

Report for Congress

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Supplemental Appropriations for FY2002: Combating Terrorism and Other Issues

Updated August 30, 2002

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Supplemental Appropriations for FY2002: Combating Terrorism and Other Issues

Summary

On March 21, 2002, President Bush requested \$27.1 billion in emergency supplemental funding to continue the war on terrorism and provide additional assistance for New York City and aviation security as well as other homeland security needs. With the \$1.3 billion FY2002 supplemental request for Pell grants in the President's February budget, the Administration's request was \$28.4 billion.

Although there was broad congressional support for the new supplemental, Congress debated the total spending level, the amount for homeland security, and inclusion of budget ceilings for FY2003, as well as other issues from the time that the bill was submitted in the spring to its final passage in late July.

Resolving differences between the two houses and between Congress and the Administration proved to be difficult. The initial draft conference version developed by the appropriators was rejected by the White House. A compromise package designed by Senate appropriators was then rejected by the House. House appropriators then put together a final \$28.9 billion spending package that was acceptable to both houses and the Administration.

That package, the conference version of H.R. 4775 (H.Rept. 107-593), passed the House by 397 to 32 on July 23, and the Senate by 92 to 7 on July 24, 2002. The President signed the bill on August 2, 2002 (P.L. 107-206). As cleared by both houses, the bill includes \$14.5 billion for DOD, \$6.7 billion for homeland security, \$5.5 billion for assistance to New York, \$2.1 billion for foreign assistance and embassy security, \$1 billion for Pell grants, and \$400 million for election administration reform.

As enacted, P.L. 107-206 includes \$25 billion in emergency spending and \$5.1 billion in contingent emergency spending. The President had thirty days after enactment (September 1) to decide whether to submit a budget amendment to Congress that designates either *all* or *none* of that \$5.1 billion of contingent spending as emergency funding. The \$5.1 billion portion includes about \$1 billion in additional DOD funding, \$275 million for veterans' medical care, \$250 million in aid to Israel and the Palestinians, \$200 million in HIV/AIDS funding, and \$450 million for election reform. The funding designated as contingent emergency spending was either not requested by the President or reflects higher levels than included in the Administration's request.

On August 13, the President announced that he would not utilize the \$5.1 billion contingent emergency spending. White House officials said, however, that the Administration would seek about \$1 billion of that amount as an amended FY2003 appropriation request, including funds for Israel, the Palestinians, international HIV/AIDS, and the Transportation Security Agency. Based on this action, the total funding dedicated to combating terrorism since September 11 is \$63.9 billion, including \$40 billion that was appropriated immediately after the terrorist attacks and \$24 billion in the FY2002 supplemental.

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Supplemental Appropriations for FY2002: Combating Terrorism and Other Issues

Most Recent Developments

On August 13, President Bush announced that he would not utilize \$5.1 billion of contingent emergency spending Congress had provided as part of a \$28.9 billion FY2002 Supplemental Appropriation (P.L. 107-206; H.R. 4775).

The funding designated as contingent emergency spending was either not requested by the President or reflected higher levels for certain programs than in the Administration's request. Under the terms of P.L. 107-206, the President had 30 days after enactment (September 1) to decide whether to designate all or none of the \$5.1 billion as emergency funding. If he chose to agree with Congress and use the \$5.1 billion, he would have had to submit a budget amendment specifying the emergency designation. The August 13 decision, however, has the effect, in terms used by the White House, of a "pocket veto" by the President of the contingent emergency spending. Funds that will not be used include about \$500 million for DOD funding, \$275 million for veterans' medical care, and about \$700 million for foreign assistance including \$250 million in aid for Israel and the Palestinians, and \$200 million in HIV/AIDS funding. White House officials said, however, that the Administration would seek about \$1 billion of the \$5.1 billion as an amended FY2003 appropriation request, including funds for Israel, the Palestinians, international HIV/AIDS, and the Transportation Security Agency. (See Table 4 below for a complete list of the affected programs.)

The President's decision not to use the contingency funds makes significant changes in the policy priorities endorsed by Congress. DOD lost about \$1 billion in contingency funds, but maintained a 56% share of total funding in P.L. 107-206 compared with 50% in the bill as cleared by Congress. Homeland security funds for preparedness activities had been allocated over \$750 million in the enacted appropriation but two-thirds of that amount was designated contingent emergency and will not be spent. Likewise, Congress had included nearly \$1.9 billion for security of infrastructure and personnel in the enacted bill, two-thirds of which is contingent emergency money. Resources for preparedness and infrastructure/personnel security purposes had accounted for 9% of the appropriation cleared by Congress, but represent only 4% of funds that are now available.

As a result of the President's August 13 decision not to utilize the contingent emergency funds, the size of the FY2002 supplemental appropriation drops from \$28.9 billion to \$23.9 billion. The total includes \$13.4 billion for defense, \$1.2 billion in foreign aid and embassy security aimed at combating terrorism abroad, \$5.5 billion for New York, and \$4.4 billion for homeland security. Funding for Pell

grants (\$1 billion) and other, non-terrorism related activities, combined with recessions and offsets, brings the total appropriation to \$23.9 billion.

Introduction

Submitted on March 21, 2002 as an emergency supplemental request to combat terrorism, most of the Administration's \$28.4 billion request was not subject to the budget ceilings that apply to FY2002. The Administration's request was split almost evenly between the Department of Defense (DOD) (\$14 billion) and other agencies (\$14.4 billion). Like the Emergency Terrorism Response (ETR) supplemental, the first supplemental to combat terrorism, the FY2002 request would provide additional funding for the war in Afghanistan, New York City, and airport security. Other policy priorities, such as bioterrorism and investigative activities, received less emphasis in this request. The Administration also included new funding proposals and policy provisions in foreign assistance.

On the defense side, the request included \$14 billion to continue support of the war in Afghanistan, enhance security at defense installations, increase munition stockpiles, and upgrade command, control, communications and intelligence. Over half of DOD's request was related to continued prosecution of the war in Afghanistan. Like the first supplemental to combat terrorism, the DOD request included substantial funding for intelligence and classified programs.

The Administration requested general provisions that would grant the Department of Defense new authorities to select the recipients and administer up to \$580 million in funds that could be used to support foreign governments who play a significant role in assisting the U.S. in the "global war on terrorism."¹ These proposed authorities, which would set new precedents, generated some controversy on the Hill.

On the non-defense side, the request provided \$5.5 billion in additional aid for New York, whose needs were considered by some Members of Congress to have been shortchanged in the first emergency supplemental. The \$5.5 billion included in the request is intended to fulfill the President's March 10, 2002 pledge to the new Mayor of New York, Michael Bloomberg, to provide New York City with a total of \$21.5 billion to help it recover from the terrorist attacks.² The New York aid would be dedicated to additional disaster recovery activities, rebuilding mass transit and utility infrastructure, and community development block grants.

Finally, another potential arena for controversy was the Administration's request for \$4.4 billion for the newly established Transportation Security

¹ Department of Defense, *FY2002 Supplemental Request to Continue the Global War on Terrorism*, March 2002, see pages 18, 26, and 28; for web site access, see [http://www.dtic.mil/comptroller/fy2003budget/fy2002_supp.pdf]

² Raymond Hernandez, "Bush Reassures New Yorkers on Aid Package," *New York Times*, March 8, 2002.

Administration (TSA) to upgrade aviation security where there remains considerable uncertainty about the extent of the funding needed, as well as the size of the new federal workforce required to provide the augmented airport security.

Composition of FY2002 Emergency Supplemental Request

Of the \$28.4 billion request by the Administration, 49% would be provided to the Department of Defense (DOD) with the remaining \$14.4 billion split among non-defense agencies (see **Table 1**), including the Administration's request of \$1.3 billion for Pell grants.

The Distribution of Funds by Agency

As discussed below, the funds requested by the Administration would not only support the continued prosecution of the war in Afghanistan and related areas for the remainder of the year, but also homeland security activities. Such activities included maintaining higher security levels at stateside bases and combat air patrols on both coasts, and building up DOD's stocks of precision guided munitions and enhancing various command, control, communications and classified programs (see below).

The major changes to the Administration's request made by the House and the Senate and final conference action are shown in **Table 1** and discussed below and in the individual sections on congressional action.

For non-defense agencies, under the Administration's request, the Transportation Department would receive \$6.6 billion, a quarter of the total request to pay for new explosive detection equipment and civilian guards at airports and to rebuild public mass transportation in New York City.³ Funding requests for the Federal Emergency Management Agency (FEMA) and the Department of Housing and Urban Development (HUD) was also part of the aid for New York City. The Labor Department's request was for aid for dislocated workers. The Administration's request also included \$1.6 billion for the State Department and USAID for various foreign assistance initiatives, focused primarily on those countries deemed to be "front-line" states in the war against terrorism. The Administration's February budget also included \$1.3 billion for Pell grants that was to be offset by rescissions in the Labor, HHS funding.⁴

³ FEMA grants would also help rebuild mass transportation; see below.

⁴ The Administration requested \$1.276 billion for Pell grants as a non-emergency FY2002 supplemental in the FY2003 budget, and proposed that the full amount be offset by cutting all funds for the Departments of Labor, Health and Human Services and Education that were added by Congress last year. The higher funding for Pell grants was not part of the FY2002 emergency supplemental request to Congress that was submitted on March 21, 2002.

Table 1. Allocations of Funds in FY2002 Emergency Supplemental to Combat Terrorism by Agency
(in billions of dollars of discretionary budget authority)

Department/ Agency Totals	Admin. Request	House passed	Senate passed	Conf. Bill	Total, less contingent \$ ^a
Total Supplemental^b	\$28.4	\$28.8	\$31.5	\$28.9	\$23.9
Defense subtotal	\$14.0	\$15.8	\$14.0	\$14.4	\$13.4
Non-defense subtotal	\$14.4	\$13.0	\$17.5	\$14.5	\$10.5
Transportation	\$5.6	\$5.1	\$7.4	\$6.6	\$5.5
FEMA	\$4.1	\$2.9	\$3.5	\$3.2	\$2.9
Foreign Ops	\$1.1	\$1.6	\$1.5	\$1.5	\$0.9
Dept. of Education ^c	\$1.3	\$1.0	\$1.0	\$1.0	\$1.0
Justice	\$0.1	\$0.4	\$0.9	\$0.5	\$0.2
Dept. of Energy	\$0.0	\$0.4	\$0.3	\$0.5	\$0.2
VA ^d	\$0.1	\$0.4	\$0.4	\$0.4	\$0.1
Exec. Off. Of Pres.	\$0.0	\$0.4	\$0.0	\$0.4	\$0.0
State	\$0.3	\$0.3	\$0.2	\$0.3	\$0.3
Interior	(\$0.1)	\$0.1	\$0.1	\$0.1	(\$0.1)
HHS	(\$0.1)	\$0.0	\$0.4	\$0.1	\$0.0
Postal Service	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Treasury	\$0.0	\$0.1	\$0.1	\$0.1	\$0.0
EPA	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0
HUD	\$0.7	\$0.2	\$0.4	\$0.0	\$0.0
Other non-defense ^e	\$1.1	\$0.0	\$0.9	(\$0.4)	(\$0.5)

Notes:

^a Reflects President Bush's decision not to designate \$5.1 billion in contingent emergency funding.

^b Includes all spending, emergency, contingent emergency, and non-emergency spending offset by rescissions and offsets. Also includes Administration's request for Pell grants that was submitted in Administration's FY2003 budget.

^c Pell grant funds. The Administration had requested \$1.3 billion for FY2002 supplemental Pell grants in its regular FY2003 budget submission in February.

^d Excludes \$1.1 billion increase in mandatory spending for VA disability claims that was requested by the Administration on May 21, 2002, and included by the Senate, and in the enacted version.

^e "Other" includes activities unrelated to homeland security and combating the war on terrorism, such as funds for election reform and HIV/AIDS, as well as miscellaneous rescissions and offsets.

Sources: Letter of President Bush to the Speaker of the House transmitting the FY2002 Emergency Supplemental request, March 21, 2002, available on GPO's Web site at [<http://w3.access.gpo.gov/usbudget/fy2003/amndsup.html>]; H.R. 4775 as passed by the House and Senate, H.Rept. 107-480, S.Rept. 107-156, H.Rept. 107-593, and CRS calculations. Totals may not add due to rounding.

Policy Priorities in the Administration's Request and the Enacted Verison

Funding proposed in the FY2002 supplemental could be grouped into several major categories for purposes of identifying and understanding significant policy priorities and how these priorities continue or depart from resource allocations enacted last year in the FY2001 Emergency Terrorism Response (ETR) supplemental. Major policy priorities are defined the text box below, and **Figure 1** and **Figure 2** and **Table 2** below for the policy priorities and the amounts requested for each policy area in the Administration's request and compares them with the ETR supplemental and with House, Senate, and conference action.

Similarities Between FY2002 Request and ETR. Both emergency supplementals emphasized defense and recovery needs, with physical security of infrastructure and aviation close behind. Although DOD would receive substantial funding in both the Emergency Terrorism Response (ETR) supplemental of 2001 and the new supplemental, DOD's share in the FY2002 request was almost 10 percentage points more than in the enacted level of the FY2001 supplemental. (Congress decreased the Administration's request for DOD in the FY2001 supplemental from 53% to 43% of the total, partly in anticipation of a second supplemental for additional costs of the war.)⁵ The purposes for the DOD funding were also similar – prosecuting the war, enhancing security at military bases, and investing more in surveillance and reconnaissance, also referred to as command, control, and communication programs.

Both supplementals also targeted substantial resources for the recovery needs of New York City. The second supplemental placed greater emphasis on aviation security, reflecting the cost of carrying out new security standards enacted after the attacks.

Differences Between FY2002 Request and ETR. Because much of the funding was provided in the wake of the attacks, the second supplemental included less monies than in the first supplemental for victim relief and for investigation and law enforcement efforts to unravel terrorist networks. The second supplemental also included somewhat more for foreign aid, but would distribute it in much larger proportions for security assistance rather than for humanitarian relief activities as was the case in the ETR supplemental. This reflected the Administration's priority to aid front-line states, including Pakistan, Jordan, and others who were cooperating with U.S. efforts to combat terrorism. (See below).

⁵ See CRS Report RL31187, *Combating Terrorism: 2001 Congressional Debate on Emergency Supplemental Allocations*, by Amy Belasco and Larry Nowels, March 20, 2002, p. 9 and p. 19.

Spending Category Definitions

Defense – paying for military operations in Afghanistan and related areas, activating reservists for base security as well as wartime responsibilities, enlarging munitions stockpiles and more reconnaissance and surveillance, repair, and renovation of the Pentagon, and support for nations working with the U.S. to combat terrorism worldwide.

Bioterrorism – countering potential biological, disease, and chemical threats to civilian populations.

Humanitarian Assistance - USAID operations in Afghanistan, and food and refugee relief in Central Asia.

International Security Assistance - Economic Support Fund (ESF) grants and financing of sales of U.S. military equipment and support of counter narcotics and law enforcement activities to “front-line” states cooperating with the U.S. in the war on terrorism, and peacekeeping operations in Afghanistan.

Investigation and Law Enforcement – agency investigative and law enforcement work and initiatives following the September 11 attacks.

Preparedness – training, technical assistance and other activities aimed at strengthening the capacity to respond to future terrorist events.

Public Diplomacy – enhanced U.S. broadcasts and media outreach capabilities to the people in Central and Southwest Asia.

Recovery – debris removal, repair, replacement, or rebuilding of damaged equipment and infrastructure (including utilities and mass transit), and relocation of dislocated offices and workers (excluding Pentagon repairs).

Security of Infrastructure/Personnel – strengthened security at critical U.S. facilities worldwide (excluding DOD facilities) and evacuation of overseas personnel.

Security of Aviation Facilities – enhanced security at U.S. airports and on-board aircraft (excluding DOD funding to station National Guard personnel at airports).

Victim Relief – assistance to individuals, families, and businesses directly and indirectly affected by the September 11 attacks.

Proposed and Final Congressional Funding by Policy Priorities

As of the completion of floor action, both the House and the Senate proposed significant changes to the policy priorities reflected in the Administration’s request as well as the total amount of funding (see **Figure 1** and **Figure 2** below). With a total of \$28.8 billion, the House bill was about \$350 million above the Administration’s request and reflected a similar mix of policy priorities. At \$31.5 billion, the Senate bill was \$3 billion higher than the Administration’s request and reflected significantly different policy choices (see **Table 2** and **Table 3**. See **Table A-2** for specifics on items funded).

Compared to the Senate bill, the House placed greater emphasis on funding for defense: 55% vs. 45% of the total in the supplemental and \$1.8 billion more than requested by the Administration. This higher level primarily reflected the belief among House appropriators that the cost of activating reservists would be higher than anticipated by the Administration. Dissatisfied with the validity of the Administration's estimates of cost, the House bill reduced the Administration's request for aviation security, which the Senate funded fully.

Both houses provided higher funding levels for security, with much of the increase concentrated in enhancing security at Department of Energy facilities as well as additional funding to secure nuclear materials in the former Soviet Union (see **Table A-2**). Both houses fully funded the Administration's request for recovery funds for New York City. Although both houses provided similar shares for international security assistance, the total was \$150 million higher than the Administration's request because of additional aid for Israel and the Palestinians (see foreign operations section, and **Table A-2**). Both houses also reduced the Administration's proposed funding for aid to dislocated workers (see below).

The largest difference between the houses and with the Administration was the proposed funding levels for homeland security activities. The Senate provided \$2.8 billion more than the Administration and \$2.2 billion more than the House for bioterrorism, preparedness, and security activities. That additional funding would renovate a research facility on animal pathogens (\$278 million), provide additional grants for communications and safety equipment and training for first responders, and spend additional resources on security in various agencies (see **Table A-2** in the appendix). For discussion of conference issues, see below.

In the final conference version of the bill, Congress changed the mix of spending proposed by the Administration (see **Figure 1** and **Figure 2** below and **Table 2**). For example, Congress increased security funding requested by the Administration threefold – from \$625 million to \$1.8 billion, with additional funding for nuclear weapons and DOE facilities as well as international safeguard activities, the Coast Guard, and port security measures. Congress also provided additional funding for international security assistance, and to preparedness activities, such as first responder programs. Congress also provided less funding for victim relief by dropping \$400 million in funding for dislocated workers. Congress did, however, accord about the same relative priority as the Administration to Defense, and aviation security.

Figure 1. Policy Priorities in Administration's Request for FY2002 Supplemental

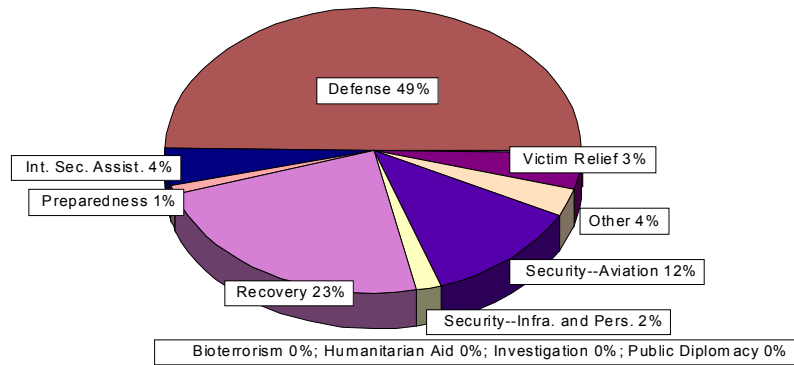
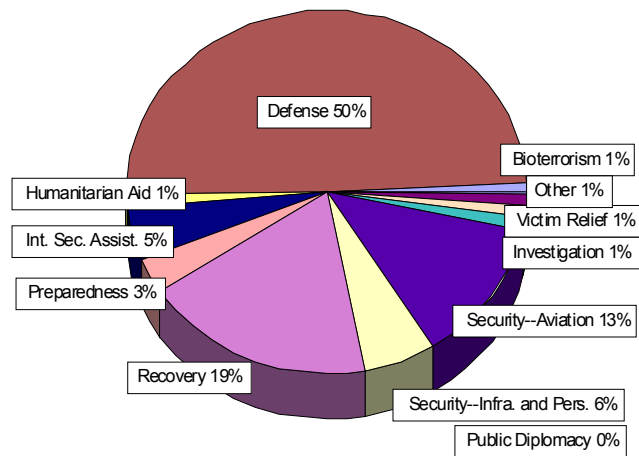


Figure 2. Policy Priorities in Enacted Version of FY2002 Supplemental



Notes for Figures 1, 2, and 3: Policy priorities are defined in box, “Spending Category Definitions.” “Other” includes spending that is not related to combating terrorism (e.g., VA medical care and election reform).

Sources: Administration request of March 21, 2002, and House and Senate reports.

Table 2. Policy Priorities in the FY2002 Supplemental and the Emergency Terrorism Response Act
(percent of total discretionary budget authority)

Policy Priority	Admin. Request	House passed	Senate passed	Conf. Bill	P.L. 107-206 ^a	ETR Supp.
TOTAL ^b	100%	100%	100%	100%	100%	100%
Bioterrorism	0%	0%	2%	1%	0%	8%
Defense	49%	55%	44%	50%	56%	43%
Humanitarian Assistance	0%	1%	1%	1%	0%	2%
International Security Aid	4%	5%	4%	5%	5%	2%
Investigation & law enforcement	0%	1%	0%	1%	1%	6%
Preparedness	1%	1%	4%	3%	1%	1%
Public Diplomacy	0%	0%	0%	0%	0%	0%
Recovery from attacks	23%	19%	17%	19%	23%	18%
Security-Infrastruc. & Personnel.	2%	4%	7%	6%	3%	9%
Security-Aviation	12%	14%	15%	13%	14%	3%
Victim relief	3%	1%	2%	1%	0%	9%
Other ^c	4%	-2%	5%	1%	-3%	NA

Note: For definition of policy priorities, see box above.

^a Reflects President Bush’s decision not to designate \$5.1 billion in contingent emergency funding.

^b Includes Administration request of \$1.3 billion for Pell grants in its February 2002 budget submission. Excludes \$1.1 billion increase in mandatory VA disability payments requested by the Administration on May 21, 2002, and included in the Senate bill.

^c ‘Other’ includes non-emergency appropriations, rescissions, offsets, and funding items which do not fit into categories for combating terrorism as defined in box (e.g. election reform, HIV/AIDS funding, VA medical care).

Sources: Letter of President George Bush to Speaker of the House, the Honorable J. Dennis Hastert, transmitting the FY2002 Emergency Supplemental request, March 21, 2002. See also [<http://w3.access.gpo.gov/usbudget/fy2003/amndsup.html>]; various versions of H.R. 4775, H.Rept. 107-48, S.Rept. 107-156, and H.Rept. 107-593. Calculations and categorizations of spending are by CRS. Totals may not add due to rounding.

Table 3. FY2002 Emergency Supplemental by Policy Priorities
(millions of dollars of discretionary budget authority)

Department/ Agency Totals	Admin. Request	House passed	Senate passed	Conf. Bill	Total, less contingent \$ ^a
GRAND TOTAL^b	\$28,437.6	\$28,775.2	\$31,514.8	\$28,911.4	\$23,935.5
Bioterrorism	\$87.0	\$107.0	\$501.0	\$168.0	\$112.0
Defense	\$14,022.1	\$15,799.5	\$14,022.0	\$14,381.5	\$13,369.6
Humanitarian aid	\$54.0	\$214.0	\$212.0	\$238.0	\$54.0
Intl Security Aid	\$1,275.5	\$1,452.5	\$1,374.5	\$1,410.0	\$1,172.0
Investigation/law enforce	\$35.1	\$154.6	\$94.8	\$217.5	\$191.7
Preparedness	\$379.3	\$376.4	\$1,183.4	\$761.2	\$261.6
Public Diplomacy	\$24.9	\$52.6	\$16.4	\$40.1	\$35.1
Recovery	\$6,528.8	\$5,476.3	\$5,251.1	\$5,429.3	\$5,420.0
Security-Infrastructure & Personnel	\$625.2	\$1,150.8	\$2,132.6	\$1,862.2	\$687.7
Security-Aviation ^c	\$3,370.0	\$4,050.0	\$4,619.6	\$3,860.0	\$3,370.0
Victim Relief	\$832.5	\$382.5	\$572.5	\$172.5	\$82.5
Other ^d	\$1,203.2	(\$441.0)	\$1,534.90	\$371.1	(\$820.7)

Notes: For definition of policy priorities, see box above.

^a Reflects President Bush's decision not to designate \$5.1 billion in contingent emergency funding.

^b Excludes mandatory \$1.1 billion in funding for additional disability payments for veterans that the Administration requested on May 21 and the Senate, and the conference included in its bill. Includes non-emergency spending offset by rescissions and offsets and spending that does not relate to combating terrorism (see other).

^c The Administration's request for the Transportation Security Administration was revised from \$4.4 billion to \$3.4 billion based on information provided to the appropriators by the Office of Management and Budget.

^d 'Other' includes funding for election reform, HIV/AIDS/VA medical care and disaster assistance as well as rescissions and offsets.

Sources: Letter of President George Bush to Speaker of the House, the Honorable J. Dennis Hastert, transmitting the FY2002 Emergency Supplemental request, March 21, 2002. See also [<http://w3.access.gpo.gov/usbudget/fy2003/amndsup.html>]; H.Rept. 107-48, S.Rept. 107-156, and H.Rept. 107-593. Calculations are by CRS.

Congressional Issues Raised by the President's Request

A variety of issues about both the amounts and the composition of the President's request for emergency supplemental spending of \$28.4 billion, as well as the policy implications raised by several general provisions that were included in the request arose during congressional debate. Although there was broad support for defense requests, particularly now, last year Congress significantly adjusted both the

total amount as well as the types of spending requested by the Administration in the first supplemental's defense request.⁶

Several Members offered amendments to add funding in several areas, and raise the debt ceiling as desired by the Administration.⁷ At the same time, the Administration, as well as some Members of Congress, repeatedly raised concerns about increases above the total requested.⁸

Status of H.R. 4775

On May 24, the House passed H.R. 4775 by a vote of 280 to 138, and on June 7, 2002, the Senate passed its version of the bill (substituted for the text of H.R. 4775) by a vote of 71 to 22. The House reported its version of H.R. 4775 on May 20 (H.Rept. 107-480), and the Senate reported its version on May 29 (S. 2551, S.Rept. 107-156). Although conferees met, and floor action in both houses was originally anticipated for the week before the July 4th recess, agreement was not reached.

On June 17, the Administration issued its views on the ongoing conference, stating its general agreement with the House version and its strong opposition to the overall spending level in the Senate bill and to several policy provisions, including restrictions on the President's ability to designate spending as emergency, to spend international family planning assistance, and to cancel the Army's Crusader program (see discussion below under likely conference issues and foreign operations).⁹

Although Congress had hoped to resolve outstanding issues and pass the bill before the July 4th recess, that proved not to be possible. Shortly before recessing in response to the President's urging, the House passed a freestanding increase of \$450 billion in the debt ceiling, matching the Senate's action earlier, and resolving one of the issues that had deadlocked the conference.¹⁰

The President threatened to veto the supplemental if the total exceeded the House level of \$28.8 billion, using the Administration's scoring of two savings

⁶ See CRS Report RL31187, *Combating Terrorism: 2001 Congressional Debate on Emergency Supplemental Allocations* by Amy Belasco and Larry Nowels.

⁷ BNA, Daily Report for Executives, "Supplemental Spending Bill May Include Debt Ceiling Hike, FY2003 Spending Cap," May 1, 2002 and "OMB Offset Proposal for Supplemental Draws Bipartisan Criticism: Timetable Unclear," April 30, 2002.

⁸ BNA, Daily Report for Executives, "House Panel Delays Consideration of Supplemental, Citing Rising Costs," April 29, 2002.

⁹ OMB, Letter to the Honorable Robert C. Byrd, Chairman, Committee on Appropriations, United States Senate, from Mitchell E. Daniels, Jr., June 17, 2002, "Administration's views on FY 2002 Supplemental Bill as passed by the House and Senate; see *Inside the Pentagon*, June 20, 2002, Volume 18, Number 25.

¹⁰ National Journal's Congress Daily, "Despite Bush Appeal, Hill Impasse on Debt Ceiling Increases," June 26, 2002; Congress Daily, "Bush Urges Hastert, Gephardt to Increase Debt Ceiling," June 25, 2002; Roll Call Daily, "Army Says Congress May Leave Town Without Increasing Debt Limit, June 25, 2002.

proposals included in the House bill. If either the savings proposals were dropped or CBO scoring was adopted, the House bill would cost \$30.1 billion rather than \$28.8 billion that was reported.¹¹

After returning from the July 4th recess, the conferees reached agreement on a total spending level of \$30.4 billion, apparently relying on CBO scoring. The conferees' attempt to complete a conference version were derailed by the Administration's opposition to the overall spending level agreed to by the conferees. The Administration objected to the total and proposed a series of decreases in spending and offsets to reduce the total to \$28.8 billion, including:

- an unspecified cut of \$400 million in defense spending;
- a \$220 million reduction in spending for the Transportation Security Administration;
- a \$150 million cut in renovation spending for the Pentagon;
- a \$100 million cut for AMTRAK;
- an \$80 million reduction in embassy security funding; and
- a \$50 million cut in aid for Pakistan and Jordan;
- Administration estimates of savings for capping the airline emergency loan program.¹²

Although appropriators had also requested cuts from unspent monies appropriated in last year's Emergency Terrorism Response supplemental, the Administration proposed only \$250 million in savings. As of March 31, 2002, agencies had obligated only about half of the appropriated funds, with some agencies at much lower levels.¹³

Senate appropriators used some of the Administration's proposals to develop a bipartisan \$28.8 billion package developed by Senate Appropriations Chair Robert Byrd and Ranking Minority Ted Stevens using some of the cuts proposed by the Administration. That package was rejected by House Appropriations Chair Bill Young.¹⁴ Congressional appropriators also rejected OMB's estimates of \$1.1 billion

¹¹ Congress generally follows CBO's scoring. The dispute centers around two savings proposals that are included in the House bill - the cap on emergency loans to airlines for the rest of FY2002 and limits on the Agriculture Department's Export Enhancement Program. Savings from the cap on loans to airlines were estimated to be \$393 by CBO and \$1,264 million by OMB, and savings from limiting the Export Enhancement Program were estimated as zero by CBO and \$450 million by OMB. Taking into account these scoring differences, CBO scores the House bill at \$30.1 billion; see *Congress Daily*, "Despite Bush Appeal, Hill Impasse on debt Ceiling Increases," June 26, 2002.

¹² *National Journal's Congress Daily*, "... As They Also Criticize Administration-Proposed Cuts," July 12, 2002.

¹³ OMB Director, Mitchell Daniels, "Letter to Senator Robert C. Byrd, Chairman, Committee on Appropriations, U.S. Senate, enclosing second quarterly report on the use of the Emergency Response Fund," April 2002.

¹⁴ BNA, *Daily Report for Executives*, "Appropriations: White House Pushes Anew for Paring Back Size of FY 2002 Supplemental Spending Bill," July 16, 2002; *Roll Call Daily*, "Supplemental in Limbo as House Appropriators Reject Byrd-Stevens Proposal," July 16, (continued...)

in savings from the airline loan program, an estimate of savings that exceeded CBO's estimate by about \$800 million, and that Congressman Obey suggested was overstated because only a couple of loan applications were received by the June 28, 2002 deadline.

In testimony before the House Budget Committee on July 16, OMB Director Mitch Daniels stated that the Administration would veto any bill that exceeded \$28.8 billion. He further suggested that the Administration was considering reducing its request to as low as \$18 billion because the total amount of funding might not easily be spent in the months remaining in the fiscal year, a position endorsed by Senate Minority Leader Lott. Most of the funding in the supplemental could be available beyond 2002.

DOD Comptroller Dov Zakheim also warned that DOD needed the supplemental to avoid facing cutbacks in operations because training funds have been shifted to fund the war on terrorism. Senator Lott suggested, however, that DOD and other agencies could accommodate a smaller supplemental by shifting monies from other accounts.¹⁵ The appropriators, on their part, were facing new pressures from western members to add \$1 billion in emergency spending to combat wildfires, droughts, and floods, spending that the Administration was reportedly refusing to consider an emergency, instead requiring that it be offset with cuts in other spending.¹⁶

On July 18, the House and Senate reached agreement on a spending compromise of \$28.9 billion that was developed by House appropriators. The Administration reportedly was satisfied that the bill met its spending goal.¹⁷ That package became the conference version of the supplemental.

Conference Version

On July 23rd, the House passed the conference version of H.R. 4775, with a funding total of \$28.9 billion in discretionary budget authority. The Senate passed the bill the following day and the President signed the bill on August 2 (P.L. 107-206). The bill generally sets funding levels between the House and Senate levels and includes rescissions and offsets of about \$3 billion. The conference version (see H.Rept. 107-593) also resolves outstanding differences on policy issues. (The \$28.9

¹⁴ (...continued)

2002; *National Journal's Congress Daily AM*, "Appropriations: House Conservatives Use Interior Bill to Press Spending Fight," July 17, 2002.

¹⁵ *Inside the Navy*, "Zakheim: Without Supplemental, DOD Starts Shutting Down Soon," July 15, 2002; *Roll Call Daily*, "Supplemental in Limbo as House Appropriators Reject Byrd-Stevens Proposal," July 16, 2002.

¹⁶ BNA, *Daily Report for Executives*, "Appropriators Look for Cuts; Daniels repeats Veto threat," July 17, 2002; *National Journal's Congress Daily AM*, "Appropriations: Daniels Again Demands Congress Act on Supplemental Bill," July 16, 2002; *National Journal's Congress Daily*, July 17, 2002.

¹⁷ Dan Morgan, "Hill Negotiators Clear Extra Military Funds, Impasse with White House Broken," *Washington Post*, July 19, 2002.

billion total in discretionary budget authority does not include \$1.1 billion in higher mandatory spending for VA pensions.)¹⁸ (This update discusses the major changes in the conference version.)

Resolution of Major Funding Issues. Generally splitting the difference between the two houses, the conference version of the bill includes the following spending levels:

- \$14.5 billion for the Department of Defense (\$500 million above the request);
- \$6.7 billion for homeland security (\$1 billion to \$2 billion above the request) with
 - \$3.85 billion for the Transportation Security Administration (\$550 million below the request);
 - \$201 million for first responders;
 - \$175 million for grants to fire departments;
 - \$100 million for emergency FEMA grants;
 - \$175 million for the FBI.
- \$5.5 billion for New York (the same as the request); and
- \$2.1 billion for foreign assistance and embassy security, including new funding for
 - \$200 million for international HIV/AIDS funding;
 - \$200 million for aid to Israel;
 - \$50 million for aid to the Palestinians; and
 - \$201 million for embassy security.

The conference bill also includes about \$3 billion in savings and offsets, made up of about \$600 million in defense funding that was not needed, and about \$400 million for a new building for the Center for Disease Control, as well as a variety of rescissions from previous supplementals. The controversial estimate of savings of over \$1 billion from halting the emergency loan program for airlines is not included.¹⁹

Designating Funds as Emergencies. The conference version of H.R. 4775 resolves one of the most contentious policy issues in the FY2002 supplemental, the “all or none” provision that required the President to accept all Congressional designations of non-defense funding as emergency in order to spend any of those funds. Under budget rules, both the Congress and the President must designate a spending item as an “emergency” in order that the amount will not count against discretionary spending caps that remain in place through FY2002. The bill splits funding into two parts.

- about \$24 billion where Congress adopts the same emergency designation as in the President’s request;

¹⁸ The conference report, H.Rept. 107-593 shows the total in the bill as \$30.0B including that \$1.1 billion for veterans.

¹⁹ “Appropriations: Conferees Agree on \$28.9 billion FY02 Supplemental Bill,” *National Journal’s Congress Daily*, July 18, 2002, and BNA, *Opcit*, July 19, 2002

- about \$5.1 billion that Congress designates as “contingent emergency” spending where the President has the choice of designating all or none of that funding as an emergency. In other words, if the President wants to spend any of that \$5.1 billion, all of the funding must be designated as emergency monies to be spent.²⁰

That \$5.1 billion in contingent emergency funding includes new items added by Congress such as \$200 million for aid to Israel, \$50 million in aid for the Palestinians, \$400 million for election reform, \$205 million for AMTRAK, \$275 million for additional funding for medical care for veterans, and \$200 million in international aid for HIV/AIDS/malaria and tuberculosis. Funding increases above the Administration’s request such as an additional \$1 billion for DOD are also in the contingent emergency portion.

On August 13, President Bush announced that he would not utilize the \$5.1 billion of contingent emergency spending. The decision has the effect, in terms used by the White House, of a “pocket veto” by the President of the contingent emergency funds. Table 4 provides a complete list of items designated by Congress as contingent emergency that will now not be allocated. Despite the President’s decision, White House officials said that the Administration most likely would seek about \$1 billion of the \$5.1 billion as an amended FY2003 appropriation request, including funds for Israel, the Palestinians, international HIV/AIDS, and the Transportation Security Agency.

**Table 4. Contingent Emergency Funding Enacted in the FY2002
Emergency Supplemental**
(millions of dollars of discretionary budget authority)

Department/ Agency Program ^a	Admin. Request	House action ^c	Senate action ^c	Enacted
Agriculture:				
Food & Safety Inspection Service	\$0.0	\$2.0	\$15.0	\$13.0
Animal & Plant Health Inspection	\$0.0	\$10.0	\$60.0	\$33.0
Office of the Secretary	\$0.0	\$0.0	\$18.0	\$18.0
Ag. Research Service, S&E	\$0.0	\$0.0	\$16.0	\$8.0
Ag. Research Service, Buildings	\$0.0	\$0.0	\$50.0	\$25.0
Coop. State Research. Ed, Extension	\$0.0	\$0.0	\$16.0	\$6.0
Natl Resources Conservation Service	\$0.0	\$0.0	\$27.0	\$50.0
Rural Community Advancement Prog.	\$0.0	\$0.0	\$25.0	\$20.0

²⁰ Similar language was included in an emergency defense spending bill two years ago; see David Rogers, “House, Senate Get Agreement on \$28.9 billion spending bill,” *Wall Street Journal*, July 19, 2002.

Department/ Agency Program^a	Admin. Request	House action^c	Senate action^c	Enacted
HHS-Food & Drug Administration	\$0.0	\$18.0	\$0.0	\$17.0
Commerce, Justice, State Depts				
Natl Institute of Standards and Tech.	^b	\$0.0	\$80.6	\$33.1
NOAA-Ops, Research, & Facilities	\$0.0	\$0.0	\$2.8	\$2.8
NOAA-Procurement, Acquisition, Construction	\$0.0	\$0.0	\$7.2	\$7.2
Justice-Admin, (entry-exit system)	\$0.0	[\$1.0]	\$0.0	\$1.0
Justice-Admin, S&E, Domestic Prepare	\$0.0	\$0.0	\$184.6	\$1.0
US Marshals Service, S&E	\$0.0	\$1.0	\$0.0	\$37.9
FBI, S&E	^b	\$102.0	\$65.0	\$165.0
Office of Justice Programs, First Responders	^b	\$175.0	\$0.0	\$151.3
Office of Justice Programs, Community Oriented Policing Services	\$0.0	\$0.0	\$85.0	\$50.0
INS, Enforcement & Border Affairs	^b	\$40.0	\$0.0	\$46.3
INS, Construction	\$0.0	\$0.0	\$84.0	\$32.1
State, Ed & Cultural Exchanges	^b	\$10.0	\$0.0	\$5.0
State, Embassy Security	^b	\$0.0	\$5.0	\$10.0
Judiciary, Court of Appeals, District Courts, S&E	^b	\$3.1	\$6.6	\$4.0
SEC, S&E	^b	\$9.3	\$9.3	\$9.3
Defense & Military Construction				
Defense Emergency Response Fund-activating reservists	\$0.0	\$1,394.0	\$0.0	\$601.9
O & M, Army - overseas operations in Bosnia and S.W. Asia	\$0.0	\$119.0	\$0.0	\$102.0
O & M, Navy - classified programs	^b	\$17.3	\$0.0	\$12.3
O & M, Air Force - classified programs	^b	\$19.5	\$0.0	\$24.5
Procurement, Air Force - F-15 radios	^b	\$36.5	\$0.0	\$25.0
Procurement, Defense Wide - classified	^b	\$4.9	\$0.0	\$4.9
RDT&E, Air Force - unmanned aerial vehicles and classified programs	^b	\$39.0	\$0.0	\$137.6

Department/ Agency Program^a	Admin. Request	House action^c	Senate action^c	Enacted
Chemical Agents & Munitions Destruction, Army	\$0.0	\$100.0	\$0.0	\$75.0
Military Construction, Air Force	\$0.0	\$8.5	\$0.0	\$7.3
Military Construction, Defense- Wide	\$0.0	\$21.5	\$0.0	\$21.5
District of Columbia				
Federal Payment to Children's Natl Medical Center	\$0.0	\$0.0	\$13.8	\$10.0
Federal Payment to DC	\$0.0	\$0.0	\$24.7	\$23.0
Federal Payment to Metro	\$0.0	\$0.0	\$25.0	\$8.0
Washington Council of Govts.	\$0.0	\$0.0	\$1.8	\$1.8
Federal Payment to DC Water & Sewer	\$0.0	\$0.0	\$3.0	\$1.3
Energy and Water				
Corps of Engineers, O&M	\$0.0	\$128.4	\$0.0	\$108.2
DOE Energy Programs - Science	\$0.0	\$29.0	\$0.0	\$24.0
Natl Nuclear Security Admin, Weapons Activities - secure transportation	\$0.0	\$18.0	\$18.0	\$18.0
Natl Nuclear Security Admin, Weapons Activities-security at DOE nuc facilities	\$0.0	\$88.0	\$104.3	\$87.2
Natl Nuclear Security Admin, Weapons Activities-counter terrorism	\$0.0	\$0.0	\$40.0	\$33.5
DOE, Office of the Administrator	\$0.0	\$0.0	\$1.8	\$1.8
Defense Environmental Restoration & Waste Management	\$0.0	\$67.0	\$0.0	\$56.0
Defense Facilities Closure Project	\$0.0	\$16.6	\$0.0	\$14.0
Foreign Operations				
Child Survival/Health-HIV/AIDS	\$0.0	\$200.0	\$200.0	\$200.0
USAID Disaster Aid-Afghanistan & Palestinians	^b	\$150.0	\$110.0	\$144.0
Economic Support Fund - Israel	\$0.0	\$200.0	\$200.0	\$200.0
Intl Narcotics & Law Enforcement	^b	\$6.0	\$0.0	\$3.0
Migration & Refugee Asst- Afghanistan	\$0.0	\$10.0	\$50.0	\$40.0
Foreign Military Financing- Philippines	^b	\$0.0	\$25.0	\$30.0

Department/ Agency Program^a	Admin. Request	House action^c	Senate action^c	Enacted
Non-Proliferation, Anti-terrorism, Demining	^b	\$0.0	\$10.0	\$5.0
Interior				
BLM, Mgmt of Lands & Resources	\$0.0	\$0.7	\$0.0	\$0.7
US Fish & Wildlife, Resource Mgmt	\$0.0	\$1.4	\$0.4	\$1.0
US Fish & Wildlife, Construction	\$0.0	\$0.0	\$3.1	\$3.1
Natl Park Service, Ops	\$0.0	\$1.2	\$0.0	\$1.2
Natl Park Service, Construction	\$0.0	\$19.3	\$17.7	\$17.7
US Geological Survey	\$0.0	\$25.7	\$26.8	\$26.0
Bureau of Indian Affairs	\$0.0	\$0.1	\$0.0	\$0.1
Dept of Interior, Dept Office, S&E	\$0.0	\$0.9	\$7.0	\$0.9
USDA, Forest Service	\$0.0	\$0.0	\$3.5	\$53.5
Smithsonian, S&E	\$0.0	\$11.0	\$0.0	\$10.0
Smithsonian, Construction	\$0.0	\$2.0	\$2.0	\$2.0
Labor, Health & Human Services, Education, & Labor				
NIH, Office of the Director	\$0.0	\$0.0	\$90.0	\$90.0
HHS, Admin of Children & Families	\$0.0	\$0.5	\$0.0	\$0.5
CDC, Disease Control R&T-prison diseases	\$0.0	\$1.0	\$0.0	\$1.0
Transportation				
Coast Guard O&E	^b	\$21.0	\$129.4	\$11.0
Coast Guard Acquisition, Construction	^b	\$12.0	\$281.7	\$262.0
Transportation Security Admin	^b	\$480.0	\$1,332.5	\$480.2
FAA, Ops	\$0.0	\$0.0	\$100.0	\$42.0
FAA, Grants in Aid to Airports	\$0.0	\$0.0	\$100.0	\$150.0
FAA, Facilities & Equipment	\$0.0	\$0.0	\$15.0	\$7.5
Federal Highway Admin, Emergency	^b	\$0.0	\$120.0	\$98.0
Federal Highway Admin, Hazardous Material Security	\$0.0	\$5.0	\$0.0	\$5.0
Treasury, Postal Service, Office of the President, General Government				
Federal Law Enforcement Training Cntr	\$0.0	\$15.9	\$0.0	\$15.8
US Customs Service, S&E	\$0.0	\$0.0	\$57.0	\$39.0

Department/ Agency Program ^a	Admin. Request	House action ^c	Senate action ^c	Enacted
US Secret Service, S&E	\$0.0	\$46.8	\$17.2	\$28.5
Exec. Office of the President, Election Administration Reform	\$0.0	\$450.0	[\$450.0]	\$400.0
Veterans Affairs, HUD, & Independent Agencies				
VA Administration, Medical Care	^b	\$275.0	\$275.0	\$275.0
FEMA, Disaster Asst for Unmet Needs	\$0.0	\$23.3	\$0.0	\$23.2
FEMA, Emergency Management Planning & Asst	^b	\$0.0	\$418.3	\$221.8
FEMA, Cerro Grande Fire Claims	\$0.0	\$0.0	\$80.0	\$61.0
NIH, Natl Institute of Environmental Health Sciences	\$0.0	\$8.0	\$0.0	\$8.0
HHS, Agency for Toxic Substances	\$0.0	\$11.3	\$0.0	\$11.3
EPA, Science & Technology	\$0.0	\$0.0	\$100.00	\$50.0

Notes:

^a For details on the purposes of each program, see Table A-2 at the end of this report.

^b The President's request included some funding for this program. The amounts shown on this line are those that exceeded the President's request and were designated as contingent emergency spending.

^c Amounts in these columns represent the amount over the President's request included in House- and Senate-passed bills, regardless of whether they were designated as emergency or contingent emergency funding.

Change to the Highway Trust Fund Formula. The conference version of H.R. 4775 bill also includes a change in the formula for setting funding levels for highway spending that would increase highway funding by \$4.4 billion from \$23.4 billion to \$27.7 billion. This spending is not counted in the \$28.9 billion total for the bill.²¹

Releasing Funding for International Family Planning. The conference version of the bill does not include any language that addresses whether the Administration is required to spend \$34 million in FY2002 funds for international family planning as a contribution to the U.N. Population Fund. The Senate version of the bill included language requiring that the Administration release the funds if a State Department investigating team found that the Chinese government did not engage in coercive family planning practices. The Secretary of State determined on July 21 that the \$34 million for family planning will not be provided to the UNFPA.²²

²¹ According to CBO scoring rules, this change in the formula that sets highway spending levels is not scored until the authorizers and appropriators include language in the FY2003 bills.

²² "Family Planning Funds Withheld," *Washington Post*, July 20, 2002.

Change to Rural Medicare Formulas and Textile Trading Preferences. Rejecting requests from some lawmakers, the conferees dropped House provisions that would have authorized more generous Medicare payment formulas for rural doctors in certain states to encourage them to remain. The conferees did, however, include a provision that closed a loophole which allowed South American exporters to undercut U.S. textile manufacturers thus threatening American jobs.

House Action

On May 9, 14, and 15, 2002, the House Appropriations Committee marked up the President's \$27.1 billion emergency supplemental spending measure, producing a bill that totaled \$29.8 billion, about \$2.7 billion above the request. Further changes made during markup pared the chairman's mark to \$29.4 billion.

On May 22, 23, and 24, the House debated H.R. 4775, passing the bill just after 2:30 a.m. on the 24th by a vote of 280 to 138. As passed, the bill totaled \$28.8 billion, or about \$600 million below the reported level. That decrease resulted from two actions:

- deletion of the proposal to end the grant program to airlines provided in the Air Transportation Safety and Stabilization Act enacted after the terrorist attacks (eliminating savings of \$250 million); and
- changing the scoring of the savings for the temporary cap on loans to airlines provided under that act (increasing savings from \$393 million to \$1,254 million).²³

House Markup. As reported, H.R. 4775 included:

- \$1 billion for Pell student financial assistance (\$276 million less than the request).²⁴
- \$15.8 billion for defense (\$1.8 billion higher than requested).
- \$5.8 billion for homeland security (\$522 million above the proposal), including \$3.9 billion for the new Transportation Security Administration (\$550 million less than requested).
- \$1.6 billion for foreign assistance (about \$350 million more than proposed), mainly for security aid to the "front-line" states in the war on terrorism, but also including \$200 million to combat global HIV/AIDS and other infectious diseases, and \$200 million for Israel and \$50 million for Palestine.

²³ CBO had scored the cap on the airline credit at \$393 million compared to OMB scoring of \$1,254 million. The House budget committee directed that CBO use the OMB scoring.

²⁴ The Administration requested \$1.276 billion for Pell grants in an amendment to the FY2003 budget, and proposed that the full amount be offset by cutting all funding for the Department of Education that was added by Congress last year. The higher funding for Pell grants was not part of the FY2002 emergency supplemental request to Congress that was submitted on March 21, 2002.

- \$175 million in grants to first responders, as requested, but provided through the Justice Department rather than FEMA, as proposed.
- \$450 million for election administration reform.

During markup, the Committee also agreed to move the first responders funds from the Office of Homeland Security as initially proposed in committee to the Justice Department, a change more acceptable to the Administration, and dropped a proposal to double the tax on airline tickets, a provision that was strongly opposed by the airline industry. Instead, the Committee further reduced the amount of funding provided to the Transportation Security Administration.

To offset the \$2 billion in the supplemental that was not designated as emergency spending, the Committee included a variety of rescissions and offsets. The rest of the spending in the bill is designated as emergency spending and does not need to be offset.

According to OMB Director Mitch Daniels, the Administration was “comfortable” with the House markup of the supplemental.²⁵ Reportedly, however, some fiscal conservatives were upset that the total in the bill exceeded the Administration’s request, including the Committee’s decision to provide the Administration with an additional \$1.8 billion for the Defense Department, which Secretary Rumsfeld said in hearings was not needed.²⁶ Since the additional funds for DOD were designated as “contingent emergency” funds, the Administration would not have to spend the money.

The Rules Committee adopted a “deeming” resolution that would set overall spending levels for FY2003 at \$759 billion as provided in the House budget resolution, H.Res. 353, and the level desired by the Administration. The bill also called on the government to take “all steps necessary” to protect “the full faith and credit of the government,” placeholder language that would permit the two houses – if they reached agreement – to include language that would raise the debt ceiling. Meanwhile, Democratic members of the Budget Committee who hoped to attract some moderate Republicans to a proposed floor amendment that would couple an immediate increase in the debt ceiling that is desired by the Administration with a new requirement that the President submit a proposal to balance the budget by 2007 were not able to bring their proposal to the floor.²⁷

The Rules Committee also added the following three specific provisions, which proved to be controversial during floor debate:

²⁵ National Journal, “FY02 Supplemental Passes in Markup, But Obstacles Remain,” *Congress Daily*, May 16, 2002.

²⁶ National Journal, “GOP Budget Hawks Unhappy with FY02 Supplemental,” *Congress Daily*, May 16, 2002; testimony by Secretary of Defense Rumsfeld before the Senate Appropriations Committee, May 7, 2002.

²⁷ Erin P. Billings, “Democrats launch Bill to Balance the Budget by 2007,” *Roll Call Daily*, May 16, 2002.

- a provision providing for adjustments in certain Medicare payments for hospitals and physicians in certain counties in New York and Pennsylvania;
- a revision of the Caribbean Basin Economic Recovery Act that would require that preferential trade treatment only apply to apparel articles that are dyed, printed, and finished in the U.S.; and
- a provision that would allow the Postal Service to continue to use the bypass mail system in Alaska on main routes and in the bush country.²⁸

Policy Provisions Adopted During Markup. The Committee also adopted a number of policy amendments, including:

- **Increasing Fund for Highways.** The appropriators added a provision that would restore FY2003 highway funding to the authorized level by voiding a \$4.4 billion reduction that is required by current statute. That statute sets highway funding based on revenues to the Highway Trust Account.²⁹ While there is general support for increasing FY2003 highway funding to the authorized level, there could be controversy over this provision, which some feel may result in the permanent elimination of the formula that ties highway funding to revenues rather than a one-time waiver of the formula.
- **Limiting DOD's Responsibility for Water Use Under the Endangered Species Act.** DOD is responsible for water consumption on its own installations and in the surrounding area. The Committee's markup would limit this responsibility to its own installations. Some may argue that the provision was unnecessary because a recent court case in Arizona already struck down a far-reaching Fish and Wildlife Service opinion that would have made DOD responsible for use of water in the surrounding area. Some may also be concerned because the amendment could be seen as setting a precedent for exempting DOD from other environmental provisions as proposed by the Administration in a separate legislative package this year.³⁰
- **Reimbursing Allies in the Global War on Terrorism.** The bill revised the Administration's proposal to allow DOD to provide

²⁸ See H.Rept. 107-480, House Rules Committee, *Providing for consideration of H.R. 4775*, May 22, 2002.

²⁹ RABA – Revenue-Aligned Budget Authority – is a mechanism in the highway program authorizing legislation, The Transportation Equity Act for the 21st Century (TEA21), that adjusts the authorized funding level up or down depending on the level of Highway Trust Fund revenues; it added \$9 billion to the highway program over the past three years, but requires a \$4.4 billion reduction in FY2003.

³⁰ See CRS Report RL31415, *The Endangered Species Act, Migratory Bird Treaty Act, and Department of Defense Readiness Activities: Current Law and Legislative Proposals*, by Pamela Baldwin.

military aid to foreign nations who support the U.S. in the “global war on terrorism.” The bill narrowed the scope, required joint notification from the Departments of State and Defense (rather than giving DOD sole authority) as well as approval of the Appropriations Committees to use up to \$100 million to reimburse foreign nations for “the costs of goods, services, or use of facilities provided in direct support of operations by U.S. military forces in the global war on terrorism.”³¹

- **Military and Logistical Support.** The bill did, however, include the original language requested by the Administration that gave sole discretion to the Secretary of Defense to reimburse “key cooperating nations,” including Pakistan and Jordan, up to \$420 million altogether for “logistical and military support provided to United States military operations in the global war on terrorism.”³²
- **Exempting U.S. Military Forces from International Military Court.** The bill adopted an amendment proposed by Representative DeLay that exempts U.S. military forces who participate in peacekeeping operations from being prosecuted in the International Criminal Court for war crimes. Although the U.S. has already signed the agreement, both President Clinton and President Bush have voiced concerns about the agreement.³³

Other Changes During Markup. In the final day of markup, the Committee also softened several controversial amendments.

- The bill adopted report language opposing cancellation of the Army’s Crusader howitzer rather than language proposed by Congressman Sabo that would have prohibited the Administration from cancelling the system.
- The bill required that the Administration report by July 31 whether it will release international family planning monies after investigating whether allegations that China engages in forced abortion rather than requiring the Administration to release the funds as originally proposed by Representatives Lowey and Kolbe.

³¹ House Appropriations Committee, draft bill (unnumbered), and the amendments that were adopted during markup are posted on the House Appropriations Committee’s web site, [http://www.house.gov/appropriations/info/2002_sup_amend.pdf].

³² House Appropriations Committee, draft bill (unnumbered), and amendments adopted during markup, available online from the House Appropriations Committee’s web site, [http://www.house.gov/appropriations/info/2002_sup_amend.pdf].

³³ See CRS Issue Brief IB94040, *Peacekeeping: Issues of U.S. Military Involvement*, by Nina M. Serafino. On the Senate side, Senator Helms introduced language similar to that added to the FY2002 supplemental on the House side.

House Floor Action. During House debate on the bill, the chief areas of controversy – some of which also surfaced on the Senate side – included the following.

Raising the Debt Ceiling. Some members argued that the language in H.R. 4775 providing that the U.S. government would take “all steps necessary to guarantee the full faith and credit of the Government” was an indirect way of raising the debt limit without requiring a direct vote by members.³⁴ The language would permit the issue of raising the debt ceiling to be raised during conference. Majority Leader Daschle said that he would prefer to pass a stand-alone bill and S. 2551, the Senate version of the supplemental, does not include language about raising the debt limit.

The “Deeming” Resolution. H.R. 4775 provided that House Concurrent Resolution 353, the budget resolution passed by the House, would be “deemed” to have passed both houses and hence would guide the appropriations committees in their action on FY2003 appropriations actions. That resolution set total discretionary budget authority at \$759 billion, the level proposed by the Administration assuming that its proposal for accrual funding of benefits for civilian government workers is not approved.³⁵ Some Members raised concerns that the level in the House resolution would not provide adequate funding in FY2003. The Senate version of the supplemental did not include “deeming” language.

Provisions about Medicare Payments, Andean Trade Preference Rules and Alaskan Mail. Members raised issues about the appropriateness of adding provisions that would benefit particular areas or that would alter trade rules as part of the supplemental. The House also deleted controversial provisions on monies included for family planning (see discussion below under foreign operations).

Senate Action

On May 21, 2002, the Senate Appropriations Committee marked up the FY2002 emergency supplemental (S. 2551/S.Rept. 107-156) producing a bill that totaled \$31.0 billion in discretionary budget authority, \$2.2 billion above the House level and \$2.6 billion above the request. (An additional \$1.1 billion in mandatory benefit payments to veterans was also included that was requested by the Administration on May 21 because more veterans are becoming eligible for disability payments as the backlog of claims is reduced.³⁶)

³⁴ See House Rules Committee, H.Rept. 107-484, *Providing for consideration of H.R. 4775, and Congressional Record*, May 22-May 24, 2002.

³⁵ The Administration request included \$9 billion to fund that proposal. Thus far, it does not appear to be likely to be approved by Congress.

³⁶ See Senate Appropriations Committee, S.Rept. 107-156, *Making supplemental appropriations for Further Recovery and Response to Terrorist Attacks*, Chapter 12, page 105 of text version of report.

After returning from the Memorial Day recess, the Senate debated the bill June 3 and 4 and then invoked cloture.³⁷ After further debate on June 5 and 6, the Senate passed H.R. 4775 at 12:28 a.m. on the morning of June 7 by a vote of 71 to 22. (The Senate adopted the number of the House bill, inserting its version as a substitute.)

After passage, the bill totaled \$31.5 billion, or \$500 million higher than the reported level, reflecting the effect of three amendments adopted on the floor (see below). Although a variety of other amendments were adopted during floor debate, most allocated funding previously appropriated or made minor changes in language.³⁸

Senate Markup. S. 2551 differed substantially from both the Administration's request and the House-passed bill in both overall and specific funding levels for individual agencies and programs and in policy language. The following issues were debated on the Senate floor and became significant issues during conference.

Emergency Designation of Spending. Section 2002 of Title 2 in the Senate version of H.R. 4775 provided that funds in the bill would not be available to the President unless he designated all funds as "emergency spending" that were designated that way in the bill. This "all or none" provision, which applied to all emergency funding except for that provided to the Department of Defense, was opposed by the Administration, and was not included in the House bill. The Balanced Budget and Emergency Deficit Control Act of 1985, as amended, provides that both the President and Congress must designate funding as emergency in order for those monies to be exempt from budgetary ceilings. This provision would limit the President's discretion to make those designations. A similar provision was proposed in the House and withdrawn after protests from the Administration.³⁹ (See Table 4 and discussion above regarding the outcome of this issue.)

Senate Confirmation of Director of Homeland Security. S. 2551 included a provision (Chapter 11, Section 1102) that required that within 30 days after enactment, the Administration must establish a position for a Director for Homeland Security who would be confirmed by the Senate.

Over the last several months, Senator Byrd has asked that Director of Homeland Security Tom Ridge testify before congressional committees. The Administration has rejected that request on the basis that Tom Ridge is an advisor to the President within the White House, and hence is not required to testify before Congress.⁴⁰ The House bill did not include this provision. This provision became less controversial

³⁷ Invoking cloture ensured that the bill could not be debated for more than 30 hours and limited the scope of amendments that could be offered to those ruled germane by the Chair.

³⁸ See *Congressional Record*, June 5, and June 6, 2002.

³⁹ *National Journal*, "Senate Appropriators Approve \$31 billion Supplemental Spending Bill," Markup Reports, May 22, 2002.

⁴⁰ *National Journal's Congress Daily*, "Ridge: Bush Should Veto Cabinet-Level Security Position, May 30, 2002.

in light of the Administration's announcement of plans to create a new cabinet level Homeland Security agency.

Overall Spending Level. The Administration stated its concern about the overall level of the Senate bill that was above the Administration's request – by about \$2.5 billion – and that the funding priorities differ substantially with that of the request. Although the Senate bill provided the same funding as requested by the Administration for defense, S. 2551 provided considerably more funding than requested for homeland defense (e.g. funding for first responders), as well as other areas (see **Table A-2** and discussion below). The Administration opposed the funding level in the Senate bill.

Funding Issues. In addition to these general provisions, and differences in the overall funding level, there were substantial differences in funding for particular agencies and programs (see **Appendix A-1** and **A-2** and individual sections below) as described below.

- **Transportation Security Administration:** S. 2551 provided \$4.4 billion, as requested by the Administration, compared to \$3.9 billion in the House bill.
- **First Responders:** S. 2551 included about \$1 billion or twice as much as the Administration requested for various grants and programs located in both FEMA and the Justice Department.
- **Port Security and Coast Guard:** S. 2551 provided almost \$1 billion for various port security efforts, well above that in the House bill or the Administration request.
- **Bioterrorism and Water Safety:** the Senate bill provided additional funding for testing of drinking water systems (\$100 million), and infectious disease programs (almost \$400 million) not in the Administration request or the House bill.
- **Nuclear Safety:** S. 2551 provided an additional \$100 million for nuclear non proliferation efforts, and \$200 million for improved security at nuclear labs in the U.S.

Areas of Agreement. Both the House and Senate provided \$450 million for election reform, though with differing provisions about implementation. And both houses added funds for assistance to Israel. Both houses also raised funding for highways and provided funding for Pell grants. The Administration requested an additional \$1 billion for payments to eligible veterans on May 21, reflecting an unanticipated draw down in the backlog of claims. Although only the Senate included the funding in their bill, this increase did not become controversial because the funding was mandatory, i.e. required by existing law.

Senate Floor Action. On June 3 and June 4, the Senate debated S. 2551, substituting its version of the bill in H.R. 4775 as passed by the House. On June 4, the Senate adopted an amendment proposed by Senator Byrd that deleted a provision

in the bill that would temporarily cap emergency loans provided in the wake of the terrorist attack to give relief to airlines.⁴¹ On June 4, the Senate passed a cloture motion that limited debate to 30 hours and limited amendments to those ruled as germane by the Chair. As amended on the floor, the total cost of the bill increases to \$31.5 billion (see below).⁴²

Rejected Amendments. The Senate rejected an amendment proposed by Senators Gregg and Feingold that would set total spending limits for the next 5 years, as well as re-institute various budget enforcement mechanisms to check spending that lapse in 2002. Since both houses have not adopted a concurrent resolution on the budget for FY2003, there are no overall targets for spending for this or later years. In addition, Congress is no longer subject to enforcement tools, such as pay go - which requires that changes to entitlement programs that increase spending are offset – and sequestration – which require across-the-board cuts if budget ceilings are exceeded.⁴³ Proposals to include an increase in the debt ceiling were also rejected on the floor.

Amendments that Increase Funding. The Senate adopted the following three amendments that increased total spending in H.R. 4775 from \$31.1 billion to \$31.5 billion:

- a \$100 million increase in funding for international assistance for HIV/AIDS (making the level \$200 million, the same level as in the House bill);
- a \$22 million increase in funding for flood recovery in Michigan and Illinois; and
- deletion of the cap on the airline credit program (eliminating savings of \$393 million).

Policy Amendments Passed. In addition, the Senate, like the House, added the American Servicemembers' Protection Act, an act originally proposed in the 106th Congress intended to shield U.S. service members from being subject to the jurisdiction of the International Criminal Court. The proposed legislation prohibits the participation of U.S. service members in U.N. peacekeeping missions unless there are protections that would ensure that they would not be subject to the court. The President, however, is also permitted to waive certain restrictions in the Act, subject to various reporting requirements.

Although the U.S. signed the Treaty establishing the International Criminal Court, former President Clinton voiced reservations about it and President Bush withdrew U.S. support for the Treaty on May 6, 2002; the court was set up in July

⁴¹ See Air Transportation Safety and System Stabilization Act.

⁴² CBO estimated that this provision to delay loans to airlines till FY2003 would save \$393 millions. With deletion of this provision, these savings would not occur.

⁴³ *National Journal's Congress Daily*, "Feingold, Gregg Set to Unveil Multi-Year Spending Caps, June 4, 2002.

2002.⁴⁴ The Senate also adopted an amendment by Senator Dodd that allowed the President to cooperate with the court in the pursuit of international efforts to bring to justice Saddam Hussein, Slobodan Milosovic, Osama bin Laden, or other foreign national accused of war crimes.⁴⁵

See individual sections below for background discussion of potential issues, and see **Appendix A-1 and A-2** for breakouts of the Administration's funding request, and House and Senate action by agency, bill and line item.

Conference Matters

Funding Issues. Several issues were difficult to resolve in conference, including the overall funding level in the bill and funding levels for individual agencies and programs.

Overall Funding Level. Although the total for the Senate bill was \$2.6 billion above the House level, the discrepancy in funding levels was actually closer to \$4.4 billion when the House's \$1.8 billion increase for the Department of Defense was taken into account.⁴⁶ Although the Administration stated that the additional funding in the House bill for DOD - for paying the cost of activating reservists, and additional funding for spares and depot maintenance - was not necessary, the House provided the funds on a "contingent emergency" basis, meaning that the President could decide whether to spend the monies. The other significant difference in funding between the House and the Senate was the additional \$3 billion for homeland security activities in the Senate bill, including more spending for bioterrorism, preparedness activities, and security enhancements (see section on policy priorities above).

Determining the overall difference in funding between the two bills was complicated by differences in scoring between OMB and CBO. Although the House reported the total for its bill as \$28.8 billion, if the bill was scored using CBO's numbers, the total would be \$30.1 billion, a total that was closer to the Senate level, and above the Administration's request. Although Congress generally uses CBO's estimates, the House chose to use higher OMB estimates of savings for several offsets.

Although the conferees reached agreement on a total spending level of \$30.4 billion after returning from the July 4th recess, the Administration objected to that total and proposed a series of decreases in spending and offsets to reduce the total to \$28.8 billion. That proposal was rejected by Congressional appropriators, in part because of concern that OMB's estimates overstated savings.⁴⁷ Although OMB's

⁴⁴ CRS Report RL31437, *International Criminal Court: Overview and Selected Legal issues*, by Jennifer Elsea.

⁴⁵ See *Congressional Record*, June 6, 2002, pages S5138ff.

⁴⁶ Since the Senate bill does not include the \$1.8 billion increase, the difference is \$4.4 billion (\$1.8 billion plus \$2.6 billion).

⁴⁷ *Roll Call Daily*, "Supplemental Stalled after OMB Initiates New Demands," by Erin P. (continued...)

proposals for cuts in spending reduced the overall total, several members objected, and suggested that the Administration look elsewhere for savings, including some from last year's Emergency Terrorism Response supplemental.⁴⁸

“All or None” Provision. The White House objected not only to the funding level in the Senate bill but also threatened to veto the bill if Section 2002 in the Senate, the “all or none” provision, was included. That provision required that the President designate as emergency spending all non-defense funding that is classified as “contingent emergency” spending in the bill in order to spend any of those funds. In other words, the President would not have the prerogative of spending only some of the “contingent emergency” spending as would be the case in the House bill.

According to the 1985 Balanced Budget and Emergency Deficit Control Act as amended, both the President and Congress must agree that spending is emergency for those funds to be exempt from budgetary controls over total spending.⁴⁹ (The final year that those budgetary controls apply is FY2002.) If Section 2002 was adopted, however, the President would no longer have the prerogative to select the spending that would be classed as emergency spending and, hence, not subject to budget controls. All non-emergency spending must be offset by cuts in other programs or offsets. According to Senator Byrd, a similar provision was included in the 2001 Supplemental.⁵⁰ (See Table 4 and discussion above regarding the outcome of this issue.)

Budget Controls and Increase in the Debt Ceiling. Some members suggested that the FY2002 supplemental should be the vehicle for Congress to adopt budgetary controls on overall spending levels for FY2003 through FY2007 and for an increase in the debt ceiling that is desired by the Administration. Ordinarily, those controls would be included in a concurrent budget resolution, but there appeared to be little prospect for passage. The House had passed a “deeming” resolution in the rule for H.R. 4775 that set levels that matched those in their budget resolution, but the Senate did not include any overall spending levels.⁵¹

In comparing the concurrent budget resolution passed by the House and the resolution reported by the Senate Budget Committee, the two houses are \$19 billion apart in the total allocated for discretionary spending in FY2003. Negotiations between the two houses and with the Administration to resolve this issue are

⁴⁷ (...continued)

Billings, July 12, 2002; *National Journal's Congress Daily*, “Legislators Rip Daniels’ Cancel Supplemental Session . . .” July 12, 2002.

⁴⁸ OMB Director, Mitchell Daniels, “Letter to Senator Robert C. Byrd, Chairman, Committee on Appropriations, U.S. Senate, enclosing second quarterly report on the use of the Emergency Response Fund,” April 2002.

⁴⁹ See Section 251 (b)(2)(A) of the Budget Enforcement Act of 1990 or 111 Stat. 699; see CRS Report RS21035, *Emergency Spending: Statutory and Congressional Rules* by James V. Saturno.

⁵⁰ See *Congressional Record*, June 6, 2002, p. S5168.

⁵¹ Attempts by Senators Gregg and Feingold and Senator Daschle to include a “deeming” resolution on the Senate side were defeated on the floor.

currently underway, however, so a compromise may be reached.⁵² The two houses could choose to adopt the higher level for non-defense spending on the Senate side by allocating \$10 billion that the Administration requested be set aside for a contingency fund to cover the cost of the war on terrorism in FY2003.⁵³ If that solution is adopted, an FY2003 supplemental request for costs of the war would be needed. Reaching common overall totals for discretionary spending in FY2003 would make it considerably easier for the two houses to resolve FY2003 appropriations bills.

The House also adopted “placeholder” language that would permit conferees to include an increase in the debt ceiling. Before leaving for the July 4th recess, the House followed Senate action and passed a freestanding \$450 billion increase in the debt ceiling, eliminating this issue.

Funding for Transportation. The House and the Senate were \$2.3 billion apart in their recommended spending levels for the Transportation Department, with the Senate providing \$7.4 billion and the House, \$5.1 billion. Part of that total, however, reflected the inclusion by the House of a cap on emergency airline loans that was projected to save \$1.3 billion. The Senate eliminated that cap during floor action by a vote of 91 to 4.⁵⁴ The remaining \$1 billion difference between the houses reflected the Senate’s proposal to add more funding for the Coast Guard (\$373 million) and to provide the full amount requested by the Administration for aviation security rather than reducing the request (\$550 million). Although both houses were dissatisfied with the Administration’s presentation of its plans for aviation security, the Senate chose not to cut the request.

Funding to Secure Nuclear Facilities and Materials. The Senate bill provided \$328 million, some \$80 million more than the House, to secure Department of Energy nuclear facilities and to safeguard nuclear materials in the former Soviet Union. Although the goals were similar, each bill emphasized different security measures or locations (see **Table A-2**).

Policy Issues for Conference. Several significant policy issues needed to be resolved in conference.

U.N. Family Planning Assistance. The Senate, but not the House, included language that would require the U.S. to release \$34 million to the U.N.

⁵² See CRS Report RL31305, *Authorization and Appropriations for FY2003: Defense* by Stephen Daggett and Amy Belasco, p. 14ff in June 14, 2002 update for a more complete discussion of this issue.

⁵³ The Senate Budget Committee’s level of \$768 billion for total discretionary spending includes \$9 billion more for non-defense spending, and includes \$10 billion for a DOD contingency fund. The House passed level of \$759 billion holds the \$10 billion contingency fund for FY2003 for DOD in a reserve fund but excludes \$9 billion for accrual costs that was requested by the Administration. The Senate Budget Committee rejects accrual funding and allocates that \$9 billion for non-defense programs.

⁵⁴ See *Congressional Record*, “Daily Digest”, June 4, 2002. The gap in funding is wider because the House also adopted OMB’s scoring for the savings rather than CBO’s scoring (see discussion above).

Population Fund (UNFPA) for family planning activities as long as the President found that China is not engaging in coercive family planning practices. Although the House bill initially included similar language (but giving the President discretion about the funding level), that language was deleted on the floor. (see section on Foreign Operations below).

DOD's Role in Military Aid Allocations. The House and the Senate bill included different language governing a proposed new role for DOD in the administration of up to \$520 million in military assistance. Neither house adopted the broad language proposed by the Administration. Although both houses would permit DOD to transfer up to \$420 million to Pakistan, Jordan, or other cooperating nations for military and logistical support to U.S. forces, the Senate bill placed control of those funds with the State Department, whereas the House bill made that DOD's prerogative. Moreover, only the House provided \$100 million that could be used to reimburse foreign government for goods, services, or the use of facilities that support U.S. operations in the fight against terrorism, language that was narrower than requested by the Administration. The Senate bill did not include this provision (see Foreign Operations section below).

Restrictions on DOD's Ability to Cancel the Crusader Program. Since early May when DOD announced that the Army's Crusader artillery system would be cancelled, this issue has generated substantial controversy in Congress, with the White House threatening a veto of any bill that placed any statutory restrictions on cancellation.⁵⁵ In a June 20 letter to Senator Byrd, Chair of the Appropriations Committee, OMB Director Mitch Daniels reiterates this position, stating that the President's senior advisors would recommend a veto of the FY2002 supplemental if House report language that restricts his ability to cancel the Crusader artillery program is made statutory.⁵⁶ The House report directed that the Secretary of Defense "shall take no action that would precipitously stop work on the Crusader program until Congress had made a definitive judgment in legislation on the future of the program."⁵⁷ The Senate bill included no language on this issue. The House-passed version of the FY2003 DOD Authorization bill (H.R. 4546) retained funding for the Crusader system, while the Senate version as amended on the floor, gave the Secretary of Defense the authority to re-allocate the funds.

Placement of Funding for First Responders. The House and the Senate differed not only in the amount of funding provided for grants to first responders (e.g. firefighters, rescue teams, emergency operations centers) but also in which agency administers those grants. The Administration requested that FEMA administer \$327 million in equipment and training grants, as part of its traditional roles in disaster planning. The House and Senate provided funding for first

⁵⁵ CRS Report RL31305, *Authorization and Appropriations for FY2003: Defense*, by Stephen Daggett and Amy Belasco.

⁵⁶ OMB, Letter to the Honorable Robert C. Byrd, Chairman, Committee on Appropriations, United States Senate, from Mitchell E. Daniels, Jr., June 17, 2002, "Administration's views on FY 2002 Supplemental Bill as passed by the House and Senate; see *Inside the Pentagon*, June 20, 2002, Volume 18, Number 25.

⁵⁷ See H.Rept. 107-480, p. 19.

responders not only to FEMA but also to the Department of Justice, which in recent years has administered grants for first responders in a law enforcement context. Some consider that reliance on the Justice Department is more appropriate for funding designed to combat terrorism. This issue was considered in the context of the President's new proposal to fold FEMA into a new agency to combat terrorism.

Placement of Funding for Election Reform. The House and the Senate both provided \$450 million for election reform, but the House temporarily lodged the funds in the Executive Office of the President and the Senate placed the funds in the Justice Department. Both houses provided that the program would follow the provisions in their respective versions of H.R. 3295, the Martin Luther King, Jr., Equal Protection of Voting Rights. The House objected to the funds being administered by the Justice Department.

Areas of Agreement. Several policy areas in which the two bills were similar included the following.

- **Aid to Israel and Palestine:** both bills provided \$250 million in foreign assistance, split between Israel (\$200 million) and the Palestinians (\$50 million) (see foreign operations section below);
- **Funding for HIV/AIDS:** both bills provided \$200 million for HIV/AIDS to be distributed to the Global Fund to combat HIV/AIDS, malaria, and tuberculosis or other organizations;
- **International Criminal Court (ICC):** both bills included the American Servicemembers' Protection Act, which prohibits the U.S. from participating in U.N. peacekeeping efforts unless U.S. service members are not subject to the international court and limits U.S. cooperation with the court. After reporting to Congress, however, the President could waive some provisions. The Senate bill also included a separate exemption that would allow the U.S. to cooperate with the ICC in the prosecution of Saddam Hussein, or other terrorist leaders.

Administration's Request for the Department of Defense

The Administration requested \$14 billion for the Department of Defense in the FY2002 emergency supplemental. If enacted, DOD would receive a total of \$31.1 billion in emergency funds from P.L. 107-38 enacted last year *and* the new supplemental. This includes not only funding for the war itself but other initiatives as well. In FY2003, DOD is requesting an additional \$20.1 billion to continue the "global war on terrorism."

Table 5 below compares the Administration's request for DOD to the amounts included in the ETR, the first emergency supplemental, and to funding for the same purposes in the FY2003 request. This table combines the new functional categories

adopted by the Defense Department in its FY2002 emergency request with those used in the first emergency supplemental to combat terrorism.⁵⁸

⁵⁸ In the ETR, the first emergency supplemental, DOD requested funds using ten functional categories created for that request. Categories ranged from “Increased Situational awareness” for intelligence and classified programs, to “Increased worldwide posture, for funds for the war in Afghanistan and activating reservists; see CRS Report RL31187, *Combating Terrorism: 2001 Congressional Debate on Emergency Supplemental Allocations*, p. 24 - 25. DOD used these same ten categories (plus several new categories) in its FY2003 budget request. However, DOD presents its FY2002 supplemental request in different functional categories, such as “Military operations,” and “Weapons and munitions.” For Table 3, CRS developed a crosswalk between the two sets of categories based on the more detailed description of the programs provided to the Appropriations committees. DOD also presented its FY2002 request in regular appropriation accounts as required in P.L. 107-117; those categories are shown in the appendix of this report.

Table 5. Comparison of DOD's FY2002 Supplemental with ETR and the FY2003 Request
(millions of dollars)

Category	FY2002 Emergency Supplemental Request	ETR Supplemental of 2001	FY2003 Request
Military Operations	\$6,715.9	\$3,656.0	\$10,000.0
Weapons and Munitions ^a	\$548.0	\$1,831.0	\$1,695.9
Mobilization of reservists	\$4,103.0	\$1,051.0	NS
Command, control, communications and Intelligence	\$1,548.0	\$6,525.0	\$3,125.8
Coalition support ^b	\$420.0	\$216.0	NS
Enhanced physical security ^c	NS	\$1,613.0	\$2,680.2
Initial crisis response ^d	\$0.0	\$648.0	\$0.0
Pentagon repair and renovation	\$0.0	\$1,470.0	\$328.0
Airport security ^e	\$0.0	\$261.0	\$0.0
Support of new Homeland commander ^f	[75.0]	NA	\$341.0
Combat air patrols ^d	\$300.0	NS	\$1,200.0
Air Force personnel costs ^g	\$206.0	NA	NA
Nuclear Posture Review ^h	NA	NA	\$685.0
Other ⁱ	\$181.1	\$100.0	\$0.0
TOTAL	\$14,022.0	\$17,109.0	\$20,055.9

NA = Not applicable; NS = Not specified; [] = Included within other category.

Notes:

- a. Includes funding to increase the industrial capacity and purchase additional smart munitions to enlarge DOD stocks, as well as unmanned aerial vehicles used for surveillance.
- b. Funding to be distributed to unspecified allies who provide military and logistical support to U.S. forces in the "global war on terrorism."
- c. Erecting additional barriers and purchasing surveillance and detection equipment to improve security at U.S. military installations; cost of those activated reservists performing guard duties at U.S. installations is not specified within "mobilization of reservists."
- d. DOD's support to FEMA and New York City; combat air patrols, later in military operations.
- e. Cost of stationing National Guard at airports, now funded by TSA.
- f. New Homeland Commander in Chief (CINC) set up by DOD after the attack; cost of keeping prisoners at Guantanamo Bay.
- g. Cost of retaining additional Air Force personnel needed for the war on terrorism.
- h. Cost of carrying out DOD's proposed new nuclear policy to upgrade strategic missiles.
- i. Unspecified costs in FY2002 request; funds potential increase in fuel prices in ETR.

Sources: Department of Defense, FY2002 Supplemental request to continue the global war on Terrorism, March 2002; [http://www.dtic.mil/comptroller/fy2003budget/fy2002_supp.pdf]; CRS Report RL31187, *Combating Terrorism: 2001 Congressional Debate on Emergency Supplemental Allocations* by Amy Belasco and Larry Nowels, March 20, 2002; OMB, *Budget of the United States Government, Fiscal Year 2003, Appendix*, February 2002, p. 277, and CRS calculations.

To preserve flexibility to respond to changes in the pace of operations of the war in Afghanistan and its use of reservists at home, DOD requested that \$11.3 billion of the \$14 billion be appropriated to the Defense Emergency Response Fund (DERF), a transfer account from which DOD can move monies into and out of other appropriations accounts as needs arise without returning to Congress for prior approval. DOD contends that funding flexibility is needed because of the uncertainties of events in the next several months.

Congress has expressed some concern about use of the DERF, in part because it makes tracking of emergency funds more difficult since funds lose visibility as they are combined with those in the regular appropriation accounts, a problem acknowledged by DOD's comptroller, Dov Zakheim.⁵⁹ The remaining \$2.7 billion of DOD's request would be in regular appropriation accounts where Congress must be consulted about re-allocations.

The Administration's proposal included several general provisions that would give DOD new authorities to dispense funds to nations who work with the U.S. in the worldwide war on terrorism. These general provisions generated concerns in appropriations hearings on foreign operations (see below).

Using DOD's illustrative allocations, **Table 4** compares the Administration's priorities in this second supplemental with its request in the ETR and the FY2003 budget request. The second emergency supplemental placed more emphasis on continuing to carry out the war in Afghanistan and related areas and paying for the costs of mobilizing reservists, with less emphasis on command, control and communication and classified programs.

In its regular FY2003 budget proposal, DOD also asks Congress for substantial flexibility by requesting \$20.1 billion in the DERF account. That total includes \$10 billion to "fund continued operations for the war on terrorism."⁶⁰ The Administration includes no details about the use of these funds and acknowledges that this figure is only a rough estimate reflecting the uncertainty about future plans to combat terrorism in Afghanistan or elsewhere. The remaining \$10.1 billion are requested in the broad functional categories shown below.

The Cost of the War in Afghanistan. DOD's request did not explicitly provide an estimate of total cost to continue the war in Afghanistan in FY2002. DOD did, however, estimate that the cost of military deployments will be \$10.4 billion, of which \$3.7 billion was provided in the first emergency supplemental. DOD's request for an additional \$6.7 billion reflected its belief that costs in the remainder of the year were likely to be comparable to those experienced in the first third.⁶¹ This approach assumed that despite the defeat of the Taliban and Al Qaeda

⁵⁹ Briefing to congressional staffers on execution in the Defense Emergency Response Fund and DOD's FY2002 emergency supplemental request, April 19, 2002.

⁶⁰ OMB, *Budget of the United States Government, Fiscal Year 2003, Appendix*, February 2002, p. 277

⁶¹ Department of Defense, *FY2002 Supplemental Request to Continue the Global War on* (continued...)

forces, military operations by U.S. forces would continue to require about the same resources.⁶² Based on this conservative approach, DOD estimated that wartime military operations in 2002 would cost about \$865 million per month.⁶³

That cost for military deployments included the resources to deploy and support units and their equipment, to operate equipment at a higher operating tempo to carry out wartime operations, to rotate deployed forces between stateside and overseas, to pay active duty forces at higher levels, and to repair and replace equipment damaged or destroyed in combat. DOD's deployment cost did not include the expense of activating reservists supporting Afghan operations or the cost of replacing munitions expended during the war.

According to a recent estimate prepared by the Congressional Budget Office that uses these categories and relies on actual cost data from operations as well as DOD's experience in other operations, the cost of the war in Afghanistan in the second half of FY2002 will be about \$750 million per month, about 75% of CBO's estimated cost for the first half of the year. CBO's lower cost estimate for the second half of the year reflects the recent withdrawal of naval forces, lower munitions usage, and the absence of certain one-time costs incurred at the beginning of the conflict.⁶⁴ If the number of forces remained the same but the pace of operations slowed, CBO estimates that the monthly cost of the war would drop to about \$600 million per month.⁶⁵

The difference between DOD and CBO's estimates is somewhat greater than appears from the figures above because CBO's numbers include not only deployment costs but also the cost of replacing expended munitions and the cost of activating about 20,000 reservists, whereas DOD includes those costs elsewhere. If DOD's figures are adjusted to be comparable to those used by CBO, DOD's estimate of the total cost of the war for the year would be about \$12.4 billion rather than the \$10.2 billion assumed by CBO, a \$2.2 billion difference.⁶⁶

Mobilizing Reservists. The second largest piece of DOD's FY2002 supplemental request was \$4.1 billion to pay for the cost of activated reservists for

⁶¹ (...continued)

Terrorism, March, 2002, p. 5;

[http://www.dtic.mil/comptroller/fy2003budget/fy2002_supp.pdf]

⁶² Briefing to congressional staffers by OSD/Comptroller staff, April 19, 2002. DOD's estimate for deployment costs in its justification materials includes \$3.7 billion for the first four months of 2002 and \$6.7 billion for the rest of the year, an average of \$865 million per month for both periods. DOD also used plans for unit deployments to estimate future costs.

⁶³ CRS calculations based on *Ibid*, DOD's FY2002 supplemental request; divides total of \$10,388.9 million requested for "deployment costs," see p. 7.

⁶⁴ CBO, Letter to Senator Pete V. Domenici, Ranking Member, Committee on the Budget, United States Senate, April 10, 2002; see [<http://www.cbo.gov>].

⁶⁵ *Ibid*, p. 2-3.

⁶⁶ Based on DOD cost factors, the cost of replacing expended munitions would be about \$80 million per month and the cost of activating 20,000 reservists to support the war (as CBO assumes) would be about \$85 million per month, or \$1.1 billion for the year.

the last eight months of the year. (DOD's request assumed that \$1 billion was provided in the first emergency supplemental.⁶⁷) That proposal generated concern in Congress among some Members who believe that this amount may not be adequate to fund the reservists currently on active duty.⁶⁸

According to DOD, the \$4.1 billion in its request assumed a level of 80,000 reservists for the remainder of the year, a number that is close to the 81,235 reservists currently on active duty.⁶⁹ DOD assumed that the number of reservists would fall in the latter part of the year as the frequency of combat air patrols on the east and west coast – carried out primarily by Air Force reservists – is reduced and as the services trim the number of activated reservists who are currently carrying out guard duty at stateside military installations.

Although DOD did not provide definitive information about the tasks that reservists are performing, it appears that many of the reservists activated by the services are being used as guards at U.S. military installations, reflecting the heightened concerns of the military in the wake of the terrorist attacks. Some have suggested that the number of guards could be reduced as DOD completes security enhancements for bases – such as more fences and barriers – for which \$1.6 billion was allocated in the first emergency supplemental. DOD could also reduce the cost by using civilian rather than military to perform these duties. In fact, DOD has requested lifting the current statutory provision on contracting out security duty functions in the 2002 supplemental in order to permit DOD to use private guards who would be considerably less costly than the \$66,000 per person cost of relying on activated reservists.⁷⁰

In its regular FY2003 budget, DOD requested an additional \$2.6 billion to improve physical security at military installations but has not specified whether reservists would continue to be used as guards at military installations (see **Table 3** above). If that request is approved, DOD would receive a total of \$3.9 billion over two years for additional physical security at bases.

Increasing Munitions Stockpiles and Unmanned Aerial Vehicles.

Another major DOD initiative begun in the first emergency supplemental was to expand current industrial capacity to produce precision-guided or “smart munitions,” particularly, the weapon of choice in Afghanistan – the Joint Direct Attack Munitions (JDAMs). DOD requested \$4 billion for weapons and munitions in the ETR, the FY2002 supplemental and the FY2003 request, including the funding for JDAMs (see **Table 5**). This category funds not only smart munitions but also replacement and an increase in the number of Global Hawk (unmanned air vehicles

⁶⁷ Department of Defense, *FY2002 Supplemental Request to Continue the Global War on Terrorism*, March, 2002, p. 7.

⁶⁸ James Dao, “Budget Concerns Are Raised on Continued Use of Guard,” *New York Times*, April 26, 2002.

⁶⁹ Department of Defense press release, “National Guard and Reserve Mobilized as of May 1, 2002;” see [http://www.defenselink.mil/news/May2002/b05012002_bt223-02.html].

⁷⁰ Department of Defense, *FY2002 Supplemental Request to Continue the Global War on Terrorism*, March, 2002, p. 28-29.

– UAVs) and Predators (armed UAVs) that are being used for surveillance and reconnaissance in Afghanistan.

Concerned that JDAMs were being consumed faster than they could be replaced, DOD requested and received funding to increase the current productive capacity of about 1,500 per month. According to DOD, the additional funding requested in the FY2002 supplemental “will allow the JDAM production rate to increase in a more orderly manner,” will achieve the new, higher delivery rate of 2,800 missiles per month in August 2003 rather than July 2004, and will purchase an additional 17,900 missiles.⁷¹

Although some have questioned whether the plan to double productive capacity this quickly is realistic, apparently the military leadership were convinced by the manufacturers that a doubling of capacity in about a year is possible. Any expansion will be dependent on both the level and timing of funding. The high expenditure rates for JDAMs that were experienced in the early part of the war, which generated such concern among the military, may also have fallen in more recent months as the nature of the war has shifted towards surveillance rather than combat.

DOD’s FY2002 request for weapons and munitions also included replacing one Global Hawk UAV and two sensor packages, and accelerating the production of Predator UAVs to two vehicles per month.⁷² DOD also plans to purchase additional UAVs with funds provided in the first emergency supplemental, and with funds requested in the FY2003 budget.⁷³

Command, Control, Communications, and Classified Programs. If the levels requested in the FY2002 supplemental and the FY2003 budget request are approved, DOD would receive an additional \$11.2 billion in command, control, communications, and classified programs to combat terrorism. (These funds would be in addition to the \$33.6 billion in the 2000 budget before the buildup to combat terrorism.⁷⁴) There is little visibility on most of this request because many of the programs are classified. For example, of the \$1.5 billion requested in the FY2002 supplemental, \$1.4 billion is for classified programs. Similarly, there is no unclassified information on the FY2003 request of \$3.1 billion, which includes \$2.6 billion for classified programs, and \$540 million for continuity of operations, that is, for plans to protect key government personnel and facilities in case of attack.

⁷¹ Department of Defense, *FY2002 Supplemental Request to Continue the Global War on Terrorism, March, 2002*, p. 20. The Global Hawk is manufactured by Northrop Grumman Corporation, while the Predator is made by General Atomics Corporation.

⁷² *Ibid.*, p. 10.

⁷³ The table above includes the funding for “Offensive Counter-terrorism” and “Procurement” in the ETR and the 2003 Defense Emergency Response Fund request as for weapons and munitions. In FY2003, \$800 million for procurement in the DERF funds both UAVs and KC-130 and KC-135s surveillance aircraft; see OMB, *Budget of the United States, Appendix, FY2003*, p. 277.

⁷⁴ Office of the Under Secretary of Defense (Comptroller), *National Defense Budget Estimates for 2003, March 2002*, p. 80; [<http://www.dtic.mil/comptroller/fy2003budget/FY03GBpdf.pdf>].

Coalition Support. DOD's FY2002 request also included up to \$550 million that DOD could distribute to countries who aid the U.S. in the "war on terrorism," including \$420 million for those countries who provide military and logistical support, indigenous forces who support the U.S., and other foreign governments who fight terrorism. These proposed new general provision would represent a new use of DOD funds, as well as signal a new role for DOD in the distribution of assistance to foreign governments as discussed below.

House Action on the Administration's Defense Request. There were several significant changes to the House bill during markup, but no changes to the bill during floor consideration.

House Markup. In markup, the House Appropriations Committee (HAC) recommended \$15.808 billion for the Department of Defense, an addition of \$1.786 billion. The additional funds were requested as contingent emergency funds leaving it up to the President to decide whether the additional funds are needed. In testimony before the Senate Appropriations Committee on May 7, 2002, Secretary of Defense opposed proposed increases to DOD's funding to activate reserves, stating that "... we have not asked for that money ... the administration is not requesting \$1.4 billion."⁷⁵

The committee also provided \$378.4 million for Department of Energy defense-related activities, an increase of \$352 million over the request, and \$30 million for military construction, for which no money was requested. As the Administration requested, HAC provided most of the money for defense in the Defense Emergency Response Fund (DERF), agreeing that the Pentagon needs flexibility in allocating the funds. The committee did, however, extend last year's requirement for quarterly reports on the allocation of DERF funds and required DOD to track war costs separately as part of the regular reporting.

Major Funding Changes. The major committee changes to the request included:

- \$790 million added for reserve mobilization costs in the DERF. This has been a controversial matter. On May 7, Secretary of Defense Rumsfeld told the Senate Appropriations Committee that DOD had not requested and did not need the additional funds. The Administration specifically objected to the original draft of the House Appropriations Committee bill, which would have required the Administration to release the added money for reserve mobilization in order to gain access to the other defense money. That provision was reportedly altered in committee markup by an amendment offered by Committee Chairman Bill Young.
- \$604 million added in the DERF for additional support of service counter-terrorism operations.

⁷⁵ Secretary of Defense Daniel Rumsfeld testifying before the Senate Appropriations Committee, May 7, 2002, *Political Transcripts by Federal Document Clearing House*, Dow Jones Reuters.

- \$117 million for Army overseas operations not provided in the DERF.
- \$100 million to accelerate chemical demilitarization.
- \$36.5 million for F-15 radio upgrades.
- \$20 million in research and development for remote chemical-biological weapons detection.
- \$30 million for classified projects.
- \$30.5 million for military construction projects.
- \$125 million for the Department of Energy for security at nuclear weapons facilities and for weapons and material transportation security.
- \$128 million for additional security for Corps of Engineers facilities.
- \$5 million for the Department of Energy for international non-proliferation measures, including implementation of the U.S.-North Korea “Agreed Framework.”
- \$67 million for the Department of Energy for security at environmental cleanup sites.
- \$16.6 million for the Department of Energy for security of facilities closure projects.

Major Policy Changes. The Committee also revised the language in two controversial provisions proposed by the Administration, which would have permitted the Department of Defense to provide \$30 million to “indigenous forces” and \$100 million to “foreign nations,” in defense articles, services, training, for their support to the U.S. in the global war on terrorism.

In addition to reducing the funding to \$100 million, the Committee required that the Secretaries of State and Defense send a joint notification and receive approval from the Appropriations Committees. The bill also limited reimbursements to support by foreign nations of U.S. military forces (see also section on congressional action below). The Committee apparently did not modify, however, a similar provision requested by the Administration, which gave DOD sole authority to use up to \$420 million to reimburse nations who provide military and logistical support to the war on terrorism.

Senate Action on the Administration’s Defense Request. The Senate made no changes in funding of the DOD request in markup or on the floor. The Senate provided the same amount of funding, and the same distribution as requested by the Administration: \$14.0 billion overall, with \$11.3 billion of that total in the Defense Emergency Response Fund for war-related costs. Since the House provided \$1.8 billion above the Administration’s request for additional operating expenses and paying to activate reservists, the overall funding level will be a conference item. The House provided the funds as a contingent emergency, allowing the President to decide whether the funds are in fact, needed.

The Senate did, however, include different language than the House or the Administration governing the provision of aid to nations who aid the U.S. in the war on terrorism, making this a conference issue (see discussion below).

Foreign Aid to “Front-Line” States

The Administration sought \$1.28 billion in additional FY2002 Foreign Operations funding, primarily to increase economic, military, and counter-terrorism assistance to so-called “front-line” states in the war on terrorism. Although the complete list remains classified, the United States has placed a growing priority on increasing assistance to over 20 nations representing not just those bordering Afghanistan or located in the region, but including countries globally that have committed to helping the United States in the war on terrorism. Administration officials have publically identified some of those front-line states for whom supplemental assistance is sought.⁷⁶

As finalized by Congress, the Administration receives \$1.8 billion more in foreign aid funding, over \$500 million above the request, and a level that roughly doubles the amount of assistance allocated in FY2002 for emergency foreign assistance to combat terrorism. Beginning in October 2001, the President distributed \$1.5 billion for Foreign Operations programs, drawn from the \$40 billion emergency terrorism supplemental approved by Congress shortly after September 11 (P.L. 107-38). The proposed supplemental also included several policy changes related to foreign aid activities that may raise controversy during congressional debate.

Nevertheless, with the President’s August 13 decision not to spend supplemental funds designated as contingent emergency, about one-third, or \$622 million, of the \$1.8 billion total will not be available. Major activities affected by the White House decision include:

- Israel aid – \$200 million
- Palestinian aid – \$50 million
- Afghanistan aid and refugee relief – \$174 million
- Philippine military aid – \$30 million
- International HIV/AIDS, malaria, and tuberculosis – \$200 million

The White House said, however, that the President supports more aid to Israel, the Palestinians, and for HIV/AIDS, and will seek other means to gain congressional approval for these activities in the future. This suggests that President Bush may submit an amendment to his pending FY2003 Foreign Operations budget proposing these additional amounts. Whether he will also request cuts in the pending appropriation to off-set these increases is uncertain.

Funding Issues. The content of the \$1.28 billion foreign aid supplemental sharply contrasted with the types of assistance previously provided to front-line states and appeared to respond somewhat to critics, including many in Congress, who argued that the President’s FY2003 Foreign Operations budget did not adequately address the new terrorism threat. Much of the \$1.5 billion emergency aid already distributed focused on two areas: 1) economic support to Afghanistan and neighboring countries in anticipation of food shortages, displacement and other

⁷⁶ The Administration has not identified those states that DOD would assist for their help in the war on terrorism.

social disruptions that would occur during the military campaign; and 2) efforts to stabilize the security and economic situation in Pakistan and demonstrate support for President Musharraf. By contrast, the proposed \$1.28 billion supplemental would distribute additional economic and military assistance among 23 countries in all regions of the world.

When the Administration announced its FY2003 budget request in early February, officials said that amounts for Afghan reconstruction needs beyond 2002 would be added to the request later, though a decision about whether to seek supplemental foreign aid this year had not been reached. Initial congressional reaction, however, was critical, with Appropriation Subcommittee chairmen Representative Kolbe and Senator Leahy, calling the request inadequate in face of the war on terrorism.⁷⁷ The budget plan for FY2003 includes large amounts for a few key front-line states – Jordan, Pakistan, and India. But for many others, aid would grow only modestly, leading some to characterize the request as a “business-as-usual” foreign aid budget.

In several respects the \$1.28 billion supplemental proposal reflected what many said should have been incorporated in the FY2003 plan. Although like the FY2003 budget, the request included significant amounts for Pakistan (\$145 million) and Jordan (\$125 million), it distributed considerable amounts of aid to Central Asian states that would not receive substantial increases in FY2003 and to nations globally. Key highlights included:

- Afghanistan – \$250 million in economic, military, and counter-narcotics support. This comes on top of \$297 million pledged for reconstruction needs this year.
- Middle East – in addition to Jordan, nearly \$80 million (mostly military aid) for three key regional countries – Bahrain, Oman, and Yemen – that have provided considerable support to the United States.
- Philippines – \$40 million to help Manila combat its own terrorist insurgency in the Mindanao region.
- Africa – \$55 million to several key regional states cooperating in the war on terrorism.
- Central Asia – \$135 million for five regional states, exceeding amounts requested for FY2003 for Kyrgyz Republic, Tajikistan, and Uzbekistan.
- Turkey – \$228 million, primarily for economic support.

⁷⁷ See statement of Congressman Kolbe during a February 13, 2002, hearing of the House Foreign Operations Subcommittee on the FY2003 foreign affairs budget; and a February 26, 2002, press release by Senator Leahy regarding the Senate Foreign Operations Subcommittee hearing on the FY2003 request for the U.S. Agency for International Development.

- Colombia – \$35 million, with most focused on anti-kidnaping training.

Table 6 provides details on country and program distributions in the supplemental request, and compares that request to enacted aid levels for FY2001 and 2002, and to requested amounts for FY2003.

Table 6. FY2002 Supplemental Compared with Enacted & Requested
(\$s – millions)

Country/Program	FY2001 Enacted	FY2002 Enacted	FY2002 Supplemental Request	FY2002 Supp. Enacted ^a	FY2003 Request
<i>South Asia:</i>					
Afghanistan	–	\$297.0	\$250.0	–	TBD
Nepal	\$21.3	\$30.0	\$20.0	–	\$41.2
Pakistan	\$3.5	\$921.0	\$145.0	–	\$305.0
<i>Middle East</i>					
Bahrain	\$0.2	\$0.4	\$28.5	–	\$0.5
Jordan	\$226.2	\$227.0	\$125.0	–	\$450.4
Oman	\$0.0	\$0.3	\$25.0	–	\$20.3
Yemen	\$4.2	\$5.5	\$25.0	–	\$12.7
Economic Initiative	–	–	\$50.0	–	–
Israel	\$2,813.8	\$2,788.0	\$0.0	\$200.0 ^b	\$2,700.0
Palestinians	\$71.0	\$72.0	\$0.0	\$50.0 ^b	\$75.0
<i>East Asia</i>					
Indonesia	\$121.0	\$124.7	\$16.0	–	\$71.9
Philippines	\$50.4	\$92.1	\$40.0	\$55.0 ^b	\$93.1
<i>Africa</i>					
Cote d'Ivoire	\$2.8	\$3.1	\$2.0	–	\$3.1
Djibouti	\$0.2	\$0.2	\$6.0	–	\$0.2
Ethiopia	\$40.6	\$46.8	\$12.0	–	\$51.1
Kenya	\$34.6	\$40.7	\$22.0	–	\$48.8
Mauritania			\$1.0	–	
Nigeria			\$2.0	–	
Southern Sudan	\$4.5	\$11.4	\$10.0	–	\$22.3
<i>Europe/Eurasia</i>					
Georgia	\$97.8	\$100.9	\$20.0	–	\$95.2
Kazakstan	\$48.4	\$48.6	\$3.5	–	\$47.0
Kyrgyz Republic	\$35.2	\$37.6	\$42.0	–	\$41.1
Tajikistan	\$16.7	\$19.9	\$40.0	–	\$22.5

Country/Program	FY2001 Enacted	FY2002 Enacted	FY2002 Supplemental Request	FY2002 Supp. Enacted ^a	FY2003 Request
Turkey	\$1.7	\$22.7	\$228.0	–	\$20.3
Turkmenistan	\$7.3	\$7.6	\$4.0	–	\$8.2
Uzbekistan	\$28.4	\$95.6	\$45.5	–	\$41.5
Latin America					
Colombia	\$49.0	\$381.7	\$35.0	–	\$538.2
Mexico	\$31.1	\$35.6	\$25.0	–	\$43.6
Ecuador	\$16.4	\$47.5	\$3.0	–	\$65.8
Regional Border Control	–	–	\$5.0	–	–
Global					
Antiterrorism Training	\$38.0	\$83.5	\$20.0	–	\$64.2
Terrorist Financing	–	–	\$10.0	–	–
Terrorist Interdiction	\$4.0	\$8.0	\$10.0	–	\$5.0
USAID admin/security	–	–	\$7.0	\$7.0	–
Defense admin costs	–	–	\$2.0	–	–
HIV/AIDS, TB, Malaria, & Global Fund	\$573.0	\$653.0	\$0.0	\$200.0 ^b	\$762.0
Demining	\$40.0	\$40.0	\$0.0	\$4.0	\$45.0
Migration/Refugee aid	\$698.0	\$705.0	\$0.0	\$40.0 ^b	\$705.6
TOTAL	\$5,079.3	\$6,947.4	\$1,279.5	\$1,818.0	\$6,400.8

Sources: Department of State and House Appropriations Committee.

^a The Conference agreement earmarks funds for only a few countries and programs, as noted in the table. The Administration much report to Congress 30 days after enactment with specific allocations of the funds. The table does not include rescissions, which for Foreign Operations programs total \$269 million in the conference agreement.

^b Because of the President's decision not to spend money designated as "contingent emergency," all or part of these amounts will not be available. See discussion above.

Policy Issues. The supplemental request included several general provisions that would change current policy positions regarding the distribution of military aid, assistance to Colombia, and conditions under which regular foreign aid is transferred. Each were closely examined during congressional debate.

DOD's Role in Military Aid Allocations. Currently, the State Department receives funding through the Foreign Military Financing (FMF) account of the Foreign Operations Appropriations and provides broad policy direction for U.S. military assistance programs. DOD frequently administers FMF activities, but under the policy guidance of the State Department. The Administration proposed in the

FY2002 supplemental to grant DOD authority to use up to \$30 million to support indigenous forces engaged in activities combating terrorism and up to \$100 million to support foreign government efforts to fight global terrorism. The \$130 million total would come from defense funds, and be directed by the Secretary of Defense and be available “notwithstanding any other provision of law.” A third provision proposed \$420 million in DOD Operation and Maintenance funding for payments to Pakistan, Jordan, and “other key cooperating states for logistical and military support provided” to U.S. military operations in the war on terrorism that would also be under DOD’s policy purview.

DOD officials said that these provisions were essential to help reimburse countries for costs they incur in assisting U.S. forces engaged in the war on terrorism. The United States had to delay payments to Pakistan for support provided in Operation Enduring Freedom because of competing demands on regular military aid funds and the absence of agreements between DOD and the Pakistan military that would allow such transfers out of the defense budget. Nevertheless, critics charged that such a change would infringe on congressional oversight and the State Department’s traditional role in directing foreign aid policy and resource allocations. By including a “notwithstanding” proviso, the request further would remove human rights and other conditions that must be observed by countries in order to qualify for U.S. security assistance.

At a House hearing on April 18, Deputy Secretary of State Armitage told the Foreign Operations Appropriations Subcommittee that although the State Department supports the “intent” of the provisions, the Administration drafted the legislation in a “rather poor way” and that the authority “is a little broader in scope than we really intended.” Secretary Armitage pledged that both State and DOD officials would work with Congress to adjust the provisions in a way that would protect the prerogatives of the Secretary of State as the “overseer of foreign policy and foreign aid.”⁷⁸

Colombia Aid Restrictions. An additional supplemental general provision sought to broaden DOD and State Department authorities to utilize unexpended Plan Colombia, FY2002 and FY2003 appropriations to support Colombia’s “unified campaign against narcotics trafficking, terrorist activities, and other threats to its national security.”⁷⁹ The provision would broaden significantly the scope of how U.S. assistance could be used by Colombia – not only for counter narcotics operations, but also for military actions against Colombian insurgents and any other circumstances that threatened Colombian national security.⁸⁰

⁷⁸ Testimony by Secretary of State Armitage before the Foreign Operations Subcommittee, Senate Appropriations Committee, April 18, 2002.

⁷⁹ Department of Defense, *FY2002 Supplemental request to Continue the Global War on Terrorism*, March 2002, see page 28; also available on DOD’s web site at [http://www.dtic.mil/comptroller/fy2003budget/fy2002_supp.pdf].

⁸⁰ For additional information, see CRS Report RL31383, *Andean Regional Initiative (ARI): FY2002 Supplemental and FY2003 Assistance for Colombia and Neighbors*, by Larry Storr and Nina Serafino.

Although the most immediate effect of the change would be to permit the United States to expand how it shares intelligence information with Colombian security forces, the provision would also allow helicopters and other military equipment provided over the past two years to fight drug production to be used against any threat to Colombia's security.

The Administration, however, did not ask Congress to soften two other Colombia aid restrictions concerning a 400 person limit on U.S. personnel inside Colombia and the prohibition of aid to Colombian military and police units that are engaged in human rights violations (Leahy amendment). Despite the inclusion in the request that past and future FY2003 aid be available "notwithstanding any provision of law" – except for the two restrictions noted above – Administration officials said they are not seeking to remove other enacted conditions on Colombian aid, such as those related to human rights and aerial coca fumigation. Coupled with a pending FY2003 \$98 million military aid request to help protect Colombia's oil pipeline and other infrastructure against guerilla activity, critics argued that the U.S. objective in Colombia is shifting from one of combating narcotics production and trafficking to a counter-terrorism and insurgency strategy.

Removal of Restrictions for Other Economic and Military Assistance. The Administration's supplemental submission asked Congress to provide most of the economic and military aid funds "notwithstanding any other provision of law." This is a relatively unusual request for foreign aid appropriations, usually reserved for situations where humanitarian assistance or aid in support of the highest U.S. foreign policy interests would be prohibited due to existing legislative restrictions on assistance to governments that violate human rights, engage in weapons proliferation, came to power through a military coups, do not cooperate in counter-narcotics activities, or a series of other similar aid conditions.

Because of its sweeping and broad nature, Congress has often been reluctant to enact such a waiver without fully understanding the implications of excluding foreign aid restrictions. More often, Congress prefers to waive specific legislative constraints rather than approving across-the-board waivers. Administration officials have said that the impediments apply to Afghanistan, Yemen, and Ethiopia because they are overdue in making debt payments to the U.S. (Brooke amendment, section 512 of the Foreign Operations Appropriations, FY2002) and to Cote d'Ivoire because of the military coup against a democratically elected government in 1999 (section 508 of the Foreign Operations Appropriations, FY2002).

Congressional Action on the Administration's Foreign Aid Request. House, Senate, and conference action increased foreign aid funding proposed by the President, but limited to some extent policy provisions and waivers sought by the White House. The enacted measure also added a new issue into the supplemental debate – additional funding to fight global HIV/AIDS – but dropped a Senate-added provision concerning the status of U.S. contributions to the U.N. Population Fund (UNFPA).

As passed Congress, the supplemental includes \$1.8 billion in new Foreign Operations funds, over \$500 million above the request. The House had included \$1.82 billion, while the Senate measure provided \$1.78 billion. New items added by

both the House and Senate, and included in the final bill, were \$200 million in assistance to Israel, \$50 million for the Palestinians, and \$200 million to combat HIV/AIDS, malaria, and tuberculosis. The HIV/AIDS money can be used to support the President's new mother-to-child transmission initiative, but conferees stated that \$100 million of the total should be used as an additional contribution to the Global Fund to Combat HIV/AIDS, Tuberculosis, and Malaria. If followed, this recommendation by Congress would cut in half the amount the President pledged for his initiative in FY2002. (As noted above, however, aid for Israel, the Palestinians, and HIV/AIDS was designated as a contingent emergency, money which the President decided he will not spend.)

Both versions increased aid to Afghanistan for reconstruction and security support above the President's \$250 million request: the House by \$120 million and the Senate by roughly \$110 million. The conference agreement does not set a specific amount for Afghanistan. (Since a large amount of aid set for Afghanistan and for refugees in and around Afghanistan – about \$184 million – is designated as contingent emergency funds, the President's decision to not spend these amounts will reduce amounts provided in the enacted bill for Afghanistan.) The Senate bill added \$15 million to create an international exchange program for students from countries with large Muslim populations, and conferees set the total at \$10 million. In most cases, the conference agreement did not set specific country allocations, leaving that at the discretion of the President. The legislation directs the executive branch to report on such allocations within 30 days of enactment. (see **Table 6**, above).

On policy issues, the final bill removes the requested “notwithstanding any provision of law” provisos, but waives the “Brooke amendment” regarding debt payments in arrears. This will permit most of waivers the Administration sought. On Colombia, the final bill includes language similar but less sweeping than the Administration's request. It would allow Colombia to use American foreign aid (money managed by the State Department) for a unified campaign against narcotics trafficking, against organizations designated as terrorist groups, and for humanitarian rescue operations. All current restrictions on Colombian aid, however, would remain in effect. The bill further adds a new requirement regarding the newly elected Colombian President and policies regarding human rights, military reforms, and financial commitments to implement other reforms.

Congress denied DOD's request for authority to use \$30 million to support indigenous forces engaged in activities combating terrorism, but approved \$390 million for payments to Pakistan, Jordan, and other cooperating states for logistical and military support provided. Although this provision gives the Administration some flexibility, the law also requires notification to the appropriate Congressional committees 15 days in advance of any reimbursements, and report language specifies that reimbursements are to cover only goods, services, or the use of facilities that are in direct support of U.S. military operations.⁸¹

H.R. 4775, as passed by the House, had approved DOD's request for \$100 million to support foreign government efforts to fight global terrorism, but with

⁸¹ See H.Rept. 107-593, Chapter 3, Department of Defense, Operation and Maintenance, Defense-Wide, p. 17, and p. 128.

significant changes. Transfers would be limited, however, only to reimbursements for the costs of goods, services, or use of facilities by U.S. military forces and any proposed commitment of funds must be submitted jointly to the Committees by the Secretaries of State and Defense 15 days in advance for Committee approval. The Senate measure and the final bill did not include a provision related to this issue.

During House Committee markup, another contentious foreign aid policy issue was introduced. Since mid-January, the White House has maintained a hold on U.S. contributions to the U.N. Population Fund (UNFPA) because of allegations that UNFPA is participating in the management of coercive family planning practices in China. If the White House determines that this is the case, UNFPA would become ineligible for American contributions. For FY2002, Congress provided “not to exceed” \$34 million for UNFPA, and some Members have criticized the White House for delaying a decision regarding UNFPA’s eligibility. A State Department investigation team spent two weeks in China during May.

After initially adopting an amendment by Representatives Lowey and Kolbe (32-31) that would require the President to transfer the full \$34 million to UNFPA by July 10 if the State Department team concludes that UNFPA is not involved in coercive family planning practices in China, the Committee approved a further amendment by Representative Tiahrt that over-rode the Lowey/Kolbe provision. The Tiahrt amendment required the President to determine whether UNFPA participates in the management of coercive family planning practices by July 31, 2002, but said nothing about how much the President must contribute. Prior to final passage of H.R. 4775, however, the second rule (H.Res. 431) under which the bill was debated deleted both amendments from the legislation. As such, the House-passed measure does not include any language regarding UNFPA. Nevertheless, the Senate bill includes language nearly identical to Lowey/Kolbe text.

Under any of these amendments, a determination that UNFPA is involved in coercive practices would result in the termination of U.S. support. Without such a determination, however, the Senate and Lowey/Kolbe amendments would require the President to transfer the full \$34 million. Under the Tiahrt provision, however, the President could reduce the U.S. contribution to something less than \$34 million to express displeasure over alleged coercive family practices in China and UNFPA’s involvement. The White House strongly opposed the Senate language.

Conferees agreed to drop all UNFPA language from the final bill, leaving the decision entirely up to the President. Subsequently, on July 23, the White House announced the U.S. would withhold the \$34 million transfer.

Aviation Security Issues⁸²

Established on November 19, 2001, by the Aviation and Transportation Security Act (ATSA) (P.L. 107-71), the new Transportation Security Administration (TSA) is responsible for the security of all modes of transportation. Responsibility for

⁸² This section was prepared by D. Randy Peterman, Resources, Science, and Industry Division.

airport security is transferred from Federal Aviation Administration (FAA) control to the new agency.

To pay for enhancements in aviation security mandated in the new law, the ATSA may collect fees from passengers, and air carriers. The Administration is also requesting a supplemental appropriation of \$4.4 billion to pay for enhanced airport security.

In hearings, controversy is developing about several issues, including:

- whether the TSA will be able to meet the new security requirements that were enacted in the wake of the terrorist attacks;
- whether the funding requested in the FY2002 emergency supplemental is adequate and sufficiently defined in the request;
- whether the size of the aviation security workforce can be accurately estimated at this time;
- the appropriate mix of types of explosive detection equipment for baggage screening; and
- whether TSA should reimburse airports fully for federally-required increases in security costs rather than funding those costs with airport capital improvement funds.

New Security Requirements. To enhance aviation security, the Aviation and Transportation Security Act required several significant changes in current procedures, including:

- the screening of all individuals, goods, property, vehicles, and other equipment that move within secure areas at airports;
- the replacement of privately-hired contract screeners with federal workers by November 19, 2002;
- the use of federal workers for all screening activities at all but five commercial airports (where pilot programs using contract private screeners under federal oversight would be used) for two years;
- the deployment of Federal Air Marshals on every passenger flight that may present a high security risk; and
- the installation of explosive detection systems in place at airports by December 31, 2002.

Cost of Enhanced Aviation Security. At least some members of Congress expected that the TSA would be able to cover its budget requirements with the proceeds of two fees it was authorized to levy – a security fee on passenger tickets and a fee on the airlines. On an annual basis, the passenger fee is estimated to bring in about \$1.5 billion and the airline fee about \$700 million.⁸³ As the costs of carrying out the enhanced security are becoming clearer, however, it appears that these fees may not be sufficient.

⁸³ After two years, airports will have the option of contracting with private companies for screening rather than using federal workers. The air carrier fee is also only authorized for two years.

In the FY2002 emergency supplemental, the Administration requested \$2.5 billion as an emergency appropriation and an additional \$1.9 billion as a “contingent emergency” appropriation to be held in reserve until the Administration has a better understanding of what the TSA’s needs are. For FY2003, the President requested \$4.8 billion for the agency.

Among other issues that arose were whether Congress would approve funds designated as contingent emergency funds, if Congress would not know how the monies would be spent, whether airports can meet the current deadline for deploying explosive detection systems, the size of the new federal workforce to be hired, and the adequacy of the Administration’s request.

Funding Issues. The Administration’s proposal that Congress approve \$1.9 billion as a contingent emergency, with no detail about costs, was not well received by some appropriators, who likened it to signing blank checks. On the other hand, the DOT’s Inspector General suggested that Congress actually make an even larger portion of the Administration’s request – \$2 to \$2.25 billion rather than \$1.9 billion – contingent on TSA submitting periodic detailed budget estimates in light of the uncertainty surrounding the agency’s needs for the current fiscal year.

The Transportation Security Administration has not definitely decided the number or the type of explosive detection systems needed to check baggage. Nor does the agency know the size of the required total workforce. One machine under consideration is the size of a small minivan and relies on computed tomography (CT), the same technology used for medical purposes. These large machines cost \$1 million apiece but require fewer screeners than a smaller, less sophisticated, and cheaper machine that relies on swabbing of bags to detect explosive materials, and would cost \$45,000 each but require more screeners and be more intrusive.

When the Act was passed, it was estimated that about 30,000 employees would be needed for aviation security. The new requirement to screen luggage as well as passengers could require an additional 25,000 to 30,000 employees. With other administrative personnel, some have estimated that the number of TSA employees could reach 70,000.⁸⁴

Another significant unknown is the cost of reconfiguring airports to make use of the explosive detection systems. One estimate puts this cost at \$2 billion.⁸⁵ It is not yet clear who would pay for this additional cost. Nor is it clear whether enough machines can be manufactured in time to meet the deadline. These uncertainties about the types of machines, the size of the workforce, and the likelihood of meeting statutory deadlines have already surfaced during congressional consideration of the Administration’s request for \$4.4 billion in emergency supplemental funding for TSA.

⁸⁴ See statement of Kenneth M. Mead, Inspector General, U.S. Department of Transportation, *Key Budget Issues Facing the Transportation Security Administration*. Testimony before the House Committee on Appropriations, Subcommittee on Transportation, April 17, 2002.

⁸⁵ *Ibid.*

House Action on the Administration's Aviation Request. In markup, the House Appropriations Committee reduced spending for the Transportation Security Administration by \$550 million, to \$3.9 billion. After initially adding a provision that would double the tax on airline tickets – thus providing a \$150 million offset – the House panel voted to delete the section, which faced strong opposition from the airline industry. Instead, the committee reduced the amount of funding for the Transportation Security Administration in the supplemental by an additional \$150 million. The supplemental funding for enhanced aviation security included:

- \$630 million to purchase explosive detection systems to screen baggage;
- \$850 million to remodel airports so they can accommodate the new devices; and
- \$75 million to improve port security.⁸⁶

No changes were made during House floor debate.

Senate Action on the Administration's Aviation Request. Although both the House and the Senate were dissatisfied with the justification materials provided by the new Transportation Security Administration (TSA) for its plans and funding for aviation security, the House reduced the Administration's \$4.4 billion request to \$3.85 billion and the Senate provided the entire amount. The Senate was also concerned about the privacy implications raised by the TSA's decision to opt for more trace detection machines which require that passengers open their bags.

In addition to aviation security, the Senate's bill provided an additional \$200 million for various port security initiatives that would develop ways to inspect cargo at high volume ports. The total in FY2002 would be nearly \$300 million. S. 2551 also provided additional funding for security measures at the perimeters of airports and for bus operations as well (see **Appendix A-2**). During Senate floor debate, a provision that would cap emergency loans to airlines was struck (see above).

Aid to New York City

In a Rose Garden meeting with Governor George Pataki and New York City Mayor Michael Bloomberg on March 7, President Bush pledged to give New York City a total of \$21.5 billion in aid to help the city recover from the terrorist attacks on September 11, 2001. This announcement was intended to meet the President's earlier commitment shortly after the attacks to give the city more than \$20 billion in aid as well as respond to congressional concerns raised during debate about the Emergency Terrorism Response (ETR) supplemental. Congressional concern paralleled the language included in the ETR, which called for not less than \$20 billion to be "allocated for disaster recovery activities and assistance related to the terrorist acts in New York, Pennsylvania, and Virginia on September 11, 2001."⁸⁷

⁸⁶ House Appropriations Committee, "Full Committee Reports FY2002 Emergency Supplemental," *Press Release*, May 15, 2002; for web access, see [http://www.house.gov/appropriations/news/107_2/03supfull.htm].

⁸⁷ P.L. 107-38.

Combining the request for \$5.5 billion for aid to New York in the FY2002 emergency supplemental with \$5 billion in business tax credits for Lower Manhattan passed by the House in early March, and funding already provided in the ETR, the Administration contends that New York City would receive a total of \$21.5 billion.⁸⁸ The FY2002 emergency supplemental included \$5.5 billion in funding for aid to New York provided by FEMA disaster assistance, Community Development block grants and transportation grants to rebuild mass transit, and roads.⁸⁹

FEMA Request.⁹⁰ Of the Administration's \$3.1 billion request for the Federal Emergency Management Agency (FEMA), \$2.75 billion, or 88%, was for the Disaster Relief Fund (DRF) administered by FEMA.⁹¹ That fund is used to help communities recover from and rebuild after major disasters as designated by the President under the Stafford Act.⁹² Combined with \$6.6 billion allocated to FEMA in the first emergency supplemental, the total for disaster assistance would be \$9 billion, a historic high for eligible costs. According to FEMA, most of the funds allocated to New York City in the first emergency supplemental were released within two months of the attack.⁹³

Some, however, contended that considerably more recovery assistance was needed. For example, a report issued by a partnership of economic development organizations in New York City reported that "the city's economy will sustain a gross loss of approximately \$83 billion due to the attack, including \$30 billion in capital losses, \$14 billion in cleanup and related costs and \$39 billion in loss of economic output to the economy."⁹⁴ Only some of those types of costs, however, would be eligible for FEMA funding.

The Stafford Act limits FEMA assistance to individuals and families, state and local governments, and non-profit organizations that provide essential services. Although some have argued that the Stafford Act should be amended to authorize federal assistance to for-profit enterprises such as utilities and medical centers, others

⁸⁸ Raymond Hernandez, "Bush Reassures New Yorkers on Aid Package," *New York Times*, March 8, 2002. The Administration apparently assumes that \$10 billion is included for New York City in the ETR.

⁸⁹ Letter of OMB Director, Mitch Daniels, to President George Bush forwarding request for \$27.1 billion in emergency funding, March 20, 2002"; text available online from GPO's web site at [<http://www.dtic.mil/comptroller/fy2003budget/FY03GBpdf.pdf>].

⁹⁰ This section was prepared by Keith Bea, Government and Finance Division.

⁹¹ The remaining \$326.5 million is for grants to state and local governments for first responder teams, see Appendix A.

⁹² 42 U.S.C. 5121 et seq., popularly known as the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

⁹³ U.S. Federal Emergency Management Agency, Office of Congressional and Intergovernmental Affairs, personal communication with CRS, Nov. 13, 2001.

⁹⁴ New York City Partnership and Chamber of Commerce, *Working Together to Accelerate New York's Recovery* (New York, 2002); see [<http://www.nycp.org/impactstudy/EconImpactStudy.pdf>].

want to retain the current criteria, and rely on other federal programs to aid private corporations.

HUD Community Development Block Grants.⁹⁵ In order to meet the needs of utilities and other businesses – reportedly in need of millions of dollars in assistance after the September attacks – the Administration’s request included \$750 million for the Community Development Block Grant (CDBG) program administered by the Department of Housing and Urban Development (HUD). According to press reports, these funds were intended primarily to help Con Edison and Verizon rebuild their facilities.⁹⁶

One of the chief advantages of these grants is that state and other eligible local governments are given broad discretion and flexibility in the use of funds. Although the Community Development Block grants program is designed to foster economic development and benefit primarily low- and moderate-income persons, Congress has routinely waived specific programmatic requirements, and used the funds to support disaster recovery efforts, including assistance to Oklahoma City following the bombing of the Alfred Murrah Building, and to aid utilities affected by disasters, notably the ice storm that paralyzed much of New England in 1998.⁹⁷

Under the 2001 Emergency Terrorism Response supplemental, New York City received \$2.7 billion in CDBG funding for disaster recovery activities that is to be administered by the Lower Manhattan Development Corporation (LMDC). A non-profit corporation created to direct the redevelopment of the World Trade Center area, the Lower Manhattan Development Corporation is to use those funds to assist individuals, non profits, and small businesses recover from economic losses resulting from the September 11, 2001, terrorist attacks.

The President’s proposed FY2002 supplemental appropriations request would appropriate \$750 million in additional CDBG assistance to be administered by the LMDC. These funds would be used to rebuild utility infrastructure damaged or destroyed by the September 11, 2001 attacks, and to reimburse New York State and New York City’s regular CDBG allocation for costs incurred in response to the September 11 attack on the World Trade Center.

Transportation Grant Funds. The Administration’s FY2002 emergency supplemental included \$1.8 billion to pay the costs of rebuilding Manhattan’s public mass transit that would not be covered by FEMA funds for disaster recovery as well

⁹⁵ This section was prepared by Eugene Boyd, Government and Finance Division.

⁹⁶ Edward Wyatt and Randy Kennedy, “\$7 billion Estimate to Rebuild Transit Near Ground Zero,” *New York Times*, April 20, 2002.

⁹⁷ Consistent with the practice in previous disasters, the FY2002 emergency supplemental would permit HUD to waive the specific programmatic requirements of the statute - that programs benefit primarily low and moderate income persons, help eliminate slums or counter urgent health and safety threats - the grants would still have to comply with regulations related to fair housing, nondiscrimination, environmental review, and labor standards. For use of CDBG funds to aid communities in 1998, see P.L. 105-174, 112 Stat. 76.

as \$167 million to repair roads like the West side highway that are eligible for federal funds.

FEMA funds can only be used to remove debris, and repair and replace subways and train stations, but not to redesign or modernize current systems as desired by New York officials. In a meeting with Members of Congress in mid-April, New York officials outlined a proposal to modernize and rebuild the Lower Manhattan transportation system that would cost \$7.3 billion.⁹⁸ Those plans could require using a mix of FEMA funds from those already available or the new request as well as tapping other sources in the FY2002 emergency supplemental. Congress faced some pressure to add to or re-allocate funds included in the Administration's request to help New York City to carry out these plans.

House Action on the Administration's New York City Request.

Action taken by the House Appropriations Committee during its markup provided the full \$5.5 billion in aid to New York City, as requested. The panel, however, allocated \$175 million for first responder support to the Department of Justice rather than FEMA, as proposed. Initially, the Committee recommended that the money be managed by the Office of Homeland Security, but switched to the Justice Department after White House objections. No changes were made on the House floor.

Senate Action on Administration's New York City Request. Like the House, the Senate provided the \$5.5 billion in aid for New York that was requested by the Administration. New York City might also receive additional funding under the various first responder grants programs.

Aid for Dislocated Workers

The Administration supplemental proposed \$750 million in assistance for dislocated workers. In markup, the Committee reduced that request to \$300 million. Of \$450 total aid, \$190 million would be provided as National Emergency Grants to be used for projects that would link high-growth sectors where there are shortages of workers with state, community college, and DOL training programs. The remaining \$110 million would restore a previous rescission of monies for states for dislocated worker assistance.

House Action on Aid to Dislocated Workers. The House bill provided \$300 million in aid for dislocated workers, \$450 million below the request. The funds were also limited to National Emergency grants and Workforce Investment Act grants, with no funding for demonstration programs or long-term economic assistance (see **Appendix A-2**). No changes were made on the floor.

Senate Action on Aid to Dislocated Workers. The Senate bill provided \$400 million in aid, with some funding targeted to demonstration projects and long-term assistance (see **Appendix A-2**) though the total provided was \$350 million below the request. The Senate bill called for targeting assistance to those states whose funds were reduced as a result of changes in award formulas, and to those

⁹⁸ Edward Wyatt and Randy Kennedy, "\$7 Billion Estimate to Rebuild Transit Near Ground Zero," *New York Times*, April 20, 2002.

states who have spent most of their funds.⁹⁹ No changes were made on the Senate floor.

⁹⁹ Senate Appropriations Committee, S.Rept. 107-156, *Making Supplemental Appropriations for Further Recovery*, “ May 29, 2002, p. 70.

Appendix – FY2002 Emergency Supplemental Request Organized by Appropriations Bill and Account

The following 13 tables provide details of the \$27.1 billion FY2002 emergency supplemental allocation, organized according to appropriation bills and accounts.

Table A-1. Summary of All Appropriations Bills
((\$s – millions, discretionary budget authority)

Appropriations Bill	Request	House action	Senate action	Enacted
Agriculture & Related Agencies	66.0	(345.0)	352.5	(112.0)
Commerce, Justice, State	430.7	754.5	1,266.7	902.4
Defense & Military Construction	14,022.0	15,799.5	14,022.1	14,381.6
District of Columbia	0.0	0.0	68.2	44.1
Energy & Water Development	26.4	378.4	335.4	477.9
Foreign Operations	1,122.5	1,597.5	1,545.5	1,549.0
Interior	(10.0)	57.3	50.5	106.1
Labor, Health/Human Services, Education/a/	\$1,976.00	1,271.1	1,802.0	1,016.5
Legislative Branch	15.4	25.2	11.1	25.2
Transportation/a/	\$5614.8	5,075.3	\$7,428.4	6,551.8
Treasury, Postal Serv, Executive Office of President, & Gen Govt	146.3	651.5	198.5	586.6
Veterans, Housing & Urban Dev, & Independent Agencies/b/	5,005.1	3,511.3	4,433.8	3,732.8
Across the board rescission	0	0	0	(350)
TOTAL/a/ /b/ /c/	28,415.2	28,776.6	31,514.7	28,912.0

Notes:

^a The Administration included a request for \$1.3 billion in supplemental funding for FY2002 Pell grants in its FY2003 budget, with equal offsets from reductions in funds added by Congress to Labor, HHS, and the Department of Education. The House and the Senate Appropriations Committees both provided \$1 billion for Pell grants and scored the offset as zero.

^b Does not include \$1.1 billion in mandatory spending for veterans eligible for disability payments, requested by the Administration on May 15, 2002, and included in the Senate and enacted version.

^c Totals include emergency, contingent emergency spending, rescissions and offsets, and non-emergency spending.

Table A-2 below lists the funding in the FY2002 Supplemental that was requested by the Administration and enacted by Congress.

Availability and Type of Funds

As enacted, H.R. 4775 provided that funding would be available for FY2002 unless designated otherwise.¹⁰⁰ The table below shows those accounts where Congress extended the availability of funds beyond FY2002.

As shown in Table A-2, which follows, Congress also appropriated funds in several categories:

- emergency funds as designated by both the president and Congress (designated by “E”);
- contingent emergency funds to be designated as emergency funds if the president submits a budget request including that designation (designated by “C”);
- non-emergency funds (designated by “N”); and
- rescissions and offsets (designated as “R”).

Emergency funding is not counted against the statutory ceilings that are in effect for FY2002 as part of the 1997 Budget Enforcement. In a general provision referred to as the “all or none” provision, H.R. 4775 stipulates that in order to spend **any** of the funding designated as “contingent emergency,” the president must designate all funding in that category as an emergency.¹⁰¹ About \$5 billion in H.R. 4775 is designated as contingent emergency funding. The bill provides that the President had thirty days from passage of the bill to decide whether to submit a budget amendment that designates this \$5 billion as emergency funding. The \$2.9 billion in non-emergency funding provided in H.R. 4775 is offset by rescissions or offsets so that no additional funding is scored in FY2002. Table A-2 below notes the type of funding applying to individual appropriation accounts.

Rescissions and offsets cancel out \$2.9 billion of non-emergency spending.

Purposes and Spending Category

The description of the purposes for the funding shown in **Table A-2** below is based on conference action (see H.Rept. 107-593). The table also includes funding for comparable purposes that was provided by the Emergency Terrorism Response supplemental (P.L. 107-38), the emergency supplemental passed on September 14, 2001, in the wake of the terrorist attacks.

Table A-2 codes spending in individual appropriation accounts by eleven broad policy priorities developed by CRS. Those categories are described in the box on page 6. See **Figures 1** and **2**, and **Table 3** for the funding and share of the total for each category.

¹⁰⁰ See Section 1401, H.R. 4775, H.Rept. 107-593, p. 80, and p. 185.

¹⁰¹ See Section 1404, H.R. 4775, H.Rept. 107-593, p. 80, and p. 186.

Table A-2. FY2002 Supplemental: Administration Request and Congressional Action by Appropriation Account
(millions of dollars)

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Agriculture								
Food & Safety Inspection Service (9/30/03)	Review foreign country equivalence agreements & foreign plants.	0.0	BIO	0.0	2.0	15.0	13.0	C
Food & Nutrition Service WIC Program (9/30/03)	Finance rising participation in Supplemental Nutrition Program for Women, Infants, & children	75.0	VIC	39.0	75.0	75.0	75.0	N
Animal & Plant Health Inspection Service: S&E (9/30/03)	Aid State efforts to prevent & control transmissible spongiform encephalopathy in animals, emergency preparedness (\$10M), and security (\$8M).	0.0	NA	105.0	10.0	60.0	33.0	C
National Resources Conservation Service: Watershed Rehab (rescission)	Cancel funds to rehabilitate aging dams.	(9.0)	NA	NA	0.0	0.0	0.0	R
Export Enhancement Program	Limits expenditures of Export Enhancement Program by \$450 million	0.0	NA	NA	-450.0	0.0	-445.0	R
Office of the Secretary (no year)	for transfer to Animal and Plant Health Inspection Serv., Agric. Marketing Serv. and/or Food Safety and Inspection Service to improve lab security and set up a consolidated database on biological agents at field labs.	0.0	BIO	0.0	0.0	18.0	18.0	C
Agricultural	Assess agriculture's vulnerability to plant and animal	0.0	BIO	0.0	0.0	16.0	8.0	C

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Research Service - S&E (9/30/03)	pathogens.							
Agric. Research Service - Building and Facilities (no year)	Renovate National Animal Disease Laboratory in Ames, Iowa, an infectious disease center.	0.0	BIO	0.0	0.0	50.0	25.0	C
Cooperative State Research, Education, and Extension Service (9/30/03)	For first responders in agriculture extension services.	0.0	PRE	0.0	0.0	16.0	6.0	C
Natural Resources Conservation Service, Watershed and Flood Prevention Operations (no year)	For recovery activities related to flooding in Illinois, Kentucky, Michigan, Virginia and West Virginia, and storms, floods, fires, and other natural disasters in 2002.	0.0	NA	0.0	0.0	73.0	94.0	N
Natural Resources Conservation Service, Watershed and Flood Prevention Operations (no year)	For recovery activities related to flooding in Illinois, Kentucky, Michigan, Virginia and West Virginia, and storms, floods, fires, and other natural disasters in 2002.	0.0	NA	0.0	0.0	27.0	50.0	C
Rural Community Advancement Program (no year)	Upgrading security and conducting vulnerability assessments of rural water systems.	0.0	SEC	0.0	0.0	25.0	20.0	C
Rural Utilities Service	Rescinds guaranteed loans for local tv stations	0.0	NA	0.0	0.0	-20.0	-20.0	R

CRS-60

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Rural Utilities Service	Local tv loan Guarantee program	0.0	NA	0.0	0.0	20.0	8.0	N
Food Stamp Program (no year)	Rescinds \$33M for Employment and Training Prg.	0.0	NA	0.0	0.0	-33.0	-24.0	R
General Provision (Sec. 101)	Assistance to agricultural producers in Texas along Rio Grande river (Non-emergency funds).	0.0	NA	0.0	0.0	10.0	10.0	N
HHS								
Food & Drug Admin-S&E (no year)	Medical devices & radiological health safety activities	0.0	BIO	0.0	18.0	0.0	17.0	C
TOTAL, Agriculture		66.0			-345.0	352.0	-112.0	

CRS-61

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Commerce, Justice, State: Commerce Department								
Departmental management–S&E	Increased guard and protection services.	0.4	SEC	4.8	0.4	0.0	0.4	E
	Increased guard and protection services.	0.0	SEC	4.8	0.0	0.4	0.0	C
Export Administration, O&M	Initiate information sharing program for homeland security.	8.7	PRE	0.0	0.0	0.0	0.0	E
	Initiate information sharing program for homeland security.	0.0	PRE	0.0	0.0	8.7	0.0	NA
National Institute of Standards and Technology	New homeland security activities including \$20M for info security initiatives, \$10.1M to develop standards for chem/bio/nuclear/radiological explosive threat detecting equipment, and \$4M for building security.	4.0	PRE	0.0	4.0	0.0	4.0	E
	New homeland security activities including \$20M for info security initiatives, \$10.1M to develop standards for chem/bio/nuclear/radiological explosive threat detecting equipment, and \$4M for building security.	0.0	PRE	0.0	0.0	84.6	33.1	C
US Trade Rep - S&E	Increased security costs	0.0	SEC	0.0	1.1	0.0	1.1	C
US Trade Rep	European Communities Music Licensing Dispute	3.3	NA	NA	0.0	0.0	0.0	NA
International Trade Administration, Ops and Amin.	New homeland security activities	0.0	SEC	1.0	0.0	1.7	0.0	NA
Bureau of the Census	Rescinds funding for Suitland Federal Center	0.0	NA	0.0	0.0	(20.9)	(11.3)	R

CRS-62

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
NOAA - Operations, Research, and facilities (9/30/03)	Funds for mapping and charting backlogs, and to enhance Environmental Satellite Data Information System	0.0	PRE	0.0	0.0	26.4	2.0	N
NOAA - Operations, Research, and facilities (9/30/03)	Backup to critical satellite products and services.	0.0	SEC	0.0	0.0	2.8	2.8	C
	Rescinds unobligated balances.	0.0	NA	0.0	0.0	0.0	(8.1)	R
NOAA - Procurement, Acquisition & Construct.	Supercomputer backup	0.0	SEC	0.0	0.0	7.2	7.2	C
	Rescinds funds for National Polar-Orbiting Operational Environmental Satellite System	0.0	NA	NA	0.0	(8.1)	0.0	R
NOAA, rescission	Limits credits for Fisheries Financing, rescission	0.0	NA	NA	(3.0)	(3.0)	(3.0)	R
Gen'l provision, (Sec. 210)	Assistance to New England fisheries.	0.0	NA	0.0	0.0	11.0	11.0	N

CRS-63

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Gen'l provision, (Sec. 211)	Assistance to Northeast fisheries.	0.0	NA	0.0	0.0	5.0	5.0	N
Justice Department								
General Admin/S&E	Links FBI fingerprint identification system with INS inspectors to conduct background checks of suspect aliens (Chimera system)	5.8	INV/LE	0.0	5.8	0.0	5.8	E
	Planning of Entry-Exit system to alert law enforcers to potential terrorist.	0.0	INV/LE	0.0	[1.0]	0.0	1.0	C
General Admin/S&E	Funds Principal Deputy Attorney General for Combating Terrorism	0.0	NA	0.0	0.0	2.0	0.0	NA
General Admin/S&E, Office of Domestic Preparedness	For grants for pre-positioned equipment for first responders (\$85M), regional training (\$48M), and exercises with state and local gov'ts (\$34M), and assessments (\$6M).	0.0	PRE	0.0	0.0	184.6	1.0	C
US Marshals Service-S&E	Increased security requirements of high-threat terrorist trials.	0.0	SEC	0.0	1.0	0.0	37.9	C
Legal Activities, US Attorneys, S&E	For courtroom technology.	0.0	SEC	0.0	0.0	5.2	0.0	NA
Salaries and Expense, US Attorneys	Rescinds \$7M	0.0	NA	0.0	0.0	(7.0)	(7.0)	R
Federal Prison Detention	Rescinds unobligated balances.	0.0	NA	0.0	0.0	0.0	(30.0)	R

CRS-64

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Assets Forfeiture Fund	Rescinds surplus.	0.0	NA	0.0	0.0	0.0	(5.0)	R
Salaries and Expense, US Marshals	Rescinds \$2.1M from Training Academy for US Marshals.	0.0	NA	0.0	0.0	(2.1)	0.0	R
FBI/S&E (9/30/04)	Equipment, R&D, and cyber security measures (\$56M).	10.0	INV/LE	821.6	10.0	0.0	10.0	E
	Equipment, R&D, and cyber security measures (\$56M).	0.0	INV/LE	821.6	102.0	75.0	165.0	C
Office of Justice Programs, Justice Assistance (no year)	Grants to First Responders for equipment (\$95M), training (\$41M), exercises (\$14M), and security clearances (\$1M).	See FEMA	PRE	400.0	175.0	0.0	151.3	C
Office of Justice Programs	Establishes Election Reform Grant Program.	0.0	NA	NA	See OMB	450.0	0.0	NA
Office of Justice Programs, Justice Assistance	Rescinds \$2M for Office of Assistant Attorney General.	0.0	NA	NA	0.0	(4.0)	(0.6)	R

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Office of Justice Programs, Community Oriented Policing Services	Provides grants to states and localities to improve communication among law enforcement agencies	0.0	PRE	400.0	0.0	85.0	50.0	C
INS/Enforcement and Border Affairs, S&E (no year)	Air and sea port security initiatives, including for Absconder initiative (\$25M), fleet mgt (\$25m), make up shortfall in immigration user fee revenue, and to improve retention of agents (\$6.2M).	35.0	SEC	89.7	35.0	0.0	35.0	E
	Air and sea port security initiatives, including for Absconder initiative (\$25M), fleet mgt (\$25m), make up shortfall in immigration user fee revenue, and to improve retention of agents (\$6.2M).	0.0	SEC	89.7	40.0	35.0	46.3	C
INS - Construction (no year)	For emergency construction expenses at border patrol stations.	0.0	REC	99.6	0.0	84.0	32.1	C
Federal Prison System	Rescinds \$30M for buildings and facilities	0.0	NA	NA	0.0	(30.0)	(5.0)	R
State Department								
Diplomatic & Consular programs (9/30/03)	Support operations in Kabul and Tajikistan (\$20.3M); supports security (\$4M), and restores mail operations contaminated by anthrax (\$11.3M)	41.1	SEC	106.7	33.6	38.3	37.5	E
	Expand public diplomacy.	10.0	PUB DIP	62.9	17.5	0.0	10.0	E
Capital Investment Fund	Develop a classified, anti-terrorism global database.	2.5	PRE	0.0	0.0	0.0	0.0	NA

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Ed & Cultural Exchanges (no year)	For Educational and Cultural Exchange programs.	10.0	PUB DIP	62.9	10.0	0.0	10.0	E
	For Educational and Cultural Exchange programs.	0.0	PUB DIP	62.9	10.0	9.0	5.0	C
Embassy Security, Construction, & Maintenance (no year)	New construction in Tajikistan (\$80M) and rehabilitation of Kabul compound (\$130M).	200.5	SEC	0.0	200.5	0.0	200.5	E
	New construction in Tajikistan (\$80M) and rehabilitation of Kabul compound (\$130M).	0.0	SEC	0.0	0.0	210.5	10.0	C
Emergencies in the Diplomatic & Consular Service	Payments to injured individuals & families in connection with 4/20/01 incident with civilian plane in Peru.	8.0	NA	NA	0.0	0.0	0.0	NA
Contributions to International Organizations (9/30/03)	U.S. share of U.N. Special Representative's operation in Afghanistan.	7.0	HUM AID	0.0	7.0	7.0	7.0	E
Contributions for Int'l Peacekeeping Activities	U.S. share of U.N. peacekeeping operations.	43.0	SEC ASST	0.0	43.0	0.0	23.0	E
Contributions for Int'l Peacekeeping Activities	Rescinds \$35M from prior year appropriations	0.0	NA	NA	0.0	(48.0)	0.0	R
Int'l Broadcasting Ops (9/30/03)	Surrogate broadcasting by RFE/RL to Afghanistan	7.4	PUB DIP	21.5	7.4	7.4	7.4	E
Int'l Broadcasting Capital Improve. (no year)	Installation of a medium wave transmission facility in Tunisia to support Arabic broadcasting initiative.	0.0	PUB DIP	0.0	7.7	0.0	7.7	N

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Judicial Branch								
Supreme Court/ Care of Buildings and Grounds (no year)	Perimeter security enhancements at Supreme Court.	10.0	SEC	31.3	10.0	10.0	10.0	E
US Courts of Appeals for the Federal Circuit - S&E (no year)	Security upgrades.	0.9	SEC	0.0	0.0	0.0	0.0	NA
Court of Appeals, District Courts - S&E (no year)	Protective window film & other security measures, including closed circuit transmission of Moussaoui trial.	3.1	SEC	82.2	3.1	0.0	3.1	E
	Protective window film & other security measures, including closed circuit transmission of Moussaoui trial.	0.0	SEC	82.2	3.1	9.7	4.0	C
Related Agencies								
Securities & Exchange Commission – S&E	Additional staff for Commission’s growing oversight and enforcement workload	20.0	NA	NA	20.0	20.0	30.9	N
Maritime Guaranteed Loan Program	Rescinds unobligated balances.	0.0	NA	0.0	0.0	0.0	(5.0)	R
SEC – S&E	SEC New York Regional Office recovery costs.	0.0	REC	20.7	9.3	9.3	9.3	E
TOTAL, Commerce, Justice, and State Depts.		430.7			754.5	1,266.7	902.4	

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Defense and Military Construction								
Military Personnel, Air Force	Funds full end strength of 358,800 including those AF required to stay because of global war on terrorism.	206.0	Defense	NA	206.0	206.0	206.0	E
Defense Emergency Response Fund (DERF), a transfer account/b/	Funds incremental operational, special pay costs, and other costs associated with conflict in Afghanistan and homeland security including replacement of equipment, intelligence activities, cost of activating reservists for enhanced security at U.S. and overseas bases and other activities, and cost of combat air patrol in U.S./b/	11,300.0	Defense	15,883.3	11,300.0	11,300.0	11,300.0	E
	Provides additional funds not requested by the President for activating reservists for enhanced security at US and overseas bases and other missions, and realigns special operations funds to individual services providing that support.	0.0	Defense	15,883.3	1,394.0	0.0	601.9	C
	Rescinds DERF funds from Emergency terrorism response supp that have not been obligated.	0.0	Defense	15,883.3	0.0	0.0	(224.0)	R
Operation and Maintenance, Army (9/30/03)	Funds communication program (\$5.2M), and classified programs (\$101.8M).	107.0	Defense	NA	107.0	107.0	107.0	E
	Adds funds for overseas contingency operations in Bosnia and S.W. Asia	0.0	Defense	NA	119.0	0.0	102.0	C
Operation and Maintenance, Navy (9/30/03)	Classified programs.	36.5	Defense	NA	36.5	36.5	36.5	E
	Classified programs.	0.0	Defense	NA	17.3	0.0	12.3	C

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Operation and Maintenance, Air Force(9/30/03)	Replace intelligence and surveillance equipment, including Predator unmanned aerial vehicles (UAV) (\$9M) and classified programs (\$32.1M).	41.0	Defense	NA	41.0	41.0	41.0	E
	Adds funds for classified programs.	0.0	Defense	NA	19.5	0.0	24.5	C
Operation and Maintenance, Defense wide (9/30/03)	Funds payments to Pakistan, Jordan and other “key cooperating nations” for logistical and military support to U.S. military operations in the global war on terrorism.	420.0	Defense	[288.0]	420.0	420.0 transfer to State, ESF)	390.0	E
	Classified programs plus replaces various intelligence and surveillance and reconnaissance equipment.	319.0	Defense	NA	319.0	319.0	332.0	E
	Adds funds for classified programs.	0.0	Defense	NA	13.0	0.0	0.0	NA
Other Procurement, Army (9/30/04)	Replaces various intelligence and surveillance and reconnaissance equipment (\$68.8M), and classified programs (\$10.4M)).	79.2	Defense	NA	79.2	79.2	79.2	E
Aircraft Procurement, Navy (9/30/04)	Upgrades White House Communications (\$14.8M) and classified programs (\$8M).	22.8	Defense	NA	22.8	22.8	22.8	E
Procurement of Ammunition, Navy and Marine Corps (9/30/04)	Nearly doubles production rate of Joint Direct Attack Munitions (JDAMs) from 1,500. month to 2,800 a month and buys additional munitions.	262.0	Defense	[443.5]	262.0	262.0	262.0	E
Other Procurement, Navy (9/30/04)	Funds various intelligence, surveillance and reconnaissance classified programs.	2.5	Defense	NA	2.5	2.5	2.5	E
Procurement, Marine Corps (9/30/04)	Funds classified command, control, and communication programs.	3.5	Defense	NA	3.5	3.5	3.5	E

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Aircraft Procurement, Air Force (9/30/04)	Accelerates production of Predator unmanned aerial vehicles to two per month (\$37M), retrofits ground station (\$8M), and buys one replacement Global Hawk UAV (\$35M), and two sensor packages (\$13M).	93.0	Defense	NA	93.0	93.0	93.0	E
	Adds funds for F-15 VHF radios.	0.0	Defense	NA	36.5	0.0	25.0	C
Missile Procurement, AF	Rescinds FY2002 funds.	0.0	Defense	NA	0.0	0.0	(11.6)	R
Procurement of Ammunition, Air Force (9/30/04)	Nearly doubles production rate of Joint Direct Attack Munitions (JDAMs) from 1,500 month to 2,800 a month and buys additional munitions.	115.0	Defense	[443.5]	115.0	115.0	115.0	E
	Funds classified command, control, and communication programs, including buying UAVs.	752.3	Defense	NA	735.3	752.3	747.8	E
Other Procurement, Air Force	Rescinds FY2001 funds	0.0	NA	NA	(29.0)	0.0	(12.5)	R
	Rescinds FY2002 funds	0.0	NA	NA	0.0	0.0	(52.5)	R
Procurement, Defense wide (9/30/04)	Replaces and upgrades intelligence, surveillance, and reconnaissance equipment (\$37.8M), funds classified programs (\$46.9M), and White House communications upgrades (\$14.8M).	99.5	Defense	NA	99.5	99.5	99.5	E
	Adds funds for classified programs.	0.0	Defense	NA	4.9	0.0	4.9	C
	Rescinds \$30 million in FY2002 funds	0.0	NA	NA	(30.0)	0.0	(30.0)	R
RDT&E, Army (9/30/03)	Funds fielding of new medical treatment for wounds.	8.2	Defense	0.0	8.2	8.2	8.2	E
RDT&E, Navy (9/30/03)	Funds upgrades to White House communications systems.	19.0	Defense		9.0	19.0	9.0	E
RDT&E, Air Force	Accelerates upgrades to unmanned aerial vehicles	60.8	Defense	NA	60.8	60.8	60.8	E

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
(9/30/03)	(\$23M) and classified programs (\$175.4M). Accelerates upgrades to unmanned aerial vehicles (\$23M) and classified programs (\$175.4M). Rescinds FY2002 funds.	0.0 0.0	Defense Defense	NA NA	39.0 0.0	0.0 0.0	137.6 (56.6)	C R
RDT&E, Defense wide (9/30/04)	Classified programs, and chem bio detection. Chem-Bio detection.	74.7 0.0	Defense Defense	NA 28.0	52.0 20.0	74.8 0.0	67.0 0.0	E NA
MH-47 Helicopter	Purchase 3 MH-47 helicopters.	0.0	Defense	0.0	93.0	0.0	0.0	NA
Chemical Agents and Munitions Destruction, Army, Sec. 306 (9/30/03)	Accelerate chemical weapons demilitarization.	0.0	Defense	NA	100.0	0.0	75.0	C
Sec. 312 rescission	Rescinds \$226M in FY2002 funds for lower than expected economic assumptions.	0.0	Defense	NA	0.0	0.0	(226.0)	R
Military Construction-Air Force (9/30/06)	For upgrade at Diego Garcia to Support Operation Enduring Freedom.	0.0	Defense	0.0	8.5	0.0	7.3	C
Military Construction-Defense-Wide (9/30/06)	Construction of a Joint Ops Complex at Ft. Bragg (\$19.6M) & planning & design (\$1.9M).	0.0	Defense	0.0	21.5	0.0	21.5	C
TOTAL, Defense & Military Construction		14,022.0			15,799.5	14,022.1	14,381.6	

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
District of Columbia								
Public education system	Rescind surplus that resulted from lower than projected student enrollment.	0.0	NA	NA	(37.0)	(37.0)	(37.0)	R
Home Support Services - Child & Family Services*	Increased adoption case rates, higher case loads for adoption, and emergency group home utilization.	0.0	NA	NA	11.0	11.0	11.0	N
Home Support Services - Dept of Mental Health*	Address Medicaid revenue shortfall.	0.0	NA	NA	26.0	26.0	26.0	N
Repayment of loans & interest	Rescind repayment of loans and interest due to lower interest rates and borrowing.	0.0	NA	NA	(8.0)	(8.0)	-8.0	R
Certificate of participation*	Finances lease for One Judiciary Square	0.0	NA	NA	8.0	8.0	8.0	N
Federal Payment to Children's National Medical Center	Implementing District emergency ops plan, including quarantine facilities and decontamination facility for children and families.	0.0	PRE	0.0	0.0	13.8	10.0	C
Federal Payment to District of Columbia	For District Emergency ops plan, including overtime for special events(\$12M), unified ops center (\$5M), and construction of Hospital Containment facilities to support regional Bio terrorism Hospital Preparedness Program (\$6M).	0.0	PRE	0.0	0.0	24.7	23.0	C
Federal Payment to METRO	To partially finance a regional transportation back-up operations control center.	0.0	PRE	0.0	0.0	25.0	8.0	C

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Federal Payment for Family Court Act	Rescinds \$0.7M.	0.0	NA	0.0	0.0	0.0	-0.7	R
	Funds reporting and availability requirement of FY2002 DC appropriations.	0.0	NA	0.0	0.0	0.0	0.7	N
Washington Council of Governments	For support of Regional Incident Communication and Coordination System	0.0	PRE	0.0	0.0	1.8	1.8	C
Federal Payment to Water and Sewer Authority of District of Columbia	To monitor water quality remotely including detecting chemical or biological agents.	0.0	SEC	0.0	0.0	3.0	1.3	C
DC Operating Funds, Public Safety and Justice	Rescinds \$100K from Dept. of Corrections for Corrections Information Council	0.0	NA	0.0	0.0	(0.1)	-0.1	R
Corrections Information Council	For Corrections Information Council	0.0	NA	0.0	0.0	0.1.1	0.1	N
Total, District of Colombia		0.0			0.0	68.2	44.1	

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Energy and Water Development								
Corps of Engineers, O&M (9/30/03)	Security improvements at Corps facilities	0.0	SEC	139.0	128.4	0.0	108.0	C
Corps of Engineers, O&M	Flood control, Mississippi River and tributaries, using funds from ETR	0.0	SEC	139.0	0.0	[6.5] transfers funds	0.0	N
Corps of Engineers, O&M (no year)	Assist recovery from flooding in May 2002 in West Virginia, Kentucky and Virginia (\$10M), Western Illinois, Southern Indiana, Eastern Missouri and Upper Peninsula, Michigan (\$22M)	0.0	NA	NA	0.0	32.0	32.0	N
Interior, Bureau of Reclamation*	Drilling of emergency wells and leasing water in Santa Fe, New Mexico (Sec. 504)	0.0	NA	0.0	0.0	3.0	7.0	N
DOE Energy Programs - Science	Enhance safeguards and security at DOE Science labs.	0.0	SEC	0.0	29.0	0.0	24.0	C
National Nuclear Security Administration/Weapons Activities	Improve emergency response of radiological search teams in urban areas (\$8.8M), support law enforcement officials, consequence management teams and other local emergency responders.	19.4	PRE	0.0	19.4	19.4	19.4	E
	Secure transportation of nuclear weapons	0.0	SEC	25.0	18.0	18.0	18.0	C
	Increased safeguards and security at DOE nuclear weapons facilities, including cyber-security	0.0	SEC	111.0	88.0	104.3	87.2	C
	For counter-terrorism, including National Center to Combat Terrorism	0.0	SEC	0.0	0.0	40.0	33.5	C
	Rescinds prior year funds.	0.0	NA	0.0	0.0	0.0	(14.5)	R

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Defense Nuclear Nonproliferation (12/31/02)	Enhance international safeguards activities; protect and safeguard nuclear materials in Former Soviet Union and other countries.	0.0	SEC	226.0	5.0	65.0	65.0	N
	Develop sensors to prevent nuclear and other deadly materials from entering the U.S.	0.0	SEC	226.0	0.0	35.0	35.0	C
Office of the Administrator	For additional emergency expenses	0.0	SEC	0.0	0.0	1.8	1.8	C
Environmental and other defense activities/Defense Environmental Restoration & Waste Management	Enhance safeguards at various DOE environmental management cleanup sites.	0.0	SEC	0.0	67.0	0.0	56.0	C
	Rescinds prior year funds.	0.0	NA	0.0	0.0	0.0	(15.5)	R
Environmental and other defense activities/Defense Facilities Closure Projects	Enhance safeguards at several DOE sites.	0.0	SEC	8.2	16.6	40.0	14.0	C
Environmental and other defense activities/Other defense activities	Vulnerability assessments of critical infrastructure and training, conferences, and logistical support for energy assurance activities.	7.0	PRE	0.0	7.0	7.0	7.0	E

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
DOE, Energy Supply, Non-Defense Environmental Management/Science, Nuclear Waste Disposal/ and Departmental Administration	Rescinds \$30 million from these accounts as provided in P.L. 107-66, with specifics to be submitted within 30 days to the Appropriations Committees	0.0	NA	NA	0.0	(30.0)	0.0	R
TOTAL, Energy and Water		26.4			378.4	335.4	477.9	

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Foreign Operations								
Child Survival/Health (6/30/03)	For combating AIDS, tuberculosis, and malaria.	0.0	NA	NA	200.0	200.0	200.0	C
USAID Operating Expenses (9/30/03)	USAID's presence in Afghanistan.	7.0	HUM AID	0.0	7.0	5.0	7.0	E
USAID Disaster Asst (9/30/03)	Humanitarian and reconstruction activities including repair of homes in Afghanistan (\$134M), and aid to West Bank and Gaza (\$50M)	40.0	HUM AID	50.0	0.0	0.0	40.0	E
	Humanitarian and reconstruction activities including repair of homes in Afghanistan (\$134M), and aid to West Bank and Gaza (\$50M)	0.0	HUM AID	50.0	190.0	150.0	144.0	C
Economic Support Fund (6/30/03)	Economic assistance to "front-line" states for emergency activities related to combating terrorism, \$25M for Middle East Economic Initiative, \$10M for Muslim h.s. student exchange programs for students from Former Soviet Union, and \$1M to support independent media in Pakistan.	525.0	SEC ASST	600.0	460.0	0.0	465.0	E
	Includes \$200 million in aid to Israel that may be transferred to Non-proliferation, Anti-terrorism, De-Mining and related programs for defensive, non-lethal, anti-terrorism assistance.	0.0	SEC ASST	0.0	250.0	700.0	200.0	C
International Narcotics Control & Law Enforce. (9/30/03)	Counter narcotics & law enforcement emergency activities to combat international terrorism including funds to train and equip Colombian armed forces to apprehend leaders of paramilitary organizations, \$6M to help Colombian armed forces protect the Cano Limon pipeline, and \$4M for law enforcement training for Indonesian police.	114.0	SEC ASST	73.0	120.0	0.0	114.0	E

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
	Counter narcotics & law enforcement emergency activities to combat international terrorism including funds to train and equip Colombian armed forces to apprehend leaders of paramilitary organizations, \$6M to help Colombian armed forces protect the Cano Limon pipeline, and \$4M for law enforcement training for Indonesian police	0.0	SEC ASST	73.0	0.0	104.0	3.0	C
Assistance for Independent States, Former Soviet Union (6/30/03)	For activities to combat international terrorism.	110.0	SEC ASST	46.5	110.0	110.0	110.0	E
Migration & Refugee Asst (6/30/03)	Emergency activities in & around Afghanistan.	0.0	HUM AID	100.0	10.0	50.0	40.0	C
Foreign Military Financing (6/30/03)	Military aid in the war on terrorism including \$55M for the Philippines (\$30M as contingent emergency funds), and up to \$2M for administrative expenses .	372.5	SEC ASST	45.0	366.5	0.0	357.0	E
		0.0	SEC ASST	45.0	0.0	347.5	30.0	C
Non-proliferation, anti-terrorism, De-mining, and related programs	For emergency expenses related to combating terrorism, with no more than \$12M for assistance to Indonesia, and up to \$1M for small arms destruction in Afghanistan and \$1M for Nonproliferation and Disarmament Fund.	83.0	SEC ASST	97.9	83.0	0.0	83.0	E
		0.0	SEC ASST	97.3	0.0	93.0	5.0	C
Peacekeeping Operations (6/30/03)	Emergency expenses related to combating terrorism in Afghanistan only.	28.0	SEC ASST	0.0	20.0	20.0	20.0	E

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Special Payments to Intl Financial Institutions	Rescission of unobligated balances of funds appropriated in the 92d and 93d Congress' for maintenance of value payments to international financial institutions.	(157.0)	NA	NA	(159.0)	(159.0)	(159.0)	R
Rescission	Rescission of FY2000 and prior year appropriations of foreign ops and ESF.	0.0	NA	NA	(60.0)	0.0	(60.0)	R
Rescission	Rescission of FY2001 foreign ops and export financing aid.	0.0	NA	NA	0.0	(75.0)	(50.0)	R
TOTAL, Foreign Operations		1,122.5			1,597.5	1545.5	1,549.0	

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Interior								
BLM-Management of Lands & Resources (No year)	Repay unreimbursed law enforcement costs for security at Dept of Interior building in Washington	0.0	SEC	0.0	0.7	0.0	0.7	C
US Fish & Wildlife-Resource Management (No year)	Repay unreimbursed airport security, security costs at Dept of Interior building in Washington, & other items	0.0	SEC	0.0	1.4	0.4	1.0	C
US Fish & Wildlife - Construction (No year)	Facility and safety improvements related to security	0.0	SEC	0.0	0.0	3.1	3.1	C
Natl Park Service-Ops (No year)	Repay unreimbursed law enforcement costs for security at Dept of Interior building in Washington	0.0	SEC	6.1	1.2	0.0	1.2	C
Natl Park Service-Construction (No year)	Security screening at the Washington Monument	0.0	SEC	5.1	19.3	17.7	17.6	C
US Geological Survey-Surveys, Investigations (No Year)	Infrastructure mapping in 120 U.S. urban areas (\$20M), and \$6M for Earth Resource Observatory and System Data Center.	0.0	SEC	0.0	25.7	26.8	26.0	C
Bureau of Indian Affairs-Ops of Indian Programs	Repay unreimbursed law enforcement costs for security at Dept of Interior building in Washington.	0.0	SEC	0.0	0.1	0.0	0.1	C
	Cancel funds for electric power operations at San Carlos Irrigation Project	(10.0)	NA	NA	(5.0)	(10.0)	(10.0)	R

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Interior-Dept. Offices- S&E (No year)	Interior Dept Office of Homeland Security & to repay unreimbursed law enforcement costs for security at Dept of Interior building in Washington.	0.0	SEC	2.2	0.9	7.0	0.9	C
Forest Service, Capital Improvement and Maintenance (No year)	Facility enhancements to protect property from terrorism, vandalism, and theft	0.0	SEC	0.0	0.0	3.5	3.5	C
	Facility enhancements to protect property from terrorism, vandalism, and theft	0.0	SEC	0.0	0.0	0.0	50.0	C
Smithsonian-S&E (No year)	Security improvements & ongoing operations.	0.0	SEC	21.7	11.0	0.0	10.0	C
Smithsonian-Construction (No year)	Planning, design and construction of an alcohol collections storage facility.	0.0	SEC	0.0	2.0	2.0	2.0	C
TOTAL, Interior		(10.0)			57.3	50.5	106.1	

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Labor, Health and Human Services, and Education Department of Labor								
Training & Employment Services	National Emergency Grants to states to aid dislocated workers.	550.0	VIC RELIEF	32.5	190.0	200.0	0.0	NA
Training and Employment Services (Contingent Emergency)	Demonstration training projects.	50.0	VIC RELIEF	0.0	0.0	0.0	0.0	NA
Training and Employment Services	State formula grants for dislocated workers	0.0	VIC RELIEF	0.0	0.0	80.0	0.0	NA
Training and Employment Services (Contingent Emergency)	Transfer to Commerce Department for long-term economic assistance programs.	40.0	VIC RELIEF	0.0	0.0	10.0	0.0	NA
Training and Employment Services (Contingent Emergency)	Grants under Workforce Investment Act to restore FY2001 rescission.	110.0	VIC RELIEF	0.0	110.0	110.0	0.0	NA
Department of Health and Human Services								
Heath Resources & Servs	Cancel funds for the Community Access Program.	(20.0)	NA	NA	0.0	0.0	0.0	R

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Natl Institute for Health-Buildings & Facilities	Rescind funds for safety & compliance, repairs & improvements, and Building 10 renovation.	(30.0)	NA	NA	(30.0)	(30.0)	(30.0)	R
Natl Institute for Health-Buildings & Facilities	Security enhancements at NIH facility.	0.0	SEC	0.0	0.0	72.0	0.0	NA
Natl Institute for Health-Office of the Director (No year)	For screening and long-term health monitoring of emergency services personnel who responded to WTC attack, including \$25M for firefighters.	0.0	VIC RELIEF	12.0	0.0	90.0	90.0	C
Administration for Children and Families	To carry out Family Violence Prevention and Services Act.	0.0	NA	0.0	0.5	0.0	0.5	C
CDC, Disease Control, Research, and Training	Construct new facility and renovate existing CDC bioterrorism facilities in Atlanta.	0.0	BIO	0.0	0.0	278.0	0.0	NA
	Improve security, including information security	0.0	SEC	0.0	0.0	37.0	0.0	NA
	Accelerate work on prion diseases.	0.0	BIO	0.0	1.0	0.0	1.0	C
Department of Education								
Student Financial Asst	Pell Grants Program	1,276.0	NA	NA	1,000.0	1,000.0	1,000.0	N
Offsets for Pell Grants /c/	Rescinds all Cong. adds in FY02 in Labor, HHS bill.	[1,276.0]	NA	NA	0.0	0.0	0.0	NA
General provision, Sec. 803	Requires pro rata reductions in previous admin. and mgt expenses of DOL, HHS, and Dept. of Ed	0.0	NA	NA	0.0	(45.0)	(45.0)	R
TOTAL, Labor, HHS, and Education/c/		1,976.0			1,271.5	1,802.0	1,016.5	

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Legislative Branch								
House-Standing Committees, Special & Select (12/31/02)	Additional funds for the Permanent Select Committee on Intelligence	0.0	INV/LE	0.0	1.6	0.0	1.6	N
Library of Congress (No year)	To fund shortfall in copyright Office from lower receipts in FY2002.	7.5	VIC RELIEF	0.0	7.5	7.5	7.5	N
Congressional Printing and Binding	Replenish shortfall from prior year	5.9	NA	NA	0.0	0.0	0.0	NA
GPO Revolving Fund	Asbestos abatement in buildings	2.0	NA	NA	0.0	0.0	0.0	NA
Capitol Police Board-General Expenses (No year)	Computer equipment, training, & communications, and reimbursement to EPA for anthrax cleanup.	0.0	SEC	80.8	16.1	3.6	16.1	N
TOTAL, Legislative Branch		15.4			25.2	11.1	25.2	

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Transportation and Related Agencies Department of Transportation								
Coast Guard operating expenses (9/30/03)	Funds six months of additional expenses for personnel (\$82M), operating costs (\$60M), maritime security initiatives (\$46M), reserves (\$8M), port vulnerability assessments (\$12M), and PACAREA ship refueling capability (\$1M).	189.0	SEC	227.2	189.0	0.0	189.0	E
Coast Guard, Acquisition, Construction, and Improvements (9/30/04)	Acquire and replace patrol boats (\$26M), monitoring systems (\$28M), improve communications and infrastructure (\$12M). Additional aircraft (\$200M), vessels (\$12M), communication equipment (\$27.7M), and shore facility upgrades (\$50M).	66.0	SEC	0.0	66.0	0.0	66.0	E
Transportation Security Administration (No year)	Funds initial and then Federal screener personnel, airport managers, law enforcement, National Guard provided by DOD, and other support personnel.	3,370.0	SEC AV	325.0	2,305.0	0.0	3,370.0	E

Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Transportation Security Administration (Contingent Emergency)	For additional equipment, screeners, law enforcement personnel, staff, and consultants for aviation security to be further defined in a later request. Explosive detection equipment. Grants for security enhancements at high volume ports, and training port personnel in incident management. More law enforcement personnel to enhance airport terminal security. Air ground communication systems for air marshals. Test and deploy new safety measures for Container cargo (Safe Commerce program). Develop new technology and initiate pilot projects in security (\$10M), and radiation detection (\$4M). Replace magentometers at airport passenger screening locations.	[1,945] NS NS NS NS 0.0 0.0 0.0	SEC AV SEC AV SEC AV SEC AV SEC SEC SEC	325.0 325.0 93.0 0.0 0.0 0.0 0.0	1,545.0 [3,850.0] 0.0 0.0 0.0 0.0 0.0	4,702.5 [738.0] [220.0] [35.0] [20.0] [27.9] [15.0] [0.0]	480.0 [225.0] [125.0] [17.0] [15.0] [28.0] [14.0] [23.0]	C C C C C C C C
Federal Aviation Administration Operations	Provides more guards and barriers at air traffic control facilities, plus \$33M transferred from other FY2002 monies.	0.0	SEC AV	599.0	0.0	100.0	42.0	C
FAA Grants in aid for airports	Compensate airports for portions of the costs of new security requirements using trust fund revenues.	0.0	SEC AV	599.0	200.0	0.0	0.0	NA
FAA-Grants in Aid for Airports (Airport Airway Trust Fund)	Compensate airports for portions of the costs of new security requirements using trust fund revenues.	0.0	SEC AV	175.0	0.0	100.0	150.0	C

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
FAA-Facilities and Equipment (Airport and Airway Trust Fund) (No year)	Fix FAA's long-range radars that track aircraft with broken transponders.	0.0	PRE	0.0	0.0	15.0	7.5	C
Federal Highway Admin., Federal-aid Highways, Emergency Relief (No year)	Funds repair and restoration of highways and roads in NYC damaged by attacks that are eligible for federal funding.	167.0	REC	75.0	167.0	0.0	167.0	E
	Includes funds from Trust fund for emergency relief fund nationwide.	0.0	NA	0.0	0.0	167.0	98.0	C
	Non-emergency trust fund expenditures.	0.0	NA	0.0	0.0	120.0	0.0	NA
Federal-Aid Highways	Rescinds unspent highway contract authority	0.0	NA	NA	0.0	(320.0)	(320.0)	R
Federal Motor Carrier Safety Administration-Border Enforcement (No year)	Funds personnel, and efforts to detect license frauds (\$10M), \$4M to implement the USA PATRIOT Act, and \$5M for border security.	19.3	INV/LE	0.0	19.3	19.3	19.3	E
Hazardous Materials Security (No year)	Implement permit program for motor carriers transporting the most dangerous materials.	0.0	SEC	0.0	5.0	0.0	5.0	C
Federal Railroad Administration, AMTRAK	Grants for damaged equipment, security, and overhaul of rail passenger cars.	0.0	NA	NA	0.0	55.0	205.0	N

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Federal Transit Administration, Capital Investment Grants (No year)	To fully fund rebuilding of public mass transportation in Manhattan that are not eligible for FEMA funds.	1,800.0	REC	0.0	1,800.0	1,800.0	1,800.0	E
Research & Special Programs	Upgrades new center to monitor crises.	3.5	PRE	2.5	0.0	3.5	0.0	NA
Airline Loan Program	Prohibits further federal loans to air carriers authorized in P.L. 107-42 for the rest of FY2002.	0.0	NA	NA	(1,254.0)	0.0	0.0	R
TOTAL, Transportation		5,614.8			5,075.3	7,428.4	6,551.8	

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Treasury, Postal Service, Executive Office of the President, and General Govt.								
Treasury Department								
Federal Law Enforcement Training Center (9/30/03)	Additional instructors , facilities, & equipment to train new law enforcement staff.	0.0	INV/LE	23.0	15.9	0.0	15.8	C
Financial Management Service (Sec 1201)	Rescission of funds & transfer to more important IRS needs.	0.0	NA	NA	(14.0)	(14.0)	(14.0)	R
IRS (9/30/03)	Business Systems Modernization	0.0	NA	NA	14.0	0.0	14.0	N
IRS, Information Systems	Rescission of prior year funds	0.0	NA	NA	0.0	(10.0)	(10.0)	R
US Customs Service, S&E (No year)	Provide staff and technology to screen cargo at high volume ports.	0.0	SEC	0.0	0.0	57.0	39.0	C
	Monitor imports of goods made with forced labor	0.0	NA	0.0	0.0	2.0	0.0	NA
US Secret Service-S&E (9/30/03)	New protective details, and cost of Electronic Crime Task Force (\$17M), and retention (\$4M).	0.0	SEC	104.8	46.8	17.2	28.5	C
U.S. Postal Service								
US Postal Service, US Postal Service Fund (No year)	To provide additional protection to postal employees and customers from biohazardous material.	87.0	BIO	675.0	87.0	87.0	87.0	E

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Executive Office of the President								
Exec. Office of President, Administration, S&E (No year)	Funds outfit of off-site facility for Office of Homeland Security.	5.0	PRE	0.0	0.0	5.0/e/	3.8	E
Exec. Office of President, OMB	Rescission of OMB's costs for the Office of Homeland Security	0.0	NA	NA	(0.8)	0.0	(0.1)	R
Exec. Office of President, Election Admin Reform(No year)	Election administration reform/d/	0.0	NA	NA	450.0	See Justice Dept.	400.0	C
Federal Election Commission								
Federal Election Commission	Implementation of the Bipartisan Campaign Reform Act.	0.0	NA	NA	0.8	0.0	0.8	N
GSA								
GSA, Real property Activities/Federal Buildings Funds	Increases security services at federal buildings.	51.8	SEC	135.1	51.8	51.8	21.8	E
GSA, General Activities/Policy and Operations	Funds new office to assess potential disruptions in information technology.	2.5	PRE	0.0	0.0	2.5	0.0	NA
TOTAL, Treasury, Postal Service, EXOP and Gen'l Gov't		146.3			651.5	198.5	586.6	

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Veterans Affairs, HUD, and Independent Agencies								
Veteran's Administration								
VA Admin, Medical Care (No year)	Medical care services to priority 1-6 veterans.	142.0	NA	NA	417.0	142.0	142.0	N
	Medical care services to priority 1-6 veterans.	0.0	NA	NA	0.0	275.0	275.0	C
VA, Compensation and Pensions, mandatory/f/	Additional benefit payments to eligible, disabled veterans requested by Administration, May 21, 2002	[1,100.0] mandatory	NA	NA	0.0	[1,100.0] mandatory	[1,100] mandatory	NA
VA Admin, Medical & Prosthetic Research	Rescission of funds for Medical and Prosthetic Research.	(5.0)	NA	NA	0.0	0.0	0.0	R
Federal Emergency Management Agency								
FEMA, Disaster Relief (No year)	Covers remaining response and recovery efforts in NYC that are eligible for federal reimbursement.	3,780.0	REC	6,356.9	2,750.0	2,660.0	2,650.7	E
FEMA, Disaster Asst for Unmet Needs (9/30/04)	To address unmet needs arising from Presidentially-declared disasters in FY2002.	0.0	NA	NA	23.3	0.0	23.0	C
FEMA, Emergency Management Planning and Asst (9/30/03)	Provides equipment and training grants to states and localities for first response teams.	326.7	PRE	220.0	151.7	0.0	225.4	E
	Provides equipment and training grants to states and localities for first response teams.	0.0	PRE	220.0	0.0	745.0	221.8	C
	Funds operational disaster planning for state and local governments.	NS	PRE	220.0	NS	[175.0]	[100.0]	NS
	Fire Grants	NS	PRE	220.0	NS	[300.0]	[150.0]	NS

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
Cerro Grande Fire Claims	For urban search and rescue teams	NS	PRE	220.0	NS	[92.0]	[54.2]	NS
	Grants for interoperable communications equipment	NS	PRE	220.0	NS	[115.0]	[50.0]	NS
	Grants to state and local governments for emergency ops centers.	NS	PRE	220.0	NS	[63.0]	[56.0]	NS
	For mutual aid agreements.	0.0	PRE	220.0	NA	[0.0]	[5.0]	NS
	For Citizen Corps	NA	PRE	220.0	NA	[0.0]	[25.0]	NS
	To cover remaining liability claims from fire	NA	NA	0.0	0.0	80.0	61.8	C
HUD								
HUD, Public & Indian Housing-Housing Certificate Fund	Rescission of unobligated balances available in the Housing Certificate Fund or other programs.	0.0	NA	NA	(300.0)	(300.0)	(388.5)	R
HUD, Community Planning & Development, Community Development Block Grants (No year)	Provides grants to Lower Manhattan Development Corporation to rebuild and restore utility infrastructure and equipment destroyed in lower Manhattan.	750.0	REC	2,000.0	750.0	750.0	783.0	E
HUD, Community Planning & Develop., Rural Housing & Econ Dev	Rescission of Rural Housing and Economic Development.	(20.0)	NA	NA	0.0	0.0	0.0	R

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
HUD, Home Investment Partnerships Program	Rescinds funds for down payment assistance initiative.	0.0	NA	NA	0.0	(50.0)	(50.0)	R
HUD, Housing Programs, Rental Housing Assistance	Rescinds contract authority in excess of required payments.	0.0	NA	NA	(300.0)	0.0	(300.0)	R
HHS								
HHS, NIH, Natl Institute of Environmental Health Sciences (9/30/03)	Undertake and continue research(\$4M) and worker training programs (\$4M) related to 9/11.	0.0	PRE	0.0	8.0	0.0	8.0	C
HHS, Agency for Toxic Substances & Disease Registry, S&E (9/30/03)	Reimburse for costs associated with 9/11(\$2M) and to enhance State capacity to respond to chemical terrorism events (\$9M).	0.0	PRE	0.0	11.3	0.0	11.3	C
EPA								
EPA, Hazardous Substance Superfund	For additional expenses for anthrax investigation and cleanup of U.S. Capitol and congressional offices.	12.5	REC	41.3	0.0 [See Leg Br.]	12.5	0.0 (See Leg. Br.)	NA
EPA, Science and Technology (9/30/03)	Assist small and medium communities to assess vulnerability of drinking water.	0.0	SEC	34.0	0.0	100.0	50.0	C

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Subcommittee & Agency or Department & Appropriation account (availability of funds)	Purpose (reflects H. Rept. 107-593, conference action)	Admin FY2002 Supp Request	Spending Category /a/	Emergency Terrorism Response	House passed	Senate passed	Conf. Bill	Type of Funds E=emergency C=contingent N=non-emerg R=resc.
NSF								
National Science Foundation/Education and Human Resources (9/30/03)	Funds additional Cybercorps/Scholarships for Service programs for undergraduates and graduates studying computer security.	19.3	INV/LE	0.0	0.0	19.3	19.3	E
TOTAL, VA/HUD		5,005.5			3,511.3	4,433.8	3,732.8	
Across the board rescission	Sec. 1403 makes a pro rata rescission of federal administrative and travel accounts.	0.0	NA	0.0	0.0	0.0	(350.0)	R
DOD		0.0	0	0.0	0.0	0.0	[-154.0]	
Non-defense		0.0	0	0.0	0.0	0.0	[-196]	

Notes:

* = non-emergency spending.

^a Spending categories are described in box on page 6 above.

^b Defense Emergency Response Fund is a transfer account, where DOD can move monies into other appropriations without being subject to normal reprogramming requirements, which require that DOD notify Congress in advance of transfers between appropriations accounts or other changes.

^c The Administration requested a \$1.276 billion increase in Pell grants in FY2002 in its original FY2003 budget, and proposed that the funds be offset by eliminating all congressional increases in the Department of Education that were passed by Congress. These funds were not requested in the emergency supplemental request submitted by the Administration on March 21, 2002. Congressional scoring scores the Administration's proposed offset as zero.

^d The House Appropriations Committee is proposing that funding for election reform be appropriated to OMB to be transferred to other agencies once authorizing legislation that sets up programs to improve the administration of elections is enacted.

Sources: Letter of President George Bush to Speaker of the House, the Honorable J. Dennis Hastert, transmitting the FY2002 Emergency Supplemental request, March 21, 2002. See also [<http://w3.access.gpo.gov/usbudget/fy2003/amndsup.html>], House Appropriations Committee tables, H.R. 4775, House Appropriations Committee, *Making Supplemental Appropriations for Further Recovery from and Response to Terrorist Attacks on the United States for the Fiscal Year 2002, and for other purposes*, H.Rept. 107-480, and calculations by CRS.