



Highlights of [GAO-04-915](#), a report to congressional committees

Why GAO Did This Study

To support the Global War on Terrorism in fiscal year 2004, the Congress appropriated \$65 billion to the Department of Defense (DOD) in an emergency supplemental appropriations act. To assist the Congress in its oversight role, GAO reviewed (1) the adequacy of current funding for fiscal year 2004 war-related activities and (2) actions DOD is undertaking to cover anticipated shortfalls, if any. Based on the body of work GAO has done on the cost of contingency operations, GAO is also making observations on efforts to require greater accountability to the Congress on the use of funds appropriated to DOD for contingency operations.

What GAO Recommends

GAO recommends that the Secretary of Defense revise DOD cost reporting guidance so that large amounts of obligations are not shown in "miscellaneous" categories. To better assess the adequacy of previously provided funding, the Congress may wish to direct DOD to report on the adequacy of funding for the war on terrorism. DOD did not provide comments by the date requested. GAO discussed its analysis and proposed recommendation with DOD and service representatives, who agreed that there needed to be greater detail in the miscellaneous cost reporting categories. The representatives did not object to providing the Congress with information on the adequacy of funding.

www.gao.gov/cgi-bin/getrpt?GAO-04-915.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Neal Curtin at (757) 552-8100 or curtinn@gao.gov.

MILITARY OPERATIONS

Fiscal Year 2004 Costs for the Global War on Terrorism Will Exceed Supplemental, Requiring DOD to Shift Funds from Other Uses

What GAO Found

GAO's analysis of reported obligations for the first seven months of fiscal year 2004 through April 2004 and the military services' forecasts as of June 2004 of their likely costs for the Global War on Terrorism for operation and maintenance and military personnel through the end of fiscal year 2004 suggests that anticipated costs will exceed the supplemental funding provided for the war by about \$12.3 billion for the current fiscal year. The following table shows the shortfall and surplus for each service.

Service Forecasts of GWOT Funding Shortfalls and Surpluses in Operation and Maintenance and Military Personnel Appropriations Accounts as of June 2004

Dollars in billions			
Service	Operation and maintenance	Military personnel	Net total by service
Army	(\$10.2)	\$.8	(\$9.4)
Air Force	(1.5)	.1	(1.4)
Navy	(.9)	(.1)	(1.0)
Marine Corps	(.4)	(.1)	(.5)
Total	(\$13.0)	\$.7	(\$12.3)

Source: Developed by GAO from service data.

Note: Parentheses indicate shortfall. GAO did not audit the data.

DOD and the services are taking a variety of actions to cover anticipated shortfalls in their war-related funding. These actions include taking steps to reduce costs, transferring funds among appropriations accounts, and deferring some planned activities to use those funds to support the war. Also, DOD plans to ask the Congress for additional transfer authority, which would give it sufficient authority to move funds from one service to another and get funds to the operation and maintenance accounts that have the greatest shortfalls. The deferral of activities planned for fiscal year 2004 adds to the requirements that will need to be funded in fiscal year 2005 and potentially later years and could result in a "bow wave" effect in future fiscal years.

GAO's past work has shown that current cost reporting includes large amounts of funds that have been reported as obligated in miscellaneous categories and thus provide little insight on how those funds have been spent. This is likely to result in reduced transparency and accountability to the Congress and the American people. Recent congressional actions have signaled the Congress' intent to require greater accountability regarding the use of GWOT funds. For example, in action on the President's \$25 billion request for an Iraqi Freedom Fund Contingent Emergency Reserve in fiscal year 2005, the House Committee on Appropriations included provisions in its bill for cost reporting related to the use of these funds. But additional actions are necessary.