

## MEMORANDUM

**TO:** Deans, Associate Dean for Research, School Chairs, IRI Directors,  
EVPR Direct Reports

**FROM:** Steve E. Cross  
Executive Vice President for Research

**DATE:** December 4, 2012

**RE:** Planning for Sequestration: the Uncertain Future of Federal  
Research Funding

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As I am sure you are aware, there is currently a great deal of uncertainty with regard to the federal budget. The 2011 Budget Control Act, more commonly referred to as sequestration, is slated to take effect in less than one month. It sets spending caps for federal discretionary budgets, which could directly impact government sponsored research at every U.S. university – including Georgia Tech.

If the White House and Congress are unable to come to an agreement before January 2, 2013, \$1.2 trillion will be cut from the federal budget over 10 years - \$110 billion in the first year alone. This would represent an 8.4-9.2% cut in federal research budgets.

While there is little information about how these cuts would be implemented, all agencies of the federal government have been directed by the Office of Management and Budget to “continue normal spending and operations” – for now. We do believe that some may already be holding back a percentage of their spending to prepare for the mandatory cuts that could take place if a budget compromise is not reached.

As details are scarce and a “midnight” deal this month may still be reached, it seems prudent to plan for reductions to current sponsored programs. New awards and cost extensions on existing awards may also be impacted.

I encourage you to reach out to your sponsors, and learn more about how they are planning for sequestration. I also strongly suggest that faculty holding Principal Investigator roles on federal awards begin developing ‘contingency plans’ for sequestration. Consider current funding levels, staffing, and long-term obligations. Also assess currently available yet unspent funds, which could be at risk for re-allocation by sponsors.

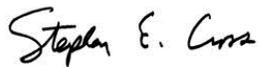
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As a public university, Georgia Tech also faces additional financial challenges if sequestration comes to pass as federal budget cuts may also impact state budgets. States may have to adjust their funding priorities, which could translate to further reductions of the University System of Georgia (USG) budget.

We have been working hard to help decision-makers recognize the tremendous value university research provides for our nation's competitiveness and the well-being of society. President Peterson is working closely with DC-based professional organizations, as well as colleagues from around the country, to make the case for compromise – and to preserve federal and state investment in university research. Several recent citations are included below.

We will do our best to keep you informed about this issue.

Sincerely,



Stephen E. Cross  
Executive Vice President for Research

Task Force Asks President, Congress to Avoid Sequestration  
*Letter from Task Force on American Innovation*  
<http://www.innovationtaskforce.org/docs/2012-10-02%20Sequestration.pdf>

R & D Budget and Policy Program  
*Status updates published from the American Association for the Advancement of Science*  
<http://www.aaas.org/spp/rd/>

Higher Ed Association Leaders Once Again Urge Action to Prevent Sequestration  
*Status updates from the Association of Public and Land-Grant Universities*  
<http://www.aplu.org/page.aspx?pid=2569>

UGA and Tech presidents: The fiscal cliff looms  
*Atlanta Journal-Constitution Op-Ed by President Peterson and President Adams*  
<http://blogs.ajc.com/get-schooled-blog/2012/11/17/uga-and-tech-presidents-the-fiscal-cliff-looms/>

cc: G. P. "Bud" Peterson, President  
Rafael L. Bras, Provost & Executive Vice President for Academic Affairs  
Steven G. Swant, Executive Vice President for Administration and Finance  
Amir Rahnamay-Azar, Sr. Vice President of Administration and Finance

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