



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 25, 2003

The President

The White House

Submitted for your consideration are requests for FY 2003 supplemental appropriations that would provide funds to cover military operations, relief and reconstruction activities in Iraq, ongoing operations in the global war on terrorism, enhancements to the safety of U.S. diplomats and citizens abroad, support for U.S. allies critical to succeeding in the war, and homeland security protection and response measures.

You have made the decision to use all necessary means to enforce multiple U.N. Security Council Resolutions and implement the Joint Congressional Resolution to disarm Iraq. To achieve these objectives, enhance security in the United States, and support crucial friends and allies, the request for supplemental funds includes:

Department of Defense and classified activities

\$62.6 billion is requested to address the costs related to military operations against Iraq and sustaining efforts in the continuing global war on terrorism. The request includes funds for preparatory costs already incurred, the estimated costs associated with military operations against Iraq, and replenishing munitions that are likely to be expended. The proposal also includes funds to support other nations in the global war on terrorism.

The request is built on the key assumption that U.S. military action in Iraq will be swift and decisive. We are seeking funds in a consolidated emergency response account which will allow the maximum flexibility to promptly transfer funds as needed to the appropriate agency, service, or account as the war advances. The request includes:

Defense Emergency Response Fund (\$59.9 billion)

- *At least \$53.4 billion for Military Operations in Iraq.* This amount would cover the costs associated with: the mobilization to active duty of Reserve and National Guard personnel to support military operations on a full-time basis, including pay, travel, per diem, and health care; personnel necessary to maintain critical manning at authorized levels and special pays, such as Imminent Danger Pay, Family Separation Allowance, and Foreign Duty Pay; support for active duty military personnel; and, operations, such as incremental

flying hours, ship steaming days, ground operations, special airlift missions, increased associated ship and aircraft maintenance, associated logistics support, fuel purchases, base support, and reconstruction. These funds also will reimburse accounts used for projects completed or underway that were necessary to prepare for military action in Iraq.

- *Up to \$3.7 billion for Munitions Replenishment.* These funds would be used to replenish munitions expended during military operations in Iraq and in the global war on terrorism. These funds could be used to replace precision munitions, ammunition, and other conventional munitions in order to restore inventories to pre-conflict levels.
- *At least \$1.7 billion for Classified Activities.* These funds would cover the costs associated with classified activities undertaken in Iraq and in the global war on terrorism.
- *Up to \$1.1 billion for Equipment Procurement and Research and Development.* These funds would be used to develop, procure, and upgrade systems necessary to prosecute the global war on terrorism, including operations in Iraq. These systems include command, control, communications, computer and intelligence equipment, chemical and biological detection and decontamination gear, targeting devices, and spare and repair parts needed to keep pace with increased operational tempo.

Other Defense Accounts (\$2.7 billion)

- *\$1.4 billion to Support Coalition Partners.* These funds would assist key cooperating nations supporting military operations in Iraq and the global war on terrorism.
- *\$0.7 billion for Other Programs.* These funds would cover the costs to repair potential damage to Iraqi oil facilities and assure an adequate internal distribution infrastructure. Funds would also continue U.S. efforts to support Colombia's unified campaign against narcotics trafficking and terrorist activities and would continue training of the Afghan National Army.
- *\$0.4 billion for Fuel.* This amount would cover the increased cost of fuel.
- *\$0.2 billion for Military Construction.* These funds would be used to construct facilities in Guantanamo Bay, the government's focal point for the processing, interrogation, adjudication, and detention of enemy combatants captured in the global war on terrorism. The funds also would cover construction of taxiways, parking aprons at Air Force facilities in the Middle East, and construction of housing and facilities for military and civilian personnel of coalition partners supporting the global war on terrorism.

Department of State

\$296 million is proposed for necessary operating costs for the Department of State, evacuation of U.S. citizens worldwide, and assistance for refugees or internally displaced persons due to the conflict with Iraq.

- *\$101 million for Diplomatic and Consular Programs.* These funds would provide for additional operating costs for the Department of State globally, in Iraq, and to enhance worldwide security programs.

- *\$66 million for Emergencies in the Diplomatic and Consular Service.* These funds would be used to evacuate U.S. government employees and private citizens and to provide additional services to American citizens should the need arise. Funds would be returned to the Treasury if unused by year's end.
- *\$50 million for the U.S. Emergency Refugee and Migration Assistance Fund (ERMA).* These funds would replenish resources to enable this account to respond to urgent, unforeseen refugee and migration events. ERMA funds were used to support international organizations' prepositioning of supplies related to potential conflict.
- *\$34 million for the Andean Counterdrug Initiative.* These funds would be used for needed security and counterdrug assistance in Colombia.
- *\$25 million for International Narcotics Control and Law Enforcement.* These funds would be used for border security requirements in Pakistan.
- *\$20 million for Embassy Security, Construction and Maintenance.* These funds would be used for immediate temporary facilities for State Department and other agency employees in Iraq.

International Assistance Programs

\$5.02 billion is requested to support key coalition partners in the conflict with Iraq and in the global war on terrorism. This request includes:

- *\$2.1 billion for Foreign Military Financing.* These funds will strengthen the forces of our partners and allies in military and stabilization operations in Iraq and the ongoing war on terrorism. \$1 billion would be made available for Israel to enhance security in light of threats posed by the war with Iraq.
- *\$2.4 billion for the Economic Support Fund (ESF).* These funds would provide critical economic support to Jordan, Turkey, Afghanistan, and Egypt and support educational and economic opportunities in the Middle East. In addition, loan guarantees will be made available to Israel. Of the total requested for ESF, \$40 million would reimburse amounts used to preposition relief and reconstruction supplies and services prior to the conflict.
- *\$0.2 billion for Peacekeeping Operations.* These funds would assist coalition partners and front line states supporting operations in Iraq, including funding for follow on stabilization activities.
- *\$150 million for the United States Emergency Fund for Complex Foreign Crises.* This contingency fund would be used for a range of unforeseen needs including support for stabilization operations in Iraq. Use of this Fund would require a Presidential determination that a complex emergency exists and that it is in the national interest to use the Fund to respond to it.

- *\$120 million for International Disaster Assistance (\$80 million) and Child Survival and Health Programs Fund (\$40 million).* These resources would reimburse these accounts for funds used to preposition people, supplies, and commodities prior to the conflict with Iraq.
- *\$28 million for Nonproliferation, Anti-Terrorism, Demining and Related Programs.* These funds would be used in Afghanistan for antiterrorism training, protection equipment, and demining, and for antiterrorism training programs in other countries.
- *\$22 million for Operating Expenses of the Agency for International Development (USAID).* These funds would help cover the cost of potential evacuations of USAID personnel, fund start-up costs for USAID operations in Iraq, and help cover costs of the USAID Inspector General for auditing reconstruction and relief activities in Iraq.

Broadcasting Board of Governors

- *\$30.5 million for International Broadcasting Operations.* These funds would be used to accelerate Middle East Television Network start-up and increase radio broadcasting to Iraq.

Homeland Security Requirements

\$4.25 billion is proposed to address Homeland Security requirements, which includes:

- *\$3.5 billion for the Department of Homeland Security.* This would provide \$1.5 billion for prevention and response operations of departmental agencies, such as increased border and maritime operations, including Coast Guard support of the Department of Defense; and \$2.0 billion for Office for Domestic Preparedness assistance to state and local governments to support federally-coordinated terrorism prevention and security enhancements at this time of heightened threat, and terrorism preparedness for first responders.
- *\$500.0 million for the Department of Justice.* These funds would support immediate and emerging terrorism-related prevention and response requirements, including additional intelligence and investigative activities.
- *\$250.0 million for the Executive Office of the President's Emergency Response Fund.* These funds would support immediate and emerging terrorism-related prevention and response requirements throughout the federal government.

Specific homeland security requirements must be flexible enough to meet emerging threats or respond to attacks, so precise allocation of these funds cannot be determined in advance. Congressional notification would be provided 15 days prior to any anticipated allocation of funds.

Executive Office of the President (EXOP)

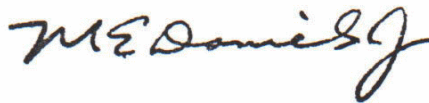
- *\$2.4 billion is requested for EXOP for Relief and Reconstruction in Iraq.* This request would fund a new flexible account focused on Iraq relief and reconstruction. \$1.7 billion is requested to support reconstruction in the areas of health, water/sanitation, education, electricity, transportation, telecommunications, rule of law/governance, economic and financial policy, and agriculture. \$543 million is requested for humanitarian assistance to refugees, internally displaced persons, and vulnerable individuals, including humanitarian demining in and around Iraq. In addition, up to \$200 million will be available to replenish accounts drawn down to buy emergency food stocks for the Iraqi people. Flexible authorities for this account will allow quick transfer of funds to all agencies involved in relief and reconstruction as requirements are defined. These funds are in addition to reimbursements for costs already incurred to preposition relief supplies. The total commitment of resources for Iraq relief and reconstruction is approximately \$3.5 billion. This includes funds made available under the DoD heading for oil field repair, contingency accounts, and reimbursement for pre-positioning supplies.
- Additional funding for the Executive Office of the President is discussed under Homeland Security Requirements.

Legislative Branch

- *\$125 million is requested for the Legislative Branch.* These funds would support immediate and emerging terrorism-related prevention and response requirements throughout the Legislative Branch.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending you transmit the proposals to the Congress.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Enclosures