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MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Guidance on Fiscal Year 2013 Joint Committee Sequestration

The Budget Control Act of 2011 (BCA) established the Joint Select Committee on Deficit Reduction (Joint Committee) and charged it with developing a proposal that would achieve at least $1.2 trillion in deficit reduction. Last November, the Joint Committee announced that it could not reach agreement on a deficit reduction plan. This failure triggered an enforcement mechanism of automatic funding cuts in Fiscal Year (FY) 2013, known as sequestration, above and beyond the reductions already reflected in the FY 2013 budget the Department submitted in February. The law requires the President to issue a sequestration order on January 2, 2013, to implement the required cuts unless Congress acts to avoid it.

The additional funding cuts required under the BCA are very large. A recent report by the Office of Management and Budget (OMB) estimates that the cuts in the Department of Defense (DoD) budget would exceed $50 billion in FY 2013 alone. The law further requires that the FY 2013 cuts be implemented in an indiscriminate, across-the-board manner that will greatly exacerbate their adverse effects. These large cuts would lead to devastating effects on the Department and virtually every other Federal agency. For this reason, the Administration strongly believes that Congress needs to act to avoid sequestration by passing a balanced deficit reduction package that the President can sign.

If Congress fails to enact balanced deficit reduction and avoid sequestration, DoD and other affected agencies must be prepared, under the BCA, to implement sequestration on January 2, 2013. On July 31, 2012, OMB issued the attached guidance informing agencies that OMB will be consulting with them on matters related to the issuance of the sequestration order. Over the longer term, in the absence of congressional action on a balanced deficit reduction plan in advance of January 2, 2013, OMB will undertake additional activities related to the implementation of the sequestration. Within DoD, the Under Secretary of Defense (Comptroller) will take the lead in these efforts and, working with OMB as necessary, will ensure that the Department is ready to implement sequestration in January if it occurs.
In the meantime, consistent with OMB guidance, DoD needs to continue normal spending and operations. We do not want our programs, personnel, and activities to begin to suffer the harmful effects of sequestration while there is still a chance it can be avoided. I am therefore directing that all commanders and managers in the Department of Defense continue the defense mission under current laws and policies, without taking any steps that assume sequestration will occur. Commanders should not, for example, curtail planned training, maintenance, healthcare or family programs. Commanders and managers should not alarm our employees and their families by announcing personnel actions related to sequestration or by suggesting that these actions are likely. Nor should commanders and managers hold back on the obligation of funds – either for investments or for operating programs – if those funds would have been obligated in the absence of the sequester threat.

If you have questions about this guidance, please consult your chain of command. Addressees on this memo who have questions should direct them to the Under Secretary of Defense (Comptroller).

Attachment:
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
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

July 31, 2012

M-12-17

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Jeffrey D. Zients
        Acting Director

SUBJECT: Issues Raised by Potential Sequestration Pursuant To Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985

Passed by bipartisan majorities in both houses of the Congress, the Budget Control Act of 2011 (BCA; Public Law 112-25) amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) to put into place an automatic process of across-the-board reductions in budgetary resources, known as a sequestration, specified in an order to be issued on January 2, 2013, if the Joint Select Committee on Deficit Reduction failed to propose, and the Congress failed to enact, a bill containing at least $1.2 trillion in deficit reduction.

The President has made clear that the Congress should act to avoid such a sequestration. If allowed to occur, the sequestration would be highly destructive to national security and domestic priorities, as well as to core government functions. To avoid this, the President submitted a budget for 2013 that includes a comprehensive and balanced set of proposals that contain greater deficit reduction than the Congress was charged with achieving. The Administration believes the Congress should redouble its efforts to reduce the deficit in a bipartisan, balanced, and fiscally responsible manner and avoid the sequestration.

If Congress were to enact the requisite deficit reduction measures and avoid the sequestration, there would be no need to take steps to issue the sequestration order, and then to develop plans for agency operations for the remainder of FY 2013 within the constraints of that order. These sequestration planning and implementation activities, once undertaken, will necessarily divert scarce resources from other important agency activities and priorities. The President remains confident that Congress will act, but because it has not yet made progress towards enacting sufficient deficit reduction, the Office of Management and Budget (OMB) will work with agencies, as necessary, on issues raised by a sequestration of this magnitude.

To that end, OMB will be holding discussions on these issues with you and your staff over the coming months. In the near term, OMB will consult with you on such topics as the application to your agency’s accounts and programs of the exemptions from sequestration contained in section 255 of BBEDCA and the applicable sequestration rules specified in section 256 of BBEDCA. These discussions should be informed by your General Counsel’s analysis of how the requirements of BBEDCA, as amended by the BCA, and other statutory authorities

OSD009393-12
apply to a particular issue involving your agency. OMB will also engage with agencies on anticipated reporting requirements established by Congress that are related to, but separate from, planning for or implementing a sequestration order under the BCA.

Over the longer term, in the absence of Congressional action on a balanced deficit reduction plan in advance of January 2, 2013, OMB will undertake additional activities related to the implementation of the BCA. OMB will work with agencies, as necessary, on issues surrounding the sequestration order and its implementation. For example, sequestrable amounts can only be calculated once FY 2013 funding levels are known; therefore, shortly before any sequestration order is issued, OMB will collect information from agencies on sequestrable amounts and, where applicable, unobligated balances, and calculate the percentage reductions necessary to implement the sequestration. In the meantime, agencies should continue normal spending and operations since more than 5 months remain for Congress to act.

The steps described above are necessary to prepare for the contingency of having to issue a sequestration order, but they do not change the fact that sequestration is bad policy, was never meant to be implemented, and should be avoided through the enactment of bipartisan, balanced deficit legislation. The Administration urges the Congress to take this course.
MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: Fiscal Year 2013 (FY13) Near-Term Actions to Mitigate Sequestration Impacts

This memorandum is provided in response to your January 4th, 2013 Deputy’s Management Action Group (DMAG) request for the Services to identify near-term actions we are taking to accommodate possible reductions to the FY13 budget. We can no longer live under the uncertainty of sequestration and the continuing resolution without taking action now. Given this uncertainty in the second quarter of FY13, prudent planning for the third and fourth quarters is required even though we are not presuming sequestration will occur. Our proposed near term actions will begin to introduce significant inefficiencies and delays in normal program execution, but they do not immediately impact core readiness and are reversible or recoverable. They include:

- Notify civilians of furlough as early as possible to preserve options in the future
- Implement civilian hiring restrictions within the Department of Defense rule set to include implementing a hiring freeze and reducing temps/terms
- Review Overseas Contingency Operation requirements and identify potential deferments
- Cancel all non-mission critical temporary duties, conferences, and symposia
- Curtail non-readiness/mission related flying such as air show support, flyovers, and familiarization rides
- Proactively curtail or cancel non-Congressionally directed/non-mission critical studies
- Curtail supply purchases to essential FY13 consumption and stop minor purchases such as furniture, information technology refresh, and unit equipment
- Defer non-emergency Facilities Sustainment, Restoration, and Modernization (FSRM) projects, resulting in a reduction of roughly 50% in FSRM spending
- Where practical, de-obligate/incrementally fund contracts to encompass only FY13
- For investment accounts, we are establishing a review process to proactively monitor proposed obligations and halt or delay contracts to reduce expenditures

These near term actions only achieve a small share of the total sequestration reduction. Therefore, if we do not have resolution by March, immediate actions negatively impacting core readiness programs will be required. These actions include:

- Reducing Weapons System Sustainment (aircraft depot maintenance and engine overhauls) by as much as 17%, pushing aircraft availability and mission capable rates much further below standards
- Reducing flying hours by as much as 18% (~203K hours across the enterprise), leading to a potential flying stand-down from late July through September and driving nearly all flying units to unacceptable readiness levels by the end of FY13
- Implementing civilian furloughs to the maximum level possible without initiating reduction-in-force procedures across the total force (Active, Guard and Reserve)
Prioritizing and curtailing operational training exercises and international partnership exercises, cancelling them where sensible.

The post-sequestration actions outlined will have immediate and devastating impacts to readiness. The disproportionate effect on core readiness is due to the limited amount of reductions we can apply to programs such as civilian pay as well as the limited time and flexibility remaining after covering must-pays. Impacts include:

- The defense strategy requires the Air Force to maintain a high state of readiness across the total force. We cannot execute the strategy from a tiered readiness posture. The flying hour reductions will compel us to focus almost exclusively on current missions such as training pipelines, Operation Enduring Freedom spin-up and other deployments while sacrificing preparedness for contingencies and OPLANS. Thus the 18% cut will be disproportionately applied across the force; deployed and next-to-deploy units will be minimally cut, leaving remaining units to take the brunt of the cuts and stand down for extended periods. These units will likely fall to the lowest readiness levels and will require extensive time and funding to recover.
- Aircraft depot maintenance and engine overhauls will backlog and the 50/50 organic/contractor depot ratio will be at risk.
- Civilian personnel actions will drive nearly immediate capability gaps in all critical skill sets and have a direct impact on unit readiness, military productivity, morale, and quality of life.
- Potential delays or deferrals of critical facility projects will impact new mission beddowns, range upgrades, runway repairs, energy initiatives, and drive substantial costs in the future.

With respect to acquisition program accounts, a year-long continuing resolution coupled with sequestration would impact weapon system program schedules; thus, creating a protracted disruptive effect to our modernization programs. This will result in cancelled or delayed delivery of modernization capability which is already under-capitalized to meet the new defense strategy. We will provide you with additional details in the weeks to come.

From a policy standpoint, the Air Force is standing by for further guidance regarding civilian furlough notifications and will work with you to implement any forthcoming direction.

Michael B. Donley
Secretary of the Air Force

Mark A. Welsh III
General, USAF
Chief of Staff
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
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

SUBJECT: Handling Budgetary Uncertainty in Fiscal Year 2013

Two sources of uncertainty are creating budgetary challenges for the Department of Defense (DoD) in 2013. The first is the fact that the Department is operating under a Continuing Resolution (CR) through at least March 27, 2013. Because most operating funding was planned to increase from Fiscal Year (FY) 2012 to FY 2013, but is instead being held at FY 2012 levels under the CR, funds will run short at current rates of expenditure if the CR continues through the end of the fiscal year in its current form. The Secretary will continue to urge the Congress to enact appropriations bills for FY 2013. But if the CR were to be extended through the end of the fiscal year, it would hinder our ability to maintain a ready force.

The second source of uncertainty is the potential sequestration recently deferred from January 2, 2013 to March 1, 2013 by the American Taxpayer Relief Act of 2012. The possibility of sequestration occurring as late as the beginning of the sixth month of the fiscal year creates significant additional uncertainty for the management of the Department.

Either of these problems, in isolation, would present serious budget execution challenges to the Department, negatively impacting readiness and resulting in other undesirable outcomes. This situation would be made even more challenging by the need to protect funds for wartime operations.
Near-Term Actions

Given the overall budgetary uncertainty faced by the Department, and in particular the immediate operational issues presented by the CR, it is prudent to take certain steps now in order to help avoid serious future problems. I therefore authorize all Defense Components to begin implementing measures that will help mitigate our budget execution risks. For now, and to the extent possible, any actions taken must be reversible at a later date in the event that Congress acts to remove the risks I have described. The actions should be structured to minimize harmful effects on our people and on operations and unit readiness.

Categories of approved actions are identified in Table 1. The authority to implement these actions shall remain in effect until they are revoked in a subsequent memorandum from my office. If Components believe they must take actions that go beyond the categories listed in Table 1, they should present the options for my review and approval prior to their implementation.

Intensified Planning for Longer-Term Budgetary Uncertainty

Given the added challenge of a potential sequestration in March, we must also intensify efforts to plan future actions that might be required should that happen. This planning does not assume these unfortunate events will occur, only that we must be ready.

As they formulate draft plans, Components should follow the guidance that directs the Department to take all possible steps to mitigate harmful effects associated with this budgetary uncertainty and to maintain a strong defense. The details of the guidance are summarized below:

- For the operating portions of the DoD budget:
  - Exempt all military personnel funding from sequestration reductions, in accordance with the decision made by the President in July 2012.
  - 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.
  - Reduce civilian workforce costs using the following actions (all subject to mission-critical exemptions, and appropriate consultation with union representatives consistent with Executive Order 13522):
    - Release temporary employees and do not renew term hires.
    - Impose hiring freezes.
    - Authorize voluntary separation incentives and voluntary early retirements to the extent feasible.
    - Consider the possibility of furloughs of up to 30 calendar days or 22 discontinuous workdays.
  - To the extent feasible, protect family programs.
To the extent feasible, protect funding most directly associated with readiness; focus the necessary cuts on later deploying units.

- For the investment portions of the DoD budget (procurement, RDT&E, construction):
  - Protect investments funded in Overseas Contingency Operations if associated with urgent operational needs.
  - To the extent feasible, protect programs mostly closely associated with the new defense strategy.
  - Take prudent steps to minimize disruption and added costs (e.g., avoid penalties associated with potential contract cancellations where feasible; prudently manage construction projects funded with prior-year monies).

While we are hopeful of avoiding budgetary problems, draft Component plans should reflect the possibility that we may have to operate under a year-long CR and that sequestration takes place. Table 2 shows the types of information that should be included in the plans. Components should submit these draft plans to the Under Secretary of Defense (Comptroller) by February 1, 2013. The Under Secretary of Defense (Comptroller) will work with the Components to adjust this schedule if changes are required due to the deadlines for the preparation of the FY 2014 President’s Budget submission.

I appreciate your patience as we work through these difficult budgetary times. The Department will continue to do its best to resolve these budgetary uncertainties in a manner that permits us to support our current defense strategy and maintain a strong defense.

If addressees have questions about this memorandum, they should direct them to the Under Secretary of Defense (Comptroller).

Attachments:
As stated
Table 1. Categories of Approved Near-Term Actions

- Freeze civilian hiring (with exceptions for mission-critical activities*).
- Provide authority to terminate employment of temporary hires and to notify term employees that their contracts will not be renewed (with exceptions for mission-critical activities and when appropriate in terms of personnel timing*).
- Reduce base operating funding.
- Curtail travel, training, and conferences (all with exceptions for mission-critical activities* including those required to maintain professional licensure or equivalent certifications).
- Curtail facilities maintenance or Facilities Sustainment, Restoration, and Modernization (FSRM) (with exceptions for mission-critical activities*).
  - If necessary, services/agencies are authorized to fund FSRM at levels below current guidance.
- Curtail administrative expenses such as supply purchases, business IT, ceremonies, etc. (with exceptions for mission-critical activities*).
- Review contracts and studies for possible cost-savings.
- Cancel 3rd and 4th quarter ship maintenance availabilities and aviation and ground depot-level maintenance activities. Take this action no earlier than February 15, 2013.
- Clear all R&D and production contracts and contract modifications that obligate more than $500 million with the USD(AT&L) prior to award.
- For Science and Technology accounts, provide the USD(AT&L) and the Assistant Secretary of Defense (Research & Engineering) with an assessment of the impact that budgetary uncertainty may have on meeting Departmental research priorities.

*Approvals will be granted by Component heads or by senior officials designated by the Component head.

Components with personnel serving Combatant Commanders (COCOMs) must consult with the COCOMs before implementing actions that affect them. Disputes will be brought to the attention of the Chairman of the Joint Chiefs of Staff for further resolution.

Components receiving reimbursements should coordinate with customer before taking actions that would affect the customer’s mission.
Table 2. Information to Be Included in Draft Implementation Plans

The following information should be provided at the Component level. Information by commands and bases/installations is not required.

- For operating accounts, identify major actions to include, at a minimum:
  - Extent of civilian hiring freezes; expected number of temps/terms released; expected number, duration, and nature of furloughs.
  - Reductions in flying hours, steaming days, vehicle miles, and other operations/training/support activities that affect force readiness.
  - Areas of budgets experiencing disproportionate cuts.
- For investment accounts:
  - Plans for large programs (ACAT 1D and 1C, and MAIS programs).
    - Include major changes in unit buys, delays, etc.
  - Significant changes in all joint programs.
- Identify and prioritize any essential reprogramming actions with offsets.
January 14, 2013

M-13-03

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Jeffrey D. Zients
Deputy Director for Management

SUBJECT: Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources

In the coming months, executive departments and agencies (agencies) will confront significant uncertainty regarding the amount of budgetary resources available for the remainder of the fiscal year. In particular, unless Congress acts to amend current law, the President is required to issue a sequestration order on March 1, 2013, canceling approximately $85 billion in budgetary resources across the Federal Government. Further uncertainty is created by the expiration of the Continuing Appropriations Resolution, 2013 (CR) on March 27, 2013. This memorandum directs agencies to take certain steps to plan for and manage this budgetary uncertainty.

The Administration continues to urge Congress to take prompt action to address the current budgetary uncertainty, including through the enactment of balanced deficit reduction to avoid sequestration. Should Congress fail to act to avoid sequestration, there will be significant and harmful impacts on a wide variety of Government services and operations. For example, should sequestration remain in place for an extended period of time, hundreds of thousands of families will lose critical education and wellness services through Head Start and nutrition assistance programs. The Department of Defense will face deep cuts that will reduce readiness of non-deployed units, delay needed investments in equipment and facilities, and cut services for military families. And Federal agencies will likely need to furlough hundreds of thousands of employees and reduce essential services such as food inspections, air travel safety, prison security, border patrols, and other mission-critical activities.

At this time, agencies do not have clarity regarding the manner in which Congress will address these issues or the amount of budgetary resources that will be available through the remainder of the fiscal year. Until Congress acts, agencies must continue to prepare for the possibility that they will need to operate with reduced budgetary resources.
Prior to passage of the American Taxpayer Relief Act of 2012 (ATRA), the President was required to issue a sequestration order on January 2, 2013. Although the ATRA postponed this date by two months, agencies had already engaged in extensive planning for operations under post-sequestration funding levels before this postponement was effected. In light of persistent budgetary uncertainty, all agencies should continue these planning activities, in coordination with the Office of Management and Budget (OMB), and should intensify efforts to identify actions that may be required should sequestration occur.

Agencies should generally adhere to the following guiding principles, to the extent practicable and appropriate, in preparing plans to operate with reduced budgetary resources in the event that sequestration occurs:

- use any available flexibility to reduce operational risks and minimize impacts on the agency’s core mission in service of the American people;

- identify and address operational challenges that could potentially have a significant deleterious effect on the agency’s mission or otherwise raise life, safety, or health concerns;

- identify the most appropriate means to reduce civilian workforce costs where necessary – this may include imposing hiring freezes, releasing temporary employees or not renewing term or contract hires, authorizing voluntary separation incentives and voluntary early retirements, or implementing administrative furloughs (appropriate guidance for administrative furloughs can be found on the OPM website [here]); consistent with Section 3(a)(ii) of Executive Order 13522, allow employees’ exclusive representatives to have pre-decisional involvement in these matters to the fullest extent practicable;

- review grants and contracts to determine where cost savings may be achieved in a manner that is consistent with the applicable terms and conditions, remaining mindful of the manner in which individual contracts or grants advance the core mission of the agency;

- take into account funding flexibilities, including the availability of reprogramming and transfer authority; and,

- be cognizant of the requirements of the Worker Adjustment and Retraining Notification (WARN) Act, 29 U.S.C. §§ 2101-2109.

While agency plans should reflect intensified efforts to prepare for operations under a potential sequestration, actions that would implement reductions specifically designed as a response to sequestration should generally not be taken at this time. In some cases, however, the overall budgetary uncertainty and operational constraints may require that certain actions be taken in the immediate- or near-term. Agencies presented with these circumstances should continue to act in a prudent manner to ensure that operational risks are avoided and adequate funding is available for the remainder of the fiscal year to meet the agency’s core requirements and mission. Should circumstances require an agency to take actions that would constitute a change from normal practice and result in a reduction of normal spending and operations in the
immediate- or near-term, the agency must coordinate closely with its OMB Resource Management Office (RMO) before taking any such actions.

All agencies should work with their OMB RMO on the appropriate timing to submit draft contingency plans for operating under sequestration for review. Furthermore, should Congress take action that affects the current budgetary uncertainty, OMB will provide agencies with additional guidance as appropriate.
MEMORANDUM FOR ALMAJCOM/CC

SUBJECT: Fiscal Year 2013 (FY13) Near-Term Actions to Handle Budgetary Uncertainty

The combined impact of two sources of budgetary uncertainty necessitate that the Air Force take immediate action to reduce our expenditure rate, especially in our operations and maintenance account. First, the Department continues to operate under a Continuing Resolution that currently runs through March 27, 2013 but could potentially be extended to cover the full fiscal year. Second, the potential sequestration under the Budget Control Act was delayed but not eliminated by the American Taxpayer Relief Act, and that same Act made additional topline reductions to the defense budget.

Near Term Actions

Given these sources of budgetary uncertainty and a projected FY13 $1.8B shortfall in Air Force funding for overseas contingency operations, it is prudent to implement immediate actions to reduce our expenditure rate and mitigate budget execution risks. Our intent with these initial actions is to pursue reversible or recoverable steps and avoid impacts to core readiness. If we did not act now, the scale of reductions required should sequestration be triggered on March 1 or if the Department were left under a year-long Continuing Resolution would be even more devastating for readiness. We direct the following actions now, to slow spending across the Total Force and all appropriations. Your implementation of these near-term actions should be structured to minimize harmful effects on our people and on unit readiness:

- Implement civilian hiring restrictions 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
- Review OCO requirements and identify potential reductions which will not impair wartime operations such as delaying asset reconstitution and incrementally funding OCO contracts
- 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
- Curtail flying not directly related to readiness, such as air shows, flyovers, and familiarization rides
- Curtail or cancel ongoing and scheduled studies that are not Congressionally-directed or mission critical
- 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, IT refresh, and unit equipment
- Defer non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects (examples include but not limited to painting, carpeting, remodeling, etc; continue to carry out compliance/life/safety projects)
• Where practical, de-obligate/incrementally-fund contracts to encompass only FY13 (examples include but are not limited to base maintenance contracts, advisory and assistance services contracts, custodial contracts, etc.). Review contracts for possible longer term cost savings as well.
• For investment accounts we are establishing a review process to proactively monitor proposed program obligations and as prudent, halt or delay contracts to reduce expenditures. Further guidance has been provided through acquisition channels.

Exceptions may be made as noted above 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. MAJCOM Vice Commanders and the Deputy Director of the Air National Guard are authorized to further delegate to General Officer/SES NAF/Center/Wing Commanders but should also provide appropriate guidance on implementing delegated authority and should exercise great discretion in approving exceptions, exemptions, and determining the definition of mission critical.

To assist you in making mission criticality determinations, you should be aware that OSD has 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

Planning for Longer-Term Budgetary Uncertainty

These near term actions only achieve a small portion of the funding decrement required in the event of sequestration or a significant topline reduction. Therefore, if we do not have resolution by March, immediate actions with serious negative impacts to core readiness programs will be required. We have been directed by the Deputy Secretary of Defense to intensify our planning for longer-term budgetary uncertainty, including a potential sequestration in March. This planning effort is underway. When appropriate, additional information on other necessary actions will be provided. We will closely monitor your FY13 budget execution and provide feedback throughout this fiscal year. We encourage you to plan for additional actions to meet adjusted funding levels.

Civilian pay makes up a large share of our operating budget and we have been directed to consider the possibility of civilian furloughs of up to 30 calendar days or 22 discontinuous workdays. However, we very much hope that the Congress will address the current budgetary uncertainty and allow us to avoid these actions. If needed, further guidance regarding furloughs will be forthcoming. For now please do not take any actions regarding furloughs. As required by Executive Order (EO) 13522, management should continue to allow employees and their union representatives to engage pre-decisionally in all workplace matters, to the fullest extent practicable.

We recognize you are already implementing many of the actions outlined above and have done a great deal to increase the efficiency and mission effectiveness of the Air Force over the
last few years. Above all, we greatly appreciate your leadership and innovative support during this challenging period. 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

cc:
SAF/FM

Jamie M. Morin
Acting Under Secretary of the Air Force
MEMORANDUM FOR ALMAJCOM /CV
USCENTCOM/CV
NORAD USNORTHCOM/CV
USSOCOM/CV
USSTRATCOM/CV
USTRANSCOM/CV
DRU/CC

FROM: HQ USAF/A1
1040 Air Force Pentagon
Washington, DC 20330-1040

SUBJECT: Immediate Civilian Workforce Actions – Hiring Freeze and Management of Temporary and Term Employees

This memo provides the implementation guidance referenced in the attached 7 Jan 13 memo signed by the Secretary of the Air Force and the Chief of Staff and the attached 14 Jan 13 memo signed by the Acting Undersecretary of the Air Force and the Vice Chief of Staff, regarding immediate near-term actions the Air Force is taking to manage budgetary uncertainty. Effective immediately, we are implementing a temporary hiring freeze for permanent, temporary, and term vacancies in all appropriations. Actions in progress will continue where an entry on duty (EOD) date has been established or a selection has been made and a job offer has been extended to the individual. External hiring actions, where a job offer has not been made, will be withdrawn. Reassignment and promotions, for the current workforce, will continue as it does not grow the force. Exemptions from previous hiring controls do not carry over to the current environment.

The Air Force Personnel Center (AFPC) will hold all Requests for Personnel Actions (RPAs) currently in the system. If an exception is approved by the appropriate authority (specifically addressed in the attached 14 Jan 13 memo), RPA processing will continue. AFPC will provide additional operational guidance regarding all RPA processing to your servicing Civilian Personnel Sections.

Given the current and projected fiscal environment, hiring exceptions must be carefully scrutinized. In accordance with the Acting Undersecretary and the Vice Chief of Staff’s direction, temporary employees should be released and term employees should not be renewed. All temporary and term employees (including reemployed annuitants), not considered mission critical, should be separated in accordance with established procedures.
These are uncharted waters concerning the federal budget and the effect it will have on the Air Force. It is imperative we work closely together to balance mission needs and minimize impacts to our dedicated civilian employees and their families. Please don’t hesitate to contact me with any questions or concerns or have your staff contact Brig Gen Gina Grosso (AF/A1P, DSN 227-1228), Ms. Dana Crowe (AF/A1PC, DSN 612-4022), or Mr. Dave Nuchols (SAF/FMBO, DSN 224-3805), with questions.

DARRELL D. JONES
Lieutenant General, USAF
DCS, Manpower, Personnel and Services

Atch:
7 Jan 13 SecAF/CSAF Memo
14 Jan 13 USECAF/AF/CV Memo
MEMORANDUM FOR DISTRIBUTION C

SUBJECT: FY13 HAF Near-Term Actions to Handle Budgetary Uncertainty

Due to the Department’s current budgetary uncertainty, the Headquarters Air Force (HAF) (Secretariat, Air Staff and their Field Operating Agencies (FOAs)) initiated detailed planning and actions to mitigate a potential Operations and Maintenance (O&M) top-line reduction. This memo provides HAF specific guidance in support of and in addition to the Air Force-wide guidance issued 14 Jan 2013 and 16 Jan 2013.

Given the magnitude of our budgetary uncertainty, HAF 2-letters must take immediate action to slow spending across all appropriations. Should sequestration occur, HAF programs could face a 16 percent O&M reduction; a cut of over 32 percent in Overseas Contingency Operations (OCO); and an 18 percent Weapon System Sustainment (WSS) reduction. Guidance on National Intelligence Program (NIP) and other appropriation funding is forthcoming. Our goal is to structure near-term actions that are reversible and minimize harmful effects on our people and unit readiness.

a. Civilian hiring is frozen immediately. SAF/AA will approve exceptions for mission critical fills (includes Intergovernmental Personnel Act (IPA), Schedule C, Highly Qualified Experts (HQE), and summer hires). The Secretary of the Air Force will approve Senior Executive Service (SES) hiring actions.

(1) All positions, regardless of funding source are part of the freeze (includes reimbursables). Hiring for centrally funded new-entrant programs, such as Palace Acquire, Pathways intern program or Section 852, which are centrally managed by AFPC will continue based on currently approved plans.

(2) Release non-mission critical temporary employees and reemployed annuitants. Submit exception requests to retain mission critical temporary employees or reemployed annuitants to SAF/AA no later than 28 Jan 2013. Term employees should not be renewed unless an exception is approved. Use the attached exceptions guidance for submission.

(3) We do not anticipate offering Voluntary Early Retirement Authority (VERA) and/or Voluntary Separation Incentive Payments (VSIP) at this time.

(4) Actions with established entry on duty dates or where a selection is made and a job offer has been extended may continue; this includes external and internal hires.
(5) Internal actions, which cause no growth to the force, such as promotions, or management directed reassignments may continue.

(6) Out-placement of PAQ interns, career-broadeners, and long-term trainees may continue upon successful completion of their defined programs.

(7) Request approval for mission critical hiring exceptions, by submitting information contained in the attached Exception Guidance. Please include all requested data elements to ensure rapid processing.

b. Civilian pay is centrally managed by SAF/AAR. HAF 2-letters must deploy measures to ensure overtime and compensatory time is mission critical and minimized. Both must be properly requested and monitored with all compensatory time used so it does not convert to payroll dollars. SAF/AAR will provide monthly overtime and compensatory time report to assist tracking dollars and hours. If civilian pay is further reduced, overtime and compensatory time may be curtailed.

c. Baseline funds may be required to cover OCO mission critical requirements. Review OCO requirements and take action to defer actions such as asset reconstitution and restructure contracts to be incrementally funded.

d. Cancel all non-mission critical temporary duties (TDY), conferences, staff assistance visits, training, seminars and symposia. Each HAF 2-letter is charged with determining mission criticality for these expenses.

   (1) Mission critical TDY must remain within existing travel limitations.
   (2) Continue mission critical training such as certification of flight-line maintenance.
   (3) Cancel non-mission critical training such as financial certifications.
   (4) Conferences, both DoD and Non-Federal Entity-hosted continue to require SAF/AA approval. Even if a conference is approved, HAF 2-letters must determine mission criticality for each attendee, including travel for those events previously approved but not yet complete. This includes individual speaker travel. At this time, no additional conference approval authority is delegated. SAF/AA will continue to process all conference requests to include those that require SAF/US approval.

e. Deobligate and/or incrementally fund contracts to encompass only FY13 where practicable; review contracts for possible longer-term cost savings and plan ahead for reduced O&M funding. Take prudent steps to minimize disruption and added costs working within contract limitations (e.g., avoid penalties associated with potential contract cancellations where feasible).

f. Proactively curtail supply purchases to essential FY13 consumption and stop minor purchases such as furniture, information technology refresh, and unit equipment.
(1) Check the HAF Supply Depot to obtain supply items and provide items available for use by other AF organizations at https://haf.afrcr.af.mil/com/HAF/supplydepot/default.aspx.

(2) Submit facility (space requirements, moves, reconfiguration, alternations) and furniture requests, signed by the HAF 2-letter, at http://hafap071/fminteract/ for validation by SAF/AAO, then for SAF/AA and/or the Executive Oversight Board (EOB) approval.

(3) Submit Information Technology (IT) refresh or Video Teleconferencing (VTC) requirements through SAF/AAI for validations, then for SAF/AA and/or the EOB approval.

(4) If available, print to Ricoh multi-function devices to reduce toner cartridge purchases for other printers.

(5) Turn in excess IT equipment to reduce maintenance costs and to fulfill new or pending requirements, and avoid new purchases.

(6) Additional supply, facility and IT guidance is attached.

g. Review studies to curtail or cancel ongoing and scheduled studies that are not congressionally directed or mission critical. A study is defined as any organized analysis, assessment or evaluation in support of policy development, strategy review, decision-making, cost or effectiveness review, or management/administrative functions. Organically performed studies are excluded. Submit results from your review to the Air Force Studies Governance Board (SGB) in a provided standard format. The SGB will provide feedback to the Corporate Structure.

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
Assistant Vice Chief of Staff
Director of Staff

TIM BEYLAND
Administrative Assistant to the Secretary of the Air Force

Attachment:
1. 14 Jan 2013 USECAF/AF/CV Memo
2. 16 Jan 2013 AF/A1 Memo
3. HAF Hiring Freeze Exception Guidance
4. HAF Supply/Facility/IT Guidance
MEMORANDUM FOR ALMAJCOM/CC

SUBJECT: Fiscal Year 2013 (FY13) Near-Term Actions to Handle Budgetary Uncertainty

The combined impact of two sources of budgetary uncertainty necessitate that the Air Force take immediate action to reduce our expenditure rate, especially in our operations and maintenance account. First, the Department continues to operate under a Continuing Resolution that currently runs through March 27, 2013 but could potentially be extended to cover the full fiscal year. Second, the potential sequestration under the Budget Control Act was delayed but not eliminated by the American Taxpayer Relief Act, and that same Act made additional topline reductions to the defense budget.

Near Term Actions

Given these sources of budgetary uncertainty and a projected FY13 $1.8B shortfall in Air Force funding for overseas contingency operations, it is prudent to implement immediate actions to reduce our expenditure rate and mitigate budget execution risks. Our intent with these initial actions is to pursue reversible or recoverable steps and avoid impacts to core readiness. If we did not act now, the scale of reductions required should sequestration be triggered on March 1 or if the Department were left under a year-long Continuing Resolution would be even more devastating for readiness. We direct the following actions now, to slow spending across the Total Force and all appropriations. Your implementation of these near-term actions should be structured to minimize harmful effects on our people and on unit readiness:

- Implement civilian hiring restrictions 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
- Review OCO requirements and identify potential reductions which will not impair wartime operations such as delaying asset reconstitution and incrementally funding OCO contracts
- 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
- Curtail flying not directly related to readiness, such as air shows, flyovers, and familiarization rides
- Curtail or cancel ongoing and scheduled studies that are not Congressionally-directed or mission critical
- 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, IT refresh, and unit equipment
- Defer non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects (examples include but not limited to painting, carpeting, remodeling, etc; continue to carry out compliance/life/safety projects)
• Where practical, de-obligate/incrementally-fund contracts to encompass only FY13 (examples include but are not limited to base maintenance contracts, advisory and assistance services contracts, custodial contracts, etc.). Review contracts for possible longer term cost savings as well.
• For investment accounts we are establishing a review process to proactively monitor proposed program obligations and as prudent, halt or delay contracts to reduce expenditures. Further guidance has been provided through acquisition channels.

Exceptions may be made as noted above 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. MAJCOM Vice Commanders and the Deputy Director of the Air National Guard are authorized to further delegate to General Officer/SES NAF/Center/Wing Commanders but should also provide appropriate guidance on implementing delegated authority and should exercise great discretion in approving exceptions, exemptions, and determining the definition of mission critical.

To assist you in making mission criticality determinations, you should be aware that OSD has 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

Planning for Longer-Term Budgetary Uncertainty

These near term actions only achieve a small portion of the funding decrement required in the event of sequestration or a significant topline reduction. Therefore, if we do not have resolution by March, immediate actions with serious negative impacts to core readiness programs will be required. We have been directed by the Deputy Secretary of Defense to intensify our planning for longer-term budgetary uncertainty, including a potential sequestration in March. This planning effort is underway. When appropriate, additional information on other necessary actions will be provided. We will closely monitor your FY13 budget execution and provide feedback throughout this fiscal year. We encourage you to plan for additional actions to meet adjusted funding levels.

Civilian pay makes up a large share of our operating budget and we have been directed to consider the possibility of civilian furloughs of up to 30 calendar days or 22 discontinuous workdays. However, we very much hope that the Congress will address the current budgetary uncertainty and allow us to avoid these actions. If needed, further guidance regarding furloughs will be forthcoming. For now please do not take any actions regarding furloughs. As required by Executive Order (EO) 13522, management should continue to allow employees and their union representatives to engage pre-decisionally in all workplace matters, to the fullest extent practicable.

We recognize you are already implementing many of the actions outlined above and have done a great deal to increase the efficiency and mission effectiveness of the Air Force over the
last few years. Above all, we greatly appreciate your leadership and innovative support during this challenging period. 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

cc:  
SAF/FM

Jamie M. Morin  
Acting Under Secretary of the Air Force
MEMORANDUM FOR ALMAJCOM/CV
USCENTCOM/CV
NORAD USNORTHCOM/CV
USSOOCOM/CV
USSTRATCOM/CV
USTRANSCOM/CV
DRU/CC

FROM: HQ USAF/AI
1040 Air Force Pentagon
Washington, DC 20330-1040

SUBJECT: Immediate Civilian Workforce Actions – Hiring Freeze and Management of Temporary and Term Employees.

This memo provides the implementation guidance referenced in the attached 7 Jan 13 memo signed by the Secretary of the Air Force and the Chief of Staff and the attached 14 Jan 13 memo signed by the Acting Undersecretary of the Air Force and the Vice Chief of Staff, regarding immediate near-term actions the Air Force is taking to manage budgetary uncertainty. Effective immediately, we are implementing a temporary hiring freeze for permanent, temporary, and term vacancies in all appropriations. Actions in progress will continue where an entry on duty (EOD) date has been established or a selection has been made and a job offer has been extended to the individual. External hiring actions, where a job offer has not been made, will be withdrawn. Reassignment and promotions, for the current work force, will continue as it does not grow the force. Exemptions from previous hiring controls do not carry over to the current environment.

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Given the current and projected fiscal environment, hiring exceptions must be carefully scrutinized. In accordance with the Acting Undersecretary and the Vice Chief of Staff's direction, temporary employees should be released and term employees should not be renewed. All temporary and term employees (including reemployed annuitants), not considered mission critical, should be separated in accordance with established procedures.
These are uncharted waters concerning the federal budget and the effect it will have on the Air Force. It is imperative we work closely together to balance mission needs and minimize impacts to our dedicated civilian employees and their families. Please don’t hesitate to contact me with any questions or concerns or have your staff contact Brig Gen Gina Groso (AF/A1P, DSN 227-1228), Ms. Dana Crowe (AF/A1PC, DSN 612-4022), or Mr. Dave Nuchols (SAF/FMBO; DSN 224-3805), with questions.

DARRELL D. JONES
Lieutenant General, USAF
DCS, Manpower, Personnel and Services

Atch:
7 Jan 13 SecAF/CSAF Memo
14 Jan 13 USECAF/AF/CVMemo
Attachment 3 - HAF Hiring Freeze Exception Guidance and Template

- Requests for exception packages must include:
  - HAF 2-Ltr signature using the memo template provided
  - Position spreadsheet (attachment 3a)
  - Wiring diagram in attachment 3b format (position numbers, highlight supervisors)
  - Memorandum of Agreement and reimbursing organization point of contact for Reimbursable positions
  - Data synchronization spreadsheet in attached format (attachment 3c)

- Justification and rationale must include:
  - Verification that the Unit Manpower Document, Defense Civilian Personnel Data System and Defense Civilian Pay System are synchronized (i.e. employees are assigned to the correct position number and Program Element Code)
  - Review/revise current organizational structure to ensure streamlined operations (i.e. limited use of deputies, acceptable supervisory ratio, etc.).
  - Verified there are no Surplus Employees (employees on positions identified for reduction that have not yet been matched to a valid vacancy) or permanent overhires (not assigned against funded authorizations) available for placement in this vacancy

- Request must be submit via TMT to SAF/AAR Workflow. SAF/AAR batch process packages every 30 days with the first batch received into SAF/AAR by 1 February 2013. (Exceptions for Terms and Temps must be received NLT 25 Jan 2013)

- Should you have any questions regarding Hiring Freeze Exceptions and/or request preparation please the following:
  - SAF/AARC: Carla Dunwell at 703-697-6116
  - SAF/AARC Workflow at SAFAARC.Workflow@pentagon.af.mil
  - SAF/AARX: Dolores Ives at 703-697-6018
  - SAF/AARX Workflow at SAFAARX.Workflow@pentagon.af.mil
Hiring Freeze Request for Exception Memo Template (Attachment 3)

TO: SAF/AA
FROM:

SUBJECT: Civilian Hiring Exception Request

The purpose of this letter is to formally request an exception to the SAF/AA Memo, FY13 HAF Near-Term Actions to Handle Budgetary Uncertainty, dated XX Mon 13. Details regarding the vacant position are attached.

Impact if not approved:
   a. What part(s) of the mission will fail without approval of this exception?
   b. What actions will be taken to mitigate mission failure, if this request is not approved?
   c. Provide any additional information identifying secondary and tertiary impacts of exception disapproval.

I have reviewed and verified that the Unit Manpower Document (UMD), Defense Civilian Personnel Data System (DCPDS) and Defense Civilian Pay System (DCPS) are synchronized, employees are assigned to the correct position number and Program Element Code (PEC), and the my organizational structure is streamlined (i.e. limited use of deputies, higher supervisory ratio, etc).

I have reviewed and verified my current organizational structure to ensure streamlined operations we are operating in an efficient and streamlined manner. (i.e. limited use of deputies, acceptable supervisory ratio, etc.)

I have reviewed and determined that no Surplus Employees (employees on positions identified for reduction that have not yet been matched to a valid vacancy) or permanent overhires (not assigned against funded authorizations) can be placed in this vacancy.

I have attached the MOA and POC as it relates to this reimbursable position. (use if position is reimbursable.

My POC for this request is XXXX at DSN XXX-XXXX (email is: XX)

2-Letter Signature

Attachment:
1. Position Spreadsheet
2. Wiring Diagram
3. Data Synchronization Spreadsheet
4. MOA (if applicable)
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Attachment 3a - Hiring Position Spreadsheet
The above 2-letter has met the requirements and is provided a exception to fill

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Air Force Administrative Record for FY 2013 Furlough Appeals

Attachment DC - Data Synchronization Spreadsheet
Attachment 4 - Supply/Facility/Information Technology Guidance

Supplies
Limit supply purchases to essential consumption. Supplies should be purchased on a monthly basis for items such as toner cartridges, paper, and administrative supplies, as they are readily available at the AbilityOne Base Supply Stores located at Ft Belvoir, Joint Base Andrews, Mark Center, Pentagon, Hoffman Building, Jefferson Plaza and Presidential Towers as well as Office Eagle at Joint Base Anacostia-Bolling.

Many supply items are available free of charge from the HAF Supply Depot, https://haf.afncr.af.mil/com/HAF/supplydepot/default.aspx. This site is to be checked for the items needed prior to ordering ANY items. If you have any excess items, they are to be put on this site so that the items can be utilized by other AF organizations. All National Capital Region Contracting Command (NCRCC) government purchase card holders should have access to this site.

All furniture requests will be submitted via work order, signed by the HAF 2-letter, at http://hafap071/fminteract/ for validation by SAF/AAO, then approval by The Office of the Administrative Assistant to the Secretary of the Air Force (SAF/AA) and/or the Executive Oversight Board (EOB).

For disposition of items that are no longer serviceable turn them in by completing a Department of the Army (DA) Form 3161, Request for Issue or Turn-In via the eOAA Web Page (http://eooa.hqda.pentagon.mil/). Pentagon Building tenants may call (703) 693-4323 for turn-in information. For locations outside the Pentagon Reservation but within the NCR, tenants may call (703) 428-1211 for further information. For refrigerators, call the Building Operations Control Center (BOCC), (703) 614-1597, to turn-in a refrigerator. The Air Force Locksmith, (703) 695-3364, must sign-off on all turn-in requests for safes. Turn in the safe by submitting an electronic request to DOL-W at https://secureweb.hqda.pentagon.mil/pti/.

Facilities
Limit facility sustainment to life/safety projects. Some projects, such as those that save AF dollars by reducing leased space, may be entertained. All space requirements, moves, reconfiguration or alterations of any kind will be submitted via work order at http://hafap071/fminteract/ for validation by SAF/AAO, then approval by SAF/AA and/or the EOB.

IT
Any IT refresh or VTC requirements should be requested through The Office of the Administrative Assistant to the Secretary of the Air Force, Information Directorate (SAF/AAI) for validation, then approval by SAF/AA and/or the EOB.

Print to Ricoh Multi-Function Devices (MFD). Users with access to Ricoh MFDs should print to these devices instead of other networked or side-by printers. MFD lease includes toner cartridges, and will reduce the need to purchase cartridges for other printers.

Turn in excess IT equipment. These devices can fulfill new or pending requirements, and avoid continuing maintenance costs. IT customers requiring removal of excess, obsolete and/or unserviceable material will need to complete a copy of Excess (ADPE) Turn-In-frm-10291-LAM-PNT, which can be accessed at https://afdw.afrer.af.mil/org/844CG/LMKN/Forms/AllItems.aspx. E-mail completed forms to 844CS.Warehouse@pentagon.af.mil or fax them to 202-767-4038.
MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Impacts of Fiscal Year 2013 (FY13) Near-term actions the Air Force has taken to mitigate the impacts of sequestration

This memorandum is provided in response to the DepSecDef’s 10 January 2013 Memorandum, Handling Budgetary Uncertainty in Fiscal Year 2013. While immediate near-term actions are absolutely necessary to limit the catastrophic impacts on Air Force mission readiness should sequestration or a substantial topline reduction occur, these actions, by themselves, are by no means sufficient to address the full magnitude of the potential reduction. As such, in addition to providing an update on our near-term actions, we are including initial details outlining the longer-term actions and impacts associated with a year-long CR and full sequestration.

Near Term Actions and Impacts

The following is an update on our near term actions and their impacts. Major Commands (MAJCOM) and Combatant Commands (COCOMs) have already been issued guidance to:

a. Implement civilian hiring restrictions: The Air Force implemented a civilian hiring freeze 16 January 2013 for permanent, temporary, and term vacancies in all appropriations. The Air Force is also beginning to release temporary employees and not renewing the appointments of term employees unless their positions are deemed mission critical. This will impact up to 990 temporary employees and 2,160 term employees, as well as 260 re-employed annuitants. Exceptions for mission critical activities are made by MAJCOM Vice Commander (which can be delegated, with further guidance, to a subordinate GO/SES NAF/Center/Wing Commander). The combination of these near-term actions will drive capability gaps across many units. For example, the freeze will slow the AF's ability to provide trained employees for managing the nuclear enterprise, impair the intelligence community’s ability to sustain investments in new data collection and analysis programs, impede the 2017 goal of meeting generally accepted government auditing standards, and will further degrade our ability to maintain base operating and facility sustainment at our joint and AF-only bases. We anticipate having to use military manpower to cover for some civilian vacancies, such as for installation gate guards.

b. Cancel non-mission critical temporary duties (TDYs): Commanders are reviewing TDYs, such as attendance at or hosting of conferences and symposia (including functional conferences), staff assistance visits and training seminars. Non-mission critical TDYs are being canceled. Some eliminated TDYs (such as operational and compliance inspections) translate into increased risk immediately to unit readiness that will compound over time. For example, reducing professional military education and mission readiness training TDYs by $53M would delay promotions for over 8,000 Airmen and drive loss of certification for Airmen in technical AFSC such as firefighters and EOD specialists. In
addition to these impacts, a further reduction of $74M in travel funds leads to direct operational impacts as well. For example, TDY Air Force support to COCOMs would be reduced; leading to SOUTHCOM’s inability to provide maritime monitoring for counterdrug detection and interdiction. To the extent feasible, we will seek to protect combat mission critical training TDY such as crew deployments to RED FLAG, however we are already seeing indicators of strain on even these activities due to multiple reductions to travel budgets.

c. Reduce MAJCOM and COCOMs’ topline O&M budgets by approximately 10%: To implement these near-term reductions, the commands are focusing their attention on several areas.

1. All flying not directly related to readiness, such as air shows, flyovers, and familiarization rides are being reviewed for necessity, for example, we are reviewing planning and participation in high profile events such as the Paris Air Show and Fairford Royal International Air Tattoo. These reductions could potentially impact allies’ and partners’ future systems acquisition decisions.

2. Studies that are not Congressionally-directed or mission critical are under review for cancelation. Results and recommendations from studies are generally longer-term in nature and the real impact of their loss will not be seen immediately but will show up in lost capabilities for corporate-level strategic decision support in the near future.

3. Commands are also reviewing IT refresh and network support contracts; we expect to see large scale reductions and purchase delays that may extend indefinitely.

4. MAJCOMs and COCOMs are limiting supply purchases to essential FY13 consumption (such as flying hour bench stock) and stopping minor purchases and unit equipment not deemed mission-critical. The bowwave of supply requirements impacts all mission sets in the long term. These actions will be particularly disruptive at remote northern-tier locations such as Alaska, and for Operation NOBLE EAGLE alert missions.

5. We are also descoping contracts or incrementally funding for only FY13 requirements where practical. While this helps address near-term cash flow issues, it also creates FY14 bowwaves.

6. Note that many of these reductions will contribute to a serious decline in our small business prime contract awards, as the areas of maximum spending flexibility for bases and commands are the four most small business friendly markets in the Air Force - construction, facilities support, information technology and knowledge based services. We have already seen an almost 3% ($100M) decline in small business contract awards in FY13. Sequestration cuts will make this situation even worse and the impact to our small business prime contractor base will be dire.

d. Defer non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects: We project this will yield a reduction of roughly 50% in spending, which will magnify already substantial risk in infrastructure. Facilities and infrastructure will degrade, as even mission critical Restoration & Modernization projects are delayed across the Air Force. Additionally, these actions interrupt significant sustainment projects including six runway/taxi projects, risking more costly repairs in the future. Deferrals in the energy program directly result in slowing energy consumption reduction efforts. Due to the magnitude of the projects deferred, the secondary and tertiary effects of reduced
economic impacts are being felt across many states and adds to the current bow-wave of over $12B in requirements. We will provide you with a spreadsheet including further detail on the impacted infrastructure investments, which include:

1. Restoration & Modernization: Defer 133 projects at 55 installations (AL, AK, AZ, AR, CA, CO, FL, HI, IL, LA, MD, MS, MT, NE, NV, NJ, NM, NC, ND, OK, SC, TX, UT, VA, WA, WY and Overseas)
2. Sustainment: Defer 15 projects at 13 installations (AL, CO, FL, LA, MS, MO, NE, OK, TX, WY and Overseas)
3. Demolition: Defer 73 projects at 32 installations (AK, AL, CA, CO, FL, GA, IL, MO, MS, MT, NC, ND, NE, OH, OK, SC, TX, WA, WY, and Overseas)
4. Dormitory Focus Fund: Defer 12 projects at 10 installations (CA, ID, TX and six overseas locations); program repairs 1,195 dormitory rooms
5. Energy Focus Fund: Defer 218 projects at 68 installations (AL, AK, AZ, CA, CO, DE, FL, GA, ID, IL, KS, LA, MA, MS, MO, NE, NV, NJ, NM, NC, ND, OH, OK, SC, SD, TX, UT, VA, WA, WY and Overseas)

Post Sequestration Actions and Impacts

These near term actions achieve only a small share of the total sequestration or topline reduction. Therefore, if we do not have resolution by 1 March 2013, we would immediately carry out additional actions that will have unavoidable impacts on core Air Force readiness, our ability to meet the operational expectations of national and COCOM leadership, as well as programs that support our Airmen and their families. These longer-term actions include:

a. Reducing Flying Hours by as much as 18% (~203K hours across the enterprise):
The Air Force will prioritize ongoing named operations, including OEF, and will protect nuclear deterrence preparedness, POTUS support, and initial qualification training pipelines. We are able to continue these missions with some exceptions, but as early as 1 March 2013, the remaining operational and training missions are impacted as follows:

1. Non-support of multiple non-OEF COCOM requirements, such as Theater Security Packages and Continuous Bomber Presence missions at Guam.
2. Non-support of many joint and COCOM exercises, and cancellation of Air Force exercises (except where required for OEF deployment spin-up), to include but not limited to:
   i. Bright Star, Talisman Saber, Commando Sling, Eager Tiger, Cope Tiger, Cope West Northern Edge, and Vigilant Eagle.
   ii. Red Flag Nellis and Alaska, Green Flag East and West.
   iii. In addition to the lost training, we lose essential elements of COCOM engagement plans and partnership building efforts, impacting coalition partners as well.
3. Cancellation of some advanced training and weapons instructor courses
   Cancellation of most flying participation in airshows, installation open houses, tradeshows, and flyovers, to include the Thunderbirds and other demonstration teams (we are working with sister services to synchronize timing demonstration team stand-down). Cancelling these key outreach events impacts recruiting, and our opportunity to educate and inform the public and other key stakeholders, to include partner nations. Over the mid-to-long term, we risk relationship building with partners and losing public support and advocacy.
4. Combat Air Forces (CAF) units supporting the prioritized missions listed above (e.g. OEF, nuclear deterrence) will be kept mission ready; the remaining CAF units, which represent the majority, will continue to execute unit level home station training until depletion of flying hour funds, which could occur as early as 31 May 2013 in some units.
   i. The stand-down will produce severe, rapid and long-term unit combat readiness degradation
   ii. Beginning 1 October 2013 (FY14), it is estimated to take six months for many units to regain the current, sub-optimal readiness level, which will require additional funding above the level that would be available in a sequestered FY14 budget. If no additional funding is made available, we do not currently have a solution for regaining readiness.
5. Mobility Air Forces (MAF) units will experience degradation in key capabilities such as air drop and aerial refueling, which will be most evident in primarily O&M funded units such as tankers and intra-theater airlift. Lack of hours to perform Joint Airborne/Air Transportability Training (JA/ATT) adversely impacts critical Army rapid response capabilities.
6. Air Education and Training Command (AETC) will stand down advanced training courses on 1 April in order to protect initial flying training, but we project that even initial flying training will have to stand-down in early September.

The Air Force continues to refine planning for this unprecedented flying hour reduction, focusing on minimizing readiness impact while supporting current operations and defense strategic guidance. Regardless of continued planning efforts and potential changes to the details, we are looking at relative degrees of unacceptability, caused by a strategy-resource mismatch. We look forward to the opportunity to fully communicate projected readiness impacts in a classified message.

b. Reducing Weapons System Sustainment by as much as 18%: Pushes aircraft availability and mission capable rates significantly below standards. The reductions impact over 30 types of aircraft and other Weapon Systems across the Total Force, resulting in 146 postponed depot inductions (some of which will lead to grounded aircraft) and 85 engines pulled from service. The C-17, A-10, C-130, KC-135, F-15, F-16, B-52, and E-8 JSTARS fleets will all be affected. The overall near term impacts of these actions is equivalent to an approximate 1/3 reduction in depot workload for the remainder of FY13. The missile warning and space surveillance tracking performed at radar sites at Cavalier AFS, the AF Space Surveillance System, and Eareckson AFB AK will be reduced from 24 to only 8 hours per day operation, significantly impacting national missile defense, space situational awareness, and the intelligence community. Sustaining engineering and technical order support is reduced across all weapon systems. Our experience in depot operations shows that large fluctuations in workload can have severe and negative effects on the productivity of the workforce.

c. Air Force Working Capital Funds (AFWCF): The AFWCF will experience immediate, severe impacts caused by cuts in the Depot Maintenance and Flying Hour programs. As of the end of December, the AFWCF cash balance was already critically low at just 2 days of cash. Cost control measures within the AFWCF activities over the remainder of the FY13 will not sufficiently off-set projected revenue losses. Even minimal cutbacks in
planned depot orders and supply chain demand could push the cash balance below zero and cause an Anti-Deficiency Act violation.

d. Implementing civilian furloughs: Furloughs will be implemented to the maximum level possible without initiating reduction in force procedures for Title 5 employees across the total force (Active, Guard and Reserve). While still in the planning stages, the fiscal constraints under sequestration could force the Air Force to furlough up to 180,000 civilian employees for up to 22 working days before 30 September 2013. This unprecedented action would risk mission accomplishment, limit access to civilian expertise and institutional knowledge, and decimate morale across the department. A furlough will break faith with civilian Airmen who are critical to the Total Force success of the Air Force and cause long term work force issues. Its consequences would immediately be felt through a loss of 31.5 million man-hours, and civilian employees will suffer a 20% loss in pay over a six month period. The Air Force is awaiting specific direction from OSD on furloughs. Furlough of Title 32 Air National Guard dual status technicians can only be directed by state Adjutants General, but we expect that states may find Guard technician furloughs necessary to live within reduced civilian pay O&M budgets.

e. Reduced MAJCOM/COCOM budgets: Below are additional MAJCOM actions in the longer-term if sequestration or topline reduction cannot be avoided:
   1. Reduce Professional Military Education and Mission Readiness Training quotas. This action has a direct and continuing impact on Airmen by denying them the ability to meet promotion requirements. This also affects future promotion cycles as backlogged Airmen cycle through training.
   2. Reduce sustainment of the Defense Satellite Communications System by 75%, potentially impacting military communications worldwide.
   3. Terminate support for 43 Global Combat Support System-hosted IT applications As a result, the Air Force will lose significant capability and will be in violation of numerous DOD directives.
   4. Reduce operational testing for RDT&E programs and systems impacting many agencies and installations (such as NASA Dryden Research Center at Edwards AFB, and Department of Energy and Sandia Labs at Kirtland AFB).
   5. In addition to the reduction in FSRM contracts already underway, contracts supporting training ranges, base maintenance and dining facilities contracts will be incrementally funded; contractors will be notified on a case by case basis.
   6. Suspend Air Force wide Engineering and Installation workplans to include the new control tower at Vance AFB, the instrument landing system at Dover AFB, the SATCOM facility at Ramstein AB and Giant Voice upgrades for multiple commands.

f. Acquisition programs: With respect to acquisition program accounts, a year-long continuing resolution coupled with sequestration negatively impacts weapon system program strategies, cost, and schedules; thus, creating a protracted disruptive effect to our modernization programs. Continued budget reductions ultimately result in delayed delivery and/or cancellation of warfighter capabilities, and increased cost required to modernize our aging fleet. This impedes our ability to fully support the new defense strategy. We continue to work with USD (AT&L) to assess future program obligations
and continue to evaluate the prioritization of our modernization programs in the event that reprogramming between programs is allowed.

The post-sequestration actions outlined above will have devastating impacts to readiness and operational capability. The disproportionate effect on core readiness is due to the limited amount of reductions we can apply to programs given the limited time and flexibility remaining after covering must-pays. This summary of sequestration impacts reflects our initial evaluation, and we will continue to further refine our estimates of the impacts and work to mitigate them as much as possible. We are still assessing the longer-term operational impacts and will provide those updates by 8 February 2013 with an assessment of impacts to our acquisition programs.

From a policy standpoint, the Air Force is standing by for further guidance regarding civilian furloughs and will work with you to implement any forthcoming direction. We also take this opportunity to highlight a need for clear guidance on how our post-sequestration baseline will be established. As sequestration is based on an annualized CR rate, and not the FY13 President’s Budget, we need clarity on program baselines and specifics on tools available to mitigate impacts and avoid Anti-Deficiency Act violations. A waiver to increase Below Threshold Reprogramming amounts would enhance our ability to mitigate sequestration impacts. In the case of a year-long Continuing Resolution, new start and quantity increase approval is needed to curb additional impacts. In addition, relief from the 80/20 obligation rule and limitations such as depot maintenance floor and 50/50 rule will provide us with essential flexibility to manage in this turbulent environment.

If you have questions regarding this response, please contact Ms. Marilyn Thomas at (703) 697-4464.

LARRY O. SPENCER
General, USAF
Vice Chief of Staff

Jamie M. Morn
Under Secretary of the Air Force (Acting)

cc:
SAF/FM
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, 13 Apr 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
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 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
Air Force Administrative Record for FY 2013 Furlough Appeals

The Honorable Joseph R. Biden, Jr.
President of the Senate
United States Senate
S-212 Capitol Building
Washington, DC 20510

Dear Mr. President:

In accordance with statute, I am providing a report on potential civilian furloughs within the Department of Defense. Specifically, title 10, U.S.C., section 1597(e), provides that the Secretary of Defense “may not implement any involuntary reduction or furlough of civilian positions ... until the expiration of the 45-day period beginning on the date on which the Secretary submits to Congress a report setting forth the reasons why such reduction or furloughs are required and a description of any change in workload or positions requirements that will result from such reductions or furloughs.” This letter provides the report and information required by this section.

We remain hopeful that the Administration and Congress will reach an agreement to avoid the across-the-board reductions in Federal spending required by the Budget Control Act of 2011, commonly known as “sequestration.” The Department must, however, continue to plan for such reductions should Congress not take action prior to sequestration taking effect on March 1, 2013. If sequestration is not avoided, the magnitude of the potential reductions will damage force readiness, slow major acquisition programs, and necessitate civilian furlough actions that will negatively affect our Federal civilian workforce. Overall, sequestration will put us on a path toward a hollow force and inflict serious damage on our national security.

If faced with sequestration, the Defense Department will be forced to forego critical objectives. As we make the difficult decisions about how to maintain our national security to the greatest extent we can in light of these destructive cuts, the Department will have to consider furloughs across the entire defense civilian workforce in order to meet the fiscal target mandated by sequestration. Because there will be no change in the requirements for work to be performed by the Department’s workforce to maintain our national security, the workload on each employee and the requirements for each position that will result from such furloughs will be increased beyond what can reasonably be achieved. The furloughs contemplated by this notice will do real harm to our national security. Moreover, we understand that furloughs would have serious adverse effects on the livelihood, morale, and productivity of our workforce, and where possible we will take steps to minimize those effects.
Nevertheless, if required, it is my goal to apply furlough actions in a consistent and equitable manner across the Department, though variations may occur because of the mission and budgetary requirements of each military department and agency. Each military department and agency within the Department will prepare detailed sequestration plans, and the Department will submit an updated plan for operations under a sequestration to Congress, as required by section 116(b) of the Continuing Appropriations Resolution, 2013, Public. Law 112-175.

Finally, if furlough actions prove to be necessary, every affected employee would be subject to furlough for up to 22 discontinuous work days (176 total hours), the maximum number of furlough days allowed without triggering additional notification requirements that follow reduction-in-force procedures (though such an extended furlough action would still constitute a temporary placement on non-pay/non-duty status, rather than a permanent separation from service). We will provide affected employees the requisite advance notice before a furlough occurs. The Department is also engaged in the necessary and appropriate discussions with employee unions, and will discharge any applicable collective bargaining obligations that may arise. In the event an agreement is reached that averts sequestration and restores needed funding, we will immediately cancel any furloughs that have resulted and cease furlough planning.

While furloughs would be disruptive and damaging to our ability to carry out the defense mission, there are no viable alternatives for the Department if sequestration actually occurs. We will continue to work with Congress in an effort to avoid sequestration and furloughs. A similar letter is being sent to the Speaker of the House and the defense oversight committees.

Sincerely,

[Signature]
Dear Mr. Majority Leader:

In accordance with statute, I am providing a report on potential civilian furloughs within the Department of Defense. Specifically, title 10, U.S.C., section 1597(e), provides that the Secretary of Defense "may not implement any involuntary reduction or furlough of civilian positions ... until the expiration of the 45-day period beginning on the date on which the Secretary submits to Congress a report setting forth the reasons why such reduction or furloughs are required and a description of any change in workload or positions requirements that will result from such reductions or furloughs." This letter provides the report and information required by this section.

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Sincerely,

[Signature]

cc: The Honorable Mitch McConnell
    Minority Leader
The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

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Sincerely,

[Signature]

cc: The Honorable Nancy Pelosi
The Honorable Nancy Pelosi
Minority Leader
The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

[Signature]

cc:
The Honorable James M. Inhofe
Ranking Member
The Honorable Barbara A. Mikulski  
Chairwoman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510  

Dear Madam Chairwoman:  

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We remain hopeful that the Administration and Congress will reach an agreement to avoid the across-the-board reductions in Federal spending required by the Budget Control Act of 2011, commonly known as “sequestration.” The Department must, however, continue to plan for such reductions should Congress not take action prior to sequestration taking effect on March 1, 2013. If sequestration is not avoided, the magnitude of the potential reductions will damage force readiness, slow major acquisition programs, and necessitate civilian furlough actions that will negatively affect our Federal civilian workforce. Overall, sequestration will put us on a path toward a hollow force and inflict serious damage on our national security.  

If faced with sequestration, the Defense Department will be forced to forego critical objectives. As we make the difficult decisions about how to maintain our national security to the greatest extent we can in light of these destructive cuts, the Department will have to consider furloughs across the entire defense civilian workforce in order to meet the fiscal target mandated by sequestration. Because there will be no change in the requirements for work to be performed by the Department’s workforce to maintain our national security, the workload on each employee and the requirements for each position that will result from such furloughs will be increased beyond what can reasonably be achieved. The furloughs contemplated by this notice will do real harm to our national security. Moreover, we understand that furloughs would have serious adverse effects on the livelihood, morale, and productivity of our workforce, and where possible we will take steps to minimize those effects.
Nevertheless, if required, it is my goal to apply furlough actions in a consistent and equitable manner across the Department, though variations may occur because of the mission and budgetary requirements of each military department and agency. Each military department and agency within the Department will prepare detailed sequestration plans, and the Department will submit an updated plan for operations under a sequestration to Congress, as required by section 116(b) of the Continuing Appropriations Resolution, 2013, Public. Law 112-175.

Finally, if furlough actions prove to be necessary, every affected employee would be subject to furlough for up to 22 discontinuous work days (176 total hours), the maximum number of furlough days allowed without triggering additional notification requirements that follow reduction-in-force procedures (though such an extended furlough action would still constitute a temporary placement on non-pay/non-duty status, rather than a permanent separation from service). We will provide affected employees the requisite advance notice before a furlough occurs. The Department is also engaged in the necessary and appropriate discussions with employee unions, and will discharge any applicable collective bargaining obligations that may arise. In the event an agreement is reached that averts sequestration and restores needed funding, we will immediately cancel any furloughs that have resulted and cease furlough planning.

While furloughs would be disruptive and damaging to our ability to carry out the defense mission, there are no viable alternatives for the Department if sequestration actually occurs. We will continue to work with Congress in an effort to avoid sequestration and furloughs. A similar letter is being sent to the President of the Senate, the Speaker of the House, and the other defense oversight committees.

Sincerely,

[Signature]

cc: The Honorable Richard C. Shelby
Vice Chairman
The Honorable Richard J. Durbin
Chairman
Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

[Signature]

cc:
The Honorable Thad Cochran
Vice Chairman
The Honorable Harold Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC  20515

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Sincerely,

[Signature]

cc: The Honorable Nita M. Lowey
Ranking Member
The Honorable Howard P. "Buck" McKeon  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC  20515

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cc: The Honorable Adam Smith
    Ranking Member
The Honorable C.W. Bill Young  
Chairman  
Subcommittee on Defense  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515  

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cc:
The Honorable Peter J. Visclosky
Ranking Member
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:
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MEMORANDUM FOR DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES

SUBJECT: Preparations for Potential Sequestration on March 1 and Furlough Notifications

For more than a year and a half, the President, the Joint Chiefs of Staff, and I have repeatedly voiced our deep concerns over the half a trillion dollars in automatic across-the-board cuts that would be imposed under sequestration and the severe damage that it would do to both this Department and our national defense.

The Administration continues to work with Congress to reach agreement on a balanced deficit reduction plan to avoid these cuts. Meanwhile, because another trigger for sequestration is approaching on March 1st, the Department’s leadership has begun extensive planning on how to implement the required spending reductions. These cuts will be magnified because the Department has been forced to operate under a six-month continuing resolution that has already compelled us to take steps to reduce spending.

In the event of sequestration, we will do everything we can to continue to perform our core mission of providing for the security of the United States, but there is no mistaking that the rigid nature and scale of the cuts forced upon this Department will result in a serious erosion of readiness across the force.

I have also been deeply concerned about the potential direct impact of sequestration on you and your families. We are doing everything possible to limit the worst effects on DoD personnel – but I regret that our flexibility within the law is extremely limited. The President has used his legal authority to exempt military personnel funding from sequestration, but we have no legal authority to exempt civilian personnel funding from reductions. As a result, should sequestration occur and continue for a substantial period, DoD will be forced to place the vast majority of its civilian workforce on administrative furlough.

Today, I notified Congress that furloughs could occur under sequestration. I can assure you that, if we have to implement furloughs, all affected employees will be provided at least 30 days’ notice prior to executing a furlough and your benefits will be protected to the maximum extent possible. We will work to ensure that furloughs are executed in a consistent and appropriate manner, and we will also continue to engage in discussions with employee unions as appropriate. More information and answers to frequently asked questions regarding furloughs can be found at www.opm.gov/furlough, under the “administrative furlough” section.
Working with your component heads and supervisors, the Department’s leaders will continue to keep you informed. As we deal with these difficult issues, I want to thank you for your patience, hard work, and continued dedication to our mission of protecting the country.

Our most important asset in the Department is our world-class personnel. You are fighting every day to keep our country strong and secure, and rest assured that the leaders of this Department will continue to fight with you and for you.
MEMORANDUM FOR: SEE DISTRIBUTION

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

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.
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 employees.
12. The direction and control of intelligence and counter-intelligence operations.
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 form 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.
(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.

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).
MEMORANDUM FOR DEPARTMENT OF THE AIR FORCE CIVILIAN EMPLOYEES

SUBJECT: A Difficult Time for Civilian Airmen

The United States Air Force would not be the best in the world without your daily contributions as vital members of the Air Force family and the joint team. You are integral to nearly every part of the mission, from processing recruits and running family programs, to managing budgets and developing strategy. You fix airplanes, sustain infrastructure, design and develop future systems, and deploy to support combatant commanders. You serve with integrity, selflessness, and excellence. You are Airmen and we thank you for all you do.

On February 20, 2013, the Secretary of Defense advised Congress that if sequestration is not averted, the Department of Defense (DoD) intends to implement a civilian furlough of up to 22 days, likely beginning in late April and spread over the remainder of the fiscal year. A furlough of any part of our civilian force would undermine our mission and break faith with our people. Your Air Force is still vigorously engaged alongside the rest of the Administration to avoid sequestration, which is the triggering mechanism that would make a furlough necessary. Unfortunately, if Congress does not act, virtually all of our active duty, Guard, Reserve, and civilian Airmen would feel the impact on their personal finances, and the entire Air Force would experience a degradation of readiness and capability.

The leadership throughout the Air Force will work hard to guide us all through this turbulent time, but we are concerned about you and your families. Each Air Force base has an Employee Assistance Program with capacity to help, as does each Airmen and Family Readiness Center. Although the Air Force Aid Society (AFAS) is limited by its charter, if you are retired military, a widow or widower of a uniformed member, or serving on Reserve component orders for 15 days or more, AFAS (www.afas.org) can help. Otherwise, federal civilians may receive assistance from the Federal Employee Education and Assistance Fund (www.feea.org). As we discover more resources which may be available to you, we will be sure to share that information quickly. None of these organizations will be able to compensate completely for the lost income from 22 days of non-duty, non-pay status in a furlough, so we encourage you to plan now as best as possible for the potential reduction of income. Official notification of any furloughs will come through your chain of command.

Air Force people are our strongest asset, and we know you work alongside your uniformed partners every day for the security of our Nation. Without a doubt, we could not be the world’s greatest Air Force without you. Thank you for your unrelenting dedication to the mission despite the challenges before us.

Michael B. Donley
Secretary of the Air Force

Mark A. Welsh III
General, USAF
Chief of Staff

Attachment:
SECDEF Memo, February 20, 2013
February 27, 2013

M-13-05

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Danny Werfel, Controller

SUBJECT: Agency Responsibilities for Implementation of Potential Joint Committee Sequestration

Unless Congress acts to amend current law, the President is required to issue a sequestration order on March 1, 2013, canceling $85 billion in budgetary resources across the Federal Government. Because these cuts must be achieved over the remaining seven months of the fiscal year, the Office of Management and Budget (OMB) estimates that the effective percentage reductions are approximately 9 percent for nondefense programs and 13 percent for defense programs. These reductions will result in significant and harmful impacts to national security and domestic priorities.

The President has been clear that sequestration is bad policy that was never intended to be implemented, and the Administration remains hopeful that Congress will act to avoid it through an agreement on balanced deficit reduction. However, because legislation may not be enacted to avoid sequestration before the current deadline of March 1, 2013, executive departments and agencies (agencies) with sequesterable accounts have been engaged in planning activities to operate at the lower, post-sequestration funding levels should it be necessary.

This guidance builds on prior communications with agencies about the implementation of sequestration, and addresses questions that have been raised as to certain categories of planning activities.

Agency Planning Activities

OMB Memorandum 13-03, Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources, directed agencies to begin planning activities to operate with reduced budgetary resources in the event that sequestration occurs. Agencies’ planning efforts must be guided by the principle of protecting the agency’s mission to serve the public to the greatest extent practicable. Planning efforts should be done with sufficient detail and clarity to determine the specific actions that will be taken to operate under the lower level of budgetary resources.
required by sequestration. For example, agencies should identify any major contracts that they plan to cancel, re-scope or delay as well as any grants that they plan to cancel, delay, or for which they plan to change the payment amount. Similarly, agencies should identify the number of employees who will be furloughed, the length of expected furloughs, the timing of when furlough notices will be issued, and the manner in which furloughs will be administered. In some cases, agencies may not be able to ascertain all of this information prior to March 1. However, agencies should continue to engage in intense and thorough planning activities to determine all specific actions that will be taken as soon as practicable.

Communications

To the extent permitted by law, agencies should inform their various partners and stakeholders in a timely and complete manner of the impact of sequestration so that third parties are able to adjust their operations and plans as appropriate. Accordingly, at this time, agencies should be actively and continuously communicating with affected stakeholders—including States, localities, tribal governments, Federal contractors, Federal grant recipients, and Federal employees—regarding elements of the agency’s planning that have a direct impact on these groups. These communications will vary greatly by agency and by stakeholder, but agencies should be as specific as possible in order to provide sufficient detail to be helpful to these stakeholders in understanding the implications of the reduced budget authority resulting from sequestration.

With regard to any planned personnel actions to reduce Federal civilian workforce costs, consistent with Section 3(a)(ii) of Executive Order 13522, agencies must allow employees’ exclusive representatives to have pre-decisional involvement in these matters to the fullest extent practicable and permitted under the law. In particular, in instances where agencies are considering potential furloughs, agencies have a duty to notify their exclusive representatives and, upon request, bargain over any negotiable impact and implementation proposals the union may submit, unless the matter of furloughs is already covered by a collective bargaining agreement. Agencies should ensure that they are fully aware of and in compliance with any and all collective bargaining requirements, and should consult with their General Counsel or appropriate labor relations office for questions regarding these requirements and appropriate interaction with employees and unions on these matters.

Acquisition

Due to the Government’s large acquisition footprint, sequestration will inevitably affect agency contracting activities and require agencies to reduce contracting costs where appropriate. As with all actions taken as a result of sequestration, agencies should ensure that any contract actions are both cost-effective and minimize negative impact on the agency’s mission to the extent practicable.

Program, acquisition, financial/budget management, information technology, and legal personnel should work together to make determinations regarding contracts in light of sequestration. As a general matter, agencies should only enter into new contracts or exercise options when they support high-priority initiatives or where failure to do so would expose the
government to significantly greater costs in the future. Agencies may also consider de-scoping or terminating for convenience contracts that are no longer affordable within the funds available for Fiscal Year 2013, should no other options exist to reduce contracting costs in these instances. Should such steps be necessary, agencies must evaluate the associated costs and benefits of such actions, and appropriately inform and negotiate with contractors. Finally, agencies should take all appropriate steps to minimize to the extent practicable the impact on small businesses of reduced contracting activities.

Financial Assistance

Given the widespread use of grants, loans and other Federal financial assistance to non-federal entities (e.g., State, local and tribal governments, non-profit organizations, and companies), sequestration will impact the funding of these activities.

As a general matter, agencies should ensure that any new financial assistance obligations or funding increases under existing agreements are consistent with the need to protect the agency's mission at the post-sequestration level. In light of sequestration, agencies may also consider delaying awarding of new financial assistance obligations, reducing levels of continued funding, and renegotiating or reducing the current scope of assistance. Agencies may be forced to reduce the level of assistance provided through formula funds or block grants. Should any such steps be necessary, agencies should evaluate the associated costs and benefits of such actions and appropriately engage and inform recipient(s) as early as possible.

Increased Scrutiny of Certain Activities

In determining the appropriate manner to achieve funding reductions, agency heads must also ensure that their agencies have risk management strategies and internal controls in place that provide heightened scrutiny of certain types of activities funded from sequestered accounts. To the extent these accounts remain at the post-sequestration funding level, increased scrutiny should apply to:

- hiring new personnel;
- issuing discretionary monetary awards to employees, which should occur only if legally required until further notice; and
- incurring obligations for new training, conferences, and travel (including agency-paid travel for non-agency personnel).

In light of the reduced budgetary resources available due to sequestration, expending funds on these activities at this time would in many circumstances not be the most effective way to protect agency mission to the extent practicable. Therefore, agency leadership should review processes and controls around these activities, and ensure that these activities are conducted only

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1 Agencies must also ensure that appropriate controls are in place to prevent the increased use of contractors to perform work due to any restrictions on hiring. Agencies should bear in mind the statutory restrictions contained in 10 U.S.C. 2461 and 41 U.S.C. 1710 on the conversion of functions from performance by Federal employees to performance by contractors.
to the extent they are the most cost-effective way to maintain critical agency mission operations under sequestration.

Please contact your OMB Resource Management Office (RMO) if you have any questions about or need assistance with this guidance.
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 to return 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, tradeshows, 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 waivered 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. MAJCooms 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 vectoried 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