



DEPARTMENT OF THE NAVY  
CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

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Ser N00/10005  
25 Jan 13

From: Chief of Naval Operations

Subj: DIRECTION REGARDING THE CONTINUING RESOLUTION AND  
SEQUESTRATION

Ref: (a) DSD guidance (10 Jan)  
(b) SECNAV WASHINGTON DC 112146Z Jan 13 (ALNAV 006/13)  
(c) CNO WASHINGTON DC 161811Z Jan 13 (NAVADMIN 007/13)  
(d) ASN RDA memo of 15 Jan 13  
(e) ASN FMC memo of 14 Jan 13

1. Navy is facing budget shortfalls today because we are funded under a Continuing Resolution (CR). Unless Congress legislates changes, we may have significant additional budget reductions starting in March because of sequestration. These reductions will have the greatest impact on Navy's Operation and Maintenance (OMN) account in the near term. References (a) through (e) provide guidance for the near-term, reversible actions we are taking today, or soon will take, to slow our obligation rate of OMN funds.

2. This memorandum provides additional detail with regard to actions being taken now to address the CR. It also directs planning and outlines longer-term impacts to Navy should sequestration be triggered. Our priority in the OMN account will be to preserve overseas and forward-deployed readiness to the maximum extent possible.

3. The following near-term actions are in effect, per references (b) through (e). They may be reversed if Congress passes a FY13 Defense Appropriations Bill or grants Navy permission to reprogram funds from investment accounts to OMN. Commanders and Commanding Officers may request authority not to implement these steps should they conclude that mission-essential activities would be harmed or that actions directed in this section will have an irreversible and severe impact on our ability to execute our mission. However, failure to reduce current obligation rates of OMN is not an option. Any exceptions to the following directed actions shall be replaced by alternative actions from the respective Budget Submitting Office (BSO) which won't have a similar damaging impact. This is

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necessary in order to meet the targeted OMN reductions identified in reference (e). Rationale for such decisions must be articulated with the chain of command.

a. Beginning 15 February 2013, Fleet Commanders shall notify contractors and cancel all private-sector FY13 3rd and 4th Quarter surface ship maintenance availabilities. NAVAIR, in conjunction with the Aviation Type Commanders, shall cancel all FY13 3rd and 4th Quarter aircraft depot maintenance.

b. The hiring of civilians has been frozen. Unless a formal job offer was made or an Entrance on Duty date was established on or before 14 January 2013. No Commanders and Commanding Officers shall hire civilians or extend employees on term or temporary appointments. Exceptions can be granted for those billets the BSO commander deems mission-critical. BSO commanders shall notify Assistant Secretary of the Navy (Financial Management & Comptroller) if mission essential hiring action or exceptions are required.

c. All Commanders and Commanding Officers shall curtail all temporary travel, duties and professional training not deemed mission essential, to include attendance at conferences and seminars. Re-approval of existing government-sponsored conferences shall be obtained through Director, Navy Staff per reference (e).

d. Commander, Navy Installations Command shall reduce base operating support by 10 percent and facilities sustainment expenditures by 50 percent. We have cancelled 30 facilities demolition projects for the repair and modernization (R&M) of all piers, runways, buildings, barracks and other facilities through September 2013. The only exceptions will be for critical and emergent repairs for safety and security.

e. Installation commanders shall implement across-the-board efficiencies and reduce appropriated fund support for community and recreational activities, reduce levels of installation service delivery, and reduce new and current contracts to minimum levels without incurring penalties and consistent with preserving life, health or safety. Commanders shall reduce utilities consumption to the maximum extent possible.

f. Fleet Commanders shall curtail training and education, including training events not related to either maintaining forward-deployed readiness or the readiness of next-to-deploy

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forces. To the extent that such an action, which reduces unit readiness, is irreversible, unit commanders will notify the first Flag in the operational chain of command for further review. Flag Officers reviewing these cases should keep in mind the basic tenet that obligation rates must be reduced and balance that against: 1) the training impact of a specific event on a specific unit and 2) the expected missions that unit will likely execute during its next deployment to determine whether to proceed with the training event or cancel it. If the Flag Officer reverses the decision to cancel or delay a training event, the Flag Officer must notify the appropriate BSO in the chain of command and, working together, identify the alternative offsets needed to execute that event.

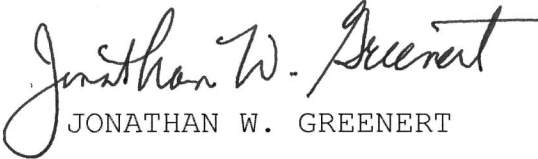
g. All Commanders and Commanding Officers shall limit administrative expenses and supply purchases to essential consumption only. We will stop minor purchases that are not mission-essential, such as furniture, information technology, and unit equipment. Ceremony expenses shall be similarly limited.

4. In the event sequestration is triggered in March, Navy will face an additional \$4 billion OMN reduction in FY13, further affecting training and readiness. BSOs have submitted initial assessments of operational impacts and decisions relating to sequestration. Absent the authority to reprogram (transfer) funds from other accounts to OMN, Navy will be compelled to significantly reduce OMN expenditures through numerous actions, including but not limited to:

- a. Stop all deployments to the Caribbean and South America.
  - b. Limit European deployments to only those supporting ballistic missile defense missions.
  - c. Reduce the number of ships and aircraft deployed. Reduce days at sea and flying hours across the entire force.
  - d. Cease stateside training, flying, steaming and other operations for the majority of ships and aircraft preparing to deploy, unless funded by Fleet Commander's proposed offsets.
5. Finally, we will consider the possibility of civilian furloughs of up to 22 days in FY13 consistent with direction from the administration.

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6. We appreciate your cooperation and collaboration as we work through these budgetary challenges and will continue to keep you informed. Your support and attention to these directives are appreciated. Please direct any questions you may have to your BSO.

  
JONATHAN W. GREENERT

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