



No. 16

April 2, 2003

## **S. 762 – FY 2003 Supplemental Appropriations for Defense Operations in Iraq, Homeland Security and Related Efforts**

Calendar No. 59

Reported by the Senate Appropriations Committee on April 1, 2003, 29-0; S. Rept. 108-33.

### **NOTEWORTHY**

- By unanimous consent, the Senate, on April 2 at 11 a.m., will take up S. 762, the supplemental appropriations bill to support Department of Defense operations in Iraq and related efforts.
- The Senate-reported bill provides \$76.71 billion in new budget authority to address the President's request. It includes an aviation-relief package, which amounts to \$3.5 billion in appropriations and benefits to the industry, according to the Appropriations Committee. These amounts reflect the bill as reported and do not take into account the manager's amendment offered on the floor.
- On March 24, 2003, President Bush conveyed to the Congress a request for supplemental appropriations in the amount of \$74.73 billion, including \$62.6 billion for the Department of Defense; \$296 million for the Department of State; \$5.02 billion to support coalition partners in the conflict with Iraq and the global war on terrorism; \$30.5 million for International Broadcasting Operations; \$4.25 billion for Homeland Security requirements; \$2.4 billion for the Executive Office of the President; and \$125 million for the Legislative Branch.
- The Senate bill includes \$62.6 billion for defense, including \$11.55 billion for the Defense Emergency Response Fund (DERF), but allocates the majority of defense funds, totaling nearly \$51.5 billion, into specific appropriations accounts. It also provides \$4.6 billion for homeland defense requirements, roughly \$400 million above the request, and \$7.8 billion for international relief and recovery efforts in Iraq and support for coalition partners.
- The House Appropriations Committee ordered its bill reported on April 1. The House likely will take up the bill on Thursday, April 3.

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## HIGHLIGHTS

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This bill provides \$76.7 billion in new budget authority in supplemental FY 2003 funds compared to the President's request of \$74.7 billion request.

### NATIONAL DEFENSE

- The Committee recommends \$62.6 billion for the Department of Defense, providing the funding at the requested level. Note: recommendations for specific classified programs are addressed in the classified annex to the Committee's report.
- Funds are recommended for:
  - military personnel (\$13.7 billion)
  - replenishment of munitions and weapons (\$3.7 billion)
  - operations and maintenance activity (\$35.1 billion)
  - Natural Resources Risk Remediation Fund (\$489.3 million)
  - Research, Development, Test and Evaluation for the Army (\$11.5 million)
  - Defense Health Program (\$500 million)
  - Fuel costs (\$550 million)
  - Defense Emergency Response Fund (\$11.55 billion)
  - Corps of Engineers (\$29 million)
  - \$1.7 billion to cover costs associated with classified activities in Iraq and the global war on terrorism.

### HOMELAND SECURITY

The bill provides \$4.6 billion for homeland security initiatives, roughly \$400 million above the President's request, including:

- \$2 billion for border and transportation security within the Office for Domestic Preparedness, the amount requested, and \$1.1 billion for the Department of Homeland Security for counter-terrorism activities. Included in this amount is \$1.42 billion for grants to states for protection and preparedness activities; \$450 million for grants to augment security at critical infrastructure facilities; and \$100 million for protection or preparedness needs of high-threat areas. An additional \$30 million is made available to enable ODP to provide technical assistance to states, including support for plan development, and assistance with communications and equipment.

## AIRLINE INDUSTRY PROVISIONS

According to the Appropriations Committee, the total value of the relief provisions (in appropriations and other benefits) to the airline industry total about \$3.5 billion.

- **Aviation Security.** The bill provides about \$1.5 billion to reimburse airlines for the cost of complying with security regulations imposed by the Aviation and Transportation Security Act (ATSA) and to suspend all security fees on air travel, including the \$2.50 per flight-segment passenger security fee, for six months. An additional \$375 million is recommended for new security screening machines at airports.
- **Airline War Risk Insurance.** Although the extension of domestic airlines' war risk insurance does not require an appropriation, the government, through the Federal Aviation Administration's (FAA) aviation insurance program, would continue to underwrite the liability risk for an act of war or terror. In exchange, domestic air carriers will continue to pay the federal government an estimated \$140 million annually in premium payments.
- **Airline Workers' Unemployment Benefits Extension:** The bill triples current federally-funded unemployment benefits for airline (and airline-connected) workers who separate from employment due to terrorist actions, security measures, or the war in Iraq. Section 409 of the bill creates a special extension of the Temporary Extended Unemployment Compensation Act for a limited group of unemployed workers: employees of air carriers, individuals employed at an airport, individuals employed by provision of transportation to and from an airport, and employees engaged in commerce which supplies air carriers. The Secretary of Labor will be authorized to grant extended benefits to these employees if she determines that employment was severed in whole or in part due to a terrorist action, a security measure, or military conflict with Iraq. Eligible individuals will be able to draw an additional 26 weeks of federally funded unemployment compensation; it will apply to those who exhaust available benefits up until December 29, 2003. This will make unemployed airline (and airline-connected) workers eligible for 65 weeks of unemployment benefits, and up to 91 weeks in high-unemployment states. (This includes 26 weeks of state benefits, 13 weeks of TEUC benefits, 26 weeks of benefits provided under this bill, 13 weeks of TEUC-X benefits and 13 weeks of EB benefits. This language does sunset on December 26, 2004.) It also applies retroactively to March of 2001. The Appropriations Committee has estimated the cost of this extension, which runs into FY04, at \$225 million.

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**BILL  
PROVISIONS**

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**Defense:**

The Committee recommends \$62.6 billion for the Department of Defense, as requested, providing all of the funding at the requested levels. Note: recommendations for specific classified programs are addressed in the classified annex to the Committee's report.

- The DERF (**Defense Emergency Response Fund**) receives \$11.55 billion to support the global war on terrorism. The President's request was \$59.86 billion for the DERF to support Operation Iraqi Freedom and continuing operations in the war on terrorism. The Committee recommended the full amount requested, but appropriated \$48.81 billion of the DERF request to specific accounts in order to accelerate the distribution of these needed funds to the military services.

**Military Personnel**

- The Committee recommends \$13.7 billion for military personnel costs.

**Operation and Maintenance**

- Under the Operation and Maintenance account, the Committee recommends \$35.1 billion.

**Procurement**

- The Committee recommends a total of \$3.7 billion to replenish munitions and weapons, which includes for the Army, \$4.1 million for Aircraft Procurement; \$3.1 million for Missile Procurement, \$53.3 million for procurement of weapons and tracked combat vehicles, \$447.5 for procurement of ammunition, and \$241.8 million for other procurement. For the Air Force, the bill provides \$113 million for other procurement; and for procurement, defense-wide, the bill provides \$451 million.

**Research, Development, Test and Evaluation**

- For Research, Development, Test and Evaluation (RDT&E) for the Army, the Committee recommends \$11.5 million.

## Other

- The Natural Resources Risk Remediation Fund is funded at \$489.3 million.
- The bill provides \$1.7 billion for costs associated with classified activities undertaken in Iraq and in the global war on terrorism.
- For Revolving and Management Funds/Defense Working Capital Funds, \$550 million is recommended, an amount \$120 million greater than the request.
- The Defense Health Program is funded at \$500 million.
- The Corps of Engineers is funded at \$29 million for increased security measures.

## Homeland Security:

The bill provides \$4.6 billion to meet homeland defense requirements, roughly \$400 million above the President's request. It provides \$1.1 billion to support the Department of Homeland Security for counterterrorism activities. Prior to the obligation of any funds, the Secretary of Homeland Security is required to submit a 15-day notice to the Committees on Appropriations.

The bill provides \$2 billion for border and transportation security within the Office for Domestic Preparedness, the amount requested. Included in this amount is \$1.42 billion for grants to states for protection and preparedness activities; \$450 million for grants to augment security at critical infrastructure facilities; and \$100 million for protection or preparedness needs of high-threat areas. An additional \$30 million is made available to enable ODP to provide technical assistance to states, including support for plan development, and assistance with communications and equipment.

**Department of Health and Human Services.** Office of the Secretary/Public Health and Social Services Emergency Fund. The bill provides \$35 million for costs associated with compensating individuals with injuries resulting from smallpox vaccinations. Funds are available only upon enactment of legislation authorizing a smallpox vaccination compensation fund. The bill includes language to eliminate the \$1 million cap in FY2003 on HHS funds to provide assistance to ill or destitute U.S. citizens who have returned from foreign countries due to war, threat of war, invasion or similar crisis.

**Coast Guard.** The bill provides \$580 million for Coast Guard operating expenses in support of DoD initiatives in relation to Operation Iraqi Freedom and Operation Liberty Shield.

**Department of the Interior, Bureau of Reclamation.** The bill provides \$25 million for increased security measures at Bureau of Reclamation Facilities.

**Department of State.** The bill provides \$93.42 million for the Diplomatic and Consular Programs for expenses associated with the military campaign in Iraq, \$8 million below the request. Of this amount, \$15.6 million is for medical services, including emergency medical supplies, and also of this amount, \$10 million is for worldwide security upgrades. Also of this amount, \$2 million is for Consular Affairs requirements relating to U.S. citizen services and \$30.02 million is for Machine Readable Visa (MRV) shortfalls. Last, within the total amount, \$17.9 million is made available for initial setup and operating costs for reopening the U.S. Embassy in Baghdad, Iraq.

The bill provides \$82 million for the overseas construction account, \$62 million above the request. Of this amount, \$20 million is for safe, secure and temporary facilities for 200 U.S. Government personnel and 300 Iraqi local hires in Baghdad, Iraq. Also of the amount, \$10 million is to provide security enhancements to non-official facilities frequented by U.S. citizens, with emphasis on schools attended by dependents of non-military U.S. Government personnel.

The bill provides \$40 million for Emergencies in the Diplomatic and Consular Service, \$25.7 million below the request. Funds available will ensure that the State Department is able to fund transportation and other costs associated with evacuating U.S. Government employees, their families and private citizens should the need arise.

**Department of Justice.** The bill provides \$500 million for the Counterterrorism Fund, equal to the request.

**Broadcasting Board of Governors (BBG)/International Broadcasting Operations.** The bill provides \$62 million for the BBG to support start-up costs of the Middle East Television Network (METN) and for continuation of radio broadcasting to Iraq.

**Department of Energy.** The bill provides \$1 million for increased safeguards and security of DoE nuclear and other facilities; National Nuclear Security Administration: \$19 million for force protection in the nation's nuclear weapons complex stemming from elevated security levels and \$55 million for defense nuclear nonproliferation, of which \$19 million will be available to accelerate NNSA's work under the Second Line of Defense Program to install radiation detection equipment at major transit/transport hubs and ports in countries other than Russia and the NIS (Newly Independent States). From within the total, \$35 million will be available to support material protection and control outside the former Soviet Union; \$6 million for Defense Environmental Restoration and Waste Management to address force protection requirements at nuclear and other facilities resulting from elevated security levels; and \$18 million is made available for transfer to other DoE accounts for safeguard and security requirements, with the requirement of a 15 day notification of the House and Senate Committees on Appropriations.

#### **Bilateral Economic Assistance:**

**USAID, Child Survival and Health Programs Fund.** The bill provides \$40 million in Child Survival and Health Programs Fund assistance, as requested, for reimbursement of costs incurred by AID for pre-conflict humanitarian and relief activities relating to Iraq.

**International Disaster Assistance.** The bill provides \$112.5 million for additional international disaster assistance for reimbursement of costs incurred by AID for pre-conflict humanitarian and relief activities relating to Iraq.

**Loan Guarantees to Israel.** The bill provides the request for \$9 billion in loan guarantees to Israel, with minor modifications, and directs the Secretary of State to submit a report within 30 days after the enactment of this legislation, detailing terms and conditions of the loan guarantees.

**USAID operating expenses.** The bill provides \$22 million for operating expenses for AID, of which \$2 million may be transferred to and merged with operating expenses of the USAID Inspector General's office. These funds are needed because of relief and reconstruction efforts relating to Iraq.

**Other bilateral economic assistance.** The bill provides \$2.357 billion for the Economic Support Fund, providing the request for Egypt, including authorization for up to \$2 billion in loan guarantees over a 3-year period. The bill provides the request for Turkey, including authorization for up to \$8.5 billion in loan guarantees, and supports the request for Afghanistan for infrastructure and political reform. The bill provides \$700 million for assistance to Jordan. The bill provides \$150 million for the U.S. Emergency Fund for Complex Foreign Crises, to meet unforeseen shortfalls in relief and reconstruction efforts in Iraq, including congressional notification for these funds, which may be waived if human health or welfare is at substantial risk.

**Department of State.** The bill provides, as requested, \$25 million for the International Narcotics Control and Law Enforcement to enhance Pakistan's law enforcement and border security; \$34 million, as requested, for the Andean Counterdrug Initiative, of which not less than \$5 million is made available to assist women and children displaced as a result of armed conflict.

The bill provides \$50 million for the **U.S. Emergency Refugee and Migration Assistance Fund** to replenish funds drawn down for programs and activities relating to Iraq.

The bill provides \$28 million, as requested, for Nonproliferation, Anti-terrorism, demining and related programs, for the protection of Aghan President Karzai and for handling unexploded ordnance in Afghanistan.

The bill provides \$2.06 billion, as requested, for the Foreign Military Financing Program, with not less than \$1 billion for Israel, and \$406 million for Jordan. The Committee supported the request for Pakistan and Afghanistan, and expressed its strong support for the request for \$30 million for counterterrorism assistance for the Philippines. For peacekeeping operations, the bill provides \$200 million, the requested level, to assist coalition partners in a post-conflict Iraq.

**Peacekeeping Operations.** The bill provides \$150 million for an additional amount for Peacekeeping Operations to assist coalition partners in the post-conflict Iraq.

**Iraqi Relief and Reconstruction Fund.** The bill provides \$2.44 billion for the Iraqi Relief and Reconstruction Fund for humanitarian assistance in and around Iraq and for rehabilitation and reconstruction in Iraq. Under General Provisions, the bill provides \$10 million in “Economic Support Fund” assistance for the establishment of a tribunal for the prosecution of Saddam Hussein and other Iraqi war criminals.

**Agriculture Research Service.** The committee recommends \$98 million to continue to fund the Trade and Agricultural Policy Division of the Center for Agricultural and Rural Development (CARD/TAPD) at Iowa State University, Ames, which conducts research and analysis of food, agricultural, and trade-related policy issues.

**Legislative Branch.** The bill denies the request for \$125 million for the Legislative Branch Emergency Response Fund since legislative branch agencies submitted individual requests totaling \$130.8 million, excluding amounts requested by the House of Representatives, and instead, the bill recommends funds directly to the individual agencies, rather than the lump sum requested.

**Capitol Police and other items.** The bill provides \$38.16 million for Capitol Police general expenses for additional security measures for the Capitol Complex. The bill provides \$111 million for the Office of Compliance’s Salaries and Expenses. \$18.67 million is provided for the Architect of the Capitol; \$1.1 million is provided for the Capitol Building to meet life safety standards for Congress; \$14.6 million is provided for the Capitol Power plant; \$40 million is provided for Capitol Police Buildings and Grounds.

**Library of Congress.** The bill provides \$5.5 million for purchase and installation of a public address system to support emergency management planning.

**Congressional Research Service.** The bill provides \$1.86 million for CRS for mirroring of mission-critical on-line data.

**General Accounting Office.** The bill provides \$4.85 million for GAO needed for security of GAO facilities and information systems.

**Department of Defense/Military Construction.** The bill provides \$48.1 million, the same as the request, for Military Construction/Navy, for detention facilities at Guantanamo Bay, Cuba; \$127.4 million for Military Construction/Air Force (\$2 million less than the request), for construction at Diego Garcia, Millennium Village, and for a hangar to replace typhoon-damaged facilities at Andersen Air Force Base, Guam; \$2 million is funded for Family Housing Operation and Maintenance/Air Force for typhoon damage repairs to family housing units at Andersen Air Force Base, Guam.

**Department of Transportation.** The bill provides \$50 million for the Maritime Guaranteed Loan Program (Title XI), which provides subsidies for guaranteed loans for purchasers of vessels built in U.S. shipyards.

**Department of Commerce/National Oceanic and Atmospheric Administration.** The bill provides \$106 million for procurement, acquisition and construction; the recommendation is \$106 million above the request and is in support of the Polar-orbiting Operational Environmental Satellite (POES), National Polar-orbiting Operational Environmental Satellite System (NPOESS) and Geostationary Operational Environmental Satellite(GOES) programs which provide the U.S. Government with continuous satellite coverage necessary for weather forecasting and disaster planning and response. The Committee notes gaps between launches and satellite “spares” and directs NOAA to provide a “cure plan” for these three programs.

**EEOC.** The bill provides \$23.3 million for the Equal Employment Opportunity Commission, which was not requested by the President. The funds are intended to avert a fiscal crisis that will result in the furlough of 100% of the workforce for an extended period of time due to a myriad of factors. \$5 million of this amount is for a restructuring plan for stabilization and a major personnel restructure.

**National Commission on Terrorist Attacks upon the United States.** The bill provides \$11 million for the commission; the \$11 million is above the request and is intended to cover all costs through the life of the commission.

**District of Columbia.** The bill recommends a rescission of \$9.3 million in local funds for governmental direction and support; an increase of \$14.9 million in local funds for economic development; an increase of \$10 million for public safety and justice; an increase of \$2 million for public schools (with a rescission of \$12 million for D.C. Charter Schools because of lower than anticipated student enrollment); a rescission of \$2.46 million from local funds due to lower debt service obligations and a rescission of \$2 million from local funds in Workforce Investments.

**Department of the Interior.** The bill provides \$9 million for the National Park Service and the National Park System.

**Department of Labor.** The bill provides \$1 million for the Employment and Training Administration for the Jobs for America’s Graduates (JAG) Program. This is a national nonprofit organization which has received federal funding through congressional earmarks in years past. JAG funds school-based programs encouraging students to complete high school and provides work-based learning experiences.

**Department of Housing and Urban Development.** The bill includes language for the Corporation for National and Community Service to provide a deficiency appropriation of up to \$64 million to liquidate obligations incurred in previous years. The availability of these funds is contingent upon the Corporation submitting a report in accordance with requirements of the Antideficiency Act and OMB guidance.

**Title III, Colombia Orbiter Memorial Act.** The bill also provides \$500,000 from available funds for the construction of a memorial marker for the seven members of the crew Columbia Orbiter who died on February 1, 2003. The NASA Administrator is given authority to accept gifts and donations for this purpose.

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## ADMINISTRATION POSITION

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At press time, the Administration had not released its policy statement on the Senate-reported bill. However, one was expected shortly.

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## POSSIBLE AMENDMENTS

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Hollings: Provides \$1 billion for port security.

Daschle/Schumer/Clinton: Provides \$4.3 billion for first responders.

Leahy: Requirements regarding organic foods.

Reid: Strikes airline language limiting compensation for CEOs.

Durbin/Landrieu: Increases military combat/separation pay.

Landrieu: Increases National Guard and Coast Guard funding.

Harkin: Restores \$3.1 billion in funding eliminated over eight years to pay for the disaster assistance in the FY03 Omnibus appropriation for Conservation Security Program.

Corzine: Regarding Environment homeland security.

Ensign: Iraqi reconstruction and coalition partners.

Kyl/Campbell: to prohibit Iraqi reconstruction funds for persons or businesses from countries which opposed the resolution authorizing force against Iraq

Reid: adding \$400 million for nuclear security.

Mikulski: Provides additional funds for the Office of Domestic Preparedness.

Breaux: Increases funds by \$2.3 billion for Transportation Security Administration, Coast Guard, Customs and Border Protection.

Byrd: \$4 billion in additional funds for homeland security.

Stevens/Inouye: imminent danger pay increase and family separation allowance.

Stevens: debt ceiling increase.

Bayh: Provides \$340 million for state and local bioterrorism-related grants.

Feinstein: Provides \$400 million for COPS and first responders.

Wyden: Extending airline assistance to travel and entertainment industry.