



Center for Strategic and Budgetary Assessments

BRIEFS

Changing the Business of Defense

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The passage of the Budget Control Act of 2011 exacerbated an already uncertain budget environment for the Department of Defense. While the act did provide some clarity on the level of funding for the current fiscal year (roughly \$26-27 billion less than requested in FY 2012), it left many more issues unresolved.

The allocation of cuts within the defense budget for FY 2012 is not yet decided and the Department may again operate under a continuing resolution well into the new fiscal year. Moreover, the level of funding for FY 2013 and beyond is far from certain. The base defense budget for FY 2013 could range from roughly \$524 billion if no additional cuts are imposed by the Super Committee to \$472 billion if sequestration occurs. Given the schedule for when sequestration enforcement begins, the precise level of funding for FY 2013 may not be known until after the November 2012 election and well into the next fiscal year.

DoD faces a fundamental choice in how it prepares to trim its budget under such a high degree of uncertainty. It can change the way it does business (get more efficient) or change the business it does (shift strategy). Under the deepest cuts proposed, it may well need to do both.