



### Senior Leader Talking Points

In FY 2013, we have faced unprecedented fiscal uncertainty. The Department of the Navy has taken and will continue to take steps to address current and projected budget reductions, to include an across-the-board hiring freeze.

Three fiscal issues are in play -- separately they are problematic; collectively, they have created the unprecedented fiscal challenges now facing the DON

- The dire effects of the Budget Control Act of 2011 (sequestration) are triggered March 1
- The continuing resolution (CR) expires March 27 - even without sequestration, no appropriation could spur a government shutdown.
- The debt ceiling limit -- pushed to May 18

Despite extraordinary efforts to reduce expenditures and slow the burn rate of our spending, it appears that won't be enough. The Budget Control Act of 2011 -- commonly known as sequestration -- the related across-the-board budget reductions for DoD and the Department of the Navy has pushed us to the reality that administrative furloughs of the civilian workforce may be required.

### Recent Events

Congress is expected to receive notification (~19 February) from SECDEF of a proposed furlough for DoD's civilian employees. Unions also received a concurrent notification of the proposed furloughs.

- Administrative furloughs are different from the shutdown furloughs we faced in the past. The shutdown furloughs only impacted certain employees and generally occurred during a lapse in funding.
- Administrative furloughs are planned and **all** employees are subject to the furlough. Exceptions are limited to:
  1. Civilians deployed in combat zone
  2. Safety of life or property – only to extent needed to prevent unacceptable risk or catastrophic gaps in the safety and protection of life or property
    - Note: all medical service civilian employees are subject to furlough except those that provide 24-hour inpatient care or emergency service, and personnel providing ancillary services directly supporting the 24-hour inpatient care and emergency services
  3. Employees funded 100% with non-appropriated funds
  4. Employees exempt by law (Presidential appointees not eligible for leave)
  5. Foreign nationals only if furlough exceptions are required by SOFA

### Procedures for an administrative furlough – different from a shutdown or emergency furlough:

- Congress notified - at least 45 days prior to the effective date of the furlough
- Unions - I & I bargaining required (Note: approximately 50% of the civilian workforce is represented by ~500 different bargaining units) — 30 days
- On or about March 15 employees would receive a letter about the proposed furlough
- Decision letter will be given on the date of the furlough — approximately late-April



### Impact to Employees

- Furloughs limited to up to 176 hours (approximately 22 workdays) between the initial furlough date and the end of the fiscal year (30 Sept 2013)
- ~16 hours per pay period
- Results in ~20% reduction in base and locality pay for remainder of fiscal year
- Impact on benefits & TSP varies depends on plan
- Furloughs are treated like LWOP for leave accrual and benefit purposes — leave impacted after 80 furlough (LWOP) hours
  - Ex: employee earns 6 hours annual leave and 4 hours sick leave each pay period
  - On the pay period where the 80th furlough hour occurs, the employee will not accrue leave for that pay period; repeated for every 80 hours furloughed
- Outside employment permitted if complies with federal ethics requirements
- Unemployment compensation - depends on state requirements
- Within-Grade-Increases (WGI) - depends on length of furlough and the waiting period
- High 3 for computing retirement annuity — generally no effect

### Command Direction

- BSO Commanders determine hours/time of furlough dependent upon mission requirements
- Scheduling of furlough days is subject to local bargaining requirements
- Commands & USMC prohibited from using contract funding or premium pay (comp or overtime) to offset furloughs
- Commands may not transfer inherently governmental work to contractors
- Furloughed employees prohibited from working from home or on-site on furlough days — employees may not volunteer
- Furloughed employees may not substitute paid leave or other time off for furlough time

### Closing Comments

Civilian workforce is incredibly talented and dedicated -- the impact of the furloughs on the civilian workforce is not lost on me or the DON leadership.

We recognize that Navy civilian employees and their families are already being impacted by the fiscal uncertainty and that this impact will become greater if administrative furloughs become necessary if sequestration is not averted.

Despite these impacts, it is critical that all of us continue to perform our jobs as always, even if it is not for 40 hours. The fleet and 315,000 sailors depend on each one of you. As always, our first duty is to support them!