DOD Sequestration

How DOD Experiences with Fiscal Year 2013 Sequestration Could Inform Future Planning

Fiscal year (FY) 2013 sequestration reduced federal agency resources across the board. Overall, DOD reduced its total discretionary resources subject to sequestration by about 7%.

$527.7 billion
DOD’s discretionary resources subject to sequestration

$37.2 billion
Sequestered (7%)

How FY 2013 Reductions Were Allocated

DOD’s appropriations accounts subject to sequestration were reduced as follows:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>55%</td>
<td>Operation and Maintenance</td>
<td>$20.3 billion</td>
</tr>
<tr>
<td>26%</td>
<td>Procurement</td>
<td>$9.8 billion</td>
</tr>
<tr>
<td>16%</td>
<td>Research, Development, Test, and Evaluation</td>
<td>$6.1 billion</td>
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<tr>
<td>3%</td>
<td>Other</td>
<td>$1.0 billion</td>
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</table>

Total reduction: $37.2 billion

Effects from FY 2013 Sequestration

DOD took near-term actions to preserve key programs and reduced spending on lower priorities. However, DOD identified certain negative effects resulting from FY 2013 funding reductions. For example:

- **Increased costs and spending**
  - Navy’s P-8A Poseidon aircraft program experienced procurement delays, which increased life-cycle costs by an estimated $56.7 million.

- **Cancelled activities, delayed timeframes**
  - Air Force cancelled or reduced participation in most of its large-scale planned FY 2013 training events, which may delay achievement of readiness goals in the longer term.

- **Decreased force availability**
  - Navy cancelled or delayed ship deployments in FY 2013, which resulted in a 10% decrease in its deployed force worldwide.

Mitigation Strategies and Lessons Learned

DOD used various strategies to mitigate FY 2013 sequestration effects:

- Prioritizing critical functions
- Using unobligated funds to offset reductions
- Transferring and reprogramming funds

DOD has not fully documented or assessed lessons learned from FY 2013 sequestration, and could miss opportunities to incorporate effective practices into its future planning.

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