

# **IRAQ ON THE INSTALLMENT PLAN: HOW THE BUSH ADMINISTRATION HIDES THE COST OF THE WAR**

*A Report Prepared by the House Appropriations Committee Democrats  
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On May 11, President Bush signed into law the \$82 billion FY 2005 supplemental appropriations bill, which included \$75.9 billion for Department of Defense activities in Iraq and Afghanistan.

On the very same day, the Washington Post reported, “[t]he Army Material Command, the Army’s main logistical branch, has put Congress on notice that it will need at least two more emergency ‘supplemental’ bills just to finance the repair and replacement of Army equipment.” The Army also indicated that funds would be needed as early as October 2005.<sup>1</sup>

There are only two reasons why additional funding would be needed for Iraq so soon: incompetence or obfuscation. Either the Administration is ignoring the needs of military commanders in the field or they are attempting to hide the true monetary costs, and avoid the accompanying budgetary tradeoffs, of our nation’s involvement in Iraq. As budget expert Stan Collender wrote, there is a *“question of whether the powers-that-be knew all along that the \$82 billion would not be enough but thought that a \$132 billion supplemental would create too much controversy.”*<sup>2</sup>

Mr. Collender’s suggestion that the Administration is not being upfront can be applied to this year’s \$82 billion supplemental as well as each of the war supplementals submitted by the President to Congress. A closer look at the timing of each of these requests reveals a pattern of delaying their submission to Congress so that they cannot be considered as part of the regular appropriations process. For example:

- In 2003, the President submitted his FY 2004 budget request on February 3. The very next month, on March 25, the White House requested a \$74.4 billion supplemental.
- In 2004, the President submitted his FY 2005 budget request on February 2. On May 12, the White House requested the establishment of a \$25 billion contingent emergency reserve fund to support operations in Iraq and Afghanistan.
- In 2005, the President submitted his FY 2006 budget on February 7. Only one week later, on February 14, the White House requested an \$82 billion supplemental.

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<sup>1</sup> ‘Congress Approves \$82 Billion for Wars,’ Washington Post, 5/11/05

<sup>2</sup> ‘Singing for Your Budget Supper,’ National Journal, 5/24/05

As the Washington Post noted:

***For the third year in a row, the Bush administration has chosen to fund operations in Iraq and Afghanistan, along with a grab bag of other programs, outside the normal appropriations process. To call this emergency spending is farcical. Though the precise cost of military operations was not known, there was no reason, especially as the war continued, not to budget for most, if not all, of it in the ordinary course of business. After a single emergency supplemental, the war in Vietnam was financed through regular appropriations.***<sup>3</sup>

The highest troop level the U.S. has ever had in Iraq is roughly 150,000. In contrast, the highest U.S. troop level in Vietnam occurred in 1968 and reached more than 500,000. The White House and Pentagon's civilian leadership, however, continue to claim that they are unable to include Iraq war funding within the regular budget process. As a spokesman for the Administration's budget office stated, ***"the nature of the conflict makes it very hard to predict what the future funding needs might be."***<sup>4</sup>

The White House's budget office may seem to be unable to project the costs of the Iraq war, but the U.S. Army appears to understand exactly what it will be asked to do and how much its mission will cost. As early as January 2005, the Army indicated that it ***"expects to keep its troop strength in Iraq at the current level of about 120,000 for at least two more years..."***<sup>5</sup>

This would appear to indicate that the Administration and the Pentagon knew – before it submitted this year's \$82 billion supplemental and before President Bush presented Congress with his FY 2006 budget request – that additional funding would be required to maintain the Army's troop strength of 120,000 in Iraq through 2006.

Only two weeks after the FY 2005 Iraq and Afghanistan supplemental was signed by the President, the Appropriations Defense Subcommittee passed a \$408.7 billion FY 2006 Defense spending bill that included the \$45.3 emergency "bridge fund." As National Journal's *Congress Daily A.M.* noted, ***"With the Army telling lawmakers that it might run out of funds as early as August, the additional money is aimed at covering potential shortfalls toward the end of the fiscal year and in the first quarter of FY06, until a new war supplemental request can be considered."***<sup>6</sup>

Even after the Defense Subcommittee's action, the White House's budget office spokesman seemed to deny that the Army would require additional funds as early as the Army had indicated, stating ***"These are certainly not funds that we requested and certainly not funds that are needed..."***<sup>7</sup>

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<sup>3</sup> 'Emergency End-Run,' Washington Post, 5/12/05

<sup>4</sup> 'Defense Appropriators OK Bill Including New War Funds,' Congress Daily A.M., 5/25/05

<sup>5</sup> 'Army Plans to Keep Iraq Troop Level Through '06,' Washington Post, 1/25/05

<sup>6</sup> 'Defense Appropriators OK Bill Including New War Funds,' Congress Daily A.M., 5/25/05

<sup>7</sup> *ibid.*

Not only are the Administration's war funding methods fiscally dishonest, they are also affecting the military's ability to plan and to maintain its fighting force. Until last year, retired Army Lt. General John M. Riggs was working on the Army's modernization plans. General Riggs recently told the Washington Post:

***We're fighting a war on supplementals, and it's a hell of a way to do business. The base budget of the U.S. Army needs to be adjusted to fight the war on terror, and I have no idea where the money is going to come from.***<sup>8</sup>

Of course, if war funding were included in the Army's base budget, or within the normal budget of any military service branch, it would force tradeoffs, such as spending cuts or revenue increases that offset the cost. These are precisely the types of tradeoffs the Administration has avoided and continues to avoid. Instead of making the tough choices, the cost of military operations and related expenses for these two engagements has been added directly to the deficit, forcing future generations to pay for this Administration's failure to budget for its own policies.

Based on information provided by the Congressional Research Service, the Defense Department has to date received \$277.1 billion for combat operations, occupation and support for military personnel or supporting operations for Iraq, Afghanistan and for enhanced security at military installations. Of this total, \$192 billion is for the Iraq war.<sup>9</sup> Should Congress approve the \$45 billion bridge fund, funding for the Iraq war could reach nearly \$230 billion as early as this summer, with an additional Iraq war supplemental necessary in early 2006.

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<sup>8</sup> 'Congress Approves \$82 Billion for Wars,' Washington Post, 5/11/05

<sup>9</sup> 'Iraq: U.S. Military Operations,' Congressional Research Service, 5/18/05

## Iraq and Afghanistan Funding Timeline<sup>10</sup>

### **2002**

**January 10, 2002** – The President signs the FY 2002 Defense Department appropriations bill. This bill, along with the FY 2001 Emergency Terrorism and Response Supplemental Appropriations Act, provide a total of **\$16.5 billion for the Defense Department.**

**February 4, 2002** – The President submits to Congress his FY 2003 budget request.

**March 20, 2002** – The House passes its FY 2003 budget resolution (H.Con.Res. 353). The Senate never considered or passed the Senate Budget Committee's budget resolution (S.Con.Res. 100).

**March 21, 2002** – The President submits to Congress a \$27.1 billion emergency funding request, \$14 billion of which is requested for the Defense Department.

**August 2, 2002** – The FY 2002 Emergency Supplemental Act provides **an additional \$14 billion for the Department of Defense.**

**October 12, 2002** – Congress passes H.J. Res. 114, authorizing the use of military force against Iraq.

**October 23, 2002** – The President signs the FY 2003 Defense Department appropriations bill, which provides **\$7.1 billion in emergency funding for the Defense Department.**

### **2003**

**February 3, 2003** – The President submits to Congress his FY 2004 budget request.

**February 20, 2003** – The President signs the FY 2003 Consolidated Appropriations Act, which includes **\$10 million in emergency funding for the Department of Defense.**

**March 25, 2003** – The White House submits to Congress a \$74.4 billion emergency supplemental request, \$62.6 billion of which is intended for the Defense Department.

**March 29, 2003** – Operation Iraqi Freedom begins.

**April 16, 2003** – The President signs the FY 2003 Emergency Supplemental (P.L. 108-11), which provides **\$62.6 billion in funding the Department of Defense.**

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<sup>10</sup> This timeline of funding does not include a \$3.5 billion rescission included in the FY 2004 Defense Department Appropriations bill or \$4.6 billion in transfers of regular Defense Department funds to war-related needs.

**May 1, 2003** – President Bush declares an end to major combat operations in Iraq.

**September 17, 2003** – President Bush requests an additional \$87 billion for Iraq and Afghanistan, \$65.6 billion of which is for the Department of Defense.

**November 6, 2003** – The President signs the FY 2004 Supplemental appropriations bill, which provides **\$64.9 for the Department of Defense**.

## ***2004***

**January 17, 2004** – U.S. casualties in Iraq reach 500.

**February 2, 2004** – The President submits to Congress his FY 2005 budget request.

**May 12, 2004** – The President submits to Congress a request to establish a \$25 billion contingent emergency reserve fund to support operations in Iraq and Afghanistan.

**August 8, 2004** – The President signs the FY 2005 Defense Department appropriations act, which includes a **\$25 billion contingent emergency reserve fund for Iraq and Afghanistan**.

**September 7, 2004** – U.S. casualties in Iraq reach 1,000.

## ***2005***

**February 7, 2005** – The President submits to Congress his FY 2006 budget request.

**February 14, 2005** – The President submits an \$81.9 billion request, which includes \$75 billion for the Department of Defense.

**March 3, 2005** – U.S. casualties in Iraq reach 1,500. Since President Bush declared that major combat operations had ended, 1,362 service members have died in Iraq.

**March 17, 2005** – The House and Senate adopt their respective budget resolutions for FY2006.

**May 11, 2005** – The President signs the FY 2005 Supplemental, which provides **\$75.9 billion for the Department of Defense**.

**May 25, 2005** – The House Defense Appropriations Subcommittee includes a \$45.3 billion bridge fund for operations and Iraq and Afghanistan.

**DOD's Funding for Iraq, Afghanistan,  
and Operation Noble Eagle, FY2001-FY2006**

**NOTE: ALL FUNDS FOR OPERATIONS HAVE BEEN EMERGENCY FUNDS EXCEPT  
TRANSFER NOTED BELOW**

(billions of dollars)

Name of Law	Date of Enactment	Public Law Number	DOD Funding
FY2001 Emergency Terrorism Response Supplemental Appropriations Act and the FY2002 DOD Appropriations Act	9/18/01; 1/10/02	P.L.107-38; P.L.107-117	\$16.50
FY2002 Emergency Supplemental	8/2/2002	P.L. 107-206	\$14.00
FY2003 DOD Appropriations Act	10/23/2002	P.L.107-248	\$7.10
FY2003 Consolidated Appropriations Resolution	2/20/2003	P.L.108-7	\$10.00
FY2003 Emergency Supplemental	4/16/2003	P.L.108-11	\$62.60
FY2004 DOD Appropriations Act	9/30/2003	P.L.108-87	(\$3.50)
FY2004 Emergency Supplemental	11/6/2003	P.L.108-106	\$64.90
FY2005 DOD Appropriations Act	8/5/2004	P.L.108-287	\$25.00
Transfers of Regular DOD Appropriations to fund war-related needs	NA	NA	\$4.60
FY2005 Emergency Supplemental	5/10/2005	P.L. 109-72	\$75.90
<b>Total Provided Thru May 2005</b>			<b>\$277.10</b>
<b><i>FY2006 DOD Appropriations Act ("Bridge Fund")</i></b>	<i>NA</i>	<i>NA</i>	<b><i>\$45.30</i></b>
<b><i>Total, Including FY2006 Bridge Fund</i></b>			<b><i>\$322.40</i></b>