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# STRATEGIC AGILITY:

Strong National Defense for Today's Global and Fiscal Realities

Sponsored by the Peter G. Peterson Foundation  
Prepared by Stimson  
September 2013





**Strategic Agility:**  
Strong National Defense for  
Today's Global and Fiscal Realities

A Summary of the Findings of the Defense Advisory Committee

Sponsored by the Peter G. Peterson Foundation

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Stimson  
1111 19<sup>th</sup> Street, NW, 12<sup>th</sup> Floor  
Washington, DC 20036  
Telephone: 202.223.5956  
Fax: 202.238.9604  
[www.stimson.org](http://www.stimson.org)

## Executive Summary

In our report released last fall, *A New US Defense Strategy for a New Era*, we laid out a new defense strategy for the United States, Strategic Agility, and considered how to implement it at various budgetary levels. We believed the strategy would protect US interests even at much lower levels of spending. But we assumed that our political leaders would make any necessary cuts in defense rationally, to ensure the protection of relevant capabilities and make the department more efficient. We were united in our faith that they would not let the indiscriminate cuts caused by sequester to occur.

We were wrong. Not only has sequester occurred in fiscal year 2013, but with no fiscal deal in sight it could occur again in fiscal year 2014 and subsequent years – unless the Congress and the administration accept the reality of lower statutory budget levels. A more prudent course would be to act now to prevent the disruptive effect of sequestration, along with reshaping the defense budget on the basis of a strategy that is designed to protect America's national security interests in the years ahead.

We continue to believe that Strategic Agility best achieves US interests. It seeks to avoid US involvement in protracted ground wars and emphasizes the importance of technologically superior assets that can quickly and decisively eliminate threats to the United States and its allies. The strategy's value already has been demonstrated by events of the past year, including the rapid movement of air and naval assets in response to North Korean provocations, US support of the French intervention in Mali, and the US response to the Syrian conflict. The growing relevance of cyberwarfare and the remarkable advantages provided by US space-based assets underscore the need to invest in advanced technologies.

In this report, we provide 27 specific recommendations for implementing Strategic Agility that would save about \$50 billion in constant fiscal year 2013 dollars, meet the budget levels required by law; and, by fiscal year 2015, eliminate the need for the false economies that are currently "hollowing out" US military forces.

Our recommendations fall into three broad categories:

- **\$22.4 billion in management reforms**, achieved by cutting excess military and civilian personnel in headquarters and defense agencies, cutting back on centralized training, reforming military retirement and health benefits in a way that honors our sacred obligation to those who serve, and eliminating funding for unnecessary commissaries and exchanges.

- **\$21.4 billion in changes to force structure**, resulting from cutting active forces best suited for protracted wars and some nuclear forces while maintaining robust space, air, naval and special operations forces, re-emphasizing the cost-effective strategic depth provided by the Guard and Reserve, and expanding investment in cybercapabilities.
- **\$5.7 billion in reduced modernization costs**, produced by freezing CONUS missile defenses and purchases of new ground vehicles, slowing purchases of F-35s and ballistic missile submarines, shifting development resources towards advanced technologies, and cutting minor procurement. The long-range strike bomber program would be maintained and buys of AEGIS destroyers for theater missile defenses would be increased.

We acknowledge that these recommendations carry a degree of strategic risk. Realistically, however, significant belt-tightening inevitably means doing without some forces we would have preferred to maintain, forces that provide insurance against less likely threats. However, we must stop ignoring fiscal realities; the consequences of continuing along the current path are far too dangerous.

## Foreword

In 2010, Admiral Michael Mullen, then-chairman of the Joint Chiefs of Staff, said “the most significant threat to our national security is our debt.” The fact that the country’s long-term debt poses a threat to our fiscal, economic and national security requires Americans to look carefully at all government spending – including military spending.

In November 2012, the Defense Advisory Committee, under the leadership of the Stimson Center, issued the report: “A New US Defense Strategy for a New Era.” The Committee enlisted fifteen defense and national security experts – including retired military officers at the highest levels – to examine today’s global threats, review U.S. interests and priorities, and propose a new defense strategy that reflects the evolving international environment.

This year, acknowledging new budget realities and statutory limitations, the Stimson Center has reconvened and expanded this group of experts. Building on the previous report, this project developed a series of specific new defense policy recommendations to comply with the spending levels required under current law. What follows is their product, including detailed options for how the Department of Defense can advance an updated defense strategy that maintains U.S. power and national security, while meeting the currently required budget levels.

I am very grateful for the hard work of these committee members. They were able to reach consensus on U.S. defense strategy and how to implement it within today’s fiscal requirements, even though individual members may not agree with the details of every recommendation. This was no easy task, as it involved confronting hard choices and entrenched political interests, and questioning programs and projects often considered sacrosanct.

I thank these committee members, as well as the Stimson Center, for an important and thoughtful contribution to the national discussion, and I also urge policymakers to confront America’s long-term fiscal challenges in order to preserve our economic and national security for generations to come.

A handwritten signature in black ink, reading "Peter G. Peterson". The signature is stylized with a large, flowing "P" and "G".

Peter G. Peterson  
Chairman and CEO  
Peter G. Peterson Foundation



## Members of the Defense Advisory Committee

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**Barry M. Blechman, Chairman**  
Co-Founder and Distinguished Fellow  
Stimson

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**Gordon Adams**  
Professor of International Relations,  
School of International Service, American  
University Distinguished Fellow, Stimson

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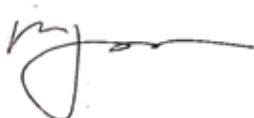


**Graham Allison**  
Douglas Dillon Professor of Government,  
Harvard Kennedy School  
Director, Belfer Center for Science and  
International Affairs

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**Michael J. Bayer**  
President and CEO  
Dumbarton Strategies

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**General B.B. Bell, USA (Ret.)**  
Former Commander UNC / CFC / USFK,  
Republic of Korea

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**Richard K. Betts**  
Director, Saltzman Institute of War and  
Peace Studies  
Columbia University

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**Ambassador Lincoln P. Bloomfield, Jr.**  
Chairman  
Stimson



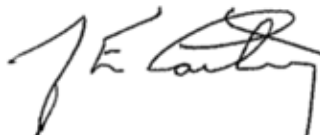
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**Ambassador Richard Burt**  
Managing Director, McLarty Associates  
Co-Chairman, Global Zero

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**General James Cartwright, USMC (Ret.)**  
Harold Brown Chair in Defense Policy Studies  
Center for Strategic and International Studies

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**Lieutenant General Daniel W. Christman, USA (Ret.)**  
Senior Counselor  
US Chamber of Commerce

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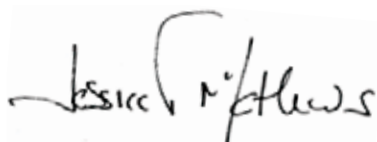
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**Leslie H. Gelb**  
President Emeritus and Board Senior Fellow  
Council on Foreign Relations

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**Jessica T. Mathews**  
President  
Carnegie Endowment for International Peace

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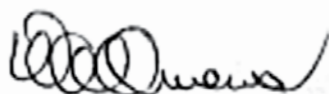
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**Phil Odeen**  
Former Chairman and CEO  
TRW Inc.

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**Admiral Bill Owens, USN (Ret.)**  
Prometheus Partners

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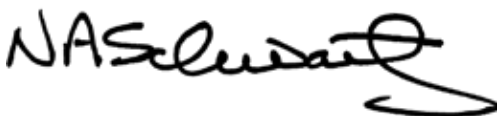
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**Admiral Gary Roughead, USN (Ret.)**  
Former Chief of Naval Operations

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**General Norton Schwartz, USAF (Ret.)**  
Former Air Force Chief of Staff

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**Anne-Marie Slaughter**  
Bert G. Kerstetter '66 University Professor of  
Politics and International Affairs  
Princeton University

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## Introduction

America faces a challenging future. By failing to address our country's long-term fiscal dilemma, the nation's political leaders are threatening the well-being of our children and future generations. Beyond this decade, rising deficits caused by the projected growth in entitlements and insufficient revenues to pay for them will undermine efforts to modernize the nation's infrastructure and invest in the technologies necessary to maintain our global competitiveness.

Fiscal problems, however, are not only distant worries. Our political leaders' refusal to compromise on spending and revenue issues has already triggered the sequester provisions of the 2011 Budget Control Act (BCA), causing across-the-board reductions in virtually all discretionary spending accounts during fiscal year 2013. Federal agencies are attempting to minimize the effects of sequester but the consequences are real, even if most of the public does not yet recognize this. On the domestic side, for example, fewer children will be able to receive services from "Head Start" and food stamp allowances are being cut. On the defense side, Army training has been slashed, aircraft have been idled, and fewer ships have been deployed.

Next year, as specified in the BCA, the Defense Department and all other federal agencies will face even tighter constraints on their budgets, confronting US policymakers with a choice. If Congress appropriates funds that conform to those limitations and the president approves them, the reductions can be accommodated in a rational, strategy-based manner that minimizes their impact on the highest priority programs. Unfortunately, this does not appear to be the course being taken. Neither the president's budget proposal nor the appropriations bills moving through both houses of Congress take the BCA's limits into account. As a result, 15 days after Congress recesses later this year, sequester will take effect again, whacking defense to a level almost \$50 billion below the president's fiscal year 2014 defense budget request and taking a similar amount from discretionary non-defense accounts. In both cases, cuts will strike most programs equally with neither rhyme nor reason.

One year ago, we released a report that urged the US to adopt a new defense strategy, Strategic Agility. The proposed strategy would build on: US superiority in air and naval power, the situational awareness provided by its extraordinary intelligence, surveillance, and reconnaissance capabilities, the decisive striking power of its special operations forces and ground forces, and the mobility and flexibility of all US armed forces, to defeat threats to US interests as they arise. It would seek to avoid involvement in protracted ground conflicts, reform the way the Defense Department utilizes

and compensates personnel, and reduce expenditures on weapons that provide only marginal improvements in capabilities. Instead, we are in favor of developing more advanced technologies that can maintain US superiority, even as potential adversaries improve theirs. We continue to believe that adopting this new strategy would be the best way for the United States to defend its interests over the next 10-20 years.

Given the likelihood that the defense budget will be roughly nine percent lower next year than expected, and remain more or less near that level in real terms through the end of the decade, we believe it is even more important to implement Strategic Agility. We believe the administration and Congress should recognize budgetary realities and make the tough choices now that are necessary to adjust the nation's defense posture in a rational manner. To paraphrase Senator Mark Warner, if one must lose weight, it is far preferable to go on a diet than to cut off a leg.

In this report, we suggest how a \$50 billion reduction could be achieved without risking US national security. We hope that by coming together again we can help break the logjam in the national conversation. We offer a consensus view reached by a group of experienced military and civilian policymakers who care deeply about the future of the United States and its security. We hope that consensus can show there is a way to move forward.

To do so, the report describes the policy context for US defense strategy, summarizes our proposed strategy, Strategic Agility, explains why we are pessimistic about the budget outlook and, finally, offers 27 specific recommendations for accommodating the necessary reduction in defense spending. This can be achieved through management reforms that should be implemented regardless of the defense strategy the US pursues, and through strategically-informed choices on force structure and weapons modernization.

Now is the time to act. We believe this report shows the way.



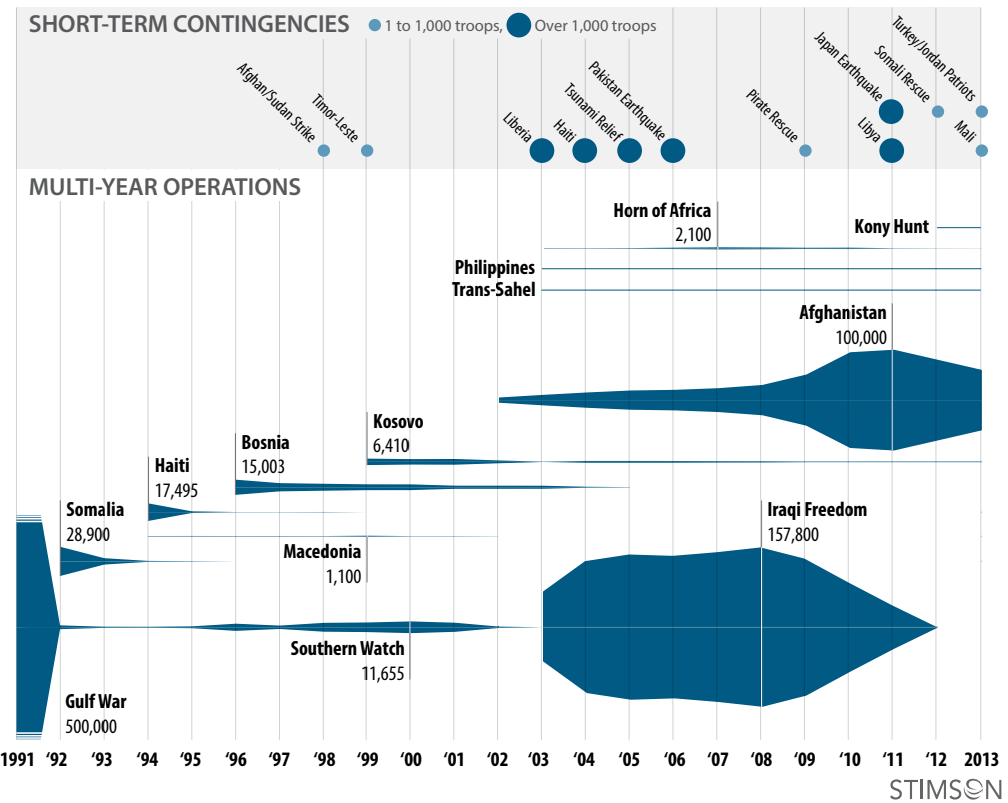
## US Defense Strategy in Context

A primary responsibility of the US Government is to protect its citizens' security and well-being. Threats to this primary interest are the exceptions, not the rule, of international relationships. Most governments cooperate most of the time to resolve problems and promote their common interests through bilateral and multilateral arrangements. However, in the knowledge that threats to US interests do arise and are not uncommon, the US Government must be prepared to protect the nation's security, as well as the security of nations to whose defense we have committed ourselves. During the year since we issued our first report, for example, North Korea directly threatened the United States and its allies, Japan and the Republic of Korea. In a more nuanced situation, China and US allies in East Asia escalated tensions stemming from disputes in the East and South China seas. Continuing instabilities and civil conflicts in parts of South Asia, the Middle East, and Africa also raised dangers for US interests, including the rise of new terrorist organizations and the danger of chemical weapons falling into their hands.

When faced with such security challenges, the US has a wide range of policy instruments at its disposal to work with, in concert with like-minded states.

- Diplomacy, both bilateral and multilateral, deals with day-to-day relations between the US and other states and is the preferred means of resolving conflicts while protecting US interests. Despite this preference, US diplomatic resources for years have been only a fraction of the resources devoted to the intelligence and military instruments of policy. The State Department's operating accounts, for example, are only three percent of the defense budget and roughly one-third of the intelligence budget.
- Similarly, US Government resources used to foster better health and living conditions and economic growth around the world have increased by 50 percent since 2002, but remain 10 percent of what the US spends on defense. Growth in the activities of private foundations and multinational organizations has complemented government efforts but these organizations do not necessarily share the same desired outcomes on issues as the US Government.
- Most US national security resources go to its armed forces and intelligence agencies, whose budgets have increased substantially over the last 15 years. Since the end of the Cold War, the US has turned frequently to its armed forces and intelligence agencies to defend its interests overseas, as shown in the chart below.

# Troop Deployments to US Military Operations, 1991-2013



Does not include non-combatant evacuations

Ideally, US policy instruments are blended together and shaped into a grand strategy. Our international power – our reputation as a world leader – flows from the strength of our economy, our military capacity, and our diplomatic skills, as well as upon the overall strategy that harnesses them. Domestically, the US needs to invest in education, infrastructure, and technology development to ensure that its economy remains robust and a central pillar of its global leadership. Internationally, the United States should use its diplomatic and economic resources to maintain and advance US leadership around the world. But it should use its military power sparingly. During the Cold War, when it appeared there was only one global challenge to US interests, the Soviet Union, the grand strategy of “containment” required a strong military to deter direct Soviet aggression, but the US also engaged the world successfully by capitalizing on diplomacy and US economic and social advantages. Today’s grand strategy should also be founded on global engagement, relying primarily on diplomatic, economic, and political tools, while maintaining a strong military for those specific problems that lend themselves to military solutions. Moreover, whenever possible, the US should work closely with like-minded states to solve international problems – both nations with which we are formally allied and those with whom we have coincident interests.

## Strategic Agility

In our 2012 report, we reviewed the uses of US military forces since the end of the Cold War and highlighted those missions in which US forces excelled, along with those that presented challenges that were not amenable to permanent resolution through military capabilities.

Based on this assessment, we developed and urged the implementation of a new strategy for US military forces, which we termed Strategic Agility. The new strategy takes advantage of the unprecedented situational awareness, flexibility, mobility, reach, and precise lethality of US military forces to counter or contain specific threats to US interests as they emerge, without attempting to address underlying social, economic, or governance issues in the region of concern. To the degree that these underlying issues may be resolvable, or at least moderated, they are left to other policy instruments and the work of multinational organizations.

Strategic Agility is founded on the unprecedented US military superiority that has developed as a result of the technological developments and substantial investments made in defense over the past three decades. It seeks to maintain that superiority by continuing to invest in technologies for advanced space systems, cyberwarfare, and air, naval, and special operations forces. It places a high priority on maintaining current US capabilities to move relevant forces promptly anywhere in the world, either to deter or defeat threatening forces or to deliver humanitarian assistance. It also places a high priority on developing and deploying systems that will remain ahead of advances in potential adversaries' defense, such as the new bomber now being developed, ensuring that the US will continue to be able to strike targets even in heavily defended sanctuaries.

As political circumstances permit, Strategic Agility urges reductions in permanent US overseas garrisons and their replacement with rotational deployments of air, ground, and naval forces to operate cooperatively with local forces, to familiarize themselves with potential theaters of conflict, and to reaffirm US commitments to the defense of our allies. Aside from key logistical facilities, it would reduce the US military presence in Europe, avoid building up a permanent presence in the greater Middle East, and stress rotational deployments in East Asia like those now envisioned for the Marine Corps in Australia. The Army's recent decision to align its Brigade Combat Teams (BCTs) for rotational deployments to specific regions is an important step in this direction as well.

The strategy would seek to avoid involvement in protracted ground wars anywhere in the world and, accordingly, place a lower priority on active ground and air forces that would support such large-scale and prolonged conflicts. These would include long-term stabilization operations like the one now being completed in Afghanistan, as well as protracted high-intensity ground wars. It would hedge against the possibility that such contingencies would emerge, however, by maintaining capabilities for protracted ground warfare in the Reserve Components and by ensuring that planning and doctrine for such scenarios continue to be taught in the nation's military schools and practiced in multi-service training venues by both the active and reserve components.

Finally, the new strategy recognizes the vital importance of maintaining uniformed personnel of the highest quality and skills. It recognizes that the US owes a huge debt to all those who have served in our nation's wars and that we must ensure they are provided with superior medical care, as well as the educational and vocational support necessary for their re-entry into the civilian economy when their military service concludes.

We believe that events during the year since our report was prepared validate the strategy we recommended.

- The US responded to the crisis precipitated by North Korea's nuclear test, missile movements, and subsequent verbal threats by staging a series of demonstrations of the United States' overwhelmingly powerful air and naval assets. A carrier and other ships were deployed to the region, B-52s based in Guam flew simulated bombing runs near the demilitarized zone, F-22s were deployed to exercise with South Korean forces, and B-2 bombers flew over Korea from their home base in Missouri. If North Korean leader Kim Jong-un actually intended to initiate conflict, he certainly was deterred. Whether he was bluffing or not, the impressive display of America's ability to move overwhelming air and naval power to the region – combined with diplomatic initiatives – reassured both South Korean and Japanese leaders and their citizens. It also apparently prompted China to urge restraint on Kim, as well as improving US-China cooperation.
- The French intervention in Mali, supported by the US, demonstrated the type of decisive, small-scale ground actions anticipated under Strategic Agility. There was a clear objective (defeat of the Islamist rebels occupying the north), it was achieved using over-matching force, and afterwards the French promptly withdrew most of their forces, replacing them with a multinational peacekeeping force rather than remaining in the country and risking a protracted intervention. This incident also demonstrated shortcomings in some military capabilities of US allies as a result of their budgetary constraints. In this case, as in Libya last year, key military missions could only be provided by US forces, missions that are stressed in Strategic Agility.
- The civil war in Syria and its echoes in Iraq and Lebanon pose significant risks to regional security and US interests in the region. Experts remain divided on whether to intervene militarily, but they agree that any military operations must be

limited in scope to avoid protracted ground conflict. So far, the US has leaned most heavily on diplomacy and humanitarian assistance in attempting to influence the outcome. The complexities of the situation, however, underscore the importance of US military assets other than large-scale ground forces. To the degree that it has become involved militarily, the US has attempted to contain the effects of the conflict, utilizing the mobility of its forces to reassure neighboring and allied states by the deployment of Patriot air defense systems and fighter aircraft to Turkey and Jordan respectively, as well as the deployment of small contingents of specialized units to prepare for the possible need to seize control of Syria's chemical weapons lest they fall into the hands of terrorists. The US also threatened a cruise missile strike following the Assad government's use of chemical weapons in August to deter any future uses of these particularly abhorrent weapons.

- Events during the year also reinforced our emphasis on advanced technologies. The threat to US interests posed by cyberwarfare was made clear during the year with reports of frequent cyberspying by foreign governments, as well as revelations about US offensive uses of cyberdata for intelligence and sabotage. Both realities emphasize the need to invest in increasingly relevant technologies. Drones continued to demonstrate their potential to provide surveillance and reconnaissance, as in the US support of the Mali operation, as well as to interdict terrorist leaders and disrupt their networks in far corners of the globe. And, US space systems make possible the intelligence, surveillance, and communications required for all advanced US military capabilities.

We believe Strategic Agility is the right strategy for the United States at any budget level. But throughout the first round of our deliberations, which took place primarily during the summer of 2012, we assumed that lawmakers would find a way to avoid sequestration. We were wrong; sequestration went into effect in March 2013 and as a result the Defense Department has had to operate during the remainder of the year under difficult circumstances: It had to accommodate a \$30 billion cut in its baseline spending over a period of six months, and allocate those cuts proportionately across all programs (other than military personnel accounts). Our previous report considered far deeper cuts to US defense spending, but always assumed that reductions would be spread over a 10-year period in accord with strategic logic.

Today's realities rule out a gradual reduction. As shown in the table below, the post-sequester baseline fiscal year 2013 budget for the Department of Defense (DoD) is \$493 billion. (The "baseline budget" excludes the costs of the war in Afghanistan.) Under the terms of the BCA, the DoD baseline budget will drop to \$472 billion in inflation-adjusted dollars in fiscal year 2014, and grow only slightly in fiscal year 2015 to \$476 billion. Excluding war costs, these figures are close to \$50 billion less annually than the Defense Department has spent during the past few years, and a similar amount below the administration's fiscal year 2014 proposal, as well as the House and Senate budgets and appropriation bills.



**DoD Levels of Budget Authority**  
*in billions of constant FY13 dollars*

	FY13	FY14	FY15
Appropriated or requested	\$527.5	\$519.7	\$523.8
Mandated levels	\$493.0	\$471.9	\$476.1
Difference	-\$34.5	-\$47.8	-\$47.7

Although we never would have chosen this course, we are now confronted by it. Even so, we believe that with appropriate planning, US national interests can be defended at the mandated lower level of defense spending. Lower spending incurs greater risk, but the nine percent real reduction required can be achieved at an acceptable level of risk – if it is linked to a conscious strategy and implemented in a deliberate manner, such as that contained in the recommendations laid out below. Most importantly, it is clear that the risk of not dealing with this reality, and, instead, permitting the cuts to be made in accord with sequester rules is far, far worse and a dereliction of our political leaders’ responsibilities.

## Recommendations

In our original report, we provided illustrative force structures that would implement our proposed defense strategy of Strategic Agility in various defense budget scenarios. We now face the reality of lower budgets. Consequently, we now provide specific recommendations to achieve the level of savings in fiscal year 2015 that the law requires. Ideally, the final fiscal year 2014 appropriations and the fiscal year 2015 president's budget request would reflect these changes and provide two years to transition to the force structure we recommend. We do not think these changes are fully realizable in fiscal year 2014 and so the next budget year would have to rely partially on similar measures that the DoD is currently using to remain under the budget ceiling. But the fiscal year 2015 budget request could reflect the complete set of recommended changes and forego the debilitating types of actions now being taken.

We divide our recommendations into three parts: (a) Management reforms, which would save \$22 billion in fiscal year 2015 – or nearly one-half the required savings needed to meet mandated spending levels; (b) changes to the force structure, which would reduce the fiscal year 2015 budget by \$21 billion; and (c) changes to the modernization program, which would reduce the fiscal year 2015 budget by \$6 billion.

Together, all the adjustments we propose would save \$50 billion in constant fiscal year 2013 dollars, which is \$2 billion above the \$48 billion reduction target. The management reforms, which would have no impact on real military capabilities, face fierce bureaucratic and political obstacles to their implementation. They have all been proposed before. If it continues to prove impossible to make these reforms, it would be necessary to implement all the force structure and modernization changes recommended here, and then find an additional \$21 billion in further cuts to needed capabilities. We believe the US defense budget faces a grim future and have been Draconian in cutting capabilities and capacity, but we have done so confident that the proposed cuts align with the strategy we recommend. If another \$21 billion – or an additional four percent reduction – were needed beyond the cuts recommended here, we are not confident that Strategic Agility could be executed without undue risk to US security. This highlights the absolute imperative that the Pentagon and Congress finally make these long overdue reforms.

If the management reforms are achieved, we believe the cuts we recommend could be implemented and US interests protected. By implementing all these changes, not only could the required reduction be met, but the defense budget could be put on a healthy

path – one that allows for the growth in cost that defense inevitably experiences, and one that allows flexibility for US policymakers to achieve greater deficit reduction or to react more effectively to unexpected world events.

**Summary of Recommendations**

*Savings in FY15 (in billions of Budget Authority, constant dollars)*

Management Reforms	\$22.4
Force Structure	\$21.4
Modernization	\$5.7
<b>Total Savings</b>	<b>\$49.5</b>
<i>Savings needed in FY15 to Meet Mandated Levels</i>	<i>\$47.7</i>
<i>Additional Savings Identified</i>	<i>\$1.8</i>

**Management Reforms**

First and foremost, the US armed forces must realize the savings in its manpower policies and business practices that can be achieved independently of any changes in strategy. Reforms are difficult to implement for both bureaucratic and political reasons, but we believe they are achievable, especially at this time of extreme fiscal pressures. If the Joint Chiefs of Staff strongly advocated specific reforms like those below and insisted publicly that they were necessary to avoid a weakened military posture that would threaten US security, it would be easier for Congress to legislate the necessary changes.

We have not recommended even more fundamental changes – like the consolidation of service support functions – because specific recommendations are not yet ripe.. Nor have we recommended the initiation of national service, which may be less expensive than the all-volunteer force, even though some of us believe it is the best solution to the nation’s defense budgetary dilemma and would have many additional benefits. While there is some support for such a fundamental change in the Congress and among military leaders, we are divided ourselves as to its wisdom and practicality and, in any case, in our collective judgment it is not feasible politically.

In our original report, we identified nearly \$100 billion of potential annual savings through efficiency reforms that authoritative boards and commissions have advocated. We believe the following reforms, saving a total of \$22 billion annually, or roughly 20 percent of potential savings, are achievable by fiscal year 2015, with even greater savings in later years.

1. Reduce Headquarters. According to official DoD figures, the cost of Defense Department headquarters, including the Office of the Secretary of Defense and

the Joint Chiefs of Staff, the Service Secretariats and Chiefs, the Combatant Commands and the Service component commands exceeds \$40 billion. These costs have risen sharply since 2001. The increases, moreover, occurred at the same time that information technologies were permitting private companies to scale back their headquarters' staffs significantly. We call for a 20 percent reduction in DoD's headquarters personnel, accomplished by broadening the span of control and eliminating low-priority and duplicative tasks and reporting requirements. This reduction would save \$8 billion annually once implemented fully. We estimate it could save \$4.5 billion in fiscal year 2015. In addition to cost savings, reducing headquarters costs would increase the Department's agility and speed of decisions, and reduce frustrations created by top-down directives that suck up the attention and energy of line units.

2. Reduce Defense Agencies. The Department's agencies rarely get much attention, yet have grown considerably since 2001. Budgets for the Defense Contract Audit Agency and the Defense Contract Management Agency have risen by more than 25 percent, for example, just since fiscal year 2010. Yet, procurement dollars and actions have declined over the same period as the wars in Iraq and Afghanistan have drawn down. Other agencies, such as the Defense Logistics Agency, also have less to do as war-related activities decline. These agencies are overdue for a detailed "scrub." Potential savings are difficult to estimate, but savings of \$1 billion in fiscal year 2015 should be feasible.
3. Cut-back Central Training. The Defense Department utilizes an obsolete centralized training model that costs \$38 billion annually. The model makes sense in some areas, such as pilot training, but in many cases it is inefficient. Large numbers of personnel are sent to large, well-staffed training centers to complete long training curricula. Unfortunately, the skills they learn, if not used persistently, atrophy, and retraining is necessary when the individual is again assigned to a relevant position. The private sector has moved away from this model, doing most of its training on-site. That enables training for complex tasks to be done "just-in-time" and, since personnel remain with their units, a training rotation base is not needed, thus reducing overall personnel requirements. The private sector regularly achieves savings of 20-25 percent – a worthy goal for the Department. Given the time necessary to transition to such a new model and the continuing relevance of centralized training for many military skills, we estimate that \$2 billion could be saved in fiscal year 2015.
4. Extricate Uniform Personnel from Non-Military Tasks. The Department reported in 2009 that more than 300,000 relatively expensive, active-duty military were performing commercial jobs. If only 10 percent of these positions were eliminated, with a corresponding reduction in military billets, it would save \$3 billion annually. A cut of this magnitude would be achievable between now and fiscal year 2015, and even more cuts could be made later on to realize even greater savings.

5. Reduce Civilian Employees. Civilian employees of DoD are critical contributors to the Department and national defense. But the number of civilian employees has grown by 17 percent since 2001, even while the total number of uniformed personnel has remained flat. Besides the reductions in headquarters personnel, and net any positions transitioned from a military billet, 58,000 civilian positions should be cut by fiscal year 2015, saving \$5 billion. This drop, while precipitous, is smaller than the draw-downs of civilians following the Cold War, when 69,000 civilians were cut in a single year, 1993. Additionally, many current civilians are already eligible for retirement.
6. Reduce Contractors. Since the privatization initiatives of the 1990s, DoD has been dependent on contractors to perform many jobs, even staff functions. Such contractors allow DoD the capability to accomplish tasks without incurring the long-run costs of military or civilian employees. But the last decade saw drastic growth in the number of contractors. DoD's 2011 inventory of contractors providing services counted 710,000. And GAO notes DoD's current inventory methodology may not fully account for all contractors. That must be rectified with a real-time accounting method so the costs when using contractors can be determined. We recommend a decrease in contractors of at least 20 percent to be commensurate with the other personnel cuts. However, we do not provide a separate cost estimate as much of these savings would be realized by the cuts in headquarters' and defense agencies' operations that were suggested in prior recommendations.
7. Reform Military Retirement. The US military sustains one of the last defined-benefit retirement plans in the United States. Most private businesses have switched to defined-contribution plans and federal civilian government employees were largely transitioned to a defined-contribution plan in 1983. In fact, the military retirement system was reformed at about the same time, but that reform was reversed in the late 1990s. With the budget contracting, the military retirement system must be reformed. The current system provides retirement benefits to only 17 percent of military personnel, mainly those who serve the minimum required 20 years, with limited to no benefits to most leaving prior to 20 years, and thus constitutes an inflexible personnel management tool. Reform also would achieve significant savings. Even if all current service members were "grandfathered" into the old system, BloombergGov estimates that implementing a variation of the Defense Business Board's proposed defined-contribution plan would save \$700 million in its first year and close to \$2 billion in fiscal year 2015, with savings growing to \$7 billion a year by the end of a decade.
8. Reform Health Benefits. As with the rest of the country, the Department of Defense faces staggering and growing health care costs. Unlike the rest of the country, that burden is distributed disproportionately. Military retirees and their dependents pay only a fraction of what their civilian counterparts pay, producing incentives for non-essential medical care that overloads the system. Reforms have



been proposed that could achieve savings without affecting the health care of any serving service member. We recommend increasing means-tested beneficiary cost sharing requirements for “TRICARE for Life,” which provides secondary coverage for Medicare-eligible retirees, and “TRICARE,” the standard health plan for retirees and dependents, as well as higher cost-sharing for pharmaceuticals for dependents and retirees. Greater out-of-pocket costs would encourage beneficiaries to exercise more judicious use of healthcare services and promote use of less expensive, but equally effective, care options. These changes would produce \$5 billion in savings by fiscal year 2015; annual savings would continue to grow over time.

9. Stop Funding Commissaries and Post Exchanges in the United States. Retail and grocery stores run by the Defense Department were created decades ago for military personnel and their families who were based around the world and in remote US locations. In the 21st century, far fewer US military personnel and their families are located overseas, and our proposed strategy would bring home even more. Yet two-thirds of commissaries and exchanges – the military’s grocery and retail stores – are still located in the continental United States, where most service members have access to the same retail and groceries that other Americans enjoy. The bulk of funding for both commissaries and exchanges come from their profits, but they are still subsidized with appropriated funding. We recommend cutting appropriated funding that supports stores in the United States. This change would save \$1 billion a year.
10. Consolidate Infrastructure. The Defense Department reduced its Cold War base structure through a series of Base Realignments and Closures (BRACs). Past rounds of closures have incurred significant costs because they involved excessive construction of new facilities and extensive environmental clean-up expenses. Over time, however, these previous rounds will save a great deal of money. A new BRAC round could focus on relocating units to existing bases and facilities and provide additional savings over the long-term. Defense industrial facilities also need to be consolidated. All such actions should be taken together with robust programs to aid local communities affected by the closures. A new BRAC round would not save money in fiscal year 2015, and several years beyond that, but could result in significant savings over the long-term.

## Strategic Changes

In this era of tight budgets, Congress must permit the US military to achieve the management reforms described above so DoD can allocate resources to more highly valued programs. If our proposed strategy of Strategic Agility were adopted, changes would logically be made to the US force structure and modernization programs that would save additional money and still ensure US national security interests. We stress that the following proposed changes are not conceived just to get savings; they derive

directly from the strategy laid out last fall, a strategy that we believe could best protect US national interests at any budget level.

### Force Structure

11. Reduce Army Force Structure. The first and most direct change derived from Strategic Agility is a reduction in ground forces, including a reduction in the Army's force structure. Strategic Agility argues for seeking to avoid protracted ground wars. Under such a strategy, powerful ground forces are still needed; they are a critical part of US military capabilities and of our ability to reassure friends and deter potential adversaries. But they can be significantly reduced in size. Many, including the Army, recognize the need to reduce our ground forces at the end of the wars in Iraq and Afghanistan.

The Army already intends to reduce its active end-strength to 490,000 personnel and Defense Secretary Chuck Hagel has expressed fears that sequester levels could compel the Army to reduce to 380,000. We believe, given our other recommended changes, that the Army does not need to be cut this deeply. We would reduce the Army by an additional 40,000 personnel, on top of the reductions already announced, to an end-strength of 450,000. This reduction, coupled with the already planned cuts, would reduce the Army's combat force structure by about one-third.

Also, we believe the Army's timeline is not aggressive enough given the budgetary constraints that will be in effect. We recognize the stress that rapid and significant downsizing puts on the active force and especially on individual service members and their families. All efforts should be taken to smooth these transitions, and our recommendation includes a \$1 billion increase for such transition programs.

This change reshapes the force in accord with the principles of Strategic Agility, maintains an imposing ground combat capability, and hedges against the inherent uncertainty of the future. It would save nearly \$12 billion annually.

12. Reduce Marine Corps End-strength. We recommend reducing Marine Corps end-strength to 160,000 from its currently planned 182,100, a 12 percent reduction. As with the Army recommendation, we reduce the Marines' combat strength because we believe that it serves US national interests to seek to avoid protracted ground wars, which have caused the Marines to fight more like the Army than in their preferred manner over the last decade. We recognize the value of the Marine Corps for implementing Strategic Agility. Marines already embody rotational presence through Marine Expeditionary Units afloat as well as other rotations, like periodic deployments to Bulgaria, Romania and now Australia. But in the last decade, the Marine Corps became larger than it was at any period of peace during the Cold War. The Corps drew down at roughly the pace suggested

here following both Vietnam and Korea, and the recommendation includes funding for programs to ease the transition for individual service members into civilian life. The proposed reduction in Marine end-strength would save \$2 billion annually.

(Ground force end-strength recommendations do not include reductions stemming from management reforms as the impact on individual services will depend on details of implementation.)

13. Shift Air Force Fighters from the Active to Reserve Component. The Air Force currently has 1,100 fighter aircraft in the active component. Such a number is necessary to conduct large-scale operations, but as Strategic Agility seeks to stay out of these operations, it is less critical to keep these aircraft in the active force for immediate deployment. Moreover, the bulk of those aircraft are A-10s and vintage F-16s – the cheapest and oldest fighter aircraft – without the capabilities of the newest fighter, the F-22, or even the existing F-15s.

The Air Force also has procured several hundred remotely piloted aircraft – drones – in the last decade, and is currently pursuing more advanced unmanned programs. The rise of these systems helps offset the lower number of manned fighters, at least for missions in permissive airspace, and lays the groundwork for further technological advances.

As with the ground forces, we recognize that unexpected events could require larger numbers of fighters, although we believe these events to be unlikely. Therefore, we would transfer the remaining operational F-16 squadrons in the active force to the reserve component. We provide an offsetting increase to the reserve components to operate these units.

The active force would still maintain 500 operational high-end fighters -- including F-22s and F-15s, more than 100 A-10s, some special purpose F-16s, as well as an additional 250 F-16s in the active component for training and development and large-scale operational contingencies that might arise.

This transfer would save \$5 billion annually.

14. Do Not Retire Navy Cruisers. Because of budgetary pressures, the Navy proposed retiring seven Ticonderoga-class cruisers both last year and this year. Yet, these ships have not reached the end of their service lives. Strategic Agility puts a premium on the use of Navy ships to provide presence. We therefore believe the proposed retirements are unwise. Furthermore, given the uncertainties surrounding future budgets, it is only prudent to delay retiring ships with relevant missions so long as they do not have operational problems. The near-term costs of keeping the ships are very modest; the Navy claims a net cost savings of less than \$100 million a year for their retirement.

15. Maintain the Current Number of Aircraft Carriers. The Navy's aircraft carriers provide the US with a capability to project air and sea power throughout the world without significant dependence on foreign support. This is an essential element of Strategic Agility. The new strategy, however, would signal American leadership, assure allies, and deter adversaries through the rotational presence of other capabilities, thereby not requiring a larger complement of aircraft carriers.

Currently, the Navy operates 10 aircraft carriers to fulfill its global presence mission. It intends to increase that number in 2016 with the commissioning of the USS Gerald Ford. We would forgo that increase by retiring the USS George Washington – the next carrier planned to enter a lengthy and expensive upgrade cycle – in fiscal year 2014 and maintaining a fleet of 10 carriers over the long term. This recommendation would also cut a carrier air wing in accord with the number of carriers. This would permit significant savings with only minimal operational risk. (There would be a temporary decline to nine carriers for about one year until the Gerald Ford is commissioned.)

This recommendation would save \$2 billion annually with greater savings in later years from the foregone refurbishment of additional carriers.

16. Increase Resources for Offensive and Defensive Cyberwarfare by 25 percent. With every passing day, we learn of more frequent attacks and greater threats to the cybernetworks that modern armed forces and modern economies depend upon. The Defense Department has already begun ramping up resources for cybercapabilities, requesting \$4.7 billion in fiscal year 2014. We would increase this amount by another 25 percent in fiscal year 2015. Most of this money would be used for personnel in the ever more vital areas of information technology and global communications. This recommendation would cost \$1 billion a year.
17. Maintain Ready Special Operations Forces. The past decade of war has proven the wisdom of creating the Special Operations Command and validated the decades of work by special operators and their leaders. Where once raids across national boundaries failed more often than they succeeded, now – though still very difficult – SOCOM has made these operations a reliable tool to achieve US national security interests. In the world of counterterrorism, surgical military action can protect the lives of thousands of Americans while avoiding a sizeable military presence that can antagonize local sensibilities and paradoxically increase the threat to US national interests. Special Operations Forces, then, are a crucial tool to maintain.

We recommend maintaining the dramatically increased funding that Special Operations Forces now receives as compared to a decade ago, but do not recommend increasing funding further in the near-term.

18. Maintain the Strategic Depth the Guard and Reserve Provide. As previously discussed, Strategic Agility strongly seeks to avoid entering into protracted ground wars. Yet the future is uncertain and it is necessary to hedge against the possibility of protracted war, despite this strong aversion. The Guard and Reserve forces demonstrated their ability in the last decade and provide an assured capability should the worst occur.

Yet, we propose Strategic Agility because we believe these events unlikely. Therefore we would return the Guard and Reserve to their traditional roles in domestic emergencies and as the nation's strategic reserve for foreign wars. They would be tasked with maintaining and developing the skills and capacity necessary to complement the active force should protracted war occur. To acknowledge the increased importance of this role while capitalizing on the cost-effectiveness of the Reserve components, we would reduce the funding levels for the Guard and Reserves somewhat, but not in proportion to the reduction in the active force. This would save almost \$1 billion annually, net of the greater costs incurred by the F-16 transfer.

19. Reduce Existing Nuclear Forces. Strategic Agility places a higher priority on the military forces that provide visible evidence of US commitments and capabilities, as well as actually fight America's wars, than on the nuclear forces which serve less visibly to deter nuclear attacks on this country and its allies. Moreover, in June 2013, the DoD issued a new Nuclear Employment Strategy (NES) that concludes that a "strong and credible strategic deterrent" can be maintained with one-third fewer deployed nuclear warheads than the 1,550 allowed under the NEW START Treaty. We therefore recommend maintaining the "Triad" of delivery systems including bombers and the current force of ballistic missile submarines, but beginning to reduce existing nuclear forces in two ways:

Retire one ICBM wing, one-third of the current force, in fiscal year 2015. This recommendation would save about \$300 million annually. Only a modest modernization program would be necessary to maintain the remaining ICBM wings until at least 2040. If ICBMs are kept in the force beyond that point, thought should be given to utilizing a variant of the missile being developed for the Trident follow-on program. If it is desired for political reasons to maintain the current number of operational long-range warheads until it proves possible to negotiate mutual reductions with Russia, the 150 warheads being retired with the Minuteman wing could be uploaded on missiles in the two remaining wings or replaced with additional warheads on submarine-launched missiles.

Reduce the non-strategic nuclear weapons inventory. The US maintains about 200 non-strategic nuclear weapons in Europe and perhaps another 300 in reserve. These weapons would be delivered by specially configured tactical aircraft. The service life of these weapons, variants of the B-61, is currently planned to be extended in a

program estimated to cost about \$8 billion, most of which is in the Department of Energy's budget. Some F-35s would also have to be modified to deliver the weapons. Additional costs are associated with the special training and certifications required for crews authorized to fly nuclear missions. We recommend reconsidering these plans, as the Senate Appropriations Committee suggested in its mark-up of the fiscal year 2014 budget. Of course, any consideration of reducing these weapons in Europe should only be taken in consultation with NATO. Defense savings from this measure would be roughly \$100 million in 2015, but would grow substantially later in the decade.

## Modernization

20. Cancel the Ground Combat Vehicle (GCV) and Joint Light Tactical Vehicle (JLTV). During the last decade, the Army bought 1,000 upgraded Abrams tanks, 4,000 upgraded Bradley fighting vehicles, 5,000 Stryker fighting vehicles, 22,000 Mine-Resistant Ambush-Protected patrol vehicles, and 250,000 Humvees, giving it a modern and capable ground fleet. Technological breakthroughs in power, battery-life, weaponry, or metallurgy have not yet occurred to improve significantly on these vehicles, and are therefore not incorporated into the GCV and JLTV. Because Strategic Agility does not foresee the US participating in protracted ground wars in the near-to-mid term, we recommend cancelling these existing vehicle programs, allowing technology to develop and achieving a greater capability in the future.

These cancellations would save roughly \$1 billion annually, with increasing savings over time.

21. Slow F-35 Purchases. The F-35 Joint Strike Fighter is the largest acquisition program and was scheduled so aggressively that the Defense Department began to procure aircraft before they were fully developed and well before operational testing had begun. Technical problems have arisen with all three variants of the aircraft. They have particularly plagued the Marine Corps' "B" variant, which will have a vertical take-off capability. As the GAO stated in March 2013: "The critical work to test and verify aircraft design and operational performance for the F-35 program is far from complete." But the F-35 is considered essential by many to maintain the superiority of US fighters, is also being acquired by at least eight allies, and thus cannot be delayed for any significant period of time.

We recommend slowing procurement for two years by cutting the planned aircraft purchase each year by about one-half. The Navy and Marine Corps variants are already slated for purchase in small lots, four and six respectively. We would trim that to two and three. The Air Force plans to acquire 19 of its A variant in fiscal year 2014, and 30 in fiscal year 2015. We would hold that to nine each in the fiscal years 2014 and 2015. All three variants would return to their planned ramp-up in fiscal year 2016.

Just this slight slowing would save \$4 billion in fiscal year 2015, despite fully funding all research and development, as well as procuring enough aircraft to keep the production infrastructure going. Given their fiscal problems, the allies planning to purchase the aircraft may welcome the delay. Because of the greater time available for more careful development and more complete testing that would be possible before committing to larger procurement quantities, we also would expect additional savings in the total cost of the program over time.

22. Continue to develop and acquire the Long-Range Strike Bomber. Strategic Agility emphasizes the importance of being able to penetrate enemy air defenses at great distances to ensure that the US can defend its national security interests across the globe. The Long-Range Strike Bomber is designed to do just that. Though some do not believe the new bomber should be nuclear-capable because of the lower priority we accord to nuclear weapons, we recommend maintaining the existing program, which favors the conventional capability first.
23. Delay and Reduce Purchases of the Next-Generation Ballistic Missile Submarine. Also in support of the lower priority Strategic Agility accords to nuclear capabilities, we recommend cutting the planned buy of ballistic missile submarines from 12 to 10.

Ballistic missile submarines are the most survivable leg of the Triad, the US nuclear deterrent, and will be a critical element as long as the US maintains nuclear weapons. As previously noted, the DoD recently concluded that the US could maintain an effective deterrent with a one-third reduction in operational long-range warheads. It intends to achieve this reduction through a negotiated agreement with Russia. Given this goal, it is possible to reduce the planned buy from 12 to 10 of the new submarines, each with launch tubes for 16 missiles, and delay procurement of the new submarine.

Accepting a smaller submarine fleet means there may be fewer submarines in position to respond promptly to a threatened attack at times, but the NES suggested that force posture could be relaxed. In addition, if planning assumptions or international circumstances changed in such a way as to put a higher premium on the ability to hit large numbers of targets promptly, larger numbers of warheads could be deployed on each submarine missile. With the reduction in the planned size of the fleet, existing submarines could fulfill strategic needs longer and the new submarines' entrance into the force could be delayed. With their entrance pushed back, the entire development program could be delayed, achieving both immediate savings and buying more time to allow development to mature.

This recommendation saves \$1 billion a year in the near-term, and would save an additional \$10 billion in the 2020s.



24. Freeze the Current Ground-Based Mid-Course Defense (GMD) Program and Reprogram Funds toward Further Technology Development. Although it is impossible to defend against large numbers of long-range ballistic missiles, it may be feasible to provide a reasonably effective defense against small numbers of ICBMs, such as North Korea or Iran may deploy in the future. The US currently deploys 26 GMD interceptors in Alaska and another four in California, and plans to deploy an additional 14 in Alaska in response to North Korea's threats. Several radars are also associated with the existing GMD system. And, Congress is pressing the DoD to deploy a similar system on the East Coast to defend against Iranian missiles.

Regrettably, the GMD does not work very well. It was successful in only eight of 15 highly-scripted intercept tests and could easily be defeated by a variety of countermeasures that an enemy could place on its ICBMs. In keeping with Strategic Agility's emphasis on developing advanced technologies that can stay ahead of evolving threats, we therefore recommend a freeze on the GMD system in its current status and a reprogramming of the resulting \$1 billion (roughly) that would be saved in fiscal year 2015. The funds would go into further research and development of a more effective follow-on CONUS defense system.

25. Buy one Additional AEGIS Destroyer a Year. Strategic Agility emphasizes the role of theater missile defenses, a proven capability that addresses an extant threat, both in East Asia and the Persian Gulf/Arabian Sea regions. The AEGIS ballistic missile defense-equipped DDG-51 destroyers offer the most modern platform to provide this capability, as well as significant flexibility as they can be deployed effectively across the globe in a relatively brief period of time. The Navy already plans to purchase an additional 11 ships. We recommend buying an additional ship every year to field robust theater missile defenses more quickly.

This recommendation would cost almost \$2 billion annually.

26. Shift Resources from Post-Prototype Development to Earlier Research. Strategic Agility emphasizes the importance of maintaining the superiority of US air, sea, space, and special operations forces. The US already enjoys significant superiority in these domains because of the investments made in past years. But that superiority is always under threat and adversaries have an easier task replicating US technological advances than the United States does driving new advances. However, we believe the current US dominance is secure in at least the near-term, and the moment is ripe for investing in the new technologies and developments that will assure US dominance for decades.

To seize this moment and break new ground, the United States would do better to forgo incremental advances and instead invest heavily in future capabilities. To this end, we recommend cutting post-prototype development funding by 10 percent and reinvesting it in basic and applied research. This shift would move over \$1 billion but would neither increase nor decrease total spending.

27. Cut Minor Procurement. The previous modernization recommendations concentrate on high-profile weapons systems. Yet 38 percent of all procurement (\$38 billion) is spent on programs costing less than \$500 million a year and 15 percent (\$15 billion) of all procurement is spent on items costing less than \$85 million. These small programs add up to significant spending. We recommend cutting spending on programs costing less than \$85 million a year by an amount proportionate to the reductions in manpower resulting from the changes we called for in force structure and management reforms. This recommendation saves \$1 billion a year.

## Summary of Recommendations

*Savings in FY15 (in billions)*

Management Reforms		
1.	Reduce Headquarters	\$4.5
2.	Reduce Defense Agencies	\$1.0
3.	Streamline Central Training	\$2.0
4.	Extricate Uniformed Personnel from Non-Military Tasks	\$2.7
5.	Reduce Civilian Employees	\$4.7
6.	Reduce Contractors	n/a
7.	Reform Military Retirement	\$1.5
8.	Reform Health Benefits	\$4.7
9.	Stop Funding Commissaries and Post Exchanges in the US	\$1.2
10.	Reduce Infrastructure	n/a
Subtotal, Management Reforms		\$22.4
Force Structure		
11.	Reduce Army Force Structure	\$11.9
12.	Reduce Marine Corps End-Strength	\$2.0
13.	Shift Lower-End Air Force Fighters to Reserve Component	\$5.4
14.	Do Not Retire Navy Cruisers	-\$0.1
15.	Maintain Current Number of Aircraft Carriers	\$2.3
16.	Increase Resources for Cyberwarfare	-\$1.2
17.	Maintain Ready Special Operations Forces	\$0.0
18.	Maintain Strategic Depth the Guard and Reserve Provide	\$0.7
19.	Reduce Existing Nuclear Forces	\$0.4
Subtotal, Force Structure		\$21.4
Modernization		
20.	Cancel GCV and JLTV	\$1.2
21.	Slow F-35 Purchases	\$4.0
22.	Continue the Long-Range Strike Bomber	\$0.0
23.	Delay and Reduce Purchases of SSBN-X	\$1.2
24.	Freeze GMD; Reprogram for Further Technology Development	\$0.0
25.	Buy an Additional AEGIS Destroyer a Year	-\$1.6
26.	Shift Resources from Post-Prototype to Earlier Research	\$0.0
27.	Cut Minor Procurement	\$0.9
Subtotal, Modernization		\$5.7
<b>Total Savings</b>		<b>\$49.5</b>
<i>Savings needed in FY15 to Meet Sequester</i>		<i>\$47.7</i>
<i>Additional Savings Identified</i>		<i>\$1.8</i>

Totals may not add due to rounding.

## Conclusion

The 27 changes we propose here are not radical departures from today's US defense posture. But they are significant enough to put the DoD on a path that keeps its budget within the funding levels now mandated, yet still protect and promote US national interests.

Summary of Changes	Current	Strategic Agility
Military Manpower, Active (thousands)	1,400	1,220
Civilians (thousands)	800	750
Army Combat End-strength (thousands)*	490	450
Air Force Active Fighters	1,289	950
Navy Aircraft Carriers	10	10
Marine Corps Combat End-strength (thousands)*	182	160
FY15 DoD Budget (billions of constant FY13 dollars)	\$524	\$474

\*Army and Marine Corps end-strength figures do not include reductions from management reforms

There remain significant bureaucratic and political obstacles to even acknowledging the problems that the BCA and its enforcement provisions have brought to the fore. There are even greater obstacles to implementing solutions. The military services fear that if they offer plans that achieve savings, those reductions will be taken regardless of final budget numbers. The uniformed military has not yet acknowledged that the current path of inefficient manpower utilization and unquestioned benefits is unsustainable if the US is to maintain a dominant defense posture. This is not to say that the US does not owe a huge debt to those who have fought to defend it. It is to say that the US would better care for its service members by compensating them fairly and continuing to provide them with superior arms. Civilian defense leaders fear losing the support of the uniformed military, and so continue to move slowly in asking for new answers. Both political parties fear being tarred as the first one to cut defense, even though the decision to cut defense was taken with the BCA's passage. Congress also fears taking the steps necessary to put the Defense Department on a healthier institutional footing because to do so would require changing policies and programs that some of its constituents and special interest groups fight hard to keep – like pay, benefits, weapons programs, and bases that support local communities economically.

Yet, these considerations pale in comparison to the inevitability of the “hollowed out” force that would result if the United States does not acknowledge the current reality and permits the sequester mechanisms to implement mandated budget reductions bluntly, through across-the-board cuts.

We are well aware of these bureaucratic and political obstacles. However, we believe our proposals can be achieved and, once in place, will better prepare the United States and its armed forces to protect and promote US interests. We acknowledge the inherent uncertainty of the future but believe we have provided the necessary hedges so that the US will have a strong defense even if the international environment shifts dramatically. We realize that any change introduces risk. But the force structure and modernization programs we support would enable the US to confront any conceivable threats over the next 10-20 years. The alternative, a force truncated across the board by sequestration cuts, will potentially expose our national security to far more serious risks.

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*Project Director, Stimson*

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