

General Information on Sequestration and Furloughs

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/, 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.