

## CLIENT ALERT

### OMB and DoD Do Sequestration Two-Step

Aug.13.2012

On August 1, 2012, Acting OMB Director Jeffrey Zients and Deputy Secretary of Defense Ashton Carter testified before the House Armed Services Committee regarding the potential impacts of sequestration set to begin on January 2, but declined to spell out whether OMB would apply sequestration at the program, project, or activity level – the key to determining whether agencies would have some discretion to pick and choose among contracts. Sec. Carter hinted that DoD would follow that approach, stating that the DoD leadership "will take advantage of any flexibility [they] can find" to reach the target cuts, although any such flexibility is already restricted by the Administration's announcement that payroll accounts for military personnel would be exempt. For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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