

United States Senate

WASHINGTON, DC 20510

February 1, 2013

The Honorable Harry Reid
Senate Majority Leader
United States Senate

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate

Dear Leaders Reid and McConnell:

It has been nearly a year and a half since the United States Congress passed the Budget Control Act, which was designed to force comprehensive action on our debt and deficits. Unfortunately, Congress has missed several opportunities to enact a long-term plan to stabilize our debt and avoid self-inflicted crises that put our economy and national security in jeopardy. Instead, we again face the threat of automatic sequestration cuts of nearly \$1.2 trillion from defense and non-defense programs in the federal budget. We write today to again express our commitment to a balanced, bipartisan deficit reduction solution that will avoid the impacts of these cuts, which are already threatening jobs in New Hampshire and Maine.

This month, we are starting to see the very real and negative consequences of our inaction to our national security and to the economic and financial health of our country. Each of the military services has begun to take money-saving actions to address both the lack of appropriations bill for FY13 and the possibility of sequestration cuts taking effect. For example, the United States Navy is taking drastic measures in the weeks ahead to prepare for sequestration, including a civilian hiring freeze, cutting temporary workers at shipyards and base operating support facilities, reduced funding for deployments, maintenance, and overhauls, deferment of critical repairs, including the USS Miami, and a possible furlough of civilians for up to 22 work days. This would have severe ramifications for many critical defense facilities, including our own Portsmouth Naval Shipyard.

But the negative consequences would not just be felt in our military. In terms of non-defense spending, the administration reports that sequestration would “undermine investments vital to economic growth, threaten the safety and security of the American people, and cause severe harm to programs that benefit the middle-class, seniors and children.” The National Institutes of Health would face a \$2.5 billion cut and “would have to halt or curtail scientific research, including needed research into cancer and childhood diseases.” The Centers for Disease Control and Prevention would see a \$464 million cut, and states and local communities would lose billions in federal education funding for Title I, special education State grants, and other programs.

Automatic cuts to defense and non-defense spending alike will have drastic effects on our economy. A recent forecast from Macroeconomic Advisers suggests that sequestration would reduce our Gross Domestic Product by 0.7 percentage points this year. A previous report by the Aerospace Industries Association found that a full year of sequestration would result in the loss of approximately 1 million jobs because of defense budget cuts and 1 million jobs because of domestic cuts in 2013. While the first two months of sequestration have been addressed, it is reasonable to conclude that millions of jobs are in jeopardy should sequestration take effect.

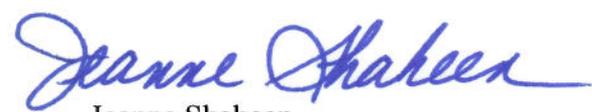
In addition, the threat of sequestration has resulted in real costs for taxpayers. Federal agencies have been forced to divert attention and resources away from important programs to prepare for automatic spending cuts while maintaining vital services. Enacting a long-term solution to sequestration will result in more efficient and effective government programs.

Automatic cuts are the least responsible way to address our debt. The whole point of employing the threat of this tool was to force those difficult decisions in order to find a comprehensive solution to our problems. As a result, the best way to avoid sequestration is to stop avoiding the choices we have to make and get our long-term debt and deficits under control. This will require reforms to all areas of spending, including domestic, mandatory, and defense, as well as comprehensive tax reform.

The announcements this month by the Department of Defense underscore the fact that we need to act now to avoid sequestration's impacts in New Hampshire, Maine and across the country. We believe that there is still time and bipartisan support for a better approach to addressing our debt and deficits.

Thank you for your dedication and service to our nation.

Sincerely,



Jeanne Shaheen
United States Senator



Susan M. Collins
United States Senator