



FUNDING FOR DEFENSE, MILITARY OPERATIONS, HOMELAND SECURITY, AND RELATED ACTIVITIES SINCE 9/11

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Since the terrorist attacks of September 11, 2001, federal funding for defense, military operations (primarily in Afghanistan and Iraq), homeland security, and related activities has increased by a total of some \$843 billion. This figure represents the level of funding appropriated for these programs and activities over the fiscal year (FY) 2001-06 period that is *above what would have been provided in these areas, over these years, had funding simply been increased at the rate of inflation*.¹ In real (inflation-adjusted) terms,² funding for these programs and activities is about 50 percent higher in FY 2006 than it was just prior to the attacks of 9/11.³

The Bush Administration's FY 2007 request for national defense—exclusive of war-related costs—and homeland security, is some \$161 billion above the level that would have been provided had funding for those activities grown only at the rate of inflation over the past seven years. In addition, another \$75-100 billion, or possibly more, will likely have to be provided to cover the cost of military operations next year.⁴ Thus, through the end of FY 2007, funding for defense, military operations, homeland security, and related activities is likely to be some \$1.1 trillion above the pre-9/11 baseline.

¹ This estimate was derived using a variety of sources including: Amy Belasco, "Defense Funding For Iraq, Afghanistan, and Enhanced Security: Issues and Implications," Congressional Research Service (CRS), June 14, 2006; Office of Management and Budget (OMB), Budget of the United States, Fiscal Year 2007, Analytical Perspectives (Washington, DC: US Government Printing Office, 2006), pp. 19-34; Mathew Schmidt and Sam Papenfuss, "Estimated Costs of US Operations in Iraq Under to Specified Scenarios," Congressional Budget Office (CBO), July 13, 2006; OMB, "Request for FY 2006 Supplemental Appropriations for Military Operations in Support of Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," February 16, 2006; Paul M. Irwin and Larry Nowels, "FY 2006 Supplemental Appropriations: Iraq and Other International Activities," June 15, 2006; and Mike Waters, "Federal Funding for Homeland Security: An Update," CBO, July 20, 2005.

² This analysis uses the gross domestic product (GDP) deflator to measure real change.

³ This change in funding is based on a comparison of the enacted FY 2006 funding levels for defense, homeland security and related activities (including both regular annual appropriations and supplemental appropriations acts), with the pre-9/11 enacted levels for these programs in the FY 2001 budget.

⁴ Congress is expected to include \$50 billion in the FY 2007 defense appropriations act to cover the initial costs of military operations next year. The amount of additional funding that will be needed to cover the full cost of those operations is uncertain. However, based on CBO estimates (see CBO, "An Alternative Budget Path Assuming A Reduction in Spending for Military Operations in Iraq and Afghanistan and in Support of the Global War on Terrorism," February 24, 2006, p. 3) and FY 2006 costs, a reasonable estimate is that another \$25-50 billion will be required. This would bring total war-related costs in FY 2007 to \$75-100 billion.

Although the terrorist attacks of 9/11 may have been the major catalyst for this funding growth, only about one-third of the \$843 billion in additional funding provided since 9/11 (and less than one-fifth of the funding added to the Department of Defense's budget) has been used to cover the cost of programs and activities clearly and closely related to recovering from and responding to those attacks, or protecting the US homeland from future terrorist attacks. The \$843 billion total includes some \$675 billion in defense and \$167 billion in non-defense funding. About \$470 billion of this funding was provided through emergency supplemental appropriations, "bridge funds" attached to regular annual appropriations acts and other special measures. The remaining \$373 billion was provided through regular annual appropriations acts.

Table 1 provides an estimate of how the additional funding appropriated since the terrorist attacks of 9/11 has been allocated among various missions and activities. This breakdown was derived by the Center for Strategic and Budgetary Assessments (CSBA) based on the best available data. However, since the administration has provided partial or limited data in some cases, it should be viewed as only a rough approximation of how the \$843 billion in funding has been allocated.

RESPONSE TO AND RECOVERY FROM THE TERRORIST ATTACKS OF 9/11

About \$252 billion (30 percent) of the \$843 billion in additional funding appears to be relatively closely and directly related to responding to and recovering from the terrorist attacks of 9/11, or to improving US security against future terrorist attacks. This total is broken down as follows:

- ◆ **DoD (\$120 billion).** Of this total, about \$78 billion has been used to cover costs associated with military operations in Afghanistan (Operation Enduring Freedom).⁵ The remaining \$42 billion provided to date has been allocated to DoD homeland security efforts in the United States. This includes funding to cover the costs of Operation Noble Eagle (which, among other things, has involved flying combat air patrols over some US cities), as well as additional funding (above the pre-9/11 baseline) provided for DoD homeland security missions, including the protection of US military bases and countering chemical, biological, radiological and nuclear (CBRN) terrorism.⁶
- ◆ **Foreign Aid and Diplomatic Operations in Afghanistan (\$8 billion).** This is the amount of funding that has been provided for US diplomatic activities in Afghanistan, as well as for non-DoD reconstruction and related assistance to Afghanistan since 9/11.
- ◆ **Non-Defense Homeland Security and Related Activities (\$106 billion).** This total includes some \$85 billion provided through regular annual appropriations acts and about \$21 billion provided through supplemental appropriations acts. The \$85 billion included by CSBA in this category represents the amount of funding that has been provided for homeland security in regular annual appropriations acts that is above the amount non-DoD departments and agencies would have been provided had their funding for these activities been increased only at the rate of inflation. This funding is divided among more than two dozen different departments and agencies, with the largest amounts being provided to the Departments of Homeland Security, Health and Human Services, Justice,

⁵ This is \$3 billion less than estimated by CRS (Belasco, p. 10). This lower number reflects CSBA's decision to exclude FY 2005 and FY 2006 funding for the Army's modularity program from its estimates of the cost of military operations in Iraq and Afghanistan (with the \$11 billion provided for this program reducing estimated costs for these two military operations by, respectively, \$3 billion and \$8 billion).

⁶ For a discussion of DoD and other homeland security programs and activities, see Steven M. Kosiak, "Overview of the Administration's FY 2007 Request for Homeland Security," CSBA, June 26, 2006.

and Energy. The \$21 billion provided through supplemental appropriations includes funding for: improving security at US airports and aboard US commercial aircraft; strengthening security at critical, non-DoD, facilities located around the world; developing defenses for civilians against biological and chemical weapons attacks; improving law enforcement capabilities; and a range of other homeland security related activities.

- **Victim Relief and Recovery from 9/11 Attacks (\$19 billion).** Some \$12.5 billion of the funding in this category has been provided to cover the cost of removing debris from and rebuilding equipment and infrastructure damaged in the attacks of 9/11 in New York. Another \$3.5 billion is for assistance to individuals, families and businesses that were affected by those attacks. The total also includes \$2.4 billion in relief provided for the US airline industry. Funding in this category was provided through various supplemental appropriations measures enacted since 9/11.⁷

**Table 1: Additional Funding Since 9/11, By Major Mission or Activity
(in billions of dollars)**

I) Response to and Recovery from 9/11 Terrorist Attacks

Afghanistan	
Military Operations (DoD)	78
Foreign Aid and Diplomatic Operations in Iraq	8
Subtotal	85
DoD Homeland Security, Recovery and Related	42
Non-DoD Homeland Security	106
Victim Relief and Recovery from 9/11 attacks	19
Total:	252

II) War In Iraq

Military Operations (DoD)	282
Foreign Aid and Diplomatic Operations in Iraq	28
Total:	310

III) Other Foreign Aid and Diplomatic Operations: 7

IV) Other Defense Programs and Activities (Unrelated to Afghanistan, HLS or Iraq): 274

Grand Total:	843
DoD	675
Non-DoD	167

⁷ Funding for repairing damage caused to the Pentagon after the attack on 9/11 is included in the (\$120 billion) DoD category described earlier in this section.

WAR IN IRAQ

Some \$310 billion (37 percent) of the \$843 billion in additional funding provided since 9/11 has been used to cover the cost of military operations in Iraq, and expenses related to US diplomatic efforts in that country, and Iraqi reconstruction and security assistance. Altogether, about \$282 billion appears to have been provided to cover the incremental costs to DoD of carrying out the war in Iraq and the ongoing occupation of the country.⁸ In addition, to date, \$28 billion in non-DoD funding has been provided to assist Iraq with reconstruction and related efforts. While administration officials have argued that the war in Iraq and ongoing operations in that country are closely tied to fighting the “Global War on Terrorism,” others have argued that—whatever the merits of the invading Iraq—US efforts in that country have relatively little to do with combating terrorism.⁹

OTHER FOREIGN AID AND DIPLOMATIC OPERATIONS

The \$7 billion in this category includes US foreign assistance to states in the Middle East (including Turkey, Egypt, Israel, Jordan, and Pakistan) that have provided some level of support for US military operations in Afghanistan or Iraq. Arguably, this funding should be allocated to one or more of the previous categories. However, it is difficult to discern how much of the aid provided to various states is related, respectively, to support for military operations in Iraq, and military operations in Afghanistan and elsewhere related to the global war on terrorism. This category also includes some funding for State Department and other diplomatic activities—outside of Afghanistan and Iraq—that, according to administration documents, are related to the global war on terrorism.

DEFENSE PROGRAMS AND ACTIVITIES UNRELATED TO HOMELAND SECURITY, IRAQ AND AFGHANISTAN

Of the \$843 billion added since 9/11, about \$274 billion (33 percent) has been used to support increases in DoD’s regular annual budget—that is, the budget used to pay for DoD’s general modernization programs, and operations and support activities. In other words, this funding has been used to cover weapons acquisition costs, and costs associated with manning and operating the US military, that would be incurred *even were the United States not engaged in ongoing operations in Iraq, the global war on terrorism, or expanded homeland security efforts*. Some of these programs and activities may help improve the US military’s ability to conduct future military operations against terrorists located overseas. But the primary focus of these efforts is to maintain and improve the ability of the US military to conduct conventional wars against regional military powers, rather than to conduct counterterrorism missions or defend the

⁸ This is \$8 billion less than estimated by CRS (Belasco, p. 10). This lower number reflects CSBA’s decision to exclude FY 2005 and FY 2006 funding for the Army’s modularity program from its estimates of the cost of military operations in Iraq and Afghanistan (with the \$11 billion provided for this program reducing estimated costs for these two military operations by, respectively, \$3 billion and \$8 billion).

⁹ See, for example, Jeffrey Record, *Bounding the Global War on Terrorism*, Strategic Studies Institute, Army War College, December 2003, p. 18.

homeland against terrorist attacks. Most of the funding included in this category consists of funding provided in DoD's regular annual appropriations acts that is above the amount DoD would have received had its budget been increased only at the rate of inflation since 9/11. But it also includes a small amount of funding provided in supplemental appropriations for programs (e.g., Army modularity) that appear to be largely unrelated to supporting either the ongoing military operations in Iraq and Afghanistan, or homeland security.¹⁰

SUMMARY AND RECOMMENDATIONS

Altogether, federal funding for defense, military operations, homeland security, and related activities has increased by a total of some \$843 billion since the terrorist attacks of September 11, 2001. About one-third of this funding has been used to cover costs relatively closely and directly related to the attacks of 9/11.

DoD has accounted for \$675 billion of the \$843 billion in additional funding. About \$120 billion (less than one-fifth) of this DoD funding has been used to cover costs clearly tied to the attacks of 9/11—specifically, the cost of conducting military operations against al-Qaida and the Taliban in Afghanistan, and various programs and activities related to homeland security. However, more than four-fifths of the additional funding provided to DoD since 9/11 has been used to cover costs that appear to be, at best, only indirectly related to the attacks of 9/11, combating terrorism or homeland security. This includes roughly \$282 billion for military operations in Iraq and \$274 billion for other DoD programs and activities.

Non-defense programs and activities have accounted for about \$167 billion of the funding added since the terrorist attacks of 9/11. In contrast to the case with DoD funding, most of the non-DoD funding added since 9/11 appears to have been allocated to programs and activities relatively closely tied to the terrorist attacks of 2001. This includes about \$107 billion used to improve US efforts to combat terrorism, especially homeland security measures, and another \$19 billion allocated to 9/11 victim relief and recovery efforts.

Whatever one thinks of the dramatic increase in national security-related funding that has occurred since the terrorist attacks of 2001—in terms of the substantive policies and programs this increase has supported—a number of changes should be implemented that could improve both the efficiency and effectiveness of such spending in the future. Three changes, in particular, should be made.

- First, the administration should budget for ongoing military operations in advance, as it does for other areas of the budget. This means that the administration should include, as part of its annual budget request submitted to Congress each February, a request for funding sufficient to cover what it expects to be the full costs of those operations in the coming year. It should also include detailed budget justification materials for this part of the budget. We are long past the point where special supplemental appropriations, which are intended to cover the cost of *unanticipated* emergencies, should be used as the primary means of funding these operations. Congress began budgeting in advance for ongoing military operations with the FY 2005

¹⁰ The Army's decision to restructure its forces through its modularity program appears to rest in part on lessons learned as a result of recent experience in Afghanistan and Iraq. However, this initiative would apparently be carried out by the Army even if US forces were no longer engaged in operations in those countries—since the Army leadership believes these changes are needed, in any case, to improve the capability of the US Army to fight effectively in future military operations.

defense budget, but the administration has been slow to accept the idea. When it submitted its FY 2007 budget request in February 2006, it indicated that it would eventually amend its request to include \$50 billion in advance funding for military operations in FY 2007. However as late as August of 2006 (near the end of the legislative process) the administration had still not publicly released the justification materials for the \$50 billion. The failure of the administration to request funding for ongoing military operations in advance, and to provide timely justification materials, substantially degrades the ability of Congress and the public to conduct effective oversight of this spending.

- Second, the administration should provide a clearer breakdown of how funding is being allocated among various military missions (e.g., the war in Iraq, the war in Afghanistan and homeland security). The administration has used the GWOT label to encompass funding used to support a wide variety of very different activities and missions. As noted earlier in this analysis, it is debatable whether, in particular, the war in Iraq—whatever its merits—properly fits within this nomenclature. However, even assuming that combating terrorism is the primary focus of all of the activities and programs funded through the various GWOT supplementals and related measures enacted over the past few years, the missions supported by these activities and programs differ substantially from each other in their specifics. As such, decision-making concerning the future allocation of resources, and the relative cost-effectiveness of spending in these different areas, would be enhanced by greater visibility concerning how (e.g., on what specific missions) the money is currently being spent.
- Third, the administration and DoD need to provide a clearer picture of how funding is being divided between military operations and meeting DoD's peacetime force structure, modernization and readiness requirements. In recent years, GWOT supplemental appropriations and bridge funds have been used to cover the cost of some programs, such as the Army's modularity effort, that are at best only indirectly related to ongoing military operations. On the other hand, there may be some other costs related to these operations that are being funded through DoD's regular annual appropriations act. This blurring of the line between war-related and peacetime costs is troublesome, among other things, because it calls into question the reliability of DoD's long-term planning document, the Future Years Defense Program (FYDP). This is because the budget baseline the FYDP is operating from may not fully capture all of DoD's peacetime costs (if some of those are being covered with supplemental funds).

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Steve Kosiak performs research and analysis of defense spending trends, modernization, readiness and force structure plans, and other related defense budget issues. He is the author of CSBA's annual budget analysis and contributes significantly to other publications on defense and security issues. His most recent publications include *Military Compensation: Requirements, Trends and Options*, *Matching Resources With Requirements: Options for Modernizing the US Air Force*, and *Homeland Security, Terrorism and Weapons of Mass Destruction: A Diagnostic Assessment*. He is frequently cited in major national news articles and has appeared on network television and radio news programs. Mr. Kosiak contributes editorial perspectives in such professional and public policy journals as *The Bulletin of Atomic Scientists*, *Aviation Week and Space Technology*, *Armed Forces Journal*, and *Defense News*.

Prior to joining CSBA in 1991, Mr. Kosiak was senior analyst at the Center for Defense Information, with responsibility for researching and writing on a wide variety of defense issues. He has worked on Capitol Hill and in the Office of the Defense Advisor at the U.S. Mission to the North Atlantic Treaty Organization. Mr. Kosiak received a JD from Georgetown University Law Center, a Masters in Public Affairs from the Woodrow Wilson School at Princeton University, and a Bachelor of Arts from the University of Minnesota. CSBA is an independent policy research institute established to promote innovative thinking about defense planning and investment strategies for the 21st century.