

**UNITED STATES AIR FORCE  
ADMINISTRATIVE RECORD  
FY 2013 FURLOUGH APPEALS  
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**UNDER SECRETARY OF THE AIR FORCE**  
WASHINGTON

MEMORANDUM FOR ALMAJCOM/CC

SUBJECT: Fiscal Year 2013 (FY13) Sequestration Guidance, **Change #2**

References:

1. 11 Mar 2013 USecAF & VCSAF memorandum "Fiscal Year 2013 (FY13) Sequestration Guidance, Change #1"
2. **19 Mar 2013 SAF/PA "Supplemental Guidance on Civic Engagements during Sequestration"**
3. 28 Feb 2013 USecAF & VCSAF memorandum "Fiscal Year 2013 (FY13) Sequestration Guidance"
4. 10 Jan 2013 DSD memorandum "Handling Budgetary Uncertainty in Fiscal Year 2013"
5. 5 Mar 2013 USD (Comptroller) memorandum "Additional Guidance for Handling Budgetary Uncertainty in Fiscal Year 2013"
6. 21 Feb 2013 OASD Total Force Management and Budgetary Uncertainty
7. 15 Feb 2013 AF IT Spending Memo
8. 20 Feb 2013 AF Furlough Guidance
9. 13 Feb 2012 SAF/AA Memo, Suspension of Top Secret Periodic Reinvestigations
10. **5 Mar 2013 AF/A4/7 Memo, Blanket Waiver for Military Working Dog Teams on U.S. Secret Service POTUS/VPOTUS Support Missions**
11. **20 Mar 2013 AF/A1S Memo, Policy Clarification Regarding Implications of Sequestration of Nonappropriated (NAF) and Nonappropriated Fund Instrumentality (NAFI) Activities and Expenditures**

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 reference 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 (reference 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**

Now that sequestration has been triggered, 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.

#### **Civilian Personnel (POC: AF/AI)**

##### Civilian Furloughs:

- Follow the guidance found at reference 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. **For Title 5 civilians, the ANG will follow this guidance. For Title 32 Dual Status Military Technicians, the ANG will follow guidance from NG-J1-TN.**
- **All Foreign Military Sales (FMS) Admin surcharge and case funded civilian positions are exempt from furlough if they are 100% funded with FMS funds. Associated FMS funded administrative costs such as travel are also exempt. Admin surcharge or case funded positions are not exempt from furlough if they are funded in whole or in part by DoD appropriations. This includes positions that are funded with DoD Building Partnership Capacity (BPC) funds (i.e., Afghanistan Security Forces Fund (ASFF), Coalition Readiness Support Program (CRSP), DoD Counter-narcotics (CN), Program Global Train and Equip (Section 1206), Iraq Security Forces Fund (ISFF), Pakistan Counterinsurgency Fund (PCF), Peacekeeping Operations (PKO), Global Peace Operations Initiative (GPOI), & Counterterrorism Assistance for East Africa and Yemen (1207n), etc). However, positions funded with DoS BPC funds (ie. Pakistan PCCF (G9)) are currently exempt from furlough since the DoS is not planning any furloughs at this time. We will advise should they reconsider later in the fiscal year.**
- 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.**

- **All other centrally managed civilian PCS moves are considered discretionary. A strategic approach to funding of discretionary PCS will continue throughout the remainder of the FY.**
  - **Career fields will be given a set number of moves based on historical trends from 2009 until today and will then manage priorities based on mission critical needs that include the criticality of work load associated with the position, MAJCOM/COCOM priorities, promotion factors, overseas fills and staffing levels in which the position will be filled.**
- **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.
- **Effective immediately, Air Force Military Tuition Assistance (MilTA) will be reinstated. For the remainder of FY13, Air Force MilTA will be available for eligible Airmen under the current MilTA policies. MilTA is not available retroactively for courses taken and paid for using any other funding source during the suspension of MilTA.**

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.

### *Use of Non-Appropriated Funds (POC: AF/A1)*

**Follow the guidance at Reference 11. At no time during this period of budget uncertainty will NAFs be used in the place of APFs without required approval authority as provided in AFI 65-106, APF Support of Morale, Welfare, and Recreation (MWR) and NAF Instrumentalities.**

### *Flying Hours (POC: AF/A3/5)*

Operational leaders at all levels of command are charged with preserving readiness to the maximum extent possible in these difficult circumstances. Due to compressed planning timelines and the unprecedented nature of sequestration cuts, we remain concerned about unanticipated second and third order effects on flying hour program execution and readiness. To mitigate this risk, operational leaders will ensure coordination across functional lines. In

particular, civilian furloughs and weapon systems sustainment cuts (to include simulator sustainment) will significantly impact our ability to effectively execute flying hours or maintain operational competencies and must be taken into account. Readiness impacts will be severe and long-term under the best of scenarios; we must do everything in our power to avoid compounding negative effects through inefficient implementation.

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

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

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

- To support emphasis on initial qualification training, we recognize advanced flying training (e.g., instructor upgrade, "TX" transition courses) may be severely impacted, to include Weapons Instructor Courses. MAJCOMs retain authority on specific termination dates and may approve waivers/exemptions required to allow completion of training/courses currently in execution or those deemed mission critical.
- Cancel O&M funded USAF exercises and AF flying participation in all other exercises, unless required for deployment spin-up.
- Cancel all air shows, tradeshow, flyovers, orientation flights, heritage flights, and demonstration flights (includes funeral and all military graduation flyovers).
- Cancel all Thunderbird demonstration team events, effective 1 April 2013.
- **Cancel all installation open houses unless the events use organic base assets as static displays only and are at no cost to the government.**
- Lead MAJCOMs will continue to manage programs and make flying hour allocations/reductions based on supported missions.
- For senior leader airlift support, the Air Force will continue to support White House-directed missions and DOD required users (IAW DODD 4500.56). For Congressional travel, the Air Force will strictly adhere to DODD 4515.12 unless waived by OSD-LA and expects there to be a significant reduction in available aircraft. All other senior leader military airlift support will continue to adhere to existing processes in AFI 24-101, but on a very restricted basis and with reduced aircraft available.

- AF/CV is waiver/exception-to-policy authority for events listed above. Only mission-critical events will be approved. Approvals will not result in increased flying hour allocation from the Air Staff; funding must be sourced from MAJCOM/Lead MAJCOM flying hours. Route requests through A3/5, to include event name, date(s), rationale, cost, and number of assets (personnel and aircraft) dedicated to support the event. For public aerial events, route questions through SAF/PA.

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

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

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

The AFWCF will experience immediate and severe impacts caused by sequestration. Initial assessments indicate AFWCF 'Blue' cash will be depleted to a negative \$772 million balance by the end of FY2013. Coupled with projected Transportation WCF (TWCF) losses, the overall AFWCF cash balance could drop below negative \$1 billion. Without additional action, this will cause an Anti-Deficiency Act violation, which must be avoided. Cost control measures within the AFWCF are critical to minimize losses; however, we understand that AFWCF activities may not be able to achieve sufficient cost reductions in the near term to off-set cash losses of this magnitude. With that in mind, we direct AFMC to take immediate actions to help mitigate the expected negative cash balance. Additionally, we direct AFMC to identify the month in which negative AFWCF 'Blue' cash and/or negative available budgetary resources will occur and to project the 'cash surcharge' required to prevent losses in total and by month. We will request that TRANSCOM also work to reduce costs and provide maximum possible insight into its cash position. SAF/FMB and AF/A4/7 will collaborate with AFMC and TRANSCOM to engage USD(C), OMB and the Congress in an effort to secure support for required mitigating actions to address any remaining shortfall in AFWCF. External support needed to prevent ADA violation may include restoration 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 continue funding restrictions at the appropriation level and program ceiling level that assume worst case impacts as a result of sequestration. This could have the impact of an across the board reduction of ~7% 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 appropriation language. 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 (**FY13 only**) should be deferred until further notice; request for exception may be submitted to SAF/AQ and SAF/FM. **Updates to the sequestration plans you submitted to SAF/AQXR will be provided soon for programs to validate availability of 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.

#### *Overall Budgetary Guidance for all Air Force Activities*

**Based on actual sequestration reductions, you have received updated budget bogeys based on 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.

- 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. **Functional authorities are strongly urged to leverage this meeting to disseminate information that would ordinarily be addressed during a functional update. Other face-to-face functional updates should be minimized and replaced with vtc or dco meetings.**
  - 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.
- **MAJCOM/CC-hosted "Commanders Conferences" may be submitted as exceptions to policy. These events must have a clearly defined agenda, must be hosted in government facilities, and must be limited to 1-3 days. The target population may be NAF/Wing commanders and Command Chief Master Sergeants and for efficiency, the event should be bundled with other mission critical business where feasible. Finally, the administrative footprint to support the event must be very small.**
- 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 (e.g., squadron, group, wing pre-command courses). However, CSAF, VCSAF, **CMSAF** and MAJCOM commander spouse travel is authorized for the purpose of base visits (and only base visits) when the visit has a robust spouse agenda, the spouse is accompanied by the active duty member, and MILAIR is available. No commercial travel is authorized and all travel must be at no cost to the AF.
- The funding for patient travel reimbursement for referred medical care (to include Non-Medical Attendants where spouses may fill that role) is determined by law and regulation, and is managed at the Health Affairs level. Medical personnel will ensure all patient travel is carefully monitored and appropriate; however, it is exempted from the requirement of MAJCOM CC or CV review/approval.
- **Presidential protective missions are mandated by Public Law and CJCS EXORD and are required to be funded under sequester.**
- **The Air Force is the Executive Agent for military working dogs (MWD); as such, all MWD taskings in support of POTUS/VPOTUS missions have been authorized a blanket waiver status.**
- **Utilizing Government Travel Card (GTC) – Sequestration will undoubtedly have an impact on timely computation of PCS travel vouchers computed by the Air Force Financial Services Center. The PCS workload nearly doubles during the summer months and furloughs as well as limited TDY funding to pay for augmentee support will exacerbate the problem. A mitigating solution is to encourage utilizing the GTC to the maximum extent possible for all TDY/PCS travel expenses. During a PCS, a member can use the GTC for expenses incurred in moving and can request to be placed in Mission Critical Status (MCS) up to 30 days post RNLTD. Using the GTC for TDY/PCS travel expenses prevents the member from incurring out-of-pocket expenses, thus freeing up personal resources for other personal/family needs.**
- 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 reference 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.
- **National Intel Programs funded under Title 50 are exempt from this guidance. These programs should follow guidance from the Office of the Director of National Intelligence.**

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 your weekly updates as prescribed by SAF/FMBI or SAF/FMBO 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.**

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

  
Eric Fanning  
Under Secretary of the Air Force

cc:  
SAF/FM



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

April 4, 2013

M-13-11

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Danny Werfel  
Controller

SUBJECT: Ongoing Implementation of the Joint Committee Sequestration

Section 251A of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), as amended, on March 1, 2013, required the President to issue a sequestration order canceling \$85 billion in budgetary resources across the Federal Government for the remainder of fiscal year (FY) 2013. This action was required due to the failure of the Joint Select Committee on Deficit Reduction to propose, and the Congress to enact, legislation to reduce the deficit by \$1.2 trillion.

The Administration continues to urge Congress to take action to eliminate the Joint Committee sequestration and restore cancelled budgetary resources as part of a balanced agreement on deficit reduction. However, until Congress takes such action, executive departments and agencies (agencies) must continue to implement the reductions required by sequestration.

This memorandum provides further guidance on specific issues regarding the management and implementation of sequestration that the Office of Management and Budget (OMB) preliminarily addressed in prior memoranda. OMB previously issued guidance on the appropriate implementation of sequestration in Memorandum 13-03, *Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources*; Memorandum 13-05, *Agency Responsibilities for Implementation of Potential Joint Committee Sequestration*; and Memorandum 13-06, *Issuance of the Sequestration Order Pursuant To Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as Amended*.

**Appropriate Use of Existing Reprogramming and Transfer Authority**

Sequestration provides an agency with little discretion in deciding where and how to reduce spending. All non-exempt budget accounts in a given spending category must be reduced by a uniform percentage, and the same percentage reduction must be applied to all programs, projects, and activities (PPAs) within a budget account. However, depending on an agency's account structure and any existing flexibilities provided by law, some agencies may have a limited ability to realign funds to protect mission priorities. As directed by Memorandum 13-03, in allocating reduced budgetary resources due to sequestration, agencies should generally "use

any available flexibility to reduce operational risks and minimize impacts on the agency's core mission in service of the American people." Agencies should also "take into account funding flexibilities, including the availability of reprogramming and transfer authority."

Consistent with this guidance, agencies with reprogramming or transfer authority should continue to examine whether the use of these authorities would allow the agency to minimize the negative impact of sequestration on core mission priorities. In doing so, agencies must consider the long-term mission, goals, and operations of the agency and not just short-term needs. For example, agencies should avoid taking steps that would unduly compromise the ability to perform needed deferred maintenance on facilities, invest in critical operational functions and support, conduct program integrity and fraud mitigation activities, and pursue information technology or other infrastructure investments that are essential to support the long-term execution of the agency's mission. Similarly, while agencies with carryover balances or reserve funds should consider appropriate use of these funds to maintain core mission functions in the short term, it is important not to use these funds in a manner that would leave the agency vulnerable to future risks due to a potential lack of available funds in future years.

Agencies should consult with their OMB Resource Management Office (RMO) to assess options for utilizing existing authorities and ensure that any proposed actions appropriately balance short-term and long-term mission priorities. Agencies must also consult closely with their OMB RMO on any proposed actions that would reduce carryover balances or reserve funds below historical levels.

### **Funding for Agency Inspectors General**

Funds for agency Inspectors General (IGs) from non-exempt accounts are subject to sequestration under the March 1, 2013 sequestration order. The head of each agency has the final responsibility for implementing the reductions required by sequestration. Upon making such determinations, IGs have the final responsibility for determining how their authorized budgets will be allocated.

To the extent an agency has discretion in implementing reductions to IG funding due to sequestration, agency heads should be mindful of the independence of the Office of Inspector General and should consult with the IG on a pre-decisional basis on matters that may impact IG funding. In particular, agencies must remain cognizant of the provisions in section 6 of the Inspector General Act of 1978, as amended, which outline the need for IGs to maintain the appropriate resources and services necessary to perform their statutory duties and describe the manner in which IG budgets are requested.

In cases where IG funds are not intermingled with other agency funds and exist as their own PPA, the IG should be provided full discretion to determine how to implement the reductions required by sequestration. In cases where IG funds are intermingled with other agency funds within a PPA, while the specific amount of reductions will vary by agency and account, a benchmark that should be considered by the head of the agency—in consultation with the IG—is to apply a percentage reduction to IG funds that is same as the average percentage reduction for all other funds within the PPA. Upon determining the amount of the reduction for

IG funds in such cases, the agency head should then defer as appropriate to the IG in determining how the IG manages the reductions.

Agencies should consult with their OMB RMO throughout this process as well.

### **Discretionary Monetary Awards**

OMB Memorandum 13-05 directs that discretionary monetary awards should not be issued while sequestration is in place, unless issuance of such awards is legally required. Discretionary monetary awards include annual performance awards, group awards, and special act cash awards, which comprise a sizeable majority of awards and incentives provided by the Federal Government to employees. Until further notice, agencies should not issue such monetary awards from sequestered accounts unless agency counsel determines the awards are legally required. Legal requirements include compliance with provisions in collective bargaining agreements governing awards.<sup>1</sup>

Consistent with past guidance, certain types of incentives are not considered discretionary monetary awards for the purposes of this policy. These include quality step increases (QSIs); travel incentives recognizing employee savings on official travel; foreign language awards for mission-critical language needs; recruitment, retention, and relocation incentives (3Rs); student loan repayments; and time-off awards. While these items are permitted, in light of current budgetary constraints, they should be used only on a highly limited basis and in circumstances where they are necessary and critical to maintaining the agency's mission. In addition, consistent with the policy set forth in the *Guidance on Awards for Fiscal Years 2011 and 2012*, jointly issued by the Office of Personnel Management (OPM) and OMB on June 10, 2011, spending for QSIs and 3Rs should not exceed the level of spending on such incentives for fiscal year 2010.

With respect to Federal political appointees, agencies should continue to follow the policy set forth in the August 3, 2010 Presidential Memorandum, *Freeze on Discretionary Awards, Bonuses, and Similar Payments for Federal Political Appointees*. OPM previously issued guidance on implementation of this memorandum.

### **Reducing Burden for State, Local, and Tribal Governments**

To the extent agencies provide grants or other forms of financial assistance to States, localities, or tribal governments, agencies should consider if there are ways to help such entities mitigate the effects of funding reductions due to sequestration through reducing administrative burdens or other standard administrative processes, consistent with applicable legal requirements associated with the funds provided. In doing so, agencies should consult closely with their State, local, and tribal partners to determine whether such steps enable public funds to be used in a more cost-effective manner.

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<sup>1</sup> Consistent with legal requirements, agencies may consider engaging in discussions with employees' exclusive representatives to explore revisions to such provisions in existing collective bargaining agreements, in recognition of this guidance.



SECRETARY OF DEFENSE  
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WASHINGTON, DC 20301-1000

MAY 14 2013

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DEPUTY CHIEF MANAGEMENT OFFICER  
CHIEFS OF THE MILITARY SERVICES  
COMMANDERS OF THE COMBATANT COMMANDS  
CHIEF OF THE NATIONAL GUARD BUREAU  
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: Furloughs

This memo directs defense managers to prepare to furlough most Department of Defense (DoD) civilians for up to 11 days. The schedule for furloughs, and some specific exceptions, are described later in this memo and in the attachment. I have made this decision very reluctantly, because I know that the furloughs will disrupt lives and impact DoD operations. I, along with the senior civilian and military leadership of the Department, have spent considerable time reviewing information related to the need for furloughs, and I would like to share with you the reasoning that led me to this difficult decision.

Major budgetary shortfalls drove the basic furlough decision. On March 1, sequestration went into effect across the federal government. DoD's budget for FY 2013 was reduced by \$37 billion, including \$20 billion in the operation and maintenance (O&M) accounts that pay many of our civilian workers. In addition, because our wartime budget is also subject to sequestration, we must utilize funds originally budgeted for other purposes in order to provide our troops at war with every resource they need. To compound our problems, when we estimated future wartime operating costs more than a year ago, we planned on fuel costs below what we are currently experiencing. Taken together, all these factors lead to a shortfall in our O&M accounts of more than \$30 billion – a level that exceeds 15 percent of our budget request, with fewer than six months left in the fiscal year in which to accommodate this dramatic reduction in available resources.



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We are taking actions to reduce this shortfall. One main priority has governed our decisions: to minimize the adverse effects on our military mission, including military readiness. With this in mind, early this calendar year we cut back sharply on facilities maintenance and worked to hold down base operating costs -- decisions we knew would build a backlog of maintenance and adversely affect our bases. We are also preparing a request to Congress that would permit us to shift some funding from investment and military personnel accounts into the O&M accounts. If approved by Congress, this initiative -- known as a reprogramming -- would help close the gap.

But these actions are not enough. We have begun making sharp cuts in the training and maintenance of our operating forces -- cutbacks that are seriously harming military readiness. The Army, for example, has terminated most remaining FY 2013 training rotations at its combat training centers. The Air Force has or soon will stop all flying at about one-third of its combat-coded squadrons in the active forces. The Navy and Marine Corps are cutting back on training and on deployments -- including a decision not to send a second carrier strike group to the Gulf. These are only a few of the many cutbacks we have made in training and maintenance. These actions reduce our ability to handle future military contingency needs, both this year and in subsequent years.

Even after taking all these actions, we are still short of needed operating funds for FY 2013, and we cannot rule out unexpected increases in costs during the next few months. So we confront a difficult set of trade offs. We can make even larger cutbacks in training and maintenance, further reducing readiness to handle contingency operations and putting into even greater jeopardy our military readiness in future fiscal years. Alternatively, we can furlough civilian personnel to help close the gap and, knowing that morale, productivity and readiness would be affected. This is an unpleasant set of choices, but this is the situation we face.

Before making a decision, I sought advice and inputs from senior leaders in the military departments and agencies as well as advice from my senior civilian and military staff. I asked them to keep in mind our fundamental criterion to minimize adverse mission effects and, subject to that criterion, to ensure reasonable consistency and fairness across the Department for any furloughs that we impose.

Based on all these inputs, I have decided to direct furloughs of up to 11 days for most of the Department's civilian personnel. Furloughs for up to 11 days represent about half of the 22 days that can legally be imposed in a year and also about half the number we had originally planned. This halving of previous furlough plans reflects vigorous efforts to meet our budgetary shortfalls through actions other than furloughs as well as Congressional passage of an appropriations bill in late March that reduced the shortfalls in our operating budget and expectations of Congressional action on our reprogramming request.

Furloughs will be imposed in every military department as well as almost every agency and in our working capital funds. All of our civilian employees are important, and I would prefer not to furlough any of them. However, there will only be limited exceptions driven by law and by the need to minimize harm to mission execution. We will except civilians deployed to combat zones and civilians necessary to protect life and property (but only to the extent needed to provide that protection). A few categories of workers will be excepted for specific mission reasons while some categories of workers will be excepted because furloughing them would not

free up money for critical DoD mission needs. The attachment provides details regarding approved exceptions. Fewer than one fifth of all civilians paid with appropriated funds will be excepted from furloughs.

The planning and implementation of furloughs will be carried out based on the schedule below:

- May 28 - June 5: Furlough proposal notices will be served to individual employees subject to furloughs.
- June 4 - June 12: Individual employee reply periods end 7 calendar days from when the proposal was received, unless Component procedures allow for a different reply period.
- June 5 - July 5: Furlough decision letters will be served to individual employees subject to furloughs, depending on when the proposal was received and prior to the first day of furlough.
- July 8: Furlough period begins no earlier than this date.

We will begin furloughs on July 8 at the rate of 1 furlough day per week for most personnel. For now, we plan to continue furloughs through the end of FY 2013. That schedule would lead to 11 furlough days – one fifth of the week for about one quarter of the year. Moreover, I am directing all components to monitor funding closely for the remainder of FY 2013. If our budgetary situation permits us to end furloughs early, I would strongly prefer to do so. That is a decision I will make later in the year.

Consistent with this memo and with applicable laws and rules, commanders and managers will have the authority to develop the specifics of furlough procedures in order to minimize adverse mission effects and also limit the harm to morale and productivity. Further bargaining with unions may also be required. The Under Secretary for Personnel and Readiness has already issued guidance as appropriate regarding personnel and union issues related to furloughs and will issue additional guidance as needed. Overall coordination of sequester and furlough policies will be the responsibility of the Under Secretary of Defense (Comptroller).

Each of the Department's civilian employees makes an important contribution to the readiness of our Department to meet the nation's national security needs. I understand that the decision to impose furloughs imposes financial burdens on our valued employees, harms overall morale, and corrodes the long-term ability of the Department to carry out the national defense mission. I deeply regret this decision. I will continue to urge that our nation's leaders reach an agreement to reduce the deficit and de-trigger sequestration. If no agreement is reached, I will continue to look for ways to limit the adverse effects of sequestration and associated budgetary shortfalls both on the men and women of the Department of Defense, and on our national defense.

*DAVID  
HUBEL*

Attachment:  
As stated.

### Department of Defense Furlough Exceptions

This attachment provides Components with final dispositions on categorical exceptions to the Department of Defense (DoD) plan to furlough civilian employees for a maximum of 88 hours or 11 discontinuous workdays because of the current financial crisis caused by a sequestration for Fiscal Year (FY) 2013, increased costs for ongoing Overseas Contingency Operations, and other emerging requirements. In order to minimize adverse effects on mission, employees in the following categories are excepted from furlough for the reasons noted:

- a) In order to avoid harm to war efforts, all employees deployed (in a Temporary Duty status) or temporarily assigned (to include Temporary Change of Station) to a combat zone (as defined in notes below) are excepted from furlough.
- b) In order to avoid harm to mission, those employees necessary to protect safety of life and property are excepted to the extent necessary to protect life and property. This includes selected medical personnel. Later portions of this attachment provide details.
- c) Employees in Navy shipyards will be excepted from furlough because it would be particularly difficult to make up delays in maintenance work on nuclear vessels and these vessels are critical to mission success. All other depot employees, whether mission-funded or working capital fund employees, will be subject to furlough.
- d) Furloughs for employees funded with National Intelligence Program (NIP) funds will be determined by the Director of National Intelligence. Employees funded with Military Intelligence Program (MIP) funds will be subject to furlough.
- e) Because there would be no savings, Foreign Military Sales (FMS) employees whose positions are exclusively funded from FMS Administrative and FMS case funds (case number may be required to validate funding source) and from Foreign Military Financing accounts are excepted from furlough. Furloughing employees in this category would not reduce the expenditure of DoD budgetary resources and so would not assist in meeting sequestration reductions. The FMS case-funded positions funded in whole or part by DoD appropriations (to include "pseudo-FMS" cases) are subject to furlough.
- f) By law, all individuals appointed by the President, with Senate confirmation, who are not covered by the leave system in title 5, U.S. Code, chapter 63, or an equivalent formal leave system, are excepted from furlough.
- g) All employees funded by non-appropriated funds (NAF)<sup>1</sup> (regardless of source of NAF funding) are excepted from furlough. Furloughing employees in this category would not reduce the DoD budget and so would not assist in meeting sequestration reductions.
- h) All Outside Contiguous United States foreign national employees, many of whom are subject to Status of Forces Agreements, are excepted from furlough because their situation vary greatly by country/region and because, in some cases, they are paid by host governments.

<sup>1</sup> NAF employees are not covered by the requirements and procedures applicable to furloughs of appropriated fund employees under FY13 sequestration. However, NAF employees may be furloughed under DoD NAF and Component policies and procedures for business-based reasons.

- i) Any employees who are not paid directly by accounts included in the Department of Defense-Military (subfunction 051) budget are excepted from furlough. For example, this would include employees funded by the Arlington National Cemetery (705 function) and DoD Civil Works (various non-051 functions) programs. These exceptions have been identified by the Components. Furloughing these employees would not reduce the expenditure of DoD budgetary resources and so would not assist in meeting sequestration reductions.

The following portion of this document provides the definitive list of additional approved exceptions beyond those listed in the preceding paragraph. The exceptions approved for the safety of life and protection of property category are granted with the understanding that these are the minimum exceptions needed to maintain operations and provide security on a 24/7 basis and that furloughing these employees would result in the Department incurring additional costs for premium pay. Similarly, the exceptions for the medical category are approved with the understanding these exceptions preserve the minimum level of personnel needed to maintain quality of care in 24/7 emergency rooms and other critical care areas such as behavioral health, wounded warrior support, and disability evaluation. Furloughing these employees would result in unacceptable care being provided, and the Department would incur increased costs for premium pay or TRICARE. The exception for Child Development Centers is granted with the understanding that this is the minimum level needed to maintain accreditation and maintain quality care for children in military families. Some Department of Defense Education Activity employees, while not excepted from furlough, may only be furloughed when they are in a pay status. Therefore, they will only be subject to furlough for up to five days at the beginning of the 2013 school year.

Recognizing that circumstances can change in this dynamic environment, the Secretaries of the Military Departments, and the Principal Staff Assistants for the Defense Agencies and Field Activities, may approve up to 50 additional individual, mission-based, exceptions as needed to ensure safe and efficient operations of their respective Departments. Any such exception must be reported to the Acting Under Secretary of Defense (USD) for Personnel and Readiness and the USD Comptroller. There are no other approved exceptions provided based on the Components' submissions. Furlough proposal notices should be issued to all impacted employees beginning May 28, 2013.

Relative to the review and decision on individual employee requests for exception, per guidance issued via the Principal Deputy Assistant Secretary of Defense, Readiness and Force Management, memorandum, dated March 13, 2013, activities should designate the Deciding Official. The designated Deciding Official will be no lower than a local Installation Commander, senior civilian or equivalent who would be in the best position to determine the fair and equitable application of the furlough. Deciding Official responsibilities may not be further delegated. Deciding Officials are charged with, and are accountable for, making final decisions on furloughs for individual employees after carefully considering the employee's reply, if any, and the needs of the Department. Deciding Officials must also ensure they make final decisions in cases where an employee does not submit a reply. Deciding Officials will have the authority to execute the full range of options with respect to providing relief in individual employee cases. This authority includes, but is not limited to, reducing the number of days/hours an individual employee is furloughed, or granting the individual employee an exception from the furlough altogether.

Component	Safety of Life & Property	Medical Personnel	Others	Comments
DoN	7,543	1,418	212 CIVPERS at Sea  4,712 CIVMARS  514 Appropriated Fund (APF) Child Development Centers (CDCs)  15  28,000  1,657	CIVPERS deployed at sea are subject to furlough upon return from deployment  CIVMARS are subject to furlough upon return from deployment  Maintain safety standards and quality of care  Support to classified programs  Shipyard Workers, General  Shipyard Workers, Nuclear and Naval Reactors Staff
USA	263	Up to 6,600	555 APF CDC Employees  75  17  257	Maintain safety standards and quality of care  ARNG Dual Status Technicians for Alerts, Firefighting, Personnel Recovery and other missions  Support to classified programs  Non-immigrant employees requiring H-1B visas at Defense Language Institute

Component	Safety of Life & Property	Medical Personnel	Others	Comments
USAF	933	410	62  1,123  30 Students  94 Multi-IOC 24/7 Plant Operators  2  3  1,634 APF CDCs	Support to classified programs  ANG Dual Status Technicians for Alerts, Firefighting, Personnel Recovery and other missions  Intel School & FLETC  Heating/Waste Water Plant minimum safe manning  Contingency Planners  Special Law Enforcement Pay  Maintain safety standards and quality of care
DLA	363			
DA&M	623			546 are from the Pentagon Force Protection Agency; the remaining 77 are Washington Headquarters Services for Pentagon safety and emergency communications.  Most will be furloughed fewer than 11 days due to the need to maintain operations and security 24/7.
US Court of Appeals for Armed Services			59	The Chief Judge will decide how many days to furlough employees, if at all.
JTFCAPMED		368		165 @ Walter Reed  203 @ Fort Belvoir

Component	Safety of Life & Property	Medical Personnel	Others	Comments
USUHS	22		5	Animal Husbandry Technicians Non-immigrant employees requiring H-1B visas
Office of the Military Commissions – Defense Legal Services Agency			9	Civilian Trial Practitioners
Department of Defense Education Activity (DoDEA)			10,950	9-month DoDEA employees, which includes teachers, educational aids, and support staff may only be furloughed for up to 5 days at the beginning of the 2013 school year.
DCAA			1	Non-immigrant employees requiring H-1B visa

Notes:

1. Safety of life and property exceptions are based on need for 24/7 coverage in most instances. It is expected all Components will furlough for less than 88 hours in these areas where feasible.
2. Individuals for whom law enforcement premium pay would result in no loss of pay if furloughed will be excepted from the furlough.
3. 20 CFR 655.731 requires that the employer of a H-1B non-immigrant who is not performing work and is placed in a nonproductive status due to a decision by the employer (e.g., placed in a non-pay/non-duty status due to administrative furlough) pay the salaried employee the full pro-rata amount due, or to pay the hourly-wage employee for a full-time week (40 hours or such other number of hours as the employer can demonstrate to be full-time employment for hourly employees, or the full amount of the weekly salary for salaried employees) at the required wage for the occupation.

## 1. References.

- a) Title 26, U.S. Code, Section 112, Certain combat zone compensation of members of the Armed Forces
- b) Executive Order 12744, January 21, 1991
- c) Executive Order 13119, April 13, 1999
- d) Executive Order 13239, December 12, 2001
- e) Public Law 104-117, To provide that members of the Armed Forces performing services for peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone.

2. The following locations are designated as "Combat Zones" by law, Presidential Executive Order or by DoD certification that members of the Armed Forces serving in such locations are serving in direct support of military operations in a combat zone:

Countries:

Afghanistan (EO 13239)	United Arab Emirates (EO 12744)
Albania (EO 13119)	Uzbekistan (DoD certification)
Bahrain (EO 12744)	Yemen (DoD certification)
Bosnia (PL 104-117)	Croatia (PL 104-117)
Djibouti (DoD certification)	Herzegovina (PL 104-117)
Iraq (EO 12744)	Jordan (DoD certification)
Kuwait (EO 12744)	Kyrgyzstan (DoD certification)
Macedonia (PL 104-1170)	Montenegro (EO 13119)
Oman (EO 12744)	Pakistan (DoD certification)
Philippines (Only troops with orders referencing Operation Enduring Freedom) (DoD certification)	Qatar (EO 12744)
Saudi Arabia (EO 12744)	Serbia (includes Kosovo) (EO 13119)
Somalia (DoD certification)	Tajikistan (DoD certification)

Sea Areas:

Adriatic Sea (EO 13119)	That portion of the Arabian Sea that lies north of 10 degrees north latitude, and west of 68 degrees east longitude (EO 12744)
Gulf of Aden (EO 12744)	Gulf of Oman (EO 12744)
Ionian Sea north of the 39 <sup>th</sup> Parallel (EO 13119)	Persian Gulf (EO 12744)
Red Sea (EO 12744)	

3. Adherence to the following principles ensures consistency in applying the "deployed to combat zone" exemption to civilian employees in the context of the administrative furlough:

- a) "Deployed civilian" is defined as a civilian employee who is deployed (in temporary duty (TDY) status) or temporarily assigned (to include temporary change of station (TCS)) to a "combat zone" as set forth above.
- b) "Combat zone" is defined as those locations listed as combat zones in Executive Orders 12744, 13119 or 13239 and locations where military are eligible for combat zone tax benefits under law or because DoD has certified that they are providing direct support to military operations.
- c) A "deployed civilian's" period of deployment includes time spent in attendance at mandatory pre-deployment training as well as in completing mandatory post-deployment requirements.
- d) A civilian employee who was deployed to a combat zone but redeploys mid-way through the furlough period will receive a notice of proposed furlough upon return to their parent organization and prior to any furlough. Further, the number of hours for which the employee will be furloughed will be pro-rated.

**\*EMBARGOED FROM PUBLIC/PRESS RELEASE\***  
**\*UNTIL 1430 HRS, 14 MAY 2013\***

**MESSAGE FROM SECRETARY HAGEL ON FURLOUGHS**  
**TUESDAY, MAY 14, 2013**

To all Department of Defense personnel:

As you are fully aware, the Department of Defense is facing a historic shortfall in our budget for the current fiscal year. This is the result of current law that went into effect March 1. It imposes deep across-the-board cuts on DoD and other federal agencies. Combined with higher than expected wartime operating costs, we are now short more than \$30 billion in our operation and maintenance (O&M) accounts – which are the funds that we use to pay most civilian employees, maintain our military readiness, and respond to global contingencies.

The Department has been doing everything possible to reduce this shortfall while ensuring we can defend the nation, sustain wartime operations, and preserve DoD's most critical asset – our world-class civilian and military personnel. To that end, we have cut back sharply on facilities maintenance, worked to shift funds from investment to O&M accounts, and reduced many other important but non-essential programs.

Still, these steps have not been enough to close the shortfall. Each of the military services has begun to significantly reduce training and maintenance of non-deployed operating forces – steps that will adversely impact military readiness. And even these reductions are not enough. Since deeper cuts to training and maintenance could leave our nation and our military exposed in the event of an unforeseen crisis, we have been forced to consider placing the majority of our civilian employees on administrative furlough.

After extensive review of all options with the DoD's senior military and civilian leadership on how we address this budget crisis, today I am announcing that I have decided to direct furloughs of up to 11 days for most of the Department's civilian personnel. I have made this decision very reluctantly, because I know that the furloughs will disrupt lives and impact DoD operations. I recognize the significant hardship this places on you and your families.

After required notifications, we will begin the furlough period on July 8 at the rate of one furlough day per week for most personnel. We plan to continue these furloughs through the end of the current fiscal year. If our budgetary situation permits us to end furloughs early, I would strongly prefer to do so. That is a decision I will make later in the year.

Furloughs for 11 days represent about half of the number we had originally planned, reflecting the Department's vigorous efforts to meet our budgetary shortfalls through actions other than furlough. There will be exceptions driven by law and by the need to minimize harm to the execution of our core missions. For example, all employees deployed or temporarily assigned to a combat zone will be excepted from furloughs.

Your managers have been given authority to develop specific furlough procedures to minimize adverse mission effects and also limit the harm to morale and productivity. They will be in touch with you to provide guidance and answers.

The President and I are deeply appreciative of your patience, your hard work, and your dedication and contributions to the critical mission of helping protect America's national security. I am counting on all of you to stay focused on this vital mission in the days ahead. As I said the day I assumed the responsibilities of Secretary of Defense, I'm proud to be part of your team and I'm proud to serve with you.

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## DECLARATION

I, Robert E. Corsi, Jr., do state:

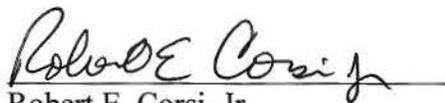
1. I am the Assistant Deputy Chief of Staff for Manpower, Personnel, and Services (AF/A1). I have held this position since September 25, 2011.
2. I have responsibility for Air Force personnel policy and planning with respect to the Air Force's civilian workforce. This includes the planning for the furlough necessitated by Sequestration and the budget shortfall created by the Fiscal Year 2013 appropriation.
3. Before resorting to furlough, the Air Force took numerous steps to address its fiscal dilemma. See, e.g., Memorandum dated January 14, 2013 from the Undersecretary of the Air Force and the Vice Chief of Staff. See also, memos dated January 7, 10, 16 and 18; February 1, 13, 15, 20, 21, 25, and 28; and March 1, 5, 11 and 14, all found in the Administrative Record. Furloughs have become a necessary last resort.
4. Based on the budgetary constraints (explained in the Declaration of Marilyn Thomas, found in the Administrative Record), Air Force leadership made the decision that a furlough of 11 days for virtually the entire civilian workforce was necessary.
5. As part of management's mandated duty to reduce the spending in several accounts through which civilian personnel may be paid, the decision to furlough civilian employees was made across the Department of Defense (DoD).
6. While limited exceptions in the Air Force appropriated accounts were made in order to maintain the preservation of life and property, even many first responders will be required to take furlough hours (even if the hours of the furlough will be fewer than the rest of the force). Very few Air Force civilians will be fully excepted from the furlough. Most of the limited exceptions will be for only a diminution of furlough hours. Exceptions were kept to a minimum (and approved by the Office of Secretary of Defense) in order to generate the greatest savings across the force.
7. DoD directed the Air Force to comply with the following guidance in undertaking furloughs: Furloughs will be limited to 11 discontinuous days (88 hours) between July 8 and the end of Fiscal Year 2013. Generally, furlough days will be spread out at a rate of one per week.
8. DoD guidance allowed 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 funded entirely from NAF funds
  - Employees excepted by law
  - Foreign nationals
  - Foreign Military Sales employees that are 100% funded from the FMS Trust Fund
9. Air Force leaders, after consulting with the respective career field leaders, determined that civilians required to provide a minimum level of life and property safety should be defined as follows:
- 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. 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.
  - Civilian police, security guards, and flight leads at installations where civilians comprise 25% or more of the flight level first responders. 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.
  - Civilian firefighters where required to meet minimum manning for the Critical Level of Service (CLS) defined in AFI 32-2001. 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.
10. Air Force leaders further allowed the Major Commands (MAJCOMs), Combatant Commands (COCOMs), and Direct Reporting Units (DRUs) to request “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.”
11. The guidance to qualify for such an exception was:
- “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.”

12. Outside of National Guard positions, Air Force requested and received from DoD exceptions based on the standards in paragraphs 10 and 11 for a total of only 191 positions worldwide.
13. Air National Guard (ANG) sought and received 1,123 mission-based exceptions for ANG technicians.
14. In addition, DoD directed that 1,634 Child Development Center personnel be excepted, so as to maintain the minimal staffing needed to retain accreditation and maintain quality of care.
15. DoD has also given the Secretary of each Military Department “up to 50 additional individual, mission-based, exceptions as needed to ensure safe and efficient operations of their respective Departments.”
16. A decision regarding Air Force employees funded under the National Intelligence Program is being made outside of the Air Force, at the discretion of the Director of National Intelligence.
17. While every effort was made to avoid a furlough of the civilian force, the sheer magnitude of the reduction required that a furlough be considered and adopted.

I swear or affirm that the foregoing statement is true and correct to the best of my information, knowledge and belief.

  
Robert E. Corsi, Jr.

Assistant Deputy Chief of Staff  
for Manpower, Personnel, and Services

14 MAY '13  
Date

## DECLARATION

I, Marilyn Thomas, do state:

1. I am the Principal Deputy Assistant Secretary for Financial Management and Comptroller (SAF/FM). I have held this position since April 2012 and from June 2012 to April 2013 performed the duties of the Assistant Secretary Financial Management and Comptroller.
2. In my role in SAF/FM, I have responsibility for Air Force financial management activities, including chairing the Sequestration Task Force (STF) which is responsible for recommending sequestration policy and execution courses of action to senior Air Force leadership.
3. The Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, requires significant reductions to budgetary resources for the Federal government (*i.e.*, sequester resources), including the Air Force. The Air Force annually receives 16 appropriations including Operations and Maintenance (O&M), Military Personnel (MILPERS), Research, Development, Test and Evaluation (RDT&E), Military Construction (MILCON) and various of procurement accounts to highlight a few. Of these appropriations, 13 are directly impacted by sequestration. The three appropriations exempted from sequestration are the Air Force Active Duty, Guard and Reserve MILPERS appropriations. Civilian pay is funded primarily from the Air Force O&M appropriations, but other appropriations, such as RDT&E and the Working Capital Fund, also fund some civilian pay.
4. I am responsible for ensuring Air Force budget execution is compliant with the Budget Control Act of 2011, which reduced the Air Force "top line" budget to include a sequester amount of roughly 9% (or \$ 12.4 billion) in FY13. On March 1, 2013, the President implemented the provisions of that Act for all affected executive branch agencies. While each of the Air Force's non-exempt appropriated accounts is required to take a roughly 9% reduction for FY13, the implementation of the Act within the last six months of the fiscal year will require, essentially, a reduction of expenditures in each of these non-exempt appropriation accounts by 18 % (or \$12.4 billion) for the remainder of the fiscal year ending September 30, 2013 in order to comply with the law and Presidential Directive.
5. The Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, subjects non-exempt Air Force appropriations to across-the-board reductions, without additional transfer authority to realign funds from one appropriation to another. In implementing the reduction targets, the DOD first must and will protect wartime operations funding for our troops in harm's way. This inevitably means larger

cuts in base-budget (non-war related) funding for the O&M accounts. Thus, due to war time needs, this results in a greater impact on Air Force O&M.

6. Even though the Air Force received a FY 13 appropriation (and the CR is ended), the Air Force will still have significant shortfalls in OCO (Overseas Contingency Operations) funding. This fact combined with the impact of sequestration will put us in a position of requiring the Air Force to make serious reductions in O&M expenditures, including the implementation of an 11 day furlough of civilian employees, unless DoD's financial situation improves and we have the opportunity to end the furlough early.
7. As part of management's mandated duty to reduce spending in several appropriations from which civilians may be paid, the decision to furlough civilian employees was made across all services and DoD. Furloughing Air Force civilians in all accounts combined, using minimal exceptions for appropriated employees, is estimated to save the Air Force approximately \$450M through September 30, 2013. Those savings combined with a pending proposed reprogramming to cover OCO shortfalls will allow us to reinstate programs that directly impact readiness, such as reinstatement of flying training in several of the fighter and bomber squadrons that were stood down in April.
8. Because of the sheer magnitude of the reduction the Air Force must take this year, there was no alternative to furloughing Air Force civilians. While limited exceptions were made in order to maintain the preservation of life and property, even some first responders will be required take furlough hours, even if the hours of the furlough will be fewer than the rest of the force. Very few Air Force civilians will be fully excepted from the furlough. Exceptions were kept to a minimum (and approved by the Office of Secretary of Defense) in order to generate the greatest savings across the force.
9. While every effort was made to avoid a furlough of the civilian force, the sheer magnitude of the reduction required that a furlough be considered and adopted.
10. Other efforts to cut spending were made, including for example, those detailed in the various memoranda attached to the Administrative Record. As additional examples, in addition to those efforts to save money, the Air Force is sustaining immediate, severe financial shortfalls in Air Force Working Capital Funds, has delayed at least 22 new Military Construction projects (MILCON), has or will defer non-emergency facility requirements which includes over 420 projects as 90 installations, reduced flying hours by 18% (30% of the remaining hours), reduced MAJCOM/COCOM budgets 10% (22% of remaining), cancelled TDYs, training, and leadership development courses, cancelled ongoing/scheduled studies not mission critical and minimized IT expenditures. Persons on Intergovernmental Personnel Act (IPA) details paid with by Air Force appropriations will have their salaries cut by 20% as well. These reductions are only examples of the actions Air Force leadership has taken to reduce expenditures across all appropriations. More severe impacts are predicted the longer sequestration is in place.

I swear that the foregoing is true and correct to the best of my knowledge, information and belief.

Marilyn Thomas  
Marilyn Thomas, SAF/FM

15 May 2013  
Date



OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE  
FROM THE DIRECTOR

LEADING INTELLIGENCE INTEGRATION

05/15/2013

**From DNI Clapper: Furlough Decision Announced**

Today, the Secretary of Defense announced that, due to an O&M shortfall of more than \$30 billion this fiscal year, DoD civilian employees will be subject to 11 furlough days.

During the past several months, Secretary Hagel and I discussed the issue of furloughs as they relate to DoD civilian employees funded under the National Intelligence Program. We agree that NIP funded DoD civilians are a critical element of the Intelligence Community's mission and that furlough decisions regarding these employees should be made within the IC. Several months ago, I challenged IC leaders to develop strategies to minimize furloughs across the community. Through their effort and that of many others, I'm pleased to announce that I do not envision mandating furloughs to IC employees funded in the National Intelligence Program.

As DNI, I have a responsibility to preserve our ability to deliver the most insightful intelligence possible. You've heard me say it before—our people are our most valuable asset and our mission depends on making sure intelligence professionals are focused on the threats facing our nation.

Secretary Hagel and I share the belief that furloughs disrupt lives, negatively impact national security and hinder our ability to carry out our mission. I support his efforts to continue to seek solutions to further reduce the number of furlough days imposed on DoD civilian employees particularly funded under the Military Intelligence Program, and the Information Systems Security Program.

There is no question that under sequestration we will have to do less with less. Over time, the significant impact of these cuts will force us to prioritize our intelligence activities with increasingly limited resources. During these challenging times, when the array of threats we face is so vast, we need every intelligence professional focused on our mission.

Throughout this process, you have been exceedingly patient and professional and, most important of all, you have remained focused on our top priorities—continuing to integrate the IC and providing the most insightful intelligence possible.

I appreciate your continued patience and commitment to our mission as we work through the impacts of sequestration together. Thank you for all you do for the IC and for our nation.

James R. Clapper  
Director of National Intelligence



**DEPARTMENT OF THE AIR FORCE**  
**WASHINGTON, DC 20330**

Office of the General Counsel

MEMORANDUM FOR SAF/FM

**MAY 16 2013**

FROM: SAF/GC

SUBJECT: Legality of Furloughing Working Capital Fund Employees

**BACKGROUND**

You have asked whether Air Force Material Command (AFMC) employees paid through the Working Capital Fund (WCF) may be furloughed. We conclude that the provisions of 10 U.S.C. §129 and 10 U.S.C. §2472 do not provide a legal obstacle which would prevent these employees from being furloughed.

**DISCUSSION**

The Air Force has determined that it is necessary to furlough the vast majority of its civilian employees up to 11 days (88 hours) between July and September 2013. This furlough will be carried out in accordance with 5 C.F.R. Part 752, subpart D. Under 5 C.F.R. § 752.402, furlough is defined as the placing of an employee in a temporary status without duties and pay because of lack of work or funds or other nondisciplinary reasons. The Office of Personnel Management (OPM) explains an Administrative Furlough (which is what the Air Force is undertaking) to be “a planned event by an agency which is designed to absorb reductions necessitated by downsizing, reduced funding, lack of work, or any other budget situation other than a lapse in appropriations.” In this case, the issue is reduced funding.

The Air Force’s planned administrative furlough is necessitated by the extraordinary and serious budgetary challenges facing the Department of Defense (DoD) and the Air Force for the remainder of Fiscal Year (FY) 2013, the most serious of which is the sequester that began on March 1, 2013. The Budget Control Act of 2011, Public Law 112-25 (August 2, 2011), as amended by the American Taxpayer Relief Act of 2012, Public Law 112-240 (January 2, 2013), makes across-the-board reductions to budgetary resources for the Federal government. In addition, the DoD has determined that it must and will protect wartime operations funding for our troops in harm's way. This inevitably means larger cuts in base-budget funding for the Operation and Maintenance (O&M) accounts. Thus, the DoD will need funding in other accounts that can be used to provide the warfighters with what they need to protect national security and fight the war. This furlough is proposed to help meet their need while avoiding a deficit of funds in FY 2013.<sup>1</sup>

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<sup>1</sup>In general, Air Force is excepting from furlough only employees who: (1) are currently in a non-pay status, (2) are under an Intergovernmental Personnel Act mobility assignment that does not cause an expenditure of funds of the agency, (3) are on an assignment not otherwise causing an expenditure of funds to the agency (to include all direct

It has been suggested by AFMC that a furlough of WCF employees violates the mandate of 10 U.S.C. § 129 and 10 U.S.C. § 2472 that the civilian workforce not be subject to any constraint or limitation in terms of man-years, end strength, full-time equivalent (FTE) positions or maximum number of employees.

Section 2472 relates specifically to DoD civilian employees involved in the performance of depot-level maintenance and repair<sup>2</sup> and requires that such employees be managed solely on the basis of the available workload *and the funds made available* (emphasis added) for such depot-level maintenance and repair. Section 129, enacted after section 2472, broadened the impact of section 2472 to all DoD civilian employees. Section 129 also broadened the bases upon which civilian employees shall be managed, to include total force management policies and procedures established under section 129a of title 10,<sup>3</sup> workload required to carry out the functions and activities of the department, and funds made available to the department for such fiscal year. Both provisions prohibit the “management” of civilian employees on the basis of any constraint or limitation in terms of man years, end strength, full-time equivalent positions or maximum number of employees.

The purpose of both statutes is to prevent DoD from using artificial limits with respect to civilian employees such as those limits used to manage the military – *i.e.*, end strength numbers.<sup>4</sup> The statute, however, cannot be read as preventing the Department from reducing civilian personnel hours if necessary to comply with the constraints of appropriations laws. Put another

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funded and fully reimbursed civilian positions and associated activities funded with Foreign Military Sales Admin or case funds), or (4) are in a position whose duties have been determined to be of crucial importance to this agency’s mission and responsibilities and cannot be curtailed (*e.g.*, civilians deployed to combat zones). The “mission-critical” nature of an employee’s work does not exempt his or her position from an administrative furlough. The Air Force has determined and OSD has agreed that there will be only a very small number of exceptions: (1) civilians deployed to combat zones, (2) civilians necessary to protect safety of life or property (*e.g.* firefighters, police officers, emergency medical services), but only to the minimum extent needed to protect life or property (and such employees will only have their furlough days reduced, not eliminated), and (3) the very limited number of civilians positions where no manning option will allow for coverage of their responsibilities and their absence for any period of time will result in mission failure in a mission critical to the Air Force.

<sup>2</sup>Section 2460 of Title 10 defines the term “depot-level maintenance and repair” to mean “material maintenance or repair requiring the overhaul, upgrading, or rebuilding of parts, assemblies, or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair or the location at which the maintenance or repair is performed.”

<sup>3</sup>10 U.S.C. §1597 is cross-referenced in 10 U.S.C. §129a, and (c)(3)(A)(v) refers to the “number of losses of civilian positions, by appropriation account, due to reductions in force, furloughs, or functional transfers or other significant transfers of work away from the military department...” OPM regulations distinguish between furloughs of 22 days or less and furloughs of longer duration. *See* 5 C.F.R. Part 752 and 5 C.F.R. Part 351. As opposed to the planned furloughs at issue herein, the furloughs referred to in Section 1597 are those of more than 22 days, which, under 5 C.F.R. Part 351, are treated as reductions in force.

<sup>4</sup>10 U.S.C. § 115 requires Congress to annually authorize military personnel strength levels for active, reserve and guard for each fiscal year. Congress authorizes the personnel strength level for each military component in the annual National Defense Authorization Act. Section 401 of P.L. 112-239 authorized the FY13 active duty end strength for the Air Force at 329,460. End strength levels are measured to that authorized number at the end of each fiscal year. There are no similar statutory provisions for civilians.

way, both statutes prevent the Department from imposing an artificial limitation on the number of civilian personnel as the tool to manage the workforce. It does not (and expressly does not) limit the Air Force's flexibility to reduce the size of the civilian workforce, civilian pay, or civilian work hours if necessary to comply with an appropriations act.

In the furlough, the Air Force will not be managing the workforce on the basis of any artificial constraint or limitation of man-years or even full-time equivalents – no such limitation is set in any of the proposed furlough documents. While furloughs of WCF civilians may have an indirect effect on FTEs over the period of the furlough by causing fewer hours to be worked, the Air Force is not “managing” to any FTE numerical goal or artificial limit. As such, a furlough of WCF employees does not constitute “management” of civilian employees as envisioned by these provisions; nor does it amount to a constraint on full time equivalents in violation of these statutes.

Further, it is important to note that both Section 129 and 2472 recognize that workload is not the only consideration for managing the civilian work force. Both provisions explicitly state that funding will necessarily drive the size of the civilian work force. Specifically, 10 U.S.C. § 129 (a)(3) requires DoD to manage the civilian workforce “on the basis of and consistent with the funds made available to the Department for such fiscal year.” Section 2472 recognizes that the size of the civilian workforce can be managed based on “the funds made available.” “Funds made available” refers not to the orders placed with the WCF, but to the appropriations used to place those orders. According to SAF/FMB documents, appropriations available and used to place orders with the WCF include, in large part, Air Force and other service component Operations and Maintenance (O&M) accounts, aircraft and missile procurement accounts, and to a lesser extent the accounts for Research, Development, Testing and Evaluation (RDT&E). All of these appropriations within the Air Force and DoD are subject to sequestration reductions. SAF/FMB has advised that the reduction of funds in these FY13 accounts has resulted in a reduction in the size and number of orders placed with the WCFs.<sup>5</sup>

As stated above, the Air Force must comply with the Budget Control Act of 2011 as amended by the American Taxpayer Relief Act of 2012, which require significant reductions to budgetary resources for the federal government, including the Air Force, for FY2013. DoD and the Air Force determined, based on the sheer magnitude of the reduction in budgetary resources that DoD and the AF must take this fiscal year, that there was no alternative to furloughing civilians. Thus, instituting furloughs is not “managing” the AFMC WCF employees in any prohibited manner under either statute; it is simply reducing the work hours and corresponding pay of WCF and other Air Force civilian employees to comport with sequestration and the reduced funds made available to the Air Force. If section 2472 were interpreted as barring WCF

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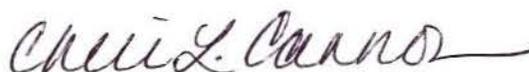
<sup>5</sup>It should be noted, however, that while customer funding is subject to sequestration, any orders placed with the WCF must be fully funded. This view is consistent with 2 U.S.C. § 905 which exempts from sequestration “[i]ntragovernmental funds, including those from which the outlays are derived primarily from resources paid in from other government accounts, except to the extent such funds are augmented by direct appropriations for the fiscal year during which an order is in effect.” Thus, while the annual appropriations (with which orders are funded) are subject to sequestration, once the orders are placed with the WCF, the funds obligated by such orders become part of the WCF and are considered intragovernmental funds, exempt from sequestration. While Section 905 sets forth certain funding exemptions from sequestration, it does not exempt WCF civilian employees from furlough.

employees from furlough solely because there is work for them to do, the same reasoning would apply to all Air Force civilians under section 129 -- leading to the inability of the Air Force and DoD to furlough most of its civilians - something Congress cannot have intended.<sup>6</sup>

### CONCLUSION

For the reasons set out above, we believe that neither 10 U.S.C. § 129 nor 10 U.S.C. § 2472 provide a legal basis to prevent AFMC WCF employees from being furloughed. The DoD General Counsel has reviewed this memorandum and concurs with this conclusion.

If you have any questions, please feel free to contact me or Mr. David Frank, SAF/GCA, at (703) 697-7430.



CHERI L. CANNON  
Deputy General Counsel  
(Fiscal, Ethics & Administrative Law)

REVIEWED AND CONCURRED IN



CHARLES A. BLANCHARD  
General Counsel

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<sup>6</sup> While there may be strong policy or financial arguments available to support an exception from furlough for WCF employees, the legal question posed and addressed herein was whether the above-cited provisions established a legal basis for barring WCF civilians from administrative furlough.



THE SECRETARY OF THE AIR FORCE  
 CHIEF OF STAFF, UNITED STATES AIR FORCE  
 WASHINGTON DC



MAY 17 2013

MEMORANDUM FOR ALL CIVILIAN AIRMEN

SUBJECT: Painful Decision

Confronting significant budgetary challenges in response to deep, across-the-board sequestration cuts, the Air Force has taken a variety of painful actions to close our budget gap. We have significantly reduced expenditures on many support contracts, stood down numerous flying squadrons, canceled professional continuing education, and greatly constrained travel. However, these actions do not fully close our budget shortfall, and we regret that we must now begin to implement a civilian furlough. After an extensive review of all options with senior Department of Defense (DoD) leaders, Secretary of Defense Hagel announced his decision to direct furloughs of up to 11 days for most DoD civilians.

None of us are happy to be in this position. Implementing a furlough is an ugly task that will adversely affect our civilian Airmen and the vital missions that they carry out every day. We recognize and regret the hardships this will create for you and your families, but the budget choices that we have faced during this extraordinary year have forced a long series of painful decisions.

As you may know, we plan to begin the furlough period on July 8 at the rate of one furlough day per week. While the current plan is to continue these furloughs through the end of the current fiscal year, Secretary Hagel stated his intent to decide later this year whether our budgetary situation permits us to end furloughs early. In the meantime, we will keep working to manage the impacts of these sequestration reductions on our military readiness while also striving to take care of you.

You are highly valued and integral to our combat support capabilities. Without a doubt, we could not be the world's greatest Air Force without you. During this challenging time, we are counting on each and every one of you to stay focused on your critical national security missions, and we thank you for your service to our Air Force and our Nation.

*Michael B. Donley*  
 Michael B. Donley  
 Secretary of the Air Force

*Mark A. Welsh III*  
 Mark A. Welsh III  
 General, USAF  
 Chief of Staff

-----Original Message-----

From: Wright, Jessica L HON OSD PR [mailto:jessica.wright@osd.mil]  
Sent: Tuesday, May 21, 2013 10:38 AM  
To: Westphal, Joseph W HON (US); Martinage, Robert C SES UNSECNAV,  
DepUnSecNav; Fanning, Eric Hon USAF SAF/US; Lamont, Thomas R HON (US);  
Garcia, Juan M HON ASN (M&RA); Ginsberg, Daniel Honorable USAF SAF/MR;  
Kendall, Frank HON OSD-ATL; Fox, Christine H, HON, OSD-CAPE; Hale, Robert F  
HON OSD COMPT; Vickers, Michael G HON OSD OUSDI; Rhodes, Michael L CIV OSD  
ODAM; Whitman, Bryan SES OSD PA; Little, George CIV OSD PA; King, Elizabeth  
L, HON OSD LA; Patton, Gary, MG, WSO-SAPRO; Hesterman, John W Lt Gen OSD PR  
Cc: Vollrath, Fred E ASD OSD PR; Lumpkin, Michael CIV SD; Lettre, Marcel CIV  
SD; Lippert, Mark CIV SD; Hinkle-Bowles, Paige CIV OSD PR; Yarwood, Susan A  
SES CIV WHS-HRD; Anderson, Wendy R CIV SD; McCord, Mike J HON OSD COMPT;  
Tamburrino, Pat SES OSD PR; Perry, Troy D COL OSD PR  
Subject: Exception of Sexual Assault Prevention and Response Personnel from  
Furlough Actions

Colleagues - As you are well aware, Secretary Hagel and GEN Dempsey are fully committed to making the changes required to instill a climate that does not tolerate or ignore sexist behavior, sexual harassment, or sexual assault. These violate everything we stand for and the values we defend, and have no place in the United States military. Creating a culture free of the scourge of sexual assault requires establishing an environment where dignity and respect is afforded to all, and our greatest assets as a force are the mutual bonds of trust that are integral to the profession of arms.

To this end the Department is excepting all civil servants who are integral to the Department's Sexual Assault Prevention Response Program. We have already excepted medical personnel required to handle emergency situations and crisis intervention. To ensure responsive victim care, we are extending this exception to include full-time Sexual Victim Advocates and Sexual Assault Response Coordinators in the Active and Reserve Components. To ensure necessary program changes are implemented swiftly and efficiently, including the recent SAPR initiatives directed by Secretary Hagel, headquarters full-time SAPR program management staffs are also expected.

I ask that you identify the total number of additional exceptions this action will create to my office NLT than this Friday.

Jes

Jessica L. Wright  
Acting Under Secretary of Defense  
(Personnel and Readiness)  
4000 Defense Pentagon  
Washington, DC 20301-4000  
703-697-2121  
Jessica.wright@osd.mil



COMPTROLLER

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

MAY 23 2013

MEMORANDUM FOR: SEE DISTRIBUTION

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

- References:
- (a) Deputy Secretary of Defense's memorandum on "Handling Budgetary Uncertainty in Fiscal Year 2013," dated January 10, 2013
  - (b) USD(C) Memorandum "Additional Guidance on Handling Budget Uncertainty in Fiscal Year 2013," March 5, 2013 - **Rescinded**
  - (c) DoD Directive 4515.12, DoD Support for Travel of Members and Employees of Congress
  - (d) Title 10, United States Code § 1051, "Bilateral or regional cooperation programs: payment of personnel expenses"
  - (e) DoD Instruction 1015.15, Establishment, Management and Control of Non-appropriated Fund Instrumentalities and Financial Management of Supporting Resources
  - (f) Title 10, United States Code § 1491, "Funeral honors functions at funerals for veterans"
  - (g) Title 31 United States Code § 1353, "Acceptance of Travel and Related Expenses from Non-Federal Sources"

The purpose of this memorandum is to provide additional guidance to reference (a) to ensure consistency in the treatment of issues across the Department of Defense (DoD) as the Department implements sequestration and the funding provided in the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113-6). All DoD Components need to ensure that funding for wartime operations is protected and critical priority requirements for national security are funded within the limited resources and flexibilities provided. Effective immediately, the guidance in this memorandum supersedes the guidance provided in reference (b), and subsequent clarifications, which are hereby rescinded.

### Congressional Travel Support

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

- Military airlift will not be used for CODELs if commercial airlift is reasonably available.
  - Within the Continental United States (CONUS), no CODELs may use military airlift as commercial airlift is readily available.
  - Military airlift may be authorized for CODELs Outside the CONUS if commercial airlift is limited or unsafe; every effort must be made to minimize costs.
  - Spouses may accompany members if there is an official function as long as they pay their own expenses and do not increase the number or size of aircraft required.
- Minimum number of congressional members for military airlift originating in CONUS.
  - No less than five members for large aircraft.
  - No less than three members for small aircraft.
- Tickets purchased by DoD for CODELs, STAFFDELS, and liaison escorts.
  - Must be economy class; individuals may upgrade at their own expense.
  - DoD does not pay for a member's personal staff traveling to his/her home State/District; this includes travel, lodging, meals, or escorts.
- All itineraries for CODELs/STAFFDELS must be approved by the escorting Service's 2-star Legislative Affairs Director to ensure that the itinerary is an efficient use of taxpayer funds.

### **Tuition Assistance**

The Services are to restore funding for tuition assistance to the budgeted level for the remainder of Fiscal Year 2013, without reduction for sequestration. In addition, the Services will not implement any management controls/restrictions that did not exist prior to the tuition assistance stoppage. This will meet, and exceed, the requirement in section 8129 (Requirement to Continue Provision of Tuition Assistance for Members of the Armed Forces) of division C of Public Law 113-6 (Department of Defense Appropriations Act, 2013).

### **Discretionary Monetary Awards for Civilians**

In the Office of Management and Budget (OMB) Bulletin #M-13-11, Ongoing Implementation of the Joint Committee Sequestration, dated April 4, 2013, the Controller provides the following guidance with regard to discretionary monetary awards:

“OMB Memorandum 13-05 [Agency Responsibilities for Implementation of Potential Joint Committee Sequestration] directs that discretionary monetary awards should not be issued while sequestration is in place, unless issuance of such awards is legally required. Discretionary monetary awards include annual performance awards, group awards, and special act cash awards, which comprise a sizeable majority of awards and incentives provided by the Federal Government to employees. Until further notice, agencies should not issue such monetary awards from sequestered accounts unless agency counsel determines

the awards are legally required. Legal requirements include compliance with provisions in collective bargaining agreements governing awards.<sup>1</sup>

Consistent with past guidance, certain types of incentives are not considered discretionary monetary awards for the purposes of this policy. These include quality step increases (QSIs); travel incentives recognizing employee savings on official travel; foreign language awards for mission-critical language needs; recruitment, retention, and relocation incentives (3Rs); student loan repayments; and time-off awards. While these items are permitted, in light of current budgetary constraints, they should be used only on a highly limited basis and in circumstances where they are necessary and critical to maintaining the agency's mission. In addition, consistent with the policy set forth in the Guidance on Awards for Fiscal Years 2011 and 2012, jointly issued by the Office of Personnel Management (OPM) and OMB on June 10, 2011, spending for QSIs and 3Rs should not exceed the level of spending on such incentives for fiscal year 2010.

With respect to Federal political appointees, agencies should continue to follow the policy set forth in the August 3, 2010 Presidential Memorandum, Freeze on Discretionary Awards, Bonuses, and Similar Payments for Federal Political Appointees. OPM previously issued guidance on implementation of this memorandum.”

The Office of the Under Secretary of Defense for Personnel and Readiness will be issuing supplemental guidance on award limitations for DoD civilians.

### **Participation in International Events**

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

Components may continue to participate in military exercises and to conduct military-to-military engagement activities, including participation by DoD personnel in bilateral or regional conferences, seminars, or similar meetings if the appropriate conference approval authority determines that the attendance of such personnel at such conference, seminar, or similar meeting is in the national security interests of the United States. In addition, Components may continue to use - in accordance with established guidance and approval procedures - the authority provided by reference (d) to pay travel and subsistence costs for defense personnel from developing countries in order for them to attend conferences, seminars, or similar meetings considered in the interest of U.S. national security. In this period of sequestered budgets, however, Component Heads should take particular care to ensure that any military-to-military engagement activities, including conferences, seminars, or similar meetings, are mission critical and that the goals of the

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<sup>1</sup> Consistent with legal requirements, agencies may consider engaging in discussions with employees' exclusive representatives to explore revisions to such provisions in existing collective bargaining agreements, in recognition of this guidance.

activity cannot be deferred or met through other means. We also ask that you take into account factors that could result in special scrutiny of an event, including size, cost, and location. Utilization of military musical units or ceremonial units in military-to-military engagement activities will require the concurrence of the Office of the Assistant to the Secretary of Defense for Public Affairs before approval.

### **Demonstration Flying**

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

### **Support to Non-DoD Organizations and Special Events**

All military support to non-DoD organizations and special events for outreach purposes beyond a military installation's local area is prohibited. Military support to outreach activities in the local area is permitted so long as the support is provided using only local assets and personnel, and is at no cost to the Department. This includes, but is not limited to, military equipment displays at civilian air shows, military open houses, Fleet and Service weeks, and CONUS-based ship homeport visits, and in parades and civic events. The use of non-appropriated funds (NAF) to host military installation open houses in support of authorized NAF programs is permitted in accordance with reference (e). To ensure consistency across the Department, all exceptions and waivers for support to non-DoD organizations and special events will require the concurrence of the Office of the Assistant to the Secretary of Defense for Public Affairs before approval. This section does not apply to DoD Component Recruiting Marketing activities using Recruiting assets, National Guard outreach activities funded solely by State funds, and attendance by DoD personnel at a non-DoD hosted conference.

### **Military Musical Unit (and Ceremonial Unit) Travel**

As a matter of policy, military musical and ceremonial units will not be permitted to travel beyond their respective duty station's local area for any purpose, including support to another military installation, even if such travel could be conducted at no cost to DoD. Units may continue to perform locally both on and off military installations, including for the purpose of producing and distributing audio and video recordings, as long as those performances, productions and distributions are at no cost to the Department. To ensure consistency across the Department, all exceptions and waivers will require the concurrence of the Office of the Assistant to the Secretary of Defense for Public Affairs before approval. Presidential Wreath-Laying Ceremonies are exempt from this restriction. In addition, Military Funeral Honors Details are exempt from this restriction and will continue to be executed in accordance with Service Department policies and reference (f).

## **Official Speeches and Related Travel Expenses for DoD Personnel**

Department of Defense personnel may not travel beyond the local area at DoD cost, including to deliver official speeches, unless the activity is deemed mission critical. Each organization in the Office of the Secretary of Defense (OSD), Service Component or Combatant Command (COCOM) is responsible for making this "mission critical" determination. Expenditure of DoD travel funds to support a mission critical official speech must be approved by the member's respective OSD organization, Service Component or COCOM leadership. The Department may continue to accept unsolicited travel benefits from non-Federal sources in accordance with reference (g). However, all expenses for non-mission critical travel must be covered by the non-Federal source, including per diem, lodging, meals, transportation and all other travel-related expenses.

## **Conference Attendance**

As you know, the Deputy Secretary of Defense has issued guidance requiring that all conferences be mission critical. There are also certain individuals who must approve conferences, depending on their nature and size. If you have questions about this guidance, it is available for review at: <http://dcmo.defense.gov/products-and-services/conference-policies-controls/index.html>.

Even under sequestration, we do not want to prohibit conferences, including hosting of or attendance at DoD-hosted conferences or attendance at conferences hosted by non-DoD entities. However, in this period of sequestered budgets, we ask that commanders and managers take particular care to be certain that conferences are indeed mission critical and that the goals of the conference cannot be met through other means. We also ask that you take into account factors that could result in special scrutiny of conferences including size, cost, and locations that are remote from the workplace of most participants. Particular care should be exercised in assessing the need for conferences held overseas or in other locations likely to attract special attention.

If, after weighing the above considerations, travel approving officials determine that attendance at conferences hosted by non-Federal sources during sequestration is still appropriate, if asked, the host may be informed of DoD's authority to accept payments for travel, subsistence, and related expenses pursuant to reference (g). Payments for travel expenses under reference (g) may not be solicited. Apart from this statute, we do not have authority to accept reimbursements from non-Federal entities in a manner that can be used to offset DoD's costs of participation in a non-Federal source's conference. All DoD travel approving officials should ensure that DoD employees attend only those conferences that satisfy the criteria set forth in the preceding paragraph and that, wherever appropriate, all travel, subsistence and related expenses incurred by DoD are reimbursed in accordance with reference (g).

We will continue to provide additional guidance as issues surface that require a DoD-wide policy. Thank you for your assistance during this difficult fiscal climate.



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cc:

Director of National Intelligence

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