



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

MAR 13 2013

The Honorable Tom Coburn
United States Senate
Washington, DC 20510

Dear Senator Coburn:

Thank you for your letter suggesting alternative approaches to accommodating sequestration by reducing programs identified in your report entitled, "The Department of Everything." Dr. Carter asked that I respond on his behalf.

Please be aware that we are pursuing some of the suggestions proposed in your report. For example, we have curtailed tuition assistance payments as part of our effort to accommodate our Fiscal Year (FY) 2013 budget problems. We are reducing the number of flag and general officers, and we have also reduced numbers of Senior Executive Service positions. We have cut back on funding to the Defense Agencies, though we have done so keeping in mind that the largest of these agencies perform critical combat support functions related to intelligence, health care, and missile defense.

I note that some of your suggestions would run counter to legislation imposed by Congress. For example, you recommend shifting expensive military positions to civilian positions. Current law, however, now generally requires that we reduce civilian personnel in proportion to cuts in military personnel.

Like you, we are looking for ways to hold down our costs. Several years ago we began a major effort to find efficiencies and much has been accomplished. We have terminated numerous lower-priority weapons programs, eliminated lower-priority organizations such as the Joint Forces Command, reduced or eliminated lower-priority support programs, instituted business process changes, and slowed the growth in military compensation while still providing support for our troops. We made major efficiency proposals in the FY 2012 and earlier budget requests and proposed another set in the FY 2013 budget request. I am attaching a description of some of the initiatives included in the FY 2013 budget. This description provides substantial detail about these proposals.

We expect to make another set of efficiency proposals with our budget submission for FY 2014. This budget request has not yet been submitted to Congress, and so I am not at liberty to discuss the details. But the proposals will be substantial. Moreover, we are not done. We will continue to search for efficiencies and will consider those proposals we can implement.

We do need the support of Congress in our efficiency efforts. In recent years, Congress has denied a number of our proposals including the elimination of lower-priority weapons programs (e.g., Global Hawk Block 30) and elimination of lower-priority military force structure



(e.g., Navy ships and Air Force aircraft). Congress has also rejected some of our proposals to slow the growth in military compensation, including increases in fees and co-pays for military retiree health care and has rejected our efforts to pursue consolidation of our infrastructure. We hope that, in view of the serious economic problems facing our nation, the Congress will allow us to implement these and other important changes.

I conclude by noting that, important as they are, the efficiencies we are proposing and those that you are proposing will unfortunately not be enough to meet the sudden and arbitrary FY 2013 budget cuts imposed by sequestration. If sequestration lasts for the remainder of the year, it would result in a reduction of as much as \$46 billion from our topline in FY 2013. Even if we implemented them all, the savings in your report are about \$7 billion a year on average. This amount is still \$40 billion short of the required reductions. Moreover, in the few months remaining, we would not have nearly enough time to secure Congressional approval for many of the far reaching changes you propose. Finally, the law requires that sequestration changes be made in a mindless, across-the-board manner. As a result, neither your proposals nor ours are likely to meet the details of the required reductions.

Moreover, we are also wrestling with misallocation of fund under the current Continuing Resolution (CR) – which provides too many dollars for investment and not enough for the operation and maintenance accounts that most influence military readiness. A year-long sequestration and CR, coupled with problems with our wartime or Overseas Contingency Operations budgets, would leave us with enormous shortfalls in operation and maintenance funds. It will drive us to major cutbacks in training and equipment maintenance and create a crisis in military readiness. Regrettably, given the size and mindless nature of these cuts and with half the year gone, there are no other options that will permit us to comply with the law.

We will continue our efforts to improve efficiency in the Department of Defense. In turn, we hope the Congress will support our efficiency proposals. We also hope that the Congress will replace the current CR with appropriations bills for Defense and other federal agencies. And we strongly urge that Congress pass a balanced deficit reduction package that the President can sign and that permits a detriggering of sequestration. The continued strength of our national security depends on successful actions on all these initiatives.

Sincerely,

A handwritten signature in black ink, reading "Robert F. Hale". The signature is written in a cursive, flowing style.

Robert F. Hale

Enclosure:
As stated