

**Memorandum**

To: University Research Community

From: Andrés G. Gil, Ph.D.  
Vice President for Research

Subject: Federal Sequestration Update

Date: December 7, 2012

The Division of Research and the Office of Governmental Relations have been monitoring the events taking place in Washington, DC regarding the Budget Control Act of 2011 (commonly referred to as the “fiscal cliff”). It requires that mandatory cuts be applied to both defense and non-defense spending by the federal government unless Congress and the President pass a law rescinding it by January 1, 2013.

Initial projections by the Division of Research estimate that if sequestration was to take effect, the University’s currently active federal sponsored research portfolio could immediately be reduced by approximately 8%, with further reductions to be expected. Additionally, funding levels will remain flat or reduced further in the coming years.

At this time, we are recommending that Principal Investigators with federally sponsored projects closely monitor their projects, and consider a contingency plan in the event that sequestration is enacted. Until a definite solution is provided by the federal government, it would be prudent to assume that all federal grants and contracts are vulnerable to 8-10% budget cuts this fiscal year, with further cuts to be expected in subsequent years.

Under the current funding climate, federal sponsors may reclaim unspent funds. In the last several years, federal agencies have been monitoring project balances for low rates of spending, and they have been reminding us that unspent funds can be re-deployed to other priorities if they are not needed. It is also possible that new awards or renewals may be delayed or even cancelled, and that requests for no-cost extensions will be denied more frequently. Currently, several renewal programs due for new announcement earlier this fall have been delayed. Two such examples are the SCs (old SCORES) and Marc U\*, both from NIGMS.

The Division of Research and Office of Governmental Relations will continue to monitor the situation and advise the University research community of any additional guidance.