

April 15, 1999

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In response to your letter of April 12, the Congressional Budget Office (CBO) has examined the costs to the United States of current and potential participation in the North Atlantic Treaty Organization's operations in Yugoslavia. CBO does not have enough information to estimate the costs of those operations precisely, but assuming that the current air campaign continues into early May and is followed by a peacekeeping program, military and humanitarian costs for the first 12 months (through March 2000) could total about \$3 billion. Costs for another six months would bring the total to roughly \$4 billion through September 2000. If fighting escalated to include U.S. ground forces, costs would be about \$300 million a month to deploy and sustain each increment of 27,000 troops and over \$1 billion a month to sustain an air campaign.

Limited Military Operations and Peacekeeping. The costs incurred to date are mainly for expended munitions, fuel, and maintenance of equipment necessitated by aircraft sorties and naval operations. During the first three weeks of air and missile assaults, CBO estimates that the Department of Defense incurred incremental operating costs of roughly \$600 million. Continuing the air strikes for another month would add over \$1 billion to the tab for munitions and operating costs. A negotiated settlement that led to deploying 4,000 U.S. peacekeeping troops, consistent with the Rambouillet agreement, would cost about \$50 million a month, or about \$600 million annually. Continued air and naval support to the region along with ancillary ground-based support in neighboring countries would also add about \$50 million a month, or another \$600 million a year.

In addition to the military costs, the United States is contributing to the international relief effort for the Kosovar people and may contribute additional aid for civilian reconstruction. Although it is impossible to accurately estimate those costs before the fighting ends, the experience of Bosnia may be a useful guide. The United States contributed \$254 million in humanitarian aid and \$306 million in reconstruction aid for Bosnia in 1996, the first year after the Dayton Peace Accords, and has contributed over \$200 million a year since then. Those amounts, adjusted for the smaller population in Kosovo, suggest that the United States might contribute about \$400 million (or about \$30 million a month) in civilian assistance in the first year (some aid is already authorized) and somewhat lower amounts in the following three to five years.

The total cost of limited military operations and peacekeeping efforts would thus amount to about \$3 billion for the first 12 months. (Costs through the end of fiscal year 2000 would total about \$4 billion.) This estimate focuses on short-term budgetary costs rather than on economic costs, which would be borne over a longer period of time. For example, the estimate does not include the procurement costs of the F-117 that was lost because that aircraft is no longer being produced. Any budgetary effect of replacing it with another aircraft would probably occur several years from now at the end of a current procurement program. The estimate also does not include the costs of other aircraft that might be lost. It does, however, include the costs of additional cruise missiles and other munitions that are more easily replaced in the near term.

Additional Ground Forces. CBO has also estimated the costs of deploying about 27,000 troops (in the form of a heavy division plus associated support) to the region in the event that ground forces are needed to supplement the air assault. CBO has no information to suggest that such a force would be the appropriate response in either size or composition; rather, that estimate is offered as a measure for scaling the costs of whatever ground force might be deployed. On that basis, the costs of deploying and sustaining the manpower and equipment associated with that force would total about \$200 million a month (assuming that the troops were not in combat), or just over \$2 billion annually. If the troops were in combat, monthly costs would be about 50 percent higher.

Honorable Pete V. Domenici
Page 3

I hope this information is helpful to you. If you would like further information about CBO's estimates, we would be pleased to provide them. The CBO staff contact is Jeannette Deshong.

Sincerely,

Dan L. Crippen
Director

cc: Honorable Frank R. Lautenberg
Ranking Member

Honorable John W. Warner
Chairman
Committee on Armed Services

Honorable Carl Levin
Ranking Minority Member

Honorable Ted Stevens
Chairman
Committee on Appropriations

Honorable Robert C. Byrd
Ranking Minority Member