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SUBJECT: Operation and Maintenance, Army Spending Restrictions Plan for FY07

ASA(FM&C) Sends:

1. Reference:
 - a. Memorandum, Secretary of the Army, 02 FEB 2007, subject: Lifting of Civilian Hiring Restrictions and Civilian Execution Plans
 - b. Email, VCSA, 21 Jul 2006, subject: Army Policy for Operation and Maintenance, Army Spending Restrictions Update
2. We are again implementing spending restrictions for the Operation and Maintenance, Army (OMA) appropriation because of uncertainty over passage and enactment of the FY 2007 Emergency Supplemental. As this debate continues, we must take prudent actions to conserve all available OMA resources while continuing those missions essential to prosecute the war and protect our Soldiers.
3. Spending restrictions will begin initially by limiting administrative activities and costs not directly in support of the war. These phased spending restrictions are explained in paragraphs 4 through 9. We must also have in place a plan to reduce or eliminate training, equipment maintenance and transportation. Information necessary to prioritize these more stringent spending restrictions is requested in paragraph 10. We will review these spending restrictions after enactment of the FY 2007 Emergency Supplemental.
4. The restrictions explained in paragraphs 5 through 9 apply to all OMA funded programs unless the program meets one of the exceptions described in the following subparagraphs:
 - a. All activities directly in support of named operations.
 - b. Activities which if not funded would result immediately in the degradation of readiness standards for a deployed unit, deploying unit or next-to-deploy unit.
 - c. All activities funded by reset (OMA subactivity group 137) to include the transportation cost of retrograde equipment going into reset.
 - d. Activities at the USMA or in ROTC programs directly supporting the ongoing education and training of cadets.
 - e. Activities necessary to protect the life, health and safety of Soldiers, family members and employees.
 - f. All activities and positions funded through the National Intelligence Program (NIP).
5. Effective 15 April 2007, all direct OMA funded programs, projects and activities should take the following actions:

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- a. Defer home station unit training activities for those reserve units not alerted and/or mobilized that incur an OMA cost.
 - b. Do not order non-critical spare parts or supplies. Equipment maintenance to include left behind equipment remains at 10/20 standards. Make effective use of military mechanics to perform scheduled services.
 - c. Process severable contract vehicles – contract awards, contract options, purchase orders – to cover a minimum performance period but not to exceed 30 June 2007.
 - d. Restrict the use of government purchase cards to only essential requirements.
 - e. Postpone or cancel all non-essential travel, training and conferences. Commanders may exempt training necessary to obtain or maintain professional certifications required in the performance of the position.
 - f. Commands with executive agent responsibility should defer resolution of any unfunded requirements.
6. Effective 22 April 2007, all direct OMA funded programs, projects and activities should take the following actions:
- a. Stop shipments of goods. If movement is necessary, ensure that the shipment method will not create unacceptable operational risk. Commanders should continue to review all SDT shipments to ensure that only authorized transportation costs are being approved and funded using the SDT TACs. This restriction does not apply to the shipment of goods in anticipation of support to humanitarian, relief and recovery operations. For example, goods may be shipped to preposition material and equipment for hurricane relief operations. Freeze or defer civilian permanent change of station moves not already obligated except at installations and organizations that are part of planned BRAC 2005 moves.
 - b. Obligate civilian payroll on a weekly basis if supported by your accounting system.
 - c. Process facility sustainment, modernization and logistic support contracts only up to point of award. Do not award these contracts unless the contractor's bid will expire AND a performance gap or recompetition will result in a substantial increase in cost.

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- d. Defer repair of downloaded and preposition equipment not required for next-to-deploy units or accelerated BCTs/units.
 - e. Process environmental restoration contracts (DERA) only up to point of award. Do not award these contracts unless the contractor's bid will expire AND a recompetition will result in a substantial increase in cost.
7. Effective 6 May 2007, all direct OMA funded programs, projects and activities should take the following actions:
- a. Freeze civilian hiring from outside the Army. You may offer positions to permanent Army civilian employees. You may offer positions to external Army candidates if the hiring action is part of an approved "in-sourcing" of a contractual effort and the concurrent elimination of the contract results in an overall cost savings to the Army. The prohibition against hiring from outside the current civilian workforce does not apply to the centrally managed intern programs funded through the Army Civilian Training, Education and Development System (ACTEDS). Additionally, placements directed by appropriate authority, such as courts, administrative agencies (e.g. Merit System Protection Board or Equal Employment Opportunity Commission), HQDA, or arbitrators as part of adjudication of a workplace dispute, are exempt from this hiring restrictions. All external recruitment sources to include Veterans Employment Opportunity Act and Veterans Recruitment Appointment may be used but fill actions from these sources require exceptions to hiring restrictions. Applicable labor relations obligations continue to apply. As part of the standard approval process for the Senior Executive Service (SES), the Office of the Secretary of the Army may approve SES selectees from outside the permanent Army civilian workforce. Senior Commanders may grant case-by-case exemptions to this restriction if the hiring action meets the policy outlined in reference 1a.
8. Effective 13 May 2007, all direct OMA funded programs, projects and activities should take the following actions:
- a. Review undelivered and unfilled orders. Cancel non-critical orders and deobligate the associated funds where doing so results in an overall savings.
9. Effective 20 May 2007, all direct OMA funded programs, projects and activities should take the following actions:
- a. Stop all new contract awards. You may process up to point of award. This restriction does not apply to contract renewals of essential goods and services.

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- b. Stop all summer hire and student hire programs except for activities in Europe, Korea and Japan.
 - c. Release non-critical support contractors and temporary civilian employees. You may retain temporary civilian employees if they were hired as part of an approved "in-sourcing" of a contractual effort.
10. Enactment of the FY 2007 Emergency Supplemental is not guaranteed so we must develop plans for spending restrictions more severe than those listed above. These restrictions will have an operational impact and the advice and counsel of affected Commanders will be solicited before any of these measures are implemented. By 25 April 2007, Commanders should provide to the Army Staff the information requested in the following paragraphs so that we can assess, prioritize and plan for these next steps, if necessary.
- a. Training. Commanders FORSCOM, USAREUR, USARPAC and EUSA should provide to the G3 a list of prioritized training events (from least important to most important) scheduled between 15 May and 30 September. For each event, include the OMA cost of each activity.
 - b. Sustainment maintenance. G-3 and G-8 prioritize AMC's current and planned OMA-funded workload based on Army needs and provide to the G4 and Reset Task Force. Identify all workload that exceeds the FY07 carry over ceiling computation and the amount of OMA funds associated any carry over in excess of authorized ceilings. Indicate the OMA funds that may be withdrawn on 15 May by slowing repair to the minimum sustainable level as determined by the depot commander.
 - c. Shipments. The G4 and G8 should provide a list of second destination shipments planned between 15 May and 30 September. This will include the repositioning of equipment for new BCTs and next-to-deploy units. The G3 will prioritize these shipments.
11. Exemption Procedures. Any request for exemption not granted in this email must be approved by HQDA. Submit requests to the ASA (FM&C) Director of Operations and Support and Business Resources (Ms Kathy Miller) for review and consolidation. The exemption request should state the amount of funds at issue and the compelling reasons that necessitate the exemption. Indicate a drop-dead date for time sensitive requests.
12. Reporting requirements. The Assistant Secretary of the Army (FM&C) will provide a format to your resource managers for reporting the financial and operational impact of these spending restrictions. These reports will be used to track deferred spending and to inform Army, DoD and congressional leadership of the impact of the spending restrictions. By COB every other

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Tuesday, beginning 1 May the following information is due to the Army Budget Office:

- a. Items / events not funded:
 - 1. Indicate whether the event is deferred or cancelled
 - 2. The impact the deferral or cancellation has on readiness
 - b. Dollar amount required to restore lost capacity or readiness
 - 1. Date where capability / capacity is permanently lost if funding is not restored
 - c. Operational impact if the capability or capacity cannot be restored
13. We must be prepared for this real and serious funding problem. These actions, while extreme in ordinary times, are prudent measures necessary to mitigate late enactment of the FY07 Emergency Supplemental. I will monitor the impact of the spending restrictions weekly and will keep each commander apprised of this evolving situation.

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