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Statement of Rep. Christopher Shays
July 18, 2006

The Global War on Terrorism (GWOT) touches on all parts of the U.S. government budget covering homeland defense and military and diplomatic operations abroad.

To combat terrorism the United States has initiated three military operations:

- Operation Enduring Freedom (OEF) covering Afghanistan and other Global War on Terrorism (GWOT) operations ranging from the Philippines to Djibouti, that began immediately after the 9/11 attacks.
- Operation Noble Eagle (ONE) providing enhanced security for U.S. military bases and other homeland security initiatives.
- Operation Iraqi Freedom (OIF) that began in the fall of 2002 with the build up of troops for the March 2003 invasion of Iraq and continues with counter-insurgency and stability operations.

Determining the total amount of funding for the GWOT is challenging because of the various ways in which funds are appropriated and the failure of the Department of Defense (DOD) to have auditable financial statements.

According to the Government Accountability Office (GAO), Congress has appropriated approximately $430 billion to pay for military and diplomatic efforts related to the GWOT during the period 2001 through fiscal year 2006.

This $430 billion was provided through regular appropriations, as well as supplemental and bridge appropriations that fall outside the normal budget process. Most of this money was allocated for ongoing military and diplomatic operations overseas, especially in Iraq and Afghanistan.

For military operations the DoD has received $386 billion for the Global War on Terrorism. For reconstruction and stabilization programs in Iraq and Afghanistan the Departments of State, Defense and the US Agency for International Development have received the remaining $44 billion.

Today we ask: "How effective are the Departments of Defense and State processes for producing reliable, accurate, and timely cost estimates for the Global War on Terrorism?"

The GAO has found DoD reporting problems make it difficult to know precisely how much the war costs. GWOT cost reporting by DoD is based on military services' reports. At two Army divisions the GAO reviewed Army posting procedures and found 35 percent of transactions improperly posted.

Additionally, US government agencies such as the Department of State (DoS) do not formally track all GWOT costs because they do not distinguish whether certain expenses are solely attributable to the Global War on Terrorism.

Furthermore, both Defense and State cannot accurately predict future commitments because of inaccurate reporting procedures and failure to distinguish GWOT costs from other obligations.

Beyond inaccuracies in reporting GWOT costs and future commitments, there is also controversy over the practice of seeking funding

through supplemental spending measures. Many believe, and I am one of them, that since the Global War on Terrorism will be a continued investment over the long term these costs should be part of the normal budget process.

According to the Congressional Research Service, supplemental appropriations have been the most frequent means of financing the initial stages of military operations during war. However, past administrations have requested funding for ongoing operations in regular appropriations bills as soon as a projection of costs could be made. This should also be the case for the GWOT.

Why should we want accurate war costs? The answer is obvious. Decision makers and the public they represent need to know how much this war costs, and will cost. The US commitment to GWOT will likely involve the continued investment of resources, requiring decision makers to consider difficult trade-offs as the nation faces increasing fiscal challenges in the years ahead.

Today we welcome our distinguished witnesses including: the US Comptroller General; the Assistant Secretary and Chief Financial Officer for the Department of State; and the Deputy Comptroller for the Department of Defense; the Assistant Administrator for Asia and the Near East, US Agency for International Development; the Acting Director for the Congressional Budget Office; and the Specialist in National Defense with the Congressional Research Service.

We thank them all for appearing before us and we hope this hearing will educate the American public about the costs of the Global War on Terrorism.