



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE DEPUTY SECRETARY
WASHINGTON, DC 20410-0050

MEMORANDUM FOR: All HUD Employees

FROM: The Deputy Secretary, SD

SUBJECT: Sequestration Impacts

On March 1, 2013, absent Congressional action, sequestration goes into effect. Sequestration, which is the automatic across-the-board cut to all discretionary spending for defense and non-defense agencies, is part of the Budget Control Act of 2011. The Administration cannot choose which programs to exempt or what percentage cuts to apply. This will mean automatic and across-the-board budget cuts for Federal agencies and programs.

The impact of sequestration on HUD programs will be dramatic. The Secretary has testified that over 200,000 people will lose their HUD-funding housing assistance. HUD must also reduce its salaries and expenses by \$66.6 million.

We will attempt to minimize the impact of sequestration to the maximum extent possible. However, the reality is that due to the magnitude of the reduction to our funding, we will have to schedule up to seven furlough days for our employees. On furlough days, employees do not report to work and do not receive pay.

If sequestration goes into place on March 1, we will do a number of things to help offset the number of furlough days. First, we will put into effect a department-wide freeze on outside hiring. Additionally, we will cut as much discretionary spending as we can from non-personnel services without causing irreparable harm to our mission. You will feel immediate impacts in the areas of travel and training.

We are required by law to give employees 30 days advance notice of a furlough. Employees will receive formal notification of the proposed furlough days. We will work closely with unions and employees to hear any ideas about lessening the impact and implementation of the furloughs.

We understand and regret the financial hardship of furloughs on employees and their families. We will work to minimize these impacts. At this time, we do not believe that HUD will schedule furlough days before the first of May. We will require the same number of furlough days for all HUD employees and try not to schedule more than one furlough day per pay period. We want to give you as much notice as possible to plan for the financial consequences of

furlough and to allow time for Congressional action to end or reduce the impacts of sequestration.