UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

JAN 14 2013

MEMORANDUM FOR ALMAJCOM/CC

SUBJECT: Fiscal Year 2013 (FY13) Near-Term Actions to Handle Budgetary Uncertainty

The combined impact of two sources of budgetary uncertainty necessitate that the Air Force take immediate action to reduce our expenditure rate, especially in our operations and maintenance account. First, the Department continues to operate under a Continuing Resolution that currently runs thorugh March 27, 2013 but could potentially be extended to cover the full fiscal year. Second, the potential sequestration under the Budget Control Act was delayed but not eliminated by the American Taxpayer Relief Act, and that same Act made additional topline reductions to the defense budget.

Near Term Actions

Given these sources of budgetary uncertainty and a projected FY13 $1.8B shortfall in Air Force funding for overseas contingency operations, it is prudent to implement immediate actions to reduce our expenditure rate and mitigate budget execution risks. Our intent with these initial actions is to pursue reversible or recoverable steps and avoid impacts to core readiness. If we did not act now, the scale of reductions required should sequestration be triggered on March 1 or if the Department were left under a year-long Continuing Resolution would be even more devastating for readiness. We direct the following actions now, to slow spending across the Total Force and all appropriations. Your implementation of these near-term actions should be structured to minimize harmful effects on our people and on unit readiness:

- Implement civilian hiring restrictions to include a hiring freeze, immediate elimination of temporary employees and not renewing term hire employees with exceptions for mission-critical activities and when appropriate in terms of personnel timing
- Review OCO requirements and identify potential reductions which will not impair wartime operations such as delaying asset reconstitution and incrementally funding OCO contracts
- Cancel all temporary duties that are not mission-critical,such as attendance at or hosting of conferences and symposia (such as functional conferences), staff assistance visits and training seminars
- Curtail flying not directly related to readiness, such as air shows, flyovers, and familiarization rides
- Curtail or cancel ongoing and scheduled studies that are not Congressionally-directed or mission critical
- Limit supply purchases to essential FY13 consumption (e.g., flying hour bench stock) and stop minor purchases that are not mission-critical, such as furniture, IT refresh, and unit equipment
- Defer non-emergency Facility Sustainment, Restoration and Modernization (FSRM) projects (examples include but not limited to painting, carpeting, remodeling, etc; continue to carry out compliance/life/safety projects)

- Where practical, de-obligate/incrementally-fund contracts to encompass only FY13 (examples include but are not limited to base maintenance contracts, advisory and assistance services contracts, custodial contracts, etc.). Review contracts for possible longer term cost savings as well.
- For investment accounts we are establishing a review process to proactively monitor proposed program obligations and as prudent, halt or delay contracts to reduce expenditures. Further guidance has been provided through acquisition channels.

Exceptions may be made as noted above for mission critical activities and civilian positions as determined by appropriate senior officials. Requests for exceptions shall be approved by MAJCOM Vice Commanders, the Deputy Director of the Air National Guard, DRU Commanders, and by SAF/AA for the HAF portfolio. MAJCOM Vice Commanders and the Deputy Director of the Air National Guard are authorized to further delegate to General Officer/SES NAF/Center/Wing Commanders but should also provide appropriate guidance on implementing delegated authority and should exercise great discretion in approving exceptions, exemptions, and determining the definition of mission critical.

To assist you in making mission criticality determinations, you should be aware that OSD has directed protection of the following programs throughout the year:

- Fully protect funding for wartime operations
- Fully protect Wounded Warrior programs
- To the extent feasible, protect programs most closely associated with the new defense strategy
- To the extent feasible, protect family programs

Planning for Longer-Term Budgetary Uncertainty

These near term actions only achieve a small portion of the funding decrement required in the event of sequestration or a significant topline reduction. Therefore, if we do not have resolution by March, immediate actions with serious negative impacts to core readiness programs will be required. We have been directed by the Deputy Secretary of Defense to intensify our planning for longer-term budgetary uncertainty, including a potential sequestration in March. This planning effort is underway. When appropriate, additional information on other necessary actions will be provided. We will closely monitor your FY13 budget execution and provide feedback throughout this fiscal year. We encourage you to plan for additional actions to meet adjusted funding levels.

Civilian pay makes up a large share of our operating budget and we have been directed to consider the possibility of civilian furloughs of up to 30 calendar days or 22 discontinuous workdays. However, we very much hope that the Congress will address the current budgetary uncertainty and allow us to avoid these actions. If needed, further guidance regarding furloughs will be forthcoming. For now please do not take any actions regarding furloughs. As required by Executive Order (EO) 13522, management should continue to allow employees and their union representatives to engage pre-decisionally in all workplace matters, to the fullest extent practicable.

We recognize you are already implementing many of the actions outlined above and have done a great deal to increase the efficiency and mission effectiveness of the Air Force over the

last few years. Above all, we greatly appreciate your leadership and innovative support during this challenging period. If you have questions regarding this guidance, please call Ms. Marilyn Thomas, SAF/FM, at (703) 697-4464.

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cc:
SAF/FM