

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

August 10, 2011

The Honorable Leon Panetta  
Secretary  
U.S. Department of Defense  
1000 Defense Pentagon  
Washington, DC 20301

The Honorable Jack Lew  
Director  
Office of Management and Budget  
Eisenhower Executive Office Building  
Washington, DC 20503

Dear Secretary Panetta and Director Lew:

The enactment of the Budget Control Act of 2011 codifies an agreement between the Administration and Congress as to the maximum total level of discretionary spending for the next ten years. As you know, in the first two years there is also agreement with respect to overall amounts that will be spent on the security agencies – defined in statute for the first time to include the Departments of Defense, Homeland Security, and Veterans Affairs, the National Nuclear Security Administration, the intelligence community management account, and the international affairs budget function (Function 150). There is, however, no agreement in the Budget Control Act as to the appropriate level of funding for any individual department or agency within that security category.

Each of you has recently commented that the Administration believes funding for the Department of Defense should be reduced by somewhere between \$330 billion and \$420 billion over the next ten years. This would be an unprecedented drawdown in defense while U.S. forces are committed to contingency operations in Afghanistan and Libya, and possibly still in Iraq. More troubling than the lack of any historical precedent, however, is that this decision to reduce defense spending – first announced by the President in April – has preceded any substantial analysis of the future roles, missions, and capabilities we want our military to perform. Although the President has directed DOD leadership to commence a “strategic review,” as General Martin Dempsey confirmed recently in testimony before the Senate Armed Services Committee, the military has been given, “a target and we’re trying to determine what the impact would be to meet that target.” Former Secretary Gates correctly described such a budget-first approach as “math, not strategy.”

Since we have not seen the outcome of the Administration’s strategic review, it is imperative that Members of Congress, and particularly members of our committees, obtain a better understanding of the impact of these reductions on the Defense Department and its ability to meet its mission. We have three requests for additional information to help inform Congress as we finalize the fiscal year 2012 defense budget and as the Joint Select Committee begins its work.

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First, there are less than two months left before the beginning of fiscal year 2012. Determining final funding levels for DOD will be a high priority when Congress reconvenes in September. To assist Congress as we work to ensure that we provide all of the resources needed by our men and women in uniform, we request an update on the status of and any preliminary conclusions from the DOD comprehensive review and the budgetary consequences flowing there from.

Second, if the Joint Select Committee's legislation is not enacted or fails to achieve at least \$1.2 trillion of deficit reduction, alternative spending caps for national defense come into effect for fiscal years 2013-2021. The cap for the national defense budget function (Function 050) would be \$546 billion in fiscal year 2013, \$6 billion less than fiscal year 2011. This cap then becomes the baseline against which any future discretionary sequestrations would occur. To be clear, the revised discretionary cap levels do not represent an agreed policy between the Administration and Congress - they only go into effect in what Secretary Panetta has called the "doomsday mechanism." It is for that reason that we are troubled by reports that indicate that the fiscal year 2013 budget guidance from OMB to the Department of Defense has cited the alternative spending caps as the appropriate basis for budget preparation. We request that you provide further clarification regarding any budget guidance that has been issued for Function 050 for fiscal year 2013.

Finally, Director Lew, in your August 4<sup>th</sup> blog entry, you stated, "make no mistake: the sequester is not meant to be policy." And in your recent press conference, Secretary Panetta, you stated that the cuts contemplated by sequestration would "do real damage to our security, our troops and their families, and our military's ability to protect the nation." Therefore, we ask for further information about the national security consequences if the "doomsday mechanism" is triggered and sequestration takes place for fiscal years 2013-2021.

We appreciate your attention to this letter and your shared commitment to our nation's security. We look forward to your prompt response.

Sincerely,



Howard P. "Buck" McKeon  
Chairman, Committee on Armed Services



Paul Ryan  
Chairman, Committee on the Budget



C.W. Bill Young  
Chairman, Appropriations Subcommittee on Defense