

FREQUENTLY ASKED QUESTIONS ABOUT SEQUESTRATION



What is sequestration?

The Budget Control Act of 2011 called for automatic, across-the-board cuts to be applied automatically to a large portion of the federal budget on January 2, 2013. These cuts are referred to as “sequestration.” As part of the “fiscal cliff” deal on January 1, 2013, Congress postponed sequestration cuts for two months, and they are now set to occur on March 1, 2013, unless Congress acts to reverse them. Absent any agreement, the cuts are still slated to happen automatically and indiscriminately through sequestration.

How would sequestration cuts be implemented?

By law, half of the sequestration cuts would be to defense, and half to domestic (non-defense) programs. Originally, sequester cuts totaled \$110 billion, with around \$55 billion cut from both defense and domestic programs. For domestic programs, around \$38 billion in cuts would be applied to “discretionary” programs, which include the National Institutes of Health and the National Science Foundation. The remaining \$15.5 billion in cuts would come from Medicare and other “mandatory” programs. Certain programs such as Social Security and Medicaid are exempt from cuts. With the sequester delay, the size of the cuts was slightly reduced to a \$107 billion.

The government has not specified exactly how these cuts would be implemented at each agency. However, the Office of Management and Budget estimated in September 2012 that, under the original implementation of sequestration, the budget of most programs (including NIH and NSF) would be reduced **by around 8.2% per year**, based on the overall dollar amount required. A reduction of this size would have a chilling effect on research across the country. Budget reductions under the revised sequestration have not been calculated, but should be similarly devastating.

How would sequestration affect NIH?

An 8.2% cut to the NIH’s budget of \$30.6 billion would amount to over **\$2.5 billion** in the current fiscal year. A cut this large is unprecedented in the history of NIH. [Research!America](#) estimates that **research project grant (RPG) success rates would drop from 18% in FY2011 to 14% in FY2013** under sequester (this figure is for all RPGs, including new and competing continuation grants). Francis Collins, the director of NIH, estimates that more than **2,300 fewer new grants** would be funded. Other estimates place the number at upwards of **2,700 new grants**. It remains unclear how already-funded grants would be affected. If cuts were implemented across the board—i.e., a 8.2% cut to the intramural budget, extramural grant budget (including new, competing continuation, and existing grants), the budget of the Office of the Director, etc.—the White House Office of Management and Budget estimates that 700 fewer new grants would be funded.

How would sequestration affect NSF?

Cuts to NSF’s budget would amount to **over \$586 million** of NSF’s \$7.0 billion budget. [Research!America](#) estimates that **grant success rates would drop from 22% in FY2011 to 16% in**

FY2013 under sequester. It is estimated that **1,500 fewer research and education grants would be funded**. It remains unclear how already-funded grants would be affected.

How big are these cuts, really?

The NIH sequester cut is equal to **half** of FY2011 spending on neuroscience research (\$5.5 billion), is **one and a half times** the FY2011 budget of NIMH (\$1.5 billion), and is **three times** FY2011 spending on all training grants and fellowships.

The NSF sequester cut is equal to **three quarters** of the entire FY2011 budget for the BIO directorate (\$721 million), is **one and a third times** the FY2011 spending on Collaborative Research in Computational Neuroscience (\$421 million), and is **four times** the FY2011 spending on the Graduate Research Fellowship (\$137 million).

How likely is it that sequestration will actually happen?

Sequestration is written into law and can only be reversed if a new law is passed. The fact that sequestration cuts, if they occur, would come five months into the fiscal year creates huge uncertainty in the budget and makes it difficult for NIH and NSF (and the other affected agencies) to set funding levels for the fiscal year, which starts on October 1st. NIH and NSF would have to begin allocating grant money without knowing if their budget for the year would ultimately be cut by 8.2%. Thus, even if sequestration is ultimately avoided, agencies have already begun to reduce their spending, potentially affecting research funding.

What is the take home message?

The abrupt and unplanned nature of these changes is alarming people on both sides of the aisle. Experts say there is the real potential for the economy to slide back into a recession if sequestration and the fiscal cliff are not avoided.

What can I do?

- Join SfN's [Advocacy Network](#) to stay up-to-date on these issues.
- Send a letter to your congressional representatives at <http://capwiz.com/sfn>.
- Check out SfN.org/advocacy for more resources and information.
- Watch SfN's webinar on sequestration on SfN's [YouTube channel](#) (SfNVideo).
- Spread the word about sequestration through word-of-mouth and social media.

Where can I go for more information?

Research!America. [Sequestration: Health research at the breaking point](#).

This report outlines the effect of sequestration on government agencies that fund biomedical research, including NIH, NSF, FDA, CDC, and others.

Office of Management and Budget. [OMB Report Pursuant to the Sequestration Transparency Act of 2012](#). Sept. 14, 2012.

This report details the extent of cuts to all government programs.

[Letter from Department of Health and Human Services to Rep. Ed Markey](#). June 29, 2012.

This letter details the effect of sequestration on HHS.

Tom Harkin. [Under Threat: Sequestration's Impact on Nondefense Jobs and Services](#)

This document lays out the effect of sequestration by NIH institute.

[Francis Collins' testimony](#) before the Senate Subcommittee on Labor, Health and Human Services, and Education Appropriations on March 28, 2012.

Effect of sequestration on NIH is discussed at 40:10 in the video (transcript not available).

Dicks, N. [Letter to the Joint Select Committee on Deficit Reduction](#). October 12, 2011.

This letter outlines the effect of sequestration on NIH and NSF grants and jobs.