



## STUDIES

# Strategic Choices: Navigating Austerity

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Resources: Budget & Resources

The report is based on the insights developed through a series of exercises that CSBA conducted during the summer of 2012. The exercises sought to inform the debate on the way defense resources are allocated in light of declining budgets, the evolving threat environment and the changing DoD's priorities.

The participants of these exercises included congressional staff from both parties and chambers; DoD civilians and former military officers from all Services; defense experts from industry; and thought leaders from other think tanks. They were organized into teams and asked to adapt DoD's strategy and mix of capabilities over a ten-year game period in light of emerging security challenges while implementing cuts of the magnitude required by sequestration.

Because a straight application of sequestration would not present the opportunity to make meaningful choices, exercise participants were given a plausible alternative to sequestration calling for roughly the same level of total cuts over ten years but with the flexibility to target the cuts in a thoughtful manner. Teams were also provided with DoD's current strategic guidance as a starting point for their initial discussions. Teams were asked to identify ways in which they would recommend modifying the defense strategy given the new fiscal guidance and their individual team assessments of future security challenges.

To facilitate the exercise and help ensure players focused on their strategic choices rather than simply meeting budget targets, CSBA developed a rebalancing tool—a database of more than 300 pre-costed budget options to cut or add in each move. The budget options in the tool included new and legacy weapon systems, major force structure elements, basing, personnel, readiness, and key capability areas, such as space and cyber.