



ADMINISTRATION AND
MANAGEMENT

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

APR 15 2013

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
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SUBJECT: Office of the Secretary of Defense (OSD) Actions for Handling Budget Uncertainty
in Fiscal Year (FY) 2013

Going forward in this period of sequestration and fiscal constraint, all OSD Components must apply especially discriminating judgment regarding expending or committing resources. Recent legislation regarding appropriations for FY13 requires reductions averaging eight percent for OSD Components, from their Operations and Maintenance mission funding balances, though it differs by Component depending on specified reductions. To ensure general consistency in implementation, the measures and procedures outlined below will apply to all OSD Components. The Deputy Secretary will monitor and determine how long these measures remain in effect, and whether changes are necessary.

Exceptions to the measures below, in support of mission critical needs (i.e., functions to preclude mission failure), may be approved by an OSD Component Principal or their Deputy. Under Secretary Components may designate one other senior official to serve as an exception approval authority.

- **Overtime/Compensatory Time** will be discontinued. OSD Components will report any approved exceptions for overtime/compensatory time to the Director of Administration and Management (DA&M) on a bi-weekly basis, for aggregation and reporting to the Deputy Secretary.
- **Travel, TDY, and Training** (to include attendance at conferences and seminars) will be significantly curtailed. Personnel will leverage teleconferences and VTC capabilities to the maximum extent possible. Training requested by statute, executive order, and regulation or to maintain professional licensure is exempt. Other mission critical training requires approval at levels highlighted in the second paragraph, above. All OSD travel, TDY, and training exceptions will be reported by the DA&M to the Deputy Secretary on a monthly basis.

- **Studies (not Congressionally directed) and Contract Actions** will be reviewed for necessity and cost savings opportunities. OSD Component Principals or Deputies will validate the necessity of contracts before processing actions for funds certification. Further, OSD Components will limit supply and equipment purchases to essential consumption requirements. The DA&M will report to the Deputy Secretary on a monthly basis the contract actions approved for processing.
- **Non-permanent/Non-political Civilian Appointments** (temporary or term) will be reviewed and, where applicable, certified by OSD Component Principals or Deputies for their need to continue. Where continued, appointments will be subject to any furlough action applied to permanent government personnel. Within 30 days of the release of this guidance, OSD Components will certify to the DA&M the continuation of non-permanent civilian appointments, and the DA&M will aggregate and report all to the Deputy Secretary.
- **Intergovernmental Personnel Act (IPA)** reimbursable contracts will be modified to correspond with the equivalent percentage of any furlough actions applied to permanent government personnel. The percentage reduction will be determined based on final Department of Defense decisions impacting permanent government personnel and will be applied to each IPA monthly invoice payment (to include salary, benefits and, general and administrative costs.) Should furloughs cease, subsequent payments will revert to the amount set forth in the IPA agreements prior to the start of any furlough actions applied to permanent government personnel. Washington Headquarters Services, Executive and Political Personnel will provide 30-day advanced notification to all non-profit organizations that have entered into IPA agreements with OSD Components. Non-profit organizations have the right to terminate the IPA agreement if they choose to.

Following any announcement of furlough, further guidance will be provided, as available, to all OSD organizations.

Thank you for your leadership, patience, and flexibility during these challenging times of fiscal uncertainty.


Michael L. Rhodes
Director

cc:
IG DoD