



# *Strategic Choices Exercise*

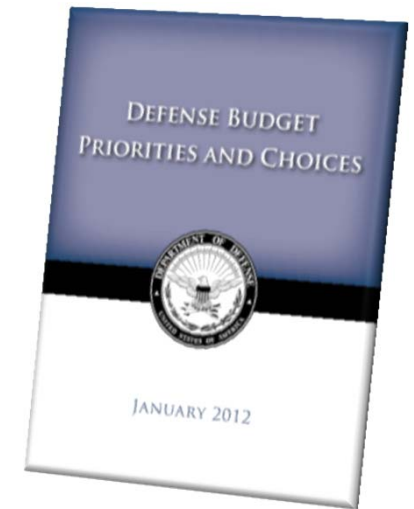
- Develop alternative strategies to rebalance DoD's major capabilities in light of projected security challenges and potential defense budget cuts
- “Stress test” the strategies over the next two FYDPs (FY2014-2018 and FY2019-2023) at two different levels of budget reductions
- Explore major tradeoffs and their impact over time

**Note:**  
*Exercise results represent the opinions of each team, not specific organizations*

***Exercise focused on rebalancing DoD's capabilities, not specific programs or program costs***

*For this exercise we assumed:*

- **The 2012 Defense Strategic Guidance was a starting point only:**
  - Each team based their rebalancing choices on their strategy
- **The BCA is revised:**
  - DoD is given virtually complete flexibility to target budget cuts
  - Budget cuts run from FY2014 to FY2023 (even though BCA caps end in FY2021)
  - DoD must meet budget targets for each FYDP, not year by year
- **DoD's proposed compensation reforms and efficiency initiatives are in effect**

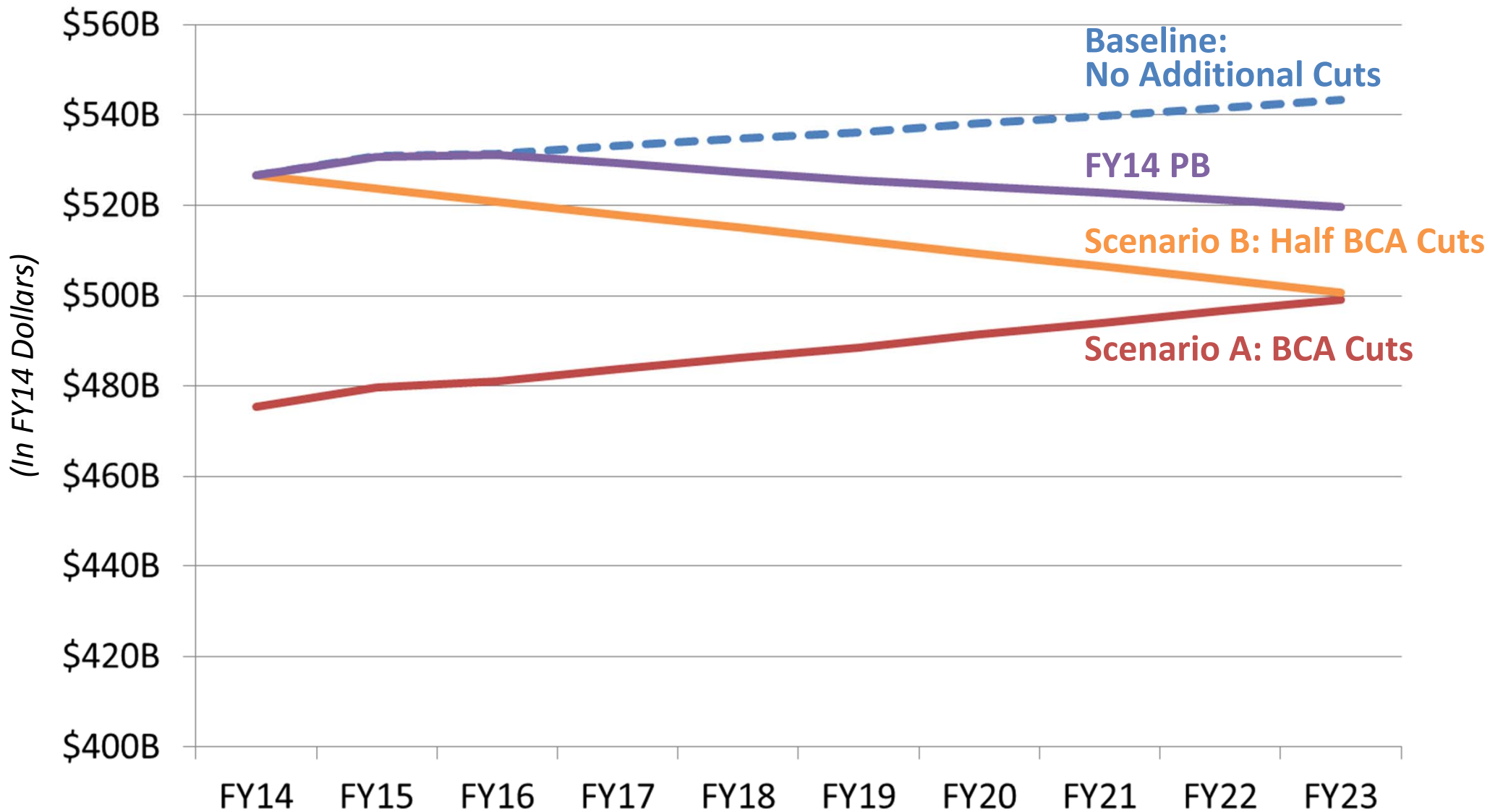


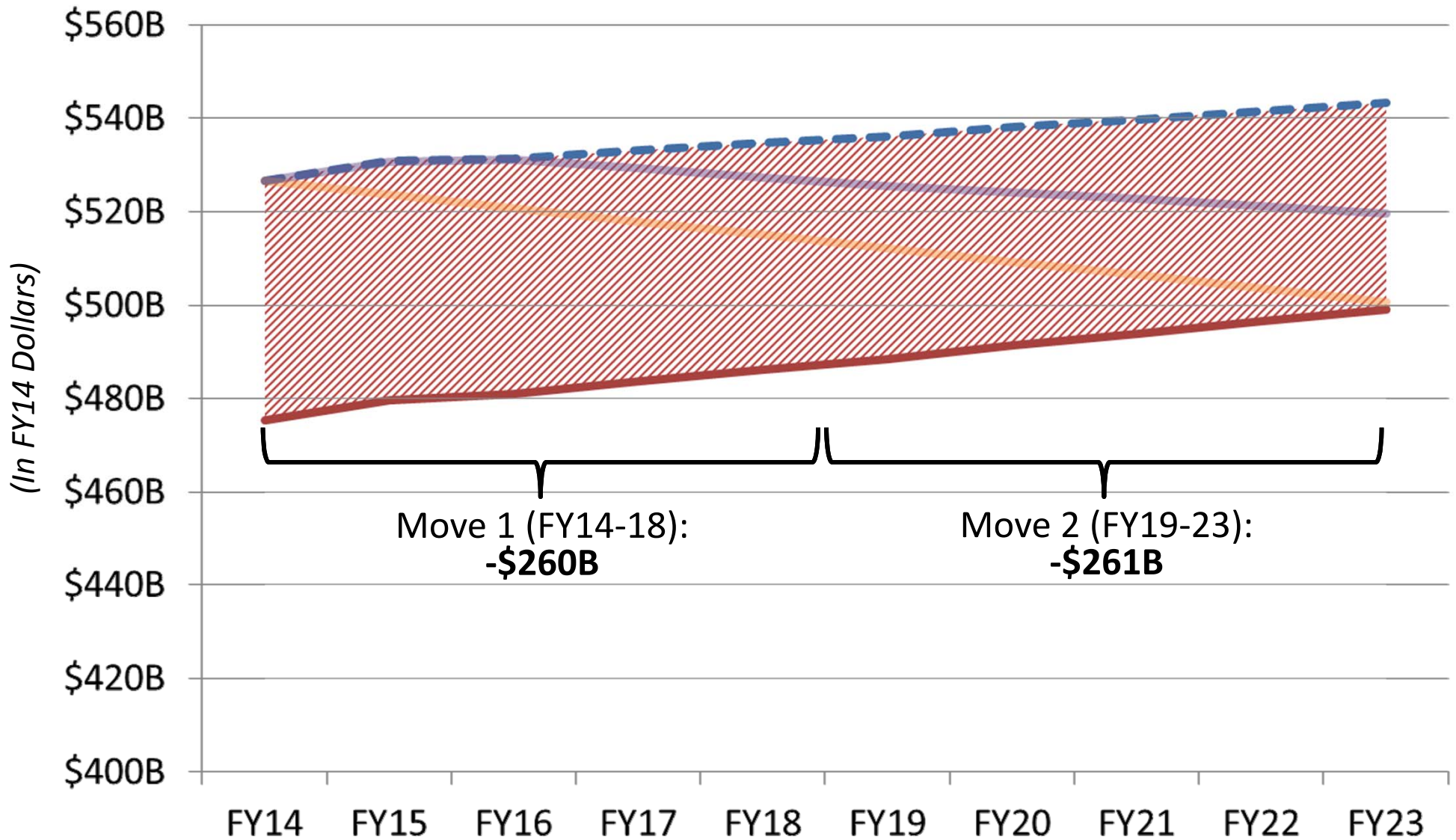
- Each team individually developed a rebalancing strategy
- Each team then used CSBA’s rebalancing tool to make investment and divestment decisions for the first FYDP (FY2014-18) and then second FYDP (FY2019-23) that supported their strategy under two fiscal scenarios:

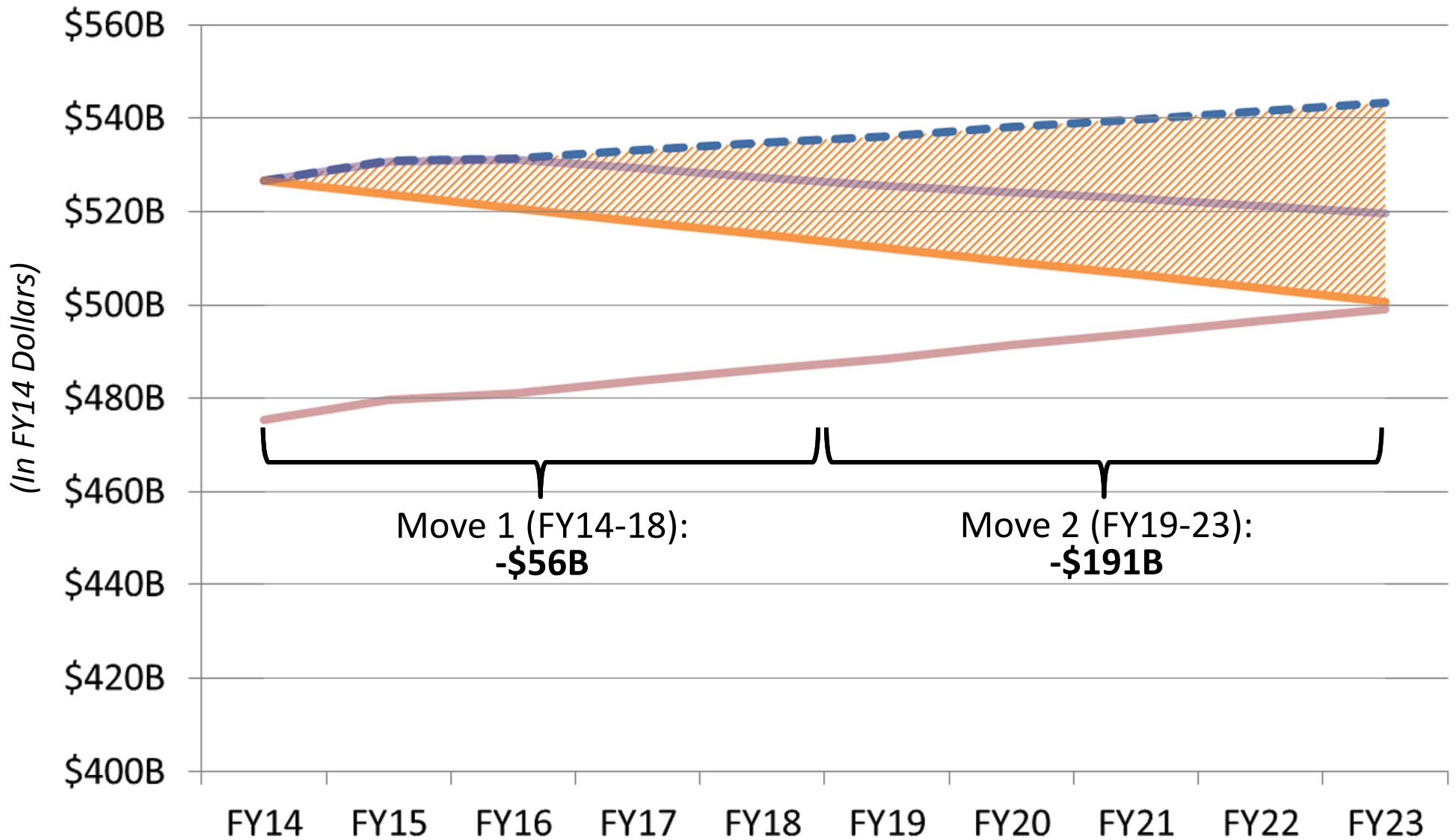
**Scenario #A – Rebalance capabilities for each FYDP assuming full BCA-level cuts**

**Scenario #B – “Buy back” capabilities for each FYDP assuming half BCA-level cuts**

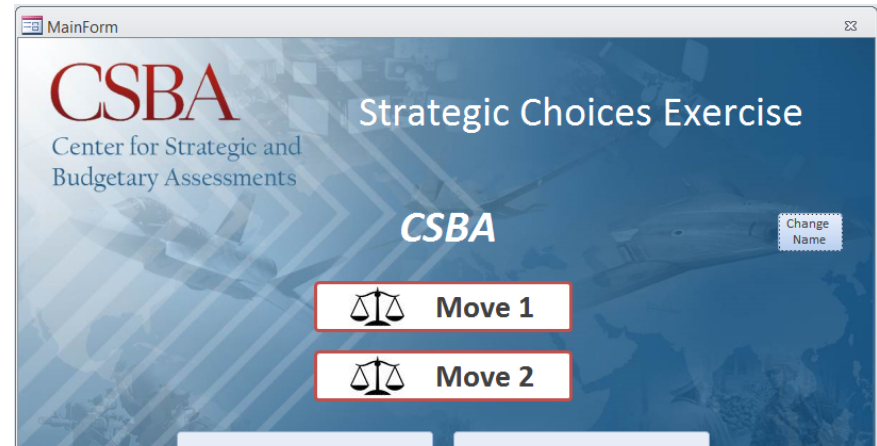
	Scenario A	Scenario B
FY14-18	-\$260 B	-\$56 B
FY19-23	-\$261 B	-\$191 B
<b>Total</b>	<b>-\$522 B</b>	<b>-\$247 B</b>







- Teams used CSBA-developed rebalancing tool
- Database includes more than 650 pre-costed budget options
- Options are organized by major capability areas instead of by organizations
- Intent was to look across major capability portfolios (air, sea, land, missile defense, strategic deterrence, etc.) instead of Service stovepipes



Options	Move 1			Move 2	
	Cost/Savings	Selection	Max	Total	Cost/Savings Total
Cancel AH-64 Apache Modernization	(\$5.60)	1	1	(\$5.6)	(\$3.8) (\$3.8)
Cancel Next Generation Jammer	(\$1.55)	1	1	(\$1.6)	\$0.0 \$0.0
Cancel Non-stealthy, Unmanned Carrier Launched Airborne Surveillance and Str	(\$2.56)	1	1	(\$2.6)	\$0.0 \$0.0
Cancel the Light Utility Helicopter (UH-72A) Program	(\$0.35)	1	1	(\$0.3)	(\$0.1) (\$0.1)
Cut Advanced Anti-Radiation Guided Missiles	(\$0.12)	0	6	\$0.0	\$0.0 \$0.0
Delay Long Range Strike-Bomber (LRS-B)	(\$8.79)	0	1	\$0.0	(\$11.3) \$0.0
Reduce AH-1Z Viper and UH-1Y Venom Buy	(\$0.73)	4	7	(\$2.9)	(\$0.3) (\$1.3)


  

Adds:		Move 1	Move 2
Add 10-15K Enhanced Bunker B			
Add Advanced Anti-Radiation G			
Add Air-Launched Offensive Sea			
Add Broad Area Maritime Surveil			
Add C-17s (Maintain Production			
Add Long Range Anti-Ship Miss			
Add Long-Range Air-to-Air Miss			

**Add Small Diameter Bombs (SDB II)**

Description: This option would increase the buy of SDB II's in increments of 500 in addition to the 1500 planned over the FYDP. Small Diameter Bomb Increment II (SDB II) is a joint program, with the Air Force (AF) as the lead service, which provides the warfighter with a capability to attack mobile targets in all weather from stand-off range. It can be carried on all Air Force and Navy aircraft as well as larger UAVs.



Max. Selection	Cost / Savings	Move 1	Move 2
3		\$0.12	\$0.00

Cannot be selected in combination with: Move 1 - Reduce Small Diameter Bomb II Buy

Must be selected in combination with:



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# Team Rebalancing Strategies and Choices