

No. 10

June 22, 2001

S. 1077 – Supplemental Appropriations for FY 2001

Calendar No. 76

Ordered reported by the Senate Committee on Appropriations on June 21, 2001, by a unanimous vote. [S. Rept. 107-33]

NOTEWORTHY

- The Senate is likely to consider S. 1077, Supplemental Appropriations for FY 2001, next week.
- On June 1, President Bush submitted a supplemental appropriations request for FY 2001 totaling about \$7.1 billion, offset by about \$600 million in rescissions, for a total new budget authority of \$6.5 billion. Of this total, \$5.8 billion in new budget authority is for the Department of Defense. Requested non-defense discretionary appropriations totaled about \$723 million, with \$20 million in offsetting rescissions.
- The \$6.5 billion request is consistent with the amount Congress set aside for supplemental funding in the FY 2002 budget resolution; therefore, none of the funding was requested as emergency appropriations.
- S. 1077 provides a total of \$6.5 billion, consistent with the Administration request, with \$5.9 billion recommended for defense and \$625 million recommended for non-defense discretionary programs. The Senate bill works within the parameters requested by the President — it limits new spending to the amount available under the revised caps, is completely offset and proposes no emergency spending.
- The House of Representatives passed its version of the supplemental appropriations bill (H.R. 2216) on June 20, by a vote of 341 to 87. The House bill provides for a total of \$6.5 billion in new supplemental budget authority; however, it includes \$473 million in emergency spending.

HIGHLIGHTS

Almost all of the funding in S. 1077 is for defense-related programs. Specifically, roughly \$3 billion is appropriated for operations and maintenance for the unexpected costs of natural gas and utilities at DoD bases and installations and deferred maintenance of real property, ships, and aircraft, and \$515 million is provided for military personnel accounts to address quality of life issues such as military pay and benefits.

As for non-defense discretionary funding, the bill increases the Administration request for Low Income Home Energy Assistance from \$150 million to \$300 million, and it includes \$115 million to address costs associated with processing and mailing tax rebate checks to taxpayers, as requested by the Administration.

Further, the Senate bill contains \$936 million in mandatory spending for veterans compensation, pensions and readjustments to certain benefits. This is consistent with the Administration's request.

BACKGROUND

The President's Request

President Bush sent to Congress on June 1 a request for supplemental appropriations for FY 2001 totaling \$7.1 billion, offset by about \$600 million in rescissions, for new total budget authority of \$6.5 billion. Of this total, \$5.8 billion is for defense-related programs (\$6.4 billion in new funding for defense programs was offset by \$566 million in rescissions). An additional \$291 million was requested for Department of Energy (DOE) defense-related activities, partly for safety and reliability of the nuclear weapons stockpile, and partly for environmental cleanup and compliance measures at defense-related DOE production sites.

The request for non-defense discretionary programs was \$723 million, of which \$20 million was offset, for a total of \$703 million in new total budget authority for these accounts. Some of these programs/funds requested included: \$150 million for the Low Income Home Energy Assistance Program (LIHEAP); \$35 million for the Agriculture Department to strengthen border inspections to

prevent foot and mouth disease; \$92 million for increased Coast Guard fuel, health care benefits and other costs; and \$176.4 million for the Treasury Department.

Finally, an additional \$936 million was requested for mandatory Department of Veterans Affairs programs, including Cost of Living Adjustments for disability compensation and pensions (\$589.4 million) and expanded GI Bill benefits (\$347 million). However, these are not scored against the caps on discretionary spending under Budget Enforcement Act procedures.

Senate Appropriations Committee Action

The Senate Appropriations Committee marked-up its version of the Supplemental Appropriations Bill, S. 1077, on June 21, which passed by a unanimous vote. The Committee bill recommends total supplemental appropriations of \$6.54 billion.

The Committee bill recommends minor adjustments to the President's request, including increases for building maintenance, spare parts purchases, and health care activities for requirements identified by the military services. This was made possible due to a Committee determination, that in several cases funds requested could be provided in FY 2002 without harm to programs. For further details of specific programs, see "Bill Provisions," pp. 4-7.

The Committee recommendation includes the following rescissions from defense accounts:

- \$513 million from the amounts provided for procurement of the Navy MV-22 and the Air Force CV-22 tilt-rotor aircraft programs;
- \$200 million from the Overseas Contingency Operations Transfer Fund;
- \$75 million from the LPD-17 (Advance Procurement); and,
- \$4 million from RDT&E, Defense-Wide.

The Senate bill follows closely the Administration's request; however, S. 128 departs from the Administration request by:

- Recommending \$84 million for payment to the Radiation Exposure Compensation Trust Fund; and,
- Doubling the funding for LIHEAP.

S. 1077 also includes mandatory funding for Veterans' pensions and benefits as requested by the Administration.

House of Representatives Consideration

On June 20 the House of Representatives passed H.R. 2216, the FY 2001 Supplemental Appropriations Act, by a vote of 341-87. The overall total funding level is \$6.5 billion, of which \$473

million is emergency spending. Of this total, \$5.5 billion is for urgent Department of Defense needs, such as:

- Addressing the Pentagon’s rising energy costs (\$734 million);
- Avoiding severe disruptions in the military health care program (\$1.65 billion, \$200 million more than the request);
- Assuring readiness and operations requirements (\$2.2 billion);
- Improving standard housing and utility facilities for U.S. troops stationed in Korea (\$55 million);
- Implementing the DoD’s energy conservation plan in California and the Western United States (\$47 million);
- Repairing damages to the U.S.S. Cole (\$44 million);
- Funding, in the form of emergency disaster assistance, for damage sustained at U.S. military installations (\$40 million); and,
- Supplemental funding of \$36 million to fund the Navy’s EHIME MARU recovery operations.

The House bill also includes \$389 million for natural disaster assistance.

Departing from the Administration’s request, the House bill designates \$437 million in emergency spending for disaster repairs and related programs and doubles the requested amount for the Low Income Home Energy Program (from \$150 to \$300 million).

BILL PROVISIONS

The major provisions of the S. 1077, the Supplemental Appropriations bill, are outlined below. See attached chart for overall spending levels requested by the President and recommended by the Senate and House.

Operation and Maintenance

- The Committee provides a total of \$3 billion in **operations and maintenance**, which is \$160.7 million more than the requested level.
- Supplemental funding of \$36 million is recommended to fund the Navy’s **EHIME MARU** recovery operations.

Procurement

- For **Navy shipbuilding and conversion**, the Committee recommends \$297 million for increased costs on ships currently under construction. This appropriation is \$75 million above the requested level, with the funds for this purpose being reallocated from existing LPD-17 class ship funding in the FY 2001 bill.
- The Administration requested, and the Committee recommends approval of a supplemental appropriation of \$49 million to finance increased **C-17** overhead costs.
- The Committee concurs with the Administration request for supplemental appropriation of \$1.2 million for **electrical demand reduction efforts** in California.

Research, Development, Test and Evaluation (RDT&E)

- The Administration requested, and the Committee recommends, a supplemental appropriation of \$80 million for the **V-22 RDT&E** program only for correction of deficiencies, flight test and flight test support.

Revolving and Management Funds

- The Committee recommends appropriations of \$178.4 million for the **Defense Working Capital Fund**, an amount equal to the Administration request, to fund the increased cost of utilities at the base and installation level.

Other Department of Defense Programs

- The Committee has increased the Administration's request for the **Defense Health Program (DHP)** by \$68.8 million, for a recommended supplemental appropriation of \$1.52 billion. The President requested \$1.45 billion. The \$68.8 million increase is to accommodate additional immediate shortfalls in the Direct Care System and Military Medical Treatment Facilities identified to the Committee by the service Surgeons General.
- Consistent with the Administration's request, the Committee recommends \$100 million to fund increased **pharmacy costs** experienced in military Medical Treatment Facilities as a result of the recently authorized pharmacy benefit for Medicare eligible military retirees.

Department of Energy (DOE) Programs

- The Committee recommends an appropriation of \$140 million, (the Administration's request), for weapons activities of the national **Nuclear Security Administration** within the DOE.
- Included in this appropriation is \$54 million for **directed stockpile work**, as well as \$62 million in **technical base and facilities activities**.

- The Administration's request of \$95 million is appropriated for **Defense Environmental Restoration and Waste Management**.

Military Construction

- For **military construction** activities, the Committee recommends \$93 million, the Administration level.

Other Supplemental Appropriations

- For the Department of Agriculture, the Committee recommends \$35 million, (the requested level), for activities related to guarding against the threat of **foreign animal diseases**.
- Regarding the Army Corps of Engineers, the Committee recommends an appropriation of \$50 million, (the Administration's request), for the **Flood Control and Coastal Emergencies program**.
- The bill contains \$100 million for U.S. contribution to a **global trust fund to combat HIV/AIDS, malaria and tuberculosis**, and the Committee recommends a rescission of \$10 million from unobligated balances of the FY 2001 appropriation for the Child Survival and Disease Programs Fund. The Administration did not request funds for this program.
- The Committee recommendation does not follow the Administration's request to cancel \$20 million in FY 2000 **Economic Support Funds** for foreign countries.
- Regarding the Bureau of Indian Affairs, the Committee recommends \$50 million for **Operation of Indian Programs**, as requested by the Administration, to allow for the repayment by the Bureau of Indian Affairs of funds previously borrowed from the land acquisition accounts of the Bureau of Land Management, the U.S. Fish and Wildlife Services, and the National Park Service.
- The Committee recommends an additional \$150 million for the **Low Income Home Energy Assistance Program (LIHEAP)**, double the Administration request. When combined with the \$1.4 billion already appropriated for FY 2001, and \$300 million in emergency funding which had already been utilized, a total of \$2 billion is provided in appropriations for FY 2001.
- Under the Department of Education, the Committee recommends \$161 million for **Title I grants to local educational agencies program**. The Administration did not request a supplemental appropriation for this program.

- Regarding the Legislative Branch, the Committee has deferred, without prejudice, the request of \$61.7 million for the **House of Representatives Salaries and Expenses**.
- Under the Department of Transportation, the Committee recommendation includes an additional \$92 million for **Coast Guard operating expenses**, the same as the Administration's request.
- The Committee recommends \$49.6 million for processing and mailing the tax rebate from the **Economic Growth and Tax Relief Reconciliation Act of 2001**, as well as \$66.2 million to support advance mailings informing taxpayers of the rebate.
- Regarding the Veterans Affairs Department, the Committee supports a \$589.4 million increase in the statutory limit of \$22.7 million to assure **payment to veterans and their families** of mandatory disability compensation and pension benefits enacted in law after the 2001 Appropriations Act.
- The Committee supports a \$347 million increase in the statutory limit of \$1.63 billion to assure payment of mandatory increases in **Montgomery GI Bill and related benefits** enacted in law after the 2001 Appropriations Act. This appropriation matches the Administration request.

ADMINISTRATION POSITION

There was no Statement of Administration Policy available at press time.

COST

The 5-year projections associated with the budget authority provided in S. 1077 are as follows: budget authority, FY 2001: \$7.48 billion; outlays: FY 2001: \$2.22 billion; FY 2002: \$4.24 billion; FY 2003: \$804 million; FY 2004: \$97 million; FY 2005 and future years: \$204 million. This table includes both mandatory and discretionary appropriations.

POSSIBLE AMENDMENTS

There were no known amendments at press time.

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Chart attached

FY 2001 Supplemental (\$ Millions)

	President's request	House Passed	Senate recom.	Senate v. President
Discretionary:				
Title I				
National Defense supplementals.....	6,407	6,750	6,711	304
National Defense offsets.....	<u>-566</u>	<u>-928</u>	<u>-792</u>	<u>-226</u>
Subtotal	5,841	5,822	5,919	78
Titles II and III				
Non-defense supplementals.....	723	1,256	1,062	339
Non-defense offsets.....	<u>-20</u>	<u>-534</u>	<u>-438</u>	<u>-418</u>
Subtotal	703	722	625	-78
All Titles				
All discretionary supplementals.....	7,130	8,006	7,773	643
All discretionary offsets.....	<u>-586</u>	<u>-1,462</u>	<u>-1,230</u>	<u>-644</u>
Total	6,544	6,545	6,544	-0
Total	5,841	5,822	5,919	78
Defense.....	<u>703</u>	<u>722</u>	<u>625</u>	<u>-78</u>
Defense.....	6,544	6,545	6,544	-0
..				
Non-defense.....				
Total				