

December 6, 2001
(Senate)

**H.R. 3338 - DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 2002**
(Sens. Byrd (D) West Virginia; Stevens (R) Alaska)

This Statement of Administration Policy provides the Administration's views on the Department of Defense Appropriations Bill, FY 2002, as reported by the Senate Appropriations Committee.

The Administration has worked, and will continue to work, with the Congress to ensure that FY 2002 discretionary spending is within the agreed upon bipartisan level of \$686 billion and that the emergency supplemental funding total remains within the agreed upon level enacted in P.L. 107-38, the FY 2001 Emergency Supplemental Appropriations Act for Recovery from the tragedy that occurred on September 11, 2001. If the final bill presented to the President exceeds either of the agreed upon spending levels, the President will veto the bill.

In the immediate aftermath of the September 11th tragedy, the President established the Office of Homeland Security to develop and coordinate a comprehensive national strategy for homeland security. As part of that effort, the Office has begun a government-wide assessment of the nation's current preparedness for terrorist attacks. In the coming weeks and months the Office will be making specific recommendations for changes and reforms that will increase our security against the full range of potential terrorist attacks. The timing, content, and level of any additional resources beyond the \$20 billion requested cannot be ascertained and should not be prejudged until after the Administration has had time to complete this comprehensive analysis of need, and share it with the Congress.

FY 2002 Emergency Supplemental

The Administration urges the Senate to expeditiously enact supplemental funding to respond to the September 11th attacks that totals no more than the Administration-requested and House-passed \$20 billion level. The Committee bill exceeds this total by approximately \$15 billion. This additional funding is not needed at this time and should be removed from the bill. As of the end of November 2001, the Administration estimated that it has spent less than 16 percent of the \$40 billion designated by Congress to respond to the September 11th attacks. In addition, many of the costs associated with the response to and recovery from the attacks will not be known for many months and, therefore, the agencies will be unable to target additional funds to these needs.

The President would veto any bill that includes amendments that would add funding above the agreed upon level, including contingent emergency funding and funding that would be advance appropriated into FY 2003. The Homeland Security Director is conducting an intensive examination of the nation's homeland security needs and, based on that examination, the Administration will not hesitate to ask for additional funding as needed. In addition to preempting the role of the Homeland Security Director, this particular step would be at complete and ironic variance with the notion that this extra money is needed immediately. We will continue to work with the Congress to address the most immediate

and pressing needs that have arisen as a result of the September 11th terrorist attacks.

The Committee bill provides the following amounts that were not requested by the President, and are not needed at this time:

- \$8.4 billion for Federal Emergency Management Agency's (FEMA's) Disaster Relief program. The Administration has requested almost \$7 billion already, and given that the total cost of recovery efforts in New York, Virginia, and elsewhere is not yet known, and it is unclear how or where these additional funds will be spent -- the request of such funds is premature;
- \$2.0 billion over the Administration's request for the Department of Health and Human Services to increase funding for bio-terrorism and other activities. The Administration's request included \$644 million to acquire medicines, supplies, and equipment for the National Pharmaceutical Stockpile to treat an additional 10 million persons exposed to Anthrax and other bacterial infections, and to provide an enhanced ability to treat victims of chemical attacks, including \$65 million to prepare states to receive and distribute pharmaceuticals and \$509 million to acquire enough smallpox vaccine for the country;
- \$1.5 billion for the Department of Justice. The Administration believes these additional funds cannot be effectively utilized in FY 2002. The Administration also objects to the \$237 million in State and Local Law Enforcement Assistance funding -- this funding is earmarked for unrequested projects that will have little or no tangible impact on preventing or responding to terrorism;
- \$875 million for the U.S. Postal Service to build and establish a system for sanitizing and screening mail and other security measures. It is not yet clear what type and mix of mail sanitization and/or detection is most appropriate to safeguard the U.S. mail system -- clearly an example of where we should wait for recommendations from the Office of Homeland Security. Under these circumstances, appropriations of this magnitude are unwarranted; and,
- \$175 million for the District of Columbia. The Administration believes that the amount requested (\$25 million), in addition to the amounts already provided (\$19 million), is sufficient to respond to the District's short-term needs, and that the Senate level is excessive.

The Administration strongly urges the Senate to provide \$550 million in funding for first responders to FEMA and not to the Department of Justice, as the Committee has designated. FEMA has wide experience working with the full spectrum of first responders, including fire, police, and emergency medical technicians. FEMA's experience will help ensure better coordination and delivery of assistance. The Administration is also concerned that \$78 million of the Justice funding is earmarked for specific projects, which will seriously hamper the Administration's flexibility in working with State and local agencies to address unforeseen needs and vulnerabilities.

In addition, the Administration urges the Senate to eliminate section 902, which would eliminate the Defense Secretary's authority provided for in section 2808 of Title 10, to begin emergency military construction projects that are not previously authorized but are necessary to fight the war against terrorism. Secretary Rumsfeld has already invoked this authority to begin such military construction projects. Section 902 would tie the Secretary's hands at precisely the time when he most needs the flexibility to support our armed forces in the war on terrorism.

FY 2002 Defense Appropriations Bill

While the Committee bill includes important funding for many of the Administration's highest priorities, the bill provides approximately \$2.0 billion less for DoD programs in FY 2002 than requested by the President. These reductions are largely achieved through unspecified management savings of \$1.65 billion that cannot be implemented within this fiscal year. These reductions would make it more difficult for the Department to carry out transformation of America's armed forces and defense posture to counter 21st Century threats. The Administration also strongly objects to provisions in the bill, including Section 902 discussed above, that will impinge upon the Defense Secretary's ability and, ultimately, the President's ability, to prosecute the war on terrorism and defend the homeland. The Administration urges that these provisions be deleted.

The Administration is pleased that the Senate chose to fund both the basic and targeted pay raises fully for our service members as requested in the President's budget. The Administration also appreciates the inclusion of funding for changes to the military pay table and to reduce the out-of-pocket housing expenditures of service members. Likewise, we commend the Senate for ensuring that TRICARE for Life is adequately funded. Additional concerns are discussed below.

Operation and Maintenance

The Committee has made reductions to Operation and Maintenance (O&M) programs, based on unrealistic assumptions of how much savings could be achieved through reductions in consultant services, foreign currency fluctuation account balances, and travel. These reductions would undermine DoD's ability to adequately fund training, operations, maintenance, supplies, and other essentials. They would seriously damage the readiness of our armed forces and undermine their ability to execute current operations, including the war on terrorism. In addition, the Committee reduction of \$46 million to Cooperative Threat Reduction programs would hamper the Administration's efforts to increase nuclear warhead storage security in Russia and eliminate Russian production of weapons-grade plutonium.

Missile Defense

The President is committed to the development and deployment of effective missile defenses to protect the United States, our forces, and our friends and allies as soon as possible. Missile defense remains one of the Administration's highest priorities. As such, the Administration urges the Senate to support funding missile defense programs as requested in the President's budget.

Contingency Funding

The Administration believes that moving all contingency operation funding from the Overseas Contingency Operations Transfer Fund (OCOTF) to the Service operation and maintenance accounts, is premature. A separate account has been helpful to track and prudently fund the incremental costs of such operations. The Administration moved the long-running Southwest Asia operation portion of funding out of OCOTF and into the Service accounts in FY 2001. However, before totally eliminating this separate account, the Administration believes it would be prudent to assess a full year of funding execution from

the Southwest Asia operation in order to weigh the pros and cons of such an approach.

Additionally, the Administration opposes the Committee's \$600 million OCOTF cut, which is based on unobligated balances and undefined project savings. Unobligated balances, which are a normal aspect of no-year cash accounts, are taken into consideration in planning the subsequent year's operations. Without these funds, the Department may be unable to meet emerging requirements in either the Balkans or for unforeseen costs in Operation Enduring Freedom.

Military Personnel

The Administration is very concerned about the \$340 million reduction in military personnel programs. In particular, the bill would significantly reduce Permanent Change of Station funding. While the Administration shares the Congress' concerns about the impact of frequent Permanent Changes of Station on morale, at a time when deployments are at a peak due to war, arbitrary reduction to force a policy change is risky. Reductions to this program, which is integral to military training and development, would adversely impact the Services' ability to correctly rotate and fill military billets and training seats.

Unrequested Program Adjustments

The Committee provided funding for several procurement and research and development programs that were not requested by the Administration. Some of the programs that received unnecessary funding include National Guard and Reserve Equipment, and Navy trainer aircraft. Increases to these programs come at the expense of other high priority programs. The Committee reduced funding for several high priority programs including the Joint Strike Fighter, DD-21 destroyer, LPD-17 amphibious ship, T-AKE auxiliary ship, and V-22 aircraft programs. The Administration also opposes the earmarking of funds for un-reviewed science and technology programs. In particular, the bill adds \$470 million for 26 projects and diverts funding from medical management to a large number of medical research programs unrelated to national security.

[Ed. Note: Copied from <http://www.whitehouse.gov/omb/legislative/sap/107-1/HR3338-s.html> and converted to PDF without change on August 13, 2006]