



## UNDER SECRETARY OF DEFENSE

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MAR 17 2023

The Honorable Rosa DeLauro  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Ranking Member DeLauro:

Thank you for your January 19<sup>th</sup>, letter to Secretary Austin regarding potential plans to cap fiscal year (FY) 2024 discretionary spending at FY2022 levels, and requesting analysis of the impacts. I appreciate the opportunity to respond on the Secretary's behalf.

Reducing our funding level to the FY2022 appropriated level of \$742.3 billion in the FY2024 appropriations process would entail a cut of \$73.7 billion relative to current funding at the FY2023 enacted level, excluding support for Ukraine. The impact would be far greater compared to the \$842 billion that the President's Budget requests for FY2024. A topline equal to the FY2022 appropriated level would constitute a nearly \$100 billion (11.8 percent) cut below the strategy-driven level necessary to provide for our Nation's defense.

The Department of Defense is concerned about both the magnitude and the potential method of implementing such reductions, which would have harmful and potentially devastating effects on our people, our mission, and our national interests.

Our budgets are carefully constructed to support Secretary Austin's National Defense Strategy and to take care of our people. Those who would propose deep cuts to our budget have a responsibility to describe those goals in our strategy they wish to abandon or scale back in the Indo-Pacific, Europe, in the homeland, or elsewhere.

Because the President's FY2024 defense budget request does not propose steep reductions uninformed by strategy such as a nominal freeze at an arbitrary prior year funding level, the burden would be on the Congress to determine how to make such reductions. We would be concerned with almost any conceivable way cuts of this magnitude might be imposed, but the Department would be especially concerned with an attempt to enforce these cuts through an across the board sequester mechanism similar to the process that accompanied the Budget Control Act of 2011. Those reductions damaged the readiness of our forces in ways that took years to recover from.

The Secretary is also troubled by the prospect of the harm such reductions would inflict on our personnel and their families, and on our ability to recruit. Reductions of this magnitude would certainly force severe disruptions to our people, especially because we would still need to fund the pay raises our people deserve and to avoid involuntary separations. This would shift the burden of these cuts toward our training, readiness, and recruiting, damaging our cohesion and our ability to respond on the nation's behalf.

To illustrate that impact on our force, consider that the cumulative cost of the well-deserved military pay raises enacted in FY2023 and proposed in our budget for FY2024 will increase our military personnel costs by \$10.3 billion in FY2024, compared to FY2022 levels. These increased pay costs, plus the increased cost of FY2024 levels of Basic Allowance for Subsistence (\$1.0 billion) and the Basic Allowance for Housing (\$4.1 billion), are unavoidable, and would all have to be offset by cuts in manning levels or training, driving us to a smaller, more overworked, less ready force. The same problem would present itself with absorbing the cost of FY2023 and FY2024 pay raises for our civilian workforce.

These cuts would also fly in the face of our efforts – which the Congress has supported -- to stabilize and strengthen our industrial base and our supply chains across multiple areas including microelectronics, submarines, and munitions, and to expand the use of multiyear procurement. Such efforts require stability and predictability.

After two consecutive years in which Congress has increased the funding level above the levels we have requested, such an immediate about-face to deep cuts to the defense program the President and Secretary believe we need would be extremely disruptive and inefficient, and would be certain to result in the waste of funding Congress recently approved, as multiple efforts to accelerate our capabilities would have to be stopped in their tracks.

To provide some examples of the magnitude of these reductions to President Biden's FY2024 request for the Department of Defense, if we were forced to slash our FY2024 request back to FY2022 levels, while protecting our personnel and preventing current readiness from falling to dangerously low levels, our programs designed to modernize the force and make it more lethal, which lie at the heart of the Secretary's National Defense Strategy, would have to bear the brunt of the cuts. This freeze would force us to consider the following reductions:

- Crippling the acceleration of our strategy-based Pacific Deterrence Initiative (PDI), which is designed to increase our capabilities, influence and deterrence in the Indo-Pacific theater. The FY2024 budget proposed PDI funding levels that are over 40% higher than we received in FY2022. In addition to the infrastructure and capability investments specific to that region that would be delayed or degraded, the budget proposes substantial increases in funding for munitions that would be crucial to our success in the event of conflict, to include the Long Range Anti-Ship Missile and the Standard Missile-6. These are examples of the key capabilities highlighted in Admiral Aquilino's report to Congress pursuant to section 1254 of the National Defense Authorization Act as crucial to our strategy in that region.
- Eliminating the \$10 billion increase, compared to FY2022 levels, in the Navy's shipbuilding budget request, which would force us to eliminate at least two capital ships, most likely a Virginia class submarine and a DDG-51 destroyer. Such reductions would undo much of the efforts we have made to strengthen both the workforce and the infrastructure of our shipbuilding industrial base, and would endanger multi-year procurement contracts that save the taxpayers money.

- With respect to our nuclear triad, such a freeze could force cuts of up to 40% in the modernization of the land and air-based legs, the Sentinel strategic deterrent missile and the B-21 bomber program. This would likely cause significant disruption and delays to the B-21, which is entering low-rate initial production following last year's rollout.
- With respect to missile defense and domain awareness, a freeze at FY2022 funding levels represents reductions of nearly 50% to the funding we are requesting for space-based missile warning and ground-based midcourse missile defenses, delaying needed upgrades to our self-defense capabilities at a time when our adversaries are modernizing their offensive capabilities.

Such ill-advised policies would have also have global ramifications. At a time when our allies in NATO and the Indo-Pacific region are increasing their security spending to the levels we have been advocating, a move backward on our part would send the wrong message both to our allies and our adversaries, and would undermine and put at risk much hard-earned progress in enhancing our collective security.

Finally, should, as some have suggested, the Defense Department be exempt from such reductions and the entire burden fall on the non-defense discretionary agencies, the cuts would be just as harmful, even if distributed differently. Our whole of government response to Russia's aggression against Ukraine clearly demonstrates the value of integrating security assistance, economic assistance, humanitarian assistance, sanctions and export controls. No one agency could achieve the effects we are producing as a team, and deep cuts to any one of the agencies would undermine the effort as a whole.

The Department welcomes the rigorous review of our budget request that the congressional appropriations process always entails, and urges the Congress not to replace that process with arbitrary spending reductions that do not examine the impacts of a spending freeze on our national security with that same degree of rigor.



Michael McCord