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Pentagon accused of end run on budget cuts; Shifting billions rather than trim

By Bryan Bender, Globe Staff

WASHINGTON - The Department of Defense has shifted several billion dollars in routine personnel costs into its Afghanistan war budget, a move numerous critics say has the effect of dodging most of the mandatory budget cuts imposed by Congress last year as part of a deal to avoid defaulting on US debt.

The approximately \$4 billion in costs shifted to the war budget for active-duty Army and Marine Corps troops represents 80 percent of the \$5 billion that defense officials have publicly said they are cutting from their regular budget to meet Congress's mandatory reduction targets. Those targets were triggered by the Budget Control Act, which passed after a bitter partisan battle last year to raise the government's debt ceiling and avoid a default.

Pentagon officials played up the \$5 billion cut in the regular \$525 billion budget last month when President Obama introduced his executive branch spending proposals. They did not mention the accompanying shift of \$4 billion in personnel costs to the \$88 billion war budget. That was buried in footnotes.

Critics from all along the ideological spectrum say the maneuver confirms that the military is using its war budget as a means of avoiding reductions in overall spending.

The reasons are plain, said Gordon Adams, a former White House budget official who now teaches at American University: "The temptation to play three-card monte is greater because they have more constrained resources."

"It distorts what is happening," said Winslow Wheeler, a specialist at the Center for Defense Information, a nonprofit think tank, and a former defense aide for Republican and Democratic lawmakers. "So much for the so-called era of austerity. It's a gimmick."

The funds that were shifted would cover the pay and benefits of 49,700 active-duty troops in the Army and 15,200 in the Marine Corps. That compares with just 14,600 Army soldiers who were similarly financed by the war budget last year - and then only because they were "a temporary war allowance" and specifically recruited "to help meet Army commitments in Iraq and Afghanistan," according to the Pentagon documents.

The Pentagon said the maneuver is justified because the troops covered in the war budget will be eliminated as the military reduces troop levels and therefore those expenses can now be considered temporary costs, not permanent items in the

regular budget. The nearly 65,000 troops ``are no longer considered permanent and are being maintained in the interim primarily because of current contingency operations," the Pentagon said in a statement, responding to questions from the Globe.

The Pentagon added that the White House Office of Management and Budget ``agreed that this nonenduring strength was appropriately funded in the [war funding] request."

A spokesman for that office echoed the Pentagon's rationale. ``We're fine with it," said Robert Friedlander.

However, critics dismissed the Pentagon's justification, pointing out that the troops in question are not temporary and will not be eliminated for at least five years, according to the Pentagon's plans.

``It's a rationale, but also a rationalization," said Carl Conetta, codirector of the Project on Defense Alternatives, a Cambridge think tank. More importantly, he said, the move ``contravenes the spirit of deficit reduction. It adds to the nation's burden while its purveyors are crowing about how much they've cut. What they've done is change the rules in a way that subtracts from deficit reduction."

The Pentagon has been singled out in the past for using the war budget to pay for other items. Previous criticism has centered on buying equipment that was not directly lost or damaged in combat. A 2007 study by the nonpartisan Congressional Budget Office asserted that more than 40 percent of the Army's war spending that targeted repairing or replacing war-worn equipment was for items not damaged in the fighting.

But the Obama administration, when it came into office three years ago, had vowed to end the practice, said Adams, who also served on the Obama administration's transition team in 2008 and 2009.

``We negotiated with the Pentagon a fairly detailed set of provisions on what goes in," Adams said. ``Personnel costs are base budget costs. They are not due to war. They have gone back on principle."

For other specialists and watchdogs, the shift in funds between budgets is a particularly egregious accounting trick because it undercuts the spirit of the debt deal when other departments of government such as education, health, and commerce are facing steep cuts.

``It is a simple run around the spending caps," said Mackenzie Eaglen, defense budget specialist at the conservative American Enterprise Institute.

The White House recently acknowledged that the temptation to take advantage of the war budget is almost irresistible. In releasing the federal budget last month, the White House issued a report in which it called for capping all war spending in a decade. One of its rationales was that ``leaving [war] funding unconstrained could allow future administrations and Congresses to use it as a convenient vehicle to evade the fiscal discipline that the [Budget Control Act] caps require elsewhere in the budget."

The war budget also gets less scrutiny from lawmakers, who still must approve it but tend to rubber-stamp spending that is supposed to go to front-line troops, said Benjamin H. Friedman, a defense budget specialist at the **Cato Institute**, a libertarian Washington think tank, raising the prospect that more spending is being hidden there.

``The war budget has become a little bit of a slush fund for the Pentagon," he said.

``We've gotten addicted to it," added James Jay Carafano, a national security specialist at the conservative Heritage Foundation. ``It makes being honest with the American people about how much we are really spending on defense very difficult."