

FREQUENTLY ASKED QUESTIONS  
SEQUESTRATION OF CIVIL WORKS FUNDING

General Questions

Question: What is sequestration?

Answer: Sequestration is an across-the-board reduction in available funding to meet spending targets mandated by the Balanced Budget and Emergency Deficit Control Act (BBEDCA), as amended. The most recent amendments were in the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012.

Question: When does sequestration start?

Answer: Sequestration began 1 March 2013 when the President issued the sequestration order as required by law.

Question: What types of Civil Works funding are sequesterable, and for how long?

Answer: Federal funding is sequesterable. The sequestration of federal funding is permanent, except that for trust funds the sequestration is temporary, lasting only until the end of the fiscal year.

Non-federal funding in the Rivers and Harbors Contributed Funds account is sequesterable to the extent that it funds federal administrative expenses. This funding finances cost-sharing requirements on federal projects, and also non-federal work associated with federal projects. The sequestration of non-federal funding is temporary, lasting only until the end of the fiscal year.

Question: Is all the funding in each account sequestered?

Answer: In most Civil Works accounts, only FY 2013 funding is sequestered. However, in the FUSRAP and OASA(CW) accounts, carry-in is also sequestered.

Question: When are the sequestration reductions applied?

Answer: The sequesterable funding for the entire fiscal year in each account is reduced by the sequestration amount. Agencies must operate within the remainder, and have seven months, from March through September, to implement actions to do so.

Question: Does the sequestration apply only to funding received after the sequestration order?

Answer: No. Where it applies, it applies to all funding received in FY 2013 (plus carry-in for FUSRAP and OASA(CW)), and reduces the amount available for obligation for the entire fiscal year.

Question: How long does the sequestration last?

Answer: The sequestration lasts for the fiscal year. However, annual federal funding is sequestered permanently, whereas funding in trust funds and non-federal funding in the Rivers and Harbors Contributed Funds account are sequestered only until the end of the fiscal year.

Question: Where can I find additional information?

Answer:

Budget Control Act of 2011, Public Law 112-25:

<http://www.gpo.gov/fdsys/pkg/PLAW-112publ25/pdf/PLAW-112publ25.pdf>

American Taxpayer Relief Act of 2012, Public Law 112-240:

<http://www.gpo.gov/fdsys/pkg/PLAW-112publ240/pdf/PLAW-112publ240.pdf>

OMB Report to Congress on the Joint Committee Sequestration for FY 2013:

[http://www.whitehouse.gov/sites/default/files/omb/assets/legislative\\_reports/fy13omb\\_jcsequestrationreport.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13omb_jcsequestrationreport.pdf)

### Questions on Application of Sequestration to Federal Funding

Question: What is the sequestration percentage for the federal Civil Works accounts?

Answer: Civil Works accounts, except for FUSRAP and OASA(CW), are classified as “non-defense” for sequestration purposes. The percentage for non-defense discretionary accounts (accounts receiving annual appropriations) is 5.0 percent. For non-defense mandatory accounts it is 5.1 percent. For “defense” discretionary accounts (FUSRAP and OASA(CW)) it is 7.8 percent.

Question: What are the details on how sequestration applies to each account?

Answer:

- The Investigations, Construction, Operation and Maintenance, Mississippi River and Tributaries, Flood Control and Coastal Emergencies, Expenses, and Regulatory Program accounts are scored as discretionary non-defense. The sequestration percentage is 5.0 percent and is permanent. Carry-in is exempt from sequestration.
- The FUSRAP and OASA(CW) accounts are scored as discretionary defense. The sequestration percentage is 7.8 percent and is permanent. Carry-in is sequestered.
- The Inland Waterway Trust Fund and the Harbor Maintenance Trust Fund are scored as discretionary non-defense. The sequestration percentage is 5.0 percent. The sequestration is temporary, with the sequestered funding once again becoming available for obligation after FY 2013. Carry-in is exempt from sequestration. The net amount transferred into the Construction and Operation and Maintenance accounts is not further sequestered.
- The various permanent appropriations, including the Coastal Wetlands Restoration Trust Fund and the Maintenance and Operation of Dams appropriation, are scored as mandatory non-defense and are sequestered. The sequestration percentage is 5.1 percent and is permanent.
- Funding from other federal agencies for reimbursable work is sequestered by those agencies and is not further sequestered by USACE.
- Funding from non-federal agencies for reimbursable work is not sequestered, as it represents voluntary commercial transactions.

Question: How is the sequestration amount calculated for federal funding in discretionary accounts, and how much federal Civil Works funding has been sequestered?

Answer: In preparing the sequestration order and the accompanying Report to Congress, the Office of Management and Budget assumed, in accordance with the Budget Control Act, that each Civil Works account would receive for the fiscal year the sum of: 1) actual unobligated carry-in, in the case of FUSRAP and OASA(CW); 2) the amount provided for the account in the FY 2013 Continuing Resolution, annualized to the entire fiscal year; and 3) the actual amount provided for the account in the disaster relief supplemental for FY 2013, Public Law 113-2. Sequesterable carry-in for FUSRAP and OASA(CW) totals about \$0.004 billion. The assumed funding for Civil Works from annual, regular appropriations for FY 2013 totals about \$5.033 billion. The actual FY 2013 funding for Civil Works in the disaster relief supplemental totals \$5.350 billion. The total assumed discretionary FY 2013 Civil Works funding subject to sequestration is about \$10.387 billion.

For each account, the sequestration order and Report to Congress applied the applicable sequestration percentage against the assumed sum. The total sequestered amount for discretionary Civil Works accounts is about \$523 million.

For each account, the sequestered amount, having been ordered, does not change. Note that, although the Report to Congress rounded figures to the nearest million dollars, the sequesterable funding and the sequestered amount for each account is exact, not rounded.

**Question:** How is the approximately \$523 million that is sequestered distributed among discretionary accounts?

**Answer:** The following table shows for each discretionary account the sequesterable carry-in, assumed sequesterable annual funding, actual sequesterable supplemental funding for FY 2013, and the sequestration amount that results.

ACCOUNT	SEQ'ABLE CARRY-IN (\$M)	ASSUMED FY 2013 SEQ'ABLE (\$M)	SEQ'ABLE FY 2013 SUPPLEM. (\$M)	SEQ'ABLE TOTAL (\$M)	SEQUESTER (\$M)
INVESTIGATIONS		125.765	50.000	175.765	8.788
CONSTRUCTION 1/ O&M 2/ MR&T 3/ FUSRAP	3.938	1,704.367 2,426.761 253.542 109.667	3,461.000 821.000	5,165.367 3,247.761 253.542 113.605	258.268 162.388 12.677 8.861
FC&CE		27.165	1,008.000	1,035.165	51.758
EXPENSES		186.132	10.000	196.132	9.807
REGULATORY		194.181		194.181	9.709
OASA(CW)	0.002	5.031		5.033	0.393
TOTAL	3.940	5,032.612	5,350.000	10,386.552	522.649

1/ Includes \$77M from Inland Waterways Trust Fund (IWTF) and \$81M from Harbor Maintenance Trust Fund (HMTF).

2/ Includes \$800M from HMTF.

3/ Includes \$2M from HMTF.

**Question:** How does the Corps of Engineers apply sequestration under a short-term Continuing Resolution?

**Answer:** Since there will not have been final congressional action on FY 2013 appropriations, the amounts allotted to projects, programs and activities (PPAs) and obligated during the short-term Continuing Resolution are assumed to be within the amount of its future work allowance net of sequestration. If this turns out not to be the case, offsetting adjustments in work allowances would be made to reconcile work allowances with obligations made under the short-term Continuing Resolution.

Question: How is sequestration of federal funding applied to PPAs within each discretionary appropriation?

Answer: Where PPAs are delineated in the applicable appropriations Act or Statement of Managers, a uniform sequestration percentage is applied to the amount allocated to each delineated PPA in the account. Where PPAs are not delineated, sequestration is taken “off the top.”

For Civil Works, a PPA is either a specifically authorized project study, project, or program funded in the I, C, O&M, or MR&T appropriation, a project funded in the FUSRAP appropriation, an earmark in law, or a first-tier line item in the most recent Statement of Managers.

Question: How are the allocations among PPAs determined in the first place?

Answer: For annual or full-year funding, the allocations are determined by the Statement of Managers if annual appropriations are enacted for Energy and Water Development, or by a “work plan” prepared by the Corps if a year-long Continuing Resolution is enacted. If the Corps develops a work plan, the Corps would plan the gross allocation to each funded PPA so that the net allocation remaining after the application of sequestration can fund a useful increment of work, such as a contract or a planning or design product.

Each appropriation amount specified for an account, or within an account, by the Hurricane Sandy supplemental, Public Law 113-2, is a PPA and is subject to the uniform sequestration percentage.

Question: How does the Corps develop a work plan?

Answer: Like the Budget, each work plan is performance-based. Projects that deliver significant outputs for the investment, such as dam safety projects addressing high risks and consequences, or projects with high benefit-cost ratios, are funded at high levels. Low-performing projects and projects outside of Corps missions are not funded.

### Questions on Application of Sequestration to Non-Federal Funding

Question: Does sequestration apply to non-federal funding for reimbursable work (customer orders)?

Answer: No.

Question: Does sequestration apply to non-federal funding in the Rivers and Harbors Contributed Funds account?

Answer: Yes, but only to the extent that the funding in the account is for administrative expenses.

Question: What is the sequestration percentage and amount for the Rivers and Harbors Contributed Funds account?

Answer: According to FY 2013 Budget estimates, 59.3 percent (\$267 million of \$450 million) of non-federal funding in the account is for administrative expenses as defined by the Office of Management and Budget, and is sequesterable. The sequestration percentage for the sequesterable funding is 5.1 percent. This translates to an effective rate of 3.1 percent for the entire account.

Question: Is the sequestration of Rivers and Harbors Contributed Funds permanent?

Answer: No. The sequestration is temporary, with the sequestered funding once again becoming available for obligation after FY 2013.

Question: Why is funding in the Rivers and Harbors Contributed Funds account sequestered but funding for reimbursable work is not?

Answer: This is the Executive Branch interpretation of the Budget Control Act.

Question: How does the Corps apply the sequestration of the non-federal funding?

Answer: The Corps applies the sequestration uniformly to each non-federal interest's FY 2013 funding, by sequestering an equal proportion (3.1 percent) for each.

Question: What is the funding in the Rivers and Harbors Contributed Funds account used for?

Answer: The funding is used for two purposes: 1) cost sharing on Civil Works studies and projects; and 2) funding of work requested by non-federal partners that is associated with Civil Works projects.

Question: What happens if there is not enough funding left after sequestration to meet cost-sharing requirements for a non-federal cost-sharing partner?

Answer: The responsible Corps district first will examine the schedule for project work in light of the sequestration of both federal and non-federal funding and other relevant

factors, and will update its estimates for FY 2013 obligations of federal and non-federal funding on the project. If additional non-federal funding is needed, the non-federal cost-sharing partner will be asked to provide additional funding to meet cost-sharing requirements.

Question: What happens if there is not enough funding left after sequestration to carry out non-federal work under a contributed funds agreement?

Answer: The non-federal partner has the option to either provide additional funding to enable accomplishment of the planned work, re-scope planned work within the funding available after sequester, or terminate the contributed funds agreement.

Question: What happens if a non-federal partner decides to terminate a contributed funds agreement?

Answer: The funding will be returned, other than the amount needed to cover the non-federal share of obligations already incurred and the sequestration amount associated with those obligations. Further, after the end of the fiscal year, the sequestration amount also will be returned.