



ADMINISTRATION AND
MANAGEMENT

OFFICE OF THE SECRETARY OF DEFENSE
1950 DEFENSE PENTAGON
WASHINGTON, DC 20301-1950

FEB 8 2013

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Actions for Handling Budget Uncertainty in Fiscal Year 2013 (Comptroller memo dated January 10, 2013)

As requested, I am providing the additional implementation plan for more severe actions necessary should DoD face actual Sequestration and/or Continuing Resolution. This plan is for the Office of the Secretary of Defense (OSD) organizations/activities and for 4th Estate organizations under my authority: Washington Headquarters Services (WHS) including the DoD Consolidated Adjudications Facility (CAF), and the Pentagon Force Protection Agency (PFPA). We will remain engaged in DoD-wide planning efforts and will adjust these actions as necessary upon resolution of the current budget uncertainty. To summarize:

- The attached memo dated January 31, 2013 (atch 1), outlines the initial near-term actions being implemented by OSD components, WHS, and PFPA. This plan remains unchanged. The near-term actions in place include a hiring freeze currently impacting approximately 548 positions for the OSD organizations, WHS, CAF, and PFPA. In addition, we estimate that over 350 contractor personnel will need to be released as this plan is implemented.
- As a last resort, the OSD organizations, WHS, CAF, and PFPA are prepared to implement furloughs on over 5,300 civilian employees living in the National Capital Region (NCR) (atch 2).
- At this time, we will not completely exempt any employees other than 18 civilians deployed to combat zones. Operations under a furlough will require closure of a number of entrances and security support functions at the Pentagon and facilities in the NCR. In order to maintain limited critical posts under manning shortfalls, a limited number of personnel - police officers directly engaged in manning critical security posts at the most sensitive locations and those directly engaged in emergency operations and preparedness activities - will be furloughed, but potentially at a lesser rate (88 hours vice 176) under the health and safety exemption. This planning number is subject to changes driven by labor negotiations and threat levels. At this reduced manning rate, PFPA will be strained to ensure the security and safety at DoD facilities in the NCR.

The items outlined above reflect actions that could be reversed should circumstances allow.

Michael L. Rhodes
Director

Attachments:
As stated

Tab 1



ADMINISTRATION AND
MANAGEMENT

OFFICE OF THE SECRETARY OF DEFENSE
1950 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1950

JAN 31 2013

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Office of the Secretary of Defense, Washington Headquarters Services, and Pentagon Force Protection Agency Near-Term Actions for Handling Budget Uncertainty in Fiscal Year 2013

Consistent with the Deputy Secretary's January 10, 2013 memorandum, "Handling Budget Uncertainty in Fiscal Year 2013," and direction for a February 1st planning update, summarized below are the initial near-term actions being implemented for the Office of the Secretary of Defense (OSD) organizations/activities, Washington Headquarters Services (WHS), and the Pentagon Force Protection Agency (PFPA). We will remain engaged in DoD-wide planning efforts and will adjust these actions as necessary upon resolution of the current budget uncertainty.

- OSD organizations/activities. The attached memo dated January 25, 2013, outlines the by-appropriation measures and OSD-wide planning guidance now being undertaken by OSD components.
- WHS and PFPA.
 - Operations & Maintenance and Investments appropriations. WHS activities are in lock-step with the planning guidance provided to OSD organizations above, including implementing a hiring freeze.
 - Pentagon Reservation Maintenance Revolving Fund (PRMRF). WHS (to include Raven Rock Mountain Complex) and PFPA will take the following actions:
 - Hiring Freeze. Freeze will be employed in the same manner as the general funds and as outlined in the attached memo applicable to OSD.
 - Reduced/Deferred Sustainment. Standard authority across the PRMRF has been reduced by \$51M (~9%). All PRMRF activities will substantially defer facilities sustainment and/or modernization efforts. Restoral of these reductions may only be offset by generating revolving fund recoveries (and only after receipt of increased funding targets from Office of the Under Secretary of Defense (Comptroller) Revolving Fund Directorate).
 - Deferral of Capital Projects. All fiscal year (FY) 12 carryover and FY 13 capital projects (~\$32M) will be deferred. If a capital project is deemed critical in the current FY, then an exception request must be generated by the responsible activity and approved by my office. Any capital projects to be executed must be executed within standard authority funding levels. Again, it will be critical for WHS and PFPA activities to generate sufficient recoveries

to execute these projects while maintaining appropriate service levels within the 4th estate.

- o Building Maintenance Fund (BMF). The BMF revolving fund will employ a hiring freeze in the same manner as all other appropriations under my control. No other reductions should be required as this fund primarily acts as a pass-through to the General Services Administration and the Department of Homeland Security for leased facilities payments.

As has been reinforced throughout our discussions, to the greatest extent possible any actions taken now are structured to minimize harmful effects on our people and on operations and readiness. Further, the items outlined above reflect actions that should be able to be rapidly reversed should circumstances allow.

As directed, we will follow up by February 8th with a draft implementation plan for those more severe actions necessary should DoD face actual sequestration and/or extended Continuing Resolution. At this time, we do not anticipate any complete exceptions from furlough although there are a few functions in which we will execute furloughs at less than 176 hours to ensure emergency preparedness.



Michael L. Rhodes
Director

Attachment:
As stated



OFFICE OF THE SECRETARY OF DEFENSE
1950 DEFENSE PENTAGON
WASHINGTON, DC 20301-1950

JAN 25 2013

ADMINISTRATION AND
MANAGEMENT

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, COST ASSESSMENT AND PROGRAM
EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, NET ASSESSMENT

SUBJECT: Office of the Secretary of Defense Actions for Handling Budget Uncertainty in
Fiscal Year 2013

Consistent with the Deputy Secretary's January 10, 2013 memorandum, subject: Handling Budget Uncertainty in Fiscal Year 2013, actions provided below are to be implemented across the Office of the Secretary of Defense (OSD) organizations, effective immediately. We remain engaged in DoD-wide planning efforts. These actions will remain in force until there is greater clarity and resolution regarding our fiscal position; if and when budget resolution allows.

1. Operations and Maintenance (O&M) Accounts. Consistent with the approved near term actions from the Deputy's memorandum, we are prudently posturing for the potential of reduced funding impacts from the Continuing Resolution (CR) and/or Sequester.

- a. Reductions already laid into our Fiscal Year (FY) 2013 funding. Across OSD we already corporately applied significant reductions from prior efficiency decisions; specifically programmed from our annualized FY 2013 CR amount to our actual Program Budget (PB) 2013 request. This includes major contract reductions and continuing manpower drawdown in OSD from FY 2012.
- b. Hiring Freeze. Effective immediately, a civilian hiring freeze is in force across OSD, with the guidelines as identified below. While difficult, this should achieve needed reduction to our PB 2013 civilian pay funding. The hiring freeze applies to any vacancy or recruitment currently underway, except:
 - i) Where an individual has been selected and a tentative offer has already been made; this action can proceed.
 - ii) Where an OSD component falls below 90% of their authorized manpower level, hiring will be authorized to return up to 90% to preclude excessive negative impact (based upon authorized levels that reflect all outstanding FY 2012 and FY 2013 efficiency reductions).

iii) The Principal Staff Assistant (the Principal of the OSD component) may request exception for a specific position/recruitment based on a mission critical requirement that cannot be delayed/deferred. Requests will be submitted to the Director of Administration & Management. Given the circumstances surrounding implementation of these near term actions, exception requests are expected to occur infrequently. The Deputy Secretary will be informed of exceptions.

c. Other O&M (non-CivPay). The remaining O&M mission funding balances for OSD components will be reduced by 3% from their PB 2013 request (less OCO). The Principal of each OSD component will determine how to absorb this reduction consistent with the referenced Deputy Secretary memorandum, such as: reduced/curtailed travel, training, conferences, supplies, purchases, business IT, and ceremonies; reduced/deferred/cancelled contracts, studies, work order requests; etc.

2. Investment accounts (RDT&E and Procurement). Reductions will be taken at line item program element level. Principal Staff Assistants/OSD components with investment accounts will individually assess impacts of an anticipated 9% reduction at the program element level per Comptroller guidance.

Again, as has been reinforced throughout our discussions, to the greatest extent possible any actions taken now should be structured to minimize harmful effects on our people and on operations and readiness. Further, the list above reflects actions that should be able to be reversed should circumstances allow.



Michael L. Rhodes
Director

Tab 2

Impacts of Sequestration and Continuing Resolution:

- Approximately 90% of civilian employees impacted work and live in the National Capital Region.

	OSD	WHS & PFPA	NCR Impact	
DC - District of Columbia	190	130	6%	90%
MD - Maryland	296	1423	32%	
VA - Virginia	1423	1359	52%	
PA - Pennsylvania	6	238		
Other	63	203		
Total	1978	3353		

- There will be a substantial decrease in the level of law enforcement and security services as a result of any furlough. Even with a flexible basis concept of implementing 88 hours of furlough vice 176, there is a serious impact on securing pedestrian and vehicular entrances, effectively implementing work schedules to cover 24/7/365 days, and being able to provide a minimum level of security for the Pentagon and DoD leased facilities in the National Capital Region. Ability to ensure the safety of the public (visitors – both domestic and foreign), civilian and military personnel who directly support wartime operations are at risk.
- Response to an event within the NCR would be impacted if Emergency Support Functions are furloughed. Critical liaison roles to local law enforcement and emergency responders (e.g., Arlington and Alexandria Fire Departments) and direct control of emergency incidents including fires, hazards, accidents, hazardous material, and environmental spills are at risk.
- Response to Pentagon Reservation mission critical building operations supporting Command Centers, National Command Authority (NCA), senior leaders and other critical activities. Delay in response impacts would include loss in utilities services and results in increase cost and time for recovery operations. Delays may also cause second and third order effects, such as water leak causing power and IT outages.
- Response time to clear/release testimony, presentations, budget submissions and manuscripts in response to Presidential, Congressional or public requests related to wartime operations are at risk.
- Risk of non-optimal and costly acquisitions resulting from de-scoping contracts and negotiating new terms. An economic impact to regional/small business is expected.
- In addition to responding to an anticipated spike in sequestration- and furlough-related legal complaints and potential liability disputes, OSD/WHS/PFPA ability to respond to judge imposed non-discretionary litigation deadlines before Federal Courts of Appeal, Federal District Courts, the Merit Systems, Protection Board, the Equal Employment Opportunity Commission, the Federal Labor Relations Authority, the Office of Special Counsel, Court of Federal Claims, arbitrators and other entities not subject to furlough will be impacted.
- An estimated backlog of 153,173 security adjudications is anticipated.

For hiring freezes, how many positions will be frozen? How many exemptions to the freeze have been granted and how many are anticipated?

OSD	212 positions have been frozen. No exemptions have been granted at this time and we expect very few, if any, for the duration of the freeze
WHS & PFPA	336 positions have been frozen. No exemptions have been granted at this time and we expect very few, if any, for the duration of the freeze.

For contract reductions, how many contractor positions will be laid off or affected. In other words, how many jobs are going to be lost?

OSD	<p>We intend to renegotiate costs and work hours for approximately 64 Interagency Personnel Act (IPA) agreements to mirror the civilian furlough. The IPAs are employed by think tanks and universities primarily in the DC area. We cannot determine the follow on actions by the actual employer – furlough or termination.</p> <p>Based on sequestration reductions to mission funding, we estimate a reduction of approximately 270 contractors currently supporting OSD.</p>
WHS & PFPA	<p>We intend to renegotiate costs and work hours for 1 IPA to mirror the civilian furlough. The IPA is employed by a local university in the DC area. We cannot determine the follow on actions by the university – furlough or termination.</p> <p>Based on sequestration reductions to mission funding, we estimate a reduction of approximately 24 contractors currently supporting WHS.</p>

How many term/temp employees have been and will be terminated?

OSD	None at this time. Our plan is to furlough all term/temp employees (n=49) and to assess potential extensions based on mission criticality. For example, military commissions are fully staffed by term employees.
WHS & PFPA	None at this time. Our plan is to furlough all term/temp employees (n=144) and to assess potential extensions based on mission criticality. For example, military commissions are fully staffed by term employees.

What is the expected number of furloughs (and for how many days) do you anticipate?

OSD	1,978 employees for 176 hours – 16 hours per pay period, 8 hours per week.
WHS & PFPA	3,353 employees for 176 hours – 16 hours per pay period, 8 hours per week.

How many exemptions to furloughs do you expect?

OSD	We have no plans to completely exempt any employees other than Presidentially Appointed, Senate-confirmed (PAS) (n=31) and civilians deployed to combat zones (n=14).
WHS & PFPA	We have no plans to completely exempt any employees other than civilians deployed to combat zones. Only police officers and employees engaged in emergency preparedness and response activities may be furloughed at a lesser rate (88 hours vice 176) under the health and safety exemption.