



Center for a
New American
Security

Strategic Choices Exercise

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Assumptions

- The United States will remain a global power with global responsibilities during the next two FYDPs (2015-2025)
 - Including maintaining freedom of access to the global commons
- The principles in the new National Security Strategy and 2014 QDR will be similar to the 2012 Defense Strategic Guidance
 - Continue rebalance to the Asia Pacific
 - Remain engaged in the Middle East, but with fewer boots on the ground
 - No major near-term stability or COIN operations
 - Reduced military engagement in Europe, Africa, and South America

Key Strategic Principles

- Take risk in the short to medium term
 - Lack of a peer competitor during the first FYDP (FY 2015-2019) and into the second (FY 2020-2025)
 - Managing lesser threats will remain important through both FYDPs
 - Sequestration cuts in first FYDP require accepting more risk
- Invest now in advanced military capabilities for the long term
 - Prepare for potential high end threats in the third and fourth FYDP, and beyond (FY 2026+)

Full BBA/BCA, FYDP 1: What We Cut

- End strength, to minimize readiness cuts
 - Cut 1/3 of DOD and service civilians
 - Cut end strength in all services, with the largest cuts to the Army (490K to 420K)
 - Yet readiness still cut for all services but USMC
- Fighters (F-35; older F-15s, F-16s, F/A-18s)
- All Navy cruisers, one CVN, five destroyers
- Active BCTs: two armored, three infantry
- USMC battalions: two artillery, three infantry, one tank
- SOF civil affairs battalions, MC-130Js
- Infrastructure (BRAC)

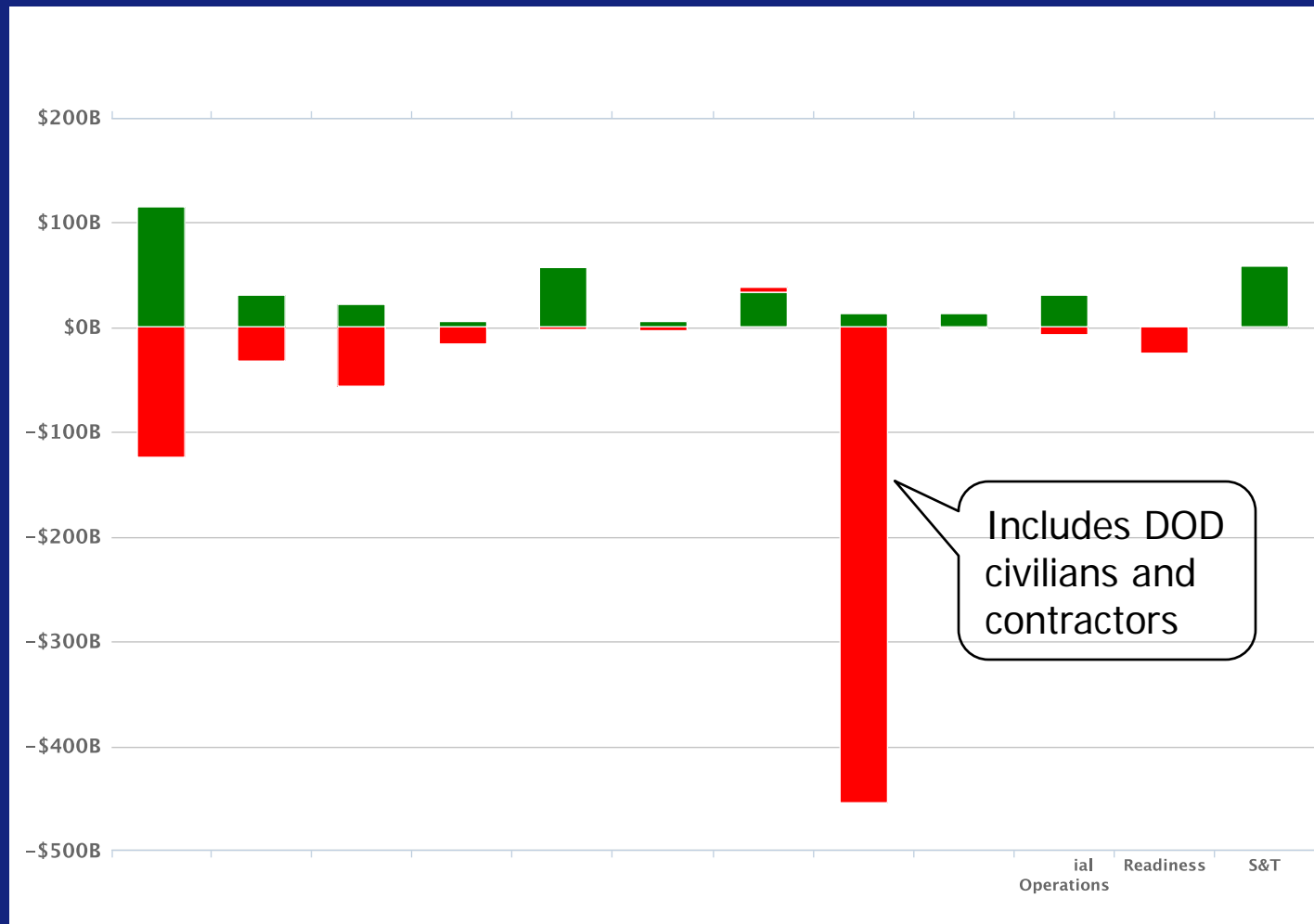
Full BBA/BCA, FYDP 1: What We Added

- Few dollars available for increased investments
- Very small additions in:
 - Science and technology
 - Cyber offense and defense
 - New F-15SEs and F-16E/F (Block 60)
 - Unmanned ISR (including Global Hawk Block 30)
 - Missiles and munitions for A2/AD environments

Full BBA/BCA, FYDP 2: Further Investments

- Large downstream savings from FYDP 1
- Greater investments in:
 - Science and technology funding, especially R+D
 - Space, cyber, and comms
 - SOF capabilities, since demand likely to remain very high
 - Big deck amphibs
- Sustain investments in:
 - Destroyers, LCS
 - Unmanned ISR/strike, long-range strike, and tankers
- Reversed some cuts from FYDP 1, including:
 - End strength (Army to 450K) and some ground force structure
 - Logistics and basing, especially in PACOM
 - Missiles and munitions for A2/AD environments

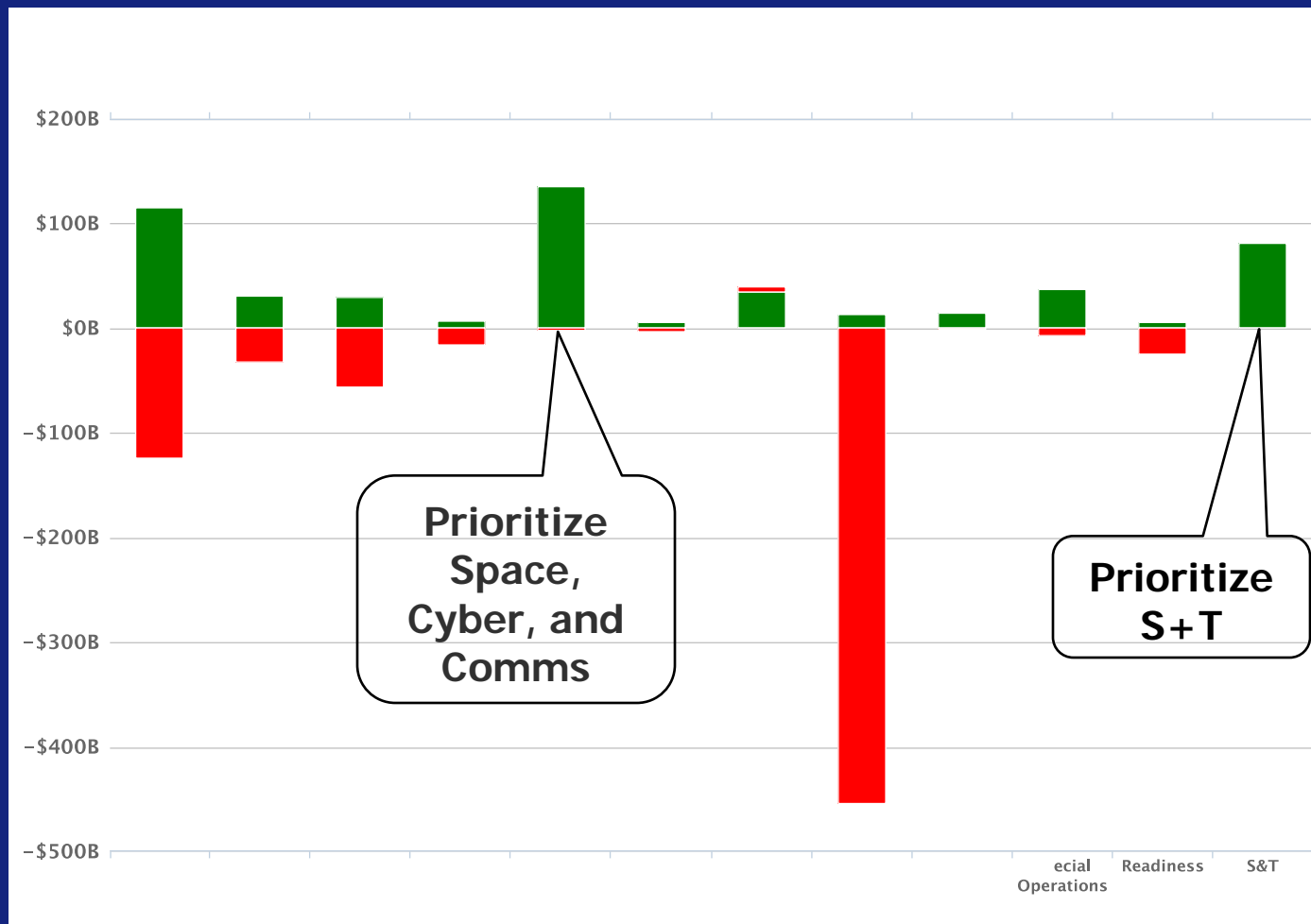
Full BBA/BCA: Summary of Cuts



Half BBA/BCA: Key Changes

- Space, cyber, and comms funding increase dramatically compared to full sequestration
 - FYDP 1: from \$1.3B to \$32.6B
 - FYDP 2: almost doubles (to \$101B)
- S+T funding also greatly increases
 - More than triples in FYDP 1 (to \$48.8B)
 - Declines a bit in FYDP 2 since so many investments moved up
- Most other categories remain the same as Full BBA/BCA
 - End strength, air, sea, logistics/basing
 - Restored modest ground force structure
 - Targeted additions to SOF

Half BBA/BCA Summary



Conclusions

- Very hard to reach budget savings in FYDP 1 without cuts to personnel, readiness, or both
 - Yet such cuts save tremendous money in FYDP 2, so some FYDP 1 cuts can be reversed
- Defense reform essential to free resources for current and future capabilities
 - Overhead: headquarters, civilians, contractors
 - BRAC and infrastructure
 - Compensation
 - Health care

Recent CNAS report: Defense reform could mitigate most, if not all, BBA/BCA cuts