



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

February 22, 2013

MEMORANDUM FOR DEPARTMENT OF NAVY CIVILIAN EMPLOYEES

SUBJECT: Potential Sequestration and Possible Furlough

The Department of the Navy's civilian workforce is an incredibly talented and integral part of the Navy and Marine Corps team. Whether you are developing new weaponry for the next generation of warfighter, helping to operate and maintain our far-flung bases and stations, fixing ships or aircraft, pressing forward on auditability targets, helping Wounded Warriors heal and transition, or performing countless other critical tasks, you are vital to our mission. Our Sailors and Marines could not have responded to and sustained the brutal operational tempo of the last decade of war without the support of each and every one of you.

Budget pressures have already imposed a pay freeze on the non-uniformed members of our team, now in its third year, and most recently, a civilian hiring freeze. Now, unless Congress acts, two pending budgetary actions will force the Department to consider the possibility of employee furloughs. The two actions driving these unfortunate circumstances are:

- Sequestration – the implementation of automatic across-the-board budget cuts on 1 March 2013 to meet the statutory topline limits established in the 2012 Budget Control Act; and
- The possibility that the current Continuing Resolution, which funds U.S. government operations only through 27 March 2013, is extended through the end of this fiscal year.

When taken separately, these two actions are problematic enough; together, they create unprecedented and extraordinary budget challenges because the mindless nature of the cuts prevents us from managing to a new budget reality. We remain hopeful an agreement can be reached to avoid across-the-board reductions, pass a Department of Defense (DoD) appropriations bill, and avert this new fiscal crisis. However, given the great uncertainty we now face, simple prudence dictates that we plan for the worst case scenario—that both occur, and with little flexibility to lessen the worst impacts.

Accordingly, the Department of the Navy has taken and will continue to take steps to reach the savings targets associated with current and projected budget reductions by reducing expenditures. However, we cannot fully close the looming budget gap with these efforts alone. As a result, the Secretary of Defense reluctantly sent Congress official notification (as required by law) that we may be forced to furlough our civilian employees. Furloughs, if they occur, would not begin until mid/late April. The Congressional notification is only the first step in the planning process. Under the worst case scenario, furloughs would affect almost all DoD civilian employees and could span 176 hours (approximately 22 work days) over the rest of the fiscal year.

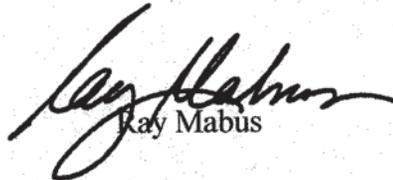
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Let me emphasize that furloughing civilian employees is an action of last resort for the DoD, and one not taken lightly. We remain hopeful that the need for furloughs will ultimately be averted. However, should a Department-wide furlough become inevitable, we will individually notify personnel as required at least 30 days in advance of such action.

The impact of the potential furlough is not lost on me or the rest of the Department's leadership. We recognize that you and your families are already being impacted by the fiscal uncertainty. We will therefore continue to pursue every option to avoid them. In the meantime, we will also continue to communicate with you at every opportunity and at every level to help you understand the likelihood and implications of potential furloughs. We will post information on a dedicated webpage (links from www.donhr.navy.mil).

The days and weeks ahead will be challenging for us all. However, despite the great uncertainty facing us, I ask that you not to lose focus on our mission. We remain at war. Our Sailors and Marines depend on each one of you. It is critical that all of us continue to perform our jobs.

With great admiration and appreciation for all you do.



Kay Mabus