

**UNITED STATES AIR FORCE
ADMINISTRATIVE RECORD
FY 2013 FURLOUGH APPEALS
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DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330

MAR 01 2013

OFFICE OF THE SECRETARY

MEMORANDUM FOR DISTRIBUTION C

SUBJECT: Immediate HAF Actions for FY13 Sequestration Implementation

Reference: FY13 HAF Near-Term Actions to Handle Budgetary Uncertainty, 18 Jan 2013

We do not expect that sequestration will be averted and as a result, AF top-line reductions will be immediately effective for FY13. While we have accomplished some detailed planning and outlined actions to mitigate the impact of Operations and Maintenance (O&M) reductions, we must now execute those actions, and more, to live within a lower funding level and preserve as much readiness as possible. This memo provides HAF specific guidance in support of and in addition to the attached Air Force-wide guidance.

AF guidance directs planning for the worst case O&M scenario, which assumes no relief to the \$1.8 billion OCO shortfall. As a result, we will issue bogeys as soon as possible; they will include the specific contract and travel reductions listed below. Actions directed in our 18 Jan 13 memo are directed to continue unless superseded below.

- a. **Civilian hiring freeze** will continue. As outlined in the referenced memo, exceptions for mission critical fills (includes IPA, Schedule C, and HQE hiring) will be considered but must meet an extremely high threshold. Temporary employees should be off HAF books no later than 31 March 2013. In FY13, HAF civilian pay was reduced \$150 million, this dramatically reduces our ability to approve any exemptions. Should an exemption be approved, any job offer must include furlough notification as part of the offer process. Civilian Senior Executive hiring actions will continue to be approved by the Secretary of the Air Force.
- b. **Furlough guidance** is provided in the SAF/US memo dated 20 Feb 2013. HAF will follow the Air Force guidance. The only HAF exemptions are for deployed civilians and those in initial skills training. If there is a new mission requirement that requires an exception, please immediately contact SAF/AA.
- c. **During the furlough period, beginning in mid-April, overtime and compensatory time (premium pay) must be eliminated.** As supervisors, you can mitigate furlough impacts on the mission by controlling leave and absences for all Airmen, military and civilian. AWS, telework and flex-time schedules should be adjusted or cancelled during the furlough in accordance with local bargaining provisions if required. Premium pay is not authorized unless it is part of an employee's normal pay (such as an employee who regularly earns a night shift differential). Beyond that, provide

safety of life or property, but only to the minimum extent needed to protect life or property.

- d. **Supervisors will not approve and civilian full-time employees will not work any hours in excess of their normal duty day**, not to exceed 32 hours a week for employees who work a traditional schedule or a Compressed Work Schedule (i.e., 5-4-9) or 64 hours per pay period for employees who work a Flexible Work Schedule (i.e., who earn credit hours or work a Maxiflex). Part-time employees will have their furloughs pro-rated iaw 5 CFR 752. Overtime and compensatory time cannot be used to offset the impact of furlough. You may not request the furloughed employee work overtime nor may you ask another civilian who is not furloughed to compensate for the furloughed employee's lost productivity by working overtime.
- e. **Supervisors must ensure furloughed civilians DO NOT work from home or on-site, officially or unofficially, on their furlough days.** This means that employees are legally prohibited from checking their Blackberries or using their Air Force issued laptops while on furlough. Nor may they serve as an unpaid volunteer. Such actions will result in Anti-Deficiency Act violations for which employees and supervisors will be held responsible and may result in disciplinary actions for both.
- f. It is **ILLEGAL** to transfer inherently governmental work to the contractor workforce. Attachment 3 provides additional guidance.
- g. All temporary duty (**TDY**) travel spending and limitation will be reduced by 20% from your current target. HAF 2 letters will continue to determine mission criticality. TDY travel must be able to not only pass the "Washington Post" test, but also stand up to the scrutiny of your own civilian Airmen who are facing a 20% pay cut this fiscal year. Some specific guidance is below:
 - a. No spouse travel will be approved at AF expense, except for MAJCOM required pre-command training.
 - b. Travel explicitly approved in the AF message should continue. Travel specifically denied in the AF message will not be supported.
 - c. Travel for change of command/promotion/retirement/award ceremonies or banquets is NOT approved. For wing command promotions where there is not a local General Officer to preside, travel will be approved as an exception.
 - d. Military airlift for all HAF personnel will be very limited.
 - e. Speaker participation in wing/group commander courses should not require travel, but executed by VTC, DCO or other technology. The AF/CV will identify a single 3 star DCS to attend for the course as a HAF mentor.
 - f. Travel to attend AETC hosted technical or follow-on training courses is approved, but attendees must confirm that the course will continue as scheduled. Travel approving officials must consider attendance mission critical for the attendee. See note below on leadership development courses.
- h. All AF-hosted or attendance at Non-Federal Entity (NFE) hosted **conferences**, seminars and symposia are cancelled or deferred to FY14. Local attendance at NFE

hosted events must be at no cost to the AF. Previously delegated conference approval authority is rescinded. Request exemptions through the existing conference process for SAF/US approval. Cancellation includes individual speaker travel if at AF expense. Note, all "gifted" travel must be approved by SAF/GC and reported annually.

- a. Exceptions exist for attendance at medical readiness training and annual chaplain ecclestical endorsement events. Attendance under this exception must still be approved through the conference approval process.
 - b. Follow MAJCOM guidance for travel to pre-command training events.
- i. All HAF funded (regardless of appropriation) **leadership development courses** are under review for cancellation in FY13 or deferral to FY14. Courses scheduled through April have been cancelled. AF/A1D is reviewing each course and will inform selectees of cancellation or deferral. This specifically includes all AF/DPG/DPS/DPE leadership development courses for GO/SES/0-6/GS-15/CMSgt. TAP for military members is required by law and will continue. All functional training for development purposes, and not legally required for job performance, should be deferred.
 - j. **Contract spending** must be reduced, particularly advisory and assistance services, SETA, and other support or task orders. Each HAF 2 letter contract funding reduction is at attachment 6; this 20% reduction is based on your FY13 spend plan for object classes 25.1 and 25.2; your NDAA section 808 legal limitation will be reduced by 10% so you have some flexibility in determining where to cut. You can apply your reduction to a single contract, descope all your efforts, or not exercise a contract option to meet your stated reduction. Take prudent steps to minimize disruption and added costs (e.g., avoid penalties associated with potential contract cancellations where feasible). AFDW Contracting is aware of our guidance and is ready to work with your COTRs on descoping or cancelling specific efforts. Where you have contracted through other AF units or directly with other Federal Agencies, your organization is responsible for achieving the cost reduction goals. All contracts should include a Limitation on Government Obligation (LOGO) clause which can be exercised. Your FY13 contract changes should be actions designed to cut costs for longer-term cost savings and to plan for reduced O&M funding in FY14 and beyond.
 - k. Stop **supply purchases** and minor purchases such as furniture, information technology refresh, and unit equipment. Defer actions until FY14 unless required for health and safety.
 - (1) Check the HAF Supply Depot to obtain supply items and provide items available for use by other AF organizations at <https://haf.afncr.af.mil/com/HAF/supplydepot/default.aspx>.

- l. As addressed in our previous guidance memo, review studies to curtail or cancel ongoing and scheduled **studies** that are not congressionally directed or mission critical.
- m. **OCO funding** has been cut 32%; follow the guidance previously provided.
- n. Air Force has requested weekly updates on the sequestration actions taken or anticipated. SAF/AAR will consolidate all HAF inputs; please provide any inputs to the SAF/AAR workflow box, SAFAAR.Workflow@pentagon.af.mil; additional details on timelines will be provided.

We appreciate your patience as we work through this time of budgetary uncertainty and will keep you informed as additional guidance is issued and/or needed. If you have questions, please contact Ms. Anne Graham, SAF/AAR, 703-692-9516 or Ms. Lydia Newsom, SAF/AAR, 703-695-3148


FRANK GORENC
Lieutenant General, USAF
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TIM BEYLAND
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Attachments:

1. USAF FY 13 Sequestration Guidance
2. 15 Feb 2013 AF IT Spending Memo
3. 21 Feb 2013 OASD Total Force Management and Uncertainty
4. 20 Feb 2013 AF Furlough Guidance
5. 13 Feb 2013 Suspension of Top Secret Periodic Investigations
6. Contract funding and limitation reductions
7. TDY funding and limitation reductions



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

FEB 28 2013

MEMORANDUM FOR ALMAJCOM/CC

SUBJECT: Fiscal Year 2013 (FY13) Sequestration Guidance

On 1 March 2013, we expect to absorb over \$12B in sequestration reductions while we simultaneously work to mitigate an OCO shortfall of approximately \$1.8B and operate under a highly restrictive Continuing Resolution. A reduction of this magnitude would be devastating to our mission and our people, but, since it appears sequestration cannot be avoided, we must take further actions to significantly slow spending to operate within mandated budget limitations. Implementation of these actions should be structured as best possible to minimize short- and long-term harm to our people and our unit readiness, recognizing that major impacts cannot be entirely avoided. This guidance applies to the Total Force.

As a reminder and to assist you in making mission critical determinations, OSD directed protection of the following programs throughout the year:

- Fully protect funding for wartime operations
- Fully protect Wounded Warrior programs
- To the extent feasible, protect programs most closely associated with the new defense strategy
- To the extent feasible, protect family programs

Continuation of Near Term Actions Directed in 14 January 2013 Memorandum

- Conduct a thorough review of all OCO requirements and identify potential reductions which will not impair wartime operations such as delaying asset reconstitution and incrementally funding OCO contracts.
- Civilian hiring restrictions remain in place to include a hiring freeze, immediate elimination of temporary employees and not renewing term hire employees with exceptions for mission-critical activities and when appropriate in terms of personnel timing. See attachment 1 for guidance on Total Force Management.
- Cancel all temporary duties that are not mission-critical, such as attendance at or hosting of conferences and symposia (such as functional conferences), staff assistance visits and training seminars.
- Cancel ongoing and scheduled studies that are not congressionally directed or mission critical. Further Action: SAF/LL and SAF/FMBL will engage with Congress, as appropriate, to seek relief or delay approval for congressionally directed studies.
- Limit supply purchases to essential FY13 consumption (e.g., flying hour bench stock) and stop minor purchases that are not mission-critical such as furniture, and unit equipment.
- Given the current budget uncertainty, the Air Force Chief Information Officer, SAF/CIO A6, further directed immediate actions to minimize IT expenditures to only mission-critical capabilities. Specific actions are outlined in the CIO Policy Directive Memorandum, Subject: Near-Term Guidance on FY13 Information Technology (IT)

Spending dated 15 Feb 13 (attachment 2). The actions are intended to ensure planned mission-critical purchases are aligned and directly support the transition to enterprise-wide IT services to realize long-term cost savings and mission effectiveness.

- Defer all non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects to include Dormitory and Energy Focus Funds. Installations should continue to work with local contracting offices to gather low bids and provide funds requests to the Air Force Civil Engineer Center (AFCEC). Projects may be funded later in the year if funding becomes available. Emergency requirements should be coordinated with AFCEC using the established process for Emergent Requirements (POC: AF/A4/7C).
- Where practical, de-obligate/incrementally fund contracts to encompass only FY13 activity (examples include but are not limited to base maintenance contracts, advisory and assistance services contracts, custodial contracts, etc.).
- Review contracts for possible descoping or other long term cost savings.

Exceptions for Continued Near Term Actions

Limited exceptions for the continuation of these near-term actions may be made for mission critical activities and civilian positions as determined by appropriate senior officials. Requests for exceptions shall be approved by MAJCOM Vice Commanders, the Deputy Director of the Air National Guard, DRU Commanders, and by SAF/AA for the HAF portfolio. Previous delegation of waiver authority will no longer be permitted effective 1 March 2013.

Additional Actions Required due to Implementation of Sequestration

In the event sequestration occurs, additional, wide-ranging and dramatic actions are required to ensure the Air Force operates within the new FY13 top-line. We direct the immediate implementation of the following actions in the event sequestration is triggered on 1 March 2013.

Civilian Personnel (POC: AF/A1)

Civilian Furloughs:

- Follow the guidance found at attachment 3. **Please read the attached guidance closely.** The authority to approve the **very few exceptions** to furlough cannot be delegated below the MAJCOM Vice Commanders, the Deputy Director of the Air National Guard (ANG), DRU Commanders, or SAF/AA for the HAF portfolio. ANG will follow guidance provided by NG-J1-TN.
- It is also important to emphasize you may not use premium pay (compensatory or overtime) to offset furloughs, either to make up for lost work or to make up for lost pay. Premium pay is not authorized unless it is part of an employee's normal pay (such as an employee who regularly earns a night shift differential). Beyond that, premium pay is only authorized when it is necessary to provide safety of life or property, but only to the minimum extent needed to protect life or property (i.e., firemen or emergency responders working over their regular shift due to an emergent situation that arises on their shift).
- To reiterate, except in the above circumstances, supervisors will not approve and civilian full-time employees will not work any hours in excess of their normal duty day. Part-time employees will have their furloughs pro-rated IAW 5 CFR 752. You may not request the furloughed employee work overtime nor may you ask another civilian who is

not furloughed to compensate for the furloughed employee's lost productivity by working overtime.

Civilian Permanent Change of Station (PCS) guidance:

- All centrally-funded "must move" civilian PCSs will continue, to include overseas returnees, CDE placements, SES moves, priority placements, and centrally-funded career broadener, Palace Acquire, & Copper Cap placements.
- Centrally-funded civilian career moves that are discretionary will be significantly reduced as a result of sequestration. A strategic pause is anticipated for these discretionary moves; guidance will be provided by AFPC.
- Locally funded civilian PCSs can be approved at the discretion of the local commander.

Education and Training (POC: AF/A1)

Education and training guidance:

- All HQ AF leadership development courses scheduled through April 2013 will be cancelled with exceptions for courses with non-recoverable tuition. HQ AF/A1 will evaluate subsequent classes on a monthly basis and assess the impact on our Total Force officer, enlisted, and civilian Airmen.
- Third quarter attendance at short-term TDY professional military education (PME), e.g., SOS, CALT, NCO Academies will be reduced. Specific guidance will be provided by AF/A1.
- The AF will support DoD and Joint education and training consistent w/OSD guidance.

The following education and training is considered mission critical and will continue under sequestration:

- Long-term professional military education (military and civilian attendance), all pre-command training and CSAF mandated training, initial skills training, pre-deployment expeditionary skill training, and functional skills training as required by law.

Flying Hours (POC: AF/A3/5)

Operational leaders at all levels of command are charged with preserving readiness to the maximum extent possible in these difficult circumstances. Due to compressed planning timelines and the unprecedented nature of sequestration cuts, we remain concerned about unanticipated second and third order effects on flying hour program execution and readiness. To mitigate this risk, operational leaders will ensure coordination across functional lines. In particular, civilian furloughs and weapon systems sustainment cuts (to include simulator sustainment) will significantly impact our ability to effectively execute flying hours or maintain operational competencies and must be taken into account. Readiness impacts will be severe and long-term under the best of scenarios; we must do everything in our power to avoid compounding negative effects through inefficient implementation.

Effective immediately, AF O&M flying hours will be used primarily to prepare for and execute approved named operations, SecDef-ordered missions and deployments, nuclear deterrence operations, POTUS/VPOTUS/CCDR travel, Continuity of Government/Operations, and initial training, to include Formal Training Units. Units preparing for and executing these

missions will be allocated appropriate flying hours to remain mission ready or gain mission ready status prior to deployment.

- Units not preparing for or executing these missions will follow MAJCOM guidance to preserve critical capabilities and readiness to the extent possible. This may result in ceasing operations at a number of units and tiered readiness beginning in March. In many cases, this will result in units having to stand down for prolonged periods, which will severely degrade readiness. For example, we anticipate more than half of our AD CAF units will reach this point by mid-May. MAJCOMs will build reconstitution plans to best posture Airmen for returning to fly in FY14, while ensuring these units maximize training opportunities (e.g. simulators, part task trainers, academics) during the down period.
- Not all SecDef approved missions will be supported. AF/A3/5 will coordinate with MAJCOMs and Joint Staff through Global Force Management processes to provide detailed guidance.

The following flying hour actions are effective immediately upon sequestration (1 March 2013) unless already in execution or otherwise noted:

- To support emphasis on initial qualification training, we recognize advanced flying training (e.g., instructor upgrade, "TX" transition courses) may be severely impacted, to include Weapons Instructor Courses. MAJCOMs retain authority on specific termination dates and may approve waivers/exemptions required to allow completion of training/courses currently in execution or those deemed mission critical.
- Cancel O&M funded USAF exercises and AF flying participation in all other exercises, unless required for deployment spin-up.
- Cancel all air shows, tradeshow, flyovers, orientation flights, heritage flights, and demonstration flights (includes funeral and all military graduation flyovers).
- Cancel all Thunderbird demonstration team events, effective 1 April 2013.
- Cancel all installation open houses unless event includes only local assets and can be supported within available local funding.
- Lead MAJCOMs will continue to manage programs and make flying hour allocations/reductions based on supported missions.
- For senior leader airlift support, the Air Force will continue to support White House-directed missions and DOD required users (IAW DODD 4500.56). For Congressional travel, the Air Force will strictly adhere to DODD 4515.12 unless waived by OSD-LA and expects there to be a significant reduction in available aircraft. All other senior leader military airlift support will continue to adhere to existing processes in AFI 24-101, but on a very restricted basis and with reduced aircraft available.
- AF/CV is waiver/exception-to-policy authority for events listed above. Only mission-critical events will be approved. Approvals will not result in increased flying hour allocation from the Air Staff; funding must be sourced from MAJCOM/Lead MAJCOM flying hours. Route requests through A3/5, to include event name, date(s), rationale, cost, and number of assets (personnel and aircraft) dedicated to support the event. For public aerial events, route questions through SAF/PA.

Weapon System Sustainment (POC: AF/A4/7)

Utilizing the 24 January 2013 Centralized Asset Management (CAM)/Executive Committee approved briefing data all weapon system sustainment fund holders will begin to execute

planned sequestration actions to cover the worst case scenario reductions. Establish regular reporting of workload not accomplished and workload in danger of not getting funded in next report. Workload previously identified for deferral will not be initiated unless an equal dollar value offset is provided from within the relevant fund holder's portfolio. MAJCOMs and the AF Life Cycle Management Center will review war ready engine levels to determine where additional risk can be taken based on flying hour reductions. Program offices will continue to review activities to find potential savings and will continue to report impacts to contracts supporting weapon system sustainment (e.g., Contractor Logistics Support contracts) and depot maintenance workload. Ensure minimum impact to contingency operations efforts and protect the pilot production pipeline in accordance with stated priorities. In addition, sustainment prioritization efforts should protect aircrew readiness capability through favorable consideration of aircrew training device and simulator operations and maintenance contracts. As current mission requirements and warfighter priorities are reassessed, major adjustments to the previously reviewed plan will be vectored through the CAM Governance Structure.

Air Force Working Capital Funds (AFWCF) (POC: SAF/FMBMR)

The AFWCF will experience immediate and severe impacts caused by sequestration. Initial assessments indicate AFWCF 'Blue' cash will be depleted to a negative \$772 million balance by the end of FY2013. Coupled with projected Transportation WCF (TWCF) losses, the overall AFWCF cash balance could drop below negative \$1 billion. Without additional action, this will cause an Anti-Deficiency Act violation, which must be avoided. Cost control measures within the AFWCF are critical to minimize losses; however, we understand that AFWCF activities may not be able to achieve sufficient cost reductions in the near term to off-set cash losses of this magnitude. With that in mind, we direct AFMC to take immediate actions to help mitigate the expected negative cash balance. Additionally, we direct AFMC to identify the month in which negative AFWCF 'Blue' cash and/or negative available budgetary resources will occur and to project the 'cash surcharge' required to prevent losses in total and by month. We will request that TRANSCOM also work to reduce costs and provide maximum possible insight into its cash position. SAF/FMB and AF/A4/7 will collaborate with AFMC and TRANSCOM to engage USD(C), OMB and the Congress in an effort to secure support for required mitigating actions to address any remaining shortfall in AFWCF. External support needed to prevent ADA violation may include restoral of readiness accounts, implementation of cash surcharges, and/or reprogramming funds from investment appropriations.

Investment Accounts (POCs: SAF/AQ, SAF/FMBI)

SAF/AQ and SAF/FM will issue funding restrictions at the appropriation level and program ceiling level that assume worst case impacts as a result of combined continuing resolution and sequestration effects. This could have the impact of an across the board reduction of 10% to every program against the planned FY13 funding levels. Our ability to smooth programmatic impacts will be entirely dependent on the degree of funding flexibility we get with associated continuing resolution or appropriation language. As a result, we must have visibility of continuing resolution less sequestration reduction baselines at the program level and any proposed movement of funds between program line items. Additionally, any anticipated contract, modification or task/delivery order award using appropriated investment funding, with a value (not obligation) of \$500M or more must be coordinated with AT&L before award. Requests for AT&L coordination shall be sent to SAF/AQX. SAF/AQX will ensure Air Force coordination and will staff the package to AT&L for approval. As a reminder, this AT&L

coordination requirement is for investment dollars only and excludes FMS, sustainment, services acquisitions, and award of basic multiple award ID/IQ contracts. Investment OCO obligations should be deferred until further notice; request for exception may be submitted to SAF/AQ and SAF/FM. Assume you will execute the sequestration plans you submitted to SAF/AQXR until further notice; this includes preserving unobligated prior year balances identified to pay sequestration bill. Lastly, programs must adhere to guidance provided in this memorandum reducing studies, program management administrative and other contract costs. If our budget continues to decline, the Air Force will make strategic decisions to prioritize modernization programs to support the defense strategy and current readiness.

Guidance for all Air Force Activities

Based on actual sequestration reductions, you will receive updated budget bogeys when they are available. For planning purposes, you should plan for the worst case, using the 9 Jan Top Line Reduction, Scenario 2 Bogeys. This assumes the Air Force will not receive external support for our \$1.8B OCO shortfall. You are directed to take the additional actions:

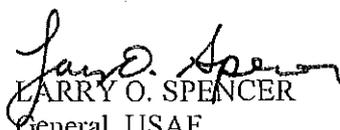
- Cancel all temporary duty travel unless directed by MAJCOM/CC or CV. Additional guidance includes:
 - MAJCOM/CCs will determine which, if any, functional and IG inspections will occur during the sequester. High priority should be given to nuclear-related inspections.
 - The following TDYs are considered mission critical and approved as they support critical corporate Air Force functions: Promotion boards, command selection boards, special selection boards, force management/force-shaping boards pre- and post-board activities, and development teams supporting school and command selection only. Development Team meetings supporting school and command selection should be considered on-site TDYs, unless agreement is reached with AFPC in advance to conduct them virtually.
 - Safety and Accident Investigation Boards are approved travel.
 - Travel for promotion/retirement/award ceremonies or banquets is NOT approved.
 - Speaker participation in wing/group commander courses should not require travel, but be executed by VTC, DCO or other technology.
 - Travel to attend AETC hosted technical or follow-on training courses is approved, but attendees must confirm the course will continue as scheduled.
 - SAF/IA will provide minimum required support to international events.
 - Cancel or defer all AF-hosted conferences and attendance at Non-Federal Entity (NFE) hosted conferences, seminars and symposia. Local attendance at an NFE event is allowed only if there is no cost to the Air Force. Previously delegated conference approval authority is rescinded. Request exemptions through the existing conference approval process for SAF/US approval. Cancellation includes individual speaker travel if at AF expense. (All "gifted" travel must be approved by SAF/GC and reported annually.) Conference attendance for medical readiness training and annual chaplain ecclesiastical endorsement events will be allowed after review through the conference approval process.
 - No spouse travel will be approved at AF expense, except for required pre-command training (eg., squadron, group, wing pre-command courses).
- Implement additional reductions where possible to Science Engineering and Technical Assistance (SETA); Advisory and Assistance Services (A&AS); Final System Design

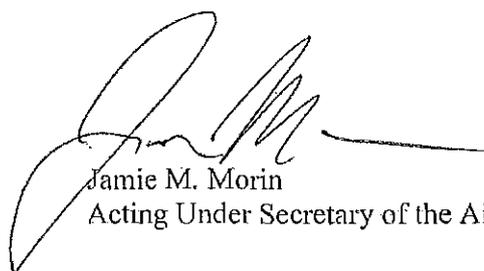
Review (FSDR); Contract Military Equivalents (CME) contracts by end of fiscal year or period of performance if earlier than Oct 1, 2013.

- Reference SAF/AA Memorandum, Suspension of Top Secret Periodic Reinvestigations 13 Feb 2013 (see attachment 4), suspend the submission of all Top Secret Periodic Reinvestigations. Suspend all Single Scope Periodic Reinvestigations (SSBI-PR) and Phased Periodic Reinvestigations (PPRs) with limited exceptions. This suspension includes the mandatory Air Force Specialty Codes requiring in-scope Top Secret investigations as found in Air Force Officer and Air Force Enlisted Classification Directories. Reinvestigations for Personnel Reliability Programs, Presidential Support Programs, Special Access Programs and personnel with access to Sensitive Compartmented Information who are in positions directly supporting the Intelligence Community will not be suspended. Additional exceptions must be approved by SAF/AAZ.

These events are unprecedented for the Department and the USAF. As such, it is critical that we maintain very open communication lines to ensure maximum awareness of actions and consistency of application of all sequestration guidance. This will enable us to inform leadership of notable events and assist in the preparation for media/congressional inquiries. Request you provide a weekly update to the SAF/FMBP Workflow (SAFFMBP.Workflow@pentagon.af.mil) and identify any major actions/events that should be elevated to HQ AF. For example, if projected stand down of a flying unit is accelerated from previous estimates, please provide those details. Each MAJCOM should identify a command POC for submitting these reports. Negative inputs should be documented with a NSTR email to the SAF/FMBP Workflow.

We will continue to coordinate with MAJCOMS/COCOMs on actions for consistency in application and recognize you have already implemented many of the actions above. We also realize there are many difficult decisions and trade-offs yet to be made, but they are necessary to comply with a reduction of this magnitude. We will continue working closely to communicate sequestration impacts and advocate for restoral of funding necessary to mitigate the devastating effects of sequestration. If you have questions regarding this guidance, please call Ms. Marilyn Thomas, SAF/FM, at (703) 697-4464.


LARRY O. SPENCER
General, USAF
Vice Chief of Staff


Jamie M. Morin
Acting Under Secretary of the Air Force

cc:
SAF/FM

4 Attachments:

1. 21 Feb 2013 OASD Total Force Management and Budgetary Uncertainty
2. 15 Feb 2013 AF IT Spending Memo
3. 20 Feb 2013 AF Furlough Guidance
4. 13 Feb 2012 SAF/AA Memo, Suspension of Top Secret Periodic Reinvestigations



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE SECRETARY

FEB 15 2013

MEMORANDUM FOR DISTRIBUTION C
ALMAJCOM-FOA-DRU/CV

SUBJECT: Near-Term Guidance on FY13 Information Technology (IT) Spending

References:

- (a) USECAF/VCSAF Memo, "Fiscal Year 2013 (FY13) Near-Term Actions to Handle Budgetary Uncertainty," 14 Jan 2013
- (b) Executive Order 13589, "Promote Efficient Spending," 9 Nov 2011
- (c) SAF/CIO A6 Memo, "Implementing Executive Order 13589," 26 Nov 2012

1. Given the current budget uncertainty and the resulting Under Secretary and Vice Chief of Staff of the Air Force guidance (Reference A), I further direct the following immediate actions be taken to minimize IT expenditures to only mission-critical capabilities.

- a) Limit IT hardware and software purchases via 3400 funds to mission-critical requirements. Eliminate/defer planned IT refresh and "new start" IT projects. Where purchases need to be made, consider consolidating organizational requirements to larger purchases to try to obtain pricing consideration.
- b) Re-validate IT procurements using 3600/3080 dollars to confirm priority and immediate mission need. Although budget authorizations up to the congressionally appropriated amount remain, look for every opportunity to reduce or curtail spending. Defer what can wait without causing critical mission impacts.
- c) Evaluate current IT contracts and incrementally fund/defer where practical. Ensure use of mandated, available NETCENTS-1 and NETCENTS-2 contracts for IT requirements to support enterprise-wide long-term cost savings.

2. Ensure that planned mission-critical purchases are aligned and directly support the transition to enterprise IT services where available to increase capabilities and save dollars. We are working several enterprise initiatives with DISA, Cyberspace Superiority Core Function Lead Integrator, MAJCOMs, and PEO C3 I&N. While many of the initiatives below are in their early stages, these opportunities can reduce IT expenditures across the Air Force. We will provide specific details on the initiatives in a separate memo, and work closely with your representatives to implement them. The initiatives include:

- a) Enterprise License Agreements (already established cost-saving AF-wide agreements for Microsoft and Adobe),
 - b) Data Center Consolidation
 - c) Unified Capabilities (voice/video services over IP, increased collaboration, and DoD integration)
 - d) Network Security
 - e) Cloud Computing Services
 - f) DoD Enterprise Email
3. Exceptions to this direction may be made for mission-critical activities as determined by appropriate senior officials as outlined in Reference A. Continue to report your total quarterly FY13 IT expenditures in accordance with Reference C.
4. Nothing in this memorandum is intended to conflict with existing public law or published DoD and AF guidance on IT Asset Management.
5. We stand ready to support your IT cost saving initiatives. Please share any initiatives that you think may be good candidates to implement across the Air Force enterprise and we will work as appropriate.
6. Thank you in advance for your rapid action and support. My point of contact is Mr Greg Parker, Chief, Resources Division, DSN 225-4442. The NETCENTS-2 POC is Mr. Robert Smothers, AFLCMC/HICI, (334) 416-5593.



MICHAEL J. BASLA, Lt Gen, USAF
Chief, Information Dominance and
Chief Information Officer



READINESS AND
FORCE MANAGEMENT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

MEMORANDUM FOR: SEE DISTRIBUTION

FEB 21 2013

SUBJECT: Total Force Management and Budgetary Uncertainty

- Reference:
- (a) Deputy Secretary of Defense Memorandum, "Handling Budget Uncertainty in Fiscal Year 2013", dated 10 January 2013
 - (b) Under Secretary of Defense of Personnel & Readiness Memorandum, "Prohibition on Converting Certain Functions to Contract Performance", dated 1 December 2011
 - (c) Deputy Secretary of Defense Memorandum, "Guidance for Limitation on Aggregate Annual Amount Available for Contracted Services", dated 3 June 2012
 - (d) Under Secretary of Defense of Personnel & Readiness Memorandum, "Guidance Related to the Utilization of Military Manpower to Perform Certain Functions", dated 2 March 2012
 - (e) DoD Instruction 1100.22, "Guidance for Determining Workforce Mix", dated 12 April 2010

This memorandum provides guidance for the management of the Total Force (active and reserve military, government civilians, and contracted support) during this time of continued budget uncertainty. The Department must maintain the viability of the All-Volunteer Force and sustain its operational readiness in the most cost-conscious manner. To do so, the Department must also maintain a properly sized, highly capable civilian workforce that is aligned to mission and workload; complements and delivers support to the military; supports the well-being of the warfighters and their families; and recognizes evolving critical demands while guarding against an erosion of organic skills and an overreliance on contracted services. Finally, the use of contracted services must continue to be reviewed to ensure the most appropriate, cost effective, and efficient support aligned to mission.

As DoD Components begin to take actions consistent with reference (a) – including the implementation of civilian hiring freezes, the release of term or temporary civilian employees, and other personnel related actions – they must be mindful of the Department's obligations to manage the Total Force consistent with Title 10 statutory requirements and references (b) through (e). These considerations are required in planning for the potential reduction or unavailability of fiscal year 2013 funds (with the exception of funds for military personnel) associated with sequester or the continuing resolution.

Consistent with section 2461 of title 10, United States Code, and reference (b), the conversion of functions or work performed by, or designated for performance by, civilian employees to contract performance without a public-private competition is expressly prohibited. Currently such competitions are prohibited under section 325 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84). Workload currently performed by, or designated for performance by, civilian employees may not be transferred or assumed by contractors performing against prior year obligations. Most importantly, contractors may not perform inherently governmental work, and section 2464 of title 10, United States Code expressly prohibits contracting of certain functions (enclosure 1). DoD

Component heads, as well as field commanders and line managers, are urged to be particularly vigilant to prevent the inappropriate conversion of work to contract performance.

Additionally, limits on contracted support spending enacted in section 808 of the National Defense Authorization Act for Fiscal Year 2012, Public Law 112-81, and implemented via reference (c) still apply. The statutory obligations in section 2330a of title 10, United States Code, to minimize reliance on contract performance of work closely associated with inherently governmental functions (see illustrative examples at enclosure 2) remain in force. Moreover, the guidance in reference (c) to achieve reductions of such reliance, as well as in staff augmentation contract support, remains in effect. Planning for budgetary uncertainty does not relieve DoD Components from compliance with these mandates.

As we continue planning during this period of budgetary uncertainty, the Department must also ensure military personnel are not inappropriately utilized, particularly in a manner that may degrade readiness or result in unnecessary costs to the Department. Consistent with references (d) and (e), except in extraordinary, and typically temporary, circumstances, individual military personnel or units should not perform functions or work that is not military essential (see illustrative examples in enclosure 3). The use of "borrowed" or "repurposed" military can harm readiness and operational capabilities by diverting service members from training or performance of military essential functions, particularly when military members are required to work outside of their occupational specialties. In addition to the risk of hollowing the force, this practice could adversely impact the All-Volunteer Force and have negative effects on the recruitment, retention, and career progression of individual members. During this period of budgetary uncertainty, military units may perform work previously performed by civilian employees or contracted support as part of a rotation base for an operational capability (if this has been reflected in Operational Orders), provided this is done on a limited and temporary basis. In the event of sequestration, where military personnel accounts are exempted, there may be instances where military personnel can be used on a short-term, emergency basis to satisfy a demand that is of mission critical importance.

Please ensure maximum distribution of this memorandum throughout your organization, particularly to your manpower, personnel, and resourcing communities. Questions regarding application and implementation of this memorandum should be addressed to the following points of contact within the Office of Total Force Planning & Requirements: Mr. Thomas Hessel (thomas.hessel@osd.mil or 703-697-3402), and Ms. Amy Parker (amy.parker@osd.mil or 703-697-1735). Thank you for your support in the mitigating risks from budgetary uncertainty that could adversely affect the sustainability and readiness of the All Volunteer Force.



Frederick Vollrath
Principal Deputy Assistant Secretary of Defense for
Readiness and Force Management
Performing the Duties of the Assistant Secretary of
Defense for Readiness and Force Management

Enclosures: As stated

DISTRIBUTION:

**SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES**

Non-Exhaustive Examples of Inherently Governmental Functions
(Extract from Office of Federal Procurement Policy Letter 11-1 (September 12, 2011))

1. The direct conduct of criminal investigation.
2. The control of prosecutions and performance of adjudicatory functions (other than those relating to arbitration or other methods of alternative dispute resolution).
3. The command of military forces.
4. Combat.
5. Security provided under any of the circumstances set out below. This provision should not be interpreted to preclude contractors taking action in self-defense or defense of others against the imminent threat of death or serious injury. (a) Security operations performed in direct support of combat as part of a larger integrated armed force. (b) Security operations performed in environments where, in the judgment of the responsible Federal official, there is significant potential for the security operations to evolve into combat. (c) Security that entails augmenting or reinforcing others (whether private security contractors, civilians, or military units) that have become engaged in combat.
6. The conduct of foreign relations and the determination of foreign policy.
7. The determination of agency policy, such as determining the content and application of regulations.
8. The determination of budget policy, guidance, and strategy.
9. The determination of Federal program priorities or budget requests.
10. The selection or non-selection of individuals for Federal Government employment, including the interviewing of individuals for employment.
11. The direction and control of Federal employeess.
12. The direction and control of intelligence and counter-intelligence operations.
13. The approval of position descriptions and performance standards for Federal employees.
14. The determination of what government property is to be disposed of and on what terms (although an agency may give contractors authority to dispose of property at prices with specified ranges and subject to other reasonable conditions deemed appropriate by the agency).
15. In Federal procurement activities with respect to prime contracts:
 - (a) determining what supplies or services are to be acquired by the government
 - (b) participating as a voting member on any source selection boards;
 - (c) approving of any contractual documents, including documents defining requirements, incentive plans and evaluation criteria;
 - (d) determining that prices are fair and reasonable;
 - (e) awarding contracts;
 - (f) administering contracts (including ordering changers in contact performance or contact quantities, making final determinations about a contractor's performance, including approving award fee determinations or past performance evaluations and taking action based on those evaluations, and accepting or rejecting contractor products or services);
 - (g) terminating contracts
 - (h) determining whether contact costs are reasonable, allocable, and allowable;
 - (i) And participating as a voting member on performance evaluation boards.

16. The selection of grant and cooperative agreement recipients including: (a) approval of agreement activities; (b) negotiating the scope of work to be conducted under grants/cooperative agreements; (c) approval of modifications to grant/cooperative agreement budgets and activities; and (d) performance monitoring.
17. The approval of agency responses to Freedom of Information Act requests (other than routine responses that, because of statute, regulation, or agency policy, do not require the exercise of judgment in determining whether documents are to be released or withheld), and the approval of agency response to the administrative appeals of denials of Freedom of Information Act requests.
18. The conduct of administrative hearings to determine the eligibility of any person for a security clearance, or involving actions that affect matters of personal reputation or eligibility to participate in government programs.
19. The approval of Federal licensing actions and inspections.
20. The collection, control, and disbursement of fees, royalties, duties, fines, taxes and other public funds, unless authorized by statute, such as title 31 United States Code section 952 (relating to private collection contractors) and title 31 United States Code section 3718 (Relating to private attorney collection services), but not including (a) collection of fees, fines, penalties, costs or other charges from visitors to or patrons of mess halls, post or base exchange concessions, national parks, and similar entities or activities, or from other persons, where the amount to be collected is predetermined or can be readily calculated and the funds collected can be readily controlled using standard cash management techniques; and (b) routine voucher and invoice examination.
21. The control of the Treasury accounts.
22. The administration of public trusts.
23. The drafting of official agency proposals for legislation, Congressional testimony responses to Congressional correspondence, or responses to audit reports from an inspector general, the Government Accountability Office, or other Federal audit entity.
24. Representation of the government before administrative and judicial tribunals, unless statute expressly authorizes the use of attorney whose services are procured through contract.

Statutory Restrictions on Contracting
(Title 10 United States Code Section 2465)

- (a) Except as provided in subsection (b), funds appropriated to Department of Defense may not be obligated or expended for the purpose of entering into a contract for the performance of fire-fighting or security-guard functions at any military installation or facility.
- (b) The prohibition in subsection (a) does not apply to the following contracts:
 - (1) A contract to be carried out at a location outside the United States (including its commonwealths, territories, and possessions) at which members of the armed forces would have to be used for the performance of a function described in subsection (a) at the expense of unit readiness.
 - (2) A contract to be carried out on a Government-owned but privately operated installation.

Enclosure 1

- (3) A contract (or the renewal of a contract) for the performance of a function under contract on September 24, 1983.
- (4) A contract for the performance of firefighting functions if the contract is-
 - (A) for a period of one year or less; and
 - (B) covers only the performance of firefighting functions that, in the absence of the contract, would have to be performed by members of the armed forces who are not readily available to perform such functions by reason of a deployment.

**Non-Exhaustive Examples of Closely Associated With Inherently Governmental Functions
(Extract from Office of Federal Procurement Policy Letter 11-1 (September 12, 2011))**

1. Services in support of inherently governmental functions, including, but not limited to the following:
 - a. Performing budget preparation activities, such as workload modeling, fact finding, efficiency studies, and should-cost analysis.
 - b. Undertaking activities to support agency planning and reorganization.
 - c. Providing support for developing policies, including drafting documents, and conducting analyses, feasibility studies, and strategy options.
 - d. Providing services to support the development of regulations and legislative proposals pursuant to specific policy direction.
 - e. Supporting acquisition, including in the areas of:
 - i. Acquisition planning, such as by conducting market research; developing inputs for government cost estimates, and drafting statements of work and other pre-award documents.
 - ii. Source selection, such as by preparing a technical evaluation and associated documentation; participating as a technical advisor to a source selection board or as a nonvoting member of a source selection evaluation board; and drafting the price negotiations memorandum.
 - iii. Contract management, such as by assisting in the evaluation of a contractor's performance (e.g. by collecting information performing an analysis, or making a recommendation for a proposed performance rating), and providing support for assessing contract claims and preparing termination settlement documents.
 - f. Preparation of responses to Freedom of Information Act requests.
2. Work in a situation that permits or might permit access to confidential business information or other sensitive information (other than situations covered by the National Industrial Security Program described in Federal Acquisition Regulation 4.402(b)).
3. Dissemination of information regarding agency policies or regulations, such as conducting community relations campaigns, or conducting agency training courses.
4. Participation in a situation where it might be assumed that participants are agency employees or representatives, such as attending conferences on behalf of an agency.
5. Services as arbitrators or provision of alternative dispute resolution (ADR) services.
6. Construction of buildings or structures intended to be secure from electronic eavesdropping or other penetration by foreign governments.
7. Provision of inspection services.
8. Provision of legal advice and interpretations of regulations and statutes to government officials.
9. Provision of non-law enforcement security activities that do not directly involve criminal investigations, such as prisoner detention or transport and non-military national security details.

**Examples of Military Essential Functions
(summarized from DoD Instruction 1100.22)**

1. Missions involving operational risks and combatant status under the Law of War.
2. Specialized collective and individual training requiring military unique knowledge and skills based on recent operational experience
3. Independent advice to senior civilian leadership in Department requiring military unique knowledge and skills based on recent operational experience
4. Command and control arrangements best performed within the Uniform Code of Military Justice.
5. Rotation base for an operational capability.
6. Career progression.
7. Esprit de corps (such as military recruiters, military bands)



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

FEB 20 2013

MEMORANDUM FOR MAJCOM/CVs, Relevant COCOM/CVs, ANG Deputy Director, and
DRU/CCs

SUBJECT: Planning for a Potential Civilian Furlough

This memorandum makes you aware of the possibility of a civilian force furlough if sequestration is implemented in March. Department of Defense and Air Force leadership recognize the critical contributions made by our civilian workforce and continue to work to avoid the need for a furlough. The impacts a potential furlough would impose on the Air Force mission and on our valued civilian Airmen would be among the many serious negative effects of sequestration. However, the Air Force continues to evaluate actions necessary to deal with the impact of a furlough, should it become necessary, and today the Department of Defense began the process of notifying the Congress of the intent to carry out a furlough, should sequestration occur.

The Deputy Secretary of Defense's Management Action Group (DMAG) has developed planning guidance, which will be implemented across the Services in a consistent manner if a furlough becomes necessary. This guidance will lead to furloughing appropriated fund employees with very few, if any, exceptions. Please note, even in cases where an exception may be granted, it may not mean employees will avoid furlough completely, but instead may result in them being furloughed for fewer days than the rest of the workforce. Again, if we are directed to implement furloughs, we expect the impact to be felt by all appropriated fund employees and all activities supported by our civilian workforce. The President exempted military personnel appropriations from sequester, so this furlough does not apply to military personnel.

DoD Guidance

Furloughs will be limited to 22 discontinuous days (or 30 continuous days) — to avoid triggering lengthy reduction-in-force procedures that cannot practically be implemented in FY 13. Furlough days will be spread over a maximum number of pay periods with no more than 16 hours per pay period — two days over two weeks for regular work schedule employees. At this time, the covered pay periods run from Apr 13 through Sep 13. Only USecAF, VCSAF, or high-level designees (MAJCOM Vice Commanders, the Deputy Director of the Air National Guard, DRU Commanders, and SAF/AA for the HAF portfolio) can approve mission-driven exceptions. Local commanders can determine scheduling of furlough days for their employees subject to local bargaining requirements. Again, this guidance is all predicated on the condition that a furlough becomes unavoidable due to sequestration.

DoD guidance allows for exceptions in the following broad categories:

- Civilians deployed to combat zones

- Civilians necessary to provide safety of life or property, but only to the minimum extent needed to protect life or property
- Non-appropriated fund employees
- Employees excepted by law (none within the purview of MAJCOMs, ANG, or DRUs)
- Foreign nationals

Air Force Guidance

Air Force guidance is consistent with DoD guidance. (For the purposes of this guidance, the term “Air Force civilian” includes COCOM civilians managed by the Air Force.) Air Force civilians required to provide a minimum level of life and property safety are defined as:

- Health professionals and technicians who provide 24-hour in-patient care or emergency services, where civilian furloughs cannot be managed in a manner to meet minimum manning levels.
- Civilian police, security guards, and flight leads at installations where civilians comprise 25% or more of the flight level first responders.
- Civilian firefighters where required to meet minimum manning for the Critical Level of Service (CLS) defined in AFI 32-2001.

Please see attached for additional details. Exceptions will be minimal. We do not anticipate all employees in any occupational series will be excepted from furlough, and most excepted employees will still be subject to furlough even if only for a portion of the hours required for most employees.

Very Limited MAJCOM/COCOM/DRU Exceptions

A furlough will inevitably degrade readiness and mission capability. This is unfortunately unavoidable and to be expected. We recognize your command may need very limited furlough exceptions in specific areas unique to your mission. You may also need other very limited exceptions—so limited they defy broad categorization in Air Force-level guidance—to comply with statutory standards or requirements, or to avoid irreversible damage to the long-term health of the Air Force and its mission. Please provide these proposed exceptions to AF/A1 (A1furloughexceptions@pentagon.af.mil) by COB 26 Feb 13. The submission must meet the standards provided below. Approved exceptions will be sent to the Under Secretary of Defense (Personnel and Readiness) and the Under Secretary of Defense (Comptroller) for their review of consistency across the Department of Defense.

The standard for an exception is not the “mission-critical employee” standard used for a government shutdown. Mission-critical employees generally *will* be furloughed. Exceptions should only be considered if (1) the loss of man hours will result in mission degradation to the point of failure, and (2) in a mission that is deemed critical. If an office is properly manned, furlough should be manageable through proper scheduling – just like leave or an alternate work schedule. Only where staggering absence is not possible – such as for deployed civilians – is an exception truly essential. Thus, if an individual can take leave or participate in a compressed work schedule, they can be furloughed. All requests for exceptions must make it clear why staggered scheduling and other accommodations cannot be implemented. Exception requests must include the alternative lower furlough hours per pay period.

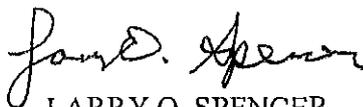
Furlough Mitigation

In the event of furlough, we expect you to mitigate mission and readiness impacts, to the greatest extent possible, by controlling leave and absences for all Airmen, military and civilian. You may not use contract funding or premium pay (compensatory time or overtime) to offset furloughs. Also, in the rare cases where employees are excepted from furlough, you may also not allow them to take paid personal leave. If employees can be spared to take paid leave, they can be furloughed. We understand that mission degradation is unavoidable in this circumstance; we do not expect uniformed Airmen to replace the full capability of an approximate 20 percent reduction in availability of the civilian workforce. Additionally, we must ensure our furloughed civilians do not work from home or on-site, officially or unofficially, on their furlough days. Such action may result in Anti-Deficiency Act violations for which employees and supervisors will be held responsible (and may result in disciplinary action for both).

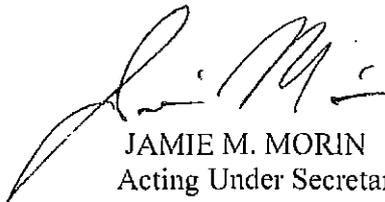
Please also note that it is illegal to transfer inherently governmental work to the contractor workforce. Moreover, funding available for contractor services is reduced for FY13, so we also expect to see a reduction in the contractor workforce through the remainder of the fiscal year. To take any other action may present grounds for legal action against the Air Force. Moreover, as all appropriations (except MILPERS) are impacted by sequestration, shifting costs may create Anti-Deficiency Act violations in other accounts and thus must be avoided.

A final important note: While the Department of Defense has begun the congressional notification process, there are multiple steps to be followed before a furlough can actually be implemented. It is important to note that, like with any other changes in conditions of employment, it is improper to engage employees in discussions during town hall meetings, commanders' calls, etc., about executing a furlough without first notifying local union officials. Commanders may have these discussions, but they must give union officials the opportunity to participate in them. Our bargaining responsibilities address not whether there will be a furlough, but rather the procedural implementation of a furlough. Bargaining must come first before wholesale notification. Commanders should begin local Impact and Implementation bargaining with unions immediately.

We stand ready to assist with clarification of the above guidance or to answer any other questions you may have. Please direct any questions to appropriate functional staffs (Lt Gen Darrell Jones, AF/A1, or Ms. Marilyn Thomas, SAF/FM).



LARRY O. SPENCER
General, USAF
Vice Chief of Staff



JAMIE M. MORIN
Acting Under Secretary of the Air Force

Attachment
AF Supplemental Guidance on Furlough Exceptions

**AIR FORCE SUPPLEMENTAL GUIDANCE
ON
CRITERIA FOR IDENTIFYING EXCEPTED POSITIONS
FOR ADMINISTRATIVE FURLOUGH**

In preparation for sequestration and possible civilian furlough, it is necessary to identify positions that are excepted from furlough and the criteria used to make that determination.

The categories of positions listed below are approved as excepted positions. Foreign Military Sales employees are NOT excepted from furlough. Requests for additional exceptions must be submitted to AF/A1 at A1furloughexceptions@pentagon.af.mil no later than Tuesday, 26 Feb 13, for review and approval.

- **Civilians deployed to a combat zone.** This includes pre- and post-deployment duty requirements.
- **Non-US civilians (local nationals).** All are excepted from furlough.

For the following three categories, most excepted employees will still be subject to furlough, but only for a portion of the hours required for most employees.

- **Civilian Police/Security Guards – Occupational Series 0083 and 0085:** All Air Force Civilian Police/Security Guard personnel are subject to furlough except at installations where the positions comprise 25% or more of the funded Security Forces unit authorizations and are performing flight-level first responder duties. These exceptions are for GS-0083 civilian police officers and GS-0085 security guards, assigned to Security Forces squadrons, generally servicing in grades GS-09 and below (the only exception being GS-11 flight leader positions) aligned under FAC code 43S3. Only the following units should be exempt from furlough as they are under the 25% manning rule set:
 - 45 SFS Cape Canaveral
 - 61 SFS Los Angeles, AFB, CA
 - 87 SFS Joint AFB McGuire-Dix-Lakehurst, NJ
 - 301 SFS Ft Worth NAS, TX
 - 434 SFS Grissom AFB, IN
 - 502 SFS Joint Base San Antonio (Ft Sam Houston only)
 - 628 SFS Joint Base, Charleston, SC
 - 733 SFS Joint Base Langley-Eustis (Ft Eustis only)
 - 910 SFS Youngstown Warren ARS, OH
 - 914 SFS Niagara Falls ARS, NY
- **Civilian Firefighters, Occupational Series 0081:** All Air Force firefighters will be subject to furlough except at installations where doing so would drop installation firefighter manning level below the Critical Level of Service (CLS) defined in AFI 32-2001, paragraph 2.7 and Figure A4.2. FES Capabilities. If an installation drops below CLS and must except

firefighters from full furlough, MAJCOMs will be directed to do so equally among all firefighters at that installation. HAF functional experts have determined that even though firefighters work a 24-hour shift, MAJCOM leaders can direct furlough hours which will still allow them to cover the higher risk periods. Initial assessments do not indicate there are any installations currently manned at levels where they will be unable to meet CLS standards even with a furlough.

- **Civilian Health Care Personnel:** All Air Force Medical Service civilians are subject to furlough except those that provide 24-hour inpatient care or emergency service, and personnel providing ancillary services directly supporting the 24-hour inpatient care and emergency services.

Employees who support 24-hour inpatient operations or emergency services at the following locations and occupational series who are excepted are:

AIR FORCE MEDICAL SERVICE (AFMS) 2013 FURLOUGH EXCEPTION LIST 130207v3

Occ Series	Positions
610	16
620	4
621	1
649	1
640	10

Occ Series	Positions
610	3
644	4

Occ Series	Positions
602	3
610	121
620	28
621	2
640	4
649	7
651	2

Occ Series	Positions
602	1
610	3

Occ Series	Positions
610	7
620	1
644	1

Occ Series	Positions
640	4

Occ Series	Positions
610	22
621	1
644	4
645	4
647	4
661	9

Occ Series	Positions
180	1
610	2
644	1
645	1
661	1
1603	1

Occ Series	Positions
181	2
602	3
610	19
640	1
644	2
645	5
646	1
661	4

Occ Series	Positions
602	2
610	22
620	2
621	2
644	7
649	4
660	1
661	4
1603	2

Occ Series	Positions
610	15
620	3
640	3
642	1
644	4
646	1
647	2
649	7
660	1
661	5

Total: 399



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

FEB 13 2013

Office Of The Secretary

MEMORANDUM FOR ALMAJCOM-FOA-DRU/CV
DISTRIBUTION C

FROM: SAF/AA
1720 Air Force Pentagon
Washington DC 20330-1720

SUBJECT: Suspension of Top Secret Periodic Reinvestigations

Reference: (a) SAF/AA Memo, 26 Jul 12
(b) SAF/AA Memo, 13Apr 12

As noted in the above references, the Air Force experienced fiscal challenges in Fiscal Year (FY) 12 and suspended Top Secret Periodic Reinvestigations from 13 April to 30 September 2012. Due to an estimated \$50 million shortfall in the FY13 Personnel Security Investigation budget, we are suspending the submission of all Top Secret Periodic Reinvestigations until further notice. Effective immediately, all Single Scope Periodic Reinvestigations (SSBI-PR) and Phased Periodic Reinvestigations (PPRs) are suspended with exceptions noted below. This suspension includes the mandatory Air Force Specialty Codes requiring in-scope Top Secret investigations as found in Air Force Officer and Air Force Enlisted Classification Directories.

Reinvestigations for personnel assigned to Personnel Reliability Programs, Presidential Support Programs, Special Access Programs and personnel with access to Sensitive Compartmented Information who are in positions directly supporting the Intelligence Community will not be suspended. Additional exceptions must be approved by SAF/AAZ.

If you have any questions please contact Mr. Herman Mitchell, SAF/AAZ at 703-693 0644, Herman.Mitchell@pentagon.af.mil, Ms Jennifer Aquinas, SAF/AAZ at 703-693-0158, Jennifer.Aquinas@pentagon.af.mil.


TIM BEYLAND
Administrative Assistant

In \$ K

As of 1 Mar 13

FY13 TRAVEL LIMITATIONS		
2 Ltr	Prior Limitation	New Limitation (20%)
A1	\$12,542	\$10,034
A2	\$774	\$619
A3/5	\$5,144	\$4,115
A4/7	\$6,020	\$4,816
A8	\$306	\$245
A9	\$347	\$278
A10	\$515	\$412
AF/CV	\$1,837	\$1,470
AF/HC	\$421	\$337
AF/HO	\$133	\$106
AF/JA	\$6,230	\$4,984
AF/SB	\$978	\$782
AF/SE	\$946	\$757
AF/SG	\$677	\$542
AF/ST	\$55	\$44
AF/TE	\$183	\$146
AFELM	\$1,068	\$854
SAF/AA	\$3,208	\$2,566
SAF/AG	\$2,493	\$1,994
SAF/AQ	\$2,157	\$1,734
SAF/CIO-A6	\$714	\$571
SAF/FM	\$1,545	\$1,236
SAF/GC	\$509	\$407
SAF/IA	\$2,250	\$1,800
SAF/IE	\$243	\$194
SAF/IG	\$10,393	\$8,314
SAF/LL	\$775	\$620
SAF/PA	\$1,537	\$1,230
SAF/SB	\$86	\$69
SAF/SP	\$139	\$111
SAF/US(M)	\$96	\$77

POC is SAF/AAR

Replaced with page 3 of Air Force Administrative Record Update 1, dated 20 March 2013

In \$ K

As of 1 Mar 13

FY13 TRAVEL LIMITATIONS		
2 Ltr	Prior Limitation	New Limitation (20%)
A1	\$12,542	\$10,034
A2	\$774	\$619
A3/5	\$5,144	\$4,115
A4/7	\$6,020	\$4,816
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A9	\$347	\$278
A10	\$515	\$412
AF/CV	\$1,837	\$1,470
AF/HC	\$421	\$337
AF/HO	\$133	\$106
AF/JA	\$6,230	\$4,984
AF/SB	\$978	\$782
AF/SE	\$946	\$757
AF/SG	\$677	\$542
AF/ST	\$55	\$44
AF/TE	\$183	\$146
AFELM	\$1,069	\$854
SAF/AA	\$3,208	\$2,566
SAF/AG	\$2,498	\$1,994
SAF/AQ	\$2,767	\$1,734
SAF/CIO-A6	\$714	\$571
SAF/FM	\$1,545	\$1,236
SAF/GC	\$509	\$407
SAF/IA	\$2,250	\$1,800
SAF/IE	\$243	\$194
SAF/IG	\$10,393	\$8,314
SAF/LL	\$775	\$620
SAF/PA	\$1,537	\$1,230
SAF/SB	\$86	\$69
SAF/SP	\$139	\$111
SAF/US(M)	\$96	\$77

POC is SA/FAAR

Replaced with Page 3 of Air Force Administrative Record Update 1, dated 20 March 2013



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1 100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

MAR 5 2013

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Additional Guidance for Handling Budgetary Uncertainty in Fiscal Year 2013

The purpose of this memorandum is to provide some additional guidance to the Deputy Secretary of Defense's memorandum on "Handling Budgetary Uncertainty in Fiscal Year 2013," dated January 10, 2013, to ensure consistency in the treatment of issues across the Department of Defense (DoD) as the reductions levied by sequestration and a year-long continuing resolution are implemented. All of these policies are effective immediately.

Congressional Travel Support

The Department will enforce strictly DoD's policies in its support of travel by congressional delegations (CODELs) and congressional staff delegations (STAFFDELS). It is DoD's policy that support for approved travel of members and employees of Congress shall be provided on an economical basis upon request from Congress, pursuant to law or where necessary to carry out DoD duties and responsibilities. Organizations need to ensure that travel of members and employees of Congress is sponsored by the DoD *only* where the purpose of the travel is of primary interest to and bears a substantial relationship to programs or activities of DoD and is not solely for the purpose of engendering goodwill or obtaining possible future benefits. Specific guidance is included in DoD Directive 4515.12 (DoD Support for Travel of Members and Employees of Congress) dated January 15, 2010. Some specific policies worth highlighting include:

- Military airlift will not be used for CODELs if commercial airlift is reasonably available.
 - Within the Continental United States (CONUS), no CODELs may use military airlift as commercial airlift is readily available.
 - Military airlift may be authorized for CODELs when in a Combatant Commander's theater if commercial airlift is limited or unsafe; every effort must be made to minimize costs.
 - Spouses may accompany members if there is an official function as long as they pay their own expenses and do not increase the number or size of aircraft required.
- Minimum number of congressional members for military airlift originating in CONUS.
 - No less than 5 members for large aircraft
 - No less than 3 members for small aircraft
- Tickets purchased by DoD for CODELs, STAFFDELS, and liaison escorts.
 - Must be economy class; individuals may upgrade at their own expense.
 - DoD does not pay for a member's personal staff traveling to his/her home State/District; this includes travel, lodging, meals, or escorts.



- All itineraries for CODELs/STAFFDELS must be approved by the escorting Service's 2-star Legislative Affairs Director to ensure that the itinerary is an efficient use of taxpayer's funds.

Tuition Assistance

All Services should consider significant reductions in funding new tuition assistance applicants after the date of this memorandum for the duration of the current fiscal situation.

Civilian Monetary Awards

Consistent with guidance from the Office of Management and Budget (OMB Bulletin #M-13-05, Agency Responsibilities for Implementation of Potential Joint Committee Sequestration), the Department will not issue discretionary monetary awards for its civilian employees, which should occur *only if* legally required, until further notice. For bargaining unit employees, all bargaining obligations must be fulfilled prior to implementing the OMB guidance.

Participation in International Events

The Department should limit its participation in international events except in those instances where individuals are supporting Foreign Military Sales and the funds supporting these efforts are not being sequestered because the accounts are exempt from sequestration.

Demonstration Flying

All aerial demonstrations, including flyovers, jump team demonstrations, and participation in civilian air shows and military open houses will cease as of April 1, 2013. Flyovers in support of military funerals will be given special consideration. To ensure consistency across the Department all exceptions and waivers for demonstration flying will require the concurrence of the Office of the Assistant to the Secretary of Defense for Public Affairs before approval.

Support to Non-DoD Organizations

All military support to non-DoD organizations for outreach activities will cease, except when the Department has authority to retain any reimbursement and is fully reimbursed for all incremental costs incurred in providing the support. This includes, but is not limited to, military equipment displays at civilian air shows, parades, and civic events. Fleet/ Service weeks as well as military open houses, and local community relations activities are permitted as long as the support/equipment can be provided locally and at no cost to the Department. To ensure consistency across the Department, all exceptions and waivers for support to non-DoD organizations and special events will require the concurrence of the Office of the Assistant to the Secretary of Defense for Public Affairs before approval.

Military Musical Unit (and Ceremonial Unit) Travel

Military musical and ceremonial units will not be permitted to travel beyond the local area immediately surrounding their respective duty stations except when all transportation, lodging, and subsistence, are provided by the requesting organization and can be accepted in accordance with existing law and Department policies, or where the Department has authority to retain any reimbursement and is fully reimbursed by the requesting organization for all incremental costs. Units may continue to perform locally both on and off military installations as long as those performances can be conducted at no cost to the Department. To ensure consistency across the Department all exceptions and waivers will require the concurrence of the Office of the Assistant to the Secretary of Defense for Public Affairs before approval.

Additional guidance will be provided as issues surface that require a DoD-wide policy.



Robert F. Hale

cc:

Director of National Intelligence

DISTRIBUTION:

SECRETARIES OF THE MILITARY DEPARTMENTS
 CHAIRMAN OF THE JOINT CHIEFS OF STAFF
 UNDER SECRETARIES OF DEFENSE
 DEPUTY CHIEF MANAGEMENT OFFICER
 COMMANDERS OF THE COMBATANT COMMANDS
 ASSISTANT SECRETARIES OF DEFENSE
 GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
 DIRECTOR, OPERATIONAL TEST AND EVALUATION
 DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
 INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
 ASSISTANTS TO THE SECRETARY OF DEFENSE
 DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
 DIRECTOR, ADMINISTRATION AND MANAGEMENT
 DIRECTOR, NET ASSESSMENT
 DIRECTORS OF THE DEFENSE AGENCIES
 DIRECTORS OF THE DOD FIELD ACTIVITIES



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

MEMORANDUM FOR ALMAJCOM/CC

MAR 11 2013

SUBJECT: Fiscal Year 2013 (FY13) Sequestration Guidance, Change #1

References:

1. 28 Feb 2013 USecAF & VCSAF memorandum "Fiscal Year 2013 (FY13) Sequestration Guidance"
2. 10 Jan 2013 DSD memorandum "Handling Budgetary Uncertainty in Fiscal Year 2013"
3. 5 Mar 2013 USD (Comptroller) memorandum "Additional Guidance for Handling Budgetary Uncertainty in Fiscal Year 2013"
4. 21 Feb 2013 OASD Total Force Management and Budgetary Uncertainty
5. 15 Feb 2013 AF IT Spending Memo
6. 20 Feb 2013 AF Furlough Guidance
7. 13 Feb 2012 SAF/AA Memo, Suspension of Top Secret Periodic Reinvestigations

On 1 March 2013, we expect to absorb over \$12B in sequestration reductions while we simultaneously work to mitigate an OCO shortfall of approximately \$1.8B and operate under a highly restrictive Continuing Resolution. A reduction of this magnitude would be devastating to our mission and our people, but, since it appears sequestration cannot be avoided, we must take further actions to significantly slow spending to operate within mandated budget limitations. Implementation of these actions should be structured as best possible to minimize short- and long-term harm to our people and our unit readiness, recognizing that major impacts cannot be entirely avoided. This guidance applies to the Total Force.

As a reminder and to assist you in making mission critical determinations, OSD directed protection of the following programs throughout the year:

- Fully protect funding for wartime operations
- Fully protect Wounded Warrior programs
- To the extent feasible, protect programs most closely associated with the new defense strategy
- To the extent feasible, protect family programs

Continuation of Near Term Actions Directed in 14 January 2013 Memorandum

- Conduct a thorough review of all OCO requirements and identify potential reductions which will not impair wartime operations such as delaying asset reconstitution and incrementally funding OCO contracts.
- Civilian hiring restrictions remain in place to include a hiring freeze, immediate elimination of temporary employees and not renewing term hire employees with exceptions for mission-critical activities and when appropriate in terms of personnel timing. See attachment 1 for guidance on Total Force Management.

- Cancel all temporary duties that are not mission-critical, such as attendance at or hosting of conferences and symposia (such as functional conferences), staff assistance visits and training seminars.
- Cancel ongoing and scheduled studies that are not congressionally directed or mission critical. Further Action: SAF/LL and SAF/FMBL will engage with Congress, as appropriate, to seek relief or delay approval for congressionally directed studies.
- Limit supply purchases to essential FY13 consumption (e.g., flying hour bench stock) and stop minor purchases that are not mission-critical such as furniture, and unit equipment.
- Given the current budget uncertainty, the Air Force Chief Information Officer, SAF/CIO A6, further directed immediate actions to minimize IT expenditures to only mission-critical capabilities. Specific actions are outlined in the CIO Policy Directive Memorandum, Subject: Near-Term Guidance on FY13 Information Technology (IT) Spending dated 15 Feb 13 (attachment 2). The actions are intended to ensure planned mission-critical purchases are aligned and directly support the transition to enterprise-wide IT services to realize long-term cost savings and mission effectiveness.
- Defer all non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects to include Dormitory and Energy Focus Funds. Installations should continue to work with local contracting offices to gather low bids and provide funds requests to the Air Force Civil Engineer Center (AFCEC). Projects may be funded later in the year if funding becomes available. Emergency requirements should be coordinated with AFCEC using the established process for Emergent Requirements (POC: AF/A4/7C).
- Where practical, de-obligate/incrementally fund contracts to encompass only FY13 activity (examples include but are not limited to base maintenance contracts, advisory and assistance services contracts, custodial contracts, etc.).
- Review contracts for possible descoping or other long term cost savings.

Exceptions for Continued Near Term Actions

Limited exceptions for the continuation of these near-term actions may be made for mission critical activities and civilian positions as determined by appropriate senior officials. Requests for exceptions shall be approved by MAJCOM Vice Commanders, the Deputy Director of the Air National Guard, DRU Commanders, and by SAF/AA for the HAF portfolio. Previous delegation of waiver authority will no longer be permitted effective 1 March 2013.

Additional Actions Required due to Implementation of Sequestration

In the event sequestration occurs, additional, wide-ranging and dramatic actions are required to ensure the Air Force operates within the new FY13 top-line. We direct the immediate implementation of the following actions in the event sequestration is triggered on 1 March 2013.

Civilian Personnel (POC: AF/A1)

Civilian Furloughs:

- Follow the guidance found at attachment 3. **Please read the attached guidance closely.** The authority to approve the **very few exceptions** to furlough cannot be delegated below the MAJCOM Vice Commanders, the Deputy Director of the Air National Guard (ANG),

DRU Commanders, or SAF/AA for the HAF portfolio. ANG will follow guidance provided by NG-J1-TN.

- It is also important to emphasize you may not use premium pay (compensatory or overtime) to offset furloughs, either to make up for lost work or to make up for lost pay. Premium pay is not authorized unless it is part of an employee's normal pay (such as an employee who regularly earns a night shift differential). Beyond that, premium pay is only authorized when it is necessary to provide safety of life or property, but only to the minimum extent needed to protect life or property (i.e., firemen or emergency responders working over their regular shift due to an emergent situation that arises on their shift).
- To reiterate, except in the above circumstances, supervisors will not approve and civilian full-time employees will not work any hours in excess of their normal duty day. Part-time employees will have their furloughs pro-rated IAW 5 CFR 752. You may not request the furloughed employee work overtime nor may you ask another civilian who is not furloughed to compensate for the furloughed employee's lost productivity by working overtime.

Civilian Permanent Change of Station (PCS) guidance:

- All centrally-funded "must move" civilian PCSs will continue, to include overseas returnees, CDE placements, SES moves, priority placements, and centrally-funded career broadener, Palace Acquire, & Copper Cap placements.
- Centrally-funded civilian career moves that are discretionary will be significantly reduced as a result of sequestration. A strategic pause is anticipated for these discretionary moves; guidance will be provided by AFPC.
- Locally funded civilian PCSs can be approved at the discretion of the local commander.

Education and Training (POC: AF/A1)

Education and training guidance:

- All HQ AF leadership development courses scheduled through April 2013 will be cancelled with exceptions for courses with non-recoverable tuition. HQ AF/A1 will evaluate subsequent classes on a monthly basis and assess the impact on our Total Force officer, enlisted, and civilian Airmen.
- Third quarter attendance at short-term TDY professional military education (PME), e.g., SOS, CALT, NCO Academies will be reduced. Specific guidance will be provided by AF/A1.
- The AF will support DoD and Joint education and training consistent w/OSD guidance.
- Due to the current fiscal challenges, Military Tuition Assistance (TA) is suspended effective immediately. The suspension applies to all Active Duty and Reserve Airmen and will remain in effect during the current fiscal situation. Airmen will no longer be permitted to submit new requests for Tuition Assistance through the AF Virtual Education Center nor the AF Automated Education Management System. Airmen currently enrolled with an approved tuition assistance form are not affected and will be allowed to complete current course enrollment(s). Airmen can continue to access their GI Bill benefits, either the Montgomery GI Bill (MGIB) or the Post 9/11 GI Bill as applicable, or use another funding source (i.e. grants, scholarships, or state Tuition Assistance for the Air National Guard). Airmen are encouraged to contact their local education center for additional information. Updated information will be posted on the AF Virtual Education Center website located on the AF Portal, www.my.af.mil.

The following education and training is considered mission critical and will continue under sequestration:

- Long-term professional military education (military and civilian attendance), all pre-command training and CSAF mandated training, initial skills training, pre-deployment expeditionary skill training, and functional skills training as required by law.

Flying Hours (POC: AF/A3/5)

Operational leaders at all levels of command are charged with preserving readiness to the maximum extent possible in these difficult circumstances. Due to compressed planning timelines and the unprecedented nature of sequestration cuts, we remain concerned about unanticipated second and third order effects on flying hour program execution and readiness. To mitigate this risk, operational leaders will ensure coordination across functional lines. In particular, civilian furloughs and weapon systems sustainment cuts (to include simulator sustainment) will significantly impact our ability to effectively execute flying hours or maintain operational competencies and must be taken into account. Readiness impacts will be severe and long-term under the best of scenarios; we must do everything in our power to avoid compounding negative effects through inefficient implementation.

Effective immediately, AF O&M flying hours will be used primarily to prepare for and execute approved named operations, SecDef-ordered missions and deployments, nuclear deterrence operations, POTUS/VPOTUS/CCDR travel, Continuity of Government/Operations, and initial training, to include Formal Training Units. Units preparing for and executing these missions will be allocated appropriate flying hours to remain mission ready or gain mission ready status prior to deployment.

- Units not preparing for or executing these missions will follow MAJCOM guidance to preserve critical capabilities and readiness to the extent possible. This may result in ceasing operations at a number of units and tiered readiness beginning in March. In many cases, this will result in units having to stand down for prolonged periods, which will severely degrade readiness. For example, we anticipate more than half of our AD CAF units will reach this point by mid-May. MAJCOMs will build reconstitution plans to best posture Airmen for returning to fly in FY14, while ensuring these units maximize training opportunities (e.g. simulators, part task trainers, academics) during the down period.
- Not all SecDef approved missions will be supported. AF/A3/5 will coordinate with MAJCOMs and Joint Staff through Global Force Management processes to provide detailed guidance.

The following flying hour actions are effective immediately upon sequestration (1 March 2013) unless already in execution or otherwise noted:

- To support emphasis on initial qualification training, we recognize advanced flying training (e.g., instructor upgrade, "TX" transition courses) may be severely impacted, to include Weapons Instructor Courses. MAJCOMs retain authority on specific termination dates and may approve waivers/exemptions required to allow completion of training/courses currently in execution or those deemed mission critical.
- Cancel O&M funded USAF exercises and AF flying participation in all other exercises, unless required for deployment spin-up.

- Cancel all air shows, tradeshow, flyovers, orientation flights, heritage flights, and demonstration flights (includes funeral and all military graduation flyovers).
- Cancel all Thunderbird demonstration team events, effective 1 April 2013.
- Cancel all installation open houses unless event includes only local assets and can be supported within available local funding.
- Lead MAJCOMs will continue to manage programs and make flying hour allocations/reductions based on supported missions.
- For senior leader airlift support, the Air Force will continue to support White House-directed missions and DOD required users (IAW DODD 4500.56). For Congressional travel, the Air Force will strictly adhere to DODD 4515.12 unless waived by OSD-LA and expects there to be a significant reduction in available aircraft. All other senior leader military airlift support will continue to adhere to existing processes in AFI 24-101, but on a very restricted basis and with reduced aircraft available.
- AF/CV is waiver/exception-to-policy authority for events listed above. Only mission-critical events will be approved. Approvals will not result in increased flying hour allocation from the Air Staff; funding must be sourced from MAJCOM/Lead MAJCOM flying hours. Route requests through A3/5, to include event name, date(s), rationale, cost, and number of assets (personnel and aircraft) dedicated to support the event. For public aerial events, route questions through SAF/PA.

Weapon System Sustainment (POC: AF/A4/7)

Utilizing the 24 January 2013 Centralized Asset Management (CAM)/Executive Committee approved briefing data all weapon system sustainment fund holders will begin to execute planned sequestration actions to cover the worst case scenario reductions. Establish regular reporting of workload not accomplished and workload in danger of not getting funded in next report. Workload previously identified for deferral will not be initiated unless an equal dollar value offset is provided from within the relevant fund holder's portfolio. MAJCOMs and the AF Life Cycle Management Center will review war ready engine levels to determine where additional risk can be taken based on flying hour reductions. Program offices will continue to review activities to find potential savings and will continue to report impacts to contracts supporting weapon system sustainment (e.g., Contractor Logistics Support contracts) and depot maintenance workload. Ensure minimum impact to contingency operations efforts and protect the pilot production pipeline in accordance with stated priorities. In addition, sustainment prioritization efforts should protect aircrew readiness capability through favorable consideration of aircrew training device and simulator operations and maintenance contracts. As current mission requirements and warfighter priorities are reassessed, major adjustments to the previously reviewed plan will be vectored through the CAM Governance Structure.

Air Force Working Capital Funds (AFWCF) (POC: SAF/FMBMR)

The AFWCF will experience immediate and severe impacts caused by sequestration. Initial assessments indicate AFWCF 'Blue' cash will be depleted to a negative \$772 million balance by the end of FY2013. Coupled with projected Transportation WCF (TWCF) losses, the overall AFWCF cash balance could drop below negative \$1 billion. Without additional action, this will cause an Anti-Deficiency Act violation, which must be avoided. Cost control measures within the AFWCF are critical to minimize losses; however, we understand that AFWCF activities may not be able to achieve sufficient cost reductions in the near term to off-set cash losses of this

magnitude. With that in mind, we direct AFMC to take immediate actions to help mitigate the expected negative cash balance. Additionally, we direct AFMC to identify the month in which negative AFWCF 'Blue' cash and/or negative available budgetary resources will occur and to project the 'cash surcharge' required to prevent losses in total and by month. We will request that TRANSCOM also work to reduce costs and provide maximum possible insight into its cash position. SAF/FMB and AF/A4/7 will collaborate with AFMC and TRANSCOM to engage USD(C), OMB and the Congress in an effort to secure support for required mitigating actions to address any remaining shortfall in AFWCF. External support needed to prevent ADA violation may include restoral of readiness accounts, implementation of cash surcharges, and/or reprogramming funds from investment appropriations.

Investment Accounts (POCs: SAF/AQ, SAF/FMBI)

SAF/AQ and SAF/FM will issue funding restrictions at the appropriation level and program ceiling level that assume worst case impacts as a result of combined continuing resolution and sequestration effects. This could have the impact of an across the board reduction of 10% to every program against the planned FY13 funding levels. Our ability to smooth programmatic impacts will be entirely dependent on the degree of funding flexibility we get with associated continuing resolution or appropriation language. As a result, we must have visibility of continuing resolution less sequestration reduction baselines at the program level and any proposed movement of funds between program line items. Additionally, any anticipated contract, modification or task/delivery order award using appropriated investment funding, with a value (not obligation) of \$500M or more must be coordinated with AT&L before award. Requests for AT&L coordination shall be sent to SAF/AQX. SAF/AQX will ensure Air Force coordination and will staff the package to AT&L for approval. As a reminder, this AT&L coordination requirement is for investment dollars only and excludes FMS, sustainment, services acquisitions, and award of basic multiple award ID/IQ contracts. Investment OCO obligations should be deferred until further notice; request for exception may be submitted to SAF/AQ and SAF/FM. Assume you will execute the sequestration plans you submitted to SAF/AQXR until further notice; this includes preserving unobligated prior year balances identified to pay sequestration bill. Lastly, programs must adhere to guidance provided in this memorandum reducing studies, program management administrative and other contract costs. If our budget continues to decline, the Air Force will make strategic decisions to prioritize modernization programs to support the defense strategy and current readiness.

Guidance for all Air Force Activities

Based on actual sequestration reductions, you will receive updated budget bogeys when they are available. For planning purposes, you should plan for the worst case, using the 9 Jan Top Line Reduction, Scenario 2 Bogeys. This assumes the Air Force will not receive external support for our \$1.8B OCO shortfall. You are directed to take the additional actions:

- Cancel all temporary duty travel unless directed by MAJCOM/CC or CV. Additional guidance includes:
 - MAJCOM/CCs will determine which, if any, functional and IG inspections will occur during the sequester. High priority should be given to nuclear-related inspections.
 - The following TDYs are considered mission critical and approved as they support critical corporate Air Force functions: Promotion boards, command selection

boards, special selection boards, force management/force-shaping boards pre- and post-board activities, and development teams supporting school and command selection only. Development Team meetings supporting school and command selection should be considered on-site TDYs, unless agreement is reached with AFPC in advance to conduct them virtually.

- Safety and Accident Investigation Boards are approved travel.
 - Travel for promotion/retirement/award ceremonies or banquets is NOT approved.
 - Speaker participation in wing/group commander courses should not require travel, but be executed by VTC, DCO or other technology.
 - Travel to attend AETC hosted technical or follow-on training courses is approved, but attendees must confirm the course will continue as scheduled.
 - SAF/IA will provide minimum required support to international events.
 - Cancel or defer all AF-hosted conferences and attendance at Non-Federal Entity (NFE) hosted conferences, seminars and symposia. Local attendance at an NFE event is allowed only if there is no cost to the Air Force. Previously delegated conference approval authority is rescinded. Request exemptions through the existing conference approval process for SAF/US approval. Cancellation includes individual speaker travel if at AF expense. (All "gifted" travel must be approved by SAF/GC and reported annually.) Conference attendance for medical readiness training and annual chaplain ecclesiastical endorsement events will be allowed after review through the conference approval process.
 - No spouse travel will be approved at AF expense, except for required pre-command training (eg., squadron, group, wing pre-command courses). However, CSAF, VCSAF, and MAJCOM commander spouse travel is authorized for the purpose of base visits (and only base visits) when the visit has a robust spouse agenda, the spouse is accompanied by the active duty member, and MILAIR is available. No commercial travel is authorized and all travel must be at no cost to the AF.
 - The funding for patient travel reimbursement for referred medical care (to include Non-Medical Attendants where spouses may fill that role) is determined by law and regulation, and is managed at the Health Affairs level. Medical personnel will ensure all patient travel is carefully monitored and appropriate; however, it is exempted from the requirement of MAJCOM CC or CV review/approval.
- Implement additional reductions where possible to Science Engineering and Technical Assistance (SETA); Advisory and Assistance Services (A&AS); Final System Design Review (FSDR); Contract Military Equivalents (CME) contracts by end of fiscal year or period of performance if earlier than Oct 1, 2013.
 - Reference SAF/AA Memorandum, Suspension of Top Secret Periodic Reinvestigations 13 Feb 2013 (see attachment 4), suspend the submission of all Top Secret Periodic Reinvestigations. Suspend all Single Scope Periodic Reinvestigations (SSBI-PR) and Phased Periodic Reinvestigations (PPRs) with limited exceptions. This suspension includes the mandatory Air Force Specialty Codes requiring in-scope Top Secret investigations as found in Air Force Officer and Air Force Enlisted Classification Directories. Reinvestigations for Personnel Reliability Programs, Presidential Support Programs, Special Access Programs and personnel with access to Sensitive Compartmented Information who are in positions directly supporting the Intelligence

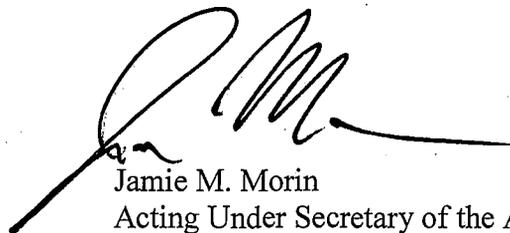
Community will not be suspended. Additional exceptions must be approved by SAF/AAZ.

These events are unprecedented for the Department and the USAF. As such, it is critical that we maintain very open communication lines to ensure maximum awareness of actions and consistency of application of all sequestration guidance. This will enable us to inform leadership of notable events and assist in the preparation for media/congressional inquiries. Request you provide a weekly update to the SAF/FMBP Workflow (SAFFMBP.Workflow@pentagon.af.mil) and identify any major actions/events that should be elevated to HQ AF. For example, if projected stand down of a flying unit is accelerated from previous estimates, please provide those details. Each MAJCOM should identify a command POC for submitting these reports. Negative inputs should be documented with a NSTR email to the SAF/FMBP Workflow.

We will continue to coordinate with MAJCOMs/COCOMs on actions for consistency in application and recognize you have already implemented many of the actions above. We also realize there are many difficult decisions and trade-offs yet to be made, but they are necessary to comply with a reduction of this magnitude. We will continue working closely to communicate sequestration impacts and advocate for restoral of funding necessary to mitigate the devastating effects of sequestration. If you have questions regarding this guidance, please call Ms. Marilyn Thomas, SAF/FM, at (703) 697-4464.



LARRY O. SPENCER
General, USAF
Vice Chief of Staff



Jamie M. Morin
Acting Under Secretary of the Air Force

cc:
SAF/FM



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

Office Of The Secretary

14 MAR 2013

MEMORANDUM FOR DISTRIBUTION C

FROM: SAF/AA AND AF/CVA

SUBJECT: Immediate HAF Actions for FY13 Sequestration Implementation – Addendum #1

References: (a) FY13 HAF Near Term Actions to Handle Budgetary Uncertainty, 18 Jan 13

(b) 2013 Immediate HAF Actions for FY 13 Sequestration Implementation, 1 Mar 13

Air Force recently released change #1 to their Fiscal Year 13 Sequestration guidance, which includes the following updates:

Military Tuition: Due to current fiscal challenges, Military Tuition Assistance (TA) is suspended immediately. The suspension applies to all Active Duty and Reserve Airmen and will remain in effect during the current fiscal situation. Airmen will no longer be permitted to submit a new request for Tuition Assistance through the AF Virtual Education Center nor the AF Automated Education Management System. Airmen currently enrolled with an approved tuition assistance form are not affected and will be allowed to complete current course enrollment(s). Airmen can continue to access their GI Bill benefits, either the Montgomery GI Bill or the Post 9/11 GI Bill as applicable, or use another funding source (i.e. grants, scholarships, or state Tuition Assistance for the Air National Guard). Airmen are encouraged to contact their local education center for additional information. Updated information will be posted on the AF Virtual Education Center website located on the AF Portal, www.my.af.mil.

Spouse Travel: No spouse travel will be approved at AF expense, except for required pre-command training (eg, squadron, group, wing pre-command courses). However, CSAF, VCSAF, and MAJCOM commander spouse travel is authorized for the purpose of base visits (and only base visits) when the visit has a robust spouse agenda, the spouse is accompanied by the active duty member, and MILAIR is available. No commercial travel is authorized and all travel must be at no cost to the AF.

Patient Travel: The funding for patient travel reimbursement for referred medical case (to include Non-Medical Attendants where spouses may fill that role) is determined by law and regulation, and is managed at the Health Affairs level. Medical personnel will ensure all patient travel is carefully monitored and appropriate; however, it is exempted from the requirement of MAJCOM CC or CV (to include HAF 2 letters) review/approval.

This update is in addition to all the previous policy guidance on sequestration. We expect further changes and additions to the guidance and we will provide HAF guidance as quickly as possible. If you have any questions, contact Ms Anne Graham or Ms Lydia Newsome, SAF/AAR.


 TIM BEYLAND
 Administrative Assistant to the
 Secretary of the Air Force


 FRANK GORENC
 Lieutenant General, USAF
 Assistant Vice Chief of Staff



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC

MAR 14 2013

MEMORANDUM FOR ALMAJCOM-FOA-DRU/CC
 DISTRIBUTION C

FROM: SAF/AA

SUBJECT: AIR FORCE POLICY MEMORANDUM - Intergovernmental Personnel Act (IPA)
 Mobility Program Impacts During Sequestration

This memorandum identifies the actions deemed necessary in order to manage the IPA Mobility Program as a result of sequestration budget reductions that went into effect on 1 March 2013, and the Continuing Resolution. Compliance is mandatory for all Air Force (AF) elements.

The employees working under an IPA assignment are not federal employees and therefore are not subject to furlough. However, the AF has decided that the reductions required by sequestration shall be applied to IPA agreements. Accordingly, all AF-funded IPA agreements must be renegotiated to reduce work schedule and all AF costs by 20 percent effective 22 April 2013. These costs include 1) total salary (salary and related fringe benefits) and 2) all other AF support costs (e.g. indirect costs, G&A costs, travel (TDY) expenses, moving expense, per diem, etc.).

In order to implement, each IPA agreement will have to be individually amended to reflect the individual terms of the agreement and must be staffed for my signature. All IPA agreements must be renegotiated and amendments signed by 19 April 2013. Any agreement not successfully revised by 19 April must be immediately terminated. Detailed instructions and timelines are located in the attachment and must be implemented immediately.

AF/DPS will provide your human resources office with a listing of IPAs within your organization. If you, or your staff, have any questions, please contact AF/DPS at (703) 695-5260.

TIM BEYLAND
 Administrative Assistant

Attachment
 IPA Implementation Guidance

Attachment

IPA Sequestration Implementation Guidance

In consultation with the IPA and his/her non-federal permanent employer, a twenty percent reduction in Air Force's portion of reimbursed costs and work schedule must be renegotiated. This is an across-the-board 20 percent reduction (e.g., salary, benefits, travel, work hours, etc.). If the IPA or non-federal permanent employer does not agree to the reduction, the IPA agreement must be terminated by **19 April 2013**. Additionally, all IPA agreements not approved and amendments not signed by SAF/AA by **19 Apr 13** will be terminated. There will be no exceptions.

Approved IPA Agreements (currently signed by SAF/AA)

- Require the renegotiated amendment documenting the 20 percent reduction to be submitted to AF/DPS
 - Amendment signed by the IPA, non-federal permanent employer, and IPA supervisor are due to AF/DPS **NLT 5 Apr 13**

IPA Agreements not currently signed by SAF/AA (e.g., revalidations)

- Require a renegotiated amendment documenting the 20 percent reduction and all required supporting documents to determine legal sufficiency in this case SAF/AA must sign the OF-69 and amendment
 - Legal sufficiency documents include, but are not limited to: OF-69, executive summary, negotiated rate agreement (if applicable), cost summary sheet, pay statement and resume
 - All documents to include the amendment signed by the IPA and non-federal permanent employer are due to AF/DPS **NLT 25 Mar 13**

All IPA Agreements

- Require a signed renegotiated amendment (template provided by AF/DPS)
 - Statement will capture the temporary 20 percent reduction through FY 2013.

For more questions, please contact AF/DPS, 703-695-5260 or af.dps@pentagon.af.mil.

5 CFR § 752, Subpart D—Regulatory Requirements for Removal, Suspension for More Than 14 Days, Reduction in Grade or Pay, or Furlough for 30 Days or Less

§ 752.401 Coverage.

(a) *Adverse actions covered.* This subpart applies to the following actions:

- (1) Removals;
- (2) Suspensions for more than 14 days, including indefinite suspensions;
- (3) Reductions in grade;
- (4) Reductions in pay; and
- (5) Furloughs of 30 days or less.

(b) *Actions excluded.* This subpart does not apply to:

(1) An action imposed by the Merit Systems Protection Board under the authority of 5 U.S.C. 1215;

(2) The reduction in grade of a supervisor or manager who has not completed the probationary period under 5 U.S.C. 3321(a)(2) if such a reduction is to the grade held immediately before becoming a supervisor or manager;

(3) A reduction-in-force action under 5 U.S.C. 3502;

(4) A reduction in grade or removal under 5 U.S.C. 4303;

(5) An action against an administrative law judge under 5 U.S.C. 7521;

(6) A suspension or removal under 5 U.S.C. 7532;

(7) Actions taken under any other provision of law which excepts the action from subchapter II of chapter 75 of title 5, United States Code;

(8) Action that entitles an employee to grade retention under part 536 of this chapter, and an action to terminate this entitlement;

(9) A voluntary action by the employee;

(10) Action taken or directed by the Office of Personnel Management under part 731 of this chapter;

(11) Termination of appointment on the expiration date specified as a basic condition of employment at the time the appointment was made;

(12) Action that terminates a temporary or term promotion and returns the employee to the position from which temporarily promoted, or to a different position of equivalent grade and pay, if the agency informed the employee that it was to be of limited duration;

(13) Cancellation of a promotion to a position not classified prior to the promotion;

(14) Placement of an employee serving on an intermittent or seasonal basis in a temporary nonduty, nonpay status in accordance with conditions established at the time of appointment; or

(15) Reduction of an employee's rate of basic pay from a rate that is contrary to law or regulation, including a reduction necessary to comply with the amendments made by Public Law 108-411, regarding pay-setting under the General Schedule and Federal Wage System and regulations implementing those amendments.

(c) *Employees covered.* This subpart covers:

(1) A career or career conditional employee in the competitive service who is not serving a probationary or trial period;

(2) An employee in the competitive service who has completed 1 year of current continuous service under other than a temporary appointment limited to 1 year or less;

(3) An employee in the excepted service who is a preference eligible in an Executive agency as defined at section 105 of title 5, United States Code, the U.S. Postal Service, or the Postal Regulatory Commission and who has completed 1 year of current continuous service in the same or similar positions;

(4) A Postal Service employee covered by Public Law 100-90 who has completed 1 year of current continuous service in the same or similar positions and who is either a supervisory or management employee or an employee engaged in personnel work in other than a purely nonconfidential clerical capacity;

(5) An employee in the excepted service who is a nonpreference eligible in an Executive agency as defined at section 105 of title, 5, United States Code, and who has completed 2 years of current continuous service in the same or similar positions under other than a temporary appointment limited to 2 years or less;

(6) An employee with competitive status who occupies a position in Schedule B of part 213 of this chapter;

(7) An employee who was in the competitive service at the time his or her position was first listed under Schedule A, B, or C of the excepted service and who still occupies that position;

(8) An employee of the Department of Veterans Affairs appointed under section 7401(3) of title 38, United States Code; and

(9) An employee of the Government Printing Office.

(d) *Employees excluded.* This subpart does not apply to:

(1) An employee whose appointment is made by and with the advice and consent of the Senate;

(2) An employee whose position has been determined to be of a confidential, policy-determining, policy-making, or policy-advocating character by the President for a position that the President has excepted from the competitive service; the Office of Personnel Management for a position that the Office has excepted from the competitive service (Schedule C); or the President or the head of an agency for a position excepted from the competitive service by statute;

(3) A Presidential appointee;

(4) A reemployed annuitant;

(5) A technician in the National Guard described in section 8337(h)(1) of title 5, United States Code, who is employed under section 709(a) of title 32, United States Code;

(6) A Foreign Service member as described in section 103 of the Foreign Service Act of 1980;

(7) An employee of the Central Intelligence Agency or the Government Accountability Office;

(8) An employee of the Veterans Health Administration (Department of Veterans Affairs) in a position which has been excluded from the competitive service by or under a provision of title 38, United States Code, unless the employee was appointed to the position under section 7401(3) of title 38, United States Code;

(9) A nonpreference eligible employee with the U.S. Postal Service, the Postal Regulatory Commission, the Panama Canal Commission, the Tennessee Valley Authority, the Federal Bureau of Investigation, the National Security Agency, the Defense Intelligence Agency, or any other intelligence component of the Department of Defense (as defined in section 1614 of title 10, United States Code), or an intelligence activity of a military department covered under subchapter I of chapter 83 of title 10, United States Code;

(10) An employee described in section 5102(c)(11) of title 5, United States Code, who is an alien or noncitizen occupying a position outside the United States;

(11) A nonpreference eligible employee serving a probationary or trial period under an initial appointment in the excepted service pending conversion to the competitive service, unless he or she meets the requirements of paragraph (c)(5) of this section;

(12) An employee whose agency or position has been excluded from the appointing provisions of title 5, United States Code, by separate statutory authority in the absence of any provision to place the employee within the coverage of chapter 75 of title 5, United States Code; and

(13) An employee in the competitive service serving a probationary or trial period, unless he or she meets the requirements of paragraph (c)(2) of this section.

§ 752.402 Definitions.

In this subpart—

Current continuous employment means a period of employment or service immediately preceding an adverse action without a break in Federal civilian employment of a workday.

Day means a calendar day.

Furlough means the placing of an employee in a temporary status without duties and pay because of lack of work or funds or other nondisciplinary reasons.

Grade means a level of classification under a position classification system.

Indefinite suspension means the placing of an employee in a temporary status without duties and pay pending investigation, inquiry, or further agency action. The indefinite suspension continues for an indeterminate period of time and ends with the occurrence of the pending conditions set forth in the notice of action which may include the completion of any subsequent administrative action.

Pay means the rate of basic pay fixed by law or administrative action for the position held by the employee, that is, the rate of pay before any deductions and exclusive of additional pay of any kind.

Similar positions means positions in which the duties performed are similar in nature and character and require substantially the same or similar qualifications, so that the incumbent could be interchanged between the positions without significant training or undue interruption to the work.

Suspension means the placing of an employee, for disciplinary reasons, in a temporary status without duties and pay for more than 14 days.

§ 752.403 Standard for action.

(a) An agency may take an adverse action, including a performance-based adverse action or an indefinite suspension, under this subpart only for such cause as will promote the efficiency of the service.

(b) An agency may not take an adverse action against an employee on the basis of any reason prohibited by 5 U.S.C. 2302.

§ 752.404 Procedures.

(a) *Statutory entitlements.* An employee against whom action is proposed under this subpart is entitled to the procedures provided in 5 U.S.C. 7513(b).

(b) *Notice of proposed action.* (1) An employee against whom an action is proposed is entitled to at least 30 days' advance written notice unless there is an exception pursuant to paragraph (d) of this section. The notice must state the specific reason(s) for the proposed action, and inform the employee of his or her right to review the material which is relied on to support the reasons for action given in the notice.

(2) When some but not all employees in a given competitive level are being furloughed, the notice of proposed action must state the basis for selecting a particular employee for furlough, as well as the reasons for the furlough.

(3) Under ordinary circumstances, an employee whose removal or suspension, including indefinite suspension, has been proposed will remain in a duty status in his or her regular position during the advance notice period. In those rare circumstances where the agency determines that the employee's continued presence in the workplace during the notice period may pose a threat to the employee or others, result in loss of or damage to Government property, or otherwise jeopardize legitimate Government interests, the agency may elect one or a combination of the following alternatives:

(i) Assigning the employee to duties where he or she is no longer a threat to safety, the agency mission, or to Government property;

(ii) Allowing the employee to take leave, or carrying him or her in an appropriate leave status (annual, sick, leave without pay, or absence without leave) if the employee has absented himself or herself from the worksite without requesting leave;

(iii) Curtailing the notice period when the agency can invoke the provisions of paragraph (d)(1) of this section; or

(iv) Placing the employee in a paid, nonduty status for such time as is necessary to effect the action.

(c) *Employee's answer.* (1) An employee may answer orally and in writing except as provided in paragraph (c)(2) of this section. The agency must give the employee a reasonable amount of official time to review the material relied on to support its proposed action, to prepare an answer orally and in writing, and to secure affidavits, if the employee is in an active duty status. The agency may require the employee to furnish any answer to the proposed action, and affidavits and other documentary evidence in support of the answer, within such time as would be reasonable, but not less than 7 days.

(2) The agency will designate an official to hear the employee's oral answer who has authority either to make or recommend a final decision on the proposed adverse action. The right to answer orally in person does not include the right to a formal hearing with examination of witnesses unless the agency provides for such hearing in its regulations. Under 5 U.S.C. 7513(c), the agency may, in its regulations, provide a hearing in place of or in addition to the opportunity for written and oral answer.

(3) If the employee wishes the agency to consider any medical condition which may contribute to a conduct, performance, or leave problem, the employee must be given a reasonable time to furnish medical documentation (as defined in § 339.104 of this chapter) of the condition. Whenever possible, the employee will supply such documentation within the time limits allowed for an answer.

(d) *Exceptions.* (1) Section 7513(b) of title 5, U.S. Code, authorizes an exception to the 30 days' advance written notice when the agency has reasonable cause to believe that the employee has committed a crime for which a sentence of imprisonment may be imposed and is proposing a removal or suspension, including indefinite suspension. This notice exception is commonly referred to as the "crime provision." This provision may be invoked even in the absence of judicial action.

(2) The advance written notice and opportunity to answer are not required for furlough without pay due to unforeseeable circumstances, such as sudden breakdowns in equipment, acts of God, or sudden emergencies requiring immediate curtailment of activities.

(e) *Representation.* Section 7513(b)(3) of title 5, U.S. Code, provides that an employee covered by this part is entitled to be represented by an attorney or other representative. An agency may disallow as an employee's representative an individual whose activities as representative would cause a conflict of interest or position, or an employee of the agency whose release from his or her official position would give rise to unreasonable costs or whose priority work assignments preclude his or her release.

(f) *Agency review of medical information.* When medical information is supplied by the employee pursuant to paragraph (c)(3) of this section, the agency may, if authorized, require a medical examination under the criteria of § 339.301 of this chapter, or otherwise, at its option, offer a medical examination in accordance with the criteria of § 339.302 of this chapter. If the employee has the requisite years of service under the Civil Service Retirement System or the Federal Employees' Retirement System, the agency must provide information concerning disability retirement. The agency must be aware of the affirmative obligations of the provisions

of 29 CFR 1614.203, which require reasonable accommodation of a qualified individual with a disability.

(g) *Agency decision.* (1) In arriving at its decision, the agency will consider only the reasons specified in the notice of proposed action and any answer of the employee or his or her representative, or both, made to a designated official and any medical documentation reviewed under paragraph (f) of this section.

(2) The notice must specify in writing the reasons for the decision and advise the employee of any appeal or grievance rights under § 752.405 of this part. The agency must deliver the notice of decision to the employee on or before the effective date of the action.

(h) *Applications for disability retirement.* Section 831.1204(e) of this chapter provides that an employee's application for disability retirement need not delay any other appropriate personnel action. Section 831.1205 and § 844.202 of this chapter set forth the basis under which an agency must file an application for disability retirement on behalf of an employee.

§ 752.405 Appeal and grievance rights.

(a) *Appeal rights.* Under the provisions of 5 U.S.C. 7513(d), an employee against whom an action is taken under this subpart is entitled to appeal to the Merit Systems Protection Board.

(b) *Grievance rights.* As provided at 5 U.S.C. 7121(e)(1), if a matter covered by this subpart falls within the coverage of an applicable negotiated grievance procedure, an employee may elect to file a grievance under that procedure or appeal to the Merit Systems Protection Board under 5 U.S.C. 7701, but not both. Sections 7114(a)(5) and 7121(b)(1)(C) of title 5, U.S. Code, and the terms of an applicable collective bargaining agreement, govern representation for employees in an exclusive bargaining unit who grieve a matter under this subpart through the negotiated grievance procedure.

§ 752.406 Agency records.

The agency must maintain copies of, and will furnish to the Merit Systems Protection Board and to the employee upon his or her request, the following documents:

- (a) Notice of the proposed action;
- (b) Employee's written reply, if any;
- (c) Summary of the employee's oral reply, if any;
- (d) Notice of decision; and
- (e) Any order effecting the action, together with any supporting material.

5 CFR § 359, Subpart H—Furloughs in the Senior Executive Service

§ 359.801 Agency authority.

This subpart sets the conditions under which an agency may furlough career appointees in the Senior Executive Service. The furlough of a noncareer, limited term, or limited emergency appointee is not subject to this subpart. The furlough of a reemployed annuitant holding a career appointment also is not subject to the subpart.

§ 359.802 Definitions.

For the purpose of this subpart, *furlough* means the placing of an appointee in a temporary status without duties and pay because of lack of work or funds or other nondisciplinary reasons.

§ 359.803 Competition.

Any furlough for more than 30 calendar days, or for more than 22 workdays if the furlough does not cover consecutive calendar days, shall be made under competitive procedures established by the agency. The procedures shall be made known to the SES members in the agency.

§ 359.804 Length of furlough.

A furlough may not extend more than one year. It may be made only when the agency intends to recall the appointee within one year.

§ 359.805 Appeals.

A career appointee who has been furloughed and who believes this subpart or the agency's procedures have not been correctly applied may appeal to the Merit Systems Protection Board under provisions of the Board's regulations.

§ 359.806 Notice.

(a) An appointee is entitled to a 30 days' advance written notice of a furlough. The full notice period may be shortened, or waived, only in the event of unforeseeable circumstances, such as sudden emergencies requiring immediate curtailment of activities.

(b) The written notice shall advise the appointee of:

(1) The reason for the agency decision to take the furlough action.

(2) The expected duration of the furlough and the effective dates;

(3) The basis for selecting the appointee for furlough when some but not all Senior Executive Service appointees in a given organizational unit are being furloughed;

(4) The reason if the notice period is less than 30 days;

(5) The place where the appointee may inspect the regulations and records pertinent to the action; and

(6) The appointee's appeal rights, including the time limit for the appeal and the location of the Merit Systems Protection Board office to which the appeal should be sent.

§ 359.807 Records.

The agency shall preserve all records relating to an action under this subpart for at least one year from the effective date of the action.

Replace page 120 from 19 Mar 13 AFAR

In \$ K

As of 1 Mar 13

2 Ltr.	Current Limitation	New Limitation		808 Contract & Reduction	
		(10% of OC 25.1 & 25.2)		(20% of OC 25.1 & 25.2)	
A1	\$100,627	\$94,837	\$11,580		
A2	\$21,911	\$20,014	\$3,794		
A3/5	\$102,512	\$99,791	\$5,442		
A4/7	\$135,187	\$133,617	\$3,140		
A8	\$2,147	\$1,932	\$429		
A9	\$4,759	\$4,283	\$952		
A10	\$1,035	\$1,035	\$0		
AF/CV	\$3,382	\$3,096	\$571		
AF/HC	\$4,294	\$3,881	\$825		
AF/HO	\$0	\$0	\$0		
AF/JA	\$2,720	\$2,597	\$246		
AF/SB	\$1,188	\$1,069	\$238		
AF/SE	\$6,021	\$5,741	\$560		
AF/SG	\$2,399	\$2,303	\$192		
AF/ST	\$250	\$225	\$50		
AF/TE	\$0	\$0	\$0		
SAF/AA	\$12,333	\$11,967	\$732		
SAF/AG	\$133	\$120	\$27		
SAF/AQ	\$58,991	\$53,962	\$10,058		
SAF/CIO-A6	\$16,374	\$16,367	\$15		
SAF/FM	\$86,804	\$81,047	\$11,514		
SAF/GC	\$280	\$252	\$56		
SAF/IA	\$2,745	\$2,470	\$549		
SAF/IE	\$2,919	\$2,859	\$121		
SAF/IG	\$53,181	\$50,176	\$6,010		
SAF/LL	\$86	\$77	\$17		
SAF/PA	\$2,327	\$2,175	\$303		
SAF/SB	\$683	\$667	\$32		
SAF/SP	\$9,037	\$9,035	\$3		
SAF/US(M)	\$15,158	\$13,644	\$3,029		

POC is SAF/AAR

Page 120 replacement from 19 Mar 13 AR



PUBLIC LAW 112-25—AUG. 2, 2011

BUDGET CONTROL ACT OF 2011

125 STAT. 240

PUBLIC LAW 112-25—AUG. 2, 2011

Public Law 112-25
112th Congress

An Act

To provide for budget control.

Aug. 2, 2011
[S. 365]

Budget Control
Act of 2011.

2 USC 900 note.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Budget Control Act of 2011”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Severability.

TITLE I—TEN-YEAR DISCRETIONARY CAPS WITH SEQUESTER

- Sec. 101. Enforcing discretionary spending limits.
- Sec. 102. Definitions.
- Sec. 103. Reports and orders.
- Sec. 104. Expiration.
- Sec. 105. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
- Sec. 106. Senate budget enforcement.

TITLE II—VOTE ON THE BALANCED BUDGET AMENDMENT

- Sec. 201. Vote on the balanced budget amendment.
- Sec. 202. Consideration by the other House.

TITLE III—DEBT CEILING DISAPPROVAL PROCESS

- Sec. 301. Debt ceiling disapproval process.
- Sec. 302. Enforcement of budget goal.

TITLE IV—JOINT SELECT COMMITTEE ON DEFICIT REDUCTION

- Sec. 401. Establishment of Joint Select Committee.
- Sec. 402. Expedited consideration of joint committee recommendations.
- Sec. 403. Funding.
- Sec. 404. Rulemaking.

TITLE V—PELL GRANT AND STUDENT LOAN PROGRAM CHANGES

- Sec. 501. Federal Pell grants.
- Sec. 502. Termination of authority to make interest subsidized loans to graduate and professional students.
- Sec. 503. Termination of direct loan repayment incentives.
- Sec. 504. Inapplicability of title IV negotiated rulemaking and master calendar exception.

2 USC 900 note.

SEC. 2. SEVERABILITY.

If any provision of this Act, or any application of such provision to any person or circumstance, is held to be unconstitutional, the remainder of this Act and the application of this Act to any other person or circumstance shall not be affected.

PUBLIC LAW 112-25—AUG. 2, 2011

125 STAT. 241

TITLE I—TEN-YEAR DISCRETIONARY CAPS WITH SEQUESTER

SEC. 101. ENFORCING DISCRETIONARY SPENDING LIMITS.

Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

2 USC 901.

“SEC. 251. ENFORCING DISCRETIONARY SPENDING LIMITS.

“(a) ENFORCEMENT.—

“(1) SEQUESTRATION.—Within 15 calendar days after Congress adjourns to end a session there shall be a sequestration to eliminate a budget-year breach, if any, within any category.

Deadline.

“(2) ELIMINATING A BREACH.—Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the enacted level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category.

“(3) MILITARY PERSONNEL.—If the President uses the authority to exempt any personnel account from sequestration under section 255(f), each account within subfunctional category 051 (other than those military personnel accounts for which the authority provided under section 255(f) has been exercised) shall be further reduced by a dollar amount calculated by multiplying the enacted level of non-exempt budgetary resources in that account at that time by the uniform percentage necessary to offset the total dollar amount by which outlays are not reduced in military personnel accounts by reason of the use of such authority.

“(4) PART-YEAR APPROPRIATIONS.—If, on the date specified in paragraph (1), there is in effect an Act making or continuing appropriations for part of a fiscal year for any budget account, then the dollar sequestration calculated for that account under paragraphs (2) and (3) shall be subtracted from—

“(A) the annualized amount otherwise available by law in that account under that or a subsequent part-year appropriation; and

“(B) when a full-year appropriation for that account is enacted, from the amount otherwise provided by the full-year appropriation for that account.

“(5) LOOK-BACK.—If, after June 30, an appropriation for the fiscal year in progress is enacted that causes a breach within a category for that year (after taking into account any sequestration of amounts within that category), the discretionary spending limits for that category for the next fiscal year shall be reduced by the amount or amounts of that breach.

“(6) WITHIN-SESSION SEQUESTRATION.—If an appropriation for a fiscal year in progress is enacted (after Congress adjourns to end the session for that budget year and before July 1 of that fiscal year) that causes a breach within a category for that year (after taking into account any prior sequestration of amounts within that category), 15 days later there shall be a sequestration to eliminate that breach within that category following the procedures set forth in paragraphs (2) through (4).

Deadline.

“(7) ESTIMATES.—

125 STAT. 242

PUBLIC LAW 112-25—AUG. 2, 2011

“(A) CBO ESTIMATES.—As soon as practicable after Congress completes action on any discretionary appropriation, CBO, after consultation with the Committees on the Budget of the House of Representatives and the Senate, shall provide OMB with an estimate of the amount of discretionary new budget authority and outlays for the current year, if any, and the budget year provided by that legislation.

Deadline.
Reports.

“(B) OMB ESTIMATES AND EXPLANATION OF DIFFERENCES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any discretionary appropriation, OMB shall transmit a report to the House of Representatives and to the Senate containing the CBO estimate of that legislation, an OMB estimate of the amount of discretionary new budget authority and outlays for the current year, if any, and the budget year provided by that legislation, and an explanation of any difference between the 2 estimates. If during the preparation of the report OMB determines that there is a significant difference between OMB and CBO, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate regarding that difference and that consultation shall include, to the extent practicable, written communication to those committees that affords such committees the opportunity to comment before the issuance of the report.

Consultation.

“(C) ASSUMPTIONS AND GUIDELINES.—OMB estimates under this paragraph shall be made using current economic and technical assumptions. OMB shall use the OMB estimates transmitted to the Congress under this paragraph. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the Committees on the Budget of the House of Representatives and the Senate, CBO, and OMB.

“(D) ANNUAL APPROPRIATIONS.—For purposes of this paragraph, amounts provided by annual appropriations shall include any discretionary appropriations for the current year, if any, and the budget year in accounts for which funding is provided in that legislation that result from previously enacted legislation.

“(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—

“(1) CONCEPTS AND DEFINITIONS.—When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall include adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear to reflect changes in concepts and definitions. Such changes shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions, minus those levels using the concepts and definitions in effect before such changes. Such changes may only be made after consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate, and that consultation shall include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to such changes.

PUBLIC LAW 112-25—AUG. 2, 2011

125 STAT. 243

“(2) SEQUESTRATION REPORTS.—When OMB submits a sequestration report under section 254(e), (f), or (g) for a fiscal year, OMB shall calculate, and the sequestration report and subsequent budgets submitted by the President under section 1105(a) of title 31, United States Code, shall include adjustments to discretionary spending limits (and those limits as adjusted) for the fiscal year and each succeeding year, as follows:

“(A) EMERGENCY APPROPRIATIONS; OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.—If, for any fiscal year, appropriations for discretionary accounts are enacted that—

“(i) the Congress designates as emergency requirements in statute on an account by account basis and the President subsequently so designates, or

“(ii) the Congress designates for Overseas Contingency Operations/Global War on Terrorism in statute on an account by account basis and the President subsequently so designates,

the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements or for Overseas Contingency Operations/Global War on Terrorism, as applicable.

“(B) CONTINUING DISABILITY REVIEWS AND REDETERMINATIONS.—(i) If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, then the adjustments for that fiscal year shall be the additional new budget authority provided in that Act for such expenses for that fiscal year, but shall not exceed—

“(I) for fiscal year 2012, \$623,000,000 in additional new budget authority;

“(II) for fiscal year 2013, \$751,000,000 in additional new budget authority;

“(III) for fiscal year 2014, \$924,000,000 in additional new budget authority;

“(IV) for fiscal year 2015, \$1,123,000,000 in additional new budget authority;

“(V) for fiscal year 2016, \$1,166,000,000 in additional new budget authority;

“(VI) for fiscal year 2017, \$1,309,000,000 in additional new budget authority;

“(VII) for fiscal year 2018, \$1,309,000,000 in additional new budget authority;

“(VIII) for fiscal year 2019, \$1,309,000,000 in additional new budget authority;

“(IX) for fiscal year 2020, \$1,309,000,000 in additional new budget authority; and

“(X) for fiscal year 2021, \$1,309,000,000 in additional new budget authority.

“(ii) As used in this subparagraph—

“(I) the term ‘continuing disability reviews’ means continuing disability reviews under sections 221(i) and 1614(a)(4) of the Social Security Act;

Definitions.

125 STAT. 244

PUBLIC LAW 112-25—AUG. 2, 2011

“(II) the term ‘redetermination’ means redetermination of eligibility under sections 1611(c)(1) and 1614(a)(3)(H) of the Social Security Act; and

“(III) the term ‘additional new budget authority’ means the amount provided for a fiscal year, in excess of \$273,000,000, in an appropriation Act and specified to pay for the costs of continuing disability reviews and redeterminations under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration.

“(C) HEALTH CARE FRAUD AND ABUSE CONTROL.—(i) If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for the health care fraud abuse control program at the Department of Health and Human Services (75-8393-0-7-571), then the adjustments for that fiscal year shall be the amount of additional new budget authority provided in that Act for such program for that fiscal year, but shall not exceed—

“(I) for fiscal year 2012, \$270,000,000 in additional new budget authority;

“(II) for fiscal year 2013, \$299,000,000 in additional new budget authority;

“(III) for fiscal year 2014, \$329,000,000 in additional new budget authority;

“(IV) for fiscal year 2015, \$361,000,000 in additional new budget authority;

“(V) for fiscal year 2016, \$395,000,000 in additional new budget authority;

“(VI) for fiscal year 2017, \$414,000,000 in additional new budget authority;

“(VII) for fiscal year 2018, \$434,000,000 in additional new budget authority;

“(VIII) for fiscal year 2019, \$454,000,000 in additional new budget authority;

“(IX) for fiscal year 2020, \$475,000,000 in additional new budget authority; and

“(X) for fiscal year 2021, \$496,000,000 in additional new budget authority.

Definition.

“(ii) As used in this subparagraph, the term ‘additional new budget authority’ means the amount provided for a fiscal year, in excess of \$311,000,000, in an appropriation Act and specified to pay for the costs of the health care fraud and abuse control program.

“(D) DISASTER FUNDING.—

“(i) If, for fiscal years 2012 through 2021, appropriations for discretionary accounts are enacted that Congress designates as being for disaster relief in statute, the adjustment for a fiscal year shall be the total of such appropriations for the fiscal year in discretionary accounts designated as being for disaster relief, but not to exceed the total of—

“(I) the average funding provided for disaster relief over the previous 10 years, excluding the highest and lowest years; and

“(II) the amount, for years when the enacted new discretionary budget authority designated as being for disaster relief for the preceding fiscal

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year was less than the average as calculated in subclause (I) for that fiscal year, that is the difference between the enacted amount and the allowable adjustment as calculated in such subclause for that fiscal year.

“(ii) OMB shall report to the Committees on Appropriations and Budget in each House the average calculated pursuant to clause (i)(II), not later than 30 days after the date of the enactment of the Budget Control Act of 2011.

“(iii) For the purposes of this subparagraph, the term ‘disaster relief’ means activities carried out pursuant to a determination under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)). Definition.

“(iv) Appropriations considered disaster relief under this subparagraph in a fiscal year shall not be eligible for adjustments under subparagraph (A) for the fiscal year.

“(c) **DISCRETIONARY SPENDING LIMIT.**—As used in this part, the term ‘discretionary spending limit’ means— Definition.

“(1) with respect to fiscal year 2012—

“(A) for the security category, \$684,000,000,000 in new budget authority; and

“(B) for the nonsecurity category, \$359,000,000,000 in new budget authority;

“(2) with respect to fiscal year 2013—

“(A) for the security category, \$686,000,000,000 in new budget authority; and

“(B) for the nonsecurity category, \$361,000,000,000 in new budget authority;

“(3) with respect to fiscal year 2014, for the discretionary category, \$1,066,000,000,000 in new budget authority;

“(4) with respect to fiscal year 2015, for the discretionary category, \$1,086,000,000,000 in new budget authority;

“(5) with respect to fiscal year 2016, for the discretionary category, \$1,107,000,000,000 in new budget authority;

“(6) with respect to fiscal year 2017, for the discretionary category, \$1,131,000,000,000 in new budget authority;

“(7) with respect to fiscal year 2018, for the discretionary category, \$1,156,000,000,000 in new budget authority;

“(8) with respect to fiscal year 2019, for the discretionary category, \$1,182,000,000,000 in new budget authority;

“(9) with respect to fiscal year 2020, for the discretionary category, \$1,208,000,000,000 in new budget authority; and

“(10) with respect to fiscal year 2021, for the discretionary category, \$1,234,000,000,000 in new budget authority;

as adjusted in strict conformance with subsection (b).”

SEC. 102. DEFINITIONS.

Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Strike paragraph (4) and insert the following new paragraph:

“(4)(A) The term ‘nonsecurity category’ means all discretionary appropriations not included in the security category defined in subparagraph (B).

2 USC 900.

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“(B) The term ‘security category’ includes discretionary appropriations associated with agency budgets for the Department of Defense, the Department of Homeland Security, the Department of Veterans Affairs, the National Nuclear Security Administration, the intelligence community management account (95-0401-0-1-054), and all budget accounts in budget function 150 (international affairs).

“(C) The term ‘discretionary category’ includes all discretionary appropriations.”.

(2) In paragraph (8)(C), strike “the food stamp program” and insert “the Supplemental Nutrition Assistance Program”.

(3) Strike paragraph (14) and insert the following new paragraph:

“(14) The term ‘outyear’ means a fiscal year one or more years after the budget year.”.

(4) At the end, add the following new paragraphs:

“(20) The term ‘emergency’ means a situation that—

“(A) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

“(B) is unanticipated.

“(21) The term ‘unanticipated’ means that the underlying situation is—

“(A) sudden, which means quickly coming into being or not building up over time;

“(B) urgent, which means a pressing and compelling need requiring immediate action;

“(C) unforeseen, which means not predicted or anticipated as an emerging need; and

“(D) temporary, which means not of a permanent duration.”.

SEC. 103. REPORTS AND ORDERS.

2 USC 904. Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In subsection (c)(2), strike “2002” and insert “2021”.

(2) At the end of subsection (e), insert “This report shall also contain a preview estimate of the adjustment for disaster funding for the upcoming fiscal year.”.

(3) In subsection (f)(2)(A), strike “2002” and insert “2021”; before the concluding period insert “, including a final estimate of the adjustment for disaster funding”.

SEC. 104. EXPIRATION.

2 USC 900 note. (a) REPEALER.—Section 275 of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

2 USC 902 note. (b) CONFORMING CHANGE.—Sections 252(d)(1), 254(c), 254(f)(3), and 254(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall not apply to the Congressional Budget Office.

SEC. 105. AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.

2 USC 645. (a) ADJUSTMENTS.—Section 314 of the Congressional Budget Act of 1974 is amended as follows:

(1) Strike subsection (a) and insert the following:

“(a) ADJUSTMENTS.—After the reporting of a bill or joint resolution or the offering of an amendment thereto or the submission

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of a conference report thereon, the chairman of the Committee on the Budget of the House of Representatives or the Senate may make appropriate budgetary adjustments of new budget authority and the outlays flowing therefrom in the same amount as required by section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.”

(2) Strike subsections (b) and (e) and redesignate subsections (c) and (d) as subsections (b) and (c), respectively.

(3) At the end, add the following new subsections:

“(d) EMERGENCIES IN THE HOUSE OF REPRESENTATIVES.— (1) In the House of Representatives, if a reported bill or joint resolution, or amendment thereto or conference report thereon, contains a provision providing new budget authority and outlays or reducing revenue, and a designation of such provision as an emergency requirement pursuant to 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, the chair of the Committee on the Budget of the House of Representatives shall not count the budgetary effects of such provision for purposes of title III and title IV of the Congressional Budget Act of 1974 and the Rules of the House of Representatives.

“(2)(A) In the House of Representatives, if a reported bill or joint resolution, or amendment thereto or conference report thereon, contains a provision providing new budget authority and outlays or reducing revenue, and a designation of such provision as an emergency pursuant to paragraph (1), the chair of the Committee on the Budget shall not count the budgetary effects of such provision for purposes of this title and title IV and the Rules of the House of Representatives.

“(B) In the House of Representatives, a proposal to strike a designation under subparagraph (A) shall be excluded from an evaluation of budgetary effects for purposes of this title and title IV and the Rules of the House of Representatives.

“(C) An amendment offered under subparagraph (B) that also proposes to reduce each amount appropriated or otherwise made available by the pending measure that is not required to be appropriated or otherwise made available shall be in order at any point in the reading of the pending measure.

“(e) ENFORCEMENT OF DISCRETIONARY SPENDING CAPS.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause the discretionary spending limits as set forth in section 251 of the Balanced Budget and Emergency Deficit Control Act to be exceeded.”

(b) DEFINITIONS.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph: 2 USC 622.

“(11) The terms ‘emergency’ and ‘unanticipated’ have the meanings given to such terms in section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985.”

(c) APPEALS FOR DISCRETIONARY CAPS.—Section 904(c)(2) of the Congressional Budget Act of 1974 is amended by striking “and 312(c)” and inserting “312(c), and 314(e)”. 2 USC 621 note.

SEC. 106. SENATE BUDGET ENFORCEMENT.

2 USC 631 note.

(a) IN GENERAL.—

Applicability.

(1) For the purpose of enforcing the Congressional Budget Act of 1974 through April 15, 2012, including section 300 of

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that Act, and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels set in subsection (b)(1) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2012 with appropriate budgetary levels for fiscal years 2011 and 2013 through 2021.

(2) For the purpose of enforcing the Congressional Budget Act of 1974 after April 15, 2012, including section 300 of that Act, and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels set in subsection (b)(2) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2013 with appropriate budgetary levels for fiscal years 2012 and 2014 through 2022.

(b) COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.—

(1) As soon as practicable after the date of enactment of this section, the Chairman of the Committee on the Budget shall file—

(A) for the Committee on Appropriations, committee allocations for fiscal years 2011 and 2012 consistent with the discretionary spending limits set forth in this Act for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(B) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2011, 2012, 2012 through 2016, and 2012 through 2021 consistent with the Congressional Budget Office's March 2011 baseline adjusted to account for the budgetary effects of this Act and legislation enacted prior to this Act but not included in the Congressional Budget Office's March 2011 baseline, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(C) aggregate spending levels for fiscal years 2011 and 2012 and aggregate revenue levels for fiscal years 2011, 2012, 2012 through 2016, 2012 through 2021 consistent with the Congressional Budget Office's March 2011 baseline adjusted to account for the budgetary effects of this Act and legislation enacted prior to this Act but not included in the Congressional Budget Office's March 2011 baseline, and the discretionary spending limits set forth in this Act for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(D) levels of Social Security revenues and outlays for fiscal years 2011, 2012, 2012 through 2016, and 2012 through 2021 consistent with the Congressional Budget Office's March 2011 baseline adjusted to account for the budgetary effects of this Act and legislation enacted prior to this Act but not included in the Congressional Budget Office's March 2011 baseline, for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

Deadline.

(2) Not later than April 15, 2012, the Chairman of the Committee on the Budget shall file—

(A) for the Committee on Appropriations, committee allocations for fiscal years 2012 and 2013 consistent with the discretionary spending limits set forth in this Act for

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the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(B) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2012, 2013, 2013 through 2017, and 2013 through 2022 consistent with the Congressional Budget Office's March 2012 baseline for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(C) aggregate spending levels for fiscal years 2012 and 2013 and aggregate revenue levels for fiscal years 2012, 2013, 2013–2017, and 2013–2022 consistent with the Congressional Budget Office's March 2012 baseline and the discretionary spending limits set forth in this Act for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(D) levels of Social Security revenues and outlays for fiscal years 2012 and 2013, 2013–2017, and 2013–2022 consistent with the Congressional Budget Office's March 2012 baseline budget for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

(c) SENATE PAY-AS-YOU-GO SCORECARD.—

(1) Effective on the date of enactment of this section, for the purpose of enforcing section 201 of S. Con. Res. 21 (110th Congress), the Chairman of the Senate Committee on the Budget shall reduce any balances of direct spending and revenues for any fiscal year to 0 (zero).

Effective date.

(2) Not later than April 15, 2012, for the purpose of enforcing section 201 of S. Con. Res. 21 (110th Congress), the Chairman of the Senate Committee on the Budget shall reduce any balances of direct spending and revenues for any fiscal year to 0 (zero).

Deadline.

(3) Upon resetting the Senate paygo scorecard pursuant to paragraph (2), the Chairman shall publish a notification of such action in the Congressional Record.

Notification.
Congressional
Record.

(d) FURTHER ADJUSTMENTS.—

(1) The Chairman of the Committee on the Budget of the Senate may revise any allocations, aggregates, or levels set pursuant to this section to account for any subsequent adjustments to discretionary spending limits made pursuant to this Act.

(2) With respect to any allocations, aggregates, or levels set or adjustments made pursuant to this section, sections 412 through 414 of S. Con. Res. 13 (111th Congress) shall remain in effect.

(e) EXPIRATION.—

(1) Subsections (a)(1), (b)(1), and (c)(1) shall expire if a concurrent resolution on the budget for fiscal year 2012 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

(2) Subsections (a)(2), (b)(2), and (c)(2) shall expire if a concurrent resolution on the budget for fiscal year 2013 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

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TITLE II—VOTE ON THE BALANCED BUDGET AMENDMENT

SEC. 201. VOTE ON THE BALANCED BUDGET AMENDMENT.

Time period.

After September 30, 2011, and not later than December 31, 2011, the House of Representatives and Senate, respectively, shall vote on passage of a joint resolution, the title of which is as follows: "Joint resolution proposing a balanced budget amendment to the Constitution of the United States."

SEC. 202. CONSIDERATION BY THE OTHER HOUSE.

Deadline.

(a) HOUSE CONSIDERATION.—

(1) REFERRAL.—If the House receives a joint resolution described in section 201 from the Senate, such joint resolution shall be referred to the Committee on the Judiciary. If the committee fails to report the joint resolution within five legislative days, it shall be in order to move that the House discharge the committee from further consideration of the joint resolution. Such a motion shall not be in order after the House has disposed of a motion to discharge the joint resolution. The previous question shall be considered as ordered on the motion to its adoption without intervening motion except twenty minutes of debate equally divided and controlled by the proponent and an opponent. If such a motion is adopted, the House shall proceed immediately to consider the joint resolution in accordance with paragraph (3). A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(2) PROCEEDING TO CONSIDERATION.—After the joint resolution has been referred to the appropriate calendar or the committee has been discharged (other than by motion) from its consideration, it shall be in order to move to proceed to consider the joint resolution in the House. Such a motion shall not be in order after the House has disposed of a motion to proceed with respect to the joint resolution. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(3) CONSIDERATION.—The joint resolution shall be considered as read. All points of order against the joint resolution and against its consideration are waived. The previous question shall be considered as ordered on the joint resolution to its passage without intervening motion except two hours of debate equally divided and controlled by the proponent and an opponent and one motion to limit debate on the joint resolution. A motion to reconsider the vote on passage of the joint resolution shall not be in order.

Deadline.

(b) SENATE CONSIDERATION.—(1) If the Senate receives a joint resolution described in section 201 from the House of Representatives, such joint resolution shall be referred to the appropriate committee of the Senate. If such committee has not reported the joint resolution at the close of the fifth session day after its receipt by the Senate, such committee shall be automatically discharged from further consideration of the joint resolution and it shall be placed on the appropriate calendar.

(2) Consideration of the joint resolution and on all debatable motions and appeals in connection therewith, shall be limited to

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not more than 20 hours, which shall be divided equally between the majority and minority leaders or their designees. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order. Any debatable motion or appeal is debatable for not to exceed 1 hour, to be divided equally between those favoring and those opposing the motion or appeal. All time used for consideration of the joint resolution, including time used for quorum calls and voting, shall be counted against the total 20 hours of consideration.

(3) If the Senate has voted to proceed to a joint resolution, the vote on passage of the joint resolution shall be taken on or before the close of the seventh session day after such joint resolution has been reported or discharged or immediately following the conclusion of consideration of the joint resolution, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate.

Deadline.

TITLE III—DEBT CEILING DISAPPROVAL PROCESS

SEC. 301. DEBT CEILING DISAPPROVAL PROCESS.

(a) IN GENERAL.—Subchapter I of chapter 31 of subtitle III of title 31, United States Code, is amended—

- (1) in section 3101(b), by striking “or otherwise” and inserting “or as provided by section 3101A or otherwise”; and
- (2) by inserting after section 3101 the following:

“§ 3101A. Presidential modification of the debt ceiling

“(a) IN GENERAL.—

“(1) \$900 BILLION.—

“(A) CERTIFICATION.—If, not later than December 31, 2011, the President submits a written certification to Congress that the President has determined that the debt subject to limit is within \$100,000,000,000 of the limit in section 3101(b) and that further borrowing is required to meet existing commitments, the Secretary of the Treasury may exercise authority to borrow an additional \$900,000,000,000, subject to the enactment of a joint resolution of disapproval enacted pursuant to this section. Upon submission of such certification, the limit on debt provided in section 3101(b) (referred to in this section as the ‘debt limit’) is increased by \$400,000,000,000.

Deadline.

“(B) RESOLUTION OF DISAPPROVAL.—Congress may consider a joint resolution of disapproval of the authority under subparagraph (A) as provided in subsections (b) through (f). The joint resolution of disapproval considered under this section shall contain only the language provided in subsection (b)(2). If the time for disapproval has lapsed without enactment of a joint resolution of disapproval under this section, the debt limit is increased by an additional \$500,000,000,000.

“(2) ADDITIONAL AMOUNT.—

“(A) CERTIFICATION.—If, after the debt limit is increased by \$900,000,000,000 under paragraph (1), the

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President submits a written certification to Congress that the President has determined that the debt subject to limit is within \$100,000,000,000 of the limit in section 3101(b) and that further borrowing is required to meet existing commitments, the Secretary of the Treasury may, subject to the enactment of a joint resolution of disapproval enacted pursuant to this section, exercise authority to borrow an additional amount equal to—

“(i) \$1,200,000,000,000, unless clause (ii) or (iii) applies;

“(ii) \$1,500,000,000,000 if the Archivist of the United States has submitted to the States for their ratification a proposed amendment to the Constitution of the United States pursuant to a joint resolution entitled ‘Joint resolution proposing a balanced budget amendment to the Constitution of the United States’; or

“(iii) if a joint committee bill to achieve an amount greater than \$1,200,000,000,000 in deficit reduction as provided in section 401(b)(3)(B)(i)(II) of the Budget Control Act of 2011 is enacted, an amount equal to the amount of that deficit reduction, but not greater than \$1,500,000,000,000, unless clause (ii) applies.

“(B) RESOLUTION OF DISAPPROVAL.—Congress may consider a joint resolution of disapproval of the authority under subparagraph (A) as provided in subsections (b) through (f). The joint resolution of disapproval considered under this section shall contain only the language provided in subsection (b)(2). If the time for disapproval has lapsed without enactment of a joint resolution of disapproval under this section, the debt limit is increased by the amount authorized under subparagraph (A).

“(b) JOINT RESOLUTION OF DISAPPROVAL.—

Deadlines.

“(1) IN GENERAL.—Except for the \$400,000,000,000 increase in the debt limit provided by subsection (a)(1)(A), the debt limit may not be raised under this section if, within 50 calendar days after the date on which Congress receives a certification described in subsection (a)(1) or within 15 calendar days after Congress receives the certification described in subsection (a)(2) (regardless of whether Congress is in session), there is enacted into law a joint resolution disapproving the President’s exercise of authority with respect to such additional amount.

Definition.

“(2) CONTENTS OF JOINT RESOLUTION.—For the purpose of this section, the term ‘joint resolution’ means only a joint resolution—

“(A)(i) for the certification described in subsection (a)(1), that is introduced on September 6, 7, 8, or 9, 2011 (or, if the Senate was not in session, the next calendar day on which the Senate is in session); and

“(ii) for the certification described in subsection (a)(2), that is introduced between the date the certification is received and 3 calendar days after that date;

“(B) which does not have a preamble;

“(C) the title of which is only as follows: ‘Joint resolution relating to the disapproval of the President’s exercise of authority to increase the debt limit, as submitted under section 3101A of title 31, United States Code, on

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_____ (with the blank containing the date of such submission); and

“(D) the matter after the resolving clause of which is only as follows: ‘That Congress disapproves of the President’s exercise of authority to increase the debt limit, as exercised pursuant to the certification under section 3101A(a) of title 31, United States Code.’”

“(c) EXPEDITED CONSIDERATION IN HOUSE OF REPRESENTATIVES.—

“(1) RECONVENING.—Upon receipt of a certification described in subsection (a)(2), the Speaker, if the House would otherwise be adjourned, shall notify the Members of the House that, pursuant to this section, the House shall convene not later than the second calendar day after receipt of such certification.

Notification.
Deadline.

“(2) REPORTING AND DISCHARGE.—Any committee of the House of Representatives to which a joint resolution is referred shall report it to the House without amendment not later than 5 calendar days after the date of introduction of a joint resolution described in subsection (a). If a committee fails to report the joint resolution within that period, the committee shall be discharged from further consideration of the joint resolution and the joint resolution shall be referred to the appropriate calendar.

“(3) PROCEEDING TO CONSIDERATION.—After each committee authorized to consider a joint resolution reports it to the House or has been discharged from its consideration, it shall be in order, not later than the sixth day after introduction of a joint resolution under subsection (a), to move to proceed to consider the joint resolution in the House. All points of order against the motion are waived. Such a motion shall not be in order after the House has disposed of a motion to proceed on a joint resolution addressing a particular submission. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. The motion shall not be debatable. A motion to reconsider the vote by which the motion is disposed of shall not be in order.

Deadline.

“(4) CONSIDERATION.—The joint resolution shall be considered as read. All points of order against the joint resolution and against its consideration are waived. The previous question shall be considered as ordered on the joint resolution to its passage without intervening motion except two hours of debate equally divided and controlled by the proponent and an opponent. A motion to reconsider the vote on passage of the joint resolution shall not be in order.

“(d) EXPEDITED PROCEDURE IN SENATE.—

“(1) RECONVENING.—Upon receipt of a certification under subsection (a)(2), if the Senate has adjourned or recessed for more than 2 days, the majority leader of the Senate, after consultation with the minority leader of the Senate, shall notify the Members of the Senate that, pursuant to this section, the Senate shall convene not later than the second calendar day after receipt of such message.

Notification.
Deadline.

“(2) PLACEMENT ON CALENDAR.—Upon introduction in the Senate, the joint resolution shall be immediately placed on the calendar.

“(3) FLOOR CONSIDERATION.—

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Time period.
Waiver.

“(A) IN GENERAL.—Notwithstanding Rule XXII of the Standing Rules of the Senate, it is in order at any time during the period beginning on the day after the date on which Congress receives a certification under subsection (a) and, for the certification described in subsection (a)(1), ending on September 14, 2011, and for the certification described in subsection (a)(2), on the 6th day after the date on which Congress receives a certification under subsection (a) (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion to proceed is not debatable. The motion is not subject to a motion to postpone. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the joint resolution shall remain the unfinished business until disposed of.

“(B) CONSIDERATION.—Consideration of the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority leaders or their designees. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order.

“(C) VOTE ON PASSAGE.—If the Senate has voted to proceed to a joint resolution, the vote on passage of the joint resolution shall occur immediately following the conclusion of consideration of the joint resolution, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate.

“(D) RULINGS OF THE CHAIR ON PROCEDURE.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate, as the case may be, to the procedure relating to a joint resolution shall be decided without debate.

“(e) AMENDMENT NOT IN ORDER.—A joint resolution of disapproval considered pursuant to this section shall not be subject to amendment in either the House of Representatives or the Senate.

“(f) COORDINATION WITH ACTION BY OTHER HOUSE.—

“(1) IN GENERAL.—If, before passing the joint resolution, one House receives from the other a joint resolution—

“(A) the joint resolution of the other House shall not be referred to a committee; and

“(B) the procedure in the receiving House shall be the same as if no joint resolution had been received from the other House until the vote on passage, when the joint resolution received from the other House shall supplant the joint resolution of the receiving House.

“(2) TREATMENT OF JOINT RESOLUTION OF OTHER HOUSE.—

If the Senate fails to introduce or consider a joint resolution under this section, the joint resolution of the House shall be entitled to expedited floor procedures under this section.

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“(3) TREATMENT OF COMPANION MEASURES.—If, following passage of the joint resolution in the Senate, the Senate then receives the companion measure from the House of Representatives, the companion measure shall not be debatable.

“(4) CONSIDERATION AFTER PASSAGE.—(A) If Congress passes a joint resolution, the period beginning on the date the President is presented with the joint resolution and ending on the date the President signs, allows to become law without his signature, or vetoes and returns the joint resolution (but excluding days when either House is not in session) shall be disregarded in computing the appropriate calendar day period described in subsection (b)(1).

“(B) Debate on a veto message in the Senate under this section shall be 1 hour equally divided between the majority and minority leaders or their designees.

“(5) VETO OVERRIDE.—If within the appropriate calendar day period described in subsection (b)(1), Congress overrides a veto of the joint resolution with respect to authority exercised pursuant to paragraph (1) or (2) of subsection (a), the limit on debt provided in section 3101(b) shall not be raised, except for the \$400,000,000,000 increase in the limit provided by subsection (a)(1)(A).

“(6) SEQUESTRATION.—(A) If within the 50-calendar day period described in subsection (b)(1), the President signs the joint resolution, the President allows the joint resolution to become law without his signature, or Congress overrides a veto of the joint resolution with respect to authority exercised pursuant to paragraph (1) of subsection (a), there shall be a sequestration to reduce spending by \$400,000,000,000. OMB shall implement the sequestration forthwith.

Time period.
President.

“(B) OMB shall implement each half of such sequestration in accordance with section 255, section 256, and subsections (c), (d), (e), and (f) of section 253 of the Balanced Budget and Emergency Deficit Control Act of 1985, and for the purpose of such implementation the term ‘excess deficit’ means the amount specified in subparagraph (A).

Definition.

“(g) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This subsection and subsections (b), (c), (d), (e), and (f) (other than paragraph (6)) are enacted by Congress—

“(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution, and it supersedes other rules only to the extent that it is inconsistent with such rules; and

“(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.”.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 31 of title 31, United States Code, is amended by inserting after the item relating to section 3101 the following new item:

“3101A. Presidential modification of the debt ceiling.”.

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SEC. 302. ENFORCEMENT OF BUDGET GOAL.

(a) IN GENERAL.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after section 251 the following new section:

2 USC 901a.

“SEC. 251A. ENFORCEMENT OF BUDGET GOAL.

Deadline.

“Unless a joint committee bill achieving an amount greater than \$1,200,000,000,000 in deficit reduction as provided in section 401(b)(3)(B)(i)(II) of the Budget Control Act of 2011 is enacted by January 15, 2012, the discretionary spending limits listed in section 251(c) shall be revised, and discretionary appropriations and direct spending shall be reduced, as follows:

Definitions.

“(1) REVISED SECURITY CATEGORY; REVISED NONSECURITY CATEGORY.—(A) The term ‘revised security category’ means discretionary appropriations in budget function 050.

“(B) The term ‘revised nonsecurity category’ means discretionary appropriations other than in budget function 050.

“(2) REVISED DISCRETIONARY SPENDING LIMITS.—The discretionary spending limits for fiscal years 2013 through 2021 under section 251(c) shall be replaced with the following:

“(A) For fiscal year 2013—

“(i) for the security category, \$546,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$501,000,000,000 in budget authority.

“(B) For fiscal year 2014—

“(i) for the security category, \$556,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$510,000,000,000 in budget authority.

“(C) For fiscal year 2015—

“(i) for the security category, \$566,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$520,000,000,000 in budget authority.

“(D) For fiscal year 2016—

“(i) for the security category, \$577,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$530,000,000,000 in budget authority.

“(E) For fiscal year 2017—

“(i) for the security category, \$590,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$541,000,000,000 in budget authority.

“(F) For fiscal year 2018—

“(i) for the security category, \$603,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$553,000,000,000 in budget authority.

“(G) For fiscal year 2019—

“(i) for the security category, \$616,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$566,000,000,000 in budget authority.

“(H) For fiscal year 2020—

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“(i) for the security category, \$630,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$578,000,000,000 in budget authority.

“(I) For fiscal year 2021—

“(i) for the security category, \$644,000,000,000 in budget authority; and

“(ii) for the nonsecurity category, \$590,000,000,000 in budget authority.

“(3) CALCULATION OF TOTAL DEFICIT REDUCTION.—OMB shall calculate the amount of the deficit reduction required by this section for each of fiscal years 2013 through 2021 by—

“(A) starting with \$1,200,000,000,000;

“(B) subtracting the amount of deficit reduction achieved by the enactment of a joint committee bill, as provided in section 401(b)(3)(B)(i)(II) of the Budget Control Act of 2011;

“(C) reducing the difference by 18 percent to account for debt service; and

“(D) dividing the result by 9.

“(4) ALLOCATION TO FUNCTIONS.—On January 2, 2013, for fiscal year 2013, and in its sequestration preview report for fiscal years 2014 through 2021 pursuant to section 254(c), OMB shall allocate half of the total reduction calculated pursuant to paragraph (3) for that year to discretionary appropriations and direct spending accounts within function 050 (defense function) and half to accounts in all other functions (nondefense functions).

Effective date.

“(5) DEFENSE FUNCTION REDUCTION.—OMB shall calculate the reductions to discretionary appropriations and direct spending for each of fiscal years 2013 through 2021 for defense function spending as follows:

“(A) DISCRETIONARY.—OMB shall calculate the reduction to discretionary appropriations by—

“(i) taking the total reduction for the defense function allocated for that year under paragraph (4);

“(ii) multiplying by the discretionary spending limit for the revised security category for that year; and

“(iii) dividing by the sum of the discretionary spending limit for the security category and OMB’s baseline estimate of nonexempt outlays for direct spending programs within the defense function for that year.

“(B) DIRECT SPENDING.—OMB shall calculate the reduction to direct spending by taking the total reduction for the defense function required for that year under paragraph (4) and subtracting the discretionary reduction calculated pursuant to subparagraph (A).

“(6) NONDEFENSE FUNCTION REDUCTION.—OMB shall calculate the reduction to discretionary appropriations and to direct spending for each of fiscal years 2013 through 2021 for programs in nondefense functions as follows:

“(A) DISCRETIONARY.—OMB shall calculate the reduction to discretionary appropriations by—

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“(i) taking the total reduction for nondefense functions allocated for that year under paragraph (4);

“(ii) multiplying by the discretionary spending limit for the revised nonsecurity category for that year; and

“(iii) dividing by the sum of the discretionary spending limit for the revised nonsecurity category and OMB’s baseline estimate of nonexempt outlays for direct spending programs in nondefense functions for that year.

“(B) DIRECT SPENDING.—OMB shall calculate the reduction to direct spending programs by taking the total reduction for nondefense functions required for that year under paragraph (4) and subtracting the discretionary reduction calculated pursuant to subparagraph (A).

“(7) IMPLEMENTING DISCRETIONARY REDUCTIONS.—

“(A) FISCAL YEAR 2013.—On January 2, 2013, for fiscal year 2013, OMB shall calculate and the President shall order a sequestration, effective upon issuance and under the procedures set forth in section 253(f), to reduce each account within the security category or nonsecurity category by a dollar amount calculated by multiplying the baseline level of budgetary resources in that account at that time by a uniform percentage necessary to achieve—

“(i) for the revised security category, an amount equal to the defense function discretionary reduction calculated pursuant to paragraph (5); and

“(ii) for the revised nonsecurity category, an amount equal to the nondefense function discretionary reduction calculated pursuant to paragraph (6).

“(B) FISCAL YEARS 2014–2021.—On the date of the submission of its sequestration preview report for fiscal years 2014 through 2021 pursuant to section 254(c) for each of fiscal years 2014 through 2021, OMB shall reduce the discretionary spending limit—

“(i) for the revised security category by the amount of the defense function discretionary reduction calculated pursuant to paragraph (5); and

“(ii) for the revised nonsecurity category by the amount of the nondefense function discretionary reduction calculated pursuant to paragraph (6).

“(8) IMPLEMENTING DIRECT SPENDING REDUCTIONS.—On the date specified in paragraph (4) during each applicable year, OMB shall prepare and the President shall order a sequestration, effective upon issuance, of nonexempt direct spending to achieve the direct spending reduction calculated pursuant to paragraphs (5) and (6). When implementing the sequestration of direct spending pursuant to this paragraph, OMB shall follow the procedures specified in section 6 of the Statutory Pay-As-You-Go Act of 2010, the exemptions specified in section 255, and the special rules specified in section 256, except that the percentage reduction for the Medicare programs specified in section 256(d) shall not be more than 2 percent for a fiscal year.

“(9) ADJUSTMENT FOR MEDICARE.—If the percentage reduction for the Medicare programs would exceed 2 percent for a fiscal year in the absence of paragraph (8), OMB shall

Effective date.
President.
Sequestration
order.

President.
Sequestration
order.

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increase the reduction for all other discretionary appropriations and direct spending under paragraph (6) by a uniform percentage to a level sufficient to achieve the reduction required by paragraph (6) in the non-defense function.

“(10) IMPLEMENTATION OF REDUCTIONS.—Any reductions imposed under this section shall be implemented in accordance with section 256(k).

“(11) REPORT.—On the dates specified in paragraph (4), OMB shall submit a report to Congress containing information about the calculations required under this section, the adjusted discretionary spending limits, a listing of the reductions required for each nonexempt direct spending account, and any other data and explanations that enhance public understanding of this title and actions taken under it.”.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after the item relating to section 251 the following:

“Sec. 251A. Enforcement of budget goal.”.

TITLE IV—JOINT SELECT COMMITTEE ON DEFICIT REDUCTION

SEC. 401. ESTABLISHMENT OF JOINT SELECT COMMITTEE.

2 USC 900 note.

(a) DEFINITIONS.—In this title:

(1) JOINT COMMITTEE.—The term “joint committee” means the Joint Select Committee on Deficit Reduction established under subsection (b)(1).

(2) JOINT COMMITTEE BILL.—The term “joint committee bill” means a bill consisting of the proposed legislative language of the joint committee recommended under subsection (b)(3)(B) and introduced under section 402(a).

(b) ESTABLISHMENT OF JOINT SELECT COMMITTEE.—

(1) ESTABLISHMENT.—There is established a joint select committee of Congress to be known as the “Joint Select Committee on Deficit Reduction”.

(2) GOAL.—The goal of the joint committee shall be to reduce the deficit by at least \$1,500,000,000,000 over the period of fiscal years 2012 to 2021.

(3) DUTIES.—

(A) IN GENERAL.—

(i) IMPROVING THE SHORT-TERM AND LONG-TERM FISCAL IMBALANCE.—The joint committee shall provide recommendations and legislative language that will significantly improve the short-term and long-term fiscal imbalance of the Federal Government.

Recommendations.

(ii) RECOMMENDATIONS OF COMMITTEES.—Not later than October 14, 2011, each committee of the House of Representatives and the Senate may transmit to the joint committee its recommendations for changes in law to reduce the deficit consistent with the goal described in paragraph (2) for the joint committee's consideration.

Deadline.

(B) REPORT, RECOMMENDATIONS, AND LEGISLATIVE LANGUAGE.—

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(i) IN GENERAL.—Not later than November 23, 2011, the joint committee shall vote on—

(I) a report that contains a detailed statement of the findings, conclusions, and recommendations of the joint committee and the estimate of the Congressional Budget Office required by paragraph (5)(D)(ii); and

(II) proposed legislative language to carry out such recommendations as described in subclause (I), which shall include a statement of the deficit reduction achieved by the legislation over the period of fiscal years 2012 to 2021.

Any change to the Rules of the House of Representatives or the Standing Rules of the Senate included in the report or legislative language shall be considered to be merely advisory.

(ii) APPROVAL OF REPORT AND LEGISLATIVE LANGUAGE.—The report of the joint committee and the proposed legislative language described in clause (i) shall require the approval of a majority of the members of the joint committee.

Time period.

(iii) ADDITIONAL VIEWS.—A member of the joint committee who gives notice of an intention to file supplemental, minority, or additional views at the time of final joint committee vote on the approval of the report and legislative language under clause (ii) shall be entitled to 3 calendar days in which to file such views in writing with the staff director of the joint committee. Such views shall then be included in the joint committee report and printed in the same volume, or part thereof, and their inclusion shall be noted on the cover of the report. In the absence of timely notice, the joint committee report may be printed and transmitted immediately without such views.

(iv) TRANSMISSION OF REPORT AND LEGISLATIVE LANGUAGE.—If the report and legislative language are approved by the joint committee pursuant to clause (ii), then not later than December 2, 2011, the joint committee shall submit the joint committee report and legislative language described in clause (i) to the President, the Vice President, the Speaker of the House of Representatives, and the majority and minority Leaders of each House of Congress.

(v) REPORT AND LEGISLATIVE LANGUAGE TO BE MADE PUBLIC.—Upon the approval or disapproval of the joint committee report and legislative language pursuant to clause (ii), the joint committee shall promptly make the full report and legislative language, and a record of the vote, available to the public.

(4) MEMBERSHIP.—

(A) IN GENERAL.—The joint committee shall be composed of 12 members appointed pursuant to subparagraph (B).

(B) APPOINTMENT.—Members of the joint committee shall be appointed as follows:

(i) The majority leader of the Senate shall appoint three members from among Members of the Senate.

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(ii) The minority leader of the Senate shall appoint three members from among Members of the Senate.

(iii) The Speaker of the House of Representatives shall appoint three members from among Members of the House of Representatives.

(iv) The minority leader of the House of Representatives shall appoint three members from among Members of the House of Representatives.

(C) CO-CHAIRS.—

(i) IN GENERAL.—There shall be two Co-Chairs of the joint committee. The majority leader of the Senate shall appoint one Co-Chair from among the members of the joint committee. The Speaker of the House of Representatives shall appoint the second Co-Chair from among the members of the joint committee. The Co-Chairs shall be appointed not later than 14 calendar days after the date of enactment of this Act.

Appointments.

Deadline.

(ii) STAFF DIRECTOR.—The Co-Chairs, acting jointly, shall hire the staff director of the joint committee.

(D) DATE.—Members of the joint committee shall be appointed not later than 14 calendar days after the date of enactment of this Act.

Appointments.
Deadline.

(E) PERIOD OF APPOINTMENT.—Members shall be appointed for the life of the joint committee. Any vacancy in the joint committee shall not affect its powers, but shall be filled not later than 14 calendar days after the date on which the vacancy occurs, in the same manner as the original designation was made. If a member of the joint committee ceases to be a Member of the House of Representatives or the Senate, as the case may be, the member is no longer a member of the joint committee and a vacancy shall exist.

Deadline.

(5) ADMINISTRATION.—

(A) IN GENERAL.—To enable the joint committee to exercise its powers, functions, and duties, there are authorized to be disbursed by the Senate the actual and necessary expenses of the joint committee approved by the co-chairs, subject to the rules and regulations of the Senate.

(B) EXPENSES.—In carrying out its functions, the joint committee is authorized to incur expenses in the same manner and under the same conditions as the Joint Economic Committee is authorized by section 11 of Public Law 79-304 (15 U.S.C. 1024 (d)).

(C) QUORUM.—Seven members of the joint committee shall constitute a quorum for purposes of voting, meeting, and holding hearings.

(D) VOTING.—

(i) PROXY VOTING.—No proxy voting shall be allowed on behalf of the members of the joint committee.

(ii) CONGRESSIONAL BUDGET OFFICE ESTIMATES.—The Congressional Budget Office shall provide estimates of the legislation (as described in paragraph (3)(B)) in accordance with sections 308(a) and 201(f) of the Congressional Budget Act of 1974 (2 U.S.C. 639(a) and 601(f))(including estimates of the effect of

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interest payment on the debt). In addition, the Congressional Budget Office shall provide information on the budgetary effect of the legislation beyond the year 2021. The joint committee may not vote on any version of the report, recommendations, or legislative language unless such estimates are available for consideration by all members of the joint committee at least 48 hours prior to the vote as certified by the Co-Chairs.

Deadline.

Deadlines. (E) MEETINGS.—

(i) INITIAL MEETING.—Not later than 45 calendar days after the date of enactment of this Act, the joint committee shall hold its first meeting.

(ii) AGENDA.—The Co-Chairs of the joint committee shall provide an agenda to the joint committee members not less than 48 hours in advance of any meeting.

Deadlines. (F) HEARINGS.—

(i) IN GENERAL.—The joint committee may, for the purpose of carrying out this section, hold such hearings, sit and act at such times and places, require attendance of witnesses and production of books, papers, and documents, take such testimony, receive such evidence, and administer such oaths as the joint committee considers advisable.

Deadlines. (ii) HEARING PROCEDURES AND RESPONSIBILITIES OF CO-CHAIRS.—

(I) ANNOUNCEMENT.—The Co-Chairs of the joint committee shall make a public announcement of the date, place, time, and subject matter of any hearing to be conducted, not less than 7 days in advance of such hearing, unless the Co-Chairs determine that there is good cause to begin such hearing at an earlier date.

(II) WRITTEN STATEMENT.—A witness appearing before the joint committee shall file a written statement of proposed testimony at least 2 calendar days before the appearance of the witness, unless the requirement is waived by the Co-Chairs, following their determination that there is good cause for failure to comply with such requirement.

(G) TECHNICAL ASSISTANCE.—Upon written request of the Co-Chairs, a Federal agency shall provide technical assistance to the joint committee in order for the joint committee to carry out its duties.

(c) STAFF OF JOINT COMMITTEE.—

(1) IN GENERAL.—The Co-Chairs of the joint committee may jointly appoint and fix the compensation of staff as they deem necessary, within the guidelines for employees of the Senate and following all applicable rules and employment requirements of the Senate.

(2) ETHICAL STANDARDS.—Members on the joint committee who serve in the House of Representatives shall be governed by the ethics rules and requirements of the House. Members of the Senate who serve on the joint committee and staff of the joint committee shall comply with the ethics rules of the Senate.

Compliance.

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(d) **TERMINATION.**—The joint committee shall terminate on January 31, 2012.

SEC. 402. EXPEDITED CONSIDERATION OF JOINT COMMITTEE RECOMMENDATIONS. 2 USC 900 note.

(a) **INTRODUCTION.**—If approved by the majority required by section 401(b)(3)(B)(ii), the proposed legislative language submitted pursuant to section 401(b)(3)(B)(iv) shall be introduced in the Senate (by request) on the next day on which the Senate is in session by the majority leader of the Senate or by a Member of the Senate designated by the majority leader of the Senate and shall be introduced in the House of Representatives (by request) on the next legislative day by the majority leader of the House or by a Member of the House designated by the majority leader of the House.

(b) **CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.**—

(1) **REFERRAL AND REPORTING.**—Any committee of the House of Representatives to which the joint committee bill is referred shall report it to the House without amendment not later than December 9, 2011. If a committee fails to report the joint committee bill within that period, it shall be in order to move that the House discharge the committee from further consideration of the bill. Such a motion shall not be in order after the last committee authorized to consider the bill reports it to the House or after the House has disposed of a motion to discharge the bill. The previous question shall be considered as ordered on the motion to its adoption without intervening motion except 20 minutes of debate equally divided and controlled by the proponent and an opponent. If such a motion is adopted, the House shall proceed immediately to consider the joint committee bill in accordance with paragraphs (2) and (3). A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(2) **PROCEEDING TO CONSIDERATION.**—After the last committee authorized to consider a joint committee bill reports it to the House or has been discharged (other than by motion) from its consideration, it shall be in order to move to proceed to consider the joint committee bill in the House. Such a motion shall not be in order after the House has disposed of a motion to proceed with respect to the joint committee bill. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(3) **CONSIDERATION.**—The joint committee bill shall be considered as read. All points of order against the joint committee bill and against its consideration are waived. The previous question shall be considered as ordered on the joint committee bill to its passage without intervening motion except 2 hours of debate equally divided and controlled by the proponent and an opponent and one motion to limit debate on the joint committee bill. A motion to reconsider the vote on passage of the joint committee bill shall not be in order.

Waiver.

(4) **VOTE ON PASSAGE.**—The vote on passage of the joint committee bill shall occur not later than December 23, 2011.

Deadline.

(c) **EXPEDITED PROCEDURE IN THE SENATE.**—

(1) **COMMITTEE CONSIDERATION.**—A joint committee bill introduced in the Senate under subsection (a) shall be jointly

Reports.
Deadline.

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referred to the committee or committees of jurisdiction, which committees shall report the bill without any revision and with a favorable recommendation, an unfavorable recommendation, or without recommendation, not later than December 9, 2011. If any committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

Deadline.

(2) MOTION TO PROCEED.—Notwithstanding Rule XXII of the Standing Rules of the Senate, it is in order, not later than 2 days of session after the date on which a joint committee bill is reported or discharged from all committees to which it was referred, for the majority leader of the Senate or the majority leader's designee to move to proceed to the consideration of the joint committee bill. It shall also be in order for any Member of the Senate to move to proceed to the consideration of the joint committee bill at any time after the conclusion of such 2-day period. A motion to proceed is in order even though a previous motion to the same effect has been disagreed to. All points of order against the motion to proceed to the joint committee bill are waived. The motion to proceed is not debatable. The motion is not subject to a motion to postpone. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint committee bill is agreed to, the joint committee bill shall remain the unfinished business until disposed of.

Waiver.

(3) CONSIDERATION.—All points of order against the joint committee bill and against consideration of the joint committee bill are waived. Consideration of the joint committee bill and of all debatable motions and appeals in connection therewith shall not exceed a total of 30 hours which shall be divided equally between the Majority and Minority Leaders or their designees. A motion further to limit debate on the joint committee bill is in order, shall require an affirmative vote of three-fifths of the Members duly chosen and sworn, and is not debatable. Any debatable motion or appeal is debatable for not to exceed 1 hour, to be divided equally between those favoring and those opposing the motion or appeal. All time used for consideration of the joint committee bill, including time used for quorum calls and voting, shall be counted against the total 30 hours of consideration.

(4) NO AMENDMENTS.—An amendment to the joint committee bill, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint committee bill, is not in order.

(5) VOTE ON PASSAGE.—If the Senate has voted to proceed to the joint committee bill, the vote on passage of the joint committee bill shall occur immediately following the conclusion of the debate on a joint committee bill, and a single quorum call at the conclusion of the debate if requested. The vote on passage of the joint committee bill shall occur not later than December 23, 2011.

Deadline.

(6) RULINGS OF THE CHAIR ON PROCEDURE.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate, as the case may be, to the procedure

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relating to a joint committee bill shall be decided without debate.

(d) **AMENDMENT.**—The joint committee bill shall not be subject to amendment in either the House of Representatives or the Senate.

(e) **CONSIDERATION BY THE OTHER HOUSE.**—

(1) **IN GENERAL.**—If, before passing the joint committee bill, one House receives from the other a joint committee bill—

(A) the joint committee bill of the other House shall not be referred to a committee; and

(B) the procedure in the receiving House shall be the same as if no joint committee bill had been received from the other House until the vote on passage, when the joint committee bill received from the other House shall supplant the joint committee bill of the receiving House.

(2) **REVENUE MEASURE.**—This subsection shall not apply to the House of Representatives if the joint committee bill received from the Senate is a revenue measure.

(f) **RULES TO COORDINATE ACTION WITH OTHER HOUSE.**—

(1) **TREATMENT OF JOINT COMMITTEE BILL OF OTHER HOUSE.**—If the Senate fails to introduce or consider a joint committee bill under this section, the joint committee bill of the House shall be entitled to expedited floor procedures under this section.

(2) **TREATMENT OF COMPANION MEASURES IN THE SENATE.**—If following passage of the joint committee bill in the Senate, the Senate then receives the joint committee bill from the House of Representatives, the House-passed joint committee bill shall not be debatable. The vote on passage of the joint committee bill in the Senate shall be considered to be the vote on passage of the joint committee bill received from the House of Representatives.

(3) **VETOES.**—If the President vetoes the joint committee bill, debate on a veto message in the Senate under this section shall be 1 hour equally divided between the majority and minority leaders or their designees.

(g) **LOSS OF PRIVILEGE.**—The provisions of this section shall cease to apply to the joint committee bill if—

(1) the joint committee fails to vote on the report or proposed legislative language required under section 401(b)(3)(B)(i) not later than November 23, 2011; or

(2) the joint committee bill does not pass both Houses not later than December 23, 2011.

SEC. 403. FUNDING.

2 USC 900 note.

Funding for the joint committee shall be derived in equal portions from—

(1) the applicable accounts of the House of Representatives; and

(2) the contingent fund of the Senate from the appropriations account “Miscellaneous Items”, subject to the rules and regulations of the Senate.

SEC. 404. RULEMAKING.

2 USC 900 note.

The provisions of this title are enacted by Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply,

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and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

TITLE V—PELL GRANT AND STUDENT LOAN PROGRAM CHANGES

SEC. 501. FEDERAL PELL GRANTS.

Section 401(b)(7)(A)(iv) of the Higher Education Act of 1965 (20 U.S.C. 1070a(b)(7)(A)(iv)) is amended—

(1) in subclause (II), by striking “\$3,183,000,000” and inserting “\$13,183,000,000”; and

(2) in subclause (III), by striking “\$0” and inserting “\$7,000,000,000”.

SEC. 502. TERMINATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS TO GRADUATE AND PROFESSIONAL STUDENTS.

Section 455(a) of the Higher Education Act of 1965 (20 U.S.C. 1087e(a)) is amended by adding at the end the following new paragraph:

“(3) TERMINATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS TO GRADUATE AND PROFESSIONAL STUDENTS.—

“(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2012—

“(i) a graduate or professional student shall not be eligible to receive a Federal Direct Stafford loan under this part; and

“(ii) the maximum annual amount of Federal Direct Unsubsidized Stafford loans such a student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the maximum annual amount for such student determined under section 428H, plus an amount equal to the amount of Federal Direct Stafford loans the student would have received in the absence of this subparagraph.

“(B) EXCEPTION.—Subparagraph (A) shall not apply to an individual enrolled in course work specified in paragraph (3)(B) or (4)(B) of section 484(b).”

SEC. 503. TERMINATION OF DIRECT LOAN REPAYMENT INCENTIVES.

Section 455(b)(8) of the Higher Education Act of 1965 (20 U.S.C. 1087e(b)(8)) is amended—

(1) in subparagraph (A)—

(A) by amending the header to read as follows: “(A) INCENTIVES FOR LOANS DISBURSED BEFORE JULY 1, 2012.—”; and

(B) by inserting “with respect to loans for which the first disbursement of principal is made before July 1, 2012,” after “of this part”;

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(2) in subparagraph (B), by inserting “with respect to loans for which the first disbursement of principal is made before July 1, 2012” after “repayment incentives”; and

(3) by adding at the end the following new subparagraph:

“(C) NO REPAYMENT INCENTIVES FOR NEW LOANS DISBURSED ON OR AFTER JULY 1, 2012.—Notwithstanding any other provision of this part, the Secretary is prohibited from authorizing or providing any repayment incentive not otherwise authorized under this part to encourage on-time repayment of a loan under this part for which the first disbursement of principal is made on or after July 1, 2012, including any reduction in the interest or origination fee rate paid by a borrower of such a loan, except that the Secretary may provide for an interest rate reduction for a borrower who agrees to have payments on such a loan automatically electronically debited from a bank account.”.

SEC. 504. INAPPLICABILITY OF TITLE IV NEGOTIATED RULEMAKING AND MASTER CALENDAR EXCEPTION.

20 USC 1089
note.

Sections 482(c) and 492 of the Higher Education Act of 1965 (20 U.S.C. 1089(c), 1098a) shall not apply to the amendments made by this title, or to any regulations promulgated under those amendments.

Approved August 2, 2011.

LEGISLATIVE HISTORY—S. 365:

CONGRESSIONAL RECORD, Vol. 157 (2011):

Feb. 17, considered and passed Senate.

Aug. 1, considered and passed House, amended.

Aug. 2, Senate concurred in House amendment.

○



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

DEC 20 2012

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Implications of Ongoing Fiscal Cliff Negotiations

We are providing you this information regarding the potential impact of sequestration here at DoD. As you are all likely aware, the Administration and Congress are continuing to work to resolve a series of economic or fiscal events, collectively referred to as the "fiscal cliff," that are scheduled to occur around the end of the year. One of the key issues involves potential across-the-board reductions in Federal spending—also known as "sequestration"—which were put in place by the Budget Control Act of 2011. Under current law, these reductions are scheduled to take effect on January 2, 2013. Many of you have raised questions regarding the impact of a potential sequestration for the Department of Defense, and I would like to take a moment to clarify a few things.

I want to start by noting that this past summer, the President indicated his intent to exercise his legal authority to exempt military personnel funding from sequestration. This means that military endstrength will not be affected by sequestration in FY2013.

Our civilian employees should keep in mind that the Administration remains focused on working with Congress to reach agreement on a balanced deficit reduction plan that avoids such cuts. Sequestration was never intended to be implemented, and there is no reason why both sides should not be able to come together and prevent this scenario.

Nevertheless, with only a couple of weeks left before sequestration could occur should a deal not be reached, it is important to clarify the potential implications. Let me start by explaining what sequestration is and what it is not. Sequestration is an across-the-board reduction in budgetary resources for all accounts within the Department of Defense that have not been exempted by Congress. If it occurs, sequestration will reduce our budgetary resources for the remainder of the fiscal year (which runs through September 30). These cuts, while significant and harmful to our collective mission as an agency, would not necessarily require immediate reductions in spending. Under sequestration, we would still have funds available after January 2, 2013, but our overall funding for the remainder of the year would be reduced. Accordingly, this situation is different from other scenarios we have encountered in recent years, such as threats of government shutdown due to a lapse in appropriations.

For these reasons, I do not expect our day-to-day operations to change dramatically on or immediately after January 2, 2013, should sequestration occur. This means that we will not be executing any immediate civilian personnel actions, such as furloughs, on that date. Should we have to operate under reduced funding levels for an extended period of time, we may have to consider furloughs or other actions in the future. But let me assure you that we will carefully examine other options to reduce costs within the agency before taking such action, taking into



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consideration our obligation to execute our core mission. Moreover, if such action proves to be necessary, we would provide affected employees the requisite advance notice before a furlough or other personnel action would occur. We would also immediately cancel any scheduled personnel actions should a deficit reduction agreement be reached that restores our agency funding.

I want to assure you that we will do our very best to provide clear information about the status of events as they unfold.

Finally, let me express my gratitude during this holiday season for your continued hard work and dedication to the vital mission of the Department of Defense. Your contributions touch people's lives in many significant ways, and I want you to know how deeply appreciative the President and myself are for all that you do.

A handwritten signature in black ink, appearing to be "Johnston", written in a cursive style with a long horizontal line extending to the right.

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PUBLIC LAW 112-240—JAN. 2, 2013

126 STAT. 2313

Public Law 112-240
112th Congress

An Act

Entitled the "American Taxpayer Relief Act of 2012".

Jan. 2, 2013

[H.R. 8]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "American Taxpayer Relief Act of 2012".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

American
Taxpayer Relief
Act of 2012.
26 USC 1 note.

Sec. 1. Short title, etc.

TITLE I—GENERAL EXTENSIONS

- Sec. 101. Permanent extension and modification of 2001 tax relief.
- Sec. 102. Permanent extension and modification of 2003 tax relief.
- Sec. 103. Extension of 2009 tax relief.
- Sec. 104. Permanent alternative minimum tax relief.

TITLE II—INDIVIDUAL TAX EXTENDERS

- Sec. 201. Extension of deduction for certain expenses of elementary and secondary school teachers.
- Sec. 202. Extension of exclusion from gross income of discharge of qualified principal residence indebtedness.
- Sec. 203. Extension of parity for exclusion from income for employer-provided mass transit and parking benefits.
- Sec. 204. Extension of mortgage insurance premiums treated as qualified residence interest.
- Sec. 205. Extension of deduction of State and local general sales taxes.
- Sec. 206. Extension of special rule for contributions of capital gain real property made for conservation purposes.
- Sec. 207. Extension of above-the-line deduction for qualified tuition and related expenses.
- Sec. 208. Extension of tax-free distributions from individual retirement plans for charitable purposes.
- Sec. 209. Improve and make permanent the provision authorizing the Internal Revenue Service to disclose certain return and return information to certain prison officials.

TITLE III—BUSINESS TAX EXTENDERS

- Sec. 301. Extension and modification of research credit.
- Sec. 302. Extension of temporary minimum low-income tax credit rate for non-federally subsidized new buildings.
- Sec. 303. Extension of housing allowance exclusion for determining area median gross income for qualified residential rental project exempt facility bonds.
- Sec. 304. Extension of Indian employment tax credit.

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- Sec. 305. Extension of new markets tax credit.
- Sec. 306. Extension of railroad track maintenance credit.
- Sec. 307. Extension of mine rescue team training credit.
- Sec. 308. Extension of employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 309. Extension of work opportunity tax credit.
- Sec. 310. Extension of qualified zone academy bonds.
- Sec. 311. Extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 312. Extension of 7-year recovery period for motorsports entertainment complexes.
- Sec. 313. Extension of accelerated depreciation for business property on an Indian reservation.
- Sec. 314. Extension of enhanced charitable deduction for contributions of food inventory.
- Sec. 315. Extension of increased expensing limitations and treatment of certain real property as section 179 property.
- Sec. 316. Extension of election to expense mine safety equipment.
- Sec. 317. Extension of special expensing rules for certain film and television productions.
- Sec. 318. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 319. Extension of modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 320. Extension of treatment of certain dividends of regulated investment companies.
- Sec. 321. Extension of RIC qualified investment entity treatment under FIRPTA.
- Sec. 322. Extension of subpart F exception for active financing income.
- Sec. 323. Extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
- Sec. 324. Extension of temporary exclusion of 100 percent of gain on certain small business stock.
- Sec. 325. Extension of basis adjustment to stock of S corporations making charitable contributions of property.
- Sec. 326. Extension of reduction in S-corporation recognition period for built-in gains tax.
- Sec. 327. Extension of empowerment zone tax incentives.
- Sec. 328. Extension of tax-exempt financing for New York Liberty Zone.
- Sec. 329. Extension of temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 330. Modification and extension of American Samoa economic development credit.
- Sec. 331. Extension and modification of bonus depreciation.

TITLE IV—ENERGY TAX EXTENDERS

- Sec. 401. Extension of credit for energy-efficient existing homes.
- Sec. 402. Extension of credit for alternative fuel vehicle refueling property.
- Sec. 403. Extension of credit for 2- or 3-wheeled plug-in electric vehicles.
- Sec. 404. Extension and modification of cellulosic biofuel producer credit.
- Sec. 405. Extension of incentives for biodiesel and renewable diesel.
- Sec. 406. Extension of production credit for Indian coal facilities placed in service before 2009.
- Sec. 407. Extension and modification of credits with respect to facilities producing energy from certain renewable resources.
- Sec. 408. Extension of credit for energy-efficient new homes.
- Sec. 409. Extension of credit for energy-efficient appliances.
- Sec. 410. Extension and modification of special allowance for cellulosic biofuel plant property.
- Sec. 411. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 412. Extension of alternative fuels excise tax credits.

TITLE V—UNEMPLOYMENT

- Sec. 501. Extension of emergency unemployment compensation program.
- Sec. 502. Temporary extension of extended benefit provisions.
- Sec. 503. Extension of funding for reemployment services and reemployment and eligibility assessment activities.
- Sec. 504. Additional extended unemployment benefits under the Railroad Unemployment Insurance Act.

TITLE VI—MEDICARE AND OTHER HEALTH EXTENSIONS

Subtitle A—Medicare Extensions

- Sec. 601. Medicare physician payment update.

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- Sec. 602. Work geographic adjustment.
- Sec. 603. Payment for outpatient therapy services.
- Sec. 604. Ambulance add-on payments.
- Sec. 605. Extension of Medicare inpatient hospital payment adjustment for low-volume hospitals.
- Sec. 606. Extension of the Medicare-dependent hospital (MDH) program.
- Sec. 607. Extension for specialized Medicare Advantage plans for special needs individuals.
- Sec. 608. Extension of Medicare reasonable cost contracts.
- Sec. 609. Performance improvement.
- Sec. 610. Extension of funding outreach and assistance for low-income programs.

Subtitle B—Other Health Extensions

- Sec. 621. Extension of the qualifying individual (QI) program.
- Sec. 622. Extension of Transitional Medical Assistance (TMA).
- Sec. 623. Extension of Medicaid and CHIP Express Lane option.
- Sec. 624. Extension of family-to-family health information centers.
- Sec. 625. Extension of Special Diabetes Program for Type 1 diabetes and for Indians.

Subtitle C—Other Health Provisions

- Sec. 631. IPPS documentation and coding adjustment for implementation of MS-DRGs.
- Sec. 632. Revisions to the Medicare ESRD bundled payment system to reflect findings in the GAO report.
- Sec. 633. Treatment of multiple service payment policies for therapy services.
- Sec. 634. Payment for certain radiology services furnished under the Medicare hospital outpatient department prospective payment system.
- Sec. 635. Adjustment of equipment utilization rate for advanced imaging services.
- Sec. 636. Medicare payment of competitive prices for diabetic supplies and elimination of overpayment for diabetic supplies.
- Sec. 637. Medicare payment adjustment for non-emergency ambulance transports for ESRD beneficiaries.
- Sec. 638. Removing obstacles to collection of overpayments.
- Sec. 639. Medicare advantage coding intensity adjustment.
- Sec. 640. Elimination of all funding for the Medicare Improvement Fund.
- Sec. 641. Rebasement of State DSH allotments.
- Sec. 642. Repeal of CLASS program.
- Sec. 643. Commission on Long-Term Care.
- Sec. 644. Consumer Operated and Oriented Plan program contingency fund.

TITLE VII—EXTENSION OF AGRICULTURAL PROGRAMS

- Sec. 701. 1-year extension of agricultural programs.
- Sec. 702. Supplemental agricultural disaster assistance.

TITLE VIII—MISCELLANEOUS PROVISIONS

- Sec. 801. Strategic delivery systems.
- Sec. 802. No cost of living adjustment in pay of members of congress.

TITLE IX—BUDGET PROVISIONS

Subtitle A—Modifications of Sequestration

- Sec. 901. Treatment of sequester.
- Sec. 902. Amounts in applicable retirement plans may be transferred to designated Roth accounts without distribution.

Subtitle B—Budgetary Effects

- Sec. 911. Budgetary effects.

TITLE I—GENERAL EXTENSIONS**SEC. 101. PERMANENT EXTENSION AND MODIFICATION OF 2001 TAX RELIEF.****(a) PERMANENT EXTENSION.—**

(1) IN GENERAL.—The Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking title IX.

26 USC 1 note.

(2) CONFORMING AMENDMENT.—The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 is amended by striking section 304.

26 USC 121 note.

126 STAT. 2316

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Applicability.
26 USC 1 note.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable, plan, or limitation years beginning after December 31, 2012, and estates of decedents dying, gifts made, or generation skipping transfers after December 31, 2012.

(b) APPLICATION OF INCOME TAX TO CERTAIN HIGH-INCOME TAXPAYERS.—

(1) INCOME TAX RATES.—

26 USC 1.

(A) TREATMENT OF 25-, 28-, AND 33-PERCENT RATE BRACKETS.—Paragraph (2) of section 1(i) is amended to read as follows:

“(2) 25-, 28-, AND 33-PERCENT RATE BRACKETS.—The tables under subsections (a), (b), (c), (d), and (e) shall be applied—

“(A) by substituting ‘25%’ for ‘28%’ each place it appears (before the application of subparagraph (B)),

“(B) by substituting ‘28%’ for ‘31%’ each place it appears, and

“(C) by substituting ‘33%’ for ‘36%’ each place it appears.”.

(B) 35-PERCENT RATE BRACKET.—Subsection (i) of section 1 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) MODIFICATIONS TO INCOME TAX BRACKETS FOR HIGH-INCOME TAXPAYERS.—

“(A) 35-PERCENT RATE BRACKET.—In the case of taxable years beginning after December 31, 2012—

“(i) the rate of tax under subsections (a), (b), (c), and (d) on a taxpayer’s taxable income in the highest rate bracket shall be 35 percent to the extent such income does not exceed an amount equal to the excess of—

“(I) the applicable threshold, over

“(II) the dollar amount at which such bracket begins, and

“(ii) the 39.6 percent rate of tax under such subsections shall apply only to the taxpayer’s taxable income in such bracket in excess of the amount to which clause (i) applies.

Definition.

“(B) APPLICABLE THRESHOLD.—For purposes of this paragraph, the term ‘applicable threshold’ means—

“(i) \$450,000 in the case of subsection (a),

“(ii) \$425,000 in the case of subsection (b),

“(iii) \$400,000 in the case of subsection (c), and

“(iv) ½ the amount applicable under clause (i) (after adjustment, if any, under subparagraph (C)) in the case of subsection (d).

“(C) INFLATION ADJUSTMENT.—For purposes of this paragraph, with respect to taxable years beginning in calendar years after 2013, each of the dollar amounts under clauses (i), (ii), and (iii) of subparagraph (B) shall be adjusted in the same manner as under paragraph (1)(C)(i), except that subsection (f)(3)(B) shall be applied by substituting ‘2012’ for ‘1992’.”.

(2) PHASEOUT OF PERSONAL EXEMPTIONS AND ITEMIZED DEDUCTIONS.—

PUBLIC LAW 112-240—JAN. 2, 2013

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(A) OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.—
Section 68 is amended—

26 USC 68.

(i) by striking subsection (b) and inserting the following:

“(b) APPLICABLE AMOUNT.—

“(1) IN GENERAL.—For purposes of this section, the term ‘applicable amount’ means—

Definition.

“(A) \$300,000 in the case of a joint return or a surviving spouse (as defined in section 2(a)),

“(B) \$275,000 in the case of a head of household (as defined in section 2(b)),

“(C) \$250,000 in the case of an individual who is not married and who is not a surviving spouse or head of household, and

“(D) $\frac{1}{2}$ the amount applicable under subparagraph (A) (after adjustment, if any, under paragraph (2)) in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

“(2) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in calendar years after 2013, each of the dollar amounts under subparagraphs (A), (B), and (C) of paragraph (1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that section 1(f)(3)(B) shall be applied by substituting ‘2012’ for ‘1992’.

If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”, and

(ii) by striking subsections (f) and (g).

(B) PHASEOUT OF DEDUCTIONS FOR PERSONAL EXEMPTIONS.—

(i) IN GENERAL.—Paragraph (3) of section 151(d) is amended—

(I) by striking “the threshold amount” in subparagraphs (A) and (B) and inserting “the applicable amount in effect under section 68(b)”,

(II) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C), and

(III) by striking subparagraphs (E) and (F).

(ii) CONFORMING AMENDMENTS.—Paragraph (4) of section 151(d) is amended—

(I) by striking subparagraph (B),

(II) by redesignating clauses (i) and (ii) of subparagraph (A) as subparagraphs (A) and (B), respectively, and by indenting such subparagraphs (as so redesignated) accordingly, and

(III) by striking all that precedes “in a calendar year after 1989,” and inserting the following:

“(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2012.

26 USC 1 note.

(c) MODIFICATIONS OF ESTATE TAX.—

126 STAT. 2318

PUBLIC LAW 112-240—JAN. 2, 2013

26 USC 2001. (1) **MAXIMUM ESTATE TAX RATE EQUAL TO 40 PERCENT.**—The table contained in subsection (c) of section 2001, as amended by section 302(a)(2) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, is amended by striking “Over \$500,000” and all that follows and inserting the following:

“Over \$500,000 but not over \$750,000.	\$155,800, plus 37 percent of the excess of such amount over \$500,000.
Over \$750,000 but not over \$1,000,000.	\$248,300, plus 39 percent of the excess of such amount over \$750,000.
Over \$1,000,000	\$345,800, plus 40 percent of the excess of such amount over \$1,000,000.”.

(2) **TECHNICAL CORRECTION.**—Clause (i) of section 2010(c)(4)(B) is amended by striking “basic exclusion amount” and inserting “applicable exclusion amount”.

26 USC 2001
note.
Applicability.

(3) **EFFECTIVE DATES.**—

(A) **IN GENERAL.**—Except as otherwise provided by in this paragraph, the amendments made by this subsection shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2012.

(B) **TECHNICAL CORRECTION.**—The amendment made by paragraph (2) shall take effect as if included in the amendments made by section 303 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

SEC. 102. PERMANENT EXTENSION AND MODIFICATION OF 2003 TAX RELIEF.

26 USC 1 note. (a) **PERMANENT EXTENSION.**—The Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking section 303.

(b) **20-PERCENT CAPITAL GAINS RATE FOR CERTAIN HIGH INCOME INDIVIDUALS.**—

(1) **IN GENERAL.**—Paragraph (1) of section 1(h) is amended by striking subparagraph (C), by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F) and by inserting after subparagraph (B) the following new subparagraphs:

“(C) 15 percent of the lesser of—

“(i) so much of the adjusted net capital gain (or, if less, taxable income) as exceeds the amount on which a tax is determined under subparagraph (B), or

“(ii) the excess of—

“(I) the amount of taxable income which would (without regard to this paragraph) be taxed at a rate below 39.6 percent, over

“(II) the sum of the amounts on which a tax is determined under subparagraphs (A) and (B),

“(D) 20 percent of the adjusted net capital gain (or, if less, taxable income) in excess of the sum of the amounts on which tax is determined under subparagraphs (B) and (C).”.

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(2) **MINIMUM TAX.**—Paragraph (3) of section 55(b) is amended by striking subparagraph (C), by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (B) the following new subparagraphs: 26 USC 55.

“(C) 15 percent of the lesser of—

“(i) so much of the adjusted net capital gain (or, if less, taxable excess) as exceeds the amount on which tax is determined under subparagraph (B), or

“(ii) the excess described in section 1(h)(1)(C)(ii), plus

“(D) 20 percent of the adjusted net capital gain (or, if less, taxable excess) in excess of the sum of the amounts on which tax is determined under subparagraphs (B) and (C), plus”.

(c) **CONFORMING AMENDMENTS.**—

(1) The following provisions are each amended by striking “15 percent” and inserting “20 percent”:

(A) Section 531.

(B) Section 541.

(C) Section 1445(e)(1).

(D) The second sentence of section 7518(g)(6)(A).

(E) Section 53511(f)(2) of title 46, United States Code.

(2) Sections 1(h)(1)(B) and 55(b)(3)(B) are each amended by striking “5 percent (0 percent in the case of taxable years beginning after 2007)” and inserting “0 percent”.

(3) Section 1445(e)(6) is amended by striking “15 percent (20 percent in the case of taxable years beginning after December 31, 2010)” and inserting “20 percent”.

(d) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—Except as otherwise provided, the amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 2012.

(2) **WITHHOLDING.**—The amendments made by paragraphs (1)(C) and (3) of subsection (c) shall apply to amounts paid on or after January 1, 2013.

Applicability.
26 USC 1 note.

SEC. 103. EXTENSION OF 2009 TAX RELIEF.

(a) **5-YEAR EXTENSION OF AMERICAN OPPORTUNITY TAX CREDIT.**—

(1) **IN GENERAL.**—Section 25A(i) is amended by striking “in 2009, 2010, 2011, or 2012” and inserting “after 2008 and before 2018”.

(2) **TREATMENT OF POSSESSIONS.**—Section 1004(c)(1) of division B of the American Recovery and Reinvestment Tax Act of 2009 is amended by striking “in 2009, 2010, 2011, and 2012” each place it appears and inserting “after 2008 and before 2018”.

26 USC 25A note.

(b) **5-YEAR EXTENSION OF CHILD TAX CREDIT.**—Section 24(d)(4) is amended—

(1) by striking “2009, 2010, 2011, AND 2012” in the heading and inserting “FOR CERTAIN YEARS”, and

(2) by striking “in 2009, 2010, 2011, or 2012” and inserting “after 2008 and before 2018”.

(c) **5-YEAR EXTENSION OF EARNED INCOME TAX CREDIT.**—Section 32(b)(3) is amended—

(1) by striking “2009, 2010, 2011, AND 2012” in the heading and inserting “FOR CERTAIN YEARS”, and

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(2) by striking “in 2009, 2010, 2011, or 2012” and inserting “after 2008 and before 2018”.

26 USC 6409. (d) PERMANENT EXTENSION OF RULE DISREGARDING REFUNDS IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.—Section 6409 is amended to read as follows:

“SEC. 6409. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Time period.

“Notwithstanding any other provision of law, any refund (or advance payment with respect to a refundable credit) made to any individual under this title shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of such individual (or any other individual) for benefits or assistance (or the amount or extent of benefits or assistance) under any Federal program or under any State or local program financed in whole or in part with Federal funds.”.

Applicability.
26 USC 24 note.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2012.

(2) RULE REGARDING DISREGARD OF REFUNDS.—The amendment made by subsection (d) shall apply to amounts received after December 31, 2012.

SEC. 104. PERMANENT ALTERNATIVE MINIMUM TAX RELIEF.

(a) 2012 EXEMPTION AMOUNTS MADE PERMANENT.—

(1) IN GENERAL.—Paragraph (1) of section 55(d) is amended—

(A) by striking “\$45,000” and all that follows through “2011” in subparagraph (A) and inserting “\$78,750”,

(B) by striking “\$33,750” and all that follows through “2011” in subparagraph (B) and inserting “\$50,600”, and

(C) by striking “paragraph (1)(A)” in subparagraph (C) and inserting “subparagraph (A)”.

(b) EXEMPTION AMOUNTS INDEXED FOR INFLATION.—

(1) IN GENERAL.—Subsection (d) of section 55 is amended by adding at the end the following new paragraph:

“(4) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2012, the amounts described in subparagraph (B) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2011’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) AMOUNTS DESCRIBED.—The amounts described in this subparagraph are—

“(i) each of the dollar amounts contained in subsection (b)(1)(A)(i),

“(ii) each of the dollar amounts contained in paragraph (1), and

“(iii) each of the dollar amounts in subparagraphs (A) and (B) of paragraph (3).

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“(C) ROUNDING.—Any increase determined under subparagraph (A) shall be rounded to the nearest multiple of \$100.”

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 55(b)(1)(A) is amended by striking “by substituting” and all that follows through “appears.” and inserting “by substituting 50 percent of the dollar amount otherwise applicable under subclause (I) and subclause (II) thereof.” 26 USC 55.

(B) Paragraph (3) of section 55(d) is amended—

(i) by striking “or (2)” in subparagraph (A),

(ii) by striking “and” at the end of subparagraph

(B), and

(iii) by striking subparagraph (C) and inserting the following new subparagraphs:

“(C) 50 percent of the dollar amount applicable under subparagraph (A) in the case of a taxpayer described in subparagraph (C) or (D) of paragraph (1), and

“(D) \$150,000 in the case of a taxpayer described in paragraph (2).”

(c) ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE CREDITS.—

(1) IN GENERAL.—Subsection (a) of section 26 is amended to read as follows:

“(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—

“(1) the taxpayer’s regular tax liability for the taxable year reduced by the foreign tax credit allowable under section 27(a), and

“(2) the tax imposed by section 55(a) for the taxable year.”

(2) CONFORMING AMENDMENTS.—

(A) ADOPTION CREDIT.—

(i) Section 23(b) is amended by striking paragraph

(4).

(ii) Section 23(c) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) IN GENERAL.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and sections 25D and 1400C), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.”

(iii) Section 23(c) is amended by redesignating paragraph (3) as paragraph (2).

(B) CHILD TAX CREDIT.—

(i) Section 24(b) is amended by striking paragraph

(3).

(ii) Section 24(d)(1) is amended—

(I) by striking “section 26(a)(2) or subsection (b)(3), as the case may be,” each place it appears in subparagraphs (A) and (B) and inserting “section 26(a)”, and

(II) by striking “section 26(a)(2) or subsection (b)(3), as the case may be” in the second last sentence and inserting “section 26(a)”.

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26 USC 25.

(C) CREDIT FOR INTEREST ON CERTAIN HOME MORTGAGES.—Section 25(e)(1)(C) is amended to read as follows:

“(C) APPLICABLE TAX LIMIT.—For purposes of this paragraph, the term ‘applicable tax limit’ means the limitation imposed by section 26(a) for the taxable year reduced by the sum of the credits allowable under this subpart (other than this section and sections 23, 25D, and 1400C).”

(D) HOPE AND LIFETIME LEARNING CREDITS.—Section 25A(i) is amended—

(i) by striking paragraph (5) and by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively, and

(ii) by striking “section 26(a)(2) or paragraph (5), as the case may be” in paragraph (5), as redesignated by clause (i), and inserting “section 26(a)”.

(E) SAVERS’ CREDIT.—Section 25B is amended by striking subsection (g).

(F) RESIDENTIAL ENERGY EFFICIENT PROPERTY.—Section 25D(c) is amended to read as follows:

“(c) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.”

(G) CERTAIN PLUG-IN ELECTRIC VEHICLES.—Section 30(c)(2) is amended to read as follows:

“(2) PERSONAL CREDIT.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.”

(H) ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(g)(2) is amended to read as follows:

“(2) PERSONAL CREDIT.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.”

(I) NEW QUALIFIED PLUG-IN ELECTRIC VEHICLE CREDIT.—Section 30D(c)(2) is amended to read as follows:

“(2) PERSONAL CREDIT.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.”

(J) CROSS REFERENCES.—Section 55(c)(3) is amended by striking “26(a), 30C(d)(2),” and inserting “30C(d)(2)”.

(K) FOREIGN TAX CREDIT.—Section 904 is amended by striking subsection (i) and by redesignating subsections (j), (k), and (l) as subsections (i), (j), and (k), respectively.

(L) FIRST-TIME HOME BUYER CREDIT FOR THE DISTRICT OF COLUMBIA.—Section 1400C(d) is amended to read as follows:

“(d) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section and section 25D), such excess shall be carried to the

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succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.”

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 23 note.

TITLE II—INDIVIDUAL TAX EXTENDERS

SEC. 201. EXTENSION OF DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) **IN GENERAL.**—Subparagraph (D) of section 62(a)(2) is amended by striking “or 2011” and inserting “2011, 2012, or 2013”. 26 USC 62.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 62 note.

SEC. 202. EXTENSION OF EXCLUSION FROM GROSS INCOME OF DISCHARGE OF QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.

(a) **IN GENERAL.**—Subparagraph (E) of section 108(a)(1) is amended by striking “January 1, 2013” and inserting “January 1, 2014”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to indebtedness discharged after December 31, 2012. Applicability. 26 USC 108 note.

SEC. 203. EXTENSION OF PARITY FOR EXCLUSION FROM INCOME FOR EMPLOYER-PROVIDED MASS TRANSIT AND PARKING BENEFITS.

(a) **IN GENERAL.**—Paragraph (2) of section 132(f) is amended by striking “January 1, 2012” and inserting “January 1, 2014”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to months after December 31, 2011. 26 USC 132 note.

SEC. 204. EXTENSION OF MORTGAGE INSURANCE PREMIUMS TREATED AS QUALIFIED RESIDENCE INTEREST.

(a) **IN GENERAL.**—Subclause (I) of section 163(h)(3)(E)(iv) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) **TECHNICAL AMENDMENTS.**—Clause (i) of section 163(h)(4)(E) is amended—

(1) by striking “Veterans Administration” and inserting “Department of Veterans Affairs”, and

(2) by striking “Rural Housing Administration” and inserting “Rural Housing Service”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to amounts paid or accrued after December 31, 2011. Applicability. 26 USC 163 note.

SEC. 205. EXTENSION OF DEDUCTION OF STATE AND LOCAL GENERAL SALES TAXES.

(a) **IN GENERAL.**—Subparagraph (I) of section 164(b)(5) is amended by striking “January 1, 2012” and inserting “January 1, 2014”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 164 note.

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SEC. 206. EXTENSION OF SPECIAL RULE FOR CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY MADE FOR CONSERVATION PURPOSES.

26 USC 170.

(a) **IN GENERAL.**—Clause (vi) of section 170(b)(1)(E) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.(b) **CONTRIBUTIONS BY CERTAIN CORPORATE FARMERS AND RANCHERS.**—Clause (iii) of section 170(b)(2)(B) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.Applicability.
26 USC 170 note.(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2011.**SEC. 207. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.**

26 USC 222 note.

(a) **IN GENERAL.**—Subsection (e) of section 222 is amended by striking “December 31, 2011” and inserting “December 31, 2013”.(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2011.**SEC. 208. EXTENSION OF TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.**26 USC 408 note.
Applicability.(a) **IN GENERAL.**—Subparagraph (F) of section 408(d)(8) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.(b) **EFFECTIVE DATE; SPECIAL RULE.**—(1) **EFFECTIVE DATE.**—The amendment made by this section shall apply to distributions made in taxable years beginning after December 31, 2011.(2) **SPECIAL RULES.**—For purposes of subsections (a)(6), (b)(3), and (d)(8) of section 408 of the Internal Revenue Code of 1986, at the election of the taxpayer (at such time and in such manner as prescribed by the Secretary of the Treasury)—

(A) any qualified charitable distribution made after December 31, 2012, and before February 1, 2013, shall be deemed to have been made on December 31, 2012, and

(B) any portion of a distribution from an individual retirement account to the taxpayer after November 30, 2012, and before January 1, 2013, may be treated as a qualified charitable distribution to the extent that—

(i) such portion is transferred in cash after the distribution to an organization described in section 408(d)(8)(B)(i) before February 1, 2013, and

(ii) such portion is part of a distribution that would meet the requirements of section 408(d)(8) but for the fact that the distribution was not transferred directly to an organization described in section 408(d)(8)(B)(i).

SEC. 209. IMPROVE AND MAKE PERMANENT THE PROVISION AUTHORIZING THE INTERNAL REVENUE SERVICE TO DISCLOSE CERTAIN RETURN AND RETURN INFORMATION TO CERTAIN PRISON OFFICIALS.(a) **IN GENERAL.**—Paragraph (10) of section 6103(k) is amended to read as follows:“(10) **DISCLOSURE OF CERTAIN RETURNS AND RETURN INFORMATION TO CERTAIN PRISON OFFICIALS.**—

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“(A) IN GENERAL.—Under such procedures as the Secretary may prescribe, the Secretary may disclose to officers and employees of the Federal Bureau of Prisons and of any State agency charged with the responsibility for administration of prisons any returns or return information with respect to individuals incarcerated in Federal or State prison systems whom the Secretary has determined may have filed or facilitated the filing of a false or fraudulent return to the extent that the Secretary determines that such disclosure is necessary to permit effective Federal tax administration.

“(B) DISCLOSURE TO CONTRACTOR-RUN PRISONS.—Under such procedures as the Secretary may prescribe, the disclosures authorized by subparagraph (A) may be made to contractors responsible for the operation of a Federal or State prison on behalf of such Bureau or agency.

“(C) RESTRICTIONS ON USE OF DISCLOSED INFORMATION.—Any return or return information received under this paragraph shall be used only for the purposes of and to the extent necessary in taking administrative action to prevent the filing of false and fraudulent returns, including administrative actions to address possible violations of administrative rules and regulations of the prison facility and in administrative and judicial proceedings arising from such administrative actions.

“(D) RESTRICTIONS ON REDISCLOSURE AND DISCLOSURE TO LEGAL REPRESENTATIVES.—Notwithstanding subsection (h)—

“(i) RESTRICTIONS ON REDISCLOSURE.—Except as provided in clause (ii), any officer, employee, or contractor of the Federal Bureau of Prisons or of any State agency charged with the responsibility for administration of prisons shall not disclose any information obtained under this paragraph to any person other than an officer or employee or contractor of such Bureau or agency personally and directly engaged in the administration of prison facilities on behalf of such Bureau or agency.

“(ii) DISCLOSURE TO LEGAL REPRESENTATIVES.—The returns and return information disclosed under this paragraph may be disclosed to the duly authorized legal representative of the Federal Bureau of Prisons, State agency, or contractor charged with the responsibility for administration of prisons, or of the incarcerated individual accused of filing the false or fraudulent return who is a party to an action or proceeding described in subparagraph (C), solely in preparation for, or for use in, such action or proceeding.”

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 6103(a) is amended by inserting “subsection (k)(10),” after “subsection (e)(1)(D)(iii).”

(2) Paragraph (4) of section 6103(p) is amended—

(A) by inserting “subsection (k)(10),” before “subsection (l)(10),” in the matter preceding subparagraph (A),

(B) in subparagraph (F)(i)—

(i) by inserting “(k)(10),” before “or (l)(6),” and

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- (ii) by inserting “subsection (k)(10) or” before “subsection (l)(10),” and
 (C) by inserting “subsection (k)(10) or” before “subsection (l)(10),” both places it appears in the matter following subparagraph (F)(iii).
- 26 USC 7213. (3) Paragraph (2) of section 7213(a) is amended by inserting “(k)(10),” before “(l)(6).”
- 26 USC 6103 note. (c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

TITLE III—BUSINESS TAX EXTENDERS

SEC. 301. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Subparagraph (B) of section 41(h)(1) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) INCLUSION OF QUALIFIED RESEARCH EXPENSES AND GROSS RECEIPTS OF AN ACQUIRED PERSON.—

(1) PARTIAL INCLUSION OF PRE-ACQUISITION QUALIFIED RESEARCH EXPENSES AND GROSS RECEIPTS.—Subparagraph (A) of section 41(f)(3) is amended to read as follows:

“(A) ACQUISITIONS.—

“(i) IN GENERAL.—If a person acquires the major portion of either a trade or business or a separate unit of a trade or business (hereinafter in this paragraph referred to as the ‘acquired business’) of another person (hereinafter in this paragraph referred to as the ‘predecessor’), then the amount of qualified research expenses paid or incurred by the acquiring person during the measurement period shall be increased by the amount determined under clause (ii), and the gross receipts of the acquiring person for such period shall be increased by the amount determined under clause (iii).

“(ii) AMOUNT DETERMINED WITH RESPECT TO QUALIFIED RESEARCH EXPENSES.—The amount determined under this clause is—

“(I) for purposes of applying this section for the taxable year in which such acquisition is made, the acquisition year amount, and

“(II) for purposes of applying this section for any taxable year after the taxable year in which such acquisition is made, the qualified research expenses paid or incurred by the predecessor with respect to the acquired business during the measurement period.

“(iii) AMOUNT DETERMINED WITH RESPECT TO GROSS RECEIPTS.—The amount determined under this clause is the amount which would be determined under clause (ii) if ‘the gross receipts of’ were substituted for ‘the qualified research expenses paid or incurred by’ each place it appears in clauses (ii) and (iv).

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“(iv) ACQUISITION YEAR AMOUNT.—For purposes of clause (ii), the acquisition year amount is the amount equal to the product of—

“(I) the qualified research expenses paid or incurred by the predecessor with respect to the acquired business during the measurement period, and

“(II) the number of days in the period beginning on the date of the acquisition and ending on the last day of the taxable year in which the acquisition is made, divided by the number of days in the acquiring person’s taxable year.

“(v) SPECIAL RULES FOR COORDINATING TAXABLE YEARS.—In the case of an acquiring person and a predecessor whose taxable years do not begin on the same date—

“(I) each reference to a taxable year in clauses (ii) and (iv) shall refer to the appropriate taxable year of the acquiring person,

“(II) the qualified research expenses paid or incurred by the predecessor, and the gross receipts of the predecessor, during each taxable year of the predecessor any portion of which is part of the measurement period shall be allocated equally among the days of such taxable year,

“(III) the amount of such qualified research expenses taken into account under clauses (ii) and (iv) with respect to a taxable year of the acquiring person shall be equal to the total of the expenses attributable under subclause (II) to the days occurring during such taxable year, and

“(IV) the amount of such gross receipts taken into account under clause (iii) with respect to a taxable year of the acquiring person shall be equal to the total of the gross receipts attributable under subclause (II) to the days occurring during such taxable year.

“(vi) MEASUREMENT PERIOD.—For purposes of this subparagraph, the term ‘measurement period’ means, with respect to the taxable year of the acquiring person for which the credit is determined, any period of the acquiring person preceding such taxable year which is taken into account for purposes of determining the credit for such year.”

Definition.

(2) EXPENSES AND GROSS RECEIPTS OF A PREDECESSOR.— Subparagraph (B) of section 41(f)(3) is amended to read as follows:

26 USC 41.

“(B) DISPOSITIONS.—If the predecessor furnished to the acquiring person such information as is necessary for the application of subparagraph (A), then, for purposes of applying this section for any taxable year ending after such disposition, the amount of qualified research expenses paid or incurred by, and the gross receipts of, the predecessor during the measurement period (as defined in

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subparagraph (A)(vi), determined by substituting ‘predecessor’ for ‘acquiring person’ each place it appears) shall be reduced by—

“(i) in the case of the taxable year in which such disposition is made, an amount equal to the product of—

“(I) the qualified research expenses paid or incurred by, or gross receipts of, the predecessor with respect to the acquired business during the measurement period (as so defined and so determined), and

“(II) the number of days in the period beginning on the date of acquisition (as determined for purposes of subparagraph (A)(iv)(II)) and ending on the last day of the taxable year of the predecessor in which the disposition is made, divided by the number of days in the taxable year of the predecessor, and

“(ii) in the case of any taxable year ending after the taxable year in which such disposition is made, the amount described in clause (i)(I).”.

26 USC 41. (c) AGGREGATION OF EXPENDITURES.—Paragraph (1) of section 41(f) is amended—

(1) by striking “shall be its proportionate shares of the qualified research expenses, basic research payments, and amounts paid or incurred to energy research consortiums, giving rise to the credit” in subparagraph (A)(ii) and inserting “shall be determined on a proportionate basis to its share of the aggregate of the qualified research expenses, basic research payments, and amounts paid or incurred to energy research consortiums, taken into account by such controlled group for purposes of this section”, and

(2) by striking “shall be its proportionate shares of the qualified research expenses, basic research payments, and amounts paid or incurred to energy research consortiums, giving rise to the credit” in subparagraph (B)(ii) and inserting “shall be determined on a proportionate basis to its share of the aggregate of the qualified research expenses, basic research payments, and amounts paid or incurred to energy research consortiums, taken into account by all such persons under common control for purposes of this section”.

Applicability.
26 USC 41 note.

(d) EFFECTIVE DATE.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to amounts paid or incurred after December 31, 2011.

(2) MODIFICATIONS.—The amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 2011.

SEC. 302. EXTENSION OF TEMPORARY MINIMUM LOW-INCOME TAX CREDIT RATE FOR NON-FEDERALLY SUBSIDIZED NEW BUILDINGS.

(a) IN GENERAL.—Subparagraph (A) of section 42(b)(2) is amended by striking “and before December 31, 2013” and inserting “with respect to housing credit dollar amount allocations made before January 1, 2014”.

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(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of the enactment of this Act. 26 USC 42 note.

SEC. 303. EXTENSION OF HOUSING ALLOWANCE EXCLUSION FOR DETERMINING AREA MEDIAN GROSS INCOME FOR QUALIFIED RESIDENTIAL RENTAL PROJECT EXEMPT FACILITY BONDS.

(a) **IN GENERAL.**—Subsection (b) of section 3005 of the Housing Assistance Tax Act of 2008 is amended by striking “January 1, 2012” each place it appears and inserting “January 1, 2014”. 26 USC 142 note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect as if included in the enactment of section 3005 of the Housing Assistance Tax Act of 2008. 26 USC 142 note.

SEC. 304. EXTENSION OF INDIAN EMPLOYMENT TAX CREDIT.

(a) **IN GENERAL.**—Subsection (f) of section 45A is amended by striking “December 31, 2011” and inserting “December 31, 2013”. 26 USC 45A.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 45A note.

SEC. 305. EXTENSION OF NEW MARKETS TAX CREDIT.

(a) **IN GENERAL.**—Subparagraph (G) of section 45D(f)(1) is amended by striking “2010 and 2011” and inserting “2010, 2011, 2012, and 2013”.

(b) **CARRYOVER OF UNUSED LIMITATION.**—Paragraph (3) of section 45D(f) is amended by striking “2016” and inserting “2018”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to calendar years beginning after December 31, 2011. 26 USC 45D note.

SEC. 306. EXTENSION OF RAILROAD TRACK MAINTENANCE CREDIT.

(a) **IN GENERAL.**—Subsection (f) of section 45G is amended by striking “January 1, 2012” and inserting “January 1, 2014”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to expenditures paid or incurred in taxable years beginning after December 31, 2011. Applicability. 26 USC 45G note.

SEC. 307. EXTENSION OF MINE RESCUE TEAM TRAINING CREDIT.

(a) **IN GENERAL.**—Subsection (e) of section 45N is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 45N note.

SEC. 308. EXTENSION OF EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.

(a) **IN GENERAL.**—Subsection (f) of section 45P is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to payments made after December 31, 2011. Applicability. 26 USC 45P note.

SEC. 309. EXTENSION OF WORK OPPORTUNITY TAX CREDIT.

(a) **IN GENERAL.**—Subparagraph (B) of section 51(c)(4) is amended by striking “after” and all that follows and inserting “after December 31, 2013”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to individuals who begin work for the employer after December 31, 2011. Applicability. 26 USC 51 note.

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SEC. 310. EXTENSION OF QUALIFIED ZONE ACADEMY BONDS.

26 USC 54E.

(a) **IN GENERAL.**—Paragraph (1) of section 54E(c) is amended by inserting “, 2012, and 2013” after “for 2011”.

Applicability.

26 USC 54E note.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to obligations issued after December 31, 2011.**SEC. 311. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS, QUALIFIED RESTAURANT BUILDINGS AND IMPROVEMENTS, AND QUALIFIED RETAIL IMPROVEMENTS.**

Applicability.

26 USC 168 note.

(a) **IN GENERAL.**—Clauses (iv), (v), and (ix) of section 168(e)(3)(E) are each amended by striking “January 1, 2012” and inserting “January 1, 2014”.(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after December 31, 2011.**SEC. 312. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR MOTORSPORTS ENTERTAINMENT COMPLEXES.**

Applicability.

26 USC 168 note.

(a) **IN GENERAL.**—Subparagraph (D) of section 168(i)(15) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to property placed in service after December 31, 2011.**SEC. 313. EXTENSION OF ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON AN INDIAN RESERVATION.**

Applicability.

26 USC 168 note.

(a) **IN GENERAL.**—Paragraph (8) of section 168(j) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to property placed in service after December 31, 2011.**SEC. 314. EXTENSION OF ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.**

Applicability.

26 USC 170 note.

(a) **IN GENERAL.**—Clause (iv) of section 170(e)(3)(C) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to contributions made after December 31, 2011.**SEC. 315. EXTENSION OF INCREASED EXPENSING LIMITATIONS AND TREATMENT OF CERTAIN REAL PROPERTY AS SECTION 179 PROPERTY.**(a) **IN GENERAL.**—(1) **DOLLAR LIMITATION.**—Section 179(b)(1) is amended—

(A) by striking “2010 or 2011,” in subparagraph (B) and inserting “2010, 2011, 2012, or 2013, and”,

(B) by striking subparagraph (C),

(C) by redesignating subparagraph (D) as subparagraph (C), and

(D) in subparagraph (C), as so redesignated, by striking “2012” and inserting “2013”.

(2) **REDUCTION IN LIMITATION.**—Section 179(b)(2) is amended—

(A) by striking “2010 or 2011,” in subparagraph (B) and inserting “2010, 2011, 2012, or 2013, and”,

(B) by striking subparagraph (C),

(C) by redesignating subparagraph (D) as subparagraph (C), and

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(D) in subparagraph (C), as so redesignated, by striking “2012” and inserting “2013”.

(3) CONFORMING AMENDMENT.—Subsection (b) of section 179 is amended by striking paragraph (6).

(b) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii) is amended by striking “2013” and inserting “2014”. 26 USC 179.

(c) ELECTION.—Section 179(c)(2) is amended by striking “2013” and inserting “2014”.

(d) SPECIAL RULES FOR TREATMENT OF QUALIFIED REAL PROPERTY.—

(1) IN GENERAL.—Section 179(f)(1) is amended by striking “2010 or 2011” and inserting “2010, 2011, 2012, or 2013”.

(2) CARRYOVER LIMITATION.—

(A) IN GENERAL.—Section 179(f)(4) is amended by striking “2011” each place it appears and inserting “2013”.

(B) CONFORMING AMENDMENT.—Subparagraph (C) of section 179(f)(4) is amended—

(i) in the heading, by striking “2010” and inserting “2010, 2011 AND 2012”, and

(ii) by adding at the end the following: “For the last taxable year beginning in 2013, the amount determined under subsection (b)(3)(A) for such taxable year shall be determined without regard to this paragraph.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 179 note.

SEC. 316. EXTENSION OF ELECTION TO EXPENSE MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Subsection (g) of section 179E is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2011. Applicability. 26 USC 179E note.

SEC. 317. EXTENSION OF SPECIAL EXPENSING RULES FOR CERTAIN FILM AND TELEVISION PRODUCTIONS.

(a) IN GENERAL.—Subsection (f) of section 181 is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to productions commencing after December 31, 2011. Applicability. 26 USC 181 note.

SEC. 318. EXTENSION OF DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subparagraph (C) of section 199(d)(8) is amended—

(1) by striking “first 6 taxable years” and inserting “first 8 taxable years”, and

(2) by striking “January 1, 2012” and inserting “January 1, 2014”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 199 note.

SEC. 319. EXTENSION OF MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

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Applicability.
26 USC 512 note. (b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments received or accrued after December 31, 2011.

SEC. 320. EXTENSION OF TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

26 USC 871. (a) IN GENERAL.—Paragraphs (1)(C)(v) and (2)(C)(v) of section 871(k) are each amended by striking “December 31, 2011” and inserting “December 31, 2013”.

26 USC 871 note. (b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

SEC. 321. EXTENSION OF RIC QUALIFIED INVESTMENT ENTITY TREATMENT UNDER FIRPTA.

26 USC 897 note. (a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall take effect on January 1, 2012. Notwithstanding the preceding sentence, such amendment shall not apply with respect to the withholding requirement under section 1445 of the Internal Revenue Code of 1986 for any payment made before the date of the enactment of this Act.

(2) AMOUNTS WITHHELD ON OR BEFORE DATE OF ENACTMENT.—In the case of a regulated investment company—

(A) which makes a distribution after December 31, 2011, and before the date of the enactment of this Act; and

(B) which would (but for the second sentence of paragraph (1)) have been required to withhold with respect to such distribution under section 1445 of such Code, such investment company shall not be liable to any person to whom such distribution was made for any amount so withheld and paid over to the Secretary of the Treasury.

SEC. 322. EXTENSION OF SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

(a) EXEMPT INSURANCE INCOME.—Paragraph (10) of section 953(e) is amended—

(1) by striking “January 1, 2012” and inserting “January 1, 2014”, and

(2) by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) SPECIAL RULE FOR INCOME DERIVED IN THE ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR BUSINESSES.—Paragraph (9) of section 954(h) is amended by striking “January 1, 2012” and inserting “January 1, 2014”.

Applicability.
26 USC 953 note. (c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2011, and to taxable years of United States shareholders with or within which any such taxable year of such foreign corporation ends.

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SEC. 323. EXTENSION OF LOOK-THRU TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER FOREIGN PERSONAL HOLDING COMPANY RULES.

(a) **IN GENERAL.**—Subparagraph (C) of section 954(c)(6) is amended by striking “January 1, 2012” and inserting “January 1, 2014”. 26 USC 954.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2011, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end. Applicability.
26 USC 954 note.

SEC. 324. EXTENSION OF TEMPORARY EXCLUSION OF 100 PERCENT OF GAIN ON CERTAIN SMALL BUSINESS STOCK.

(a) **IN GENERAL.**—Paragraph (4) of section 1202(a) is amended—
(1) by striking “January 1, 2012” and inserting “January 1, 2014”, and

(2) by striking “AND 2011” and inserting “, 2011, 2012, AND 2013” in the heading thereof.

(b) **TECHNICAL AMENDMENTS.**—

(1) **SPECIAL RULE FOR 2009 AND CERTAIN PERIOD IN 2010.**—Paragraph (3) of section 1202(a) is amended by adding at the end the following new flush sentence:

“In the case of any stock which would be described in the preceding sentence (but for this sentence), the acquisition date for purposes of this subsection shall be the first day on which such stock was held by the taxpayer determined after the application of section 1223.”

(2) **100 PERCENT EXCLUSION.**—Paragraph (4) of section 1202(a) is amended by adding at the end the following new flush sentence:

“In the case of any stock which would be described in the preceding sentence (but for this sentence), the acquisition date for purposes of this subsection shall be the first day on which such stock was held by the taxpayer determined after the application of section 1223.”

(c) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—The amendments made by subsection (a) shall apply to stock acquired after December 31, 2011. 26 USC 1202 note.

(2) **SUBSECTION (b)(1).**—The amendment made by subsection (b)(1) shall take effect as if included in section 1241(a) of division B of the American Recovery and Reinvestment Act of 2009. Applicability.

(3) **SUBSECTION (b)(2).**—The amendment made by subsection (b)(2) shall take effect as if included in section 2011(a) of the Creating Small Business Jobs Act of 2010.

SEC. 325. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) **IN GENERAL.**—Paragraph (2) of section 1367(a) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2011. Applicability.
26 USC 1367 note.

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SEC. 326. EXTENSION OF REDUCTION IN S-CORPORATION RECOGNITION PERIOD FOR BUILT-IN GAINS TAX.

26 USC 1374. (a) IN GENERAL.—Paragraph (7) of section 1374(d) is amended—
 (1) by redesignating subparagraph (C) as subparagraph (D), and
 (2) by inserting after subparagraph (B) the following new subparagraph:

Applicability. “(C) SPECIAL RULE FOR 2012 AND 2013.—For purposes of determining the net recognized built-in gain for taxable years beginning in 2012 or 2013, subparagraphs (A) and (D) shall be applied by substituting ‘5-year’ for ‘10-year’,” and
 (3) by adding at the end the following new subparagraph:
 “(E) INSTALLMENT SALES.—If an S corporation sells an asset and reports the income from the sale using the installment method under section 453, the treatment of all payments received shall be governed by the provisions of this paragraph applicable to the taxable year in which such sale was made.”

26 USC 1374
 note.

(b) TECHNICAL AMENDMENT.—Subparagraph (B) of section 1374(d)(2) is amended by inserting “described in subparagraph (A)” after “, for any taxable year”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

SEC. 327. EXTENSION OF EMPOWERMENT ZONE TAX INCENTIVES.

(a) IN GENERAL.—Clause (i) of section 1391(d)(1)(A) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) INCREASED EXCLUSION OF GAIN ON STOCK OF EMPOWERMENT ZONE BUSINESSES.—Subparagraph (C) of section 1202(a)(2) is amended—

(1) by striking “December 31, 2016” and inserting “December 31, 2018”; and

(2) by striking “2016” in the heading and inserting “2018”.

26 USC 1391
 note.

(c) TREATMENT OF CERTAIN TERMINATION DATES SPECIFIED IN NOMINATIONS.—In the case of a designation of an empowerment zone the nomination for which included a termination date which is contemporaneous with the date specified in subparagraph (A)(i) of section 1391(d)(1) of the Internal Revenue Code of 1986 (as in effect before the enactment of this Act), subparagraph (B) of such section shall not apply with respect to such designation if, after the date of the enactment of this section, the entity which made such nomination amends the nomination to provide for a new termination date in such manner as the Secretary of the Treasury (or the Secretary’s designee) may provide.

Applicability.
 26 USC 1202
 note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 2011.

SEC. 328. EXTENSION OF TAX-EXEMPT FINANCING FOR NEW YORK LIBERTY ZONE.

(a) IN GENERAL.—Subparagraph (D) of section 1400L(d)(2) is amended by striking “January 1, 2012” and inserting “January 1, 2014”.

Applicability.
 26 USC 1400L
 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to bonds issued after December 31, 2011.

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SEC. 329. EXTENSION OF TEMPORARY INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAXES TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) **IN GENERAL.**—Paragraph (1) of section 7652(f) is amended by striking “January 1, 2012” and inserting “January 1, 2014”. 26 USC 7652.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to distilled spirits brought into the United States after December 31, 2011. Applicability. 26 USC 7652 note.

SEC. 330. MODIFICATION AND EXTENSION OF AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

(a) **MODIFICATION.**—

(1) **IN GENERAL.**—Subsection (a) of section 119 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking “if such corporation” and all that follows and inserting “if— 26 USC 30A note.

“(1) in the case of a taxable year beginning before January 1, 2012, such corporation—

“(A) is an existing credit claimant with respect to American Samoa, and

“(B) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006, and

“(2) in the case of a taxable year beginning after December 31, 2011, such corporation meets the requirements of subsection (e).”

(2) **REQUIREMENTS.**—Section 119 of division A of such Act is amended by adding at the end the following new subsection:

“(e) **QUALIFIED PRODUCTION ACTIVITIES INCOME REQUIREMENT.**—A corporation meets the requirement of this subsection if such corporation has qualified production activities income, as defined in subsection (c) of section 199 of the Internal Revenue Code of 1986, determined by substituting ‘American Samoa’ for ‘the United States’ each place it appears in paragraphs (3), (4), and (6) of such subsection (c), for the taxable year.”

(b) **EXTENSION.**—Subsection (d) of section 119 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking “shall apply” and all that follows and inserting “shall apply—

“(1) in the case of a corporation that meets the requirements of subparagraphs (A) and (B) of subsection (a)(1), to the first 8 taxable years of such corporation which begin after December 31, 2006, and before January 1, 2014, and

“(2) in the case of a corporation that does not meet the requirements of subparagraphs (A) and (B) of subsection (a)(1), to the first 2 taxable years of such corporation which begin after December 31, 2011, and before January 1, 2014.”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2011. 26 USC 30A note.

SEC. 331. EXTENSION AND MODIFICATION OF BONUS DEPRECIATION.

(a) **IN GENERAL.**—Paragraph (2) of section 168(k) is amended—

(1) by striking “January 1, 2014” in subparagraph (A)(iv) and inserting “January 1, 2015”, and

(2) by striking “January 1, 2013” each place it appears and inserting “January 1, 2014”.

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26 USC 460. (b) SPECIAL RULE FOR FEDERAL LONG-TERM CONTRACTS.— Clause (ii) of section 460(c)(6)(B) is amended by inserting “, or after December 31, 2012, and before January 1, 2014 (January 1, 2015, in the case of property described in section 168(k)(2)(B))” before the period.

(c) EXTENSION OF ELECTION TO ACCELERATE THE AMT CREDIT IN LIEU OF BONUS DEPRECIATION.—

(1) IN GENERAL.—Subclause (II) of section 168(k)(4)(D)(iii) is amended by striking “2013” and inserting “2014”.

(2) ROUND 3 EXTENSION PROPERTY.—Paragraph (4) of section 168(k) is amended by adding at the end the following new subparagraph:

“(J) SPECIAL RULES FOR ROUND 3 EXTENSION PROPERTY.—

Applicability.

“(i) IN GENERAL.—In the case of round 3 extension property, this paragraph shall be applied without regard to—

“(I) the limitation described in subparagraph (B)(i) thereof, and

“(II) the business credit increase amount under subparagraph (E)(iii) thereof.

“(ii) TAXPAYERS PREVIOUSLY ELECTING ACCELERATION.—In the case of a taxpayer who made the election under subparagraph (A) for its first taxable year ending after March 31, 2008, a taxpayer who made the election under subparagraph (H)(ii) for its first taxable year ending after December 31, 2008, or a taxpayer who made the election under subparagraph (I)(iii) for its first taxable year ending after December 31, 2010—

“(I) the taxpayer may elect not to have this paragraph apply to round 3 extension property, but

“(II) if the taxpayer does not make the election under subclause (I), in applying this paragraph to the taxpayer the bonus depreciation amount, maximum amount, and maximum increase amount shall be computed and applied to eligible qualified property which is round 3 extension property.

The amounts described in subclause (II) shall be computed separately from any amounts computed with respect to eligible qualified property which is not round 3 extension property.

“(iii) TAXPAYERS NOT PREVIOUSLY ELECTING ACCELERATION.—In the case of a taxpayer who neither made the election under subparagraph (A) for its first taxable year ending after March 31, 2008, nor made the election under subparagraph (H)(ii) for its first taxable year ending after December 31, 2008, nor made the election under subparagraph (I)(iii) for any taxable year ending after December 31, 2010—

“(I) the taxpayer may elect to have this paragraph apply to its first taxable year ending after December 31, 2012, and each subsequent taxable year, and

Applicability.

“(II) if the taxpayer makes the election under subclause (I), this paragraph shall only apply to

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eligible qualified property which is round 3 extension property.

“(iv) **ROUND 3 EXTENSION PROPERTY.**—For purposes of this subparagraph, the term ‘round 3 extension property’ means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 331(a) of the American Taxpayer Relief Act of 2012 (and the application of such extension to this paragraph pursuant to the amendment made by section 331(c)(1) of such Act).”

Definition.

(d) **NORMALIZATION RULES AMENDMENT.**—Clause (ii) of section 168(i)(9)(A) is amended by inserting “(respecting all elections made by the taxpayer under this section)” after “such property”.

26 USC 168.

(e) **CONFORMING AMENDMENTS.**—

(1) The heading for subsection (k) of section 168 is amended by striking “JANUARY 1, 2013” and inserting “JANUARY 1, 2014”.

(2) The heading for clause (ii) of section 168(k)(2)(B) is amended by striking “PRE-JANUARY 1, 2013” and inserting “PRE-JANUARY 1, 2014”.

(3) Subparagraph (C) of section 168(n)(2) is amended by striking “January 1, 2013” and inserting “January 1, 2014”.

(4) Subparagraph (D) of section 1400L(b)(2) is amended by striking “January 1, 2013” and inserting “January 1, 2014”.

(5) Subparagraph (B) of section 1400N(d)(3) is amended by striking “January 1, 2013” and inserting “January 1, 2014”.

(f) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after December 31, 2012, in taxable years ending after such date.

Applicability.
26 USC 168 note.

TITLE IV—ENERGY TAX EXTENDERS

SEC. 401. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT EXISTING HOMES.

(a) **IN GENERAL.**—Paragraph (2) of section 25C(g) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to property placed in service after December 31, 2011.

Applicability.
26 USC 25C note.

SEC. 402. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.

(a) **IN GENERAL.**—Paragraph (2) of section 30C(g) is amended by striking “December 31, 2011.” and inserting “December 31, 2013”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to property placed in service after December 31, 2011.

Applicability.
26 USC 30C note.

SEC. 403. EXTENSION OF CREDIT FOR 2- OR 3-WHEELED PLUG-IN ELECTRIC VEHICLES.

(a) **IN GENERAL.**—Section 30D is amended by adding at the end the following new subsection:

“(g) **CREDIT ALLOWED FOR 2- AND 3-WHEELED PLUG-IN ELECTRIC VEHICLES.**—

“(1) **IN GENERAL.**—In the case of a qualified 2- or 3-wheeled plug-in electric vehicle—

“(A) there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the applicable amount with respect

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to each such qualified 2- or 3-wheeled plug-in electric vehicle placed in service by the taxpayer during the taxable year, and

“(B) the amount of the credit allowed under subparagraph (A) shall be treated as a credit allowed under subsection (a).

“(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount is an amount equal to the lesser of—

“(A) 10 percent of the cost of the qualified 2- or 3-wheeled plug-in electric vehicle, or

“(B) \$2,500.

“(3) QUALIFIED 2- OR 3-WHEELED PLUG-IN ELECTRIC VEHICLE.—The term ‘qualified 2- or 3-wheeled plug-in electric vehicle’ means any vehicle which—

“(A) has 2 or 3 wheels,

“(B) meets the requirements of subparagraphs (A), (B), (C), (E), and (F) of subsection (d)(1) (determined by substituting ‘2.5 kilowatt hours’ for ‘4 kilowatt hours’ in subparagraph (F)(i)),

“(C) is manufactured primarily for use on public streets, roads, and highways,

“(D) is capable of achieving a speed of 45 miles per hour or greater, and

“(E) is acquired after December 31, 2011, and before January 1, 2014.”.

(b) CONFORMING AMENDMENTS.—

(1) NO DOUBLE BENEFIT.—Paragraph (2) of section 30D(f) is amended—

(A) by striking “new qualified plug-in electric drive motor vehicle” and inserting “vehicle for which a credit is allowable under subsection (a)”, and

(B) by striking “allowed under subsection (a)” and inserting “allowed under such subsection”.

(2) AIR QUALITY AND SAFETY STANDARDS.—Section 30D(f)(7) is amended by striking “motor vehicle” and inserting “vehicle”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to vehicles acquired after December 31, 2011.

SEC. 404. EXTENSION AND MODIFICATION OF CELLULOSIC BIOFUEL PRODUCER CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Subparagraph (H) of section 40(b)(6) is amended to read as follows:

“(H) APPLICATION OF PARAGRAPH.—

“(i) IN GENERAL.—This paragraph shall apply with respect to qualified cellulosic biofuel production after December 31, 2008, and before January 1, 2014.

“(ii) NO CARRYOVER TO CERTAIN YEARS AFTER EXPIRATION.—If this paragraph ceases to apply for any period by reason of clause (i), rules similar to the rules of subsection (e)(2) shall apply.”.

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 40(e) is amended by striking “or subsection (b)(6)(H)”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in section 15321(b) of the Heartland, Habitat, and Horticulture Act of 2008.

(b) ALGAE TREATED AS A QUALIFIED FEEDSTOCK.—

26 USC 30D.

Applicability.
26 USC 30D
note.

26 USC 40 note.

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(1) IN GENERAL.—Subclause (I) of section 40(b)(6)(E)(i) is amended to read as follows: 26 USC 40.

“(I) is derived by, or from, qualified feedstocks, and”.

(2) QUALIFIED FEEDSTOCK; SPECIAL RULES FOR ALGAE.—Paragraph (6) of section 40(b) is amended by redesignating subparagraphs (F), (G), and (H), as amended by this Act, as subparagraphs (H), (I), and (J), respectively, and by inserting after subparagraph (E) the following new subparagraphs:

“(F) QUALIFIED FEEDSTOCK.—For purposes of this paragraph, the term ‘qualified feedstock’ means—

“(i) any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, and

“(ii) any cultivated algae, cyanobacteria, or lemna.

“(G) SPECIAL RULES FOR ALGAE.—In the case of fuel which is derived by, or from, feedstock described in subparagraph (F)(ii) and which is sold by the taxpayer to another person for refining by such other person into a fuel which meets the requirements of subparagraph (E)(i)(II) and the refined fuel is not excluded under subparagraph (E)(iii)—

“(i) such sale shall be treated as described in subparagraph (C)(i),

“(ii) such fuel shall be treated as meeting the requirements of subparagraph (E)(i)(II) and as not being excluded under subparagraph (E)(iii) in the hands of such taxpayer, and

“(iii) except as provided in this subparagraph, such fuel (and any fuel derived from such fuel) shall not be taken into account under subparagraph (C) with respect to the taxpayer or any other person.”.

(3) CONFORMING AMENDMENTS.—

(A) Section 40, as amended by paragraph (2), is amended—

(i) by striking “cellulosic biofuel” each place it appears in the text thereof and inserting “second generation biofuel”,

(ii) by striking “CELLULOSIC” in the headings of subsections (b)(6), (b)(6)(E), and (d)(3)(D) and inserting “SECOND GENERATION”, and

(iii) by striking “CELLULOSIC” in the headings of subsections (b)(6)(C), (b)(6)(D), (b)(6)(H), (d)(6), and (e)(3) and inserting “SECOND GENERATION”.

(B) Clause (ii) of section 40(b)(6)(E) is amended by striking “Such term shall not” and inserting “The term ‘second generation biofuel’ shall not”.

(C) Paragraph (1) of section 4101(a) is amended by striking “cellulosic biofuel” and inserting “second generation biofuel”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to fuels sold or used after the date of the enactment of this Act.

Applicability.
26 USC 40 note.

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SEC. 405. EXTENSION OF INCENTIVES FOR BIODIESEL AND RENEWABLE DIESEL.

26 USC 40A. (a) CREDITS FOR BIODIESEL AND RENEWABLE DIESEL USED AS FUEL.—Subsection (g) of section 40A is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIXTURES.—

(1) Paragraph (6) of section 6426(c) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(2) Subparagraph (B) of section 6427(e)(6) is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

Applicability. (c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2011.
26 USC 40A note.

SEC. 406. EXTENSION OF PRODUCTION CREDIT FOR INDIAN COAL FACILITIES PLACED IN SERVICE BEFORE 2009.

(a) IN GENERAL.—Subparagraph (A) of section 45(e)(10) is amended by striking “7-year period” each place it appears and inserting “8-year period”.

Applicability. (b) EFFECTIVE DATE.—The amendment made by this section shall apply to coal produced after December 31, 2012.
26 USC 45 note.

SEC. 407. EXTENSION AND MODIFICATION OF CREDITS WITH RESPECT TO FACILITIES PRODUCING ENERGY FROM CERTAIN RENEWABLE RESOURCES.

(a) PRODUCTION TAX CREDIT.—

(1) EXTENSION FOR WIND FACILITIES.—Paragraph (1) of section 45(d) is amended by striking “January 1, 2013” and inserting “January 1, 2014”.

(2) EXCLUSION OF PAPER WHICH IS COMMONLY RECYCLED FROM DEFINITION OF MUNICIPAL SOLID WASTE.—Section 45(c)(6) is amended by inserting “, except that such term does not include paper which is commonly recycled and which has been segregated from other solid waste (as so defined)” after “(42 U.S.C. 6903)”.

(3) MODIFICATION TO DEFINITION OF QUALIFIED FACILITY.—

(A) IN GENERAL.—The following provisions of section 45(d), as amended by paragraph (1), are each amended by striking “before January 1, 2014” and inserting “the construction of which begins before January 1, 2014”:

- (i) Paragraph (1).
- (ii) Paragraph (2)(A)(i).
- (iii) Paragraph (3)(A)(i)(I).
- (iv) Paragraph (6).
- (v) Paragraph (7).
- (vi) Paragraph (9)(B).
- (vii) Paragraph (11)(B).

(B) CERTAIN CLOSED-LOOP BIOMASS FACILITIES.—Subparagraph (A) of section 45(d)(2) is amended by adding at the end the following new flush sentence:

“For purposes of clause (ii), a facility shall be treated as modified before January 1, 2014, if the construction of such modification begins before such date.”

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(C) CERTAIN OPEN-LOOP BIOMASS FACILITIES.—Clause (ii) of section 45(d)(3)(A) is amended by striking “is originally placed in service” and inserting “the construction of which begins”. 26 USC 45.

(D) GEOTHERMAL FACILITIES.—

(i) IN GENERAL.—Paragraph (4) of section 45(d) is amended by striking “and before January 1, 2014” and all that follows and inserting “and which—

“(A) in the case of a facility using solar energy, is placed in service before January 1, 2006, or

“(B) in the case of a facility using geothermal energy, the construction of which begins before January 1, 2014. Such term shall not include any property described in section 48(a)(3) the basis of which is taken into account by the taxpayer for purposes of determining the energy credit under section 48.”.

(E) INCREMENTAL HYDROPOWER PRODUCTION.—Paragraph (9) of section 45(d) is amended—

(i) by redesignating subparagraphs (A) and (B), as amended by subparagraph (A), as clauses (i) and (ii), respectively, and by moving such clauses (as so redesignated) 2 ems to the right,

(ii) by striking “In the case of a facility” and inserting the following:

“(A) IN GENERAL.—In the case of a facility”,

(iii) by redesignating subparagraph (C) as subparagraph (B), and

(iv) by adding at the end the following new subparagraph:

“(C) SPECIAL RULE.—For purposes of subparagraph (A)(i), an efficiency improvement or addition to capacity shall be treated as placed in service before January 1, 2014, if the construction of such improvement or addition begins before such date.”.

(b) EXTENSION OF ELECTION TO TREAT QUALIFIED FACILITIES AS ENERGY PROPERTY.—Subparagraph (C) of section 48(a)(5) is amended to read as follows:

“(C) QUALIFIED INVESTMENT CREDIT FACILITY.—For purposes of this paragraph, the term ‘qualified investment credit facility’ means any facility—

“(i) which is a qualified facility (within the meaning of section 45) described in paragraph (1), (2), (3), (4), (6), (7), (9), or (11) of section 45(d),

“(ii) which is placed in service after 2008 and the construction of which begins before January 1, 2014, and

“(iii) with respect to which—

“(I) no credit has been allowed under section 45, and

“(II) the taxpayer makes an irrevocable election to have this paragraph apply.”.

(c) TECHNICAL CORRECTIONS.—

(1) Subparagraph (D) of section 48(a)(5) is amended—

(A) by striking “and” at the end of clause (i)(II),

(B) by striking the period at the end of clause (ii) and inserting a comma, and

(C) by adding at the end the following new clauses:

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“(iii) which is constructed, reconstructed, erected, or acquired by the taxpayer, and

“(iv) the original use of which commences with the taxpayer.”.

26 USC 48 note.

(2) Paragraphs (1) and (2) of subsection (a) of section 1603 of division B of the American Recovery and Reinvestment Act of 2009 are each amended by striking “placed in service” and inserting “originally placed in service by such person”.

Applicability.
26 USC 45 note.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) MODIFICATION TO DEFINITION OF MUNICIPAL SOLID WASTE.—The amendments made by subsection (a)(2) shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

(3) TECHNICAL CORRECTIONS.—The amendments made by subsection (c) shall apply as if included in the enactment of the provisions of the American Recovery and Reinvestment Act of 2009 to which they relate.

SEC. 408. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT NEW HOMES.

26 USC 45L.

(a) IN GENERAL.—Subsection (g) of section 45L is amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) ENERGY SAVINGS REQUIREMENTS.—Clause (i) of section 45L(c)(1)(A) is amended by striking “2003 International Energy Conservation Code, as such Code (including supplements) is in effect on the date of the enactment of this section” and inserting “2006 International Energy Conservation Code, as such Code (including supplements) is in effect on January 1, 2006”.

Applicability.
26 USC 45L note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to homes acquired after December 31, 2011.

SEC. 409. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT APPLIANCES.

(a) IN GENERAL.—Section 45M(b) is amended by striking “2011” each place it appears other than in the provisions specified in subsection (b) and inserting “2011, 2012, or 2013”.

(b) PROVISIONS SPECIFIED.—The provisions of section 45M(b) specified in this subsection are subparagraph (C) of paragraph (1) and subparagraph (E) of paragraph (2).

Applicability.
26 USC 45M
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2011.

SEC. 410. EXTENSION AND MODIFICATION OF SPECIAL ALLOWANCE FOR CELLULOSIC BIOFUEL PLANT PROPERTY.

(a) EXTENSION.—

(1) IN GENERAL.—Subparagraph (D) of section 168(l)(2) is amended by striking “January 1, 2013” and inserting “January 1, 2014”.

Applicability.
26 USC 168 note.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2012.

(b) ALGAE TREATED AS A QUALIFIED FEEDSTOCK FOR PURPOSES OF BONUS DEPRECIATION FOR BIOFUEL PLANT PROPERTY.—

(1) IN GENERAL.—Subparagraph (A) of section 168(l)(2) is amended by striking “solely to produce cellulosic biofuel” and

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inserting “solely to produce second generation biofuel (as defined in section 40(b)(6)(E))”.

(2) CONFORMING AMENDMENTS.—Subsection (1) of section 168, as amended by subsection (a), is amended—

26 USC 168.

(A) by striking “cellulosic biofuel” each place it appears in the text thereof and inserting “second generation biofuel”,

(B) by striking paragraph (3) and redesignating paragraphs (4) through (8) as paragraphs (3) through (7), respectively,

(C) by striking “CELLULOSIC” in the heading of such subsection and inserting “SECOND GENERATION”, and

(D) by striking “CELLULOSIC” in the heading of paragraph (2) and inserting “SECOND GENERATION”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

Applicability.
26 USC 168 note.

SEC. 411. EXTENSION OF SPECIAL RULE FOR SALES OR DISPOSITIONS TO IMPLEMENT FERC OR STATE ELECTRIC RESTRUCTURING POLICY FOR QUALIFIED ELECTRIC UTILITIES.

(a) IN GENERAL.—Paragraph (3) of section 451(i) is amended by striking “January 1, 2012” and inserting “January 1, 2014”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dispositions after December 31, 2011.

Applicability.
26 USC 451 note.

SEC. 412. EXTENSION OF ALTERNATIVE FUELS EXCISE TAX CREDITS.

(a) IN GENERAL.—Sections 6426(d)(5) and 6426(e)(3) are each amended by striking “December 31, 2011” and inserting “December 31, 2013”.

(b) OUTLAY PAYMENTS FOR ALTERNATIVE FUELS.—Paragraph (6) of section 6427(e) is amended—

(1) in subparagraph (C)—

(A) by striking “or alternative fuel mixture (as defined in subsection (d)(2) or (e)(3) of section 6426)” and inserting “(as defined in section 6426(d)(2))”, and

(B) by striking “December 31, 2011, and” and inserting “December 31, 2013.”,

(2) in subparagraph (D)—

(A) by striking “or alternative fuel mixture”, and

(B) by striking the period at the end and inserting “, and”, and

(3) by adding at the end the following new subparagraph:
“(E) any alternative fuel mixture (as defined in section 6426(e)(2)) sold or used after December 31, 2011.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2011.

Applicability.
26 USC 6426
note.

TITLE V—UNEMPLOYMENT

SEC. 501. EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM.

(a) EXTENSION.—Section 4007(a)(2) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended by striking “January 2, 2013” and inserting “January 1, 2014”.

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(b) **FUNDING.**—Section 4004(e)(1) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended—

(1) in subparagraph (H), by striking “and” at the end;

and

(2) by inserting after subparagraph (I) the following:

“(J) the amendments made by section 501(a) of the American Taxpayer Relief Act of 2012;”.

26 USC 3304
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as if included in the enactment of the Unemployment Benefits Extension Act of 2012 (Public Law 112-96)

SEC. 502. TEMPORARY EXTENSION OF EXTENDED BENEFIT PROVISIONS.

(a) **IN GENERAL.**—Section 2005 of the Assistance for Unemployed Workers and Struggling Families Act, as contained in Public Law 111-5 (26 U.S.C. 3304 note), is amended—

(1) by striking “December 31, 2012” each place it appears and inserting “December 31, 2013”; and

(2) in subsection (c), by striking “June 30, 2013” and inserting “June 30, 2014”.

(b) **EXTENSION OF MATCHING FOR STATES WITH NO WAITING WEEK.**—Section 5 of the Unemployment Compensation Extension Act of 2008 (Public Law 110-449; 26 U.S.C. 3304 note) is amended by striking “June 30, 2013” and inserting “June 30, 2014”.

(c) **EXTENSION OF MODIFICATION OF INDICATORS UNDER THE EXTENDED BENEFIT PROGRAM.**—Section 203 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) is amended—

(1) in subsection (d), by striking “December 31, 2012” and inserting “December 31, 2013”; and

(2) in subsection (f)(2), by striking “December 31, 2012” and inserting “December 31, 2013”.

26 USC 3304
note.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as if included in the enactment of the Unemployment Benefits Extension Act of 2012 (Public Law 112-96).

SEC. 503. EXTENSION OF FUNDING FOR REEMPLOYMENT SERVICES AND REEMPLOYMENT AND ELIGIBILITY ASSESSMENT ACTIVITIES.

(a) **IN GENERAL.**—Section 4004(c)(2)(A) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended by striking “through fiscal year 2013” and inserting “through fiscal year 2014”.

26 USC 3304
note.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as if included in the enactment of the Unemployment Benefits Extension Act of 2012 (Public Law 112-96).

SEC. 504. ADDITIONAL EXTENDED UNEMPLOYMENT BENEFITS UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT.

(a) **EXTENSION.**—Section 2(c)(2)(D)(iii) of the Railroad Unemployment Insurance Act, as added by section 2006 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) and as amended by section 9 of the Worker, Homeownership, and Business Assistance Act of 2009 (Public Law 111-92), section 505 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), section 202 of the Temporary Payroll Tax Cut Continuation Act of 2011 (Public

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Law 112-78), and section 2124 of the Unemployment Benefits Extension Act of 2012 (Public Law 112-96), is amended—

45 USC 352.

(1) by striking “June 30, 2012” and inserting “June 30, 2013”; and

(2) by striking “December 31, 2012” and inserting “December 31, 2013”.

(b) **CLARIFICATION ON AUTHORITY TO USE FUNDS.**—Funds appropriated under either the first or second sentence of clause (iv) of section 2(c)(2)(D) of the Railroad Unemployment Insurance Act shall be available to cover the cost of additional extended unemployment benefits provided under such section 2(c)(2)(D) by reason of the amendments made by subsection (a) as well as to cover the cost of such benefits provided under such section 2(c)(2)(D), as in effect on the day before the date of enactment of this Act.

45 USC 352 note.

(c) **FUNDING FOR ADMINISTRATION.**—Out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Railroad Retirement Board \$250,000 for administrative expenses associated with the payment of additional extended unemployment benefits provided under section 2(c)(2)(D) of the Railroad Unemployment Insurance Act by reason of the amendments made by subsection (a), to remain available until expended.

TITLE VI—MEDICARE AND OTHER HEALTH EXTENSIONS

Subtitle A—Medicare Extensions

SEC. 601. MEDICARE PHYSICIAN PAYMENT UPDATE.

(a) **IN GENERAL.**—Section 1848(d) of the Social Security Act (42 U.S.C. 1395w-4(d)) is amended by adding at the end the following new paragraph:

“(14) **UPDATE FOR 2013.**—

“(A) **IN GENERAL.**—Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), (11)(B), (12)(B), and (13)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2013, the update to the single conversion factor for such year shall be zero percent.

“(B) **NO EFFECT ON COMPUTATION OF CONVERSION FACTOR FOR 2014 AND SUBSEQUENT YEARS.**—The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2014 and subsequent years as if subparagraph (A) had never applied.”

(b) **ADVANCEMENT OF CLINICAL DATA REGISTRIES TO IMPROVE THE QUALITY OF HEALTH CARE.**—

(1) **IN GENERAL.**—Section 1848(m)(3) of the Social Security Act (42 U.S.C. 1395w-4(m)(3)) is amended—

(A) by redesignating subparagraph (D) as subparagraph (F); and

(B) by inserting after subparagraph (C) the following new subparagraphs:

“(D) **SATISFACTORY REPORTING MEASURES THROUGH PARTICIPATION IN A QUALIFIED CLINICAL DATA REGISTRY.**—For 2014 and subsequent years, the Secretary shall treat

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an eligible professional as satisfactorily submitting data on quality measures under subparagraph (A) if, in lieu of reporting measures under subsection (k)(2)(C), the eligible professional is satisfactorily participating, as determined by the Secretary, in a qualified clinical data registry (as described in subparagraph (E)) for the year.

“(E) QUALIFIED CLINICAL DATA REGISTRY.—

“(i) IN GENERAL.—The Secretary shall establish requirements for an entity to be considered a qualified clinical data registry. Such requirements shall include a requirement that the entity provide the Secretary with such information, at such times, and in such manner, as the Secretary determines necessary to carry out this subsection.

“(ii) CONSIDERATIONS.—In establishing the requirements under clause (i), the Secretary shall consider whether an entity—

“(I) has in place mechanisms for the transparency of data elements and specifications, risk models, and measures;

“(II) requires the submission of data from participants with respect to multiple payers;

“(III) provides timely performance reports to participants at the individual participant level; and

“(IV) supports quality improvement initiatives for participants.

“(iii) MEASURES.—With respect to measures used by a qualified clinical data registry—

“(I) sections 1890(b)(7) and 1890A(a) shall not apply; and

“(II) measures endorsed by the entity with a contract with the Secretary under section 1890(a) may be used.

“(iv) CONSULTATION.—In carrying out this subparagraph, the Secretary shall consult with interested parties.

Process.

“(v) DETERMINATION.—The Secretary shall establish a process to determine whether or not an entity meets the requirements established under clause (i). Such process may involve one or both of the following:

“(I) A determination by the Secretary.

“(II) A designation by the Secretary of one or more independent organizations to make such determination.”

(2) GAO STUDY AND REPORT ON INCORPORATING REGISTRY DATA INTO THE MEDICARE PROGRAM IN ORDER TO IMPROVE QUALITY AND EFFICIENCY.—

(A) STUDY.—The Comptroller General of the United States shall conduct a study on the potential of clinical data registries to improve the quality and efficiency of care in the Medicare program, including through payment system incentives. Such study shall include an analysis of the role of health information technology in facilitating clinical data registries and the use of data from such registries among private health insurers as well as other entities the Comptroller General determines appropriate.

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(B) REPORT.—Not later than November 15, 2013, the Comptroller General of the United States shall submit to Congress a report on the study conducted under subparagraph (A), together with recommendations for such legislation and administrative action as the Comptroller General determines appropriate.

Recommendations.

SEC. 602. WORK GEOGRAPHIC ADJUSTMENT.

Section 1848(e)(1)(E) of the Social Security Act (42 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “before January 1, 2013” and inserting “before January 1, 2014”.

SEC. 603. PAYMENT FOR OUTPATIENT THERAPY SERVICES.

(a) EXTENSION.—Section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) is amended—

(1) in paragraph (5)(A), in the first sentence, by striking “December 31, 2012” and inserting “December 31, 2013”; and

(2) in paragraph (6)—

(A) by striking “December 31, 2012” and inserting “December 31, 2013”; and

(B) by inserting “or 2013” after “during 2012”.

(b) APPLICATION OF THERAPY CAP TO THERAPY FURNISHED AS PART OF OUTPATIENT CRITICAL ACCESS HOSPITAL SERVICES.—Section 1833(g)(6) of the Social Security Act (42 U.S.C. 1395l(g)(6)), as amended by subsection (a), is amended—

(1) by striking “In applying” and inserting “(A) In applying”;

and

(2) by adding at the end the following new subparagraph:
“(B)(i) With respect to outpatient therapy services furnished beginning on or after January 1, 2013, and before January 1, 2014, for which payment is made under section 1834(g), the Secretary shall count toward the uniform dollar limitations described in paragraphs (1) and (3) and the threshold described in paragraph (5)(C) the amount that would be payable under this part if such services were paid under section 1834(k)(1)(B) instead of being paid under section 1834(g).”

Time period.

“(ii) Nothing in clause (i) shall be construed as changing the method of payment for outpatient therapy services under section 1834(g).”

(c) BENEFICIARY PROTECTIONS.—Section 1833(g)(5) of the Social Security Act (42 U.S.C. 1395l(g)(5)) is amended by adding at the end the following new subparagraph:

“(D) With respect to services furnished on or after January 1, 2013, where payment may not be made as a result of application of paragraphs (1) and (3), section 1879 shall apply in the same manner as such section applies to a denial that is made by reason of section 1862(a)(1).”

Applicability.

(d) IMPLEMENTATION.—Notwithstanding any other provision of law, the Secretary of Health and Human Services may implement the provisions of, and the amendments made by, this section by program instruction or otherwise.

42 USC 1395f note.

SEC. 604. AMBULANCE ADD-ON PAYMENTS.

(a) GROUND AMBULANCE.—Section 1834(l)(13)(A) of the Social Security Act (42 U.S.C. 1395m(l)(13)(A)) is amended—

(1) in the matter preceding clause (i), by striking “January 1, 2013” and inserting “January 1, 2014”; and

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(2) in each of clauses (i) and (ii), by striking “January 1, 2013” and inserting “January 1, 2014” each place it appears.

42 USC 1395m
note.

(b) AIR AMBULANCE.—Section 146(b)(1) of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275), as amended by sections 3105(b) and 10311(b) of the Patient Protection and Affordable Care Act (Public Law 111-148), section 106(b) of the Medicare and Medicaid Extenders Act of 2010 (Public Law 111-309), section 306(b) of the Temporary Payroll Tax Cut Continuation Act of 2011 (Public Law 112-78), and section 3007(b) of the Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112-96), is amended by striking “December 31, 2012” and inserting “June 30, 2013”.

(c) SUPER RURAL AMBULANCE.—Section 1834(l)(12)(A) of the Social Security Act (42 U.S.C. 1395m(l)(12)(A)) is amended in the first sentence by striking “January 1, 2013” and inserting “January 1, 2014”.

(d) STUDIES OF AMBULANCE COSTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this subsection referred to as the “Secretary”) shall conduct a study of each of the following:

(A) A study that analyzes data on existing cost reports for ambulance services furnished by hospitals and critical access hospitals, including variation by characteristics of such providers of services.

(B) A study of the feasibility of obtaining cost data on a periodic basis from all ambulance providers of services and suppliers for potential use in examining the appropriateness of the Medicare add-on payments for ground ambulance services furnished under the fee schedule under section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)) and in preparing for future reform of such payment system.

(2) COMPONENTS OF ONE OF THE STUDIES.—In conducting the study under paragraph (1)(B), the Secretary shall—

Consultation.

(A) consult with industry on the design of such cost collection efforts;

(B) explore use of cost surveys and cost reports to collect appropriate cost data and the periodicity of such cost data collection;

(C) examine the feasibility of development of a standard cost reporting tool for providers of services and suppliers of ground ambulance services; and

(D) examine the ability to furnish such cost data by various types of ambulance providers of services and suppliers, especially by rural and super-rural providers of services and suppliers.

(3) REPORTS.—

(A) EXISTING COST REPORTS.—Not later than October 1, 2013, the Secretary shall submit a report to Congress on the study conducted under paragraph (1)(A), together with recommendations for such legislation and administrative action as the Secretary determines appropriate.

Recommendations.

(B) OBTAINING COST DATA.—Not later than July 1, 2014, the Secretary shall submit a report to Congress on the study conducted under paragraph (1)(B), together with recommendations for such legislation and administrative action as the Secretary determines appropriate.

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SEC. 605. EXTENSION OF MEDICARE INPATIENT HOSPITAL PAYMENT ADJUSTMENT FOR LOW-VOLUME HOSPITALS.

Section 1886(d)(12) of the Social Security Act (42 U.S.C. 1395ww(d)(12)) is amended—

- (1) in subparagraph (B), in the matter preceding clause (i), by striking “2013” and inserting “2014”;
- (2) in subparagraph (C)(i), by striking “and 2012” each place it appears and inserting “, 2012, and 2013”; and
- (3) in subparagraph (D), by striking “and 2012” and inserting “, 2012, and 2013”.

SEC. 606. EXTENSION OF THE MEDICARE-DEPENDENT HOSPITAL (MDH) PROGRAM.

(a) **EXTENSION OF PAYMENT METHODOLOGY.**—Section 1886(d)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)) is amended—

- (1) in clause (i), by striking “October 1, 2012” and inserting “October 1, 2013”; and
- (2) in clause (ii)(II), by striking “October 1, 2012” and inserting “October 1, 2013”.

(b) **CONFORMING AMENDMENTS.**—

(1) **EXTENSION OF TARGET AMOUNT.**—Section 1886(b)(3)(D) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(D)) is amended—

- (A) in the matter preceding clause (i), by striking “October 1, 2012” and inserting “October 1, 2013”; and
- (B) in clause (iv), by striking “through fiscal year 2012” and inserting “through fiscal year 2013”.

(2) **PERMITTING HOSPITALS TO DECLINE RECLASSIFICATION.**—Section 13501(e)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 1395ww note) is amended by striking “through fiscal year 2012” and inserting “through fiscal year 2013”.

SEC. 607. EXTENSION FOR SPECIALIZED MEDICARE ADVANTAGE PLANS FOR SPECIAL NEEDS INDIVIDUALS.

Section 1859(f)(1) of the Social Security Act (42 U.S.C. 1395w-28(f)(1)) is amended by striking “2014” and inserting “2015”.

SEC. 608. EXTENSION OF MEDICARE REASONABLE COST CONTRACTS.

Section 1876(h)(5)(C)(ii) of the Social Security Act (42 U.S.C. 1395mm(h)(5)(C)(ii)) is amended, in the matter preceding subclause (I), by striking “January 1, 2013” and inserting “January 1, 2014”.

SEC. 609. PERFORMANCE IMPROVEMENT.

(a) **EXTENSION OF FUNDING FOR CONTRACT WITH CONSENSUS-BASED ENTITY REGARDING PERFORMANCE MEASUREMENT.**—

(1) **IN GENERAL.**—Section 1890(d) of the Social Security Act (42 U.S.C. 1395aaa(d)) is amended by striking “fiscal years 2009 through 2012” and inserting “fiscal years 2009 through 2013”.

(2) **REVISION TO DUTIES.**—Section 1890(b) of the Social Security Act (42 U.S.C. 1395aaa(b)) is amended by striking paragraph (4).

(b) **PROVIDING DATA FOR PERFORMANCE IMPROVEMENT IN A TIMELY MANNER.**—

(1) **IN GENERAL.**—The Secretary of Health and Human Services (in this subsection referred to as the “Secretary”) shall

Strategy.

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develop a strategy to provide data for performance improvement in a timely manner to applicable providers under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), including with respect to the provision of the following:

(A) Utilization data, including such data for items and services under parts A, B, and D of the Medicare program.

(B) Feedback on quality data submitted by the applicable provider under the Medicare program.

(2) CONSIDERATIONS.—In developing the strategy under paragraph (1), the Secretary shall consider—

(A) the type of applicable provider receiving the data;

(B) the frequency of providing the data so that it can be the most relevant in improving provider performance;

(C) risk adjustment methods;

(D) presentation of the data in a meaningful manner and easily understandable format;

(E) with respect to utilization data, the provision of data that the Secretary determines would be useful to improve the performance of the type of applicable provider involved; and

(F) administrative costs involved with providing data.

Deadline.
Web posting.

(3) SUBMISSION AND AVAILABILITY OF INITIAL STRATEGY.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall—

(A) submit to the relevant committees of Congress the strategy described in paragraph (1); and

(B) post such strategy on the website of the Centers for Medicare & Medicaid Services.

(4) STRATEGY UPDATE.—

(A) FEEDBACK FROM STAKEHOLDERS.—The Secretary shall seek feedback from stakeholders on the initial strategy submitted under paragraph (3).

Deadline.
Web posting.

(B) STRATEGY UPDATE.—The Secretary shall—

(i) update the strategy described in paragraph (1) based on the feedback submitted under subparagraph (A); and

(ii) not later than 18 months after the date of the enactment of this Act—

(I) submit such updated strategy to the relevant committees of Congress; and

(II) post such updated strategy on the website of the Centers for Medicare & Medicaid Services.

(5) GAO STUDY AND REPORT ON PRIVATE SECTOR INFORMATION SHARING ACTIVITIES.—

(A) STUDY.—The Comptroller General of the United States (in this paragraph referred to as the “Comptroller General”) shall conduct a study on information sharing activities. Such study shall include an analysis of—

(i) how private sector entities share timely data with hospitals, physicians, and other providers and what lessons can be learned from those activities;

(ii) how the Medicare program currently shares data with providers, including what data is provided and to which providers, and what divisions within the Centers for Medicare & Medicaid Services oversee those efforts;

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(iii) what, if any, differences there are between the private sector and the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) in terms of sharing data; and

(iv) what, if any, barriers there are for the Centers for Medicare & Medicaid Services to sharing timely data with applicable providers and recommendations to eliminate or reduce such barriers.

(B) REPORT.—Not later than 8 months after the date of the enactment of this Act, the Comptroller General shall submit to the relevant committees of Congress a report containing the results of the study conducted under subparagraph (A), together with recommendations for such legislation and administrative action as the Comptroller General determines appropriate.

(6) DEFINITIONS.—In this subsection:

(A) APPLICABLE PROVIDER.—The term “applicable provider” means the following:

(i) A critical access hospital (as defined in section 1861(mm)(1) of the Social Security Act (42 U.S.C. 1395xx(mm)(1))).

(ii) A hospital (as defined in section 1861(e) of such Act (42 U.S.C. 1395x(e))).

(iii) A physician (as defined in section 1861(r) of such Act (42 U.S.C. 1395x(r))).

(iv) Any other provider the Secretary determines should receive the information described in subsection (a).

(B) PERFORMANCE IMPROVEMENT.—The term “performance improvement” means improvements in quality, reducing per capita costs, and other criteria the Secretary determines appropriate.

SEC. 610. EXTENSION OF FUNDING OUTREACH AND ASSISTANCE FOR LOW-INCOME PROGRAMS.

(a) ADDITIONAL FUNDING FOR STATE HEALTH INSURANCE PROGRAMS.—Subsection (a)(1)(B) of section 119 of the Medicare Improvements for Patients and Providers Act of 2008 (42 U.S.C. 1395b-3 note), as amended by section 3306 of the Patient Protection and Affordable Care Act Public Law 111-148), is amended—

(1) in clause (i), by striking “and” at the end;

(2) in clause (ii), by striking the period at the end and inserting “; and”; and

(3) by inserting after clause (ii) the following new clause:
“(iii) for fiscal year 2013, of \$7,500,000.”.

(b) ADDITIONAL FUNDING FOR AREA AGENCIES ON AGING.—Subsection (b)(1)(B) of such section 119, as so amended, is amended—

(1) in clause (i), by striking “and” at the end;

(2) in clause (ii), by striking the period at the end and inserting “; and”; and

(3) by inserting after clause (ii) the following new clause:
“(iii) for fiscal year 2013, of \$7,500,000.”.

(c) ADDITIONAL FUNDING FOR AGING AND DISABILITY RESOURCE CENTERS.—Subsection (c)(1)(B) of such section 119, as so amended, is amended—

(1) in clause (i), by striking “and” at the end;

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(2) in clause (ii), by striking the period at the end and inserting “; and”; and

(3) by inserting after clause (ii) the following new clause:
“(iii) for fiscal year 2013, of \$5,000,000.”

(d) **ADDITIONAL FUNDING FOR CONTRACT WITH THE NATIONAL CENTER FOR BENEFITS AND OUTREACH ENROLLMENT.**—Subsection (d)(2) of such section 119, as so amended, is amended—

(1) in clause (i), by striking “and” at the end;

(2) in clause (ii), by striking the period at the end and inserting “; and”; and

(3) by inserting after clause (ii) the following new clause:
“(iii) for fiscal year 2013, of \$5,000,000.”

Subtitle B—Other Health Extensions

SEC. 621. EXTENSION OF THE QUALIFYING INDIVIDUAL (QI) PROGRAM.

(a) **EXTENSION.**—Section 1902(a)(10)(E)(iv) of the Social Security Act (42 U.S.C. 1396a(a)(10)(E)(iv)) is amended by striking “2012” and inserting “2013”.

(b) **EXTENDING TOTAL AMOUNT AVAILABLE FOR ALLOCATION.**—Section 1933(g) of such Act (42 U.S.C. 1396u-3(g)) is amended—
(1) in paragraph (2)—

(A) in subparagraph (Q), by striking “and” after the semicolon;

(B) in subparagraph (R), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

“(S) for the period that begins on January 1, 2013, and ends on September 30, 2013, the total allocation amount is \$485,000,000; and

“(T) for the period that begins on October 1, 2013, and ends on December 31, 2013, the total allocation amount is \$300,000,000.”; and

(2) in paragraph (3), in the matter preceding subparagraph (A), by striking “or (R)” and inserting “(R), or (T)”.

Time periods.

SEC. 622. EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE (TMA).

Sections 1902(e)(1)(B) and 1925(f) of the Social Security Act (42 U.S.C. 1396a(e)(1)(B), 1396r-6(f)) are each amended by striking “2012” and inserting “2013”.

SEC. 623. EXTENSION OF MEDICAID AND CHIP EXPRESS LANE OPTION.

Section 1902(e)(13)(I) of the Social Security Act (42 U.S.C. 1396a(e)(13)(I)) is amended by striking “2013” and inserting “2014”.

SEC. 624. EXTENSION OF FAMILY-TO-FAMILY HEALTH INFORMATION CENTERS.

Section 501(c)(1)(A)(iii) of the Social Security Act (42 U.S.C. 701(c)(1)(A)(iii)) is amended by striking “2012” and inserting “2013”.

SEC. 625. EXTENSION OF SPECIAL DIABETES PROGRAM FOR TYPE I DIABETES AND FOR INDIANS.

(a) **SPECIAL DIABETES PROGRAMS FOR TYPE I DIABETES.**—Section 330B(b)(2)(C) of the Public Health Service Act (42 U.S.C. 254c-2(b)(2)(C)) is amended by striking “2013” and inserting “2014”.

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(b) **SPECIAL DIABETES PROGRAMS FOR INDIANS.**—Section 330C(c)(2)(C) of the Public Health Service Act (42 U.S.C. 254c-3(c)(2)(C)) is amended by striking “2013” and inserting “2014”.

Subtitle C—Other Health Provisions

SEC. 631. IPPS DOCUMENTATION AND CODING ADJUSTMENT FOR IMPLEMENTATION OF MS-DRGS.

(a) RULE OF CONSTRUCTION AND CLARIFICATION.—

(1) **RULE OF CONSTRUCTION.**—Nothing in the amendments made by subsection (b) shall be construed as changing the existing authority under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)) to make prospective documentation and coding adjustments to the standardized amounts under such section 1886(d) to correct for changes in the coding or classification of discharges that do not reflect real changes in case mix.

(2) **CLARIFICATION.**—Effective on the date of the enactment of this section, except as provided in section 7(b)(1)(B)(ii) of the TMA, Abstinence Education, and QI Programs Extension Act of 2007, as added by subsection (b)(2)(A)(ii)(IV) of this section, the Secretary of Health and Human Services shall not have authority to fully recoup past overpayments related to documentation and coding changes from fiscal years 2008 and 2009.

(b) **ADJUSTMENT.**—Section 7 of the TMA, Abstinence Education, and QI Programs Extension Act of 2007 (Public Law 110-90; 121 Stat. 986) is amended—

(1) in the heading, by striking “LIMITATION” and all that follows through “ADJUSTMENT” and inserting “DOCUMENTATION AND CODING ADJUSTMENTS”; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in the matter before subparagraph (A)—

(I) by striking “or 2009” and inserting “, 2009, or 2010”; and

(II) by inserting “or otherwise applied for such year” after “applied under subsection (a)”; and

(ii) in subparagraph (B)—

(I) by inserting “(i)” after “(B)”; and

(II) by striking “or decrease”; and

(III) by striking the period at the end and inserting “; and”; and

(IV) by adding at the end the following:

“(ii) make an additional adjustment to the standardized amounts under such section 1886(d) based upon the Secretary’s estimates for discharges occurring only during fiscal years 2014, 2015, 2016, and 2017 to fully offset \$11,000,000,000 (which represents the amount of the increase in aggregate payments from fiscal years 2008 through 2013 for which an adjustment was not previously applied).”; and

(B) in paragraph (3)—

(i) in subparagraph (A), by inserting before the semicolon the following: “or affecting the Secretary’s authority under such paragraph to apply a prospective

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adjustment to offset aggregate additional payments related to documentation and coding improvements made with respect to discharges during fiscal year 2010"; and

(ii) in subparagraph (B), by striking "and 2012" and inserting "2012, 2014, 2015, 2016, and 2017".

SEC. 832. REVISIONS TO THE MEDICARE ESRD BUNDLED PAYMENT SYSTEM TO REFLECT FINDINGS IN THE GAO REPORT.

(a) **ADJUSTMENT TO ESRD BUNDLED PAYMENT RATE TO ACCOUNT FOR CHANGES IN THE UTILIZATION OF CERTAIN DRUGS AND BIOLOGICALS.**—Section 1881(b)(14) of the Social Security Act (42 U.S.C. 1395rr(b)(14)) is amended by adding at the end the following new subparagraph:

Reductions.

"(I) For services furnished on or after January 1, 2014, the Secretary shall, by comparing per patient utilization data from 2007 with such data from 2012, make reductions to the single payment that would otherwise apply under this paragraph for renal dialysis services to reflect the Secretary's estimate of the change in the utilization of drugs and biologicals described in clauses (ii), (iii), and (iv) of subparagraph (B) (other than oral-only ESRD-related drugs, as such term is used in the final rule promulgated by the Secretary in the Federal Register on August 12, 2010 (75 Fed. Reg. 49030)). In making reductions under the preceding sentence, the Secretary shall take into account the most recently available data on average sales prices and changes in prices for drugs and biological reflected in the ESRD market basket percentage increase factor under subparagraph (F)."

42 USC 1395rr
note.

(b) **TWO-YEAR DELAY OF IMPLEMENTATION OF ORAL-ONLY ESRD-RELATED DRUGS IN THE ESRD PROSPECTIVE PAYMENT SYSTEM; MONITORING.**—

(1) **DELAY.**—The Secretary of Health and Human Services may not implement the policy under section 413.174(f)(6) of title 42, Code of Federal Regulations (relating to oral-only ESRD-related drugs in the ESRD prospective payment system), prior to January 1, 2016.

(2) **MONITORING.**—With respect to the implementation of oral-only ESRD-related drugs in the ESRD prospective payment system under subsection (b)(14) of section 1881 of the Social Security Act (42 U.S.C. 1395rr(b)(14)), the Secretary of Health and Human Services shall monitor the bone and mineral metabolism of individuals with end stage renal disease.

42 USC 1395rr
note.

(c) **ANALYSIS OF CASE MIX PAYMENT ADJUSTMENTS.**—By not later than January 1, 2016, the Secretary of Health and Human Services shall—

(1) conduct an analysis of the case mix payment adjustments being used under section 1881(b)(14)(D)(i) of the Social Security Act (42 U.S.C. 1395rr(b)(14)(D)(i)); and

(2) make appropriate revisions to such case mix payment adjustments.

Analysis.

(d) **UPDATED GAO REPORT.**—Not later than December 31, 2015, the Comptroller General of the United States shall submit to Congress a report that updates the report submitted to Congress under section 10336 of the Patient Protection and Affordable Care Act (Public Law 111-148; 124 Stat. 974). The updated report shall include an analysis of how the Secretary of Health and Human Services has addressed points raised in the report submitted under

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such section 10336 with respect to the Secretary's preparations to implement payment for oral-only ESRD-related drugs in the bundled prospective payment system under section 1881(b)(14) of the Social Security Act (42 U.S.C. 1395rr(b)(14)).

SEC. 633. TREATMENT OF MULTIPLE SERVICE PAYMENT POLICIES FOR THERAPY SERVICES.

(a) **SERVICES FURNISHED BY PHYSICIANS AND CERTAIN OTHER PROVIDERS.**—Section 1848(b)(7) of the Social Security Act (42 U.S.C. 1395w-4(b)(7)) is amended—

(1) by striking “2011,” and inserting “2011, and before April 1, 2013,”; and

(2) by adding at the end the following new sentence: “In the case of such services furnished on or after April 1, 2013, and for which payment is made under such fee schedules, instead of the 25 percent multiple procedure payment reduction specified in such final rule, the reduction percentage shall be 50 percent.”.

(b) **SERVICES FURNISHED BY OTHER PROVIDERS.**—Section 1834(k) of the Social Security Act (42 U.S.C. 1395m(k)) is amended by adding at the end the following new paragraph:

“(7) **ADJUSTMENT IN DISCOUNT FOR CERTAIN MULTIPLE THERAPY SERVICES.**—In the case of therapy services furnished on or after April 1, 2013, and for which payment is made under this subsection pursuant to the applicable fee schedule amount (as defined in paragraph (3)), instead of the 25 percent multiple procedure payment reduction specified in the final rule published by the Secretary in the Federal Register on November 29, 2010, the reduction percentage shall be 50 percent.”.

SEC. 634. PAYMENT FOR CERTAIN RADIOLOGY SERVICES FURNISHED UNDER THE MEDICARE HOSPITAL OUTPATIENT DEPARTMENT PROSPECTIVE PAYMENT SYSTEM.

Section 1833(t)(16) of the Social Security Act (42 U.S.C. 1395l(t)(16)) is amended by adding at the end the following new subparagraph:

“(D) **SPECIAL PAYMENT RULE.**—

“(i) **IN GENERAL.**—In the case of covered OPD services furnished on or after April 1, 2013, in a hospital described in clause (ii), if—

“(I) the payment rate that would otherwise apply under this subsection for stereotactic radiosurgery, complete course of treatment of cranial lesion(s) consisting of 1 session that is multi-source Cobalt 60 based (identified as of January 1, 2013, by HCPCS code 77371 (and any succeeding code) and reimbursed as of such date under APC 0127 (and any succeeding classification group)); exceeds

“(II) the payment rate that would otherwise apply under this subsection for linear accelerator based stereotactic radiosurgery, complete course of therapy in one session (identified as of January 1, 2013, by HCPCS code G0173 (and any succeeding code) and reimbursed as of such date under APC 0067 (and any succeeding classification group)),

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the payment rate for the service described in subclause (I) shall be reduced to an amount equal to the payment rate for the service described in subclause (II).

“(ii) HOSPITAL DESCRIBED.—A hospital described in this clause is a hospital that is not—

“(I) located in a rural area (as defined in section 1886(d)(2)(D));

“(II) classified as a rural referral center under section 1886(d)(5)(C); or

“(III) a sole community hospital (as defined in section 1886(d)(5)(D)(iii)).

Time period.

“(iii) NOT BUDGET NEUTRAL.—In making any budget neutrality adjustments under this subsection for 2013 (with respect to covered OPD services furnished on or after April 1, 2013, and before January 1, 2014) or a subsequent year, the Secretary shall not take into account the reduced expenditures that result from the application of this subparagraph.”.

SEC. 635. ADJUSTMENT OF EQUIPMENT UTILIZATION RATE FOR ADVANCED IMAGING SERVICES.

Section 1848 of the Social Security Act (42 U.S.C. 1395w-4) is amended—

(1) in subsection (b)(4)(C)—

(A) by striking “and subsequent years” and inserting “, 2012, and 2013”; and

(B) by adding at the end the following new sentence: “With respect to fee schedules established for 2014 and subsequent years, in such methodology, the Secretary shall use a 90 percent utilization rate.”; and

(2) in subsection (c)(2)(B)(v)(III), by striking “change in the utilization rate applicable to 2011, as described in” and inserting “changes in the utilization rate applicable to 2011 and 2014, as described in the first and second sentence, respectively, of”.

SEC. 636. MEDICARE PAYMENT OF COMPETITIVE PRICES FOR DIABETIC SUPPLIES AND ELIMINATION OF OVERPAYMENT FOR DIABETIC SUPPLIES.

(a) APPLICATION OF COMPETITIVE BIDDING PRICES FOR DIABETIC SUPPLIES.—Section 1834(a)(1) of the Social Security Act (42 U.S.C. 1395m(a)(1)) is amended—

(1) in subparagraph (F), in the matter preceding clause (i), by striking “subparagraph (G)” and inserting “subparagraphs (G) and (H)”; and

(2) by adding at the end the following new subparagraph: “(H) DIABETIC SUPPLIES.—

“(i) IN GENERAL.—On or after the date described in clause (ii), the payment amount under this part for diabetic supplies, including testing strips, that are non-mail order items (as defined by the Secretary) shall be equal to the single payment amounts established under the national mail order competition for diabetic supplies under section 1847.

“(ii) DATE DESCRIBED.—The date described in this clause is the date of the implementation of the single payment amounts under the national mail order competition for diabetic supplies under section 1847.”.

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(b) **OVERPAYMENT ELIMINATION FOR DIABETIC SUPPLIES.**—Section 1834(a) of the Social Security Act (42 U.S.C. 1395m(a)) is amended by adding at the end the following new paragraph:

“(22) **SPECIAL PAYMENT RULE FOR DIABETIC SUPPLIES.**—Notwithstanding the preceding provisions of this subsection, for purposes of determining the payment amount under this subsection for diabetic supplies furnished on or after the first day of the calendar quarter during 2013 that is at least 30 days after the date of the enactment of this paragraph and before the date described in paragraph (1)(H)(ii), the Secretary shall recalculate and apply the covered item update under paragraph (14) as if subparagraph (J)(i) of such paragraph was amended by striking “but only if furnished through mail order”.”

Time period.
Applicability.

SEC. 637. MEDICARE PAYMENT ADJUSTMENT FOR NON-EMERGENCY AMBULANCE TRANSPORTS FOR ESRD BENEFICIARIES.

Section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)) is amended by adding at the end the following new paragraph:

“(15) **PAYMENT ADJUSTMENT FOR NON-EMERGENCY AMBULANCE TRANSPORTS FOR ESRD BENEFICIARIES.**—The fee schedule amount otherwise applicable under the preceding provisions of this subsection shall be reduced by 10 percent for ambulance services furnished on or after October 1, 2013, consisting of non-emergency basic life support services involving transport of an individual with end-stage renal disease for renal dialysis services (as described in section 1881(b)(14)(B)) furnished other than on an emergency basis by a provider of services or a renal dialysis facility.”

SEC. 638. REMOVING OBSTACLES TO COLLECTION OF OVERPAYMENTS.

(a) **IN GENERAL.**—The last sentence of subsections (b) and (c) of section 1870 of the Social Security Act (42 U.S.C. 1395gg) are each amended—

- (1) by striking “third year” and inserting “fifth year”; and
- (2) by striking “three-year” and inserting “five-year”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

42 USC 1395gg
note.

SEC. 639. MEDICARE ADVANTAGE CODING INTENSITY ADJUSTMENT.

Section 1853(a)(1)(C)(ii)(III) of the Social Security Act (42 U.S.C. 1395w-23(a)(1)(C)(ii)(III)) is amended—

- (1) by striking “1.3 percentage points” and inserting “1.5 percentage points”; and
- (2) by striking “5.7 percent” and inserting “5.9 percent”.

SEC. 640. ELIMINATION OF ALL FUNDING FOR THE MEDICARE IMPROVEMENT FUND.

Section 1898(b)(1) of the Social Security Act (42 U.S.C. 1395iii(b)(1)) is amended by striking subparagraphs (A), (B), and (C) and inserting the following new subparagraphs:

- “(A) fiscal year 2014, \$0; and
- “(B) fiscal year 2015, \$0.”

SEC. 641. REBASING OF STATE DSH ALLOTMENTS.

Section 1923(f)(8) of the Social Security Act (42 U.S.C. 1396r-4(f)(8)) is amended to read as follows:

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“(8) SPECIAL RULES FOR CALCULATING DSH ALLOTMENTS FOR CERTAIN FISCAL YEARS.—

“(A) FISCAL YEAR 2021.—Only with respect to fiscal year 2021, the DSH allotment for a State, in lieu of the amount determined under paragraph (3) for the State for that year, shall be equal to the DSH allotment for the State as reduced under paragraph (7) for fiscal year 2020, increased, subject to subparagraphs (B) and (C) of paragraph (3), and paragraph (5), by the percentage change in the consumer price index for all urban consumers (all items; U.S. city average), for fiscal year 2020.

“(B) FISCAL YEAR 2022.—Only with respect to fiscal year 2022, the DSH allotment for a State, in lieu of the amount determined under paragraph (3) for the State for that year, shall be equal to the DSH allotment for the State for fiscal year 2021, as determined under subparagraph (A), increased, subject to subparagraphs (B) and (C) of paragraph (3), and paragraph (5), by the percentage change in the consumer price index for all urban consumers (all items; U.S. city average), for fiscal year 2021.

“(C) SUBSEQUENT FISCAL YEARS.—The DSH allotment for a State for fiscal years after fiscal year 2022 shall be calculated under paragraph (3) without regard to this paragraph and paragraph (7).”

SEC. 642. REPEAL OF CLASS PROGRAM.

42 USC
300ll–300ll–9.

(a) REPEAL.—Title XXXII of the Public Health Service Act (42 U.S.C. 300ll et seq.; relating to the CLASS program) is repealed.

(b) CONFORMING CHANGES.—

42 USC 201 note,
300ll notes.

(1) Title VIII of the Patient Protection and Affordable Care Act (Public Law 111-148; 124 Stat. 119, 846–847) is repealed.

(2) Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended—

(A) by striking paragraphs (81) and (82);

(B) in paragraph (80), by inserting “and” at the end;

and

(C) by redesignating paragraph (83) as paragraph (81).

(3) Paragraphs (2) and (3) of section 6021(d) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396p note) are amended to read as such paragraphs were in effect on the day before the date of the enactment of section 8002(d) of the Patient Protection and Affordable Care Act (Public Law 111-148). Of the funds appropriated by paragraph (3) of such section 6021(d), as amended by the Patient Protection and Affordable Care Act, the unobligated balance is rescinded.

Rescission.

SEC. 643. COMMISSION ON LONG-TERM CARE.

(a) ESTABLISHMENT.—There is established a commission to be known as the Commission on Long-Term Care (referred to in this section as the “Commission”).

(b) DUTIES.—

Plans.

(1) IN GENERAL.—The Commission shall develop a plan for the establishment, implementation, and financing of a comprehensive, coordinated, and high-quality system that ensures the availability of long-term services and supports for individuals in need of such services and supports, including elderly individuals, individuals with substantial cognitive or functional limitations, other individuals who require assistance to perform

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activities of daily living, and individuals desiring to plan for future long-term care needs.

(2) EXISTING HEALTH CARE PROGRAMS.—For purposes of developing the plan described in paragraph (1), the Commission shall provide recommendations for—

Recommendations.

(A) addressing the interaction of a long-term services and support system with existing programs for long-term services and supports, including the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and the Medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), and private long-term care insurance;

(B) improvements to such health care programs that are necessary for ensuring the availability of long-term services and supports; and

(C) issues related to workers who provide long-term services and supports, including—

(i) whether the number of such workers is adequate to provide long-term services and supports to individuals with long-term care needs;

(ii) workforce development necessary to deliver high-quality services to such individuals;

(iii) development of entities that have the capacity to serve as employers and fiscal agents for workers who provide long-term services and supports in the homes of such individuals; and

(iv) addressing gaps in Federal and State infrastructure that prevent delivery of high-quality long term services and supports to such individuals.

(3) ADDITIONAL CONSIDERATIONS.—For purposes of developing the plan described in paragraph (1), the Commission shall take into account projected demographic changes and trends in the population of the United States, as well as the potential for development of new technologies, delivery systems, or other mechanisms to improve the availability and quality of long-term services and supports.

(4) CONSULTATION.—For purposes of developing the plan described in paragraph (1), the Commission shall consult with the Medicare Payment Advisory Commission, the Medicaid and CHIP Payment and Access Commission, the National Council on Disability, and relevant consumer groups.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, to be appointed not later than 30 days after the date of enactment of this Act, as follows:

Deadline.
Appointments.
President.
Congress.

(A) The President of the United States shall appoint 3 members.

(B) The majority leader of the Senate shall appoint 3 members.

(C) The minority leader of the Senate shall appoint 3 members.

(D) The Speaker of the House of Representatives shall appoint 3 members.

(E) The minority leader of the House of Representatives shall appoint 3 members.

(2) REPRESENTATION.—The membership of the Commission shall include individuals who—

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(A) represent the interests of—

(i) consumers of long-term services and supports and related insurance products, as well as their representatives;

(ii) older adults;

(iii) individuals with cognitive or functional limitations;

(iv) family caregivers for individuals described in clause (i), (ii), or (iii);

(v) the health care workforce who directly provide long-term services and supports;

(vi) private long-term care insurance providers;

(vii) employers;

(viii) State insurance departments; and

(ix) State Medicaid agencies;

(B) have demonstrated experience in dealing with issues related to long-term services and supports, health care policy, and public and private insurance; and

(C) represent the health care interests and needs of a variety of geographic areas and demographic groups.

(3) CHAIRMAN AND VICE-CHAIRMAN.—The Commission shall elect a chairman and vice chairman from among its members.

(4) VACANCIES.—Any vacancy in the membership of the Commission shall be filled in the manner in which the original appointment was made and shall not affect the power of the remaining members to execute the duties of the Commission.

(5) QUORUM.—A quorum shall consist of 8 members of the Commission, except that 4 members may conduct a hearing under subsection (e)(1).

(6) MEETINGS.—The Commission shall meet at the call of its chairman or a majority of its members.

(7) COMPENSATION AND REIMBURSEMENT OF EXPENSES.—

(A) IN GENERAL.—To enable the Commission to exercise its powers, functions, and duties, there are authorized to be disbursed by the Senate the actual and necessary expenses of the Commission approved by the chairman and vice chairman, subject to subparagraph (B) and the rules and regulations of the Senate.

(B) MEMBERS.—Members of the Commission are not entitled to receive compensation for service on the Commission. Members may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the Commission.

(d) STAFF AND ETHICAL STANDARDS.—

(1) STAFF.—The chairman and vice chairman of the Commission may jointly appoint and fix the compensation of staff as they deem necessary, within the guidelines for employees of the Senate and following all applicable rules and employment requirements of the Senate.

(2) ETHICAL STANDARDS.—Members of the Commission who serve in the House of Representatives shall be governed by the ethics rules and requirements of the House. Members of the Senate who serve on the Commission and staff of the Commission shall comply with the ethics rules of the Senate.

(e) POWERS.—

(1) HEARINGS AND OTHER ACTIVITIES.—For the purpose of carrying out its duties, the Commission may hold such hearings

Compliance.

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and undertake such other activities as the Commission determines to be necessary to carry out its duties.

(2) **STUDIES BY GENERAL ACCOUNTING OFFICE.**—Upon the request of the Commission, the Comptroller General of the United States shall conduct such studies or investigations as the Commission determines to be necessary to carry out its duties.

(3) **COST ESTIMATES BY CONGRESSIONAL BUDGET OFFICE.**—Upon the request of the Commission, the Director of the Congressional Budget Office shall provide to the Commission such cost estimates as the Commission determines to be necessary to carry out its duties.

(4) **DETAIL OF FEDERAL EMPLOYEES.**—Upon the request of the Commission, the head of any Federal agency is authorized to detail, without reimbursement, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties. Any such detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(5) **TECHNICAL ASSISTANCE.**—Upon the request of the Commission, the head of a Federal agency shall provide such technical assistance to the Commission as the Commission determines to be necessary to carry out its duties.

(6) **USE OF MAILS.**—The Commission may use the United States mails in the same manner and under the same conditions as Federal agencies.

(7) **OBTAINING INFORMATION.**—The Commission may secure directly from any Federal agency information necessary to enable it to carry out its duties, if the information may be disclosed under section 552 of title 5, United States Code. Upon request of the Chairman of the Commission, the head of such agency shall furnish such information to the Commission.

(8) **ADMINISTRATIVE SUPPORT SERVICES.**—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(f) **COMMISSION CONSIDERATION.**—

(1) **APPROVAL OF REPORT AND LEGISLATIVE LANGUAGE.**—

(A) **IN GENERAL.**—Not later than 6 months after appointment of the members of the Commission (as described in subsection (c)(1)), the Commission shall vote on a comprehensive and detailed report based on the long-term care plan described in subsection (b)(1) that contains any recommendations or proposals for legislative or administrative action as the Commission deems appropriate, including proposed legislative language to carry out the recommendations or proposals (referred to in this section as the “Commission bill”).

(B) **APPROVAL BY MAJORITY OF MEMBERS.**—The Commission bill shall require the approval of a majority of the members of the Commission.

(2) **TRANSMISSION OF COMMISSION BILL.**—

(A) **IN GENERAL.**—If the Commission bill is approved by the Commission pursuant to paragraph (1), then not later than 10 days after such approval, the Commission

Deadline.

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shall submit the Commission bill to the President, the Vice President, the Speaker of the House of Representatives, and the majority and minority Leaders of each House on Congress.

(B) COMMISSION BILL TO BE MADE PUBLIC.—Upon the approval or disapproval of the Commission bill pursuant to paragraph (1), the Commission shall promptly make such proposal, and a record of the vote, available to the public.

(g) TERMINATION.—The Commission shall terminate 30 days after the vote described in subsection (f)(1).

(h) CONSIDERATION OF COMMISSION RECOMMENDATIONS.—If approved by the majority required by subsection (f)(1), the Commission bill that has been submitted pursuant to subsection (f)(2)(A) shall be introduced in the Senate (by request) on the next day on which the Senate is in session by the majority leader of the Senate or by a Member of the Senate designated by the majority leader of the Senate and shall be introduced in the House of Representatives (by request) on the next legislative day by the majority leader of the House or by a member of the House designated by the majority leader of the House.

SEC. 644. CONSUMER OPERATED AND ORIENTED PLAN PROGRAM CONTINGENCY FUND.

42 USC 18042
note.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services shall establish a fund to be used to provide assistance and oversight to qualified nonprofit health insurance issuers that have been awarded loans or grants under section 1322 of the Patient Protection and Affordable Care Act (42 U.S.C. 18042) prior to the date of enactment of this Act.

(b) TRANSFER AND RESCISSION.—

(1) TRANSFER.—From the unobligated balance of funds appropriated under section 1322(g) of the Patient Protection and Affordable Care Act (42 U.S.C. 18042(g)), 10 percent of such sums are hereby transferred to the fund established under subsection (a) to remain available until expended.

(2) RESCISSION.—Except as provided for in paragraph (1), amounts appropriated under section 1322(g) of the Patient Protection and Affordable Care Act (42 U.S.C. 18042(g)) that are unobligated as of the date of enactment of this Act are rescinded.

**TITLE VII—EXTENSION OF
AGRICULTURAL PROGRAMS**

7 USC 8701 note.

SEC. 701. 1-YEAR EXTENSION OF AGRICULTURAL PROGRAMS.

Deadline.

(a) EXTENSION.—Except as otherwise provided in this section and amendments made by this section and notwithstanding any other provision of law, the authorities provided by each provision of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 1651) and each amendment made by that Act (and for mandatory programs at such funding levels), as in effect on September 30, 2012, shall continue, and the Secretary of Agriculture shall carry out the authorities, until the later of—

(1) September 30, 2013; or

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(2) the date specified in the provision of that Act or amendment made by that Act.

(b) COMMODITY PROGRAMS.—

(1) IN GENERAL.—The terms and conditions applicable to a covered commodity or loan commodity (as those terms are defined in section 1001 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702)) or to peanuts, sugarcane, or sugar beets for the 2012 crop year pursuant to title I of that Act (7 U.S.C. 8702 et seq.) and each amendment made by that title shall be applicable to the 2013 crop year for that covered commodity, loan commodity, peanuts, sugarcane, or sugar beets.

(2) MILK.—

(A) IN GENERAL.—Notwithstanding subsection (a), the Secretary of Agriculture shall carry out the dairy product price support program under section 1501 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8771) through December 31, 2013.

(B) MILK INCOME LOSS CONTRACT PROGRAM.—Section 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) is amended by striking “2012” each place it appears in subsections (c)(3), (d)(1), (d)(2), (e)(2)(A), (g), and (h)(1) and inserting “2013”.

7 USC 8773 note.

(3) SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITIES.—The provisions of law specified in subsections (a) through (c) of section 1602 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8782) shall be suspended—

(A) for the 2013 crop or production year of a covered commodity (as that term is defined in section 1001 of that Act (7 U.S.C. 8702)), peanuts, sugarcane, and sugar, as appropriate; and

(B) in the case of milk, through December 31, 2013.

(c) CONSERVATION PROGRAMS.—

(1) CONSERVATION RESERVE.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended in the second sentence by striking “and 2012” and inserting “2012, and 2013”.

(2) VOLUNTARY PUBLIC ACCESS.—Section 1240R of the Food Security Act of 1985 (16 U.S.C. 3839bb-5) is amended by striking subsection (f) and inserting the following:

“(f) FUNDING.—

“(1) FISCAL YEARS 2009 THROUGH 2012.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section, to the maximum extent practicable, \$50,000,000 for the period of fiscal years 2009 through 2012.

“(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 2013.”

(d) SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—

(1) EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(h)(1)(A)) is amended by inserting “, except that for fiscal year 2013, the amount shall be \$79,000,000” before the period at the end.

(2) NUTRITION EDUCATION.—Section 28(d)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036a(d)(1)) is amended—

(A) in subparagraph (A), by striking “and” after the semicolon at the end; and

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(B) by striking subparagraph (B) and inserting the following:

“(B) for fiscal year 2012, \$388,000,000;

“(C) for fiscal year 2013, \$285,000,000;

“(D) for fiscal year 2014, \$401,000,000;

“(E) for fiscal year 2015, \$407,000,000; and

“(F) for fiscal year 2016 and each subsequent fiscal year, the applicable amount during the preceding fiscal year, as adjusted to reflect any increases for the 12-month period ending the preceding June 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.”.

(e) RESEARCH PROGRAMS.—

(1) ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.—Section 1672B(f) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b(f)) is amended—

(A) in the heading of paragraph (1), by striking “IN GENERAL” and inserting “MANDATORY FUNDING FOR FISCAL YEARS 2009 THROUGH 2012”;

(B) in the heading of paragraph (2), by striking “ADDITIONAL FUNDING” and inserting “DISCRETIONARY FUNDING FOR FISCAL YEARS 2009 THROUGH 2012”; and

(C) by adding at the end the following:

“(3) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$25,000,000 for fiscal year 2013.”.

Appropriation
authorization.

(2) SPECIALTY CROP RESEARCH INITIATIVE.—Section 412(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(h)) is amended—

(A) in the heading of paragraph (1), by striking “IN GENERAL” and inserting “MANDATORY FUNDING FOR FISCAL YEARS 2008 THROUGH 2012”;

(B) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2008 THROUGH 2012” after “APPROPRIATIONS”;

(C) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(D) by inserting after paragraph (2) the following:

“(3) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$100,000,000 for fiscal year 2013.”.

Appropriation
authorization.

(3) BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.—Section 7405(h) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f(h)) is amended—

(A) in the heading of paragraph (1), by striking “IN GENERAL” and inserting “MANDATORY FUNDING FOR FISCAL YEARS 2009 THROUGH 2012”;

(B) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2008 THROUGH 2012” after “APPROPRIATIONS”; and

(C) by adding at the end the following:

“(3) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$30,000,000 for fiscal year 2013.”.

Appropriation
authorization.

(f) ENERGY PROGRAMS.—

(1) BIOBASED MARKETS PROGRAM.—Section 9002(h) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.

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8102(h)) is amended in paragraph (2) by striking “2012” and inserting “2013”.

(2) **BIOREFINERY ASSISTANCE.**—Section 9003(h)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8103(h)(2)) is amended by striking “2012” and inserting “2013”.

(3) **REPOWERING ASSISTANCE.**—Section 9004(d)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8104(d)(2)) is amended by striking “2012” and inserting “2013”.

(4) **BIOENERGY PROGRAM FOR ADVANCED BIOFUELS.**—Section 9005(g)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8105(g)(2)) is amended by striking “2012” and inserting “2013”.

(5) **BIODIESEL FUEL EDUCATION PROGRAM.**—Section 9006 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106) is amended by striking subsection (d) and inserting the following:

“(d) **FUNDING.**—

“(1) **FISCAL YEARS 2009 THROUGH 2012.**—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$1,000,000 for each of fiscal years 2008 through 2012.

“(2) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$1,000,000 for fiscal year 2013.”

(6) **RURAL ENERGY FOR AMERICA PROGRAM.**—Section 9007(g)(3) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107(g)(3)) is amended by striking “2012” and inserting “2013”.

(7) **BIOMASS RESEARCH AND DEVELOPMENT.**—Section 9008(h)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8108(h)(2)) is amended by striking “2012” and inserting “2013”.

(8) **RURAL ENERGY SELF-SUFFICIENCY INITIATIVE.**—Section 9009(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8109(d)) is amended by striking “2012” and inserting “2013”.

(9) **FEEDSTOCK FLEXIBILITY PROGRAM FOR BIOENERGY PRODUCERS.**—Section 9010(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8110(b)) is amended in paragraphs (1)(A) and (2)(A) by striking “2012” each place it appears and inserting “2013”.

(10) **BIOMASS CROP ASSISTANCE PROGRAM.**—Section 9011(f) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8111(f)) is amended—

(A) by striking “(f) **FUNDING.**—Of the funds” and inserting “(f) **FUNDING.**—

“(1) **FISCAL YEARS 2008 THROUGH 2012.**—Of the funds”; and

(B) adding at the end the following:

“(2) **FISCAL YEAR 2013.**—

“(A) **IN GENERAL.**—There is authorized to be appropriated to carry out this section \$20,000,000 for fiscal year 2013.

Appropriation
authorization.

“(B) **MULTIYEAR CONTRACTS.**—For each multiyear contract entered into by the Secretary during a fiscal year under this paragraph, the Secretary shall ensure that sufficient funds are obligated from the amounts appropriated

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for that fiscal year to fully cover all payments required by the contract for all years of the contract.”.

(11) FOREST BIOMASS FOR ENERGY.—Section 9012(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8112(d)) is amended by striking “2012” and inserting “2013”.

(12) COMMUNITY WOOD ENERGY PROGRAM.—Section 9013(e) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113(e)) is amended by striking “2012” and inserting “2013”.

(g) HORTICULTURE AND ORGANIC AGRICULTURE PROGRAMS.—

(1) FARMERS MARKET PROMOTION PROGRAM.—Section 6(e) of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005(e)) is amended—

(A) in the heading of paragraph (1), by striking “IN GENERAL” and inserting “FISCAL YEARS 2008 THROUGH 2012”;

(B) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively;

(C) by inserting after paragraph (1) the following:

Appropriation
authorization.

“(2) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 2013.”;

(D) in paragraph (3) (as so redesignated), by striking “paragraph (1)” and inserting “paragraph (1) or (2)”;

(E) in paragraph (5) (as so redesignated), by striking “paragraph (2)” and inserting “paragraph (3)”.

(2) NATIONAL CLEAN PLANT NETWORK.—Section 10202(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7761(e)) is amended—

(A) by striking “Of the funds” and inserting the following:

“(1) FISCAL YEARS 2009 THROUGH 2012.—Of the funds”;

(B) by adding at the end the following:

Appropriation
authorization.

“(2) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out the Program \$5,000,000 for fiscal year 2013.”.

(3) NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.—Section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523) is amended—

(A) in subsection (a), by striking “Of funds of the Commodity Credit Corporation, the Secretary of Agriculture (acting through the Agricultural Marketing Service) shall use \$22,000,000 for fiscal year 2008, to remain available until expended, to” and inserting “The Secretary of Agriculture (acting through the Agricultural Marketing Service) shall”;

(B) by adding at the end the following:

“(d) FUNDING.—

“(1) MANDATORY FUNDING FOR FISCAL YEARS 2008 THROUGH 2012.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$22,000,000 for the period of fiscal years 2008 through 2012.

“(2) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$22,000,000 for fiscal year 2013, to remain available until expended.”.

Appropriation
authorization.

(4) ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.—Section 7407(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5925c(d)) is amended—

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(A) in the heading of paragraph (1), by striking “IN GENERAL” and inserting “MANDATORY FUNDING THROUGH FISCAL YEAR 2012”;

(B) in the heading of paragraph (2), by striking “ADDITIONAL FUNDING” and inserting “DISCRETIONARY FUNDING FOR FISCAL YEARS 2008 THROUGH 2012”; and

(C) by adding at the end the following:

“(3) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$5,000,000, to remain available until expended.”

Appropriation
authorization.

(h) OUTREACH AND TECHNICAL ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.—Section 2501(a)(4) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)(4)) is amended—

(1) in the heading of subparagraph (A), by striking “IN GENERAL” and inserting “FISCAL YEARS 2009 THROUGH 2012”;

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively;

(3) by inserting after subparagraph (A) the following:

“(B) FISCAL YEAR 2013.—There is authorized to be appropriated to carry out this section \$20,000,000 for fiscal year 2013.”;

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authorization.

(4) in subparagraph (C) (as so redesignated), by striking “subparagraph (A)” and inserting “subparagraph (A) or (B)”; and

(5) in subparagraph (D) (as so redesignated), by striking “subparagraph (A)” and inserting “subparagraph (A) or (B)”.

(i) EXCEPTIONS.—

(1) IN GENERAL.—Subsection (a) does not apply with respect to mandatory funding provided by programs authorized by provisions of law amended by subsections (d) through (h).

(2) CONSERVATION.—Subsection (a) does not apply with respect to the programs specified in paragraphs (3)(B), (4), (6), and (7) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)), relating to the conservation stewardship program, farmland protection program, environmental quality incentives program, and wildlife habitat incentives program, for which program authority was extended through fiscal year 2014 by section 716 of Public Law 112-55 (125 Stat. 582).

(3) TRADE.—Subsection (a) does not apply with respect to the following provisions of law:

(A) Section 3206 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1726c) relating to the use of Commodity Credit Corporation funds to support local and regional food aid procurement projects.

(B) Section 3107(l)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o-1(l)(1)) relating to the use of Commodity Credit Corporation funds to carry out the McGovern-Dole International Food for Education and Child Nutrition Program.

(4) SURVEY OF FOODS PURCHASED BY SCHOOL FOOD AUTHORITIES.—Subsection (a) does not apply with respect to section 4307 of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 1893) relating to the use of Commodity Credit Corporation funds for a survey and report regarding foods purchased by school food authorities.

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(5) **RURAL DEVELOPMENT.**—Subsection (a) does not apply with respect to the following provisions of law:

(A) Section 379E(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008s(d)(1)), relating to funding of the rural microentrepreneur assistance program.

(B) Section 6029 of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 1955) relating to funding of pending rural development loan and grant applications.

(C) Section 231(b)(7)(A) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a(b)(7)(A)), relating to funding of value-added agricultural market development program grants.

(D) Section 375(e)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j(e)(6)(B)) relating to the use of Commodity Credit Corporation funds for the National Sheep Industry Improvement Center.

(6) **MARKET LOSS ASSISTANCE FOR ASPARAGUS PRODUCERS.**—Subsection (a) does not apply with respect to section 10404(d) of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 2112).

(7) **SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.**—Subsection (a) does not apply with respect to section 531 of the Federal Crop Insurance Act (7 U.S.C. 1531) and title IX of the Trade Act of 1974 (19 U.S.C. 2497 et seq.) relating to the provision of supplemental agricultural disaster assistance.

(8) **PIGFORD CLAIMS.**—Subsection (a) does not apply with respect to section 14012 of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 2209) relating to determination on the merits of Pigford claims.

(9) **HEARTLAND, HABITAT, HARVEST, AND HORTICULTURE ACT OF 2008.**—Subsection (a) does not apply with respect to title XV of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 2246), and amendments made by that title, relating to the provision of supplemental agricultural disaster assistance under title IX of the Trade Act of 1974 (19 U.S.C. 2497 et seq.), certain revenue and tax provisions, and certain trade benefits and other matters.

(j) **EFFECTIVE DATE.**—Except as otherwise provided in this section, this section and the amendments made by this section take effect on the earlier of—

- (1) the date of the enactment of this Act; or
- (2) September 30, 2012.

SEC. 702. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.

(a) **IN GENERAL.**—Section 531 of the Federal Crop Insurance Act (7 U.S.C. 1531) is amended—

(1) in subsection (a)(5)—

(A) in the matter preceding clause (i), by striking the first “under”; and

(B) by redesignating clauses (i) through (iii) as subparagraphs (A), (B), and (C), respectively, and indenting appropriately;

(2) in subsection (c)—

(A) in paragraph (1), by striking “use such sums as are necessary from the Trust Fund to”; and

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(B) by adding at the end the following:

“(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$80,000,000 for each of fiscal years 2012 and 2013.”;

(3) in subsection (d)—

(A) in paragraph (2), by striking “use such sums as are necessary from the Trust Fund to”; and

(B) by adding at the end the following:

“(7) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$400,000,000 for each of fiscal years 2012 and 2013.”;

(4) in subsection (e)—

(A) in paragraph (1), by striking “use up to \$50,000,000 per year from the Trust Fund to”; and

(B) by adding at the end the following:

“(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$50,000,000 for each of fiscal years 2012 and 2013.”;

(5) in subsection (f)—

(A) in paragraph (2)(A), by striking “use such sums as are necessary from the Trust Fund to”; and

(B) by adding at the end the following:

“(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$20,000,000 for each of fiscal years 2012 and 2013.”; and

(6) in subsection (i), by inserting “or, in the case of subsections (c) through (f), September 30, 2013” after “2011.”.

(b) EFFECTIVE DATE.—The amendments made by subsection

7 USC 1531 note.

(a) shall take effect on October 1, 2012.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. STRATEGIC DELIVERY SYSTEMS.

(a) IN GENERAL.—Paragraph 3 of section 495(c) of title 10, United States Code, as added by section 1035 of the National Defense Authorization Act for Fiscal Year 2013, is amended—

(1) by striking “that” before “the Russian Federation” and inserting “whether”; and

(2) by inserting “strategic” before “arms control obligations”.

(b) EFFECTIVE DATE.—The amendments made by subsection

10 USC 495 note.

(a) shall take effect as if included in the enactment of the National Defense Authorization Act for Fiscal Year 2013.

SEC. 802. NO COST OF LIVING ADJUSTMENT IN PAY OF MEMBERS OF CONGRESS.

Notwithstanding any other provision of law, no adjustment shall be made under section 601(a) of the Legislative Reorganization Act of 1946 (2 U.S.C. 31) (relating to cost of living adjustments for Members of Congress) during fiscal year 2013.

2 USC 31 note.

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TITLE IX—BUDGET PROVISIONS**Subtitle A—Modifications of Sequestration****SEC. 901. TREATMENT OF SEQUESTER.**

2 USC 901a. (a) **ADJUSTMENT.**—Section 251A(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subparagraph (C), by striking “and” after the semicolon;

(2) in subparagraph (D), by striking the period and inserting “; and”; and

(3) by inserting at the end the following:

“(E) for fiscal year 2013, reducing the amount calculated under subparagraphs (A) through (D) by \$24,000,000,000.”

(b) **AFTER SESSION SEQUESTER.**—Notwithstanding any other provision of law, the fiscal year 2013 spending reductions required by section 251(a)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be evaluated and implemented on March 27, 2013.

(c) **POSTPONEMENT OF BUDGET CONTROL ACT SEQUESTER FOR FISCAL YEAR 2013.**—Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (4), by striking “January 2, 2013” and inserting “March 1, 2013”; and

(2) in paragraph (7)(A), by striking “January 2, 2013” and inserting “March 1, 2013”.

(d) **ADDITIONAL ADJUSTMENTS.**—

(1) **SECTION 251.**—Paragraphs (2) and (3) of section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

“(2) for fiscal year 2013—

“(A) for the security category, as defined in section 250(c)(4)(B), \$684,000,000,000 in budget authority; and

“(B) for the nonsecurity category, as defined in section 250(c)(4)(A), \$359,000,000,000 in budget authority;

“(3) for fiscal year 2014—

“(A) for the security category, \$552,000,000,000 in budget authority; and

“(B) for the nonsecurity category, \$506,000,000,000 in budget authority;”.

Effective date.
President.
Applicability.
2 USC 901a note.

(e) **2013 SEQUESTER.**—On March 1, 2013, the President shall order a sequestration for fiscal year 2013 pursuant to section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by this section, pursuant to which, only for the purposes of the calculation in sections 251A(5)(A), 251A(6)(A), and 251A(7)(A), section 251(c)(2) shall be applied as if it read as follows:

“(2) For fiscal year 2013—

“(A) for the security category, \$544,000,000,000 in budget authority; and

“(B) for the nonsecurity category, \$499,000,000,000 in budget authority;”.

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SEC. 902. AMOUNTS IN APPLICABLE RETIREMENT PLANS MAY BE TRANSFERRED TO DESIGNATED ROTH ACCOUNTS WITHOUT DISTRIBUTION.

(a) **IN GENERAL.**—Section 402A(c)(4) is amended by adding 26 USC 402A. at the end the following:

“(E) **SPECIAL RULE FOR CERTAIN TRANSFERS.**—In the case of an applicable retirement plan which includes a qualified Roth contribution program—

“(i) the plan may allow an individual to elect to have the plan transfer any amount not otherwise distributable under the plan to a designated Roth account maintained for the benefit of the individual,

“(ii) such transfer shall be treated as a distribution to which this paragraph applies which was contributed in a qualified rollover contribution (within the meaning of section 408A(e)) to such account, and

“(iii) the plan shall not be treated as violating the provisions of section 401(k)(2)(B)(i), 403(b)(7)(A)(i), 403(b)(11), or 457(d)(1)(A), or of section 8433 of title 5, United States Code, solely by reason of such transfer.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to transfers after December 31, 2012, in taxable years ending after such date. 26 USC 402A note.

Subtitle B—Budgetary Effects**SEC. 911. BUDGETARY EFFECTS.**

(a) **PAYGO SCORECARD.**—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) **SENATE PAYGO SCORECARD.**—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

Approved January 2, 2013.

LEGISLATIVE HISTORY—H.R. 8:**CONGRESSIONAL RECORD:**

Vol. 158 (2012): Aug. 1, considered and passed House.
Dec. 31, considered and passed Senate, amended.
Vol. 158 (2013): Jan. 1, House concurred in Senate amendments.

○

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 1, 2013

SEQUESTRATION ORDER FOR FISCAL YEAR 2013 PURSUANT
TO SECTION 251A OF THE BALANCED BUDGET AND
EMERGENCY DEFICIT CONTROL ACT, AS AMENDED

By the authority vested in me as President by the laws of the United States of America, and in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (the "Act"), 2 U.S.C. 901a, I hereby order that budgetary resources in each non-exempt budget account be reduced by the amount calculated by the Office of Management and Budget in its report to the Congress of March 1, 2013.

Pursuant to sections 250(c)(6), 251A, and 255(e) of the Act, budgetary resources subject to sequestration shall be new budget authority, unobligated balances of defense function accounts carried over from prior fiscal years, direct spending authority, and obligation limitations.

All sequestrations shall be made in strict accordance with the requirements of section 251A of the Act and the specifications of the Office of Management and Budget's report of March 1, 2013, prepared pursuant to section 251A(11) of the Act.

BARACK OBAMA

THE WHITE HOUSE,
March 1, 2013.

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Tab 4



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 1, 2013

M-13-06

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Jeffrey D. Zients *JDC*
Deputy Director for Management

SUBJECT: Issuance of the Sequestration Order Pursuant To Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as Amended

This memorandum is to inform executive departments and agencies (agencies) that the President has issued a sequestration order (order) in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (BBEDCA), 2 U.S.C. 901a. The order requires that budgetary resources in each non-exempt budget account be reduced by the amount calculated by the Office of Management and Budget (OMB) in its report to Congress of March 1, 2013, entitled *OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013* (sequestration report).

Due to the failure of the Joint Select Committee on Deficit Reduction, the President was required by law to issue an order canceling \$85 billion in budgetary resources across the Federal Government for the remainder of Fiscal Year (FY) 2013. OMB has calculated that, over the course of the fiscal year, the order requires a 7.8 percent reduction in non-exempt defense discretionary funding and a 5.0 percent reduction in non-exempt nondefense discretionary funding. The sequestration also requires reductions of 2.0 percent to Medicare, 5.1 percent to other non-exempt nondefense mandatory programs, and 7.9 percent to non-exempt defense mandatory programs. The sequestration report provides calculations of the amounts and percentages by which various budgetary resources are required to be reduced, and a listing of the reductions required for each non-exempt budget account.

Agencies shall apply the same percentage reduction to all programs, projects, and activities within a budget account, as required by section 256(k)(2) of BBEDCA, 2 U.S.C. 906(k)(2). Agencies should operate in a manner that is consistent with guidance provided by OMB in Memorandum 13-03, *Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources* and Memorandum 13-05, *Agency Responsibilities for Implementation of Potential Joint Committee Sequestration*.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 1, 2013

The Honorable John A. Boehner
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed please find the Office of Management and Budget (OMB) Report to the Congress on the sequestration for fiscal year (FY) 2013 required by section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (the "Joint Committee sequestration"). This report provides calculations of the amounts and percentages by which various budgetary resources are required to be reduced, and a listing of the reductions required for each non-exempt budget account.

In August 2011, as part of the Budget Control Act of 2011 (BCA), bipartisan majorities in both the House of Representatives and Senate voted for sequestration as a mechanism to compel the Congress to act on deficit reduction. The threat of destructive across-the-board cuts under the BCA was intended to drive both sides to compromise. Yet, a year and a half has passed, and the Congress still has failed to enact balanced deficit reduction legislation that avoids sequestration.

As a result of the Congress's failure to act, the law requires the President to issue a sequestration order today canceling \$85 billion in budgetary resources across the Federal Government for FY 2013. Specifically, OMB calculates that, over the course of the fiscal year, the sequestration requires a 7.8 percent reduction in non-exempt defense discretionary funding and a 5.0 percent reduction in non-exempt nondefense discretionary funding. The sequestration also requires reductions of 2.0 percent to Medicare, 5.1 percent to other non-exempt nondefense mandatory programs, and 7.9 percent to non-exempt defense mandatory programs.

Because these cuts must be achieved over only seven months instead of 12, the effective percentage reductions will be approximately 13 percent for non-exempt defense programs and 9 percent for non-exempt nondefense programs.

The cuts required by sequestration will be deeply destructive to national security, domestic investments, and core Government functions. While the Department of Defense will shift funds where possible to minimize the impact on war-fighting capabilities and critical military readiness, sequestration will result in a reduction in readiness of many non-deployed units, delays in investments in new equipment, cutbacks in equipment repairs and needed facilities maintenance, disruptions in military research and development efforts, significant reductions in weapons programs, and furloughs of most civilian employees for a significant

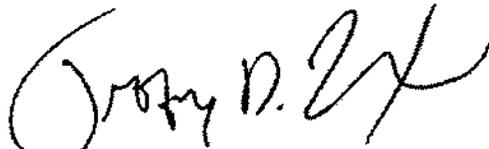
AFAR 20 Mar 13 Tab 6

amount of time. Sequestration will also undermine nondefense 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. According to analysis by outside experts, sequestration would reduce real GDP growth for 2013 by 0.5 to 0.7 percentage points were it to continue for the rest of the calendar year.

The Joint Committee sequestration is a blunt and indiscriminate instrument. It was never intended to be implemented and does not represent a responsible way for our Nation to achieve deficit reduction.

On multiple occasions, the President has proposed comprehensive and balanced deficit reduction plans to avoid sequestration. The President and Congress, working together, have already reduced the deficit by \$2.5 trillion. The President has been clear that he is willing to make tough choices to reach an agreement on further deficit reduction. The Administration continues to stand ready to work with the Congress to enact balanced deficit reduction legislation that replaces sequestration and puts the Nation on a sound long-term fiscal path.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Zients". The signature is fluid and cursive, with a large initial "J" and "Z".

Jeffrey D. Zients
Deputy Director for Management

Enclosure

Identical Letter Sent to the President of the Senate

[Handwritten notes at the bottom left of the page, partially illegible]

**OMB REPORT TO THE CONGRESS
ON THE JOINT COMMITTEE SEQUESTRATION
FOR FISCAL YEAR 2013**



March 1, 2013

**OMB REPORT TO THE CONGRESS
ON THE JOINT COMMITTEE SEQUESTRATION
FOR FISCAL YEAR 2013**

The Balanced Budget and Emergency Deficit Control Act, as amended (BBEDCA), 2 U.S.C. § 901a, requires the Office of Management and Budget (OMB) to calculate, and the President to order on March 1, 2013, reductions in budgetary resources triggered by the failure of the Joint Select Committee on Deficit Reduction to propose, and the Congress to enact, legislation to reduce the deficit by \$1.2 trillion (Joint Committee sequestration). This report provides OMB's calculations of the percentage and dollar amount of the reduction for each non-exempt budget account and an explanation of the calculations.

OMB calculates that the Joint Committee sequestration requires a 7.8 percent reduction in non-exempt defense discretionary funding and a 5.0 percent reduction in non-exempt non-defense discretionary funding. The sequestration also imposes reductions of 2.0 percent to Medicare, 5.1 percent to other non-exempt nondefense mandatory programs, and 7.9 percent to non-exempt defense mandatory programs.

Basis for Calculations

Discretionary Appropriations. As of the date of this report, no full-year regular appropriations bills have been enacted for fiscal year (FY) 2013. Instead, all agencies are operating under the Continuing Appropriations Resolution, 2013 (CR), Pub. L. 112-175. In addition, the Disaster Relief Appropriations Act, 2013 (Hurricane Sandy supplemental), Pub. L. 113-2, provided supplemental funding to various agencies for Hurricane Sandy relief and recovery efforts. Accordingly, as required by sections 251A(7)(A) and 253(f)(2) of BBEDCA, OMB's estimates for the level of sequestrable budgetary resources and resulting reductions assume that budget accounts with discretionary appropriations are funded at the annualized level provided by the CR, plus funding provided by the Hurricane Sandy supplemental and any funding enacted as advance appropriations for FY 2013. Unless another amount is specified by the CR, the annualized level equals the FY 2012 enacted appropriations, including changes in mandatory programs, net of any recurring rescissions, and increased by 0.612 percent pursuant to section 101(c) of the CR.¹ Spending authority from offsetting collections is only increased by the 0.612 percent when that spending authority is used to determine the annualized level. Amounts designated in the CR for Overseas Contingency Operations (OCO)/Global War on Terrorism (GWOT), and amounts incorporated in the CR by reference to the Disaster Relief Appropriations Act, 2012, Pub. L. 112-77, do not receive the 0.612 percent increase. As provided by section 101(b) of the CR, whenever an amount designated for OCO/GWOT pursuant to section 251(b)(2)(A) of BBEDCA in either the Department of Defense Appropriations Act, 2012 (division A of Pub. L. 112-74) or in the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2012 (division H of Pub. L. 112-74) differs from the amount in the President's FY 2013 Budget request, the annualized level equals the amount in the President's FY 2013 Budget request. The CR levels are also adjusted for any transfers mandated by law.

Unobligated Balances in the Defense Function. Pursuant to section 255(e) of BBEDCA, unobligated balances in the defense function are sequestrable budgetary resources. The majority of estimated unobligated balances in the defense function are in Department of Defense accounts. In general, for multiyear accounts, the Department of Defense estimated unobligated balances as of March 1, 2013, by reducing unobligated balances as of December 31, 2012, by a historically-based estimate of obligations from prior year funds in January and February.

¹ Information about OMB's calculation of the amounts appropriated by the CR can be found in OMB Bulletin 12-02, which is available online at <http://www.whitehouse.gov/sites/default/files/omb/bulletins/fy2012/b12-02.pdf>.

OMB REPORT TO THE CONGRESS ON THE JOINT COMMITTEE SEQUESTRATION FOR FISCAL YEAR 2013

Direct Spending. Estimates of sequestrable budgetary resources and outlays for budget accounts with direct spending are equal to the current law baseline amounts contained in the President's FY 2013 Budget, adjusted for the effects of legislation enacted since the Budget was transmitted. Two changes with the largest effect on the amount of sequestrable direct spending—providing for a zero percent update for Medicare payments to physicians under the Sustainable Growth Rate formula for calendar year 2013, and extending Emergency Unemployment Compensation (EUC) through the end of 2013—were enacted in the American Taxpayer Relief Act of 2012 (ATRA), Pub. L. 112-240.

Special Sequestration Rules. The Joint Committee sequestration order is not an order under section 254 of BBEDCA.² Accordingly, as set forth in this report, the special rules in section 256 that apply only to a sequestration order issued under section 254 do not apply to the Joint Committee sequestration, except to the extent those rules are otherwise made applicable by another provision of law. Section 251A(7)(A) of BBEDCA does not include any such provision for discretionary spending; as a result, in calculating the reduction in discretionary spending required by the Joint Committee sequestration, this report does not apply the special rules in section 256 that apply only to a sequestration order issued under section 254. The special rules in section 256 do, however, apply to the reduction in direct spending required by the Joint Committee sequestration, pursuant to the explicit direction in section 251A(8) of BBEDCA.

Federal Administrative Expenses. Under section 256(h) of BBEDCA, Federal administrative expenses are subject to sequestration pursuant to an order issued under section 254 "without regard to any exemption, exception, limitation, or special rule which is otherwise applicable." For the reasons set forth in the preceding paragraph, for the Joint Committee sequestration, this rule applies only to Federal administrative expenses that constitute direct spending. BBEDCA does not define "administrative expenses." For purposes of this report, "administrative expenses" for typical Government programs are defined as the object classes for personnel compensation, travel, transportation, communication, equipment, supplies, materials, and other services. For Government programs engaging in commercial, business-like activities, administrative expenses constitute overhead costs that are necessary to run a business, and not expenses that are directly tied to the production and delivery of goods or services.

American Taxpayer Relief Act of 2012. In addition to the changes to direct spending mentioned above, this report reflects three changes to the calculation of the Joint Committee sequestration required by ATRA. Section 901(a) reduced the amount of the FY 2013 sequestration by \$24 billion, which was paid for by \$12 billion of revenue increases and \$12 billion in total reductions to the discretionary spending limits for FYs 2013 and 2014. Section 901(c) delayed the date for submission of this report from January 2, 2013 to March 1, 2013. Section 901(e) altered the discretionary spending limits for FY 2013 for purposes of calculating the Joint Committee sequestration.

Calculation of Sequestration Percentages

Under section 251A of BBEDCA, the failure of the Joint Select Committee on Deficit Reduction to propose, and the Congress to enact, legislation to reduce the deficit by \$1.2 trillion triggers automatic reductions in discretionary appropriations and direct spending to achieve the deficit reduction that the Joint Select Committee process was meant to achieve. As shown in Table 1, the total annual amount of deficit reduction required is specified by formula in section 251A(3), starting with the total reduction of \$1.2 trillion required for FY 2013 through

² For further discussion, see the OMB Report Pursuant to the Sequestration Transparency Act of 2012 (STA Report) issued in September.

OMB REPORT TO THE CONGRESS ON THE JOINT COMMITTEE SEQUESTRATION FOR FISCAL YEAR 2013

FY 2021, deducting a specified 18 percent for debt service savings, and then dividing the result by 9 to calculate the annual reduction of \$109 billion for each year from FY 2013 to FY 2021. As discussed previously, ATRA lowered the amount of the reduction required for FY 2013 by \$24 billion, leaving \$85 billion to be achieved through sequestration. The annual reduction is split evenly between budget accounts in function 050 (defense function) and in all other functions (nondefense function), so that each function group will be reduced by \$42.667 billion in FY 2013.

Table 1. CALCULATION OF TOTAL ANNUAL REDUCTION BY FUNCTION

(In billions of dollars)

Joint Committee required savings	1,200.000
Deduct debt service savings (18%)	-216.000
Net programmatic reductions	984.000
Divide by 9 to calculate annual reduction	109.333
Reduction for FY 13 pursuant to section 901(a) of ATRA	-24.000
Net remaining programmatic reduction for FY 2013	85.333
Split 50/50 between defense and nondefense functions	42.667

Base for Allocating Reductions. The annual reduction is further allocated between discretionary and direct spending within each of the function groups in proportion to their share of total spending within the function group. The base for allocating reductions to discretionary appropriations is the discretionary spending limit for FY 2013 listed in section 251(c) (2) as revised by section 251A(2)(A), and as applied pursuant to section 901(e) of ATRA. For purposes of this report, the discretionary spending limits have not been revised to include adjustments pursuant to section 251(b)(2) for certain funding included in the CR and Hurricane Sandy supplemental because these adjustments cannot be made until OMB issues its Discretionary Final Sequestration Report for FY 2013 on March 27th pursuant to section 901(b) of ATRA. Pursuant to paragraphs (5) and (6) of section 251A, and consistent with section 6 of the Statutory Pay-As-You-Go Act of 2010, 2 U.S.C. § 935, the base for allocating reductions to budget accounts with direct spending is the sum of the direct spending outlays in the budget year and the subsequent year that would result from new sequestrable budget authority in FY 2013.

Sequestrable Base. Once the reductions are allocated between discretionary appropriations and direct spending using the bases above, the sequestration percentage for discretionary appropriations is obtained by dividing the discretionary reduction required by the discretionary sequestrable base, which is described above in the "Basis for Calculations" section. By statute, the discretionary sequestrable base differs from the base used to allocate the reductions between discretionary appropriations and direct spending. For discretionary defense programs, the sequestrable base equals total discretionary appropriations (including funding that would trigger cap adjustments), plus unobligated balances and funding financed by fees, minus exemptions. Except for funding for military personnel accounts, most discretionary defense funding is sequestrable.³ For discretionary nondefense programs, the sequestrable base equals total discretionary appropriations (including funding that would

³ Defense sequestrable budgetary resources include non-exempt new budget authority and unobligated balances carried over from prior fiscal years. Budgetary resources for military personnel accounts are exempt pursuant to section 255(f) of BBEDCA and the July 31, 2012 letter from OMB notifying the Congress of the President's intent to exempt military personnel accounts from sequestration, available at: <http://www.whitehouse.gov/sites/default/files/omb/legislative/letters/military-personnel-letter-biden.pdf>.

OMB REPORT TO THE CONGRESS ON THE JOINT COMMITTEE SEQUESTRATION FOR FISCAL YEAR 2013

trigger cap adjustments) and funding financed by fees, adjusted to exclude funding for the Department of Veterans Affairs, Pell Grants, and other exempt amounts. For mandatory programs, the sequestrable base is the same as the mandatory base for allocating the reduction. Pursuant to sections 251A(8), 255, and 256 of BBEDCA, most mandatory spending is exempt from sequestration or, in the case of the Medicare program and certain health programs, is subject to a 2 percent limit on sequestration.

Defense Function Reduction

Table 2 shows the calculation of the sequestration percentages and dollar reductions required for budget accounts with discretionary appropriations or direct spending within the defense function. The calculation involves the following steps:

- Step 1. Pursuant to section 251A(5), the total reduction of \$42.667 billion is allocated proportionately between discretionary appropriations and direct spending. The total base is the sum of the FY 2013 revised discretionary spending limit for the security category⁴ (\$544 billion) and OMB's baseline estimates of sequestrable direct spending outlays in the defense function in FY 2013 and FY 2014 from new direct spending budget authority in FY 2013 (\$0.662 billion). Discretionary appropriations comprise more than 99 percent of the total base in the defense function.
- Step 2. Total defense function spending must be reduced by \$42.667 billion. As required by section 251A(5)(A), allocating the reduction based on the ratio of the revised discretionary spending limit to the total base (the sum of the defense discretionary spending limit and sequestrable direct spending) yields a \$42.615 billion reduction required for discretionary appropriations. Under section 251A(5)(B), the remaining \$0.052 billion is the reduction required for budget accounts with direct spending.
- Step 3. As required by section 251A(7)(A), the discretionary percentage reduction for FY 2013 is calculated by dividing the discretionary reduction amount calculated in step 2 (\$42.615 billion) by the sequestrable budgetary resources (\$549.325 billion) for budget accounts with discretionary appropriations in the defense function, which yields a 7.8 percent sequestration rate for budget accounts with non-exempt discretionary appropriations. A similar calculation is required by section 251A(8) for the sequestration of direct spending. Dividing the direct spending reduction amount (\$0.052 billion) by the sequestrable budgetary resources (\$0.662 billion) for budget accounts with direct spending yields a 7.9 percent sequestration rate for budget accounts with non-exempt direct spending.

Table 2. DEFENSE FUNCTION REDUCTION

(Dollars in billions)

	Discretionary	Direct Spending	Total
Step 1. Base for allocating reduction	544.000	0.662	544.662
Percentage allocation of reductions	99.88%	0.12%	
Step 2. Allocation of total reduction	42.615	0.052	42.667
Percentage allocation of reductions	99.88%	0.12%	
Step 3. Sequestration percentages calculation:			
Sequestrable base	549.325	0.662	
Sequestration percentage	7.8%	7.9%	

⁴ For purposes of this report, the "security category" means discretionary appropriations in budget function 050, National Defense, and "nonsecurity category" means discretionary appropriations other than in budget function 050.

Nondefense Function Reduction

Table 3 shows the calculation of the sequestration percentages and dollar reductions required for budget accounts with discretionary appropriations or direct spending within all other functions besides 050 (nondefense function). The calculation is more complicated than the calculation for the defense function due to a two percent limit on sequestration of Medicare non-administrative spending, a two percent limit on sequestration of community and migrant health centers (which applies only to mandatory funding for those programs), and a special rule for applying the sequestration to student loans. The calculation involves the following steps:

Step 1. Total spending in the nondefense function must be reduced by \$42.667 billion. The portion of Medicare subject to the two percent limit is estimated to have combined FY 2013 and FY 2014 outlays of \$567.340 billion⁵ from FY 2013 budgetary resources, so a two percentage point reduction would reduce outlays by \$11.347 billion, leaving a reduction of \$31.320 billion to be taken from discretionary appropriations and other direct spending in the nondefense function.

Step 2. Pursuant to section 251A(6), the remaining reduction of \$31.320 billion is allocated proportionately between discretionary appropriations and other direct spending in the nondefense function. The remaining base (\$605.839 billion) is the sum of the FY 2013 revised discretionary spending limit for the nonsecurity category (\$499.000 billion) and the remaining sequestrable direct spending base (\$106.839 billion).⁶ The latter amount equals OMB's 2013 Budget baseline estimates of total sequestrable direct spending outlays adjusted for legislation enacted since the Budget's transmittal (\$674.179 billion), minus the portion of Medicare subject to the two percent limit (\$567.340 billion) in the nondefense function in FY 2013 and FY 2014 from new direct spending budget authority in FY 2013. The discretionary spending limit accounts for 82.37 percent of the remaining base in the nondefense function, and direct spending accounts for 17.63 percent.

Applying these percentage allocations to the non-Medicare reduction required for programs in the nondefense function yields the reduction for discretionary appropriations (\$25.798 billion) and for remaining direct spending (\$5.522 billion).

Step 3. The sequestration for the mandatory portions of certain health programs is limited to two percentage points pursuant to sections 251A(8) and 256(e)(2). The portion of these two programs subject to the two percent limit is estimated to have combined FY 2013 and FY 2014 outlays of \$1.344 billion from FY 2013 budgetary resources, so a two percentage point reduction would reduce outlays by \$0.027 billion. Deducting these savings from the non-Medicare direct spending reduction leaves \$5.495 billion to be taken by a uniform percentage reduction of the remaining sequestrable direct spending of \$105.495 billion in the nondefense function.

Step 4. As required by section 251A(7)(A), dividing the discretionary reduction amount (\$25.798 billion) calculated in step 2 by the sequestrable budgetary resources for discretionary appropriations (\$511.785 billion) in the nondefense function yields an 5.0 percent sequestration rate for budget accounts with non-exempt discretionary appropriations.⁷

⁵ As stated above, the Medicare base is higher than the amount stated in the STA Report due primarily to provisions in ATRA providing for a zero percent update for Medicare payments to physicians under the Sustainable Growth Rate formula for calendar year 2013.

⁶ As stated above, the non-Medicare direct spending base is higher than the amount stated in the STA Report due primarily to a provision in ATRA extending EUC through the end of 2013.

⁷ As stated above, the nondefense discretionary base is higher than the amount stated in the STA Report due primarily to the Hurricane Sandy supplemental.

OMB REPORT TO THE CONGRESS ON THE JOINT COMMITTEE SEQUESTRATION FOR FISCAL YEAR 2013

The remaining reduction (\$5.495 billion) to direct spending is applied as a uniform percentage reduction to the remaining budget accounts with sequestrable direct spending and by increasing student loan fees by the same uniform percentage, as specified in sections 251A(8) and 256(b). Each percentage point increase in the sequestration rate is estimated to result in \$0.016 billion of savings in the direct student loan program. Solving simultaneously for the percentage that would achieve the remaining reduction when applied to both the remaining sequestrable direct spending (\$105.495 billion) and to student loan fees yields a 5.1 percent reduction. This percentage reduction would yield savings of \$0.082 billion in the direct student loan program and \$5.413 billion from the remaining budget accounts with non-exempt direct spending.

Table 3. NONDEFENSE FUNCTION REDUCTION

(Dollars in billions)

	Discretionary	Direct Spending	Total
1. Total reduction, excluding savings from Medicare 2% limit:			
Medicare base subject to 2% limit		567.340	
Total nondefense function reduction			42.667
Reduce Medicare by 2%			-11.347
Non-Medicare reduction amounts			31.320
2. Allocate non-Medicare reduction:			
Total base for allocating reduction	499.000	674.179	1,173.179
Exclude Medicare (portion subject to 2% limit)		-567.340	-567.340
Non-Medicare base	499.000	106.839	605.839
Percentage allocation of non-Medicare base	82.37%	17.63%	
Non-Medicare reduction amounts	25.798	5.522	31.320
Percentage allocation of non-Medicare reduction	82.37%	17.63%	
3. Savings from 2% limit on sequestration of other health programs*			
Other health programs sequestrable base		1.344	
Reduce other health programs by 2%		-0.027	
4. Sequestration percentages calculation:			
Remaining reduction amounts	25.798	5.495	
Savings from uniform percentage reduction:			
From 5.1% increase in student loan fee		0.082	
From remaining sequestrable budget accounts	25.798	5.413	
Sequestrable base for uniform percentage reduction	511.785	105.495	
Sequestration percentage	5.0%	5.1%	
Summary of reductions:			
2% sequestration of Medicare		11.347	
2% limit on sequestration of other health programs		0.027	
Student loan fee increase		0.082	
Uniform percentage reduction	25.589	5.380	
Rounding	0.209	.033	
Total reduction	25.798	16.869	42.667

* Includes funding for community and migrant health centers, and for Indian health services.

Reductions by Budget Account (Appendix)

The Appendix of this report sets forth the percentage and dollar amount of the reductions required for each budget account with sequestrable funding. Specifically, the Appendix shows the sequestrable budgetary resources in each budget account, the percentage reduction required for each sequestrable budgetary resource, and the resulting reduction. For illustrative purposes only, the Appendix shows the application of the same percentage reduction to each type of budgetary resource within a budget account. There is no requirement that sequestration be applied equally to each type of budgetary resource within a budget account. Section 256(k)(2) of BBEDCA requires that sequestration be applied equally at the program, project, and activity level within each budget account.

**APPENDIX: SEQUESTERABLE BASE
AND REDUCTIONS BY BUDGET ACCOUNT**

(Fiscal year 2013; in millions of dollars)

Based on sections 251A, 255, and 256 of the Balanced Budget and Emergency
Deficit Control Act of 1985 (BBEDCA), as amended

Percentages Used:

- 7.8 percent – Defense discretionary
- 7.9 percent – Defense mandatory
- 5.0 percent – Nondefense discretionary
- 5.1 percent – Nondefense mandatory

For illustrative purposes only, the Appendix shows the application of the same percentage reduction to each type of budgetary resource within a budget account. Pursuant to section 256(k)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the sequestration must be applied equally at the program, project, and activity level, but need not be applied equally to each type of budgetary resource within a budget account.

Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Legislative Branch			
Senate			
001-05-0110 Salaries, Officers and Employees			
Nondefense Discretionary Appropriation	177	5.0	9
001-05-0123 Miscellaneous Items			
Nondefense Discretionary Appropriation	19	5.0	1
001-05-0126 Secretary of the Senate			
Nondefense Discretionary Appropriation	6	5.0	*
001-05-0127 Sergeant at Arms and Doorkeeper of the Senate			
Nondefense Discretionary Appropriation	132	5.0	7
001-05-0128 Inquiries and Investigations			
Nondefense Discretionary Appropriation	132	5.0	7
001-05-0130 Senators' Official Personnel and Office Expense Account			
Nondefense Discretionary Appropriation	399	5.0	20
001-05-0185 Office of the Legislative Counsel of the Senate			
Nondefense Discretionary Appropriation	7	5.0	*
001-05-0188 Congressional Use of Foreign Currency, Senate			
Nondefense Mandatory Appropriation	6	5.1	*
001-05-9911 Senate Items			
Nondefense Discretionary Appropriation	2	5.0	*
House of Representatives			
001-10-0400 Salaries and Expenses			
Nondefense Discretionary Appropriation	1,233	5.0	62
001-10-0488 Congressional Use of Foreign Currency, House of Representatives			
Nondefense Mandatory Appropriation	1	5.1	*
Joint Items			
001-11-0181 Joint Economic Committee			
Nondefense Discretionary Appropriation	4	5.0	*
001-11-0186 Joint Congressional Committee on Inaugural Ceremonies of 2013			
Nondefense Discretionary Appropriation	1	5.0	*
001-11-0190 Office of Congressional Accessibility Services			
Nondefense Discretionary Appropriation	1	5.0	*
001-11-0425 Office of the Attending Physician			
Nondefense Discretionary Appropriation	3	5.0	*
001-11-0460 Joint Committee on Taxation			
Nondefense Discretionary Appropriation	10	5.0	1
Office of Compliance			
001-12-1600 Salaries and Expenses			
Nondefense Discretionary Appropriation	4	5.0	*
Capitol Police			
001-13-0476 General Expenses			
Nondefense Discretionary Appropriation	63	5.0	3
001-13-0477 Salaries			
Nondefense Discretionary Appropriation	279	5.0	14

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Congressional Budget Office			
001-14-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	44	5.0	2
Architect of the Capitol			
001-15-0100 General Administration			
Nondefense Discretionary Appropriation	102	5.0	5
001-15-0105 Capitol Building			
Nondefense Discretionary Appropriation	36	5.0	2
001-15-0108 Capitol Grounds			
Nondefense Discretionary Appropriation	10	5.0	1
001-15-0123 Senate Office Buildings			
Nondefense Discretionary Appropriation	72	5.0	4
001-15-0127 House Office Buildings			
Nondefense Discretionary Appropriation	95	5.0	5
001-15-0133 Capitol Power Plant			
Nondefense Discretionary Appropriation	124	5.0	6
001-15-0155 Library Buildings and Grounds			
Nondefense Discretionary Appropriation	47	5.0	2
001-15-0161 Capitol Visitor Center			
Nondefense Discretionary Appropriation	21	5.0	1
001-15-0171 Capitol Police Buildings and Grounds			
Nondefense Discretionary Appropriation	22	5.0	1
001-15-1833 House Historic Buildings Revitalization Trust Fund			
Nondefense Discretionary Appropriation	30	5.0	2
001-15-4518 Judiciary Office Building Development and Operations Fund			
Nondefense Mandatory Borrowing authority	12	5.1	1
Botanic Garden			
001-18-0200 Botanic Garden			
Nondefense Discretionary Appropriation	12	5.0	1
Library of Congress			
001-25-0101 Salaries and Expenses, Library of Congress			
Nondefense Discretionary Appropriation	416	5.0	21
001-25-0102 Copyright Office: Salaries and Expenses			
Nondefense Discretionary Appropriation	16	5.0	1
001-25-0127 Congressional Research Service: Salaries and Expenses			
Nondefense Discretionary Appropriation	107	5.0	5
001-25-0141 Books for the Blind and Physically Handicapped: Salaries and Expenses			
Nondefense Discretionary Appropriation	51	5.0	3
Government Printing Office			
001-30-0201 Office of Superintendent of Documents: Salaries and Expenses			
Nondefense Discretionary Appropriation	35	5.0	2
001-30-0203 Congressional Printing and Binding			
Nondefense Discretionary Appropriation	91	5.0	5

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Judicial Branch			
Supreme Court of the United States			
002-05-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	73	5.0	4
002-05-0103 Care of the Building and Grounds			
Nondefense Discretionary Appropriation	8	5.0	*
United States Court of Appeals for the Federal Circuit			
002-07-0510 Salaries and Expenses			
Nondefense Discretionary Appropriation	30	5.0	2
United States Court of International Trade			
002-15-0400 Salaries and Expenses			
Nondefense Discretionary Appropriation	20	5.0	1
Courts of Appeals, District Courts, and other Judicial Services			
002-25-0920 Salaries and Expenses			
Nondefense Discretionary Appropriation	4,716	5.0	236
Nondefense Mandatory Appropriation	65	5.1	3
<i>Account Total</i>	<u>4,781</u>		<u>239</u>
002-25-0923 Defender Services			
Nondefense Discretionary Appropriation	1,037	5.0	52
002-25-0925 Fees of Jurors and Commissioners			
Nondefense Discretionary Appropriation	52	5.0	3
002-25-0930 Court Security			
Nondefense Discretionary Appropriation	503	5.0	25
002-25-5100 Judiciary Filing Fees			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	80	5.1	4
Nondefense Mandatory Appropriation	194	5.1	10
<i>Account Total</i>	<u>274</u>		<u>14</u>
002-25-5101 Registry Administration			
Nondefense Mandatory Appropriation	1	5.1	*
Administrative Office of the United States Courts			
002-26-0927 Salaries and Expenses			
Nondefense Discretionary Appropriation	83	5.0	4
Federal Judicial Center			
002-30-0928 Salaries and Expenses			
Nondefense Discretionary Appropriation	27	5.0	1
United States Sentencing Commission			
002-39-0938 Salaries and Expenses			
Nondefense Discretionary Appropriation	17	5.0	1

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of Agriculture			
Office of the Secretary			
005-03-9913 Office of the Secretary			
Nondefense Discretionary Appropriation	16	5.0	1
Departmental Management			
005-05-0117 Agriculture Buildings and Facilities and Rental Payments			
Nondefense Discretionary Appropriation	232	5.0	12
005-05-0500 Hazardous Materials Management			
Nondefense Discretionary Appropriation	4	5.0	*
005-05-9915 Departmental Administration			
Nondefense Discretionary Appropriation	86	5.0	4
Office of Communications			
005-06-0150 Office of Communications			
Nondefense Discretionary Appropriation	8	5.0	*
Office of Civil Rights			
005-07-3800 Office of Civil Rights			
Nondefense Discretionary Appropriation	21	5.0	1
Office of Inspector General			
005-08-0900 Office of Inspector General			
Nondefense Discretionary Appropriation	86	5.0	4
Office of Chief Economist			
005-09-0123 Office of the Chief Economist			
Nondefense Discretionary Appropriation	11	5.0	1
Office of the General Counsel			
005-10-2300 Office of the General Counsel			
Nondefense Discretionary Appropriation	40	5.0	2
National Appeals Division			
005-11-0706 National Appeals Division			
Nondefense Discretionary Appropriation	13	5.0	1
Economic Research Service			
005-13-1701 Economic Research Service			
Nondefense Discretionary Appropriation	78	5.0	4
National Agricultural Statistics Service			
005-15-1801 National Agricultural Statistics Service			
Nondefense Discretionary Appropriation	160	5.0	8
Agricultural Research Service			
005-18-1400 Salaries and Expenses			
Nondefense Discretionary Appropriation	1,102	5.0	55
005-18-8214 Miscellaneous Contributed Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	2	5.1	*
National Institute of Food and Agriculture			

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
005-20-0502 Extension Activities			
Nondefense Discretionary Appropriation	478	5.0	24
Nondefense Mandatory Appropriation	5	5.1	*
<i>Account Total</i>	483		24
005-20-1500 Research and Education Activities			
Nondefense Discretionary Appropriation	714	5.0	36
005-20-1502 Integrated Activities			
Nondefense Discretionary Appropriation	21	5.0	1
Animal and Plant Health Inspection Service			
005-32-1600 Salaries and Expenses			
Nondefense Discretionary Appropriation	822	5.0	41
Nondefense Discretionary Spending authority	18	5.0	1
Nondefense Mandatory Appropriation	266	5.1	14
<i>Account Total</i>	1,106		56
005-32-1601 Buildings and Facilities			
Nondefense Discretionary Appropriation	3	5.0	*
005-32-9971 Miscellaneous Trust Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	1	5.1	*
Food Safety and Inspection Service			
005-35-3700 Salaries and Expenses			
Nondefense Discretionary Appropriation	1,010	5.0	51
Nondefense Discretionary Spending authority	45	5.0	2
<i>Account Total</i>	1,055		53
005-35-8137 Expenses and Refunds, Inspection and Grading of Farm Products			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	1	5.1	*
Grain Inspection, Packers and Stockyards Administration			
005-37-2400 Salaries and Expenses			
Nondefense Discretionary Appropriation	38	5.0	2
005-37-4050 Limitation on Inspection and Weighing Services Expenses			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	1	5.1	*
Nondefense Mandatory Spending authority	40	5.1	2
<i>Account Total</i>	41		2
Agricultural Marketing Service			
005-45-2500 Marketing Services			
Nondefense Discretionary Appropriation	83	5.0	4
005-45-2501 Payments to States and Possessions			
Nondefense Discretionary Appropriation	1	5.0	*
005-45-5070 Perishable Agricultural Commodities Act Fund			
Nondefense Mandatory Appropriation	11	5.1	1
005-45-5209 Funds for Strengthening Markets, Income, and Supply (section 32)			
Nondefense Mandatory Appropriation	792	5.1	40
005-45-8015 Expenses and Refunds, Inspection and Grading of Farm Products			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	4	5.1	*
Nondefense Mandatory Appropriation	4	5.1	*
<i>Account Total</i>	8		*
005-45-8412 Milk Market Orders Assessment Fund			
Nondefense Mandatory Spending authority	57	5.1	3

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Risk Management Agency			
005-47-2707 Administrative and Operating Expenses			
Nondefense Discretionary Appropriation	75	5.0	4
005-47-4085 Federal Crop Insurance Corporation Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	58	5.1	3
Farm Service Agency			
005-49-0170 State Mediation Grants			
Nondefense Discretionary Appropriation	4	5.0	*
005-49-0171 Emergency Forest Restoration Program			
Nondefense Discretionary Appropriation	23	5.0	1
005-49-0600 Salaries and Expenses			
Nondefense Discretionary Appropriation	1,206	5.0	60
005-49-1140 Agricultural Credit Insurance Fund Program Account			
Nondefense Discretionary Appropriation	408	5.0	20
005-49-1336 Commodity Credit Corporation Export Loans Program Account			
Nondefense Discretionary Appropriation	7	5.0	*
005-49-2701 USDA Supplemental Assistance			
Nondefense Discretionary Appropriation	2	5.0	*
005-49-3304 Grassroots Source Water Protection Program			
Nondefense Discretionary Appropriation	4	5.0	*
005-49-3305 Reforestation Pilot Program			
Nondefense Discretionary Appropriation	1	5.0	*
005-49-3316 Emergency Conservation Program			
Nondefense Discretionary Appropriation	15	5.0	1
005-49-4336 Commodity Credit Corporation Fund			
Nondefense Mandatory Borrowing authority	6,460	5.1	329
005-49-5531 Agricultural Disaster Relief Fund			
Nondefense Mandatory Borrowing authority	1,372	5.1	70
005-49-8161 Tobacco Trust Fund			
Nondefense Mandatory Appropriation	960	5.1	49
Natural Resources Conservation Service			
005-53-1000 Conservation Operations			
Nondefense Discretionary Appropriation	833	5.0	42
Nondefense Discretionary Spending authority	9	5.0	*
Account Total	842		42
005-53-1002 Watershed Rehabilitation Program			
Nondefense Discretionary Appropriation	15	5.0	1
005-53-1004 Farm Security and Rural Investment Programs			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	108	5.1	6
Nondefense Mandatory Appropriation	3,249	5.1	166
Account Total	3,357		171
005-53-1072 Watershed and Flood Prevention Operations			
Nondefense Discretionary Appropriation	180	5.0	9
005-53-3320 Water Bank Program			
Nondefense Discretionary Appropriation	8	5.0	*
Rural Development			

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
005-96-9921 Forest Service Permanent Appropriations			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	1	5.1	*
Nondefense Mandatory Appropriation	646	5.1	33
<i>Account Total</i>	<u>647</u>		<u>33</u>
005-96-9923 Land Acquisition			
Nondefense Discretionary Appropriation	74	5.0	4
Nondefense Mandatory Appropriation	9	5.1	*
<i>Account Total</i>	<u>83</u>		<u>4</u>
005-96-9974 Forest Service Trust Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	2	5.1	*
Nondefense Mandatory Appropriation	77	5.1	4
<i>Account Total</i>	<u>79</u>		<u>4</u>

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of Commerce			
Departmental Management			
006-05-0120 Salaries and Expenses			
Nondefense Discretionary Appropriation	57	5.0	3
006-05-0123 HCHB Renovation and Modernization			
Nondefense Discretionary Appropriation	5	5.0	*
006-05-0126 Office of the Inspector General			
Nondefense Discretionary Appropriation	29	5.0	1
Nondefense Discretionary Spending authority	1	5.0	*
<i>Account Total</i>	<u>30</u>		<u>2</u>
Economic Development Administration			
006-06-0125 Salaries and Expenses			
Nondefense Discretionary Appropriation	38	5.0	2
006-06-2050 Economic Development Assistance Programs			
Nondefense Discretionary Appropriation	221	5.0	11
Bureau of the Census			
006-07-0401 Salaries and Expenses			
Nondefense Discretionary Appropriation	255	5.0	13
Nondefense Mandatory Appropriation	30	5.1	2
<i>Account Total</i>	<u>285</u>		<u>14</u>
006-07-0450 Periodic Censuses and Programs			
Nondefense Discretionary Appropriation	638	5.0	32
Economic and Statistical Analysis			
006-08-1500 Salaries and Expenses			
Nondefense Discretionary Appropriation	97	5.0	5
International Trade Administration			
006-25-1250 Operations and Administration			
Nondefense Discretionary Appropriation	458	5.0	23
006-25-5521 Grants to Manufacturers of Worsted Wool Fabrics			
Nondefense Mandatory Appropriation	5	5.1	*
Bureau of Industry and Security			
006-30-0300 Operations and Administration			
Defense Discretionary Appropriation	34	7.8	3
Nondefense Discretionary Appropriation	67	5.0	3
Nondefense Discretionary Spending authority	1	5.0	*
<i>Account Total</i>	<u>102</u>		<u>6</u>
Minority Business Development Agency			
006-40-0201 Minority Business Development			
Nondefense Discretionary Appropriation	30	5.0	2
National Oceanic and Atmospheric Administration			
006-48-1450 Operations, Research, and Facilities			
Nondefense Discretionary Appropriation	3,289	5.0	164
Nondefense Mandatory Spending authority	6	5.1	*
<i>Account Total</i>	<u>3,295</u>		<u>165</u>
006-48-1451 Pacific Coastal Salmon Recovery			
Nondefense Discretionary Appropriation	65	5.0	3

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
006-48-1460 Procurement, Acquisition and Construction			
Nondefense Discretionary Appropriation	2,013	5.0	101
006-48-1465 Medicare-eligible Retiree Health Fund Contribution, NOAA			
Nondefense Discretionary Appropriation	2	5.0	*
006-48-4316 Damage Assessment and Restoration Revolving Fund			
Nondefense Mandatory Appropriation	6	5.1	*
006-48-5139 Promote and Develop Fishery Products and Research Pertaining to American Fisheries			
Nondefense Mandatory Appropriation	16	5.1	1
006-48-5284 Limited Access System Administration Fund			
Nondefense Mandatory Appropriation	10	5.1	1
006-48-5362 Environmental Improvement and Restoration Fund			
Nondefense Mandatory Appropriation	1	5.1	*
U.S. Patent and Trademark Office			
006-51-1006 Salaries and Expenses			
Nondefense Discretionary Spending authority	2,951	5.0	148
National Institute of Standards and Technology			
006-55-0500 Scientific and Technical Research and Services			
Nondefense Discretionary Appropriation	580	5.0	29
006-55-0515 Construction of Research Facilities			
Nondefense Discretionary Appropriation	56	5.0	3
006-55-0525 Industrial Technology Services			
Nondefense Discretionary Appropriation	129	5.0	6
National Telecommunications and Information Administration			
006-60-0516 State and Local Implementation Fund			
Nondefense Mandatory Borrowing authority	69	5.1	4
006-60-0550 Salaries and Expenses			
Nondefense Discretionary Appropriation	46	5.0	2
006-60-8233 Public Safety Trust Fund			
Nondefense Mandatory Borrowing authority	105	5.1	5

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(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
007-10-9922 Miscellaneous Special Funds			
Defense Mandatory Appropriation	8	7.9	1
Defense Mandatory Unobligated balance in 050	17	7.9	1
<i>Account Total</i>	25		2
Procurement			
007-15-0144 Mine Resistant Ambush Protected Vehicle Fund			
Defense Discretionary Unobligated balance in 050	600	7.8	47
007-15-0300 Procurement, Defense-wide			
Defense Discretionary Appropriation	5,130	7.8	400
Defense Discretionary Unobligated balance in 050	670	7.8	52
<i>Account Total</i>	5,800		452
007-15-0350 National Guard and Reserve Equipment			
Defense Discretionary Unobligated balance in 050	217	7.8	17
007-15-0360 Defense Production Act Purchases			
Defense Discretionary Appropriation	171	7.8	13
Defense Discretionary Unobligated balance in 050	151	7.8	12
<i>Account Total</i>	322		25
007-15-0380 Coastal Defense Augmentation			
Defense Discretionary Unobligated balance in 050	4	7.8	*
007-15-0390 Chemical Agents and Munitions Destruction, Defense			
Defense Discretionary Appropriation	1,564	7.8	122
Defense Discretionary Unobligated balance in 050	2	7.8	*
<i>Account Total</i>	1,566		122
007-15-1109 Procurement, Marine Corps			
Defense Discretionary Appropriation	2,376	7.8	185
Defense Discretionary Unobligated balance in 050	1,180	7.8	92
<i>Account Total</i>	3,556		277
007-15-1506 Aircraft Procurement, Navy			
Defense Discretionary Appropriation	17,871	7.8	1,394
Defense Discretionary Unobligated balance in 050	2,914	7.8	227
<i>Account Total</i>	20,785		1,621
007-15-1507 Weapons Procurement, Navy			
Defense Discretionary Appropriation	3,234	7.8	252
Defense Discretionary Unobligated balance in 050	703	7.8	55
<i>Account Total</i>	3,937		307
007-15-1508 Procurement of Ammunition, Navy and Marine Corps			
Defense Discretionary Appropriation	889	7.8	69
Defense Discretionary Unobligated balance in 050	103	7.8	8
<i>Account Total</i>	992		77
007-15-1611 Shipbuilding and Conversion, Navy			
Defense Discretionary Appropriation	15,010	7.8	1,171
Defense Discretionary Unobligated balance in 050	7,459	7.8	582
<i>Account Total</i>	22,469		1,753
007-15-1810 Other Procurement, Navy			
Defense Discretionary Appropriation	6,089	7.8	475
Defense Discretionary Unobligated balance in 050	1,320	7.8	103
<i>Account Total</i>	7,409		578

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(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
007-20-0460 Operational Test and Evaluation, Defense			
Defense Discretionary Appropriation	189	7.8	15
Defense Discretionary Unobligated balance in 050	9	7.8	1
<i>Account Total</i>	<u>198</u>		<u>15</u>
007-20-1319 Research, Development, Test and Evaluation, Navy			
Defense Discretionary Appropriation	17,909	7.8	1,397
Defense Discretionary Unobligated balance in 050	953	7.8	74
<i>Account Total</i>	<u>18,862</u>		<u>1,471</u>
007-20-2040 Research, Development, Test and Evaluation, Army			
Defense Discretionary Appropriation	8,814	7.8	687
Defense Discretionary Unobligated balance in 050	793	7.8	62
<i>Account Total</i>	<u>9,607</u>		<u>749</u>
007-20-3600 Research, Development, Test and Evaluation, Air Force			
Defense Discretionary Appropriation	26,695	7.8	2,082
Defense Discretionary Unobligated balance in 050	1,727	7.8	135
<i>Account Total</i>	<u>28,422</u>		<u>2,217</u>
Military Construction			
007-25-0391 Chemical Demilitarization Construction, Defense-wide			
Defense Discretionary Appropriation	75	7.8	6
Defense Discretionary Unobligated balance in 050	2	7.8	*
<i>Account Total</i>	<u>77</u>		<u>6</u>
007-25-0500 Military Construction, Defense-wide			
Defense Discretionary Appropriation	3,321	7.8	259
Defense Discretionary Unobligated balance in 050	2,493	7.8	194
<i>Account Total</i>	<u>5,814</u>		<u>454</u>
007-25-0510 Department of Defense Base Closure Account 1990			
Defense Discretionary Appropriation	326	7.8	25
007-25-0512 Department of Defense Base Closure Account 2005			
Defense Discretionary Unobligated balance in 050	60	7.8	47
007-25-0803 Foreign Currency Fluctuations, Construction			
Defense Discretionary Unobligated balance in 050	1	7.8	*
007-25-0804 North Atlantic Treaty Organization Security Investment Program			
Defense Discretionary Appropriation	250	7.8	20
Defense Discretionary Unobligated balance in 050	9	7.8	1
<i>Account Total</i>	<u>259</u>		<u>20</u>
007-25-1205 Military Construction, Navy and Marine Corps			
Defense Discretionary Appropriation	2,100	7.8	164
Defense Discretionary Unobligated balance in 050	1,709	7.8	133
<i>Account Total</i>	<u>3,809</u>		<u>297</u>
007-25-1235 Military Construction, Navy Reserve			
Defense Discretionary Appropriation	26	7.8	2
Defense Discretionary Unobligated balance in 050	39	7.8	3
<i>Account Total</i>	<u>65</u>		<u>5</u>
007-25-2050 Military Construction, Army			
Defense Discretionary Appropriation	2,925	7.8	228
Defense Discretionary Unobligated balance in 050	2,300	7.8	179
<i>Account Total</i>	<u>5,225</u>		<u>408</u>

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Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
007-25-2085 Military Construction, Army National Guard			
Defense Discretionary Appropriation	803	7.8	63
Defense Discretionary Unobligated balance in 050	507	7.8	40
<i>Account Total</i>	1,310		102
007-25-2086 Military Construction, Army Reserve			
Defense Discretionary Appropriation	282	7.8	22
Defense Discretionary Unobligated balance in 050	144	7.8	11
<i>Account Total</i>	426		33
007-25-3300 Military Construction, Air Force			
Defense Discretionary Appropriation	1,202	7.8	94
Defense Discretionary Unobligated balance in 050	732	7.8	57
<i>Account Total</i>	1,934		151
007-25-3730 Military Construction, Air Force Reserve			
Defense Discretionary Appropriation	34	7.8	3
Defense Discretionary Unobligated balance in 050	23	7.8	2
<i>Account Total</i>	57		5
007-25-3830 Military Construction, Air National Guard			
Defense Discretionary Appropriation	117	7.8	9
Defense Discretionary Unobligated balance in 050	124	7.8	10
<i>Account Total</i>	241		19
Family Housing			
007-30-0720 Family Housing Construction, Army			
Defense Discretionary Appropriation	178	7.8	14
Defense Discretionary Unobligated balance in 050	133	7.8	10
<i>Account Total</i>	311		24
007-30-0725 Family Housing Operation and Maintenance, Army			
Defense Discretionary Appropriation	496	7.8	39
007-30-0730 Family Housing Construction, Navy and Marine Corps			
Defense Discretionary Appropriation	102	7.8	8
Defense Discretionary Unobligated balance in 050	245	7.8	19
<i>Account Total</i>	347		27
007-30-0735 Family Housing Operation and Maintenance, Navy and Marine Corps			
Defense Discretionary Appropriation	370	7.8	29
007-30-0740 Family Housing Construction, Air Force			
Defense Discretionary Appropriation	60	7.8	5
Defense Discretionary Unobligated balance in 050	290	7.8	23
<i>Account Total</i>	350		27
007-30-0745 Family Housing Operation and Maintenance, Air Force			
Defense Discretionary Appropriation	433	7.8	34
007-30-0765 Family Housing Operation and Maintenance, Defense-Wide			
Defense Discretionary Appropriation	51	7.8	4
007-30-0834 Department of Defense Family Housing Improvement Fund			
Defense Discretionary Appropriation	2	7.8	*
Defense Discretionary Unobligated balance in 050	118	7.8	9
<i>Account Total</i>	120		9
007-30-4090 Homeowners Assistance Fund			
Defense Discretionary Appropriation	1	7.8	*
Defense Discretionary Unobligated balance in 050	245	7.8	19
<i>Account Total</i>	246		19
Revolving and Management Funds			

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(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of Homeland Security			
Departmental Management and Operations			
024-10-0100 Departmental Operations			
Nondefense Discretionary Appropriation	479	5.0	24
024-10-0102 Office of the Chief Information Officer			
Nondefense Discretionary Appropriation	324	5.0	16
024-10-0115 Analysis and Operations			
Nondefense Discretionary Appropriation	340	5.0	17
Office of the Inspector General			
024-20-0200 Operating Expenses			
Nondefense Discretionary Appropriation	145	5.0	7
Citizenship and Immigration Services			
024-30-0300 Citizenship and Immigration Services			
Nondefense Discretionary Appropriation	103	5.0	5
Nondefense Mandatory Appropriation	2,859	5.1	146
<i>Account Total</i>	<u>2,962</u>		<u>151</u>
United States Secret Service			
024-40-0400 Operating Expenses			
Nondefense Discretionary Appropriation	1,670	5.0	84
024-40-0401 Acquisition, Construction, and Improvements			
Nondefense Discretionary Appropriation	5	5.0	*
Transportation Security Administration			
024-45-0541 Federal Air Marshals			
Nondefense Discretionary Appropriation	972	5.0	49
024-45-0550 Aviation Security			
Nondefense Discretionary Appropriation	3,178	5.0	159
Nondefense Discretionary Spending authority	2,094	5.0	105
Nondefense Mandatory Appropriation	250	5.1	13
<i>Account Total</i>	<u>5,522</u>		<u>276</u>
024-45-0551 Surface Transportation Security			
Nondefense Discretionary Appropriation	136	5.0	7
024-45-0554 Transportation Security Support			
Nondefense Discretionary Appropriation	1,038	5.0	52
024-45-0557 Transportation Threat Assessment and Credentialing			
Nondefense Discretionary Appropriation	165	5.0	8
Nondefense Discretionary Spending authority	75	5.0	4
Nondefense Mandatory Spending authority	5	5.1	*
<i>Account Total</i>	<u>245</u>		<u>12</u>
Federal Law Enforcement Training Center			
024-49-0509 Salaries and expenses			
Nondefense Discretionary Appropriation	240	5.0	12
Nondefense Discretionary Spending authority	2	5.0	*
<i>Account Total</i>	<u>242</u>		<u>12</u>
024-49-0510 Acquisitions, Construction, Improvements and Related Expenses			
Nondefense Discretionary Appropriation	32	5.0	2
Immigration and Customs Enforcement			

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(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
024-55-0540 Immigration and Customs Enforcement			
Nondefense Discretionary Appropriation	5,554	5.0	278
Nondefense Mandatory Appropriation	312	5.1	16
<i>Account Total</i>	<u>5,866</u>		<u>294</u>
024-55-0543 Automation Modernization, Immigration and Customs Enforcement			
Nondefense Discretionary Appropriation	12	5.0	1
Customs and Border Protection			
024-58-0530 Customs and Border Protection			
Nondefense Discretionary Appropriation	8,737	5.0	437
Nondefense Mandatory Appropriation	1,464	5.1	75
<i>Account Total</i>	<u>10,201</u>		<u>512</u>
024-58-0531 Automation Modernization, Customs and Border Protection			
Nondefense Discretionary Appropriation	331	5.0	17
024-58-0532 Construction, Customs and Border Protection			
Nondefense Discretionary Appropriation	238	5.0	12
024-58-0533 Border Security Fencing, Infrastructure, and Technology			
Nondefense Discretionary Appropriation	399	5.0	20
024-58-0544 Air and Marine Interdiction, Operations, Maintenance, and Procurement			
Nondefense Discretionary Appropriation	507	5.0	25
024-58-5533 Payments to Wool Manufacturers			
Nondefense Mandatory Appropriation	15	5.1	1
024-58-5543 International Registered Traveler			
Nondefense Discretionary Appropriation	14	5.0	1
024-58-5595 Electronic System for Travel Authorization			
Nondefense Mandatory Appropriation	46	5.1	2
024-58-5687 Refunds, Transfers, and Expenses of Operation, Puerto Rico			
Nondefense Mandatory Appropriation	96	5.1	5
024-58-8789 US Customs Refunds, Transfers and Expenses, Unclaimed and Abandoned Goods			
Nondefense Mandatory Appropriation	4	5.1	*
United States Coast Guard			
024-60-0610 Operating Expenses			
Defense Discretionary Appropriation	532	7.8	41
Nondefense Discretionary Appropriation	3,044	5.0	152
<i>Account Total</i>	<u>3,576</u>		<u>194</u>
024-60-0611 Environmental Compliance and Restoration			
Nondefense Discretionary Appropriation	14	5.0	1
024-60-0612 Reserve Training			
Nondefense Discretionary Appropriation	36	5.0	2
024-60-0613 Acquisition, Construction, and Improvements			
Nondefense Discretionary Appropriation	1,681	5.0	84
024-60-0615 Research, Development, Test, and Evaluation			
Nondefense Discretionary Appropriation	26	5.0	1
024-60-8149 Boat Safety			
Nondefense Mandatory Appropriation	116	5.1	6
024-60-8314 Trust Fund Share of Expenses			
Nondefense Discretionary Appropriation	45	5.0	2

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
024-85-0862 Systems Acquisition Nondefense Discretionary Appropriation	41	5.0	2

* denotes \$500,000 or less.

Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
025-09-4041 Rental Housing Assistance Fund			
Nondefense Mandatory Spending authority	3	5.1	*
025-09-4044 Flexible Subsidy Fund			
Nondefense Discretionary Spending authority	21	5.0	1
025-09-8119 Manufactured Housing Fees Trust Fund			
Nondefense Discretionary Appropriation	7	5.0	*
Government National Mortgage Association			
025-12-0186 Guarantees of Mortgage-backed Securities Loan Guarantee Program Account			
Nondefense Discretionary Spending authority	20	5.0	1
Policy Development and Research			
025-28-0108 Research and Technology			
Nondefense Discretionary Appropriation	46	5.0	2
Fair Housing and Equal Opportunity			
025-29-0144 Fair Housing Activities			
Nondefense Discretionary Appropriation	71	5.0	4
Office of Lead Hazard Control and Healthy Homes			
025-32-0174 Lead Hazard Reduction			
Nondefense Discretionary Appropriation	121	5.0	6
Management and Administration			
025-35-0189 Office of Inspector General			
Nondefense Discretionary Appropriation	135	5.0	7
025-35-0334 Housing Personnel Compensation and Benefits			
Nondefense Discretionary Appropriation	394	5.0	20
025-35-0335 Administrative Support Offices			
Nondefense Discretionary Appropriation	541	5.0	27
025-35-0337 Public and Indian Housing Personnel Compensation and Benefits			
Nondefense Discretionary Appropriation	201	5.0	10
025-35-0338 Community Planning and Development Personnel Compensation and Benefits			
Nondefense Discretionary Appropriation	111	5.0	6
025-35-0339 Policy Development and Research Personnel Compensation and Benefits			
Nondefense Discretionary Appropriation	22	5.0	1
025-35-0340 Fair Housing and Equal Opportunity Personnel Compensation and Benefits			
Nondefense Discretionary Appropriation	73	5.0	4
025-35-0341 Office of Healthy Homes and Lead Hazard Control Personnel Compensation and Benefits			
Nondefense Discretionary Appropriation	7	5.0	*
025-35-0402 Transformation Initiative			
Nondefense Discretionary Appropriation	50	5.0	3
025-35-4586 Information Technology Portfolio			
Nondefense Discretionary Appropriation	200	5.0	10

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of the Interior			
Bureau of Land Management			
010-04-1109 Management of Lands and Resources			
Nondefense Discretionary Appropriation	966	5.0	48
Nondefense Discretionary Spending authority	75	5.0	4
<i>Account Total</i>	<u>1,041</u>		<u>52</u>
010-04-1110 Construction			
Nondefense Discretionary Appropriation	4	5.0	*
010-04-1116 Oregon and California Grant Lands			
Nondefense Discretionary Appropriation	113	5.0	6
010-04-4053 Helium Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	16	5.1	1
010-04-4525 Working Capital Fund			
Nondefense Discretionary Spending authority	9	5.0	*
010-04-5017 Service Charges, Deposits, and Forfeitures			
Nondefense Discretionary Appropriation	31	5.0	2
010-04-5033 Land Acquisition			
Nondefense Discretionary Appropriation	22	5.0	1
010-04-5132 Range Improvements			
Nondefense Mandatory Appropriation	10	5.1	1
010-04-9921 Miscellaneous Permanent Payment Accounts			
Nondefense Mandatory Appropriation	62	5.1	3
010-04-9926 Permanent Operating Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	16	5.1	1
Nondefense Mandatory Appropriation	131	5.1	7
<i>Account Total</i>	<u>147</u>		<u>8</u>
010-04-9971 Miscellaneous Trust Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	21	5.1	1
Bureau of Ocean Energy Management			
010-06-1917 Ocean Energy Management			
Nondefense Discretionary Appropriation	60	5.0	3
Nondefense Discretionary Spending authority	101	5.0	5
<i>Account Total</i>	<u>161</u>		<u>8</u>
Office of Surface Mining Reclamation and Enforcement			
010-08-1801 Regulation and Technology			
Nondefense Discretionary Appropriation	124	5.0	6
Nondefense Discretionary Spending authority	3	5.0	*
<i>Account Total</i>	<u>127</u>		<u>6</u>
010-08-1803 Payments to States in Lieu of Coal Fee Receipts			
Nondefense Mandatory Appropriation	128	5.1	7
010-08-5015 Abandoned Mine Reclamation Fund			
Nondefense Discretionary Appropriation	28	5.0	1
Nondefense Mandatory Appropriation	221	5.1	11
<i>Account Total</i>	<u>249</u>		<u>13</u>
Bureau of Reclamation			

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
010-10-0680 Water and Related Resources			
Nondefense Discretionary Appropriation	883	5.0	44
Nondefense Discretionary Spending authority	212	5.0	11
Nondefense Mandatory Appropriation	1	5.1	*
<i>Account Total</i>	<u>1,096</u>		<u>55</u>
010-10-0687 California Bay-Delta Restoration			
Nondefense Discretionary Appropriation	40	5.0	2
010-10-4079 Lower Colorado River Basin Development Fund			
Nondefense Discretionary Appropriation	6	5.0	*
Nondefense Mandatory Administrative expenses in otherwise exempt resources	247	5.1	13
Nondefense Mandatory Spending authority	1	5.1	*
<i>Account Total</i>	<u>254</u>		<u>13</u>
010-10-4081 Upper Colorado River Basin Fund			
Nondefense Discretionary Appropriation	11	5.0	1
Nondefense Mandatory Administrative expenses in otherwise exempt resources	81	5.1	4
<i>Account Total</i>	<u>92</u>		<u>5</u>
010-10-4524 Working Capital Fund			
Nondefense Discretionary Spending authority	13	5.0	1
010-10-5065 Policy and Administration			
Nondefense Discretionary Appropriation	60	5.0	3
010-10-5173 Central Valley Project Restoration Fund			
Nondefense Discretionary Appropriation	53	5.0	3
010-10-5656 Colorado River Dam Fund, Boulder Canyon Project			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	16	5.1	1
010-10-8070 Reclamation Trust Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	2	5.1	*
Central Utah Project			
010-11-0787 Central Utah Project Completion Account			
Nondefense Discretionary Appropriation	27	5.0	1
010-11-5174 Utah Reclamation Mitigation and Conservation Account			
Nondefense Discretionary Appropriation	2	5.0	*
United States Geological Survey			
010-12-0804 Surveys, Investigations, and Research			
Nondefense Discretionary Appropriation	1,075	5.0	54
United States Fish and Wildlife Service			
010-18-1611 Resource Management			
Nondefense Discretionary Appropriation	1,234	5.0	62
Nondefense Discretionary Spending authority	55	5.0	3
<i>Account Total</i>	<u>1,289</u>		<u>64</u>
010-18-1612 Construction			
Nondefense Discretionary Appropriation	91	5.0	5
010-18-1652 Multinational Species Conservation Fund			
Nondefense Discretionary Appropriation	10	5.0	1
010-18-1696 Neotropical Migratory Bird Conservation			
Nondefense Discretionary Appropriation	4	5.0	*
010-18-5020 Land Acquisition			
Nondefense Discretionary Appropriation	55	5.0	3

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
010-76-2100 Operation of Indian Programs			
Nondefense Discretionary Appropriation	2,382	5.0	119
010-76-2301 Construction			
Nondefense Discretionary Appropriation	124	5.0	6
010-76-2628 Indian Guaranteed Loan Program Account			
Nondefense Discretionary Appropriation	7	5.0	*
010-76-5051 Operation and Maintenance of Quarters			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	3	5.1	*
010-76-9925 Miscellaneous Permanent Appropriations			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	19	5.1	1
Departmental Offices			
010-84-0102 Salaries and Expenses			
Nondefense Discretionary Appropriation	624	5.0	31
010-84-5003 Mineral Leasing and Associated Payments			
Nondefense Mandatory Appropriation	2,144	5.1	109
010-84-5045 National Petroleum Reserve, Alaska			
Nondefense Mandatory Appropriation	3	5.1	*
010-84-5243 National Forests Fund, Payment to States			
Nondefense Mandatory Appropriation	9	5.1	*
010-84-5248 Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes			
Nondefense Mandatory Appropriation	19	5.1	1
010-84-5574 Geothermal Lease Revenues, Payment to Counties			
Nondefense Mandatory Appropriation	4	5.1	*
Insular Affairs			
010-85-0412 Assistance to Territories			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	10	5.1	1
Office of the Solicitor			
010-86-0107 Salaries and Expenses			
Nondefense Discretionary Appropriation	67	5.0	3
Office of Inspector General			
010-88-0104 Salaries and Expenses			
Nondefense Discretionary Appropriation	50	5.0	3
Office of the Special Trustee for American Indians			
010-90-0120 Federal Trust Programs			
Nondefense Discretionary Appropriation	153	5.0	8
National Indian Gaming Commission			
010-92-0118 Salaries and Expenses			
Nondefense Discretionary Spending authority	3	5.0	*
010-92-5141 National Indian Gaming Commission, Gaming Activity Fees			
Nondefense Mandatory Appropriation	18	5.1	1
Department-Wide Programs			
010-95-1114 Payments in Lieu of Taxes			
Nondefense Mandatory Appropriation	398	5.1	20
010-95-1121 Central Hazardous Materials Fund			
Nondefense Discretionary Appropriation	10	5.0	1

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of Justice			
General Administration			
011-03-0129 Salaries and Expenses			
Nondefense Discretionary Appropriation	112	5.0	6
011-03-0132 Tactical Law Enforcement Wireless Communications			
Nondefense Discretionary Appropriation	88	5.0	4
011-03-0134 Justice Information Sharing Technology			
Nondefense Discretionary Appropriation	44	5.0	2
011-03-0136 Detention Trustee			
Nondefense Discretionary Appropriation	1,590	5.0	80
011-03-0328 Office of Inspector General			
Nondefense Discretionary Appropriation	85	5.0	4
011-03-0339 Administrative Review and Appeals			
Nondefense Discretionary Appropriation	307	5.0	15
011-03-1102 National Drug Intelligence Center			
Nondefense Discretionary Appropriation	20	5.0	1
United States Parole Commission			
011-04-1061 Salaries and Expenses			
Nondefense Discretionary Appropriation	13	5.0	1
Legal Activities and U.S. Marshals			
011-05-0100 Salaries and Expenses, Foreign Claims Settlement Commission			
Nondefense Discretionary Appropriation	2	5.0	*
011-05-0128 Salaries and Expenses, General Legal Activities			
Nondefense Discretionary Appropriation	868	5.0	43
011-05-0133 Construction			
Nondefense Discretionary Appropriation	15	5.0	1
011-05-0311 Fees and Expenses of Witnesses			
Nondefense Mandatory Appropriation	270	5.1	14
011-05-0319 Salaries and Expenses, Antitrust Division			
Nondefense Discretionary Appropriation	43	5.0	2
011-05-0322 Salaries and Expenses, United States Attorneys			
Nondefense Discretionary Appropriation	1,972	5.0	99
011-05-0324 Salaries and Expenses, United States Marshals Service			
Nondefense Discretionary Appropriation	1,179	5.0	59
011-05-0340 September 11th Victim Compensation (general Fund)			
Nondefense Mandatory Appropriation	322	5.1	16
011-05-0500 Salaries and Expenses, Community Relations Service			
Nondefense Discretionary Appropriation	11	5.0	1
011-05-5042 Assets Forfeiture Fund			
Nondefense Discretionary Appropriation	21	5.0	1
Nondefense Mandatory Appropriation	1,358	5.1	69
<i>Account Total</i>	1,379		70
011-05-5073 United States Trustee System Fund			
Nondefense Discretionary Appropriation	224	5.0	11

Interagency Law Enforcement

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of Labor			
Employment and Training Administration			
012-05-0168 Short Time Compensation Programs			
Nondefense Mandatory Appropriation	219	5.1	11
012-05-0172 Program Administration			
Nondefense Discretionary Appropriation	98	5.0	5
012-05-0174 Training and Employment Services			
Nondefense Discretionary Advance appropriation	1,772	5.0	89
Nondefense Discretionary Appropriation	1,454	5.0	73
Nondefense Mandatory Appropriation	125	5.1	6
<i>Account Total</i>	3,351		168
012-05-0175 Community Service Employment for Older Americans			
Nondefense Discretionary Appropriation	451	5.0	23
012-05-0179 State Unemployment Insurance and Employment Service Operations			
Nondefense Discretionary Appropriation	88	5.0	4
Nondefense Mandatory Appropriation	13	5.1	1
<i>Account Total</i>	101		5
012-05-0181 Office of Job Corps			
Nondefense Discretionary Appropriation	1,713	5.0	86
012-05-0187 TAA Community College and Career Training Grant Fund			
Nondefense Mandatory Appropriation	500	5.1	26
012-05-0326 Federal Unemployment Benefits and Allowances			
Nondefense Mandatory Appropriation	1,132	5.1	58
012-05-8042 Unemployment Trust Fund			
Nondefense Discretionary Appropriation	4,363	5.0	218
Nondefense Mandatory Administrative expenses in otherwise exempt resources	92	5.1	5
Nondefense Mandatory Appropriation	46,851	5.1	2,389
<i>Account Total</i>	51,306		2,612
Employee Benefits Security Administration			
012-11-1700 Salaries and Expenses			
Nondefense Discretionary Appropriation	184	5.0	9
Pension Benefit Guaranty Corporation			
012-12-4204 Pension Benefit Guaranty Corporation Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	118	5.1	6
Office of Workers' Compensation Programs			
012-15-0163 Salaries and Expenses			
Nondefense Discretionary Appropriation	117	5.0	6
012-15-0169 Special Benefits for Disabled Coal Miners			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	5	5.1	*
012-15-1524 Administrative Expenses, Energy Employees Occupational Illness Compensation Fund			
Defense Mandatory Appropriation	129	7.9	10
Defense Mandatory Unobligated balance in 050	2	7.9	*
<i>Account Total</i>	131		10
012-15-8144 Black Lung Disability Trust Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	59	5.1	3
012-15-9971 Special Workers' Compensation Expenses			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	2	5.1	*

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of State			
Administration of Foreign Affairs			
014-05-0113 Diplomatic and Consular Programs			
Nondefense Discretionary Appropriation	10,966	5.0	548
Nondefense Discretionary Spending authority	2,290	5.0	115
Nondefense Mandatory Appropriation	35	5.1	2
<i>Account Total</i>	<u>13,291</u>		<u>665</u>
014-05-0120 Capital Investment Fund			
Nondefense Discretionary Appropriation	60	5.0	3
014-05-0121 Conflict Stabilization Operations			
Nondefense Discretionary Appropriation	8	5.0	*
014-05-0209 Educational and Cultural Exchange Programs			
Nondefense Discretionary Appropriation	602	5.0	30
014-05-0520 Protection of Foreign Missions and Officials			
Nondefense Discretionary Appropriation	27	5.0	1
014-05-0522 Emergencies in the Diplomatic and Consular Service			
Nondefense Discretionary Appropriation	9	5.0	*
014-05-0523 Payment to the American Institute in Taiwan			
Nondefense Discretionary Appropriation	21	5.0	1
014-05-0529 Office of the Inspector General			
Nondefense Discretionary Appropriation	129	5.0	6
014-05-0535 Embassy Security, Construction, and Maintenance			
Nondefense Discretionary Appropriation	1,579	5.0	79
014-05-0545 Representation Allowances			
Nondefense Discretionary Appropriation	7	5.0	*
014-05-0601 Repatriation Loans Program Account			
Nondefense Discretionary Appropriation	1	5.0	*
International Organizations and Conferences			
014-10-1124 Contributions for International Peacekeeping Activities			
Nondefense Discretionary Appropriation	1,839	5.0	92
014-10-1126 Contributions to International Organizations			
Nondefense Discretionary Appropriation	1,560	5.0	78
International Commissions			
014-15-1069 Salaries and Expenses, IBWC			
Nondefense Discretionary Appropriation	45	5.0	2
014-15-1078 Construction, IBWC			
Nondefense Discretionary Appropriation	32	5.0	2
014-15-1082 American Sections, International Commissions			
Nondefense Discretionary Appropriation	12	5.0	1
014-15-1087 International Fisheries Commissions			
Nondefense Discretionary Appropriation	37	5.0	2
Other			
014-25-0040 United States Emergency Refugee and Migration Assistance Fund			
Nondefense Discretionary Appropriation	27	5.0	1

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
014-25-0202 East-West Center			
Nondefense Discretionary Appropriation	17	5.0	1
014-25-0210 National Endowment for Democracy			
Nondefense Discretionary Appropriation	118	5.0	6
014-25-0525 Payment to the Asia Foundation			
Nondefense Discretionary Appropriation	17	5.0	1
014-25-1015 Complex Crises Fund			
Nondefense Discretionary Appropriation	40	5.0	2
014-25-1022 International Narcotics Control and Law Enforcement			
Nondefense Discretionary Appropriation	2,051	5.0	103
014-25-1031 Global Health Programs			
Nondefense Discretionary Appropriation	8,218	5.0	411
014-25-1121 Democracy Fund			
Nondefense Discretionary Appropriation	115	5.0	6
014-25-1143 Migration and Refugee Assistance			
Nondefense Discretionary Appropriation	1,885	5.0	94
014-25-8276 Israeli Arab and Eisenhower Exchange Fellowship Programs			
Nondefense Discretionary Appropriation	1	5.0	*

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(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Department of Transportation			
Office of the Secretary			
021-04-0102 Salaries and Expenses			
Nondefense Discretionary Appropriation	103	5.0	5
Nondefense Discretionary Spending authority	1	5.0	*
<i>Account Total</i>	104		5
021-04-0116 Financial Management Capital			
Nondefense Discretionary Appropriation	5	5.0	*
021-04-0118 Office of Civil Rights			
Nondefense Discretionary Appropriation	9	5.0	*
021-04-0119 Minority Business Outreach			
Nondefense Discretionary Appropriation	3	5.0	*
021-04-0142 Transportation Planning, Research, and Development			
Nondefense Discretionary Appropriation	9	5.0	*
021-04-0143 National Infrastructure Investments			
Nondefense Discretionary Appropriation	503	5.0	25
021-04-0155 Minority Business Resource Center Program			
Nondefense Discretionary Appropriation	1	5.0	*
021-04-0159 Cyber Security Initiatives			
Nondefense Discretionary Appropriation	10	5.0	1
021-04-1730 Research and Development			
Nondefense Discretionary Appropriation	16	5.0	1
021-04-5423 Essential Air Service and Rural Airport Improvement Fund			
Nondefense Mandatory Appropriation	50	5.1	3
021-04-8304 Payments to Air Carriers			
Nondefense Discretionary Appropriation	144	5.0	7
Federal Aviation Administration			
021-12-1301 Operations			
Nondefense Discretionary Appropriation	4,621	5.0	231
Nondefense Discretionary Spending authority	10	5.0	1
<i>Account Total</i>	4,631		232
021-12-4120 Aviation Insurance Revolving Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	1	5.1	*
021-12-8104 Trust Fund Share of FAA Activities (Airport and Airway Trust Fund)			
Nondefense Discretionary Appropriation	5,092	5.0	255
021-12-8106 Grants-in-aid for Airports (Airport and Airway Trust Fund)			
Nondefense Discretionary Spending authority	1	5.0	*
021-12-8107 Facilities and Equipment (Airport and Airway Trust Fund)			
Nondefense Discretionary Appropriation	2,778	5.0	139
Nondefense Discretionary Spending authority	62	5.0	3
<i>Account Total</i>	2,840		142
021-12-8108 Research, Engineering and Development (Airport and Airway Trust Fund)			
Nondefense Discretionary Appropriation	169	5.0	8
Federal Highway Administration			
021-15-0500 Emergency Relief Program			
Nondefense Discretionary Appropriation	2,022	5.0	101

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Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
021-15-0534 Payment to the Transportation Trust Fund			
Nondefense Mandatory Appropriation	6,200	5.1	316
021-15-8083 Federal-aid Highways			
Nondefense Mandatory Contract authority	739	5.1	38
Federal Motor Carrier Safety Administration			
021-17-8159 Motor Carrier Safety Operations and Programs			
Nondefense Discretionary Spending authority	27	5.0	1
National Highway Traffic Safety Administration			
021-18-0650 Operations and Research			
Nondefense Discretionary Appropriation	141	5.0	7
Federal Railroad Administration			
021-27-0121 Operating Subsidy Grants to the National Railroad Passenger Corporation			
Nondefense Discretionary Appropriation	469	5.0	23
021-27-0125 Capital and Debt Service Grants to the National Railroad Passenger Corporation			
Nondefense Discretionary Appropriation	958	5.0	48
021-27-0700 Safety and Operations			
Nondefense Discretionary Appropriation	180	5.0	9
021-27-0704 Grants to the National Railroad Passenger Corporation			
Nondefense Discretionary Appropriation	118	5.0	6
021-27-0745 Railroad Research and Development			
Nondefense Discretionary Appropriation	35	5.0	2
Federal Transit Administration			
021-36-1120 Administrative Expenses			
Nondefense Discretionary Appropriation	99	5.0	5
021-36-1128 Washington Metropolitan Area Transit Authority			
Nondefense Discretionary Appropriation	151	5.0	8
021-36-1134 Capital Investment Grants			
Nondefense Discretionary Appropriation	1,923	5.0	96
021-36-1137 Research and University Research Centers			
Nondefense Discretionary Appropriation	44	5.0	2
021-36-1140 Public Transportation Emergency Relief Program			
Nondefense Discretionary Appropriation	10,894	5.0	545
Saint Lawrence Seaway Development Corporation			
021-40-8003 Operations and Maintenance			
Nondefense Discretionary Appropriation	32	5.0	2
Pipeline and Hazardous Materials Safety Administration			
021-50-1400 Operational Expenses			
Nondefense Discretionary Appropriation	20	5.0	1
021-50-1401 Hazardous Materials Safety			
Nondefense Discretionary Appropriation	42	5.0	2
021-50-5172 Pipeline Safety			
Nondefense Discretionary Appropriation	92	5.0	5
021-50-5282 Emergency Preparedness Grants			
Nondefense Mandatory Appropriation	28	5.1	1

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Other Defense Civil Programs			
American Battle Monuments Commission			
200-15-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	77	5.0	4
Armed Forces Retirement Home			
200-20-8522 Armed Forces Retirement Home			
Nondefense Discretionary Appropriation	62	5.0	3
Cemeterial Expenses			
200-25-1805 Salaries and Expenses			
Nondefense Discretionary Appropriation	46	5.0	2
Forest and Wildlife Conservation, Military Reservations			
200-30-5095 Wildlife Conservation			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	3	5.1	*
Selective Service System			
200-45-0400 Salaries and Expenses			
Defense Discretionary Appropriation	24	7.8	2

* denotes \$500,000 or less.

Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
General Services Administration			
Real Property Activities			
023-05-4542 Federal Buildings Fund			
Nondefense Discretionary Appropriation	7	5.0	*
023-05-5254 Disposal of Surplus Real and Related Personal Property			
Nondefense Mandatory Appropriation	9	5.1	*
Supply and Technology Activities			
023-10-5250 Expenses of Transportation Audit Contracts and Contract Administration			
Nondefense Mandatory Appropriation	13	5.1	1
General Activities			
023-30-0105 Allowances and Office Staff for Former Presidents			
Nondefense Discretionary Appropriation	3	5.0	*
023-30-0108 Office of Inspector General			
Nondefense Discretionary Appropriation	58	5.0	3
023-30-0110 Operating Expenses			
Nondefense Discretionary Appropriation	70	5.0	4
023-30-0401 Government-wide Policy			
Nondefense Discretionary Appropriation	61	5.0	3
023-30-0600 Electronic Government (E-GOV) Fund			
Nondefense Discretionary Appropriation	12	5.0	1
023-30-4549 Federal Citizen Services Fund			
Nondefense Discretionary Appropriation	34	5.0	2

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
International Assistance Programs			
Millennium Challenge Corporation			
184-03-2750 Millennium Challenge Corporation			
Nondefense Discretionary Appropriation	904	5.0	45
International Security Assistance			
184-05-1032 Peacekeeping Operations			
Nondefense Discretionary Appropriation	386	5.0	19
184-05-1037 Economic Support Fund			
Nondefense Discretionary Appropriation	5,675	5.0	284
184-05-1075 Nonproliferation, Antiterrorism, Demining, and Related Programs			
Nondefense Discretionary Appropriation	714	5.0	36
184-05-1081 International Military Education and Training			
Nondefense Discretionary Appropriation	106	5.0	5
184-05-1082 Foreign Military Financing Program			
Nondefense Discretionary Appropriation	6,344	5.0	317
184-05-1083 Pakistan Counterinsurgency Capability Fund			
Nondefense Discretionary Appropriation	850	5.0	43
Multilateral Assistance			
184-10-0071 Strategic Climate Fund			
Nondefense Discretionary Appropriation	50	5.0	3
184-10-0072 Contribution to the Inter-American Development Bank			
Nondefense Discretionary Appropriation	80	5.0	4
184-10-0073 Contribution to the International Development Association			
Nondefense Discretionary Appropriation	1,501	5.0	75
184-10-0076 Contribution to the Asian Development Bank			
Nondefense Discretionary Appropriation	208	5.0	10
184-10-0077 Contribution to the International Bank for Reconstruction and Development			
Nondefense Discretionary Appropriation	208	5.0	10
184-10-0080 Clean Technology Fund			
Nondefense Discretionary Appropriation	186	5.0	9
184-10-0082 Contribution to the African Development Bank			
Nondefense Discretionary Appropriation	214	5.0	11
184-10-0089 Contribution to Enterprise for the Americas Multilateral Investment Fund			
Nondefense Discretionary Appropriation	25	5.0	1
184-10-0091 Debt Restructuring			
Nondefense Discretionary Appropriation	12	5.0	1
184-10-1005 International Organizations and Programs			
Nondefense Discretionary Appropriation	351	5.0	18
184-10-1039 Contributions to the International Fund for Agricultural Development			
Nondefense Discretionary Appropriation	30	5.0	2
184-10-1045 International Affairs Technical Assistance Program			
Nondefense Discretionary Appropriation	27	5.0	1
184-10-1475 Global Food Security Fund			
Nondefense Discretionary Appropriation	136	5.0	7

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
National Aeronautics and Space Administration			
026-00-0109 Office of Inspector General			
Nondefense Discretionary Appropriation	39	5.0	2
026-00-0115 Space Operations			
Nondefense Discretionary Appropriation	4,247	5.0	212
026-00-0120 Science			
Nondefense Discretionary Appropriation	5,116	5.0	256
026-00-0122 Cross Agency Support			
Nondefense Discretionary Appropriation	3,012	5.0	151
026-00-0124 Exploration			
Nondefense Discretionary Appropriation	3,790	5.0	190
026-00-0126 Aeronautics			
Nondefense Discretionary Appropriation	573	5.0	29
026-00-0128 Education			
Nondefense Discretionary Appropriation	137	5.0	7
026-00-0130 Construction, Environmental Compliance, and Remediation			
Nondefense Discretionary Appropriation	402	5.0	20
026-00-0131 Space Technology			
Nondefense Discretionary Appropriation	579	5.0	29
026-00-8978 Science, Space, and Technology Education Trust Fund			
Nondefense Mandatory Appropriation	1	5.1	*

* denotes \$500,000 or less.

Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account – FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Office of Personnel Management			
027-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	99	5.0	5
027-00-0400 Office of Inspector General			
Nondefense Discretionary Appropriation	3	5.0	*
027-00-0800 Flexible Benefits Plan Reserve			
Nondefense Mandatory Spending authority	30	5.1	2
027-00-8135 Civil Service Retirement and Disability Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	48	5.1	2
027-00-8424 Employees Life Insurance Fund			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	2	5.1	*
027-00-9981 Employees and Retired Employees Health Benefits Funds			
Nondefense Mandatory Administrative expenses in otherwise exempt resources	17	5.1	1

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Small Business Administration			
028-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	440	5.0	22
028-00-0200 Office of Inspector General			
Nondefense Discretionary Appropriation	21	5.0	1
028-00-0300 Office of Advocacy			
Nondefense Discretionary Appropriation	9	5.0	*
028-00-1152 Disaster Loans Program Account			
Nondefense Discretionary Appropriation	896	5.0	45
028-00-1154 Business Loans Program Account			
Nondefense Discretionary Appropriation	487	5.0	24

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Social Security Administration			
016-00-0400 Office of the Inspector General			
Nondefense Discretionary Appropriation	29	5.0	1
016-00-8006 Federal Old-age and Survivors Insurance Trust Fund			
Nondefense Discretionary Appropriation	2,744	5.0	137
016-00-8007 Federal Disability Insurance Trust Fund			
Nondefense Discretionary Appropriation	2,954	5.0	148

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
Access Board			
Architectural and Transportation Barriers Compliance Board			
310-00-3200 Salaries and Expenses			
Nondefense Discretionary Appropriation	7	5.0	*
Administrative Conference of the United States			
302-00-1700 Salaries and Expenses			
Nondefense Discretionary Appropriation	3	5.0	*
Advisory Council on Historic Preservation			
306-00-2300 Salaries and Expenses			
Nondefense Discretionary Appropriation	6	5.0	*
Affordable Housing Program			
530-00-5528 Affordable Housing Program			
Nondefense Mandatory Appropriation	198	5.1	10
Appalachian Regional Commission			
309-00-0200 Appalachian Regional Commission			
Nondefense Discretionary Appropriation	64	5.0	3
309-00-9971 Miscellaneous Trust Funds			
Nondefense Mandatory Appropriation	8	5.1	*
Broadcasting Board of Governors			
514-00-0204 Broadcasting Capital Improvements			
Nondefense Discretionary Appropriation	7	5.0	*
514-00-0206 International Broadcasting Operations			
Nondefense Discretionary Appropriation	749	5.0	37
Bureau of Consumer Financial Protection			
581-00-5577 Bureau of Consumer Financial Protection Fund			
Nondefense Mandatory Appropriation	448	5.1	23
Chemical Safety and Hazard Investigation Board			
510-00-3850 Chemical Safety and Hazard Investigation Board			
Nondefense Discretionary Appropriation	11	5.0	1
Christopher Columbus Fellowship Foundation			
465-00-0100 Payment to the Christopher Columbus Fellowship Foundation			
Nondefense Discretionary Appropriation	*	5.0	*
Commission of Fine Arts			
323-00-2600 Salaries and Expenses			
Nondefense Discretionary Appropriation	2	5.0	*
323-00-2602 National Capital Arts and Cultural Affairs			
Nondefense Discretionary Appropriation	2	5.0	*
Commission on Civil Rights			
326-00-1900 Salaries and Expenses			
Nondefense Discretionary Appropriation	9	5.0	*
Committee for Purchase from People Who Are Blind or Severely Disabled			
Committee for Purchase from People who are Blind or Severely Disabled, activities			

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
338-00-2000 Salaries and Expenses			
Nondefense Discretionary Appropriation	5	5.0	*
Commodity Futures Trading Commission			
339-00-1400 Commodity Futures Trading Commission			
Nondefense Discretionary Appropriation	206	5.0	10
339-00-4334 Customer Protection Fund			
Nondefense Mandatory Spending authority	13	5.1	1
Consumer Product Safety Commission			
343-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	115	5.0	6
Corporation for National and Community Service			
485-00-2721 Inspector General			
Nondefense Discretionary Appropriation	4	5.0	*
485-00-2722 Salaries and Expenses			
Nondefense Discretionary Appropriation	83	5.0	4
485-00-2726 Payment to National Service Trust Fund			
Nondefense Discretionary Appropriation	213	5.0	11
485-00-2728 Operating Expenses			
Nondefense Discretionary Appropriation	755	5.0	38
Corporation for Public Broadcasting			
344-00-0151 Corporation for Public Broadcasting			
Nondefense Discretionary Advance appropriation	445	5.0	22
Corporation for Travel Promotion			
580-00-5585 Travel Promotion Fund			
Nondefense Mandatory Appropriation	100	5.1	5
Court Services and Offender Supervision Agency for the District of Columbia			
511-00-1733 Public Defender Service for the District of Columbia			
Nondefense Discretionary Appropriation	37	5.0	2
511-00-1734 Federal Payment to Court Services and Offender Supervision Agency for the District of Columbia			
Nondefense Discretionary Appropriation	214	5.0	11
Defense Nuclear Facilities Safety Board			
347-00-3900 Salaries and Expenses			
Defense Discretionary Appropriation	29	7.8	2
Defense Discretionary Unobligated balance in 050	1	7.8	*
<i>Account Total</i>	<u>30</u>		<u>2</u>
Delta Regional Authority			
517-00-0750 Delta Regional Authority			
Nondefense Discretionary Appropriation	12	5.0	1
Denali Commission			
513-00-1200 Denali Commission			
Nondefense Discretionary Appropriation	12	5.0	1
513-00-8056 Denali Commission Trust Fund			
Nondefense Discretionary Appropriation	4	5.0	*
District of Columbia			

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
357-35-5586 Orderly Liquidation Fund			
Nondefense Mandatory Appropriation	161	5.1	8
Nondefense Mandatory Borrowing authority	1,354	5.1	69
<i>Account Total</i>	<u>1,515</u>		<u>77</u>
Federal Drug Control Programs			
154-00-1070 High-intensity Drug Trafficking Areas Program			
Nondefense Discretionary Appropriation	240	5.0	12
154-00-1460 Other Federal Drug Control Programs			
Nondefense Discretionary Appropriation	101	5.0	5
Federal Election Commission			
360-00-1600 Salaries and Expenses			
Nondefense Discretionary Appropriation	67	5.0	3
Federal Financial Institutions Examination Council			
Federal Financial Institutions Examination Council Appraisal Subcommittee			
362-20-5026 Registry Fees			
Nondefense Mandatory Appropriation	2	5.1	*
Federal Labor Relations Authority			
365-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	25	5.0	1
Federal Maritime Commission			
366-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	24	5.0	1
Federal Mediation and Conciliation Service			
367-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	46	5.0	2
Nondefense Discretionary Spending authority	1	5.0	*
<i>Account Total</i>	<u>47</u>		<u>2</u>
Federal Mine Safety and Health Review Commission			
368-00-2800 Salaries and Expenses			
Nondefense Discretionary Appropriation	18	5.0	1
Federal Trade Commission			
370-00-0100 Salaries and Expenses			
Nondefense Discretionary Appropriation	185	5.0	9
Nondefense Discretionary Spending authority	129	5.0	6
<i>Account Total</i>	<u>314</u>		<u>16</u>
Harry S Truman Scholarship Foundation			
372-00-0950 Payment to the Harry S. Truman Scholarship Memorial Trust Fund			
Nondefense Discretionary Appropriation	1	5.0	*
Institute of American Indian and Alaska Native Culture and Arts Development			
373-00-2900 Payment to the Institute			
Nondefense Discretionary Appropriation	9	5.0	*
Institute of Museum and Library Services			
474-00-0300 Office of Museum and Library Services: Grants and Administration			
Nondefense Discretionary Appropriation	233	5.0	12
Intelligence Community Management Account			

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
519-00-5365 Vietnam Debt Repayment Fund			
Nondefense Mandatory Appropriation	5	5.1	*

* denotes \$500,000 or less.

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Sequestrable Budgetary Resources and Reductions in Sequestrable Resources by OMB Account -- FY 2013

(Amounts in millions)

Agency / Bureau / Account / Function / BEA Category / Budgetary Resource	Sequestrable BA Amount	Sequester Percentage	Sequester Amount
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Amounts may not sum to total due to rounding.

Mandatory Federal administrative expenses of otherwise exempt accounts are sequestrable pursuant to section 251A(8) and section 256(h) of BBEDCA.

Pursuant to section 255(f) of BBEDCA, the President notified the Congress of his decision to exempt all military personnel accounts from sequester for FY 2013. See the July 31, 2012 letter to the Congress, available at <http://www.whitehouse.gov/sites/default/files/omb/legislative/letters/military-personnel-letter-biden.pdf>.

Unobligated balances of budget authority carried over from prior fiscal years in defense function 050 accounts are sequestrable.

For intragovernmental payments, sequestration is applied to the paying account. The funds are generally exempt in the receiving account in accordance with section 255(g)(1)(A) of BBEDCA so that the same dollars are not sequestered twice.



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Jerry Brown
Governor
State of California
Sacramento, CA 95814

Dear Governor Brown:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in California.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Navy could be forced to cancel maintenance on 5 ships in San Diego and aircraft maintenance in North Island. The Army would lose \$54 million in base operations funding across California, including cuts at the Presidio of Monterrey and Fort Irwin. Operations at Sierra Army Depot could experience a reduction of as much as \$167 million. The Air Force would suffer a cut of at least \$26 million to their operations in the State, including reductions in facilities projects at Beale, Edwards, Travis, and Vandenberg Air Force Bases. We are still assessing detailed changes and will be able to provide additional information on cutbacks in California as we compile a more complete list.



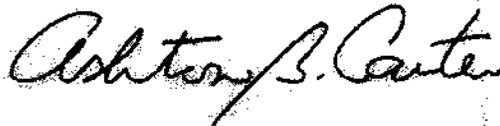
AFAR 20 Mar 13 Tab 7

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 64,000 DoD civilian employees who work in California. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$420 million just in California.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Robert Bentley
Governor
State of Alabama
Montgomery, AL 36130

Dear Governor Bentley:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Alabama.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$91 million in base operations funding across Alabama, including cuts at Fort Rucker and Fort McClellan. Depot operations at Anniston could experience a reduction of as much as \$710 million. The Air Force would suffer a cut of at least \$8 million to their operations in the State, including reductions in facilities projects at Maxwell Air Force Base. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Alabama as we compile a more complete list.

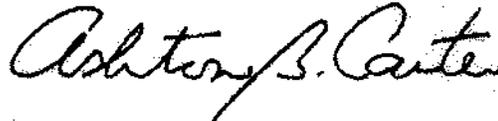


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 27,000 DoD civilian employees who work in Alabama. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$184 million just in Alabama.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





**DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010**

MAR 01 2013

The Honorable Jay Inslee
Governor
State of Washington
Olympia, WA 98504

Dear Governor Inslee:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in the State of Washington.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$124 million in base operations funding across Washington, including cuts at Joint Base Lewis-McCord. The Air Force would suffer a cut of at least \$3 million, including reductions in facilities projects at Fairchild Air Force Base. The Navy would face cancellation of aircraft depot maintenance at Whidbey Island and a demolition project in Bremerton. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Washington as we compile a more complete list.

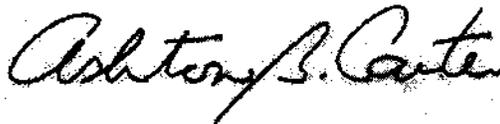


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 29,000 DoD civilian employees who work in Washington. If we have to impose these furloughs, it will mean roughly a 20 percent pay out over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$175 million just in Washington State.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Rick Perry
 Governor
 State of Texas
 Austin, TX 78701

Dear Governor Perry:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Texas.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$233 million in base operations funding across Texas, including cuts at Fort Bliss, Fort Hood, and Fort Sam Houston. Depot operations at Red River and Corpus Christi could experience a reduction of as much as \$1.4 billion. The Air Force would suffer a cut of at least \$92 million, including reductions in facilities projects at Lackland, Randolph, and Sheppard Air Force Bases. The Navy and Marine Corps would face reduced procurement of the Joint Strike Fighter. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Texas as we compile a more complete list.

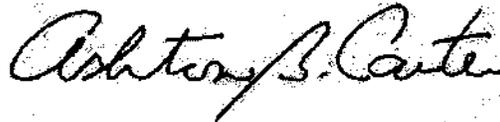


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 52,000 DoD civilian employees who work in Texas. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$291 million just in Texas.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Martin O'Malley
 Governor
 State of Maryland
 Annapolis, MD 21401

Dear Governor O'Malley:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion - roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Maryland.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$95 million in base operations funding across Maryland, including cuts at Fort Meade and Aberdeen Proving Ground. The Air Force would suffer a cut of at least \$10 million to their operations in the State, including reductions in facilities projects at Andrews Air Force Base. The Navy would face the loss of \$9 million in funding for a demolition project at Patuxent River Naval Air Station. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Maryland as we compile a more complete list.

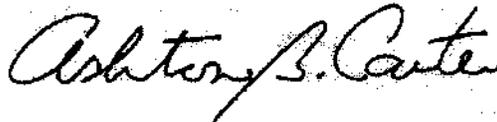


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 46,000 DoD civilian employees who work in Maryland. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$359 million just in Maryland.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

Dear Governor Corbett:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Pennsylvania.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$7 million in base operations funding across Pennsylvania, including cuts at Carlisle Barracks and Fort Indiantown Gap. In addition, depot operations at Tobyhanna and Letterkenny could experience a reduction of as much as \$751 million. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Pennsylvania as we compile a more complete list.

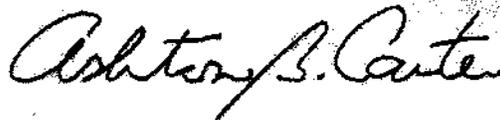


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 26,000 DoD civilian employees who work in Pennsylvania. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$155 million just in Pennsylvania.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





**DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010**

MAR 01 2013

The Honorable Nathan Deal
Governor
State of Georgia
Atlanta, GA 30334

Dear Governor Deal:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Georgia.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$233 million in base operations funding across Georgia, including cuts at Fort Benning, Fort Gordon, and Fort Stewart. The Air Force would suffer a cut of at least \$152 million to their operations in the State, including reductions in facilities projects at Moody and Robbins Air Force Bases. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Georgia as we compile a more complete list.

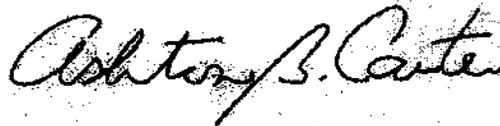


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 37,000 DoD civilian employees who work in Georgia. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$203 million just in Georgia.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Rick Scott
Governor
State of Florida
Tallahassee, FL 32399

Dear Governor Scott:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Florida.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Navy faces the loss of \$135 million in funding for aircraft depot maintenance in Jacksonville and \$3.2 million for four demolition projects in Pensacola. The Army would lose \$7 million in base operations funding across Florida, including cuts at Camp Blanding. The Air Force would suffer a cut of at least \$37 million to their operations in the State, including reductions in facilities projects at Cape Canaveral and at Eglin, MacDill, Patrick, and Tyndall Air Force Bases. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Florida as we compile a more complete list.

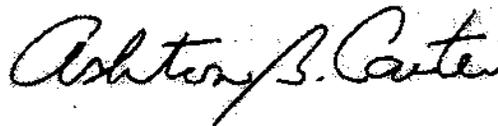


In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 31,000 DoD civilian employees who work in Florida. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$185 million just in Florida.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable John Kasich
Governor
State of Ohio
Columbus, OH 43215

Dear Governor Kasich:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Ohio.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose \$2 million in base operations funding across Ohio, including cuts at Camp Perry. The Air Force would suffer a cut of at least \$3 million to their operations in the State, including reductions in facilities projects at Wright Patterson Air Force Base. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Ohio as we compile a more complete list.

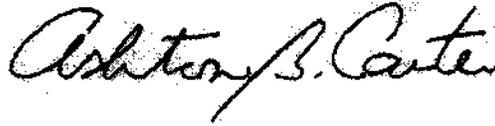
In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 26,000 DoD civilian employees who work in Ohio. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$166 million just in Ohio.



Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

A handwritten signature in black ink, reading "Ashton B. Carter". The signature is written in a cursive style with a large, stylized initial 'A'.



**DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010**

MAR 01 2013

The Honorable Robert F. McDonnell
Governor
Commonwealth of Virginia
Richmond, VA 23219

Dear Governor McDonnell:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately \$85 billion in budgetary resources across the Federal Government, of which nearly \$41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as \$46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Virginia.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Navy will have to cancel maintenance on 11 ships in Norfolk and to defer four projects at Dahlgren, Oceana, and Norfolk. The Army would lose \$146 million in base operations funding across Virginia, including cuts at Fort Lee and Fort Belvoir. The Air Force would suffer a cut of about \$8 million to their facilities projects at Langley Air Force Base. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Virginia as we compile a more complete list.



In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 90,000 DoD civilian employees who work in Virginia. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about \$661 million just in Virginia.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

