

#### <u>United States Department of Housing and Urban Development</u> <u>Frequently Asked Questions (FAQs) on Sequestration Impacts</u>

As you aware, due to the inability of Congress to pass legislation on balanced deficit reduction to avoid sequestration, the President on Friday, March 1, 2013 was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year. At this time, HUD is taking every step possible to mitigate the effects of these cuts. As key stakeholders with our agency, we would like to provide you with timely information. Accordingly, we have developed these Stakeholder FAQs which will be updated periodically. Since the specific impacts vary considerably across HUD programs, we refer you to the letters sent to Governors, Public Housing Authorities, housing insurance programs, grantees and contractors which can be found HERE.

#### 1. What is sequestration?

Sequestration is an across-the-board reduction in Federal budgetary resources in all budget accounts that have not been exempted by statute. Under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, the American Taxpayer Relief Act of 2012, and other relevant legislation, across-the-board reductions of \$85 billion in budgetary resources were required to be ordered by the President on March 1, 2013. Sequestration reduces each agency's budgetary resources in non-exempt accounts for the remainder of the fiscal year (which runs through September 30, 2013).

#### 2. What will be the impact of sequestration on HUD?

HUD will attempt to minimize the impact of sequestration to the extent permitted by law. However, HUD cannot choose which programs to exempt or what percentage cuts to apply. This will mean automatic and across-the-board budget cuts at HUD. The impact of sequestration on HUD programs will be dramatic. In his testimony in front of the Senate Appropriations Committee on February 14, 2013, Secretary Shaun Donovan highlighted some of these potential impacts. HUD also sent letters to grantees, governors, Public Housing Authorities and contractors.

See them HERE.

#### 3. What will be the impact on HUD staff?

To meet the broad sequestration goal, HUD must also reduce its salaries and expenses by \$66.6 million. This will mean up to seven (7) designated designated furlough days for virtually all HUD employees between May through August 2013. On designated furlough days, employees do not report to work and do not receive pay. If additional furloughs or other personnel actions prove to be necessary, HUD will provide affected employees at least 30 days advance notice.

# 4. During the designated furlough days, will staff in my local HUD field office or at HUD Headquarters (Washington D.C.) be available to answer my questions or address concerns that I might have?

No, HUD's offices will be closed to the public. In most cases, if you call or email the field office or Headquarters staff, you will hear a voicemail or receive a return email indicating that HUD is closed. We will update the external website above to show the dates of the designated furlough days once confirmed.

# 5. Will previously scheduled meetings, monitoring and technical assistance visits, and trainings take place during designated furlough days?

No. Virtually all meetings, visits and appearances will be cancelled. HUD employees will not be traveling during the designated furlough days unless there is an emergency.

#### 6. Will I be able to access grants.gov during HUD's designated furlough days?

Yes, it will be open for business. Please visit http://www.grants.gov/

# 7. How would a designated furlough day affect the deadline dates for the submission of applications in response to HUD's Notices of Funding Availability (NOFAs)?

Should the deadline for the submission of applications in response to a HUD NOFA fall on a designated furlough day, HUD may be required to publish or post a notice extending the application deadline date for the NOFA. The notice would identify the NOFA and state that because of a designated furlough day, applications submitted to HUD during the designated furlough day might not have been considered to have been timely received. In order to ensure basic fairness to all potential applicants a new deadline for applications would then be established. The overall impact may result in delay in reviewing and awarding funds for these programs.

### 8. I have an on-going contract to provide services to HUD that has been funded. May I continue to work on the contract?

Those with current contracts should have received direct, written guidance from HUD's Deputy Secretary as to the status of your contract on Monday, March 4, 2013. See them <u>HERE</u>. Additional specific direction may come from your assigned Contracting Officer.

# 9. If I have a contract to provide on-site services to HUD, do I come to work on designated furlough days?

No, there will not be staff present to provide technical oversight and guidance. You should return to work when HUD reopens.

#### 10. What activities will continue?

A limited number of the activities normally supported by HUD are not impacted on designated furlough days, as HUD has determined that these activities must continue to operate and not be subject to the general furlough policy. These activities have to meet a very strict legal standard for protecting life and property in order for HUD to determine that they should not be affected. A few of HUD's programs will continue to operate as a result. For example, All HUD systems will continue to operate, even on furlough days, so those in the public that have access to HUD's systems will still be able to access those systems. Additionally, Ginnie Mae and the HUD Inspector General (IG) will not be required to furlough for any days. Ginnie Mae and the HUD IG have their own Salaries and Expenses funds, and can absorb their reductions through reductions in travel, training, and contracts.

### 11. I am a HUD program grantee operating with funds awarded from FY 2012 or prior years. May I continue work under those grants?

Yes. Your operations under FY 2012 or prior years' funding will not be affected by the sequestration.