

## Why GAO Did This Study

In March 2013, the President ordered across-the-board spending reductions, known as sequestration, for all federal agencies and departments. As a result, DOD's discretionary resources were reduced by about \$37.2 billion over the remainder of FY 2013. The joint explanatory statement accompanying the National Defense Authorization Act for Fiscal Year 2014 included a provision for GAO to review DOD's implementation and effects of the FY 2013 sequestration. This report examines, for the FY 2013 sequestration, (1) how DOD allocated reductions, (2) what effects DOD has identified on selected DOD programs, services, and military readiness, and (3) the extent to which DOD took actions to mitigate the effects of sequestration.

GAO analyzed DOD's FY 2013 budget and execution data and reviewed a nongeneralizable sample of five types of expenses or investments—such as maintenance, and a selection of weapon systems and military construction projects—based on the magnitude of reductions and possible relation to readiness. For each area, GAO reviewed data on planned versus actual spending and reports on actions taken and interviewed DOD and service officials.

## What GAO Recommends

GAO recommends that DOD document and assess lessons learned and best practices from implementing sequestration, as well as leverage existing mechanisms to share these lessons within the services and across the department. DOD concurred with GAO's recommendations.

View [GAO-15-470](#). For more information, contact Johana R. Ayers at (202) 512-5741 or [ayersj@gao.gov](mailto:ayersj@gao.gov); or Michael J. Sullivan at (202) 512-4841 or [sullivanm@gao.gov](mailto:sullivanm@gao.gov).

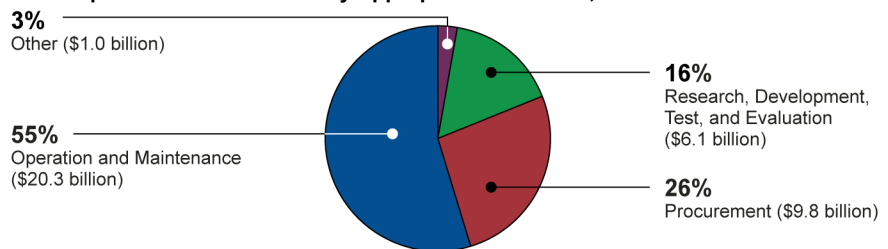
# SEQUESTRATION

## Documenting and Assessing Lessons Learned Would Assist DOD in Planning for Future Budget Uncertainty

## What GAO Found

To implement sequestration in fiscal year (FY) 2013, the Department of Defense's (DOD) discretionary resources were reduced in approximate proportion to the size of its appropriation accounts, with the largest reductions to DOD's largest accounts, operation and maintenance. The military services' accounts absorbed about 76 percent of DOD's reduction relative to other defense accounts. In contrast to other accounts, such as procurement, DOD and the services had some flexibility to allocate varying reductions to functions and activities funded by the operation and maintenance accounts.

### DOD Sequestration Reductions by Appropriation Account, Fiscal Year 2013



Source: GAO analysis of Department of Defense (DOD) data. | GAO-15-470

To implement sequestration reductions, DOD took near-term actions to preserve key programs and functions and reduced spending on lower priorities. Many effects that DOD officials attributed to the reductions were interdependent, with some difficult to quantify and assess. Effects DOD identified generally related to:

- **Costs and spending:** Some actions increased costs or deferred spending to subsequent years (e.g., procurement delays to the Navy's P-8A aircraft program resulted in an estimated \$56.7 million life-cycle cost increase).
- **Time frames or cancellations:** Delayed or cancelled activities affected some plans to improve military readiness (e.g., the Air Force cancelled or reduced participation in most of its planned large-scale FY 2013 training events, and expects delayed achievement of longer-term readiness goals).
- **Availability of forces and equipment:** Some actions decreased the forces and equipment ready for contingencies (e.g., the Navy cancelled or delayed some planned ship deployments, which resulted in a 10 percent decrease in its deployed forces worldwide).

DOD and the services relied on existing processes and flexibilities to mitigate the effect of sequestration in FY 2013, but did not comprehensively document or assess best practices or lessons learned from their experiences. For example, the services used authorities to reprogram and transfer funds, which allowed them to reverse some initial actions taken to reduce spending. GAO identified some DOD efforts to document lessons learned or best practices related to the implementation of the FY 2013 sequestration, but found them to be limited in scope and not widely shared. Without documenting and assessing lessons learned and best practices, such as strategies for evaluating interdependence of funding sources and programs, and leveraging existing mechanisms to share this information, DOD is missing an opportunity to gain institutional knowledge that would facilitate future decision making about budgetary reductions.