

DoD Fact Sheet: Year-long Sequestration and Continuing Resolution

- **Sequestration: what gets cut in DoD:**
 - Except for military personnel funding, all parts of budget are cut (e.g., OCO funds).
 - Total FY13 reduction: \$46 billion or ~9% of total budget excluding military personnel
 - Beyond FY13, budgets reduced by \$50-55 billion a year through FY21.
 - Timing: largest cut takes place on March 1 (\$40 billion) with a smaller, second sequestration (\$6 billion) on March 27.
 - How applied:
 - For operating portion of budget, cuts must be equal in percentage terms for each budget account (e.g., Army active ops same as Navy reserve ops and Guard ops).
 - For investment portion of budget, cuts must be equal in percentage terms for each budget line item.
 - Very limited authority to move money around to correct imbalances and problems.
- **Continuing Resolution (CR): mechanics and problems:**
 - Will last at least six months (current expiration is March 27).
 - **This CR poses serious problems for DoD, especially if it is extended for an entire year.**
 - CR requires that we spend at same level as FY12, but in FY13 we are under a new strategy and needs are much different – **too many investment dollars, not enough operating dollars.**
 - CR does not permit DoD to start any new investment programs or increase production rates; must also buy exact same number/type of ships as last year.
 - **We are spending more on Afghan war than we planned two years ago, when we put together FY13 budget, and CR does not take this into account.**
 - Some of the CR problems may be solved as both appropriations Committees want to pass an appropriations bill which would offset some of the harmful effects of the CR.
 - Even if the CR is extended all year, we are working closely with Committees and hope that they will fix the worst of the problems (e.g., get money into the right appropriations and move money to fix OCO shortfalls).
- **However, a year-long sequestration and year-long CR in its current form, will require DoD to take much more drastic and irreversible actions.**
 - Result will be a readiness crisis and disruption of most investment programs.
 - Examples of actions and their effects:
 - **All Components will have to take the steps necessary to furlough civilians for up to 22 discontinuous work days (pay cuts of up to 20% for almost 6 months).**
 - Army will reduce training and maintenance for later deploying units to the point that about two-thirds of active brigade combat teams and most reserve teams (other than those teams in Afghanistan) will be at reduced readiness levels by the year's end.
 - Navy and Marine Corps will reduce readiness forcing cut backs on operations in critical areas such as the Pacific (up to one-third less naval presence in the Pacific).
 - Air Force will be forced to cut flying hours and weapon system maintenance leaving most flying units below acceptable readiness standards by the end of FY13.
 - TRICARE could be short up to \$3 billion in needed funds, which could lead to denials of elective services for active-duty dependents and retirees.
 - DoD will make cuts of roughly 9% in each of more than 2,500 investment line items – actions that will lead to delays in weapon programs and increases in unit costs.

DoD Fact Sheet: Furlough Planning

- **Overall approach**
 - Take other actions first while minimizing adverse effects on mission/readiness.
 - Consistency – all services/agencies take similar actions.
 - Most furloughed with limited exceptions:
 - Civilians deployed in combat zone;
 - Safety of life or property (only to extent needed to protect);
 - Employees paid with non-appropriated funds;
 - Employees exempt by law (Presidentially appointed, Senate confirmed);
 - Foreign nationals.
 - Exceptions must be approved by Component head.

- **Mechanics of furloughs**
 - Length: legal maximum for administrative furlough (w/o using RIF procedures) is 22 discontinuous work days (not to exceed 176 hours).
 - Maximum may be lower depending on schedule.
 - Timing: furloughs generally spread over maximum months; no more than 16 hours per pay period.
 - Local commanders determine exact days/hours (subject to local bargaining).

- **Consultation and notification**
 - Engage with unions as required.
 - Notify employees of proposal to furlough (permit response).
 - Notify employees of decision to furlough (appeal permitted).

- **Schedule**
 - February 20: Congressional notification and begin union bargaining.
 - Late March: Provide furlough proposal to employees.
 - Early April: Provide furlough decision to employees.
 - Late April: Furloughs begin.

- **Cancel or reduce furloughs if Congress acts to reduce or eliminate budgetary uncertainty**