DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Jerry Brown
Governor
State of California
Sacramento, CA 95814

Dear Governor Brown:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in California.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Navy could be forced to cancel maintenance on 5 ships in San Diego and aircraft maintenance in North Island. The Army would lose $54 million in base operations funding across California, including cuts at the Presidio of Monterrey and Fort Irwin. Operations at Sierra Army Depot could experience a reduction of as much as $167 million. The Air Force would suffer a cut of at least $26 million to their operations in the State, including reductions in facilities projects at Beale, Edwards, Travis, and Vandenberg Air Force Bases. We are still assessing detailed changes and will be able to provide additional information on cutbacks in California as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 64,000 DoD civilian employees who work in California. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $420 million just in California.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Robert Bentley
Governor
State of Alabama
Montgomery, AL 36130

Dear Governor Bentley:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Alabama.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $91 million in base operations funding across Alabama, including cuts at Fort Rucker and Fort McClellan. Depot operations at Anniston could experience a reduction of as much as $710 million. The Air Force would suffer a cut of at least $8 million to their operations in the State, including reductions in facilities projects at Maxwell Air Force Base. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Alabama as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 27,000 DoD civilian employees who work in Alabama. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $184 million just in Alabama.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Jay Inslee
Governor
State of Washington
Olympia, WA 98504

Dear Governor Inslee:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in the State of Washington.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $124 million in base operations funding across Washington, including cuts at Joint Base Lewis-McCord. The Air Force would suffer a cut of at least $3 million, including reductions in facilities projects at Fairchild Air Force Base. The Navy would face cancellation of aircraft depot maintenance at Whidbey Island and a demolition project in Bremerton. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Washington as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 29,000 DoD civilian employees who work in Washington. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $175 million just in Washington State.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Rick Perry
Governor
State of Texas
Austin, TX 78701

Dear Governor Perry:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Texas.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $233 million in base operations funding across Texas, including cuts at Fort Bliss, Fort Hood, and Fort Sam Houston. Depot operations at Red River and Corpus Christi could experience a reduction of as much as $1.4 billion. The Air Force would suffer a cut of at least $92 million, including reductions in facilities projects at Lackland, Randolph, and Sheppard Air Force Bases. The Navy and Marine Corps would face reduced procurement of the Joint Strike Fighter. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Texas as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 52,000 DoD civilian employees who work in Texas. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $291 million just in Texas.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Martin O'Malley
Governor
State of Maryland
Annapolis, MD 21401

Dear Governor O'Malley:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Maryland.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $95 million in base operations funding across Maryland, including cuts at Fort Meade and Aberdeen Proving Ground. The Air Force would suffer a cut of at least $10 million to their operations in the State, including reductions in facilities projects at Andrews Air Force Base. The Navy would face the loss of $9 million in funding for a demolition project at Patuxent River Naval Air Station. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Maryland as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 46,000 DoD civilian employees who work in Maryland. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $359 million just in Maryland.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

Dear Governor Corbett:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be was required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Pennsylvania.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $7 million in base operations funding across Pennsylvania, including cuts at Carlisle Barracks and Fort Indiantown Gap. In addition, depot operations at Tobyhanna and Letterkenny could experience a reduction of as much as $751 million. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Pennsylvania as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 26,000 DoD civilian employees who work in Pennsylvania. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $155 million just in Pennsylvania.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable Nathan Deal
Governor
State of Georgia
Atlanta, GA 30334

Dear Governor Deal:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Georgia.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $233 million in base operations funding across Georgia, including cuts at Fort Benning, Fort Gordon, and Fort Stewart. The Air Force would suffer a cut of at least $152 million to their operations in the State, including reductions in facilities projects at Moody and Robbins Air Force Bases. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Georgia as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 37,000 DoD civilian employees who work in Georgia. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $203 million just in Georgia.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Rick Scott
Governor
State of Florida
Tallahassee, FL 32399

Dear Governor Scott:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Florida.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Navy faces the loss of $135 million in funding for aircraft depot maintenance in Jacksonville and $3.2 million for four demolition projects in Pensacola. The Army would lose $7 million in base operations funding across Florida, including cuts at Camp Blanding. The Air Force would suffer a cut of at least $37 million to their operations in the State, including reductions in facilities projects at Cape Canaveral and at Eglin, MacDill, Patrick, and Tyndall Air Force Bases. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Florida as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 31,000 DoD civilian employees who work in Florida. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $185 million just in Florida.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 0 1 2013

The Honorable John Kasich
Governor
State of Ohio
Columbus, OH 43215

Dear Governor Kasich:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Ohio.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Army would lose $2 million in base operations funding across Ohio, including cuts at Camp Perry. The Air Force would suffer a cut of at least $3 million to their operations in the State, including reductions in facilities projects at Wright Patterson Air Force Base. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Ohio as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 26,000 DoD civilian employees who work in Ohio. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $166 million just in Ohio.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR 01 2013

The Honorable Robert F. McDonnell
Governor
Commonwealth of Virginia
Richmond, VA 23219

Dear Governor McDonnell:

As you are likely aware, due to the inability of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President will be required by law to issue a sequestration order later today canceling approximately $85 billion in budgetary resources across the Federal Government, of which nearly $41 billion would come from the Department of Defense (DoD). Another sequestration order could be issued later this month, which could result in a combined reduction for DoD of as much as $46 billion – roughly a 9 percent reduction in our entire budget except for military personnel funding, which current law permitted the President to exempt.

These cuts must be fully accommodated during the remaining seven months of Fiscal Year (FY) 2013. In addition, the current DoD appropriation (the so-called Continuing Resolution) does not allocate adequate funding for current operations, which greatly adds to the Department's FY 2013 budgetary problems. Because your State plays an important part in supporting DoD and our national security, we wanted to provide you with the information we currently have available about how these unfortunate budgetary adjustments impact us, and in turn what it means for our installations and contractors in Virginia.

We do not yet have a complete inventory of the required cutbacks, but I can provide some examples: The Navy will have to cancel maintenance on 11 ships in Norfolk and to defer four projects at Dahlgren, Oceana, and Norfolk. The Army would lose $146 million in base operations funding across Virginia, including cuts at Fort Lee and Fort Belvoir. The Air Force would suffer a cut of about $8 million to their facilities projects at Langley Air Force Base. We are still assessing detailed changes and will be able to provide additional information on cutbacks in Virginia as we compile a more complete list.

In addition, to accommodate all the cutbacks that would be imposed in the absence of further Congressional action, we will be forced to place most of our DoD civilian employees on unpaid furlough status for up to 22 discontinuous workdays. Almost certainly, this unfortunate action has already had serious adverse effects on the morale and productivity of the approximately 90,000 DoD civilian employees who work in Virginia. If we have to impose these furloughs, it will mean roughly a 20 percent pay cut over a nearly six month period for these dedicated civil servants, who in turn will presumably spend less in your economy. We estimate that a 22-workday furlough could result in a payroll reduction of about $661 million just in Virginia.

Lastly, it should be noted that sequestration will also affect Defense contractors and, therefore, the industrial base in your State.

While these reductions are unfortunate and will be damaging, the Department is doing everything within our power to minimize adverse effects on our national security mission. In addition, we are prepared to work closely with you to manage these reductions to the extent that we can. Should Congress take subsequent actions that change the level or nature of these reductions, we are committed to working closely with you to manage changes quickly.

Thank you for your continued partnership with the Department of Defense and for your cooperation as we work together to accommodate these unfortunate circumstances.

Ashton B. Carter