

United States Budgetary Costs and Obligations of Post-9/11 Wars through FY2020: \$6.4 Trillion

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Summary

Since late 2001, the United States has appropriated and is obligated to spend an estimated \$6.4 Trillion through Fiscal Year 2020 in budgetary costs related to and caused by the post-9/11 wars—an estimated \$5.4 Trillion in appropriations in current dollars and an additional minimum of \$1 Trillion for US obligations to care for the veterans of these wars through the next several decades.²

The mission of the post-9/11 wars, as originally defined, was to defend the United States against future terrorist threats from al Qaeda and affiliated organizations. Since 2001, the wars have expanded from the fighting in Afghanistan, to wars and smaller operations elsewhere, in more than 80 countries — becoming a truly “global war on terror.” Further, the Department of Homeland Security was created in part to coordinate the defense of the homeland against terrorist attacks.

These wars, and the domestic counterterror mobilization, have entailed significant expenses, paid for by deficit spending. Thus, even if the United States withdraws completely from the major war zones by the end of FY2020 and halts its other Global War on Terror operations, in the Philippines and Africa for example, the total budgetary burden of the post-9/11 wars will continue to rise as the US pays the on-going costs of veterans’ care and for interest on borrowing to pay for the wars. Moreover, the increases in the Pentagon base budget associated with the wars are likely to remain, inflating the military budget over the long run.

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² All budget costs here are in current dollars and numbers are rounded to the nearest billion or hundred billion.

Overview

One of the major purposes of the Costs of War Project has been to clarify the types of budgetary costs of the US post-9/11 wars, how that spending is funded, and the long-term implications of past and current spending. This estimate of the US budgetary costs of the post-9/11 wars is a comprehensive accounting intended to provide a sense of the consequences of the wars for the federal budget. Since the 9/11 attacks, the Department of Defense appropriations related to the Global War on Terror have been treated as emergency appropriations, now called Overseas Contingency Operations (OCO).³ When accounting for total war costs, the Department of Defense and other entities often present only Overseas Contingency Operation appropriations.

The Costs of War Project takes a broader view of war expenses because budgetary costs of the post-9/11 wars are not confined to military spending. Table 1 summarizes post-9/11 war-related costs and the categories of spending. Numbers and occasionally categories are revised in the Costs of War estimates when better information becomes available. For example, this year's report uses newer interest rate data in calculating the estimated interest on borrowing for OCO spending. Additionally, this report revises the estimate of increases to the Pentagon base budget given new information, described below, on patterns of military spending and the relations between the OCO budget and base military spending. Further, the Department of Defense budget for FY2020 included new categories, denoting OCO spending intended for the base military budget, reflected in a separate line in Table 1.

³ See Congressional Budget Office (CBO). (October 2018). *Funding for Overseas Contingency Operations and its Impact on Defense Spending* CBO publication 54219. https://www.cbo.gov/system/files/2018-10/54219-oco_spending.pdf.

Table 1. Summary of War Related Spending, in Billions of Current Dollars, FY2001–FY2020 Rounded to the nearest \$billion.

	\$ Billions
Overseas Contingency Operations (OCO) Appropriations	
Department of Defense ⁴	1,959
State Department/USAID ⁵	131
Estimated Interest on Borrowing for DOD and State Dept OCO Spending ⁶	925
War-related Spending in the DOD Base Budget	
Estimated Increases to DOD Base Budget Due to Post-9-11 Wars ⁷	803
“OCO for Base” a new category of spending in FY2019 and FY2020 ⁸	100
Medical and Disability Care for Post-9/11 Veterans ⁹	437
Homeland Security Spending for Prevention and Response to Terrorism ¹⁰	1,054
Total War Appropriations and War-Related Spending through FY 2020	\$5,409
Estimated Future Obligations for Veterans Medical and Disability FY2020 – FY2059 ¹¹	>1,000
Total War-Related Spending through FY2020 and Obligations for Veterans	\$6,409

⁴ Included: Appropriations for Major OCO in AFPAK and Iraq/Syria; OCO for Operation Pacific Eagle-Philippines in FY2019; and FY2019-2020 and OCO for “Enduring Requirements.” Not included: FY2020 OCO “emergency” spending for the Southern border of the US and non-war disaster relief. Based on publicly available documents. Sources include: Amy Belasco. (December 2014). *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*. Congressional Research Service (CRS) <https://fas.org/sgp/crs/natsec/RL33110.pdf>; Brendan W. McGarry and Emily Morgenstern. (Updated 6 September 2019) *Overseas Contingency Operations Funding: Background and Status*, CRS. <https://fas.org/sgp/crs/natsec/R44519.pdf>; Office of the Undersecretary of Defense (Comptroller). (March 2019). *Defense Budget Overview: United States Department of Defense Fiscal Year 2020 Budget Request*, p. 6-8. https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_Budget_Request_Overview_Book.pdf.

⁵ For Afghanistan, Pakistan, Iraq and Syria. Sources include: McGarry and Morgenstern, *Overseas Contingency Operations Funding: Background and Status*,” and K. Alan Kronstadt, and Susan B. Epstein, (2019, March 12). *Direct Overt U.S. Aid Appropriations for and Military Reimbursements to Pakistan, FY 2002-FY2020*. CRS, <https://fas.org/sgp/crs/row/pakaid.pdf>.

⁶ Source: Calculations by Heidi Peltier. Forthcoming. *The Cost of Debt-financed War: Public Debt and Rising Interest for Post-9/11 War Spending*,” Costs of War Project.

⁷ These include: additional expenses that have increased the size of the “base” budget, such as spending on Operation Noble Eagle after 2004; the effects of post-9/11 war related increased healthcare costs for active duty soldiers; and higher pay to attract and retain soldiers. Estimated as a portion of the OCO budget at 50 percent of OCO spending from FY2001–2006, 40 percent from FY 2007–2018, and 25 percent from FY2019–2020. This estimate of the inflationary effects of military spending was revised on the understanding that the DOD subsidized the base budget with OCO money prior to FY 2018. See the discussion below.

⁸ In FY2019, the Trump Administration introduced new budget categories to indicate OCO money spent on base requirements. Those OCO appropriations “for base” in FY2019 and FY2020 are included here.

⁹ Based on Department of Veterans Affairs Budgets, FY2001-FY2020. Although the VA reports health care for Post-9/11 war veterans, Disability and Compensation are reported for all Gulf War Era veterans.

¹⁰ Based on DHS budgets as analyzed by the CRS and assuming that spending is consistent since 2017. See William L. Painter, 8 October 2019, *Selected Homeland Security Issues in the 116 Congress*, CRS.

¹¹ Based on Linda J. Bilmes. (2016). A Trust Fund for Veterans. *Democracy: A Journal of Ideas*, no. 39. Retrieved from <http://democracyjournal.org/magazine/39/a-trust-fund-for-veterans/> and Linda J. Bilmes. (2013). *The Financial Legacy of Iraq and Afghanistan: How Wartime Spending Decisions Will Cancel Out the Peace Dividend*. *Costs of War*, <http://watson.brown.edu/costsofwar/files/cow/imce/papers/2013/The%20Financial%20Legacy%20of%20Iraq%20and%20Afghanistan.pdf>.

The Need for a Comprehensive Accounting

As Christopher Mann of the Congressional Research Service acknowledges, “No government-wide reporting consistently accounts for both DOD and non-DOD war costs.” This leaves a hole in our understanding of the total costs of the post-9/11 wars that allows for confusion and partial accounting that can be mistaken for an assessment of the entire budgetary costs and consequences of these wars. Further, Mann correctly notes that, “As a consequence, independent analysts have come to different conclusions about the total amount.” Because “widely varying estimates risk misleading the public and distracting from congressional priorities” Mann argues that that a comprehensive accounting would be useful. “Congress may wish to require future reporting on war costs that consolidates interagency data (such as health care costs for combat veterans or international aid programs) in a standardized, authoritative collection.”¹²

The Costs of War Project has, since 2011, provided a standardized, and perhaps more important, transparent and comprehensible accounting for the costs of the post-9/11 wars (the Global War on Terror), using categories that include U.S. budgetary data across relevant agencies, and estimates of future veterans’ care and the interest on borrowing to pay for the wars.

There are other ways to estimate the costs of the post-9/11 wars. For example, the DOD regularly produces a tabulation of the “Estimated Cost to Each Taxpayer for the Wars in Afghanistan and Iraq.” In March of this year, their most recent public estimate concluded that Department of Defense OCO spending for the wars in Iraq, Syria, Afghanistan and Pakistan cost a total \$7,623 per taxpayer through FY 2018.¹³

While it is useful to have a per-person figure to illustrate the burden of war on taxpayers, this way of estimating the cost per taxpayers is somewhat misleading for several reasons. In the past, previous wars were paid for with tax increases or by selling war bonds, or a combination of these two sources of revenue. In the case of the post-9/11 wars, specific taxes were not raised to fund these operations. Nor, apart from a few Patriot Bonds sold in the early years of the wars, was there a drive to sell large numbers of war bonds. Indeed, before the 9/11 attacks, the US was in budget surplus. The US went into deficit spending after the 9/11 attacks, thus increasing the Federal budget deficit and the national debt. This pattern of war spending and borrowing have continued throughout the wars.

The total here includes DOD Overseas Contingency Operations spending. But there can be some confusion about DOD OCO spending when the Pentagon’s categories change and

¹² Christopher T. Mann, (18 April 2019). *U.S. War Costs, Casualties, and Personnel Levels Since 9/11*, CRS. <https://fas.org/sgp/crs/natsec/IF11182.pdf>.

¹³ The DOD calculation includes annual costs in the war zones and the number of taxpayers each year. Department of Defense Comptroller. (March 2019). *Estimated Cost to Each U.S. Taxpayer of Each of the Wars in Afghanistan, Iraq and Syria*. https://comptroller.defense.gov/Portals/45/documents/Section1090Reports/Section_1090_FY17_NDAA_Cost_of_Wars_to_Per_Taxpayer-March_2019.pdf.

because the DOD has not consistently used the Congressional OCO appropriations for their intended purpose.¹⁴

The other costs that are directly related to the wars are found in other budgets across the federal government and are included in this estimate. Specifically, as discussed below, OCO spending and war have tended to inflate DOD “base” spending and so the project estimates war-related additions to the Pentagon base budget. The base budget is intended to fund enduring costs of the Department of Defense and the armed services, that would be incurred even if the US were not at war. In addition, the project counts OCO spending for the State Department in the major war zones. The State Department war related appropriations are designated as OCO by the Congress and are very closely linked to DOD spending. This report also estimates the health care costs for post-9/11 war veterans; counterterrorism related Homeland Security funding, and estimated interest on debt for borrowing to pay for the wars through FY2020.¹⁵ Even if the United States halted spending on the wars in FY2021, it would be responsible for additional interest on borrowing to pay for wars to date. Unless some mechanism is put in place to pay down the debt, this will add several trillion dollars in additional interest costs to the total costs of war.

Further, because the costs of the post-9/11 wars will continue after the fighting ceases, and to highlight the obligations incurred to the veterans of this war, this accounting includes an estimate of the costs of the obligations for the of post-9/11 war veterans future care, through FY2059. These future estimated costs for veterans’ health care and disability compensation are provisional because, though the number of US troop deployed in the war zones is currently winding down, deployments may continue for several more years and may fluctuate in size. Thus, we do not yet know the total number of veterans who will be using the medical care and disability benefits they are entitled to because of their service.¹⁶

Thus, DOD spending for Overseas Contingency Operations is only a portion of the costs of these wars. DOD spending for the OCOs is less than 40 percent of total post-9/11 war related spending through FY2020. Figure 1 illustrates post-9/11 war related spending by categories through FY2020 in current dollars—not including future costs of medical and

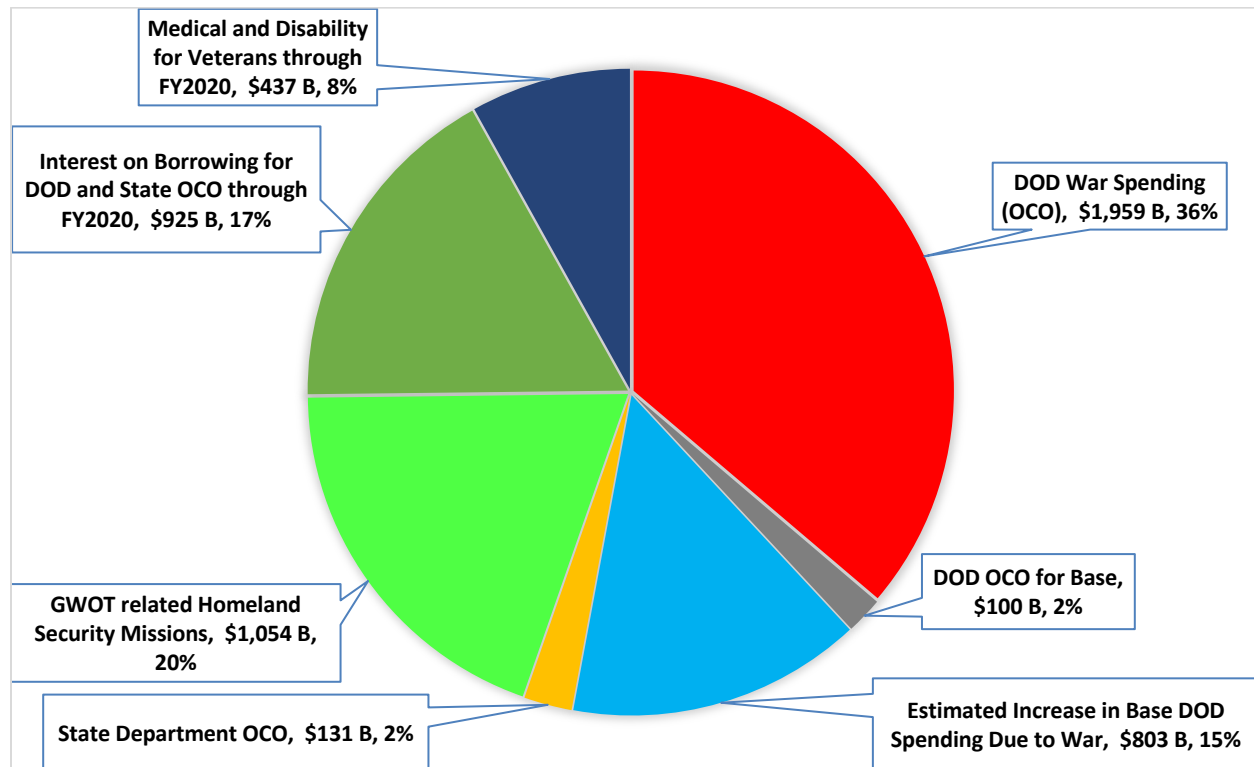
¹⁴ See Amy Belasco, (2014) *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11* and CBO, *Funding for Overseas Contingency Operations and its Impact on Defense Spending*.

¹⁵ Numbers for some spending categories are estimates. Some government departments have become less transparent. Estimates for spending where there is no current data are rooted in past spending by the respective department. The Department of Veterans Affairs and the Department of Homeland Security have aggregated some of their Global War on Terror/post-9/11-related spending so that it is more difficult to isolate specific war-related spending from their larger budgets.

¹⁶ This and previous Costs of War Project estimates have never counted every budgetary expense related to these wars. For example, there are substantial costs of war to state and local governments in the US that are not subsidized by the federal government, most significantly, perhaps, the costs of caring for the veterans of these wars. This report has also not counted the value of the gifts in excess military equipment the US makes to countries in and near the war zones. See the Excess Defense Articles (EDA) Database, <http://www.dsca.mil/programs/excess-defense-articles-eda> and Security Assistance Monitor, <http://securityassistance.org/data/country/military/Excess%20Defense%20Articles/>.

disability care for veterans and future interest payments on borrowing to pay for wars that must be included in any true reckoning of the budgetary burden of the post-9/11 wars.

Figure 1. Estimate of Global War on Terror Spending through FY2020 in Billions of Current Dollars and Percentages.



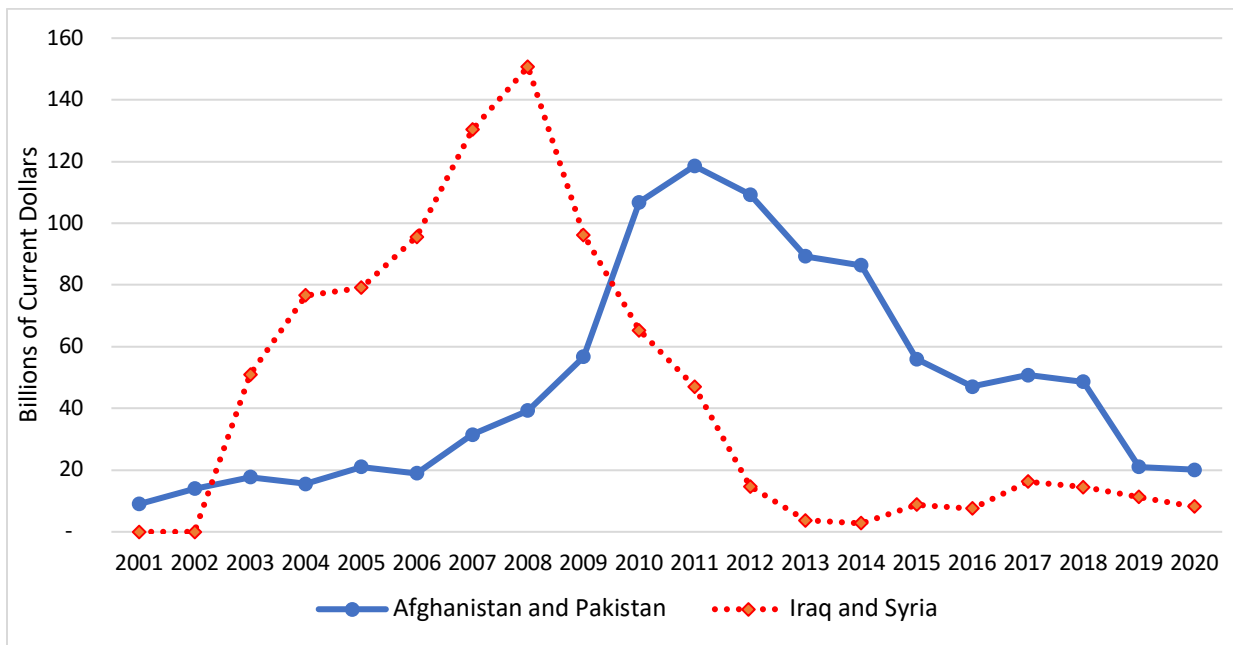
One potential barrier for civilians to understanding the total scale and costs of the post-9/11 wars is the changes in the naming of the wars. The US military designates main war zones in Afghanistan, Pakistan, Iraq, and Syria as named operations. The longest war so far, in Afghanistan and Pakistan, has had two names: Operation Enduring Freedom, designated the first phase of war in Afghanistan from October 2001; it was designated Operation Freedom’s Sentinel on 1 January 2015.¹⁷ The war in Iraq was designated Operation Iraqi Freedom from March 2003 to 31 August 2010, when it became Operation New Dawn. When the US began to fight in Syria and Iraq, the war was designated Operation Inherent Resolve. For ease of understanding, the costs are not labeled here by their OCO designation, but by major war zone — namely Afghanistan and Pakistan, and Iraq and later Iraq and Syria.

¹⁷ Operations have changed names when the mission has changed, such as when the war in Afghanistan, Operation Enduring Freedom became Operation Freedom’s Sentinel. Similarly, Operation Iraqi Freedom became Operation New Dawn in 2011 and became Operation Inherent Resolve in 2014 when the war expanded to Syria.

Further, within these larger operations, there are activities in other geographic areas that directly support or in some cases are far from the named operation. For example, Operation Enduring Freedom, focused on Afghanistan and Pakistan, included actions in Jordan, Sudan, Yemen, and several other locations.¹⁸ Similarly, the current Operation Inherent Resolve in Iraq and Syria has included military operations in Bahrain, Cyprus, Egypt, Iraq, Israel, Jordan, Kuwait, Lebanon, Qatar, Saudi Arabia, Syria, Turkey, and the United Arab Emirates.

The annual costs of war in the major war zones have fluctuated, but are, in general, declining. Total estimated appropriations for the Afghanistan and Pakistan war by the DOD and State Department are about \$978 billion from FY2001 through FY 2020. Begun in October 2001, appropriations have been on average, including FY2020, nearly \$49 billion each year. The appropriations for the Iraq and Syria war zone have, on average, been about \$44 billion each year, with total appropriations of about \$880 billion from FY 2003 through FY 2020. Figure 2 illustrates the OCO appropriations for the major war zones—Afghanistan and Pakistan and Iraq and Syria—for the DOD and the State Department.

Figure 2. DOD and State Department OCO Appropriations for the Major War Zones, FY2001–FY2020 in Billions of Current Dollars



There are other OCO funded operations, including in the US, Europe, Africa and other regions. These have included Operation Noble Eagle (which defends the US air space and bases) funded in the OCO budget through FY2004 and Operation Pacific Eagle – Philippines, both of which are now funded in the base budget. Including all OCO designated operations

¹⁸ The casualties for each named operation include those other locations. See, Department of Defense Casualty Status, <https://www.defense.gov/casualty.pdf>.

by the Defense and State Departments, the GWOT has averaged more than \$100 billion current dollars each year.

Following the Ever-Changing DOD, DHS and State Department GWOT Budgets

The totals in this report differ from the DOD, Congressional Research Service (CRS) and other reports for several reasons. First, this report attempts to include all the relevant major post-9/11 war-related spending. In some instances, DOD, State Department and Department of Homeland Security Budgets are opaque. Indeed, because of recent changes in budgetary labels and accounting at DOD, DHS, and the State Department, understanding the costs of the post-9/11 wars is potentially even more difficult than in the past. This section explains the budgets and the choices made here about what to include and how to count war and war-related spending.

Starting with the Department of Defense portion of war spending, apart from the changing names of the major OCO operations in Afghanistan and Pakistan and Iraq and Syria, some OCO operations have come in and out of the OCO budget. For instance, Operation Pacific Eagle – Philippines was designated an overseas contingency operation in 2017, and removed from the OCO budget in May 2019, in the middle of the fiscal year, even though the operation continued.

Further, as suggested above, the mechanism of appropriations for the wars has sometimes made it difficult to differentiate war and war-related spending. OCO spending is considered emergency spending. Emergency appropriations for the DOD are not subject to the same detailed Congressional oversight and limits as regular, or “base” budget non-emergency appropriations, for costs that endure whether or not the US is at war. The 2011 Budget Control Act (BCA) set limits on both defense and nondefense spending. These limits were enforced by “sequestration,” the automatic reduction of enacted appropriations in excess of the law’s prescribed levels. Under the Budget Control Act, spending designated as OCO is exempt from the base budget caps and sequestration.

Some OCO appropriated money has, for more than a decade, been used to supplement the base DOD budget. This was not the intention of Congress. After the 2011 Budget Control Act, the DOD began to charge additional expenses to the OCO budget that should have been funded through the base budget appropriation process in part to get around the budget caps and sequestration. It appears that none of these transfers were explicitly requested by the DOD or authorized by Congress.

In FY 2019, the Trump Administration made the practice of shifting emergency OCO appropriations into the base budget overt when it introduced new ways of categorizing the Department of Defense spending related to the Overseas Contingency Operations. Some of the funding that was previously designated for specific military operations has now been moved into a category called “OCO for Enduring Theater Requirements and Related Missions” and another, “OCO for Base Requirements.”¹⁹ The DoD’s FY2019 OCO for base

¹⁹ The DOD Comptroller explained:

was \$2.5 billion. The FY 2020 budget request included \$97.5 billion in OCO funding for base budget requirements and \$35.3 billion for “Enduring Theater Requirements and Related Missions. Another new DOD OCO category for FY2020 is “Emergency Requirements,” money intended for the Southern United States border wall and disaster relief for recent hurricanes.

Thus, in FY 2020, only about \$25 billion of the \$173.8 billion OCO request were designated as for Operation Inherent Resolve in Iraq and Syrian and Operation Freedom’s Sentinel in Afghanistan. In the FY2020 request, the DOD Comptroller also applied some of these new categories retroactively to previous OCO funding — respectively \$2, \$8, \$18, and \$17 billion for Fiscal Years 2015 to 2019.²⁰

Again, these changes are specifically and explicitly intended to get around Congressionally imposed limits on the base defense budget. The Department of Defense FY2020 request explicitly stated as much: “These base budget requirements are funded in the OCO budget due to limits on budget defense caps enacted in the Budget Control Act of 2011. As base budget funding at the Budget Control Act level is insufficient to execute the National Defense Strategy, additional resources are being requested in the OCO budget.”²¹ The FY2020 OCO for base requirements request also, according to the Comptroller’s report “include ground, air, and ship operations, base support, maintenance, weapons system sustainment, munitions, and other readiness activities, which are needed to prepare warfighters for their next deployment. This

“The FY 2020 OCO request is divided into three requirement categories – direct war, enduring, and OCO for base. Direct War Requirements (\$25.4 billion) – Reflects combat or combat support costs that are not expected to continue once combat operations end at major contingency locations. Includes in-country war support for Operation FREEDOM’S SENTINEL (OFS) in Afghanistan and Operation INHERENT RESOLVE (OIR) in Iraq and Syria. Funds partnership programs such as the Afghanistan Security Forces Fund (ASFF), the Counter-ISIS Train and Equip Fund (CTEF), the Coalition Support Fund (CSF), and Middle East border security.

OCO for Enduring Requirements (\$41.3 billion) – Reflects enduring in-theater and CONUS costs that will remain after combat operations end. These costs, historically funded in OCO, include overseas basing, depot maintenance, ship operations, and weapons system sustainment. It also includes the European Deterrence Initiative (EDI), the Ukraine Security Assistance Initiative (USAI), and Security Cooperation. Combined, enduring requirements and direct war requirements comprise “traditional” OCO.

OCO for Base Requirements (\$97.9 billion) – Reflects funding for base budget requirements, which support the National Defense Strategy, such as defense readiness, readiness enablers, and munitions, financed in the OCO budget to comply with the base budget defense caps included in current law.”

Office of the Undersecretary of Defense (Comptroller). (2019). *Defense Budget Overview: United States Department of Defense Fiscal Year 2020 Budget Request*, p. 6-2.

²⁰ Office of the Undersecretary of Defense (Comptroller). (2019). *Defense Budget Overview: United States Department of Defense Fiscal Year 2020 Budget Request*, p. 6-4.

²¹ Office of the Undersecretary of Defense (Comptroller). (2019). *Defense Budget Overview: United States Department of Defense Fiscal Year 2020 Budget Request*, p. 6-8.

OCO request for base requirements includes additional resources for non-DoD activities, which are described in detail under separate (classified) cover.”²²

The Congressional Budget Office and the Congressional Research Service have long expressed concern that DOD accounting practices are opaque and that the distinction between enduring and emergency funding has not been well observed. Prior to this change, the Congressional Budget Office (CBO) and the Congressional Research Service have regularly pointed out the use of OCO money to fund the activities that should be funded in the DOD base budget. In 2014, for instance Amy Belasco, in her Congressional Research Service report on the costs of the post-9/11 wars said: “Since the 9/11 attacks, some observers have criticized war funding as ‘off-budget’ or a ‘slush fund’ appropriated largely in emergency supplemental acts or for “Overseas Contingency Operations” (OCO) where normal budget limits in annual budget resolutions or the Budget Control Act (BCA) do not apply.” Belasco continued, “In recent testimony on September 18, 2014, for example, former Secretary of Defense Chuck Hagel acknowledged these ambiguities, saying “there’re a lot of different opinions about whether there should be an overseas contingency account or not and whether it’s a slush fund or not’.”²³

CRS and CBO have continued to be concerned about DOD accounting. For instance, in early 2019 Christopher Mann of the Congressional Research Service recently noted, “Estimates of the cumulative costs of war are complicated by the use of OCO-designated funds for base budget activities.”²⁴ Further, Mann says, “The use of the OCO designation for funding both war and non-war requirements has created ambiguity about enduring costs unrelated to ongoing conflicts.”²⁵ A CBO report in 2018 noted that “As contingency operations have become the norm and DoD has adjusted its allocation of resources to accommodate them, it has become increasingly difficult to distinguish between the incremental costs of military conflicts and DoD’s regular, enduring costs.”²⁶ The CBO estimated that, from FY2006 to FY2018, \$53 billion in OCO funding was being used for activities that should have been funded in the base budget.²⁷

Which raises the question of what to count as a DOD cost of the post-9/11 wars. Clearly, although the DOD puts some activities in its request for OCO appropriations, not everything is a cost of these wars. Because the category is clearly not war related, funds designated “Emergency Requirements” — money intended for the Southern United States border wall and disaster relief — are not counted here as part of the costs of the post-9/11 OCO wars. The Costs of War project includes FY2019 and FY2020 funding categories “OCO for Enduring Theater Requirements and Related missions” and “OCO for Base Requirements” which

²² Office of the Undersecretary of Defense (Comptroller). (2019). *Defense Budget Overview: United States Department of Defense Fiscal Year 2020 Budget Request*, p. 6-8.

²³ Belasco, Amy. (2014, December 8). The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11. *Congressional Research Service (CRS)* p. 20.

²⁴ Mann, *U.S. War Costs, Casualties, and Personnel Levels Since 9/11*.

²⁵ Mann, *U.S. War Costs, Casualties, and Personnel Levels Since 9/11*.

²⁶ CBO, *Funding for Overseas Contingency Operations and its Impact on Defense Spending*, p. 10.

²⁷ CBO, *Funding for Overseas Contingency Operations and its Impact on Defense Spending*, p. 2.

reflect the institutionalization of the Global War on Terror, in the preexisting Cost of War category “increases to the Pentagon base.”

The Pentagon’s “Base” budget has been inflated for three additional reasons. First, small increments of war spending have already been institutionalized in the base budget. For example, as already mentioned, Operation Pacific Eagle – Philippines moved to the base budget in FY2019, and in 2004, spending on Operation Noble Eagle was moved from OCO to the base budget.

Second, and much more significant, overall US military spending for the base has been increased as a consequence of the institutionalization of costs associated with the ongoing wars. For example, repeated deployments have increased the wear and tear on soldiers’ minds and bodies and, as a consequence, the healthcare costs for active duty soldiers has increased. Further, the higher pay associated with the desire to attract and retain soldiers during the long wars has also boosted base military spending. And, as the CBO has noted, the wars have driven up overall DOD costs for soldiers benefits and compensation that not only keep pace with but exceed increases due to inflation. “Public support for the military in wartime can drive increases in pay and benefits not only for forces deployed to combat zones but for all service members, including those who have retired.”²⁸ As the CBO notes, the benefits increases were at first thought to be temporary and limited, but they have been institutionalized.

For example, in 2004, nonbase funding was used to expand TRICARE health insurance benefits to members of the reserve forces for one year. That policy was extended in subsequent National Defense Authorization Acts until 2007, when it was made permanent and funding for it was moved into the base budget. Although the expanded benefits were not directly related to the war or limited to reservists who had deployed, the policy change supported all who might be called upon to deploy.

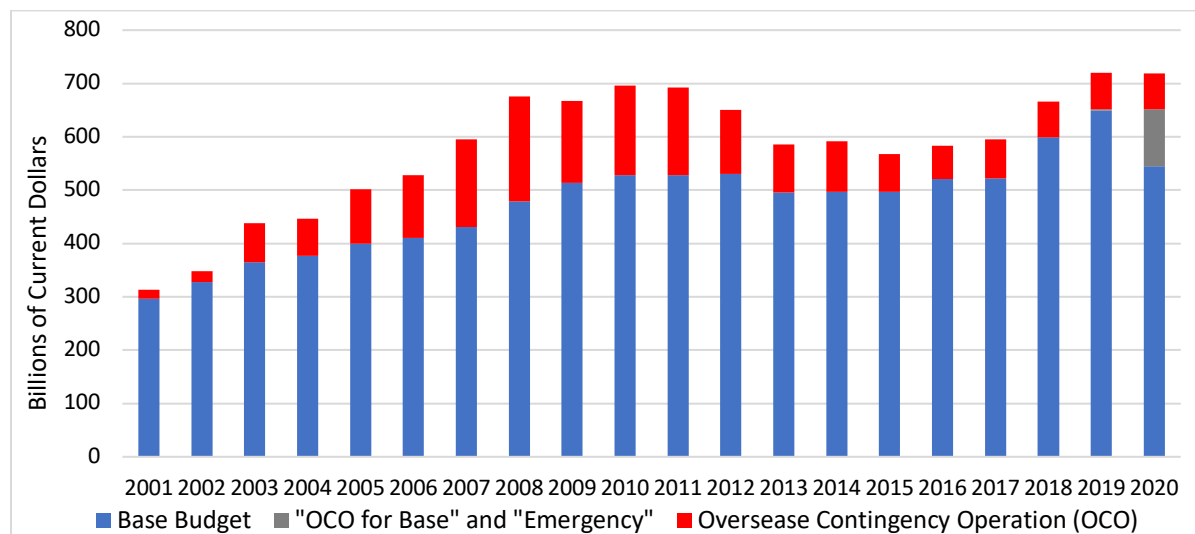
Similar legislation that expanded life insurance coverage and survivor’s benefits was also initially intended to temporarily support deployed service members but was extended to the entire force and made permanent.²⁹

Figure 3 illustrates the steady growth in Department of Defense base budget, which often increases even when OCO funding declines.

²⁸ CBO, *Funding for Overseas Contingency Operations and its Impact on Defense Spending*, p. 14.

²⁹ CBO, *Funding for Overseas Contingency Operations and its Impact on Defense Spending*, p. 14.

Figure 3. DOD Base, OCO, and OCO for Base Spending Authorized and Requested FY2001-2020 in Billions of Current Dollars.³⁰



Third, the Pentagon’s base budget spending has likely grown because Congress seems reluctant to tighten the reins on overall military spending while the US is at war. This applies not only to procurement of new weapons and equipment, but also to installations costs. For example, the Pentagon estimates that it has excess capacities at its bases and installations of about 20 percent. Today, there are about 800 US military bases and installations in the world.³¹ The most recent of the Base Realignment and Closure (BRAC) rounds, the 2005 to 2011 BRAC process, led to an overall decline in the number of DOD buildings and other structures, from over 600,000 individual buildings and structures on over 30 million acres of land before the BRAC in FY2003 to about 585,800 buildings and structures on 26.9 million acres in FY2018.³² Yet the Pentagon’s stated desire for another round of base closures seems to be thwarted by a Congress unwilling or unable to decide on a new round of BRAC, even though, according to separate estimates by the Heritage Foundation and the Sustainable Defense Task Force, this could save billions of dollars.³³

³⁰ Source of data, DOD Comptroller, including, Office of the Undersecretary of Defense (Comptroller). (2019). *Defense Budget Overview: United States Department of Defense Fiscal Year 2020 Budget Request*, p. 1-4.

³¹ David Vine. (2019). "Lists of U.S. Military Bases Abroad, 1776-2019," American University Digital Research Archive, <https://doi.org/10.17606/vfyb-nc07>. Department of Defense. (March 2019). *DoD Base Realignment and Closure, BRAC Rounds (BRAC 1988, 1991, 1993 1995 & 2005), Executive Summary*, https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/budget_justification/pdfs/05_BRAC/BRAC_Exec_Sum_J-Book_FINAL.pdf.

³² Sources: Department of Defense Base Structure Reports for FY2003 and FY2018. See, for FY2003, <https://archive.defense.gov/news/Jun2003/basestructure2003.pdf>; and for FY2018, <https://www.acq.osd.mil/eie/Downloads/BSI/Base%20Structure%20Report%20FY18.pdf>.

³³ See Leo Shane, III. (15 August 2019). "Plans For A New Base Closing Round May be Running Out of Time: Report," *Military Times*, <https://www.militarytimes.com/news/pentagon-congress/2019/08/15/plans-for-a-new-base-closing-round-may-be-running-out-of-time-report/>; Frederico Bartels. (28 November 2017). "With New Round of Base Closures, U.S. Could Save \$2 Billion on Defense," the Heritage Foundation, <https://www.heritage.org/defense/commentary/new-round-base-closures-us-could-save-2-billion-year-defense>; Center for International Policy, Sustainable Defense Task Force. (June 2019). "Sustainable Defense:

Similarly, personnel costs may also be inflated due to a desire to demonstrate patriotism in war. As the CBO notes, “increases in military pay (in excess of growth in private-sector wages) and total retirement compensation may have been motivated by a desire to show support for all troops during wartime. Such changes to pay and benefits, even small ones, can have large and lasting effects on DoD’s costs because they permanently increase the costs of compensating service members. Those increased costs are then carried over to future base budgets.”³⁴

State Department OCO funding is also sometimes less than transparent. This report has not included as a cost of war some OCO appropriated to the State Department. For example, CRS gives a figure of \$162 billion in OCO funding for the State Department through FY2019. Their estimate includes emergency funding for several non-war related contingencies: “The estimated \$162 billion in emergency and OCO appropriations enacted to date for State/USAID includes major non-war-related programs, such as aid for the 2004 tsunami along Indian Ocean coasts, 2010 earthquake in Haiti, 2013 Ebola outbreak in West Africa, and 2015 worldwide outbreak of the Zika virus; as well as diplomatic operations (e.g., paying staff, providing security, and building and maintaining embassies).”³⁵ The Cost of War estimate for State Department OCO spending is thus lower than the CRS figure because the focus here is on State Department and USAID operations in the major war zones and does not include funding for these non-war emergencies.

Homeland security spending occurs in several agencies, including the Department of Homeland Security. The Department of Homeland Security itself places a high priority on protecting and responding to terrorist attacks. For example, the FY2020 budget summary for DHS says: “Nefarious actors want to disrupt our way of life. Many are inciting chaos, instability, and violence. At the same time, the pace of innovation, our hyperconnectivity, and our digital dependence have opened cracks in our defenses, creating new vectors through which our enemies and adversaries can strike us. This is a volatile combination. The result is a world where threats are more numerous, more widely distributed, highly networked, increasingly adaptive, and incredibly difficult to root out. The ‘home game’ has merged with the ‘away game’ and DHS actions abroad are just as important as our security operations here at home.”³⁶ For example, DHS says, “Border security is national security.”³⁷ Terrorism is central to many other DHS missions, as well, from the Coast Guard to cybersecurity. But because the counterterrorism mission has been institutionalized and merged with its main missions, it is difficult to find a coherent analysis of the incremental addition of the cost of counterterrorism within the DHS budget.

Further, because homeland security spending occurs in many agencies, one has to add those up. In previous years, the DHS budget highlighted expenditures for all counterterrorism

More Security, Less Spending,”

https://static.wixstatic.com/ugd/fb6c59_59a295c780634ce88d077c391066db9a.pdf

³⁴ CBO, *Funding for Overseas Contingency Operations and its Impact on Defense Spending*, p. 14.

³⁵ McGarry and Morgenstern, *Overseas Contingency Operations Funding: Background and Status*, p. 23.

³⁶ Department of Homeland Security. (2019). *FY2020 Budget in Brief*, p. 1.

https://www.dhs.gov/sites/default/files/publications/19_0318_MGMT_FY-2020-Budget-In-Brief.pdf

³⁷ DHS, *FY2020 Budget in Brief*, p.2.

missions, concatenating all agency expenditures using the categories “Prevent and Disrupt Terrorist Attacks,” “Protect Americans, Critical Infrastructure and Resources,” and “Respond and Recover from Incidents.” The DHS has reorganized its reporting on spending. Now these missions are essentially merged with other DHS missions and the DHS does not highlight its own or other agencies’ spending on these missions.

Since 2017, the White House and Department of Homeland Security have not provided a breakdown of DHS expenditures by missions devoted to post-9/11 counterterrorism. In 2017, White House Office of Management and Budget stated in its *Analytical Perspectives* on the budget that, “Previous Analytical Perspectives volumes included a ‘Homeland Security Funding Analysis’ chapter, and provided additional detailed information on the Internet address cited above and on the Budget CD-ROM. P.L. 115-31 eliminated the statutory requirement for this information. Therefore, this information is not included in this years’ Budget and it will not be included in future Budgets.”³⁸ As of the FY2018 budget request, the Department Homeland Security budget is no longer explained by the White House Office of Management and Budget.

The Costs of War estimate for homeland security related spending is thus based on previous DHS spending on counterterror missions and work by the CRS. Specifically, William Painter of CRS notes that “the agency-reported data on spending in three categories—preventing and disrupting terrorist attacks; protecting the American people, critical infrastructure, and key resources; and responding to and recovering from incidents” shows that “from FY2003 through FY2017, the entire U.S. government directed roughly \$878 billion (in nominal dollars of budget authority) to those three mission sets.”³⁹ Assuming that spending for the counterterrorism is roughly the same as the average spending annual spending during the FY2003-FY2017 period, this report estimates that the average annual spending for FY2018 to FY2020 is about \$59 billion in current dollars.

Costs of Post-9/11 War Veterans Medical Care and Disability Compensation

In 2018, there were 4.1 million post-9/11 war veterans, comprising about 21 percent of all veterans and 16 percent of all veterans served by the Department of Veterans Affairs (VA).⁴⁰ The post-9/11 war veterans are, in general, less healthy than the veterans of previous wars. Advances in trauma and battlefield medicine, have meant that the veterans of these wars, also called Gulf War era II veterans, have survived to live with more service-connected disabilities than veterans of previous wars. These veterans, exposed to different field conditions and who often served multiple deployments, need more and different kinds of medical care than the veterans of previous wars and those costs will only rise. For

³⁸ Office of Management and Budget. (2017). *Analytical Perspectives: Budget of the U.S. Government, Fiscal Year 2018*, https://www.whitehouse.gov/omb/budget/Analytical_Perspectives

³⁹ Painter, *Selected Homeland Security Issues for the 116th Congress*.

⁴⁰ Bureau of Labor Statistics, US Department of Labor. (21 March 2019). *Employment Situation of Veterans—2018*. <https://www.bls.gov/news.release/pdf/vet.pdf>.

example, the VA estimates that the 10 year cost of caring for post-9/11 veterans with traumatic brain injuries (TBI) alone will be \$2.4 billion from 2020 to 2029.⁴¹

Nearly half of these veterans have service connected disability assessed to be 60 percent or greater.⁴² Those veterans with a “Service Connected Disability” are eligible for compensation based on their percentage of disability.⁴³ Further, those veterans who are rated 60 percent and above disabled are eligible for individual unemployability benefits if they meet specific criteria, including the inability to maintain gainful employment as a result of their service connected disabilities. “In September 2018, 356,668 Veterans received IU, an increase of 8,156 cases over September 2017.”⁴⁴ Further, the dependents of veterans are also entitled to receive compensation and the number of dependents receiving service connected compensation is growing.⁴⁵

The VA counts the veterans of the post-9/11 wars in the same category as the 650,000 people currently in the VA who are 1990 Gulf War veterans and thus, veterans from the entire period from 1990 to the present are categorized as “Gulf War Era Veterans” in the VA disability compensation records.⁴⁶ In their FY2020 budget the VA estimated that veterans who served from 2 August 1990 to the present comprise 50.7% of the compensation obligations for all veterans of US wars.⁴⁷ The following figure, reproduced from the Department of Veterans Affairs, shows the actual and projected caseloads of

⁴¹ Department of Veterans Affairs. (2019). Volume II, *Medical Programs and Information Technology Programs*, p. VHA-150, <https://www.va.gov/budget/docs/summary/fy2020VAbudgetVolumeIImedicalProgramsAndInformationTechnology.pdf>.

⁴² Bureau of Labor Statistics, *Employment Situation of Veterans—2018*.

⁴³ Those compensation rates vary depending on whether the veteran has a spouse, parents and/or children. For the current Compensation Benefits Rates Table see, U.S. Department of Veterans Affairs, (2019) https://www.benefits.va.gov/COMPENSATION/resources_comp01.asp#BM01. In addition, the spouses and children of service members are eligible for Dependency and Indemnity Compensation (DIC), “a tax free monetary benefit paid to eligible survivors of military Servicemembers who died in the line of duty or eligible survivors of Veterans whose death resulted from a service-related injury or disease.” Department of Veterans Affairs, https://benefits.va.gov/COMPENSATION/types-dependency_and_indemnity.asp.

⁴⁴ Department of Veterans Affairs. (2019). *Volume III, Benefits and Burial Programs and Department Administration*, p. VBA-59. <https://www.va.gov/budget/docs/summary/fy2020VAbudgetvolumeIIIbenefitsBurialProgramsAndDepartmentAdministration.pdf>.

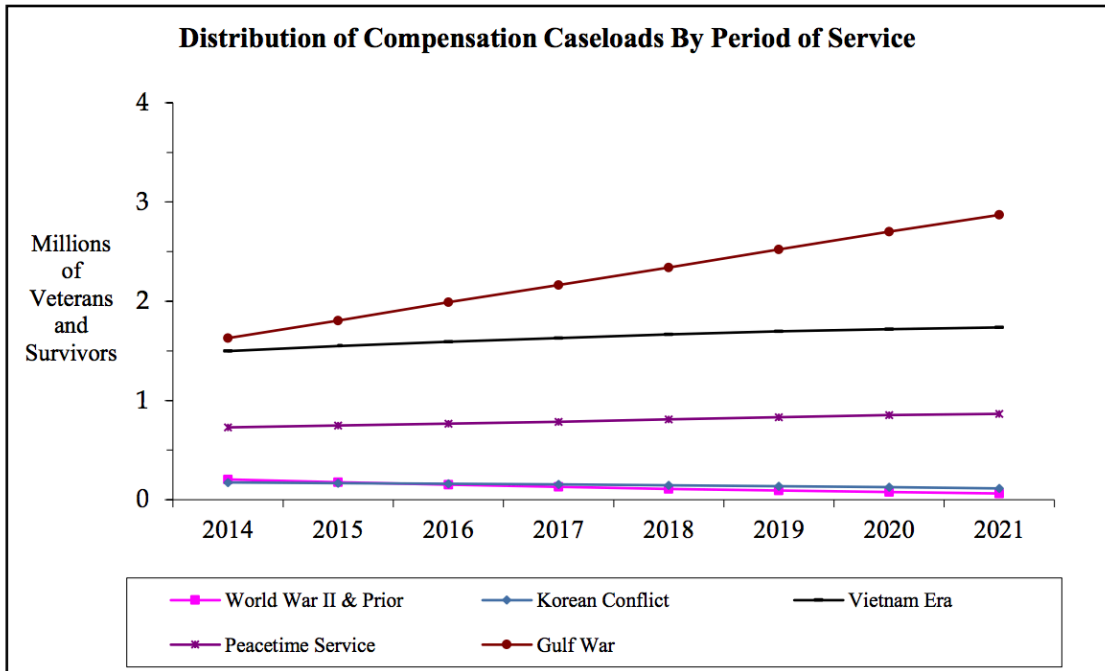
⁴⁵ Department of Veterans Affairs. *Volume III, Benefits and Burial Programs and Department Administration, 2020 Congressional Submission*, p. VBA-57. VA Service Connected Disability rates are tied to Social Security Administration Costs of Living Adjustments.

⁴⁶ The Gulf War Era is thus two periods: the first period is Pre-9/11 with 763,337 service members deployed and participating in the Gulf War from 2 August 1990 to 10 September 2001. See Department of Veterans Affairs. (February 2011). *Gulf War Era Veterans Report: Pre-9/11: August 2, 1990 to September 10, 2001*, p. 5. https://www.va.gov/vetdata/docs/SpecialReports/GW_Pre911_report.pdf.

⁴⁷ “Benefits in the compensation program are estimated to be dispersed to 5,033,113 Veterans and 443,407 Survivors in 2020 and 5,192,776 Veterans and 456,294 Survivors in 2021. The 2020 Veteran and Survivor caseload estimate is distributed among World War II and Prior (76,823), Korean Conflict (126,947), Vietnam Era (1,717,752), Gulf War (2,702,897), and Peacetime (852,101) periods of service.” Department of Veterans Affairs. *Volume III, Benefits and Burial Programs and Department Administration, 2020 Congressional Submission*, p. VBA-56.

veterans with disability and compensation. The top line, for Gulf War Era veterans and survivors is growing, projected to nearly double between 2014 and 2021.

Figure 4. Distribution of Disability Compensation Caseloads by Period of Service, FY2014 to FY2021⁴⁸



Conclusions

The major trends in the budgetary costs of the post-9/11 wars include: less transparency in reporting costs among most major agencies; greater institutionalization of the costs of war in the DOD base budget, State Department, and DHS; and the growing budgetary burden of veterans’ medical care and disability care.

Opportunities exist for increasing transparency around war-related budgeting. The DOD could, for example, be more transparent about the use of OCO appropriations for all named and unnamed OCO operations. The Department of Homeland Security could clarify the spending for preventing and responding to terrorist attacks and other post-9/11 war missions. The Department of Veteran’s Affairs could consistently break out the spending on veterans of the post-9/11 wars from the spending on veterans of the 1991 Gulf War and its associated operations.

Finally, there are opportunities to reduce the long term costs of interest on the debt associated with military spending for wars, for instance, by selling war bonds or instituting a post-9/11 war tax.

⁴⁸ Source: Department of Veterans Affairs, *Volume III, Benefits and Burial Programs and Department Administration, FY2020 Congressional Submission*, p. VBA-57.