

February 20, 2013

**OSD Public Affairs Guidance (PAG)**

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**SUBJECT: DoD Civilian Furloughs**

**References:**

- Testimony of Deputy Secretary of Defense Ashton Carter to the Senate Armed Services Committee, Feb. 12, 2013; to the House Armed Services Committee, Feb. 13, 2013; and to the Senate Appropriations Committee, Feb. 14, 2013
- U.S. Office of Personnel Management “Guidance for Administrative Furloughs,” Feb. 2013
- Message to the Department from Secretary of Defense Leon E. Panetta on Preparations for Potential Sequestration on March 1 and Furlough Notifications, Feb. 20, 2013

**Background:**

- Passage of the Budget Control Act [BCA] on Aug. 2, 2011, ended the 2011 debt-ceiling crisis which had threatened to result in U.S. sovereign default. The BCA requires DoD to cut more than \$487 billion from the defense base budget over 10 years, beginning in fiscal year [FY] 2013. In addition, the BCA tasked a “Supercommittee” to produce a plan to cut \$1.5 trillion over 10 years by Dec 2011. If this plan did not materialize, Congress could grant a \$1.2 trillion increase in the debt ceiling, but cuts in the amount of \$1.2 trillion (half from defense, half from non-defense over 10 years known as “sequestration”) would be triggered on Jan. 2, 2013.
- On Jan. 2, the American Taxpayer Relief Act of 2012 deferred sequestration until Mar 1, 2013. The defense budget cuts required in March would be roughly \$46 billion under the new law. This equates to about a 9% cut from each account.
- Sequestration was never supposed to be triggered, and was intended by all parties to be a forcing function so that the Supercommittee would reach an agreement.
- Congress has not passed an appropriation for FY 2013. A six-month continuing resolution [CR] keeps DoD funded at the FY12 level through March 27, 2013.
- Last year, on Feb. 13, 2012, the President sent to Congress a proposed defense budget of \$613.9 billion – \$525.4 billion in discretionary budget authority to fund base defense programs and \$88.5 billion to support Overseas Contingency Operations (OCO), primarily in Afghanistan. The proposed FY13 budget reflects cuts from the first \$487 billion required under the BCA, but does not include cuts required by sequestration. To compare, the enacted FY12 budget was \$645.7 billion – \$530.6 billion in base and \$115.1 billion in OCO.

**Public Affairs Posture:** Public Affairs posture is **“active”** at OSD-PA following release of the Blue top on Feb 20.

**Response to Query Statement Prior to Feb. 20:** “Enacting civilian unpaid furloughs will be a measure of last resort. We’re still working through the details. The most likely option is one day per week for the last 22 weeks of the fiscal year (late April through September) for a total of 22 work days (176 hours). One day per week (eight hours) equals a 20 percent reduction in pay for each individual DoD civilian worker during the furlough period. Both Congress and our workforce will be notified of furlough plans prior to enactment in accordance with the law and guidance from the U.S. Office of Personnel Management. The planned DoD FY13 civilian furlough is estimated to save nearly \$5 billion. Our ~800,000 defense civilians perform critical functions like maintenance, intelligence, logistics, contracting, and health care. We are greatly concerned that furloughs will substantially harm our ability to reset and restore the force’s full-spectrum combat capability after over a decade of hard fighting in Iraq and Afghanistan.”

**Response to Query Statement on Feb. 20:** “Please see the Blue top released today.”

**Key Audiences:**

- Defense civilian workforce
- Military personnel
- Military families
- Congress
- U.S. public

**Key Messages:**

- By law, sequestration will last 10 years and cut \$1.2 trillion of government spending (half from defense, half from non-defense). On Mar. 1, 2013, across-the-board reductions to current year spending will take place unless legislation is enacted that avoids such reductions.
- DoD is one of several government agencies that will experience a significant budget cut. We expect to receive \$46 billion less in non-exempt budget accounts through the remainder of fiscal year 2013 which runs through Sep. 30, 2013. Savings from furloughs will be critical to meeting budgetary cuts by the end of the year.
- Sequestration cuts require all military services and defense agencies to furlough most DoD civilian employees for an average of one day per week for up to 22 weeks beginning Apr. 25, 2013. This equates to a 20 percent cut in pay which will negatively affect morale. Senate-confirmed political appointees cannot be furloughed under the law. We are deeply concerned about the negative effects of furloughs on the morale and effectiveness of our valued civilian workforce.
- Even if most of our approximately 800,000 civilian DoD employees are furloughed, savings of nearly \$5 billion will still leave us \$41 billion short of our \$46 billion target. Thus, much more reduction in DoD spending will be required, affecting defense workers who are not direct DoD employees.

- Furloughs will harm our ability to do important work, which will harm national security: civilians fix our ships and tanks and planes, staff our hospitals, handle contracting and financial management, and much more. All services or facilities which employ civilian personnel will be affected to some degree, to include reduced services, longer wait times, and fewer personnel available to provide necessary services.
- Furloughs, like other spending cuts, will adversely affect economies in the communities where our civilians live and work.
- The U.S. Office of Personnel Management provides policy and oversight to the federal workforce. All personnel should read OPM's "Guidance for Administrative Furloughs" to learn how furloughs impact pay and benefits: <https://www.opm.gov/policy-data-oversight/pay-leave/furlough-guidance/guidance-for-administrative-furloughs.pdf>
- DoD is implementing furloughs with consistency across the department. Most civilians will be furloughed with few exceptions: (1) those deployed in a combat zone, (2) those who protect the safety of life or property to the extent needed, (3) non-appropriated fund employees (NAF), (4) those exempt by law who hold a presidential appointment with Senate confirmation (PAS), (5) foreign nationals, and (6) those excepted as approved by a 2-star flag officer or tier 2 SES, or higher.
- Sequestration was never supposed to be triggered, but instead was intended to be a forcing function so that Congress would reach an agreement on deficit reduction. We are still hopeful that Congress will pass a balanced deficit-reduction plan that POTUS can sign, and sequestration is truly averted... not just delayed.

**Questions and Answers: (see attached)**

## Timeline & Media Engagement Strategy:

### *Phase One - Notification*

- Feb. 20 (AM) – Congressional notifications made (OSD-LA)
- Feb. 20 (AM) – Union notifications made (ASD R&FM)
- Feb. 20 (AM) – Military services and defense agencies notification made (ASD R&FM)
- Feb. 20 (AM) – Message to the Department from Secretary of Defense Leon E. Panetta on Preparations for Potential Sequestration on March 1 and Furlough Notifications posted to defense.gov as a Blue top (OSD-PA)
- Feb. 20 (AM) – SD message and AFPS article posted on web and social media sites (OSD-PA)
- Feb. 20 (1 PM) – USD-C Hale and USD-PR Wright conduct on-the-record press conference in the Press Briefing Room (2E973)
- Feb. 20 (2:30 PM) – Conference call with selected military service/family/veterans organizations hosted by PDUSD-Comptroller McCord, and OUSD- Personnel Readiness CoS Tamburrino (OSD-PA)
- (TBD) – Dep. Sec. Def. Carter conducts on-camera interview for The Pentagon Channel and AFN use (OSD-PA)
- Feb. 21 – Assess initial media coverage and social media reaction (OSD-PA)
- Feb. 21 – Conduct follow up interviews or calls, as needed (OSD-PA)

### *Phase Two – Review and Decision*

- **Mar. 1 – Sequestration is triggered**
- Mar. 1 – Furlough exceptions proposed by component heads due to OSD
- Mar. 15 – Approved furlough exceptions communicated to component heads
- Mar. 15 – AFPS story on approved furlough exceptions
- Mar. 15 – ASD R&FM Vollrath and DoDEA Director Fitzgerald conduct media roundtable with military publications, followed by a spouse blogger conference call (OSD-PA)
- Mar. 21-25 – Furlough proposal notices served to employees

- Mar. 28-Apr 1 – Employee reply period ends (7 days from when proposal was served)
- Mar. 29- Apr. 24 – Furlough decision letters served on employees (depending on when proposal was served and prior to first day of furlough)

*Phase Three – Furloughs begin*

- Apr. 25 – Furlough period begins, extending 11 pay periods between Apr 21 and Sep 21
- Apr. 25 – SD message and AFPS article posted on web and social media sites (OSD-PA)
- Apr. 25 – ASD R&FM Vollrath and DoDEA Director Fitzgerald conduct media roundtable with military publications, followed by a spouse blogger conference call. (OSD-PA)

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## Questions and Answers

### **GENERAL INFORMATION**

#### **1. WHAT IS SEQUESTRATION?**

- The term “sequestration” refers to the mandatory reduction in federal budgetary resources of all budget accounts that have not been exempted by statute. Under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, across-the-board reductions are scheduled to take place Mar. 1, 2013, unless legislation is enacted that avoids such reductions.
- DoD expects to receive \$46 billion less in non-exempt accounts than it expected through the remainder of fiscal year 2013 which runs through Sep. 30, 2013.
- DoD has determined that planned furloughs of civilian employees will be required should sequestration occur.
- By law, sequestration will last 10 years and cut a total \$1.2 trillion (half from defense, half from non-defense).

#### **2. WHAT IS A FURLOUGH?**

- A furlough places an employee in a temporary non-duty, non-pay status because of lack of work, reduction or lack of funds, or other non-disciplinary reason.
- Under the current circumstances, planned furloughs may be required due to the reduction in funding associated with sequestration.
- Extensive information is available at [www.opm.gov/furlough/](http://www.opm.gov/furlough/), click on “Guidance for Administrative Furloughs” and “Supplemental Guidance for Administrative Furloughs.”

#### **3. HOW MUCH MONEY WILL DOD SAVE BY FURLOUGHING EMPLOYEES? HOW IS THIS CALCULATED?**

- The six-month DoD FY13 civilian furlough is estimated to save nearly \$5 billion.
- The furlough impact estimate was calculated as follows:  
One work year = (26 pay periods \* 80 hours /pay period) = 2080 Hours  
22 days of Furlough = (22 days \* 8 hours/day) = 176 hours  
Impact of Furlough = Total FY2012s Pay to State \* (176 Furlough Hrs/Total 2080 Hrs)  
Estimated FY2013 payroll = Total FY2012 Pay to State less Impact of Furlough

#### **4. WILL FURLOUGHS DEFINITELY HAPPEN? CAN THEY BE AVERTED?**

- We are still hopeful that Congress will pass a balanced deficit-reduction plan that President Obama can sign, and sequestration is truly averted... not just delayed.
- Given current budgetary uncertainty, it is prudent to take certain steps now to prepare for a significantly reduced budget. To the extent possible, actions taken now are reversible should sequestration be averted.

#### **5. WHAT PLANNING GUIDANCE DID MILITARY SERVICES AND DEFENSE AGENCIES RECEIVE?**

- DoD is implementing furloughs with consistency across the department.
- Most civilians will be furloughed with few exceptions: (1) those deployed in a combat zone, (2) those who protect the safety of life or property to the extent needed, (3) non-appropriated

fund employees (NAF), (4) those exempt by law who hold a presidential appointment with Senate confirmation (PAS), (5) foreign nationals, and (6) those excepted as approved by a 2-star flag officer or tier 2 SES, or higher.

**6. HOW MANY PERSONNEL DO YOU EXPECT TO BE EXEMPTED?**

- We expect more than 80% of the civilian appropriated fund workforce to undergo furloughs.
- After we review and clear the plans of the military services and defense agencies in March, we will have a clearer idea of numbers.

**7. HOW MUCH OF THE DEPARTMENT'S WORK ARE YOU ANTICIPATING WILL NOT GET DONE IF FURLOUGHS ARE ENACTED? WHAT OPERATIONS WILL SEE THE MOST IMMEDIATE IMPACT?**

- Without question, the efficiency and effectiveness of DoD will be compromised while furloughs are in effect.
- The specific impacts are best answered by the military services and defense agencies.

**8. IS DOD USING FURLOUGH NOTIFICATIONS AS POLITICAL LEVERAGE TO ENCOURAGE CONGRESS TO REACH A BUDGET AGREEMENT?**

- We are still hopeful that Congress will pass a balanced deficit-reduction plan that President Obama can sign, and sequestration is truly averted...not just delayed.
- DoD cannot spend money that it does not have. Accordingly, DoD is notifying its appropriated fund civilians of possible furloughs as one way that the department will sharply reduce its rate of spending once sequestration is triggered.

**9. WHAT IF THERE IS A NATIONAL EMERGENCY? WOULDN'T FURLOUGHS HAMPER THE GOVERNMENT'S ABILITY TO PROTECT THE NATION?**

- Military personnel will not be subject to furloughs.
- On Jul. 31, 2012, President Obama indicated that he would exercise his authority under the Budget Control Act to exempt military personnel funding in FY13.
- DoD will continue to provide for the nation's defense despite the reduced contributions of its civilian workforce.

**10. HAS DEFENSE SECRETARY NOMINEE CHUCK HAGEL PLAYED ANY ROLE IN DETERMINING HOW FURLOUGHS WILL BE CARRIED OUT?**

- Decisions about furloughs have been made by Secretary Panetta and his staff.
- DoD efforts to prepare for furloughs and sequestration have been briefed to Mr. Hagel.

**11. WILL DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS) BE ABLE TO OPERATE AND CONTINUE DISBURSING PAY AND BENEFITS?**

- DFAS will continue to operate and all pay activity will continue uninterrupted. DFAS operations will be managed to ensure all vital activities and products continue to be produced in their normal time frames. To the extent possible, DFAS will look to non-critical activities to absorb any reductions in resources.

**12. WILL FURLOUGHS CONTINUE PAST SEP. 30, 2013? WILL DOD UTILIZE A RIF? AREN'T FURLOUGHS THE FIRST STEP TOWARD DISMISSAL?**

- DoD cannot predict at this time the impact of sequestration on the civilian workforce beyond Sept 30, 2013. We are utilizing and will continue to utilize all available workforce shaping tools to minimize impact on our civilian workforce to the extent possible.

**13. CAN A SUPERVISOR REQUIRE AN EMPLOYEE WORKING ON SOMETHING DEADLINE DRIVEN OR SENSITIVE TO CONTINUE TO WORK?**

- No, supervisors will manage the workload of their organization to ensure that furloughed employees are not providing their services in compliance with federal law.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 4-5.

**14. MAY FURLOUGHED EMPLOYEES VOLUNTEER TO WORK ON A NON-PAY BASIS DURING ANY HOURS OR DAYS DESIGNATED AS FURLOUGH TIME OFF?**

- No, unless otherwise authorized by law, an agency may not accept the voluntary services of an employee. (See 31 U.S.C. 1342).
- Furloughed employees will not be authorized to work remotely or off-site, to respond to DoD-provided digital devices, or conduct official business during each furlough period.
- Furloughed employees will not visit their worksite beyond a quick visit to retrieve personal items as necessary.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 4-5.

**15. CAN AN EMPLOYEE CHOOSE WHEN TO BE FURLOUGHED?**

- Generally, furloughs will be no more than 22 discontinuous work days (176 hours), and will be spread over maximum months at no more than 16 hours per pay period.

**16. ARE PERSONAL FINANCIAL DIFFICULTIES GROUNDS FOR A SUPERVISOR TO WAIVE AN EMPLOYEE'S FURLOUGH?**

- No, all appropriated fund employees will be considered for furloughs.
- We understand furloughs may result in unexpected financial difficulty for civilian personnel and their families.
- Employees should start planning immediately for reduced paychecks beginning in April.

**17. DURING PAST GOVERNMENT SHUTDOWNS IN 1995 AND 1996, FURLOUGHED CIVILIANS WERE PAID RETROACTIVELY. WHAT ARE BOSSES TELLING EMPLOYEES THIS TIME?**

- Sequestration and resulting furloughs will affect the civilian workforce differently than a lapse of appropriations (government shutdown).
- There is no provision for employees to receive retroactive compensation at this time.
- Employees should not plan to receive retroactive compensation.

**18. WHAT ARE THE NOTIFICATION REQUIREMENTS FOR A PLANNED FURLOUGH OF THE LENGTH DOD IS CONTEMPLATING?**

- There are specific processes and notice requirements for planned furloughs, which vary depending on the duration of the furlough.
- For non-SES employees, if the furlough is 30 continuous calendar days or less, or 22 or fewer discontinuous workdays, the furlough is processed using adverse action procedures, with notices as follows:
  - 45-day Congressional report prior to implementation of the furlough (10 USC 1597(e));
  - Reasonable advance union notice, with time to bargain (5 USC chapter 71);
  - 30-day employee notification
- For SES Employees, if the furlough is 30 days or less:
  - 45-day Congressional report prior to implementation of the furlough (10 USC 1597(e));
  - 30-day employee notice for Career SES;
  - 1-day notice for non-Career SES

**19. DOES FURLOUGH (NON-PAY) STATUS AFFECT THE TIMING OF WITHIN-GRADE AND STEP INCREASES?**

- Please see OPM’s “Guidance for Administrative Furloughs” available on-line, page 5.

**20. WILL ANNUAL AND SICK LEAVE ACCRUAL BE AFFECTED?**

- Yes, furlough time off is treated like regular leave without pay for leave accrual and benefit purposes. If an employee is in non-pay status (which includes furlough, leave without pay, absence without leave, and suspension) for an entire pay period, no annual or sick leave is earned for that pay period.
- If non-pay time occurs during part of one or over the course of several of a full-time employee’s pay periods, the employee continues to earn leave until the non-pay time totals 80 hours. Then leave is reduced by the amount the employee earns during a pay period. If the employee again accumulates 80 hours of non-pay status, he or she will again not earn leave in the pay period in which that new 80-hour total is reached.
- For part-time employees, leave accrual is prorated based on hours in a pay status in each pay period; thus, time in non-pay status reduces leave accrual in each pay period containing such time.
- Please see OPM’s “Guidance for Administrative Furloughs” available on-line, page 7.

**21. WILL RETIREMENT CALCULATIONS BE AFFECTED?**

- When employees are in a non-pay status (which includes furlough, leave without pay, absence without leave, and suspension) for only a portion of a pay period, their retirement deductions are adjusted in proportion to their basic pay (5 U.S.C. 8332 and 8411).

**22. WILL HIGH-THREE SALARY CALCULATION FOR RETIREMENT BE AFFECTED?**

- No, there is no effect on the high-three average pay unless the furlough causes the employee to be in a non-pay status (which includes furlough, leave without pay, absence without leave, and suspension) for more than six months during the calendar year.

**23. HOW WILL EMPLOYEE CONTRIBUTIONS TO THE THRIFT SAVINGS PLAN (TSP) BE AFFECTED?**

- Employee contributions to TSP accounts are made as deductions from civilian or uniformed services pay.
- Employees who have selected their TSP contribution to be a percentage of their pay will see smaller contributions during the furlough period due to their reduced pay. Employees who have selected a fixed amount to be their TSP contribution will see the same amount deducted during the furlough period.
- If an employee is in non-pay status (which includes furlough, leave without pay, absence without leave, and suspension) for one or more full pay periods, he or she cannot contribute to his or her TSP account during that time.

**24. FOR AN EMPLOYEE COVERED BY THE FEDERAL EMPLOYEES' RETIREMENT SYSTEM (FERS), IS THE GOVERNMENT'S CONTRIBUTION BASED ON A PERSON'S ESTABLISHED SALARY OR WHAT THE EMPLOYEE ACTUALLY EARNS DURING A PAY PERIOD?**

- Agency Automatic Contributions (1 percent) are calculated based on the employee's basic pay earned during each pay period. Agency Matching Contributions are calculated based on employee contributions from that basic pay.
- Consequently, if an employee is not earning basic pay for a particular pay period, he or she will not receive either type of agency contribution for that pay period.

**25. WILL THE GOVERNMENT'S CONTRIBUTION TO THE RETIREMENT FUND AFFECT AN EMPLOYEE'S RETIREMENT CALCULATION?**

- An aggregate non-pay status (which includes furlough, leave without pay, absence without leave, and suspension) of six months in any calendar year is creditable service. Coverage continues at no cost to the employee while in a non-pay status.

**26. HEALTHCARE – will civilian insurance healthcare premiums and claims be paid in full and on time? Will benefits continue for furloughed personnel?**

- Yes, civilian healthcare insurance premiums and claims will be paid in full and on time, and benefits will continue for furloughed employees.
- The employee's share of the premium payment will accumulate and be withheld from pay upon return to pay status.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 9-10.

**27. LIFE INSURANCE – what impact on civilian life insurance?**

- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 9-10.

**28. PERMANENT CHANGES OF STATION – how affected?**

- Permanent change of station (PCS) in the interest of the Government must be funded.
- However, PCS authorized relocations may be restricted and used only in rare and unusual circumstances.
- Additionally, when PCS is determined necessary, optional expenses (house hunting trip, temporary quarters, etc.) may be restricted or prohibited.

**29. COULD EMPLOYEES WHO ARE ON LONG-TERM TEMPORARY DUTY (TDY) BE FURLOUGHED? IF SO, WHO CONTROLS THE FURLOUGHING – THE ORGANIZATION PAYING THE SALARY OR THE ORGANIZATION TO WHICH THEY ARE TDY?**

- During a furlough, each activity will determine the status of their employees on long term temporary duty (TDY) consistent with the administrative furlough guidance for exceptions and availability of funding in the organization paying the salary.

**30. CAN INDIVIDUALS ON INTERGOVERNMENTAL PERSONNEL ACT (IPA) AGREEMENTS BE RELEASED LIKE TERM AND TEMPORARY EMPLOYEES? CAN THEY BE FURLOUGHED? SHOULD THEY BE RELEASED OR FURLOUGHED?**

- The specific authority for furloughing personnel who are working under mobility agreements pursuant to the Intergovernmental Personnel Act (IPA), either inside the Federal government or with other organizations, depends on the nature of individual agreements, the status of the appointments, and/or the funding arrangements for the assignments. As a general rule, the following principles are applicable in determining whether to furlough personnel on IPA mobility assignments:
  - Personnel from non-Federal organizations on appointments to the Federal government are subject to furlough in the same manner as other employees.
  - Personnel on detail to Federal agencies from non-Federal organizations may continue working, provided that the non-Federal organizations pay the total costs of the detail.
  - Personnel on detail to Federal agencies from non-Federal organizations that share part of the costs of detail may continue to work if the Federal portion of the cost was obligated from prior appropriations at the time of the IPA mobility agreements. In the event that a furlough takes place during a time for which no funds are appropriated, the assignment should be terminated.
  - Personnel on detail to Federal agencies from non-Federal organizations that do not pay or share the costs of the detail are subject to furlough in the same manner as other employees.

**31. WILL A FURLOUGH AFFECT AN EMPLOYEE'S RECEIPT OF LIVING QUARTERS ALLOWANCE (LQA)?**

- The Department of State Standardized Regulations (DSSR) addresses payment of allowances when an employee is in a non-pay status. For an administrative furlough (e.g., based on sequestration), DSSR section 051.2 and 132.2b(2) would be applicable:
- DSSR section 051.2 states, "All allowances granted under these regulations may continue during periods while the employee is in non-pay status not in excess of 14 calendar days at any one time. For periods in non-pay status longer than 14 calendar days, payments under

allowance grants are to be suspended as of the day the employee enters the non-pay status, and payment is not to be made for any part of such period, unless otherwise specifically provided in these regulations. (See Section 132.2b(2).)"

- DSSR section 132.2b(2) specifically addresses continuation of LQA during a non-pay status, noting that the LQA grant may continue if the employee maintains the quarters at the post: "(2) while the employee is in non-pay status not in excess of 30 calendar days at any one time. For periods in non-pay status longer than 30 calendar days, payment shall be suspended as of the day the employee enters such status, and payment is not to be made for any part of such period;"
- Both DSSR sections provide for continued payment of allowances for short periods (14 or 30 calendar days) of non-pay status at one time. If the furloughs are implemented as (up to) 22 nonconsecutive work days - 1-day per week for 22 weeks - the employee would never hit the 14 or 30 days "at one time" required to affect the continued payment of the allowances.

**32. WHEN AN EMPLOYEE'S PAY IS INSUFFICIENT TO COVER ALL DEDUCTIONS BECAUSE FURLOUGH TIME OFF OCCURS IN THE MIDDLE OF A PAY PERIOD AND THE EMPLOYEE RECEIVES A PARTIAL PAYCHECK, WHAT IS THE ORDER OF WITHHOLDING PRECEDENCE?**

- Agencies will follow the guidance at <http://www.lchcoc.gov/transmittals/TransmittalDetails.aspx?TransmittalID=1477> to determine the order of precedence for applying deductions from the pay of its civilian employees when gross pay is insufficient to cover all authorized deductions.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, page 5.

**33. WILL EMPLOYEES CONTINUE TO RECEIVE RESERVIST DIFFERENTIAL PAYMENT (5 U.S.C. 5538) IF THEY ARE AFFECTED BY AN ADMINISTRATIVE FURLOUGH FROM THE FEDERAL CIVILIAN POSITION WHILE ON ACTIVE DUTY?**

- It depends. In computing a reservist differential, the employing agency must compare the employee's projected civilian basic pay to the allocated military pay and allowances for each civilian pay period. If an employee is affected by a furlough from his or her Federal position while on active duty, the employing agency must reduce the employee's projected civilian basic pay during any pay period in which furlough time off occurs. If the allocated military pay and allowances are greater than or equal to the projected civilian basic pay adjusted for furlough time off, no reservist differential is payable for that pay period. If the projected civilian basic pay (as reduced to account for furlough time off) is greater than the allocated military pay and allowances, the difference represents the unadjusted reservist differential.

**34. CAN EMPLOYEES BE FURLOUGHED ON FEDERAL HOLIDAYS?**

- Yes. Employees may be furloughed for periods of time that include Federal holidays. However, an agency should select the furlough days off on programmatic and administrative grounds that are unrelated to the fact that the period includes a holiday. For example, an agency may not properly furlough employees for a 3-day period, the middle of which is a holiday, for the sole purpose of saving three days' pay while losing only two days of work. (See Comptroller General opinion B-224619, August 17, 1987.) Nor would it be proper to

furlough an employee solely on a holiday. (See Comptroller General opinion B-222836, May 8, 1986.)

- During the proposed furlough period April 23 to Sep. 21, there are two Federal holidays: Memorial Day observed on Mon. May 27, and Independence Day on Thurs. July 4, 2013.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 8-9.

**35. IF EMPLOYEES HAVE A DESIGNATED ADMINISTRATIVE FURLOUGH DAY OFF ON THE LAST WORKDAY BEFORE A HOLIDAY OR THE FIRST WORKDAY AFTER A HOLIDAY (BUT NOT ON BOTH DAYS), WILL THEY BE PAID FOR THE HOLIDAY?**

- Yes. The general rule is that an employee is entitled to pay for a holiday so long as he or she is in a pay status on either the workday preceding a holiday or the workday following a holiday. The employee is paid for the holiday based on the presumption that, but for the holiday, the employee would have worked.
- A holiday should not be the first or last day of the period covered by a furlough. During the proposed furlough period April 23 to Sep. 21, there are two Federal holidays: Memorial Day observed on Mon. May 27, and Independence Day on Thurs. July 4, 2013.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 4-5.

**36. IF EMPLOYEES HAVE A DESIGNATED ADMINISTRATIVE FURLOUGH DAY OFF ON THE LAST WORKDAY BEFORE A HOLIDAY AND THE FIRST WORKDAY AFTER A HOLIDAY, WILL THEY BE PAID FOR THE HOLIDAY?**

- No. If a furlough includes both the last workday before the holiday and the first workday after the holiday, the employee is not entitled to pay for the holiday because there is no longer a presumption that, but for the holiday, the employee would have worked on that day. (See Comptroller General opinion B-224619, August 17, 1987.)
- Agencies that allow employees to choose their furlough days off should explain that the employee will not be paid for the holiday if the employee chooses to take furlough day off both before and after the holiday. During the proposed furlough period April 23 to Sep. 21, there are two Federal holidays: Memorial Day observed on Mon. May 27, and Independence Day on Thurs. July 4, 2013.
- Please see OPM's "Guidance for Administrative Furloughs" available on-line, pages 4-5.

**37. WILL FURLOUGHS AFFECT COMPLETION OF A PROBATIONARY PERIOD?**

- Any non-pay time (which includes furlough, leave without pay, absence without leave, and suspension) in excess of 22 workdays extends the probationary period by that number of days.

**38. ARE FURLOUGHED DETAILEES RETURNED TO THEIR HOME AGENCIES FOLLOWING ANY FURLOUGH?**

- Detailed employees remain officially assigned to their permanent positions during the detail. During a furlough, each agency/activity will determine the status of their employees on detail within the agency/activity or to another agency/activity.

### **39. MAY FURLOUGHED PERSONNEL WORK ELSEWHERE AWAITING RECALL?**

- While on furlough, individuals remain employed by the Federal Government; therefore, standards of ethical conduct and rules regarding outside employment are applicable (5 CFR 2635).
- Additionally, there are specific statutes prohibiting certain outside activities, and there may be agency-specific supplemental rules requiring prior approval of, and sometimes prohibiting, outside employment.
- Before engaging in outside employment, employees should consult their agency ethics official.
- Yes, civilian healthcare insurance premiums and claims will be paid in full and on time, and benefits will continue for furloughed employees.
- The employee's share of the premium payment will accumulate and be withheld from pay upon return to pay status.
- Please see OPM's "Guidance for Administrative Furloughs," pages 4-5.

### **40. WHILE AN EMPLOYEE IS FURLOUGHED, ARE THEY FREE AND CLEAR OF ANY OFFICIAL OR WORK-ENFORCED OBLIGATIONS THEY AGREED TO AS A CONDITION OF THEIR EMPLOYMENT, SUCH AS THE HATCH ACT?**

- While on furlough, individuals remain employed by the Federal Government; therefore, any conditions of employment remain applicable.

## **LABOR RELATIONS – OBLIGATIONS AND COLLECTIVE BARGAINING**

### **41. WHEN WILL THE UNIONS BE NOTIFIED?**

- Following notification to Congress on Feb. 20, unions will be notified of the notification to Congress.

### **42. WHAT IS MANAGEMENT'S LABOR OBLIGATION?**

- Management is obligated to provide advance notice of the furlough to any unions representing bargaining unit employees. The decision to furlough employees is a reserved management right in accordance with 5 USC 7106 (a) (2) (A). Thus, a union cannot negotiate over management's decision to implement a furlough.
- The union, however, has the right to request to bargain the procedures and appropriate arrangements (commonly referred to impact and implementation bargaining) regarding how the agency will implement the furlough. Agencies are advised to check the terms of their applicable collective bargaining agreements to determine how the union notice is to be provided and the steps for engaging in impact and implementation bargaining. Additionally, the collective bargaining agreement may already contain provisions that govern the procedures for implementing a furlough and address the appropriate arrangements for employees adversely impacted by this management action. If the latter is true, further bargaining may not be necessary.

### **43. WHAT KIND OF TOPICS MAY A UNION BARGAIN OVER?**

- Generally, a union will wish to negotiate the procedures management will follow when implementing a furlough. For example, a union may wish to negotiate over how employees

will be notified of the furlough (e.g., personal delivery, letter, email, etc.), how employees will be selected for furlough (e.g., by seniority, volunteers first, etc.), the content of the employee notice itself, as well as the timing and length of the notice.

- A union will also wish to negotiate appropriate arrangements for those bargaining unit employees who sustain an adverse impact as a result of management's actions. For example, a union may wish to negotiate over how the days of the furlough are implemented (e.g., all at once or over a period of time) or prescribing the criteria management will consider in furloughing employees. Due to the stress and potential financial impact a furlough may cause, management may consider offering employees time to meet with a counselor from their local Employee Assistance Program to help them cope with the anxiety associated with this action.

#### **44. HOW LONG SHOULD IMPACT AND IMPLEMENTATION BARGAINING TAKE?**

Unless the local collective bargaining agreement (CBA) provides for time-bound impact and implementation bargaining, activities should anticipate engaging in negotiations for a period of time. Additionally, if the local CBA does not contain ground rules, a union may submit ground rules proposals (proposals on how negotiations will proceed) prior to engaging in bargaining over the furlough itself

#### **45. WHAT IF THE UNION SUBMITS PROPOSALS TO ADDRESS THE POSSIBILITY OF A FURLOUGH BEFORE ANY ACTUAL DECISION TO FURLOUGH HAS BEEN MADE? CAN WE REFUSE TO ACT ON THE PROPOSAL UNTIL MANAGEMENT MAKES A DECISION TO FURLOUGH?**

- If a union submits a proposal to bargain a matter not already covered in the collective bargaining agreement (e.g. furlough), management cannot refuse to bargain a union-initiated proposal. To do so would be an unfair labor practice.
- Additionally, with the tight timeframe for completing the bargaining process if sequestration were to occur, it would be in management's best interest to complete bargaining as soon as possible regardless of the source of the initial proposal.

### **EFFECTS ON MILITARY**

#### **46. HEALTHCARE – will furloughs require Military Treatment Facilities to reduce access to active-duty military?**

- Active duty medical care is an absolute priority and would be preserved.
- Civilian personnel furloughs may result in reduced services at military treatment facilities, including longer wait times and fewer personnel available to provide care.
- No matter what, the following MTF activities would likely not be impacted:
  - Inpatient care and attendant maintenance of patient medical records
  - Acute and emergency outpatient medical and dental care
  - Emergency response capability
  - Outpatient clinics and ancillary services to support walk in patients
  - Follow up and management of existing conditions
  - Emergency counseling and crisis intervention intake screening/referral services
  - Suicide and substance abuse counseling
  - Dental Class 4 care

- Private sector care under TRICARE (to include referral management)
- Certification of eligibility for health care benefits
- Appointing function
- All aspects of wounded warrior care
- All pre-deployment related medical and dental readiness activities
- Immediate post-deployment medical and dental care
- All aspects of expeditionary medical care
- TDYs in support of named operations
- Foreign humanitarian assistance in response to disaster or other crises posing an imminent threat to life
- Contracting, contract administration, and logistics operations in support of exempt activities (medical logistics)
- Activities required to contract for and distribute items as authorized by the Feed and Forage Act to include medical and hospital supplies (medical logistics)
- Activities necessary to control funds, record new obligations incurred in the performance of exempt activities, and manage working capital funds (RMO)

#### **47. HOUSING – will military and privatized housing be affected by furloughs?**

- Government-owned housing: it is likely that some repair work will have to be deferred and response-times to routine maintenance requirements will be delayed. The services will prioritize the most urgent requirements which will translate to reduced service levels for military families.
- Privatized housing: the President exercised his authority under the Budget Control Act to exempt military personnel funding, including Basic Allowance for Housing (BAH), from sequestration. Therefore, we foresee no impact since BAH remains fully funded.

#### **48. COMMISSARIES – how affected?**

- The Defense Commissary Agency (DeCA) is developing an internal contingency plan to minimize the impact to commissary patrons, should sequestration occur.

#### **49. POST/BASE EXCHANGES – how affected?**

- Military Exchange personnel are Non-appropriated Fund (NAF) employees and are paid primarily from the funds generated by the Exchange. NAF employees are Federal employees, but are excluded from most laws administered by OPM.
- Exchanges will remain open and continue to operate. However, a furlough of appropriated fund employees at locations with a heavy civilian employee customer base may result in a reduction in Exchange business. This could trigger a curtailment of business operations at the Exchange and emergency/unplanned furlough of NAF employees.

#### **50. PERMANENT CHANGES OF STATION – how affected?**

- The Services manage their PCS accounts as part of their overall Military Personnel Account (MPA).
- The President has stated that Service MPAs will be exempted from the funding cuts mandated by sequestration.

- Civilian personnel furloughs may result in reduced services at installation transportation offices, including longer wait times and fewer inspectors available for mediation with moving companies.

#### **51. MILITARY SCHOOLS/ TRAINING OPPORTUNITIES – how affected?**

- The effects of civilian furloughs to military schools and training opportunities will be determined by each military service.
- The military services are compiling detailed plans, and I would refer you them regarding the specific effects of furloughs on military schools.

#### **52. MAIL – will overseas mail be affected?**

- Civilian personnel furloughs may result in reduced services at military post offices overseas, including longer wait times and fewer customer mail options.

#### **53. NATIONAL GUARD and RESERVE – will troops still drill? How affected?**

- The pay for the MILTECH personnel category resides in the O&M appropriations which have a great impact on unit's ability to perform effective drill weekends. Civilian furloughs will affect all Reserve components, not just USAR, USAFR and NG.
- Civilian furloughs will have a greater impact on the Military Technicians (MILTECH) in the National Guard, the Army Reserve and Air Force Reserve.
- National Guard and Reserve components should be able to drill; however, furloughs will have a negative impact on drilling effectiveness and readiness.

#### **54. INSTALLATION/BASE SERVICES – will troops be expected to assume new functions currently managed by civilians, to include gate guard, dining facility management, and landscaping? What about augmenting Pentagon Force Protection Agency?**

- It's too soon to tell. The services are working through the specific effects of sequestration on their operations.
- We will protect activities directly related to life, safety, and security.

### **EFFECTS ON MILITARY FAMILIES**

#### **55. HEALTHCARE – will Military Treatment Facilities reduce access to military families? Will TRICARE claims be paid at current levels and on-time? Will access to outside providers be reduced by Tricare?**

- Family care is a high priority, and we will make every attempt to maintain access.
- Civilian personnel furloughs may result in reduced services at military treatment facilities, including longer wait times and fewer personnel available to provide care.
- Our goal is to minimize any disruption in the care we provide.

#### **56. CHILDCARE – will military personnel be prioritized to receive on-base/post childcare services? How affected?**

- Childcare and MWR are not centrally run out of Office of the Secretary of Defense Military Community & Family Policy (OSD/MC&FP) but by each of the four Services.

- They most likely will have differing plans if furloughs go into effect for prioritization of services and other aspects of their operations.

**57. DODEA SCHOOLS – will schools supported by Department of Defense Educational Activity continue to operate? How affected?**

- DoD has directed us to prepare for reduced spending with careful and thoughtful decisions that preserve the ability to provide students a full school year of academic credit and maintain school accreditation standards.
- We understand the anxiety these uncertainties bring to our school communities. DoDEA is reviewing all areas of its budget for potential savings.

**58. MORALE, WELFARE, and RECREATION – how affected?**

- MWR is not centrally run out of Office of the Secretary of Defense Military Community & Family Policy (OSD/MC&FP) but by each of the four Services.
- They most likely will have differing plans if sequestration goes into effect for prioritization of services and other aspects of their operations.

**EFFECTS ON MILITARY RETIREES**

**59. MILITARY RETIREE & MONETARY BENEFITS – how affected? Will DFAS be able to operate?**

- Retiree pay – like military pay – will not be affected.
- Everyone (military, civilian, retirees) will continue to be paid on time.
- DFAS will continue to operate and all pay activity will continue uninterrupted. We will manage the DFAS operation to make sure all vital activities and products continue to be produced in their normal time frames. To the extent possible, we will look to non-critical activities to absorb any reductions in resources.

**60. HEALTHCARE – will Military Treatment Facilities reduce access to retirees?**

- Civilian personnel furloughs may result in reduced services at military treatment facilities, including longer wait times and fewer personnel available to provide care.

**DATA**

**61. WHAT IS THE TOTAL DOD APPROPRIATED FUND CIVILIAN GROSS PAYROLL BY STATE?**

<b>State</b>	<b>Total FY2012 Payroll</b>	<b>Est. of Furlough Impact</b>	<b>Est. FY2013 Payroll</b>
Alabama	\$2,174,475,440	-\$183,994,076	\$1,990,481,364
Alaska	\$395,643,018	-\$33,477,486	\$362,165,532
Arizona	\$654,272,851	-\$55,361,549	\$598,911,302
Arkansas	\$231,472,474	-\$19,586,132	\$211,886,342
California	\$4,960,293,753	-\$419,717,164	\$4,540,576,589
Colorado	\$862,135,217	-\$72,949,903	\$789,185,314
Connecticut	\$184,870,426	-\$15,642,882	\$169,227,544
Delaware	\$99,088,346	-\$8,384,398	\$90,703,947
District of Columbia	\$1,372,453,837	-\$116,130,709	\$1,256,323,128
Florida	\$2,190,390,094	-\$185,340,700	\$2,005,049,394
Georgia	\$2,400,446,142	-\$203,114,674	\$2,197,331,468
Hawaii	\$1,632,436,375	-\$138,129,232	\$1,494,307,143
Idaho	\$86,558,487	-\$7,324,180	\$79,234,307
Illinois	\$1,040,094,515	-\$88,007,997	\$952,086,518
Indiana	\$792,066,373	-\$67,021,001	\$725,045,372
Iowa	\$91,236,256	-\$7,719,991	\$83,516,265
Kansas	\$516,943,902	-\$43,741,407	\$473,202,495
Kentucky	\$663,377,945	-\$56,131,980	\$607,245,965
Louisiana	\$440,580,854	-\$37,279,918	\$403,300,936
Maine	\$486,683,721	-\$41,180,930	\$445,502,791
Maryland	\$4,246,163,841	-\$359,290,787	\$3,886,873,054
Massachusetts	\$531,725,827	-\$44,992,185	\$486,733,642
Michigan	\$818,499,422	-\$69,257,643	\$749,241,779
Minnesota	\$148,795,573	-\$12,590,395	\$136,205,178
Mississippi	\$596,325,787	-\$50,458,336	\$545,867,451
Missouri	\$513,160,674	-\$43,421,288	\$469,739,386
Montana	\$83,051,804	-\$7,027,460	\$76,024,344
Nebraska	\$295,724,739	-\$25,022,863	\$270,701,876
Nevada	\$143,069,768	-\$12,105,903	\$130,963,865
New Hampshire	\$68,829,433	-\$5,824,029	\$63,005,404
New Jersey	\$917,902,411	-\$77,668,666	\$840,233,745
New Mexico	\$516,643,142	-\$43,715,958	\$472,927,184
New York	\$774,644,655	-\$65,546,855	\$709,097,800
North Carolina	\$1,429,023,635	-\$120,917,385	\$1,308,106,251
North Dakota	\$97,200,891	-\$8,224,691	\$88,976,200

Ohio	\$1,957,942,009	-\$165,672,016	\$1,792,269,993
Oklahoma	\$1,527,654,499	-\$129,263,073	\$1,398,391,426
Oregon	\$219,004,894	-\$18,531,183	\$200,473,711
Pennsylvania	\$1,830,965,501	-\$154,927,850	\$1,676,037,651
Rhode Island	\$403,042,209	-\$34,103,572	\$368,938,637
South Carolina	\$706,452,744	-\$59,776,771	\$646,675,973
South Dakota	\$76,044,098	-\$6,434,501	\$69,609,597
Tennessee	\$439,259,645	-\$37,168,124	\$402,091,521
Texas	\$3,437,609,788	-\$290,874,674	\$3,146,735,114
Utah	\$1,019,534,375	-\$86,268,293	\$933,266,082
Vermont	\$35,597,711	-\$3,012,114	\$32,585,597
Virginia	\$7,810,211,096	-\$660,864,016	\$7,149,347,080
Washington	\$2,068,719,736	-\$175,045,516	\$1,893,674,220
West Virginia	\$121,182,837	-\$10,253,932	\$110,928,905
Wisconsin	\$153,615,884	-\$12,998,267	\$140,617,617
Wyoming	\$64,215,124	-\$5,433,587	\$58,781,537
<b>USA TOTAL</b>	<b>\$54,327,333,778</b>	<b>-\$4,596,928,243</b>	<b>\$49,730,405,535</b>
Overseas	\$3,138,144,892	-\$265,535,337	\$2,872,609,555
<b>GRAND TOTAL</b>	<b>\$57,465,478,670</b>	<b>-\$4,862,463,580</b>	<b>\$52,603,015,090</b>

Source: Civilian Pay File, created by DMDC  
on 2/8/2013

## 62. DEPARTMENT OF DEFENSE NEWS RELEASE: 2 P.M. 20 FEB. 2013



U.S. Department of Defense  
Office of the Assistant Secretary of Defense (Public Affairs)  
News Release

On the Web:  
<http://www.defense.gov/Releases/Release.aspx?ReleaseID=15826>  
Media contact: +1 (703) 697-5131/697-5132

Public contact:  
<http://www.defense.gov/landing/comment.aspx>  
or +1 (703) 571-3343

IMMEDIATE RELEASE

No. 097-13  
February 20, 2013

### Message to the Department from Secretary of Defense Leon E. Panetta on the Preparations for Potential Sequestration on March 1 and Furlough Notifications

"To All Department of Defense Personnel:

"For more than a year and a half, the president, the Joint Chiefs of Staff and I have repeatedly voiced our deep concerns over the half a trillion dollars in automatic across-the-board cuts that would be imposed under sequestration and the severe damage that would do both to this department and to our national defense.

"The administration continues to work with Congress to reach agreement on a balanced deficit reduction plan to avoid these cuts. Meanwhile, because another trigger for sequestration is approaching on March 1, the department's leadership has begun extensive planning on how to implement the required spending reductions. Those cuts will be magnified because the department has been forced to operate under a six-month continuing resolution that has already compelled us to take steps to reduce spending.

"In the event of sequestration we will do everything we can to be able to continue to perform our core mission of providing for the security of the United States, but there is no mistaking that the rigid nature of the cuts forced upon this department, and their scale, will result in a serious erosion of readiness across the force.

"I have also been deeply concerned about the potential direct impact of sequestration on you and your families. We are doing everything possible to limit the worst effects on DoD personnel -- but I regret that our flexibility within the law is extremely limited. The president has used his legal authority to exempt military personnel funding from sequestration, but we have no legal authority to exempt civilian personnel funding from reductions. As a result, should sequestration occur and continue for a substantial period, DoD will be forced to place the vast majority of its civilian workforce on administrative furlough.

"Today, I notified Congress that furloughs could occur under sequestration. I can assure you that, if we have to implement furloughs, all affected employees will be provided at least 30 days' notice prior to executing a furlough and your benefits will be protected to the maximum extent possible. We also will work to ensure that furloughs are executed in a consistent and appropriate manner, and we will also continue to engage in discussions with employee unions as appropriate.

"Working with your component heads and supervisors, the department's leaders will continue to keep you informed. As we deal with these difficult issues, I want to thank you for your patience, your hard work, and your continued dedication to our mission of protecting the country.

"Our most important asset at the department is our world-class personnel. You are fighting every day to keep our country strong and secure, and rest assured that the leaders of this department will continue to fight with you and for you."