"The fiscal choices we face are difficult ones, but there should be no doubt – here in the United States or around the world – we will keep our Armed Forces the best-trained, best-led, best-equipped fighting force in history."

President Barack Obama
January 2012
Budget Control Act of 2011

- Placed legally binding limits on broad spending categories for FY 2012 – FY 2021
  - Security/Non-security funding in FY 2012/FY 2013
    - DoD is 80% of security
      - Approximately $40 – $50 billion/year
    - Includes DHS, State, VA, NNSA, etc.
  - Total discretionary funding in FY 2014 – FY 2021
    - DoD is about 50%
  - No limits on Overseas Contingency Operations Funding
  - Achieves about $1 Trillion in deficit reduction
- Requires additional $1.2 Trillion in deficit reductions in FY 2012 – FY 2021
  - Super Committee failed
  - Potential sequestration January 2013
    - Additional Defense reductions of about $50 billion/year
Strategic Goals

• Create a force that is smaller and leaner, but also agile, ready, flexible, and technologically advanced

• Rebalance our global posture toward Asia-Pacific/Middle East

• Build innovative partnerships and strengthen alliances

• Protect and prioritize investments in new capabilities

Ensure That We Can Quickly Confront and Defeat Aggression From Any Adversary – Anytime, Anywhere
Guiding Principles

1. More disciplined use of defense dollars
2. Apply strategic guidance to force structure and investment
3. The All-Volunteer Force is foundation of our military
4. Fully support deployed warfighters

Formulated New Strategy to Guide Budgetary Decisions
Total Budget Trends
(Including supplemental and OCO funding)

(FY 2013 Dollars in Billions)

Projections (red bars) assume FYDP plus $44.2 billion annual placeholders for OCO in years beyond FY 2013

April 3, 2012

C02-12-115 National Defense Industrial Association v1.0
FY 2013 President’s Budget

(Dollars in Billions)

**Base Budget**

($525.4 B)

- Military Personnel: $135.1
- Operation and Maintenance: $208.8
- Procurement: $98.8
- RDT&E: $69.4
- Others: $2.1

**Overseas Contingency Operations**

($88.5 B)

- Military Personnel: $14.1
- Procurement: $9.7
- RDT&E: $0.2
- Other: $0.5
- Operations & Maintenance: $64.0

April 3, 2012