

GAO Highlights

Highlights of [GAO-14-529](#), a report to congressional committees

Why GAO Did This Study

In March 2013, DOD's discretionary budget was reduced by \$37 billion as a result of sequestration—across-the-board spending reductions to enforce certain budget policy goals. In response, the Secretary of Defense implemented an administrative furlough, among other things by placing most of DOD's civilian personnel in a temporary nonduty, nonpay status. An administrative furlough is a planned event by an agency to absorb reductions due to budget situations other than a lapse in appropriations.

GAO was mandated to review DOD's implementation of its administrative furlough. This report (1) examined how DOD implemented its furloughs and any reported cost savings, (2) examined the extent to which DOD utilized up-to-date cost-savings information in the planning and implementation of furloughs, and (3) identified any reported examples of impacts that resulted from the furloughs. GAO reviewed DOD furlough guidance, interviewed officials, and conducted visits at selected sites that were selected to represent different categories of furlough exceptions and potential sequestration impacts, among other things.

What GAO Recommends

GAO recommends that DOD update and utilize its furlough cost-savings information as it becomes available in the event that it decides to implement another administrative furlough in the future. DOD partially concurred. GAO continues to believe the findings and recommendation are valid, as discussed in the report.

View [GAO-14-529](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

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SEQUESTRATION

Comprehensive and Updated Cost Savings Would Better Inform DOD Decision Makers If Future Civilian Furloughs Occur

What GAO Found

In January 2013, the Department of Defense (DOD) instructed components to plan for the possibility of up to a 22-day administrative furlough of civilian personnel. On May 14, 2013, the Secretary of Defense issued a memorandum directing up to an 11-day furlough of most of DOD's civilians, and on August 6, 2013, reduced the number of furlough days to 6, resulting in a cost savings of about \$1 billion from civilian pay, excluding implementation costs. DOD officials stated the decision to reduce the number of furlough days was due to DOD gaining greater flexibility from fund transfers and reprogrammings that occurred towards the end of the fiscal year. DOD identified categories of furlough exceptions for personnel including those assigned to a combat zone and those necessary to protect safety of life and property. Clarifying guidance was issued to help ensure that borrowed military personnel were not used to compensate for work resulting from the furlough, and to prohibit contracted support from being assigned or permitted to perform additional work or duties to compensate for workload or productivity loss resulting from the furlough. Ultimately, DOD furloughed 624,404 civilians and excepted 142,602 civilians for 6 days.

DOD developed its initial estimated cost savings for the furlough without excluding pay for those excepted from the furlough and did not update its estimate throughout the furlough period as more information became available, such as real-time cost savings and when subsequent decisions were made to reduce the number of furlough days. The initial estimated cost savings were calculated at \$300 per person per furlough day, totaling about \$2.1 billion for 11 furlough days. When DOD reduced the furlough from 11 to 6 days, the estimated cost savings were reduced by about \$900 million. However, the estimated savings per person per day was not updated to reflect actual payroll reductions, in part because, according to DOD officials, there was only 1 week's worth of payroll data available at the time the decision was made. While officials stated that the estimated savings per person per day was not updated because they thought it was sufficient for their purposes and that the decision to reduce the number of furlough days was primarily based on funding received from transfers and reprogramming actions, the determination of exceptions was made 3 months earlier. If this initial estimate had been updated it may have provided more-comprehensive information for DOD officials to consider regarding the length of the furlough and DOD's cost-savings estimate. As DOD continues to face budgetary uncertainty, and in the event of a future furlough, having comprehensive and updated cost information may help better inform decision makers.

Officials at selected sites GAO visited noted a number of actions taken to prepare for the furlough and described impacts of the furlough, such as decline in morale, mission delays, and inconsistencies and clarification issues with the furlough guidance. However, attributing these impacts directly to the furlough is difficult given other factors, such as a civilian hiring freeze and pay freeze that may also have contributed to declining morale. For example, satisfaction with the organization had declined from 63 percent in 2010 to 55 percent in 2013. Furthermore, a longer term impact may result from DOD civilians filing over 32,000 appeals related to the administrative furlough in 2013, most of which have not yet been resolved.