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ESTIMATED COSTS OF OPERATION DESERT SHIELD

The Congressional Budget Office has prepared estimates of the cost of Operation Desert Shield. CBO estimates that costs in 1990 will be about \$2.2 billion in budget authority and \$1.7 billion in outlays. In 1991, costs would be about \$7.6 billion in budget authority and \$6.3 billion in outlays. However, the scope of the operation is unclear as far as costs are concerned, and all estimates are uncertain.

These estimates are based on the following assumptions. First, CBO assumed that the operation involves deploying about 210,000 people to Saudi Arabia (or to the Middle East more generally). Second, most forces are moved to the region from the United States in fiscal year 1990 and that they do not return until after fiscal year 1991. However, the estimates assume that personnel are rotated every six months. Third, except for Naval forces, operating tempo is little changed and there are no actual hostilities. CBO assumes that fuel prices will exceed baseline estimates by an average of \$10 per barrel in 1990 and \$5 per barrel in 1991. Finally, the estimate does not assume reimbursement from any other country nor does it assume any savings from recent DoD directives aimed at reducing costs not associated with Desert Shield.

Table 1 shows CBO's estimates for Desert Shield's costs in 1990 and 1991. The table categorizes costs as one-time and recurring. Table 2 compares the CBO estimate with the most recent estimate from the DoD. (DoD's estimates of one-time versus recurring costs are not available).

CBO estimates are based on an analysis of the DoD estimates, particularly a division of costs between one-time and recurring for 1990. This division of costs was based on judgments about the nature of costs in each cost category. Once recurring costs for 1990 were estimated, extrapolations were made for 1991.

The largest differences between DoD and CBO estimates occurs in the costs of airlift and sealift in 1991. CBO includes much less than DoD for this category because it assumes that the movement of forces overseas--except for personnel rotations--is practically complete by the end of 1990. CBO was unable to ascertain why under such an assumption costs could be as high as DoD estimates.

The other major difference is in added costs for military construction in 1991. The DoD includes \$1.8 billion for construction of assorted facilities designed for a 24-month life. CBO has no basis for estimating construction costs because it is not clear how long the deployment will last, what type of facilities might be desired, and what construction costs might be.

TABLE 1: ESTIMATED COSTS OF OPERATION DESERT SHIELD
 (Budget authority in millions of dollars)

	1990			1991		
	One-Time	Recurring	Total	One-Time	Recurring	Total
Airlift	484	0	484	48	100	148
Sealift	336	0	336	34	0	34
Other Deployment	250	0	250	0	0	0
Medical	29	1	30	0	8	8
Operating Costs						
Clothing etc.	85	0	85	0	0	0
Op tempo-ship/air	0	175	175	0	1,400	1,400
Reserve Ops-see	0	0	0	0	0	0
Subsistence	0	28	28	0	224	224
Equip Maint.	0	130	130	0	1,040	1,040
Subtotal	85	333	418	0	2,664	2,664
Reserve Call-up	0	168	168	0	2,365	2,365
In-theater Support	80	170	250	0	1,360	1,360
Special Pays	0	7	7	0	85	85
Desert Shield	1,264	679	1,943	82	6,582	6,664
Fuel Costs (all DoD)	0	300	300	0	900	900
Grand Total	1,264	979	2,243	82	7,482	7,564

TABLE 2: COMPARISON OF ESTIMATED COSTS OF OPERATION DESERT SHIELD
(Budget authority in millions of dollars)

Category	1990			1991		
	DoD	CBO	Diff.	DoD	CBO	Diff.
Airlift	484	484	0	2,240	148	-2092
Sealift	336	336	0	1,560	34	-1526
Other Deployment	250	250	0	430	0	-430
Medical	30	30	0	50	8	-42
Operating Costs	565	418	-147	2,520	2,664	144
Reserve Call-up	215	168	-47	2,800	2,365	-435
In-theater Support	295	250	-45	1,800	1,360	-440
Special Pays	25	7	-18	60	85	25
Desert Shield	2,200	1,943	-257	11,460	6,664	-4796
Fuel (all DoD)	300	300	0	1,740	900	-840
Mil. Construction	30	0	-30	1,800	0	-1800
Grand Total	2,530	2,243	-287	15,000	7,564	-7436