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January 16, 2007

The Honorable Robert Gates
Secretary
Office of the Secretary
The Pentagon
Washington, DC 20301

Dear Secretary Gates:

Let me first congratulate you on your recent confirmation as Secretary of Defense. I look forward to working closely with you to support the brave men and women who serve in uniform and to protect American national interests here and abroad.

I write to you today to share my concerns about the Department of Defense's budget process and specifically the practice of submitting supplemental appropriations requests to fund our nation's Global War on Terror (GWOT). As a Member of the House Committee on the Budget, I spend much of my time overseeing budgetary matters. I hope you see my inquiry not as criticism but as an honest effort to ensure that resources are used efficiently and effectively.

Over the last five years, the United States has been conducting a Global War on Terror with operations ongoing in Afghanistan and Iraq. During these years, Congress has typically funded these operations with an annual supplemental appropriations bill on top of the annual Defense Appropriations bill. While costs have continued to fluctuate during this time frame, I do believe that Congress, working together with the Defense Department, should strive to include more of these funds in the normal budget process, with its requisite accountability standards.

In the FY07 Defense Appropriations bill, there was a "bridge fund" of \$70 billion included for GWOT costs. The inclusion of this bridge fund in the regular appropriations process is a positive development, however, it would seem that even that did not accurately reflect the current average costs of the GWOT. Even before the FY07 Defense Appropriations bill was signed into law, there were news reports indicating that a roughly \$100 billion FY07 supplemental spending bill would be sent to Congress in January of 2007.

Knowing as we do the deliberative nature of any bureaucracy and particularly of the Pentagon with its chains of command, it seems safe to assume that requests for these supplemental funds were being developed during Congressional consideration of the regular FY07 Defense Appropriations bill. Why then was there not an attempt made to

include those supplemental funds through the normal process? Knowing the costs for the GWOT have been increasing each fiscal year to over \$100 billion annually, there must be some way to better anticipate needs for inclusion in the President's annual budget for the GWOT? As we anticipate delivery of the President's 2008 budget request, can we expect that it will include GWOT funding through the regular budgetary process? And should we also expect another supplemental appropriations bill, as news reports have indicated?

It is my hope that as President Bush submits his FY2008 budget to Congress, that he will include the most accurate request possible for projected GWOT costs so that Congress can include these funds through the normal budgetary process. By providing an accurate request and keeping these funds in the overall budget, Congress can exercise better oversight on how this money is spent and both Congress and the President can be better stewards of the American taxpayers' money while also meeting the needs of our service members.

On a related issue, last year, I wrote to your predecessor, Secretary Rumsfeld, to inquire about the troubling practice at the Pentagon of failing to meet basic accounting standards. In Secretary Rumsfeld's response, he noted that, "[DoD] has also received favorable audit opinions [on DoD financial statements] on 16% of departmental assets and 48% of departmental liabilities. Our current plan is to increase these favorable opinions to 69% of assets and 80% of liabilities by 2009." While progress is admirable, I find this inability to produce accurate financial statements very troubling and hope that you will make improved financial reports a top priority.

Thank you in advance for your time and consideration on these important matters. I wish you the very best in your new role and am confident that you will do an outstanding job leading the great men and women in our Armed Forces. If you have any questions, please feel free to contact me or my Legislative Director, Chris Russell, in my Washington office. I look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink that reads "Scott Garrett". The signature is written in a cursive, flowing style.

Scott Garrett
Member of Congress

Cc: Deputy Secretary Gordon England