

Defense Planning Under the Threat of Sequester

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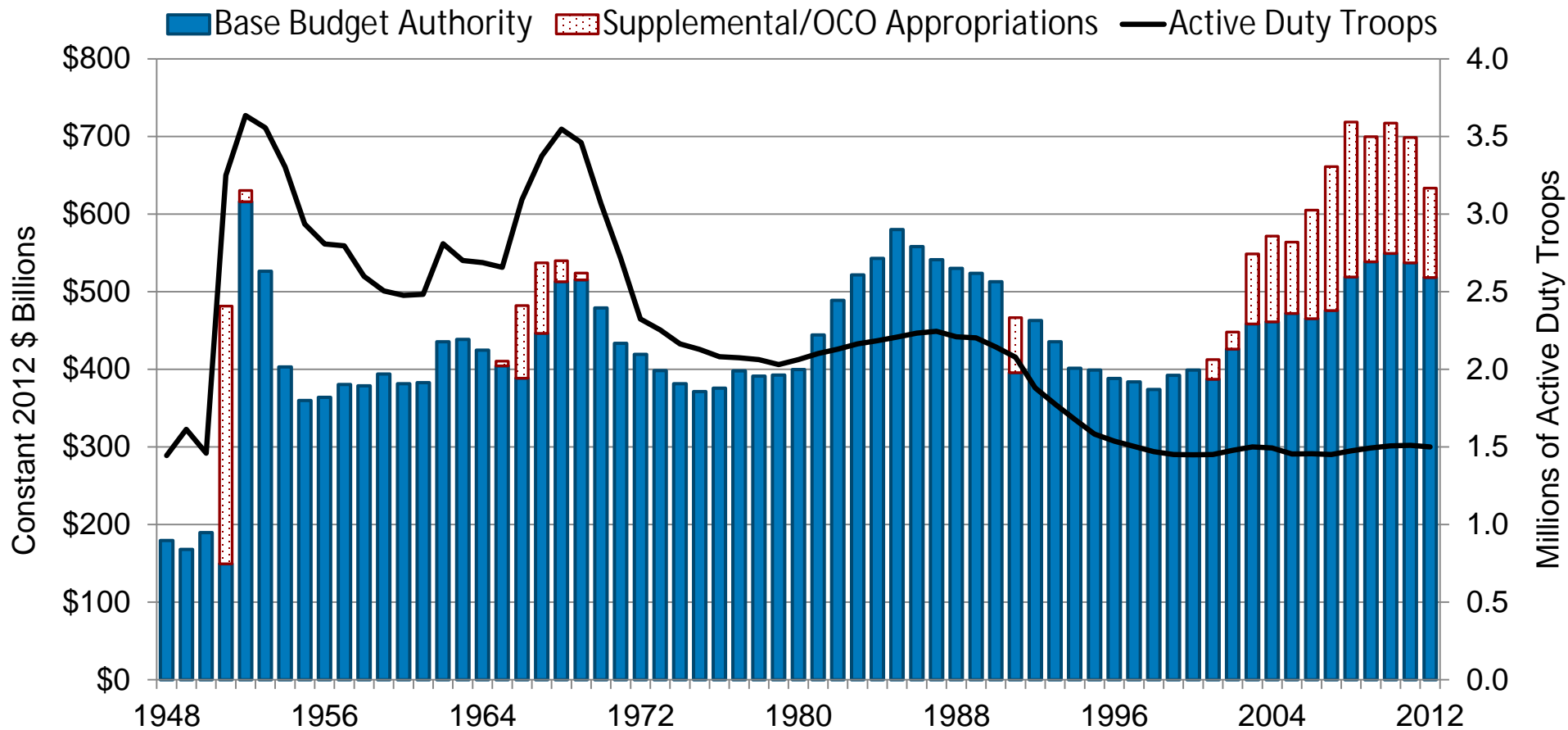
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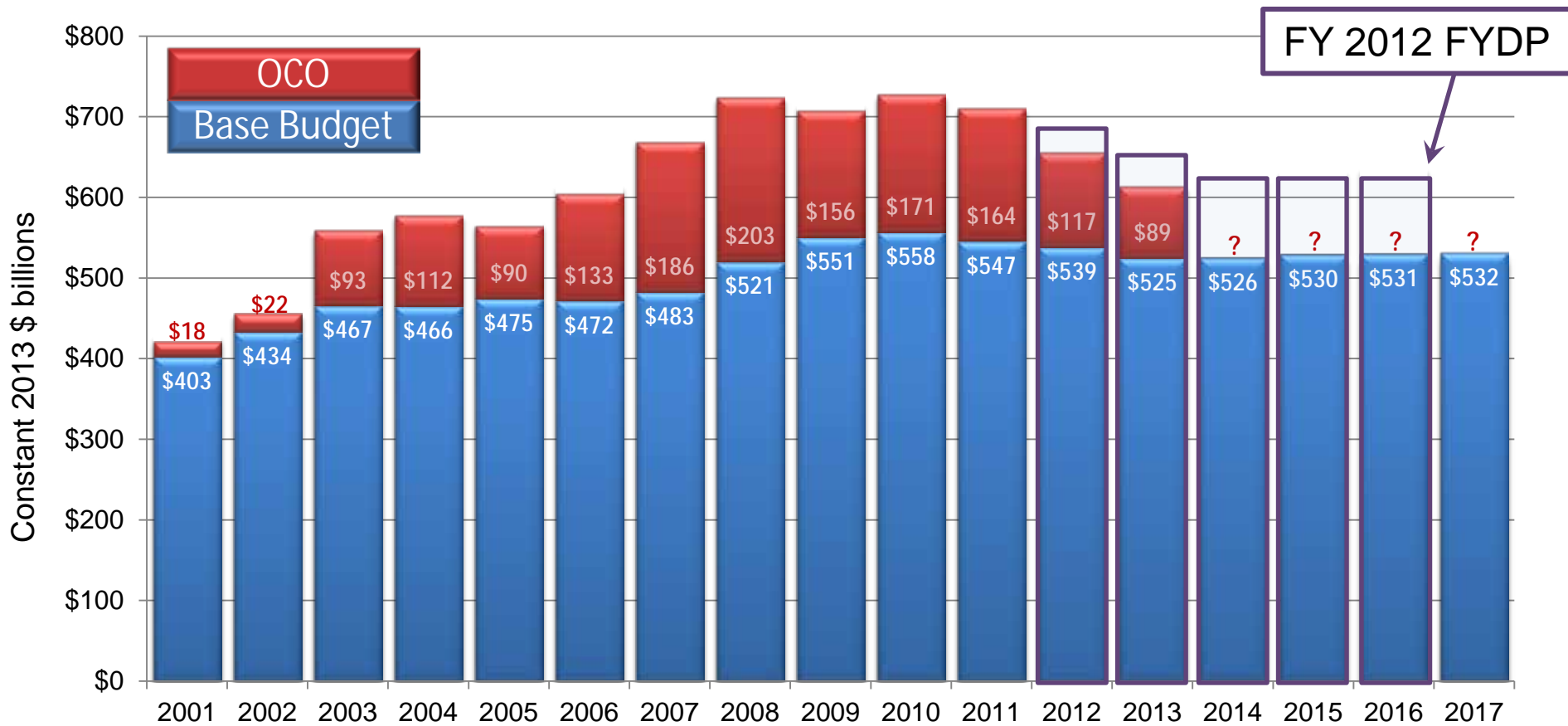
Putting the Drawdown in Perspective



Sources: Department of Defense, National Defense Budget Estimates for FY 2013 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2012; Stephen Daggett, "Military Operations: Precedents for Funding Contingency Operations in Regular or Supplemental Appropriations Bills", Congressional Research Service, June 13, 2006



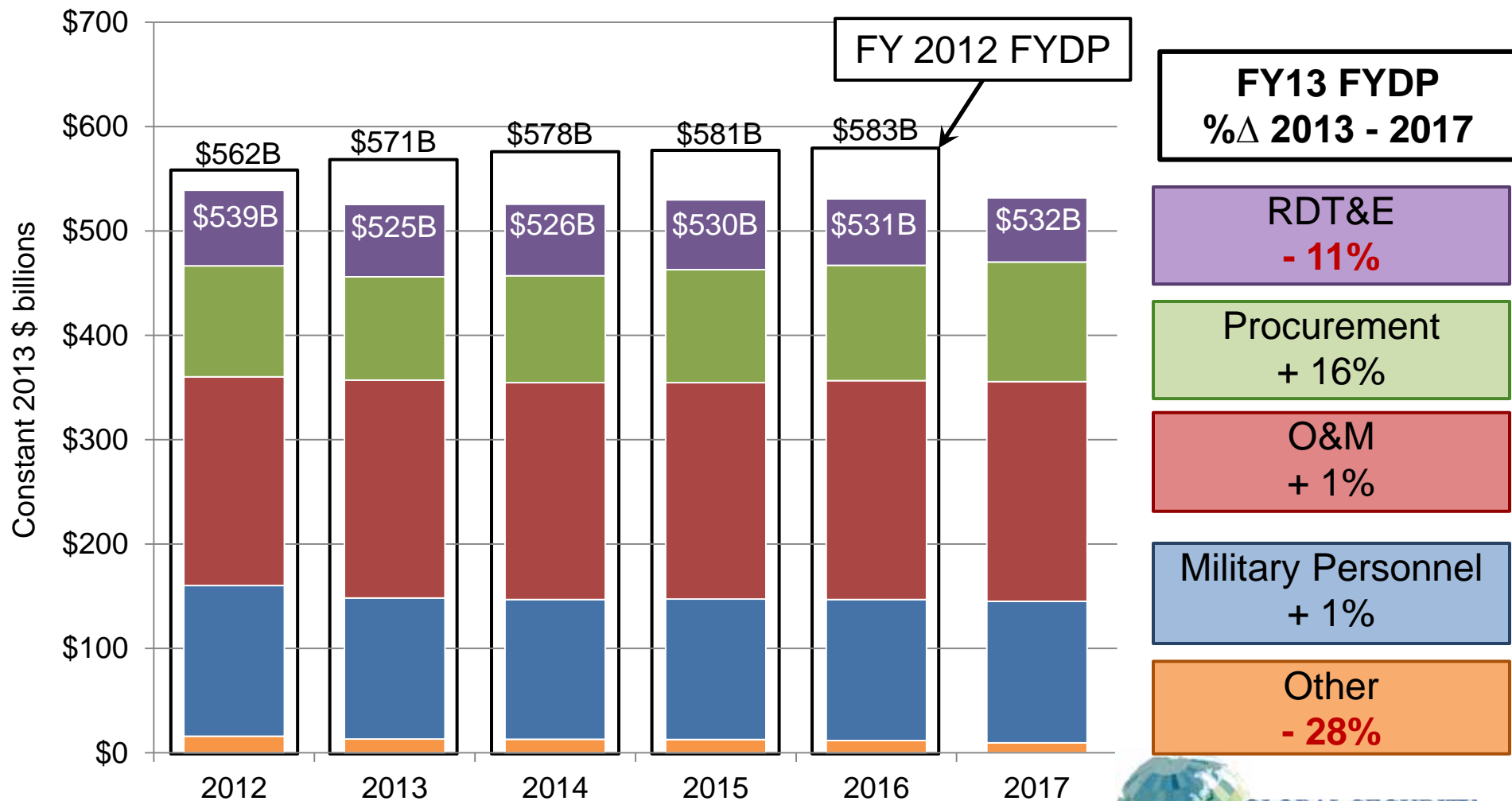
Department of Defense Budget, 2001-2017



Source: Department of Defense, National Defense Budget Estimates for FY 2013 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2012.



Base Budget by Account, 2012-2017



Note: "Other" category includes Military Construction, Family Housing, Revolving and Management Funds, and Trust, Receipts, & Other.

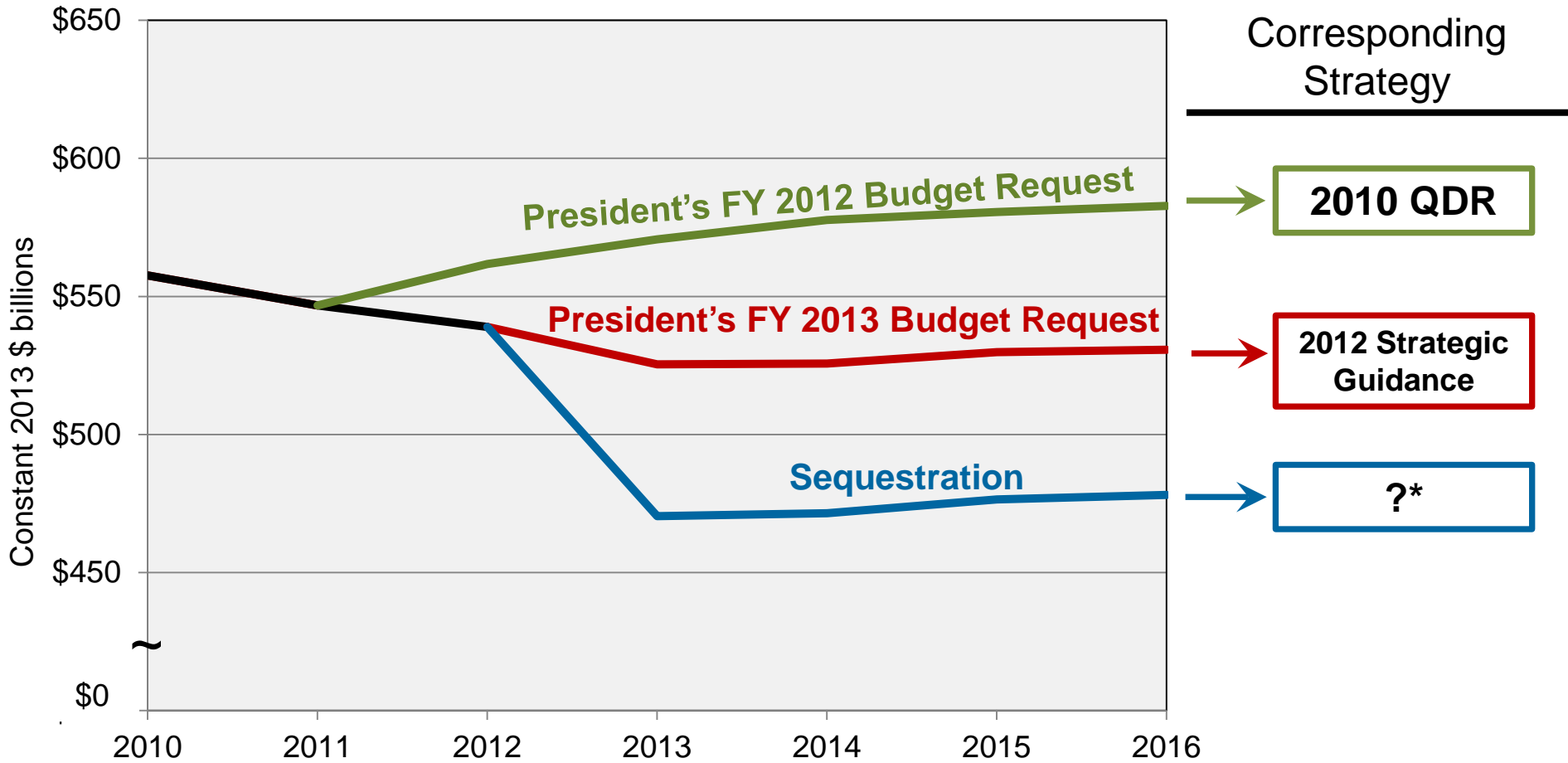
Source: Department of Defense, National Defense Budget Estimates for FY 2013 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2012



The Fiscal Time Bombs

- Tax cuts expire December 31, 2012
- Debt ceiling
- Sequestration takes effect January 2, 2013
 - \$492 B in DoD cuts 2013-2022
 - Significant ambiguity in law
 - Baseline
 - Account Definition
- The Strategic Political Dilemma
 - SecDef and CJCS say no further cuts
 - President vows to veto repeal
 - Deficit and budget pressures

The Scale of Cuts



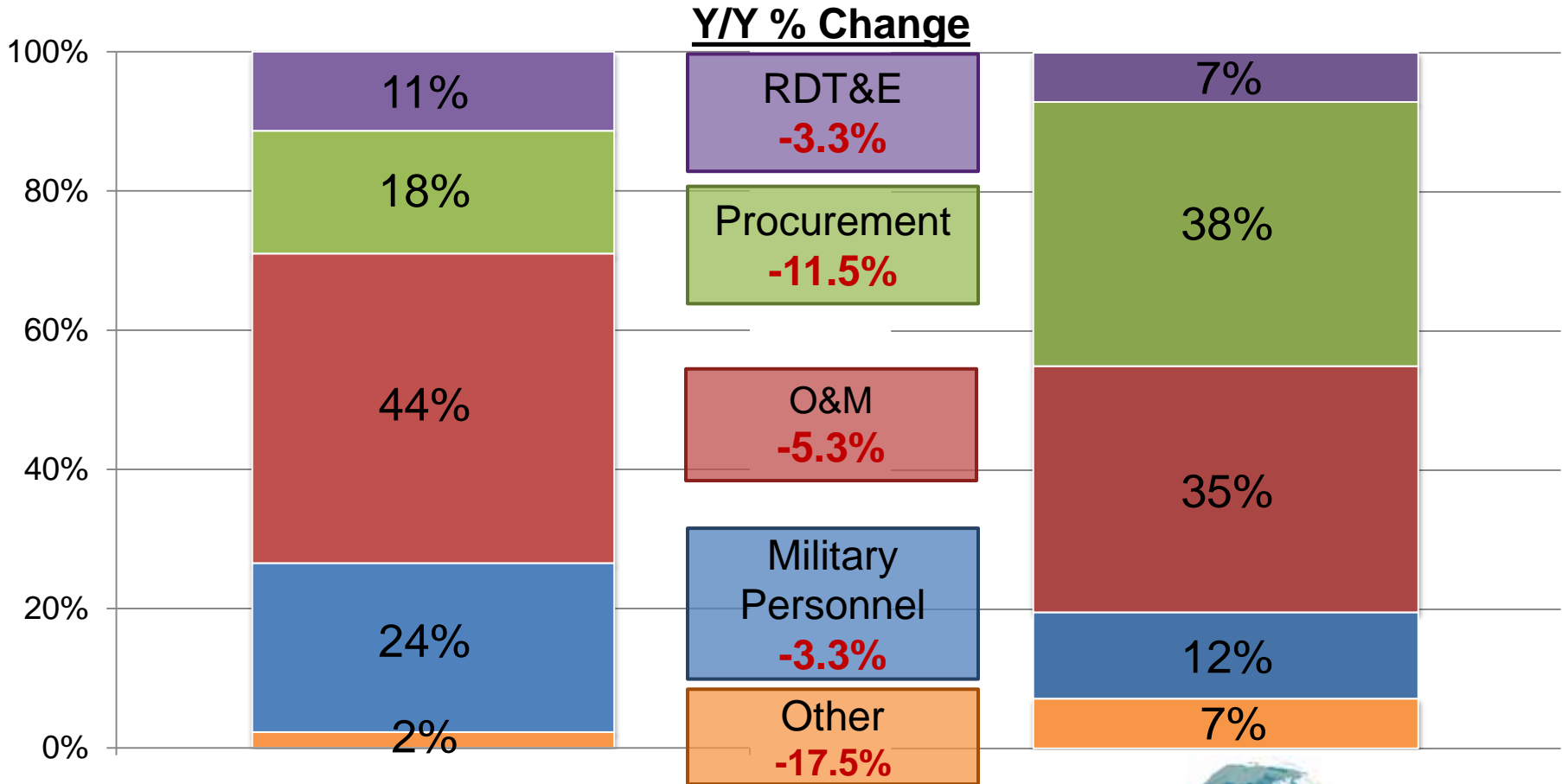
* Chart reflects a sequestration based on the FY 13 request baseline, not the revised caps set by the Budget Control Act.

Sources: Department of Defense, National Defense Budget Estimates for FY 2013 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2012; Department of Defense, National Defense Budget Estimates for FY 2012 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2011; Congressional Budget Office, "Final Sequestration Report for Fiscal Year 2012," January 12, 2012.

FY13 Budget Share

VS.

FY13 Cut Share



Note: Includes both Base Budget and OCO funding. Numbers may not add due to rounding.

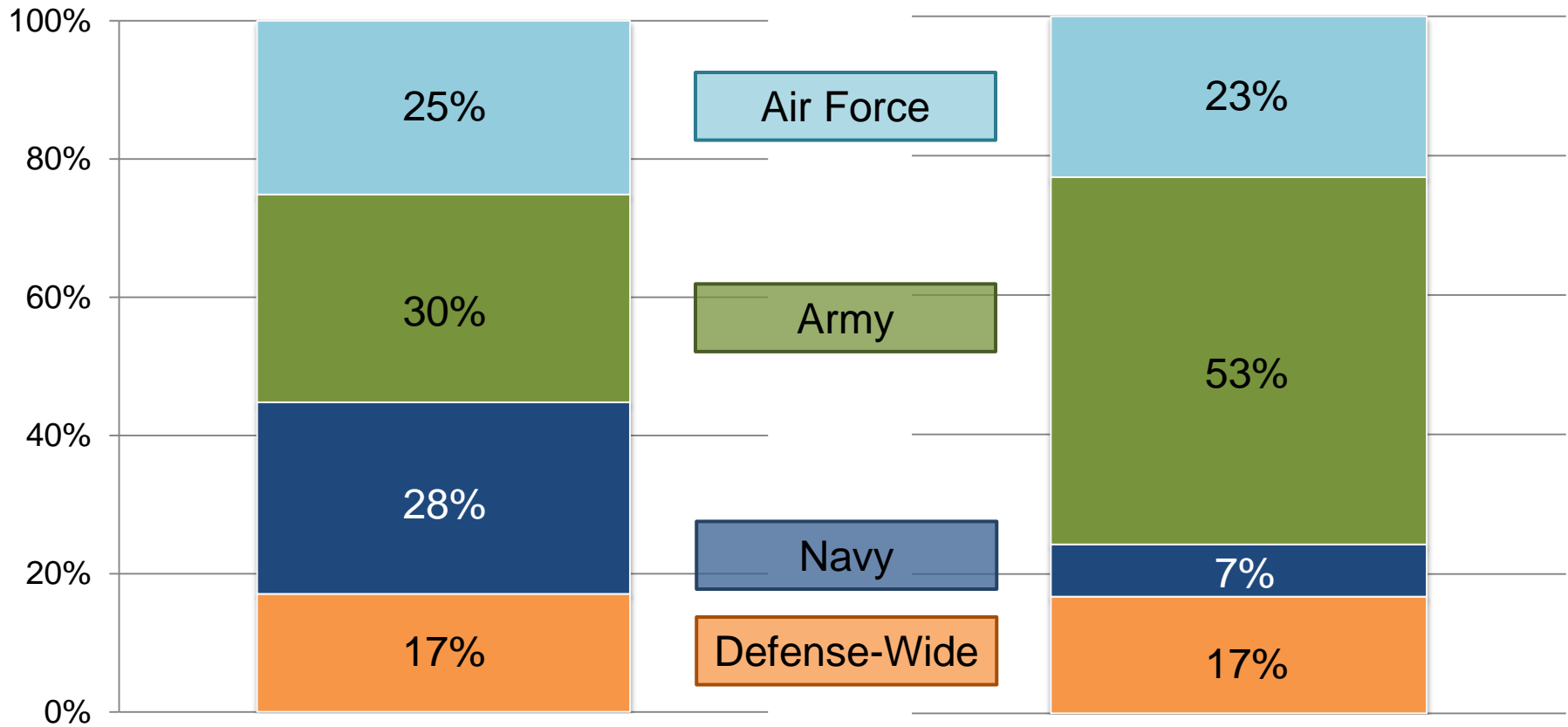
Source: Department of Defense, *FY 2013 Budget Request Overview Book*, Office of the Under Secretary of Defense (Comptroller), February 2012.



FY13 Budget Share

VS.

FY13 Cut Share



Note: Includes both Base Budget and OCO funding. Numbers may not add due to rounding

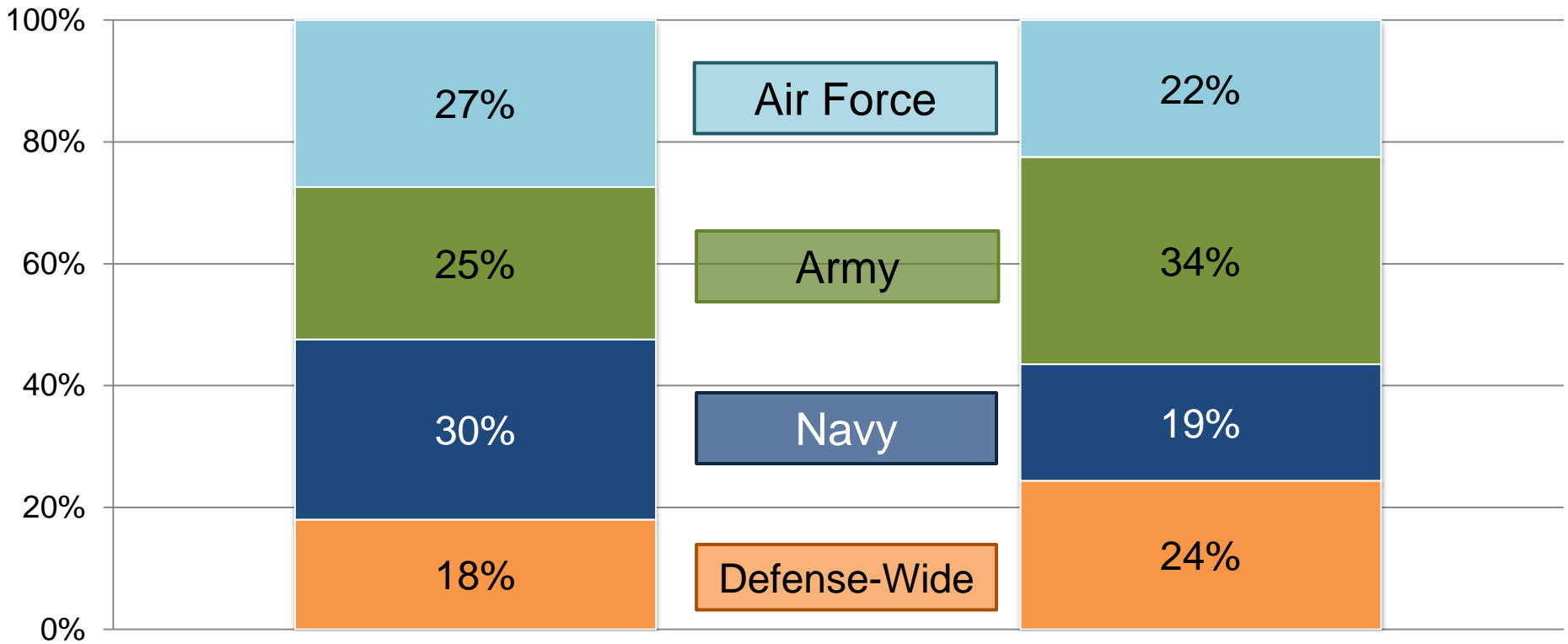
Source: Department of Defense, *FY 2013 Budget Request Overview Book*, Office of the Under Secretary of Defense (Comptroller), February 2012



FY 2013-2016 FYDP
Budget Share

VS.

FY 2013-2016 FYDP
Cut Share



Note: Numbers may not add due to rounding. Budget figures were calculated in constant 2013 dollars

Source: Department of Defense, National Defense Budget Estimates for FY 2013 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2012; Department of Defense, National Defense Budget Estimates for FY 2012 (*Green Book*), Office of the Under Secretary of Defense (Comptroller), March 2011



The Run-Up to Sequestration



Questions

- Do you think sequestration will happen, or will cuts come regardless?
- What should DoD be doing now to prepare, and what guidance would you give them?

