

Eliminate Catastrophic Sequestration Cuts (Place Holder Pending BOD Approval)

Issue: Unless current law is changed, the defense department will have to cut an additional \$ 54 billion in in FY 2015 and some \$324 billion over the next six years.

Background: The Budget Control Act (BCA) of 2011 established automatic budget cuts known as sequestration and putting at risk America's national defense capabilities.

During the 2011 debt negotiations, the Administration agreed to reduce the DoD budget by some \$487B over a ten year period; however, with the enactment of the BCA sequestration mandate, budget reductions were compounded by an additional \$500 billion. Then SECDEF Panetta testified in December 2012 that such a meat axe approach to budget reductions will "hollow out the force".

The Bipartisan Budget Act of 2013 modified the caps for FY 2014 and 2015; however, the FY 2015 budget calls for an additional \$26 billion over the BBA cap while FY 2016 thru 2021 sequestration targets remains in effect continuing to place national security at risk.

Concern for readiness was reinforced during Secretary Hagel's Feb 24, 2014 press conference outlining the FY 2015 budget submission when he stated "...the only way to implement sequestration is to sharply reduce spending on readiness and modernization, which would almost certainly result in a hollow force...the resulting force would be too small to fully execute the President's defense strategy."

The Services have already slashed flying hours, canceled the deployment of ships, renegotiate critical procurement contracts, temporarily furloughed civilian employees, and are the process reducing force structure by some 124,000 personnel. Additionally, the FY 2014 Defense Authorization Bill capped military pay raises at 1%, the lowest pay raise in 50 years.

The proposed FY 2015 defense budget assumes some additional monies will be forthcoming to mitigate sequestration impacts. However, the budget proposes additional force reductions of 78,000 personnel in the Army, Army Reserves, Army National Guard and the Marines Corps; retiring the USAF A-10 Warthog and U-2 reconnaissance aircraft; and placing 11 USN ships in reduced operating status. If sequestration relief is not ended, additional force reductions will likely go deeper and training and modernization will be further impacted.

The FY 2015 budget submission proposes several compensation measures to free monies for force structure and modernization by capping the FY 2015 pay raise at 1%, a figure below the mandated ECI, slowing the growth in base housing allowances and increasing out-of-pocket expenses for personnel, reducing commissary benefits and increasing TRICARE fees for both retirees and active duty personnel.

MOAA Position: While debt reduction is a national priority, such a disproportional share of this burden must not be foisted on the backs of military families who already have sacrificed more for their country than any other segment of Americans.

Action Needed: *Congress needs to end the harmful effects of sequestration by developing a bipartisan, alternative debt reduction package that and avoids disproportional penalties on the Department of Defense and servicemembers and retirees and their families.*