

January 21, 2004

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

By Steven M. Kosiak

Since the tragic events of September 11, 2001, federal funding for defense, military operations (primarily in Afghanistan and Iraq), combating terrorism, homeland security, and related activities has increased by a total over \$407 billion.¹ This figure represents the level of funding appropriated for these programs and activities over the fiscal year (FY) 2001-04 period that is *above what would have been projected to have been provided in these areas, over these years, had funding simply been increased at the rate of inflation.*² In real (inflation-adjusted) terms, funding for these programs and activities is about 41 percent higher in FY 2004 than it was just prior to the attacks of 9-11.³

Although the terrorist attacks of 9-11 may have been the major catalyst for this funding growth, less than half of the \$407 billion in additional funding provided since 9-11 (and less than one-third 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 \$407 billion total includes some \$289 billion in defense and \$118 billion in non-defense funding. About \$167 billion of this funding was provided through regular annual appropriations acts (see Table 2). The remaining \$239 billion was provided through a number of supplemental appropriations acts (see Table 3).

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 Bush Administration has provided partial or limited data in some cases, it should be viewed as only a rough approximation of how the \$407 billion in funding has been allocated.⁴

Response to and Recovery from the Terrorist Attacks of 9-11

About \$167 billion (41 percent) of the \$407 billion in additional funding appears to be relatively closely and directly related to the terrorist attacks of 9-11 and to improving US security against future terrorist attacks. This total is broken down as follows:

- **DoD (\$83 billion).** This figure includes \$63 billion provided through various supplemental appropriations acts and \$20 billion provided through regular annual defense appropriations acts. The amount provided through supplemental appropriations has been used primarily to cover costs associated with military operations in Afghanistan (Operation Enduring Freedom) and homeland defense operations in the United States (Operation Noble Eagle). The war in Afghanistan and Operation Noble Eagle (which has included, among other things, flying combat

air patrols over US cities) were carried out in direct response to the terrorist attacks of 9-11. DoD has not yet provided a breakdown of how the \$63 billion has been allocated between these two missions. It appears, however, that well over half of this funding has been used to pay for military operations in Afghanistan. The other \$20 billion included by CSBA in this category represents the amount of funding provided for “Combating Terrorism” in regular annual defense appropriations acts over the past three years that is above the amount DoD would have been provided had its funding for these activities been increased only at the rate of inflation (see Table 2). According to the Office of Management and Budget’s (OMB’s) definition, Combating Terrorism includes both homeland security (HS) and overseas combating terrorism (OCT).⁵ The HS component of this funding is used largely to cover the cost of physical security measures at military bases in the United States. The OCT component funds intelligence activities, offensive overseas operations directed against terrorists, and measures aimed at protecting US military bases and forces located overseas.⁶

- **Reconstruction and Related Assistance to Afghanistan (\$3 billion).** This is CSBA’s estimate of the amount of funding provided for non-DoD reconstruction and related assistance to Afghanistan since 9-11. Most of this funding appears to have been provided through supplemental appropriations.
- **Non-Defense Combating Terrorism, including Homeland Security (\$65 billion).** This total includes some \$46 billion provided through regular annual appropriations acts and about \$20 billion provided through supplemental appropriations acts. The \$46 billion included by CSBA in this category represents the amount of funding that has been provided for Combating Terrorism (again, using OMB’s definition) 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 (see Table 2). The vast majority of this funding is for homeland security, but a small portion is for combating terrorism overseas. This funding is divided among more than 30 different departments and agencies, with the largest amounts being provided to the Department’s of Homeland Security, Health and Human Services, Justice, and Energy. The \$20 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 (\$16 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. This funding 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)

Response to and Recovery from 9-11 Terrorist Attacks

Military Operations related to Combating Terrorism, including operations in Afghanistan, and Homeland Security	83
Reconstruction and Related Aid to Afghanistan	3
Non-DoD Homeland Security and Combating Terrorism	65
Victim Relief and Recovery from 911 attacks	16
Subtotal:	167

War In Iraq and Aftermath

Military Operations (DoD)	105
Reconstruction and Related Aid to Iraq	23
Subtotal:	128

Other

Foreign Aid (primarily to states supporting US operations in Afghanistan and Iraq)	7
Aviation Industry Relief	2
Other	1
Subtotal:	10

Defense Programs and Activities Unrelated to Combating Terrorism, HLS or Iraq:

101

Total:

407

in annual appropriations acts	167
in supplemental appropriations acts	239

Source: CSBA estimates based on DoD, OMB, CRS and CBO data.

War in Iraq and Aftermath

Some \$128 billion (31 percent) of the \$407 billion in additional funding provided since 9-11 has been used to cover the cost of military operations in Iraq, and expenses related to Iraqi reconstruction and security. Altogether, about \$105 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. Another \$23 billion in non-DoD funding has been provided to assist Iraq with reconstruction and related efforts. The FY 2004 supplemental appropriations measure enacted in November, for example, includes about \$15 billion for reconstruction and \$5 billion to help train and equip Iraqi border, customs, police, fire and security personnel. All of the funding in this category has been provided through supplemental appropriations acts. 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 recent war in Iraq—US efforts in that country have relatively little to do with combating terrorism.⁸

Defense Programs and Activities Unrelated to Combating Terrorism, Homeland Security or Iraq

Of the \$407 billion added since 9-11, about \$101 billion (25 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 homeland against terrorist attacks. The funding included in this category represents the amount 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 (see Table 2).

Table 2: Funding for Combating Terrorism (including Homeland Security) Provided in Annual Appropriations Acts*
(in billions of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 01-04
Actual/Estimated Funding					
Combating Terrorism & Homeland Security	21	29	49	53	151
Defense	318	344	382	397	1441
Pre-9-11 Inflation-Adjusted Baseline					
Combating Terrorism & Homeland Security	21	21	21	22	85
Defense	318	327	334	341	1320
Difference					
Combating Terrorism and Homeland Security**	0	8	27	31	66
Defense	0	17	48	55	121
Adjustment for Overlap	0	-3	-10	-7	-20
Total Real Growth Since 9-11	0	22	66	79	167

* In other words, these totals exclude funding provided in supplemental appropriations acts. The FY 2003 figure also excludes \$10 billion provided in the FY 2003 Consolidated Appropriations Act.

** This figure includes \$46 billion in additional funding provided to non-DoD departments and agencies, and \$20 billion in additional funding for DoD.

Other

Of the remaining \$10 billion (2 percent) in additional funding provided since 9-11, about \$7 billion has been allocated to foreign assistance—primarily 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.⁹ Another \$2 billion has been provided in assistance to the US airline industry to

help defray some of the costs associated with improving aviation security. Some \$1 billion has been provided since 9-11 for a range of other activities not easily included in any of the above categories.

Table 3: Supplemental Funding for Defense, Combating Terrorism, Homeland Security, and Related Activities Since 9-11

(in billions of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY01-04
Defense					
September 2001	14	0	0	0	14
January 2002	0	4	0	0	4
August 2002	0	13	0	0	13
February 2003*	0	0	10	0	10
April 2003	0	0	63	0	63
November 2003	0	0	0	65	65
Subtotal	14	17	73	65	168
Non-Defense					
September 2001	6	0	0	0	6
January 2002	0	17	0	0	17
August 2002	0	11	0	0	11
April 2003	0	0	16	0	16
November 2003	0	0	0	22	22
Subtotal	6	28	16	22	72
Total					
September 2001	20	0	0	0	20
January 2002	0	20	0	0	20
August 2002	0	24	0	0	24
February 2003*	0	0	10	0	10
April 2003	0	0	78	0	78
November 2003	0	0	0	87	87
Total	20	44	88	87	239

* This additional funding for defense was provided in the FY 2003 Consolidated Appropriations Act.

Source: CSBA based on OMB, CBO and DoD data.

Summary

Altogether, federal funding for defense, military operations, combating terrorism, homeland security, and related activities has increased by a total of some \$407 billion since the terrorist attacks of September 11, 2001. Less than half of this funding has been used to cover costs relatively closely and directly related to the attacks of 9-11.

DoD has accounted for about \$289 billion of the \$407 billion in additional funding. About \$83 billion (29 percent) 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 combating terrorism and homeland security. However, more than two-thirds 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 \$105 billion for military operations in Iraq and \$101 billion for other DoD programs and activities.

Non-defense programs and activities have accounted for about \$118 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 \$65 billion used to improve US efforts to combat terrorism, especially homeland security measures, and another \$16 billion allocated to 9-11 victim relief and recovery efforts.

* * * * *

For more information, contact Steven M. Kosiak at (202) 331-7990.

The Center for Strategic and Budgetary Assessments (CSBA) is an independent policy research institute established to promote innovative thinking about defense planning and investment strategies for the 21st century. The center is directed by Dr. Andrew F. Krepinevich. For more information on CSBA, see our web site at: <http://www.csbaonline.org>.

¹ The \$407 billion estimate includes only *discretionary* budget authority (i.e., funding appropriated by Congress through annual or supplemental appropriations bills). In addition, legislation enacted by Congress in response to the terrorist attacks of 9-11 would increase *direct* (i.e., mandatory) federal spending by some \$11 billion and reduce revenues by \$5 billion over the FY 2001-12 period. See Congressional Budget Office (CBO) Dan L. Crippen, Letter to the Honorable John M. Spratt, Jr., concerning federal spending the terrorist attacks of September 11, 2001, August 29, 2002, p. 1. The vast majority of the direct spending added in response to 9-11 will be provided as a result of The Air Transportation Safety and System Stabilization Act (P.L. 107-42), which is intended to provide compensation payments to victims and their families and financial assistance to distressed airlines. *Ibid.*, p. 2. The \$407 billion estimate derived in this analysis may also fail to capture some funding provided in non-DoD regular annual appropriations acts.

² This estimate was derived using a variety of sources including: Office of Management and Budget (OMB), *2003 Report to Congress on Combating Terrorism*, September 2003; Amy Belasco and Larry Nowels, "Supplemental Appropriations FY 2003: Iraq Conflict, Afghanistan, Global War on Terrorism, and Homeland Security," Congressional Research Service (CRS), April 28, 2003; Stephen Daggett, Larry Nowels, Curt Tarnoff, and Rhoda Margesson, "FY 2004 Supplemental Appropriations for Iraq, Afghanistan, and the Global War on Terrorism: Military Operations and Reconstruction Assistance," November 13, 2003; and CBO, Letter to the Honorable John M. Spratt, Jr., concerning federal spending the terrorist attacks of September 11, 2001, August 29, 2002.

³ This change in funding is based on a comparison of the enacted FY 2004 funding levels for defense, combating terrorism and homeland security (including both regular annual appropriations and supplemental appropriations acts), with the pre-9-11 enacted levels for these programs in the FY 2001 budget. Including only the funding provided through regular annual appropriations acts, the FY 2004 budget for these areas is about 22 percent higher in real terms.

⁴ For an analysis of the impact of 9-11 on funding for a somewhat different set of national security programs, see, Cindy Williams, "Paying for the War on Terrorism: US Security Choices since 9/11," January 5, 2004.

⁵ OMB, p. 3.

⁶ Funding for offensive anti-terrorism operations in Afghanistan and Iraq, at least, appears to be provided primarily, if not entirely, through supplemental appropriation's acts.

⁷ Funding for repairing damage caused to the Pentagon after the attack of 9-11 is included in the (\$83 billion) DoD category described earlier in this section.

⁸ See, for example, Jeffrey Record, *Bounding the Global War on Terrorism*, Strategic Studies Institute, Army War College, December 2003, p. 18.

⁹ 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. Moreover, at least a small amount of this foreign assistance funding appears to be unrelated to either military operations in Iraq or counter-terrorist operations in Afghanistan and elsewhere.