



Center for Strategic and Budgetary Assessments

**BRIEFS**

## **What the Fiscal Cliff Deal Means for Defense**

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The American Taxpayer Relief Act (ATRA) of 2012, signed into law on January 2, 2013, averted much of what has become known as the “fiscal cliff.” While the bill mostly deals with automatic changes scheduled to take effect for tax rates and programs such as Medicare and unemployment insurance, it also makes several important changes to sequestration that affect the Department of Defense (DoD). Specifically, it delays sequestration by two months, reduces the amount of cuts in proportion to the delay, and alters the way the budget caps are applied in Fiscal Year (FY) 2013. This backgrounder details how the new law alters sequestration and what it means for defense.