



End Separate War Spending

BY JIM ARKEDIS

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INTRODUCTION

It's federal budget season. Before you doze off, stick with me: there's a deceptive budgetary maneuver that is costing you billions in defense dollars, forcing progressive members of Congress into uncomfortable votes on Iraq and Afghanistan, and defying every historical precedent in Pentagon budgeting.

This maneuver is the supplemental appropriation for war funding. Every year since the United States launched military operations in Afghanistan in response to the September 11th attacks, Congress has appropriated separate funds for unanticipated wartime costs in addition to the Pentagon's baseline budget. In some years, only one extra war spending bill is approved; in 2010, two supplemental appropriations were passed.

Supplemental war funding appropriations are hardly new, beginning in World War II. When used correctly, the process serves as a vital tool that delivers timely funding to America's fighting men and women. In the initial stages of combat, supplemental appropriations are extraordinarily useful in the face of the lengthy Congressional

budget process, which does not allow for unanticipated military spending. Typically, the supplemental funds pay for pre-deployment costs, servicemembers' transportation to the warzone, combat operations, equipment needs, and military construction.¹ Without this tool, the Pentagon would essentially be forced to sacrifice long-term projects to meet immediate wartime needs.

Here's the rub: Under the Bush administration, allegedly "emergency" supplemental appropriations for war costs became routine avenues for backdoor spending. Their opaque nature and lack of oversight have created a propensity to fund low-priority programs that has effectively eroded any sense of fiscal discipline at the Pentagon, bloating military spending. We must put an end to the practice.

\$200 BILLION WASTED.

As the Obama administration's 2010 National Security Strategy² aptly stated, America's economic health is the well-spring of its power. With an out-of-control deficit, the White House and Congress have entered a period of fiscal retrenchment, and the Pentagon's spending must be scrutinized.

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The Department of Defense (DoD) is the unquestioned champion of discretionary spending—money the government chooses to spend, rather than is obliged to pay for entitlements like Medicare, Medicaid, or Social Security. With more than \$700 billion in discretionary funds available, the Pentagon far outpaces its nearest competition, the Department of Health and Human Services, at \$80 billion.³

Since 2001, the Congressional Research Service (CRS) estimates that Congress has approved \$1.12 trillion in supplemental appropriations, 90 percent of which—\$1.01 trillion—has been destined for the Department of Defense. One estimate is⁴ that Congress has no control over one-fifth of supplemental war spending; therefore, a rough calculation suggests that some \$200 billion has been wasted in 10 years.

While those on the extreme left and in the Tea Party would like to see slashes in the Pentagon's spending, what DoD's budget really needs is not gutting, but a solid dose of discipline.

It has fallen to the Obama administration to clean up this mess. In the 2008 campaign, then-Senator Obama promised to “end the abuse of the supplemental budgets, where much of the money has been lost, by creating a system of oversight for war funds as stringent as in the regular budget.”⁵ So far, his administration has begun an earnest attempt at accounting for war funds in a responsible fashion. It was a good start, but it has not been enough. After President Obama's decision to send additional troops to Afghanistan in December 2009, the floodgates of abuse reopened.

It is clear that the very existence of supplemental war funding appropriations—not just abuse of the process—must be ended. Eliminating these appropriations is a solid step that could save billions of dollars by forcing Pentagon budget wonks to make real trade-offs and establish meaningful priorities. Further, doing so would start a change of culture at the Pentagon and curtail its “have-it-all” mentality, which only perpetuates America's deficit crisis.

As large-scale deployments in Iraq and Afghanistan conclude, it will become increasingly difficult to justify supplemental war funding. Ending the practice now is a good way for the administration and Congress to show the American public they are serious about controlling the government's largest discretionary budget line.

HISTORY

A comparison with the historical precedent will put the current budgeting practices well outside the norm and will clearly demonstrate that the Iraq and Afghanistan supplemental war funding bills have grown out of proportion. Though supplemental appropriations have been used in every major overseas military deployment in the last 70 years, they have always been absorbed by the baseline DoD budget within a few years. Until now, that is.

On May 31, 1940, President Franklin D. Roosevelt submitted a “supplemental emergency defense program [of] over a billion dollars” to Congress on the eve of World War II.⁶ He aptly said that as long as the “possibility exists that not one continent or two continents but all continents may become involved in a world wide war, reasonable precaution demands that American defense be made more certain.” Regular defense spending rapidly escalated to meet the needs of the war in the following year, and there was no supplemental defense appropriation.

After the conclusion of World War II, the defense budget shrank from its 1945 level of \$80.6 billion to \$10.6 billion in 1948, as the need for massive armaments dropped off.⁷ Following the outbreak of war on the Korea peninsula, however, President Truman in 1951 requested a supplemental appropriation of \$32.8 billion. This was followed by a much more modest supplemental request of \$1.4 billion in 1952. By 1953, supplemental appropriations for Korea had ended, and the entire effort was accounted in the baseline DoD budget.⁸

The Vietnam War was no different. In 1965, President Johnson requested a paltry \$700 million, which was bumped to \$12.3 billion and \$10.3 billion in 1966 and 1967, respectively, as troop numbers escalated. Importantly, Johnson—

and later Nixon—migrated funding for the Vietnam War into regular appropriations by 1968, and then requested very specific, smaller supplemental appropriations for unanticipated war costs.⁹

For the first Gulf War, George H.W. Bush’s administration requested a single \$42 billion supplemental appropriation. Because combat operations ended quickly, further funds were not needed beyond that year. Operations for smaller military deployments throughout the 1990s, such as the one in Kosovo, were initially funded out of supplemental requests, but, like WWII, Korea, Vietnam, and the Gulf War, they were soon incorporated into the baseline DoD budget.¹⁰

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In every major overseas military deployment in the second half of the 20th century, supplemental appropriations for war costs were used as temporary, quick, and necessary cash injections. Then, as soon as the costs of those deployments could be anticipated, they were rolled into the baseline Pentagon budget.

SUPPLEMENTAL APPROPRIATIONS SINCE IRAQ AND AFGHANISTAN

With the onset of operations in Afghanistan and Iraq, the practice of supplemental budgets returned. However, rather than serving as a useful tool that provides emergency funding to the Pentagon on short notice, the 21st century’s version of supplemental budgets makes a mockery of their historical precedent.

There was a justification for supplemental war funding appropriations as America invaded Afghanistan in 2001 and Iraq in 2003. After that point, politics got in the way. George W. Bush’s

administration was so worried about prosecuting an unpopular war that it sought to disguise the war’s true costs. Bush White House economic advisor Larry Lindsey learned this the hard way. In 2002, he publically estimated the cost of the war at \$100 to \$200 billion. This was an unrealistically low figure, but, since it was higher than the White House’s, Lindsey was fired.¹¹

Supplemental war funds have been steadily increasing over the past decade (see Figure 1). Had the appropriations truly been reactions to unanticipated costs of war, the size of the appropriations would have varied widely from year to year along with the changing pace of operations. Accordingly, a graphic depiction would have more peaks and valleys. Instead, the size of the supplemental appropriations has increased—from \$10 billion in 2001 to \$189 billion in 2008—just like the rest of the Defense budget.

THREE MAIN PROBLEMS

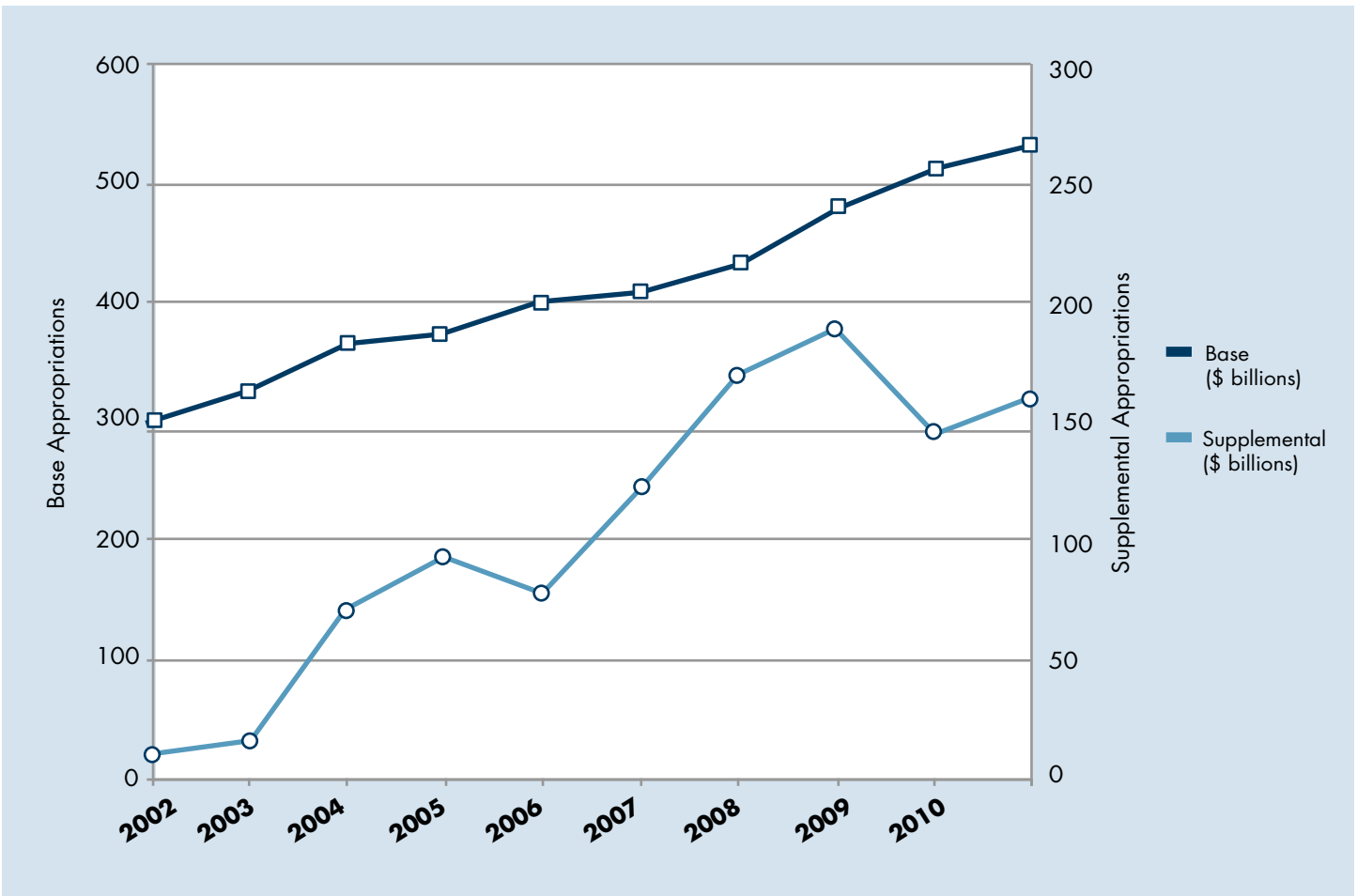
Supplemental war funding bills have three mutually-reinforcing problems that lead to bloated spending.

The first problem is the laxity of the definition of an “emergency” appropriation. “Emergency” war spending is not included in the primary defense budget and therefore is easier to justify because it competes neither against other priorities within the Pentagon nor against other domestic needs. War appropriations swell as low-priority programs are mysteriously deemed battlefield “emergencies” because the baseline DoD budget requires extensively documented justification.¹²

CRS highlighted the loose definition of “emergency” spending as a major problem in its critique of the FY2007 supplemental war funding request. That year, the Bush administration asked for \$93.4 billion in supplemental appropriations for the Department of Defense. Instead, both houses of Congress appropriated billions more than the administration requested, prompting CRS to explain the budgetary slight-of-hand:

In each of the past several years, it appears that some funding that would normally be included in the base defense budget has migrated into

FIGURE 1: DEFENSE BUDGET: BASE VS. SUPPLEMENTAL APPROPRIATIONS



Source: DoD Comptroller

the supplementals, which frees up funding under discretionary spending caps not only for other defense programs, but also for non-defense discretionary accounts.¹³

The second major problem with supplemental appropriations is that the spending categories within the budgets are deliberately vague. For example, consider last year’s supplemental appropriation, which followed President Obama’s decision to send 30,000 extra troops to Afghanistan. The Congressional Budget Office (CBO) indicated that \$17 billion in spending would be required to execute President Obama’s order in 2010.¹⁴ However, the military portion of the bill somehow totaled \$33 billion, with \$19

billion allocated to nothing more specific than “operations,” \$3.3 billion for “force protection,” and \$1.7 billion for “reconstitution.”¹⁵

Specific examples of abuse within these vague categories of abuse may be few, though they have been found. A parsing of the 2005 war funding appropriation includes these suspiciously non-emergency appropriations:

- An \$11 billion “slush fund” for Secretary of Defense Donald Rumsfeld to spend as he pleases.
- \$3 billion for Marine Corps procurement, including money for “initial procurement

supporting Marine Corps Force Structure changes.”

- \$250 million to support the establishment of the new office for the Director of National Intelligence, including the construction of a new facility.¹⁶

Third, the use of several opaque budgets provides numerous opportunities for abuse. Every year, under the baseline DoD budget, the military services are denied capabilities and projects they would like to have. These projects are written up in a wish list of “unfunded requirements,” which includes projects that did not have high enough priority to be included in the base budget.

The supplemental appropriations give unfunded requirements a second chance. Think of the process like a baseball “at bat.” Projects that don’t make the baseline DoD budget (strike one!) can be considered in either of the supplemental budgets (strike two! strike three!) before they’re “out.”

For example, take the F-22 fighter jet: Before Defense Secretary Robert Gates won last year’s fight to cap production of the F-22, lawmakers inserted \$600 million into the 2009 supplemental for the purpose of buying additional planes, even after such funding was shut out of the baseline DoD budget.¹⁷ Since the United States already owned 183 F-22s, and the plane has yet to fly a single mission over Iraq or Afghanistan, it’s unclear why the F-22 funding was an “emergency.”

CREATE MESSY POLITICS

If the problems of supplemental defense appropriations are so obvious, why haven’t we done away with them yet? The simple answer is that they persist because vested interests in the status quo seek to fund low-priority projects. Fortunately, there seems to be bipartisan interest in addressing the practice: House Budget Committee Chairman Paul Ryan, a Republican, essentially agrees with President Obama and has said supplemental war funding appropriations are “a bad way to run the railroad. We waste a lot of money, we buy systems more expensive than we could.”¹⁸

Unfortunately, the politics behind the supplemental appropriations have become particularly sloppy since President Obama took office. While the Obama administration had some initial successes in addressing the supplementals’ problems, the 2010 appropriation once more exposed the worst tendencies of war funding.

In the 2010 budget, the Obama administration made a good faith effort to correct some of the Bush administration’s wrongs by requesting \$106 billion in supplemental war funding at the same time as the baseline defense budget. Further, the administration began to account for future war costs by budgeting \$50 billion per year until 2015 in the baseline budget (likely an insufficient amount). They were small but significant gestures, causing White House spokesman Robert Gibbs to boast that the 2010 appropriation was “the last supplemental for Iraq and Afghanistan.”¹⁹

The administration kept up that positive trend the following year by asking for \$130 billion for Iraq and Afghanistan in a lump sum with regular DoD funding.²⁰ Again, the money was requested in a separate appropriation, but the administration maintained the good faith effort by requesting the funds up front and continuing to incorporate future war costs in the Pentagon’s baseline request.

Then the wheels came off—partly because war is an uncertain enterprise. In 2002, then-State Senator Obama explained his fear of the uncertainties involved in a possible war in Iraq: “I know that even a successful war against Iraq will require a U.S. occupation of undetermined length, at undetermined cost, with undetermined consequences.”²¹

One of the “undetermined consequences” of the war in Iraq was President Obama’s 2009 decision to send an additional 30,000 troops to Afghanistan. This was yet another messy supplemental war funding request, which was made in June 2010. As mentioned above, the CBO estimated \$17 billion²² would be necessary to expedite the movement, equipping, and pay required for the unexpected deployment. For reasons that remain unclear, the House gave the Pentagon \$33 billion.

It gets worse. Democrats—who had already taken numerous tough votes on war funding—were nonplussed at the idea of another vote that would potentially anger the progressive base. Having just been through the wringer on the health care bill and with the November elections looming, Democratic members of Congress had little appetite for another unpopular war bill.

So the deal was sweetened: on top of the supplemental war funding, \$13.4 billion was added for Vietnam veterans exposed to the deadly chemical Agent Orange, \$10 billion for education, \$4.5 billion for Pell Grants, and so on. These spending items may be worthwhile initiatives in their own right, but clearly have no place in an allegedly “emergency” war funding bill, which had swollen from CBO’s estimated \$17 billion to over \$80 billion.^{23 24}

The bill passed the House by a vote of 308-114, splitting the Democratic caucus with 141 yeas and 102 nays.²⁵ Splitting the caucus is problematic for the White House because it not only generates bad headlines when war opponents oppose the president, but also it burns political capital that could be useful on future votes. Finally, the ugly process of essentially bribing legislators with money not related to the war makes a mockery of the notion of emergency war spending.

COMBINE THE DEFENSE APPROPRIATIONS: WHERE TO BEGIN?

It is clear that the current practice of supplemental war funding is so systemically flawed that it must be ended. It is time to combine all defense spending into the Pentagon’s single annual appropriation. In the age of fiscal restraint, this policy shift is an obvious move for members of Congress who are serious about controlling America’s deficits.

Under a single, larger defense appropriation, the Obama administration can stop the bloated spending. Congressional votes will be easier to secure as war funding is de-politicized by being distanced from direct judgments on the wars. A single appropriation enforces transparency

and oversight by ending the loose definition of an “emergency” and accounting for all defense appropriations under standard DoD justification requirements. It would end the practice of procuring “unfunded requirements.” Finally, with a hard, top-line spending cap in place, DoD appropriators and budgeters will have to carefully scrutinize expenditures and ensure that real battlefield needs are given priority.

Attempts to trim spending essentially represent bottom-up approaches. To be truly effective in forcing trade-offs within the system, a top-down approach is needed.

Secretary of Defense Gates has proposed cutting \$78 billion in Pentagon spending over five years, while the Obama administration’s deficit commission is looking for \$100 billion in savings over the same time. These debates are useful mechanisms for establishing a basis for smart reductions in spending. However, these attempts to trim spending essentially represent bottom-up approaches. To be truly effective in forcing trade-offs within the system, a top-down approach is needed.

This begs the question: What’s a good number for 2012? In 2010, Congress’ three Defense appropriations totaled approximately \$708 billion, but the Pentagon actually spent only \$691.2 billion.²⁶ Start there: When the FY2012 budget is unveiled in February 2011, it should set total military spending at \$691.2 billion, doled out in a single finite appropriation.

It should be a no-brainer: one Defense appropriation can pay for America’s troops deployed overseas, while enforcing fiscal discipline the Pentagon has so often lacked in the post-9/11 era.

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