



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

February 11, 2013

The Honorable Barbara Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairwoman Mikulski:

This letter responds to your letter of January 18 requesting information on the impact that across-the-board spending cuts would have on the U.S. Department of Transportation's discretionary programs in the event of sequestration. Thank you for giving me the opportunity to share my views.

Sequestration will require indiscriminate spending reductions to be taken equally among the affected accounts, programs, projects, and activities within each account, severely restricting our ability to manage such large funding reductions. This will have serious impacts on transportation services that are critical to the traveling public. I am very concerned about this possibility and agree with you that the American people should be fully informed of the consequences that will occur unless sequestration is averted.

If a sequestration order is issued on March 1, 2013, the Department of Transportation will be cut by nearly a billion dollars, affecting dozens of our programs. Some of our Operating Administrations will need to restrict staffing and prioritize safety activities, which means delivery of our many grant programs may face unneeded delays. The Federal Transit Administration, the Pipelines and Hazardous Materials Administration, and the Maritime Administration are among those that will be affected.

But perhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million. This action would force the FAA to undergo an immediate retrenchment of core functions by reducing operating costs, and eliminating or reducing services to various segments of the flying community.

Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately one day per pay period until the end of the fiscal year in September, with a maximum of two days per pay period. This number could be lower for any individual employee depending on specific staffing needs, operational requirements, and negotiated collective bargaining agreements. Any furloughs would only occur after appropriate employee notification and in accordance with applicable

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collective bargaining agreements. The furlough of a large number of air traffic controllers and technicians will require a reduction in air traffic to a level that can be safely managed by the remaining staff. The result will be felt across the country, as the volume of travel must be decreased. Sequestration could slow air traffic levels in major cities, which will result in delays and disruptions across the country during the critical summer travel season.

Aviation safety employees also would experience significant furloughs that will affect airlines, aviation manufacturers, and individual pilots, all of which need FAA safety approvals and certifications. While the Agency will continue to address identified safety risks, a slowed certification and approval process due to furloughs could negatively affect all segments of the aviation industry including those who travel by air.

NextGen investments may be completed, but investments in advanced technologies and new tools will need to be postponed indefinitely. As a result, the delivery of some critical NextGen systems could be delayed for years to come.

All of this means a less efficient and less convenient air travel service for the American travelling public, as well as impacts to our economy. Civil aviation contributes 10 million jobs and \$1.3 trillion annually to the U.S. economy and sequestration places this contribution in jeopardy.

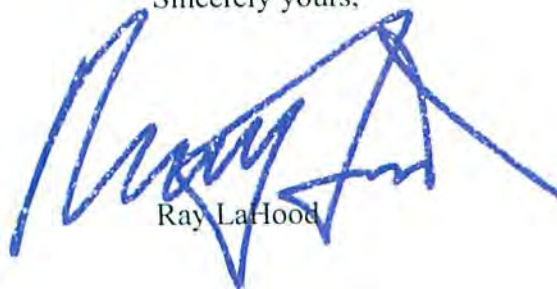
I want to assure you, however, that our highest priority is to keep the aviation system safe even if it means disruptions and delays in service.

It is also important to note that some of our transportation programs will not be impacted. Under the Budget Control Act of 2011, our Trust-funded highway programs, motor carrier safety programs, vehicle safety programs, transit formula and bus grants, and airport grants programs are exempt from sequestration. These transportation programs would continue to operate at current funding levels.

We also need to consider the longer term consequences of sequestration on the delivery of Federal programs into FY 2014 and beyond. Should sequestration occur, we will need to make difficult choices about which services to continue, which services to drastically reduce, and which services to completely eliminate over the coming years. Our programs cannot be sustained indefinitely by one-time fixes and furloughs. Our choices should ensure these programs are positioned to continue in the future and provide the American people with services they can rely on, by passing balanced deficit reduction and avoiding sequestration.

Thank you again for the opportunity to share my views on this important matter.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Ray LaHood", is written over a printed name. The signature is stylized and somewhat abstract, with a large initial "R" and "L".

Ray LaHood