

MONEY FOR NOTHING: IRAQ WAR FUNDING, 2004 TO 2007

By Jeff Leys

Co-Coordinator: Voices for Creative Nonviolence (www.vcnv.org)

Email: jeffleys@vcnv.org

On February 5, President Bush submitted his war budget for 2007 and 2008 to Congress. He is seeking an additional \$93 billion in funding for the Iraq and Afghanistan wars for the period that ends on September 30 of this year, as well as another \$142 billion for the coming fiscal year which runs from October 1, 2007 through September 30, 2008.

The February 8 hearing of the House Appropriations Defense Subcommittee suggested little hope that Congress will cut funding for the Iraq war. Representative John Murtha (Chair of the Appropriations Defense Subcommittee) and Representative Dave Obey (Chair of the House Appropriations Committee) each emphasized that they will pass all funds necessary to “ensure the troops have all they need” (a paraphrase). Each stated he has worked to increase levels of funding for the war above and beyond what the White House asked for in prior spending bills, most notably in the so-called “bridge fund” passed last fall which provided \$70 billion for the wars in this fiscal year. Murtha emphasized that he and Obey are committed to ensuring a vote on the bill by the full House of Representatives by March 14 or 15.

At the same hearing, General Peter Schoomaker stated that units which are deployed to Iraq are fully equipped. He stated that the problem which the military encounters is Unit A “borrows” the equipment of Unit B when Unit A deploys to Iraq and Unit B remains at home. The deficiency then becomes that Unit B is not able to adequately train. The issue is explicitly NOT that Unit A enters the war in Iraq without sufficient equipment, weapons, etc.

In this article, I aim to lay out an overview of the growth of war spending between 2004 and 2007, up to and including the current request for \$93 billion more in supplemental war spending. I’ll focus upon the three main categories of funding: Personnel; Operations and Maintenance; and Procurement. Within the Operations and Maintenance section I’ll focus upon those funds appropriated or requested for use by U.S. military forces (including active duty as well as Guard and Reserve units), as opposed to those funds appropriated for such items as the Iraq Security Forces fund and the Afghanistan Security Forces fund. In doing so, I hope to maintain a control of sorts on the dollar amounts and categories discussed in the following analysis—comparing apples to apples rather than apples to oranges.

In the following discussion, the dollar amounts given for FY 2007 include funds provided in the “bridge fund” passed last fall and the funds sought by President Bush in the supplemental spending request. Dollar amounts are derived from the various House – Senate Conference Committee reports that accompanied prior war funding bills and the current supplemental request submitted by President Bush.

PROCUREMENT

VOICES FOR CREATIVE NONVIOLENCE

1249 W Argyle St; Chicago, IL 60640

Email: info@vcnv.org

Phone: 773-878-3815

web: www.vcnv.org

The “Procurement” category covers the cost of buying new equipment, ammunitions, weapons systems, etc. The amount budgeted to buy new items grew from FY 2004 to FY 2006, but is now slated to take a gigantic leap in FY 2007.

FY 2004 -- \$5.5 billion
FY 2005 -- \$18.8 billion
FY 2006 -- \$23 billion
FY 2007 – \$44.6 billion

When Congress appropriates Procurement funds, it specifies that the money will be available for expenditure over the following three years. This is the standard life cycle of the procurement process, as it takes time to bid out the contracts; to produce the item; and to get the item shipped to the field. Indeed, at the February 9, 2007 hearing of the House Appropriations Defense Subcommittee, General Peter Schoomaker and Secretary of the Army Frances Harvey both stated that it takes at least 18 months for equipment to be secured once funds have been appropriated for the purchase of an item, giving the example of an 18 month lag time for obtaining a vehicle transmission.

Because Procurement money is carried over from one fiscal year to the next, it becomes difficult to determine exactly how much money is available in a given fiscal year for Procurement. The Government Accountability Office (GAO) reported that as of June 2006, \$2.17 billion remained to be spent of the \$6.8 billion appropriated in the fall of 2005 for FY 2006. In June 2006, Congress appropriated an additional \$14.7 billion for FY 2006. This means that, as of June 2006, \$16.8 billion remained to be spent of funds appropriated for procurement during FY 2006. The GAO concluded that the bulk of this \$16.8 billion would most likely be rolled over into and spent in FY 2007. If indeed most of this \$16.8 billion rolled over into the current year, it would mean that the Department of Defense would have upwards of \$61.4 billion to spend on Procurement alone this year (the \$16.8 billion carry over, plus the \$44.6 billion to be appropriated for Procurement for FY 2007).

Now, let’s take a look at the incredible increase in procurement monies being appropriated by Congress—a stunning 94% increase from FY 2006 to FY 2007, or \$21.6 billion more this year than last year if the supplemental spending bill is passed.

If the supplemental war funding bill is passed, Congress will have approved \$44.6 billion for Procurement this year alone—nearly as much as the \$47.3 billion approved by Congress for the past three years combined.

While details are very sketchy about what these funds will be used for, some limited information is available within the supplemental request. The Army will receive the lion’s share of these funds. For example, the subcategory for “weapons and tracked combat vehicles” is slated to receive \$6.9 billion this year—compared to \$5.3 billion total for the last 3 fiscal years combined. “Army aircraft” is to be funded at \$2 billion this year—compared to \$1.1 billion the past 3 fiscal years combined. “Army other” is to be funded at \$14.9 billion this year—compared to \$17.1 billion for the past 3 fiscal years combined. This “other” category includes the acquisition of

VOICES FOR CREATIVE NONVIOLENCE

1249 W Argyle St; Chicago, IL 60640

Email: info@vcnv.org

Phone: 773-878-3815

web: www.vcnv.org

such items as tactical and support vehicles; communications and electronics equipment; and other support equipment.

Spending on procurement of Air Force aircraft is also slated to leap in 2007, with \$4.9 billion total being appropriated if the supplemental spending bill is passed. This compares to the \$1.1 billion total appropriated in the last three fiscal years.

Again, it is important to stress that just because the funds are appropriated now does not mean that the equipment and weapons systems will automatically appear in the field for use by soldiers tomorrow. A one to three year lag time exists between the time funds are appropriated and the time an item is available to soldiers in the field. The funds being appropriated now are not to provide for soldiers in the field today. The funds being appropriated now for procurement purposes are to provide material for soldiers fighting the war in Iraq one to three years in the future.

PERSONNEL

The funding levels for personnel costs have remained remarkably consistent, despite fluctuations in levels of personnel deployed to fight the wars in Iraq and Afghanistan. Indeed, personnel costs for FY 2007 (the current fiscal year) will be almost identical to personnel costs in FY 2004 (the first full fiscal year during the Iraq war):

2004 -- \$17.8 billion
2005 -- \$18.6 billion
2006 -- \$16.5 billion
2007 -- \$17.5 billion

Items included in this category are: special pays like foreign language proficiency; costs associated with stop-loss orders (forcing people to serve beyond their original end-date for enlistment); hazardous duty pay; increased life insurance payouts; and the like. Personnel costs do include the base rate of pay plus any special pays for members of the Reserves and National Guards who are on active duty.

Congress also made the political decision to fund the build up of the military through supplemental spending rather through the regular appropriations process. Each branch of the military is funded through the regular appropriations process for a set number of positions. Throughout the wars in Afghanistan and Iraq, the military has exceeded this number—called “over strength”. Congress decided politically to fund this “over strength” through supplemental spending bills rather than including it in the baseline Department of Defense budget.

OPERATION & MAINTENANCE (O & M)

The Operation & Maintenance portion of the budget continues to grow in leaps and bounds. Assuming the supplemental spending bill is approved, spending on O & M will be \$77 billion this year—a 29.2% increase over last year and an astounding 108% increase over the 2004 cost.

VOICES FOR CREATIVE NONVIOLENCE

1249 W Argyle St; Chicago, IL 60640

Email: info@vcnv.org

Phone: 773-878-3815

web: www.vcnv.org

Here's the growth in spending on O & M since 2004:

FY 2004 - \$37.2 billion

FY 2005 -- \$46.5 billion

FY 2006 -- \$59.6 billion

FY 2007 -- \$77 billion

As in past years, the Department of Defense's justification materials fail to provide much in the way of concrete and detailed information on how these funds will be expended. Nor does it give any indication of why the costs are growing so exponentially yet again.

This is a common critique of the funding process, especially as it relates to the area of Operations and Maintenance. The Congressional Research Service, the Government Accountability Office and the Congressional Budget Office each issued reports or testimony in the past year which are critical of the accounting process. Each asserts that it is simply impossible to determine the purposes for which monies are spent.

The U.S. Government Accountability Office reported in November 2006 that "...in fiscal year 2005, close to 26 percent of obligations reported in the operation and maintenance account were in 'other supplies and equipment' and 'other services and miscellaneous contracts.' This trend has continued in fiscal year 2006."

In testimony given on February 6, 2007 before the Senate Budget Committee, J. Michael Gilmore, Assistant Director for National Security of the Congressional Budget Office stated that according to reports of the Defense Finance and Accounting Services of the Department of Defense, "...about \$98 billion was obligated for military operations in Iraq and the war on terrorism in fiscal year 2006. Of that amount, almost 25 percent (\$23 billion) was allocated for purposes described as 'other'. Little information was provided to suggest how those 'other' funds were obligated."

Absent any concrete justification materials or line item accounting of expenditures, it is indeed impossible to determine why the costs of Operations and Maintenance are skyrocketing. Is it the cost of fuel? Are more bombing runs being flown by the Air Force? Has the cost of food risen that dramatically? What is it that the U.S. military is doing so differently in Iraq today than it was last year or the year before that would justify such a tremendous leap in spending on Operations & Maintenance?

VOICES FOR CREATIVE NONVIOLENCE

1249 W Argyle St; Chicago, IL 60640

Email: info@vcnv.org

Phone: 773-878-3815

web: www.vcnv.org