



Stimson Study Group On

COUNTERTERRORISM SPENDING:

Protecting America While Promoting
Efficiencies and Accountability

STIMSON

Table of Contents

1..... Foreword	
2..... Study Group Membership	
3..... A Note on Methodology and Scope	
5..... Executive Summary	
7..... Introduction	
9..... A Changing Definition of Counterterrorism	
11..... Calculating U.S. Counterterrorism Spending	
11.....Figure 1: Changing Composition of Counterterrorism Spending	
12.....Figure 2: Total Counterterrorism Spending	
13.....Figure 3: Defense CT Spending and Defense Without CT Spending	
14.....Figure 4: Nondefense CT Spending and Nondefense without CT Spending	
15.....The Budget Control Act and Bipartisan Budget Acts Since 2011	
16.....Figure 5: CT Spending Relationship to OCO, Departmentwide Homeland Security, and State/Foreign Aid	
18..... Homeland Security Spending	
18.....Figure 6: Homeland Security Spending in Key Agencies	
19.....Figure 7: Trends in Homeland Security Spending in Key Agencies	
20.....Figure 8: Trends in Historical Homeland Security Spending by Purpose	
20.....Figure 9: Historical Homeland Security Spending Levels by Purpose	
22..... Emergency and Overseas Contingency Operations Spending	
22.....Figure 10: Total Emergency or OCO-Designated Appropriations for The Defense and State Departments	
23.....Figure 11: Illustrative Split Between War-Related, Enduring Requirements, and Nonwar Funds	
24.....State Department Definition of Counterterrorism Aid	
25..... Foreign Aid Spending	
26.....Figure 12: U.S. Counterterrorism Aid through U.S. Funding Accounts and Initiatives Specifically Created for CT	
27.....Figure 13: Foreign Assistance Obligation in Countries with Heavy CT Component	
28..... Findings and Recommendations	
30..... Appendices	
34..... Acknowledgments	
37..... Endnotes	





FOREWORD

Counterterrorism has been a central pillar of U.S. national security strategy, particularly since the terrorist attacks of September 11, 2001. Yet nearly 17 years later, it remains unclear how much the United States has spent on its counterterrorism efforts. Incomplete data on spending poses a challenge to objective and rigorous assessments of the efficacy and efficiency of U.S. counterterrorism strategy.

In an effort to address this issue, the Stimson Center created a six-member nonpartisan study group to make an initial estimate of U.S. counterterrorism spending and describe its contours, examine gaps in the understanding of counterterrorism spending, and offer recommendations for improving government efforts to account for such spending. Study group members brought rich experience from the government, academia, and the private sector. Over the past year, the study group met and solicited comments and ideas from current and former government officials.

This report looks at current U.S. counterterrorism spending broadly, and seeks to clarify the need for better costing and evaluation of such spending. Ultimately, and in recognition of the fact that the U.S. counterterrorism mission is here to stay, the report offers five recommendations for improving accuracy and transparency.

Brian Finlay
President and CEO

May 2018



STUDY GROUP MEMBERSHIP

The Stimson Study Group on Counterterrorism Spending, directed by Stimson Fellow Laicie Heeley, consisted of these six senior-level participants who have backgrounds from stakeholder constituencies including the U.S. government, academia, and the private sector: ¹

Study Group Members

- **Amy Belasco**, former specialist, defense policy and budget, Congressional Research Service; former analyst, Congressional Budget Office, Office of Management and Budget, and Government Accountability Office.
- **Mackenzie Eaglen**, resident fellow, American Enterprise Institute; former principal defense adviser to Senator Susan Collins (R-ME); former fellow, Department of Defense.
- **Luke Hartig**, executive director, Network Science Initiative, National Journal; fellow, New America; former senior director for counterterrorism, National Security Council.
- **Tina Jonas**, nonresident senior adviser, Center for Strategic and International Studies; former under secretary of defense (comptroller), Department of Defense; former assistant director and chief financial officer, Federal Bureau of Investigation; former deputy undersecretary of defense for financial management, Department of Defense.
- **Mike McCord**, director, Civil-Military Programs, Stennis Center for Public Service; adjunct research staff member, Institute for Defense Analyses; former under secretary of defense (comptroller) and chief financial officer, Department of Defense.
- **John Mueller**, Woody Hayes senior research scientist, Mershon Center for International Security Studies, Ohio State University; senior fellow, Cato Institute.

A NOTE ON METHODOLOGY AND SCOPE

Stimson's study group met in person five times in 2017 to discuss U.S. counterterrorism (CT) spending in the post-9/11 era. To capture CT-related spending from 2002-2017, Stimson's study group relied on the following data sources:

- Office of Management and Budget homeland security reports to Congress that tracked domestic homeland-security-related spending across the U.S. government by programs and activities.
- Department of Defense reports to Congress on war-related emergency and overseas contingency operations (OCO) spending.
- Department of State database for foreign assistance to track aid to countries with a significant presence of al-Qaeda, its affiliates, and ISIS, as well as Iraq.

The group also benefited from discussions with current and former government officials who provided additional background understanding of CT spending and accounting processes. Working with these sources revealed a variety of shortcomings in current data, ranging from definitions that changed over time, shifts in spending classifications (e.g., spending for day-to-day activities that was classified as war-related or OCO), and categories of spending that lacked important detail (e.g., foreign aid that was provided for multiple purposes, sometimes including CT efforts).

In addition, the group determined that the transparency of current data is eroding. For example, the study group relied heavily on the Office of Management and Budget's annual homeland security report to understand domestic homeland security spending in different areas of government, but the report was discontinued in fiscal year 2018. As a result, Stimson's estimation of total CT spending since 9/11 does not include the most recent fiscal year.

The study group concluded that its analysis of current CT spending should include all war-related, OCO, and emergency supplemental spending; all homeland-security-related spending as defined by OMB's homeland security index; and all foreign aid through U.S. funding accounts and initiatives specifically created for CT. However, this calculation is imperfect, as it is subject to problematic definitions and accounting procedures. The study group's estimate does not include a full accounting of all foreign aid that might support the CT mission globally; overstates war-related CT spending in OCO because OCO has increasingly been used to fund base needs; and excludes some additional spending, such as classified spending and spending on dual-use programs in the Department of Defense base. Thus it is likely that the estimate of overall CT spending is imprecise. The problems in compiling accurate figures make it difficult not only to identify the true level of U.S. investment in CT spending, but also to evaluate U.S. priorities in investment for particular CT purposes (e.g., border security vs. emergency preparedness) as well as the potential trade-offs between CT spending and other national priorities.



EXECUTIVE SUMMARY

The United States currently lacks an accurate accounting of how much it has spent on the fight against terrorism. Without accurate data, policymakers will have difficulty evaluating whether the nation spends too much or too little on the counterterrorism (CT) mission, and whether current spending is doing its job effectively or efficiently.

In the summer of 2017, the Stimson Center convened a nonpartisan study group to provide an initial tally of total CT spending since 9/11, to examine gaps in the understanding of CT spending, and to offer recommendations for improving U.S. government efforts to account for these expenditures. Stimson's research suggests that total spending that has been characterized as CT-related – including expenditures for governmentwide homeland security efforts, international programs, and the wars in Afghanistan, Iraq, and Syria – totaled \$2.8 trillion during fiscal years 2002 through 2017. According to the group's research, annual CT spending peaked at \$260 billion in 2008 at the height of the wars in Afghanistan and Iraq. This represents a 16-fold increase over the 2001 total. In 2017, as war funding declined, total CT spending amounted to \$175 billion, nearly an 11-fold increase from the 2001 level.

With this growth, CT spending has become a substantial component of total discretionary spending for programs across a wide range of areas, including defense, education, and medical research. Of \$18 trillion in discretionary spending between fiscal years 2002-2017, CT spending made up nearly 15 percent of the whole.³ At its peak in 2008, CT spending amounted to 22 percent of total discretionary spending. By 2017, CT spending had fallen to 14 percent of the total. Despite this drop, the study group found no indication that CT spending is likely to continue to decline.

At the same time, budgetary caps enacted in 2011 in the Budget Control Act (BCA) have created an attractive fiscal loophole by placing new pressures on spending while exempting spending characterized as emergency or war spending, also known as overseas contingency operations (OCO). In recent years, billions of dollars in spending unrelated to the wars has been characterized as OCO in order to exempt it from the BCA caps. This practice makes it more difficult to identify spending that is truly dedicated to CT and to evaluate potential trade-offs.

The Stimson study group found a variety of weaknesses in definitions, tracking, and consistencies that limit accuracy and contribute to a lack of transparency regarding the current data on CT spending. These weaknesses make it difficult to evaluate whether CT spending has been effective at enhancing security at home or overseas. The study group's recommendations are designed to improve the accuracy of tracking CT spending and to provide greater clarity for budget planning for future CT programs.

The study group concluded that a broader set of parameters is urgently needed in order to make the full federal investment in CT more transparent, to identify gaps and trade-offs, and to permit more useful evaluations of the effectiveness and efficiency of that spending.

1. **Create a clear and transparent counterterrorism funding report.** Congress should reinstate and expand the statutory requirement that the Office of Management and Budget (OMB) compile data and analyze governmentwide U.S. homeland security spending in its annual budget request. OMB should provide metrics that show Congress and the public the scope of counterterrorism spending relative to total discretionary spending and total spending, including mandatory spending.
2. **Adopt a detailed agencywide definition for counterterrorism spending.** OMB and Congress should develop, adopt, and enforce a clear, usable set of criteria to define counterterrorism spending, including programs with the primary purpose of preventing, mitigating, or responding to terrorist attacks in the United States or overseas. This definition may be tailored to individual agency missions as long as agencies show how any counterterrorism spending addresses a credible threat to the United States.

3. **Build on current accounting structures to anticipate future budget pressures.** OMB should work with agencies to build on the current accounting structure to distinguish counterterrorism spending at the program, activity, and project levels, identifying ongoing vs. incremental emergency needs.
4. **Tie the definition of war spending to specific activities.** OMB and Congress should develop and implement clear criteria for terrorism-related spending through overseas contingency operations and other emergency authorities. This should include the cost of deploying U.S. troops to conflict zones; countering terrorist groups through military, diplomatic, or other operations; training foreign militaries; and conducting emergency military response activities within the United States that have a counterterrorism focus. Overseas contingency operations should be limited to such spending.
5. **Require Congress to separately approve emergency or wartime spending.** Congress should pass new legislation that requires it to vote separately to approve spending that is designated as war-related emergency or wartime overseas contingency operations spending before those funds can be obligated.



INTRODUCTION

Sixteen years after the terrorist attacks of September 11, 2001, the United States does not have a fully accurate measure of how much it is spending on the fight against terrorism. Without a better measure, policymakers and the American public will have difficulty evaluating whether the nation spends too much, too little, or the right amount on the counterterrorism (CT) mission. Currently, policymakers cannot assess whether current spending on CT operations is focused on the most serious threats, nor can they accurately evaluate the efficacy of the spending. Former Secretary of Defense Donald Rumsfeld once lamented, “Our cost is billions against the terrorists’ costs of millions,” and perhaps the CT effort often demands outspending terrorist enemies.⁴ Yet without adequate data, the most productive level of this spending – and the distribution among U.S. strategic spending priorities – will remain unclear.

Since the 1970s, U.S. CT operations have evolved in response to new threats. Nevertheless, the 9/11 attacks profoundly influenced the ways in which the United States combats, confronts, prevents, and prepares for terrorism, and deeply altered CT efforts more broadly. After 2001, government officials expanded efforts under the framework of a “global war on terror,” and increased the resources used to counter those threats. U.S. government CT spending rose sharply, focused on homeland security, the wars in Afghanistan and Iraq and later Syria, and smaller military operations elsewhere. As a result, foreign aid efforts in Afghanistan, Iraq, and other countries also expanded.

In the summer of 2017, the Stimson Center convened a nonpartisan study group to assess the adequacy and transparency of federal efforts to gather and report data on governmentwide spending on CT. Stimson’s research shows that total federal spending – including spending for governmentwide homeland security efforts, international programs, and the wars in Afghanistan, Iraq, and Syria – totaled \$2.8 trillion for fiscal years 2002 through 2017. CT spending peaked at \$260 billion in 2008 at the height of the wars in Afghanistan and Iraq. This represents a 16-fold increase over the pre-9/11 total. In 2017, as war funding declined, total CT spending equaled \$175 billion, nearly an 11-fold increase from the 2001 level. With this growth, CT spending has become a substantial component of total discretionary spending for programs across a wide range of areas, including defense, education, and medical research. With total U.S. discretionary spending of more than \$18 trillion over fiscal years 2002-2017, CT spending made up 15 percent of the total during that period.⁵ At its peak in 2008, CT spending amounted to almost 22 percent of total discretionary spending. By 2017, CT spending had fallen to 14 percent of the total.

Since September 11, 2001, terrorist attacks by Muslim extremists or jihadis have killed 100 people in the United States, or about six per year.⁶ In comparison, the opioid fentanyl was responsible for more than 20,000 deaths in the United States during 2016 alone.⁷ Some analysts conclude that spending \$2.8 trillion to counter a terrorism threat that has resulted in comparatively few fatalities is a waste of increasingly scarce government resources that are better spent elsewhere. Others may contend that terrorism’s impact is more psychological than physical, or that the low fatality count from terrorism and the lack of another 9/11-scale attack are indicators of successful preventive campaigns thanks to ample government funding. While the Stimson study group does not take a stance in this debate, it does conclude that arguing either case successfully – that is, determining whether CT expenditures have generated enough benefit to justify their cost – is difficult without accurate information about CT spending.

The study group encountered a variety of obstacles to developing an accurate count of CT spending, ranging from inconsistencies in the definitions of terms to discrepancies in data, leading the group to conclude that the current data is both incomplete and inadequately transparent.

Furthermore, current policy regarding the collection and dissemination of budgetary information precludes adequate analysis. For example, one factor that complicates the collection of accurate CT spending is the occasional practice of shifting existing funding to a CT category designation even when the funding is not clearly related to CT (which occurs because CT is a clear policy priority). This practice has been tacitly encouraged by OMB’s reliance on agencies with homeland security programs to interpret vague guidance on CT spending, which also contributes to conflicting and sometimes inaccurate definitions and practices.

Definitions of what constitutes war spending, and the rationale for those conflicts, have also changed significantly over time, and shifts in military tactics and strategy have had substantial impacts on overall costs and resource requirements. The United States launched the war in Afghanistan to defeat al-Qaeda as well as the Taliban government that harbored it. The United States attacked Iraq on the basis of weapons of mass destruction, with administration officials arguing for swift action, partly in response to what they believed were the elevated stakes after the 9/11. As the Afghanistan war dragged on and the Iraq war morphed into an increasingly complicated insurgency with a range of militant groups, including al-Qaeda, joining in the fight, both missions came to be included under an ill-defined “global war on terror.” Over time, conflicts that early on had focused on targeting and defeating terrorist groups eventually morphed into much broader counterinsurgency campaigns.

Stimson’s research produced the following four key findings.

1. **Total counterterrorism-related spending from 2002-2017 came to \$2.8 trillion.** Because of shifts in definitions and inconsistencies in data, however, the study group’s estimate is likely imprecise, and could be either an overstatement or an understatement.
2. **A clear governmentwide definition of U.S. counterterrorism spending does not exist.** Shifts in the definition of CT over the past 16 years make tracking difficult.
3. **Counterterrorism spending has risen as a share of total spending.** Based on the figures available, CT spending’s share of total discretionary spending has increased from less than 2 percent in 2001 to 22 percent at its peak in 2008, declining to just under 15 percent in 2017.
4. **An accurate evaluation of total and programmatic counterterrorism spending requires a reinstatement of governmentwide tracking by OMB, clarity of terms and definitions used, and more rigorous control of what should and should not be included in the CT budget.** This evaluation is necessary for the United States to make important trade-offs, both between specific CT programs and between CT and other needs.

The study group’s report examines the current CT budget and provides pragmatic recommendations to help foster a deeper understanding and analysis of the U.S. approach to CT. This report will assist Congress, the administration, and other relevant stakeholders in taking meaningful action to support stronger transparency and evaluation of CT spending. The study group’s intent is not to make it harder for agencies to perform this important mission, but rather to promote transparency and accountability. Taking these actions will help to ensure that CT spending is targeted toward programs that are most effective in confronting the terrorist threat, under both current and future budgetary constraints.

This report does not provide performance evaluations or priority recommendations for policy. A next step from this report should be a full evaluation of CT spending that focuses on lessons learned from past programs and experiences, and explores priorities and trade-offs between the various roles played by agencies and CT missions.

A CHANGING DEFINITION OF COUNTERTERRORISM

Over the past 16 years, the strategic goals of U.S. government CT efforts have evolved, and the changes may represent the biggest challenge to efforts to accurately calculate total government CT spending. As funds have shifted in response to presidential priorities, many activities, including those that do not reflect an attempt to counter terrorist threats, have come to be characterized as “counterterrorism.” This section describes the evolution of war-related definitions and strategy since FY 2001 to illustrate the difficulty in defining CT operations. The definitions used for tracking these funds have also shifted over time, and agencies’ interpretations of these shifts have sometimes placed emphasis on their own missions, which further complicates consistent budget tracking.

Bush Administration Counterterrorism Strategy, Fiscal Years 2001–2008

Shortly after the 9/11 attacks, President George W. Bush described terrorism as a “worldwide problem,” arguing that counterterrorism efforts must be focused on “60 or more” countries despite the fact that the 9/11 attacks originated from terrorists located in Afghanistan.⁸

Bush’s national security strategy in 2002 and 2003 broadly defined the terrorist threat and called for both opposing the proliferation of weapons of mass destruction (a goal that predated the 9/11 attacks) and confronting regimes that sponsor terror. The goals were ambitious: not only to deny “sponsorship, support, and sanctuary to terrorists,” but also to diminish “*the underlying conditions* [emphasis added] that terrorists seek to exploit.”⁹ (For more detail, see Figure A1 in the Appendices.)

In September 2002, when the Bush administration was preparing its case to invade Iraq, the national strategy called for focusing on “any terrorist or state sponsor of terrorism which attempts to gain or use weapons of mass destruction ... or their precursors.”¹⁰

Six months later, in February 2003, shortly before the Iraq invasion, the national strategy for combating terrorism reiterated the need to “defeat terrorists and their organizations; deny sponsorship, support, and sanctuary to terrorists; diminish the underlying conditions that terrorists seek to exploit; and defend U.S. citizens and interests at home and abroad.”¹¹

These goals were to be carried out with substantial U.S. resources for both the Defense and State departments, as emergency war-related spending and, later, overseas contingency operations (OCO) spending increased from \$36 billion in 2002 to \$123 billion in 2006.¹² Goals cited in the strategy were broad and undefined, such as “destroy terrorists and their organizations ... end the state sponsorship of terrorism ... [and] win the War of Ideas.”

In 2006, the national strategy for combating terrorism placed a new emphasis on fighting counterterrorism through broad political reforms as well as military operations, a strategy referred to as counterinsurgency (for more detail, see Figure A1 in the Appendices), which included the following actions.

- Advance effective democracies as the long-term antidote to the ideology of terrorism.
- Lay the foundations and build the institutions and structures we need to carry the fight forward against terror and help ensure our ultimate success.
- Prevent attacks by terrorist networks.
- Deny weapons of mass destruction to rogue states and terrorist allies who seek to use them.
- Deny terrorists the support and sanctuary of rogue states.
- Deny terrorists control of any nation they would use as a base and launching pad for terror.¹³

Bush’s 2006 priorities were reflected in a substantial increase in Department of Defense war spending in subsequent years and the large numbers of U.S. ground troops deployed in Iraq and Afghanistan. The Bush agenda was to be “a long-term strategy and a break with old patterns,” and stated that the “advance of freedom and human dignity through democracy is



the long-term solution to the transnational terrorism of today.”¹⁴ As part of this strategy, CT spending for the OCO of the Department of State/U.S. Agency for International Development (USAID) also grew.

Obama Administration Counterterrorism Strategy, Fiscal Years 2009–2016

By May 2010, President Obama’s 2010 national security strategy narrowed the goals of CT and called for “waging a global campaign *against al-Qaeda and its terrorist affiliates* [emphasis added].”¹⁵ This approach aimed to “[protect] our homeland, [secure] the world’s most dangerous weapons and material, [deny] al-Qaeda safe haven, and [build] positive partnerships with Muslim communities around the world.”¹⁶

Instead of defining the enemy as one that existed in more than 60 countries, the Obama administration distanced itself from Bush’s “global war on terror.” The 2010 national security strategy stated, “This is not a global war against a tactic – terrorism[,] or a religion – Islam. We are at war with a specific network, al-Qaeda, and its terrorist affiliates who support efforts to attack the United States, our allies, and partners.”¹⁷ The 2011 national strategy for counterterrorism supported this approach, recognizing that “the principal focus of this counterterrorism strategy is the network that poses the most direct and significant threat to the United States – al-Qaeda, its affiliates and its adherents.”¹⁸

The 2010 national security strategy also broadened the U.S. focus on CT tools, calling for a “whole of government” approach where “success requires a broad, sustained, and integrated campaign that judiciously applies *every tool of American power – both military and civilian* [emphasis added],” and emphasizing the role of allies by relying on “the concerted efforts of like-minded states and multilateral institutions. We will always seek to delegitimize the use of terrorism and to isolate those who carry it out.”¹⁹

In the 2015 national security strategy, the Obama administration announced a shift from “a model of fighting costly, large-scale ground wars in Iraq and Afghanistan” to “a more sustainable approach that *prioritizes targeted counterterrorism operations, collective action with responsible partners, and increased efforts to prevent the growth of violent extremism* [emphasis added] and radicalization that drives increased threats.”²⁰ (for more detail, see Figure A1 in the Appendices). This new strategy was implemented by shifting the U.S. approach away from large numbers of combat troops to the deployment of 10,000 troops dedicated to “advise, assist, and support” local forces.

CALCULATING U.S. COUNTERTERRORISM SPENDING

Based on publicly available data from U.S. government sources, including the Department of Defense (DOD), the Department of State, and the Office of Management and Budget, Stimson’s study group estimates that U.S. counterterrorism spending totaled \$2.8 trillion from fiscal years 2002 through 2017. As this report will make clear, Stimson’s estimate of CT-related U.S. spending from 2002-2017 does not include foreign contributions to counterterrorism; state and local investments in counterterrorism; some dual-use programs and spending, such as drones, included in the DOD base; economic losses and secondary effects associated with the long-term cost of counterterrorism operations and homeland security; and classified CT spending. Notwithstanding these caveats and additional considerations, Stimson’s study group believes that this estimate reflects measurable direct government spending.

Of the \$2.8 trillion in U.S. CT spending, homeland security spending totaled \$979 billion or 35 percent, emergency and OCO spending at DOD totaled \$1.7 trillion or 60 percent, war-related spending at State/USAID totaled \$138 billion or 5 percent, and non-OCO CT foreign aid totaled \$11 billion or less than half a percent (see Figure 1).

Before the buildup in war spending, CT spending was split almost evenly between DOD and the Department of Homeland Security (DHS) at nearly 51 and nearly 48 percent, respectively, with war-related and other foreign aid at just under 2 percent. At the spending peak in 2008, homeland security spending made up \$65 billion or 25 percent of the total, DOD OCO and emergency spending made up \$189 billion or 73 percent, and war-related and other foreign aid made up \$5 billion or just over 2 percent. By 2017, those shares had shifted, with homeland security up to 40 percent, DOD OCO and emergency spending down to 47 percent, and war-related and other foreign aid at over 12 percent.

Figure 1: Changing Composition of Counterterrorism Spending

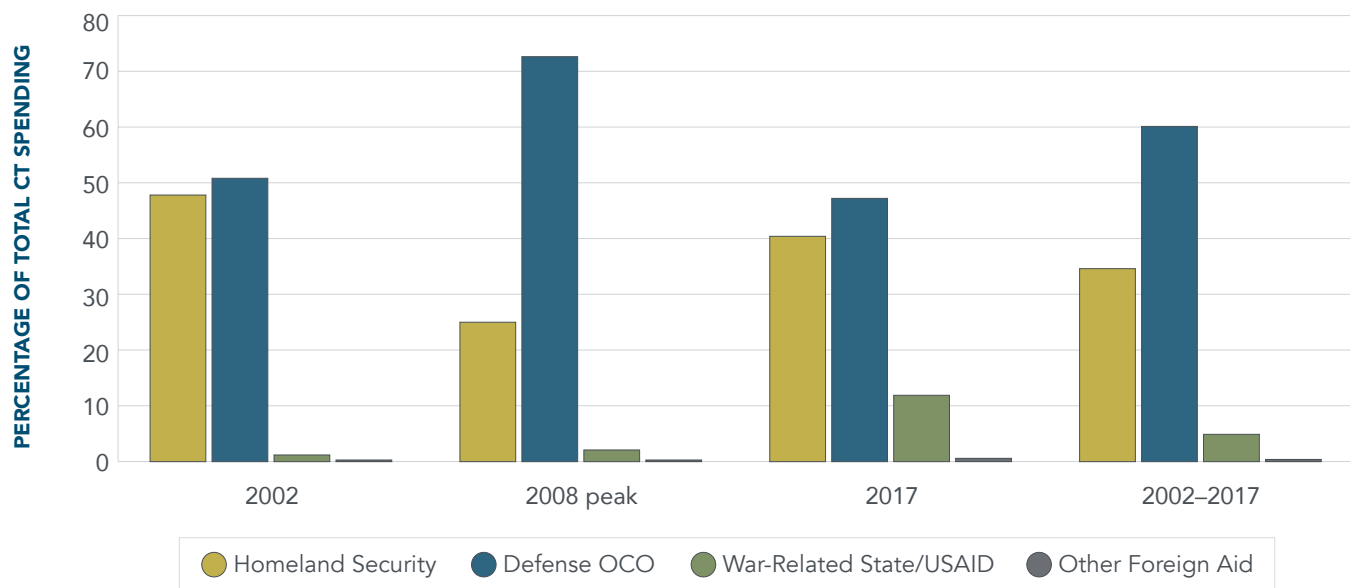


Figure 2 details trends in CT spending over four major categories: governmentwide homeland security spending, which is distributed to DHS as well as across many other agencies; DOD spending designated as emergency or OCO; State Department spending designated as emergency or OCO; and foreign aid through U.S. funding accounts and initiatives specifically created for CT. Homeland security spending grows rapidly in the early years after the 9/11 attacks, peaking in 2009 and then dropping to roughly between \$60 billion and \$70 billion a year. DOD spending follows the course of the two wars – peaking in 2008 with high levels of deployed troops.

Shifts in Overall Discretionary and Counterterrorism Spending

In the 16 years that have followed the 9/11 attacks, the United States has spent some \$1.8 trillion on the wars in Afghanistan, Iraq, and Syria, and other CT operations, and an additional \$1 trillion on homeland security and other foreign aid. This spending is part of overall discretionary spending that is appropriated annually, and so is subject to budget limits in annual budget resolutions. Since 2011, however, discretionary spending has been subject to separate limits in the form of caps for defense and nondefense spending that are enforced with across-the-board cuts (also known as a sequester) if the caps are not met each year.

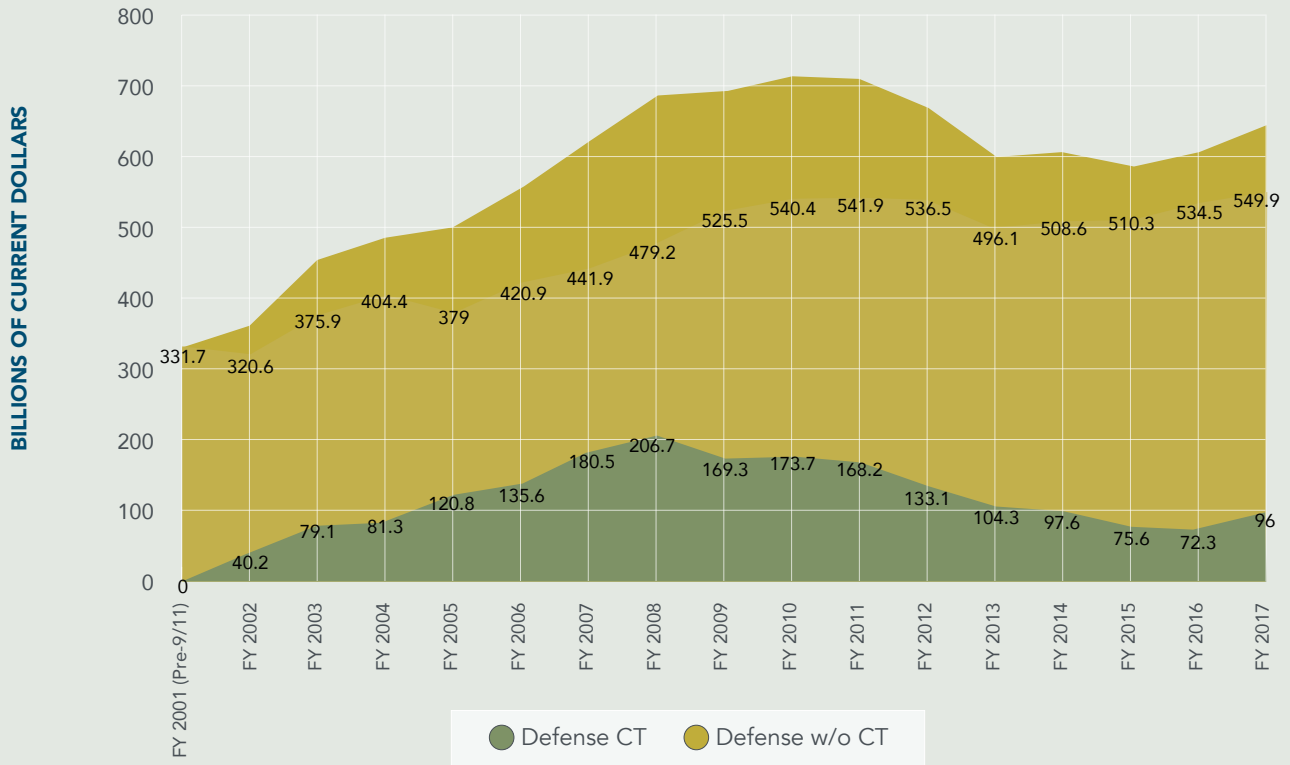
While both discretionary and CT spending have risen rapidly since 9/11, CT spending has risen more sharply. At the 2008 peak, CT spending had increased 277 percent – primarily because of the wars – while overall discretionary spending had grown by 116 percent since 2002. By 2017, CT spending had increased by 154 percent since 2002, whereas overall discretionary spending had increased by 102 percent.

As Figure 3 illustrates, defense CT spending and other defense spending generally rise and fall in parallel. The growth in CT spending was sharper than in overall defense spending in only one year, FY 2007.

Figure 2: Total Counterterrorism Spending, Fiscal Years 2002–2017
(in billions of current dollars)

	FY 2001 (Pre-9/11)	FY 2002 ²¹	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Governmentwide Homeland Security Budget Authority	15.9	32.9	42.4	40.7	54.3	54.3	60.6	65
Defense Emergency and Overseas Contingency Operations	0	35	70.7	74.3	103.6	118.4	164	188.7
War-Related State/USAID	0	0.8	3.8	21.7	4.8	4.9	5	5.4
Other Foreign Aid ²²	0.1	0.2	0.4	0.4	0.3	0.3	0.7	0.7
TOTAL CT SPENDING	16	68.9	117.3	137.1	163	177.9	230.3	259.8

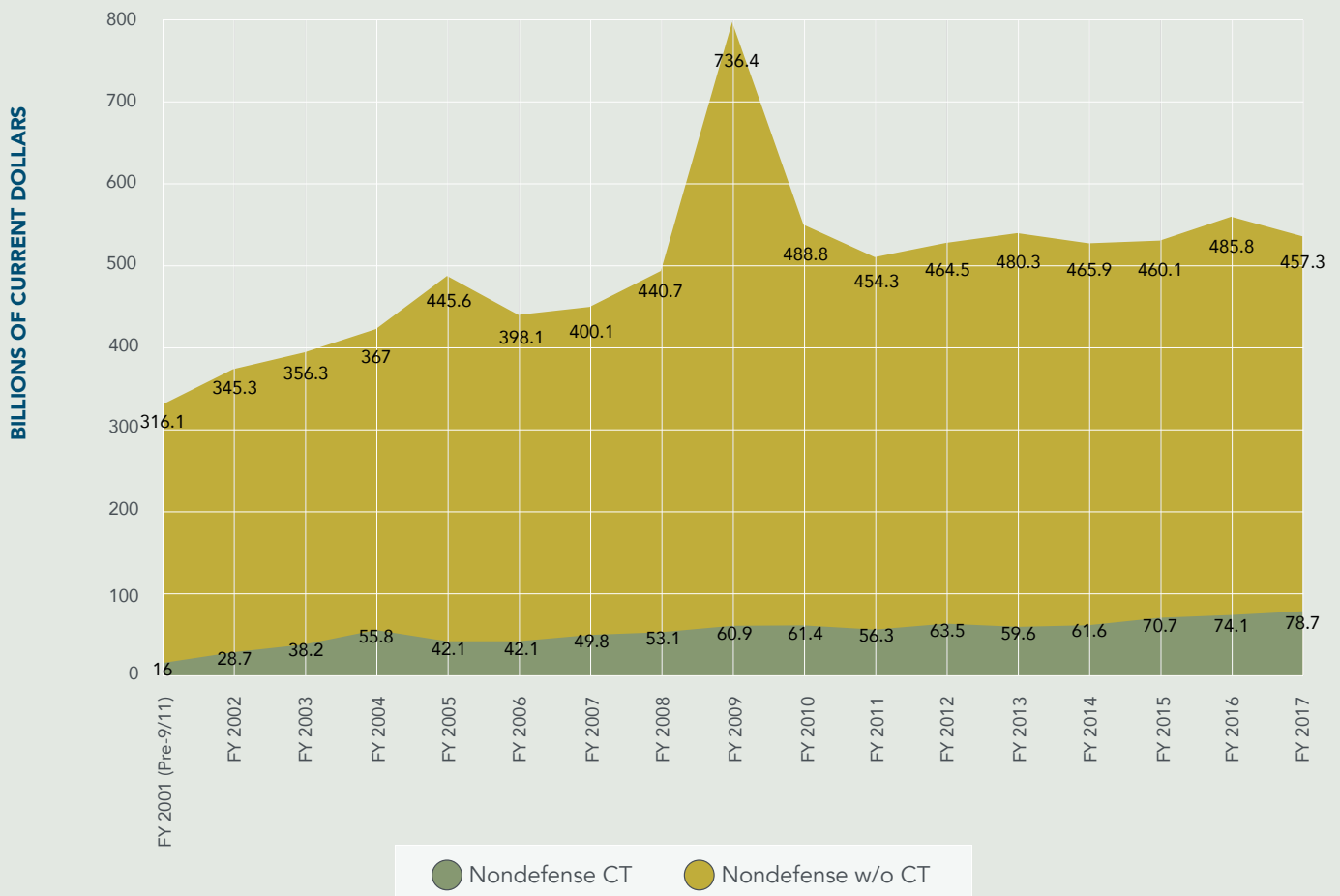
Figure 3: Defense CT Spending and Defense Without CT Spending, Fiscal Years 2001–2017



FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL SPENDING FY 2002–FY 2017
74	70.5	67	68.6	66.3	66.7	72.9	71.7	70.5	978.5
149.8	154.6	151.2	115.3	87.5	85.4	63	58.6	82.4	1702.5
5.4	8.9	5.4	11.5	9.2	6	9.2	14.9	20.8	137.7
1	1	0.9	1.2	0.9	1.1	1.2	1.2	1	12.4
230.2	235	224.5	196.6	163.9	159.2	146.3	146.4	174.7	2831.1

Figure 4 shows that nondefense CT spending has remained stable in some years, such as FY 2006, when nondefense spending fell. The sharp rise in other nondefense funding in FY 2009 reflects the passage of the American Recovery and Reinvestment Act, designed to offset the effects of the 2008 recession by increasing government spending.

Figure 4: Nondefense CT Spending and Nondefense Without CT Spending, Fiscal Years 2001–2017



Since the enactment of the Budget Control Act of 2011, discretionary spending has been limited by separate caps for defense and nondefense spending. However, the law exempts spending designated for emergencies and OCO from the caps, and thus Congress and presidential administrations have been able to avoid some budget constraints, particularly in war spending by the Defense and State departments, by utilizing that exemption. Congress has also avoided budget competition for resources by raising the caps themselves, but only for the immediate budget year and one year thereafter.

THE BUDGET CONTROL ACT AND BIPARTISAN BUDGET ACTS SINCE 2011

2011 Budget Control Act (BCA)

- Set upper limits on defense and domestic spending through FY 2021. Also put in place a process of automatic across-the-board spending cuts (known as a sequester) that are enacted if appropriators do not adhere to the budget caps.
- War spending, known as overseas contingency operations or OCO, was exempted from the BCA's budget caps, and thus this category has been used as a loophole. In recent years, both Congress and the Obama administration have opted to assign an OCO designation to large amounts of spending for day-to-day base budget activities in order to avoid breaching budget caps and triggering a sequester.
- With a migration of base budget spending to the category of OCO, war and international spending designated as OCO no longer solely reflects responses to CT threats. As such, some critics have come to consider all OCO spending as a slush fund, undermining the credibility of OMB's CT spending.²³

2013 Bipartisan Budget Act

- Increased the discretionary spending caps established by the BCA by \$45 billion in FY 2014 and \$18 billion in FY 2015, split evenly between defense and nondefense programs.

2015 Bipartisan Budget Act

- Increased the discretionary spending caps established by the BCA by \$50 billion in FY 2016 and \$30 billion in FY 2017, split evenly between defense and nondefense programs.
- This act further set OCO guidance for appropriators, setting target OCO funding at \$74 billion in FY 2016 and FY 2017, with \$59 billion allocated to defense programs and \$15 billion to nondefense programs – which exceeded known Defense and State department OCO requirements. The allocation resulted in a large increase to overall State and Defense OCO funds, which those departments used to shift base spending to OCO spending.

2018 Bipartisan Budget Act (passed in February)

- Raised the defense discretionary spending cap by \$80 billion in FY 2018 and \$85 billion in FY 2019, and the nondefense domestic discretionary spending cap by \$63 billion in FY 2018 and \$68 billion in FY 2019.

Figure 5: CT Spending Relationship to Defense OCO, Governmentwide Homeland Security, and State OCO/Foreign Aid.



Additional grey space represents those funds not included in Stimson's estimate, such as the bulk of classified CT spending.

One example of change brought on by the exemptions is evident in DOD's nonwar spending characterized as OCO, which grew from \$10 billion to \$18 billion between fiscal years 2014 and 2017. Shifting existing spending allowed OCO to grow more rapidly than would otherwise have been expected.

The growing use of this loophole strengthens the argument for a clear, transparent, and rigorously enforced definition of both CT and OCO spending, as accuracy in the accounting of OCO spending is essential to achieving accuracy in the accounting of CT spending. The overlapping relationship between OCO and CT spending, as illustrated in Figure 5, demonstrates the need for better definitions on both fronts in order to achieve transparency and accountability overall.

Challenges in Tracking Counterterrorism Spending

While this report provides a general outline of CT spending over the past 16 years, it is likely that the general outline encompasses some unrelated spending and excludes some CT spending that has not heretofore been classified as such. A more accurate definition of CT spending would facilitate more accurate tracking, which would be useful to policymakers in answering questions about the efficacy of CT spending and whether resources dedicated to particular programs are insufficient, adequate, or potentially excessive.

Challenges encountered in tracking CT spending include how to allocate spending for dual-use programs that contribute to other missions, how to account for large amounts of classified CT spending, and how to capture the sometimes-intangible secondary costs of terrorist attacks.

Dual-Use Spending

Dual-use programs serve a range of missions and include weapons systems like drones, missiles launched by aircraft on ships that respond to both terrorist and conventional threats, and international narcotics development programs that fulfill multiple goals. Costs that should almost certainly be included in total CT spending include a sizable portion of base budget Special Operations Command (SOCOM) spending – approximately \$8 billion annually – as well as spending on SOCOM weaponry, which is often purchased via the armed services' procurement budgets, where only a portion of funds specifically go toward SOCOM procurement. At the programmatic level, the base budget components of these costs are used for both CT missions and other missions, and thus how to classify and allocate such costs further complicates what should be counted as CT spending.

Classified Spending

A portion of wartime national intelligence spending for the wars in Iraq and Afghanistan is publicly available in the OCO budget – approximately \$5 billion annually – but it is likely that some of the additional \$75 billion that finances worldwide intelligence operations is dedicated to CT activities.²⁴ An unclassified breakdown of that intelligence spending is not available, obscuring a clear accounting of the cost of CT efforts.

Secondary Costs

Some of the secondary and/or indirect costs of terrorism are difficult and, in some cases, impossible to measure. For example, these might include the costs of passenger delays caused by airport screening; the costs of other crimes facilitated by the focus of the police and the FBI on terrorism; the costs of additional expenditures by the U.S. Postal Service to address the effects of 9/11 and the anthrax letters mailed in 2001; the extra fuel costs for airlines because of the weight of hardened (i.e., heavier) cockpit doors; the costs of free airline seats for federal air marshals paid for by the airlines; the costs of passenger delays and

inconveniences caused by false-positive identification on the Transportation Security Administration’s no-fly list; and the costs resulting from Hurricane Katrina that might have been mitigated if DHS had more capacity to respond to the event. Other CT-related secondary costs not included in Stimson’s estimate are the full costs of long-term medical and rehabilitation expenditures for wounded veterans, as well as the costs associated with property destruction and the loss of hundreds of thousands of lives in the Middle East; these could reasonably be said to total many additional billions of dollars.

Inconsistencies

While some CT spending cannot be captured, and tracking CT spending can be complicated by changes in circumstances and the strategies adopted by different presidential administrations, inconsistencies in current data also complicate tracking and evaluation.

For example, OMB’s homeland security database tracked nonwar homeland security spending in all departments across the U.S. government until FY 2018. OMB also tracked and reported on overseas spending until FY 2004, however, in 2002, Section 889 of the Homeland Security Act repealed the statutory requirement that drove the report on overseas activities, and narrowed the reporting requirement to only include a cross-cutting analysis of homeland security spending across the government. The legislative language noted that:

In this paragraph, consistent with the Office of Management and Budget’s June 2002 “Annual Report to Congress on Combating Terrorism,” the term “homeland security” refers to those activities that detect, deter, protect against, and respond to terrorist attacks occurring within the United States and its territories.²⁵

The first analysis based on this definition accompanied the FY 2005 budget request, and no longer included reporting on “overseas combating terrorism.” The last such analysis accompanied the FY 2017 budget request, as Public Law 115-31 included language that converted this requirement for a report on homeland security spending across the federal government to a report on cybersecurity spending across the federal government.

A second method for tracking and reporting CT spending was created as part of the National Implementation Plan for the War on Terror and coordinated by the National Counterterrorism Center under the Intelligence Reform and Terrorism Prevention Act of 2004.²⁶ The exercise included a budget element, but the database in which that information is stored is itself classified.

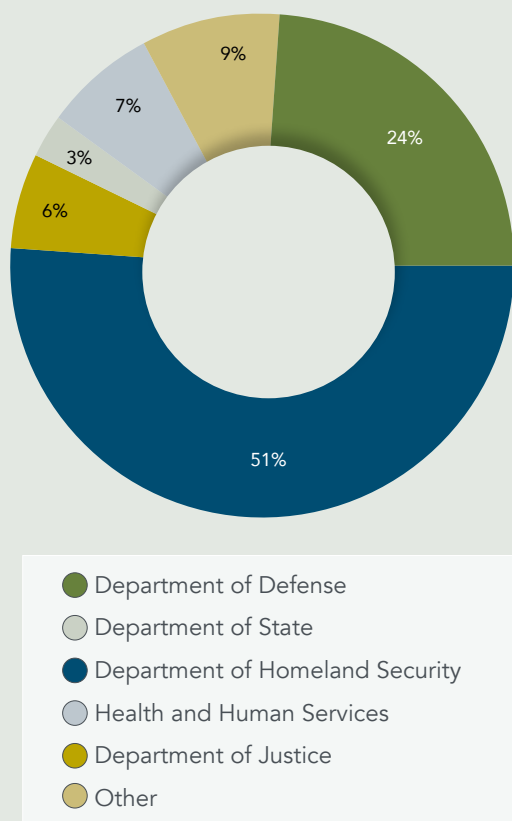


HOMELAND SECURITY SPENDING

While the United States invested in homeland security prior to 2001, that mission changed dramatically after the 9/11 attacks. According to an estimate from the Congressional Budget Office, U.S. spending on governmentwide homeland security totaled \$15.9 billion in 2001 before the terrorist attacks. By 2002, that funding had more than doubled to \$33 billion, and peaked at \$74 billion in 2009. For several years afterward funding fell to roughly \$67 billion annually, but then crept up again. In FY 2017, total homeland security spending was approximately \$71 billion.

One indication of the priority placed on nonwar CT spending in the wake of 9/11 was the creation of the Department of Homeland Security itself. In 2003, OMB estimated that the United States transferred \$38.3 billion and 181,875 full-time-equivalent employees from 10 legacy agencies to DHS. Much – but not all – of DHS spending addresses terrorist threats. Furthermore, funding for homeland security is not confined to DHS. OMB’s annual homeland security report (discontinued in 2018) shows homeland security spending in nearly every agency across the government. It is concentrated primarily in five agencies – Homeland Security, Defense, State, Health and Human Services, and Justice – which together spent 91 percent of a total \$978.5 billion in homeland security spending from fiscal years 2002-2017 (see Figure 6).

Figure 6: Homeland Security Spending in Key Agencies, Fiscal Years 2002–2017



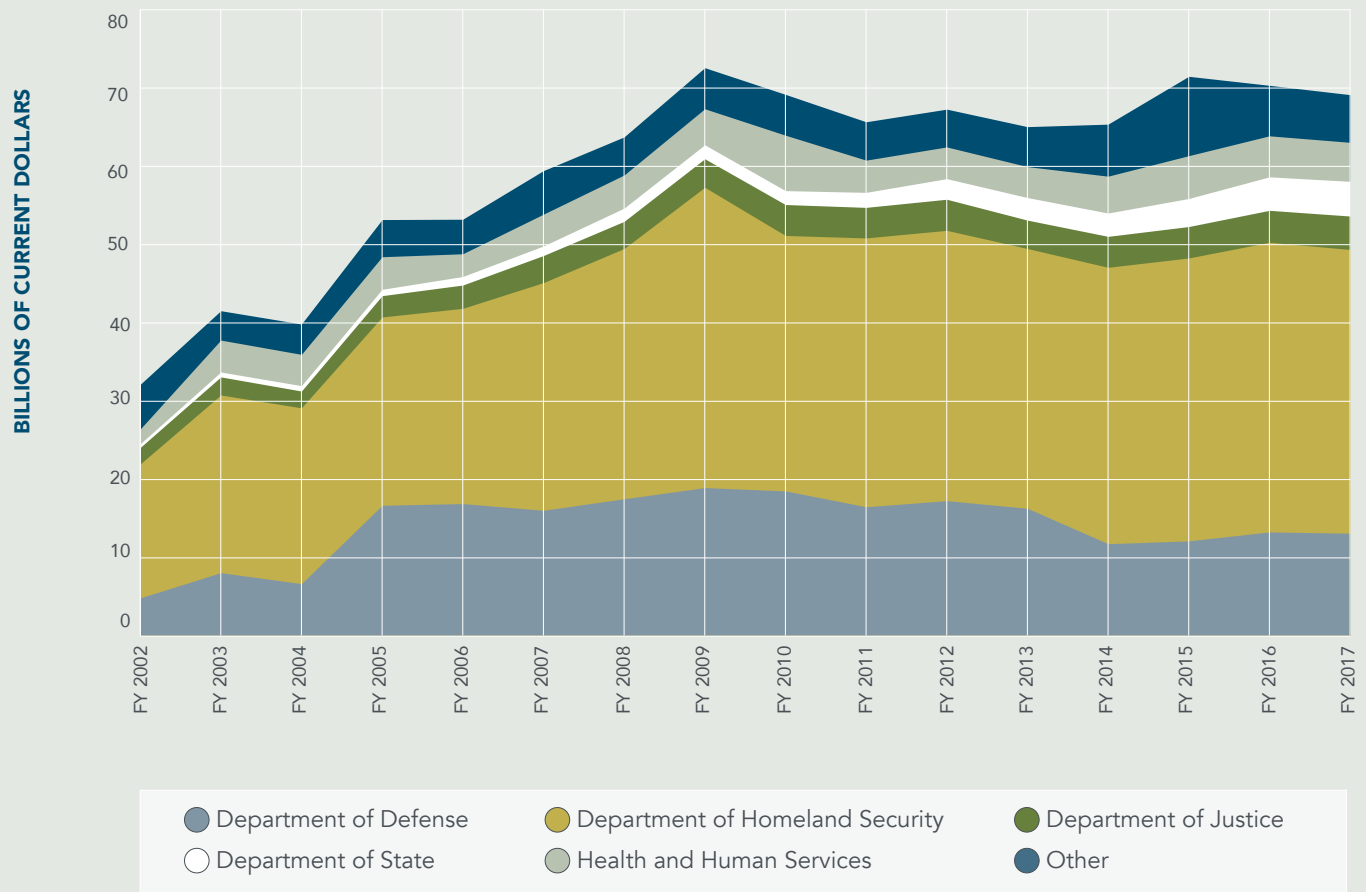
Of the total spending, DHS accounts for some \$498 billion, or 51 percent, since 9/11. Two-thirds of DHS spending has gone toward aviation and border security. The State Department also invested almost all of its \$33 billion in aviation and border security.

Other large investments in homeland security over the past 15 years (post-9/11) occurred at the Department of Defense, totaling \$232 billion, or 24 percent of the total. This investment was mostly concentrated (80 percent) on the protection of critical infrastructure, covering the department’s many military bases and installations.

Two other agencies accounted for significant shares of homeland security spending: the Department of Health and Human Services (HHS) used \$71 billion, or 7 percent, of the total, and the Justice Department used \$56 billion, or 6 percent. HHS invested primarily in defending against catastrophic threats and emergency preparedness. The Justice Department spending focused on domestic counterterrorism – tracking, law enforcement, and investigative activities.

In 2002, Congress defined homeland security counterterrorism as “...[T]hose activities that detect, deter, protect against, and respond to terrorist attacks occurring within the United States and its territories.”²⁷ In its tracking of these activities, however, OMB left it up to each agency to decide which programs qualified under this definition. As such, the trends outlined in OMB’s report are subject to variable reporting and, in some cases, bureaucratic inertia. This can be seen in the tendency of some agencies’ budgets, and some categories of spending, to rise and fall with overall spending (see Figure 7).

Figure 7: Trends in Homeland Security Spending in Key Agencies, Fiscal Years 2002–2017



OMB allocates spending across these six major categories:

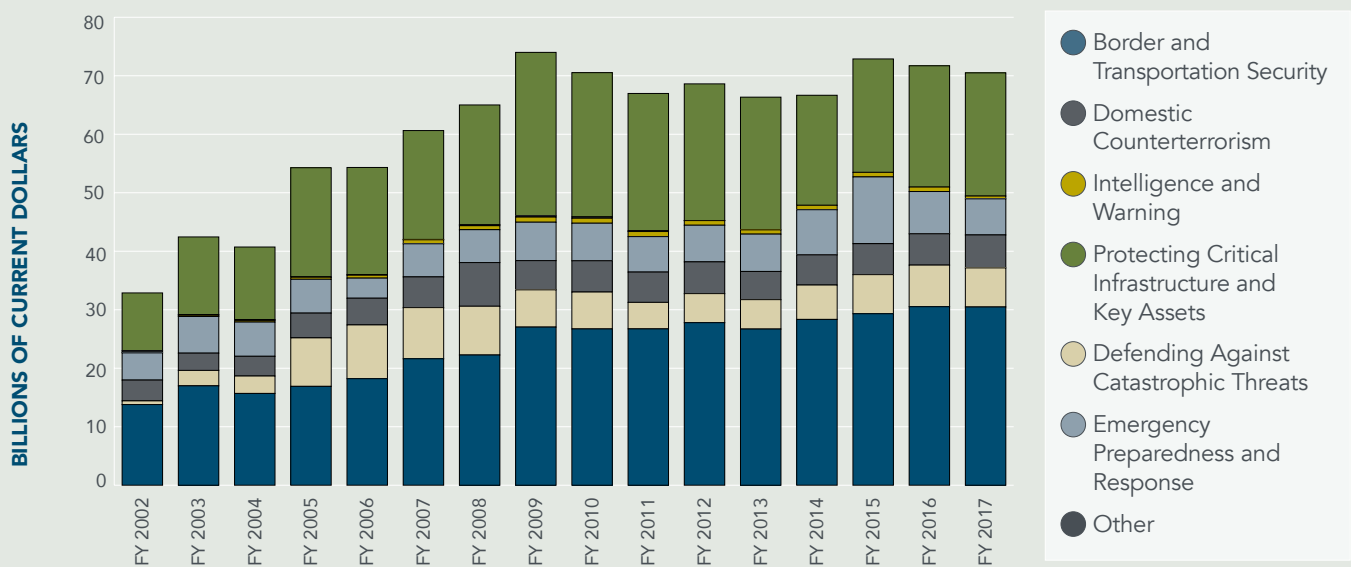
- Border and Transportation Security
- Defending Against Catastrophic Threats
- Domestic Counterterrorism
- Emergency Preparedness and Response
- Intelligence and Warning
- Protecting Critical Infrastructure and Key Assets

Although governmentwide homeland security spending more than doubled between fiscal years 2002 and 2017, increases were greater in some categories than others. The most significant growth in dollar terms was spending for border and transportation security and protecting critical infrastructure, both of which more than doubled over the period. Other categories, such as defending against catastrophic threats and intelligence and warning, rose sharply but in smaller increments (see Figure 8).

Figure 8: Trends in Historical Homeland Security Spending by Purpose, Fiscal Years 2002–2017
(in billions of current dollars)

PURPOSE OF SPENDING	Total FY 2002–FY 2017	Percent Change FY 2002–FY 2017	Total Shares	2002 Share	2017 Share
Border and Transportation Security	379.1	121%	39%	42%	43%
Defending Against Catastrophic Threats	94.3	958%	10%	2%	9%
Domestic Counterterrorism	78.6	59%	8%	11%	8%
Emergency Preparedness and Response	101.5	33%	10%	14%	9%
Intelligence and Warning	9.7	318%	1%	0%	1%
Protecting Critical Infrastructure and Key Assets	313.7	113%	32%	30%	30%

Figure 9: Historical Homeland Security Spending Levels by Purpose, Fiscal Years 2002–2017



Not surprisingly, in light of the 9/11 attacks, border and transportation security accounted for \$379 billion or 39 percent of all homeland security spending from 2002 through 2017. The protection of critical infrastructure was a second major priority, with \$314 billion or 32 percent. This mission focuses on protecting “systems and assets, whether physical or virtual, [that are] so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.”²⁸ This includes chemical facilities; dams; nuclear reactors, materials, and waste; and water and wastewater systems, among others (see Figure 9).

Spending in some categories has been more stable than others over time. Shares of border and transportation security and protecting critical infrastructure were the same in 2017 as in 2002, suggesting a possible lack of efficiencies in the protection of assets and transportation security. Emergency preparedness spending has also changed little, which may reflect the relatively low number of terrorist attacks in the United States since 9/11.

This section has discussed data provided in OMB’s annual report. Though the report was problematic, it served as a valuable source until it was discontinued. For this reason, Stimson’s study group recommends that Congress reinstate a statutory requirement obligating OMB to compile data and provide an analysis of governmentwide U.S. homeland security spending in its budget request.



EMERGENCY AND OVERSEAS CONTINGENCY OPERATIONS SPENDING

Spending for the wars in Iraq and Afghanistan has traditionally been provided through supplemental appropriation acts or, later, designated as an “emergency” or OCO requirement in annual budget requests. Although Congress had previously included funding for some day-to-day agency activities in these emergency supplemental acts, this practice increased dramatically over the past 16 years in the Defense and State departments (see Figure 10).

Defense Department

The first expansion of war spending at the Department of Defense occurred in 2006, when DOD adopted an expansive definition of activities that contributed to the “global war on terror.”²⁹ Defense OCO budget growth ended between fiscal years 2009 and 2014, when the Obama administration adopted new criteria for war spending that limited the use of OCO for military procurement to the replacement of items that were lost or damaged beyond repair during operations. These criteria were eroded, however, after the enactment of enforceable budget caps in the BCA.

To provide additional resources for regular defense spending that could not be accommodated under the caps, the administration and Congress designated substantial amounts of regular, or base budget, spending as OCO spending, thereby exempting it from BCA caps. Nonwar spending in the OCO category grew from about \$5 billion to \$6 billion in previous years to \$10 billion in FY 2014 and \$18 billion in FY 2017. This “relabeling” of base spending has made it more difficult to track DOD’s CT spending in the OCO budget.

In September 2016, DOD acknowledged that it had included some \$30 billion as war spending that was actually for “enduring” requirements that would persist after the wars themselves ended or that was not related to the wars.³⁰ Based on DOD’s functional breakdown of war spending, Figure 11 includes a possible breakdown between war-related spending, “enduring requirements,” and “additional base spending” characterized as OCO.

Additionally, in August 2016, the Government Accountability Office reported that DOD’s accounting systems still do not differentiate between wartime spending and routine operations, which continues to blur the line between the two.³¹ While each category of funds is appropriated separately, and war-related obligations are tracked, DOD has considerable flexibility to define what is war-related and to transfer excess funds to base budget programs. (DOD does track these shifts in its annual war cost reports.) Another limitation on DOD budgeting for war is the fact that OMB’s war spending criteria, intended to determine what can and cannot be included in DOD’s OCO budget requests, was last issued in 2010, and so does not reflect the shift in DOD tactics from large military operations to a train-and-assist role.³²

Figure 10: Total Emergency or OCO-Designated Appropriations for the Defense and State Departments, Fiscal Years 2002–FY2017³³
(in billions of current dollars)

War-Related Spending*	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
DOD	35	70.7	74.3	103.6	118.4	164	188.7	149.8
State/USAID	0.8	3.8	21.7	4.8	4.9	5	5.4	5.4
SUBTOTAL	35.8	74.4	96	108.4	123.3	169	194.2	155.2
DOD Nonwar ³⁴				6.6	8	7.3	12.1	7.5
TOTAL POSSIBLE CT	35.8	74.4	96	101.8	115.3	161.7	182.1	147.7

* Reflects “war-related” emergency/OCO and base budget costs for both DOD and the State Department.

Figure 11: Illustrative Split Between War-Related, Enduring Requirements, and Nonwar Funds, Fiscal Years 2016–2019³⁵
(in billions of current dollars)

Functional/Mission Category	FY 2016 Enacted	FY 2017 Request	FY 2018 Request	FY 2019 Request	Rationale
Operations/Force Protection	8.8	13.5	12.9	14.7	Operational war costs
Support for Coalition Forces	1.4	1.4	1.3	1.1	For Pakistan's logistical support
Equipment Reset and Readiness	10.1	10.1	9.1	8.7	Repairs and replaces war-worn equipment
Classified Programs	8.1	9.5	10.4	9.9	Tactical and national intelligence for war
Prior-Year Cancellation	-0.4	0	0	0	Financing adjustments
War-Related Subtotal	28	34.5	32.5	34.4	
In-Theater Support	14.8	19.1	19.2	20	Supports long-term presence in region
Joint Improvised-Threat Defeat Fund	0.4	0.5	0.5	0.6	Research to detect and protect against IEDs
Afghanistan Security Forces Fund (ASFF)	3.6	4.2	4.9	5.2	Long-term training of Afghan security forces
Counter-ISIS Train and Equip Fund (CTEF)	0.7	1.8	1.8	1.4	Long-term training of Iraqi forces
Counterterrorism Partnerships Fund	1.1	1	0.9	0.9	Partnerships with groups fighting terrorists
European Reassurance Initiative	0.8	3.4	4.8	6.5	Increased presence in Europe after Russian invasion of Ukraine
Enduring Requirements Subtotal	21.4	30	32.1	34.6	
National Guard and Reserve Equipment/Military Readiness	1.5	0	0	0	Base budget activities designated to avoid BCA caps.
Additional Base Spending	7.7	5.2	0	0	Congressional support of reserves.
Nonwar Designated as OCO	9.2	5.2	0	0	
TOTAL	58.6	69.7	64.6	69	

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL SPENDING FY 2002–FY 2017
154.6	151.2	115.3	87.5	85.4	63	58.6	82.4	1702.5
8.9	5.4	11.5	9.2	6	9.2	14.9	20.8	137.7
163.5	156.6	126.8	96.7	91.4	72.2	73.5	103.2	1840.2
6.4	5.4	5.4	1.9	10.2	7.5	10.6	18.4	107.3
157.1	151.2	121.4	94.8	81.2	64.7	62.9	84.8	1732.9

Further confusion comes from the internal overlap, in some cases, of counterinsurgency and counterterrorism – two very different missions that are often conflated in DOD strategy and analysis. In October 2009, at the beginning of the Obama administration, the Joint Chiefs of Staff published a guide for conducting counterinsurgency operations that continued to emphasize counterinsurgency as a means to counter “transnational violent extremist” organizations, illustrating the internal conflation of CT and counterinsurgency. One change was a new emphasis on the role of special operations forces to conduct CT operations (see Figure A2 in the Appendices). By 2010, DOD’s Quadrennial Defense Review called for “*retaining* [emphasis added] large-scale counterinsurgency operations,” but, in a nod to the “whole of government” approach, stated that these operations would no longer be considered “the responsibility of a single military department [but also of] other departments and agencies.”³⁶

In its 2012 strategic guidance, acknowledging a planned drawdown of troops in Afghanistan (U.S. troops had left Iraq at the end of 2011), DOD characterized U.S. counterterrorism efforts as “more widely distributed . . . [and] characterized by a mix of direct action and security assistance,” calling for a new emphasis on turning over responsibility and partnering with local forces (see Figure A2 in the Appendices).³⁷ By 2013, DOD emphasized the role of special operations forces both in training partners and conducting CT operations. In 2014, Joint Staff Publication 3-26 defined three broad types of CT activities: advise and assist, overseas CT, and support to civil authorities’ activities.³⁸

State Department

From fiscal years 2002 to 2017, the United States spent some \$138 billion on the wars in Iraq and Afghanistan. The State Department’s funding for the wars more than doubled from 2011 to 2012 as State began to move base funds to OCO. It increased again from \$9.2 billion in FY 2015 to \$14.9 billion in FY 2016 (see Figure 10). However, this increase was driven largely by increased discretionary spending caps established by the Bipartisan Budget Act of 2015, which set OCO funding at \$74 billion in each of FY 2016 and FY 2017, with \$59 billion allocated to defense programs and \$15 billion allocated to nondefense programs. This allocation resulted in a large increase to overall State and DOD OCO funds, which was used by both departments to shift base spending to OCO.

While the State Department argues that designating funding for programs focused on CT protects its regular programs, significant portions of base funding have also been designated as OCO. As a result, the State Department’s OCO funds include funds for programs that are not CT-related, and the base State/USAID budget includes funds that are CT-related. As with the Department of Defense, State OCO spending is no longer confined to war-related activities.³⁹ Segregating these effects would be necessary to evaluate State (and Defense) Department spending on counterterrorism.

Furthermore, the State Department’s budget justifications often leave out hundreds of millions or billions in counterterrorism aid per year to foreign militaries through the Foreign Military Financing (FMF) and Peacekeeping Operations programs. In its FY 2017 budget request, for instance, the State Department stated that the FMF program would be used to support CT aid, among other purposes, in 16 countries in the Middle East and Africa. Similarly, the United States provides hundreds of millions in aid to African countries to help combat Al-Shabaab in Somalia, but this aid is not included in what State calls its CT spending. This apparent disconnect in the way the State Department categorizes counterterrorism aid may be reflected in its definition (see below).

STATE DEPARTMENT DEFINITION OF COUNTERTERRORISM AID

Combat transnational terrorism, especially from al-Qaeda, its affiliates, and adherents using a strategic counterterrorism approach that focuses on 1) countering violent extremism; 2) building the capacity of civilian law enforcement and criminal justice institutions to address threats within their own borders; and 3) building stronger relationships with our partners around the world – in order to engage in a broader, more comprehensive counterterrorism effort that treats civilian institutions, to include the justice sector and law enforcement, as a critical part of building effective partner capacity to counter terrorism.⁴⁰

FOREIGN AID SPENDING

Since the start of the global war on terror, the U.S. government has placed a strong emphasis on supporting foreign countries and allies to help address terrorist threats. While Bush and Obama demonstrated key differences in their approaches to U.S. counterterrorism aid, both administrations increased grants of arms, training, and advice to foreign security forces significantly. This expansion is evident in the growth of new funding accounts and initiatives specifically created to support foreign countries in combating or stemming terrorism. From fiscal years 2002 to 2017, the United States distributed \$12 billion in newly established separate funding accounts or initiatives (see Figure 12) to more than 100 countries.

The large majority of new U.S. counterterrorism aid efforts have gone to foreign militaries to build their capacities in combat operations. For example, in FY 2006 Congress established a global counterterrorism aid account through the Defense Department budget, often referred to as Section 1206 or 2282. This account, which was set to provide \$314 million in FY 2016, focuses on supplying weapons systems and tactical training to foreign militaries across Africa, Asia, and the Middle East.⁴¹

Obtaining an accurate count of State and USAID counterterrorism funding is a challenging task, in part because counterterrorism efforts are spread across multiple accounts, each with a different statutory purpose.

Indeed, the State Department reports CT funding from at least seven different accounts, which are seen as providing a wide range of tools to counter terrorism as follows.

- Peacekeeping operations funds bolster the peacekeeping capacity of partner countries, enhance maritime security, and promote security sector governance and reform. Peacekeeping operations have been used to fund African Union operations in Somalia that have been instrumental in rolling back al-Shabaab, ongoing multinational operations in the Lake Chad Basin targeting Boko Haram, and several other similar missions.
- The Foreign Military Financing program provides grants to partner nations to purchase U.S. defense equipment, services, and training, and is an authority on which policymakers rely to ensure that partner nations have the tools they need to combat terrorist groups.
- The International Military Education and Training program provides professional military education and training to a large range of partners, including many currently engaged in the counterterrorism fight.
- The Nonproliferation, Anti-Terrorism, Demining, and Related Programs account is partly designated for combating terrorism, but the anti-terrorism assistance element of the program is narrowly scoped to providing partner nation law enforcement with CT-specific skills and gear.
- The International Narcotics Control and Law Enforcement Program also provides capacity building support to partner-nation police that is not explicitly terrorism-focused. But in practice, the program typically makes substantial investments in countries with significant terrorism challenges.
- The Economic Support Fund is a \$2.4 billion account that helps partner nations meet “short- and long-term political, economic, and security” needs.⁴³ The open-ended nature of the authority has allowed policymakers to use it to support a wide range of countering violent extremism and community support programs.
- Public diplomacy funding has been critical to State efforts to counter extremist messaging and to promote positive alternatives.

Although the amount of U.S. CT aid has grown substantially over the past 16 years, the government system for shaping and overseeing that aid has not sufficiently evolved. A recent study by the Open Society Foundations shows that the U.S. government continues to face serious challenges in setting goals and activities, prioritizing these activities, coordinating with itself, and evaluating what types of aid work and what doesn’t work.⁴⁴ These challenges are reflected in the fact that the United States still cannot systematically track the total amount of its proposed CT aid and goals on a global, regional, and country basis, which inhibits U.S. efforts to plan, coordinate, and evaluate CT aid.

Stimson’s estimate of CT aid in Figure 12 is conservative, and includes only those initiatives explicitly designated as CT. For this reason, it likely excludes a large portion of total spending.

More evidence of the growing role of CT in foreign aid programs is the growth in funding since 9/11 to countries facing serious terrorist threats. As shown in Figure 13, the aid to the countries listed (each of which has a large CT component) has increased significantly in the years following 9/11. The numbers included in Figure 13 are illustrative of the potential size of U.S. CT aid, and are not included in Stimson’s total U.S. CT spending estimate of \$2.8 trillion.

Iraq and Afghanistan in particular have seen their aid packages increase by billions of dollars, with most if not all of the increase designated as OCO. In most cases, this spending has remained high, compared to pre-war amounts. An examination of spending pre- and post-9/11 suggests that total CT spending may also include countries not listed here, as many additional countries, including Azerbaijan, Bahrain, and Oman, also saw significant increases in aid as a result of 9/11.⁴⁵

Figure 12: U.S. Counterterrorism Aid Through U.S. Funding
Accounts and Initiatives Specifically Created for CT⁴²
(in millions of current dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Combating Terrorism Fellowship Program			6.7	14.9	13.2	12.2
Emergency Drawdowns	45	42.3	257.1	201.6	88.5	
Section 1206 Train and Equip Authority						100
Section 1207 Security and Stabilization Assistance						
Section 1207(n) Transitional Authority						
Section 1208 Authority					25	25
Section 333 Building Partner Capacity						
Development Assistance (CVE)						
Economic Support Funds (CVE)						
International Narcotics and Law Enforcement (CVE, TSCTP, PRACT)						
Foreign Military Financing						
International Military Education and Training						
International Organization and Programs						
State Department Other						
Peacekeeping Operations (TSCTP and PRACT)					3	
Peacekeeping Operations (Somalia)						
Nonproliferation, Anti-Terrorism, Demining, and Related Programs	57	206.9	95.6	146.4	149	129.7
Total	102	249.3	359.5	362.8	278.7	266.9

Figure 13: Foreign Assistance Obligation in Countries with Heavy CT Component
(in billions of current dollars)

Country/ Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total FY 2002- FY 2017
Afghanistan	0.1	0.5	1	1.9	1.7	3	5	8.9	9	10.9	13.4	13.1	9.7	7.3	3.1	4.5	4.7	97.8
Pakistan	0.2	0.8	0.6	0.4	0.7	0.9	0.8	0.9	1.2	2.7	1.9	1.2	0.8	1	1.1	0.5	0.7	16.4
Iraq	0.2	1	3.8	8.7	8.7	9.7	7.9	7.5	5.7	2.1	2.1	2	0.5	0.4	0.6	0.4	0.5	61.8
Syria	0	0	0	0	0	0	0	0	0	0	0	0.1	0.8	0.8	0.9	0.2	0.2	3
Tunisia	0	0	0	0	0	0	0	0	0	0	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.9
Indonesia	0.2	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.8	0.2	0.2	0.1	0.2	4.4
Kenya	0.1	0.1	0.1	0.2	0.2	0.3	0.4	0.5	0.8	0.6	0.9	1	0.9	0.9	0.9	0.7	0.6	9.2
Yemen	0	0	0	0.1	0	0.1	0	0	0	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.1	1.6
Bangladesh	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.2	2.8
Somalia	0	0	0	0	0	0.1	0.1	0.3	0.5	0.2	0.3	0.5	0.5	0.4	0.3	0.2	0.2	3.6
Nigeria	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.6	0.5	0.6	0.6	0.5	0.6	6.1
Philippines	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.6	0.2	0.2	0.4	0.3	0.2	0.1	3.9
TOTAL AID	1.1	3.1	6.1	11.8	12.1	14.8	15.1	19.1	17.9	17.6	20.3	19.7	15.3	12.6	8.5	7.9	8.4	241.45

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total FY 2002- FY 2017
14.9	20.4	25.5	30.5	35.3	44.2	33.7	28.5	27.2	25.1	26.8	359.1
						59.8	105.9	100.8	35.5		891.5
276.2	326.5	362.6	338.8	226	204	243.1	295.1	359.3	314.1		3045.7
99.8	100	140.8	71.8								412.4
					150		74.3				224.3
25	25	35	40	45	50	50	50	75	85	100	630
										270.2	270.2
13.3	16	20.4	35	24	10.4	13.1	8.8	10.4	11.8	15.6	178.9
7.2	0.9	31.7	21.5	8.8	33	29	26.2	55.1	17.1	75.5	306.1
8.8	6.2	2.5	5.5	1				0.5			24.4
11.8		10.2	70.6	216	207.3			2.2	10.4	17.4	545.9
		1.4	4.8		1.6						7.8
				1.4	1.4	1.3	1.2	1.2	0.1	1.2	7.6
1.8	1.3	1.4	1.4					5.9	0.9		12.7
16.8	10	15	30	30	30	26.1	26.1	30.7	29.1	30.1	276.8
49.6	4.8	246.6	102	75.3	194.6	185.4	200.4	250	273.4	256.1	1838.2
134.6	153.9	152.4	293.5	269.7	270.9	252.6	242.5	253	411.2	235.5	3397.4
659.7	665	1045.5	1045.4	932.5	1197.4	894.2	1058.9	1171.1	1213.7	1028.5	12428.9

FINDINGS AND RECOMMENDATIONS

In analyzing U.S. counterterrorism spending, Stimson's study group reached four conclusions:

- **Total counterterrorism-related spending from 2002-2017 came to \$2.8 trillion.** Because of shifts in definitions and inconsistencies in data, however, the study group's estimate is likely imprecise, and could be either an overstatement or an understatement.
- **A clear governmentwide definition of U.S. counterterrorism spending does not exist.** Shifts in the definition of counterterrorism over the past 16 years make tracking difficult.
- **Counterterrorism spending has risen as a share of total spending.** Based on the figures available, counterterrorism spending's share of total discretionary spending increased from less than 2 percent in 2001 to 22 percent at its peak in 2008, declining to just under 15 percent in 2017.
- **An accurate evaluation of total and programmatic counterterrorism spending requires a reinstatement of governmentwide tracking by OMB, clarity of terms and definitions used, and more rigorous control of what should and should not be included in the CT budget.** This evaluation is necessary for the United States to make important tradeoffs, both between specific counterterrorism programs and between counterterrorism and other needs.

Absent unlimited resources, it is always necessary to prioritize spending. The following recommendations are designed to improve the accuracy of tracking CT spending in order to allow an assessment of the efficacy of CT spending and to make proper consideration of future tradeoffs.

1. **Create a clear and transparent counterterrorism funding report.** Congress should reinstate and expand the statutory requirement that OMB compile data and analyze governmentwide U.S. homeland security spending in its annual budget request. OMB should provide metrics that show Congress and the public the scope of counterterrorism spending relative to total discretionary spending and total spending, including mandatory spending.
2. **Adopt a detailed agencywide definition for counterterrorism spending.** OMB and Congress should develop, adopt, and enforce, a clear, usable set of criteria to define counterterrorism spending, including programs with the primary purpose of preventing, mitigating, or responding to terrorist attacks in the United States or overseas. This definition may be tailored to individual agency missions as long as agencies show how any counterterrorism spending addresses a credible threat to the United States.
3. **Build on current accounting structures to anticipate future budget pressures.** OMB should work with agencies to build on the current accounting structure to distinguish counterterrorism spending at the program, activity, and project levels, identifying ongoing vs. incremental emergency needs.
4. **Tie the definition of war spending to specific activities. OMB and Congress should develop and implement clear criteria for terrorism-related spending through overseas contingency operations and other emergency authorities.** This should include the cost of deploying U.S. troops to conflict zones; countering terrorist groups through military, diplomatic, or other operations; training foreign militaries; and conducting emergency military response activities within the United States that have a counterterrorism focus. Overseas contingency operations should be limited to such spending.
5. **Require Congress to separately approve emergency or wartime spending.** Congress should pass new legislation that requires it to vote separately to approve spending that is designated as war-related emergency or wartime overseas contingency operations spending before those funds can be obligated.

These five recommendations would do much to make budget data on overall counterterrorism programs and activities more systematic and available to budget planners, Congress, and the public. This data would be an essential tool for creating a more systematic process of evaluating the effectiveness of these programs.

Stimson's estimate of CT aid in Figure 12 is conservative, and includes only those initiatives explicitly designated as CT. For this reason, it likely excludes a large portion of total spending.



APPENDICES

Figure A1: Evolution of U.S. Presidential Counterterrorism Objectives Over Time

<p>George W. Bush Address to Congress September 20, 2001</p>	<p>President Bush argues that “Our war on terror begins with al-Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated.”⁴⁶</p>
<p>Donald Rumsfeld Address September 23, 2001</p>	<p>Rumsfeld argues for a broad military response, saying, “This is not an Afghan problem. This is a worldwide problem of terrorist networks. Let there be no doubt about it, the al-Qaeda network is in at least 60 countries, and they are just one of many networks.”⁴⁷</p>
<p>George W. Bush at West Point June 1, 2002</p>	<p>Bush argues, “We must uncover terror cells in 60 or more countries, using every tool of finance, intelligence and law enforcement. Along with our friends and allies, we must oppose proliferation and confront regimes that sponsor terror, as each case requires.”⁴⁸</p>
<p>The National Security Strategy of the United States of America September 17, 2002</p>	<p>This strategy states that “The struggle against global terrorism is different from any other war in our history. It will be fought on many fronts against a particularly elusive enemy over an extended period of time. Progress will come through the persistent accumulation of successes – some seen, some unseen.” It specifies that “our immediate focus will be those terrorist organizations of global reach and any terrorist or state sponsor of terrorism which attempts to gain or use weapons of mass destruction (WMD) or their precursors.” In detailing the formation of a new Department of Homeland Security, the document further clarifies, “While we recognize that our best defense is a good offense, we are also strengthening America’s homeland security to protect against and deter attack.”⁴⁹</p>
<p>National Strategy for Combating Terrorism February 2003</p>	<p>This strategy contains specific objectives that aim to “defeat terrorists and their organizations; deny sponsorship, support, and sanctuary to terrorists; diminish the underlying conditions that terrorists seek to exploit; and defend U.S. citizens and interests at home and abroad.” These objectives are broad. Examples include “destroy terrorists and their organizations,” “end the state sponsorship of terrorism,” and “win the War of Ideas.”⁵⁰</p>
<p>The National Security Strategy of the United States of America March 2006</p>	<p>This strategy moves toward “a long-term strategy and a break with old patterns.” It notes, “The United States can no longer simply rely on deterrence to keep the terrorists at bay or defensive measures to thwart them at the last moment. The fight must be taken to the enemy, to keep them on the run. To succeed in our own efforts, we need the support and concerted action of friends and allies. We must join with others to deny the terrorists what they need to survive: safe haven, financial support, and the support and protection that certain nation-states historically have given them.” It further states, “The advance of freedom and human dignity through democracy is the long-term solution to the transnational terrorism of today.”⁵¹</p>

<p>National Strategy for Combating Terrorism September 2006</p>	<p>This strategy builds on the 2006 national security strategy, stating, “Today, we face a global terrorist movement and must confront the radical ideology that justifies the use of violence against innocents in the name of religion.” Six objectives are defined: “advance effective democracies as the long-term antidote to the ideology of terrorism; prevent attacks by terrorist networks; deny weapons of mass destruction to rogue states and terrorist allies who seek to use them; deny terrorists the support and sanctuary of rogue states; deny terrorists control of any nation they would use as a base and launching pad for terror; and lay the foundations and build the institutions and structures we need to carry the fight forward against terror and help ensure our ultimate success.”⁵²</p>
<p>National Security Strategy May 2010</p>	<p>This strategy shifts to state, “The United States is waging a global campaign against al-Qaeda and its terrorist affiliates. To disrupt, dismantle and defeat al-Qaeda and its affiliates, we are pursuing a strategy that protects our homeland, secures the world’s most dangerous weapons and material, denies al-Qaeda safe haven, and builds positive partnerships with Muslim communities around the world. Success requires a broad, sustained, and integrated campaign that judiciously applies every tool of American power – both military and civilian – as well as the concerted efforts of like-minded states and multilateral institutions. We will always seek to delegitimize the use of terrorism and to isolate those who carry it out. Yet this is not a global war against a tactic – terrorism[,] or a religion – Islam. We are at war with a specific network, al-Qaeda, and its terrorist affiliates who support efforts to attack the United States, our allies, and partners.”⁵³</p>
<p>National Strategy for Counterterrorism June 2011</p>	<p>This strategy “recognizes there are numerous nations and groups that support terrorism to oppose U.S. interests, including Iran, Syria, Hezbollah and HAMAS, and we will use the full range of our foreign policy tools to protect the United States against these threats. However, the principal focus of this counterterrorism strategy is the network that poses the most direct and significant threat to the United States – al-Qaeda, its affiliates and its adherents.”⁵⁴</p>
<p>Defense Budget Priorities and Choices FY 2014 April 2013</p>	<p>The Defense Department’s FY 2014 budget request notes that “global counterterrorism efforts since 9/11 have significantly increased the demand for SOF [special operations forces]. Thousands of SOF personnel are deployed around the world at any given time strengthening relationships, building partner capacity, and countering insurgencies, violent extremism, weapons of mass destruction, and transnational criminal networks. ... SOF will play a crucial and expanding role in developing the capabilities of our international partners to thwart the spread of global terrorism and prevent hostilities from turning into major regional conflicts.”⁵⁵</p>
<p>Remarks by the President at the National Defense University May 23, 2013</p>	<p>President Obama notes that “we must define our effort not as a boundless ‘global war on terror,’ but rather as a series of persistent, targeted efforts to dismantle specific networks of violent extremists that threaten America.”⁵⁶</p>
<p>National Security Strategy February 2015</p>	<p>This strategy states, “We are better able to guard against terrorism – the core responsibility of homeland security – as well as illicit networks and other threats and hazards due to improved information sharing, aviation and border security, and international cooperation.” It further notes that “we shifted away from a model of fighting costly, large-scale ground wars in Iraq and Afghanistan in which the United States – particularly our military – bore an enormous burden. Instead, we are now pursuing a more sustainable approach that prioritizes targeted counterterrorism operations, collective action with responsible partners, and increased efforts to prevent the growth of violent extremism and radicalization that drives increased threats.”⁵⁷</p>

<p>Obama’s Five Pillars of CT Strategy March, 2016</p>	<p>In a speech at the Council on Foreign Relations, Assistant to the President for Homeland Security and Counterterrorism Lisa Monaco outlined five components of CT: “As it applies to ISIL specifically, our strategy consists of five pillars. First, we are protecting the homeland. Second, we’re engaging our partners. Third, we’re taking direct action to target ISIL on the battlefield. Fourth, we’re disrupting the factors that enable ISIL, like financing and foreign fighters. And fifth, we’re taking creative steps to counter the violent extremism that fuels and swells ISIL’s ranks.”⁵⁸</p>
---	--

Figure A2: Changes in Department of Defense Counterterrorism Goals and Guidance

<p>Quadrennial Defense Review February 6, 2006</p>	<p>Renews the department’s focus on nontraditional, asymmetric challenges. Adjustments are made to “better capture the realities of a long war” and give “greater emphasis to the war on terror and irregular warfare activities, including long-duration unconventional warfare, counterterrorism, counterinsurgency, and military support for stabilization and reconstruction efforts.”⁵⁹</p>
<p>Joint Staff, Counterinsurgency Operations, Joint Publication 3-24 October 5, 2009</p>	<p>Focuses primarily on counterinsurgency (COIN) operations. Counterterrorism is listed as one of several “operations, programs, and activities that may be conducted as a part of or simultaneously with COIN.” The document states, “The influence of transnational violent extremist organizations (transnational terrorists), such as al-Qaeda and its associates, on certain insurgencies has added to the complexity and therefore the challenge of conducting COIN. ... The U.S. global campaign against transnational terrorists, and the role of Commander, U.S. Special Operations Command as the DOD global synchronizer for CT planning, should provide seamless capabilities that are employed globally in coordination with the GCCs [geographic combatant commanders] and integrated with their theaters’ counterterrorist assets.”⁶⁰</p>
<p>Quadrennial Defense Review February 1, 2010</p>	<p>This review states, “The United States must retain the capability to conduct large-scale counterinsurgency, stability, and counterterrorism operations in a wide range of environments.” It further notes that “stability operations, large scale counterinsurgency, and counterterrorism operations are not niche challenges or the responsibility of a single Military Department, but rather require a portfolio of capabilities as well as sufficient capacity from across America’s Armed Forces and other departments and agencies. Nor are these types of operations a transitory or anomalous phenomenon in the security landscape. On the contrary, we must expect that for the indefinite future, violent extremist groups, with or without state sponsorship, will continue to foment instability and challenge U.S. and allied interests.”⁶¹</p>
<p>Sustaining U.S. Global Leadership: Priorities for 21st Century Defense 2012 Strategic Guidance</p>	<p>This defense review indicates that 4 of 10 priority missions – counterterrorism, deterring and defeating aggression, countering WMD, and homeland defense – will be used to size the force. The review continues to focus primarily on al-Qaeda, but states that “as U.S. forces drawdown in Afghanistan, our global counter terrorism efforts will become more widely distributed and will be characterized by a mix of direct action and security force assistance.” It further notes that “homeland defense and support to civil authorities require strong, steady state force readiness, to include a robust missile defense capability.”⁶²</p>

<p>Joint Staff, Counterterrorism, Joint Publication 3-26 October 24, 2014</p>	<p>This publication “narrows the definition of counterterrorism (CT) to actions and activities to neutralize terrorists, their organizations, and networks; removes countering root causes and desired regional end states from the definition,” and “differentiates CT activities from counterinsurgency, security cooperation, and stability operations activities.” It defines “three broad types of CT activities: advise and assist activities; overseas CT activities; and support to civil authorities’ activities.”⁶³</p>
<p>2014 Quadrennial Defense Review March 4, 2014</p>	<p>This review states, “The Department of Defense will rebalance our counterterrorism efforts toward greater emphasis on building partnership capacity, especially in fragile states, while retaining robust capability for direct action, including intelligence, persistent surveillance, precision strike, and Special Operations Forces.” Three pillars include “protect the homeland; build security globally; and project power and win decisively.”⁶⁴</p>

Figure A3: Changes in Department of State Counterterrorism Goals and Guidance

<p>Quadrennial Diplomacy and Development Review 2010</p>	<p>This was the first QHSR, and presents “a vision for our homeland as safe, secure, and resilient against terrorism and other hazards where American interests, aspirations, and way of life can thrive.” Of the five homeland security missions included, “preventing terrorism and enhancing security” contains the goals to “prevent terrorist attacks; prevent the unauthorized acquisition or use of chemical, biological, radiological, and nuclear materials and capabilities; and manage risks to critical infrastructure, key leadership, and events.” Four additional missions include “securing and managing our borders; enforcing and administering our immigration laws; safeguarding and securing cyberspace; and ensuring resilience to disasters.”⁶⁵</p>
<p>Quadrennial Diplomacy and Development Review 2015</p>	<p>This review seeks to expand the department’s ability to counter violent extremism, with a focus on “partnering with host governments, supporting vulnerable communities, and challenging extremist messaging.” It aims to “strengthen our overall efforts to counter violent extremism and prioritize prevention; expand use of analytics; strengthen the Department’s messaging to counter violent extremism; elevate the importance of prevention with key partners; and enhance USAID’s role in the response to violent extremism.”⁶⁶</p>

Figure A4: Changes in Department of Homeland Security Counterterrorism Goals and Guidance

<p>2010 Quadrennial Homeland Security Review February 1, 2010</p>	<p>The 2010 Quadrennial Homeland Security Review identifies three “key concepts that are essential to, and form the foundation for, a comprehensive approach to homeland security: Security: Protect the United States and its people, vital interests, and way of life; Resilience: Foster individual, community, and system robustness, adaptability, and capacity for rapid recovery; and Customs and Exchange: Expedite and enforce lawful trade, travel, and immigration.”⁶⁷</p>
<p>2014 Quadrennial Homeland Security Review June 18, 2014</p>	<p>This review concludes that the department will “continue to adhere to the five basic homeland security missions set forth in the first Quadrennial Homeland Security Review report in 2010, but that these missions must be refined to reflect the evolving landscape.” It notes that the terrorist threat has evolved to include the threat of hard-to-detect “lone offenders.”⁶⁸</p>

ACKNOWLEDGMENTS

First and foremost, this report would not have been possible without the support of Stimson’s study group members. It is with deep gratitude that I thank them for their hard work and commitment to tackling this complicated issue.

The study group could not have completed its work without the background information and important context provided by a number of additional experts. I’d like to thank Steve Kosiak and Larry Nowels for supporting our defense-heavy group as it grappled with key questions regarding state and foreign aid. I’d also like to thank Colby Goodman and Seth Binder at Security Assistance Monitor for enduring my tireless questions and for always being so gracious and quick to respond.

Stimson President Brian Finlay has been committed to undertaking this work from the outset, and has been a solid support throughout the process. His guidance was key to moving this project forward. In addition, the guidance of Stimson’s Managing Director Rachel Stohl has also been key to this process. Rachel provided countless hours of support along with well-received lessons from her own experience, for which I am incredibly grateful. I have learned a great deal from her example and mentorship. I have also had the great privilege to work with a number of outstanding support staff, key among them Shannon Dick, as well as Stimson’s wonderful cadre of interns, who provided the editorial and logistical support necessary to carry out a project of this scale. And I am indebted to Gordon Adams for his careful review and wise counsel. Finally, I’d like to extend a special thanks to Zachary Austin and the rest of Mackenzie Eaglen’s team at the American Enterprise Institute for helping to compile the numbers necessary for this analysis.

Laicie Heeley, Project Director
May 2018

Project Director

Laicie Heeley

Laicie Heeley is a fellow with Stimson's Budgeting for Foreign Affairs and Defense program. Her areas of expertise include the U.S. budget process, defense strategy, and nuclear weapons proliferation. Prior to joining Stimson, Heeley was policy director at the Center for Arms Control and Non-Proliferation, where her research focused on nuclear proliferation in emerging states such as Iran and North Korea, as well as budgeting and strategy at the Department of Defense. While in this role, Heeley served as part of the independent Sustainable Defense Task Force formed in response to a request from Representative Barney Frank (D-MA), working in cooperation with Representative Walter B. Jones (R-NC), Representative Ron Paul (R-TX), and Senator Ron Wyden (D-OR), to explore possible defense budget contributions to deficit reduction efforts. Heeley previously held positions at Physicians for Social Responsibility, the Counter Terrorist Finance Organization, and Global Green USA, where her research focused on nuclear, chemical, and biological weapons in addition to the financing and structure of terrorist organizations.

Study Group Members

Amy Belasco

Amy Belasco is a defense budget and policy expert with over 30 years of legislative and executive branch experience. Recently retired from the Congressional Research Service, her many reports on defense budget issues have been widely cited in the press and have helped congressional staff and members to understand the "ins and outs" of complex defense budget issues. A seasoned analyst of the defense budget, she has focused on disentangling what various defense numbers mean and don't mean, including the story and implications of those numbers for defense spending trends and defense policy issues. She has specialized in issues related to the cost of war and, more recently, the Budget Control Act. Her previous experience at the Congressional Budget Office, the Office of Management and Budget, and the Government Accountability Office give her multiple perspectives in interpreting the actions and reactions of the president, the Pentagon, and Congress. Belasco also served as the head of the defense team for the Simpson-Bowles Commission on Fiscal Responsibility, which developed a list of \$100 billion of illustrative cuts to defense spending as of FY 2015.

Mackenzie Eaglen

Mackenzie Eaglen is a resident fellow in the Marilyn Ware Center for Security Studies at the American Enterprise Institute, where she works on defense strategy, defense budgets, and military readiness. She has worked on defense issues in the House of Representatives and Senate, and at the Pentagon in the Office of the Secretary of Defense and on the Joint Staff. In 2014, Eaglen served as a staff member of the congressionally mandated National Defense Panel, a bipartisan, blue-ribbon commission established to assess U.S. defense interests and strategic objectives. This followed her previous work as a staff member for the 2010 congressionally mandated bipartisan Quadrennial Defense Review Independent Panel, also established to assess the Pentagon's major defense strategy. Eaglen was included in *Defense News*' "100 most influential people in U.S. Defense" in both years the publication compiled a list. A prolific writer on defense-related issues, she has also testified before Congress.

Luke Hartig

Luke Hartig is a fellow in New America's International Security program, with a research specialization in counterterrorism. He is also executive director of National Journal's Network Science Initiative, a research effort that helps groups better understand the entire terrain of voices around public policy issues. Prior to his current roles, Hartig served as senior director for counterterrorism at the National Security Council (NSC), where he was responsible for advising White House leadership on counterterrorism matters, co-managing the NSC's counterterrorism policy and analysis team, and coordinating U.S. government counterterrorism policy and programs. Hartig previously served as the deputy director for counterterrorism operations and as a foreign affairs specialist in the Office of the Secretary of Defense. Hartig has also served in various national security positions with the State Department, the Office of Management and Budget, the Government Accountability Office, and U.S. Forces Afghanistan. Hartig began his career as a Peace Corps volunteer in Guatemala.

Tina Jonas

Jonas is currently an independent consultant and serves on several boards. She is a trustee of the Aerospace Corporation and the National Defense Industrial Association, and is a board member of the National Military Family Association and EADS North America (now Airbus Group, NA). From 2008 to 2014, Jonas served as president of United Healthcare, Military and Veterans, part of UnitedHealth Group, and held executive positions in the aerospace and defense industry. Prior to her corporate experience, she served more than two decades in government and national security positions. She was under secretary of defense (comptroller) for the Department of Defense from 2004 to 2008. Prior to that, she served as assistant director and chief financial officer for the Federal Bureau of Investigation, as deputy undersecretary of defense for financial management, and as a senior analyst with the Office of Management and Budget and the House Appropriations Defense Subcommittee.

Mike McCord

Mike McCord served as the under secretary of defense (comptroller)/chief financial officer and as the principal advisor to the Secretary of Defense on all budgetary and financial matters from 2014 to 2017. Before assuming this position, McCord served for five years as the principal deputy under secretary of defense (comptroller). McCord joined the Department of Defense with 24 years of experience in national security issues in the legislative branch, including 21 years as a professional staff member on the Senate Armed Services Committee for former Senators and Chairmen Sam Nunn and Carl Levin. He served on the full committee staff beginning in 1987 and also, starting in 1995, as the minority or majority staff lead on the Subcommittee on Readiness and Management Support. He is also an adjunct research staff member at the Institute for Defense Analyses and a fellow of the National Academy of Public Administration.

John Mueller

John Mueller is a senior fellow at the Cato Institute. He is also a member of the political science department and senior research scientist with the Mershon Center for International Security Studies at Ohio State University. A leading expert on terrorism and particularly on the reactions (or overreactions) it often inspires, he is the co-author (with Mark G. Stewart) of *Terror, Security, and Money: Balancing the Risks, Benefits, and Costs of Homeland Security* (Oxford University Press, 2011), *Chasing Ghosts: The Policing of Terrorism* (Oxford University Press, 2016) and *Are We Safe Enough? Measuring and Assessing Aviation Security* (Elsevier, 2017). Other books from Mueller include *Overblown: How Politicians and the Terrorism Industry Inflate National Security Threats and Why We Believe Them* (Free Press, 2006) and *Atomic Obsession: Nuclear Alarmism from Hiroshima to al-Qaeda* (Oxford University Press, 2010). He is also the editor of *Terrorism Since 9/11: The American Cases* (Mershon Center, Ohio State University, 2017), and (with Christopher A. Preble) *A Dangerous World? Threat Perception and U.S. National Security* (Cato, 2014).

ENDNOTES

- ¹ Affiliations are listed for identification purposes only. This report represents the views of study group members in their individual capacities.
- ² The study group also realized that this approach would not capture additional secondary effects of wartime CT spending such as long-term medical costs for veterans of the Afghanistan, Iraq, and Syrian wars, and other effects of CT spending.
- ³ Discretionary spending is defined as funding that is appropriated annually.
- ⁴ Donald Rumsfeld, “Raw Data: Rumsfeld Memo to Inner Circle,” Fox News, accessed October 9, 2017, <http://www.foxnews.com/story/2003/10/22/raw-data-rumsfeld-memo-to-inner-circle.html>.
- ⁵ Discretionary spending is appropriated annually.
- ⁶ John Mueller, ed., *Terrorism Since 9/11: The American Cases* (Columbus, OH: Mershon Center, Ohio State University, 2018), <https://politicalscience.osu.edu/faculty/jmueller/since.html>.
- ⁷ Josh Katz, “The First Count of Fentanyl Deaths in 2016: Up 540% in Three Years,” *New York Times*, September 2, 2017, accessed December 28, 2017, <https://www.nytimes.com/interactive/2017/09/02/upshot/fentanyl-drug-overdose-deaths.html>.
- ⁸ George W. Bush, “President Bush Addresses the Nation,” *Washington Post*, accessed September 14, 2017, http://www.washingtonpost.com/wp-srv/nation/specials/attacked/transcripts/bushaddress_092001.html; Toby Harnden, “Rumsfeld Spells Out What U.S. Victory Will Mean,” *Telegraph*, September 24, 2001, accessed September 14, 2017, <http://www.telegraph.co.uk/news/worldnews/northamerica/usa/1341498/Rumsfeld-spells-out-what-US-victory-will-mean.html>.
- ⁹ George W. Bush administration. *National Security Strategy of the United States of America*, September 2002, National Archives and Records Administration, accessed March 28, 2018. <https://georgewbush-whitehouse.archives.gov/nsc/nss/2002/>.
- ¹⁰ Ibid.
- ¹¹ George W. Bush administration, *National Strategy for Combating Terrorism*, February 2003, U.S. Department of State, accessed September 14, 2017. https://www.bing.com/cr?IG=8150AD1394F74AA6AE22852798AE-B04E&CID=22743193209A61B034CC3A53213560DF&rd=1&h=xRFRzOo8XgGFM4Njlpj37_cFMibFC5stAD6GLRs8ty-Q&v=1&r=https%3a%2f%2fwww.state.gov%2fdocuments%2forganization%2f60172.pdf&p=DevEx,5067.1.
- ¹² War spending was designated as “emergency” before 2012 and then as “overseas contingency operations (OCO)” afterward, reflecting the addition of the OCO designation as a way to exempt those funds from budget controls.
- ¹³ George W. Bush administration, *National Strategy for Combatting Terrorism*, September 2006, National Archives and Records Administration, accessed March 28, 2018. <https://georgewbush-whitehouse.archives.gov/nsc/nsc/2006/>.
- ¹⁴ Ibid.
- ¹⁵ Barack Obama administration, *National Security Strategy*, May 2010, National Security Strategy archives, accessed September 14, 2017, <http://nssarchive.us/NSSR/2010.pdf>.
- ¹⁶ Ibid.
- ¹⁷ Ibid.
- ¹⁸ Barack Obama administration, “Fact Sheet: National Strategy for Counterterrorism,” National Archives and Records Administration, accessed October 11, 2017, <https://obamawhitehouse.archives.gov/the-press-office/2011/06/29/fact-sheet-national-strategy-counterterrorism>.
- ¹⁹ Ibid.
- ²⁰ Barack Obama administration, *National Security Strategy*, February 2015, National Security Strategy archives, accessed March 28, 2018, https://www.bing.com/cr?IG=B4F4E8D3492F4B6E881DB4E44A43712D&CID=3BE6A14BF2806A972E1FAA8BF32F6B9D&rd=1&h=eW6FL2qtTiwz3a730oRxV1P8ftxgO1LAq8WNGrZzUWE&v=1&r=https://obamawhitehouse.archives.gov/sites/default/files/docs/2015_national_security_strategy.pdf&p=DevEx,5066.1.

- ²¹ Immediately after the 9/11 attacks Congress passed Public Law 107-38, which provided \$40 billion to respond to and counter the attacks. Although some of the funds were available immediately, this report attributes all of DOD's war funding to 2002 because less than \$1 billion was obligated before the end of FY 2001.
- ²² See Figure 12.
- ²³ Paul Shinkman, "Inside the Pentagon's 'Slush Fund,'" *U.S. News & World Report*, February 12, 2016, accessed October 20, 2017, <https://www.usnews.com/news/articles/2016-02-12/inside-the-pentagons-slush-fund-the-secret-budget-that-just-wont-go-away>.
- ²⁴ Anne Daugherty Miles, "Intelligence Community Spending: Trends and Issues," Congressional Research Service, accessed October 9, 2017. <https://fas.org/sgp/crs/intel/R44381.pdf>
- ²⁵ Homeland Security Act of 2002, Public Law 107-296, 107th Cong. (November 25, 2002), accessed September 14, 2017, <https://www.dhs.gov/homeland-security-act-2002>.
- ²⁶ Intelligence Reform and Terrorism Prevention Act of 2004, Public Law 108-458, 108th Cong., (2004).
- ²⁷ Homeland Security Act of 2002.
- ²⁸ "What Is Critical Infrastructure," Department of Homeland Security, December 08, 2017, accessed March 29, 2018. <https://www.dhs.gov/what-critical-infrastructure>.
- ²⁹ Amy Belasco, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11* (Washington, D.C.: Congressional Research Service, Library of Congress, 2005).
- ³⁰ Tony Bertuca, "Pentagon Will Need Half OCO Account For 'Enduring Requirements,'" *InsideDefense.com*, October 5, 2016, accessed October 21, 2017, <https://insidedefense.com/inside-pentagon/pentagon-will-need-half-oco-account-enduring-requirements>.
- ³¹ U.S. Government Accountability Office, "Overseas Contingency Operations: OMB and DOD Should Revise the Criteria for Determining Eligible Costs and Identify the Costs Likely to Endure Long Term," January 2017, accessed May 9, 2017, <https://www.gao.gov/assets/690/682158.pdf>.
- ³² Ibid.
- ³³ FY 2017 defense level includes \$76.6 billion in OCO funding enacted in FY 2017 omnibus appropriations and \$5.8 billion in supplemental funding enacted in the December 2016 continuing resolution. Nondefense level includes \$16.5 billion in OCO funding enacted in FY 2017 omnibus appropriations and \$4.3 billion in supplemental funding enacted in the December 2016 continuing resolution; previous years via <https://fas.org/sgp/crs/natsec/RL33110.pdf> and relevant State/DOD budget documents.
- ³⁴ Includes funds characterized as emergency or OCO but not considered war-related, such as increases in earlier years for basic allowance for housing or higher fuel prices, and in later years for base budget funds included as war to avoid budget caps.
- ³⁵ The enacted version of FY 2017 designated \$18 billion of base budget activities as OCO.
- ³⁶ U.S. Department of Defense, *Quadrennial Defense Review*, February 2010, accessed March 29, 2018. https://www.bing.com/cr?IG=3A83B238F88E49418889E5AB501F132C&CID=1A573BD12F096C152F9430102EA66DBE&rd=1&h=IZ9t-W-hQkSgNqDifKxqd4yWkO9jwKsFzqCGisrMAG0&v=1&r=https://www.defense.gov/Portals/1/features/defenseReviews/QDR/QDR_as_of_29JAN10_1600.pdf&p=DevEx,5068.1.
- ³⁷ U.S. Department of Defense, *Defense Strategic Guidance*, January 2012, accessed March 29, 2018. http://www.bing.com/cr?IG=458452B92CDB47D5A1F22D6678B95C64&CID=0B5C76AC714E601E2BB87D6D70E16159&rd=1&h=35JA56N-16RKtRtjYZ92gFWrVp_KCHIWHBkJglz-fSbs&v=1&r=http://archive.defense.gov/news/Defense_Strategic_Guidance.pdf&p=DevEx,5068.1.
- ³⁸ Joint Staff, *Joint Publication 3-26*, October 24, 2014, accessed March 29, 2018, http://www.jcs.mil/Portals/36/Documents/Doctrine/pubs/jp3_26.pdf.
- ³⁹ U.S. Government Accountability Office, *Defense Budget: Obligations of Overseas Contingency Operations Funding for Operation and Maintenance Base Requirements*, January 10, 2018, accessed March 29, 2018. <https://www.gao.gov/products/GAO-18-202R>.
- ⁴⁰ Ibid.

- ⁴¹ U.S. Department of State, “Programs and Initiatives,” accessed February 13, 2018, <https://www.state.gov/j/ct/programs/index.htm#CVE>.
- ⁴² Prepared by Security Assistance Monitor. Updated on January 26, 2018.
- ⁴³ U.S. Department of State, “FY2009 Budget Request: Economic Support Fund,” February 4, 2008, accessed March 28, 2018, <https://2009-2017.state.gov/documents/organization/101425.pdf>.
- ⁴⁴ Rose Jackson, *Untangling the Web: A Blueprint for Reforming American Security Sector Assistance*, January 2002, Open Society Foundations, accessed February 13, 2018, <https://www.opensocietyfoundations.org/reports/untangling-web-blueprint-reforming-american-security-sector-assistance>.
- ⁴⁵ Rachel Stohl, “U.S. Arms Exports and Military Assistance in the ‘Global War on Terror,’” Center for Defense Information at the World Security Institute, 2007.
- ⁴⁶ “President Bush Addresses the Nation,” The Washington Post, September 20, 2001, accessed March 29, 2018, http://www.washingtonpost.com/wp-srv/nation/specials/attacked/transcripts/bushaddress_092001.html.
- ⁴⁷ Toby Harnden, “Rumsfield Spells out What US Victory Will Mean,” The Telegraph, September 24, 2001, accessed March 29, 2018, <https://www.telegraph.co.uk/news/worldnews/northamerica/usa/1341498/Rumsfield-spells-out-what-US-victory-will-mean.html>.
- ⁴⁸ “Text of Bush’s Speech at West Point,” The New York Times, June 01, 2002, accessed March 29, 2018, <https://www.nytimes.com/2002/06/01/international/text-of-bushs-speech-at-west-point.html>.
- ⁴⁹ National Security Strategy of the United States of America.
- ⁵⁰ National Strategy for Combating Terrorism.
- ⁵¹ George W. Bush administration, *National Security Strategy of the United States of America*, National Archives and Records Administration, March 2006, accessed March 29, 2018, <https://georgewbush-whitehouse.archives.gov/nsc/nss/2006/>.
- ⁵² National Strategy for Combatting Terrorism.
- ⁵³ National Security Strategy.
- ⁵⁴ Barack Obama administration, *National Strategy for Counterterrorism*, June 2011, accessed September 14, 2017, https://obamawhitehouse.archives.gov/sites/default/files/counterterrorism_strategy.pdf.
- ⁵⁵ U.S. Department of Defense, “Defense Budget Priorities and Choices FY 2014,” April 2014, accessed March 29, 2018, https://www.bing.com/cr?IG=1FD4FB60272946F9A674DD9D7260FAB8&CID=1BE5A0D0C03F6CB41C06AB11C-1906D42&rd=1&h=Mt7TpUviHb8cns_xEMD4wlUb9QQpfRtrZ4zICZ2Glq8&v=1&r=https://www.defense.gov/Portals/1/Documents/pubs/DefenseBudgetPrioritiesChoicesFiscalYear2014.pdf&p=DevEx,5067.1.
- ⁵⁶ “Remarks by the President at the National Defense University,” National Archives and Records Administration, May 23, 2013, accessed March 29, 2018. <https://obamawhitehouse.archives.gov/the-press-office/2013/05/23/remarks-president-national-defense-university>.
- ⁵⁷ National Security Strategy.
- ⁵⁸ “Remarks by Lisa O. Monaco at the Council on Foreign Relations - Kenneth A. Moskow Memorial Lecture,” National Archives and Records Administration, March 7, 2016, accessed March 29, 2018, <https://obamawhitehouse.archives.gov/the-press-office/2016/03/07/remarks-lisa-o-monaco-council-foreign-relations-kenneth-moskow-memorial>.
- ⁵⁹ U.S. Department of Defense, *Quadrennial Defense Review*, February 6, 2006, accessed March 29, 2018, <http://archive.defense.gov/pubs/pdfs/QDR20060203.pdf>.
- ⁶⁰ Joint Staff, *Joint Publication 3-24*, November 22, 2013, accessed March 29, 2018, http://www.jcs.mil/Portals/36/Documents/Doctrine/pubs/jp3_24.pdf.
- ⁶¹ Quadrennial Defense Review.
- ⁶² U.S. Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, January 2012, accessed March 29, 2018, http://nssarchive.us/national-defense-strategy/defense_strategic_guidance/.
- ⁶³ Joint Publication 3-26.

- ⁶⁴ U.S. Department of Defense, *Quadrennial Defense Review*, March 4, 2014, accessed March 29, 2018, http://archive.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf.
- ⁶⁵ U.S. Department of State, *The First Quadrennial Diplomacy and Development Review*, 2010, accessed March 28, 2018, <https://www.state.gov/documents/organization/153108.pdf>.
- ⁶⁶ U.S. Department of State, *Quadrennial Diplomacy and Development Review*, 2015, accessed March 28, 2018, <https://www.state.gov/documents/organization/267396.pdf>.
- ⁶⁷ U.S. Department of Homeland Security, *2010 Quadrennial Homeland Security Review*, June 06, 2016, accessed March 29, 2018, <https://www.dhs.gov/publication/2010-quadrennial-homeland-security-review-qhsr>.
- ^{68w} U.S. Department of Homeland Security, *2014 Quadrennial Homeland Security Review*, June 28, 2014, accessed March 29, 2018, <https://www.dhs.gov/sites/default/files/publications/qhsr/2014-QHSR.pdf>

ABOUT STIMSON

The Stimson Center is a nonpartisan policy research center working to solve the world's greatest threats to security and prosperity. Think of a modern global challenge: refugee flows, arms trafficking, terrorism. These threats cannot be resolved by a single government, individual, or business. Stimson's award-winning research serves as a road map to address borderless threats through collective action. Our formula is simple: we gather the brightest people to think beyond sound bites, create solutions, and make those solutions reality. We follow the credo of one of history's leading statesmen, Henry L. Stimson, in taking "pragmatic steps toward ideal objectives." We are practical in our approach and independent in our analysis. Our innovative ideas change the world.

*This report was produced with generous support
from the Charles Koch Foundation.*

STIMSON

1211 Connecticut Avenue NW, 8th Floor
Washington, DC 20036
202.223.5956 | www.stimson.org

© Copyright Stimson 2018