

**UNITED STATES DEPARTMENT OF THE NAVY
ADMINISTRATIVE RECORD
FY 2013 FURLOUGH APPEALS
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¹ Documents designated by asterisk were referenced in the Department of the Navy's Notices of Proposed Furlough as "supporting materials" which were posted at the following website: <http://www.public.navy.mil/donhr/Documents/supportingmaterial.pdf>.

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**UNITED STATES OF AMERICA
MERIT SYSTEMS PROTECTION BOARD**

DECLARATION OF ROBERT F. HALE

Personal Background

I, Robert F. Hale, having personal knowledge of the facts contained in this declaration and being competent to testify to them, hereby state as follows:

1. I currently serve as the Under Secretary of Defense (Comptroller)/Chief Financial Officer in the United States Department of Defense (“DoD” or “the Department”). I have held this position since February 2009 following my nomination by President Barack Obama, confirmation by the United States Senate, and appointment by President Obama.

2. Prior to my appointment, I served as the Executive Director of the American Society of Military Comptrollers (ASMC), the professional association of Defense financial managers. As Executive Director, I led the ASMC’s certification program (the Certified Defense Financial Manager program), and oversaw other training programs, the society’s professional journal, and the ASMC’s National Professional Development Institute, an annual conference attracting more than 3,500 participants. Prior to my ASMC tenure, from 1994 to 2001, I served in the Pentagon as the Assistant Secretary of the Air Force (Financial Management and Comptroller), where I was responsible for annual budgets in excess of \$70 billion, efforts to streamline Air Force financial management, and compliance with the Chief Financial Officers Act. In addition, from 1982 to 1994, I headed the National Security Division at the Congressional Budget Office, developing quantitative analyses of major defense budget issues and testifying frequently before congressional committees. During my career, I was also a senior fellow and head of the acquisition and grants management group at LMI, a consulting firm

specializing in service to the Federal government. I also spent 3 years as an active duty officer in the U.S. Navy and served as a staff analyst and study director at the Center for Naval Analysis.

3. I graduated with honors from Stanford University with a Bachelor of Science (B.S.) in mathematics and statistics. I also hold a Master's degree in operations research from Stanford and a Master of Business Administration (MBA) degree from the George Washington University. I am a Certified Defense Financial Manager (CDFM). I am a fellow of the National Academy of Public Administration and a past member of the Defense Business Board, a high-level Pentagon advisory panel. In addition, I am the recipient of the Department of Defense Exceptional Public Service Award, the Air Force Distinguished Service Award, and the National Defense Medal.

4. In my current position as Under Secretary of Defense (Comptroller), I am the principal advisor to Secretary of Defense Hagel on all budgetary and fiscal matters, including the development and execution of DoD's annual budget of more than \$500 billion, which pays for day-to-day and wartime requirements. As Chief Financial Officer, I also oversee the Department's financial policy, financial management systems, and business modernization efforts. I served in the same capacity for former Secretaries of Defense Panetta and Gates.

Overview of Sequestration and Its Impact on the Department of Defense

5. As the Department's Comptroller, I have advised both Secretary Hagel and former Secretary Panetta regarding the Department's reduced funding levels and the impact of sequestration on the Department's budget and the various options, including furloughs, for addressing such impact. I advised that an administrative furlough was a management tool that would result in a predictable, recurring amount of money being available for use by the

Department to contribute to addressing the negative fiscal impacts of sequestration, operating for a full-year under a continuing resolution, and increasing war requirements.

6. By way of background, the Budget Control Act (BCA) of 2011, which was enacted in August 2011, provided for a projected \$1.2 trillion in automatic spending cuts, if Congress failed to enact deficit reduction legislation by adopting the recommendations of the Joint Select Committee on Deficit Reduction by January 15, 2012. The cuts were to be evenly divided: (1) over a 9-year period beginning in 2013 and ending in 2021, and (2) between defense spending and discretionary domestic spending. Known as sequestration (or sequester), the above process of automatic spending cuts was intended as a means of encouraging compromise on deficit reduction efforts. When no such compromise was reached, however, the mandatory budget cuts (including \$109 billion in total cuts for fiscal year 2013) were scheduled to go into effect on January 2, 2013. Passage of the American Taxpayer Relief Act on January 2, 2013, delayed the mandatory budget cuts until March 1, 2013.

7. As of February 2013, the Department anticipated, absent another postponement or a compromise, that by the end of the following month, its share of the sequester for fiscal year 2013 would result in an approximate \$42 billion reduction in the Department's total discretionary budgetary topline (later recalculated by the Office of Management and Budget at \$37 billion) with virtually every budget account in the Department's budget – including wartime funding but excluding military personnel accounts – cut by as much as 9 percent.

8. In addition to sequestration, the Department anticipated further budgetary constraints if the funding levels for the remainder of fiscal year 2013 were to stay in effect at the then-current funding levels allowed by the continuing resolution (CR). A CR is an appropriations act that funds specified Federal agencies or the entire Federal government until a

specified date or for the remainder of the fiscal year when agreement cannot be reached on one or more of the regular appropriation acts. Typically it proportionally allocates budget authority into accounts based on amounts appropriated in the prior year appropriations acts. Thus, the lack of a regular DoD appropriations act for fiscal year 2013 created, among other things, the additional constraint of having money in the wrong appropriation accounts. Specifically, under the then-existing CR, the Department had too many dollars in the investment accounts and too few dollars in the operation and maintenance (O&M) accounts.

9. Finally, by February 2013 the Department faced costs of wartime operations in excess of those that were estimated two years earlier when budgets were prepared. At that point we estimated that we could be short as much as \$10 billion in wartime operating costs.

10. These various factors – sequestration, misallocation of funds under the CR, unexpectedly high wartime costs – all affected the DoD budget, especially the Operation and Maintenance (O&M) portion of the budget, which funds the costs for many of our civilian employees. Taken together, these factors left us facing shortfalls of \$40 billion or roughly 20 percent of O&M funding for active forces.

Initial Considerations Regarding the Furlough of Department of Defense Civilian Employees

11. In response to sequestration and other shortfalls, the DoD determined that if it had to operate under reduced funding levels for an extended period of time, it would have to consider furloughs and other actions to ensure it could execute its core mission and to bring its expenditures down to appropriated levels. As an initial overriding objective, the Department had to protect the warfighter. This objective meant, however, that there would be larger and more disproportionate cuts in the Military Departments' O&M accounts supporting the base budget for

the active forces and from which most civilian positions are funded. The need to protect warfighter funds added to the Department's O&M problems.

12. As of late February 2013, the Department had already begun taking many near-term actions in an attempt to slow spending and avoid more draconian cuts at a later time. Such actions included severe cutbacks in travel and training conferences; civilian hiring freezes; layoffs of more than 7,500 temporary and term employees; sharp cutbacks in facilities maintenance (by as much as 90 percent in the remainder of the year); cutbacks in base operations; reduction of the number of aircraft carriers, embarked air wings, and accompanying defensive and support ships deployed to the Persian Gulf; reductions in the scope of and period of performance of contracts; and delay of contracting actions until the next fiscal year. However, the Department recognized at that time that if sequestration and the CR were to last throughout fiscal year 2013, many more far-reaching changes would be required, including cutbacks and delays in virtually every investment program in the Department (some 2,500 of them) and the furlough of civilian personnel.

13. As a result, on February 20, 2013, Secretary of Defense Panetta notified DoD civilian employees and the Congress about the potential for such furloughs for up to 22 days (176 hours). As I noted that same day in a DoD Press Briefing on "Civilian Furlough Planning Efforts," although the Department would strongly prefer not to impose furloughs, the Department believed that it had no choice but to do so absent further action by Congress, given the severe budget constraints outlined above. As I then stated,

We're more than 20 percent short in O&M, with 7 months to go, much higher in some of the services, particularly the Army. Civilian personnel make up a substantial part of DoD O&M funding. We can't do reductions in force, especially at this point in the year. They'd cost us money in this year because of unused leave and severance pay, so furloughs are really the only way we have to quickly cut civilian personnel funding.

14. During the planning for possible furloughs, the Secretary determined that, as a matter of policy, there would be only limited exceptions to any furloughs that were imposed. Exceptions would include civilians directly involved in support of wartime operations, those needed for protection of life and property, and those involved in a few programs of particularly high priority (especially programs directly and significantly affecting military readiness). Remaining furloughs would be implemented in a fair and even manner across the breadth of the Department (including the Military Departments). We estimated that furloughs of 22 days would reduce DoD expenditures by \$4 to \$5 billion.

15. On March 21, 2013, Congress passed H.R. 933, the “Consolidated and Further Continuing Appropriations Act, 2013,” (hereafter referred to as “the Act”) which, in part, provided fiscal year 2013 full-year appropriations through September 30, 2013, for various Federal agencies, including the Department of Defense, and which modified some aspects of sequestration. Although it retained the overall sequestration spending cuts and their across-the-board nature, and did not provide sufficient funding to cover the OCO shortfalls, it aligned funding closer to the fiscal year 2013 budget request for DoD and provided limited transfer authority to the Department, which is an authority to move money from one account (*e.g.*, Procurement) to another (*e.g.*, O&M) in order to provide some flexibility during budget execution. In anticipation of the President’s signing Public Law No. 113-6, on March 21, 2013, the Department delayed issuance of furlough notices to allow the Department to analyze carefully the impact of the Act on the Department’s resources. After March 26, 2013, when President Obama signed H.R. 933 into law as Public Law No. 113-6, the Department no longer operated under the CR terms and conditions. This corrected approximately \$11 billion of the

shortfall in the Military Departments' base O&M accounts that resulted from operating under the CR at the fiscal year 2012 funding levels and authorized a total of \$7.5 billion in general and special transfer authority under sections 8005 and 9002, respectively.

16. However, even after enactment of this appropriations legislation, the Department still faced an O&M shortfall in excess of \$30 billion. In efforts to minimize the adverse effects of the sequester, and of the overall O&M shortfall, the Department pursued various courses of action. In addition to the short-term actions mentioned above, the Department imposed far-reaching cutbacks in training and maintenance. In April the Air Force began shutting down all flying at 12 combat-coded fighter and bomber squadrons and curtailed exercises, acts that seriously reduced military readiness. By April the Army had already cancelled seven combat training center rotations – culminating training events that are necessary to ready units for deployment – and five brigade-level exercises. The Department of the Navy also cut back steaming days and flying hours across the Navy and Marine Corps. The military services also cut back funding for weapons maintenance. In addition, the Department of the Navy delayed deployment of the USS TRUMAN carrier strike group to the Persian Gulf, curtailed the sailing of the USNS COMFORT to the United States Southern command area of responsibility, and cancelled four other ship deployments.

17. By late April these various actions had reduced the estimated O&M shortfall to about \$11 billion, mostly in our wartime budget and mostly in the Army. Faced with a limited number of options to close this gap, and with uncertainty about the Department's ability to identify and gain Congressional acceptance of further budget cuts, on May 14 the Secretary announced his intention to impose furloughs on civilian personnel rather than making even larger cuts in training and maintenance that would have further eroded military readiness. Overall, the

furloughs impacted approximately 650,000 (or about 85%) of the Department's approximately 767,000 civilian employees paid directly by DoD funds. Rather than the 22 days estimated earlier, the Secretary reviewed budget projections and decided that furloughs could be limited to a maximum of 11 days (88 hours). We estimated that furloughs of 11 days would save DoD about \$2 billion, avoiding substantial further cuts in training and maintenance. The Department began the required "impact and implementation" bargaining with unions and began the process of issuing required notifications to employees and furloughs began during the week of July 8.

Inclusion of Working Capital Fund Employees

18. On June 21, 2013, a bipartisan group of 31 Members of Congress sent a letter to the Secretary of Defense expressing "concern about the determination that civilian workers at entities funded through Defense Working Capital funds are subject to furlough." Specifically, the members inquired as to the legality of furloughing civilians in these funds in light of section 129 of title 10 of the United States Code.

19. On July 5, 2013, acting based on the Advice of the DoD Office of General Counsel, I responded on behalf of Secretary Hagel. In my letter, which is attached hereto as Attachment 1, I noted that the short-term furlough directed by the Department of Defense does not contradict any of the various prohibitions which are set forth in section 129. As I further explained, to the contrary,

Section 129 directs the Department to manage our civilian workforce based on workload and on the "funds made available to the department for such fiscal year." The \$37 billion reduction levied on the Department by sequestration is a major cause of these furloughs, and therefore our actions satisfy the requirements of section 129. Indeed, section 129 directs the Department to manage our civilian workforce based on workload and funding.

As for your cost concerns, furloughs of all DoD civilians will save about \$2 billion in fiscal year 2013, including more than \$500 million associated with

reduced personnel costs in working capital fund activities. These working capital fund personnel savings provide us the flexibility to adjust maintenance funding downward to meet higher-priority needs. The Air Force, for example, currently expects to reduce funded orders in their working capital funds by about \$700 million to meet higher-priority needs while the Army expects to reduce orders by \$500 million.

See Attachment 1.

20. Having imposed furloughs, the Department undertook extensive efforts to identify budget changes that would close the remaining gap and, if possible, reduce cutbacks in training and impose fewer furlough days. In mid-May the Department prepared and submitted two Omnibus reprogramming requests that sought permission from the congressional defense committees to move funds totaling about \$9.6 billion from lower priority budget lines to higher priority budget lines. When the congressional committees did not approve all of the Omnibus reprogramming requests, the Department submitted two additional reprogramming actions on July 22, 2013, that included about \$1 billion of replacement sources for those sources that one or more of the committees had denied or deferred. These reprogrammings moved furlough savings and funds for lower-priority activities to areas of highest budgetary need. The law limits the amount of funds that can be transferred annually under reprogrammings, and these two reprogramming actions used almost all of DoD's transfer authority for FY 2013. Second, pursuant to existing authorities, the Department transferred responsibilities for some specific programs and missions from one Department of Defense component to another and used other available means to reallocate the financial burden for supporting the warfighter. For example, on July 15, 2013, pursuant to section 165(c) of title 10 of the United States Code, the Deputy Secretary of Defense assigned to the Secretary of the Navy the responsibility for providing up to \$450 million for support to U.S. Forces in Afghanistan that previously had been the responsibility of the Army under the Logistics Civil Augmentation Program (LOGCAP). The

Navy ultimately provided \$310 million for the support to U.S. Forces in Afghanistan using the Army's LOGCAP contract. On July 15, 2013, pursuant to section 2571(b) of title 10 of the United States Code, the Deputy Secretary also directed the Director for the Defense Logistics Agency to reduce the standard prices for jet and ground fuel procured under the authority of section 2208 of title 10 of the United States Code and provided to DoD customers in connection with military operations conducted in Afghanistan, retroactive to March 1, 2013 (to coincide with the President's sequestration order). This effectively tapped funds available to the Defense Logistics Agency to support the warfighting costs that would otherwise have been borne by the military departments.

The Furlough Outcome

21. Since Congress approved most of the Department's large reprogramming requests that were submitted in mid-May and late-July, giving the Department flexibility to move funds across accounts, together with the facts that the Military Departments were aggressive in identifying ways to hold down costs, and that the Department was able to transfer some responsibilities for funding specific programs and missions using existing authorities, the Department was successful in shifting savings (including furlough savings) to meet its highest priority needs. As a result, the Department was able to close the remaining budgetary gap and abide by legally binding spending caps. DoD was also able to accomplish two high-priority goals: a reduction in furlough days, and modest improvements in training and readiness. Specifically, DoD was able to reduce furloughs from a maximum of 11 days to 6 days (48 hours) for most DoD civilian employees.

I certify under penalty of perjury that the foregoing is true and correct.

Dated: September 16, 2013

A handwritten signature in cursive script that reads "Robert F. Hale". The signature is written in black ink and is positioned above a solid horizontal line.

Robert F. Hale

DECLARATION OF ROBERT T. CALI

Personal Background

I, Robert T. Cali, having personal knowledge of the facts contained in this declaration and being competent to testify to them, hereby state as follows:

1. I currently serve as the Principal Deputy Assistant Secretary of the Navy (Manpower and Reserve Affairs) (PDASN (M&RA)) in Washington, DC. I assumed this position on October 11, 2009. As the PDASN (M&RA), I serve as the Secretariat focal point on all matters pertaining to the Department of the Navy's Human Capital Strategy, total force management and human capital transformation. I lead the Department of the Navy's (DON's) transformational efforts to modernize and improve human capital management including active duty, reserve, civilian and contractor personnel.

2. Prior to my current position, I served as the Assistant General Counsel (M&RA) beginning in March 2003. In that position, I provided the full range of legal services to the Assistant Secretary of the Navy (M&RA) and his staff and directed the practice of law on behalf of the DON in the fields of Military and Civilian Personnel Law and Equal Employment Opportunity. I also advised the General Counsel and the Navy Secretariat on all matters concerning manpower and reserve affairs policy and administration arising at the Headquarters level. Prior to my AGC (M&RA) tenure, from January 2000 to March 2003, I served as Counsel for the Naval Facilities Engineering Command (NAVFACENGCOM). In that position, I served as the senior legal advisor to the Commander and other top officials at the NAVFACENGCOM and was responsible for areas such as procurement, environmental, land use, labor law and all other matters in the business and commercial law arena. I also was responsible for management

and supervision of approximately 90 attorneys in offices throughout the United States, Guam, Japan and Italy. In addition, from May 1989 to January 2000, I served as Deputy Counsel for the Commandant of the Marine Corps at Headquarters Marine Corps in Washington, DC. In that position, I served as an advisor to the Commandant and other top officials of the Marine Corps on a wide variety of legal issues. I also functioned as "Acting" Counsel for the Commandant when Counsel was absent. Earlier in my career, upon entry into federal service in 1980, I served with the Office of Counsel, Naval Air Systems Command in Washington, DC where I was counsel to the Sidewinder missile, P-3 and S-3 aircraft programs. In December 1983, I moved to the Navy Special Projects Division. As Counsel of that division, I was the senior attorney for the DON's highly classified procurement programs.

3. I graduated with honors (cum laude) from the University of Rochester with a B.A. in political science and psychology in 1976. I received my juris doctor degree from Case Western Reserve University School of Law in 1979, and I am a member of the District of Columbia Bar. I have been a member of the Senior Executive Service since January 1995. In addition, I am the recipient of the Presidential Rank Award of Meritorious Civilian Executive and the DON's Distinguished (twice), Superior and Meritorious Civilian Service Awards.

4. In my current position as PDASN (M&RA), I participated in the decision-making process, in conjunction with the Department of Defense (DoD), regarding the furlough of civilian employees. Specifically, I have knowledge of the process whereby certain exceptions were made to the furlough as well as the DON's implementation of the furlough mandated by the Secretary of Defense (the Secretary) on May 14, 2013.

Exceptions to the Furlough

5. As set forth in the Secretary's May 14, 2013 memorandum announcing the DoD-wide furlough of civilian employees, a decision was made to except several categories of employees, primarily for mission-specific reasons, including the following eight categories applicable to DON personnel: (a) employees deployed to a combat zone; (b), employees necessary to protect safety of life and property (but only to the extent necessary to protect life and property), including selected medical personnel; (c) all employees in Navy shipyards; (d) Foreign Military Sales (FMS) employees funded entirely from FMS administrative and case funds; (e) all employees excluded by application of law (*i.e.*, individuals appointed by the President, with Senate confirmation, who are not covered by the leave system in 5 U.S.C., chapter 63, or an equivalent formal leave system); (f) all employees funded by non-appropriated funds; (g) all Outside Contiguous United States foreign national employees; and (h) all employees who are not paid directly by accounts included in the DoD-Military (subfunction 051) budget (*e.g.*, certain positions at the Naval Postgraduate School.)

6. The exception for "employees necessary to protect safety of life and property" was intended to be limited in application. Specifically, Budget Submitting Offices (BSOs) were instructed to identify positions where 80% manning would create unacceptable risk. This focused on 24/7 shifts and emergency response requirements. As the Secretary specifically noted in his May 14, 2013 memorandum:

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 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.

7. The exception for “employees in Navy shipyards” (which covered: (1) Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility (IMF), (2) Portsmouth Naval Shipyard, (3) Norfolk Naval Shipyard, (4) Puget Sound Naval Shipyard and IMF, and (5) the Naval Submarine Base Kings Bay) was included due to the particular difficulty in making up delays in maintenance work on nuclear vessels critical to mission success. In implementing this exception, DON leadership determined that it would apply only to those individuals who worked directly for the above facilities. (Thus, not all positions geographically located at a shipyard were necessarily covered by the exception.) Rather, this determination was made based on Unit ID Codes unique to each of the above facilities.

8. With respect to civilian intelligence positions, a distinction was made based on the source of and authority over the funding. Thus, as noted in the Secretary’s May 14, 2013 memorandum, the Secretary determined that civilian intelligence positions funded through Military Intelligence Program (MIP) funds (controlled by the Secretary) would be included in the furlough. The memorandum also noted that the Director of National Intelligence (DNI), (whose authority derives from the Intelligence Reform and Terrorism Prevention Act of 2004, and who has authority over National Intelligence Program (NIP) funds), would determine whether NIP-funded positions would be subject to furlough. Following issuance of the Secretary’s May 14, 2013 memorandum, DNI James Clapper determined that civilian intelligence positions funded through NIP would not be furloughed.

9. Following issuance of the May 14, 2013 memorandum, the DoD also excepted several other categories of civilian employees. First, on May 22, 2013, DoD excepted

approximately 500 sexual assault prevention personnel including sexual assault response coordinators, sexual assault victim advocates and program management. This exception was created in order to ensure responsive victim care and swift and efficient implementation of new initiatives (including DoD-wide training) directed by Secretary Hagel to prevent such assaults which is a priority for the President and Secretary. In addition, DoD excepted certain child care workers in order to meet regulatory requirements and the DON excepted 13 Naval Criminal Investigation Service (NCIS) agents who were supporting the Department of Justice (DOJ) in on-going high profile fraud cases.

10. With respect to the above 13 NCIS agents, their positions were deemed critical to the mission because these special agents were heavily engaged in preparing for the final phase of a wide-spread fraud and corruption investigation spanning multiple time zones within the United States and abroad with respect to DON civilian and United States Navy active duty personnel, foreign nationals, and corporate subjects. Based on information obtained from the DOJ, which was on a fast track for requesting indictments, the DON determined that inclusion of these special agents in the furlough would severely impact DOJ's ability to successfully indict the case as planned.

Implementation of the Furlough by the DON

11. In accordance with the Secretary's May 14, 2013, memorandum, implementation of the furlough generally proceeded pursuant to the following schedule for DON employees. First, between May 28 and June 5, the DON issued a DoD-mandated standardized Notice of Proposed Furlough to employees who were subject to furlough and who, based on their employment status, were entitled to such notice. This notice informed employees of: (1) the basis for the furlough; (2) the procedures and conditions to be applied with respect to the

furlough; (3) various rights associated with responding to the proposed furlough (*e.g.*, specifics as to the rights to respond orally or in writing, to review supporting material, and to be represented by counsel); and (4) the identity of the individual designated to hear oral replies, and if different, the identity of the deciding official (DO).

12. Prior to issuance of the above notice, the DON had designated approximately 750 DOs across its commands to consider any replies received and issue a final decision. (Some commands, especially those with numerous employees, also designated a separate official to hear oral replies and provide a summary to the relevant DO.) The DON instructed its DOs that they had the authority to: (1) modify the furlough if they determined that an individual held a position subject to one of the previously established exceptions; (2) recommend modification of the furlough if they concluded that the position at issue should be subject to an exception not previously recognized; and (3) adjust furlough schedules.

13. Second, following completion of the seven-day period designated for replying to the proposed furlough (which typically occurred between June 4 and June 12, 2013), the DON's designated DOs issued the Notices of Decision to Furlough, or, where applicable, Notices of Decision to Modify the Proposed Furlough between June 5 and July 5, 2013. Across the DON, in approximately 270 instances, DOs granted relief from the Proposed Furlough based on their conclusion that the position at issue was covered by an established exemption.

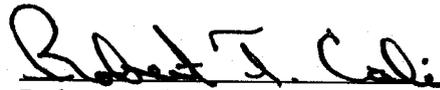
14. The Notices of Decision to Furlough informed employees that the reasons for the proposed furlough remained valid, reiterated the procedures and conditions previously outlined including information regarding scheduling, and set forth applicable appeal rights. Third, following issuance of the notices, the furlough period began for DON employees on July 8, 2013

15. On August 6, 2013, Secretary Hagel announced that, "due to a combination of Congressional approvals and Departmental budget management efforts, I am directing that furloughs for most DoD civilians be reduced from 11 days (88 hours) to six days (48 hours)." See August 6, 2013, Hagel Memorandum. By August 17, 2013, the vast majority of DON employees had achieved the required six days of furlough.

16. Overall, the furloughs impacted approximately 160,000 out of approximately 250,000 DON civilian employees.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: September 13, 2013


Robert T. Cali



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

AUG 6 2013

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

SUBJECT: Reducing Furlough Days

I am pleased to announce that, due to a combination of Congressional approvals and Departmental budget management efforts, I am directing that furloughs for most DoD civilians be reduced from 11 days (88 hours) to six days (48 hours).

When I announced furloughs on May 14, I promised that we would try to reduce the number of days. In early May we faced a residual shortfall in our operating budget of \$11 billion. Furloughs of 11 days, which would have saved \$2 billion, were one of the limited number of options we identified to close this gap. Since then, Congress has approved most of a large reprogramming request that we submitted in mid-May, giving us flexibility to move funds across accounts. The military services have been aggressive in identifying ways to hold down costs, and we have been successful in shifting savings (including furlough savings) to meet our highest priority needs.

As a result, we are able to accomplish two goals: a reduction in furlough days, and modest improvements in training and readiness. However, even with these improvements, this is a military whose readiness remains seriously degraded as we head toward the budgetary uncertainties of FY 2014.

Assuming that the majority of employees were furloughed one day per week beginning the week of July 8, this reduction in the number of furlough days will mean that most employees will have achieved six days (48 hours) of furloughs by August 17. However, all civilian employees, unless exempted from furloughs or governed by special rules, must complete six days (48 hours) of furloughs. If they have not accomplished this by August 17, they must do so in a timely manner and before the end of this fiscal year.



One specific exception to be implemented immediately is the cancellation of all furloughs for Department of Defense Education Activity (DoDEA) instructional and support staff on 10-month contracts. These personnel were already subject to only five days of furloughs in order to ensure a creditable year of schooling for our students; now the teaching year will not be reduced at all. Newly hired civilian employees whose furlough period began after the week of July 8 must complete an equivalent of two furlough days per full pay period between the starting date for their furloughs and August 17. All other special circumstances will be adjudicated by the Under Secretary of Defense (Personnel and Readiness) and the Under Secretary of Defense (Comptroller).

I want to thank our civilian workforce for their patience and continued dedication to our mission during these extraordinarily tough times and for their continued service and devotion to our Department and our country. Our civilian personnel are essential to ensuring our Department and our military can provide for the nation's defense. I regret the difficulties they and their families had to face during this furlough period. Thank you.

*Charles
L. Hackett*

Hagel Meets With Troops on Fort Bragg, Discusses Budget

By Claudette Roulo
American Forces Press Service

WASHINGTON, July 15, 2013 – In an uncertain and dangerous world, American service members are helping to build a better future for all mankind, Defense Secretary Chuck Hagel said today during a town hall meeting at Fort Bragg, N.C.

“We are truly defining a future for our country and helping others define their futures around the world,” Hagel told troops, civilians and family members at the event.

Service members do more than just put on a uniform, and civilians do more than just show up to work, the secretary said. Everyone connected to the Defense Department is part of something bigger than themselves -- bigger than even the nation, Hagel added.

“I think occasionally we all can drift a bit and define ourselves, define our work, and define our missions in a more narrow channel,” the defense secretary said. “But we are helping build a new world, a better world, a fairer world, a freer world, [and] we can't do it alone.”

The world looks to the United States not because it's bigger, better or prosperous, Hagel said, but because of what the nation represents.

“That's a heavy burden to carry,” he said, one that can't be carried alone. Over the years, through many difficult lessons, the United States has learned —it must rely on partnerships and relationships to solve some of the world's biggest problems, Hagel said.

Tolerance, respect and dignity still anchor the human condition, the secretary said. “That's what we try to address every day and what we try to protect every day, and hopefully give people opportunities to live that kind of life.”

This effort is not without its challenges, the defense secretary said.

The nation is unwinding from the longest war it has ever been in, but it still has responsibilities and commitments around the world, Hagel said. The question -- not for the first time in the nation's history -- is how to balance these competing needs with the department's more direct responsibilities for the nation's fiscal health, he said.

“This time is probably more dramatic for some of the reasons I've already mentioned, but also if these dramatic [defense spending] reductions continue on the course they're on through the current budget cap sequestration,” Hagel said. “This is forcing us to take deeper, steeper, and more abrupt reductions than we've ever had to do.”

Hagel said his role as defense secretary is to prepare the department for the future based on today's realities, and that includes the possibility that sequestration will continue. “I could not stand back as secretary of defense and try to lead this institution based on -- ‘Well, I hope we'll get a change’ [or] ‘Well, I think maybe something will change,’” he said.

“You can't lead based on hope and thinking and maybes,” the secretary continued. “You have a responsibility of leading ... with the reality of what's in front of you, and you do the

best you can to repair your institution. In the end, that's the definition of each of our lives."

That reality forced the department to prioritize, Hagel said, adding that he had to make some difficult choices. And while budget isn't directing national security strategy, he said, it's an important part.

"You can have all the strategy you want," the defense secretary said, "but you better be able to assure the president of the United States, commander in-chief, and the people of this country and your families that, in fact, we can implement that strategy -- that, in fact, the president has the options when he calls [the chairman of the Joint Chiefs of Staff] or me, and we call [commanders] and say, 'Can we do it? Do we have the capacity to do it?'"

One vehicle for addressing budget limitations, the recently announced force structure changes, is predicated on preserving combat power and readiness, Hagel said. The military's only responsibility is the defense of the nation, he added, and everything else has to fit within that framework.

"That's not always an easy assemblage of pieces to have to come together to assure that one responsibility, especially during a time of ... significant reductions in our budget," the defense secretary said. Preserving current readiness is coming at a cost to future readiness, "but I have to preserve as much as I can preserve with the resources I have," he said. If sequestration continues into fiscal year 2014, an additional \$52 billion in cuts will occur across the department, Hagel added.

As he sought additional ways to protect readiness, furloughs for the Defense Department's civilian employees were the last thing he wanted to do, Hagel said, but he told the Fort Bragg audience he had no other options. Congress was unwilling to authorize the reprogramming of funds that would have prevented the need to furlough about 650,000 defense civilian employees, he explained.

"I could not take down that readiness line any further than where we were," he said. "We've essentially cut [and] frozen everything we can in order to maintain those numbers."

This may be the most difficult time to be serving the nation, Hagel said, "but we have no choice but to get through it, and we will get through it."

Though some of the services were in better fiscal shape than others going into the sequestration period, Hagel said, he was determined for the department to stay unified. "It's the whole point of the joint command," he said. "I couldn't as secretary of defense get into a situation where I was going to allow each service to make their own decisions on this. ... I thought that everybody had to come into this together and go out together.

"If [for] no other reason," he continued, "I did that because I just think it's the fair way to do it, as fair as you can be in this business."

When people are treated unfairly, the secretary said, it does damage to the institution.

"This is bigger than the Defense Department. It's people. We as individuals -- as human beings -- each want to be treated fairly, with some dignity and some respect," Hagel said.

“And if you think you're not treated fairly, there will be a residue of a problem there. And I thought it would be a mistake for me to make a decision [to] allow each of the services to figure out, ‘Well, I've got more money in my budget, and maybe he squandered his budget, and so therefore, I should be in a higher position because of my budget.’”

Hagel said a great deal of credit belongs to the service chiefs for maintaining departmental unity and not allowing budget constraints to drive the services into “tribal warfare.”

Despite the department’s efforts, the fiscal future remains uncertain, the defense secretary said. Following a departmentwide Strategic Choices and Management Review, Hagel said, the department has mapped out three options: the president’s proposed budget for fiscal year 2014, full sequestration and some compromise in between.

“But I think it's fair to say if we're going to be living with an additional \$52 billion cut, there [is] going to continue to be bad news with every aspect of our budget,” the defense secretary said.

Though he doesn’t yet know what Congress will do about the fiscal year 2014 budget request, Hagel said, he has a responsibility to work closely with the president, Congress and the people of the United States. “That’s the way our Constitution is built, and we work best when we’re working together,” he added.

“We're going to work through this,” the defense secretary said. “In the end, we are defining a new force structure, a new institution, not unlike after Vietnam, not unlike after every conflict, not unlike every sequence of the historic cycle of world affairs.”

Biographies:

[Chuck Hagel](#)

Related Sites:

[Fort Bragg](#)

[Special Report: Travels With Hagel](#)

[Special Report: Sequestration](#)

[Remarks by Defense Secretary Chuck Hagel to Soldiers & Civilians on Fort Bragg, Fayetteville, N.C.](#)



COMPTROLLER

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

JUL - 5 2013

The Honorable Derek Kilmer
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Kilmer:

Thank you for your letter of June 21, 2013 concerning the furlough of working capital fund civilians of the Department of Defense (DoD). Secretary of Defense Hagel asked me to respond on his behalf. I can say in summary that in FY 2013 DoD faced a budget cut of \$37 billion caused by sequestration, in addition to shortfalls in wartime funding. The Department does not want to furlough any of its valued civilian employees but must do so to help meet these budgetary shortfalls. Furloughs of civilians at working capital fund activities are legal and result in personnel cost savings.

Secretary Hagel regrets having to furlough any DoD civilian employees, whether they serve in the Department's working capital fund activities or elsewhere. Unfortunately, in FY 2013 DoD faces a large shortfall in our operating budgets both because of sequestration and a lack of funds to meet all our wartime operating requirements. The Department has taken many steps to close this shortfall including sharp cuts in facilities maintenance, hiring freezes, and layoffs of temporary and term employees. DoD has asked Congress to let us "reprogram" or move money from our investment accounts into operating accounts to help pay DoD's wartime bills, though our Congressional Committees have not yet approved a significant part of that request. The Department has also cut back sharply on training and maintenance, actions that have led to serious damage to our readiness. Finally, and reluctantly, DoD has imposed furloughs for up to 11 days on most of its civilian employees.

You requested the Department's views on the legality of furloughing civilians in working capital fund activities, in particular with respect to section 129 of title 10, United States Code. The Department believes short-term furloughs of working capital fund civilians -- who are indirectly funded Government employees -- are permissible under that statute. Indirectly funded Government employees may not be subjected to constraints or limitations based on the number of such personnel who may be employed on the last day of a fiscal year, and may not be managed on the basis of man years, end strength, full-time equivalent positions, or maximum number of employees. They also may not be controlled under any policy of a Military Department Secretary with respect to civilian manpower resources. A short-term furlough directed by the Secretary of Defense does not contradict these prohibitions. Further, Section 129 directs the Department to manage our civilian workforce based on workload and on the "funds made available to the department for such fiscal year". The \$37 billion reduction levied on the Department by sequestration is a major cause of these furloughs, and therefore our actions satisfy the requirements of section 129. Indeed, section 129 directs the Department to manage our civilian workforce based on workload and funding.

As for your cost concerns, furloughs for all DoD civilians will save about \$2 billion in FY 2013, including more than \$500 million associated with reduced personnel costs in working capital fund activities. These working capital fund personnel savings provide us the flexibility to adjust maintenance funding downward to meet higher-priority needs. The Air Force, for example, currently expects to reduce funded orders in their working capital funds by about \$700 million to meet higher-priority needs while the Army expects to reduce orders by \$500 million. Because Congress has not yet approved about \$2.5 billion of our reprogramming request as of the date of this letter, it is unfortunately possible that these maintenance cutbacks may have to be increased.

The Secretary and the Department appreciate and share your concerns for the efficiency of our operations, the welfare of our civilian employees, and the impact of furloughs on our defense communities. The Department is also seriously concerned with the adverse effects on readiness caused by cutbacks in training and maintenance. The best way for Congress to address all these concerns is to pass a balanced deficit reduction plan that the President can sign and then repeal sequestration.

An identical letter is being provided to the other signatories to your letter.

Sincerely,

A handwritten signature in cursive script that reads "Robert F. Hale".

Robert F. Hale

Congress of the United States
Washington, DC 20515

June 21, 2013

The Honorable Chuck Hagel
Secretary of Defense
The Department of Defense
Washington, D.C. 20301

Dear Secretary Hagel:

We are writing to express our concern about the determination that civilian workers at entities funded through Defense Working Capital funds are subject to furloughs. It appears that there are substantial legal and economic questions surrounding the decision to impose furloughs on these employees.

We request an explanation as to whether the Department considers civilian employees at Working Capital fund entities to be "indirectly funded Government employees of the Department of Defense," as defined in 10 USC 129. If so, we further request an explanation of the legal justification the Department is using to impose furloughs on these civilian workers, despite the explicit protections afforded them under this statute.

Furthermore, while the Department sought to alleviate a shortfall in its operating funds for fiscal year 2013, we request the Department clarify its rationale in determining that furloughing these workers would reduce its operating expenses. Specifically, please provide the Department's estimate of the reduction in FY 2013 spending as a result of furloughing civilian workers at entities funded through Working Capital funds.

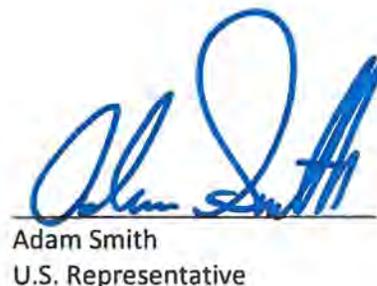
We are concerned that, in addition to the loss of pay these civilian employees now face and the subsequent impact this will have on our local communities, moving forward with these furloughs will reduce the ability of our civilian workforce to complete workload which is already funded. Further restricting available workforce resources will result in mission delays, eventual overtime, and greater cost to the Department and taxpayers.

We respectfully request your prompt attention to this important issue.

Sincerely,



Derek Kilmer
U.S. Representative



Adam Smith
U.S. Representative



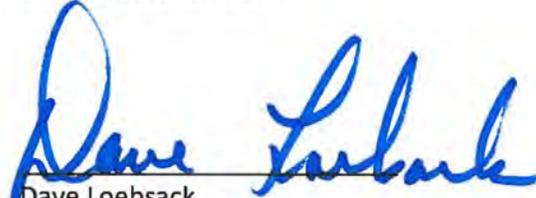
Scott Rigell
U.S. Representative



Tom Cole
U.S. Representative



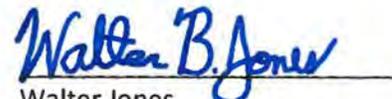
Betty McCollum
U.S. Representative



Dave Loebsack
U.S. Representative



Rob Bishop
U.S. Representative



Walter Jones
U.S. Representative



James Lankford
U.S. Representative



Austin Scott
U.S. Representative



Tom Marino
U.S. Representative



Mo Brooks
U.S. Representative



Mike Rogers
U.S. Representative



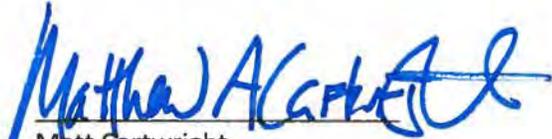
Cheri Bustos
U.S. Representative



Blake Farenthold
U.S. Representative



Bill Shuster
U.S. Representative



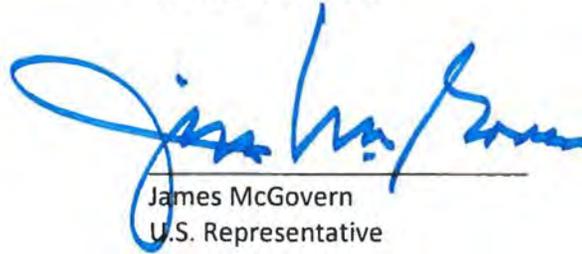
Matt Cartwright
U.S. Representative



Lou Barletta
U.S. Representative



Tim Griffin
U.S. Representative



James McGovern
U.S. Representative



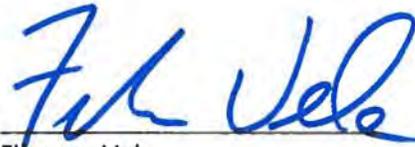
Tom Cotton
U.S. Representative



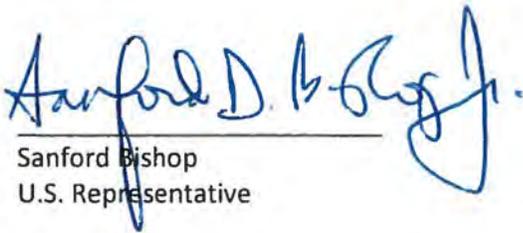
Todd Young
U.S. Representative



Mike Turner
U.S. Representative



Filemon Vela
U.S. Representative



Sanford Bishop
U.S. Representative



Emanuel Cleaver
U.S. Representative



Julia Brownley
U.S. Representative



Ralph Hall
U.S. Representative



Paul Cook
U.S. Representative



Markwayne Mullin
U.S. Representative

A handwritten signature in blue ink that reads "Paul W. Tonko". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Paul Tonko
U.S. Representative

Administrative Furlough Guidance for Proposing & Deciding Officials

Department of the Navy

24 May 2013





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The Secretary of Defense has made a determination that the Department’s sequestration-imposed budgetary shortfalls are forcing him to direct the furlough of most Department of Defense (DoD) civilians for up to 11 days. As the head of the Agency, the Secretary of Defense made his decision after considering the input of the Secretary of the Navy, which included inputs from the CNO and the Commandant, regarding our efforts to meet our budgetary shortfalls, our mission requirements and priorities, as well as our budget projections for the remainder of the year and beyond.

Furloughs are adverse actions governed by the requirements enumerated in 5 U.S.C., Chapter 75. A furlough is defined in 5 U.S.C. § 7511 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.” DON employees have a constitutionally-protected interest in their employment and, as such, are entitled to due process before their property right can be adversely affected. The process that is due requires that each employee receive advanced written notice of the proposed furlough, followed by an opportunity to reply to that notice to a deciding official who has the authority to change the outcome of the proposed furlough, followed by a written final decision from that deciding official. Furlough proposal and decision letters must have physical signatures from the appropriate proposing and deciding officials. Following the final decision, a furloughed employee is entitled to challenge the furlough by filing an appeal with the Merit Systems Protection Board (MSPB). The MSPB, through an administrative hearing, will review the bona fides of the furlough (i.e., is it based upon a “lack of work or funds or other nondisciplinary reasons”), as well as whether the above-described due process requirements were met and whether the furlough was implemented fairly.

Guidance for Proposing Officials

Overview

The Proposing Official signs and issues Notices of Proposed Furlough letters (proposed furlough notice) to the affected employee. The Proposing Official should be the employee’s Department Head, supervisor or manager who has alignment to the Deciding Official. Proposing Officials should be in the employee’s chain of command. Proposing officials should work with their Command HR offices and/or the Director Civilian Human Resources (DCHR) throughout the notification process. Unlike in a misconduct or performance-based adverse action where the proposing official is, in fact, recommending some type of adverse action (e.g., a suspension without pay or downgrade or removal from Federal service), in the furlough setting, the “proposing official” is merely delivering the required notice and securing an acknowledgement of receipt from the employee.

Delivering/Acknowledging Notices of Proposed Furlough

Proposing Officials are responsible for delivering or ensuring delivery of the proposed furlough letter. There is no statutory or regulatory requirement for an employee to acknowledge receipt of the proposed furlough notice. However, if challenged, the DON may have to prove an employee received the letter or that the DON exercised due diligence.



Notices provided to employees in person should include a sign/date acknowledgment on the notice or on a memo for the record. Proposing officials should retain a copy of the signed proposed furlough notice for the record. If employee refuses to sign, notate the refusal and indicate date/time of service.

Email Delivery

Commands may send signed proposed furlough notices to employees as a Word or Adobe pdf attachment using a government email account. (The email language must include whether the notice is a Microsoft Word or Adobe PDF file.)

The DON recommends using the read receipt and delivery notification feature in the email system when issuing email notification. When using email, proposing officials should also request that the employee reply to the email, acknowledging receipt of the proposed furlough notice. Proposing officials should retain a copy of the read receipt from the employee. The employee's email of record will be used to send the proposed furlough notice.

Proposing officials should avoid using email in an industrial setting where employees may not have ready access to a computer. NMCI outlook may block read receipts from outside e-mail service providers such as Gmail, Yahoo, AOL, Comcast, etc.

Mail Delivery

Commands may send proposed furlough notices to employees using first class postal mail to the mailing address of record. The employee's mailing address of record is found in DCPDS-MyWorkplace or Total Workforce Management System (TWMS). Delivery confirmation service can be used to confirm the date and time the first-class letter was delivered, but is not required. Commands do not need to use certified mail.

Official Time to Review Material

First-line supervisors must allow the employee a reasonable amount of official time to review the materials relied on to support the proposed action, to prepare and answer orally and/or in writing and to secure affidavits – this is situation driven but typically 2-3 hours is sufficient. Supporting material is available at <http://www.public.navy.mil/donhr/Documents/supportingmaterial.pdf>

Note: If the employee is covered by a collective bargaining agreement (CBA), the provisions of that agreement must be followed.

If employee asks the Deciding Official to consider any medical documentation, the employee must be given a reasonable amount of time to furnish medical documentation.



Overview

The Deciding Official is responsible for rendering a final decision regarding the furlough. The Deciding Official usually hears and receives oral and written replies presented by affected employees or their representatives. If an oral reply is presented, the Deciding Official listens to and captures a written summary. An individual other than the Deciding Official may be delegated as the Reply Official, particularly in situations such as a proposed DON-wide administrative furlough where numerous replies may occur. If so, the delegated Reply Official should be a supervisory or management official with the authority to hear and receive replies and make recommendations.

The following guidance is provided for carrying out the responsibilities of the Deciding Official. The Deciding Official should:

- Generally be in a higher position than the official who proposed the action (N/A for SES)
- Be the Activity's Commanding Officer, Executive Officer or senior civilian equivalent (applicable for SES and non-SES)
- Consider only the reason(s) specified in the advance written proposal notice; materials relied upon in support of that proposal notice; and any and all replies made by the employee and/or the employee's representative (N/A SES)
- Weigh any replies that invalidate the procedures used or the reasons for the proposed furlough (*N/A SES*), for example:
 - DoD declares a budget crisis no longer exists
 - Employee falls under a furlough exemption
 - Proposal notice is procedurally defective (*N/A SES*)
- Sign decision notice specifying reasons for and effective date of the decision in consultation with the HR advisor/counsel using appropriate template

Administrative Record

The following make up the administrative record the Deciding Official must consider before rendering a decision on the proposal to furlough. It should be noted that consideration is limited to the administrative record only.

Notice of proposed action

- Notifies employee of proposed administrative furlough, identifies reason(s) for the furlough, including the basis for selecting a particular employee for furlough when some but not all employees in a given competitive level are being furloughed
- Includes the effective date, duration and anticipated number of furlough days/hours, and due process rights – including the right to reply orally and/or in writing, the right to representation, the right to review the information relied upon to support the proposed action, and the right to official time to prepare answers to the proposal notice



<http://www.public.navy.mil/donhr/Documents/supportingmaterial.pdf>.

Oral Reply Process

The individual designated to receive the employee's oral reply and location where written replies should be delivered (or emailed) must be clearly identified. The Deciding Official or the designated Reply Official should arrange for an appropriate and private space to hear oral replies and must consider and respond in writing to any requests for an extension to the reply period. Generally, requests for an extension received within the initial reply period should be granted unless precluded by compelling reasons; requests received after the initial replay period elapses may be granted unless precluded by compelling reasons.

During the meeting, the Deciding/Reply Official shall:

- Listen and take notes (or have a note taker present) during the employee's presentation of the oral reply – summarize only what the employee said (and/or representative on behalf of employee); avoid any suggestion of judging or characterizing the employee's remarks
- Remain noncommittal, nonjudgmental and non-challenging during the reply meeting
- The oral reply must not become an adjudication session or quasi-hearing, or a justification session of why a furlough is necessary or why the employee is covered by the furlough
- Do not argue or make statements or engage in a discussion of the relative merits of the case
- Seek clarification of reply where necessary
- The employee should not be confined solely to addressing matters of the reasons for the furlough (by law, the employee may make any reply and the official is required to hear any and all replies)
- The employee may also plead extenuating circumstances, such as personal or medical problems
- Under no circumstances should any indication of a decision be given or the situation be used to censure or otherwise discourage the employee from making any reply
- At the termination of the reply meeting, inform the employee that the oral and written reply, if any, will be given full consideration in making the final decision regarding the proposed furlough
- Ensure a written summary of the oral reply is preserved for the record and provided to the designated Deciding Official for the Deciding Official's consideration in rendering a decision, with a copy to the employee and the employee's representative
- Deciding Official should direct any technical questions about the reply to the servicing HR advisor



The Secretary of Defense has directed that furloughs be imposed for the reasons stated in his 14 May 2013 memorandum. The policy established by the Secretary of Defense to furlough employees, other than those employees that are a member of one of the approved categorical exceptions, for the purpose of minimizing the adverse effects on the military mission, including military readiness, of the Department of Defense, shall be applied by deciding officials.

The deciding official must be someone who has the authority to change the proposed action (i.e., furlough) consistent with the Secretary of Defense's decision. All Deciding officials should be advised to follow the review/decision process outlined below which provides guidance to implement the Secretary of Defense's 14 May 2013 memorandum on furloughs:

- Deciding officials should consider any and all replies and determine whether the reply (ies) forms a basis for granting relief from the furlough. Deciding officials must also make final decisions in cases where an employee does not submit a reply.
- In accordance with chapter 75 of Title 5 of the United States Code, its implementing regulations, the 14 May 2013 memorandum from the Secretary of Defense and any subsequent supplemental guidance provided by the Office of the Secretary of Defense pursuant to the 14 May 2013 memorandum, a deciding official shall determine if the employee is a member of one of the approved categorical exceptions and should have been excluded from the furlough, or if there is another basis under those authorities to grant relief to the individual employee. If so, grant relief. Deciding officials must ensure that the furlough is applied fairly across all employees.
- The deciding official must avoid consideration of any information outside of the administrative record (i.e., outside of that which was relied upon to support the proposed furlough notice, the proposal letter itself, the reply(ies) presented by the employee or the employee representative on the employee's behalf); or ensure the employee has an opportunity to reply to any additional information considered beyond that outlined in the proposal letter.
- When a deciding official obtains new and material information that is not in the record, they should consult with their HR advisor or counsel to determine how best to convey that new and material information to the employee and provide an additional opportunity to reply.



Note – Consult your command DCHR, local HR advisor or counsel with any questions regarding this guidance or the administrative furlough process in general.

5 CFR 752.404 (c)(2), **Employee's answer.** The agency will designate an official to hear the employee's oral answer who has authority either to make or recommend a final decision on the proposed adverse action. The right to answer orally in person does not include the right to a formal hearing with examination of witnesses unless the agency provides for such hearing in its regulations. Under [5 U.S.C. 7513\(c\)](#), the agency may, in its regulations, provide a hearing in place of or in addition to the opportunity for written and oral answer.

(5 CFR 752.404 (f)), **Agency review of medical information.** When medical information is supplied by the employee pursuant to paragraph (c)(3) of this section, the agency may, if authorized, require a medical examination under the criteria of § [339.301](#) of this chapter, or otherwise, at its option, offer a medical examination in accordance with the criteria of § [339.302](#) of this chapter. If the employee has the requisite years of service under the Civil Service Retirement System or the Federal Employees' Retirement System, the agency must provide information concerning disability retirement. The agency must be aware of the affirmative obligations of the provisions of 29 CFR [1614.203](#), which require reasonable accommodation of a qualified individual with a disability.

DON Civilian HR Manual Subchapter 752, Appealable actions. An appealable action (removal, suspension for more than 14 days or indefinite suspension, reduction in grade or pay, or furlough for 30 days or less) entitles the affected employee to a written decision... signed by an official in a higher position than the official who proposed the action, unless the activity head/commander issued the advance notice, in which case the activity head/commander may issue the written decision (5 CFR 752.404(f)).

5 CFR 752.404 (g) **Agency decision. (1)** In arriving at its decision, the agency will consider only the reasons specified in the notice of proposed action and any answer of the employee or his or her representative, or both, made to a designated official and any medical documentation reviewed under paragraph (f) of this section.

See Horner v. Schuck; 843 F.2d 1368, 1375 (Fed. Cir. 1988) [[88 FMSR 7013](#)] ("if [an] employee can show that [a] furlough was not in accordance with the terms of his appointment, [the] employee is entitled to invoke [5 U.S.C.] section 7513's adverse action procedures"); *see also Prior v. Department of the Air Force* [[93 FMSR 5072](#)].

Clark v. Office of Personnel Management, [84 FMSR 5945](#) , [24 MSPR 224](#) (MSPB 1984).

For more information or questions email DONhrFAQ@navy.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.¹

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

¹ 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.



Robert F. Hale

cc:

Director of National Intelligence

DISTRIBUTION:

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DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
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DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(MANPOWER AND RESERVE AFFAIRS)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

MAY 21 2013

MEMORANDUM FOR DISTRIBUTION

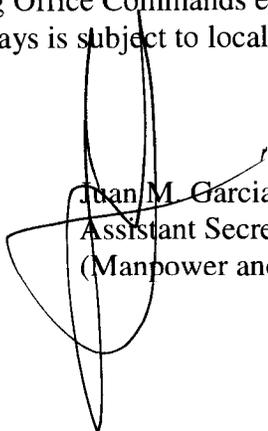
SUBJECT: Department of the Navy Supplemental Guidance on the Scheduling of Furloughs

Ref: (a) SECDEF memo, Furloughs dtd 14 May 13
(b) UNSECNAV memo, Planning Guidance for Potential Civilian Furloughs dtd 21 Feb 13
(c) OCHR Supplemental Guidance on the Scheduling of Furloughs dtd 28 Feb 13

Encl: (1) ASN(MRA) Supplemental Guidance on the Scheduling of Furloughs dtd May 2013

In the ongoing response to the current fiscal situation and by direction contained in references (a) and (b), the Department of the Navy (DON) continues to ensure that guidance is updated regarding the ground rules and flexibilities for a potential furlough of its civilian career employees. Supplemental guidance enclosed with this memorandum provides direction and information for military and senior leaders. It supersedes guidance (reference (c)) issued in February. Please ensure that this guidance is distributed to your subordinate organizations.

To ensure continued success for the DON, major deviations to the general guidance provided in reference (b) must be coordinated with the Assistant Secretary of the Navy (Manpower & Reserve Affairs) through the Office of Civilian Human Resources, Mr. Douglas Lundberg, director. As Budget Submitting Office Commands engage in planning, it is important to remember that scheduling of furlough days is subject to local impact and implementation bargaining requirements.


Juan M. Garcia
Assistant Secretary of the Navy
(Manpower and Reserve Affairs)

Distribution:
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Copy to:
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OCHR Operations Center



- References: (a) SECDEF memorandum, Furloughs, dated 14 May 2013
(b) UNSECNAV memorandum, Planning Guidance for Potential Civilian Furloughs, dated 21 February 2013

Background: *This guidance supersedes guidance issued by the Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASN (MRA)) memo of 28 February 2013.* Reference (a) provides notification to Department of Defense (DoD) civilian employees of the plan for an administrative furlough. Reference (b) provides overarching planning guidance to Budget Submitting Offices (BSOs) regarding administrative furlough scheduling in response to the Budget Control Act of 2011 — also known as sequestration. The guidance provides parameters to BSO Commanders and affords senior leaders the latitude to execute furlough schedules based upon mission requirements. Scheduling of furlough days is subject to local Impact and Implementation (I&I) bargaining requirements. To ensure continued success for the Department of the Navy (DON), major deviations to the general guidance provided in reference (b) must be coordinated with the Assistant Secretary of the Navy (Manpower & Reserve Affairs).

1. Key provisions on scheduling of furloughs:
 - a. All administrative furloughs have been reduced from 176 hours/22 workdays to maximum of 88 hours/approximately 11 workdays.
 - b. For general planning, furloughs typically will be executed in increments of approximately 16 hours per pay period to mitigate the impact on the mission and employees; hours for part-time employees will be prorated based on their work schedule.
 - c. Employees will receive notification of the furloughs and related timelines in accordance with regulatory requirements (typically 30 days' notice).
 - d. The hours/time for the administrative furloughs will be determined by BSO Commanders and shall be dependent upon mission requirements.
 - e. BSO Commanders may delegate the coordination and scheduling of furloughs as appropriate for carrying out mission requirements.
 - f. Plans to deviate from the general planning guidelines will be coordinated in advance with ASN(MRA) as there are potential ramifications to the employees and commands if modified plans are adopted.
 - g. Scheduling of furlough days for employees is subject to local I & I bargaining requirements.
 - h. Notifications of Personnel Actions (SF-50s) will be documented to provide scheduling flexibility. Notifications will identify start date, end date, maximum of 88 furlough hours, and requirement for supervisors to schedule furlough hours prior to the start of a pay period.



3. BSO Commanders may decide the following:
 - a. The days/ hours of furlough for each employee within the 16 hours per pay period guideline.
 - b. Minor variations from the 16 hours per pay period based on mission requirements or employee requests. Examples include:
 1. Due to a major deliverable the furlough hours for one or a few employees are deferred in one pay period and added in the ensuing pay period(s).
 2. Due to mission critical, short-term temporary duty (TDY) the furlough hours for one or a few employees are deferred in one pay period and added in the ensuing pay period(s).
 3. Employee requests for personal reasons to take no more than one week of furlough at one time.
 - c. Adjustments/cancellation of Compressed Work Schedules and Alternate Work Schedules (subject to I&I bargaining for bargaining unit employees).
 - d. Adjustments/cancellation of telework (subject to I&I bargaining for bargaining unit employees).
 - e. Recall of employees from furlough status in the event of an emergency.
4. Important points to consider in scheduling furloughs:
 - a. The first factor in determining furlough schedules should be mission requirements.
 - b. Employee requests may be considered to the extent they do not compromise the mission.
 - c. BSO Commanders must be able to administer and track scheduling decisions. While the furloughs can be scheduled in increments as small as an hour at a time, BSO Commanders must make sure that these decisions are documented, can be tracked and managers and employees are adhering to all rules associated with the furlough.
 - a. Employees required to work hours outside of a basic workweek during which they have been furloughed are compensated with their rate of basic pay if overtime thresholds have not been met and/or with overtime pay or compensatory time off in lieu of overtime pay, as appropriate once the threshold has been met.
 - b. Authorization for overtime/compensatory time must be provided by the BSO Commander or his/her designee (no lower than Echelon 3 Commander/SES) prior to the work being performed.
6. BSO Commanders may not adjust employee work schedules to replace lost productivity or lost compensation as a result of the furlough.
7. BSO Commanders may not transfer work from civilians to contractors or active duty personnel to replace lost productivity or lost compensation as a result of the furlough.



8. Employees currently on leave without pay (LWOP) should be issued furlough notices unless they are deployed to a combat zone.
 - a. While in 'full-time' LWOP status, an employee is in a nonpay status and is not subject to furlough.
 - b. When an employee on LWOP is returned to duty status during the furlough period, the employee will begin serving furlough days as scheduled.
 - c. LWOP prior to the furlough period does not replace the furlough requirements.
 - d. Employees who are in LWOP status during the furlough period will receive credit for their time spent in the status toward any remaining scheduled furlough hours.
 - e. Suspension resulting from misconduct is a disciplinary adverse action. LWOP status due to furlough is a non-disciplinary adverse action.
9. Unless otherwise directed, holidays occurring through the end of the fiscal year (FY) will not be used as a furlough day for employees. If a regularly scheduled furlough day falls on a government holiday, it shall be moved to the preceding workday unless it falls on a Sunday holiday in which case, the regularly scheduled furlough day shall be moved to the following workday.
 - a. In making holiday-related schedule adjustments BSO Commanders need to be mindful of the requirement for employees to be in a pay status on either the workday preceding a holiday or the workday following a holiday to receive pay for the holiday.
10. Employees may not work during their furlough hours/days.
11. Employees may not substitute paid leave or other forms of paid time off for any hours or days designated as furlough time.
12. In the event that an employee has taken more than the required number of furlough hours (e.g., BSO Commander-approved grouping of furlough days into weeks) prior to an early cancellation of the furlough, the employee may retroactively cancel excess furlough hours and substitute annual leave for those hours in accordance with DON guidance.
13. To the extent possible, furlough time should not be scheduled during periods of temporary TDY. However, if required, BSO Commanders may furlough employees on TDY "in place" if on extended TDY. If an employee is on short-term TDY (within one pay period), BSOs may adjust/defer furlough hours within the pay period or from one pay period to another — up until 28 September 2013. If an employee is on long-term TDY (more than the equivalent of one full pay period) and furlough in place is not practical (e.g. the employee is on TDY at sea) then the employee is not expected to make up the missed furlough time.



14. Employees may not participate in training during their furlough hours/days. If employees are participating in training during the furlough period, employees will be furloughed in accordance with the procedures implemented by the employee's parent organization.
 - a. Parent organizations may give consideration to adjusting the employee's/student's furlough schedule to accommodate course work and educational requirements while still meeting the mandated furlough requirements.

15. New hires are subject to the furlough unless covered by one of the approved exception categories. Newly hired employees will be provided notice immediately upon reporting on-board. Furlough days will be pro-rated across the pay periods remaining from the day after the furlough decision notice is issued.
 - a. If a new employee does not require 30 days advance notice of furlough, their furlough should begin on the first full pay period after their EOD date.
 - b. If a new employee requires 30 days advance notice, their furlough should begin on the first full pay period after their notice period.

16. Employees on detail remain officially assigned to their permanent positions during a detail. If furlough is required, the parent command will determine how and when the detailed employee will be affected.

17. Leave for employees excepted from furlough should be managed at the appropriate management level based on workload and mission requirements. These employees are excepted because their presence on the job has been deemed critical. BSO Commanders (or their designees) may issue guidance to their subordinate activities regarding approval and disapproval of annual leave during the furlough period keeping in mind that management may disapprove leave at any time for legitimate business reasons.

18. Major variations from the above guidance must be coordinated in advance with ASN (MRA). Examples may include:
 - a. Excepting individuals or categories of individuals from furlough.
 - b. Reducing the total number of furlough hours for any employees.
 - c. Grouping furlough time into week(s) for more than a few (i.e. >10) employees).

19. Requests to deviate from the planning guidance must be submitted using the *Coordination with ASN(MRA)) on Deviation from DON Administrative Furlough Guidance* form in accordance with the business rules outlining the process for exception replacements and sent to ASN(MRA)) via OCHR Director Doug Lundberg (douglas.lundberg@navy.mil _____).

20. Additional guidance is available in the DON 2013 Administrative Furlough Information and Frequently Asked Questions. (<https://www.portal.navy.mil/donhr/OCHRHQ/Pages/Furlough.aspx>)

21. Questions may be directed to DONhrfaq@navy.mil.

Attachment: Request for Deviation from Administrative Furlough Guidance

-----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

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Page 1 of 34

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

This prior approval reprogramming action is submitted for approval because these actions use general or special transfer authority, exceed established reprogramming thresholds, affect special interest items, or initiate new starts. This reprogramming action provides funding in support of higher priority items, based on unforeseen military requirements, than those for which originally appropriated; and are determined to be necessary in the national interest. They meet all administrative and legal requirements and none of the items have previously been denied by the Congress.

Part I of this reprogramming action transfers \$4,347.907 million among Fiscal Year (FY) 2013 Defense appropriations. This reprogramming action uses \$3,425.264 million of general transfer authority pursuant to section 8005 of Division C of Public Law 113-6, the DoD Appropriations Act, 2013, and section 1001 of Public Law 112-239, the National Defense Authorization Act for Fiscal Year (FY) 2013.

Part II of this reprogramming action transfers \$3.5 billion among FY 2013 Title IX Overseas Contingency Operations (OCO) Defense appropriations. This reprogramming action uses \$3.5 billion of special transfer authority pursuant to section 9002 of Title IX OCO of Division C of Public Law 113-6, the DoD Appropriations Act, 2013.

Part III of this reprogramming action transfers \$969.0 million from the Foreign Currency Fluctuations, Defense, appropriation to the Defense Working Capital Fund, Defense, appropriation pursuant to section 8008 of Division C of Public Law 113-6, the DoD Appropriations Act, 2013.

Part IV of this reprogramming action transfers \$169.740 million among Fiscal Year (FY) 2012 Defense appropriations. This reprogramming action uses \$169.740 million of general transfer authority pursuant to section 8005 of Division A of Public Law 112-74, the Department of Defense (DoD) Appropriations Act, 2012, and section 1001 of Public Law 112-81, the National Defense Authorization Act for FY 2012.

Approved (Signature and Date)

Robert F. Hale 5/17/2013

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Page 2 of 54

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PART I – FY 2013 GENERAL TRANSFER AUTHORITY (Section 8005)

FY 2013 REPROGRAMMING INCREASES: **+4,347,907**

ARMY INCREASES: **+2,917,797**

Military Personnel, Army, 13/13 **+770,000**

1 Budget Activity 01: Pay and Allowances of Officers

	14,274,177	14,274,177	+770,000	15,044,177
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Explanation: Funds are required due to updated active component enduring officer strength requirements. Since the submission of the FY 2013 President’s Budget’s request, the Army has refined the projected requirements for officer strength as part of the enduring 490,000 force. These refined requirements include more officer strength than was submitted in the budget request (92,915 enduring active component officer average strength required, as compared to the budgeted request of 84,500 enduring officer average strength). This is a base budget requirement.

National Guard Personnel, Army, 13/13 **+24,000**

2 Budget Activity 01: Reserve Component Training and Support

	8,655,948	8,655,948	+24,000	8,679,948
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Explanation: Funds are required to support funding for school training due to a decrease in mobilization requirements from the budgeted level. Due to reduced requirements for in-theater deployments, the Army National Guard (ARNG) expects to have additional base requirement in Army service schools for non-mobilized members. School training requirements include Duty Military Occupational Skills Qualification (DMOSQ), Professional Military Education (PME) courses, and other critical functional courses necessary to meet ARNG readiness levels required under the Army Force Generation (ARFORGEN) model. This is a base budget requirement.

Operation and Maintenance, Army, 13/13 **+2,086,622**

3 Budget Activity 01: Operating Forces

	45,113,700	45,113,700	+1,184,759	46,298,459
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Explanation: Funds are required for the following requirements:

- \$+198.759 million to support funding shortfalls in Logistics Civil Augmentation Program (LOGCAP) which provides operational support to the deployed warfighter, civilians, and contract personnel in the form of food preparation, power generation, water production and delivery, and other basic life support functions. Failure to provide these funds will hinder the basic daily functions and reduce morale. This is an OCO budget requirement.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Page 3 of 54

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

- \$+703.730 million to support funding shortfalls for In-Theater Maintenance for 9,100 Army Material Command personnel providing direct maintenance support in theater at 43 maintenance sites. This forward repair capability conducts organizational and intermediate level maintenance repairs on various air, ground, and support equipment. Failure to provide these funds will require deployed Army units to be fully responsible for the maintenance and upgrades of their equipment in addition to continuing combat operations. This is an OCO budget requirement.
- \$+199.270 million to support funding shortfalls for In-Theater Communication Support for strategic communications capabilities and network operations throughout the USCENTCOM Area of Responsibility through the use of contract personnel to operate and maintain communication systems. Failure to provide these funds will require the deployment of additional signal Soldiers to meet communication requirements of deployed military units in theater. This is an OCO budget requirement.
- \$+83.0 million to provide Contractor Logistic Support (CLS) for fixed wing aircraft providing aircraft maintenance, repair, support equipment, and management to achieve the desired readiness level for 209 aircraft. The Army's operational missions include special electronic mission aircraft, theater aviation companies, operational support airlift, and training aircraft. Funding also supports aircraft CLS to provide maintenance and logistical support of the UH-72A Lakota aircraft. It consists of the program management, help desk, readiness reporting, failure/trend analysis, depot level support, reliability/maintainability, and 16 contractor work years. This is a base budget requirement.

4

Budget Activity 04: Administration and Servicewide Activities

13,755,944	13,755,944	+901,863	14,657,807
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Explanation: Funds are required for the following requirements:

- \$+667.863 million to support funding shortfalls for Second Destination Transportation that resulted from increased use of multi-modal transportation methods for equipment movement and retrograde operations. While the Pakistan Ground Lines of Communication are currently open, there is excess frustrated cargo that has accumulated and must flow out first before other equipment is moved. Failure to provide these funds runs the risk of an interruption in the flow of supplies, subsistence, and mail to deployed warfighters. This is an OCO budget requirement.
- \$+234.0 million to support shortfalls for Premium Transportation that funds the transport and storage of perishable foods in theater for deployed warfighters, civilians, and contract personnel. Failure to provide these funds will result in an interruption in the flow of food and rations for deployed personnel supporting combat operations. This is an OCO budget requirement.

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REPROGRAMMING ACTION – PRIOR APPROVAL

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Subject: May 2013 Prior Approval Request							DoD Serial Number:	
Appropriation Title: Various Appropriations							FY 13-09 PA	
							Includes Transfer	
							Yes	

Component Serial Number:		<i>(Amounts in Thousands of Dollars)</i>							
		Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
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5

Other Procurement, Army, 13/15							+32,175		
<u>Budget Activity 03: Other Support Equipment</u>									
CBRN Soldier Protection			9,259		9,259		+32,175		41,434

Explanation: Funds are required to procure munitions destruction capabilities to support 20th Support Group requirements. These are **new starts**. Total cost of these efforts is \$32.2 million (FY 2013, \$32.2 million) with no planned requirements in the Future Year Defense Program (FYDP). This is base budget requirement.

6

Research, Development, Test, and Evaluation, Army, 13/14							+5,000		
<u>Budget Activity 03: Advanced Technology Development</u>									
PE 0603734A Military Engineering Advanced Technology			70,693		70,693		+5,000		75,693

Explanation: Funds are required for further development, maturation, and integration of geospatial mapping subsystem and components of the Map-Based Adaptive Planning Course of Action Tool (MAPCAT), which will significantly reduce crisis action planning, command exercises, and address information sharing and automations capabilities that currently do not exist. This is a base budget requirement.

7

NAVY INCREASES:							+285,800		
<u>Operation and Maintenance, Navy 13/13</u>							+231,700		
<u>Budget Activity 01: Operating Forces</u>									
			34,011,036		34,011,036		+231,700		34,242,736

Explanation: Funds are required for the following requirements:

- \$+134.8 million is required to restore a balance of operations and readiness due to sequestration reductions allowing funding of current planned levels of forward deployed operations. Funds also provide support for unbudgeted missions of forward deployed operations while allowing for existing required capability for training and maintenance for deployments in the second half of the year. The funds are required to restore a portion of Marine Corps tactical flying hours, Fleet Air Support, and surface-ship maintenance availabilities including associated deferred maintenance damages to repair the ships and ensure that they are ready to deploy in FY 2014 and FY 2015. Funds are also required to repair damages to the USS Porter due to an August 2012 collision with an oil tanker in USCENTCOM. The collision caused a breach in the starboard side of the USS Porter that requires extensive repairs. This is an OCO budget requirement.
- \$+52.0 million is required to partially fund a Secretary of Defense approved decision to accelerate carrier forces in the USCENTCOM. This is an OCO budget requirement.

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
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- \$+44.9 million is required to partially fund a Secretary of Defense approved decision to deploy the USS Ponce in the USCENTCOM resulting in increased per diem for the crew and increased operating tempo and associated supplies needed for repairs. This is an OCO budget requirement.

8

Other Procurement, Navy, 13/15						+23,000		
Budget Activity 01: Ships Support Equipment								
Reactor Power Units		286,859		286,859		+23,000		309,859

Explanation: Funds are required to maintain the Reactor Power Units (RPU) procurement and delivery schedules. The RPU procurement in FY 2013 cannot be de-scoped. This is base budget requirement.

9

Shipbuilding and Conversion, Navy, 13/17						+28,100		
Budget Activity 02: Other Warships								
DDG-51 Advance Procurement (CY)		466,283		466,283		+28,100		494,383

Explanation: Funds are required to address DDG-51 Advanced Procurement (AP) shortfall in FY 2013. The DDG 51 Multiyear Procurement (MYP) is predicated upon the use of FY 2013 advance procurement for Aegis Weapon System (AWS) and shipbuilder economic order quantities (EOQ) contracts. The scheduled deliveries for material to be awarded under the AWS and shipbuilder EOQ contracts are synchronized and scheduled to meet in-yard need dates and preserve ship schedules. Without the requested increase, there are insufficient funds to award the AWS contract creating the loss of MYP pricing and savings; the associated material delivery delays will result in ship schedule delays. This is base budget requirement.

10

Research, Development, Test, and Evaluation, Navy, 13/14						+3,000		
Budget Activity 07: Operational System Development								
PE 0101221N Strategic Submarine & Weapons System Support		105,892		105,892		+3,000		108,892

Explanation: Funds are required to support the Interoperable Warhead Program 6.2/6.2A study. The FY 2013 funding will support various efforts associated with the Navy portion of a Department of Defense (DoD)/Department of the Energy (DOE) Nuclear Weapons Council approved Phase 6.2/6.2A investigation of design options and associated feasibility and cost study for a life extension of the Air Force W78 Reentry Vehicle and Navy W88 Reentry Body. This is a **new start**. Total cost of this effort is \$24.0 million; FY 2014 (\$14.0 million) and FY 2015 (\$7.0 million) requirement are funded in the FY 2014 budget request. Additional funding requirements for FY 2016 and the outyears will be contingent on the preliminary results from the study. This is base budget requirement.

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

AIR FORCE INCREASES:						+929,993		
Operation and Maintenance, Air Force, 13/13						+926,481		
Budget Activity 01: Operating Forces								
	24,253,055		24,253,055			+926,481		25,179,536

11

Explanation: Funds are required for the following requirements:

- \$+436.731 million to support shortfalls for base communications throughout the U.S. Central Command Area of Responsibility for network operations, satellite communication bandwidth and transmissions, air traffic control landing system support, and teleconferencing. Failure to provide these funds will degrade theater communications support and endanger pilots and aircraft during landing operations. The total requirement is \$549.966 million and the balance (\$113.235 million) is requested in FY 13-10 PA. This is an OCO budget requirement.
- \$+200.0 million to support shortfalls for operating and personnel support for the Air Force’s continued presence at installations throughout the U.S. Central Command Area of Responsibility for medical supplies, airfield operations, and air traffic management. Failure to provide these funds will degrade day-to-day operations for deployed Air Force personnel and increase the risk of mission failure. This is an OCO budget requirement.
- \$+142.0 million to support shortfalls for facilities operation at Air Force installations throughout the U.S. Central Command Area of Responsibility for the operation, maintenance, and repair activities necessary to keep transitory and non-inventory facilities in working order due to continued presence at operating bases. Failure to provide these funds will degrade facility conditions and increase life and safety issues. This is an OCO budget requirement.
- \$+100.0 million to support shortfalls for supplies and equipment supporting Air Force operating bases and personnel within the U.S. Central Command Area of Responsibility. Failure to provide these funds will result in degradation of Air Force operations. This is an OCO budget requirement.
- \$+47.750 million to support training and infrastructure requirements necessary to stand up the U.S. Cyber Command, Cyber Mission Force and to provide initial infrastructure refurbishment, leasing, and fit-out requirements. This is a base budget requirement.

Research, Development, Test, and Evaluation, Air Force, 13/14						+3,512		
Budget Activity 05: System Development and Demonstration								
PE 0604800F F-35 EMD	1,177,999		1,177,999			+3,512		1,181,511

12

Explanation: Funding is required to maintain mission systems development and flight test. Funds will preserve Block 2B delivery date, Block 2B capability, and minimizes deferral of Block 31/3F capabilities. Preservation of mission systems software Block schedule and content is critical to prevent delayed fielding of U.S. and International Partner warfighting capability. The total requirement is \$75.0 million with the balance \$71.488 million is included in FY 13-10 PA. This is a base budget requirement.

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REPROGRAMMING ACTION – PRIOR APPROVAL

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Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

DEFENSE-WIDE INCREASES:	+214,317
Operation and Maintenance, Defense-Wide, 13/13	+34,139
<u>National Security Agency (NSA)</u>	+13,839

13

Explanation: Funds are required for NSA to establish a trained and ready cyber workforce in direct support of U.S. Cyber Command, Cyber Mission Force requirements. The total requirement is \$89.327 million and the MIP portion (\$74.333 million) and non-MIP (\$1.155 million) is included in FY 13-10 PA. This is a base budget requirement.

14

<u>Defense Human Resources Activity (DHRA)</u>				
	696,186		696,186	+20,300
				716,486

Explanation: Funds are required to implement phase 2 of the Virtual Lifetime Electronic Record (VLER). The VLER, at full implementation, will be an exchange of health and benefits information between the Department of Defense (DoD), the Department of Veterans Affairs (VA), the Social Security Administration (SSA), and the private sector. Phase 2 will improve the timeliness of claims adjudication for disability benefits through improved sharing of healthcare and personnel data between the DoD, the VA, and the SSA. This is a base budget requirement.

15

Procurement, Defense-Wide, 13/15	+28,398
<u>Budget Activity 01: Major Equipment</u>	
<u>Personnel Administration, Defense Human Resources Activity (DHRA)</u>	
	6,147
	6,147
	+477
	6,624

Explanation: Funds are required to implement phase 2 of the Virtual Electronic Record (VLER) program to procure, tune probabilistic algorithms, and complete integration of Initiate software, which provides search capability to find persons/patients, and integrate this capability with the Initiate system currently used in the Military Health System (MHS) and throughout the Department of Veterans Affairs (VA). This procurement expands the ability to identify and resolve duplicate patient identity between DoD, MHS, and VA. The VLER is a Presidential Initiative. This is a base budget requirement.

16

BMDS AN/TPY-2 Radars	2	380,244	2	380,244	+27,921	408,165
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Explanation: Funds are required to fully fund a complete AN/TPY-2 (#12 radar) that Congress added in the FY 2013 DoD Appropriations Act. This is a congressional special interest item. This is base budget requirement.

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Appropriation Title: Various Appropriations							Includes Transfer Yes	

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

17

Research, Development, Test, and Evaluation, Defense-Wide, 13/14							+151,780	
<u>Budget Activity 04: Advanced Component Development and Prototypes</u>								
PE 0603884C Ballistic Missile Defense Sensors								
		347,012		347,012		+4,300		351,312

Explanation: Funds are required for the following requirements in support of the Ballistic Missile Defense (BMD) Sensors:

- \$+2.9 million is required for Sea Based X-band Radar (SBX) participation in the FTG-06b intercept flight test. Funding is necessary for successful implementation of the Homeland Hedge strategy. Funds are needed by May 31, 2013, to execute testing by the Fall 2013. This is base budget requirement.
- \$+1.4 million is required to conduct geotechnical, topographical and environmental studies to support the deployment of an AN/TPY-2 radar to the United States Pacific Command (USPACOM) area. As a part of the Homeland Hedge strategy announced by the Department on March 15, 2013, there is a requirement to construct the site in FY 2014 vice FY 2015. This is base budget requirement.

18

PE 0603890C BMD Enabling Programs								
		361,711		361,711		+9,475		372,186

Explanation: Funds are required for the following requirements in support of BMD Enabling Programs:

- \$+4.750 million is required for test planning and execution for the FTG-06b intercept flight test. Funding is necessary for successful implementation of the Homeland Hedge strategy. This is a base budget requirement.
- \$+4.725 million is required to support Ballistic Missile Defense System (BMDS) ground testing to ensure operational forces and Phase II of the European Phased Adaptive Approach (EPAA) remains on schedule for a 2015 delivery. Funds are required by May 31, 2013, for both efforts. This is base budget requirement.

19

PE 0603892C AEGIS BMD								
		992,407		992,407		+54,700		1,047,107

Explanation: Funds are required to maintain the flight test schedule for two Aegis intercept tests (FTM-21 and 22) to support warfighting global deployment coverage and, specifically for EPAA Phase 2. These operationally realistic and challenging tests are needed for further assessment of the certified Aegis BMD 4.0 Weapon System and testing of the SM-3 Block IB to support production decisions for capability delivery to the warfighter. These funds will be used to continue Aegis BMD upgrades and execute operationally realistic and relevant flight tests to be confidently placed under Combat Commander's control of the most advanced Aegis BMD systems in support of EPAA and other global BMD needs. These tests are specifically for full rate production decision for the SM-3 Block IB

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

missile. The SM-3 IB missile is a critical component of operational forces and Phase 2 of the EPAA. Funding will also be used to complete upgrades of two Aegis BMD ships planned in 2013. These two ships (USS Porter and McFaul) will support the European Command (EUCOM) and EPAA Phase 2 requirements and are planned to be forward deployed in Rota, Spain. Funds are required to complete test and analysis prior to the FY 2014 SM-3 IB full-rate production approval to prevent a break in production, and deliver missiles to support EPAA Phase 2. This is base budget requirement.

20

PE 0603896C Ballistic Missile Defense Command and Control, Battle Management and Communication	360,552	360,552	+8,725	369,277
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Explanation: Funds are required for the following requirements in support of the BMD C2BMC:

- \$+0.8 million is required for C2BMC support the FTG-06b intercept flight test. Funding is necessary for successful implementation of the Homeland Hedge strategy. This is base budget requirement.
- \$+7.925 million is required to maintain BMD Over-Head Persistent Infra-Red Architecture (BOA) development and integration schedule. Maintaining this schedule provides early interface testing with the Space Based Infrared System (SBIRS) upgraded capability and the GMD Fire Control (GFC) 6B3 capability, and preserves the BMD Enterprise Sensors Laboratory (ESL) development. These integrated capabilities provide an increased early detection and tracking of threats in support of the Homeland. These capabilities further allow for the early integration of additional sensor platforms increasing the quality of track data facilitating earlier engagement planning. This is base budget requirement.

21

PE 0603914C Ballistic Missile Defense Test	454,400	454,400	+4,132	458,532
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Explanation: Funds are required for test planning and execution for the FTG-06b intercept flight test. Funding is necessary for successful implementation of the Homeland Hedge strategy. Funds are required by May 31, 2013. The total requirement is \$19.548 million and the balance (\$15.416 million) is included in FY 13-10 PA. This is base budget requirement.

22

PE 0603915C Ballistic Missile Defense Targets	435,747	435,747	+28,448	464,195
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Explanation: Funds are required for assembly and integration of the target to support FTG-06b intercept flight test. Funding is necessary for successful implementation of the Homeland Hedge strategy. Funds are required by May 31, 2013. This is base budget requirement.

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REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request						DoD Serial Number: FY 13-09 PA		
Appropriation Title: Various Appropriations						Includes Transfer Yes		

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>								
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program		
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Line Item	a	b	c	d	e	f	g	h	i

23

Budget Activity 06: Management Support									
PE 0604940D8Z Central Test and Evaluation Investment Development (CTEIP)									
		156,109		156,109		+37,000			193,109

Explanation: Funds are required for electronic warfare test resource investments to provide critical test assets for the Initial Operational Test and Evaluation of the Joint Strike Fighter. Resources will fund the development and procurement of 20 open-loop threat emulators and 6 closed-loop Surface to Air Missile simulators, and upgrades to Eglin AFB F-35 U.S. Reprogramming Lab and Patuxent River Naval Air Station Air Combat Environment Test and Evaluation Facility anechoic chamber, and engineering support. This is a **new start**. The total cost of this effort is \$528.5 million (\$37.0 million in FY 2013, \$129.4 million in FY 2014, \$131.4 million in FY 2015, \$112.4 million in FY 2016, \$76.9 million in FY 2017, \$41.4 million in FY 2018). Outyear requirements have been funded in the FY 2014 budget request. This is a base budget requirement.

24

PE 0605126J Joint Theater Air and Missile Defense Organization									
		7,573		7,573		+5,000			12,573

Explanation: Details are classified and will be provided separately via appropriate channels. This is a base budget requirement.

PART I – FY 2013 GENERAL TRANSFER AUTHORITY (Section 8005)

FY 2013 REPROGRAMMING DECREASES: **-4,347,907**

ARMY DECREASES: **-2,237,267**

Military Personnel, Army, 13/13 **-770,000**

25

<u>Budget Activity 02: Pay and Allowances of Enlisted</u>									
		29,539,966		29,539,966		-389,000			29,150,966

Explanation: Funds are available due to updated active component enduring enlisted strength requirements. Since the submission of the FY 2013 President’s Budget request, the Army has refined the projected requirements for enlisted strength as part of the enduring 490,000 force. These refined requirements include fewer enlisted strength than was submitted in the budget request (392,770 enduring active component enlisted average strength required, as compared to the budgeted request of 401,777 enduring enlisted average strength). This is base budget funding.

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REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number:
Appropriation Title: Various Appropriations		FY 13-09 PA
		Includes Transfer
		Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

26	Budget Activity 04: Subsistence of Enlisted Personnel							
		3,242,945		3,242,945		-244,000		2,998,945

Explanation: Funds are available in basic allowance for subsistence due to updated active component enduring enlisted strength requirements and actual inflation is 2.3% less than budgeted. Funds are also available in the subsistence in kind account as projected execution is less than budgeted. This is base budget funding.

27	Budget Activity 05: Permanent Change of Station Travel							
		1,967,799		1,967,799		-110,000		1,857,799

Explanation: Funds are available due to decreases in average costs per move compared to the budgeted request. These decreases are primarily driven by lower than anticipated disbursement rates. This is base budget funding.

28	Budget Activity 06: Other Military Personnel Costs							
		904,693		904,693		-27,000		877,693

Explanation: Funds are available due to lower execution than planned in unemployment compensation. This is base budget funding.

29	National Guard Personnel, Army, 13/13					-123,000		
	Budget Activity 01: Reserve Component Training and Support							
		8,655,948		8,679,948		-123,000		8,556,948

Explanation: Funds are available from the enacted amount due to a decrease in mobilization requirements from the budgeted level. The enacted OCO amount provided additional funding for over 22,000 ARNG members to conduct and support additional pre-mobilization individual and collective training events. Due to reduced requirements for in-theater deployments, the Army National Guard will have pre-mobilization training requirements for just over 15,000 members, resulting in the cost savings. This is Title IX OCO budget funding.

30	Aircraft Procurement, Army, 13/15					-306,139		
	Budget Activity 01: Aircraft							
	AH-64 Apache Block IIIB New Build							
		366,993		366,993		-115,000		251,993

Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. This Advanced Procurement funding is not required since there will be no Apache New Builds

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

in FY 2014. Reduction calculated to minimize operational impact to the deployed and next-to-deploy force while sustaining as much of the program's integrity (industrial base and acquisition infrastructure) given other available resources and current fiscal constraints. This is base budget funding.

31

Budget Activity 02: Modification of Aircraft

AH-64 Mods	178,805	178,805	-51,039	127,766
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Explanation: Funds are available due to program delays resulting in slower than projected execution. This is base budget funding.

32

Network and Mission Plan	190,789	190,789	-50,000	140,789
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Reduction can be managed with minimal impact due to delays in fielding the Aviation Data Exploitation Capability and the Aircraft Notebook from FY 2013 to FY 2014. This is base budget funding.

33

Comms, Nav Surveillance	133,191	133,191	-40,000	93,191
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Program is able to absorb decrement with minimal impact due to a slip in the Joint Tactical Radio Airborne Maritime Fixed program which has delayed the integration of a new networking radio onto the UH-60M and CH-47F Aviation Platforms. This is base budget funding.

34

GATM Rollup	87,280	87,280	-50,100	37,180
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Reduction can be managed with minimal impact by shifting Automatic Dependent Surveillance-Broadcast (ADS-B) Out Non-Recurring Engineering (NRE) and Integration/Test effort for AH-64D, CH-47F, and HH/UH-60M to FY 2014. The Federal Aviation Administration directs nationwide transition to ADS-B Out technology by FY 2020. This is base budget funding.

35

Procurement of Weapons and Tracked Combat Vehicles, Army, 13/15 -270,025

Budget Activity 01: Tracked Combat Vehicles

STRYKER (MOD)	60,881	60,881	-37,000	23,881
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Slows Mobile Gun System (MGS) Full Material Release (FMR), survivability items (energy attenuating seats for Nuclear, Biological, Chemical Reconnaissance Vehicles (NBCRVs), Commander's

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
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a	b	c	d	e	f	g	h	i

Vehicles (CVs), MGS and Medical Evacuation Vehicles (MEVs) and also Double-V-Hull (DVH) FMR. This is base budget funding.

36

Paladin PIM Mod In Service	17	206,101	17	206,101	-8	-97,000	9	109,101
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Reduction of eight units from the initial LRIP procurement is calculated to minimize operational impact to the deployed and next-to-deploy force while sustaining as much of the program's integrity (industrial base and acquisition infrastructure) given other available resources and current fiscal constraints. This is base budget funding.

37

Assault Breacher Vehicle	10	50,039	10	50,039	-6	-31,025	4	19,014
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Reduction calculated to minimize operational impact to the deployed and next-to-deploy force while sustaining as much of the program's integrity (industrial base and acquisition infrastructure) given other available resources and current fiscal constraints. This is base budget funding.

38

Stryker Vehicle	58	286,818	58	286,818	-58	-89,000	-	197,818
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Funds are available due to Stryker Reactive Armor Tiles (SRAT) II developmental testing delays. This is base budget funding.

39

Budget Activity 02: Weapons and Other Combat Vehicles

M4 Carbine Mods		27,243		27,243		-7,000		20,243
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement with minimum impact to the program. Army will defer 14,307 modification kits until FY 2018. This is base budget funding.

40

Budget Activity 03: Spare and Repair Parts

Spares and Repair Parts (WTCV)		31,217		31,217		-9,000		22,217
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. No impact to the program. Funding is available based on adjusted spare parts requirements and updated sustainment strategy (Area Support Concept vice individual unit) and maintenance repair focused on Line Replaceable Units vice entire components. This is base budget funding.

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Appropriation Title: Various Appropriations							Includes Transfer Yes	

Component Serial Number:		<i>(Amounts in Thousands of Dollars)</i>							
		Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a		b	c	d	e	f	g	h	i

Other Procurement, Army, 13/15 -762,203

41

Budget Activity 01: Tactical and Support Vehicles

Family of Medium Tactical Veh (FMTV)

1,248	367,762	1,248	367,762	-374	-101,000	874	266,762
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Mix of 374 truck and trailer quantities will be delayed and pending Engineering Change Proposals (ECPs) would be deferred that relate to truck improvements such as operational energy. This is base budget funding.

42

Family of Heavy Tactical Vehicles (FHTV)

1,534	54,983	1,534	54,983	-98	-30,768	1,436	24,215
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Minimal impact on program due to a reduction in heavy truck requirements of 98 HEMTT trucks and an active production base remains. This is base budget funding.

43

Modification of In Svc Equip

91,754	91,754	-89,416	2,338
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Explanation: Funds are available due to program delays resulting in slower than projected execution. This is base budget funding.

44

Budget Activity 02: Communications and Electronics Equipment

Joint Combat Identification Marking System

7,038	8,961	7,038	8,961	-7,038	-8,949	-	12
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Explanation: Funds are available due to program transition to sustainment. This is base budget funding.

45

Win-T - Ground Forces Tactical Network

2,166	545,820	2,166	545,820	-323	-128,000	1,843	417,820
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Explanation: Funds are available due to an Army decision to reduce FY 2013 procurement from six Brigade Combat Teams (BCT) to four BCTs. This is base budget funding.

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REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request							DoD Serial Number:	
Appropriation Title: Various Appropriations							FY 13-09 PA	
							Includes Transfer Yes	

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

46 Joint Tactical Radio System
 11,059 366,250 11,059 366,250 - -74,000 11,059 292,250

Explanation: Funds are available due to updated Airborne, Maritime Fixed Station (AMF) radio program strategy. This action aligns funding to restructure the AMF program with minimal impact. This is base budget funding.

47 Army Materiel Command (AMC) Critical Items - OPA2
 108 24,601 108 24,601 -29 -5,000 79 19,601

Explanation: Funds are available due to reduction in quantity requirement for the Avionic Shop Shelter. Reduction has minimal impact on program. This is base budget funding.

48 Spider Apla Remote Control Unit
 32,365 32,365 -8,031 24,334

Explanation: Funds are available due to reduction in planned quantity to match Army Acquisition Objective (AAO). Reduction results in no impact to the program. This is base budget funding.

49 Reserve Ca/Miso GPF Equipment
 1,540 36,781 1,540 36,781 - -11,900 1,540 24,881

Explanation: Funds are available due to reduction in quantity requirement and commensurate savings in pre-deployment training support requirements. Reduction has minimal impact on program. This is base budget funding.

50 Information System Security Program-ISSP
 2,469 43,897 2,469 43,897 - -6,700 2,469 37,197

Explanation: Funds are available due to key management program transition implementation training improvements that reduced reliance on field service representatives (FSR) and help desk personnel, which reduced costs. Reduction has minimal impact on program. This is base budget funding.

51 Sentinel Mods
 70 33,444 70 33,444 - -5,000 70 28,444

Explanation: Funds are available due to the delayed fielding of Sentinel Mode 5 Identification Friend or Foe (IFF) kits. This is base budget funding.

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

52 Night Vision Devices 8,687 166,516 8,687 166,516 -7,000 8,687 159,516

Explanation: Funding is available due to the Program Office's implementation of the Better Buying Power initiative, resulting in reduced costs to the program. This is base budget funding.

53 Night Vision, Thermal Wpn Sight 82,162 82,162 -62,000 20,162

Explanation: Funding is available due to the Program Office's implementation of the Better Buying Power initiative, resulting in reduced costs to the program. This is base budget funding.

54 Joint Battle Command - Platform (JBC-P)
1,032 141,385 1,032 141,385 -688 -79,000 344 62,385

Explanation: Funds are available due to the program no longer procuring dismounted untethered tablet devices, vehicle mounted beacons and KGV-72 encryption devices. This is base budget funding.

55 Mod of In-Svc Equip (LLDR) 88,403 88,403 -20,000 68,403

Explanation: Funds are available to support a higher priority requirement. Reduction would decrease mods by 115 systems which would impact 3 BCTs. This is base budget funding.

56 Fire Support C2 Family 1,642 81,333 1,642 81,333 -360 -11,000 1,282 70,333

Explanation: Funds are available due to the decision to delay a Technical Refresh effort and has minimal impact to the program. This is base budget funding.

57 AIR & MSL Defense Planning & Control Sys
12 64,144 12 64,144 - -11,000 12 53,144

Explanation: Funds are available due to a change in the program's fielding schedule. This is base budget funding.

58 Automated Data Processing Equip 129,438 129,438 -17,000 112,438

Explanation: Funds are available due to unexecuted prior year funding. The program will use available FY 2011 and FY 2012 funds to support FY 2013 requirements. This is base budget funding.

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

59

Reserve Component Automation Sys (RCAS)		35,493		35,493		-2,600		32,893
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Explanation: Funds are available due to a change in program requirements. The reduction of funds will have a minimal impact to the program. This is base budget funding.

Budget Activity 03: Other Support Equipment

60

Training Devices, Nonsystem	1,275	149,501	1,275	149,501	-	-12,000	1,275	137,501
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Flexibility within the many acquisition programs in the Nonsystem Training Device (NSTD) line allows procurement of certain product lines in the future. This is base budget funding.

61

Robotic Combat Support System (RCSS)		29,106		29,106		-4,000		25,106
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. This reduction delays procurement of five M160 Flails for Pre-Deployment Training Equipment fleet support. This is base budget funding.

62

Explosive Ordnance Disposal Eqpmt (EOD EQPMT)	522	29,024	522	29,024	-111	-11,891	411	17,133
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Currently scheduled to procure 202 Future Radiographic Systems in FY 2013, quantity will be reduced to 111 systems, thus delaying fielding to EOD units. Total requirement/AAO remains at 627. This is base budget funding.

63

High Mobility Engineer Excavator (HMEE)	76	30,042	76	30,042	-46	-17,848	30	12,194
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. This reduction delays the procurement of special tools and production contract planned for September 2013 by one month. This is base budget funding.

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	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

64

Field Feeding Equipment	228	27,417	228	27,417	-115	-13,100	113	14,317
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. The Multi Temperature Refrigerated Container System (MTRCS) and the Assault Kitchen are funded in this line. This reduction would not procure 115 Multi-Temperature Refrigerator Container System (MTRCS); MTRCS will remain at minimum sustainment rate in FY 2013. This is base budget funding.

65

Unmanned Ground Vehicle	311	31,937	311	31,937	-311	-25,000	-	6,937
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Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. The remaining program funds are available for fielding Brigade Combat Team (BCT#3) for Small Unmanned Ground Vehicle (SUGV) Increment I and Contractor Logistics Support (CLS) for BCTs 1,2, and 3. This is base budget funding.

66

Research, Development, Test, and Evaluation, Army, 13/14						-5,900		
<u>Budget Activity 05: System Development and Demonstration</u>								
PE 0604601A Infantry Support Weapons		90,445		90,445		-5,900		84,545

Explanation: Funds are available to support a near-term critical theater based higher priority OCO requirement. Reduction calculated to minimize operational impact to the deployed and next-to-deploy force while sustaining as much of the program's integrity (industrial base and acquisition infrastructure) given other available resources and current fiscal constraints. This is base budget funding.

67

<u>NAVY DECREASES:</u>						-986,075		
<u>Military Personnel, Navy, 13/13</u>						-217,000		
<u>Budget Activity 01: Pay and Allowances of Officers</u>		7,770,040		7,770,040		-75,000		7,695,040

Explanation: Funds are available as follows:

- \$-53.0 million due to a projected decrease of 281 officer average strength from the budgeted average strength of 53,633. Funding includes \$51.0 million from base pay, retired pay accrual, social security tax, and allowances. Additionally, incentive pays are slightly lower than planned resulting in a \$2.0 million asset. This is base budget funding.
- \$-22.0 million due to the mobilization of 151 fewer reserve officers than planned. This is Title IX OCO budget funding.

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							Includes Transfer Yes	

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

68

Budget Activity 02: Pay and Allowances of Enlisted		17,340,289		17,340,289		-120,000		17,220,289
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Explanation: Funds are available as follows:

- \$-50.0 million due to a decrease in the Basic Allowance for Housing (BAH) inflation rate from 3.7 percent budgeted to 2.9 percent actual (\$27 million), and due to a slight decrease in the number of enlisted personnel receiving BAH (\$23.0 million). This is base budget funding.
- \$-70.0 million due to the mobilization of 550 fewer reserve enlisted personnel than planned. Funding includes \$39.0 million from retired pay accrual, social security tax, and allowances. In addition, special pays are executing lower than planned resulting in an asset of another \$31.0 million. This is Title IX OCO budget funding.

69

Budget Activity 04: Subsistence of Enlisted Personnel		1,205,281		1,205,281		-8,000		1,197,281
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Explanation: Funds are available in subsistence-in-kind funding due to lower than planned food costs. This is base budget funding.

70

Budget Activity 05: Permanent Change of Station Travel		972,694		972,694		-14,000		958,694
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Explanation: Funds are available due to approximately 5,700 fewer training moves than planned resulting from underexecution of average strength. This is base budget funding.

Military Personnel, Marine Corps, 13/13 **-80,000**

71

Budget Activity 02: Pay and Allowances of Enlisted		9,484,329		9,484,329		-66,000		9,418,329
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Explanation: Funding is available due to a decrease in reserve mobilizations (-1,062 average strength) from the President's Budget 2013 request of 3,363 average strength and the current execution forecast (2,301 average strength) and a reduction in the Basic Allowance for Housing (BAH) inflation from 4.0% budgeted to 2.4% actual (\$3 million). This is Title IX OCO budget funding.

72

Budget Activity 04: Subsistence of Enlisted Personnel		784,456		784,456		-7,600		776,856
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Explanation: Funding is available due to a decrease in reserve mobilizations (-1,062 average strength) from the President's Budget 2013 request of 3,363 average strength and the current execution forecast (2,301

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

77

Common Avionics Changes 93,153 93,153 -570 92,583

Explanation: Funds are available due to prior year cost savings. The funds for other support for Blue Force Situational Awareness are no longer required. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

Budget Activity 07: Aircraft Support Equipment and Facilities

78

Common Ground Equipment 383,575 383,575 -2,380 381,195

Explanation: Funds are available due to the deferral of procurement of support equipment for two CH-53E squadrons. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

Weapons Procurement, Navy, 13/15

-19,024

Budget Activity 02: Other Missiles

79

Aerial Targets 61,518 61,518 -8,000 53,518

Explanation: Funds are available due to Multi-Stage Supersonic Target (MSST) procurement being delayed due to delays in the development program. This is base budget funding.

80

Hellfire 91,501 91,501 -11,024 80,477

Explanation: Funds are available due to reduction in procurement of the Hellfire AUR/CATMs. Procurement will be reduced by approximately 158 in FY 2013. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

Procurement of Ammunition, Navy and Marine Corps, 13/15

-111,089

Budget Activity 01: Procurement of Ammunition, Navy

81

General Purpose Bombs 44,042 44,042 -16,630 27,412

Explanation: Funds are available due to the deferral of long term reset of approximately 6,600 FMU-139 fuzes. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

82

Airborne Rockets, All Types 134,975 134,975 -57,620 77,355

Explanation: Funds are available due to the deferral of long term reset of MK 66 Rocket Motor (Mod 4), WTU-1/B inert Warheads, 2.75-inch Rocket Launchers, MK152 Warheads and APKWS Guidance and

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

Control (G&C) Sections. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

83 Machine Gun Ammunition 41,766 41,766 -19,863 21,903

Explanation: Funds are available due to the deferral of long term reset of approximately 1.5 million rounds of 20MM ammunition used in theater. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

84 Air Expendable Countermeasures 78,536 78,536 -5,651 72,885

Explanation: Funds are available due to the deferral of long term reset for various types of countermeasure self-protection devices used in theater. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

85 Other Ship Gun Ammunition 36,716 36,716 -532 36,184

Explanation: Funds are available due to the deferral of long term reset of 11,976 40MM grenade cartridges expended in theater. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

86 Small Arms and Landing Party Ammo 66,158 66,158 -2,643 63,515

Explanation: Funds are available due to the deferral of long term reset for .50 caliber, 5.56MM, 7.62MM and 9MM cartridges expended in theater. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

87 Pyrotechnic and Demolition 13,498 13,498 -2,322 11,176

Explanation: Funds are available due to the deferral of long term reset for demolition charges, blasting fuzes, fuze igniters, detonation cords and blasting caps expended in theater. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

88 Ammunition Less Than \$5 Million 10,424 10,424 -5,828 4,596

Explanation: Funds are available due to deferral of long term reset of approximately 3700 LUU-19 aircraft parachute flares. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

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a	b	c	d	e	f	g	h	i

Other Procurement, Navy, 13/15 **-111,535**

Budget Activity 02: Communications & Electronics Equip

AN/SLQ-32		89,270		89,270		-9,000		80,270
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Explanation: Funds are available to support higher priority requirements due to delays of the Surface Electronic Warfare Improvement Program (SEWIP) Block 2 and Block 1B3 contracts. This is base budget funding.

Items Less than \$5 Million		74,355		74,355		-10,000		64,355
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Explanation: Funds are available to support higher priority requirements due to deferral of planned FY 2013 fourth quarter installations to FY 2014 for the AN/SPS-73 Radar and the AN/SPS-48G Radar as well as a reduction in the supported number of engineering change proposals and production support funding for the Dual Band Radar. This is base budget funding.

Information Systems Security Program		142,193		142,193		-5,000		137,193
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Explanation: Funds are available to support higher priority requirements due to underexecution of communication security/crypto modernization device procurements. This is base budget funding.

Budget Activity 03: Aviation Support Equipment

Expeditionary Airfields		66,878		66,878		-28,037		38,841
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Explanation: Funds are available due to the reduction in AM-2 aviation matting requirements. Inventories have been replenished by matting returning from Afghanistan sooner than expected; therefore, less USMC AM-2 matting is required to be purchased in FY 2013. Quantities to be procured with the remaining FY 2013 OCO funding will satisfy the current USMC matting requirement. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

Budget Activity 05: Civil Engineering Support Equipment

Passenger Carrying Vehicles		11,059		11,059		-3,901		7,158
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Explanation: Funds are available due to cancellation of procurement of 2 buses, 6 ambulances, and 54 other 4x4 vehicles for Camp Lemmonier and Naval Support Activity (NSA) Bahrain. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

89

90

91

92

93

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Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

94

General Purpose Trucks		4,177		4,177		-852		3,325
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Explanation: Funds are available due to cancellation of procurement of a 3-ton truck and 59 pickup trucks for Camp Lemmonier for replacement of existing vehicles that are beyond serviceable life. This reduction can be managed by increased maintenance of existing vehicles until new vehicles can be programmed in future budget requests. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

95

Construction and Maintenance Equipment		11,128		11,128		-2,436		8,692
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Explanation: Funds are available due to cancellation of procurement of 4 generators, 8 low-speed electric vehicles, and one wheel-mounted crane for Camp Lemmonier for replacement of existing equipment that is beyond serviceable life. This reduction can be managed by increased maintenance of existing equipment until new equipment can be programmed in a future budget request. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

96

Fire Fighting Equipment		18,331		18,331		-908		17,423
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Explanation: Funds are available due to cancellation of procurement of 4 aircraft fire trucks, 2 HAZMAT trucks, and 2 structural fire trucks for Camp Lemmonier and NSA Bahrain. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

97

Tactical Vehicles		28,724		28,724		-13,394		15,330
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Explanation: Funds are available due to cancellation of procurement of safety and survivability improvements across the Navy's MRAP family of vehicles. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

98

Items Under \$5 Million		15,627		15,627		-375		15,252
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Explanation: Funds are available due to cancellation of procurement of an aircraft refueling truck for Camp Lemmonier. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

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							Yes	

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
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Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

99

Budget Activity 06: Supply Support Equipment
 Materials Handling Equipment 15,204 15,204 -5,000 10,204

Explanation: Funds are available due to contract delays making these funds available to support higher priority requirements. This is base budget funding.

100

Budget Activity 07: Personnel and Command Support Equipment
 C4ISR Equipment 7,344 7,344 -3,000 4,344

Explanation: Funds are available due to cancellation of the Maritime Expeditionary Security Force (MESF) system upgrades and Mobile Ashore Support Terminal (MAST) procurement for NECC units. This is a one-time buy. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

101

Physical Security Equipment 186,472 186,472 -6,632 179,840

Explanation: Funds are available due to cancellation of procurement of non-lethal weapons to replace damaged/destroyed quantities and various personal protective equipment for Navy expeditionary forces. This requirement will merge with the baseline requirement for these assets and can be programmed in future budget requests. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

102

Physical Security Equipment 186,472 179,840 -23,000 156,840

Explanation: Funds are available due to slow execution, making these funds available to support higher priority requirements. This is base budget funding.

103

Procurement, Marine Corps, 13/15 -80,000
Budget Activity 02: Weapons and Combat Vehicles
 LAV PIP 55,342 55,342 -23,000 32,342

Explanation: Funds are available to support higher priority requirements due to program delay. This is base budget funding.

104

Budget Activity 03: Guided Missiles and Equipment
 Follow On to SMAW (FOTS) 19,650 19,650 -12,000 7,650

Explanation: Funds are available to support higher priority requirements due to Shoulder-Launched Multipurpose Assault Weapon (SMAW) program delay. This is base budget funding.

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REPROGRAMMING ACTION – PRIOR APPROVAL

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Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a		b	c	d	e	f	g	h	i

105

Budget Activity 05: Support Vehicles
 Family of Tactical Trailers 55,802 55,802 -19,000 36,802
Explanation: Funds are available to support higher priority requirements due to the cancellation of the Medium Tactical Vehicle Replacement (MTVR) requirement. This is base budget funding.

106

Budget Activity 06: Engineer and Other Equipment
 EOD Systems 346,357 346,357 -26,000 320,357
Explanation: Funds are available to support higher priority requirements due to a reduced Mine Resistant Ambush Protected (MRAP) enduring requirement. This is OCO budget funding.

107

Research, Development, Test and Evaluation, Navy, 13/14 -134,007
Budget Activity 04: Advanced Component Development & Prototypes
 PE 0603582N Combat System Integration 50,551 50,551 -10,000 40,551
Explanation: Funds are available to support higher priority requirements. This is base budget funding.

108

PE 0603658N Cooperative Engagement 56,512 56,512 -10,000 46,512
Explanation: Funds are available to support higher priority requirements due to the underexecution of improvements associated with large network development and system modifications for Joint and Foreign Military Sales (FMS) partners. This is base budget funding.

109

PE 0603746N RETRACT MAPLE 341,305 341,305 -15,700 325,605
Explanation: Funds are available to support higher priority requirements due to program efficiencies and lower than expected development costs. Specific details are classified and will be provided separately. This is base budget funding.

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Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
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110

Budget Activity 05: System Development and Demonstration

PE 0604215N Standards Development	74,988		74,988		-10,000		64,988	
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Explanation: Funds are available to support higher priority requirements due to underexecution of the Standard Avionics capabilities, Weaponing and Store Planning (WASP), and Calibration Standards. This is base budget funding.

111

PE 0604280N Joint Tactical Radio System	267,480		267,480		-50,000		217,480	
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Explanation: Funds are available to support higher priority requirements due to an updated Airborne, Maritime Fixed Station (AMF) Radio Program strategy. This is base budget funding.

112

PE 0604771N Medical Development	43,880		43,880		-1,600		42,280	
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Explanation: Funds are available due to the cancellation of development of the tactical logistics planning tool for modeling patient flow. It will cancel planned updates of the CTR Expeditionary Medical Encounter Database (EMED), which is a data repository for medical research related to military personnel injured in overseas contingency operations. It will cancel validation of the Human Surrogate prototype for counter-IED systems. It will cancel evaluation of the effectiveness of certain non-lethal weapons. Those level-of-effort projects are funded across the FYDP. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

113

Budget Activity 06: Management Support

PE 0605866N Navy Space & Electronic Warfare (SEW) Support	9,779		9,779		-2,664		7,115	
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Explanation: Funds are available due to the deferral of development to expand afloat and ashore spectrum management tools to address the Electromagnetic Interface (EMI) and Radio Frequency (RF) interoperability. The USN/USMC integration promotes interoperability with the multi-national deployed forces. The requested funds will deliver a Joint capability system that allows group planning and execution, information data discovery, data interoperability, and data fusion to USN and USMC forces directly supporting OCO operations. This level of effort project is funded across the FYDP. Unobligated funds are available to support higher priority requirements. This is Title IX OCO budget funding.

Unclassified

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Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
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114

Budget Activity 07: Operational System Development
 PE 0101221N Strategic Submarine & Weapons System Support
 105,892 105,892 -3,000 102,892

Explanation: Funds are available due to the restructure of the Joint Fuze program schedule with Department of Energy/National Nuclear Security Administration (NNSA). This is base budget funding.

115

PE 0204136N F/A-18 Squadrons 169,299 169,299 -43 169,256

Explanation: Funds are available to support higher priority requirements due to the underexecution of the F/A improvements and F/A-18 Radar Upgrade programs including enhanced weapons improvements and solutions to Advanced Electronic Attack (AEA) and Counter Electronic Attack (CEA). This is base budget funding.

116

PE 0205633N Aviation Improvements
 89,157 89,157 -10,000 79,157

Explanation: Funds are available to support higher priority requirements due to the underexecution of the Power and Propulsion Component Improvement Program, the electronic Consolidated Automated Support System (eCASS), Aircraft Equipment Reliability/Maintainability Improvement Program (AERMIP), and Aircraft Handling and Service Equipment programs. This is base budget funding.

117

PE 0206313M Marine Corps Communication Systems
 210,054 210,054 -14,000 196,054

Explanation: Funds are available to support higher priority requirements due to a Common Aviation and Control System (CAC2S) contract cost savings. This is base budget funding

118

PE 0206623M MC Ground Combat Support Arms Systems
 167,693 167,693 -7,000 160,693

Explanation: Funds are available to support higher priority requirements due to a reduced Marine Personnel Carrier (MPC) requirement. This is base budget funding

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Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

AIR FORCE DECREASES: **-970,414**

Military Personnel, Air Force, 13/13 **-135,257**
Budget Activity 01: Pay and Allowances of Officers
9,322,998 9,322,998 -83,857 9,239,141

119

Explanation: Funds are available as follows:

- \$-79.057 million due to reduced Title I average strength requirements and rate variations associated with Basic Allowance for Subsistence, Basic Allowance for Housing, and grade mix (\$14.050 million). Active Air Force budgeted for 66,623 average strength. The revised requirement is 66,192, a decrease of 431 average strength. This is base budget funding.
- \$-4.8 million due to reduced Basic Allowance for Housing requirements as a result of changes to the Military Family Housing privatization schedule. Privatization of the Continental (Eglin Air Force Base (AFB), Hulbert AFB, Edwards AFB, McConnell AFB, Eielson AFB, and Seymour Johnson AFB) and Northern Groups (Minot AFB, Mountain Home AFB, Cavalier AFB, Grand Forks AFB, Cannon AFB, and Ellsworth AFB) now project to award in June and August respectively. This is base budget funding.

Budget Activity 02: Pay and Allowances of Enlisted Personnel
17,274,144 17,274,144 -51,400 17,222,744

120

Explanation: Funds are available as follows:

- \$-27.4 million due to reduced Title I average strength requirements. Active Air Force budgeted for 265,557 average strength. The revised requirement is 265,206, a decrease of 351 average strength. This is base budget funding.
- \$-24.0 million due to reduced Basic Allowance for Housing requirements as a result of changes to the Military Family Housing privatization schedule. Privatization of the Continental (Eglin AFB, Hulbert AFB, Edwards AFB, McConnell AFB, Eielson AFB, and Seymour Johnson AFB) and Northern Groups (Minot AFB, Mountain Home AFB, Cavalier AFB, Grand Forks AFB, Cannon AFB, and Ellsworth AFB) now project to award in June and August, respectively. This is base budget funding.

Aircraft Procurement, Air Force, 13/15 **-283,055**
Budget Activity 02: Airlift Aircraft
 MC-130 Recap 6 500,866 6 500,866 -2 -36,000 4 464,866

121

Explanation: Funds are being made available from Support Equipment and Initial Spares for higher priorities in the Operation and Maintenance readiness account. This is base budget funding.

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Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

122

HC-130 Recap	3	278,212	3	278,212	-	-14,725	3	263,487
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Explanation: Funds are being made available from support equipment and initial spares for higher priorities in the Operation and Maintenance readiness account. This is base budget funding.

123

Budget Activity 04: Other Aircraft

Target Drones	15	129,866	15	129,866	-	-9,163	15	120,703
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Explanation: Funds are available due to slow execution in support and support equipment, and can be used for higher priorities in the Operation and Maintenance readiness accounts. This reduction does not impact quantities. This is base budget funding.

124

Budget Activity 05: Modification of In-service Aircraft

B-2A		82,296		82,296		-4,864		77,432
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Explanation: Funds are available due to slow execution of the B-2 Adaptable Communication Suite. This is base budget funding.

125

B-1B		149,756		149,756		-13,533		136,223
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Explanation: Funds are available due to negotiated savings from Inertial Navigation System production contract and revised installation schedule. This is base budget funding.

126

C-17A		205,079		205,079		-9,200		195,879
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Explanation: Funds are available due to slow execution, making these funds available to support higher priority requirements. This is base budget funding.

127

C-12		1,876		1,876		-1,000		876
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Explanation: Funds are available due to less than anticipated requirements for C-12 Low Cost Mods and Service Bulletins. This is base budget funding.

128

VC-25A Mod		11,185		11,185		-10,500		685
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Explanation: Funds are available in the VC-25 Avionics Modernization Program (AMP) due to continued flight testing for the AMP modification kit, which is delaying the procurement acquisition. This is base budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

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Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number: Line Item	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

129

C-130		79,253		79,253		-33,000		46,253
<u>Explanation:</u> Funds are available due to execution re-phasing of FY 2013 C-130 Center Wing Box requirements to prior year funds. This is base budget funding.								

130

C-130J Mods		70,555		70,555		-9,095		61,460
<u>Explanation:</u> Funds are available due to synergistic efficiencies gained by improved management of the fleet by avoiding the simultaneous support of three separate aircraft configurations (Block 6, Block 7 and Block 8.1) with the combination of Block 7.0 and Block 8.1. Now aircraft and trainers will only be modified once. This is base budget funding.								

131

C-135		46,707		46,707		-4,518		42,189
<u>Explanation:</u> Funds are available due to execution re-phasing of Visual System Replacement requirements to prior year funds. This is base budget funding.								

132

F-15		210,878		210,878		-13,984		196,864
<u>Explanation:</u> Funds are available due to deferment of requirements to support higher priorities in Operation and Maintenance readiness accounts. This is base budget funding.								

133

H-60		26,227		26,227		-3,064		23,163
<u>Explanation:</u> Funds are available due to anticipated negotiated savings in H-60 modification efforts. This is base budget funding.								

134

MQ-9 Mods		192,360		192,360		-72,609		119,751
<u>Explanation:</u> Funds are available due to a revised Ground Control Station retrofit strategy that re-phased retrofit in response to changes in requirements. This is base budget funding.								

135

<u>Budget Activity 07: Aircraft Support Equipment and Facilities</u>								
C-17A		181,703		181,703		-36,800		144,903
<u>Explanation:</u> Funds are available due to slow execution, making these funds available to support higher priority requirements. This is base budget funding.								

Unclassified

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Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

136

Other Production Charges 871,792 871,792 -11,000 860,792

Explanation: Funds are available due to slow execution making them available for higher priority requirements. Specific details are classified and will be provided separately. This is base budget funding.

Missile Procurement, Air Force, 13/15 -78,922

137

Budget Activity 01: Ballistic Missiles
Ballistic Missiles Replacement Equipment 56,906 56,906 -31,651 25,255

Explanation: Funds are available due to slow execution of the Minuteman III Reentry System/Reentry Vehicle (RS/RV) depot support equipment. This is base budget funding.

Budget Activity 02: Other Missiles

138

JASSM 157 240,399 157 240,399 -15 -9,890 142 230,509

Explanation: Funds are available by constraining the FY 2013 quantity to the minimum sustaining rate. Funding supports other higher priority requirements. This is base budget funding.

139

Sidewinder (AIM-9X) 164 81,550 164 81,550 -20 -9,200 144 72,350

Explanation: Funds are available by constraining the FY 2013 quantity to the minimum sustaining rate. Funding supports other higher priority requirements. This is base budget funding.

Budget Activity 05: Other Support

140

Def Meteorological Sat Prog (Space) 89,022 89,022 -9,781 79,241

Explanation: Funds are available due to delays in the F-20 satellite Service Life Extension Program (SLEP) due to technology challenges. This is base budget funding.

141

Evolved Expendable Launch Vehicle (Space) 805,250 805,250 -18,400 786,850

Explanation: Funds are available due to slow execution, making these funds available to support higher priority requirements. This is base budget funding.

Unclassified

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Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

Other Procurement, Air Force, 13/15 **-144,972**

Budget Activity 02: Vehicular Equipment

142

Medium Tactical Vehicle		40,557		40,557		-17,000		23,557
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Explanation: Funds are available due to slow execution and are therefore, available for higher priority requirements. This is base budget funding.

Budget Activity 03: Electronics and Telecommunications Equipment

143

COMSEC Equipment		166,559		166,559		-70,000		96,559
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Explanation: Funds are available as follows:

- \$-38.9 million due to multiple project delays (3-7 months) in the Vinson/Advanced Narrowband Digital Voice Terminal (ANDVT) Cryptographic Modernization project. This is base budget funding.
- \$-31.1 million due to efficiencies and other cost savings in the Communication Security (COMSEC) and Crypto programs. This is base budget funding.

144

General Information Technology		80,900		80,900		-24,800		56,100
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Explanation: Funds are available in the Air Force Integrated Personnel and Pay System (AF-IPPS) due to a 6 month slip to contract award. This is base budget funding.

145

Information Transport		52,464		52,464		-14,430		38,034
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Explanation: Funds are available due to slow execution making them available for higher priority requirements. This is base budget funding.

146

Budget Activity 04: Other Base Maintenance and Support Equipment

Night Vision Goggles		23,595		23,595		-12,042		11,553
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Explanation: Funds are available due to the termination of the Night Vision Cueing and Display program because it did not meet user-defined operational requirements. The remaining funds in this line are for Groundcrew/Aircrew goggles. This is base budget funding.

147

Special Update Program		479,446		479,446		-6,700		472,746
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Explanation: Funds are available due to slow execution making them available for higher priority requirements. Details are classified and will be provided separately. This is base budget funding.

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	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Line Item	a	b	c	d	e	f	g	h	i

Research, Development, Test, and Evaluation, Air Force, 13/14 **-328,208**

Budget Activity 03: Advanced Technology Development

PE 0603112F Advanced Materials for Weapon Systems	60,890	60,890	-11,830	49,060
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148

Explanation: Funds are available because additional funds (\$+13.0 million) were added in the Consolidated and Further Continuing Appropriation Act, 2013, for materials research and technology. There are sufficient base program funds to cover this requirement. This is a congressional special interest item. This is base budget funding.

PE 0603216F Aerospace Propulsion and Power Technology	164,152	164,152	-11,830	152,322
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149

Explanation: Funds are available because additional funds (\$+13.0 million) were added in the Consolidated and Further Continuing Appropriation Act, 2013, for silicon carbide research. There are sufficient base program funds to cover this requirement. This is a congressional special interest item. This is base budget funding.

PE 0603680F Manufacturing Technology Program	57,045	57,045	-8,200	48,845
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150

Explanation: Funds are available because additional funds (\$+20.0 million) were added in the Consolidated and Further Continuing Appropriation Act, 2013, for various program increases. There are sufficient base program funds to cover this requirement. This is a congressional special interest item. This is base budget funding.

Budget Activity 04: Advanced Component Development and Prototypes

PE 0603432F Polar MILSATCOM (SPACE)	120,676	120,676	-20,300	100,376
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151

Explanation: Funds are available to support higher priority requirements due to reduced scope of the Enhanced Polar system ground system. This is base budget funding.

PE 0604015F Long Range Strike	291,742	291,742	-2,018	289,724
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152

Explanation: Funds are available due to slow execution. Classified details will be provided separately. This is base budget funding.

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Budget Activity 05: System Development and Demonstration

153 PE 0604617F Agile Combat Support
26,059 26,059 -2,275 23,784

154 Explanation: Funds are being made available due to slow execution of Airfield Damage Repair and Aeromedical Systems Planning efforts. This is base budget funding.

PE 0605229F Combat Rescue Helicopter
115,210 115,210 -55,000 60,210

155 Explanation: Funds are available due to programmatic delay leading to slow execution of funds. This is base budget funding.

PE 0101125F Nuclear Weapons Modernization
80,200 80,200 -9,077 71,123

156 Explanation: Funds are available in the B61 Tail Kit Assembly Life Extension Program due to savings realized by using a BDU-38 practice bomb instead of a Department of Energy flight body for initial separation testing. This is base budget funding.

Budget Activity 06: Management Support

157 PE 0604759F Major Test and Evaluation Investment
42,236 42,236 -4,086 38,150

158 Explanation: Funds are available due to slow execution of funding associated with test capability improvement and modernization efforts. This is base budget funding.

PE 0605712F Initial Operational Test and Evaluation (T&E)
16,197 16,197 -1,567 14,630

Explanation: Funds are available due to schedule slips of planned testing supporting F-22A Increment 3.2B and Joint Air-to-Surface Standoff Missile Extended Range (JASSM-ER). This is base budget funding.

158 PE 0606392F Space and Missile Center (SMC) Civilian Pay
195,766 195,766 -11,100 184,666

Explanation: Funds are available in Space and Missile Systems Center (SMC) civilian pay due to hiring controls implemented to mitigate sequestration impacts. This is base budget funding.

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a	b	c	d	e	f	g	h	i

Budget Activity 07: Operational System Development

159	PE 0605018F Air Force Integrated Personnel and Pay System (AF - IPPS)		45,697		45,697		-4,421		41,276
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Explanation: Funds are available for higher priorities in Operation and Maintenance readiness accounts due to slow execution. This is base budget funding.

160	PE 0101126F B-1B Squadrons		16,265		16,265		-1,573		14,692
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Explanation: Funds are available due to negotiated savings in the B-1 Integrated Battle Station training system contract. This is base budget funding.

161	PE 0101127F B-2 Squadrons		35,970		35,970		-5,015		30,955
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Explanation: Funds are available due to delayed contract actions for B-2 Flexible Strike. This is base budget funding.

162	PE 0207424F Evaluation and Analysis Program						-3,600		
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Explanation: Funds are available from a classified program. Details will be provided separately. This is base budget funding.

163	PE 0207040F Multi-platform Electronic Warfare Equipment		49,848		49,848		-4,822		45,026
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Explanation: Funds are available in Electronic Attack Pods due to a reduction in the required number of test assets. This is base budget funding.

164	PE 0207133F F-16 Squadrons		176,757		176,757		-4,000		172,757
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Explanation: Funds are available for higher priorities in Operation and Maintenance readiness accounts due to re-phasing of program funds to align with execution of the flight test schedule. This is base budget funding.

165	PE 0207134F F-15E Squadrons		171,677		171,677		-10,000		161,677
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Explanation: Funds are available for higher priorities in Operation and Maintenance readiness accounts due to re-phasing of program funding to align with program execution. This is base budget funding.

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Explanation: Funds are available due to the deferral of near-term purchases to replace legacy Asynchronous Transfer Mode (ATM) and selected cryptographic requirements due to anticipated lower pricing to expand overall capabilities.

Joint Improvised Explosive Device Defeat Fund, 13/15								
						-45,932		
Budget Activity 01: Attack the Network								
	807,500		807,500			-45,932		761,568

Explanation: Funds are available to support higher priority requirements. This is Title IX OCO budget funding.

PART II – FY 2013 SPECIAL TRANSFER AUTHORITY (Section 9002)

FY 2013 OCO REPROGRAMMING INCREASES: **+3,500,000**

ARMY INCREASES: **+2,687,008**

Operation and Maintenance, Army, 13/13 **+2,687,008**

Budget Activity 01: Operating Forces								
	45,113,700		46,298,459			+1,968,951		48,267,410

Explanation: Funds are required for the following requirements:

- \$+1,388.194 million to support funding shortfalls for United States Forces-Afghanistan operations due to higher than budgeted troop levels in Afghanistan. The budget assumed 40,881 average end strength, but actual execution reflects 50,472 average end strength. This is an OCO budget requirement.
- \$+145.0 million to support funding shortfalls in subsistence of civilian and contract personnel due to higher than budgeted average full-time equivalent estimates due to more accurate reporting of civilian and contractors. This is an OCO budget requirement.
- \$+391.784 million to support funding shortfalls in Logistics Civil Augmentation Program (LOGCAP), which provides operational support to the deployed warfighter, civilians, and contract personnel in the form of food preparation, power generation, water production and delivery, and other basic life support functions. Failure to provide these funds will hinder the basic daily functions and reduce morale. This is an OCO budget requirement.
- \$+43.973 million to support shortfalls for In-Theater Communication Support for strategic communications capabilities and network operations throughout the USCENTCOM Area of Responsibility through the use of contract personnel to operate and maintain communication systems. Failure to provide these funds will require the deployment of additional signal Soldiers to meet

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Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
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communication requirements of deployed military units in theater. This is an OCO budget requirement.

181

Budget Activity 04: Administration and Servicewide Activities								
		13,755,944		14,919,077		+718,057		15,637,134

Explanation: Funds are required to support shortfalls for Second Destination Transportation that resulted from increased use of multi-modal transportation methods for equipment movement and retrograde operations. While the Pakistan Ground Lines of Communication are currently open, there is excess frustrated cargo that has accumulated and must flow out first before other equipment is moved. Failure to provide these funds runs the risk of an interruption in the flow of supplies, subsistence, and mail to deployed warfighters. This is an OCO budget requirement.

AIR FORCE INCREASES: **+812,992**

182

Operation and Maintenance, Air Force, 13/13								
Budget Activity 01: Operating Forces								
		24,253,055		25,342,813		+472,992		25,815,805

Explanation: Funds are required for the following requirements:

- \$+272.992 million to support funding shortfalls in Base Operations Support (BOS) located in the Air Force Central Command (AFCENT) AOR to include operating the bases, installations, camps, posts, and stations with Air Force equity. These resources sustain vital mission capability, ensure quality-of-life, and enhance workforce productivity and fund personnel and infrastructure support. Operating and Personnel support includes TDY, supplies, facility operations, food and housing services for unaccompanied and deployed forces; contractor support, air traffic control management, airfield ops, War Reserve Material (WRM), payroll support; personnel management; and Morale, Welfare, and Recreation (MWR) services to military members and their families. Operations Support, while improving capabilities and mission effectiveness in the AOR, also reduces Air Force vulnerabilities of critical environmental infrastructures in the AOR. Due to the devastating effects of post-sequestration, Air Force cannot absorb the impact, if left unfunded, within the current Active Air Force's OCO Operation and Maintenance funding. This is an OCO budget requirement.
- \$+200.0 million to support funding shortfalls in the mission critical Flying Hour Program for OEF operating forces and air operations, based on an adjusted analysis of flying hour execution to support AOR mission requirements and readiness. Due to the devastating effects of post-sequestration, Air Force cannot absorb the impact, if left unfunded, within the current Active Air Force's OCO Operation and Maintenance funding. This is an OCO budget requirement.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number: Line Item	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

183

<u>Budget Activity 02: Mobilization</u>		8,648,447	8,648,447	+200,000	8,848,447
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Explanation: Funding is required:

- \$+147.0 million to support funding shortfalls in the Transportation Working Capital Fund due to too low of an OCO surcharge to cover OCO costs and maintain cash solvency. Due to the critical effects of post-sequestration, Air Force cannot absorb the impact, if left unfunded, within the current Active Air Force's OCO Operation and Maintenance funding. This is an OCO budget requirement.
- \$+53.0 million to fund the repair of a damaged C-17 aircraft at Forward Operating Base (FOB) Shank. The aircraft struck an embankment upon landing and sustained damage to the landing gear, cargo floor, undercarriage, antennas, and main structural components. Due to the critical effects of post-sequestration, Air Force cannot absorb the impact, if left unfunded, within the current Active Air Force's OCO Operation and Maintenance funding. This is an OCO budget requirement.

184

<u>Budget Activity 03: Training and Recruiting</u>		3,727,598	3,727,598	+19,000	3,746,598
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Explanation: Funding is required to provide airmen with critical skills training prior to deployment to the AOR. Funding fulfills a broad range of essential needs to sustain mission capability, quality-of-life, and workforce productivity critical to mission success in OEF combat. Unless additional funding is secured, Air Force will be unable to absorb the impact if left unfunded, and will be incapable of fulfilling training and operational requirements needed to sustain mission readiness in the USCENCOM AOR. This is an OCO budget requirement.

185

<u>Budget Activity 04: Administration and Servicewide Activities</u>		8,024,075	8,024,075	+121,000	8,145,075
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Explanation: Funds are required for costs associated with Air Force's continued presence at operating bases throughout the AFCENT AOR and with transition/reconstitution requirements not decreasing as anticipated. Air Force assets shifted within the AOR instead of redeploying, causing an influx of personnel and operational requirements at Air Force-controlled facilities. Operational costs at Air Force-controlled locations throughout the AOR did not decrease proportionately with the total reduction of airmen due to fixed cost requirements for communication, security, power production, and other base support contracts in support of other services and coalition forces. Due to the critical effects of post-sequestration, Air Force cannot absorb the impact, if left unfunded, within the current Active Air Force's OCO Operation and Maintenance funding. This is an OCO budget requirement.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PART II – FY 2013 SPECIAL TRANSFER AUTHORITY (Section 9002)

FY 2013 REPROGRAMMING DECREASES: **-3,500,000**

ARMY DECREASES: **-2,683,951**

Military Personnel, Army, 13/13 **-1,610,000**

Budget Activity 01: Pay and Allowances of Officers
14,274,177 15,044,177 **-906,000** 14,138,177

Explanation: Funds are available due to lower than budgeted active component strength. The Army currently projects execution associated with 5,623 non-enduring active component officer average strength in FY 2013, as compared to the budgeted request of 14,454 non-enduring officer average strength. This is Title IX OCO budget funding.

Budget Activity 02: Pay and Allowances of Enlisted
29,539,966 29,150,966 **-204,000** 28,946,966

Explanation: Funds are available due to lower than budgeted active component strength. The Army currently projects execution associated with 39,782 non-enduring active component enlisted average strength in FY 2013, as compared to the budgeted request of 41,341 non-enduring enlisted average strength. Additionally, the Congress shifted \$418 million from base to OCO in Budget Activity (BA) 2, Pay and Allowances of Enlisted, per Army request based on anticipated over execution of reserve component mobilizations. However, the reserve component mobilizations are projected to be lower than budgeted resulting in additional funds available for transfer. This is Title IX OCO budget funding.

Budget Activity 04: Subsistence of Enlisted Personnel
3,242,945 2,998,945 **-487,000** 2,511,945

Explanation: Funds are available due to lower than budgeted deployed strength, reductions in food ordering in-theater, lower food cost index inflation, and increased meal cost transfers for civilians in theater based on better visibility of actual civilian strength levels.

- \$-150.0 million due to a reduction in deployed troop levels for all Services from a budgeted level of ~125,000 to ~106,000
- \$-125.0 million due to reductions in in-theater food ordering
- \$-38.0 million due to lower than budgeted food cost inflation
- \$-174.0 million for additional food cost transfers to the Operation and Maintenance, Army (OMA) appropriation to account for costs associated with the feeding of civilians and contractors in-theater. The Military Personnel, Army (MPA) appropriation pays for all food in-theater. Cost transfers are

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187

188

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request							DoD Serial Number: FY 13-09 PA		
Appropriation Title: Various Appropriations							Includes Transfer Yes		

Component Serial Number:		<i>(Amounts in Thousands of Dollars)</i>							
		Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a		b	c	d	e	f	g	h	i

then executed from the MPA appropriation to OMA for the feeding civilians and contractors. These are Title IX OCO budget funding.

Budget Activity 06: Other Military Personnel Costs

904,963	877,693	-13,000	864,693
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Explanation: Funds are available due to lower than planned execution in unemployment compensation. This is Title IX OCO budget funding.

Reserve Personnel, Army, 13/13

-46,000

Budget Activity 01: Reserve Component Training and Support

4,616,364	4,616,364	-46,000	4,570,364
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Explanation: Funds are available due to fewer than planned mobilization requirements in support of OPERATION ENDURING FREEDOM (OEF). The budgeted request of ~18,000 reservists to conduct additional pre-mobilization training events is expected to be ~10,000 due to reduce in-theater requirements. This is Title IX OCO budget funding.

Operation and Maintenance, Army Reserve, 13/13

-50,000

Budget Activity 01: Operating Forces

3,248,206	3,248,406	-50,000	3,198,406
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Explanation: Funds are available due to off-ramping of units mobilized for Operation ENDURING FREEDOM (OEF). The original Operation & Maintenance, Army Reserve (OMAR) enacted amount was based on funding for 18K United States Army Reserve (USAR) members to conduct additional pre-mobilization individual and collective training events. Because of off-ramping and reduced requirements for in-theater deployments, the revised Army Reserve pre-mobilization training requirements are below 10K. This is Title IX OCO budget funding.

Aircraft Procurement, Army, 13/15

-35,500

Budget Activity 01: Aircraft

AH-64 Apache Block IIIB New Build

14	366,993	14	366,993	-1	-35,500	13	331,493
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While still required, the AH-64 Apache battle loss helicopter can be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

189

190

191

192

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request							DoD Serial Number:	
Appropriation Title: Various Appropriations							FY 13-09 PA	
							Includes Transfer Yes	

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>								
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program		
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Line Item	a	b	c	d	e	f	g	h	i

193

Missile Procurement, Army, 13/15							-25,887	
<u>Budget Activity 02: Other Missiles</u>								
Hellfire Sys Summary	361	50,101	361	50,101	-269	-25,887	92	24,214

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual replacement will be required, Hellfire procurement may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

194

Procurement of Weapons and Tracked Combat Vehicles, Army, 13/15							-15,422	
<u>Budget Activity 02: Weapons and Other Combat Vehicles</u>								
M16 Rifle Mods		18,728		18,728		-15,422		3,306

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual replacement will be required, M16 Rifle Close Combat Cleaning Kit procurement may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

195

Procurement of Ammunition, Army, 13/15							-52,737	
<u>Budget Activity 01: Ammunition</u>								
Mines & Clearing Charges, All Types	15,775		15,775			-9,482		6,293

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual replacement of this ammunition will be required, Mines and Clearing Charges ALL TYPES procurement may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

196

Artillery Cartridges, 75MM And 105MM, All Typ								
		80,817		80,817		-20,000		60,817

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual replacement of this ammunition will be required, Artillery Cartridges 75MM and 105MM ALL TYPES procurement may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

197

Ctg. .50 Cal, All Types								
		119,604		119,604		-10,000		109,604

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual replacement of this ammunition will be required, 50 CAL ALL TYPES procurement may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>								
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program		
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Line Item	a	b	c	d	e	f	g	h	i

198

CTG, 30MM, All Types		113,154		113,154		-9,255			103,899
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The funding for 30MM replacement ammunition may be deferred; however, these remain critical, validated requirements necessary to regenerate combat power for Army formations. This is Title IX OCO budget funding.

199

Artillery Projectile, 155MM, All Types		63,271		63,271		-4,000			59,271
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual replacement of this ammunition will be required, Artillery Projectile 155MM ALL TYPES procurement may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

200

Other Procurement, Army, 13/15						-848,405			
<u>Budget Activity 01: Tactical and Support Vehicles</u>									
Family of Medium Tactical Veh (FMTV)		1,471	367,762	1,471	367,762	-	-2,500	1,471	365,262

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual recapitalization of existing FMTVs will be necessary to RESET the force, FMTV Recap efforts may be deferred with minimal impact to the immediate war fight. Does not buy back battle loss FMTV trucks with new procurement. This is Title IX OCO budget funding.

201

Family of Heavy Tactical Vehicles (FHTV)		1,534	54,983	1,534	54,983	-	-2,050	1,534	52,933
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual recapitalization of existing FHTVs will be necessary to RESET the force, FHTV Recap efforts may be deferred with minimal impact to the immediate war fight. Does not procure five battle damaged HEMTT trucks (2 tankers, 2 wreckers, and 1 LHS cargo). This is Title IX OCO budget funding.

202

HMMWV Recapitalization Program		2,128	221,000	2,128	221,000	-1,000	-171,000	-1,128	50,000
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual recapitalization of existing HMMWVs will be necessary to RESET the force, HMMWV

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
	Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity
a	b	c	d	e	f	g	h	i

Recap efforts may be deferred with minimal impact to the immediate war fight. This is Title IX OCO budget funding.

203

Mine-Resistant Ambush-Protected (MRAP) Mods
 721,400 721,400 -562,596 158,804

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. While eventual modifications to existing MRAP vehicles will be necessary to RESET the force, MRAP Mods procurement may be deferred with minimal impact to the immediate war fight. Does not fund upgrades to 1,216 ea MRAP (specific variant) Forward Observation Vehicles (FOV) with survivability and mobility enhancements before EOM. This is Title IX OCO budget funding.

204

Budget Activity 02: Communications and Electronics Equipment
 Mod of In-Svc Equip (Firefinder Radars)
 17,675 17,675 -8,400 9,275

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. Mod of In-Svc Equip (Firefinder Radars) efforts may be deferred 12 months without impacting the immediate war fight. This is Title IX OCO budget funding.

205

Lightweight Counter Mortar Radar
 43 100,240 43 100,240 - -25,455 43 74,785

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. Lightweight Counter Mortar Radar (LCMR) efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

206

Installation Info Infrastructure Mod Program
 107,727 107,272 -10,000 97,727

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement due to savings in contracted costs. This is Title IX OCO budget funding.

207

Maneuver Control System (MCS)
 721 57,628 721 57,628 - -3,200 721 54,428

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The MCS efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request							DoD Serial Number:	
Appropriation Title: Various Appropriations							FY 13-09 PA	
							Includes Transfer	
							Yes	

Component Serial Number:		<i>(Amounts in Thousands of Dollars)</i>							
		Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a		b	c	d	e	f	g	h	i

208

Single Army Logistics Enterprise (SALE)									
	5,976	182,061	5,976	182,061	-	-5,160	5,976	176,901	

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The SALE efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

209

Budget Activity 03: Other Support Equipment

Combat Training Centers Support									
	340	111,649	340	111,649	-	-7,000	340	104,649	

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The Combat Training Centers Support efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

210

Family of Non-Lethal Equipment (FNLE)									
	1,562	16,000	1,562	16,000	-	-15,000	1,562	1,000	

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The FNLE efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

211

Base Defense Systems (BDS)									
	637	70,474	637	70,474		-24,932	637	45,542	

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The BDS efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

212

Distribution Systems, Petroleum & Water									
	208	38,385	208	38,385	-13	-2,119	195	36,266	

Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. Distribution Systems, Petroleum and Water efforts may be deferred with minimal impact to the immediate war fight. Does not replace 12 Load Handling System Compatible Water Tank Rack (HIPPO) systems to replace shortages in Army prepositioned stock (APS) and replace one battle damaged HIPPO. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

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Subject: May 2013 Prior Approval Request						DoD Serial Number: FY 13-09 PA		
Appropriation Title: Various Appropriations						Includes Transfer Yes		

Component Serial Number: Line Item a	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
b	c	d	e	f	g	h	i	

213

Explosive Ordnance Disposal Eqpmt (EOD EQPMT)	522	29,024	522	29,204	-20	-3,565	502	25,459
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. The EOD EQPMT efforts may be deferred without impacting the immediate war fight. Does not procure 20 Manual Transport Robotic Systems. This is Title IX OCO budget funding.

214

Gaming Technology In Support of Army Training		9,956		9,956		-5,428		4,458
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Explanation: Funds available to support a near-term critical theater based higher priority OCO requirement. Gaming Technology in Support of Army Training efforts may be deferred without impacting the immediate war fight. This is Title IX OCO budget funding.

AIR FORCE DECREASES: **-758,192**

215

<u>Military Personnel, Air Force, 13/13</u> <u>-366,209</u>								
<u>Budget Activity 01: Pay and Allowances of Officers</u>								
	9,322,998		9,239,141		-159,284			9,079,857

Explanation: Funds are available because of reduced mobilized reserve average strength requirement. Active Air Force budgeted for 2,666 average strength. The revised requirement is 1,637, a decrease of 1,029 average strength. This is Title IX OCO budget funding.

216

<u>Budget Activity 02: Pay and Allowances of Enlisted Personnel</u>								
	17,274,144		17,222,744		-206,925			17,015,819

Explanation: Funds are available because of reduced mobilized reserve average strength requirement. Active Air Force budgeted for 8,457 average strength. The revised requirement is 5,805, a decrease of 2,652 average strength. This is Title IX OCO budget funding.

217

<u>Operation and Maintenance, Air Force Reserve, 13/13</u> <u>-27,283</u>								
<u>Budget Activity 01: Operating Forces</u>								
	3,166,467		3,166,467		-27,283			3,139,184

Explanation: Funds are available due to termination of the TF-39 engine overhaul contract, driven by C-5A aircraft retirements and later-model C-5's being re-engined. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request							DoD Serial Number: FY 13-09 PA		
Appropriation Title: Various Appropriations							Includes Transfer Yes		
Component Serial Number:		<i>(Amounts in Thousands of Dollars)</i>							
		Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a		b	c	d	e	f	g	h	i
Aircraft Procurement, Air Force, 13/15							-245,800		
<u>Budget Activity 05: Modification of Inservice Aircraft</u>									
218 C-130			79,253		79,253		-11,400		67,853
<u>Explanation:</u> Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness account. This is Title IX OCO budget funding.									
219 EC-130 Compass Call			64,024		64,024		-9,000		55,024
<u>Explanation:</u> Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.									
220 HC/MC-130 Mods			27,026		27,026		-4,700		22,326
<u>Explanation:</u> Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.									
221 Large Aircraft Infrared Countermeasures			168,600		168,600		-139,800		28,800
<u>Explanation:</u> Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness account. This is Title IX OCO budget funding.									
<u>Budget Activity 06: Aircraft Spares and Repair Parts</u>									
222 Spares and Repair Parts			753,569		753,569		-21,900		731,669
<u>Explanation:</u> Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.									
<u>Budget Activity 07: Aircraft Support Equipment and Facilities</u>									
223 Other Production Charges			871,792		860,792		-59,000		801,792
Regular							(-55,000)		
Classified							(-4,000)		

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>								
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program		
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Line Item	a	b	c	d	e	f	g	h	i

Explanation: Funds (\$55.0 million) are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. Details (\$4.0 million) are classified and will be provided separately. This is Title IX OCO budget funding.

Other Procurement, Air Force, 13/15									
Budget Activity 02: Vehicular Equipment									
Medium Tactical Vehicle	40,557			40,557			-2,000		38,557

224

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Items Less Than \$5 Million (Cargo-Utility)									
	4,374			4,374			-2,700		1,674

225

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Items Less Than \$5 Million (Special Purpose)									
	11,803			11,803			-2,500		9,303

226

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Items Less Than \$5 Million (Materials Handling Equip)									
	22,652			22,652			-4,300		18,352

227

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number:
Appropriation Title: Various Appropriations		FY 13-09 PA
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>								
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program		
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Line Item	a	b	c	d	e	f	g	h	i

228 Items Less Than \$5 Million (Base Maintenance Support) 26,134 26,134 -9,100 17,034

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

229 Runway Snow Removal and Cleaning Equipment 2,669 2,669 -1,000 1,669

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

230 Budget Activity 03: Electronics and Telecommunications Equipment
Weather Observation/Forecast 23,464 23,464 -5,600 17,864

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

231 General Information Technology 80,900 80,900 -11,200 69,700

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

232 Tactical C-E Equipment 133,131 133,131 -7,000 126,131

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

233 Base Communications Infrastructure 75,082 75,082 -500 74,582

Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Subject: May 2013 Prior Approval Request		DoD Serial Number:
Appropriation Title: Various Appropriations		FY 13-09 PA
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

234

Comm - Electronics Modifications		51,507		51,507		-8,000		43,507
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Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Budget Activity 04: Other Base Maintenance and Support Equipment

235

Night Vision Goggles		23,595		23,595		-900		22,695
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Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

236

Contingency Operations		53,548		53,548		-43,200		10,348
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Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

237

Mobility Equipment		23,871		23,871		-9,400		14,471
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Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

238

Items Less Than \$5 Million (Mobility Equipment)		11,069		11,069		-9,200		1,869
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Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Budget Activity 05: Spares and Repair Parts

239

Spares and Repair Parts		16,963		16,963		-2,300		14,663
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Explanation: Funds are excess to need due to changes in investment priorities driven by the current fiscal environment, drawdown of military operations in Afghanistan, and the requirement to fund shortfalls in the Operation and Maintenance OCO readiness accounts. This is Title IX OCO budget funding.

Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Page 53 of 54

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		
		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

<u>DEFENSE WIDE DECREASES:</u>						<u>-57,857</u>		
<u>Joint Improvised Explosive Device Defeat Fund, 13/15</u>						<u>-57,857</u>		
<u>Budget Activity 01: Attack the Network</u>		807,500		807,500		<u>-57,857</u>		749,643

Explanation: Funds are available to support higher priority requirements. This is Title IX OCO budget funding.

PART III – FY 2013 TRANSFER AUTHORITY (Section 8008)

<u>FY 2013 REPROGRAMMING INCREASE:</u>						<u>+969,000</u>		
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<u>Defense Working Capital Fund, Defense, X</u>						<u>+969,000</u>		
<u>Defense Logistics Agency (DLA)</u>						<u>+969,000</u>		

Explanation: Funds are required in the Defense Working Capital Fund to mitigate a cash shortfall caused by actual cost paid for refined fuel products in excess of the amount budgeted for these products.

<u>FY 2013 REPROGRAMMING DECREASE:</u>						<u>-969,000</u>		
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<u>Foreign Currency Fluctuations, Defense (FCF,D), X</u>						<u>-969,000</u>		
		970,000		970,000		<u>-969,000</u>		1,000

Explanation: Funds are available because of lower than estimated foreign currency losses resulting from the increase in the value of the U.S. dollar compared to foreign currency execution rates. Section 8008 of the FY 2013 Department of Defense Appropriations Act allows transfer between the Foreign Currency Fluctuations, Defense appropriation and the Working Capital Fund.

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Unclassified

REPROGRAMMING ACTION – PRIOR APPROVAL

Page 54 of 54

Subject: May 2013 Prior Approval Request		DoD Serial Number: FY 13-09 PA
Appropriation Title: Various Appropriations		Includes Transfer Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PART IV – FY 2012 TRANSFER AUTHORITY (Section 8005)

FY 2012 REPROGRAMMING INCREASE: **+169,740**

Defense Working Capital Fund, Defense, X **+169,740**
Defense Logistics Agency (DLA) **+169,740**

Explanation: Funds are required in the Defense Working Capital Fund to mitigate a cash shortfall caused by actual cost paid for refined fuel products in excess of the amount budgeted for these products.

FY 2012 REPROGRAMMING DECREASE: **-169,740**

Mine Resistant Ambush Protected Vehicle Fund, 12/13 **-169,740**
 Public Law 112-74 200,094 200,094 **-169,740** 30,354

Explanation: Funds are available due to being excess to need. There are no further requirements pending. This is Title IX OCO budget funding.

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OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

FROM THE DIRECTOR

LEADERSHIP. INTEGRITY. INNOVATION.

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



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
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.

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:

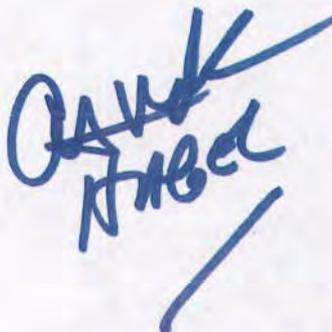
- May 28 - June 5: Furlough proposal notices will be served to individual employees subject to furloughs.
- June 4 - June 12: Individual employee reply periods end 7 calendar days from when the proposal was received, unless Component procedures allow for a different reply period.
- June 5 - July 5: Furlough 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.

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)¹ (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.

¹ 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 th 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.



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or +1 (703) 571-3343

Message from Secretary Hagel on Furloughs

3

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.



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.¹

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.

¹ 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.

Presenters: Robert F. Hale, Undersecretary of Defense; Susan A. Yarwood, Director, Human Resources Directorate

March 11, 2013

Defense Department Town Hall on Sequestration in the Pentagon

STAFF: Ladies and gentleman, Mr. Hale will join us in just one minute. If I could, just a couple of administrative announcements. We are going to broadcast this live on the Pentagon Channel, so if you have a badge please remove it at this time.

And for the same reason, we will have a couple of folks walking around with microphones during the question-and-answer period. Please raise your hand if you have a question so the folks who are listening on the Pentagon Channel can hear your question. We'll make sure we get a microphone to you.

Ladies and gentleman, the undersecretary of defense comptroller, the Honorable Robert Hale.

UNDERSECRETARY OF DEFENSE ROBERT F. HALE: Hi. Sit down, please.

All right. So, good afternoon. So it's a fairly sparse crowd. I don't whether that's good or bad, in terms of what we're looking at. So my goal today is to talk to you about the budgetary problems that we face in 2013 that are going to require -- unless we get some legislative relief -- some major changes in what we do, in training and maintenance. And as I think you all know, furloughs are unfortunately a possibility.

Let me just start by saying I'm afraid I'm going to live up to the reputation that -- the motto that is attributed sometimes to comptrollers that we're not happy until you're not happy. But I will try not to do that. And please don't shoot the messenger, OK?

All right. Next slide, please?

So we face two problems in the Department of Defense in 2013. One of them, of course, is sequestration, as I think you all know, automatic budget cuts that were put in place by the Budget Control Act of 2011. They were never meant to be implemented. They were meant to act as a prod to the Congress to make a balanced changes in the deficit and -- and move forward in that regard, but unfortunately that didn't happen. And so now these are in effect.

What they do is cut virtually every budget account in the department's budget by as much as 9 percent. The only -- and including our wartime budgets, the overseas contingency operations

funds. The only major exemption is military personnel. The president exercised his legal authority last summer to exempt military personnel in support of the wartime effort.

The law -- the cuts also are mindless. Some would call them dumb and across the board in nature. In the operating portion of our budget, they are -- each budget account has to be cut by the same percent, so we have to cut Army, active O&M by the same percent as Navy Reserve O&M, Air Force Guard O&M, and so forth, through a dozen or so accounts.

On the investment aspects part of our budgets, even more detail. Every line item has to be cut by the same percentage, about 2,500 of them in the DOD budget.

And we've made a decision which I think is the only one we could make to protect our wartime operating funding, OCO operations funding. You can't leave General Dunford and the troops in Afghanistan without the funds they need to protect themselves and to wind down that war.

But sequestration isn't our only problem. We also have serious problems with the continuing resolution that's in effect. Continuing resolutions are passed by Congress when they can't get together and decide on a budget. They are really intended to last for a few weeks or maybe a few months. We're on it for six months at least.

Essentially what they say is do the same thing this fiscal year as you did last year. It's kind of the Groundhog Day approach to budgeting. This particular case, what they said is in fiscal '13 for the base budget, same funding levels as in fiscal '12 for the base budget, as I said. For the OCO wartime budget, they did say you can use the president's request for fiscal '13.

That left us with enough total dollars -- actually, it was a little more dollars in the C.R. than we asked for in fiscal '13, but they're in the wrong appropriations. They're in the wrong places. We had significantly increased the operations and maintenance funding, our funds that are most directly associated with readiness from '12 to '13 and cut back on investment. The C.R. wipes that out, so we have too many dollars in investment, not enough dollars in O&M.

And -- and also, unfortunately, we are executing the OCO budget at higher levels than we expected. When we put it together two years ago, we underestimated the operating tempos and some of our transportation costs. So we've got some shortfalls there.

And, finally, it's not on the slide, but the C.R. doesn't give us some authorities we need. We can't start any new programs. We can't increase rates of buys of weapons programs, have some bizarre restrictions on shipbuilding that essentially ensure or demand that we buy exactly the same ships this year as last year, doesn't make much sense, and we can't start any military construction programs.

Next slide?

So what you see on here are numbers that indicate shortfalls in the base portion of our operations and maintenance budget. For sequestration, the total cut for sequestration across all the Department of Defense, \$46 billion in fiscal '13, \$13 billion of that is for base budget O&M. Then we made the decision I mentioned before to protect our wartime operating portion of the budget. The only way we can do -- protect OCO is to disproportionately cut the base budget. That adds another \$5 billion to our shortfall in the base budget.

I told you the continuing resolution has the money in the wrong appropriations, not enough O&M dollars. That adds \$11 billion to our shortfall. And finally, OCO spending is here than we expected, as I mentioned. That adds at least another \$6 billion to \$7 billion.

Add them up, \$35 billion to \$36 billion short in fiscal '13 O&M, and that's about 23 percent of our request. Plus, we've only got seven months to go in the year, so you can roughly double that. We're roughly short 40 percent of the funds we need in operations and maintenance to complete this fiscal year. And this is DOD-wide. By service, the picture is much different. Some of the services are a little better off. The Army is much worse off. It has bigger problems with regard to protecting wartime ops, because they're so heavy there, more money in the wrong appropriation. The Army's almost 80 percent short of the dollars it needs for the rest of the year in operations and maintenance.

So I think this explains -- some people have said, well, gee, an 8 percent or 9 percent cut, how can this be this big a deal? It's not, unfortunately, when you add these two problems together. It's more like a 40 percent cut for the department as a whole, and even more for the Army.

Next slide? So a couple of months ago, we could see what was coming. We hoped that it would get fixed, but we realized we needed to start slowing our spending in ways that tried to avoid some even more draconian steps later, and we began doing that with civilian hiring freezes in most of our services and agencies.

That's not without problems. We're beginning to under-man some programs where we can't hire at this point. We are also affecting vulnerable populations. About 44 percent of DOD civilians are veterans. We hire in an average time 1,500 to 2,000 people a week in the Department of Defense. We are cutting back jobs for veterans in the very time when we would like to find more jobs for that group.

We began releasing temporary and term employees, laying them off. In this case, several thousand have already lost their jobs. There are 46,000 of them -- not all will certainly lose their jobs, but many more probably will. Cut back on travel and conferences, and I really should say training, business training there. I mean, conferences conjure up this notion of a week off in Vegas, but many of you who've been to these conferences, they are training events, but we have cut back many of them.

Sharply cutting back facilities maintenance, as much as 90 percent cuts in the remainder of the year, so we're just not going to fix anything at our bases except mission-critical and life-threatening problems. Base operating cost cuts, review in delaying contracts, which often is very

inefficient. I was going to sign a contract for a year. I got a deal at a certain price. Now I cut it back to just seven months, so I don't have to pay as much in fiscal '13. But, of course, that pushes the money off to '14, when things could be just as bad, and it's a good chance the contractor is going to say, well, you know, maybe you won't renew it, so I'm going to want a premium in order to do that, is probably -- well, in the end, will cost us more.

But this isn't going to do it. If we absorb 40 percent cuts in O&M, and overall cuts in our budget, we will have to take much more far-reaching actions. Next slide?

Starting with training cutbacks, that will probably really kick in I think next month, every service is looking at sharp cutbacks in training, fewer flying hours, fewer steaming days, less time spent in the -- in ground training, just across the board, and maintenance cutbacks. And the combination of the two of these -- and I'll talk a little more about that on the -- I think the next slide -- is going to seriously adversely affect our readiness.

We've got problems in TRICARE. If you're not familiar with it, it's a program that pays for private providers to provide medical care for military retirees and some active-duty dependents. It looked early on -- this is -- it's an account, and so it's going to take its 9 percent cut. I think we have worked out changes that will allow us to pay all our bills for providers, but the price for that will be delays in service in some of our military treatment facilities. It will mean a virtual total cessation of our research program in health care and also our facilities maintenance. And we'll disrupt probably 2,500-plus investment programs, having to reduce buy sizes on short notice, delaying programs, and more.

We are also faced, unfortunately, with the possibility of furloughs of some of our civilian personnel. Our overall approach to furloughs is to look at them as a last resort, but not the last resort. We realized that if -- if we did not do some furloughs, given the enormous cuts or shortfalls we're facing in O&M, we had the prospect of having to cut even more on the training side and perhaps having civilian personnel working with no training to support or in a depot with no funds to induct weapons into the depot to fix.

So we had determined that at least under our current situation, we will propose furloughs for up to 22 days for most of our civilian personnel. We will impose a policy of rough consistency and fairness. And by that, it means in general, we will -- we will ask all of our civilians to be furloughed for about the same amount of time, and the exact amount yet to be determined.

There will be some limited exceptions, but quite limited. We will accept civilian personnel who are actually deployed in combat zones. We'll accept civilian personnel if they are required to maintain safety of life and property, but only to the extent that's true. And my example is, we've got 30 policemen on a base, they are not automatically exempt from furloughs. The managers on the base have to determine whether or not they can still maintain safety of life and property either without furloughs or perhaps with partial furloughs of the policemen in that case.

Timing, I'm going to say more about it on the next slide. There are a whole series of steps that we have to go through. And I'll address that in a moment.

I think we are deeply concerned for what this is going to do. We are all well aware that we're talking about the potential for 20 percent cuts in pay for five months for our civilian personnel, obviously going to have serious -- cause serious problems for many of our civilians, including a number of the people I'm probably talking to right now. And from a management standpoint, it's certainly going to harm productivity. There's fewer people to work, and we certainly can't expect that with serious adverse effects on morale, productivity will remain unaffected.

So go to the next slide, and let me talk more about the furlough planning process. We are the only agency in government that has to notify Congress of our intent to furlough civilian authorities. None others -- no others have to, so I assume they won't. We did that on February 20th. There is a 45-day waiting period after we submit that notification before furloughs can start.

We have gone out to our commands and asked them to identify specifically any civilians who would be subject or would be accepted from furloughs. We have that information back in on the process of reviewing, and our goal is to complete that review by Friday.

Right after we notified Congress, we began legally required bargaining with our unions. There's about a dozen unions with national consultation rights. We have notified them. But there are probably several thousand local unions, and our local commanders are in the process of bargaining with them. The unions in this case don't have the right to bargain not to do the furloughs. They do have the right to bargain on how they're implemented, and that process is going on.

Probably some time later this month, if nothing changes, we will end up having to send letters to all those accepted employees and propose furloughs. At that point, there's a seven-day reply period for people to reply to us. Then there's a 30 -- a totaled 30-day waiting period. And at the end of that period, we can send actually notices of decisions of furloughs, and those furloughs can start.

I might add that when that formal notice is sent, each of our civilian employees has a right to appeal to the Merit Systems Protection Board, and it's not quite clear to us -- we've never done this, and I hope we never do, administrative furloughs of this kind. It's not quite clear what that process will be, but the appeal right is there.

So these furloughs could begin as early as late April.

Let me just pause there, because I know this is particularly important. Any particular questions for me on furloughs before I go on? Yes, ma'am. I have help here from the folks from P&R and WHS, so...

Q: The individuals in my organization are asking if they will be able to take all approximately 22 days at once so that they would be eligible for unemployment compensation in order to offset a critical shortfall in their household budgets. Will that be an option?

UNDER SEC. HALE: What we have said is that our general plan was to do one day per pay period in order to spread this out from a workload standpoint. We did allow our managers, if there

were special reasons why they could group these days together, to propose that, but I would expect in general it will be one day per period so that we can -- I mean, we've got to try to maintain some ability to continue the mission. You saw my bar before. One of the goals set for us by our secretary is to minimize adverse effects.

I'm aware of the issue. And we would consider on a case-by-case proposals to group days together, but in general, it'd be one day per pay period.

Anything else?

Q: I'm from a field activity, but I do have a question as to whether you can envision any sequence of events over on the Hill that might lead to obviating the need for furloughs or reducing the number of days?

UNDER SEC. HALE: I'm going to come to that. I'm going to hold your question for a moment. I stopped, and maybe I shouldn't have, but I'll get to it on the last slide and I'll tell you what's going on. And, yes, there is a possibility.

Other questions on furloughs specifically before I -- go ahead. I'll come back to you. I promise.

Q: Mr. Secretary, I don't want to beat a dead horse here. I just want to be sure I understand. The 22 days is irregardless of the fiscal condition of each agency? In other words, if an agency controls its spending to the point where it could furlough people 5 or 10 days, they don't have that option, correct?

UNDER SEC. HALE: Yes. And the reason for it is that we will have to do some cross-leveling, because we've got agencies -- I mentioned the Army that's 80 percent short of its O&M in the last seven months. We are going to have to do things to help some agencies that can't get by even with 22 days, and 22 days is the maximum legal number. So what we will have to do -- and there are some agencies that could avoid this -- as I said, some cross-leveling of funds in order to help the others.

Q: Will the employees have some flexibility in determining what day they're actually being furloughed?

UNDER SEC. HALE: That'll be up to managers. I would think there would be some possibilities there. I know we've tried to work out what we could within my own organization. I don't want to get into specific organizations. One, I don't know, but, second, I want to leave that to your own supervisors and managers, but I would think there'd be some options. I think we ended up with -- I think it's going to be Monday and Friday primarily, which probably makes sense. But there are probably other options.

OK, let me finish up and then I'll come back to questions, but I knew this was an important one. So we've got a lot going on here, unfortunately. Major training cutbacks, major disruptions of

investment programs, furloughs. What is it going to do to the Department of Defense's mission?
Next slide.

It will have serious adverse effects on our readiness, and that will be the thing most affected. By the end of fiscal year '13, the Army estimates that about two-thirds of its brigade combat teams -- active brigade combat teams will no longer be at adequate levels of readiness, defined as C2 and above, if that's the appropriate stage in their sequence, and almost all of their reserve units. This would exclude the ones that are actually deployed to Afghanistan, but almost all of the other units.

What does that mean? Well, it means that if we find ourselves in another contingency operation, we either won't be able to respond as quickly -- they'll need more time -- or if we have to respond as quickly, they won't be fully trained. And I think there's some -- probably wouldn't happen in fiscal '13, but looking into fiscal '14, the possibility of difficulties in supporting Afghanistan, because some of the units that would deploy a year from now, say, won't be ready.

Similar situation in the Air Force by the end of this fiscal year, with cutbacks in flying, almost all of their non-deployed combat units, fighters and bombers in particular, will not be what they view as adequate levels of readiness, again, delaying their potential response.

The Navy and Marine Corps also will see cuts in readiness, but they also -- are also reducing their deployments. The Navy, as you probably know, has made a decision not to support two aircraft carrier strike groups in the gulf, even though the combatant commander has asked for that help as a budgetary and also some training issues involved there. They will cut back on their deployments in the Pacific, probably terminate all deployments to SOUTHCOM.

Furloughs clearly damage productivity, as I've said before, and our civilians -- I think a lot of people in this country have a sense that civilians are all here at the Pentagon. You all know that couldn't be further from the truth. Eighty-six percent of our civilians work outside the Washington, D.C., area. They fix our ships, our tanks, our planes. They staff our hospitals. They teach kids in our schools. They do virtually every support activity in the Department of Defense, and they will all be adversely affected.

And I haven't said a lot about investment programs, because there are so many of them. To some extent, the investment -- if you remember under the C.R., I said there's too many dollars in investment, too few in O&M. Some of the investment is currently being shielded. It affects -- by the fact that we had higher levels of investment money, but there will still be cutbacks in procurement and some major programs. They'll be done inevitably hastily and will add the unit costs at a time where we're trying to just the opposite.

Next slide?

So what are the next steps? We've got to continue planning, detail planning for what I will call the worst case. And by that, I mean a year-long sequestration and a continuing resolution that's extended through the -- through the end of this fiscal year in its current form, in its current form, and that includes, regrettably, continuing to plan for furloughs.

But we are monitoring congressional action closely, and some of you, obviously, are, too. The House last week passed a -- it was called a continuing resolution, but for us, it is actually an appropriations bill for the Department of Defense. It would help. It would get the money into the right appropriations. Remember, I said that's one of the problems with the C.R. We've got too much investment and not enough O&M. It would correct that problem, and that is not trivial, and it would certainly help us.

Now, it doesn't solve all our problems. It leaves sequestration in place, and it would -- it did not, as we'd hoped, fix some of the OCO shortfalls, but there might be some opportunity to re-program and a technique we use to move money around to try to meet some of those problems.

So as I say, it doesn't fix all of our problems, but it would certainly help. The Senate is examining that legislation right now. The Senate Appropriations Committee, they may introduce their own version of it, and perhaps as early as today, and I expect some debate over that this week.

If that bill is enacted in its current form or something similar for us, then we'll clearly need to go back and look at planning. I think it is premature to say exactly what it would mean until we see how -- exactly what's in the legislation, but it would clearly help.

We are also watching -- although there's not much to watch -- just right now for a big budget deal between the president and the Congress that would affect mandatory spending, perhaps tax reform, and allow de-triggering of sequestration, or at least that we would hope that would be part of the big budget deal.

If that happens, I suspect it won't happen until the summer. You may recall that there was an agreement to extend the debt ceiling through May 19th. And then there's about two months of period when Treasury can take steps to push off a hard hit of the debt ceiling, so it's not likely to occur until July, and I suspect that will be the forcing event for a big budget deal.

So we'll watch both -- we'll watch the Hill certainly in the next two weeks on the potential revisions to the continuing resolution and watch for a possible de-triggering of sequestration and try to replan as best we can, depending on what Congress does.

So, you know, I'll continue with one of my favorite quotes from Winston Churchill, when Churchill once said you can always trust Americans to do the right thing after they've tried everything else first. I keep hoping we'll get to that. It seems like we have tried everything else, to me, at least, and that we will do the right thing and that we will make some major changes in our budget that allow us to return to a more normal budgeting process and a more stable top line for defense.

With that, I'm going to stop, and I would ask if there are any other questions for me. Sir?

(CROSSTALK)

UNDER SEC. HALE: You know, I think it's -- yes, it's possible, but I think it's premature until we -- wanted to see whether it's enacted or not. This is not a certainty. I mean, it's -- Congress has struggled. I guess that's an understatement -- to make changes like this. But if it -- if they do enact it, yes, I think it's possible. It's just premature to speculate on how much. And we'll need to look across the services are in pretty different situations. I told you the Army has by far the worst problem, so we'll have to look at how we can help them and see if we can bring it about.

And I think I misspoke. I think I said one day per pay period for furloughs. Unfortunately, it's two days per pay period, one day a week, so -- to get to the 22 days that would -- if we started in late April, so I'm sorry. Let me correct that.

Any other questions?

Q: Sir, you indicated we had fund scenarios where we didn't need funds. Has the department taken steps during this continuing resolution not to expend funds where they weren't needed and did not benefit the national defense, such that those funds would then be available, should we get an appropriation in the right areas?

UNDER SEC. HALE: Yeah, I mean, I think the answer is yes. First off, I -- I would like to think that we don't have funds that don't benefit the national security, but there are clearly some lower priority areas, and one of the first things we did -- even though I think it's valuable -- is to cut back severely on TDY travel, conferences I mentioned earlier. We -- although, again, I think it's valuable, you can postpone facilities maintenance, fixing the -- you know, painting the barracks. We'll have to do it next year, even though we may not have funds then, either, but it's a decision that we made.

We did civilian hiring freezes, which I also didn't want to do. It will gradually damage our mission, but it's an area we felt we could begin to hold down on spending. Base operating support, cut 10 percent to 30 percent in the services. All of this started in the late January timeframe, and so it's beginning to -- it will help us minimize the more draconian steps we'll have to take if this stays in place for the whole year.

So, yes, we tried to take some near-term steps. Prior to March 1st, when sequestration kicked in, one of our criteria is that they be largely reversible, so you postpone facilities maintenance. If we were to have gotten back to a stable budget that we anticipated, we could probably have gotten that done in the last half of the year.

But as it turns out, we're not going to be able to recover, more than likely. And so, yes, I think that these things will, as I say, minimize or make less draconian the steps we have to take for the rest of the year.

Q: Sorry.

UNDER SEC. HALE: Go ahead.

Q: Building on your comment of largely reversible, legally speaking, is there anything that would prevent an individual if they chose from going back and re-coding the days that they took as furlough days to an annual leave day or a comp time, a travel comp time day, if a deal was reached and the department decided that we didn't need someone to take 22 days, we just only need civilians to take four days, and in this scenario, think about -- let's say I chose to do a month furlough the month of May, and I'd taken my full 30 days, but by the end of the May, there was a deal reached, and the department made a decision we only need all civilians to take five furlough days. If I chose, is there a legal restriction to recode my hours?

UNDER SEC. HALE: I'd suspect we'd have a problem paying you back. Anybody want to help me here?

I mean, if you took 30 days -- 22 days right away, I don't -- I don't think -- and when we've seen shutdowns -- the '93 and '94 shutdown -- '94, I guess it was -- Congress actually allowed us to pay people for the time they were gone. That could happen again, but I find it unlikely, and so I think if you've taken a furlough day, I don't think you're going to get it back. But do you want to add to that?

SUSAN A. YARWOOD: I'd be happy to, sir. Hi, I'm Susan Yarwood. I'm from Washington Headquarters Services, the operating personnel office for the secretary of defense.

When you sign a timecard, you are certifying that you are in a particular status. And so we don't see any capability to go back and change the status, because you were where you were at that particular time. And as the secretary said, unlike other furloughs, this is not -- we don't anticipate if we are unfortunately furloughed, that this is going to be the kind of furlough where you can expect to get money back.

That's, again, one of the reasons why we're trying for the eight hours per week, 16 hours per pay period, so that people across the Department of Defense are not disproportionately impacted by how they take their furlough.

UNDER SEC. HALE: Thanks, Susan. Another one here?

Q: Sir, can you discuss the conversations with the Senate? And have we conveyed the entirety of the amount we need and the flexibilities and things like that and your sense of the prospects on that?

Another one down here next, and then we'll take this one first.

Q: Hi, I'm an IPA, and I'm curious if there -- a decision has been made as to whether or not you might try to renegotiate this fiscal year IPA contracts. And if not, are IPAs going to be affected by furloughs...

(CROSSTALK)

UNDER SEC. HALE: So I knew there was a reason I asked Susan here. (Laughter.)

Thank you.

MS. YARWOOD: It depends upon where you are an IPA. So if you look at the OPM guidance on the web, it categorizes IPAs as a type of employee. Now, in the office of the secretary of defense, we have several dozen of those. And our current intent is to work with the employing organizations, the nonprofits, the academics, the academic organizations, and renegotiate to the level that the civilian employees in the department must take a cut to try to equal it out, another way to save some money.

UNDER SEC. HALE: I'm on a roll here. Don't sit down. Don't get too comfortable.

(LAUGHTER)

Q: No, this isn't a legal question. I just wanted to be sure we understand, the basis for the sequestration calculation is F.Y. '12 enacted appropriation base, and the calculation based off of that, not the P.B. '13 numbers, is that correct?

UNDER SEC. HALE: Yes. I mean, it's the -- it's the fiscal '12 continuing resolution annualized, but basically it's what you just said.

Q: Thank you, sir.

UNDER SEC. HALE: That's correct. If, incidentally, we get an appropriation, it will change, we will then use that as the base, and if you followed me, I said we have too much investment and not enough O&M, we're going to have more O&M, but less investment, and it will - it will cause us to have to go back and look at a number of our investment programs again, and there will probably be some more far-reaching changes required there, but we'll worry about that once we see it.

UNDER SEC. HALE: Right. The \$85 billion is the government-wide sequestration cut. Ours is -- there are two sequestrations for us potentially. The one that occurred on March 1st was about \$41 billion. Could be another \$6 billion or so, \$5 billion to \$6 billion, which will take us to \$46 billion in fiscal '13.

Then the Budget Control Act has provisions that reduce the ceilings on spending, discretionary spending, through fiscal '21. And for us, DOD would be about a \$52 billion cut per year in fiscal '14 through '21.

Now, if there's any good news in that, it's not governed by these kind of mindless sequestration rules, assuming that we comply with them, and I guess we would -- but it is a huge cut, and I think without question would require that we step back and re-evaluate our defense strategy, and then re-evaluate our program, and we'd almost certainly have to go to substantially smaller military forces, and so we would no longer be able to protect military personnel in that environment, I think, without question, and we would have to make cutbacks in support on the modernization, as well.

So we have not done that yet. We're waiting to see where Congress is headed and whether or not a big budget deal at least limits the size of the out-year cuts, but there are clearly some further cuts coming, and we will have to accommodate them.

Q: Sir -- excuse me -- recent memos from both OMB and yourself regarding budget uncertainty, talked about the suspension or elimination of monetary cash awards. Obviously, we're coming up to the performance plan appraisal for 12s and below. Could you elaborate on that or let us know when we could expect to get clarifying guidance with regard to whether or not a QSI is a monetary award? Or can we still use time-off awards?

UNDER SEC. HALE: I'm going to let Susan or somebody help me on the second one, but OMB has directed that we not -- until further notice, as their words, pay civilian awards, and so we will obviously abide by that. And it was in my memo.

Now, the -- anybody here want to help me on the QSI question?

MS. YARWOOD: We're working very closely with the P&R team, D.C. (pass ?), who is engaging with OPM every day. We are expecting OPM to come out with some clarifying guidance about whether or not a QSI is, in fact, a type of monetary award under the OMB memo. And so as soon as we get that, you'll see big blasts go out through the defense media.

Q: (OFF-MIKE)

MS. YARWOOD: Yeah, same thing with time off. Yeah, we are -- we're waiting. And we are hoping that we have some flexibility.

MS. YARWOOD: Yeah. Yeah.

UNDER SEC. HALE: You mean compensatory time off?

MS. YARWOOD: Compensatory time off, yes. Yes, sir.

UNDER SEC. HALE: OK.

MS. YARWOOD: (OFF-MIKE)

UNDER SEC. HALE: You know, one of the first questions I asked when we started this months ago now was, we ever done this before? And fortunately, the answer is no. We've had furloughs. We've had laps of appropriation furloughs, and at least in '94, but I don't believe we've ever done anything this large. Let's hope we don't, because it's not going to be good for anybody, in my view, including the department. But we are kind of feeling our way with regard to the rules. Anything else?

Q: Yes, sir. From a morale perspective, understand that the Senate-confirmed politicals are exempted from furlough. Can you tell me, have you had a rush to your office to see how many of the politicals are going to donate 20 percent of their pay to the Treasury?

UNDER SEC. HALE: I wouldn't call it a rush, but you're right. Somewhat embarrassingly, at least to political appointees like me, Senate-confirmed ones are exempt. The other politicals are not. I have not had a rush. For what it's worth, I will follow Secretary Carter's lead and others, if it comes to that. Another good reason for this not to happen. But, no, we have not had a rush, nor would I ask them. I don't need to know this.

Just for the record, we can't cut people's pay. It's against the law. Same reason we can't let you work during furlough periods. I probably should have said that. I imagine you've heard that. You can't work during -- legally, you can't work -- you can't be on your BlackBerry, because it constitutes an extension of our -- of our appropriation in Congress's mind, and so it is illegal. And for the same reason I can't take a cut in pay, but you could make a contribution to the federal government or other organizations in the equal amount.

Anything else? Ma'am? Yeah.

Q: Considering the 22-day question that you had back there, I was wondering -- and hearing from over there that the Air Force may be in better shape. Is there a possibility where one service or the other could not furlough and another one furlough?

What we'll do instead is try to level the money. And to the extent we have transfer authority to do it, we will try to move money from the services that are a little bit off and to those that are less well off. But I still think we will be able to look at our -- re-look at our overall plan, if and when we see this legislation enacted. It is premature to say whether how much that's going to help.

All right. Yes, ma'am?

Q: Sir, if we are continuing to operate under a continuing resolution past the current fiscal year, will the furloughs also continue then into the new fiscal year?

UNDER SEC. HALE: Banish the thought. I don't think so. I mean, if -- first off, I certainly hope we're not under C.R. again. But even if we are, if we're going to face these sort of cuts in the future, we will -- and we'll -- and we'll start soon -- we will have to re-look at our strategy. We'll have to begin to cut forces, military forces, to accommodate a lower budget and modernization. And with that, there will probably be some civilian cuts, too, but I wouldn't anticipate that we would do furloughs.

The only reason we're doing these is that we're seven months, five months into the fiscal year. It actually costs money in the first year if we do a RIF action because of unscheduled or unused leave and separation payments. And so RIFs are not an option, because they would have made the situation worse in fiscal '13. On the other hand, if we know we're going to a lower level of personnel, both military and civilian, we will probably -- we will have to move to RIFs, I'm afraid, and probably will have to do some involuntary separations of military. But I think we would avoid furloughs at all cost.

Q: How are you doing, sir? I just wanted to clarify, for consultants paid and unpaid, will they be furloughed, as well?

UNDER SEC. HALE: Consultants?

Q: Yes.

UNDER SEC. HALE: Well, that's going to depend on the nature -- no, they wouldn't be furloughed. I mean, if you're in a consulting agreement, I don't think -- I think I'm speaking right here. If you're in a consulting arrangement, you got a contract with us, essentially, right? Go ahead. Keep me out of trouble. I know that's not easy.

MS. YARWOOD: I know, sir. The consultants within the Office of the Secretary of Defense group, if they are paid, we are asking organizations not to call them for a certain number of days so that their time will also be reduced. But for obviously the unpaid consultants, they can

continue to work, come to the board meetings that they support, et cetera. Does that help, (Brandon ?)? All right.

Anything else? Yes, ma'am.

Q: You mentioned cross-leveling funding, rather than having different applications of furloughs across the department. Will that require any sort of reprogramming to make that happen?

UNDER SEC. HALE: Yes, and -- and we will be restricted at some point. There are legal limits on the amount of reprogramming we can do, so we're going to have to examine our situation once this legislation is passed, assuming it's passed, and then plot a course from there. But, yes, it would.

OK, folks. So I know this wasn't a happy time. I do appreciate your sticking with us, at least I hope you will, and, you know, as I said, I think we will work our way through this unfortunate set of events, but I appreciate what you do for the Department of Defense and for your country. So thank you for coming today, and have a good rest of the day. (Applause.)

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