union County Section, Elizabeth

- National Council of Jewish Women, West Morris Section, Morristown  
 New Jersey Anti-Hunger Coalition, Englewood  
 New Jersey Association for Health, Physical Education, Recreation & Dance, Ocean  
 New Jersey Association of Mental Health & Addiction Agencies, Inc., Mercerville  
 New Jersey Association of Mental Health and Addiction Agencies, Inc., Hamilton  
 New Jersey Association of Pupil Services Administrators, Westfield  
 New Jersey Campus Compact, Branchburg  
 New Jersey Citizen Action, Newark  
 New Jersey Principals and Supervisors Association, Monroe Township  
 North Hanover Township Schools, Wrightstown
- New Mexico*
- Albuquerque Public Schools, Albuquerque  
 Citizen Schools New Mexico, Albuquerque  
 Clovis Municipal Schools, Clovis  
 Community Against Violence, Taos  
 Disability Rights New Mexico, Albuquerque  
 Five Sandoval Indian Pueblos, Inc. Head Start, Bernalillo  
 Gallup-McKinley County Schools, Ramah  
 Media Arts Collaborative Charter School, Albuquerque  
 National Education Association New Mexico, Santa Fe  
 National Education Association Santa Fe, Santa Fe  
 Native American Disability Law Center, Inc., Farmington  
 New Mexico Music Educators Association, Las Cruces  
 New Mexico Association of Secondary School Principals, Rio Rancho
- New York*
- 1199SEIU Training and Employment Funds, New York  
 Access to Independence of Cortland County, Inc., Cortland  
 Advocates for Children of New York, New York  
 Albert Einstein College of Medicine of Yeshiva University, New York City  
 Allegany County Office for the Aging, Belmont  
 APICHA Community Health Center, New York  
 Arbor Housing and Development, Bath  
 Arise, Inc., Syracuse  
 Boulevard Houses, Brooklyn  
 Brooklyn Chamber of Commerce, Brooklyn  
 Brooklyn for Peace, Brooklyn  
 Brooklyn Kindergarten Society, New York
- Northern Ocean Habitat for Humanity, Toms River  
 Ocean County Workforce Investment Board, Toms River  
 Pleasantville Housing Authority, Pleasantville  
 Preferred Behavioral Health of New Jersey, Brick  
 Princeton Community Housing, Inc., Princeton  
 Project Live, Inc., Newark  
 Respond, Inc., Camden  
 Straight and Narrow Inc., Paterson  
 University of Medicine and Dentistry of New Jersey/University Behavioral HealthCare, Piscataway  
 Visiting Nurse Association of Central New Jersey (VNACNJ) Community Health Center, Inc., Asbury Park
- New Mexico Coalition to End Homelessness, Albuquerque  
 New Mexico Council of Administrators of Special Education (NMCASE), Dexter  
 New Mexico Forum for Youth in Community, Albuquerque  
 New Mexico Occupational Therapy Association, Albuquerque  
 New Mexico School Counselor Association, Albuquerque  
 New Mexico State University, Las Cruces  
 New Mexico Voices for Children, Albuquerque  
 Prosperity Works, Albuquerque  
 Pueblo of Zuni Head Start, Zuni  
 Supportive Housing Coalition of New Mexico, Albuquerque  
 YES Housing Inc., Albuquerque  
 Youth Development, Inc., Albuquerque  
 National Education Association—Carlsbad, Carlsbad
- Brooklyn-Queens National Organization for Women, Brooklyn  
 Buffalo Council of School Administrators, Buffalo  
 Campaign for Tomorrow's Workforce, New York  
 Caring for the Homeless of Peekskill, Peekskill  
 Cattaraugus County Department of the Aging, Olean  
 Cazenovia Recovery Systems, Inc., Buffalo  
 Center for Children's Initiatives, New York  
 Center for Independence of the Disabled, New York  
 Central New York Citizens in Action, Inc., Utica  
 Chenango County Area Agency on Aging, Norwich

Children's Defense Fund—New York,  
 New York  
 Citizen Action of New York, Binghamton  
 Citizen Schools New York, New York  
 Citizens' Committee for Children of New  
 York, New York  
 City of Syracuse Lead Program,  
 Syracuse  
 Claire Heureuse Community Center,  
 Inc., Jamaica  
 College and Community Fellowship, New  
 York  
 Columbia County Office for the Aging,  
 Hudson  
 Community Action Planning Council of  
 Jefferson County, New York,  
 Watertown  
 Community Health Care Association of  
 New York State, New York  
 Community Service Society of New York,  
 New York  
 Cortland County Health Department,  
 Cortland  
 Council of School Supervisors and  
 Administrators (CSA), New York  
 Delaware County Office for the Aging,  
 Delhi  
 Dunkirk-Fredonia Meals on Wheels,  
 Dunkirk  
 Early Care & Learning Council, Albany  
 Empire Justice Center, Rochester  
 Epilepsy Foundation of Long Island,  
 Garden City  
 Everyone Reading, New York  
 Fifth Avenue Committee, Brooklyn  
 Foodnet Meals on Wheels, Ithaca  
 Fort Greene Peace, Brooklyn  
 Fulton County Office for Aging,  
 Johnstown  
 Fulton, Montgomery and Schoharie  
 Counties Workforce Development  
 Board, Inc., Amsterdam  
 Future Leaders Institute Charter School,  
 New York  
 Human Development Services of  
 Westchester, Mamaroneck  
 Hunger Solutions New York, Albany  
 Innersight, Islip  
 International Brotherhood of Electrical  
 Workers—Local 43, Clay  
 Jackson Resident Association, Inc.,  
 Bronx  
 Joint Council for Economic Opportunity,  
 Plattsburgh  
 Leake and Watts Services, Inc., Yonkers  
 Local Initiatives Support Corporation,  
 Buffalo  
 Local Initiatives Support Corporation  
 New York City, New York  
 Long Island Educational Opportunity  
 Center, Brentwood  
 Madison County Office for the Aging,  
 Inc., Canastota  
 Meals on Wheels of Syracuse, New York,  
 Inc., Syracuse  
 Montefiore Medical Center, Bronx  
 National Alliance on Mental Illness—  
 Buffalo & Erie County, Williamsville  
 National Alliance on Mental Illness—  
 Cattaraugus, Olean  
 National Alliance on Mental Illness—  
 Central Suffolk, Port Jefferson Station  
 National Alliance on Mental Illness—  
 Huntington, Huntington  
 National Alliance on Mental Illness—  
 LAMP/SW Nassau, Merrick  
 National Alliance on Mental Illness—  
 New York City, Staten Island, Staten  
 Island  
 National Alliance on Mental Illness—  
 New York State, Albany  
 National Alliance on Mental Illness—  
 Queens & Nassau, Manhasset  
 National Alliance on Mental Illness—  
 Rensselaer County, West Sand Lake  
 National Alliance On Mental Illness—  
 Rochester, Rochester  
 National Council of Jewish Women—  
 Lakeville Section, Great Neck  
 Neighborhood Family Services Coalition,  
 New York  
 Neighborhood Preservation Coalition of  
 New York State, Albany  
 New Destiny Housing, New York  
 New York Annual Conference, United  
 Methodist Church, Brooklyn  
 New York Association of School  
 Psychologists, Albany  
 New York Association of Training and  
 Employment Professionals (NYATEP),  
 Albany  
 New York State Association of College  
 Admission Counseling, Red Hook  
 New York State Association of County  
 Health Officials (NYSACHO), Albany  
 New York State Association of School  
 Business Officials, Albany  
 New York State Council for Community  
 Behavioral Healthcare, Albany  
 New York State Dance Education  
 Association, New York  
 New York State Head Start Association,  
 Glens Falls  
 New York State Rural Housing  
 Coalition, Albany  
 New York State School Counselor  
 Association, Leicester  
 New York University Langone Medical  
 Center, New York  
 Northern Regional Center for  
 Independent Living, Family Support  
 Services, Watertown  
 Ontario County Office for the Aging,  
 Canandaigua  
 Opportunities for a Better Tomorrow,  
 Brooklyn  
 Orleans County Office for the Aging,  
 Albion  
 Pace Post-Conviction Project, New York  
 PathStone Corporation, Rochester  
 Peace Action Bay Ridge, Brooklyn  
 Per Scholas Inc., Bronx

- Program on Applied Demographics—  
Cornell University, Ithaca
- Rape Crisis Service of Planned  
Parenthood of the Rochester Syracuse  
Region, Batavia
- Rural Ulster Preservation Company,  
Kingston
- Safe Against Violence, Hamden
- Saugerties Public Housing Agency,  
Saugerties
- School Administrators Association of  
New York State, Latham
- Schuyler County Office for the Aging,  
Montour Falls
- Selfhelp Community Services, New York
- Senior Services of Albany, Inc., Albany
- Sexual Assault & Crime Victims  
Assistance Program, Troy
- St. John's Riverside Hospital, Yonkers
- St. Lawrence County Office for the  
Aging, Canton
- St. Mary's Episcopal Church Food  
Pantry, New York
- North Carolina*
- Aging, Disability and Transit Services of  
Rockingham County, Reidsville
- Albemarle Commission Senior Nutrition  
Program, Hertford
- Avery County Habitat for Humanity,  
Newland
- Carolina Institute for Developmental  
Disabilities, Chapel Hill
- Charlotte Family Housing, Charlotte
- Citizen Schools North Carolina,  
Charlotte
- Clay County Senior Center, Hayesville
- Crisis Council, Inc., Troy
- Cumberland County Council on Older  
Adults, Fayetteville
- Cumberland County School System,  
Fayetteville
- disAbility Resource Center, Wilmington
- Disability Rights North Carolina,  
Raleigh
- Disability Rights & Resources, Charlotte
- Durham County Department of Social  
Services, Durham
- Duke AIDS Law and Policy Project,  
Durham
- Eastern Carolina Workforce  
Development Board, Inc., New Bern
- Epilepsy Foundation of North Carolina,  
Winston-Salem
- Fargo Public Schools, Fargo
- Greensboro Housing Coalition,  
Greensboro
- Harnett County Elderly Nutrition  
Program, Lillington
- Harnett County Schools, Lillington
- Healthy Homes and Lead Safety,  
Leicester
- Jackson County Meals on Wheels, Sylva
- Lincoln County Senior Services,  
Lincolnton
- Macon Program for Progress, Franklin
- Steuben County Department of Social  
Services/Building Independence for the  
Long Term, Bath
- Supportive Housing Network of New  
York, New York
- The Children's Aid Society, New York
- The Doe Fund, New York
- The Osborne Association, Bronx,  
Brooklyn, Beacon, Poughkeepsie
- Town of Hamburg, New York, Hamburg
- Trabajamos Community Head Start,  
Bronx
- Ulster County Office for the Aging,  
Kingston
- VillageCare, New York
- Westchester Community Opportunity  
Program, Inc., Elmsford
- Whitney M. Young Community Health  
Center, Albany
- Wyoming County Office for the Aging,  
Warsaw
- YWCA Binghamton and Broome County,  
Inc., Binghamton
- McDowell County Head Start &  
Preschool Programs, Marion
- Meals on Wheels of Wake County,  
Raleigh
- Mental Health America of the Triangle,  
Durham
- Mental Health Association in  
Greensboro, Greensboro
- Mental Health Association in Wilson  
County, Wilson
- Mental Health Association of Central  
Carolinas, Charlotte
- National Alliance on Mental Illness  
(NAMI), Charlotte
- National Alliance on Mental Illness  
(NAMI), Durham
- National Alliance on Mental Illness  
(NAMI), Smithfield
- National Alliance on Mental Illness  
(NAMI), Wilson
- NC-LEND at The Carolina Institute for  
Developmental Disabilities, Chapel  
Hill
- News...from our Shoes, Raleigh
- North Carolina Association of Educators,  
Raleigh
- North Carolina Council of  
Administrators of Special Education,  
Wilmington
- North Carolina Council of  
Administrators of Special Education  
(NCCASE), Greensboro
- North Carolina Council of Educational  
Opportunity Programs (NCCEOP),  
Greensboro
- North Carolina Families United, Raleigh
- North Carolina Lung Cancer  
Partnership, Raleigh
- North Carolina Occupational Therapy  
Association, Charlotte
- North Carolina Principals and Assistant  
Principals' Association, Raleigh

- North Carolina School Library Media Association, Raleigh  
 Pamlico County Senior Services, Alliance  
 Parent VOICE, Charlotte  
 Pender County Schools Head Start, Burgaw  
 Residents for Affordable Housing, Mooresville  
 Sarah's Refuge, Inc. Domestic Violence & Rape Crisis Center, Warsaw  
 Senior Resources of Guilford, Greensboro  
 Senior Services of Forsyth County, Winston-Salem  
 Southern HIV/AIDS Strategy Initiative (SASI), Durham
- North Dakota*  
 Abused Adult Resource Center, Bismarck  
 Dunseith Public School District, Dunseith  
 Eastern Dakota Housing Alliance, Fargo  
 Ft. Yates Public School District #4, Ft. Yates  
 Grand Forks Housing Authority, Grand Forks  
 Grand Forks Senior Center, Grand Forks  
 Grand Forks Special Education Unit, Grand Forks  
 Housing Authority of Cass County, West Fargo  
 Housing Authority of Dunn County, Dickinson  
 Housing Authority of McKenzie County, Dickinson  
 Housing Authority of Richland County, West Fargo  
 Housing Authority of Stark County, Dickinson  
 Housing Authority of Traill County, Hillsboro  
 Kenmare Wheels & Meals, Kenmare  
 Lake Region Outreach Office, Rolla  
 Minot Area Homeless Coalition, Inc., Minot
- Northern Mariana Islands*  
 Department of Community and Cultural Affairs, Saipan MP
- Ohio*  
 Access Center for Independent Living, Dayton  
 American Association of University Professors—Wright State University, Ohio Conference, Lima  
 Area Agency on Aging 3, Lima  
 Cleveland Housing Network, Cleveland  
 Coalition on Homelessness & Housing in Ohio, Columbus  
 Cogswell Hall, Inc., Cleveland  
 Columbus State Community College Disability Services, Columbus  
 Community Counseling Center, Ashtabula  
 Community Development Corporation Resource Consortium, Inc., Dayton
- Special Education Department Iredell-Statesville Schools, Statesville  
 Swain County Schools, Bryson City  
 Carolina Institute for Developmental Disabilities at the University of North Carolina Chapel Hill (UECDD), Chapel Hill  
 United Family Services, Charlotte  
 WAGES, Goldsboro  
 Warren-Vance Community Health Center/Northern Outreach Clinic, Henderson  
 Watauga County Project on Aging, Boone  
 Western North Carolina AIDS Project, Asheville
- Minot Commission on Aging, Minot  
 North Dakota Association of Secondary School Principals, Bismarck  
 North Dakota Coalition for Homeless People, Bismarck  
 North Dakota Education Association, Dickinson  
 North Dakota Music Educators Association, Fargo  
 North Dakota Reading Association, Bismarck  
 North Dakota School Counseling Association, Jamestown  
 Parshall School District #3, Parshall  
 Protection and Advocacy Project, Bismarck  
 Red River Valley Community Action, Grand Forks  
 Selfridge Public School District #8, Selfridge  
 Solen Public School District #3, Solen  
 South Central Adult Services, Valley City  
 St. John School District #3, St. John  
 Valley Senior Services, Fargo  
 Welcome House, Inc., Bismarck  
 YWCA Minot, Minot
- Consortium for Healthy & Immunized Communities, Inc., Cleveland  
 Council for Older Adults, Delaware  
 Cuyahoga County Board of Health (Greater Cleveland), Parma  
 Elyria City Health District, Elyria  
 Epilepsy Foundation of Central Ohio, Columbus  
 Fairborn City Schools, Fairborn  
 Families Connected of Clermont County/Chapter of the National Federation of Families for Children's Mental Health, Batavia  
 Greater Cincinnati Workforce Network, Cincinnati

- Guernsey County Senior Citizens Center, Inc., Cambridge  
 Hand 'N Hand Activity Center for Adults with Disabilities, Springfield  
 Hocking Hills Inspire Shelter, Logan  
 Holmes County General Health District, Millersburg  
 Housing Research & Advocacy Center, Cleveland  
 Housing Solutions of Greene County, Inc., Xenia  
 Juvenile Justice Coalition of Ohio, Bath  
 Lancaster Fairfield Community Action Agency, Lancaster  
 Local Initiatives Support Corporation, Toledo  
 Lorain County Workforce Development Agency, Elyria  
 Lutheran Metropolitan Ministry, Cleveland  
 Mad River Local Schools, Riverside  
 Mature Services, Inc., Akron  
 Meigs County Council on Aging, Inc., Pomeroy  
 Mobile Meals, Inc., Akron  
 National Alliance on Mental Illness—Seneca, Sandusky, Wyandot counties, Tiffin  
 National Alliance on Mental Illness—Stark County, Canton  
 National Council of Jewish Women—Cleveland, Cleveland  
 Office of the Ohio Public Defender, Columbus  
 Ohio Association for Adult and Continuing Education, Columbus  
 Ohio Association for Career and Technical Education, Westerville  
 Ohio Association of School Business Officials, Columbus  
 Ohio Association of Second Harvest Foodbanks, Columbus  
 Ohio Campus Compact, Granville  
 Ohio Council of Behavioral Health & Family Services Providers, Columbus  
 Ohio Education Association, Columbus  
 Ohio Educational Library Media Association, Columbus
- Oklahoma*  
 Cherokee Strip Reading Council, Enid  
 Cheyenne & Arapaho Tribes Head Start Program, Concho  
 Four Winds Iowa Tribe, Perkins  
 Iowa Tribe of Oklahoma Early Head Start & Expectant Families Program, Perkins  
 J&J Educational Services, Kinta  
 Leach Public School, Rose  
 New Lima Public School, Wewoka  
 Oaks Mission School, Oaks  
 Oklahoma Association of Career and Technology Education, Oklahoma City
- Oregon*  
 American Association of University Women-Oregon, Salem  
 CASA of Oregon, Sherwood
- Ohio Innocence Project, Cincinnati  
 Ohio Music Education Association, Lima  
 Ohio River Foundation, Cincinnati  
 Ohio Rural Community Assistance Program, Fremont  
 Ohio School Social Worker Association, Bay Village  
 Ohio TRiO, Mansfield  
 Ohio Workforce Coalition, Fremont  
 PowerNet of Dayton, Dayton  
 Public Allies Cincinnati, Cincinnati  
 Second Harvest Food Bank of Clark, Champaign, Logan Counties, Springfield  
 Second Harvest Food Bank of Mahoning Valley, Youngstown  
 Shared Harvest Foodbank, Fairfield  
 Stark County Stark Metropolitan Housing Authority, Canton  
 Summit County Public Health, Summit County  
 The Arc of Ohio  
 The Foodbank, Inc., Dayton  
 The MetroHealth System, Cleveland  
 The Ohio Head Start Association, Dayton  
 Toledo Fair Housing Center, Toledo  
 Towards Employment, Cleveland  
 Tri-County Independent Living Center, Inc., Akron  
 Trumbull County One-Stop, Warren  
 Trumbull Mobile Meals, Inc., Warren  
 United Steel Workers Local 8530, Mansfield  
 Ursuline Sisters HIV/AIDS Ministry, Youngstown  
 Walnut Hills Redevelopment Foundation, Cincinnati  
 Workforce Services Unlimited, Inc., Circleville  
 Working In Neighborhoods, Cincinnati  
 YWCA H.O.P.E Center, Toledo  
 Local Initiatives Support Corporation Greater Cincinnati and Northern Kentucky, Cincinnati  
 Voices for Ohio's Children, Cleveland
- Oklahoma Education Association, Oklahoma City  
 Oklahoma Innocence Project, Oklahoma City  
 Oklahoma National Association of Secondary School Principals, Kingfisher  
 Oklahoma Reading Association, Enid  
 Oklahoma Therapeutic Foster Care Association, Oklahoma City  
 OSCA, Shawnee  
 Salina Public Schools, Salina  
 Wickliffe School, Salina
- Cascade AIDS Project, Portland  
 Centennial Education Association, Portland

- Central City Concern, Portland  
 Community Alliance of Tenants,  
 Portland  
 Community Information Center,  
 Portland  
 Community Pathways, Inc., Portland  
 Corvallis Education Association,  
 Corvallis  
 Crook County Health Department,  
 Prineville  
 Dallas Education Association, Dallas  
 Disability Rights Oregon, Portland  
 Eugene Education Association, Eugene  
 Full Access, Eugene  
 H & W Mechanical Inc., Tigard  
 Head Start of Lane County, Springfield  
 Health Education Network, Corvallis  
 Hillsboro School District, Hillsboro  
 Homeless Against Homelessness in  
 America, Portland  
 Hood River Education Association, Hood  
 River  
 Job Growers, Inc., Salem  
 Josiah Hill III Clinic, Portland  
 Lane Workforce Partnership, Eugene  
 Madras Education Association, Madras  
 Mid-Columbia Children's Council, Hood  
 River  
 Morrow County Education Association,  
 Boardman  
 National Alliance on Mental Illness—  
 Lane County, Eugene  
 National Education Association—  
 Parkrose Faculty Association, Portland  
 Network For Oregon Affordable Housing,  
 Portland  
 North Clackamas Education Association,  
 Milwaukie  
 Northwest Oregon Labor Council, AFL—  
 CIO, Portland  
 Northwest Pilot Project, Portland  
 Occupational Therapy Association of  
 Oregon, Salem  
 Oregon Association of School Business  
 Officials, Salem  
 Oregon Association of School Libraries,  
 Portland
- Pennsylvania*
- ActionAIDS, Philadelphia  
 Adult Literacy Program at Bayard  
 Taylor Library, Kennett Square  
 Allegheny Intermediate Unit, Homestead  
 Allegheny Valley Association of  
 Churches, Natrona Heights  
 Allegheny Valley School District,  
 Cheswick  
 Area Agency on Aging, Philadelphia  
 Association of Pittsburgh Priests,  
 Pittsburgh  
 Association of School Psychologists of  
 Pennsylvania (ASPP), Doylestown  
 Baldwin-Whitehall School District,  
 Pittsburgh  
 Berks Encore, Reading  
 BFW Group, L.L.C., Philadelphia
- Oregon Campus Compact, Portland  
 Oregon Developmental Disability  
 Coalition, Salem  
 Oregon Education Association, Portland  
 Oregon Food Bank, Portland  
 Oregon Head Start Association, Phoenix  
 Oregon Head Start Association, Salem  
 Oregon Health & Science University,  
 Portland  
 Oregon Health & Science University  
 Institute on Development &  
 Disability—University Center for  
 Excellence in Developmental  
 Disabilities (UCEDD), Portland  
 Oregon Military Support Network,  
 Portland  
 Oregon Pathways Alliance, The Dalles  
 Oregon Rehabilitation Association,  
 Salem  
 Oregon School Counselor Association,  
 Cornelius  
 Oregon School Social Work Association,  
 Portland  
 Oregon TRiO Association, Portland  
 Oregon Wild, Portland  
 Parkrose Faculty Association, Portland  
 Partners for a Hunger-Free Oregon,  
 Portland  
 Partnership Project, Portland  
 Phoenix-Talent Education Association,  
 Phoenix  
 Rogue Workforce Partnership, Medford  
 Salem Keizer Education Association,  
 Salem  
 Southern Oregon Child & Family  
 Council—Head Start and Early Head  
 Start, Medford  
 Tax Fairness Oregon, Portland  
 Umpqua Community College/JOBS  
 Program, Roseburg  
 University of Oregon Center on Human  
 Development—University Center for  
 Excellence in Developmental  
 Disabilities (UCEDD), Eugene  
 Western Farm Workers Association,  
 Hillsboro  
 Worksystems, Inc., Portland
- Brentwood Borough School District,  
 Pittsburgh  
 Bryn Mawr Peace Coalition, Bryn Mawr  
 Center for Literacy, Inc., Philadelphia  
 Center for Social Policy and Community  
 Development, Philadelphia  
 Central Intermediate Unit 10  
 Development Center for Adults,  
 Pleasant Gap  
 Central Pennsylvania Food Bank,  
 Harrisburg  
 Centre County Women's Resource  
 Center, State College  
 Chester County Family Literacy,  
 Kennett Square  
 Chester County Food Bank,  
 Downingtown

Citizens for Pennsylvania's Future  
 (PennFuture), Harrisburg  
 Citizens for the Arts in Pennsylvania,  
 Harrisburg  
 Clairton City School District, Clairton  
 Community Action Committee of the  
 Lehigh Valley, Bethlehem  
 Community Counseling Center of Mercer  
 County, Hermitage  
 Community Development Action  
 Corporation, Norristown  
 Community Education Center, Altoona  
 Community Food Warehouse of Mercer  
 County, Sharon  
 Community Learning Center,  
 Philadelphia  
 Community Organization for Mental  
 Health and Retardation (COMHAR,  
 Inc.), Philadelphia  
 Community Services Group, Sunbury  
 Cornell School District, Corapolis  
 Coro Center for Civic Leadership,  
 Pittsburgh  
 Crawford County READ Program,  
 Titusville  
 Crime Victim Center of Erie County,  
 Erie  
 Deer Lakes School District, Russellton  
 Delaware County Community College,  
 Downingtown  
 Delaware Valley School District, Milford  
 Depression and Bipolar Support Alliance  
 Pennsylvania, Erie  
 Diakon Community Services for Seniors,  
 Pottsville  
 Dickinson Center, Inc., Ridgway  
 Disability Rights Network of  
 Pennsylvania, Harrisburg  
 Disabled In Action, Philadelphia  
 Elizabeth Forward School District,  
 Elizabeth  
 Employment and Training, Inc.,  
 Huntingdon  
 Employment Skills Center, Carlisle  
 Feast of Justice, Philadelphia  
 Focus On Renewal, McKees Rocks  
 Fox Chapel Area School District,  
 Pittsburgh  
 Franklin County Headstart,  
 Chambersburg  
 Garraty Workforce Investment,  
 Hummelstown  
 Goodwill Literacy Initiative, Pittsburgh  
 Goodwill of Southwestern Pennsylvania,  
 Pittsburgh  
 Greater Philadelphia Coalition Against  
 Hunger, Philadelphia  
 Greater Pittsburgh Community Food  
 Bank, Duquesne  
 Greater Pittsburgh Literacy Council,  
 Pittsburgh  
 Greater Washington County Food Bank,  
 Eighty Four  
 H & J Weinberg Food Bank, Wilkes-  
 Barre  
 Habitat for Humanity of Greater  
 Pittsburgh, Pittsburgh  
 Highlands School District, Natrona  
 Heights  
 Housing Alliance of Pennsylvania,  
 Glenside  
 Housing Association & Development  
 Corporation, Allentown  
 Housing Authority of Chester County,  
 Chester County  
 Housing Authority of the County of  
 Dauphin, Steelton  
 Hunger-Free Pennsylvania, McMurray  
 Immigration and Refugee Services, ESL  
 Program, Harrisburg  
 Institute on Disabilities—University  
 Center for Excellence in  
 Developmental Disabilities (UCEDD),  
 Philadelphia  
 International Union of Operating  
 Engineers Local 95, Pittsburgh  
 Interplay Child Care Center, Pittsburgh  
 JEVS Human Services, Philadelphia  
 Just Harvest: A Center for Action  
 Against Hunger, Pittsburgh  
 Kesington Hospital Early Intervention  
 Services Department, Philadelphia  
 Keystone Oaks School District,  
 Pittsburgh  
 Lake Erie Region Conservancy, Erie  
 Lawrence County Housing Authority,  
 New Castle  
 Lifelong Learning Choices, New Castle  
 LifeSpan, Inc., Homestead  
 Lincoln Intermediate Unit Franklin  
 County Literacy Council,  
 Chambersburg  
 Literacy Council of Lancaster-Lebanon,  
 Lebanon  
 Literacy Council of Norristown,  
 Norristown  
 Literacy Council of Reading-Berks, Inc.,  
 Reading  
 Local Initiatives Support Corporation,  
 Philadelphia  
 Luzerne County Community College,  
 Nanticoke  
 Marywood Adult Literacy Education  
 Program, Scranton  
 Mazzone Center, Philadelphia  
 McKeesport Area School District,  
 McKeesport  
 Meals On Wheels Association of  
 Pennsylvania, Inc., Bethlehem  
 Meals on Wheels of Chester County, Inc.,  
 West Chester  
 Meals on Wheels of Lehigh County,  
 Allentown  
 Meals On Wheels of Northampton  
 County, Inc., Bethlehem  
 Meals on Wheels of Northeastern PA,  
 Scranton  
 Mental Health Association of  
 Northwestern Pennsylvania, Erie  
 Metro-Erie Meals On Wheels, Erie  
 Mollie's Meals, Pittsburgh  
 Monroe County Meals on Wheels, Inc.,  
 Stroudsburg

- Multicultural Community Resource Center, Erie  
 National Alliance for Mental Illness, Lansdale  
 National Alliance on Mental Illness—Chester County, West Chester  
 Nazareth Housing Services, Pittsburgh  
 Neighborhood Networks, Philadelphia  
 Northgate School District, Pittsburgh  
 Northwest Philadelphia Interfaith Hospitality Network, Philadelphia  
 Penn Action, Bucks County  
 Penn Hills School District, Pittsburgh  
 Penn Medicine, Philadelphia  
 Pennsylvania Association for Adult Continuing Education (PAACE), State College  
 Pathways Pennsylvania, Holmes  
 Pennsylvania Association Council of Administrators of Special Education, Mountain Top  
 Pennsylvania Association for College Admission Counseling, Gettysburg  
 Pennsylvania Association of Career and Technical Education, Philadelphia  
 Pennsylvania Association of Elementary and Secondary School Principals, Summerdale  
 Pennsylvania Association of Rural and Small Schools, Harrisburg  
 Pennsylvania Association of School Business Officials, Harrisburg  
 Pennsylvania Coalition Against Rape, Harrisburg  
 Pennsylvania Council of Churches, Harrisburg  
 Pennsylvania Head Start Association, Harrisburg  
 Pennsylvania Occupational Therapy Association, Harrisburg  
 Pennsylvania Partners, Camp Hill  
 Pennsylvania Partnerships for Children, Harrisburg  
 Pennsylvania School Librarians Association, Whitehall  
 Pennsylvania State Education Association, Harrisburg  
 Pennsylvania Statewide Independent Living Council, Lords Valley  
 PenTrans, Philadelphia  
 Perkiomen School, Pennsburg  
 Perry County Literacy Council, Newport  
 Philadelphia Neighborhood Networks, Philadelphia  
 Philadelphia Works, Philadelphia  
 Phoenix Rising Counseling Services, Scranton
- Puerto Rico*  
 Centro Deambulantes Cristo Pobre, Ponce  
 Coalicion de Coaliciones Pro Personas sin Hogar de PR, Inc., Ponce
- Rhode Island*  
 Childhood Lead Action Project, Providence  
 Children's Friend, Providence
- Pittsburgh Partnership for Neighborhood Development, Pittsburgh  
 Pleasant Valley Ecumenical Network, Saylorsburg  
 Plum Borough School District, Plum  
 ProJeCt of Easton, Inc., Easton  
 Providence Connections, Pittsburgh  
 Public Allies Pittsburgh, Pittsburgh  
 Quaker Valley School District, Sewickley  
 Reading Muhlenberg Career & Technology Center, Reading  
 Regional Center for Workforce Excellence, Northwest WIA  
 Robert Morris University, Moon  
 Room to Grow Child Development Center/YMCA Greater Pittsburgh, Pittsburgh  
 Shaler Area School District, Glenshaw  
 South Fayette Township School District, McDonald  
 South Hills Interfaith Ministries, Bethel Park  
 South Park School District, South Park  
 Squirrel Hill Community Food Pantry, Pittsburgh  
 St. James Social Justice and Peace Committee, Wilkinsburg  
 Stairways Behavioral Health, Erie  
 Temple University Center for Social Policy and Community Development (CSPCD), Philadelphia  
 The Advocacy Alliance, Zionsville  
 The Arc of Pennsylvania, Harrisburg  
 The Thomas Merton Center, Pittsburgh  
 The Pennsylvania Innocence Project, Philadelphia  
 TIU 11 Community Education Services, Lewistown  
 Tuscarora Intermediate Unit 11 Community Education Services, Lewistown  
 Tutors of Literacy in the Commonwealth, State College  
 United Methodist Church, Erie  
 Vita Education Services, Doylestown  
 West Allegheny School District, Imperial  
 West Chester Food Cupboard, West Chester  
 West Jefferson Hills School District, Jefferson Hills  
 West Mifflin School District, West Mifflin  
 Westmoreland Food Bank, Delmont  
 Women's Christian Alliance, Philadelphia  
 Won Community Center, Glenside  
 YWCA Lancaster, Lancaster
- Head Start Program, Guaynabo  
 One Stop Career Center of Puerto Rico, Inc., San Juan
- Economic Progress Institute, Providence  
 Local Initiatives Support Corporation  
 Rhode Island, Providence

- Mental Health Association of Rhode Island, Pawtucket  
Paul Sherlock Center on Disabilities, Providence  
Rhode Island Association of School Principals, Providence  
Rhode Island Coalition for the Homeless, Pawtucket
- South Carolina*  
Affordable Housing Coalition of South Carolina, Columbia  
Berkeley County School District, Moncks Corner  
Clemson University, Clemson  
Florence Crittenton Programs of South Carolina, Charleston  
Habitat for Humanity Georgetown County, Georgetown  
Humanities Foundation, Mount Pleasant  
Lowcountry Housing Trust, Charleston  
Protection & Advocacy for People with Disabilities, Inc., Columbia  
South Carolina Appleseed Legal Justice Center, Columbia
- South Dakota*  
Aberdeen Housing Authority, Aberdeen  
Brandon Valley School District, Brandon  
Center for Active Generations, Sioux Falls  
Center for Disabilities, University Center for Excellence in Developmental Disabilities (UCEDD), Sioux Falls  
Custer School District, Custer  
Douglas Public School District #51, Box Elder  
Flandreau Public School, Flandreau  
Hot Springs School District 23-2, Hot Springs  
Housing and Redevelopment Commission of Pierre, Pierre  
Impact Schools of South Dakota, Sioux Falls  
Kadoka Area School District 35-2, Kadoka  
Learning Disabilities Association of South Dakota, Chamberlain
- Tennessee*  
Black Children's Institute of Tennessee, Nashville  
Center for Literacy Studies, Knoxville  
Clarksville Retired Teachers (TEA, NEA, ACA), Clarksville  
Disability Law & Advocacy Center of Tennessee, Nashville  
Disability Resource Center, Knoxville  
East Tennessee State University, Johnson City  
Epilepsy Foundation Southeast Tennessee, Chattanooga  
Fleming Construction Co., Collierville  
Kingsport Public Housing, Kingsport  
Kingsport/Sullivan County Adult Education, Kingsport
- Rhode Island KIDS COUNT, Providence  
Rhode Island School Psychologist Association, Providence  
Tiverton Senior Center, Tiverton  
Women's Development Corporation, Providence  
Woonsocket Head Start Child Development Association, Inc.
- South Carolina Association of School Social Workers, Columbia  
South Carolina Head Start Association, Inc., Hartsville  
South Carolina School Counselor Association, Eutawville  
South Carolina TRiO, Greenville  
Southern Association for College Admission Counseling, North Augusta  
The Arc of South Carolina  
United Way of Greenville County, Greenville  
Watertree AIDS Task Force, Sumter
- Lyman School District, Presho  
McLaughlin Public School, McLaughlin  
Mitchell Housing Authority, Mitchell  
Oelrichs School District, Oelrichs  
Smee School District, Wakpala  
South Central School District, Bonesteel  
South Dakota ASPIRE, Mitchell  
South Dakota Association for Career and Technical Education, Watertown  
South Dakota Council of Administrators of Special Education, Canton  
South Dakota Education Association, Pierre  
South Dakota Occupational Therapy Association, Sioux Falls  
South Dakota School Counseling Association, Sioux Falls  
Todd County School District, Mission  
Wagner Community School District, Wagner  
White River School District 47-1 SD, White River
- Le Bonheur Children's Hospital, Memphis  
Learning Disabilities Association of Tennessee, Memphis  
Ledford Engineering and Planning, L.L.C., Arlington  
Metro Nashville Council, Nashville  
Nashville CARES, Nashville  
New Level Community Development Corporation, Nashville  
Regional Intervention Program-Gallatin, Gallatin  
Ridgeview Psychiatric Hospital & Center, Inc., Oak Ridge  
Telecom Training Corporation, Nashville  
Tennessee Association for Adult and Community Education, Ripley

Tennessee Association of Special Programs, Knoxville  
 Tennessee Education Association, Nashville  
 The Arc Tennessee

*Texas*

A Greener World Community Alliance, Houston  
 Arc of Greater Beaumont, Beaumont  
 Austin Resource Center for Independent Living, Austin  
 Baylor University Family Abuse Center, Waco  
 Builders of Hope CDC, Dallas  
 CASA of Southeast Texas, Beaumont  
 Center for Public Policy Priorities, Austin  
 Children's Defense Fund—Texas, Houston  
 Citizen Schools Texas, Houston  
 City Wide Community Development Corporation, Dallas  
 Copperas Cove Independent School District, Copperas Cove  
 Crisis Center of the Plains, Plainview  
 Denton Affordable Housing Corporation, Denton  
 Denton County Homeless Coalition, Denton County  
 Disability Rights Texas, Austin  
 Education Equals Making Community Connections, Plantersville  
 Family Health & Aids Care Services International (FAHASI), Houston  
 Fort Bend Seniors Meals on Wheels, Rosenberg  
 Fort Sam Houston Independent School District, San Antonio  
 Freedom House, Weatherford  
 Gateway to Care, Houston  
 Gregory Housing Authority, Gregory  
 Health Care for All—Texas, Houston  
 Hill Country Crisis Council, Inc., Kerrville  
 Houston Center for Independent Living, Houston  
 InnerWisdom Counseling Center, Houston  
 K.E.E.P.S., Austin  
 Kaufman County Senior Citizens Services, Inc., Terrell  
 La Fe Policy Research and Education Center, San Antonio  
 Lackland Independent School District, San Antonio  
 Legacy Community Health Services, Houston  
 Lewisville Independent School District, Flower Mound  
 Liberty County Project on Aging, Liberty  
 Llano Grande Center, Elsa  
 Local Initiatives Support Corporation Houston, Houston

Unicoi County Board of Education, Erwin  
 Vanderbilt Comprehensive Care Clinic, Nashville  
 Volunteer Behavioral Health Care System, Murfreesboro

LoneStar LEND, University of Texas Health Sciences Center at Houston, Houston  
 Meals on Wheels and More, Austin  
 Meals on Wheels Association of Texas  
 Meals on Wheels of Texoma, Gainesville  
 Meals on Wheels, Waco  
 Mental Health America of Greater Dallas, Dallas  
 Mental Health America of Southeast Texas, Beaumont  
 Mental Health Association in Jefferson County, Beaumont,  
 Mi Escuelita Preschool, Dallas  
 National Alliance on Mental Illness (NAMI), Lubbock  
 National Alliance on Mental Illness (NAMI), San Antonio  
 National Birth Defects Prevention Network, Houston  
 National Council of Jewish Women, Houston Section, Houston  
 Nueces County community Action Agency—Early Head Start, Corpus Christi  
 Nutrition and Services for Seniors, Beaumont  
 Parent/Child Incorporated, San Antonio  
 Pottsboro Independent School District, Pottsboro  
 Project Transitions, Austin  
 Senior Center of Walker County, Huntsville  
 Senior Community Outreach Services, Inc., Alamo  
 Sexual Assault Resource Center, Bryan  
 Tarrant County Housing, Fort Worth  
 Texans Care for Children, Austin  
 Texas Association for College Admission Counseling, Van Alstyne  
 Texas Association of Local Health Officials, Austin  
 Texas Council of Administrators of Special Education, Austin  
 Texas Elementary Principals and Supervisors Association, Austin  
 Texas Food Bank Network, Austin  
 Texas Homeless Network, Austin  
 Texas Low Income Housing Information Service, Austin  
 Texas School Public Relations Association, Austin  
 Texas Tenants' Union, Dallas  
 The Kitchen "Meals on Wheels," Wichita Falls  
 The Woodlands Grass Roots Environmental Education Network (GREEN), The Woodlands

TIRR Foundation, Houston  
 Urban Progress Community  
 Development Corporation (UPCDC)  
 Texas, Inc., Dallas

*Utah*

Brigham City Senior Center Meals on  
 Wheels, Brigham City  
 Crossroads Urban Center, Salt Lake City  
 Disabled Rights Action Committee, Salt  
 Lake City  
 Seekhaven Family Crisis & Resource  
 Center, Moab  
 The Learning Center for Families, St.  
 George  
 Tri-County Independent Living Center,  
 Woods Cross  
 University of Utah Health Sciences, Salt  
 Lake  
 Utah Association for Career and  
 Technical Education, Salt Lake City

*Vermont*

Addison County Community Trust,  
 Vergennes  
 Area Agency on Aging for Northeastern  
 Vermont, St. Johnsbury  
 Bennington County Head Start,  
 Bennington  
 Brattleboro Area Affordable Housing,  
 Brattleboro  
 Brattleboro Housing Authority,  
 Brattleboro  
 Central Vermont Council on Aging,  
 Barre  
 Champlain Housing Trust, Burlington  
 Chelsea Area Senior Citizen's Center,  
 Chelsea  
 Department of Economic Housing &  
 Community Development, Montpelier  
 Disability Rights Vermont, Montpelier  
 Franklin Central Supervisory Union, St.  
 Albans  
 Galley Senior Meals Program, Barre  
 Greater Northfield Senior Citizens, Inc.,  
 Northfield  
 Hunger Free Vermont, South Burlington  
 Lamoille North Supervisory Union, Hyde  
 Park  
 Lamoille South Supervisory Union,  
 Morrisville, Stowe, Elmore  
 North Country Schools Supervisory  
 Union, Newport City  
 Northgate Residents' Ownership  
 Corporation, Burlington

*Virginia*

A Hope 4 Tomorrow, Inc., Portsmouth  
 Beach House, Inc., Virginia Beach  
 Byrd Elementary School, Richmond  
 Coalition for Justice, Blacksburg  
 Community Housing Partners,  
 Christiansburg  
 ENdependence Center of Northern VA,  
 Arlington  
 Families & Allies of Virginia's Youth,  
 Arlington  
 FeedMore, Inc., Richmond

Wood County Health Department,  
 Quitman  
 YWCA Fort Worth & Tarrant County,  
 Fort Worth

Utah Association of Secondary School  
 Principals, West Jordan  
 Utah Developmental Disabilities Council  
 Utah Education Association, Salt Lake  
 City  
 Utah Food Bank, Salt Lake City  
 Utah Housing Coalition, Salt Lake City  
 Utah School Counselor Association,  
 Murray  
 Utah State University Center for  
 Persons with Disabilities, Logan  
 Utahns Against Hunger, Salt Lake City  
 Voices for Utah Children, Salt Lake City

Safe Kids Addison County, Vergennes  
 Sexual Assault Crisis Team, Barre  
 South Royalton Area Senior Citizen's  
 Center, South Royalton  
 Twin Valley Seniors, Inc., Marshfield  
 United Counseling Service of Bennington  
 County, Bennington  
 Vermont Adult Learning, Waterbury  
 Vermont Affordable Housing Coalition,  
 Burlington  
 Vermont Center for Independent Living,  
 Montpelier  
 Vermont Child Passenger Safety, Milton  
 Vermont Community Loan Fund,  
 Montpelier  
 Vermont Council of Special Education  
 Administrators, Montpelier  
 Vermont Education Opportunity  
 Program (VEOP), Brandon  
 Vermont Educational Opportunity  
 Programs (VEOP), Castleton  
 Vermont Occupational Therapy  
 Association, Plainfield  
 Vermont Works for Women, Winooski  
 Vermont-NEA, Montpelier  
 VocRehab Vermont, Williston  
 Voices for Vermont's Children,  
 Montpelier  
 Washington West Supervisory Union,  
 Waitsfield

Learning Disabilities Association of  
 Virginia, Richmond  
 Local Office on Aging, Roanoke  
 Mental Health America, Charlottesville-  
 Albemarle, Charlottesville  
 National Alliance on Mental Illness  
 (NAMI) NoVa, Leesburg  
 National Alliance on Mental Illness  
 (NAMI), Virginia Beach  
 Partnership for People with  
 Disabilities—University Center for

Excellence in Developmental Disabilities (UCEDD), Richmond  
 Potomac & Chesapeake Association for College Admission Counseling, Virginia Beach  
 Prince George County Public Schools, Prince George  
 Public Housing of Residents, Charlottesville  
 Richmond Public Schools, Richmond  
 Sexual Assault Victims Advocacy Services (SAVAS), Woodbridge  
 Social Action Linking Together (SALT), Vienna  
 The Virginia School Counselor Association, Manassas  
 University of Virginia, Charlottesville  
 Virginia Association of Centers for Independent Living, Roanoke

*Virgin Islands*

St. Croix Educational Administrators' Association, St. Croix

*Washington*

Above The Line: The Poverty Project, Lacey  
 Aging and Long Term Care of Eastern Washington, Spokane  
 API Chaya, Seattle  
 Asian Counseling & Referral Service, Seattle  
 Association of Washington School Principals, Odessa  
 Campion Foundation, Seattle  
 Career Path Services, Spokane  
 Cascadia Community College, Bothell  
 Center for Independence, Tacoma  
 Central Kitsap School District, Silverdale  
 Children's Alliance, Seattle  
 Church of Steadfast Love, Seattle  
 Columbia River Economic Development Council, Vancouver  
 Community Psychiatric Clinic, Seattle  
 Compass Housing Alliance, Seattle  
 Conscious Talk Radio, Issaquah  
 Food Lifeline, Seattle  
 Frontier Behavioral Health, Spokane  
 Granger School District #204, Granger  
 Heartlandz L.L.C., Bellingham  
 HomeStep, Seattle  
 Immanuel Community Services, Seattle  
 Impact Capital, Seattle  
 Inchelium School Board, Inchelium  
 Infectious Disease Research Institute (IDRI), Seattle  
 Innocence Project Northwest, Seattle  
 International Longshore and Warehouse Union, Seattle  
 Islamic Civic Engagement Project, Seattle  
 Kitsap Mental Health Services, Bremerton  
 Lifelong AIDS Alliance, Seattle  
 Lutheran Community Services Northwest, Spokane

Virginia Association of Community Services Boards, Richmond  
 Virginia Association of Educational Opportunity Program Personnel, Wytheville  
 Virginia Association of School Librarians, Richmond  
 Virginia Association of Secondary School Principals, Richmond  
 Virginia Council of Administrators of Special Education (VCASE), Hopewell  
 Virginia Education Association, Richmond  
 Virginia Housing Coalition, Richmond  
 Virginia Office for Protection and Advocacy, Richmond  
 Virginia Organizing, Charlottesville  
 Voices for Virginia's Children, Richmond  
 Virginia Local Initiatives Support Corporation, Richmond

Mount Adams School District #209, White Swan  
 Nespelem School District #14, Nespelem  
 Northwest Harvest, Seattle  
 Northwest Health Law Advocates, Seattle  
 Office of Rural & Farmworker Housing, Yakima  
 Pacific Northwest Association for College Admission Counseling, Seattle  
 Parents Organizing for Welfare and Economic Rights, Olympia  
 Pend Oreille County Counseling Services, Newport  
 Pierce County Housing Authority, Tacoma  
 Port Gamble Elder's Program, Kingston  
 Port Gamble S'Klallam Housing Authority, Kingston  
 Port Gamble S'Klallam Tribe Early Childhood Education Program Policy Council, Kingston  
 Puget Sound Alliance for Retired Americans, Seattle  
 Puget Sound ESD, Renton  
 Sacred Heart Social Justice Ministry, Pullman  
 Save A Life, Puyallup  
 Seattle BioMed, Seattle  
 Seattle Biomedical Research Institute and Institute for Systems Biology, Seattle  
 Seattle Jobs Initiative, Seattle  
 Sexual Assault and Family Trauma Response Center, Spokane  
 Skagit Habitat for Humanity, Mount Vernon  
 Solid Ground, Seattle  
 Sound Mental Health, Seattle  
 The Arc of King County, Seattle  
 The Arc of Snohomish County, Everett  
 The Arc of Tri-Cities, Richland

The Arc of Washington State  
 Triumph Treatment Services, Yakima  
 Washington Association for Career and  
 Technical Education, Olympia  
 Washington Association of School  
 Business Officials, Tumwater  
 Washington CAN!, Seattle  
 Washington Community Mental Health  
 Council, Seattle  
 Washington ElderCare Alliance, Olympia  
 Washington Global Health Alliance,  
 Seattle  
 Washington Library Media Association  
 (WLMA), Seattle

*West Virginia*

Boone County Community Organization,  
 Madison  
 CommunityWorks in West Virginia, Inc.,  
 Charleston  
 Hampshire County Schools, Romney  
 Huntington Area Food Bank, Huntington  
 Mason County Schools, Point Pleasant  
 Morgan County Board of Education,  
 Berkeley Springs  
 Mountain Community Action Project of  
 West Virginia, Inc., Buckhannon  
 Northern West Virginia Center for  
 Independent Living, Morgantown  
 Pocahontas County Health Department,  
 Marlinton

*Wisconsin*

Access to Independence, Madison  
 AIDS Resource Center of Wisconsin,  
 Statewide  
 Ashland County Aging Unit, Inc.,  
 Ashland  
 Association of Wisconsin School  
 Administrators, Madison  
 ASTOP Sexual Abuse Services, Fond du  
 Lac  
 Citizen Action of Wisconsin, Milwaukee  
 City of Kenosha Housing Authority,  
 Kenosha  
 CWC HIV/AIDS Advocacy, Policy &  
 Procedure Consultant Service,  
 Milwaukee  
 Disability Rights Wisconsin, Madison  
 Edgewood College, Madison  
 Family Forum, Inc., Superior  
 Grassroots Empowerment Project,  
 Madison  
 HAVEN, Inc., Merrill  
 HIRSCH GROUP Architects, Madison  
 Independent Living Council of  
 Wisconsin, Inc., Madison  
 La Crosse Wisconsin WIC Program, La  
 Crosse  
 LaLeche League of Racine, Racine  
 Learning Disabilities Association of  
 Wisconsin, Kiel  
 Local Initiatives Support Corporation  
 Milwaukee, Milwaukee  
 Marquette University, Milwaukee

Washington State Association of Head  
 Start and ECEAP, Bellevue  
 Washington State Council on Aging,  
 Spokane  
 Washington State TRIO Association,  
 Seattle  
 Wellpinit School District, Wellpinit  
 Willapa Behavioral Health, Long Beach  
 Women's Coalition of Washington,  
 Yakima  
 WorkForce Central, Tacoma  
 Workforce Development Council Seattle-  
 King County, Seattle  
 Yakima Valley System of Care, Yakima  
 Valley Cities Counseling, Kent

The Fairmont Morgantown Housing  
 Authority, Fairmont  
 Tucker County Schools, Parsons  
 Valley HealthCare System, Morgantown  
 West Virginia Association of Secondary  
 School Principals (WVASSP),  
 Charleston  
 West Virginia Campus Compact,  
 Morgantown  
 West Virginia Coalition to End  
 Homelessness, Inc., Weston  
 West Virginia Council of Administrators  
 of Special Education, Franklin  
 West Virginia TRiO Association,  
 Huntington  
 West Virginia University, Morgantown

Menominee Indian School District,  
 Keshena  
 Mental Health America of Wisconsin,  
 Madison  
 Milwaukee Area Workforce Investment  
 Board (MAWIB), Milwaukee  
 Northwest Wisconsin Concentrated  
 Employment Program (CEP, Inc.),  
 Ashland  
 Northwest Wisconsin Workforce  
 Investment Board, Inc., Ashland  
 Polk County Health Department, Balsam  
 Lake  
 Psychonomic Society, Madison  
 Reach Counseling Services, Inc., Neenah  
 School District of Wabeno Area, Wabeno  
 Southwest Wisconsin Workforce  
 Development Board, Platteville  
 Wisconsin Association for College  
 Admission Counseling, Madison  
 Wisconsin Association of Educational  
 Opportunity Program Personnel  
 (WAEOPP), Superior  
 Wisconsin Association of School Business  
 Officials, Madison  
 Wisconsin Council of Administrators of  
 Special Services, Madison  
 Wisconsin Council on Children and  
 Families, Madison  
 Wisconsin Education Association  
 Council, Madison

Wisconsin Family Assistance Center for Education, Training, and Support, Inc., Milwaukee	Wisconsin School Psychologists Association, La Crosse
Wisconsin Manufactured Home Owners Association, Inc., Marshall	Wisconsin School Social Work Association, Milwaukee
Wisconsin Regional Training Partnership, Milwaukee	Wisconsin WIC Association, Oshkosh
Wisconsin School Counselor Association, Madison	Workforce Development Board of South Central Wisconsin, Madison
<i>Wyoming</i>	
Fremont County Public Health, Lander	Wyoming Children's Action Alliance, Cheyenne
Fremont County School District #14, Ethete	Wyoming Coalition for the Homeless, Cheyenne
Fremont County School District #21, Fort Washakie	Wyoming Occupational Therapy Association, Casper
Natrona County Meals on Wheels, Casper	Wyoming Protection & Advocacy System, Inc., Cheyenne
Wyoming Association of Secondary School Principals, Laramie	Wyoming School Counselors Association, Worland

Senator MURRAY. So thank you very much for that.

And, Secretary Donovan, let me begin with you. In your testimony, you pointed out the consequences of sequestration cuts to HUD programs, more than 200,000 families being at risk of losing their housing. But those kinds of cuts really move past just the implications you talked about.

Cuts to military and domestic spending will result in significant job losses across our country. So middle class families will find themselves threatened because they have lost their job, resulting in housing—at a very fragile time in our housing market and our economy.

Could you talk a little bit about how the massive job layoffs that would occur, if sequestration was implemented, would affect the housing market?

Secretary DONOVAN. One of the things that is so important, as you know, Senator, as the chair of our subcommittee, is that for every \$1 we put into housing, we are typically seeing \$5 or \$10 of private capital that come in and multiply the impacts. And so, if you go in reverse, you multiply the impact of these cuts across all of the private investment that comes into housing.

#### HOUSING

So, literally, when you look at whether it is our direct housing construction programs or community development block grant, for every one of the tens of thousands of jobs that you would lose through the direct spending that we have in construction, the ripple effects into factory workers, real estate agents, lenders, all of those, what you see is 5 to 10 times the number of job cuts that happen because you don't have private capital coming in. And then, you build on that, a loss of confidence.

Again, housing has been driving our economic recovery. It has been one of the main things that really has turned around in the past year. Just to cut that off at a time—you will see less consumer spending, families won't go to restaurants if the equity in their home is dropping, loss of confidence in neighborhoods means that prices could potentially turn back around.

The ripple effects are enormous because of how central housing is to our economy and our economic recovery.

Senator MURRAY. So implementation of the sequestration would not only have a direct impact on the housing programs, but on the job market, the other folks, but the confidence factor at this time, when we are very fragile as well, will have a huge—

Secretary DONOVAN. Absolutely.

Senator MURRAY [continuing]. Long-term ripple effect, as well.

#### SEQUESTER WOULD HIT HARD ALREADY FISCALLY STRAPPED LOCAL EDUCATION AGENCIES

Secretary Duncan, education is a top priority of mine. And I know sequestration is going to have a huge impact, as we have heard.

I heard from Yakima school district in my State. They have a free and reduced price lunch-rate at 83 percent. They told me it would impact them with a \$1.6 million budget cut. This is after our State legislature has already had impacts at our own local school districts.

We have districts like Central Kitsap and Clover Park that are close to military bases.

Can you tell me how you would see just the general impact of these districts having to cope with sequestration? You alluded a little bit, those districts right now are making their decisions about hiring teachers. Talk a little bit more about the impacts we would see.

Secretary DUNCAN. Well, first, again, we are not just coming into this situation in a vacuum. We have to look at the past couple of years. Through the Recovery Act, we were lucky enough—thanks to Congress' support—to save about 300,000 educator jobs. But the Nation also lost about 300,000 educator jobs.

So we have class sizes that are much higher than we would like. We have fewer children engaged in afterschool programs and summer school programs. I am always fighting for more time, not less time. So we are at a very, very tough economic time.

#### CHILDHOOD EDUCATION

For many long-time educators, this is the toughest financial situation they have been in, in 20, 30, 40 years. So now to compound that problem, and to remove additional resources now, would just exacerbate a really tough situation that we are trying to make better.

Again, other countries aren't doing this. This is not what South Korea is doing. They are investing more. And that is where the competition is. So for us to not be thoughtful in this just doesn't make sense.

And then, finally, you know, every good superintendent is trying to do budget planning now for next year. And, as a superintendent you are trying to hire staff. You are trying to hire the best staff. You are trying to figure out your afterschool program and your summer school programming now for June and July. And when you have a lack of stability, when you don't know what is going on, you have to plan for the worst. That is the prudent thing to do. So you don't schedule the summer stuff. You raise your class sizes.

And so, to take away stability—the least we could do in tough economic times is give people stability and predictability so they can manage. To take that away just undermines the great work that people do at the local level. And, again, that is not why any of us came to Washington, to hurt that.

#### NEGATIVE IMPACT OF LARGER CLASS SIZES

Senator MURRAY. I appreciate that, and I just wanted to remind all of us, just increasing class size isn't just a phrase. I talked to a middle school teacher a few weeks ago after Newtown who told me that she now has so many kids in each one of her middle school classes, she has no ability to know each one of those kids anymore. And at a time when we are really counting on our educators to know their kids, because of the impacts of not knowing them, this is a real consequence to our country.

#### IMPACT ON HEAD START

Secretary DUNCAN. And just quickly to add to that, Senator, you and Senator Harkin and so many others have fought so hard to get more children engaged in early childhood education. The President talked about that extensively in the State of the Union Address. It is the best long-term investment we can make.

Our good friend Secretary Sebelius isn't here today, but I talked earlier in my testimony, about the 70,000 potentially fewer children in Head Start—children would be kicked out of Head Start, not new ones going in, but fewer children would have access. How is that the right thing to do for the long haul?

Senator MURRAY. And remind us all, they grow up to be adults. Thank you.

Chairwoman MIKULSKI. We now go to Senator Coats, the ranking member now on the Homeland Security Subcommittee. He is going to be followed by Senator Tom Udall—you are next—to be followed by Senator Murkowski, to be followed by Senator Feinstein. That will be the next four. And after that, we will announce the next group.

If your staff is curious where you all are, come over and talk to my staff. But we are moving. And this is a very content-rich hearing.

Senator Coats, please.

#### STATEMENT OF SENATOR DAN COATS

Senator COATS. Madam Chairman, it is a pleasure to be moving along with you in the chair, and all of us adhering to the 5-minute rule, and I am no exception to that.

The point I want to try to make is, you have all made a case for having to deal with shrinking resources.

I didn't support the sequester, either. I agree it is not the best way to deal with it. These are issues we should be working on together through the regular process, separating the essential from the "like to do, but we can't afford it right now", from "maybe we shouldn't be doing that at all", and "wouldn't it be better if we could transfer those funds into something that is more essential."

Every agency head and Secretary, and others that have been before our Appropriations Committee the last 2 years, I have asked this same question. We have to deal with the reality that our mandatory spending is running away with our budget. The discretionary portion of both defense and nondefense discretionary is ever-shrinking, not necessarily because that is the way it should be or the way we should be allocating the Nation's resources, but because the part of the pie that we have no control over, in terms of growth, is just simply continuing to eat up more and more of our annual budget.

You can only tax so much. We just took care of taxes through the fiscal cliff. I supported that.

But the point I want to try to make is, should we not all be dealing with the reality of what we are facing?

Look, when World War II ended, our soldiers came home. We recovered from a depression, and everybody started having babies. The so-called "baby boom" has been like a pig going through a python.

First, we needed nurseries. And then we needed diapers in enormous amounts, and then elementary schools, and then junior high schools. This whole bulge that occurred in the post-war period here has moved through our economy. And now it is retirement; 10,000 baby boomers a day are retiring.

And we have mandatory programs in place that provide healthcare needs and healthcare finances and retirement security that none of us want to undo. But the reality is, these are the facts that we are dealing with and we need reforms.

And should we not all be here, Republicans and Democrats and agency heads and Secretaries and others, working to try to find a way to address this ever-increasing mandatory spending so that we have funds available for defense and essential nondefense functions?

The sequester is a 1-year fix that we are trying to do now. Shouldn't we be doing the long-term fix? And are you pleading with the White House to work on this with the Congress? Are we working together to try to address what we should have been addressing, if not years ago, decades ago? We have all seen this coming.

This modern miracle of medicine has increased life expectancy, which used to be not higher than 70. Now people are living to be 80 and 85, and 90, 95 years old. We are blessed with this miracle of providing us opportunities to live longer. George Will, I think, said, "If so, after turning 70, one has, ever after, the pleasure of playing, as it were, with house money", when you look at the whole history of civilization in terms of how long people live.

And second, we have known this baby boom crunch is coming the last 30, 35 years. And in all that time, we have done one thing to address mandatory spending, the 1984 Social Security fix, which bought us about 35 or 40 years of solvency for Social Security by raising the retirement age and making some sensible reforms.

And so we talk about this all the time. But here we are pleading with doomsday scenarios about what is going to happen when we all know regardless of where you come down—whether you support medical research, education, better housing, strengthening our national defense, or making sure it stays strong, or guarding the bor-

der—all the things you are discussing here, you have to get money from an ever-shrinking piece of the pie.

So, I guess my question is, when are we all going to step up and press our respective colleagues, whether you are Republican or Democrat, liberal or conservative, to address this problem? This is a budget problem that we have to deal with on a long-term basis.

So I just wanted to make that point. And I have used up all my time.

Mr. WERFEL. Can I offer a very quick response?

Senator COATS. If it is all right with the chairwoman, you can. My time is expired.

Mr. WERFEL. Very quick, as quick as I can.

The President on multiple occasions has put forward a plan that would create \$4 trillion in deficit reduction over 10 years. A \$4 trillion deficit reduction is something that Members of both parties' independent experts have pointed to as an important benchmark to lay a critical foundation for longer-term deficit reduction into many years into the future.

Part of that \$4 trillion plan, key components of it, involve sensible reforms to mandatory programs and entitlements. So there is, in the President's proposal, specific areas that start making those types of sensible reforms. Also, you know, they embody the spending cuts that were in the BCA, and there is then tax reform, as well.

But I just wanted to make sure that I got down on the record that, within the President's \$4 trillion plan, there are sensible entitlement reforms.

Senator COATS. There has been some of that in what the President proposes. There have been Democratic and Republican plans. But we haven't done it. And I think the time is up, and we need to do it.

Chairwoman MIKULSKI. Senator Tom Udall.

#### STATEMENT OF SENATOR TOM UDALL

Senator UDALL. Thank you, Madam Chair.

And I think the five of you have made a very compelling case of how devastating this sequester could be.

And, Madam Chair, let me just say to you what a great pleasure it is to participate in my first Senate Appropriations Committee hearing. I wish it was under more pleasant circumstances.

Before I turn to our witnesses for some questions, I would like to make two points.

Sequestration threatens damaging cuts for New Mexico's national labs, military facilities, and border security. If implemented, those cuts will be very damaging, I believe, to our national security.

Sequestration will also be very damaging to some of New Mexico's most vulnerable: children in need of a quality education, rural communities struggling with housing, and homeless veterans seeking emergency shelter.

#### NATIONAL SECURITY LABS

Mr. Werfel and Mr. Carter, my first question goes to you. New Mexico's national security laboratories, Los Alamos and Sandia,

work to support our stockpile stewardship mission. I believe the sequester's across-the-board cuts, including the 9.4-percent cut facing the National Nuclear Security Administration (NNSA) weapons account, will hamper important stockpile stewardship work across the country.

Needless to say, there is absolutely zero tolerance for mistakes when dealing with nuclear weapons. Are you concerned that sequestration cuts pose unacceptable risks to the NNSA? And is DOD concerned about the impacts on its strategic missions as a result?

Mr. Werfel, why don't you go first on that?

Mr. WERFEL. I will start, because, as you mentioned, I think NNSA does fall within the defense category in the sequester; therefore, it faces roughly an 8-percent cut, which will be applied, as I understand it, evenly across all NNSA labs and plants.

You mentioned Sandia. It is my understanding that critical milestones will be delayed for that lab as a result of the sequester. For Los Alamos, we are looking at \$46 million cut to procurement, hiring freezes, and furlough days for certain employees.

So absolutely, there is significant concern. There is concern across Government.

#### NATIONAL NUCLEAR SECURITY ADMINISTRATION

Your question about NNSA, I think it is not safe from the impacts of the sequester.

Senator UDALL. Mr. Carter.

Dr. CARTER. We are the customer for NNSA. We are the ones who depend upon them making a safe, secure, and reliable nuclear arsenal that we can put aboard our delivery system. So I am concerned about it.

It, as Mr. Werfel says, at a minimum, stretches out all the stockpile life extension programs, which is not good, because it makes them, first of all, more expensive, and second of all, we don't have time in many of those cases.

So I am concerned about it. Very much concerned about it.

Senator UDALL. Thank you for those answers.

I am going to do everything I can, if we go into this sequester, to make sure that we protect these national laboratories that are real jewels.

#### IMPACTS ON NEW MEXICO'S MILITARY INSTALLATIONS

Mr. Carter, New Mexico's military installations, Cannon Air Force Base, Kirtland Air Force Base, Holloman Air Force Base, White Sands Missile Range, and part of Fort Bliss, are unique to our Nation's national security objectives due to New Mexico's large, unencumbered airspace, unique geography, and intellectual capital.

The sequester will impact long-term readiness, as well as future defense research, in favor of a reckless plan to reduce the budget. And I think you have talked a little bit about that.

Are you concerned with the impacts of the sequester on these New Mexico installations? What are the near- and short-term consequences of reduced training at Air Force bases, and the reduction of research and development at White Sands, the Air Force research lab, and similar test ranges?

Dr. CARTER. In the near term, you will see, in the final months of this year, a sharp curtailment of range activity and other training activities. We don't have any choice about that. We are just simply going to run out of money in those operations and maintenance accounts.

In the long run, if the reductions in budgetary authority forecast, which in our case is around \$500 billion over 10 years, not all of these facilities can survive.

We asked last year for base realignment and closure (BRAC) authority even to make the huge adjustment we are already making. The \$487 billion that we absorbed last year, that \$487 billion, those cuts extend over 10 years. And you can't keep the tooth if you are not able to cut the tail. So inevitably, some of these installations are going to have to be reduced.

So both in the near term and far term, it will have an effect on those installations. We just don't have any choice.

Senator UDALL. Mr. Carter, you mentioned in your testimony—and I am wrapping up, Madam Chair—you mentioned in your testimony about small business being hurt by this. I think that could be a real impact in New Mexico and across the country.

Thank you, Madam Chair.

#### STATEMENT OF SENATOR LISA MURKOWSKI

Senator MURKOWSKI. Thank you, Madam Chairman.

Chairwoman MIKULSKI. Senator Murkowski, you are also serving as ranking member on Interior; is that right?

Senator MURKOWSKI. Yes, ma'am, that is correct. Looking forward to it with great enthusiasm.

Secretary Carter, you mentioned that the wolf is at our door on this one. I am worried that the wolf is already inside. We are all trying to acknowledge we don't like sequestration, it is blunt, it is ugly, and it just doesn't work. But it does force us to deal with budget cuts. It forces us to deal with a \$16.4 trillion debt.

So whether we are dealing with sequestration or whether we are just dealing with budget cuts, it does force prioritization. And if we are not working every day as lawmakers, or you within the administration, to make sure that we are easing the pain of these cuts wherever they may fall, whether it is within our defense, or housing, or education, then we are not doing right by our constituents, we are not doing right by our country.

I want to speak very quickly to a frustration that I have where I am seeing budgetary decisions that are just not making sense at a time when we are forced to prioritize. We are forced to be looking to spending reductions.

This is what is going on my State of Alaska with a backdoor BRAC run on Eielson Air Force Base. We are essentially looking at our fiscal year 2012 continuing resolution levels that we recognize, and you have pointed out, are very problematic. We have the possibility of sequestration. We have this committee's direction to the Air Force to postpone force structure proposals until the Commission on the Structure of the Air Force reports back in 2014.

We have a first-year cost on this proposal on Eielson of \$5.6 million, and the fact that essentially the same move was rejected back in 2005, yet the Air Force is moving forward with this plan.

Just last week they held four scoping meetings in Alaska, despite the Department's ban on nonmission critical travel.

So I look at this and I'm saying, wait a minute. We are supposed to be prioritizing, and yet you have the Department moving forward with a plan that costs money rather than taking an enterprise-wide look at all our Air Force bases in determining where force structure reductions should fall. So you can probably sense my frustration there.

#### PRIORITIES

But when we are talking about priorities, it needs to make sense all the way, not just beyond March 1.

Can you comment on that, please?

Dr. CARTER. You are absolutely right. It does have to make sense beyond March 1.

And you are also correct that we are paying a huge long-term price for the short-term disruptions that we are experiencing right now.

I am already doing things in the Department to curb spending. So in that sense, the wolf is in the door.

And that is another reason why short-term fixes don't really help us out much. They don't help our industry out very much, and they don't give us the stability that we need.

To the particular point you make, that is a very legitimate issue that actually precedes and is somewhat independent of the sequester. That is, it was an issue we had last year before the sequester came in. It is a matter of priorities. I understand that there was disagreement this year about a number of the adjustments that the Air Force made, and that is why there is going to be a Commission on the Future of the Air Force. We understand that. We are absolutely committed to working with that commission.

And the Air Force understands that, and we are not going to take actions that contravene the decisions that were made earlier this year.

Senator MURKOWSKI. Well, I would certainly hope that we are looking long term to our critical military assets and don't make short-term decisions based on numbers that simply don't hold up.

Let me ask Mr. Werfel—

Dr. CARTER. May I just comment on that point, because that is another very—

Senator MURKOWSKI. Yes, but I do need to get to Mr. Werfel before my time expires.

Dr. CARTER. Well, I was just going to say, we are making decisions. I mean, sequestration does force decisions that don't make any sense, as does the continuing resolution.

Senator MURKOWSKI. Mr. Werfel, let me ask you, one of the most important Federal responsibilities across our Nation is the trust responsibilities for American Indians, Alaska natives.

#### INDIAN HEALTH SERVICES

One of the programs that we are dealing with within the Indian Health Service (IHS) is a trust responsibility to these native people. Now, within the Veterans Administration (VA), within Medicaid, they are off the table in terms of cuts.

So, my question to you is, given the critical nature of the healthcare services to our tribes, what actions is IHS taking to minimize the impacts of the delivery of healthcare on the Indian community, given the trust responsibility that is different than any of the other responsibilities that we have out there, other than perhaps our veterans?

And, Madam Chairman, I realize that I have gone over my time, and I do apologize.

Mr. WERFEL. Well, Senator Murkowski, I think you are pointing out that the impacts of the sequester are beyond the bounds of the witnesses here. They impact a broad range of programs and activities, and programs that serve Native Americans are no different.

As you mentioned, IHS is subject to the sequester. On the mandatory side, it is capped at 2 percent, but it is not on the discretionary side.

What we have asked each agency to do, whether it is an agency that is serving Native American populations or otherwise, is to figure out how to implement the sequester in a way that is going to best serve mission, balancing all other priorities.

And one of the things we have come to the conclusion, and you can draw that conclusion from the testimony today, there is no way to fully protect mission here, because the indiscriminate and abrupt cuts, as they were designed, are enormously disruptive.

But with respect to programs that are serving Native Americans, I will take your question back, and we can work with those agencies to get you a fuller answer.

But what I can say is, it is disruptive, and we are really asking the agencies to do everything they can to minimize that disruption. But that is not going to be possible if we go forward with this sequester.

Senator MURKOWSKI. Thank you, Madam Chair.

Chairwoman MIKULSKI. And that is really the point of what we are getting to, which is, no matter what, there is no good way out of this. There are no good choices.

We are going to go now to Senator Feinstein, but before we do, just a couple of points. Some members had to leave before they got to ask a question.

I note that Senator Kirk had to leave, and we really wanted to give him a very affectionate, actually, welcome back. If he has a statement, we will put it into the record.

Senator Leahy had to leave. We will put his statement into the record, and extend those courtesies.

Now, just to give a sense of the lineup, it will be Feinstein, Blunt, Landrieu, Boozman, and Begich, then Moran and then Shaheen and then we will be into kind of our moving along. So right now, it is Feinstein, then Blunt, then Landrieu, then Boozman, then Begich. Okay?

So, you will be next, Senator.

Senator FEINSTEIN.

#### STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Thank you very much, Madam Chairman.

I want to just begin with something that you said. I think we are already feeling the effects of sequestration in imprecision and eco-

conomic uncertainty. I find it really beginning to happen in California.

California will lose the most jobs by far of any State. George Mason University did a study. They predicted that we would lose 225,544 jobs, of which 135,209, Ash Carter, are from your Department.

So what is happening is, with the knowledge that there is going to be 10 years of this, people are now beginning to make decisions out there, subcontractors, contractors, to cut staff and to be ready.

And so I happen to believe, next to a major war, economically, it is the worst thing that could happen for this country, and we should end it.

Madam Secretary of DHS, I want to thank you. You were the most precise of everybody as to what we can expect.

I do energy and water. We tried to find out, what does this mean for the labs? Our staff has spent a lot of time trying to find out, where are the cuts? Who is going to suffer the cuts? It is like a ghost with nothing under it.

So everybody is concerned about what is going to happen to them, and we can give no one a straight answer. It is a bad, bad phenomenon, and it ought to end before it really catches hold of America and does a great deal of damage.

Let me ask you about one thing, and this is for California. It happens to involve the only shipyard on the west coast, National Steel and Shipbuilding Company (NASSCO) in San Diego, 3,500 jobs. We worked very hard to achieve long-lead financing for three mobile platform ships. We have that financing.

#### NATIONAL STEEL AND SHIPBUILDING COMPANY

What, exactly, will happen to NASSCO and the long-lead financing, Deputy Secretary Carter?

Dr. CARTER. Well, not good things. I am concerned about it.

#### CONTINUING RESOLUTION

First of all, there is the continuing resolution problem, which I mentioned earlier, with simply having the authority to proceed on the basis that we planned in shipbuilding. But the second is the sequester and the reduction in budgetary caps over the long run, and that is going to have a huge effect on our shipbuilding industry.

And NASSCO is especially vulnerable in that regard. I was just there a couple of months ago, and I am very concerned about that. There is no question there will be a major restructuring in shipbuilding as a result. I think we will get through the continuing resolution thing—it is very inefficient—but as a result of the sequester and the cuts down the road. And that is just one part of our defense.

#### LONG-LEAD FINANCING

Senator FEINSTEIN. Will it lose long-lead financing?

Dr. CARTER. It depends on whether the continuing resolution issue is resolved or not. If that is resolved, then there is a chance we can do that.

Senator FEINSTEIN. Well, this is exactly what I am talking about, in terms of—it is not your fault—but imprecision, uncertainty, people have to make decisions with respect to contracts, and so they make them negatively.

Intelligence, it is my understanding a number of agencies, National Security Agency, National Geospatial-Intelligence Agency, National Reconnaissance Office, Defense Intelligence Agency, all fall under the DOD budget. It is my understanding that Director Clapper has asked that he be involved in these decisions. Have you worked out an agreement with him?

Dr. CARTER. Yes, yes. No, he and I talk all the time.

By the way, I do with all our managers, our service chiefs, our installation heads. There is just a huge amount of detail here, and a huge number of management decisions that we are trying to make in the uncertainty that you mentioned.

And that is all mirrored in our industry as well. So at NASSCO, are they going to assume that the continuing resolution is lifted or not? Are we going to assume that? I don't know.

So we do tend to make very conservative decisions, which, if this all goes away, we will regret because they will have introduced waste, delay, and inefficiency for no reason at all.

Senator FEINSTEIN. Thank you.

Thank you, Madam Chairman. Thank you.

Chairwoman MIKULSKI. Senator Blunt, and I understand you are now the ranking member on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee.

Senator BLUNT. That is right. Thank you, Chairman.

Chairwoman MIKULSKI. We have a good lineup. This is great.

#### STATEMENT OF SENATOR ROY BLUNT

Senator BLUNT. Thank you, and thank you for the time.

We keep talking about the fact that we can take some balanced approach between spending cuts and revenues. I will tell you, I am confused by the idea that there appear to be no spending cuts that can be taken.

We have \$60 billion in new revenue this year that we wouldn't have had last year, but we can't find \$85 billion worth of cuts.

Now, I will accept the idea that nobody told anybody that this sequester was actually going to happen, even though it was in the law. I had a chance to be in a hearing with Secretary Carter this week, and I asked him, what number did you submit for the OMB budget planning for this year? And he said that they submitted a number based on a pre-sequester number.

Is that right, Secretary?

Dr. CARTER. That is right. The fiscal year 2014 budget preparation is based on that assumption.

Senator BLUNT. And did you submit any alternative for what happens if you have to deal with the sequester number?

Dr. CARTER. No, we have not done that.

Senator BLUNT. So once again, we are not prioritizing. We are saying this is taking us by surprise. We don't have time to cut, but we are apparently not making any plan to take a cut next year either.

Secretary Napolitano, what number did you submit, do you know? For the budget the President is now putting together?

FISCAL YEAR 2014 BUDGET

Secretary NAPOLITANO. The fiscal year 2014 budget?

Senator BLUNT. Yes.

Secretary NAPOLITANO. The fiscal year 2014 budget, I think the guidance was to go 5 percent less than the fiscal year 2012 enacted level. But I will have to double check that.

Senator BLUNT. Why don't we just ask? What was the guidance from OMB on the fiscal year 2014 budget?

Mr. WERFEL. I think that is correct. It was 5 percent less than the net discretionary total provided for agencies for fiscal year 2014 in the fiscal year 2013 budget.

And, you know, just to respond in real time to one of your earlier points, what is important to remember is the BCA had within it roughly \$1 trillion in discretionary spending cuts that are imposed through spending caps. Those were embodied in the President's fiscal year 2013 budget.

Senator BLUNT. Right.

Mr. WERFEL. And that obviously puts enormous budgetary pressure on our agencies. It requires us to make tough choices.

The challenge, right now, is \$85 billion over 7 months. And the way it is done so indiscriminately, across every program, project, and activity, that is the challenge that you can plan for but you can't avoid the harmful impacts of.

Senator BLUNT. Well, I accept that. But the idea that we need to cut spending, but it needs to be a balanced approach seems to me to fly in the face of the idea that nobody has any idea how to reach this goal even if one-half of it is revenue. And it seems to me that we are not planning that very well either.

SEQUESTER EFFECT ON IMPACT AID FUNDS

I want to ask a couple of questions. Secretary Donovan, you said, just to clarify for me, on a reservation funding issue, you said our funding would be cut by one-third to a specific reservation. I assume that is the payment in lieu of taxes money? And why would it be one-third? You are trying to find 5 percent doubled in the end of the year? I could see 10 percent. You can get back to me if you don't know why it is one-third.

Secretary DONOVAN. I am sorry if you could just be—I am not clear.

Senator BLUNT. In your testimony, you mentioned a specific education funding in a reservation that would be cut by one-third in the remainder of this year. Do you have any reason—

Secretary DONOVAN. I believe it was in Secretary Duncan's.

Senator BLUNT. I am sorry. I meant Secretary Duncan.

Secretary DUNCAN. It is all Secretary Donovan's fault.

Senator BLUNT. I am inclined to blame Secretary Donovan.

But no, you said this, Secretary Duncan.

## IMPACT AID MONEY

Secretary DUNCAN. Yes, Sir. This is Impact Aid. This is aid that goes out to Native American areas. It goes out to areas where there are military families and bases. We would have to cut this money right away.

And we disproportionately fund those areas because there is a lack of property taxes. And in that specific example, one-third of that district's budget, their school budget, comes from Impact Aid funds.

Senator BLUNT. So the combination of the cuts a normal district would take plus the sort of payment in lieu of tax revenue, the Impact Aid money that we give.

Secretary DUNCAN. Right. And again, this would happen now. This is not down the road.

Senator BLUNT. It would be 5 percent of one-third.

On another issue, I am going to ask an OMB question here, Mr. Werfel. And we told you we might ask about this.

I have some correspondence here from the Department of Agriculture (USDA), the subcommittee that Senator Pryor and I will be working on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee, on questions about onsite inspectors, which if they don't show up in a meat processing facility, that facility can't open. You know, other kinds of processing, the Food and Drug Administration (FDA) can come by occasionally, and that doesn't really impact whether the plant can be open or not. But if the USDA inspector doesn't show up, the plant can't open.

## ONSITE INSPECTORS

Is there any way to prioritize those kinds of individuals showing up so 100 other workers or 1,000 other workers can show up that day?

Mr. WERFEL. Unfortunately, I don't think there is, Senator. The way the budget is structured for the Food Safety Inspection Service at USDA is that 88 percent of their total funding is spent on salaries and benefits for frontline personnel that are doing the very inspections you refer to.

So it becomes a math issue, ultimately. They are going to get a certain amount of budget that, if we hit the sequester, will be canceled. And there is no way in which to find other sources of funds, because 88 percent of the entire budget are those very people that need to be at those meat plants doing that inspection to keep them open.

So this is one of the very tangible and clear and significant impacts of the sequester, is that this division within USDA will not be able to make its core mission of sending the inspectors to these locations. And, therefore, under appropriate laws and regulations, there will be stoppages of work within those areas. So it is a very serious concern.

Senator BLUNT. Well, one of the questions we will be asking, chairman, will be, how do you prioritize the core mission and the legal requirement to be at that Purdue facility or that whatever packing facility they need to be at, and we will be asking that.

## STATEMENT OF SENATOR MARY LANDRIEU

Senator LANDRIEU. Madam Chair, thank you so much for your leadership. I couldn't think of a better person to be in that chair to help us address the challenges that are ahead of us. And I look forward to doing my part to work with you and the ranking member.

One of my colleagues last week made an observation that I think is worth repeating today, when he said, offering up flexibility, which is what some of my colleagues are offering to deal with the sequester, is like giving the passengers of the *Titanic* an option after they hit the iceberg as to what level or deck they would like to relocate. And I think that is very apt.

Number two, I do think our committee would be well-advised to deal in reality. We have mentioned that word several times, the reality of the situation. Why is it not that some of my colleagues on the other side will acknowledge the reality that the revenues coming into the Federal Government are the lowest level since President Eisenhower was the President.

What is it about that reality that the other side of the aisle will not embrace? Is it that they don't believe the fact? Do they disagree with that fact? Do they have some other facts to put on the table? Because if they do, I will listen to that. I have not heard anyone question that.

So that is a fact I would like to start with, because it helps us to frame the debate, which is, we cannot rearrange the passengers on the *Titanic* and suggest that we are doing anybody a favor. We have to bring more revenues.

And \$600 million, to my friend from Missouri, \$600 billion is not enough. We have a \$4 trillion problem. We have already put cuts, cuts to spending, that some people think is too high. I will agree that it is in some areas. We have already done \$1.2 trillion.

Does the other side expect us to do—what is that?—\$2.8 trillion more?

What revenues are going to come? That is the solution that we are looking for.

Now, let me ask a question to Secretary Napolitano, because the same ones that argue for no new revenue also come to my subcommittee and demand that I double the number of border agents in the DHS budget. So I have done that.

I have doubled the number of border agents from 9,000 to 21,000.

We have built 651 miles of fence, which is one-third of the southern border, which is 2,000 miles. That is not counting the Canadian border, the eastern border with all the ports, the western border. This is a land border.

We have apprehended 1.2 million illegal people coming across the border from 1.2. It is down to 3.6. We have added money at the request of members to do this, and now these same members won't help us find additional money.

So, Secretary Napolitano, please, again, tell us what is going to happen along our southern border, because you were the Governor of Arizona, you should know, if the sequester goes into effect?

Secretary NAPOLITANO. Well, in fact, I am having a little bit of an out-of-body experience, because yesterday I was before the Sen-

ate Judiciary Committee on immigration reform, and there was a lot of pressing about why we aren't doing more at the border.

BORDER PATROL

The plain fact of the matter is, the administration has put record amounts of resources at the border. As someone who comes from the border, I can say that needs to be sustained and built upon.

I can tell you that under the sequester, our calculations are that we will lose in hours, including overtime, 5,000 CBP agents over the next year, out of the 21,370 that we actually have boots on the ground.

In terms of staffing at the actual ports of entry, we will be looking at reductions of—well, furloughs of 12 to 14 days for every port officer working on a port. We are going to be looking at not being able to invest in the technology that is so important to make the most out of the boots on the ground we have at the border.

So we are looking at longer wait times, less security between the ports of entry. And a third part is that ICE, which does interior enforcement, will not be able to meet even its congressionally mandated level of detention beds.

Senator LANDRIEU. Yes, which is 34,000, which is mandated by the Congress.

My next question you will have to answer in writing because I have 10 seconds. For Louisiana, this is very important, but also New York, California, and many other places. International travel is a driver of our economy, bringing jobs to America. If we cannot put the right number of Customs—you know, for Customs and Transportation Security Administration (TSA), and moving people through the lines, that is going to have a terrible impact on our ability to create jobs, good-paying jobs for hospitality, international trade.

I am going to leave the question there and ask you to answer it in writing, how States like Louisiana, New York, California, and others will be affected at that turn.

Secretary NAPOLITANO. I can give you that with precision.

[The information follows:]

U.S. DEPARTMENT OF HOMELAND SECURITY,  
*February 26, 2013, Washington, DC.*

Hon. MARY L. LANDRIEU,  
*Subcommittee on Homeland Security Appropriations, United States Senate,  
Washington, DC.*

DEAR CHAIRMAN LANDRIEU: Thank you for your comments during the Senate Appropriations Committee's February 14, 2013, hearing on sequestration. I share your deep concerns and wanted to follow up on your request to identify impacts to our Nation's economy and international trade activities that this unprecedented budget reduction to the Department of Homeland Security (DHS) would have.

Sequestration would have significant impacts on our economy, including travel, tourism and trade. Reductions mandated under sequestration would require furloughs and reduced staffing at our Nation's ports of entry and airport security checkpoints, which would have serious consequences to the flow of trade and travel throughout the country.

Trade and travel is absolutely essential to our economy. According to the U.S. Travel Association, one new American job is created for every 33 travelers arriving from overseas. DHS's U.S. Customs and Border Protection (CBP) staff and operate 329 ports of entry across the country, welcoming travelers and facilitating the flow of goods essential to our economy. Each day, almost one million people arrive at these ports of entry by land, sea, and air. In fiscal year 2012 alone, DHS processed

more than 350 million travelers, including more than 98 million international air travelers as well as \$2.3 trillion worth of trade.

The automatic budget reductions that could be implemented on March 1, 2013 would be disruptive and destructive to our Nation's security and economy. At major gateway airports average wait times will increase by 30–50 percent. At our busiest airports, such as John F. Kennedy International, Los Angeles International, and Chicago O'Hare, peak wait times could grow to over four hours or more during the summer travel season. Such delays would affect air travel significantly, potentially causing thousands of passengers to miss flights with economic consequences at the local, national, and international levels. New flights that bring in hundreds of millions of dollars to the U.S. economy would be delayed or potentially denied due to reduced staffing.

Sequestration will also impact our Nation's land borders. For example, daily peak wait times at the El Paso Bridge of the Americas would increase from 1 hour to over 3 hours.

Peak wait times at the Port of Buffalo Lewiston Bridge would increase by nearly 6 hours, significantly slowing travel across the northern border. Midsize and smaller ports would experience constrained hours of operation, affecting local cross-border communities.

At our seaports, delays in container examinations would increase to up to 5 days, resulting in increased costs to the trade community and reduced availability of consumer goods and raw materials. At cruise terminals, processing times could increase to up to 6 hours, causing passengers to miss connecting flights, delaying trips, and increasing costs.

Last year, the Transportation Security Administration (TSA) screened approximately 640 million people and their carry-on items at checkpoints, and more than 426 million checked bags. DHS also screened over 629 million pounds of cargo with TSA proprietary canine teams. Sequestration would require TSA to reduce overtime and not backfill vacant Transportation Security Officer positions, leading to increases in airline passenger wait times by as much as an hour during peak travel periods at our Nation's largest and busiest airports.

Additional effects of sequestration would be felt by the American public from reductions to U.S. Coast Guard (USCG) fisheries law enforcement, aids to navigation, and other important activities that help ensure the safe flow of commerce along U.S. waterways and the protection of natural resources. These reductions will impact the Coast Guard's ability to respond to issues impacting the U.S. Marine Transportation System that generates more than \$3.2 trillion of total economic activity, moves 78 percent of foreign trade, and sustains over 13 million jobs each year. USCG also will have to reduce its patrols of the 3.4 million square mile U.S. Exclusive Economic Zone—impacting fisheries enforcement and resulting in more incursions by foreign vessels, exploiting our natural resources. Reduced Coast Guard presence protecting the U.S. fishing industry would impact an industry which generates \$32 billion in income and supports over one million jobs annually.

The Department appreciates the strong support it has received from Congress over the past 10 years. As we approach March 1, I urge Congress to act to prevent sequestration and ensure that DHS can continue to meet evolving threats and maintain the security of our Nation and citizens. Should you have any questions or concerns at any time, please do not hesitate to contact me at (202) 282–8203.

Yours very truly,

JANET NAPOLITANO,  
*Secretary.*

Senator LANDRIEU. Thank you.

Chairwoman MIKULSKI. I am going to now turn to Senator Boozman.

But before I do, a couple of quick administrative things. Questions are coming up about the fiscal year 2014 appropriations. I just want to say this about our committee that I have discussed with Senator Shelby: We want to deal with the sequester. We also want to deal with the issue of the continuing resolution versus the omnibus. We don't want a Government shutdown. We are working with our House counterparts on this. So we don't want that either.

Also, when the President submits his budget, I am asking my subcommittee chairs and my ranking members to move out swiftly and smartly to begin their hearings. This committee, though the

administration is late in submitting its budget to us, is going to meet its timeline of holding hearings and being ready for markup in late spring and on the floor this summer.

We are, in this committee, going to make every effort to have a regular order and follow the traditions of clock and calendar to do that.

So for all of 2014, we are going to have real hearings. We are going to have real debate, real discussion, and a regular order.

And I really want to thank Senator Shelby for the way we are working to move this forward.

Senator Boozman.

#### STATEMENT OF SENATOR JOHN BOOZMAN

Senator BOOZMAN. Thank you, Madam Chair. It is good to be here.

Mr. Werfel, I think I am correct in stating that VA will be exempt.

Mr. WERFEL. That is correct.

Chairwoman MIKULSKI. Senator Boozman, use your microphone. It is hard to hear you, Sir.

Senator BOOZMAN. Okay.

Chairwoman MIKULSKI. I think that is better for you.

Senator BOOZMAN. Yes, that is better. That is how it is when you are the low man on the totem pole.

Not much equipment.

Chairwoman MIKULSKI. Or the shortest person in the room.

Senator BOOZMAN. We appreciate you all being here.

Again, you know, the House has acted a couple times. They have sent a couple bills over. The Senate hadn't acted; the President hadn't acted. And with the timeframe that we have going forward, it appears that, at least for a short period, we are going to have to work through this.

So what I would like to do is just ask about a couple things. Again, a lot of veterans' families have contacted us. They are concerned.

So for the record, can you tell us that veterans' benefits will not be affected, Mr. Werfel?

#### VETERANS BENEFITS

Mr. WERFEL. Senator, for those that are funded through VA, they are explicitly exempt under the law. But there are certain veteran services that are funded out of other accounts and in other agencies that would not be exempt and would be affected.

Senator BOOZMAN. So VA hospitals, things like that, would all be exempt?

Mr. WERFEL. That would all be exempt under the sequester.

#### SHORTFALL IN TRICARE

Senator BOOZMAN. Okay, very good.

Mr. Carter, in your testimony, you mentioned that DOD is investigating ways to reduce the problem of a \$3 billion shortfall in TRICARE. Can you give us, perhaps, some ways that you hope to

avoid a problem being there? How you are going to make up for the \$3 billion? What are the investigations—

Dr. CARTER. We are looking at that. We would like to avoid that \$2 or \$3 billion shortfall causing us to have to stop giving care in the last month or so of the year.

I am going to get back to you in writing, because it is very complicated. And to be quite honest, we haven't found a way to do it legally yet, but we are working on it. Whatever we do, we want to be legal. So if I may, I would like to get back to you on that. But we are working on it, because we understand the gravity of the problem.

[The information follows:]

Sequestration will result in the potential loss of more than \$3 billion in resources from the Defense Health Program in the last half of fiscal year 2013. This substantial loss in funds could force us to slow or suspend claims payments or to make difficult funding tradeoffs to continue paying private sector claims. In order minimize the impact on care provided in military treatment facilities and by the private sector network, we may be forced to attempt to make disproportionate use of Research, Development, Test and Evaluation and Procurement funds for healthcare purposes. This means that important research projects will be slowed or stopped altogether. Existing medical equipment will be used longer with the chance for more breakdowns and increased maintenance costs. At some point, equipment becomes obsolete and cannot be repaired any longer. These actions, in response to a sequestration, will substantially delay the benefits of research projects and will drive increased bills for equipment in future years.

In addition, by focusing all resources on the provision of patient care under a sequestration, we will have less funding to address medical facility maintenance and the needed restoration and modernization projects. As with the use of research funds, this mitigation strategy would come with a cost. This will negatively affect the healthcare environment and potentially drive substantial bills for facility maintenance in the future. While we will continue to fund projects that directly affect patient safety or that are emergent in nature, we will see a degradation in the aesthetic quality and functionality of our medical facilities. This can impact the morale of both the medical staff and the patients and can greatly degrade the patient's experience of healthcare within the military health system. It should be noted that many of our facilities are older and require substantial upkeep. To delay these medical facility projects exacerbates the problem and ultimately the medical staff and more concerning, the patients, suffer the consequences. This is not a sustainable strategy.

Although we must address the challenges presented, it is not clear that these strategies to mitigate the effects of sequestration on military healthcare will work. Their viability depends on decisions regarding appropriations bills and other legal issues. Therefore, we still do not feel that we have a firm strategy to offset military health care problems caused by sequestration. Indeed, the only sure way to offset them would be to dettrigger sequestration.

Senator BOOZMAN. I appreciate that. I think everyone on the committee, that is something we would be very, very concerned about.

Mr. Werfel, in the past when budget years were tight, the Federal Aviation Administration (FAA) has proposed reductions in contract towers and flight service stations, other services to small cities and rural areas. Would you implement these type of reductions? Are these the type of reductions that we are going to see as a result of sequestration that would perhaps disproportionately affect rural America versus urban America?

#### FEDERAL AVIATION ADMINISTRATION DISRUPTION

Mr. WERFEL. Well, I think there are definitely risks with respect to FAA, and I am glad you raise the question. FAA is going to face a cut of roughly \$600 million under the sequester. A vast majority

of their 47,000 employees will be furloughed for 1 day per pay period for the rest of the year. And as importantly, this is going to reduce air traffic levels across the country, causing delays and disruptions for all travelers.

And to your question, it is my understanding that, yes, there will be a curtailment of service at low-activity airports, which typically reside in rural locations. So they will be impacted and feel the effect of the sequester.

Senator BOOZMAN. Okay, very good.

#### AIR FORCE CUTS FACILITIES MAINTENANCE PROJECTS

Mr. Carter, you mentioned that the Air Force plans to cut facilities maintenance projects by about one-half, including cuts to 189 projects at 55 installations in 26 States. Do you have a list of the—

Dr. CARTER. Absolutely, I can provide you with that level of detail. The numbers are correct, and I can give you exactly—it is basically everywhere.

[The information follows:]

AIR FORCE DEFERRED FSM PROJECT LIST

State	Fund	MuCOM	Base	Project number	Project title	Total				
AK	Demo	AFSPC	CLEAR AIR FORCE STATION	DXEB132001	DECONSTRUCT TECHNICAL SITE, PHASE A	\$400,000				
	Energy	PACAF	EIELSON AFB	FTQW102201	Demo Old Community Center (B5226)	480,000				
		PACAF	CAPE NEWENHAM LONG RANGE RADAR	DBST100005	UPGRADE LIGHTING, SITEWIDE	427,235				
	R&M	AFSRA PACAF	EIELSON AFB	FTQW061032	Replace Wooden Overhead Doors	400,000				
				FTQW121506	Energy Cons: Install Thermal Equalizers P2 (MULTIPLE)	400,000				
				FTQW121508	Energy Cons: Repair HVAC System Components (1148 and 1151)	450,000				
				FTQW131504	Energy Cons: Repair Building Envelope and HVAC (Multiple)	350,000				
				FXSB117155	ENERGY OUTDOOR LED SYSTEM	1,995,417				
				FXSB121761	REPAIR HVAC SYSTEMS PHASE II MULTIPLE FACILITY	1,941,000				
	R&M	AFSRA PACAF	ELMENDORF AFB	FXSB121762	REPAIR REPLACE LIGHTING MULTIPLE FACILITY	738,150				
FXSB11204				Replace Air Handlers RM B2/110, Building 18220	350,000					
FXSB062004				REPAIR PART TAXIWAY N, ALL TAXIWAY Q, AMOPS APRON AND RAMP N	1,100,000					
HIZH111076				RENOVATE UPGRADE FIRE STATION 4 BUILDING 654	3,000,000					
AK Total						12,031,802				
AL	Demo Energy R&M Sust	AETC	MAXWELL AFB	JUBI200302D	DEMO FALCONS NEST BUILDING 302	450,000				
				PNQS114398	REPL HVAC BOILERS, BUILDINGS 804, 1404	395,000				
				PNQS053554	REPR/UPGR HVAC (PH 2), BUILDING 844	1,500,000				
				PNQS045274	Replace HVAC System, Holm Center B500	5,400,000				
				AL Total						7,745,000
AR	R&M	AMC	LITTLEROCK AFB	WAKI101041	REPAIR UPGRADE FIRE TRAINING FACILITY	480,000				
				WAKI121078	REPAIR CONVERT HANGAR 222 ELECTRICAL/MECHANICAL SYSTEMS	1,700,000				
AR Total						2,180,000				
AZ	Energy R&M	ACC AETC ACC	DAVIS MONTHAN AFB	FBWV130003	Rpr (Replace) High Bay Relamp, Multiple Facilities	137,566				
				FBWV130004	Rpr (Sustain) Parking Lot Lighting	693,000				
				FBWV130005	Rpr (Replace) Street Lighting	153,937				
				FBWV130006	Rpr Retro-Commission Multiple Facilities	234,607				
				FBWV130039	Rpr Low-flow Fixtures, Multiple Facilities	139,895				
				NUEX110405	ENERGY CONS: INSTALL SOLAR HOT WATER SYSTEMS, MULTIPLE	775,000				
				NUEX110406	ENERGY CONS: INSTALL LED LIGHTING, MULTIPLE	290,000				
				FBWV080052	Rpr ATFP Standoff for Critical Facilities	700,000				
				AZ Total						2,874,000

AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total
				FBNW100026	Cns (Add) Rpr (Renovate) CMS Facility (5423)	2,550,000
				FBNW110022	Rpr U/G Electric, Arizona St	250,000
					<b>AZ Total</b>	<b>5,924,005</b>
CA	Demo	AFMC	EDWARDS AFB	FSPM111514Q	DEMO EQUIPMENT RESEARCH TEST AFRL B8814	17,000
				FSPM111514U	DEMO EQUIPMENT RESEARCH TEST AFRL B8834	17,000
		AFSPC	VANDENBERG AFB	FSPM111514V	DEMO AFRL B9588	15,000
				XUMU11108202	Demolish Lodging Office, Building 13005	80,000
				XUMU11108203	Demolish Dorm Postal Office, Building 13222	100,000
				XUMU111362	Demo Storage, Facilities 886 and 887	120,000
				XUY0051209	HLD1—Demolish Oak Mountain Booster Station, Building 98	10,000
		AMC	TRAVIS AFB	XDAT051087	DEMO BUILDING 253 (ELECTRIC STATION)	5,000
				XDAT071133	DEMO OLD COMMUNICATIONS MANHOLE	20,000
				XDAT071140	DEMO BUILDING 713	55,000
				XDAT101179	DEMO STRM DRN DSPL	50,000
				XDAT101660	DEMOLISH BUILDING 886	10,000
				XDAT111020	Demo Building 242	130,000
				XDAT111034	Demolish Existing AGE Wash Rack	257,000
				XDAT111073	DEMO MWD FACILITY 720	85,000
				XDAT121031	DEMOLISH BUILDING 723	30,000
	Dorms	AFMC	EDWARDS AFB	FSPM121266	RPR DORM B2423	6,150,000
	Energy	ACC	BEALE AFB	BAEY120023	REPAIR RETROCOMMISSION HVAC SYSTEMS MULTIPLE FACILITIES	283,000
				BAEY120063	REPAIR BY REPLACING MOTORS WITH VARIABLE SPEED DRIVES	359,200
				BAEY120064	REPAIR INTERIOR AND EXTERIOR LIGHTING	196,000
				BAEY120065	REPAIR MECHANICAL—HEATING EQUIPMENT—MULTIPLE FACILITIES	177,300
				BAEY120066	REPAIR FIXTURES (LOW-FLOW) MULTIPLE FACILITIES	168,000
		AFMC	EDWARDS AFB	FSPM081425E	RPR RETROFIT LIGHTING F-16 HANGAR B1630	376,000
				FSPM121255A	RPR LIGHTING OFFICE AREA AFRL B8424	124,000
				FSPM121400	RPR HEAT SOURCE HANGAR TST WING B1600	1,500,000
		AFSPC	VANDENBERG AFB	XUMU111159B	RPR: Energy Program Boiler Enhancements Multiple Building	567,000
		AMC	TRAVIS AFB	XDAT111024	Energy Efficient Exterior Lighting	611,322
	R&M	AFISRA	BEALE AFB	BAEY120061	Implement Auto HVAC Power Outage Recovery	125,000
		AFMC	EDWARDS AFB	FSPM061449	RPR FIRE ALARM B8753	178,000
		AFSPC	VANDENBERG AFB	XUMU071219C	CNS: install Traffic Calming at Santa Maria Gate	700,000
				XUMU121042B	RPR: Repair Tangarrin Bridge	1,950,000



AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total
				FFA091075	ENERGY: REPLACE WINDOWS HANGAR 71	106,000
				FFA091127	ENERGY: Install Irrigation Wells to Replace Potable Water Irrigation	260,000
				FFA101151	ENERGY: Replace Windows at Various Buildings (4)	262,000
				FFA111010	ENERGY: Install Cool Roof Building 1363	297,000
				FFA111093	ENERGY: Install Dawlighting Devices at Various Buildings	108,000
				FFA111188	ENERGY: Construct Cool Roof Upgrades at Multiple Facilities	1,417,000
				FFA121054	ENERGY: Building 72 Paint Booth—HVAC Modifications	738,000
		AFSOC	HURLBURT FIELD	FTEV121082	NRG—RetroCommission HVAC Systems, Multiple Buildings	178,700
		AFSFC	PATRICK AFB	SXHT111045	Repair/Upgrade Lighting/Controls, Central Various	211,100
				SXHT111096	Repair Water Distribution System Leaks	1,100,000
		AMC	MACDILL AFB	NWZR120044	Basewide Lighting Upgrades	2,506,859
				NWZR120052	CENTCOM Building 565 HVAC Energy Upgrades	380,100
				NWZR120126	Retrocommissioning HVAC Multiple Facilities	831,500
				XLWU061035	REPLACE TOWER, CARRABELLE	1,400,000
	R&M	ACC	TYNDALL AFB	FFA041889	CORRECT FPD AFES BLDG 8	150,000
		AFMC	EGLIN AFB	FIEV111171	CONSTRUCT COMMERCIAL VEHICLE INSPECTION BUILDING	725,400
		AFSOC	HURLBURT FIELD	YTK091812	Repair Electrical Distribution Line, TLM Hill	442,000
		AFSFC	PATRICK AFB	NWZR110157	Repair Postal Screening Facility	720,000
		AMC	MACDILL AFB	NWZR120115	R&M, Construct Florida Keys and Bayshore Intersection and Chevron Park Entrance	670,000
				NWZR120116	R&M, Construct Port Tampa Gate Stacking/Inspection Lanes	720,000
	Sust	ACC	TYNDALL AFB	XLWU102056E	REP/SLEEVE 1950S MAINS, LATRLS, AND MNHLS—MN BASE	7,291,000
					Fl Total	22,627,363
GA	Demo	AFMC	ROBINS AFB	UHRZ090375	DEMOLISH, DORM AM/PP PCS—STD, B/792	1,348,758
	Energy	ACC	MOODY AFB	QSEU122002	RPR Infrared Heaters	300,000
				QSEU122011	RPR HVAC SYSTEM, RECOMMISSIONING, MULTIPLE FACILITIES	190,000
				QSEU122016	Repair EMCS Control Panels, Multiple Facilities	281,000
				QSEU139001	Modify HVAC system with split-systems multiple facilities	203,000
				QSEU139003	Install/Repair EMCS multi facilities	211,000
				QSEU139005	Install economizers and CO <sub>2</sub> sensors	192,000
			ROBINS AFB	UHHZ110247	RPI STRT AND PARKING LOT LIGHT FIXTURES, EXTERIOR AR LIGHTING, FACILITY/08150.	107,000
		AFMC		UHHZ110420	INSTALL ENERGY SAVING CONTROLS, BASE RESTAURANT, B/166	145,000
				UHHZ110536	RPR/INST ENERGY EFFICIENT LIGHTING	548,000
				UHHZ110539	RPR/INST WTR CONSERVATION DEVICES, VARIOUS BUILDINGS	190,391

	R&M	AFMC	ROBINS AFB	UH7120061 UHHZ090492	RPK/UPGRD ENERGY CONTROLS, LOG FCITY DEP OPS, B/300 RPP/RELOCATE ELEC AIR SWITCHES, AFD OBSTRUCTION, FACILITY 03901	400,000 570,000
				GA Total		4,686,149
HI	R&M	PACAF	HICKAM AFB	KNMD091041P4	Repair HQ Building 1102 (HQ PACAF)—Ph 4	15,000,000 15,000,000
ID	Dorms Energy	ACC ACC	MOUNTAIN HOME AFB MOUNTAIN HOME AFB	QYZH120053 QYZH070030P1 QYZH080017P4	Repair Flooring, Dorms, Multiple Repair, Variable Frequency Drive, Fac 200 and 2314 REPAIR BUILDING ENVELOPE, FACILITY 205	97,200 192,000 285,000
				ID Total		574,200
IL	Demo Energy R&M	AMC AMC AMC	SCOTT AFB SCOTT AFB SCOTT AFB	VDY090155 VEJR11243 VDY011196 VDY011212 VDY0121076 VDY0010135 VDY090113 VDY0101163 VDY011082 VDY0112001	DEMO WAREHOUSE BUILDING 3270 DEMO OUTER MARKER SITE Replace Parking and Street Lights Across Base Replace Chillers 1 and 3, B44 Repair Economizer at Data Center, B1575 INSTALL WET FIRE SUPPRESSION SYSTEM (FSD II), B54 CONSTRUCT LINCOLN'S LANDING PED ACCESS HVAC and Electrical Repairs Improve Exterior Lighting, B1575 MWD Kennel Drainage, Parking and Fence, B5490 Repair Flight Simulator, Building 5028	175,000 30,000 803,400 675,200 512,600 110,000 330,000 2,210,000 220,000 1,500,000
				IL Total		6,566,200
KS	Energy	AMC	MCCONNELL AFB	PROE094127 PROE114131	UPGRADE HANGER LIGHTING BUILDING 1107 ENERGY CONS: RE-COMMISSION—HVAC UPGRADES MULTIPLE FACILITIES	351,310 551,000
				KS Total		902,310
LA	Energy R&M Sust	AFGSC AFGSC AFGSC	BARKSDALE AFB BARKSDALE AFB BARKSDALE AFB	AWUB120508 AWUB132001 AWUB070107 AWUB130107 AWUB120026	REP DORM EXIT AND STAIRWAY LIGHTING REPAIR BUILDING LIGHTING Install high expansion foam extinguishing system (B6604) Repair Security Fencing for ATSEP and AT/FP Repair Shoulders in Alert Area and Transition Section Runway	106,000 520,000 2,000,000 410,000 5,400,000

AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total
MA	Energy	AFMC	HANSCOM AFB	MXRD080024A4	LA Total	8,436,000
				MXRD080024E2	Repair Steam and Condensate Lines along Greiner St JB2-B1201	854,000
				MXRD083004	Repair Steam and Condensate Lines Barksdale St JB55-B1531	695,000
				MXRD100075	REPLACE STEAM AND CONDENSATE LINE NEAR MIT/LL	1,048,800
				MXRD100076	Add Efficient Lighting—Multiple Buildings	186,564
				MXRD100077	Install Occupancy Sensors, Multiple Buildings	380,800
				MXRD100079	Install Lighting Timers, B1624 and B1630	965,250
				MXRD100103	Add Efficient Lighting and Lighting Controls, B1614	633,960
				MXRD120045	Install LED Lamps, Exterior Lights	304,000
				MXRD120045	INSULATE OIL STORAGE TANK 2 B1201 CENTRAL PLANT	240,000
			MA Total		5,308,374	
MD	R&M	AFDW	ANDREWS AFB	AIXF10154105	(DC) REPAIR/REPLACE SHOULDER NEAR TWY E6 NEAR BUILDING 2487	250,000
				AIXF111517	DESIGN/REPLACE TAXIWAY SIERRA FACILITY 90020	848,000
				AIXF115268	REPAIR/RENOVATE FOR CLOTHING SALES IN MAIN BX BUILDING 1811	600,000
				AIXF121512	CONSTR/INSTALL AUTO SPRINKLER FIRE STATION 2 BUILDING 3464	400,000
				AIXF121513	INSTALL AUTO SPRINKLER FIRE STATION 1 BUILDING 1287	550,000
					MD Total	10,280,000
MO	Demo	AFGSC	WHITEMAN AFB	YWHG130000	CND: Demolish Airman's Attic, Post Office, B410	287,000
				YWHG110027	NRG: RETROFIT LIGHTING T12 TO T8, PH II	1,950,888
	Energy	AFGSC	WHITEMAN AFB	YWHG120207	NRG: REPAIR STEAM CONDENSATE RETURN SYSTEM	557,000
				YWHG120004	NRG AFL IDIQ—PV: Repair Runway, Taxiway Slabs, and Seal Joints	5,200,000
	Sust	AFGSC	WHITEMAN AFB	YWHG120031	Replace Controls Systems for Electrical Distribution	5,500,000
					MO Total	13,494,888
MS	Demo	AETC	COLUMBUS AFB	EEPZ102020H	DEMO MUNITIONS STORAGE MAGAZINE B1834	12,000
				EEPZ131145	DEMOLISH BUILDING 630 (AIRCRAFT MAINTENANCE BUILDING)	350,000
				MAHG121128	DEMO OF BUILDING 4813	480,000
				MAHG121130	DEMO DORM 4815	577,000
				EEPZ122020A	AIR FLOW CORRECTION TO B406	625,000
				MAHG111064	INSTALL DEDICATED HEAT RECOVERY CHILLERS CONNER AND DAVIS	610,000



AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total
NE	AMC	AMC	GRAND FORKS AFB	JFSD201139	REPAIR (R&M) FIRE SUPPRESSION BARNES HALL DORM 319	400,000
					ND Total	18,477,030
	Demo	ACC	OFFUTT AFB	SGBP130053	DEMO DORM, B324 SOUTH	1,800,000
	Energy	ACC	OFFUTT AFB	SGBP160005	DEMO COMMUNITY CENTER (113)	700,000
				SGBP120043	ENERGY UPGRADES, B500	1,570,000
				SGBP120056	ENERGY UPGRADES, B565	708,000
				SGBP130046	ENERGY UPGRADES, B323	253,000
				SGBP130047	ENERGY UPGRADES H WING, B500	1,035,000
				SGBP130048	ENERGY UPGRADES, J WING, B500	882,100
				SGBP130054	ENERGY UPGRADES, BOILER RM B500	1,450,000
	R&M	ACC	OFFUTT AFB	SGBP130059	RETRO-COMMISSIONING, B4000	240,000
	Sust	AFSRA	OFFUTT AFB	SGER130055	RPR UTILITIES, TLF SITE	125,000
	ACC	OFFUTT AFB	SGBP120035	Upgrade Power, Building 578	1,000,000	
			SGBP090036	RPR TXY CHARLIE WEST	5,200,000	
				NE Total	14,963,100	
NH	Energy	AFSPC	NEW BOSTON AIR FORCE STATION	RNGF131001	Leak Detection and Repair Water Mains	100,000
					NH Total	100,000
NJ	Energy	AMC	MCGUIRE AFB	PTFL121800	HVAC RECOMMISSIONING MCGUIRE VARIOUS FACILITIES	367,000
			NAES LAKEHURST	MSBL121801	HVAC RECOMMISSIONING LAKEHURST VARIOUS FACILITIES	538,991
	R&M	AMC	MCGUIRE AFB	MSBL111033	AOPR: REPAIR SHOULDER, ALZ RUNWAY, LAKEHURST	5,450,600
				PTFL111016	INSTALL EMERGENCY GENERATOR AT FIRE STATION 3350	99,000
				NJ Total	6,455,591	
NM	Energy	ACC	HOLLOMAN AFB	KWRD109012	INSTALL OCCUPANCY SENSORS IN 14 BUILDINGS	370,000
				KWRD129001	VARIABLE FREQUENCY DRIVES, B830	164,195
	R&M	ACC	HOLLOMAN AFB	KWRD060078	RPR AIRFIELD PRIMARY OBSTRUCTIONS AND SIGNAGE	4,500,000
		AFMC	KIRTLAND AFB	MHWV090058B	Repair Critical COMM Facilities: B412, B498, B20604, and B20449	3,605,000
		AFSOC	CANNON AFB	CZ0Z082000	REPAIR FUEL TANKS, AFES GAS STATION	950,000



AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total
		PACAF	KADENA AB	LXE052923	DEMOLISH BUILDING 717 AND 715	600,000
				LXE122958	DEMOLISH B719	400,000
			KUNSAN AB	MLWR132006	DEMOLISH BX TAXI SERVICE, BUILDING 712 AND 719	62,000
				MLWR132007	DEMOLISH C-PAD DINING FACILITY, BUILDING 2850	82,000
		USAFE	TAMA SERVICE ANNEX	WRFD131065	Demolish Building 605, Tama	35,000
			INCIRLIK AB	LYC121026	DEMO COMMUNICATION BUILDING 680	50,000
			RAF Alconbury	AEDY121024	DEMO FMO WAREHOUSE	350,000
			RAF Mildenhall	QF0E111083	DEMO B442 AND ENLARGE EXISTING CARPARK	400,000
			RAMSTEIN AB	TYFR111146	DEMOLISH ANNEX ADMIN FACILITY	35,000
			SPANGDAHLEN AB	VYHK131701	DEMO/CONSOLIDATE WAREHOUSE FUNCTION FOR FSS, BUILDING 235	200,000
			VOGELWEH FAMILY HOUSING ANNEX	YAMB081622	DEMOLISH BUILDING # 1035—VOGELWEH	465,000
	Dorms	AFSPC	THULE AB	WWCX041015A	REPAIR FLATTOP #133, INFRASTRUCTURE	1,310,000
				WWCX111026A	REPAIR FLATTOP #206, INFRASTRUCTURE IMPROVEMENT	1,310,000
		PACAF	KUNSAN AB	MLWR951041	REPAIR DORM 1408	7,400,000
				MLWR951045	RENOVATE DORMITORY, #339	3,560,000
				MLWR971010	REPAIR DORM 1407	7,400,000
			MISAWA AB	QKKA027001	REPR B673 AIRMEN DORM	13,000,000
			OSAN AB	SMYU101004	REPAIR AIRMAN DORM, B1351	4,800,000
		USAFE	RAF Lakenheath	MSET092004	RPK DORMITORY 946 (DMP) (Bridge Plan)	9,800,000
	Energy	AFSPC	ANTIGUA AIR STATION	ALMY111900	Energy Cons: Repair Lighting, Various	113,000
			THULE AB	ALMY111901	Energy Cons: Repair A/C Units, Various	331,000
				WWCX031028B	REPAIR FLATTOP #245, ENERGY IMPROVEMENT	367,300
				WWCX041015B	REPAIR FLATTOP 133, ENERGY IMPROVEMENT	367,300
				WWCX111026B	REPAIR FLATTOP #206, ENERGY IMPROVEMENT	367,300
				WWCX131012	ENERGY IMPROVEMENTS, BUILDING 107, DINING HALL	188,200
				WWCX131013	ENERGY IMPROVEMENTS BUILDING 362 COMMUNITY CENTER	277,000
				WWCX131014	ENERGY EFFICIENT LIGHTING, BUILDING 610 AND 628	131,700
				WWCX131015	ENERGY EFFICIENT LIGHTING, BUILDING 623	264,000
				WWCX131016	ENERGY EFFICIENT LIGHTING, BUILDING 624, HANGAR 8	261,100
				WWCX131018	ENERGY EFFICIENT LIGHTING, BUILDING 933 AND 1409	140,300
				WWCX131019	ENERGY EFFICIENT LIGHTING, BUILDING 1391, M-PLANT	138,100
			KADENA AB	LXEZ121618	REPAIR/REPLACE LIGHTING, HVAC, INSTALL SOLAR HOT WATER, B109 GYM	314,600
				LXEZ121623	REPAIR/REPLACE LIGHTING AND HVAC, B334	301,120
				LXEZ121813	RETRO-COMMISSIONING HVAC, B109, B334, B786, AND B3534	231,500
				LXEZ121839	KEY CARD CONTROLS FOR HVAC AND LIGHTS, B328, B329, B331, AND B332.	195,251



AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total
				MLWR111034	INSTALL ILS GROUND CHECK MARKERS	50,000
				MLWR111042	RENOVATE COMM BUILDING 952	200,000
				MLWR121015	APPROACH 18 AND 36 RE-CIRCUITING	136,000
				MLWR991098	REPR/INSTALL IDS, VAR FACILITIES	23,800
			OSAN AB	SMYU121033	INSTALL FANS ON HANGAR, B1833	50,000
			YOKOTA AB	ZNRE111031	Repair Fussa Gate	450,000
		USAF	RAF Alconbury	QNDRI21304	RPR HVAC COMM FACILITY, B-400	900,000
			RAF Croughton	EXSW121009	CONSTRUCT ECP SATCOM	250,000
			RAF Fairford	GKVB991019	REPALT REFUELING VEHICLE MAINT FACILITY	890,000
			RAF Mildenhall	QFQEI31004	RPR/CNS/DEMO FOR CES AND FUEL OPS CONSOLIDATION	2,700,000
			RAMSTEIN AB	TYFR061066	REPAIR/MAINTAIN ACFT MAIN SHP	842,800
				TYFR101057	REPAIR BRIDGE L363 AND RAMPS	2,000,000
			SPANGDAHLEW AB	YANB111582	ADD/ALTER FIRE STATION #6	2,500,000
				VYHK092001	IMPROVE AT/FP MEASURES AT ENTRY POINT ALPHA 1, MAIN GATE	1,360,000
				VYHK122001	UPGRADE FLIGHTLINE SECURITY MEASURES AT RWY 23 END	680,000
				VYHK122002	UPGRADE FLIGHTLINE SECURITY MEASURES AT RWY 05 END	350,000
			MISAWA AB	QKKA11200P2	CONSTRUCT DRAINAGE PIPING FROM BUFFER BASIN TO CATCH BASIN	300,000
	Sust	PACAF		QKKA11200P2	REPR AIRFIELD LIGHTING SYSTEM PHASE 2	8,803,754
			AVIANO	QKKA131015	REPR East Concrete Touchdown	5,120,000
				ASHE131059	SUSTAIN SURETY PAS DOORS	5,250,000
					Overseas Total	114,643,253
SC	Demo	ACC	FORT FISHER RECREATION SITE	HEVT091001P1	DEMOLITION OF COTTAGES, FFRA	1,280,000
		AMC	CHARLESTON AFB	DKFX050074	DEMO ANG ALERT FACILITY—B2000	310,000
				DKFX121046	DEMOLISH CENTRAL A/C PLANT—B211	75,000
				DKFX983011D	VISITORS QUARTERS—SITE PREP (APF COMPANION)	1,100,000
				DKGV122155	Demolish Family Housing Unit, B.1400	35,000
	Energy	ACC	SHAW AFB	VLSB130011	Base-wide Lighting Upgrade—NRG	643,000
				VLSB130012	Repair HVAC, B417—NRG	337,000
				VLSB130016	Repair Lighting with LED, Base-wide—NRG	590,000
				VLSB130017	Repair Lighting w/ Controls, Base-wide—NRG	195,000
				VLSB130018	Repair Water Fixtures—NRG	108,990
				VLSB130019	Repair Thermostats—NRG	171,000
				VLSB130021	Repair HVAC, B1900—NRG	118,000
				VLSB130022	RCA Base Facilities—NRG	281,000



AIR FORCE DEFERRED FSRM PROJECT LIST—Continued

State	Fund	IMuCOM	Base	Project number	Project title	Total	
UT	R&M	AMC ACC AETC	LAUGHLIN AFB	MPLS110021	Sink, Shower, and Toilet Modifications	658,000	
			RANDOLPH AFB	MXDP111027	REPLACE CHILLER, COOLING TOWER AND WATER PUMPS, B211	300,000	
			SHEPPARD AFB	TYMX138001	High Bay Retrofit—Multiple Facilities	100,999	
			FORT DIX	VNVP121013	DHRCs at 4 Dorms Sheppard AFB	520,831	
			DYESS AFB	HEKP114002	FORT DIX HVAC RECOMMISSION MULTIPLE FACILITIES	376,000	
			GOODFELLOW AFB	FNWZ080076	CONSTRUCT AGE WASH RACK, 5204	695,000	
			RANDOLPH AFB	JGUJ011128	Minor: Consolidate CE Entomology, B3524	316,316	
			SHEPPARD AFB	TYMX121011	Airfield Obstruction Reduction Ph 3—Remove CPS Poles in CZs	1,800,000	
			FORT SAW—HOUSTON	VNVP001101	(AOB) Repair Drainage/Headwalls on Runway 17/35	750,000	
						JBSF110075	RPR—Structural Repairs 100 Area Buildings
				TX Total	27,052,641		
UT	Energy	AFMC	HILL AFB	KRSM120002	(NRG) RE-COMMISSION 40 BUILDINGS	629,880	
	R&M	AFMC	HILL AFB	KRSM120003	(NRG) INSTALL NEW EMCS POINTS (15) BUILDINGS	573,000	
				KRSM101058	REPAIR GRADE SOUTH END	500,000	
				UT Total	1,702,880		
VA	Energy	ACC	LANGLEY AFB	HERT114001	Repair UMCS Post Wide Phase 1	2,200,000	
				HERT114003	Repair Multiple Facilities—Solar Tracking Skylights	2,263,000	
				MUHI14016	Replace HVAC motors w/High Efficiency Motors, Multiple Facility	122,000	
				MUH024230	Demolish Poles and Install Underground Service	1,242,300	
				MUH074019	Relocate Electrical Distribution Lines Underground	1,470,000	
	R&M	ACC		MUH104143	Repair Fire Detection/Suppression System, F. 407	325,000	
					VA Total	7,622,300	
WA	Demo	AMC	FAIRCHILD AFB	GJKZ110099	DEMO, Aircraft Corrosion Control Hangar; B1023	1,000,000	
	Energy	AMC	FAIRCHILD AFB	GKZ110101	DEMO, Aircraft Corrosion Control Hangar; B1021	1,100,000	
	R&M	AMC	FAIRCHILD AFB	GJKZ010027	REPAIR, Water Pump Facility, Potable, Pumps and Fan Motors MFAGS	103,550	
		AMC	FAIRCHILD AFB	GJKZ860027	REPAIR (R&M), Taxiway, Towway I ACC (Access to Stub 100)	520,000	
				WA Total	2,723,550		
WY	Demo	AFGSC	FE WARREN AFB	GHUN051102A	DEMOLISH 800—SERIES DORMITORY B835	596,000	

Energy .....	AFGSC .....	FE WARREN AFB .....	GHUN051102B .....	DEMOLISH 800—SERIES DORMITORY B836 .....	600,000
			GHUN117004 .....	RECOMMISSION HVAC SYSTEMS & BASE BUILDINGS .....	143,200
			GHUN117007 .....	LEAK DETECTION/REPAIR POTABLE WATER DISTRIBUTION SYSTEM .....	200,000
			GHUN127005 .....	XERISCAPE .....	820,000
R&M .....	AFGSC .....	FE WARREN AFB .....	GHUN071054 .....	CONSTRUCT CROW CREEK SANITARY LIFT STATION .....	582,000
Sust .....	AFGSC .....	FE WARREN AFB .....	GHUN130005 .....	MAINTAIN WSA ROOFING SYSTEM, HELICOPTER OPERATIONS BUILDING AND HISTORIC DISTRICT.	5,475,000
				WY Total .....	8,416,200
				Grand Total .....	482,457,298

Senator BOOZMAN. Okay, very good.

One of the things I am concerned about, the Air Force, if we do go into sequestration, I have heard that they may have to reduce their flying hours by as much as 18 percent. And very quickly, can you tell us how that is going to affect the air-worthiness of our pilots, because, the reality is, is that this actually could mean a 30-percent reduction moving forward, when you are backing up.

Dr. CARTER. No question, flying hours, as I mentioned earlier, steeply decline. What that means is two things. First is the units are, except for Afghanistan, which we are protecting anybody whose going from Afghanistan, their training—

Senator BOOZMAN. So if you prioritize that—I don't mean to—if you prioritize that, then that is going to make the other—

Dr. CARTER. Exactly.

Senator BOOZMAN. The other 30 percent comes from—

Dr. CARTER. Bigger cuts in the others, which means they are not going to be ready for other contingencies.

Senator BOOZMAN. Right.

Dr. CARTER. That is a real national security concern.

And if you play this out, if proficiency declines to a certain extent, it takes a while to get them back. And so you are going to see that in our carrier air wings. You will see it throughout the Air Force.

And this is why I said short-term disruption is long-term harm. And that is why we really need some long-term solution here and not something that just moves things down the road.

Senator BOOZMAN. Thank you.

Thank you, Madam Chair.

Chairwoman MIKULSKI. The next questioner was going to be Senator Begich. He is not here. His statement will go into the record.

We now go to Senator Shaheen, then Senator Moran, Senator Johanns, Senator Pryor, Senator Alexander, Senator Merkley, and Senator Cochran.

#### STATEMENT OF SENATOR JEANNE SHAHEEN

Senator SHAHEEN. Thank you very much, Chair Mikulski. I am very pleased to be able to serve on this committee with you and Ranking Member Shelby. And I am, particularly, pleased to hear you talk about the effort to return to regular order in terms of our budgeting process. I think that is very important for the Senate.

For all of our panelists, thank you very much for being here and for the work that you have done to date, because, as a Congress, we have been unable to deal with this country's debt and deficits. And I was impressed and pleased to hear all of you talk about, in your remarks, the fact that these automatic cuts that are going to go into effect aren't just going to affect Government jobs and Government programs. But they are going to affect private sector jobs and private sector efforts to put people back to work in this country, so that they are going to have an impact on businesses, on families, on the jobs that we are creating. And, ultimately, they are going to have an impact on economic activity in this country.

I am sure all of us saw, and you referred to this, Secretary Carter, in your remarks, that fourth quarter activity last year, we saw a decline in economic activity for the first time since 2009, be-

cause of the reduction in public spending. Economists suggest that was a concern about the sequester.

CBO estimates that we are going to see a loss of up to 1.4 million jobs if the sequester goes into effect. Senator Feinstein referred to the George Mason study, which suggests that we will lose 2 million jobs, 1 million on the defense side and 1 million on the domestic side of the budget, if we don't deal with this.

And, you know, Senator Blunt, you referred to the comprehensive effort to address the sequester. When I think about the comprehensive effort to address our debt and deficits, I do think it has to be balanced, that we need to look at the domestic side and the defense side in spending. I think that is appropriate. I think we need to look at mandatory programs, and I do think we need to look at revenue, that we need to solve this problem for the long term.

We would not, as families, run our family budgets this way. We would not run our businesses this way. And we should not run the Government this way. It is a detriment to all of the good taxpayers across this country.

And, Mr. Werfel, one of the things that I think we have not talked about, is the cost of what we are doing right now in terms of the sequester. And I wonder if you could give us any kind of an estimate on what it is costing us to try and plan for the sequester, and, if it goes into effect, what some of those costs might be.

#### SEQUESTER COSTS

Mr. WERFEL. Well, thank you for the question. I don't have a specific cost estimate. I can tell you that I am taking a lot of the central coordinating role across Government in planning for the sequester. I have a sense of the impact that it is having at many agencies, and my colleagues on the panel can certainly speak to it.

It is enormously disruptive to agency operations. You hear stories of people pulled into meetings from doing the day-to-day mission-critical work that they are supposed to be doing, to be pulled into a meeting to discuss how to plan for this contingency, which was never meant to occur. And at the end of the day, our planning is going to fall short of mitigating its many harmful impacts.

#### PROGRAM COSTS

Senator SHAHEEN. Well, let me ask you, Secretary Carter, because, before the Senate Armed Services Committee earlier this week, you talked about some of the costs of the sequester that will have a real long-term impact in terms of shipbuilding, for example. So can you speak to some of those costs?

Dr. CARTER. Yes, unit costs will go up in every program affected by the sequester. And we can provide you those numbers, whether it is the Joint Strike Fighter, whether it is the DDG-51.

[The information follows:]

The unit cost of military equipment is sensitive to annual production rates and many of our programs are already at low rates which are inherently inefficient. As these rates decrease further under sequestration, related overhead and support costs are spread over a smaller production run. This, along with the loss of manufacturing efficiencies, leads directly to higher costs per unit, which can result in a reduction in total overall quantities, or stretching programs out to live within available annual resources. In the near term, while future budgets are highly uncertain, we will do our best to cut other program activities and hold to production quantities,

but in some cases, such as the F-35, our first priority will be to keep the development part of the program on track, if we have that flexibility. Across the board we are doing our best to limit the damage being caused by sequestration, but the continuing uncertainty about final budget levels in fiscal year 2013 and beyond makes it very difficult to estimate specific long-term effects. Unfortunately, the sequestration also has a compounding effect that also carries on into future fiscal years. Impacts of sequestration will also be felt most strongly among the small companies that make up much of our production supply chains. Many of these companies will have great difficulty keeping their doors open and this will have a secondary effect on prices of future production lots.

With the F-35 (Joint Strike Fighter), we estimate a reduction of approximately four aircraft in fiscal year 2013 due to the lower funding level.

With regards to shipbuilding contracts, where annual procurement rates are already low, the loss of 9 percent may not lead directly to the loss of a ship because we will try to avoid this in the near term by taking the cuts in other ways. The steps we must take, however, will lead to higher costs in the future, since there is no viable option but to delete or defer the installation of specific components on a warship like the DDG-51 class destroyers. The Navy will have to renegotiate delivery schedules and reschedule where possible the installation of machinery, systems and weapons inside the ship's hull, as funds become available. The most likely outcome will be shipyard production inefficiencies, as the shipbuilder tries to implement workarounds until the Navy can reprogram funds from other programs, to finish the ship.

Dr. CARTER. So at the very moment that we are trying to be parsimonious with the taxpayer's dollar—that is what this whole hearing is about—we are wasting it by forcing our industry partners to behave in an economically inefficient way. And that is very frustrating to me, but it is a real phenomenon.

Senator SHAHEEN. And, Secretary Donovan, one of the things that the Office of the Inspector General on Federal Housing Administration programs has recovered is about \$1.5 billion and been able to put those dollars to better use. Can you talk about how that inspector general's program might be affected by the sequester?

#### OFFICE OF INSPECTOR GENERAL STAFF

Secretary DONOVAN. This is a great point, Senator, because it isn't just the internal costs to the agency. It is the return on investment, if you will, of the dollars we are spending. And this kind of indiscriminate cut doesn't take into effect where we are saving money by continuing to invest in certain things.

Our inspector general, that funding would be reduced just as it would in any other program. This past year alone, we have recovered more than \$1 billion from FHA lenders that were not making loans according to our standards. And having to reduce both our own oversight, as well as the inspector general losing critical staff doing that kind of work, will lead to even greater losses to the taxpayer than we are gaining by making these cuts.

On a similar note, with veterans, we know that not only do we save lives by getting veterans off the streets, but, in fact, we reduce costs from emergency rooms, from shelters, from prisons, from a whole range of other institutions by investing. We actually save more money by housing a homeless veteran than we do in the cost of housing them simply because of those savings.

Senator SHAHEEN. Thank you.

Thank you, Madam Chairman.

Chairwoman MIKULSKI. Senator Moran.

Also, I understand you are going to be the new ranking member on Labor-HHS; is that right?

## STATEMENT OF SENATOR JERRY MORAN

Senator MORAN. Madam Chair, I look forward to that opportunity, and it is true. And I have reached out to Senator Harkin and to you in the last few weeks expressing my desire that we have a good committee operation.

I congratulate you on your chairmanship and delighted to hear your suggestion, perhaps more than a suggestion, that we are going to operate under regular order. I have been asked whether I like being on the Appropriations Committee, and the answer is yes, if we will function.

It is a great committee. And I look forward to your tenacity to see that we do that. And I look forward to working with you.

Chairwoman MIKULSKI. Thank you.

Senator MORAN. First of all, in that regard, I look forward to the hearings in which we get to the point in which we are talking about the appropriations process, a budget is passed, and we are doing our work. I look forward to addressing the issues of spending in a long-term setting rather than the matter of a few months in which sequestration will apply.

## NATIONAL BIOSCIENCE AGRO-DEFENSE FACILITY

I need to start, Madam Secretary, with you, as you might expect. I don't think in the 2-plus years that I have been a member of this committee or the Homeland Security Committee or the Subcommittee on Homeland Security, that we have ever had you in front of us in which you and I have not talked about the topic of the National Bioscience Agro-defense Facility (NBAF).

And I was really reluctant to do today, but you give me no option, because our time is up. Unless you release the CUP funding, the central utility plant funding, within the next week, the contracts expire.

And so the last time we were together in September in a similar setting, you indicated that it was now time to fish or cut bait. You took a very significant step and authorized the transfer of real estate from the State of Kansas to the Federal Government—allowed the transfer of the land so that this facility could be built. And you have the authority, once again, to take another step, which is to release the \$40 million that this Congress has appropriated to meet the State's funding to complete the central utility plant. And I am anxious to know if you are ready to fish or cut bait.

Secretary NAPOLITANO. Senator, we have been working very closely with the State of Kansas on NBAF. And as you know, they have increased their own participation in the NBAF. I view it as a huge security need. It is also a huge need for our agricultural industry.

With respect to moving forward on the CUP, I am very aware of the contract issue. But, if I might say, this perfectly illustrates the problem we are all in.

I am trying to work with the Congress to build a level four agro facility in Kansas. It is a big investment. It is going to take some years to construct, but the country really needs it. It is virtually impossible to do a long-term capital budget when we have a fiscal year 2012 budget. We don't have a fiscal year 2013 budget, really.

And who knows what will happen with 2014. And in the middle of this is the threat of the sequester.

So I would have to echo Secretary Carter here that we are making all of these things more difficult, more expensive, and at the risk of really encouraging greater risk to the Nation.

But I am well aware of the CUP issue. I have a call with the Governor of Kansas this evening. We will be working through this.

But you have made it almost impossible to manage these large departments.

Senator MORAN. I assume it is the universal "you", Madam Secretary. Not the specific "you" made it nearly impossible to work with.

Secretary NAPOLITANO. That is right. And I would not want to single you out.

Senator MORAN. Thank you.

Secretary NAPOLITANO. That is correct.

Senator MORAN. Well, let me again stress the importance. I am glad to know of your conversation, intended conversation, with our Governor. But the money is appropriated within your realm of releasing those dollars, and, again, I would ask you to do that.

Secretary NAPOLITANO. The issue, if I might, Senator, is, yes, it is appropriated, but what do we do with the out-years now? That is the uncertainty.

Senator MORAN. And that has been an issue which is going to rely upon the Congress to fulfill its obligation to fund a facility that we believe is important.

And I am not critical of the administration in this regard any more than I am critical of the Congress. It is embarrassing in so many circumstances in which we don't do our work, don't pass a budget, don't do appropriation bills, continue to pass continuing resolutions.

Again, I asked to be a member of this committee. I think it has important work to do. And I am so pleased that our new chair is as tenacious as she is to make certain that this is a process that the Senate complies with, our constitutional as well as our legislative responsibilities. And we want to make it easier for you to help us accomplish the goals that benefit this country by doing our jobs.

And so the "you" I understand is all of us, and it is well past time for this Congress to function in regard to the appropriations process.

In the 18 seconds I have left, let me ask, I guess, I would focus on the National Institutes of Health (NIH), so perhaps you, Mr. Werfel.

The impact of sequestration on NIH, I believe that medical research is significant and important to help save lives and reduce the cost of healthcare. One of the things that I think there would be significant discretion at NIH for is how it handles sequestration, in the sense that much of the money goes there and then is provided in grants elsewhere.

The question I wanted to zero in on is, will that money be used internally for research projects at NIH? If there is a reduction in spending, will the reductions come in an equal fashion, or how will they be divided between research done at NIH or the 80-plus-of the

research that is done across the country by universities and research facilities?

NATIONAL INSTITUTES OF HEALTH RESEARCH PROJECTS

Mr. WERFEL. Senator, I am not sure of the exact balance. I will say it is my understanding that NIH, as a result of the sequester, will have to issue hundreds of fewer awards that will have spiraling impacts of delaying and halting vital work, jeopardizing thousands of jobs, placing prior investments at risk, and, ultimately, and the bottom line is, setting back work on chronic illness and disease.

So while I am not aware of the exact split—and we can get that information for you—I think the important point is that NIH and research and innovation is an important area we have not talked about today and that is also significantly impacted here.

Senator MORAN. Well, I appreciate the sentiments, the concerns about that. I am still interested in an answer to the question of how NIH, which seems to me would have more flexibility than many agencies, to determine how that would occur. I would like know what the plan is.

Mr. WERFEL. We will get you that.

Senator MORAN. I also would encourage you to provide the committee, at least provide me, with the \$4 trillion plan that you responded to fiscal year Senator Coats' question. We would be delighted to know what the President's plan is in regard to \$4 trillion.

Mr. WERFEL. And if I could respond to that, the plan has been provided on multiple occasions. It is in the President's fiscal year 2013 budget. It was provided back to the joint committee when it existed.

It is my understanding that the President, in terms of ongoing negotiations and work with the Congress, has used those plans in both the joint committee and the President's budget as a basis for those negotiations.

So our position is that the President has on multiple occasions submitted very specific plans on how to save \$4 trillion over a 10-year period. It is really, we think, up to the Congress to work through those issues, to get a bill that can pass both the House and Senate, and get it to the President, that can avoid the sequester and get us on a balanced path.

Senator MORAN. One of the problems is the absence of regular order is that I, as a Member of the United States Senate, am not participating in those meetings that occur between our leaders and the President, nor was I a member of the select committee. It would be great to see a proposal in writing as to what that plan is.

And, again, when we get back to regular order, we will have the opportunity to discuss those.

Chairwoman MIKULSKI. Let's hope so.

Senator Moran, I would like to say to you, first of all, thank you for your question on NIH. I will be visiting NIH on Thursday morning. You, of course, would be welcome to join me if you are in town. I offer a gesture of hospitality.

I will ensure that your question is asked. It is exactly, Sir, one of the questions I have of Dr. Francis Collins on the impact of the sequester on NIH.

And your staff is more than welcome to accompany me on that visit so that they can hear the firsthand briefing that I will receive, as well for Senator Harkin's staff.

Senator Durbin had to leave. His statement will be in the record.

Deputy Secretary Carter, he will be talking a lot with you, as you know, in his new role.

Senator PRYOR.

#### STATEMENT OF SENATOR MARK PRYOR

Senator PRYOR. Thank you, Madam Chairwoman.

Let me follow up on one of Senator Blunt's points about the Department of Agriculture. The law on meat inspectors says that processing and slaughter plants can't operate unless the inspectors are present. Closing these plants for 15 days, these are USDA's numbers, could result in lost production volume of 2 billion pounds of meat, which is beef and pork; 2.8 to 3.3 billion pounds of poultry; and more than 200 million pounds of egg products. That will drive the price up for consumers.

So this is going to adversely affect every consumer in America. Sequestration is going to be very disruptive to our food supply and the food chain that we have in this country. The bottom line is, this is bad for the U.S. economy.

There are going to be more than 10,000 very low-income residents in rural America that will lose their rental assistance which enables them to stay in safe and affordable housing. These families are generally female-headed households, or they are households of elderly or disabled persons. And the average monthly income for these folks is \$803.

So these are low-income people. It is the least of these that are going to take the brunt of these cuts if we can't get our act together here in Washington.

My first question is for you, Mr. Werfel. As these furloughs take effect, do you anticipate it will happen on day one? And will it happen in every agency and every Department across the board? Or will it be phased in over time?

#### FURLOUGHS

Mr. WERFEL. Well, there are legal requirements for notices that I think Deputy Secretary Carter mentioned.

What we will see is agencies will start doing a couple of key things. First, furloughing is something that is subject to bargaining. So work is ongoing and will intensify as we approach the sequester with union representation to make sure that the manner in which the furloughs are implemented is fair and equitable and et cetera. And so that is a very important process that will happen.

Next, there will be a notice period. And as a general matter, those notice periods are different depending on agency and collective bargaining agreements. But I think you can use 30 days as a general manner.

So what we will start seeing after March 1 is the intensification and completion of that bargaining with the unions, where appro-

appropriate, and then notices will start to be issued. I think the Defense Department mentioned early April as to when that is going to be triggered.

So the furloughs themselves will probably happen along a continuum, not exactly on March 1. But there will be impacts on March 1, including employee uncertainty but also spending reductions as well.

Senator PRYOR. Has OMB done a study or analysis of the overall adverse impact to the U.S. economy?

We know how many Federal dollars are at stake. We get that. That is pretty easy to get. But has OMB done a study on the adverse impact to the entire U.S. economy?

Mr. WERFEL. We do not have an official estimate at this time. I will point out that a range of third-party estimates is now coming. I think some of them have been raised during this hearing.

They show a negative impact of 0.5 to 0.7 percent in real GDP growth in 2013 alone. And that is a macroeconomic statistic, but what it translates into, and I think the President has been clear, that is going to translate into hundreds of thousands, if not more, job losses.

And we have talked about how these are difficult economic impacts to measure because they have ripple effects. There is the pulling \$85 billion out of State and local governments, out of Federal contractors, very abruptly and suddenly. You have got impacts down our supply chains, uncertainty impacting decisions to make investments.

So, for me, I don't know the 0.5 to 0.7 percent in real GDP growth is an important macroeconomic measure. What does that translate into? And we think it translates into very harmful effects to the economy and, in particular, to the middle class and jobs.

Senator PRYOR. Yes, I agree with you.

#### INDUSTRIAL BASE

Secretary Carter, and I only have about 30 seconds here. Secretary Carter, when it comes to the industrial base, we have contracts in place, and these contracts oftentimes have provisions in them for if the Government breaks the contract, there are penalties, et cetera.

When you think about those penalties in the contract, and you said that the unit cost goes up, has DOD done a calculation of how much this will actually cost DOD in terms of efficiency and how many dollars will, in effect, be wasted as part of this?

Dr. CARTER. Yes, we have. You can do that program by program, and it is pretty dispiriting to see the waste associated with it.

And a good measure of the impact on the industrial base is this: Even if we furloughed everybody, every DOD civilian, all 800,000 of them, for the maximum we are allowed to do it legally, we would get \$5 billion out of the \$46 billion we need.

Where is that other \$41 billion going to come from? It comes from people who are not Federal employees, but who work for us indirectly doing the things that we need, whether they are maintaining our ships or building our weapons systems. So it is a huge impact on them.

Senator PRYOR. Thank you, Madam Chairman.

Chairwoman MIKULSKI. Excellent questions.  
 We note that Senator Johanns was here and left, and his statement will be in the record.  
 Senator ALEXANDER.

## STATEMENT OF SENATOR LAMAR ALEXANDER

Senator ALEXANDER. Thanks, Madam Chairman. I look forward to working with you on the Appropriations Committee. I thank you for the hearing.

And I thank the witnesses for coming this morning.

Mr. Werfel, you mentioned the President's \$4 trillion plan to reduce the debt. I assume that is a published document.

Mr. WERFEL. \$4 trillion over 10 years.

Senator ALEXANDER. \$4 trillion over 10 years.

Mr. WERFEL. It is.

Senator ALEXANDER. That is a published document. And I assume you are pretty familiar with it, right, as Controller of OMB.

Mr. WERFEL. I am.

Senator ALEXANDER. Could you detail for me exactly the plans for reducing entitlement spending over 10 years?

Mr. WERFEL. Yes, I can provide you some additional detail there.

So the President's fiscal year 2013 budget, which contains his plan, has within it, with respect to the deficit reduction for the \$4 trillion—

Senator ALEXANDER. I am talking about the specific proposal to reduce spending on entitlement programs over the next 10 years.

## MANDATORY PROGRAMS SAVINGS

Mr. WERFEL. Okay, there is \$362 billion in health mandatory savings. They include such provisions as reducing Medicare bad debt coverage, aligning payments better to patient care costs for both medical education and rural providers, increasing income-related premiums for part B and part D of Medicare, aligning Medicare drug payments with Medicaid policy—

Senator ALEXANDER. That's \$362—

Mr. WERFEL. \$362 billion over 10 years.

Senator ALEXANDER. All right. And how much more is—

Mr. WERFEL. And there is an additional \$270 billion in the President's budget in savings in other mandatory programs, such as eliminating direct payments to USDA subsidies or agriculture subsidies, changes to military and civilian retirement, increases in air passenger security fees, and then reforms to the U.S. Postal Service.

Senator ALEXANDER. Is there more than that?

Mr. WERFEL. That covers what I have here for mandatory programs in the President's overall plan for \$4 trillion.

Senator ALEXANDER. So that is \$500 or \$600 billion over 10 years.

Mr. WERFEL. That is correct.

Senator ALEXANDER. In reductions in mandatory spending out of the \$4 trillion goal.

Mr. WERFEL. Well, that builds on \$1 trillion that was previously achieved in the BCA for discretionary accounts.

Senator ALEXANDER. For mandatory spending? No, I am talking just about mandatory.

Mr. WERFEL. Okay. Yes. That is the component of mandatory spending that is in the President's budget.

Senator ALEXANDER. Right. But the problem with that is that entitlement spending is most of the problem we have, is it not, with spending and deficit, that the BCA actually addressed discretionary spending, which is what this committee deals with, 38 or 39 percent of the budget.

And if we were to follow the caps that we put on discretionary spending over the next 10 years, we would be growing—that part of the budget would grow at about the rate of inflation. Is that not right?

Mr. WERFEL. Yes. That is my understanding.

Senator ALEXANDER. Right. But, so if the whole budget grew at just the rate of inflation, we really wouldn't have a problem, would we?

Mr. WERFEL. I want to go back, Senator, I think to the fundamental question of the components of the President's plan.

Senator ALEXANDER. No, I don't want to talk about that. I want to talk about entitlement spending. And you said there are \$500 or \$600 billion out of a \$4 trillion goal that is entitlement spending. What I said is you have got 38 or 39 percent of the budget that is under control and 55 percent that is out of control that is growing at the rate of 3 or 4 percent a year.

And we have raised taxes. We have put caps on discretionary spending. And what is happening is entitlement spending is going to soak up all the money that all of you are worrying about over the next 5 years. And there is no plan from the President to deal with it.

And this isn't just the President's problem. I go back 30 years as Governor, when I was sitting there trying to put more money into higher education and federally mandated Medicaid was soaking up money that I would like to put in higher education.

So what I would like, respectfully, to see from the President is a plan to do what his own debt commission said we needed to do, which is to restructure Medicare and Medicaid in a way that saves them so people can count on them, and so that they don't squeeze out of the budget everything else we need to do.

According to the President's own debt commission, Federal revenues will be enough in 2025, which is only 12 years away, just to pay for entitlements and the debt. So there won't be any money for any of the things that any of you say are very important to the country, and which I agree with.

So States have to balance their budgets. I mean, why is it that in the Federal Government, we don't get together during these next couple of months and do what everybody knows we have to do, which is get control of entitlement spending so we don't have the problem that you are talking about?

And it will not happen unless the President leads the way with specific proposals, which he has not yet done.

## ENTITLEMENT SPENDING

Mr. WERFEL. A very quick response. First, I am not in any way disputing that the growth of entitlement cost is a major, major driver, the major driver in our deficit reduction challenges.

What I am pointing to is the fact that members of both parties and independent experts have pointed to a \$4 trillion benchmark of overall deficit reduction savings as a smart, sensible next move that we can do to stabilize debt—

Senator ALEXANDER. My time is up.

But Senator Corker and I put on the table a \$1 trillion plan to reduce entitlement spending over the next year. Why hasn't the President done that?

Mr. WERFEL. Well, the President is ready, I think, to negotiate on sensible entitlement reform.

Senator ALEXANDER. He is the President of the United States. He is supposed to lead.

Mr. WERFEL. And he has put forward a plan. The notion that he hasn't is untrue. He has put forward—

Senator ALEXANDER. He has not put forward a plan to deal with entitlement spending, because the plan which you related is \$500 billion or \$600 billion out of the \$4 trillion, and it does not address restructuring the programs that are causing the Government to go out of control in spending and causing the devastation that has been described here this morning.

Thank you, Madam Chairman. I have used my time.

Chairwoman MIKULSKI. This is a preview of things to come.

Thank you, Senator Alexander.

I want to go to Senator Merkley, and then Senator Cochran.

## STATEMENT OF SENATOR JEFF MERKLEY

Senator MERKLEY. Thank you very much, Madam Chair. It is a pleasure to be here at my first meeting of the Appropriations Committee, and I certainly look forward to engaging in these types of discussions, as we wrestle as representatives of our respective States on both sides of the aisle, on how to take our Nation forward and restore a thriving economy, a growing economy that will bring us back on track. And that is what this discussion is all about.

And I wanted to ask Controller Werfel, if we take the BCA, combine it with sequestration, and the impact on interest, and we total all that up, how much is the savings, ballpark?

## BUDGET CONTROL ACT OF 2011

Mr. WERFEL. Senator, the BCA had roughly \$1 trillion in deficit reduction. The sequester would impact the deficit by an additional \$1.2 trillion.

Senator MERKLEY. So about \$2.2 trillion. And I had if you threw in the interest on the—well, from the Center on Budget and Policy Priorities, they had \$600 billion under the BCA on defense, \$900 billion on nondefense, an additional \$250 billion in interest savings. So it is a larger number. I am not sure why the discrepancy.

But is that more or less than the \$600 billion in revenue that is coming out of the December 31 deal?

Mr. WERFEL. It is obviously more.

Senator MERKLEY. By a factor? By a small amount?

Mr. WERFEL. By a significant amount.

Senator MERKLEY. Okay. Basic math, three or four times as much.

Mr. WERFEL. Exactly.

Senator MERKLEY. So when I hear folks on both sides of the aisle talking about a 50/50 plan for revenue and expenditure reductions, is that anywhere close to what is being pursued now with sequestration?

Mr. WERFEL. No.

Senator MERKLEY. Would that balanced plan with sequestration have to be replaced by revenue?

Mr. WERFEL. To achieve more balance, yes.

Senator MERKLEY. Let me ask you another question. Is there any real difference between a \$5,000 tax credit and a \$5,000 expenditure on a similar program?

Mr. WERFEL. From the perspective of—

Senator MERKLEY. Either a—

Mr. WERFEL. On the budget deficit?

Senator MERKLEY [continuing]. Program or the cost on the budget?

Mr. WERFEL. I don't want to speak to the program mission, but the budget impact should be the same.

Senator MERKLEY. If I spend \$5,000 on affordable housing on a tax credit, and I spend \$5,000 that I appropriate, isn't it basically the same \$5,000?

Mr. WERFEL. Yes.

Senator MERKLEY. So when we are talking about spending, why aren't we talking about across-the-board reductions in spending on tax loopholes, credits, and deductions?

Mr. WERFEL. I think the President believes we should be talking about that.

Senator MERKLEY. Well, so there are a series of things that I would like to see. We are spending \$85 billion on sequestration as it now stands over this coming year. There is a lot more spending than that on tax loopholes.

Mr. WERFEL. Yes.

Senator MERKLEY. Wouldn't we be closer to that balance we are talking about if we closed some tax loopholes, get back to the regular order, and stop going from crisis to crisis, and putting our entire economy at risk in the process?

Mr. WERFEL. That is the fundamental guiding principles that the President wants for a solution.

#### EDUCATION IS AN INVESTMENT THAT SHOULD NOT BE CUT

Senator MERKLEY. Secretary Duncan, there is the Edwards-Gingrich payroll tax loophole proposal. That goes back a ways, but it had to do with the gaming of corporate status. It saved about \$9 billion. Would it make more sense to end the spending on that tax loophole or to cut Head Start, special education, and title I?

Secretary DUNCAN. The best investment we can make for the future is to get our children off to a great start. We know it is a 7-to-1 bang-for-the-buck. To not invest in children with disabilities and poor children makes no sense whatsoever.

We have to invest in education. We have to invest smartly and wisely, but we cannot cut that investment.

Senator MERKLEY. And, Secretary Donovan, there is the stock-option loophole and offshoring of U.S. profits. Well, just the offshoring of U.S. profits is about a \$24 billion cost.

I am not talking about the numbers being exactly even here, but, just in concept, does it make sense to close this tax loophole or to cut a vast number of the affordable housing programs that your Department oversees?

#### SECTION 8

Secretary DONOVAN. Our entire budget for our section 8 voucher program, which is the single largest help, more than 50 percent of the folks that we serve—elderly, people with disabilities—that entire budget is less than the \$24 billion that you talked about.

And I absolutely believe it is a central investment that we need to make and continue to make.

The costs of cutting it are devastating to families. They raise healthcare costs. They raise other costs for local communities, because when families are not housed, they actually cost us more.

Senator MERKLEY. Well, I have looked at just a small number of these tax loopholes, including the oil tax loopholes, the one that basically subsidizes the offshoring of our jobs, our manufacturing. Just four of them total up to about \$90 billion, or roughly the same amount as the sequestration for the coming year.

Doesn't it make sense for us to shut down some of these loopholes and basically protect programs that support core services to the middle class and get our act together on having both the budget process and the appropriations process in a regular order?

Anyone is welcome.

Mr. WERFEL. Yes, absolutely, absolutely.

Senator MERKLEY. Okay. Well, I am out of time. And thank you very much, Madam Chair.

Chairwoman MIKULSKI. I would like to now turn to Senator Cochran.

Senator Cochran, you weren't here when I thanked you during the time of Senator Inouye's passing, where you were the ranking member. I know under the Republican rules, there was a change because of term limits. But I really thank you, and I am going to reiterate it with you here.

Your big help during that time was really very, very much appreciated, and all the courtesy you extended to me, the way our staffs worked together, and then the way we worked together to move Hurricane Sandy. And as I said, your steady hand, your wise and seasoned advice and experience, and even direct guidance to me, was really very much appreciated, and your service to the Nation.

And I think it helped during the really awkward time, and even a sad time of transition, you were just terrific. And I just wanted to say that publicly.

So I would like to turn to you now for your questions.

## STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Well, I deeply appreciate your generous comments and your friendship over the years. We appreciate your leadership on this committee, too.

I think this has been an example of a hearing that has really gotten into the details.

These are real challenges that we face, too little money trying to solve too many problems. And there is never enough to go around, but somebody has to decide.

We have to identify the priorities, and we have to work together, whether we like it or not. The administration can't just send out edicts—"this is how much money each Department, agency, or program is going to get."

So this hearing is very important. I think it has been an excellent hearing, due in large part to the evenhanded and common-sense leadership of our chairwoman, Senator Mikulski, and to all the members of the committee who have been here and put their best efforts into carrying out our responsibilities.

We thank our witnesses, especially. It has been a long day, and I am going to shut up and not prolong it any further unnecessarily.

I did want to make a comment or two about sequestration. I am just learning how to pronounce it, to be honest.

But the whole point is that we are operating under some new restraints and guidelines, if you will. But in general, the sequester, as it is written, cuts off all appropriated accounts at the same percentage across the board. Unless there are priorities identified by this committee or by the Congress in consultation with the executive, we are not going to be able to carry out the will of the people as expressed through the Congress and our Appropriations Committee.

It would be a misguided effort if we turned it all over to the administration, though, to come in and rewrite an appropriations bill.

So I think we are going to learn by doing, and we look forward to working with the executive branch in a cooperative way, recognizing that any changes or modifications are going to require the collective involvement of both branches of Government, and not just one telling the other what needs to be done.

I don't have any other specific questions, except to express our appreciation for your cooperation and to thank the chair for her leadership.

Thank you.

Chairwoman MIKULSKI. Senator Reed, you are the chairman of the Subcommittee on the Interior, Environment, and Related Agencies?

## STATEMENT OF SENATOR JACK REED

Senator REED. Yes, I am, Madam Chairwoman. Thank you.

And I want to add not only my best wishes for your service, but also thank Senator Cochran for his service as the ranking member. So thank you both.

And thank you, panel.

Let me ask Secretary Donovan a question. We worked together on a bipartisan basis to pass the HEARTH Act, which was directed

at helping homeless veterans, particularly, but homelessness in general. And it is disturbing to learn that about 100,000 formerly homeless people may be removed from current housing or emergency shelters if the sequestration goes through.

Is that the reality?

HOMELESS EMERGENCY ASSISTANCE AND RAPID TRANSITION TO  
HOUSING ACT OF 2009

Secretary DONOVAN. Senator, that is the reality. And as you know, the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 was bipartisan, because we recognized both that we need to do more on homelessness. It is not only the right thing to do morally; it is also the right thing to do from a fiscal perspective.

And Senator Boozman earlier made the point that veterans programs were protected. In fact, our VASH program would be protected from sequestration. But the fact is, 10 percent of all the people we serve in our homeless programs, our regular homeless programs not the VASH program, are veterans.

Veterans are 50 percent more likely to be homeless than the average American. It is a tragedy.

And for us to cut funding and to lose what would probably be 10,000 veterans from our housing and be back on the streets would be tragic.

The other thing I would just point out, the cuts in funding for the public housing programs and the voucher programs more broadly mean that the fees go down. Last year, we had six housing authorities turn back vouchers for homeless veterans—unthinkable—because there wasn't adequate funding.

These cuts, I am afraid, even if VASH is protected, would lead to more housing authorities turning those vouchers back.

And as I said earlier, it is perverse because the truth is that we would be "housing" those folks in shelters, in prisons, in emergency rooms, in places that are much more expensive than the housing that we provide.

So not only would we have terrible human costs, we would also be raising the fiscal costs to the taxpayer by making these cuts in this indiscriminate way.

Senator REED. Well, you have raised a theme that I heard Secretary Carter echo before the Defense Subcommittee, the Armed Services Committee, is that one of the great ironies here is this sequestration could end up costing us more money than saving it.

And, Secretary Carter, can you elaborate on that, in terms of bringing workforces back, lost efficiencies, lost time?

Dr. CARTER. All of our programs that are required to be stretched out will increase their unit cost, in many cases dramatically. We are forcing our industry to make rapid adjustments, from which they will find it hard to recover, and it will be expensive to recover. All those costs get passed on to us.

So what you will see is us paying more in the long run for everything we do, which is a great tragic irony, because we are all trying to save the taxpayers' money or do the most we can with the taxpayers' money, and this makes it impossible.

## CONTRACTS

Senator REED. Just one further quick point, Secretary Carter. At some point do you anticipate you will have to just break contracts and pay penalty fees because you just don't have the funds to do it?

Dr. CARTER. I don't think that we would like to take that particular path in most cases. We may have to do that in some cases.

What really will happen is that we won't be able to enter into contracts in the future, particularly ones that both we and our industry partners have anticipated, a shipbuilding contract or something we are going to go in. They are tooled up, they are staffed up to do it, and we can't enter into the new contract.

And finally, these aren't contract terminations, but we are failing to exercise options as the year goes on for maintenance and base operations and so forth. So those aren't contract terminations. We won't have to pay a fee for that. But they are a big deal for the people who do the work. We are going to stop paying them.

Senator REED. I have just a few seconds left. But, Secretary Napolitano, some of my colleagues, and we are all searching for ways to offset the cost of the sequestration, some have suggested not filling positions as a way to pay for this.

Particularly with respect to CBP and some of your other key national security components, what would that do if you literally couldn't fill positions as people retire or leave or positions become available?

Secretary NAPOLITANO. Well, I think that the result, Senator, will be that we will be less able to secure the border between the ports. We will end up staffing fewer lanes at the actual ports. There will be disruptions in Coast Guard activities, disruptions in airport activities, big disruption in cargo and cargo inspections, which delays the whole supply chain coming into the country. So there will be many, many deleterious effects.

Senator REED. Thank you.

Thank you, Madam Chairwoman.

Chairwoman MIKULSKI. Senator Graham, the ranking member on Foreign Operations.

## STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Madam Chairman.

And I want to echo what has been said about your leadership. I think the committee is functioning very well in a dysfunctional time.

So this is an oasis I like coming to.

About sequestration, I think we have used every adjective known to man to say this is dumb.

Can we just all agree this is a dumb thing?

Mr. WERFEL. Yes.

## NATIONAL SECURITY

Senator GRAHAM. Okay. Well, all right. Good.

Now, the question is how dumb?

Now, are the Iranians watching us, in terms of our national security?

Dr. CARTER. They absolutely are.

Senator GRAHAM. What signal would it be sending to the Iranians to begin to dismantle your force as they try to ramp up their nuclear program?

Dr. CARTER. I think it very directly shows a failure of resolve, that we are not serious about implementing our new defense strategy. That is the kind of signal, whether it is Iran or North Korea or anybody else, that I am very concerned about.

They are watching us right now and seeing whether we have the resolve to carry out our—

Senator GRAHAM. Do you think we are still at war outside of Iran with radical Islamic groups?

Dr. CARTER. We are.

Senator GRAHAM. Now, Secretary Napolitano, what signal will it be sending to people who are trying to come here illegally if we stop securing our border?

Secretary NAPOLITANO. Well, we have done so much over the past—

Senator GRAHAM. You have.

Secretary NAPOLITANO [continuing]. 5 years, 4 years, to really get that border more secure. We would just go backward, at a critical time, at a time when the Congress also wants to look at the whole immigration system.

So sequestration just runs counter to everything else we are trying to do.

Senator GRAHAM. So sequestration undercuts all the gains we have made in terms of securing our border, and it certainly sends the wrong signal to radical Islamists and the Iranian threat. Do you agree with that, Mr. Carter?

Dr. CARTER. I do. I do.

Senator GRAHAM. Now, you have suggested that you would reduce your pay by one-fifth?

Dr. CARTER. Yes, I will.

Senator GRAHAM. How did you arrive at that number?

Dr. CARTER. Because if we sequester someone in our workforce to the maximum extent possible under the law, which we don't want to have to do but we are going to have to do in many cases, they will lose 1 day a week, one-fifth of their paycheck. And I don't think it is right that they lose one-fifth of their paycheck and I don't, even though I can't be sequestered because I am a Presidential appointee.

Senator GRAHAM. Well, we can't be sequestered either, but I think it would be very wise for us to follow your lead as Members of the United States Senate, that if we can't figure this out with the President, that all of us ought to follow your model. And for every day that sequestration is in effect, the President should have his pay docked and we should have our pay docked just to show that we don't live completely on a different planet, which some people think we do.

So thank you for the suggestion.

#### SEQUESTER IMPACT ON THE NATION'S ABILITY TO COMPETE

Secretary Duncan, how do you compete in the 21st century without investing in education?

## EDUCATION INVESTMENT

Secretary DUNCAN. It makes it difficult, Senator. And, again, if you look at other countries that are already doing a great job educating, like South Korea where by lots of benchmarks they are ahead of us, in the past 8, 9 years, they are up more than 30 percent in terms of their investment.

## DIVERSITY OF STUDENTS OBTAINING GRADUATE DEGREES

Senator GRAHAM. Have you been to any graduations lately for people receiving a master's and Ph.D.s in the hard sciences?

Secretary DUNCAN. It is a very diverse group graduating from those classes.

Senator GRAHAM. Okay.

Well, I went to Clemson University and University of South Carolina, and when it came to the Ph.D. and master's graduates in the hard sciences, there is one guy named Bob Smith that everybody clapped for because everybody else was coming from India and China, which is a great thing. I wish we had more native-born Americans getting into the hard sciences, but we need to welcome people from throughout the world to come here and get an education.

Do you agree with that, Secretary Duncan?

Secretary DUNCAN. Absolutely.

Senator GRAHAM. And, Secretary Napolitano, we should make it easier for them to stay and be part of our country; you agree with that?

Secretary NAPOLITANO. Absolutely.

Senator GRAHAM. I just don't see how you fix our education and immigration system if we are going to cut the budgets like this.

One final question, if we found ourselves in, sort of, budgetary triage, where we keep doing this dumb thing, and this dumb thing has a momentum of its own, and it begins to take a life of its own, and I am up here having to decide where the money goes, would you agree with me, Secretary Duncan, and I know you don't like this position you would find yourself in, but if I had to pick between the Department of Education and DOD, should I pick DOD over your Department?

Secretary DUNCAN. Again, I think these are false choices. And there is a—

Senator GRAHAM. But if I had to make that dumb decision, do all of you agree that the number one priority of the Federal Government should be national security?

Secretary DUNCAN. I think we have to be able to walk and chew gum at the same time.

Senator GRAHAM. I know, but apparently we can't.

Secretary DUNCAN. I have more hope. You have got a great chairwoman here. You have got some leadership. I think you guys have a chance—

Senator GRAHAM. Would anybody give a direct answer to that question?

Would you, Secretary, if I had to pick between the DHS and DOD, who should I pick?

Secretary NAPOLITANO. Well, I am joining with my colleague. It is a false choice. It presents a false dichotomy.

Senator GRAHAM. What if it becomes a real choice?

Secretary NAPOLITANO. Secretary Carter already said, in his testimony, I don't know whether you were here or not, but he said, look, you have to have well-educated people if you are going to have an adequate defense. They go together.

Senator GRAHAM. I will just wrap it up by saying I want to tell the country it is a dumb choice. But if I have to make that choice, I am going to pick DOD. And I hope I don't ever have to make that choice.

Chairwoman MIKULSKI. Was that entrapment?

Is that question entrapment?

Senator GRAHAM. Thank you for indulging me.

Chairwoman MIKULSKI. First of all, we are about to wrap up, as you can see. This has been an excellent hearing. In terms of the members participating, we had a 98-percent participation rate, and that was excellent.

I have one final question that I will exercise, and it will be directed only to OMB.

Here we are, picture March 1. It is now midnight. The clock has moved, and there it is.

Can you paint for me the picture of how the sequester is triggered? In other words, do all of the lights go out in Federal buildings? Do furloughs trigger so we tell the NIH researcher, the welder at the shipyard, the person managing the weather satellite, the CBP guard, don't show up every Monday now until the Congress acts?

Could you paint for me, literally, what happens when the phrase "sequester" is triggered on March 1? What will that look like?

Mr. WERFEL. What it will look like, it will be multidimensional in its negative impacts.

#### START OF SEQUESTER

First, you will see intense bargaining going on with unions getting ready to issue furlough notices for hundreds of thousands of employees across the Federal Government.

Chairwoman MIKULSKI. So that is not going on now?

Mr. WERFEL. That is going on now. But as we go across—this takes time. And that is what the world will—and once we get into an area where the sequestration order is issued, now it is real, and it is serious.

I am not saying it is not real and serious now. But then it becomes law.

And that is an important symbolic moment. Federal contractors will receive word of how their contracts will be impacted, whether terminated, whether modified. They will start getting an understanding of where our agencies won't be investing in contracts. States and locals, Governors will be digesting information about how their financial footprint will be impacted, how it is going to impact their ability to sustain their government operations in areas like education and health and other areas.

The list goes on and on. The reality is, is that agencies are going—because we are in a 7-month timeframe, agencies are going

to have to move quickly to meet this budget cut. And we are doing the preparatory steps right now to get ready.

But once March 1 hits, and those funds are canceled, everything that we are doing in preparation right now becomes even more real and creates that much more uncertainty, that much more—

Chairwoman MIKULSKI. I understand that.

Mr. WERFEL. Yes.

Chairwoman MIKULSKI. But is it then, like the first month, the issuing of notices to people?

Mr. WERFEL. You will see a combination—yes, that will—

Chairwoman MIKULSKI. Will the lights go out? People are told they are furloughed. The word triggers the sequester—

Mr. WERFEL. It is complicated. There are some—

Chairwoman MIKULSKI. I know.

Mr. WERFEL [continuing]. Elements of Government operations that will feel the more immediate impact.

So, for example, because of furloughs, we talked about the meat-packing element. Now, are the furloughs going to occur March 1? No, it is going to take some time, due to legal requirements.

So what the world looks like on March 1 is very intense pre-staging actions that are taking place that are sending out notices and warnings and all kinds of different elements of how the sequester is going to play out.

Some of that is going to occur before March 1. But it is different from a Government shutdown. Government shutdown means that, effective at midnight, you can no longer incur any more obligations and things do actually shut down.

Chairwoman MIKULSKI. No, and that is scheduled to happen March 27.

Mr. WERFEL. If there is not an appropriations bill, yes. But I think, with the final moments, let me just emphasize this point. I do not think that it would be prudent at all to assume that, because the lights don't shut out across the Government on March 1, that we can go across that precipice and then pull back later.

We have had analogies of the wolf being outside the door or wolf being in the room. The reality is I think it becomes extraordinarily problematic and serious, some of these economic consequences, once we hit March 1, because then it is real, and then a lot of these things come to fruition in a more exponential way.

Chairwoman MIKULSKI. Well, and I think it could turn into a firestorm.

Well, first of all, let me thank the witnesses. You really presented excellent testimony. You answered things in a very forthright, candid, crisp way, and it is very much appreciated.

I want to also note that some other agencies were invited, like HHS. They had to be in Chicago with Rahm Emanuel. You make your choices and see what happens.

Other agencies have submitted letters, and for those that we wanted to ask questions, like VA, Agriculture, that is why we really appreciated OMB here to do that.

#### SEQUESTRATION RESPONSES FROM DEPARTMENTS AND AGENCIES

I want to tell the members, and for the record, we have letters from every agency, thanks to the cooperation of OMB. They will

now be entered into the public record, and also staffs on both side of the aisle will be able to scrutinize them while we now work on this.

[The information follows:]

DEPARTMENT OF AGRICULTURE

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 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 fiscal year 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 one-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 healthcare 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, one-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.

#### 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 carry-over 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 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 de-

cline. 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 fiscal year 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 recre-

ation 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 fiscal year 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 fiscal year 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 decision-making. 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.

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DEPARTMENT OF COMMERCE

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 6-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 policymaking 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.

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#### DEPARTMENT OF DEFENSE

On January 22, 2013, you wrote to me asking for information about the effects of sequestration on national security. I want to provide you with our most current information.

For the next several months, and perhaps for the rest of fiscal year 2013, the Department of Defense (DOD) faces some extraordinary and serious budgetary challenges, the most serious of which is the sequester scheduled to begin on March 1, 2013. This sequester would cut 9 percent from all parts of the DOD budget except for military personnel. Although wartime or Overseas Contingency Operations (OCO) funding is subject to sequestration, we must and will protect wartime operations funding for our troops in harm's way. This will inevitably mean larger cuts in the base-budget funding for the Operation and Maintenance (O&M) accounts.

The current continuing resolution poses an additional challenge because funding is in the wrong appropriations—there is too much in the investment accounts and not enough in the O&M accounts. If the continuing resolution as currently structured remains in effect throughout the year, we would be significantly short of the base-budget dollars needed to meet fiscal year 2013 needs for O&M. Adding to our problems are OCO shortfalls that are occurring, among other reasons, because of higher-than-expected operating tempos and the sluggish pace associated with the reopening of the ground lines of communication in Pakistan.

All of these problems together yield shortfalls in the O&M accounts of our Military Departments of about \$35 billion, leaving us more than 20 percent below the levels requested for fiscal year 2013. Percentage shortfalls for the Department of the Army, especially, are significantly higher. Moreover, if the sequester takes place, we would have as few as 7 months to accommodate these large shortfalls.

Given this enormous budgetary uncertainty, we have begun taking near-term actions to slow spending, especially in our operating accounts, and we are planning more far-reaching changes should sequestration and the continuing resolution remain in effect throughout fiscal year 2013.

#### *Near-Term Actions*

On January 10, the Deputy Secretary of Defense issued guidance permitting all DOD Components to take actions to slow spending. To the extent feasible, these actions are designed to be reversible if the budgetary situation improves, and they should minimize effects on military readiness. We are just now getting reports about the specific nature of the changes; so I do not yet have complete details. But I can provide examples of likely changes.

- Most Components will institute civilian hiring freezes, with exceptions for mission-critical activities. Because DOD hires 1,500 to 2,000 people a week, this will quickly lead to personnel shortfalls, skill imbalances, and declines in capability—not to mention fewer available jobs. Unfortunately, the adverse effects are likely to be felt most heavily by veterans, because they make up 44 percent of the DOD civilian workforce. Effects will be felt nationwide—86 percent of our civilians work outside the Washington, DC metropolitan area.
- Most Components will begin laying off temporary and term employees, again with exceptions for mission-critical activities. As many as 46,000 jobs could be affected.
- Most Components will curtail facilities maintenance and renovation. More than \$10 billion in funding—mostly to contractors—could be affected.
- As of February 15, some Components will begin cancelling ship and aircraft maintenance work for the third and fourth quarters of fiscal year 2013. Unless we can reverse these actions, the result will eventually be fewer weapons available for deployment in future contingencies.
- We will also take many other steps, including further curtailing travel and conferences, restructuring contracts to reduce their scope and cost, reviewing studies for cancellation or postponement, and sharp cutting back on base operating support.

#### *Under Year-Long Sequester / Continuing Resolution*

Although significant, these near-term actions will not be nearly enough to accommodate a year-long continuing resolution and sequestration. If these unfortunate events occur, we will have to take more drastic and irreversible actions. We do not have comprehensive, detailed information at this time, but I can provide examples. Together these actions will lead to a readiness crisis, a crisis in healthcare funding, and widespread disruption in our investment programs. Examples of actions include:

- All Components will have to take the steps necessary, including congressional notification, to furlough civilians for up to 22 days. This action will have devastating effects on both productivity (these people fix our weapons, staff our hospitals, and much more) and morale (pay cuts of up to 20 percent for almost 6 months).
- The Army will reduce training and maintenance for later deploying units. By year's end, the Army expects that about two-thirds of its active brigade combat teams (other than those in Afghanistan) will be at reduced readiness levels.
- The Navy will be forced to cut back on operations in critical areas such as the Pacific. Cutbacks of one-third could occur in Pacific naval presence.
- The Air Force will be forced to cut flying hours and weapon system maintenance. Most Air Force flying units (especially later deploying units) will be below acceptable readiness standards by the end of fiscal year 2013.

—TRICARE could be short up to \$3 billion in needed funds, which could lead to denials of elective services for active-duty dependents and retirees. We are investigating ways to reduce this problem.

—DOD will have to make cuts of roughly 9 percent in each of more than 2,500 investment line items—actions that will lead to delays in weapon programs and increases in unit costs.

Since October 2011—almost 18 months ago—DOD officials have stated repeatedly that sequestration and a year-long continuing resolution would have devastating effects. Indeed we have testified several times before Congress to the very effects that are identified in this letter. Now, regrettably, these consequences are upon us.

But there is time to act. We still very much hope that Congress can reach an agreement on a balanced package of deficit reductions that the President can sign and that leads to de-triggering of sequestration and enactment of regular appropriation bills. If necessary, we hope that Congress delays sequestration long enough to permit it to reach a budget agreement. These actions must of course occur very soon if we are to avoid inflicting serious damage on our military and our national defense.

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DEPARTMENT OF EDUCATION

Thank you for your letter regarding the impact that sequestration would have on the programs and operations of the Department of Education, and, to the extent known, on State and local educational programs. As you know, I share your concern about the negative impact sequestration would have on the education of our Nation's children and adults.

Education is the last place to be reducing our investment as the Nation continues to climb out of the recent recession and to prepare all of its citizens to meet the challenges created by global economic competitiveness in the 21st century. Indeed, I can assure you that our economic competitors are increasing, not decreasing, their investments in education, and we can ill afford to fall behind as a consequence of the indiscriminate, across-the-board cuts that would be required by sequestration.

In answering this letter, our analysis has assumed that sequestration would be subtracted from funds available under a full-year continuing resolution. As you know, the continuing resolution that runs through March 27 provides funds at the same level and under the same laws and conditions as the 2012 appropriation.

Sequestration would create significant hardship for America's K–12 schools and postsecondary institutions. In general, the hardship will be concentrated in the 2013–2014 school year, because most Federal education funds for the current school year were provided in the fiscal year 2012 appropriations act. For example, the \$14.5 billion Title I Grants to Local Educational Agencies (LEAs) program and the \$11.6 billion Individuals with Disabilities Education Act Part B Grants to States program are forward-funded, meaning that funding for a given fiscal year becomes available on July 1 of the fiscal year and funds operations in the following school year.

However, there are important exceptions to this general rule, and some key programs would feel the impact of sequestration immediately. For example, the Impact Aid programs are funding activities during the current school year. The recipients of these programs receive a high percentage of their overall funding from the Federal Government. That means sequestration would eliminate roughly \$60 million from the \$1.2 billion in funds for Impact Aid Basic Support Payments for schools that are counting on those funds to meet the essential needs of students and to pay teacher salaries this spring, potentially forcing districts to make wrenching, mid-year adjustments in ongoing programs. Many districts are facing potential elimination of instructional and noninstructional staff and delaying needed building maintenance for buildings already in serious disrepair.

An example of the fiscal impact on these programs is that the Killeen Independent School District in Texas, which has 23,000 federally connected children, including 18,000 military dependents, would lose an estimated \$2.6 million in Impact Aid funds. Similarly, the Gallup-McKinley County Public Schools in Gallup, New Mexico, would lose nearly \$2 million of the funds the district receives from the Impact Aid program to help meet the educational needs of 7,500 federally connected children, including 6,700 who live on Indian lands. This impact is severe, given that Impact Aid funds make up 35 percent of the district's total education budget.

In the Vocational Rehabilitation State Grants program, funds are used to provide services to individuals with disabilities to help them become employed. The grants fund operations during the current fiscal year, and the Department provides about 80 percent of these operational funds. Thus, sequestration would immediately elimi-

nate approximately \$160 million from funds supporting activities that help these individuals prepare for, obtain, or retain employment. In particular, counselor case-loads would likely increase, as well as wait times for individuals to receive essential vocational rehabilitation services, hurting the effort to lower the unemployment rate for these individuals, which already is significantly higher than that of the general population.

For other Federal education programs that are forward-funded, the fact that the impact of sequestration would not be felt until the 2013–2014 school year would not lessen the negative effects on students, families, and teachers. We know from survey data that about 80 percent of school districts would not be able to make up the losses from sequestration, a finding that should not be surprising given that State and local budgets are only just beginning to recover from the recent financial crisis and economic recession. Any inroads they have made to rebuild or restructure programs as the economy recovers and tax revenues increase would be substantially undermined by a significant loss in Federal education funds.

In particular, sequestration would hit hard at Federal, State, and local efforts to improve educational opportunities for the Nation's neediest students and their families. Title I Grants to LEAs serve nearly 23 million students in high-poverty schools and Special Education State Grants help SEAs and LEAs provide a free appropriate public education (FAPE) to roughly 6.5 million special needs students. Sequestration would reduce title I funding by some \$725 million, potentially eliminating support to an estimated 2,700 schools serving 1.2 million disadvantaged students, while also putting at risk the jobs of approximately 10,000 teachers and aides serving these students. Formula grants to States received under part B of the Individuals with Disabilities Education Act could be reduced by as much as \$598 million, which would require States and districts to cover the cost of approximately 7,200 teachers, aides, and other staff needed to provide a FAPE for students with disabilities, placing additional burden on cash-strapped States and districts.

To implement these reductions for the coming school year, local districts will be making decisions in April and May about which jobs to cut and which teachers to renew. Districts will have to plan on less funding. Fewer teachers and staff could mean larger class sizes, fewer courses or subject areas, less tutoring for struggling students, reductions in counseling, and more difficulty in retaining recently hired teachers. And, local economies will suffer from the higher unemployment or uncertainty of the staff.

The law specifically exempts the Pell Grant program from sequestration. The law also has a special rule on student loans that specifies a small increase in the origination fee for loans made after the sequester order. This origination fee change would require adjustments in systems and records for those getting loans later in school year 2012–2013 and early in school year 2013–2014.

Cutting administrative funds for Student Aid programs will affect the servicing of student loans serviced by Not-For-Profit (NFP) loan servicers. Sequestration could require each NFP servicer payment to be reduced. The impact of reducing payments to student loan servicers would be significant and could adversely impact as many as 29 million student loan borrowers. NFPs may have to lay off or furlough many of their contract employees in States such as Pennsylvania, Wisconsin, Missouri, Tennessee, Iowa, and Utah. Some smaller NFPs may run operational risks and even be forced to close, disrupting service and potentially causing issues with payment processing for all student and parent borrowers they service.

In addition, the Department's ability to collect student debt and provide quality services to borrowers once they are out of school would likely be hampered, due to possible cuts in contracts with the private-sector entities that service Federal student loans. To underscore the magnitude of the risk in this area, during the 2011–2012 award year the Department delivered or supported the delivery of approximately \$172 billion in grant, work-study, and loan assistance to almost 15 million postsecondary students attending more than 6,000 postsecondary institutions.

The sequester would also likely require the Department to furlough many of its own employees for multiple days. This would significantly harm the Department's ability to prevent fraud, waste, and abuse in these very large, complex student financial assistance programs.

Furloughing employees would also hurt all the Department's other activities, including making grant awards on a timely basis.

I hope this information has given you a clear idea of the threat to America's education system posed by sequestration. I hope that you and other Members of Congress will work to avoid sequestration, and I stand ready to help in any way I can.

Thank you for your continuing support of our Nation's education programs.

## DEPARTMENT OF ENERGY

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 5 months into the fiscal year, forcing the Department to absorb the spending reduction in a 7-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

1,000 the number of homes that would be weatherized in fiscal year 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 4 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 1 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.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Thank you for your letter regarding the automatic, across-the-board spending cuts set to occur on March 1, 2013. I share your concerns about the potential con-

sequences of these cuts on the critical social service, public health and scientific research, and healthcare coverage and oversight programs administered by the Department of Health and Human Services (HHS). As the examples below illustrate, our efforts to protect the health and enhance the well-being of all Americans, as well as our commitments to grantees, contractors, and State and local governments, would be significantly impacted by the potential sequester.

#### *Social Services*

Sequestration would hinder the Department's work to support American children and families. For example, up to 70,000 children would lose access to Head Start and Early Head Start services. This impact would be felt across the Nation, with community and faith-based organizations, small businesses, local governments, and school systems laying off over 14,000 teachers, teacher assistants, and other staff. Services for children and families would be disrupted, with some Head Start centers needing to close their classrooms early this school year or reopen their programs late in the fall. Programs would have to cut services, staff, and classrooms for the 2013–2014 school year. In addition, sequestration would further impact our ability to help families succeed by leaving up to 30,000 children without child care services. Without a safe and secure environment for their children, working parents would have a difficult time seeking or keeping employment.

Sequestration could compromise the health and well-being of more than 373,000 seriously mentally ill adults and seriously emotionally disturbed children who potentially would not receive needed mental health services, which could result in increased hospitalizations and homelessness. In addition, we expect that 8,900 homeless persons with serious mental illness might not receive the vital outreach, treatment and housing, and support that they need to help in their recovery process. Admissions to inpatient facilities for people in need of critical addiction services could be reduced by 109,000, and almost 91,000 fewer people could receive substance abuse treatment services.

Our Nation's seniors would also feel the impacts of sequestration. In particular, congregate and home-delivered nutrition services programs would serve 4 million fewer meals to seniors.

The cuts required by sequestration could slow efforts to improve the delivery of healthcare to American Indians and Alaska Natives through the Indian Health Service (IHS) and would result in about 3,000 fewer inpatient admissions and 804,000 fewer outpatient visits provided in IHS and Tribal hospitals and clinics. IHS may lack resources to pay for the staffing and operations of five healthcare facilities that tribes have built with their own resources, with a total tribal investment of almost \$200 million.

Sequestration would impair the Department's ability to prevent and treat HIV/AIDS. The cuts to the Centers for Disease Control and Prevention (CDC) translate into approximately 424,000 fewer HIV tests conducted by CDC's health department grantees. The Health Resources and Services Administration estimates that 7,400 fewer patients would have access to life-saving HIV medications through the AIDS Drug Assistance Program (ADAP). This would cause delays in service and drug provision to people living with HIV and potentially lead to ADAP wait lists for HIV medications.

#### *Public Health and Scientific Research*

Reduced funding for the Food and Drug Administration (FDA), including user fees, could increase risks to our Nation's food safety. FDA would conduct approximately 2,100 fewer domestic and foreign facility inspections of firms that manufacture food products to verify that domestic and imported foods meet safety standards. These reductions may increase the risk of safety incidents, and the public may suffer more foodborne illness such as the recent salmonella in peanut butter outbreak and the E. coli illnesses linked to organic spinach.

Cuts to the National Institutes of Health (NIH) due to sequestration would delay progress on the prevention of debilitating chronic conditions that are also costly to society and on the development of more effective treatments for common and rare diseases affecting millions of Americans. In general, NIH grant funding within States, including Maryland, will likely be reduced due to both reductions to existing grants and fewer new grants. We expect that some existing research projects could be difficult to pursue at reduced levels and some new research could be postponed as NIH would make hundreds fewer awards. Actual funding reductions will depend on the final mix of projects chosen to be supported by each Institute and Center within available resources. With each research award supporting up to seven research positions, several thousand research positions across the Nation could be eliminated.

*Healthcare Coverage and Oversight*

Under sequestration, payments to Medicare providers, health plans, and drug plans under title XVIII of the Social Security Act will be reduced by 2 percent. This would result in billions of dollars in lost revenues to Medicare doctors, hospitals, and other providers, who will only be reimbursed at 98 cents on the dollar for their services to Medicare beneficiaries.

Sequestration would limit the Department's ability to realize savings produced through proven investments, such as the Health Care Fraud and Abuse Control program. For every dollar spent to combat healthcare fraud through our law enforcement work we have realized an over \$7 return on investment. In fiscal year 2011 alone, we returned a record-breaking \$4.1 billion to the Federal Government.

I am eager to work with you and Congress to avoid the consequences that would result from sequestration. Thank you for your interest in this important issue.

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 DEPARTMENT OF HOMELAND SECURITY

Thank you for your letter regarding the potential impacts of the March 1 sequestration. I share your deep concerns about the effects this unprecedented budget reduction to fiscal year 2013 funding will have on the Department of Homeland Security (DHS), its missions, and our Nation's security and economy.

Reductions mandated by sequestration would undermine the significant progress the Department has made over the past 10 years and would negatively affect our ability to carry out our vital missions. Sequestration would roll back border security, increase wait times at our Nation's land ports of entry and airports, affect aviation and maritime safety and security, leave critical infrastructure vulnerable to attacks, hamper disaster response time and our Surge Force capabilities, and significantly scale back cyber security infrastructure protections that have been developed in recent years. In addition, sequestration would necessitate furloughs of up to 14 days for a significant portion of our frontline law enforcement personnel, and could potentially result in reductions in force at the Department. The following provides specific examples of the potential impacts of sequestration on the Department:

- U.S. Customs and Border Protection (CBP) would not be able to maintain current staffing levels of Border Patrol Agents and CBP Officers as mandated by Congress. Funding and staffing reductions will increase wait times at airports, affect security between land ports of entry, affect CBP's ability to collect revenue owed to the Federal Government, and slow screening and entry programs for those traveling into the United States.
- U.S. Immigration and Customs Enforcement (ICE) would not be able to sustain current detention and removal operations or maintain the 34,000 detention beds mandated by Congress. This would significantly roll back progress that resulted in record-high removals of illegal criminal aliens this past year, and would reduce ICE Homeland Security Investigations' activities, including human smuggling, counter-proliferation, and commercial trade fraud investigations.
- The Transportation Security Administration would reduce its frontline workforce, which would substantially increase passenger wait times at airport security checkpoints.
- The U.S. Coast Guard (USCG) would have to curtail air and surface operations by nearly 25 percent, adversely affecting maritime safety and security across nearly all missions areas. A reduction of this magnitude will substantially reduce drug interdiction, migrant interdiction, fisheries law enforcement, aids to navigation, and other law enforcement operations as well as the safe flow of commerce along U.S. waterways.
- Furloughs and reductions in overtime would adversely affect the availability of the U.S. Secret Service workforce, and hinder ongoing criminal investigations.
- Reductions in funding for operations, maintenance and analytical contracts supporting the National Cybersecurity Protection System (NCPS) would impact our ability to detect and analyze emerging cyber threats and protect civilian Federal computer networks.
- The Federal Emergency Management Agency's Disaster Relief Fund would be reduced by over \$1 billion, with an impact on survivors recovering from future severe weather events, and affecting the economic recoveries of local economies in those regions. State and local homeland security grants funding would also be reduced, potentially leading to layoffs of emergency personnel and first responders.
- The Science and Technology Directorate would have to stop ongoing research and development including: countermeasures for bio-threats, improvements to

aviation security and cyber security technologies, and projects that support first responders.

—The Department would be unable to move forward with necessary management integration efforts such as modernizing critical financial systems. This would hinder the Department's ability to provide accurate and timely financial reporting, facilitate clean audit opinions, address systems security issues and remediate financial control and financial system weaknesses.

Hurricane Sandy, recent threats surrounding aviation and the continued threat of homegrown terrorism demonstrate how we must remain vigilant and prepared. Threats from terrorism and response and recovery efforts associated with natural disasters will not diminish because of budget cuts to DHS. Even in this current fiscal climate, we do not have the luxury of making significant reductions to our capabilities without placing our Nation at risk. Rather, we must continue to prepare for, respond to, and recover from evolving threats and disasters—and we require sufficient resources to sustain and adapt our capabilities accordingly. We simply cannot absorb the additional reduction posed by sequestration without significantly negatively affecting frontline operations and our Nation's previous investments in the homeland security enterprise.

The Department appreciates the strong support it has received from Congress over the past 10 years. As we approach March 1, I urge Congress to act to prevent sequestration and ensure that DHS can continue to meet evolving threats and maintain the security of our Nation and citizens. Should you have any questions or concerns at any time, please do not hesitate to contact me at (202) 282–8203.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

I am writing in response to your letter of January 18, 2013 to the Department of Housing and Urban Development (HUD) concerning the effects of the across-the-board cuts that would result from the potential sequester now scheduled for March 1, less than 1 month from now. These reductions to HUD programs would be deeply destructive and would affect numerous families, individuals and communities across the Nation that rely on HUD programs.

For example:

- About 125,000 individuals and families, including elderly and disabled individuals, could lose benefits from the Housing Choice Voucher program and be at risk of becoming homeless.
- These cuts would also result in more than 100,000 formerly homeless people, including veterans, being removed from their current housing and emergency shelter programs, putting them at risk of returning to the streets.
- Sequestration would result in 75,000 fewer households receiving foreclosure prevention, prepurchase, rental, or homeless counseling through Housing Counseling grants.
- The impact of sequestration would force public housing agencies to defer routine maintenance and capital repairs to Public Housing, leading to deteriorating living conditions and, over the long-term, risking the permanent loss of these affordable units that serve 1.1 million of the Nation's poorest residents.
- These cuts to the Housing Opportunity for Persons with AIDS program would result in 7,300 fewer low-income households receiving permanent and short-term supportive housing assistance, including rent and/or utility assistance.
- The reduced funding from the sequester would prevent State and local communities that receive HOME grants from building and rehabilitating 2,100 affordable housing units for low-income families.
- The sequester will also result in significant cuts to community development funding for public services, facilities, and infrastructure improvements, reducing jobs and adversely impacting confidence in the long-term sustainability of the private market rental housing that HUD supports.

As the administration has made clear, sequestration is a blunt and indiscriminate instrument that was passed by bipartisan majorities in Congress to help ensure that action is taken on a balanced deficit reduction package, and the arbitrary cuts that it calls for should not take place.

Thank you for your interest in the Department's programs and activities. Please let me know if I can provide you with any further information.

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DEPARTMENT OF THE INTERIOR

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 in 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.

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 9 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.

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#### DEPARTMENT OF JUSTICE

Thank you for your letter dated January 18, 2013, requesting information about the impact of sequestration on the Department of Justice's ("the Department" or DOJ) operations and employees. As you know, the administration continues to work with Congress on a balanced deficit reduction plan so that the untenable impacts of across-the-board cuts to our vital programs can be avoided.

A March 1, 2013, sequestration would cut over \$1.6 billion from the Department's current funding level, which would have severe consequences for the administration of justice and serious consequences for our communities across the Nation. Combined with the impact sequestration would have on the Federal judiciary and the other Federal, State and local agencies that are part of the criminal justice system, the reductions to DOJ would delay or deny access to justice for millions of Americans.

As I explain below, sequestration would not be merely a series of abstract cuts to a faceless Federal bureaucracy; these would be cuts that impact not just DOJ employees, they would impact our citizens, and our safety, in every city and town in the country.

During the past year, the Department has carefully considered a variety of options to prioritize available resources to minimize the impact sequestration would have on our ability to prevent terrorism, fight violent crime, prosecute financial fraud, protect our most vulnerable citizens, and carry out the entirety of our critical mission. I have directed DOJ officials, when planning for a sequester, to mitigate the effects of sequestration on Federal workers as much as possible, given that our employees are our most important asset in achieving our mission. Unfortunately, the Department cannot achieve the cuts required by sequestration without furloughing staff this fiscal year.

We need to issue furlough notices to employees at least 30 days, or in some cases 60 days, before implementing furloughs. We may need to issue some furlough notices in the coming weeks. Since every DOJ component has a different funding profile, the number of furlough days per employee would vary considerably across the Department. Staff-intensive accounts would generally suffer higher furloughs than components with available balances from funds appropriated in prior years or more flexibility in non-personnel budgets. Important law enforcement and litigation pro-

grams supported by contract staff would also be disrupted as the Department is forced to curtail contracts to reach sequestration reduction targets, recognizing that some contracts cannot be modified without significant contractual penalties that would cost more than the potential savings.

Due to the cuts required by sequestration, the Department estimates that it would lose the equivalent of more than 1,000 Federal agents to combat violent crime, pursue financial crimes, help secure the Southwest border, and ensure national security, as well as 1,300 correctional officers to maintain the safe and secure confinement of inmates in Federal prisons. This would also result in the delay of activating prisons nearing completion, exacerbating the overcrowding of Federal prison space. The negative impact on prosecutions and civil cases will be severe, as outlined below. Most importantly, while some of the effects would be felt in Washington, DC, the impact would be most severe at the local level as our field investigative offices, prosecutors, the U.S. Marshals, and the Federal courts work to implement these spending reductions in coordination with each other.

The following information illustrates the impact sequestration would have on select DOJ components:

—*Federal Bureau of Investigation (FBI)*.—The sequestration would cut over \$550 million from the FBI's current budget. To absorb this reduction, the FBI is faced with furloughing all personnel, including agents and intelligence analysts, for up to 14 days, as well as implementing a hiring freeze. This would have the equivalent effect of cutting approximately 2,285 onboard employees, including 775 Special Agents. Sequestration will also require the FBI to eliminate and/or reduce joint task forces and partnerships with other Federal, State, and local law enforcement, materially reducing FBI's investigative capacity to address mortgage fraud, cybercrime, human trafficking, terrorism, financial fraud, organized crime, to name just a few of its critical mission areas. The reductions would be the equivalent of shutting down three of the FBI's largest Field Offices—Chicago, Miami, and Baltimore.

—*Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)*.—Sequestration would cut nearly \$60 million from ATF and impact its law enforcement operations and industry oversight capabilities. This would significantly increase risks to public safety and ATF's ability to respond to emerging violent crime threats, in particular, those posed by gun violence. ATF would be forced to reduce criminal investigations, firearms and explosives industry inspections, firearms and explosive applications and permits processing, and firearms tracing. These reductions make no sense considering our emphasis on fighting gun violence, and they would thwart the President's plan (and the Nation's call) to protect our children and our communities from gun violence.

—*Federal Bureau of Prisons (BOP)*.—The sequestration would cut \$338 million from BOP's current budget. BOP would face a furlough of nearly 36,700 onboard staff for an average of 12 days, plus curtailment of future hiring, if sequestration occurs. This equates to about a 5 percent reduction in onboard staff levels and would endanger the safety of staff and over 218,000 inmates. As a consequence, BOP would need to implement full or partial lockdowns and significantly reduce inmate re-entry and training programs. This would leave inmates idle, increasing the likelihood of inmate misconduct, violence, and other risks to correctional workers and inmates. Further, limiting or eliminating inmate programs such as drug treatment and vocational education would, in fact, lead to higher costs to taxpayers and communities in the long run as the lack of such inmate re-entry training makes it less likely that released inmates will be successful at reintegration into society upon their release.

Further, BOP would slow the ongoing activations of new prisons that have completed construction during the last few years (FCI Berlin, New Hampshire, and FCI Aliceville, Alabama). BOP would not begin the fiscal year 2013 planned activations of FCI Hazelton, West Virginia, or USP Yazoo City, Mississippi. BOP would still incur costs to secure and maintain these prisons, along with the prison in Thomson, Illinois. These five prisons represent over 8,100 beds that BOP would not be able to utilize fully at a time when our prisons are filled over rated capacity. In addition, the communities surrounding the prisons would not benefit from the significant economic activity that a prison engenders. We estimate that sequestration will mean over 3,800 fewer jobs related to the prison activations that would be foregone (including an estimated 1,500 private sector jobs).

I am acutely concerned about staff and inmate safety should cuts of the sequestration's magnitude hit BOP. To be blunt, sequestration means less money, not fewer inmates. We would still have the same number of inmates—over 218,000—after sequestration as before. This kind of dangerous situation is ex-

actly why sequestration needs to be avoided and sensible, balanced deficit reductions achieved. While I plan to take every available step within my authority to aid BOP should sequestration happen, these steps cannot mitigate the severity of every cut faced by BOP.

—*U.S. Marshals Service (USMS)*.—The sequestration would cut nearly \$60 million from the USMS' current budget. USMS is facing the need to furlough its 5,100 employees for up to 13 days (2 days per pay period between April 1 and September 30) and implement a hiring freeze. This would result in a reduced capacity to apprehend violent fugitives, investigate sex offenders, protect witnesses and the judiciary, and ensure safe and humane care and transportation of prisoners. Fewer deputy marshals partnered with State and local officers could increase violent crime, gang activity, and the number of violent fugitives. Because deputy marshals cannot forego tasks such as transporting prisoners and guarding cell blocks, the sequestration will reduce the USMS staff assigned to seek and capture fugitives, such as the Florida sex offender found in Texas on January 22, 2013 (<http://www.usmarshals.gov/news/chron/2013/012313a.htm>).

—*U.S. Attorneys (USA)*.—The sequestration would cut nearly \$100 million from the USA's current budget. Using data on average number of cases handled per attorney in fiscal year 2012, the USAs would handle 2,600 fewer cases in fiscal year 2013 than in fiscal year 2012—comprised of an estimated 1,600 fewer civil cases and 1,000 fewer criminal cases. Fewer affirmative civil cases and criminal cases will affect our ability to ensure that justice is served: criminals that should be held accountable for their actions will not be held accountable, and violators of our civil laws may go unpunished. In addition, fewer cases will have a significant impact on funds owed to the Government. In fiscal year 2012, the efforts of DOJ personnel resulted in total collections of nearly \$14 billion in civil and criminal fines, restitution and other debt. Staffing reductions, which would result in fewer prosecutions, could drastically reduce the USA community's ability to collect billions of dollars owed to the Government.

—*Civil Division*.—The sequestration would cut over \$14 million from the Civil Division's current budget and result in potential furloughs of up to 7 days of every Division employee. Under sequestration, the Division would be forced to move substantial resources from affirmative to defensive matters to meet court-mandated filings in these cases. Reallocating resources may avoid sanctions or default judgments, but protection of the public fisc would be compromised, and the resulting drop in revenue to the Treasury will exacerbate existing Government budget shortfalls. In addition, many civil investigations and prosecutions focus on stopping the sale and use of ineffective medical products or devices. The Civil Division's litigation work protects Americans in every community, whether by ensuring the safety of our food and pharmaceutical products or protecting millions of homeowners from predatory lending practices. The Civil Division also investigates and prosecutes healthcare providers that defraud the Medicare and Medicaid programs by providing medically unreasonable and unnecessary services that hurt our Nation's most vulnerable citizens, and this critical work will be adversely impacted by sequestration.

—*Executive Office for Immigration Review (EOIR)*.—The sequestration would cut over \$15 million from EOIR's current budget. EOIR would be forced to cease all hiring of key critical positions for EOIR's immigration courts, including Immigration Judges, likely increasing pending caseloads to well over 350,000 (an increase of 6 percent over September 2012 levels). EOIR would also be forced to reduce contracts for critical services, such as interpreters, legal support, and information technology. Sequestration would require the rescheduling of immigration cases for aliens who are not in detention even further into the future (into 2017). It would also result in delays for aliens in immigration detention and individuals seeking asylum protection.

To limit the negative effects of the sequester for some of our components in the short term, the Department plans to leverage its limited reprogramming authority to transfer resources between activities within an account, as well as transfer authority to move funding from one appropriation to another. More discretionary and flexible programs, such as grants, will likely be required to "donate" via transfer authority to components facing serious life safety or security issues, such as BOP, which faces a shortfall of more than \$200 million even after furloughs of headquarters and regional staff, reductions in non-personnel spending, and the use of available balances from funds appropriated in prior years. The actions to ameliorate the deleterious effects of sequestration in some parts of the Department will have negative consequences on the other "donating" elements of the Department.

Sequestration will not be, as sometimes portrayed, a series of harmless and overdue "cuts in Washington." Our 115,000 employees work across the Nation, in every State, in large cities and small towns alike. Every community will feel the reduction of our law enforcement presence due to sequestration; every community will feel the reduction to its local economy as our furloughed staffs and families are forced to reduce spending that supports local businesses. Sequestration will have profound impacts on our entire system of justice, our employees on a professional and personal level, and on the American people we serve. I urge Congress to work with the administration to pass a balanced reduction plan so that the negative impacts of sequestration will be avoided.

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DEPARTMENT OF LABOR

Thank you for your letter expressing your concern about the impacts of sequestration on operations within the Department of Labor. In the initial planning process, we have made every effort to protect the mission of the Department and of each agency. We maintain our commitment to investing in long-term economic success through worker training; protecting the wages, health and safety of our workers; protecting the security of pension, health and other employee benefits; and supporting our veterans. Nonetheless, with such dramatic, across-the-board cuts as would be required by a sequestration order if Congress does not act, we will not be able to provide the same level of service to the American people. As a great deal of the Department's funding goes directly to the State and local areas to cover program and administrative costs, we also expect the quality and level of State and locally delivered services to erode and anticipate the State and local areas to experience staffing reductions across the country.

*Training and Employment Programs*

The Employment and Training Administration (ETA) plays a critical role in the Nation's economic recovery. The Workforce Investment Act (WIA) formula funds and Wagner-Peyser Employment Service formula funds provide grants to States to provide an array of employment and training services at the State and local levels, which are delivered through the American Job Centers (AJC). The millions of dollars in reductions to these funds will lead to several hundred thousand fewer participants served. These funds help dislocated workers, low-skilled adult workers, and disadvantaged youth find jobs. Though we cannot predict the immediate impact of the proposed reductions on the 2,767 American Job Centers, it is clear that cuts will reduce the number of access sites for workers in need of assistance. As States will be pushed to reduce administrative costs rather than program costs, staffing at State and local levels will be reduced, though precise figures cannot be known until we begin modifying State grant agreements to accommodate the funding reductions. Although ETA will protect National Emergency Grant (NEG) funding to respond to natural disasters, regular NEG funding will be adversely impacted, further eroding services available for dislocated workers. In the formula programs under WIA, coupled with the Employment Service, we estimate that more than 1 million fewer participants will receive services needed to find or prepare for a new job. In its competitive grant programs for underserved and vulnerable populations, ETA will have to reduce either the number of competitive grants or the amount of money provided in formula grants, which will have a deleterious effect on populations served by both the grants and the WIA system by allowing fewer participants into these important programs.

The Office of Job Corps (OJC) provides thousands of low-income youth with academic and vocational training that will help them secure a job, pursue more education or training, or join the military. The serious funding issues that Job Corps is already experiencing in the current year would be exacerbated under sequestration. Under sequestration, OJC will have to either permanently close more than the few low-performing centers it had planned to close in program year 2013 or close all centers for a significant portion of program year 2013 to meet the reduced funding level. In addition, construction on all new centers will cease.

Economists and the Congressional Budget Office predict that there will be an increase in unemployment if sequestration occurs. Sequestration will also reduce States' ability to assist newly unemployed workers in their search for employment and could impact the integrity of the Unemployment Insurance (UI) program. Inadequate funding for State administration of UI programs could lead to State layoffs, an increased number of improper payments, backlogs of appeals, and slower processing of claims. In addition, the automatic cuts to the Employment Service Grants

to States will reduce the number of workers served at the AJCs through WIA and Wagner-Peyser funds by more than 1 million.

For the long-term unemployed, more than 3.8 million people receiving Emergency Unemployment Compensation benefits will see their benefits reduced by as much as 9.4 percent. Affected long-term unemployed individuals would lose an average of more than \$400 in benefits that they and their families count on while they search for another job. Smaller unemployment checks will also have a negative impact on the economy as a whole. Economists have estimated that every dollar in unemployment benefits generates \$2 in economic activity. Reemployment and Eligibility Assessments (REAs) would also be reduced, further hampering support for individuals searching for new employment. REAs save money by helping beneficiaries exit the Unemployment Insurance program more quickly.

The Veterans Employment and Training Services is the agency charged with fulfilling the President's promise that the men and women who fight for us on the front lines should not have to fight for a job when they return home. Yet under sequestration, the Transition Assistance Program which serves over 150,000 veterans a year may have to reduce operations—leaving thousands of transitioning veterans unserved. The Jobs for Veterans State Grants Program will also experience cuts, translating to a reduction in the capacity to serve by tens of thousands fewer veterans in their efforts to find civilian employment. The National Veterans' Training Institute and Homeless Veterans Reintegration Program would also be reduced, further eroding the tailored services the Department can provide to veterans.

#### *Worker Protection Programs*

The impacts of sequestration will also be felt in other ways affecting our Nation's workforce. The Department's agencies that promote workplace safety will experience furloughs in order to absorb the funding reductions under sequestration. The Occupational Safety and Health Administration (OSHA) will protect its highest priority activities but still roughly 1,200 fewer programmed inspections of the most dangerous workplaces will occur. This reduction could lead to an increase in worker fatalities and injuries. States, which enforce the law in over half of the States, will also have to furlough inspectors, and an even larger reduction in the number of inspections in State Plan States is expected.

The Mine Safety and Health Administration (MSHA) will adjust funding to complete 100 percent of its mandatory coal inspections, but it will likely not be able to do the same for the mandatory metal nonmetal mine inspections. In addition, many of the most effective activities that have caught grave workplace conditions—impact inspections, technical investigations, respirable coal mine dust inspections, and accident prevention investigations—will be significantly reduced, potentially leading to an increase in the fatality and injury rate among miners. The Department remains committed to implementing the recommendations from the Internal Review of MSHA's actions at the Upper Big Branch mine, but progress on this will have to be delayed. Both MSHA and the Office of the Solicitor (SOL) will have to scale back work on the Federal Mine Safety and Health Review Commission backlog project, which will likely increase the backlog of current contested cases.

The sequestration order will clearly have a negative impact on the Wage and Hour Division's (WHD) efforts to protect the most vulnerable workers in the workplace. WHD will see a reduction in the number of investigations its investigators will be able to complete. Without the ability to maintain full staffing levels in the face of higher attrition rates it is not possible to prevent WHD's overall production and output results from declining. Under a sequestration order, WHD can expect a contraction in the number of compliance actions, primarily in the complaint-based program due to a continued reduction in investigative staff. The agency's complaint response times will increase, and backlogs will build. These consequences directly affect the agency's customer service goals and certainly impact the welfare of those individuals who have requested the agency's services and who, absent the sequestration, would likely be served.

In other worker protection agencies, the Employee Benefits Security Administration is facing millions in reductions, and will complete many fewer civil and criminal investigations as well as see a significant reduction in monetary results for workers. The Office of Labor Management Standards will be forced to reduce the number of Compliance Audit Program cases and criminal cases and increase the election case resolution time. In the Office of Workers' Compensation Programs (OWCP), injured employees and their families who rely on the benefits provided by the Federal Employees' Compensation Act and other workers' compensation programs would have to wait additional time for their claims to be processed.

*Other Agencies*

The Bureau of Labor Statistics (BLS) is the principal Federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy and its work informs and supports public and private decisionmaking. With millions in reductions, BLS would have to eliminate or reduce some of its programs.

Additionally, the Bureau of International Labor Affairs will have to reduce its grants for child labor and trade-related workers' rights projects. The Office of Disability Employment Policy (ODEP) will be forced to reduce research, policy and effective practice development and technical assistance initiatives that promote the integration of workers with disabilities into the workforce. The Office of Inspector General will have to cut audits and investigations that limit fraud, waste, and abuse in Department of Labor programs.

While the issues above illustrate the main impact of sequestration on the major Department of Labor programs, they do not reflect the impact on the support agencies or the impact on employee morale. These issues will also negatively impact the effectiveness of the Department's service to citizens and stakeholders.

## DEPARTMENT OF STATE

Thank you for your letter regarding the impact of sequestration on the Department of State and the U.S. Agency for International Development (USAID). We share your deep concern that sequestration would disrupt delivery of essential services to the American people, including critical national security programs.

Sequestration would force the Department and USAID to make across-the-board reductions of \$2.6 billion to fiscal year 2013 funding levels under the continuing resolution. Cuts of this magnitude would seriously impair our ability to execute our vital missions of national security, diplomacy, and development. Our ability to influence and shape world events, protect U.S. interests, increase job-creating opportunities for American businesses, prevent conflict, protect our citizens overseas, and defeat terrorism before it reaches our shores depends on day-to-day diplomatic engagement and increased prosperity worldwide. These cuts would severely impair our efforts to enhance the security of U.S. Government facilities overseas and ensure the safety of the thousands of U.S. diplomats serving the American people abroad.

Sequestration would force us to cut approximately \$200 million from our humanitarian assistance accounts at a time when we face growing needs in Syria, the Horn of Africa, and the Sahel. Such a reduction would hinder our ability to provide life saving food assistance to 2 million people and USAID would have to cease, reduce, or not initiate assistance to millions of disaster-affected people. Similarly, sequestration would cut global health funding by over \$400 million, gravely impeding our efforts to create an AIDS-free generation and to end preventable child deaths. Such cuts undermine our efforts to shape the broader international efforts to fight disease and hunger, invest in global health, and foster more stable societies and regions.

Under sequestration, our security assistance accounts would face an approximately \$500 million reduction, undermining our efforts around the world to prevent conflict and protect our national security. An over \$300 million cut to our Foreign Military Financing account could lead to reductions in military assistance to Israel, Jordan, and Egypt, undermining our commitment to their security at such a volatile time. This cut will be felt at home, resulting in a loss of sales to U.S. industry and a potential loss of U.S. jobs. Furthermore, the Department would have to cut contributions to international peacekeeping operations, efforts to counter terrorism and prevent loose and dangerous weapons from falling into the wrong hands, and support for law enforcement and counternarcotics efforts, including efforts to dismantle drug trafficking networks in Mexico, Central America, and the Caribbean.

In addition, this proposed across-the-board cut to the State Department budget would limit our ability to provide ongoing and emergency assistance to U.S. citizens abroad and curtail our efforts to facilitate foreign travel to the United States. Cuts at the contemplated level would constrain our ability to assist U.S. citizens overseas, often at their darkest times. Reductions in funding would jeopardize the Department's efforts to provide secure, error-free travel documents to those eligible to receive them, while denying them to those not eligible. Reduced funding would also undermine progress made in ensuring that visa requests are processed in a timely fashion. Visa processing times directly impact job creation in the United States. The Department of Commerce estimates that one job is created in America's travel and tourism industry for every 65 visas issued.

Sequestration would also force dramatic cuts to the platform which supports the State Department, USAID, and other U.S. Government agencies operating abroad,

including efforts to enhance the security of U.S. Government facilities, the platform for safe and secure diplomatic operations, both domestically and overseas. It would also force reductions in USAID's operating budget of nearly \$70 million, reversing the progress made to better equip the agency to achieve the administration's objectives in an accountable, transparent manner.

The enclosed document describes in more detail the impact sequestration would have on the Department's and USAID's operating budgets and foreign assistance programs. This list is illustrative, but far from exhaustive. I hope that Congress can act to avoid these severe, across-the-board cuts to programs that further U.S. national security, advance America's economic interests, protect Americans at home and abroad, and deliver real results for the American people.

IMPACT OF SEQUESTRATION ON DEPARTMENT OF STATE AND THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Sequestration would cut State Operations by roughly \$850 million and Foreign Assistance by approximately \$1.7 billion. Cuts of this magnitude would severely impair our ability to ensure America's leadership in global affairs, build relationships with host governments, and promote peaceful democracies. They would limit our ability to advance peace, security, and stability around the world, and to prevent wars, contain conflicts, reduce the threat of nuclear weapons, expand global markets, counter extremism, secure our borders, and protect Americans abroad,

This across-the-board cut to the State Department budget would limit our ability to provide ongoing and emergency assistance to U.S. citizens abroad and curtail our efforts to facilitate foreign travel to the United States. Cuts would:

- Constrain our ability to assist U.S. citizens overseas, often at their darkest times;
- Jeopardize efforts to provide secure, error-free travel documents to those eligible to receive them, while denying them to those not eligible; and
- Undermine progress made to ensure that visa requests are processed in a timely fashion. Visa processing times directly impact job creation in the United States; the Department of Commerce estimates that one job is created in America's travel and tourism industry for every 65 visas issued.

Sequestration would reduce our ability to help U.S. companies compete for foreign government and private contracts; navigate foreign regulations and settle disputes; and negotiate international agreements and treaties to open new markets for American goods and services. Our day-to-day work of opening overseas markets, promoting U.S. exports, and helping poor countries grow into more developed economies would suffer, reducing long-term prospects for U.S. prosperity and job creation. Specifically, cuts of this magnitude would:

- Compromise our ability to help U.S. companies capture opportunities abroad in growing markets such as India, Brazil, and Mexico, with trade agreements, investment treaties, direct advocacy, and other diplomatic tools that open markets and ensure a level playing field;
- Reduce economic and development assistance accounts by more than \$400 million, setting back efforts to open markets overseas and create U.S. exports and jobs, while also lifting families from hunger and poverty;
- Cut Foreign Military Financing (FMF), potentially resulting in a loss of sales to U.S. companies and a loss of jobs across the United States. FMF dollars purchase U.S. goods and services and create skilled jobs across the United States, strengthening our industrial base, and often lowering the cost for the same military articles and services to our own armed forces; and
- Reduce export promotion programs that help U.S. businesses identify, pursue, and capture opportunities abroad and create jobs at home.

Cuts would eliminate resources needed to fight disease and hunger, invest in global health, provide humanitarian assistance, and reduce the threats of climate change, undermining efforts to foster more stable societies and regions. We would be forced to make the following cuts:

- More than \$200 million from our humanitarian accounts, hampering our ability to respond to humanitarian disasters at a time when the world faces growing needs in Syria and its neighboring countries, and ongoing crises in the Horn of Africa and the Sahel;
- Roughly \$70 million from title II food aid, impairing our ability to provide life-saving assistance to nearly 2 million people overseas; and
- More than \$400 million from our Global Health Program, including \$280 million from the President's Emergency Plan for AIDS Relief, hindering our ability to achieve global health objectives such as creating an AIDS-free generation, end-

ing preventable mother and child deaths, and fulfilling our commitment to the Global Alliance for Vaccines and Immunizations and to the Global Fund.

In addition, we would be forced to:

- Scale back efforts to end preventable child deaths, eliminate polio globally, continue progress toward controlling malaria in Africa, and mitigate highly virulent viruses such as H5N1 from developing into a pandemic and directly threatening U.S. citizens;
- Make significant reductions to Feed the Future, the President’s global hunger and food security initiative, which helps countries improve food security, generate opportunities for economic growth and trade, reduce poverty, and ultimately decrease their reliance on international assistance, including emergency food aid, by cultivating sustainable agricultural sectors; and
- Relinquish leadership on climate change, reducing our efforts to help countries invest in a clean environment and transition to a low-carbon future, and constraining the market for U.S. “green” firms.

Cuts would limit the ability of the State Department and USAID to bring nations together and forge partnerships to address these and other global problems. Every day, we support the spread of open and accountable democracy around the world to advance freedom, dignity, and development. Sequestration would:

- Compromise our ability to shape strategy in international fora (G–8, G–20, the United Nations, and the Organization for Economic Cooperation and Development) and to use these organizations to obtain worldwide cooperation on global challenges, such as safeguarding against nuclear threats, strengthening economic cooperation, and supporting development;
- Impede progress in Afghanistan by obstructing United States and international efforts in Afghanistan to sustain the economic and development gains made at great sacrifice over the past 10 years;
- Jeopardize our allies in the Middle East. Sequestration would force cuts to economic assistance to Jordan and Egypt, a particular risk given the vital role of these partners in managing the unfolding transitions in the Middle East; and
- Undercut our advances in creating a positive view of America and the American people by reducing our participation in international education and cultural programs that give foreign participants a real understanding of our country and its values.

Sequestration also would undermine our work with more than 150 nations and international organizations around the world to protect our national security with a roughly \$500 million cut to international security assistance. Sequestration would:

- Cut Foreign Military Financing by \$300 million, potentially reducing our military assistance to Israel, Jordan, and Egypt, and undermining our commitment to their security at an especially volatile time;
- Reduce contributions to international peacekeeping operations by almost \$20 million, hindering our efforts to stabilize the conflict in Mali and prevent the spread of extremism in the Sahel; and
- Jeopardize our efforts to counter terrorism by cutting roughly \$35 million for our efforts to counter terror, prevent loose and dangerous weapons from falling into the wrong hands, and supervise the safe destruction of conventional weapons.

Sequestration would force dramatic cuts to the platform which supports the State Department, USAID, and other U.S. Government agencies operating abroad, and would:

- Erode efforts to enhance the security of U.S. Government facilities, the platform for safe and secure diplomatic operations, both domestically and overseas; and
- Reduce USAID’s operating budget by nearly \$70 million, reversing the progress made to better equip the agency to achieve the administration’s objectives in an accountable, transparent manner.

#### DEPARTMENT OF TRANSPORTATION

This letter responds to your letter of January 18 requesting information on the impact that across-the-board spending cuts would have on the U.S. Department of Transportation’s discretionary programs in the event of sequestration. Thank you for giving me the opportunity to share my views.

Sequestration will require indiscriminate spending reductions to be taken equally among the affected accounts, programs, projects, and activities within each account, severely restricting our ability to manage such large funding reductions. This will have serious impacts on transportation services that are critical to the traveling public. I am very concerned about this possibility and agree with you that the Amer-

ican people should be fully informed of the consequences that will occur unless sequestration is averted.

If a sequestration order is issued on March 1, 2013, the Department of Transportation will be cut by nearly \$1 billion, affecting dozens of our programs. Some of our Operating Administrations will need to restrict staffing and prioritize safety activities, which means delivery of our many grant programs may face unneeded delays. The Federal Transit Administration, the Pipelines and Hazardous Materials Administration, and the Maritime Administration are among those that will be affected.

But perhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million. This action would force the FAA to undergo an immediate retrenchment of core functions by reducing operating costs, and eliminating or reducing services to various segments of the flying community.

Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately 1 day per pay period until the end of the fiscal year in September, with a maximum of 2 days per pay period. This number could be lower for any individual employee depending on specific staffing needs, operational requirements, and negotiated collective bargaining agreements. Any furloughs would only occur after appropriate employee notification and in accordance with applicable collective bargaining agreements. The furlough of a large number of air traffic controllers and technicians will require a reduction in air traffic to a level that can be safely managed by the remaining staff. The result will be felt across the country, as the volume of travel must be decreased. Sequestration could slow air traffic levels in major cities, which will result in delays and disruptions across the country during the critical summer travel season.

Aviation safety employees also would experience significant furloughs that will affect airlines, aviation manufacturers, and individual pilots, all of which need FAA safety approvals and certifications. While the Agency will continue to address identified safety risks, a slowed certification and approval process due to furloughs could negatively affect all segments of the aviation industry including those who travel by air.

NextGen investments may be completed, but investments in advanced technologies and new tools will need to be postponed indefinitely. As a result, the delivery of some critical NextGen systems could be delayed for years to come.

All of this means a less efficient and less convenient air travel service for the American traveling public, as well as impacts to our economy. Civil aviation contributes 10 million jobs and \$1.3 trillion annually to the U.S. economy and sequestration places this contribution in jeopardy.

I want to assure you, however, that our highest priority is to keep the aviation system safe even if it means disruptions and delays in service.

It is also important to note that some of our transportation programs will not be impacted. Under the Budget Control Act of 2011, our Trust-funded highway programs, motor carrier safety programs, vehicle safety programs, transit formula and bus grants, and airport grants programs are exempt from sequestration. These transportation programs would continue to operate at current funding levels.

We also need to consider the longer term consequences of sequestration on the delivery of Federal programs into fiscal year 2014 and beyond. Should sequestration occur, we will need to make difficult choices about which services to continue, which services to drastically reduce, and which services to completely eliminate over the coming years. Our programs cannot be sustained indefinitely by one-time fixes and furloughs. Our choices should ensure these programs are positioned to continue in the future and provide the American people with services they can rely on, by passing balanced deficit reduction and avoiding sequestration.

Thank you again for the opportunity to share my views on this important matter.

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DEPARTMENT OF THE TREASURY

Thank you for your January 18, 2013 letters sent to Secretary Geithner and Acting Commissioner Steven Miller regarding the possible impact of the sequester on the Department of the Treasury.

As the administration has stated many times, sequestration would require indiscriminate across-the-board cuts and was never intended to be implemented. The administration has proposed solutions to avoid the across-the-board spending cuts

through balanced deficit reduction. The Department of the Treasury, along with the rest of the administration, hopes Congress will act to avoid sequestration.

If the sequester does take effect, the cuts would harm taxpayers and employees across the Government. In concrete terms, the effects of sequestration would be felt in two ways: through a diminished capacity to carry out Treasury's mission, primarily due to employee furloughs, and through reductions in payments, tax credits, and financial assistance programs that support small businesses and State and local governments.

Under sequestration, most Treasury employees would face furloughs, which would have a cascading effect on employees' families as well as on the economy at large. The effects would be particularly painful at the IRS, reducing the agency's ability to provide quality services to taxpayers. For example, the cuts to operating expenses and expected furloughs would prevent millions of taxpayers from getting answers from IRS call centers and taxpayer assistance centers and would delay IRS responses to taxpayer letters. The IRS would be forced to complete fewer tax return reviews and would experience a reduced capacity to detect and prevent fraud. This could result in billions of dollars in lost revenue and further complicate deficit reduction efforts. In recent years each dollar spent on the IRS has returned at least \$4 in additional enforcement revenue. Thus, each dollar the sequester cuts from current IRS operations would cause a net increase to the deficit, as the lost and forgone revenue would exceed the spending reduction.

Treasury's national security and enforcement functions would also suffer from a reduced capacity to carry out their vital mission. Spending cuts required by the sequester would force a reduction in Treasury support of counterterrorism and anti-money laundering investigations, which could undermine Treasury's ability to block funds from flowing to dangerous individuals and organizations, affecting the security of all Americans. Overall, while our bureaus would implement cuts to reduce the extent of furloughs as much as possible—including hiring freezes and reductions in contract support, travel, training, supplies, and services—these actions would not be sufficient to avoid furloughs entirely as we already would be 5 months into the fiscal year.

In addition to providing fewer services at lower quality, sequestration would require reductions in a number of important Treasury programs that would adversely affect economic growth. Treasury's Community Development Financial Institutions Fund would award fewer or smaller grants to underserved populations and distressed communities, reducing financing to small businesses that are critical to job creation. Treasury would need to reduce payments that support certain State and municipal bond programs through lower levels of refundable tax credits and direct payments to issuers—likely increasing the borrowing costs to improve infrastructure, schools, affordable housing, and other needs for these communities. And we would reduce assistance for the development of renewable energy and tax credits that support small businesses, both of which would put American jobs at risk and restrain economic growth.

We appreciate your interest in the sequester's potential effects on the Department of the Treasury. I would be happy to answer any additional questions.

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#### ENVIRONMENTAL PROTECTION AGENCY

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.

#### 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 emissions 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.

### 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 fiscal year 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 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 United States. 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 United States. 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 deal-

ing with costly stormwater enforcement actions. Other benefits of GI, such as wild-life 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 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 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 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 U.S. 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 percent of the total universe of 640,000) and 290 FRP inspections/unannounced exercises (about 6.5 percent of the universe of 4,400). EPA would reduce approximately 37 FRP inspections in fiscal year 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 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 percent of State clean up grants and 80 percent 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 3-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).

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#### FEDERAL BUREAU OF INVESTIGATION

I am writing in response to your letter dated January 18, 2013, requesting the impact of sequestration on the Federal Bureau of Investigation's (FBI) operations, employees, contractors, and State and local economies where the FBI operates. In short and in sum, sequestration will require immediate and significant reductions

to the FBI and to its operations. Because sequestration calls for across-the-board cuts, the FBI would be required to do less in all its programs, including against Al Qaeda and its affiliated groups, as well as the growing and sophisticated threats from cyber attacks, foreign intelligence, and national and transnational criminal activities.

First, sequestration would have the net effect of cutting 2,285 employees—including 775 agents through furloughs and a hiring freeze. Every FBI employee would be furloughed for 14 workdays, nearly 3 full weeks. By the end of the fiscal year, this translates to approximately 7,000 FBI employees not working each day. (For individual FBI employees, this would mean a 12 percent cut in pay over the 5-month period from May to September.) The hiring freeze would result in 2,275 vacant positions at the end of the year, including 350 Special Agents, 275 Intelligence Analysts, and 1,650 professional support staff, including forensic and computer scientists, electronic engineers and technicians, contracting officers, police officers, and victim specialists. The hiring freeze would also have lasting effects beyond the immediate loss of new employees because, for instance, extensive background checks and Top Secret security clearance requirements would keep the FBI from immediately hiring new personnel at the conclusion of the freeze. To put these numbers in perspective, the loss of work years from the furloughs and hiring freeze required by sequestration is the equivalent of shutting down three of the FBI's largest Field Offices—Chicago, Miami, and Baltimore.

Second, sequestration would require us to eliminate and/or reduce joint task forces and other partnerships with other Federal, State, and local law enforcement. Federal, State, and local law enforcement have long relied on Federal task forces as a means to share information and as force multipliers in the fight against terrorism and violent crime. Joint task forces would be required to do less.

Third, sequestration would reduce the FBI's delivery of criminal justice services, including forensic and computer support that is often critical to cases involving child pornography and related trafficking in women and children. Critical civil services including the timely completion of checks by the National Instant Criminal Background Check System (NICS) of persons seeking to purchase firearms—would also be affected. As you know, NICS is the national mechanism for licensed gun dealers to determine whether a person is prohibited from possessing a firearm (for instance, a convicted felon) at the point of purchase. When more than 3 days lapse after a dealer contacts NICS and NICS has not provided a determination to the dealer, the dealer is authorized by law to transfer the firearm without a final NICS determination.

Finally, it is important to understand that under the terms of the continuing resolution, the FBI is already operating on funding levels below the amount needed to maintain current services in fiscal year 2013. Critical investments proposed by the administration to address the growing cyber threat and other key initiatives remain unfulfilled. Sequestration adds over \$550 million to the operational shortfalls that already exist under the continuing resolution. The combined effects of the continuing resolution and sequestration would undercut the investments made by Congress in previous years to transform and build the FBI's national security, intelligence, and criminal investigative capabilities and capacities commensurate with the threats facing the Nation.

Enclosed are descriptions of specific program impacts. As outlined above and in the enclosure, sequestration will reduce the FBI's ability to keep communities safe from national security and criminal threats. We cannot afford to let our guard down in this way.

If you or your staff has any other specific questions about the impact of sequestration, please feel free to contact the FBI's Chief Financial Officer, Richard L. Haley II, at (202) 324-1345.

#### ATTACHMENT

##### IMPACTS OF SEQUESTRATION BY FBI PROGRAM

Sequestration will require immediate and significant reductions to the FBI's operations. Foremost, sequestration would have the net effect of cutting 2,285 employees through furloughs and a hiring freeze. Accordingly, the FBI would be required to do less. The programs potentially affected include:

##### *National Security*

Cyber-intrusion and other computer-crime capabilities and initiatives would be impacted by a lack of personnel with the specialized skills and knowledge needed to investigate such incidents, the inability to acquire advanced technology used to analyze vast volumes of data and information that enables investigators to identify

and trace individuals responsible for attacks, the inability to acquire contractor expertise to assist investigators, and the inability to develop and deploy tools to assist investigators and analysts in detecting and defeating new cyber-based threats and attacks.

Counterterrorism operations and investigations would be impacted by the loss of investigative, intelligence and other personnel needed to identify and assess individuals with known or suspected terrorist ties. Further, the FBI's ability to proactively penetrate and disrupt terrorist plans and groups prior to an attack would be impacted. High priority investigations would stall as workload is spread among a reduced workforce. Overseas operations would be substantially scaled back, including in-theater support in Afghanistan where U.S. military and coalition operations rely on FBI investigative and forensic programs.

Translation of time-sensitive conversations intercepted in compliance with court orders and other materials would be delayed, potentially resulting in missed opportunities to identify and disrupt operations being carried out or planned. Backlogs of materials requiring translation and unprocessed raw intelligence would grow.

State and local law enforcement participation in Joint Terrorism Task Forces and Field Intelligence Groups would be reduced due to funding constraints, resulting in less sharing of threat and intelligence information among agencies. Some Joint Terrorism Task Forces may be eliminated.

Response times at the Terrorist Screening Center and the Foreign Terrorist Tracking Task Force would increase due to lack of personnel, potentially allowing individuals on watch lists to gain entry to the United States.

Timely deployment of FBI Render Safe capabilities and resources—a critical component to the integrated U.S. response in the event of a domestic WMD incident—would be negatively impacted due to furloughs and inability to conduct replacement hiring of WMD specialists. Maintenance of operational capabilities and readiness would be affected by reduced funding for training and exercises.

U.S. classified information and national defense information would be more vulnerable to compromise by foreign intelligence operations due to reduced counterintelligence staffing and operational capability. Proactive initiatives to create and maintain counterintelligence awareness would be reduced in scope.

Deployment of sophisticated—but labor intensive—surveillance and digital forensic techniques will be reduced, resulting in missed opportunities to collect and analyze intelligence information on high priority national security targets. The number of unaddressed surveillance requests would grow and the FBI's surge capability for 24/7 coverage would diminish.

Reliability and availability of specialized operational technology systems and equipment will be more susceptible to breakdown due to lack of maintenance and replacement of components.

#### *Criminal investigations*

Sequestration will cause current financial crimes investigations to slow as workload is spread among a reduced workforce. In some instances, such delays could affect the timely interviews of witnesses and collection of evidence. The capacity to undertake new major investigations will be constrained. Left unchecked, fraud and malfeasance in the financial, securities, and related industries could hurt the integrity of U.S. markets. In addition, the public will perceive the FBI as less capable of aggressively and actively investigating financial fraud and public corruption, which would undercut the deterrence that comes from strong enforcement.

Sequestration will impede violent crime investigations as FBI-funded task forces such as Innocent Images, Safe Streets, and Safe Trails will need to be curtailed and/or eliminated. Such Task Forces successfully leverage limited Federal/State/local/tribal resources. As a result, less information will be shared and in a less timely fashion among agencies, and agencies are more likely to duplicate effort as they work on common crime problems individually—rather than collaboratively. Identification and arrest of traffickers and producers of child pornography would be affected by a lack of resources, with the potential consequence of child victims being victimized for longer periods. Ongoing efforts and initiatives to curtail the sexual exploitation and trafficking of minors and women would be stymied by fewer Special Agents and Intelligence Analysts. State, local, and tribal law enforcement agencies will not be able to fill the void created by the loss of FBI funding, staffing, and intelligence.

By reducing the number of Special Agents, Intelligence Analysts, and other FBI personnel focused on crime and corruption along the Southwest border, sequestration will increase the risk of harm from violent crimes committed by Mexican Drug Trafficking Organizations affecting the United States. Fewer FBI resources will be

available to deploy against public corruption threats in the Southwest border region that only the FBI is positioned to address.

Regional Computer Forensic Laboratory (RCFL) operations will be reduced and/or eliminated. Digital evidence extracted from computers, cellular telephones, removable storage media, and other devices has become more common and more critical to investigations at the Federal, State, and local levels—RCFLs are joint FBI/State/local partnerships aimed at exploiting such evidence and items. The RCFL partnership is more cost-effective for State and local participants due to the high cost of establishing, operating, maintaining and staffing individual computer forensic laboratories. The loss of funding to operate and maintain RCFLs would shift the burden of computer forensics to State and local agencies which often do not have sufficient numbers of trained personnel, nor access to necessary examination tools and technology, to conduct their own computer forensic analyses.

#### *Criminal Justice Services*

Timely processing and searching of National Instant Criminal Background Check System (NICS) requests for purchases of firearms would be affected by sequestration. On average, approximately 43,500 NICS searches are performed daily. The Brady Act requires the NICS checks to be completed in 3 business days or the Federal Firearms Licensee (FFL) can legally transfer the firearm to a purchaser—without a final NICS determination. The FBI is also mandated to provide an immediate determination no less than 90 percent of the time. Delays in processing and adjudicating NICS requests increases the risk of firearms being transferred to a convicted felon or other prohibited person which, in turn, would have a significant detrimental effect on public and law enforcement safety at a time when the NICS workload is expanding.

Sequestration could negatively impact the timeliness of FBI criminal justice services depended upon by the Nation's law enforcement and criminal justice communities. On a daily basis, police and sheriff agencies query the National Crime Information Center (NCIC) approximately 8 million times for traffic stops, investigations, and related activities. Access to, and reliability of, NCIC could be impacted by lack of hiring for the Criminal Justice Information Services program, loss of contractor support staff, and the inability to provide routine maintenance and replacement of system hardware.

The capacity of the FBI to receive and process nearly 51 million checks of electronic and paper-based fingerprints submitted by State and local law enforcement to the Integrated Automated Fingerprint Identification System (IAFIS) could be similarly impacted by lack of staff hiring, loss of contractor support, and the inability to provide routine maintenance and replacement of system hardware. As a result, criminals using false identities may go undetected or be released due to lack of a timely response. Further, fingerprints and criminal history information submitted to the FBI are used for background checks to assist in determining the suitability of persons seeking employment as school bus drivers, child care providers, teachers, law enforcement, bank tellers, and security traders, among others. Increased system downtime could also affect the ability of the FBI to process such requests.

#### *Operational Technology*

All FBI operations and investigations are dependent on technology. Sequestration would reduce funding available for operating and maintaining the FBI's existing operational technology, as well as acquiring upgrades and new technology needed to address evolving threats and to counter the growing and sophisticated technology capabilities of terrorist, cyber, intelligence, and criminal adversaries. Deferral of routine maintenance or replacement of components would result in operational technology systems and equipment that are subject to more frequent breakdowns—with the potential consequence of lost opportunities to collect critical evidence or intelligence. Without adequate funding for maintaining existing operational technology, or investing in new technology, the FBI will fall behind in its ability to address existing and new threats to U.S. national security and investigate violations of Federal criminal laws.

#### *Operational Infrastructure*

To perform its vital and critical national security and criminal investigative missions, the FBI operates and staffs a network of 56 major Field Offices and approximately 370 smaller resident agencies in communities across the United States, as well as a criminal justice services complex, a training academy, an operational technology facility, and a forensic laboratory. Additionally, the FBI operates and staffs 63 Legal Attaché posts in U.S. Embassies around the world. If reduced or closed, the loss of overseas Legal Attaché posts would reduce cooperation and collaboration

among foreign law enforcement partners. Connecting these locations are specialized information technology and communications networks and systems. Appropriate security measures are employed to ensure the safety of FBI employees, other agency, and contractor personnel and the physical protection of FBI work sites.

Sequestration will hinder the FBI's ability to successfully investigate computer intrusions in a timely manner through court-authorized electronic surveillance due to reductions that would impact the funding levels of these supporting efforts. In addition, a reduction would impact the FBI's operational infrastructure that handles evidence regarding malware and intrusions. This ability is essential for enabling collaborative analysis across the FBI in support of computer intrusion investigations.

Reductions to the Information Technology budget due to sequestration would not only extend the technology refresh rate, which has been drastically reduced from prior offsets, but also would increase the FBI's risk of technological and operational disruptions, including system failure due to aging software and hardware.

Due to already constrained IT budgets, 8- to 12-year old data storage devices on FBI Net recently failed in multiple Field Offices and Divisions. Specifically, the Lab Division experienced an outage for over 2 weeks and could not process evidence critical to FBI operations, resulting in a backlog of critical tasks and loss of work-hours. Reductions from sequestration would impede the FBI's ability to complete implementation of a Centralized Tiered Storage solution, which addresses these operational gaps. Data storage, backup, and replication are critical to the FBI's ability to accomplish day-to-day missions.

In addition to reducing the FBI's ability to fix critical IT infrastructure issues, sequestration reductions would require the elimination of some key support contracts. Without these support and maintenance services, the FBI's systems are subject to even greater risks in that they provide critical security patches and anti-virus software that safeguard systems and networks.

Sequestration would impact the FBI's operational infrastructure. It may become necessary, over time, to consolidate and/or close field locations, reducing access to FBI services in some communities. Maintenance or physical facilities would be deferred, resulting in more costly repairs in the future. Reliability of information technology and communications networks could be affected by an inability to provide routine maintenance and replacement of equipment that becomes obsolete or broken.

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#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

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 fiscal year 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 fiscal year 2013 Continuing Appropriations Resolution (Section 101, Public Law 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 fiscal year 2013 budget request, and \$894.1 million less than the annualized levels in the current fiscal year 2013 Continuing Appropriations Resolution.

Overall, for purposes of this assessment, the Agency assumed that the fiscal year 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 percent of the full-year amount, which would be the equivalent of roughly a 9 percent reduction over the remaining 7 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.

#### IMPACTS OF MARCH 1, 2013, SEQUESTER ON FISCAL YEAR 2013 PRESIDENT'S BUDGET REQUEST FOR NASA

*Science (President budget request: \$4,911.2 million; –\$51.1 million sequester impact to fiscal year 2013 budget request)*

Sequestration would reduce Science by \$51.1 million below the fiscal year 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 fiscal year 2013 budget request)*

Sequestration would reduce Aeronautics by \$7.3 million below the fiscal year 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 fiscal year 2013 budget request)*

Sequestration would reduce Space Technology by \$149.4 million below the fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 2013 budget request)*<sup>1</sup>

Sequestration would reduce Commercial Space Flight funding by \$441.6 million below the fiscal year 2013 budget request. After sequestration, NASA would not be able to fund milestones planned to be allocated in the fourth quarter of fiscal year 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 fiscal year 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 cancelled, 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.

<sup>1</sup>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 continuing resolution operating plan is not included in this description.

*Construction and Environmental Compliance and Restoration (CECR) (President's budget request: \$619.2 million; –\$251.7 million sequester impact from fiscal year 2013 budget request)<sup>2</sup>*

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, and 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 million; –\$0.4 million sequester impact from fiscal year 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.

#### NATIONAL SCIENCE FOUNDATION

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 NSIT's core mission and maintain existing awards; protect the NSF workforce; and 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 fiscal year 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.

<sup>2</sup>The effect of a \$50 million transfer from Exploration to CECR Exploration CoF is not included in this description.

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.

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#### SMALL BUSINESS ADMINISTRATION

Thank you for the opportunity to discuss the effects sequestration, if it occurs, would have on the small businesses throughout the country that receive services from the Small Business Administration (SBA). As you know, SBA's mission is to give small businesses the tools they need to grow and create jobs. We deliver these tools through our "3 C's"—capital, contracting, and counseling. Sequestration's indiscriminate cuts would limit our ability to deliver these vital services to small businesses at a time when they, and our Nation's economy, can scarcely afford it.

##### *Capital*

To help small businesses across the Nation access capital, SBA guarantees loans made by banks to small businesses who do not qualify for traditional loans. Sequestration would cut SBA loan subsidy by \$10.5 million. While this may not sound like a significant figure relative to the Federal Government's overall budget, each subsidy dollar is used to guarantee an average of \$51 worth of loans for small businesses. This means that sequestration would take away SBA's ability to make 1,100 small businesses loans—loans that could have helped small businesses access more than \$540 million of capital. Additionally, these funds would have supported approximately 5,800 jobs in industries like manufacturing, food services and hospitality which are still struggling to recover.

##### *Contracts*

SBA works with Federal agencies to meet the statutory goal that 23 percent of the money the Federal Government spends goes to small businesses. We also work with small businesses directly, through training and business development programs, to help small businesses compete for and win contracts. Under sequestration, there would be both fewer Federal contracts for small businesses to win, and less technical assistance to help small businesses compete for those opportunities. This would put an additional burden on small business contractors who would see a decline in revenue of over \$4 billion. Furthermore, our ability to identify and address fraud, waste, and abuse through 8(a) and HUBZone reviews would be compromised. In fact, the agency would be forced to do 350 fewer 8(a) reviews and 40 fewer HUBZone reviews.

##### *Counseling*

SBA's nationwide counseling network of 68 district offices, nearly 900 Small Business Development Centers (SBDCs), 110 Women's Business Centers (WBCs) and 350 chapters of SCORE, would all lose significant funding due to sequestration. Examples of how the funding losses would negatively impact our resource partners are set forth below.

- WBCs would be equipped to serve 12,000 fewer small businesses. By extension, between 100 and 200 fewer women-owned businesses would start as a result of WBC assistance compared with fiscal year 2012.
- SBDCs would be able to help 2,000 fewer long-term counseling clients. This would hit many SBDC programs in smaller States especially hard, since they rely more heavily on the leverage that Federal funding provides.
- SCORE would be prepared to counsel approximately 19,000 fewer small businesses than in 2012. This would also affect SCORE's ability to recruit and sustain volunteers, which could have long-term impacts on the strength of their nationwide volunteer cadre.
- SBA would be unable to continue funding the Advanced Manufacturing Clusters. SBA would also not be able to participate in any new interagency cluster initiatives. SBA would continue funding the seven SBA Regional Innovation Clusters, but at a significantly reduced level.

The impacts listed above are illustrative, not exhaustive. They represent merely a sampling of the most significant impacts that would likely result from sequestration. Additionally, the indirect effects of reduced funding on SBA's business partners go beyond the impacts described above. For instance, most of SBA's resource partners rely on matching funds from other, non-Federal sources. Historically, reductions in Federal funding have led to reductions in matching contributions. Losing both Federal funding and the State, local, or private funding it matches, could effectively double the negative budget impacts of sequestration for SBA's business partners.

Thank you for giving us the opportunity to describe the effects of sequestration on the small business community we serve. If you and your staff have additional questions about the matters discussed in this letter, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

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SOCIAL SECURITY ADMINISTRATION

Thank you for the opportunity to discuss the effects of sequestration on the Social Security Administration (SSA). It is important to understand that sequestration would further exacerbate the negative effects of over two straight years of funding levels nearly \$1 billion below the President's budget requests. These funding levels have led to significant increases in our 800 number answer time and derailed progress we were making at eliminating our hearing backlog. As Congress considers the impact of sequestration and our future funding levels, it is important to remember that none of our work is discretionary; we must complete all benefit applications we receive. The longer it takes us to get to our incoming work, the more expensive it is to complete, and the greater the burden on the public. Moreover, if we do not have enough resources to keep our records accurate, it causes improper payments.

What has helped us endure lean budget years is our reengineered business processes and online suite of services without which our backlogs and wait times would be significantly worse. However, the core of our work is—and will likely always be—people based. Even with productivity increases over the last 5 years, if we do not have enough staff to keep up or if furloughs prevent them from working, the public can expect to wait longer in our offices, on the phone, and for disability decisions at all levels.

If sequestration occurs, we estimate that visitors to our field offices could wait almost 30 minutes to see a representative, and callers to our 800 number would wait almost 10 minutes for us to answer. The pending levels of initial disability claims would rise by over 140,000 claims, and on average, applicants will have to wait about 2 weeks longer for a decision on an initial disability claim and nearly 1 month longer for a disability hearing decision.

At this stage of our planning, sequestration would result in the loss (i.e. attrition without replacement) of over 5,000 more employees in fiscal year 2013, the termination of over 1,500 temporary employees and reemployed annuitants, and the elimination of overtime except for life, safety, and health concerns. We would be forced to reduce cost-effective program integrity work (continuing disability reviews (CDRs) and Supplemental Security Income (SSI) redeterminations). Please note that every dollar spent on medical CDRs will yield an estimated \$9 in program savings over 10 years, and every dollar spent on SSI redeterminations will yield an estimated \$6 in program savings over 10 years.

We would operate with minimum non-personnel spending, only funding the most essential costs such as mandatory contracts and rent on our buildings. As a result, we might reduce contractor support. Sequestration would significantly reduce our Information Technology (IT) funding. We would use our limited funds primarily to sustain our IT infrastructure. We would not have sufficient funds to invest in the type of automation that makes us substantially more efficient each year.

We would try to prioritize our reductions to avoid furloughs that would further harm services and program integrity efforts; however, the possibility of furloughs remains uncertain at this time. The value of a furlough day is about \$25 million. With each furlough day, we would not be able to complete roughly 20,000 retirement claims, more than 10,000 disability claims, and 3,000 hearings. It would increase the backlog of initial disability claims and erode the significant progress we have made in the hearings backlog. The wait for service in our field offices and on our 800 number network would further increase.

Sequestration would affect State and local economies as well because we must cut the administrative funding we provide State disability determination services to make disability determinations for us. In addition, growing backlogs would delay claimants' first checks, which delays money going into State and local economies.

I hope this information is helpful. If you have any questions, please contact me or have your staff contact Bonnie Kind, our Associate Commissioner for Budget, at (410) 965-3501.

Chairwoman MIKULSKI. For my members, I would like to thank the active participation, the fact that really everybody stayed pretty much within the 5-minute rule, I mean, it is now just a little

past 12:30 p.m. And I think this is really the tone and the tempo that I had hoped.

We moved briskly. People exercised their due diligence. I thought the questions were excellent, very content-rich.

And also—and I think, Senator Cochran, you would agree—the decorum of the committee was such that we would hope would be the tenor of this committee, and, hopefully, even spread within the Congress.

So, yes, we fear outside foreign predators. We fear, at times, foreign competitors. But this is a self-inflicted wound. And I think we need to deal with it, and we need to deal with it expeditiously.

#### ADDITIONAL COMMITTEE QUESTIONS

So thank you. And this committee, if there are no further questions, Senators may submit additional questions.

[The following questions were not asked at the hearing, but were submitted to the various Departments for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED TO DANNY I. WERFEL

##### QUESTION SUBMITTED BY SENATOR MARY L. LANDRIEU

*Question.* Information technology (IT) spending accounts for approximately 2 percent of the budget and is growing. The Department of Homeland Security (DHS) has received recognition for its data center consolidation efforts due to the cost and management efficiencies that have been gained and the amount of money that will be saved over time. Do you think other agencies can replicate work similar to DHS's in IT to generate savings across the Government?

*Answer.* In February 2010, the Office of Management and Budget (OMB) initiated the Federal Data Center Consolidation Initiative (FDCCI) that called for all agencies to shutdown data centers we don't need, and consolidate and optimize those that we do. DHS has been a leader in data center consolidation and is realizing many of the benefits outlined in the FDCCI, such as promoting green IT by reducing the overall energy and real estate footprint; reducing the cost of data center hardware, software, and operations; increasing the overall IT security posture of the government; and shifting IT investments to more efficient computing platforms and technologies. Many other agencies have also made consolidation a priority. The FDCCI Data Center Closings 2010–2013 dataset (<https://explore.data.gov/Federal-Government-Finances-and-Employment/Federal-Data-Center-Consolidation-Initiative-FDCCI/d5wm-4c37>) provides a list of planned or closed data centers by agency and by city/State location since the inception of FDCCI.

#### QUESTIONS SUBMITTED BY SENATOR JACK REED

*Question.* Can you tell the committee what to expect in terms of closures or reduced services at national parks across the country if sequestration takes effect? What are some specific examples of activities that are at risk because of these cuts?

*Answer.* The public should be prepared for reduced hours and services provided at the Nation's 398 national parks, 561 refuges, and more than 258 public land units. Sequestration 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. The effects of sequestration would cause complete closure or program elimination at about 128 refuges. The visitor programs at nearly all refuges would be discontinued. Additionally, sequestration would limit the Department of the Interior'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.

Examples of impacts to national parks include:

—Delaying by 2 weeks the opening of the Going-to-the-Sun Road—the only road to access all of Glacier National Park—will result in up to \$1 million in lost revenue daily for surrounding communities and concessionaires;

- Closing the Province Lands Visitor Center at Cape Cod National Seashore from May through October will affect at least 250,000 visitors; and
- Eliminating most education and interpretive programs at Gettysburg National Military Park will impact 2,400 students and 4,000 other visitors.

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. As a point of comparison, the 435 million recreational visits to Department of the Interior managed lands in 2011 supported about 403,000 jobs nationwide and contributed nearly \$48.7 billion to local economies.

*Question.* Will cuts required by sequestration specifically impede progress toward improving energy production from public lands? Will decreased energy production ultimately cost the Federal Government money in the form of lost revenue from royalties and other payments?

*Answer.* 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 geological and geophysical (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; and
- The Fish and Wildlife Service would conduct approximately 2,000 fewer consultations, delaying economic development projects and energy facilities that need environmental approvals.

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#### QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

*Question.* Sequestration would likely lead to hundreds of thousands of Federal employees being furloughed. For example, the Internal Revenue Service (IRS) could be forced to furlough customer service representatives who help taxpayers understand their obligations and revenue agents who pursue tax cheats. How would such IRS furloughs impact our ability to generate revenue and sustain economic growth?

*Answer.* The effects of sequestration would be undoubtedly painful for the IRS, reducing the agency's ability to provide quality services to taxpayers. For example, the cuts to operating expenses and expected furloughs would prevent millions of taxpayers from getting answers from IRS call centers and taxpayer assistance centers and would delay IRS responses to taxpayer letters. The IRS would be forced to complete fewer tax return reviews and would experience a reduced capacity to detect and prevent fraud. This could result in billions of dollars in lost revenue and further complicate deficit reduction efforts. In recent years, each dollar spent on the IRS has returned at least \$4 in additional enforcement revenue. Thus, each dollar the sequester cuts from current IRS operations would cause a net increase to the deficit, as the lost and forgone revenue would exceed the spending reduction.

*Question.* The testimony today makes clear that sequestration would be devastating for families, children, and seniors. This year, the sequester would cut \$85 billion. Are there tax loopholes that we could close that would achieve the same amount of deficit reduction?

*Answer.* As the President has said, the administration supports significant deficit reduction on the order of \$4 trillion over a decade that would put us on a fiscally sustainable path and allow our economy to grow and continue to create jobs. This should be achieved through closures of tax loopholes and reducing the value of deductions combined with spending cuts and entitlement reforms.

Leaders in both parties have identified the need to get rid of tax loopholes and deductions that only benefit wealthy Americans and well-connected corporations.

The President's proposal to Speaker Boehner, which is still on the table, identified \$580 billion in deficit reduction by taking these measures.

Working together, the administration and the Congress have already achieved more than \$2.5 trillion in deficit reduction, primarily through reductions in spending. To reach our \$4 trillion goal, the President believes that we must take a balanced approach that includes both common-sense tax reforms, such as the ones the President has proposed, and further targeted spending cuts.

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QUESTION SUBMITTED BY SENATOR JON TESTER

*Question.* Department of Defense (DOD) contractors can charge taxpayers more than \$750,000 for their annual compensation. For non-DOD agencies, only a fraction of contractors are capped at approximately \$763,000, while the rest can charge taxpayers even more. Last year, under a statutory formula, contractors received a 10-percent increase in their compensation. Federal employees have had their pay frozen for the last 2 years, and may only receive a 0.5 percent pay increase later this year. Officially, the Office of Management and Budget has expressed support for capping at \$200,000 only the five highest-compensated employees at each contractor. There was a provision in the Senate fiscal year 2013 National Defense Authorization Act to cap contractor compensation at \$200,000. The fiscal year 2013 Financial Services and General Government Appropriations Act contained a provision that would have capped non-DOD contractors at \$400,000. Do you think this extraordinary taxpayer-paid compensation for service contractors is appropriate during these austere times? Does the administration support capping taxpayer compensation for service contractors at \$200,000 and devote the savings to offsetting sequestration?

*Answer.* Under current law, contractors that are paid based on their incurred costs may demand reimbursement for executive and employee salaries up to the level of the Nation's top private sector Chief Executive Officers and other senior executives. These salaries and benefits have increased by more than 300 percent since the law was enacted in the mid-1990s, a staggering increase. The administration was encouraged by the congressional actions you identified that would lower the cap and cover all contractor employees—both defense and civilian. The administration has put forward specific legislative proposals that would create greater parity between what the Government pays for contractors' executives and employees and its own executives and employees and give our taxpayers the overdue relief they deserve.

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QUESTION SUBMITTED BY SENATOR MARK BEGICH

*Question.* Mr. Werfel, in your testimony you state "it is wasteful and inefficient for the Government to operate under this cloud of uncertainty and to divert resources to plan for extraordinarily disruptive contingencies that are within the Congress' authority to avoid." Please elaborate on this statement.

How would the Congress delaying sequestration, instead of passing balanced deficit reducing package including both revenue increases and spending decreases, result in additional diversion of resources and inefficiencies? Would you agree we need to consider solutions and compromise instead of delay?

*Answer.* In order to plan for the orderly and responsible implementation of sequestration, the Federal Government must expend a significant amount of time and resources and divert attention from mission critical activities. At a time of tight budgetary resources, this is not a wise way for the Federal Government to operate, and prevents the Government from carrying out its core mission on behalf of the American people.

Rather than a series of continued crises created by uncertainty surrounding whether the Congress will act, the President believes that the Congress should take prompt and comprehensive action to complete the job of balanced deficit reduction. This is the President's goal. But should the Congress not have time to complete this goal before sequestration is scheduled to occur on March 1, the President has said that, at a minimum, the Congress should pass a small package of spending cuts and tax reforms that would delay the damaging effects of sequestration until the Congress finds a way to replace these cuts with a smarter solution.

## QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

*Question.* Mr. Werfel, does the President want unchecked authority to transfer funds among appropriations accounts as a tool to change or modify the effects of sequestration?

*Answer.* The President believes the right answer to address sequestration is not to attempt to make the cuts themselves more manageable, as no amount of flexibility can avoid the significant and harmful consequences brought on by sequestration.

Cuts of this magnitude will inevitably have significant and harmful effects, no matter how they are applied. Moreover, protecting certain programs only increases the amount that would have to be reduced from other programs. For example, fewer cuts to title I funding could just mean more cuts to IDEA grants for students with disabilities. Fewer cuts to the Federal Bureau of Investigation would just mean further cuts to the Bureau of Prisons or the U.S. Attorney's office.

The President believes that the right answer is for the Congress to work to enact balanced deficit reduction and avoid sequestration.

*Question.* Secretary Napolitano and Mr. Werfel, this question is for you both. Information technology spending accounts for approximately 2 percent of the budget and is growing. The Department of Homeland Security (DHS) has received recognition for its data center consolidation efforts due to the cost and management efficiencies that have been gained and the amount of money that will be saved over time. Do you think other agencies can replicate work similar to DHS's in information technology to generate savings across the Government?

*Answer.* According to data compiled for the fiscal year 2013 President's budget, Federal information technology spending has actually decreased since fiscal year 2009 after growing at an annual compound rate of 7 percent between fiscal years 2001 and 2009. This is consistent with the administration's policy of innovating with less. As a result, the Federal Government has seen significant progress in innovation and efficiency by decreasing duplicative investments, such as data centers, while investing in innovative technology, such as cloud solutions. Agencies will continue to cull from low-value and duplicative technology investment in order to invest in the innovation that is necessary to drive more effective and efficient Government operations.

Many agencies are replicating in some manner the work ongoing at DHS. However, data center consolidation is just one piece of a larger push to innovate with less, and every agency in the executive branch should be working hard to identify low-value investment in order to create capital for the innovation that needs to occur. Larger, fragmented agencies will likely have similar opportunities to reduce duplication as DHS is, but even in the smaller less federated agencies there is also a great opportunity to innovate with less.

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 QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

## NATIONAL INSTITUTES OF HEALTH GRANTS

*Question.* Due to the funding cycle of new grants at the National Institutes of Health (NIH), many of which are not awarded until later in the fiscal year, will existing NIH research feel the brunt of sequestration more significantly than new awards? How do you expect cuts to be distributed between existing and new research awards?

*Answer.* NIH faces a cut of some \$1.5 billion from its \$30 billion budget under sequestration. The statute requires the reductions be applied equally to each program, project and activity (PPA). NIH's budget structure includes approximately 35 PPAs that are primarily at the Institute or Center (IC) level. For example, most of the 27 ICs are PPAs. The NIH Director does not have the discretion to change the amount of the reductions to each PPA. The application of the sequester cuts will depend on the circumstances of the particular IC.

In general, NIH expects that grant funding within States will likely be reduced through both reductions to existing grants and fewer new grants. NIH expects that some existing research projects could be difficult to pursue at reduced levels and some new research could be postponed as NIH would make hundreds fewer awards. Actual funding reductions will depend on the final mix of projects chosen to be supported by each Institute and Center within available resources. With each research award supporting up to seven research positions, several thousand research positions across the Nation could be eliminated.

## NATIONAL INSTITUTES OF HEALTH PUBLIC-PRIVATE PARTNERSHIPS

*Question.* Mr. Comptroller, we are living under constrained budgets and should sequestration go into effect, agencies will have to continue to do more with less. I am particularly concerned that NIH will receive a \$1.6 billion reduction. With the creation of its newest Center last year—the National Center for Advancing Translational Sciences (NCATS)—NIH has renewed its focus on moving basic science from bench-to-bedside. In particular, I believe NCATS has used its resources wisely by partnering with universities, private research entities, and pharmaceutical companies to develop new treatments through repurposing existing drug compounds. For example, in Kansas, the University of Kansas Cancer Center has been engaged in a successful drug repurposing project—the Learning Collaborative—with NCATS and the Leukemia & Lymphoma Society. This project leverages Federal, State, and private dollars to develop new treatments for drugs previously discontinued by pharmaceutical companies. As we deal with sequestration and shrinking budgets, do you expect the Office of Management and Budget and NIH to continue to support these types of public-private partnerships?

*Answer.* While NIH will continue supporting partnerships with private and not-for-profit organizations because these efforts help facilitate the discovery of new treatments, diagnostic tools, and prevention interventions, the \$1.5 billion reduction required under sequestration would require NIH to carefully examine all of its projects and make difficult cuts that would impede its ability to develop new drug treatments, conduct critical research into life-threatening diseases, and fund numerous other critical priorities.

## NATIONAL INSTITUTES OF HEALTH AUTHORITIES

*Question.* Within our difficult budget environment, are there increased authorities that the NIH could benefit from to allow it flexibility to use their funds more efficiently? For example, would a more flexible licensing mechanism help NIH use their limited resources in a more effective manner?

*Answer.* The President believes that no amount of flexibility can reduce the significant and harmful consequences brought on by sequestration. The sequester reductions must be applied equally to each PPA. The NIH Director does not have the discretion to change the amount of the reductions to each PPA. While NIH's budget structure does allow for some flexibility, because most of the 27 ICs are PPAs, cuts of this magnitude will inevitably have significant and harmful effects, no matter how they are applied. Moreover, protecting certain programs only increases the amount that would have to be reduced from other programs.

The President believes that the right answer is for the Congress to work to enact balanced deficit reduction and avoid sequestration.

## CENTERS FOR MEDICARE AND MEDICAID SERVICES

*Question.* As our baby boomers age, the Medicare program is expanding at an astounding rate. In fiscal year 2012 there were 50 million beneficiaries, and by 2022 the number is expected to increase by about one-third, to almost 67 million people. Medicare's benefit structure would remain largely unchanged and beneficiaries would not see a change in their Medicare coverage. However, a portion of Medicare spending, about \$4 billion, is funded by the Labor, Health and Human Services, and Education, and Related Agencies Subcommittee. This portion is used almost entirely for program management, such as payments to contractors to process providers' claims, beneficiary outreach and education, and maintenance of Medicare's information technology infrastructure. Over the past year, how has Centers for Medicare and Medicaid Services (CMS) prepared for the possible reduction of program management funds?

*Answer.* First, let us be clear that no amount of planning can fully mitigate the harmful effects of sequestration. While OMB has worked with all agencies, including CMS, over the past months to prepare to implement sequestration, these efforts will not prevent sequestration from causing significant disruption to a vast swath of programs and priorities.

Under sequestration, CMS's payments to program providers, health plans, and drug plans under title XVIII of the Social Security Act will be reduced by 2 percent. This would result in billions of dollars in lost revenues to Medicare doctors, hospitals, and other providers who will only be reimbursed at 98 cents on the dollar for their services to Medicare beneficiaries. The sequestration of funds to administer the Medicare program would not be subject to a 2-percent cap, but rather would be subject to sequestration at the same rate as other non-defense spending.

Sequestration would also limit the Department's ability to realize savings produced through proven investments, such as the Health Care Fraud and Abuse Control program. For every \$1 spent to combat healthcare fraud through law enforcement work we have realized more than \$7 return on investment. In fiscal year 2012 alone, we recovered a record-breaking \$4.2 billion. These funding reductions will affect program operations and those who serve Medicare beneficiaries, regardless of the thorough planning activities in which CMS engages.

Each agency is responsible for how it will implement the cuts required by sequestration, and I would refer you to CMS for specific information on how the agency prepared for the possible reduction of program management funds.

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QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

*Question.* Mr. Werfel, as you allude to your testimony (pg. 3), the U.S. Department of Agriculture (USDA) is considering, as a result of sequestration, furloughing Federal inspectors of meat, poultry, and egg products for 15 days. Establishments may not produce meat, poultry, or egg products without inspection, so furloughing inspectors would effectively shut these plants down for more than 2 weeks. This would mean financial hardship for those who work at these plants and for farmers and ranchers who would have no place to send their animals. In the past, it is my understanding that USDA Food Safety and Inspection Service (FSIS) inspectors have been considered "essential Federal employees" as they are "necessary to protect life and health."

Mr. Werfel, what options do Federal agencies, such as FSIS, have to ensure essential employees are not furloughed? If there are options available to USDA to avert this inspection shutdown, do you think USDA should do so given the threat to the economy and public health? Is there really no other place within the FSIS budget to come up with the estimated 9-percent cut for the remainder of fiscal year 2013? If you do not know what can be done, I urge you to work with FSIS to come up with options, and I request that you provide those options to the committee as soon as possible.

*Answer.* Eighty percent of USDA's total FSIS funding is spent on salaries and benefits. Of this total, 88 percent of FSIS employees are frontline personnel who are required by law to carry out inspection and inspection support activities for 6,290 meat, poultry, and processed egg establishments nationwide. Sequestration would force FSIS to do an agency-wide furlough for approximately 15 days affecting all of its approximately 10,000 employees.

Furloughing food safety inspectors would not be good for consumers, the economy, the meat and poultry industry, or the USDA workforce. Accordingly, USDA views such furloughs as a last option to deal with sequestration. However, were sequestration to become a reality, it simply would not be possible for FSIS to achieve the requisite level of reductions by furloughing non-front-line staff alone. Equally important, most components of the FSIS team, whether at the district offices or in the field, are integrated and dependent on each other for the proper inspection of meat and poultry products.

Unfortunately, impacts such as this are an unavoidable consequence of sequestration, and that is why the President urges the Congress to act promptly to avoid these devastating cuts.

*Question.* Mr. Werfel, as you mention in your testimony, most of the cuts required in sequestration affect discretionary programs, however, some of the cuts do affect mandatory programs, such as those authorized in the farm bill. According to OMB's congressionally mandated report on sequestration, the Commodity Credit Corporation (CCC) at USDA, which funds many mandatory farm programs, will be subject to a cut of \$469 million. You point out that the Federal Government has a responsibility to execute core mission areas on behalf of the American people and take all appropriate steps to protect this mission to the greatest extent possible. For USDA, ensuring the farm safety net is reliable for our producers is certainly a key mission, so for farmers who are signing up for farm programs, have you provided any guidance as to how USDA should ensure its legal agreements with farmers are honored?

*Answer.* OMB issued multiple memoranda to agencies to help provide guidance and clarity on implementing sequestration. In providing this guidance, OMB advised agencies to engage in rigorous planning efforts to determine how to implement sequestration while protecting the agency's mission to serve the American people to the greatest extent possible. As appropriate, OMB and agencies discussed legal issues concerning sequestration. Each agency is responsible for how it will implement the cuts required by sequestration and I would refer you to USDA for specific information regarding CCC.

*Question.* In North Dakota, two-thirds of the 36 critical access hospitals were operating in negative margins in 2012. The net operating margin across all these 36 hospitals last year was a negative \$6.5 million. The financially tenuous state of these hospitals points to the challenge of operating an all-service hospital in a rural and super-rural area with an unfavorable payer mix, which is the environment of much of rural North Dakota. According to the conservative estimates of the leadership at these hospitals, the loss per hospital due to sequestration will be approximately \$138,000; but, when an operating margin at best might be \$10,000 for the year, for those hospitals not operating in the red, that is no small impact. Critical access hospitals serve a vital role in rural America and across my home State of North Dakota. What is your plan to mitigate the impact of sequestration on critical access hospitals in order to ensure that access is still available in these communities?

*Answer.* Sequestration will lead to a number of deeply troubling and harmful impacts across critical Government programs. No amount of mitigation can prevent cuts of this magnitude from presenting significant and harmful effects. For this reason, the President continues to call on the Congress to enact balanced deficit reduction and avoid sequestration.

Each agency is responsible for how it will implement the cuts required by sequestration, and I would refer you to the Department of Health and Human Services for specific information on how sequestration would impact hospitals.

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QUESTIONS SUBMITTED TO JANET NAPOLITANO

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

DEPARTMENT OF HOMELAND SECURITY CYBERSECURITY—RISK TO FEDERAL COMPUTER SYSTEMS

*Question.* In fiscal year 2012, the Department of Homeland Security (DHS) handled 161,500 cybersecurity incident reports, up from 106,000 in fiscal year 2011, and issued 8,000 cybersecurity alerts and information products, up from 5,200 in fiscal year 2011. President Obama has declared that, “. . . the cyber threat is one of the most serious economic and national security challenges we face as a Nation”. In a constrained budget year, the fiscal year 2013 DHS budget proposed a substantial increase of 74 percent in cybersecurity funding to protect Federal systems and to support State and local governments and the private sector. This threat is real and it needs to be addressed with robust resources.

You have testified that securing our Federal networks will be delayed under sequestration. Specifically, what impact will sequestration have on securing our Federal networks?

*Answer.* Sequester reductions would require the National Protection and Programs Directorate (NPPD) to scale back its development of critical capabilities for the defense of Federal cyber networks. Full deployment of the National Cybersecurity Protection System (NCPS) intrusion prevention system, known as E3A, will be delayed from fiscal year 2015 to fiscal year 2016. In addition, the reductions would reduce NPPD’s ability to detect, analyze, and build capabilities into NCPS to respond to emerging cyber threats.

Deployment of a cyber diagnostics capability for the 118 Federal agencies will also be affected. Reduced funding will result in the ability to cover an estimated 7-percent fewer devices, leaving Departments and agencies less protected. Also, some features of a Federal dashboard that leverages the cyber diagnostics data to enable managing risk across the interagency will be delayed until at least fiscal year 2014.

In addition, sequestration will disrupt long-term efforts to build a qualified cybersecurity workforce, leaving 20 percent of the U.S. Computer Emergency Readiness Team’s (US-CERT) planned workforce positions vacant. This will limit the overall technical expertise of US-CERT’s analytic staff and decrease the speed to which DHS can respond to cyber incidents.

*Question.* When State and local governments and the private sector look to DHS for technical assistance and information in securing their systems, will DHS be able to deliver?

*Answer.* NPPD would still strive to continue to deliver critical technical assistance and information to its Federal, State, local, tribal, private sector, and international partners. However, the sequester reductions would limit ongoing collaboration and information-sharing efforts.

Sequestration would result in cancelling the fiscal year 2013 cyberstorm exercise. The exercise is the Nation’s premiere and largest cyber exercise and encompasses

more than 20 States, 100 industry partners, 20 Federal departments and agencies, and 13 nations.

In addition, a sequestration would require NPPD to reduce funding for the National Vulnerability Database (NVD). Reduced funding will impact the Department's ability to host, maintain, and enhance the NVD. This database provides analysts and users of the system with information related to computer vulnerabilities, security checklists, and patch sites. This reduction would hinder critical infrastructure owners' and operators' efforts to find and fix vulnerabilities existing on their critical systems, thus making U.S. critical infrastructure more vulnerable to exploitation or attack.

NPPD would also conduct fewer onsite risk assessments with industrial control systems (ICS) partners and would cancel plans to make ICS security trainings available to its partners online. This change would be a reduction of 18 from the planned 75 Cyber Resilience Reviews that identify specific cybersecurity management strengths, weaknesses, and areas for improvement.

FEDERAL EMERGENCY MANAGEMENT AGENCY DISASTER RELIEF FUND—IMPACT ON RECOVERY

*Question.* The Congress just provided \$11.5 billion in needed Federal Emergency Management Agency (FEMA) funding for response and recovery to Hurricane Sandy and other ongoing disasters. The Congress just provided more than \$50 billion of critical relief for the victims of Hurricane Sandy, including \$11.5 billion for the FEMA Disaster Relief Fund (DRF), \$16 billion for community rebuilding grants and more than \$10 billion for transit repairs. It is my understanding that the sequester would rescind more than \$2.5 billion of this funding, just as communities are making their long-term rebuilding plan. There were 47 Presidentially declared disasters in 2012, including Hurricane Sandy, which the National Hurricane Center estimates to be the second-costliest disaster in recent history, after Hurricane Katrina. In 2011, there were an unprecedented 99 Presidentially declared disasters. Every State in the Nation has pending disaster recovery projects with FEMA.

You have testified that sequestration will reduce the total amount available in the FEMA DRF to help rebuild communities by \$1 billion. Is it true that a sequester of \$1 billion could result in FEMA having to shut down the disaster rebuilding process for Hurricane Sandy and other disasters across the Nation as early as August of this year?

*Answer.* Under sequestration, reductions to the DRF could result in FEMA having to shut down the disaster rebuilding process for Hurricane Sandy and other disasters across the Nation. However, given that many months remain in the fiscal year, it is difficult to precisely project at this time when the imposition of Immediate Needs Funding (INF) restrictions could be necessary if sequestration occurs. Notwithstanding current DRF estimates, which are subject to change, sequestration could require FEMA to implement INF restrictions during hurricane season as a result of costs related to no-notice events, accelerated spending tied to new Stafford Act authorities included in the supplemental, the alignment of Hurricane Sandy projects across Federal agencies and required funding sources, and lower than projected recoveries.

If INF were implemented, funding to recover from past disasters (including Hurricane Sandy) and respond to and recover from future disasters, as well as all related activities, would be curtailed and would result in delays in the disaster rebuilding process.

SEQUESTER—GROWING THE ECONOMY BY ENHANCING TRAVEL TO THE UNITED STATES

*Question.* In January 2012, President Obama announced a major initiative to increase travel to the United States. Increasing the number of international travelers to the United States has a direct economic impact, including job creation. I want to grow the economy and create jobs. One way to do this is to enhance travel to the United States. Visitors to the United States often have to wait 1 hour to go through customs and I fear that if they have to wait much longer they will stop bringing their business to the United States.

What would be the impact of sequestration on wait times for travelers entering our country through our air and land ports of entry?

*Answer.* The automatic budget reduction mandated by sequestration would be disruptive and destructive to our Nation's economy.

At major international airports, average wait times to clear customs will increase by 50 percent. Reduced Customs and Border Protection (CBP) staffing would make 4- to 5-hour wait times commonplace. Such delays could cause thousands of missed

passenger connections daily with economic consequences at both the local and national levels.

And on the Southwest Border, our biggest land ports could face wait times of 5 hours or more, functionally closing these ports during core hours.

*Question.* How will sequestration impact wait times for passengers going through Transportation Security Administration (TSA) checkpoints at our Nation's airports?

*Answer.* Sequestration will affect our ability to process passengers through TSA checkpoints, and wait times would increase, particularly during peak travel periods.

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QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

*Question.* According to the Federal Bureau of Investigation, New Jersey is home to the most at-risk area for a terrorist attack in the United States. An attack in this area could impact 12 million people who live nearby. Department of Homeland Security personnel—including the United States Coast Guard (USCG), Customs and Border Protection (CBP), and Transportation Security Administration—play a critical role in protecting this region. How would sequestration cuts impact the Department's efforts to protect high-risk areas?

*Answer.* Threats from terrorism and the need to respond and recover from natural disasters will not diminish because of budget cuts. Even in this current fiscal climate, we do not have the luxury of making significant reductions to our capabilities without placing our nation at risk.

CBP would have to furlough all of its employees and reduce overtime, decreasing the number of equivalent work-hours by thousands of CBP agents and officers.

USCG's sequestration plans reduce planned operations by up to 25 percent less than current levels. Regarding New Jersey ports—Coast Guard operations in these ports might be scaled as follows:

- Screening of vessels arriving from overseas may be reduced by 20 percent;
- Port facilities inspections could fall by 10–20 percent;
- Inspections of domestic commercial fleet could be reduced by as much as 20 percent;
- Security patrols of key resources and critical infrastructure may fall by 10–15 percent;
- And security escorts of high-capacity passenger vessels and hazardous cargos may be reduced by at least 20 percent.

Federal Emergency Management Agency (FEMA) provides State and local grants to protect high-risk areas through a number of programs, including the Urban Areas Security Initiative (UASI) grant program. Following sequestration, State and local homeland security grant funding would also be reduced, potentially leading to layoffs of emergency personnel and first responders. Preparedness grants, including the State Homeland Security Grant Program and UASI Grant Program, the Assistance to Firefighters Grant Program, and Emergency Management Performance Grant Program would face funding cuts.

Vital assistance for State and local law enforcement efforts—such as training, technical assistance, security clearances, and connectivity to Federal systems and technologies—could all be scaled back under sequestration.

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QUESTIONS SUBMITTED BY SENATOR TOM UDALL

*Question.* New Mexico shares 180 miles of border with Mexico. You have stated that if sequestration goes into effect staffing cuts will have to be made to Customs and Border Patrol (CBP) and Immigration and Customs Enforcement (ICE).

Do you believe sequestration cuts will jeopardize the gains made in the fight against drug smuggling and human trafficking? How concerned should border States and communities be about this?

*Answer.* Sequestration would negatively affect the mission readiness and capabilities of the men and women on our front lines, and it would undermine the significant progress the Department of Homeland Security (DHS) has made over the past 10 years to build the Nation's preparedness and resiliency. It would negatively reduce the resources that we are able to devote to areas such as drug smuggling and human trafficking.

As I stated in my testimony, the impact of sequestration would be disruptive and destructive to DHS, its missions, and our Nation's security and economy. More specifically, sequestration would hinder border security, increase wait times at our Nation's land ports of entry and airports, affect aviation and maritime safety and security, leave critical infrastructure more vulnerable to attacks, hamper disaster re-

sponse time and our surge force capabilities, and significantly delay cyber-security infrastructure protections.

Sequestration would reduce ICE Homeland Security Investigations' (HSI's) ability to conduct key criminal investigations. Due to the funding level under sequestration, HSI must limit hiring and significantly reduce general expense spending affecting its ability to pursue enforcement actions (e.g., arrests, seizures, indictments, etc.) to target child predators, human smugglers and traffickers, drug smugglers and those smuggling dual use and weapons technologies to countries that sponsor terrorism. HSI would also be required to reduce Federal and State wire intercepts, travel in pursuit of investigations and mission critical training, purchase of information and purchase of evidence from confidential sources of information and suspects to support undercover operations.

Under sequestration, CBP would have to furlough all of its employees and reduce overtime, decreasing the number of equivalent work-hours by thousands of CBP agents and officers. Sequestration will affect CBP's ability to apprehend illegal aliens and seize illegal contraband.

USCG is also involved in countering illegal drug trafficking and migrant interdiction. USCG would have to curtail its air and surface operations by up to 25 percent, reducing its patrols of the 3.4 million square mile U.S. Exclusive Economic Zone.

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QUESTION SUBMITTED BY SENATOR MARK BEGICH

*Question.* Please elaborate on the expected decrease in Arctic operations by the United States Coast Guard due to sequestration.

*Answer.* If sequestration takes effect, there will be a reduction of surface (cutters and boats) and air assets (helicopters and airplanes) that operate in the Arctic. Sequestration would result in a reduction of up to 90 patrol days of major cutter (flight deck equipped and capable of operating the harsh Arctic environment) or Polar Icebreaker capacity in support of Northern Slope Arctic Operations or support of Arctic Science missions conducted with our interagency partners.

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QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

*Question.* Please explain how sequestration or a year-long continuing resolution could affect the U.S. Coast Guard's (USCG) ability to recapitalize its aging fleet of ships and aircraft. What could be the real-life consequences on USCG's ability to perform its coastal and riverine missions?

*Answer.* Unless adjustments are made, enactment of a year-long continuing resolution could be very problematic for USCG's ability to recapitalize its assets in a timely manner. The administration has requested an anomaly to ensure that correct funding levels are provided for each of USCG's Acquisitions, Construction, and Improvements sub-appropriations subaccounts to support planned recapitalization in fiscal year 2013. Otherwise, for example, there would be insufficient funding in the "Vessels" sub-appropriation to acquire the sixth National Security Cutter and additional Fast Response Cutters as requested in the fiscal year 2013 President's budget.

If sequestration takes effect, USCG would reduce operations (surface and air asset capacity); defer asset maintenance; stop some discretionary civilian workforce benefits (awards, discretionary overtime, maintain existing hiring freezes); defer training; and cut programmatic and travel funding. These reductions would impact USCG missions in all operating areas (e.g., offshore, coastal, inland waterways, and the Arctic). A real-life consequence of these decreases would be reduced drug and migrant interdiction, fewer safety and security patrols and vessel escorts security, and delays to repairs and maintenance of Aids to Navigations.

*Question.* Information technology (IT) spending accounts for approximately 2 percent of the budget and is growing. The Department of Homeland Security (DHS) has received recognition for its data center consolidation efforts due to the cost and management efficiencies that have been gained and the amount of money that will be saved over time. Do you think other agencies can replicate work similar to DHS's in IT to generate savings across the Government?

*Answer.* The DHS experience of creating two designated Enterprise Data Centers to locate and consolidate DHS legacy systems/data centers is unique. However, the outcome of consolidating, downsizing, and updating legacy systems to a smaller, more efficient footprint while emphasizing modernization and cloud services is certainly replicable. DHS took the strong step to seek an appropriation and centralize consolidation-specific funding to encourage its component agencies to expedite consolidation projects. While this requires an initial investment of funds for the efforts,

it helped create an atmosphere of cooperation among the stakeholders. DHS' data center migration activities have also led to a number of business innovations in the Department, including:

- funding efficiencies—a DHS centrally coordinated migration fund to enhance Component migration efforts;
- procurement efficiencies—Contract Line Item Number (CLIN) bundling and more effective vendor coordination; and
- IT infrastructure and operational efficiencies—using the consolidation effort as an opportunity to consolidate and upgrade systems and move toward establishing the DHS Private Cloud.

DHS shares its consolidation successes and lessons learned with other agencies through participation in the Federal Chief Information Officer (CIO) Data Center Consolidation Task Force. DHS CIO Richard Spires initially co-chaired the Task Force which comprises data center program managers, facilities managers, and sustainability officers from 24 agencies that work together to share progress toward individual agency goals. The Task Force serves as a “community of practice” for agency CIOs and data center program managers to share best practices and enhance consolidation effectiveness.

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QUESTIONS SUBMITTED BY SENATOR DANIEL COATS

*Question.* In your testimony on the impact of the sequester you indicated that Immigration and Customs Enforcement (ICE) will not be able to maintain the required number of detention beds for the most dangerous criminal aliens. This raises a number of concerns and questions:

Do you anticipate the need to release criminal aliens from detention given the inability to maintain 34,000 detention beds?

*Answer.* ICE will continue to manage its detention population in order to ensure it can operate within the appropriations level provided by the Congress in the Consolidated and Further Appropriations Act, 2013, and in consideration of reductions required by sequestration. To the extent that ICE is unable to maintain 34,000 detention beds with the funding provided, it will focus its detention capabilities on priority and mandatory detainees, including individuals who pose a danger to national security or a risk to public safety, including aliens convicted of serious crimes, with particular emphasis on violent criminals, felons, and repeat offenders. ICE will place low-risk, nonmandatory detainees in lower cost, parole-like alternatives to detention programs, which may include electronic monitoring and intensive supervision.

*Question.* If you are forced to release criminal aliens from custody—what process will you undertake to ensure the most dangerous are kept in detention? Will those who are released be placed into other ICE programs such as Alternatives to Detention (ATD)?

*Answer.* ICE does not anticipate that it will be forced to release dangerous criminal aliens as a result of sequestration. In the event that ICE reduces detention levels as a result of sequestration, it will take careful steps to ensure that public safety is not impacted. All release decisions will be made by career law enforcement officials following a careful examination of each individual's criminal and immigration history, ensuring that priority and mandatory detainees remain in detention. Any individual released would be placed on an alternative form of supervision and all released individuals would remain in removal proceedings.

*Question.* What additional impact from the sequester do you anticipate for ATD and its ability to effectively monitor individuals on the nondetained docket?

*Answer.* Under sequestration, ICE will continue to both maintain the ATD program and effectively monitor individuals on the nondetained docket.

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QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

NATIONAL BIO AND AGRO-DEFENSE FACILITY

*Question.* In September 2012, Secretary Napolitano testified before the Senate Homeland Security and Government Affairs Committee that “this country needs a bio level-4 facility” to assess animal disease and other dangerous pathogens. Secretary Napolitano said “it’s an essential part of our security apparatus.” The country needs this national security asset. Questions remain that the Department of Homeland Security (DHS) needs to address about the future of the National Bio and Agro-Defense Facility. DHS gave every indication a construction contract would be awarded in January, but failed to deliver without explanation. Why did this not happen? Current bids for constructing the CUP expire at the end of February, 13

days from now. What will happen should the deadline pass? Finally, the fiscal year 2011 appropriation of \$40 million for Central Utility Plant (CUP) construction could be in jeopardy if the contract is not executed soon. Will a contract be signed to begin construction on the CUP?

Answer. DHS awarded and signed the CUP construction contract on February 21, 2013.

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QUESTIONS SUBMITTED TO ASHTON CARTER

QUESTION SUBMITTED BY SENATOR PATTY MURRAY

CUTS TO THE DEPARTMENT OF DEFENSE/MENTAL HEALTH

*Question.* Deputy Secretary Carter has testified to the many serious impacts sequestration will have on the Department of Defense (DOD). There is wide agreement that sequestration is not the best way to find budget savings in the DOD, but there is a serious need to find savings across the Federal Government. As the Deputy Secretary said earlier this week, DOD must do its part in resolving these fiscal challenges. Certainly these reductions must be made carefully. The rates of suicide across the services are both unprecedented and unacceptable. What effects will sequestration have on the Department's ability to provide mental healthcare and combat suicide?

Answer. As we work to address the impact of sequestration within the Military Health System, our focus will remain on providing exceptional, accessible care to all beneficiaries. We will do all we can to continue to provide high-quality mental healthcare, to continue and enhance efforts to combat suicide, and to minimize disruption to servicemembers receiving or seeking care—but sequestration will almost certainly challenge our ability to do so to the fullest extent our servicemembers and their families deserve.

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QUESTION SUBMITTED BY SENATOR DIANNE FEINSTEIN

INTELLIGENCE ACTIVITIES

*Question.* Deputy Secretary Carter, the majority of Intelligence Community (IC) spending goes to agencies that are part of the Department of Defense (DOD) (e.g., National Security Agency, National Geospatial-Intelligence Agency, National Reconnaissance Office, Defense Intelligence Agency, and the military service intelligence agencies). The way the Department implements sequestration, therefore, has a major impact on our intelligence capabilities.

I understand that Director of National Intelligence (DNI) James R. Clapper has written a letter to the Department of Defense regarding DOD's implementation of sequestration. In particular, according to news reports, the DNI believes that the decision to furlough civilian DOD personnel to the maximum extent allowed under law should not be applied to intelligence personnel funded out of the National Intelligence Program, and especially not without the approval of the DNI. Have the DNI and the Secretary of Defense reached an agreement on how to handle IC personnel under sequestration? If not, will you agree to ensure that the Department implements sequestration in a way that has the agreement of the DNI?

Answer. Yes, an agreement has been reached. The Defense Department will ensure alignment with DNI Clapper on how to handle IC personnel and mission under sequestration.

CONCLUSION OF HEARING

Chairwoman MIKULSKI. The committee stands in recess, subject to the call of the Chair.

Thank you very much.

[Whereupon, at 12:38 p.m., Thursday, February 14, the hearing was concluded, and the committee was recessed, to reconvene subject to the call of the Chair.]



## **MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING**

[CLERK'S NOTE.—The following testimonies were received subsequent to the hearing for inclusion in the record.]

### **PREPARED STATEMENT OF FEEDING AMERICA**

Chairwoman Mikulski, Ranking Member Shelby, and members of the Senate Committee on Appropriations, thank you for the opportunity to submit this statement for the record on behalf of Feeding America and for holding this hearing.

Feeding America is the Nation's leading domestic hunger-relief charity with a network of more than 200 food banks serving all 50 States through more than 61,000 local food assistance agencies. Feeding America food banks, as well as food pantries, soup kitchens and other assistance agencies, rely on a variety of public and private funding streams to feed 37 million Americans a year, including 14 million children and nearly 3 million seniors.

Nationally unemployment remains significantly elevated at 7.9 percent, nearly 40 percent of those who are unemployed have been unemployed for 27 weeks or longer, and millions more families are scraping by on fewer hours or with one family income when there used to be two. Poverty and food insecurity are higher than ever and while our economy is recovering, millions of low-income families are still struggling to get by. Food banks across the Nation are stretched thin serving more people while donations and critical food sources have tightened.

For those individuals facing food insecurity, the Nation's Federal food assistance programs and emergency food providers provide a critical safety net. Nearly 46 million Americans participate in the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. In addition, the Commodity Supplemental Food Program (CSFP) is providing nutritious monthly food boxes to a caseload of more than 595,137 people, more than 97 percent of them low-income seniors. Moreover, the Emergency Food Assistance Program (TEFAP) is providing more than \$350 million worth of nutritious, American-grown commodities through mandatory and section 32 funds that helps food banks purchase foods.

As the committee hears testimony regarding the impacts of sequestration, Feeding America respectfully offers insight on how sequestration would affect TEFAP administrative (storage and distribution) Funds, the Women, Infants and Children Nutrition Program (WIC), Senior Meals, and the Emergency Food and Shelter Program which provide meals to millions of Americans we serve who are at risk of hunger.

### **THE EMERGENCY FOOD ASSISTANCE PROGRAM ADMINISTRATIVE FUNDS**

TEFAP is a means-tested Federal program that provides nutritious food commodities to low-income Americans in need of short-term hunger relief. TEFAP commodities are distributed through organizations like food banks, pantries, soup kitchens, and emergency shelters. Historically, they have provided about 25–28 percent of the food distributed by our food banks. Last year, TEFAP food accounted for 17.3 percent of the food distributed by Feeding America, down from 28 percent in fiscal year 2011.

Unfortunately, the need for emergency food assistance has outpaced supply, in part because of sharp declines in TEFAP bonus commodities. These declines in TEFAP bonus commodity purchases have hit our food banks hard, significantly reducing the amount of food they have available for clients. This decrease has been mitigated by increased donations through our retail store donation program and through increased food purchases by food banks. While the increased donations from our retail partners are welcome, they have drastically increased our operational costs. Retail donations are one of our most expensive food streams, costing on average \$0.24 a pound in capacity costs to store and deliver the food. In comparison, the cost to store and distribute TEFAP foods is defrayed in part by the appropriation of TEFAP administrative funds. TEFAP administrative funds are authorized by

the farm bill at \$100 million a year, although unfortunately the annual appropriation has been much lower, around \$49 million. These funds are subject to the 5-percent reduction under sequestration, which would be an approximately \$2.45 million cut for fiscal year 2013. Providing the mandatory funding level for TEFAP commodities in addition to fully funding the authorized amount of \$100 million for TEFAP administrative funds is critical if our emergency feeding agencies are to serve the growing numbers of people coming to them for help.

Food banks are struggling to respond to a significant increase in demand that is likely to continue for some time. Without adequate Federal assistance, they will be unable to afford the rising costs associated with storing and distributing emergency food commodities. While the increase in TEFAP products that require refrigeration or freezer capacity has been a welcome addition for clients, these products are more costly to store and deliver across large service areas. Compounding these challenges are rising fuel costs that in some cases have nearly doubled transportation and delivery costs. It would be unfortunate if local and emergency feeding agencies had to reduce client distributions due to a lack of funding to safely store and distribute those foods.

TEFAP administrative funds are critical to helping our food banks defray the costs of storing, transporting, and distributing TEFAP commodities, particularly in hard-to-serve rural and geographically remote areas. With food banks already struggling to respond to a sustained increase in demand, they can no longer afford the rising costs associated with storing and distributing emergency food if sequestration goes into effect.

#### WOMEN, INFANTS, AND CHILDREN NUTRITION PROGRAM

WIC provides nutritious foods, nutrition education, and access to healthcare for millions of low-income pregnant women, new mothers, infants, and children up to age 5 who are at nutritional risk. Current WIC resources are scarce. Clinics already stretch WIC dollars. WIC agencies have consolidated, closing clinics, laying off staff, and reducing service hours, which negatively affects nutrition education and breastfeeding support. WIC is susceptible to a 5.1-percent cut should sequestration run the full term of the remainder of the current fiscal year. Approximately 600,000 women and children would be dropped from WIC. At least 1,600 WIC-related jobs will be cut, as well as several WIC sites closed.

Feeding America is extremely concerned about the cuts to the WIC program. Many of our clients are also relying on WIC for the nutrition they need, and any cuts to WIC or other Federal nutrition programs will increase demand at food banks, and food banks will not be able to meet the added demand.

#### SENIOR MEALS

The prevalence of food insecurity among older adults can have serious health consequences. Food insecure seniors are more likely to have lower intakes of major vitamins, significantly more likely to be in poor or fair health, and more likely to have limitations in activities of daily living.

With so many seniors facing mobility challenges that make it difficult for them to do their own grocery shopping, home-delivered meal programs connect seniors with the nutritional foods they need. For a majority of participants in Meals on Wheels, home-delivered meals account for 50 percent or more of their daily food. These meals contribute to the overall health and well-being of participating seniors, including those with chronic illnesses that are affected by diet, such as diabetes and heart disease, and frail seniors who are homebound. The cost of feeding a senior for 1 year through Meals on Wheels is roughly equal to the cost of just 1 day in the hospital.

Home-delivered meals also help seniors live independently and remain in their homes and communities. Low-income seniors on fixed incomes must sometimes make difficult choices between important necessities. Among Feeding America food bank client households with seniors, 29.6 percent reported choosing between paying for food and paying for medical care. Additionally, 34.9 percent reported choosing between food and utilities, and 26 percent reported choosing between food and gas for a car. Under sequestration, the Meals on Wheels Association of America estimates that senior feeding programs like Meals on Wheels and congregate feeding programs would be able to serve 19 million fewer meals to vulnerable seniors.

#### EMERGENCY FOOD AND SHELTER PROGRAM

The Emergency Food and Shelter Program provides immediate relief to communities impacted by unemployment and poverty and plays a crucial role in helping families back on their feet. The average annual appropriation of \$100 million is used

for mass shelter, mass feeding, food distribution through food pantries and food banks, 1 month utility payments to prevent service cut-offs, and 1 month rent/mortgage assistance to prevent evictions or assist people leaving shelters to establish stable living conditions. These funds are subject to a 5.2-percent reduction under sequestration, which will also hurt our food banks and reduce the funding they have to purchase and distribute food.

#### CONCLUSION

We greatly appreciate the opportunity to submit testimony today on behalf of Feeding America, our more than 200 member food banks, and the 37 million Americans our network feeds each year. For these growing numbers of Americans, food banks are truly the first line of defense, and many times the only resource standing between them being able to put food on the family dinner table or going to bed with an empty stomach. However, our food banks and the charitable food assistance network cannot meet the needs of these families alone. It is only through our public-private partnership with Federal Government through programs like TEFAP, CSFP, the Emergency Food and Shelter Program, and sustained support for SNAP and other programs in the nutrition safety net that we can make real strides in the fight against hunger. These programs have historically enjoyed broad bipartisan support and have been protected in previous deficit reduction agreements. While we understand the need to address the deficit, we urge the Congress not to let sequester go into effect and to find a balanced approach to ensure that struggling low-income families are protected.

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#### PREPARED STATEMENT OF THE ZUNI TRIBE

The Zuni Tribe is presenting its testimonial statement to bring to the committee's attention the already prevailing disparities in health, education, public safety, and socioeconomic development endeavors (in comparison to the rest of the Nation) that exists and will continue to escalate with the March 1, 2013 sequestration. Vast disparities continue to exist in a wide variety of socioeconomic areas; the Zuni people rank well below the national average in measures of healthcare, education, income, housing, and public safety. Furthermore, basic infrastructure, including clean drinking water, safe roads, and telecommunications are woefully inadequate or sorely missing. These disparities create serious barriers and inhibit or prevent meaningful economic development on the Zuni Indian Reservation.

The Zuni Tribe understands the United States' fiscal difficulties and challenges at this time and acknowledges that the administration and the Congress is focused on reducing the deficit; however, the Zuni Tribe is requesting they keep their promise to Indian tribes by protecting and hold harmless funds that need to be appropriated to the Native American Indian tribes—particularly the Zuni Tribe. Protecting the tribes from the devastating actions will allow Zuni Tribe to be full partners toward a better and sound fiscal path as they continue efforts toward socioeconomic recoveries.

As the March 1, 2013 budget sequestration unfolds, The Zuni Tribe believes it is important that the committee be mindful and be guided by the fact that the United States owes a unique legal obligation and trust responsibility to the Zuni Tribe based on services by the Federal Government. As stated, this solemn obligation is carried out through the many Federal programs operated throughout the Federal Government, which, when not properly funded, results in a diminution of the Federal trust responsibility.

Estimated fund reductions slated for the Zuni Tribe range from 5 to 9 percent of the fiscal year 2012 base funding. This action will have a devastating impact on the Zuni Tribe. Injurious impacts include a rise in a prevailing depressed unemployment in the community. Furthermore, fund reductions at the various Federal agencies that have direct Government-to-government relationship with the Zuni Tribe will also continue to have rippling and crippling impact on the Zuni Tribe's effort toward self-sufficiency. The relationships range from providing a variety of programs and services, be it through contracting with the Federal Government through the authorities of Public Law 93-638 or direct services by the Federal Government.

*Self-Determination.*—Pre Public Law 93-638, Indian Self Determination and Education Assistance Act, the Zuni Tribe, Pueblo of Zuni, acting on a commitment for success, contracted with the Bureau of Indian Affairs (BIA) within the Department of the Interior and Indian Health Service (IHS) within the Department of Health and Human Services (HHS) to perform functions previously carried out by the Federal Government. Namely these functions/programs with the BIA are:

—Housing improvement;

- Law enforcement;
- Detention center;
- Tribal courts;
- Higher education—scholarship; and
- Road maintenance and social services/welfare assistance.

Performances of these functions by the tribe were initially authorized under the authorities of the 1934 Indian Reorganization Act with the promise of self-determination to operate programs fitting tribal needs. However, since the 1970s the Zuni Tribe has experienced drastic fund reductions in these contracted and other programs still administered/operated by the BIA.

With the IHS programs the Zuni Tribe has contractual relationships in administering the following programs:

- Audiology;
- Otitis media;
- Client services;
- Safety and injury prevention program;
- Optical;
- Community health representatives;
- Public health nurse for the detention center;
- Alcohol/substance abuse prevention/intervention center; and
- Wellness center.

These programs, along with the IHS Service Unit work with the Zuni tribal community in addressing healthcare needs of the community. Like the BIA funding, the IHS programs have experienced drastic reductions in the programs. These reductions do not allow the tribe to adequately address the spiraling diabetes, kidney, heart, and cancer problems of the community. Furthermore, when hospitals and health centers fund reductions are made and inadequate funds are not available to staff specialized medical services, patients have to be transported to other facilities that would take care of the specialized needs. These actions increase healthcare cost in contract healthcare service areas.

There are other HHS programs such Head Start, the Women, Infant and Children's program and the healthy lifestyle programs for the community and the schools, however with the limited-woeful funds provided the devastating effect of prevalent health problems are not adequately addressed. Any further reductions to the above named programs when the sequester is applied would only enhance and escalate the problems of the Zuni tribal community. By no means would the Zuni Tribe be on the healing path to healthy lifestyles, economic self-determination, self-sufficiency, and prosperity.

Furthermore, a critical component of the self-determination contracting policy is the United States' obligation to provide the full amount of funding to a tribe that the United States would have if it were to continue to operate the program, including the administrative costs associated with operating a Federal program. These administrative costs, known as "Contract Support Costs", include items such as auditing, accounting, and insurance. The Federal Government's obligation to fully fund Contract Support Costs has been confirmed in no less than three Supreme Court decisions. See, *Cherokee v. Leavitt*, 543 U.S. 631 (2005); *Salazar v. Ramah Navajo Chapter*, 132 S. Ct. 2181 (2012) and *Arctic Slope Native Ass'n., Ltd. v. Sebelius*, 133 S. Ct. 22 (2012). The Zuni Tribe request the committee's support and provide full funding of contract support and indirect cost without eroding base funding for Public Law 93-638 contracted programs and other Federal agency programs that have a Government-to government relationship with the Zuni Tribe.

*Economic Development.*—The Zuni Tribe continues to face challenges of high unemployment due to lack of economic development on the Zuni Reservation. The tribe is not a "gaming" tribe. Lack of infrastructure inhibits economic development and growth; these are adequate transportation systems, railroads, airports, and adequate quality water supply. These are basic and primary to attracting and developing either commercial development or entrepreneurial efforts on the Reservation. The tribe believes that sustainable economic development is the best pathway to healthy and vital tribal communities and will help them overcome many of the challenges the tribe faces.

The Zuni Tribe request continued support for funding the BIA Loan Guaranty Program within the BIA and the Native American Community Development Financial Institutions program within the Departments of Agriculture and the Treasury on the relending programs. These programs are, in many cases, the only source of capital for tribal and individual Indian economic development projects.

In addition, energy development on tribal lands offers significant opportunities to enhance and grow tribal economies. Accordingly, the tribe requests the committee to provide funds for programs within both the Departments of the Interior and En-

ergy that will encourage and support tribal capacity and project development in the area of clean energy development, whether it's solar or wind energy funding.

*Tribal Public Safety and Justice Programs.*—The United States has distinct legal obligations to provide public safety in Indian country. The Major Crimes Act codified the United States' responsibility to investigate and prosecute most crimes committed on Indian lands. See, 18 U.S.C. 1152, 1152. Yet, the rates of serious crime within the Zuni community are close to exceeding that of major metropolitan communities.

While lack of funding may not be the only cause of the current state of public safety on the Zuni Reservation; it is a significant contributing factor. It is impossible to have a safe community when there are only a few officers patrolling the 747 square mile reservation. This is another reason the Zuni Tribe has been requesting funding every year in the President's budget request to fund Conservation Law Enforcement Officer who would enforce law and order outside the immediate community covering the reservation-wide area where most of the illegal activities occur. Illegal activities include human trafficking, alcohol bootlegging, illicit drug trade, theft and destruction of sacred cultural artifacts at protected sites.

The Zuni Tribe requests the committee support sufficient funding in both the BIA and the Department of Justice that will enhance public safety programs across Indian country-especially Zuni; including Detention Centers, along with the Violence Against Women Act programs—the legislation which has been recently enacted.

Furthermore, tribal court systems are an integral part of the justice system. The Zuni tribal court was one of the original contracts in the early 1960s with the BIA. Throughout the years as the incidents and crime rates rise on the Zuni Reservation, funding for the Zuni tribal courts have not kept up with the increased need to take care of offenders that are processed through the tribal court.

*Education and Other Programs.*—While education is one of the key factors to socioeconomic development on the Zuni Indian Reservation; however, program funds provided by the BIA and Department of Labor for higher education scholarship and vocational and technical training have not been able to meet the demands. There is at least an 85-percent funding shortfall in this area for Zuni's educational needs. Students graduating from high schools do not have the funds available to pursue higher education; and, the 15 percent that are fortunate to attain higher education achievement do not return to the reservation due to unavailability of jobs due to depressed economies. This creates an intellectual and economic drainage to the Zuni Community. Adequate funding for these programs would assist the Zuni Tribe to minimize the ever-growing backlog in the need to fund students who are pursuing higher education.

The foundation of the Zuni Tribe is the land and natural resources including real estate programs and water rights attorney programs—to protect the diminishing water rights and surface and subsurface water tables. The protection and enhancement of these resources are not only critical to the future of tribes; they are an obligation of the United States. Therefore, funds for these programs should be protected as well. Funding for tribal natural resources programs has declined significantly over the last two decades. Adequate funds for this investment will boost tribal economies, ensure greater food security, and protect and revitalize cultural practices throughout the community. This investment will lead to more productive resources and contribute to the overall economy of the Zuni Tribe.

*Housing and Infrastructure.*—Finally, the Zuni Tribe is requesting your assistance in reauthorizing the Native American Housing and Self-Determination Assistance Act (NAHASDA). The Zuni Tribe is in dire need of housing development and improvement throughout the reservation. Some homes are more than 75 years old and are in need of extensive renovation or replacement construction. Some homes lack complete plumbing facilities, adequate heating and cooling systems, along with adequate communication systems such as basic telephones.

Consequently, the Zuni Tribe is requesting the committee's support in maintaining the current level of NAHASDA funding, as well as maintaining the funding within Department of Agriculture for rural housing development, and the BIA Housing Improvement Program. As part of this reauthorization there are improvements to the Act that will improve program management and efficiency in the delivery of housing services, which should achieve savings in this program.

The Zuni Tribe fully supports efforts to improve tribal transportation programs such as roads maintenance under the BIA and the road construction program with the Department of Transportation.