

FISCAL **INSANITY**: HOW AUTOMATIC SPENDING CUTS MAKE AMERICA LESS SECURE

On June 3, 2023, Congress enacted the *Fiscal Responsibility Act of 2023*, a bill setting federal budget caps for fiscal years 2024 and 2025. This agreement would provide an increase of 3.3% for defense programs in fiscal year (FY) 2024 and a reduction of 5.4% to non-defense programs.

This bill also included a provision designed to pressure Congress to finalize all 12 appropriations bills in a timelier manner. Specifically, the provision requires the Office of Management and Budget (OMB) to cut both defense and non-defense spending to 1% below the FY23 levels on April 30, 2024, if full-year appropriations bills are not passed for all government agencies. These cuts would be applied across the board to most federal programs.

⚠️ DRASTIC CUTS TO DEFENSE: \$37 BILLION IN 2024 | \$45.3 BILLION IN 2025 ⚠️

WE'VE SEEN THIS BEFORE

In March 2013, Congress ordered similar automatic cuts – and the results were destructive. After six months of operating under CRs, those reductions cut the defense budget by \$37.2 billion.

1. More than half of this was levied against DOD's operations and maintenance budgets, **causing significant declines in retention, training, depot maintenance** and other factors critical to military readiness.
2. Research and development programs took a **disproportionate hit**.
3. **Almost 15% of DOD's prime contractors exited the business altogether.**
4. Civilian employees supporting the military were furloughed between 6-11 days.
5. DOD officials told the GAO they **lost most of that year** in planning, replanning, and contract adjustments between the months of CRs and then the significant cut to remaining funds.
6. In 2015, former CENTCOM Commander Gen. James Mattis told Congress **"no foe in the field can wreak such havoc on our security that mindless sequestration is having . . . It has failed and today we use arithmetic vice sound thinking to run our government, despite emerging enemy threats."**



CBO estimates that the automatic cuts looming before DOD next year would be approximately the same as those enacted in 2013.

IMPACT OF AUTOMATIC CUTS IN 2024 AND BEYOND



Cutting the defense budget by \$37 billion in the middle of 2024 would be devastating to the U.S. military, which is already under its recruiting goals and working hard to restore readiness lost to past budget cuts. Furthermore, our increasing global threats require a strong U.S. response, and underinvestment in key sectors such as munitions, shipbuilding, and U.S. industrial capacity has become more urgent with greater unrest in today's world. In fact, with annual inflation of 4%, DOD needs a modest increase just to maintain today's buying power.

CONGRESS MUST NOT ALLOW A RETURN TO THESE MINDLESS AUTOMATIC CUTS OR SUCCUMB TO THE PRACTICE OF FULL-YEAR CRS.

It is imperative that Congress and the Administration finalize comprehensive, full-year appropriations bills as soon as possible, but well before the trigger deadline of April 30, 2024.