



THE SECRETARY OF THE AIR FORCE
CHIEF OF STAFF, UNITED STATES AIR FORCE
WASHINGTON DC



JAN 7 2013

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: Fiscal Year 2013 (FY13) Near-Term Actions to Mitigate Sequestration Impacts

This memorandum is provided in response to your January 4th, 2013 Deputy's Management Action Group (DMAG) request for the Services to identify near-term actions we are taking to accommodate possible reductions to the FY13 budget. We can no longer live under the uncertainty of sequestration and the continuing resolution without taking action now. Given this uncertainty in the second quarter of FY13, prudent planning for the third and fourth quarters is required even though we are not presuming sequestration will occur. Our proposed near term actions will begin to introduce significant inefficiencies and delays in normal program execution, but they do not immediately impact core readiness and are reversible or recoverable. They include:

- Notify civilians of furlough as early as possible to preserve options in the future
- Implement civilian hiring restrictions within the Department of Defense rule set to include implementing a hiring freeze and reducing temps/terms
- Review Overseas Contingency Operation requirements and identify potential deferments
- Cancel all non-mission critical temporary duties, conferences, and symposia
- Curtail non-readiness/mission related flying such as air show support, flyovers, and familiarization rides
- Proactively curtail or cancel non-Congressionally directed/non-mission critical studies
- Curtail supply purchases to essential FY13 consumption and stop minor purchases such as furniture, information technology refresh, and unit equipment
- Defer non-emergency Facilities Sustainment, Restoration, and Modernization (FSRM) projects, resulting in a reduction of roughly 50% in FSRM spending
- Where practical, de-obligate/incrementally fund contracts to encompass only FY13
- For investment accounts, we are establishing a review process to proactively monitor proposed obligations and halt or delay contracts to reduce expenditures

These near term actions only achieve a small share of the total sequestration reduction. Therefore, if we do not have resolution by March, immediate actions negatively impacting core readiness programs will be required. These actions include:

- Reducing Weapons System Sustainment (aircraft depot maintenance and engine overhauls) by as much as 17%, pushing aircraft availability and mission capable rates much further below standards
- Reducing flying hours by as much as 18% (~203K hours across the enterprise), leading to a potential flying stand-down from late July through September and driving nearly all flying units to unacceptable readiness levels by the end of FY13
- Implementing civilian furloughs to the maximum level possible without initiating reduction-in-force procedures across the total force (Active, Guard and Reserve)

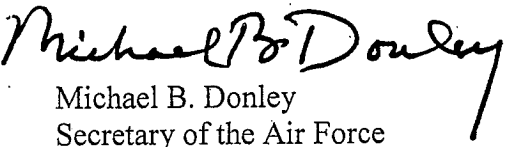
- Prioritizing and curtailing operational training exercises and international partnership exercises, cancelling them where sensible


The post-sequestration actions outlined will have immediate and devastating impacts to readiness. The disproportionate effect on core readiness is due to the limited amount of reductions we can apply to programs such as civilian pay as well as the limited time and flexibility remaining after covering must-pays. Impacts include:

- The defense strategy requires the Air Force to maintain a high state of readiness across the total force. We cannot execute the strategy from a tiered readiness posture. The flying hour reductions will compel us to focus almost exclusively on current missions such as training pipelines, Operation Enduring Freedom spin-up and other deployments while sacrificing preparedness for contingencies and OPLANS. Thus the 18% cut will be disproportionately applied across the force; deployed and next-to-deploy units will be minimally cut, leaving remaining units to take the brunt of the cuts and stand down for extended periods. These units will likely fall to the lowest readiness levels and will require extensive time and funding to recover
- Aircraft depot maintenance and engine overhauls will backlog and the 50/50 organic/contractor depot ratio will be at risk
- Civilian personnel actions will drive nearly immediate capability gaps in all critical skill sets and have a direct impact on unit readiness, military productivity, morale, and quality of life
- Potential delays or deferrals of critical facility projects will impact new mission beddowns, range upgrades, runway repairs, energy initiatives, and drive substantial costs in the future

With respect to acquisition program accounts, a year-long continuing resolution coupled with sequestration would impact weapon system program schedules; thus, creating a protracted disruptive effect to our modernization programs. This will result in cancelled or delayed delivery of modernization capability which is already under-capitalized to meet the new defense strategy. We will provide you with additional details in the weeks to come.

From a policy standpoint, the Air Force is standing by for further guidance regarding civilian furlough notifications and will work with you to implement any forthcoming direction.


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