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*FY2006 Supplemental Appropriations: Iraq and Other
International Activities; Additional Katrina Hurricane Relief*

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Division

June 15, 2006

Abstract. On March 17, 2006, the House passed a \$91.95 billion supplemental appropriation measure (H.R. 4939; H.Rept. 109-388), \$270 million less than requested by the Administration. On May 4, the Senate approved its version totaling \$108.9 billion, \$16.8 billion more than the request. Congress cleared on June 15 for the President's signature a \$94.5 billion supplemental package, \$2.3 billion above the request.

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FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Hurricane Katrina Relief

Updated June 15, 2006

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FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Hurricane Katrina Relief

Summary

On February 16, 2006, the Administration submitted two separate FY2006 supplemental appropriations requests. The first, totaling \$72.4 billion, would fund ongoing military operations in Iraq and Afghanistan (\$67.9 billion), and State Department operations in Iraq and various foreign aid programs, including additional assistance for Iraq (\$4.2 billion). The other supplemental would provide \$19.8 billion for recovery and reconstruction activities in hurricane-affected Gulf Coast areas. Thus, Congress considered a combined spending proposal of \$92.2 billion.

For the military component of the supplemental, several issues arose in Congress, including whether DOD's funding requests for training Afghan and Iraqi security forces were necessary in light of the pace of implementation, how to make transparent the DOD assumptions about military personnel levels for active-duty and reserve forces that underlie the request, whether DOD could better contain increases in operating costs, and whether DOD's investment request financed peacetime as well as wartime needs.

The supplemental proposal for international matters covered a range of activities that were either not addressed in the regular FY2006 appropriations, addressed circumstances that had changed since passage of the regular spending measures, or, like military operations in Iraq and Afghanistan, have been largely funded through supplementals rather than incorporated into the "base" of annual, on-going diplomatic and aid operations. The request of \$1.6 billion in Iraq stabilization assistance was the first sizable aid package for Baghdad since Congress approved \$18.45 billion in the FY2004 emergency supplemental measure. Other foreign policy elements included funding for U.S. diplomatic costs in Iraq and Afghanistan, reconstruction aid for Afghanistan, democracy promotion programs for Iran, Darfur humanitarian relief and peace implementation aid in Sudan, Pakistan earthquake reconstruction, Liberia refugee repatriation, and food aid for Africa.

For hurricane recovery, half the funds — \$9.9 billion — were designated for the Department of Homeland Security, mostly for the Federal Emergency Management Agency (FEMA). The Department of Housing and Urban Development would receive \$4.4 billion, most of which would be used for community planning and development. DOD would receive \$1.8 billion and the Army Corps of Engineers \$1.5 billion, primarily to be used for flood control and coastal emergencies, procurement, and construction. The Small Business Administration would receive \$1.3 billion for loans to homeowners, renters, and businesses.

On March 17, 2006, the House passed a \$91.95 billion supplemental appropriation measure (H.R. 4939; H.Rept. 109-388), \$270 million less than requested by the Administration. On May 4, the Senate approved its version totaling \$108.9 billion, \$16.8 billion more than the request. Congress cleared on June 15 for the President's signature a \$94.5 billion supplemental package, \$2.3 billion above the request.

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FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Hurricane Katrina Relief

Most Recent Developments

On June 15, the President signed H.R. 4939 (P.L. 109-234), legislation providing \$94.52 billion in emergency supplemental spending for military operations in Iraq and Afghanistan, foreign assistance in support of the war on terror and other international crises, additional relief for victims of Gulf Coast hurricanes, and other matters. The Senate approved (98-1) the conference report (H.Rept. 109-494) also on June 15, while the House passed the measure on June 13 (351-67). The total supplemental is about \$2.3 billion higher than the President's request but within the limit the President said was acceptable in order to avoid a veto of the legislation. Previously, the House had approved a \$91.95 billion supplemental, while the Senate-passed measure totaled \$108.9 billion. The size of the Senate bill had prompted a veto threat from the White House.

For war related costs in Iraq and Afghanistan, H.R. 4939 provides \$65.86 billion, roughly the same level as requested. The enacted bill, however, is about \$1.9 billion less than passed earlier by the House and Senate, a reduction that serves as an offset for the addition of \$1.9 billion to fund the President's border security initiative. The other major reduction to the Administration's request is \$1 billion less to train and equip Iraqi and Afghan security forces.

The conference agreement includes \$4.25 billion for foreign assistance and the State Department, including \$3 billion for aid and U.S. mission operations in Iraq, \$66 million for democracy programs in Iran, and \$618 million for humanitarian support in Sudan. The overall foreign aid and State Department package is about the same as the President proposed, but the conference agreement reduces amounts for Iraq and Iran by about \$215 million and \$9 million, respectively. The bill, however, increases emergency aid for Darfur and southern Sudan by \$104 million. The conference bill also drops a Senate provision that would have rescinded \$47 million in previously appropriated economic aid for Egypt.

H.R. 4939, as approved by conferees, provides \$19.3 billion in additional relief for victims of Gulf Coast hurricanes. Included in this total is \$5.2 billion for Community Development Block Grants, as passed in the Senate, and \$1 billion more than the House and the request. The measure appropriates \$3.7 billion for levee repair and flood control projects, a level about \$300 million below the Senate, but slightly above the President's amended proposal. The largest reduction in the hurricane relief portion of the supplemental is for FEMA. H.R. 4939 provides \$6

billion for a variety of disaster recovery and relief activities, \$1.2 billion less than the revised Administration request and \$4.4 billion below the Senate level.

Other major issues settled by conferees include:

- Border security — fully funds the President's \$1.9 billion amended request adding 1,000 new Border Patrol Agents and facilitating National Guard deployments along the southern border;
- Avian influenza preparedness — includes \$2.3 billion to prepare for and respond to the threat of a possible pandemic outbreak. The Senate had approved \$2.7 billion, an amount not requested by the Administration but the President said he would accept this congressional add-on;
- Agriculture drought assistance — provides \$500 million for farmers in the Gulf Coast region affected by last year's hurricanes. The Senate had proposed \$3.9 billion.

Overview

On February 16, 2006, the Administration submitted two separate FY2006 supplemental appropriations requests. The first, totaling \$72.4 billion, would fund ongoing military operations in Iraq and Afghanistan (\$67.9 billion), non-DOD intelligence operations (\$0.3 billion), State Department operations in Iraq and various foreign aid programs, including additional assistance for Iraq (\$4.2 billion), and other counter-terrorism funding for other agencies (\$12 million). The other supplemental would provide \$19.8 billion for recovery and reconstruction activities in hurricane-affected Gulf Coast areas. Subsequently, the White House revised its request on April 25, proposing an additional \$2.2 billion for the Army Corps of Engineers to assist in post-Katrina recovery efforts, an amount offset by a \$2.2 billion reduction in funding requested for FEMA's Disaster Relief Fund. The President further revised his supplemental request on May 18, asking for \$1.95 billion to support an enhanced border security initiative, a proposal offset with cuts to the original DOD supplemental recommendation. Thus, Congress considered a combined spending proposal of \$92.2 billion, as shown in **Table 1**.

The request for Iraq and Afghanistan military operations continued the Administration's practice of funding these activities through supplementals rather than in regular DOD appropriations. Congress, however, did approve a \$50 billion bridge fund for Iraq in P.L. 109-148, the Defense Department FY2006 appropriation, to cover early FY2006 costs of military spending until a supplemental could be considered by Congress and enacted. Thus, the total amount of existing and proposed appropriations for military and intelligence operations in Iraq, Afghanistan and other global war on terrorism for FY2006, was \$117.9 billion. This compared to about \$99 billion approved for FY2005 and \$67 billion for FY2004.

The supplemental proposal for international matters covered a range of activities that were either not addressed in the regular FY2006 Foreign Operations and State Department appropriation measures (Darfur peacekeeping, Pakistan earthquake relief), where circumstances have changed since passage of the regular spending measures (Iran democracy promotion and various refugee and food crises), or have been largely funded through supplementals rather than incorporated into the “base” of annual, on-going diplomatic and aid operations (Iraq reconstruction and U.S. embassy support in Iraq). The request of \$1.6 billion in stabilization assistance for Iraq was the first sizable aid package for Baghdad since Congress approved \$18.45 billion in the FY2004 emergency supplemental measure. Further, the Administration seeks about \$750 million for Iraq in its regular FY2007 Foreign Operations budget.

The \$19.8 billion for recovery and reconstruction in the Gulf Coast region follows enactment last year of two FY2005 supplementals of \$10.5 billion (P.L. 109-61) and \$51.8 billion (P.L. 109-62) for hurricane relief.¹

Table 1. Summary of FY2006 Supplemental Request

(\$s — billions)

Req.* House Senate Conf.

Military ops: Iraq, Afghanistan, & Global War on Terror	\$65.92	\$67.72	\$67.67	\$65.86
State Dept. & Foreign Aid	\$4.23	\$4.06	\$4.45	\$4.25
Intelligence and other war on terror	\$0.44	\$0.38	\$0.39	\$0.30
Hurricane relief and reconstruction	\$19.76	\$19.11	\$28.81	\$19.34
Low Income Home Energy Assistance	—	\$0.75	—	—
Agriculture & Drought Assistance	—	—	\$3.96	\$0.50
Pandemic Influenza	—	—	\$2.59	\$2.30
Port Security	—	—	\$0.65	—
Border Security	\$1.95	—	\$1.90	\$1.90
Veterans Medical Services	—	—	\$0.43	—
Other	—	—	\$0.03	\$0.06
Defense Offset	—	—	(\$1.90)	—
TOTAL	\$92.22	\$91.95	\$108.90	\$94.52

Totals may not add because of rounding.

Conference totals are estimates.

* Request includes Administration revisions of April 25 and May 18, 2006.

¹ Additional resources for hurricane victims have been made available through the (continued...)

The President requested that the entire amount of both supplementals be considered “emergency” appropriations, a designation that would exempt the funds from any limitations contained in the FY2006 Budget Resolution. Nevertheless, the supplemental adds to the size of the U.S. budget deficit. The Administration did not seek any offsets from other previously approved spending that could have the effect of reducing the supplemental’s impact on the deficit, although revisions to the original request were offset with reductions in the initial supplemental proposal. Some Members argued that some or all of the supplemental appropriation should be off set. Especially as the size of the Senate version of the emergency supplemental grew during committee and floor consideration, calls for offsets or the removal of spending for matters other than the Iraq war or hurricane relief intensified. Some Senate-passed amendments included corresponding offsets for new spending items — such as the amendment by Senator Gregg to add funds for border security, with an equivalent reduction in Defense Department appropriations. But many did not. As noted elsewhere, despite not proposing any offsets to the original \$92.2 billion request, President Bush said on several occasions that he would veto the legislation if the final version exceeded his proposal, although he would allow increases for pandemic influenza preparedness.

Summary of Congressional Action

As cleared for the President on June 15, H.R. 4939 provides \$94.52 billion emergency supplemental spending for military operations in Iraq and Afghanistan, foreign assistance in support of the war on terror and other international crises, additional relief for victims of Gulf Coast hurricanes, and other matters. The House passed the conference agreement on June 13 (351-67) and the Senate on June 15 (98-1). The total supplemental is about \$2.3 billion higher than the President’s request but within the limit the President said was acceptable in order to avoid a veto of the legislation. Previously, the House had approved a \$91.95 billion supplemental, while the Senate-passed measure totaled \$108.9 billion. The size of the Senate bill had prompted a veto threat from the White House.

For war related costs in Iraq and Afghanistan, H.R. 4939 provides \$65.86 billion, roughly the same level as requested. The conference agreement includes \$4.25 billion for foreign assistance and the State Department, including \$3 billion for aid and U.S. mission operations in Iraq, \$66 million for democracy programs in Iran, and \$618 million for humanitarian support in Sudan. The overall foreign aid and State Department package is about the same as the President proposed, but the conference agreement reduces amounts for Iraq and Iran by about \$215 million and \$9 million, respectively. H.R. 4939, as approved by conferees, provides \$19.3 billion in additional relief for victims of Gulf Coast hurricanes. Included in this total is \$5.2 billion for Community Development Block Grants, \$3.7 billion for levee repair and flood control projects, and \$6 billion for a variety of disaster recovery and relief

¹ (...continued)

Department of Homeland Security Disaster Relief Fund and through assumed tax savings for people affected by the disaster. See below for further discussion of complete hurricane recovery measures and funding.

activities, \$1.2 billion less than the revised Administration request and \$4.4 billion below the Senate level. Other major issues settled by conferees include \$1.9 billion for the President's border security initiative, \$2.3 billion for Avian influenza preparedness, and \$500 million for farmers in the Gulf Coast region affected by last year's hurricanes.

In previous congressional action, on March 17 (H.R. 4939; H.Rept. 109-388), the House provided \$91.95 billion in supplemental funds, \$270 million less than the Administration's request. The legislation reduced the defense portion of the supplemental by \$137 million, cut international programs by \$166 million, and Gulf Coast hurricane relief by \$658 million. H.R. 4939 further made available in FY2006 \$750 million for Low Income Home Energy Assistance that had previously been appropriated for FY2007. This action, which was not requested by the Administration, raised the total funding level of the bill. In addition to trimming the President's proposal, the House-passed measure included a provision that would block the sale of operations at five American port terminals to the UAE-based Dubai Ports World.

The Senate-passed version of H.R. 4939 increased the overall size of the legislation to \$108.9 billion, \$16.8 billion over the request and \$17 billion higher than the House. The bill provided \$67.7 billion for military operations in Iraq and Afghanistan,² and \$4.45 billion for State Department and foreign assistance programs, roughly at the levels requested. The legislation further provided \$28.8 billion for hurricane related expenses, about \$9 billion more than proposed. The Senate also included several provisions unrelated to either military operations, international affairs, or hurricane reconstruction, including \$2.3 billion for pandemic influenza preparedness, nearly \$4 billion for agriculture disaster and economic assistance, \$650 million for port security, and \$1.9 billion for enhanced security at American borders that was offset with cuts for defense spending in the bill.

President Bush threatened to veto the legislation because of the added spending, although the White House said it supported the pandemic influenza appropriation, and would accept a bill that did not exceed about \$94.5 billion. During floor consideration, the Senate acted on several amendments that proposed to reduce various items in the bill, but in most cases the amendments were defeated, tabled, or withdrawn. For example, Senator Coburn submitted an amendment cutting 19 separate programs proposed by the Senate Appropriations Committee totaling over \$2 billion. In individual votes, the Senate approved one element of the Coburn amendment — cutting \$15 million for the National Marine Fisheries Service to implement seafood promotion strategies — but tabled an item that would have

² The actual figure for Defense costs in Iraq and Afghanistan is something less than the \$67.7 billion figure. During floor debate, the Senate passed an amendment by Senator Gregg providing \$1.9 billion for border security operations, offset by a 2.775% unspecified cut in defense monies for both the Iraq war and Hurricane Katrina. Because the Defense Department would have discretion to distribute the cut, it is not possible to say what the total for war costs in the Senate bill would be. If the entire reduction was applied to war expenditures, the Senate total could be as low as \$65.8 billion, or as high as \$67.6 billion if the reduction was taken exclusively from DOD hurricane damage funds. The total for war costs could also fall somewhere in between this high and low range.

deleted \$700 million to relocate a CSX freight rail line further inland from the Gulf Coast and defeated a proposal to delete Section 2303 that would broaden the Navy's liability for higher shipbuilding costs associated with business disruption. Senator Coburn withdrew that remaining 16 divisions of his amendment.

The Senate further rejected an amendment by Senator McCain reducing agriculture assistance by \$74.5 million. The Senate also tabled an amendment by Senator Thomas that would have replaced the committee text of the bill with the President's request, plus funding for pandemic influenza preparedness and border security (with offsets), thereby reducing the bill's total cost to \$94.5 billion, and an amendment by Senator Ensign that would have required the bill to be recommitted to the Appropriations Committee with instructions to report back legislation not exceeding \$94.5 billion.

Other amendments passed by the Senate are set out below in tables and discussed in detail.

Defense Issues

Conference Action. Conferees, following a Senate recommendation, cut \$2 billion from the Administration's defense request to finance border security needs. But unlike the Senate position, the conference agreement allocates those cuts to particular accounts. Most, but not all, of the cuts are taken from procurement as requested by the Administration, but conferees also reduced the amounts to train the Afghan and Iraq Security Forces by \$1 billion. The Administration opposed this cut but conferees argued that DOD could not use all of the funding requested within the fiscal year.

The conference agreement also adopts the Senate proposal to consolidate all funds to develop ways to defeat Improvised Explosive Devices (IEDs) in a new Joint Improvised Explosive Defeat fund and gives DOD the authority to transfer those funds to individual accounts with a reporting requirement to Congress within 60 days of enactment, and then every 30 days thereafter, on how the funds will be spent. Since most of the funds for IEDs were requested in operation and maintenance (O&M) accounts, the conference version shows a lower total for O&M even though the conferees largely approved the service requests.

In the case of war-related military construction, the conference agreement approves \$235 million, deleting funds for several projects in Bagram, which OMB withdrew without explanation, and reducing funds for an IED bypass road in Iraq, the utility of which both houses questioned. Conferees expressed some frustration with the Administration's actions in changing its mind about whether certain projects were truly emergencies.³ The enacted bill drops a Senate provision that prohibited construction of permanent U.S. bases in Iraq or U.S. control of Iraqi oil resources or infrastructure.

³ *Congressional Record*, June 8, 2006, p. H3613-p.H3614.

In section 1213, conferees endorse the Senate's resolution calling on the Administration to submit requests for war-related funds after FY2007 in the annual budget rather than in supplementals.

Senate Action. During floor debate, the Senate passed the Gregg amendment (S.Amdt. 4939) which provided \$1.9 billion for border security operations, construction and procurement offset by a 2.775% unspecified cut in defense monies for both the Iraq war and Hurricane Katrina. Because the Defense Department would have discretion to distribute the cut, it was not possible to say what the total for war costs in the Senate bill would be. If the entire reduction was applied to war expenditures, the Senate total could be as low as \$65.8 billion, or as high as \$67.7 billion if the reduction was taken exclusively from DOD hurricane damage funds. The total for war costs could have also fallen somewhere in between this high and low range.

The Senate appropriators also cut \$207 million from the \$67.9 billion request for war funds compared to a House cut of \$137 million. Except for the Gregg amendment, the Senate bill, like the House, largely redistributed funds with increases being mainly offset by cuts.

In addition to the Gregg amendment reduction, significant war-cost-related floor amendments considered in the Senate included:

- an amendment by Senator Byrd (S.Amdt. 3079), adopted 94 to 0, that as in previous supplementals, stated a sense of the Senate that, after FY2007, the Administration should submit requests for funds for ongoing military operations in Iraq and Afghanistan in the regular budget covering the entire fiscal year and including detailed justification;
- an amendment by Senator Biden adopted by voice vote (S.Amdt. 3717 as modified by S.Amdt. 3855) that prohibited the use of any funds in the bill to establish permanent military bases in Iraq or exercise U.S. control over Iraq's oil infrastructure or resources; a House amendment by Congresswoman Lee prohibited the use of funds to negotiate a basing agreement with the government of Iraq (see below).

Table 2. War-Related Defense Amendments: Senate Action

Sponsor	Purpose/Congressional Record Page Reference	Vote
Gregg	Added \$1.9 billion for operating, procurement, and construction expenses for border security offset by a \$1.9 billion cut to DOD's monies for war and Gulf hurricane expenses (pp. S3532-S3542).	Agreed 59-39
Coburn	Deleted Section 2303 broadening Navy's liability for higher shipbuilding costs associated with business disruption (pp. S3864-S3869).	Rejected 48-51
Biden	Prohibited use of funds to establish permanent military bases in Iraq or U.S. control of Iraqi oil or oil infrastructure (pp. S3937, S3942-S3943, S3948-S3949).	Agreed voice vote
Byrd	Sense of the Senate that Administration should submit cost of military operations for Iraq and Afghanistan in the regular budget after FY2007.	Agreed 94-0
Chambliss-Isakson	Required comprehensive DOD report on mortuary procedures.	Agreed voice vote
Warner	Provided authority to heads of any federal agency to provide benefits equivalent to those of the Foreign Service to civilian personnel detailed to Iraq or Afghanistan.	Agreed voice vote
Durbin and others	Provided that federal employees activated to serve in the military would receive pay equal to their civil service pay.	Agreed voice vote
Salazar	Added requirement to cover training to reporting requirement on Improvised Explosive devices.	Agreed voice vote

The Senate bill also differed from the House bill because it:

- reduced the \$5.9 billion request to train, equip, and provide infrastructure to Afghan and Iraqi security forces to \$5.6 billion — a more modest cut than the \$4.8 billion House level — but added a proviso that no funds could be spent on infrastructure until “after the formation of the unified Iraqi government;”⁴
- established a new \$1.958 billion transfer fund, the “Joint Improvised Explosive Device Defeat Fund,” that would centralize funds that are in three separate accounts in the request, with Congress to receive a spending plan within 90 days of enactment;
- added procurement funds to keep the Abrams tank modification line and the C-17 cargo aircraft lines open, accelerate V-22 production, and buy more Predator UAVs that would be largely offset by cuts to other programs;
- added military personnel funds for recruiting and retention incentives and for higher death benefits for service members who

⁴ S.Rept. 109-230, p. 22.

died between May 12 and August 1, 2005 who are made eligible in the bill; and

- cut \$200 million from military construction projects in Afghanistan and Iraq, calling for projects to be limited to those that “immediately support operations,” and reducing funding for projects that could signal a permanent U.S. presence in Iraq.

The Senate Committee also cited considerable concern about DOD’s procurement requests because of the lack of standard budget information on requirements and schedules. Like the House, the Senate Committee reduced DOD’s requested transfer limit from \$4 billion to \$2 billion. Otherwise, the Senate Committee basically approved the request.

House Action. The House-passed supplemental reduced the Department of Defense’s \$67.9 billion request for war costs by \$137 million overall, but redistributed the funding among the various titles. The major changes made by the House were to:

- reduce the \$5.9 billion request to train, equip and provide infrastructure for Afghan and Iraqi security forces by cutting \$1 billion intended for infrastructure for police forces, citing inadequate justification;
- increase funds for procurement to \$17.7 billion by adding \$1.3 billion more primarily for upgraded tanks and HMMWVs;
- cut \$600 million from Operation and Maintenance (O&M) funds, providing \$32.1 billion, close to the request;
- increase military personnel funding by \$340 million to \$9.9 billion, largely to restore a cut to DOD’s regular FY2006 funding; and
- cut military construction by \$162 million, reducing the total to \$323 million by rejecting various projects.

With the exception of these changes, the House measure largely approved the Department’s request. The House Appropriations Committee, however, placed a hold on spending for \$990 million for military infrastructure for Afghan and Iraq security forces until DOD submits a detailed project level plan. The committee cut by half DOD’s requested ceiling on transfer authority to \$2 billion and rejected the request to allow transfers to or from military construction accounts. Citing dissatisfaction with information provided by DOD, the House panel also required several additional reports. The committee further set a \$3.571 billion floor on funding in the bill for National Guard and Reserve programs to prosecute the global war on terror (GWOT).

During floor debate, the House considered several amendments affecting defense issues but none changed the \$67.7 billion for the Department of Defense approved by the House Appropriations Committee. The House:

- agreed to an amendment by Representative Barbara Lee that would prohibit the United States from using funds in the act to enter into a basing agreement with the government of Iraq. Members focused on differences among statements by various Administration spokesmen about whether the United States would have permanent bases in Iraq.⁵ Although the United States does not currently have any basing agreements with Iraq, the Defense Department has invested about \$746 million in military construction funding in Iraq, another \$126 million in neighboring countries supporting the Iraq mission, and another \$322 million in bases supporting both Iraq and Afghanistan.⁶ The House approved \$225 million, cutting the DOD's request by \$123 million (see below). If the House level is approved, DOD would have invested about \$1.1 billion in bases in or in support of the Iraq mission (not including bases supporting both Iraq and Afghanistan). Secretary Rumsfeld recently testified that some "30 U.S. military bases have been returned to Iraqi control or closed altogether."⁷
- agreed to an amendment by Representative Millender-McDonald to redirect Defense Health funding to training in orthotics and prosthetics.
- rejected (193 to 225) an amendment by Representative Waxman to prohibit the Army from spending any funds in the act with any contractor where the Defense Contract Audit Agency had judged to be unreasonable more than \$100 million of contract costs. Supporters argued that new contracts should not be signed with contractors where auditors found unreasonable costs while others raised concerns about whether not renewing current contracts could disrupt the military's logistical support.⁸
- sustained a point of order against an amendment by Representative Kaptur that would set up a Truman type commission that would investigate government contracts for military operations and reconstruction in Iraq and Afghanistan and relief and reconstruction contracts for Hurricane Katrina.⁹

⁵ *Congressional Record*, March 16, 2006, p. H1107ff.

⁶ CRS calculations based on appropriations reports and other sources.

⁷ Secretary Rumsfeld testifying before the Senate Armed Services Committee, *Hearing on Defense Authorization*, February 7, 2006, transcript.

⁸ See *Congressional Record*, p. H1101-H1104.

⁹ See *Congressional Record*, p. H1098.

Table 3. War-Related Defense Amendments: House Action

Sponsor	Purpose/Congressional Record Page Reference	Vote
Lee	Prohibited using funds in act to enter into a basing rights agreement with Iraq government (pp. H1101-H1104).	Agreed, voice vote
Millender-McDonald	Redirected funding for Defense Health by \$20 million to increase training for prosthetics and orthotics in U.S. schools (p. H1013).	Agreed, voice vote
Kaptur	Set up a “Truman”-type House Commission to investigate government contracts for military operations and reconstruction in Iraq and Afghanistan and Hurricane Katrina relief and reconstruction (pp. H1098-H1099).	Point of order sustained
Waxman	Prohibited spending Army funds with any contractor if the Defense Contract Audit Agency has found that more than \$100 million of costs are unreasonable (pp. H1101-H1104, and H1110-H1111).	Rejected 193-225

International Issues

Conference Agreement. As approved in the enacted bill, H.R. 4939 provides \$4.25 billion for State Department and international assistance activities. This level is slightly higher (\$26 million) than the President’s request, and about midway between levels previously approved by the House and Senate. Major changes from the executive’s request or versions passed by the House and Senate include:

- Iraq stabilization aid and U.S. mission support in Baghdad is set at \$3.04 billion, roughly \$200 million less than the request. Most of the reduction is for Provincial Reconstruction Team support;
- Iran democracy, broadcasting, and student exchange programs are funded at \$66 million, midway between House and Senate levels and \$9 million below the request;
- Darfur peacekeeping and humanitarian assistance receives \$499 million, the same as the House and Senate but \$110 million less than the request;
- Liberia economic aid totals \$63.8 million, up from the \$13.8 million request;
- Haiti receives \$20 million, half the amount approved in the Senate. The House and request did not include funding for Haiti; and
- Jordan receives \$50 million, less than the Senate level of \$100 million. There was no request or funding in the House bill.

House Action. In total, the House-passed measure cut the international portion of the supplemental to \$4.1 billion, \$66 million less than requested. In most cases where reductions were made, the House Appropriations Committee stated its view that the emergency nature of the requests were not fully justified and that the Committee will address the issues again when it considers the regular FY2007 appropriation proposal. Major items and changes to the Administration requests included:

- reductions in USAID security and operation costs in Iraq, Afghanistan, and Sudan;
- cuts in security for Provisional Reconstruction Teams in Iraq, but full funding for other State Department operational costs in Iraq and Afghanistan;
- near-full funding for Iraq stabilization assistance, with the redirection of \$26.3 million from some prison and judge security funds to counter-narcotics programs in Colombia;
- Substantial cuts in Afghan reconstruction and debt relief proposals;
- a reduction from \$75 million to \$56 million for democracy and related programs in Iran;
- full funding for southern Sudan and Darfur, plus an additional \$110 million for peacekeeping operations in Darfur, for a total Sudan package of \$618 million;
- full funding for Pakistan earthquake relief and emergency food refugee aid for Africa;
- an additional \$50 million in economic aid for Liberia; and
- \$26.3 million for the purchase of DC-3 aircraft for Colombian drug interdiction efforts.

Table 4. International Amendments: House Action

Sponsor	Purpose/ <i>Congressional Record</i> Page Reference	Vote
Shays	Directed that \$20 million of economic aid funds for Iraq be used for the Community Action Plan program (pp. H1016-H1017).	Agreed, voice vote
Burton	Redirected \$26.3 million of Iraq funds for counter-narcotics activities in Colombia (pp. H1067-H1068).	Agreed, 250-172
Capuano	Increased by \$50 million funds for peacekeeping operations in Darfur (p. H1068).	Agreed, 213-208
Garrett	Cut \$5 million for public diplomacy programs in Iran (pp. H1069-H1070).	Rejected, 75-344
Garrett	Cut \$5 million for education and cultural exchanges for Iranian students (p. H1070).	Rejected, 78-343
Foxx	Cut \$36.1 million for broadcasting into Iran (pp. H1070-H1071).	Rejected, 88-333

Senate Action. As passed, the Senate version of H.R. 4939 largely funded the Administration's request for international programs, with some exceptions. The Senate bill provided \$4.45 billion for international affairs, an increase of \$220 million over the request. Concerning major items and changes to the request, the Senate measure:

- cut security funding for Provisional Reconstruction Teams in Iraq;
- further reduced State Department operational costs in Iraq by \$60 million in order to add an additional \$60 million for support of U.N. peacekeeping in Darfur;
- fully funded Iraq stabilization assistance, with an earmark of \$96 million for broad-based democracy programs;
- did not provide the House-passed counter-narcotics funding for Colombia;
- included \$3.3 million for demobilization assistance in Colombia;
- fully funded southern Sudan and Darfur, with an additional \$110 million in funding for peacekeeping in Darfur, the same as the House;
- added \$50 million for economic aid for Liberia, the same as the House;
- added \$42.5 million for various Migration and Refugee Assistance programs in Somalia, the Horn of Africa, Democratic Republic of Congo, North Caucasus, North Asia, and Burma;
- increased to \$20 million Emergency Migration and Refugee Assistance for the Horn of Africa;
- provided \$35 million for drought relief in West Africa and the Horn of Africa;
- added \$12 million for Hurricane Stan relief in Guatemala;
- rescinded \$47 million in previously appropriated funds for economic aid to Egypt in order to offset the increases for African drought and Guatemala hurricane relief;
- added \$40 million in economic aid for Haiti;
- added \$100 million in Economic Support Funds for Jordan;
- added \$13.2 million in Democracy Funds and peacekeeping in the Democratic Republic of Congo, with a rescission of the same amount from the Export-Import Bank; and
- provided \$5 million for election support in the Democratic Republic of Congo.

Table 5. International Amendments: Senate Action

Sponsor	Purpose/Congressional Record Page Reference	Vote
Lugar #3597	Waived annuity limitations on reemployed Foreign Service and Civil Service annuitants in order to fill positions in Iraq and Afghanistan (pp. S3792-S3793).	Agreed, voice vote
Leahy #3661	Required notification to House and Senate Appropriations Committees regarding the obligation of Democracy Fund money (p. S3793).	Agreed, voice vote
Leahy #3663	Clarified report language reducing the amount of Democracy Fund appropriations for Iran by \$5 million to \$34.8 million, and specifying \$5 million of Democracy Fund appropriations for election support in the Democratic Republic of Congo (p. S3793).	Agreed, voice vote
Menendez #3777	Increased by \$60 million, to \$129.8 million, funds for a U.N. peacekeeping operation in Darfur; reduces by \$60 million funds for State Department mission operations in Iraq (pp. S3939-S3940).	Agreed, voice vote
McConnell #3612	Added a Presidential national security waiver authority regarding restrictions on U.S. aid to the Palestinian Authority (p. S3940).	Agreed, voice vote
Biden #3719	Provided not less than \$250,000 of Diplomatic and Consular Programs of the State Department be used to create an office of a special envoy for Sudan (p. S3940).	Agreed, voice vote
Leahy #3823	Provided that \$3.3 million of funds appropriated under the International Narcotics Control and Law Enforcement account be used to support the demobilization process in Colombia; has the effect of reducing funds requested for Iraq (pp. S3940-3941).	Agreed, voice vote
Kennedy #3686	Provided that of ESF appropriations for Iraq, \$104.5 million should be available for broad-based democracy assistance through NGOs in Iraq (pp. S3945-3948).	Agreed, voice vote
Leahy #3657	Provided \$12 million for Hurricane Stan relief in Guatemala and \$35 million for drought relief in West Africa and the Horn of Africa; rescinds \$47 million in previously appropriated cash transfer aid for Egypt (pp. S3963-3964).	Agreed, voice vote
Santorum #3640	Added \$25 million for Iran democracy programs (pp. S3937, 3969).	Ruled non-germane

Hurricane Recovery and Other Domestic Issues

Conference Agreement. H.R. 4939, as enacted, includes \$19.3 billion for hurricane recovery activities, \$2.3 billion for pandemic influenza preparedness, \$1.9

billion for border security, and \$563 million for other disaster assistance and related domestic activities. The conference agreement provisions include:

- \$6.7 billion for the Department of Homeland Security — primarily for Federal Emergency Management Agency activities — \$3.2 billion below the initial request and \$1.0 billion below the revised request;
- \$5.2 billion for the Community Development Block Grant at the Department of Housing and Urban Development, \$0.8 billion more than requested;
- \$3.7 billion for the Army Corps of Engineers for hurricane related activities, \$2.2 billion below the initial request and approximately the same as the revised request;
- \$2.3 billion for pandemic influenza preparedness, an amount separately requested by the Administration as part of its regular FY2007 budget request;
- \$1.9 billion for border security, the same as the revised request;
- \$542 million for the Small Business Administration Disaster Loan program, \$712 million less than requested; and
- \$500 million for agricultural disaster assistance, for which no funds were requested.

House Action. The House-passed measure provided \$19.1 billion for supplemental appropriations for relief and recovery from the 2005 Gulf Coast hurricanes, a reduction of \$0.7 billion from what was requested by the President. The House bill agreed with much of the supplemental request, but made the following changes:

- did not fund the request of \$202 million for Tenant-Based Rental Assistance at the Department of Housing and Urban Development (HUD);
- reduced the request for Procurement at DOD by \$250 million — \$887 million is provided;
- reduced DOD Military Construction by \$270 million — \$135.5 million is provided;
- reduced the Department of Veterans Affairs (VA) funds for rebuilding the VA medical center in New Orleans by \$50 million — \$550 million was provided and the obligation was made contingent on enactment by June 30, 2006, of authority for rebuilding the medical center. In addition, the VA was allowed to transfer up to \$275 million of these funds for unforeseen medical needs related to the global war on terror;
- expanded the mechanism requested for the distribution of \$4.2 billion for the Community Development Block Grant (CDBG) so that it would not be limited to Louisiana projects; and
- added a provision to make available in FY2006 \$750 million for the Low-Income Home Energy Assistance Program (LIHEAP) that were appropriated for FY2007 in the Deficit Reduction Act of 2005 (P.L. 109-171); these were contingency funds (allotted to one or more

states, at the Administration's discretion, and based on emergency need), and would remain available until the end of FY2007.

Table 6. Hurricane Recovery Amendments: House Action

Sponsor	Purpose/Congressional Record Page Reference	Vote
Millender-McDonald	Provides \$20 million for Defense Health Programs to expand training capacity for prosthetics and orthotics (pp. H1013-H1014).	Agreed, voice vote
Jindal	Decreases funding for FEMA disaster relief by \$2 million and increases funding for Defense-wide procurement by the same amount (p. H1084).	Agreed, voice vote
Melancon	Increases funding for Flood Control and Coastal Emergencies by \$465 million (pp. H1033-H1034).	Rejected, 199-215
Jefferson	Increases Community Planning and Development by \$2 billion and decreases FEMA by the same amount (pp. H1034-H1035).	Rejected, 174-248
Sabo	Increases funding for the Customs and Border Protection (CBP), the United States Coast Guard (USCG), FEMA administrative and regional operations, and FEMA preparedness by \$700 million, \$125 million, \$300 million, and \$100 million, respectively (pp. H1076-H1079, and H1094-H1095).	Rejected, 208-210
Neugebauer	Eliminates all funding in the bill for hurricane recovery (pp. H1079-H1082, and H1095-H1096).	Rejected, 89-331
Millender-McDonald	Increases funding for election activities under FEMA by \$20 million (p. H1082-84, H1096).	Rejected, 194-227
Gingrey	Reduces funding for the National Historical Preservation Fund by \$3 million (p. H1086).	Rejected, voice vote

Senate Action. On May 4, 2006, the Senate amended and approved its version of the FY2006 supplemental appropriations, H.R. 4939. As passed, the legislation provided a total of \$28.8 billion for hurricane recovery, \$9.0 billion (45%) more than the President's request, and roughly 51% more than the House provided (\$19.1 billion). In addition, the bill provided \$2.6 billion in funds for the prevention and preparedness for pandemic influenza. The House did not fund these activities; the President requested supplemental funds in November 2005. The Senate bill provided a supplemental appropriation of \$6.9 billion for other disaster assistance unrelated to hurricane recovery or pandemic influenza; such assistance was not requested by the Administration nor included in the House bill. The Senate bill differed from the bill as passed by the House as follows. The Senate bill provided:

- \$1.1 billion for mapping and debris removal to help Gulf Coast fisheries affected by the hurricanes;
- \$2.5 billion more for levee repairs and related (total of \$4.0 billion) for coastal and flood protection;

- \$1.2 billion more for the Disaster Relief Fund and other activities administered by FEMA (total of \$11.1 billion), with funds set aside for the development of housing alternatives other than travel trailers;
- \$881 million for education needs, including higher education loans and grants;
- \$1.5 billion for repairs to transportation infrastructure, public transit, and grants for federal aid for highways;
- \$1 billion more for CDBG (total of \$5.2 billion) compared to both the request and the House approved funding, with a set-aside for low-income and assisted housing;
- \$3.9 billion for emergency agricultural disaster assistance for crop losses;
- \$648 million for port security enhancement;
- \$2.3 billion for pandemic influenza preparedness and response activities;
- \$1.9 billion for border security; and
- \$430 million for veterans medical services.

**Table 7. Hurricane Recovery and Other Domestic Amendments:
Senate Action on Selected Amendments**

Sponsor	Purpose/ <i>Congressional Record</i> page reference	Vote
Akaka #3642, as modified by #3647	Provides an additional \$430 million for Veterans Affairs medical care (pp. S3560-S3564).	Agreed, 84-13
Gregg #3594	Provides \$1.9 billion for enhanced U.S. border security, offset with a corresponding reduction in defense accounts in titles I and II (p. S3532-S3543).	Agreed, 59-39
Reid #3604	Provides \$1.9 billion for enhanced U.S. border security, without an offset (pp. S3532-S3544).	Defeated, 44-54
Ensign	Motion to recommit the bill with instructions that it be reported back with a total net spending not exceeding \$94.5 billion (pp. S3562-S3563).	Tabled, 68-28
Coburn #3641, Division I	Prohibits the availability of funds for the relocation of a CSX freight rail line further inland from the Gulf Coast (pp. S3557-S3560; S3564-S3566).	Tabled, 49-48
Coburn #3641, Division II	Prohibits the availability of funds for seafood promotion strategies (pp. S3569-S3573).	Agreed, voice vote
Allard #3701	Provides \$27.6 million to repair Capitol complex utility tunnels (pp. S3683-S3684).	Agreed, voice vote

Sponsor	Purpose/Congressional Record page reference	Vote
Dodd #3727	Provides \$30 million for the Election Assistance Commission for payments to states affected by 2005 hurricanes (pp. S3870-S3872).	Agreed, voice vote
Domenici #3769	Provides an additional \$1.67 billion for levee rehabilitation in New Orleans (p. S3859).	Agreed, voice vote
Hutchison #3789	Ensures that all localities incurring damage from Hurricane Rita have the same cost-sharing requirements for federal aid (p. S3859).	Agreed, voice vote
Salazar #3736	Provides an additional \$30 million for National Forest System projects (pp. S3878-S3879).	Agreed, voice vote
Obama #3810	Requires all contracts for hurricane relief exceeding \$500,000 be awarded using a competitive bidding process (pp. S3879-S3880).	Agreed, 98-0
McCain #3617	Strikes \$6 million to sugarcane growers in Hawaii (pp. S3858-S3863).	Defeated, 40-59
Cornyn #3699	Establishes a floor to ensure that areas within States adversely affected by 2005 hurricanes receive at least 3.5% of funds set aside for the Community Development Block Grant program (pp. S3938-S3941).	Agreed, voice vote
Kennedy #3688	Provides \$289 million for compensation of individuals harmed by pandemic influenza vaccine (pp. S3937, S3942-43, S3948).	Agreed, 53-46
Inouye #3601	Provides \$1 million for assessing and monitoring waters in Hawaii (pp. S3966-3968).	Agreed, 51-45
McCain #3616	Strikes \$74.5 million for agriculture assistance (pp. S3937, S3953-3955, S3964).	Defeated, 37-61
Inouye #3673	Adds \$900,000 for assessments of reservoirs and dams in Hawaii (pp. S3966-S3967).	Defeated, 43-53
Vitter #3728	Provides an additional \$200 million for flood prevention in Louisiana, offset by a reduction in funds for FEMA (pp. S4007, S4011-S4013).	Agreed, voice vote
Thune #3704	Provides \$20 million for Veterans Affairs Medical Facilities, with an offset (pp. S4007, S4013-4014, S4016).	Defeated, 39-59

Border Security: Administration and Senate Proposals¹⁰

On May 18, 2006, the President amended the FY2006 supplemental request by adding \$1.948 billion¹¹ for border security-related functions within the Departments of Homeland Security (DHS) and Justice (DOJ). For the DHS, the request included:

- \$805 million for Customs and Border Protection (CBP), portions of which will support deployment of 1,000 additional Border Patrol agents and 256 miles of vehicle barriers;
- \$327 million for Immigration and Customs Enforcement (ICE) for 4,000 additional detention beds in support of the Administration's goal to end catch and release along the southern border;
- \$25 million for the Federal Law Enforcement Training Center (FLETC); and
- \$15 million for the DHS Preparedness Directorate for border security-related grants.

In addition, the revised request included \$756 million in DOD funding for deploying rotations of up to 6,000 National Guard personnel along the southern border. Such personnel would be mobilized under Title 32 authorities to operate surveillance systems, build patrol roads, fences, and vehicle barriers, and train personnel, but would not perform law enforcement functions. Although personnel would be under the control of individual governors, DOD would approve the use and numbers of personnel. As proposed, these funds would be provided in the operation and maintenance, defensewide account to be transferred to other accounts at DOD's discretion.¹²

According to Administration witnesses, these funds would provide up to 6,000 reserve personnel at any one time in the first year and 3,000 in the second year with most of the personnel rotating in on two- to three-week assignments during their annual training. Thus, up to 156,000 reservists could be mobilized for short periods in the course of a year out of a 440,000 total in the Army National Guard. During a

¹⁰ This section was prepared by Jennifer Lake, Blas Nuñez-Neto, and Amy Belasco. For a more detailed breakdown of the Homeland Security-related funding in the Supplemental Appropriations Bills, please refer to CRS Report RL33428 *Homeland Security Department: FY2007 Appropriations*, Jennifer Lake and Blas Nuñez-Neto, Coordinators.

¹¹ The actual request for DHS and DOJ was for \$1.974 billion; however \$16 million within the CBP Construction account and \$10 million within the U.S. Attorney's office were not border security related. The adjusted request for border security was \$1.948 billion.

¹² Office of Management and Budget, *Estimate No. 6, FY2006 Emergency Supplemental (Border Security: Departments of Defense, Homeland Security, and Justice)*, May 18, 2006; [http://www.whitehouse.gov/omb/budget/amendments/supplemental_5_18_06.pdf].

recent hearing, a variety of concerns were raised — whether adequate personnel would still be available for war and hurricane missions, the prerogatives of governors, and the effectiveness of short-term mobilizations.¹³

Congressional Action. The Senate bill provided an amount similar to the request, but it differed substantially in its scope. The Senate bill generally focused on capital improvements within DHS, while the President’s request focused on funding for CBP, ICE, and National Guard personnel deployments, and for other resources on the border. The Senate bill included:

- \$1.09 billion for CBP, portions of which will be used to replace air assets and border patrol vehicles, to upgrade air operations facilities, deploy sensor and surveillance technology, and for construction;
- \$600 million for the Coast Guard aircraft and vessel acquisition, construction, renovation and improvement;
- \$80 million for ICE;
- \$60 million to accelerate database integration and the conversion of the United States Visitor & Immigrant Status Indicator Project (US-VISIT) to a 10-print enrollment system;
- \$50 million for the DHS Chief Information Officer to upgrade law enforcement communications equipment;
- \$18 million for the Federal Law Enforcement Training Center for information technology improvements and a language training center; and
- \$2 million for the DHS Office of Policy to conduct a needs assessment for comprehensive border security.

To offset the \$1.948 billion cost of additional border security programs, the Administration proposed reducing \$1.948 billion in funding requested for Operation Iraqi Freedom and Operation Enduring Freedom (Afghanistan and other global war on terror operations). These funds would have come primarily from procurement. Although the Administration did not identify cuts specifically by weapon systems, some of the cuts appeared to come from those identified for reduction by the House and Senate Appropriations Committees appropriators, while others would reject congressional adds-ons (see sections below and Appendix A for details). The Senate bill included an offset through an unspecified cut of \$1.9 billion in DOD funds for both war costs (Title I) and hurricane recovery (Title II). Under the Senate provision, the Administration would have allocated the cut among programs in both titles.

The FY2006 conference agreement includes \$1.9 billion for border security, the same as the amount requested. The supplemental funds include: \$805 million for CBP; \$327 million for ICE; \$25 million for FLETC; and \$15 million for grants. These funds total \$1.17 billion for DHS border security activities, as compared to the \$1.9 billion proposed by the Senate. The conference agreement includes the President’s proposal to fund the deployment of up to 6,000 National Guard troops to

¹³ Senate Armed Services Committee, Transcript, *Hearing on National guard Role in Border Security*, May 17, 2006; available on Reuters.

the border. However, this proposal is funded at \$708 million, as opposed to the \$756 million requested.

American Port Security and the Dubai Ports World Operational Control of Six U.S. Terminals¹⁴

The takeover of terminal operations at six major U.S. ports by Dubai Ports World (DP World), based in the United Arab Emirates (UAE), sparked intense concerns among Members of Congress and the public, and reignited the debate over what role foreign acquisitions play in U.S. national security, and specifically security of American ports. DP World purchased the terminals from P&O Ports, a multinational terminal operating company based in the United Kingdom which leases marine terminals around the world, including terminals at six U.S. ports — New York, New Jersey, Philadelphia, Baltimore, Miami, and New Orleans.

These ports are owned by a port authority, which is a public or quasi-public organization associated with the city, county, or state government. The port authority is responsible for the overall administration of the property, terminals, and other facilities on the port complex. Marine terminals within these ports are areas with equipment for loading and unloading ships and space for staging cargo until it is loaded on the ship or transferred to overland modes of transport. P&O Ports is also involved in other cargo handling services at other East and Gulf Coast ports, and a cruiseship terminal in New York. DP World acquired P&O's terminal leases or concessions at these ports, which account for a portion of the total cargo handling or cruise ship activity that takes place at these ports. DP World currently operates 19 container terminals outside the United States and is involved in other cargo handling services in 14 countries. DP World operates as a commercial entity but is owned by the Government of Dubai in the UAE.

In addition to issues related to the review process for foreign investment in the United States and U.S. foreign policy with regard to the UAE, a key issue for Congress as it evaluated this transaction was what role marine terminal operators have in the security of U.S. ports. While the federal government, namely the Coast Guard and Customs and Border Protection (CBP), takes the lead in port security, security responsibilities are also shared with the port authorities, local law enforcement, vessel owners, terminal operators, and port workers. Coast Guard regulations and CBP security programs require terminal operators to provide basic security infrastructure and follow certain security practices when handling cargo.

While the United States actively promotes internationally the policy of relaxing rules concerning foreign investment, including the national treatment of foreign firms, some in Congress and others question some aspects of this policy as it relates to allowing foreign competitors unlimited access to the Nation's industrial base. Much of this debate focuses on the activities of a relatively obscure committee, the

¹⁴ Prepared by John Frittelli, Analyst in Transportation, and James Jackson, Specialist in International Trade and Finance.

Committee on Foreign Investment in the United States (CFIUS) and the Exon-Florio provision (added to the Defense Production Act in 1988; P.L. 100-418), which gives the President broad powers to block certain types of foreign investment.¹⁵

The proposed acquisition of port terminals operated by DP World sparked a firestorm of activity in the 2nd Session of the 109th Congress. H.J.Res. 79 and S.J.Res. 32 express Congressional disapproval of the proposed acquisition and direct CFIUS to conduct a full 45-day review of the transaction and to brief Members of Congress on the results of the investigation. Numerous other bills related to the issue were also introduced. The matter was inserted into the FY2006 Supplemental Appropriation during a House markup of the legislation on March 8.

In the face of mounting pressure from Capitol Hill and elsewhere, DP World announced on March 9 that it would not manage the American ports itself, but transfer operations to a U.S. "entity." Subsequently, on March 15 DP World said it would sell the U.S. port facility operations to an American buyer, a process that might take four to six months. In the meantime, the UAE-based company said that P&O Ports North America would be operated separately by a U.S. subsidiary.

Congressional Action

During the March 8 markup on the \$92 billion emergency FY2006 emergency supplemental, House Appropriations Committee Chairman Lewis submitted an amendment aimed at blocking the acquisition by DP World of the six American port terminals. The amendment, which passed 62-2, barred the use of any appropriated funds to take action allowing the purchase by DP World, notwithstanding any "prior action or decision by or on behalf of the President." President Bush previously had said that he would veto any legislation containing such text.

Following the March 9 announcement by DP World that it would turn over port operations to an American entity, Chairman Lewis said in a press release issued on March 10, that "reports that Dubai Ports World has agreed to sell its holdings of a subsidiary involved in managing six American ports is encouraging news."¹⁶ Nevertheless, the Lewis amendment remained in the House-passed version of H.R. 4939. The House defeated (38-377) an amendment offered by Representative Gilchrest on March 15 that would have struck the text banning DP World purchase.

The Senate bill did not include language similar to the House regarding Dubai Ports World. However, a Byrd amendment accepted by the Senate Appropriations Committee added \$648 million for port security grants, radiation portal monitors, and for activities of the Coast Guard, Customs and Border Protection Service.

¹⁵ For more information, see CRS Report RL33312, *The Exon-Florio National Security Test for Foreign Investment*, by James Jackson.

¹⁶ Chairman Lewis Makes a Statement on DP-World Development, March 10, 2006. Available at House Appropriations Committee website: [<http://appropriations.house.gov/index.cfm?FuseAction=Home.Home>]

The conference agreement on H.R. 4939 deletes the House provision. Conferees noted that the DP World decision to transfer operations to a U.S. entity makes the House-passed text unnecessary. The enacted bill further drops the Senate-passed title providing \$648 million for port security funding.

Defense Supplemental¹⁷

To cover war costs, the FY2006 revised supplemental requested \$65.9 billion for the Department of Defense (DOD) war-related costs, an amount that was in addition to the \$50 billion that DOD already received in the FY2006 bridge fund included in DOD's FY2006 Appropriations Act (P.L.109-148).¹⁸ If enacted, this would have brought DOD's total for Iraq (Operation Iraqi Freedom or OIF) and Afghanistan/other global war on terrorism activities (Operation Enduring Freedom or OEF) to \$115.8 billion in FY2006.

If passed as revised, DOD's funding in FY2006 would have been \$17 billion more than the \$99 billion received in FY2005 and \$49 billion more than the \$67 billion received in FY2004 (**Table 8**).¹⁹ Based on this request, DOD's war and occupation costs would have increased from \$67 billion in FY2004 to \$116 billion in FY2006 — an increase of 72% in two years.

In FY2003, the year of the invasion of Iraq, the Defense Department's war costs totaled between \$69 billion and \$76.2 billion depending on whether \$7.1 billion in funds provided in DOD's FY2003 regular appropriations are included.²⁰

¹⁷ Prepared by Amy Belasco, Specialist in National Defense. Military construction section prepared by Daniel Else, Specialist in National Defense.

¹⁸ In FY2005 and FY2006, Congress included "additional appropriations" for war costs in Title IX of DOD's regular appropriations act to ensure that DOD would have sufficient funds to cover war costs until a supplemental was passed.

¹⁹ The \$99 billion total for FY2005 includes \$75.9 billion in the FY2005 Supplemental (P.L. 109-13) and \$23.1 billion of the \$25 billion appropriated to DOD in the FY2005 bridge supplemental (Title IX, P.L. 108-287). Congress provided that the FY2005 bridge funds were available upon enactment and DOD obligated \$1.9 billion in FY2004, leaving \$23.9 billion available for FY2005.

²⁰ See CRS Report RL33110, *The Cost of Iraq, Afghanistan and Enhanced Security Since 9/11*, by Amy Belasco.

Table 8. Defense Department War and Occupation Appropriations, FY2004-FY2006
(\$s — billions)

Department of Defense	FY2004 P.L.108-106; P.L.108-287 ^a	FY2005 P.L.108-287; P.L.109-13 ^b	FY2006 Bridge: P.L.108-148	FY2006 Revised Supp.	FY2006 Total with Supp.
Total	\$66.8	\$98.8	\$50.0	\$65.9	\$115.8
Annual Change	NA	\$32.0	NA	NA	\$17.0
\$ Change Since FY2004	NA	\$32.0	NA	NA	\$49.0
% Change Since FY2004	NA	48%	NA	NA	73%

Source: CRS calculations based on public laws.

- a. Total for P.L. 108-106 excludes \$3.5 billion rescission of FY2003 funds; includes \$1.9 billion of funds in the FY2004/FY2005 bridge fund that was obligated in FY2004 (Title IX, P.L. 108-287).
- b. Total for FY2005 includes funds available for FY2005 from the FY2004/FY2005 bridge fund and funds appropriated in the FY2005 supplemental (P.L. 109-13) excluding funds for Tsunami relief and the Office of the Director of National Intelligence.

According to DOD’s justification materials, the FY2006 supplemental request assumed that monthly deployment levels would average about 138,000 troops in Iraq and 18,000 troops in Afghanistan, with temporary fluctuations during troop rotations. DOD did not provide a breakdown of how the revised \$65.9 billion request would be allocated between Iraq and Afghanistan. DOD’s justification materials stated that monthly military personnel and operation and maintenance costs — the expenditures most closely tied to military operations — averaged \$4.5 billion in Iraq and \$0.8 billion in Afghanistan and other global war on terrorism activities, or a total of \$5.3 billion monthly for both operations in FY2005.²¹

If one defines “military operations costs” as the cost of military personnel and operation and maintenance and applies this approach to the enacted bridge fund and DOD’s new supplemental FY2006 request, average military operations costs per month would increase from \$5.6 billion in FY2005 to \$6.8 billion per month in FY2006, a 21% increase (see **Table 9**). These average monthly costs include only those costs that would be obligated in FY2006 but not all of DOD war and occupation costs that are associated with operations. For example, this definition of “military operations costs” does not include additional funds spent for national intelligence (cost not tracked by DOD) or training of Afghan and Iraq security forces,

²¹ Department of Defense, *FY 2006 Supplemental Request For Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)*, February 2006; [http://www.dod.mil/comptroller/defbudget/fy2007/FY06_GWOT_Supplemental_Request_-_FINAL.pdf], p. 3 (hereinafter cited as DOD, FY2006 Supplemental Request - war).

now a substantial expense. Nor do military operations costs — as defined by DOD — include DOD's substantial investment costs for additional equipment for deployed forces that DOD believes needs to be ordered in FY2006 to meet its military needs.²²

If all these costs are included, full monthly war and occupation costs would have averaged \$8.2 billion in FY2005, and would have increased to \$9.7 billion in FY2006 if DOD's request were enacted. **Table 9** shows the average monthly increases for each of these categories, which range from decreases for military personnel and Afghan and Iraq training funds to increases in O&M and investments.

Potential Issues in DOD's FY2006 Supplemental Request

In its revised FY2006 supplemental request, the Department of Defense requested \$65.9 billion to provide special pays for military personnel, activate reserves, support military operations, repair equipment, house and provide for troops, buy additional military equipment, conduct research and development, construct military facilities, train Afghan and Iraqi security forces, and reimburse coalition allies, a reduction of \$1.9 billion from the original request.²³ **Table 10** lists the major elements of the new request by title, the amount in the FY2006 bridge fund (Title IX, P.L.109-148) and the total for FY2006 as requested and approved to date. For a breakdown by appropriation account, see table appended to this report.

²² DOD requests that its procurement funds be available for three years to take into account the one to three years that it takes to contract, order, produce and receive military parts and equipment.

²³ See Office of Management and Budget (OMB), Estimate No. 6, May Office of Management and Budget, Estimate No. 3, OMB, *FY2006 Supplemental Request, Estimate No. 3, FY2006 Emergency Appropriations (various agencies), Ongoing Military, Diplomatic and Intelligence Operations in the Global War on Terror, Stabilization and Counterinsurgency Activities in Iraq and Afghanistan, and Other Humanitarian Assistance*, 2-16-06; [http://www.whitehouse.gov/omb/budget/amendments/supplemental2_2_16_06.pdf]; (Hereafter cited as OMB, *FY2006 Supplemental War Request*.) DOD, FY2006 Supplemental Request - war.

Table 9. Average Monthly DOD Budget Authority for War and Occupation, FY2005 Enacted-Revised FY2006 Request
(\$s — billions)

Title	FY2005: Bridge & Supp ^a	FY2006: Bridge & Revised Supp Request ^b	FY2006 +/- FY2005	
			\$s	%
Military Personnel	\$18.4	\$15.8	(\$2.6)	-14%
Operation & Maintenance(O&M)	\$46.0	\$61.3	\$15.3	33%
Other support ^c	\$2.9	\$4.2	\$1.2	42%
Military Operations Total	\$67.3	\$81.3	\$13.9	21%
Monthly Average: Military Operations (BA)	\$5.6	\$6.8	\$1.2	21%
Other Defense programs ^d	\$3.9	\$5.0	\$1.0	26%
Afghan and Iraq Training Forces Fund	\$7.0	\$5.9	(\$1.1)	-16%
Intelligence ^e	[5.1] ^e	[5.6]	[.5] ^e	[10%] ^e
Investment	\$20.5	\$23.8	\$3.3	16%
Total Costs	\$98.9	\$115.8	\$16.9	17%
Monthly Average, Total Budget Authority	\$8.2	\$9.7	\$1.5	18%

Sources: CRS calculations based on public laws, conference reports, DOD, *FY2006 Supplemental Justification Materials*, February 2006.

Note: Totals may not add because of rounding.

- a. Includes remaining funds in FY2005 bridge (P.L. 108-287) and FY2005 Supplemental (P.L. 109-13) excluding funds for Tsunami relief and office of the Director of National Intelligence.
- b. Includes \$50 billion in P.L. 109-148, FY2006 DOD Appropriations Act and \$67.9 billion in FY2006 supplemental request (OMB Estimate No. 6, May 16, 2006; and revised OMB Estimate No. 3, original request).
- c. "Other support" includes defense health and working capital funds.
- d. "Other Defense programs" include Iraq Freedom Fund, the Office of Inspector General, and Drug Interdiction and Counterdrug.
- e. Funding of \$1.8 billion for intelligence was included in the Iraq Freedom Fund in P.L. 108-287, and \$3.3 billion in P.L. 109-13 for a total of \$5.1 billion for FY2005. Funding of \$3 billion was included in the Iraq Freedom Fund in the FY2006 bridge (P.L. 109-148), and the FY2006 request includes an additional \$2.6 billion for a total of \$5.6 billion; see DOD, *FY2006 Justification - War*, Feb. 2006, p. 1.

Several issues about the FY2006 supplemental request arose in Congress, including whether DOD's funding requests for training Afghan and Iraqi security forces were necessary in light of the pace of implementation, how to make transparent the DOD assumptions about military personnel levels for active-duty and reserve forces that underlie the request, whether DOD could better contain increases in operating costs, and whether DOD's investment request finances peacetime as well as wartime needs.

Table 10. Department of Defense FY2006 War-Related Bridge Supplemental and FY2006 War-Related Supplemental Request
(\$s — billions)

Title	FY2006 Enacted	FY2006 Enacted plus Request	FY2006 Supp. Revised Request	House Supp.	Senate Supp.	Supp. Conf.
Iraq Freedom Fund ^b	\$4.66	\$4.76	\$0.10	\$0.00	\$0.03	\$0.00
Afghanistan Security Forces Fund	\$0.00	\$2.20	\$2.20	\$1.85	\$1.91	\$1.91
Iraq Security Forces Fund	\$0.00	\$3.70	\$3.70	\$3.01	\$3.70	\$3.01
Joint Improvised Explosive Defeat ^c	\$0.00	\$0.00	\$0.00	\$0.00	\$1.95	\$1.96
Military Personnel	\$6.21	\$15.80	\$9.59	\$9.93	\$10.20	\$10.28
Operation and Maintenance ^d	\$28.56	\$61.29	\$32.71	\$32.11	\$31.60	\$31.03
Procurement	\$7.98	\$24.38	\$14.60	\$17.68	\$15.46	\$14.91
Research, Development, Test & Eval	\$0.05	\$0.83	\$0.74	\$1.00	\$0.71	\$0.71
Military Construction	\$0.00	\$0.49	\$0.37	\$0.32	\$0.28	\$0.24
Revolving & Management Funds	\$2.52	\$3.03	\$0.52	\$0.50	\$0.52	\$0.52
Other Defense ^e	\$0.03	\$1.38	\$1.35	\$1.32	\$1.31	\$1.31
Total	\$50.00	\$117.87	\$65.87	\$67.72	\$67.67^f	\$65.86
General Provision reducing DOD war & hurricane funds^e	-.-	-.-	-.-	-.-	(\$1.90)^f	

- a. Reflects \$1.948 billion reduction proposed by the Administration on May 18, 2006 (OMB Estimate No. 6).
- b. Iraq Freedom Fund includes \$3 billion for intelligence in the FY2006 bridge fund (Title IX, P.L. 109-148), and \$100 million in the FY2006 request for two-year money for commanders' "near-term urgent operational needs;" see OMB, *Estimate No. 3*, 2-16-06; also includes \$100 million for the Coast Guard.
- c. Request and House bill included \$1.958 billion in three separate accounts.
- d. Excludes Afghan and Iraq Security Forces Fund.
- e. "Other" includes Defense Health, Drug Interdiction and the Office of the Inspector General. Department of Defense, *FY 2006 Supplemental Request For Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)*, February 2006; [http://www.dod.mil/comptroller/defbudget/fy2007/FY06_GWOT_Supplemental_Request_-_FINAL.pdf].
- f. The Senate adopted an amendment providing \$1.9 billion for border security, to be offset by an unspecified cut of \$1.9 billion in DOD funds for both war costs (title I) and hurricane rehabilitation (title II). The Administration would determine the distribution of the cut among programs in both titles. Consequently, the \$67.67 billion Senate total for war costs could have fallen somewhere in the range of \$65.77 billion and \$67.67 billion, depending on how the reductions would be allocated.

Afghan and Iraq Security Forces Funds: Obligations Slower Than Anticipated. In its FY2006 supplemental, DOD requested \$2.2 billion for the Afghan Security Forces Fund and \$3.7 billion for the Iraq Security Forces Fund to train and equip Afghan and Iraqi security forces. These funds were in addition to \$500 million that DOD could use in the FY2006 bridge for either country.²⁴

²⁴ Section 9005, P.L. 109-148 sets a ceiling of \$500 million from funds within Title IX.

Altogether, DOD would have had available \$6.4 billion in FY2006 and FY2007 for training and equipping, in addition to funds already appropriated.²⁵

For Iraqi security forces, the request included:

- \$787 million to equip Iraq's brigades by purchasing aircraft, patrol boats, equipment, and ammunition, \$751 million for basing and infrastructure;
- \$712 million for police equipment, \$696 million for basing, \$250 million for training, \$296 million to maintain buildings; and \$65 million for other police needs; and
- \$73 million to train and equip Iraqi security guards for detainee operations or contract for those services.

For Afghan security forces, the request included:

- \$585 million for police training, \$346 million for police infrastructure, \$235 million to maintain equipment and pay police salaries and \$195 million for equipment;
- \$225 million to operate and support Afghan military forces, \$221 million for military equipment, \$138 million for training, and \$240 million for military infrastructure; and
- \$14 million for detainee operations.

Although training and equipping Afghan and Iraqi security forces is clearly a high priority for the Administration, it appears that DOD is obligating these funds more slowly than originally anticipated so that funding requested for FY2006 could be greater than currently required. The \$5.9 billion requested in the FY2006 bridge supplemental would be in addition to the \$7 billion — \$1.3 billion for Afghanistan and \$5.7 billion for Iraqi security forces — already received by DOD in FY2005, and the \$6.9 billion previously provided in the FY2004 supplemental.

As of January 2006, about \$235 million of the \$5 billion provided for training Iraqi forces in the FY2004 supplemental was unobligated or still available to be spent;²⁶ obligations data for Afghanistan are not available. Of the \$5.7 billion appropriated for Iraq in FY2005, about \$2.1 billion or about 37% is obligated as of January 1, 2006. In its plan for FY2005, DOD had projected obligations of \$4.3 billion or about 75% at that point. In the case of Afghanistan, DOD has obligated about \$733 million or 33% of the \$1.3 billion appropriated as of January 1, 2006. This is also below the \$825 million or 64% anticipated by DOD last year.²⁷

²⁵ As in previous proposals, the monies are requested to be available for two years or until September 30, 2007.

²⁶ State Department, *Section 2207 Reports*, Iraq Relief and Reconstruction Funds (IRRF) - Status of Funds, obligations as of December 28, 2005.

²⁷ See entries for these accounts in Standard Form (SF)133, *Report on Budget Execution and Budgetary Resources*, October 2005 and FY2006, 1/30/06 for 1st quarter FY2006. [http://www.whitehouse.gov/omb/reports/sf133/FY_2005_SF_133s_w_Revis.pdf]. For

(continued...)

Potential Training Funding Issues. With the current rate of spending, some observers questioned whether the full \$5.9 billion requested to train and equip Afghan and Iraqi forces was needed at this time. Last year, DOD anticipated that training funds appropriated in FY2004 would run out in June 2005 for Iraq and in October 2005; some \$235 million remains available. Obligations of FY2005 appropriations are also below those anticipated for FY2005 monies, particularly for Iraq. On the other hand, the FY2006 supplemental requested funds that would be available for two years and so could also be used in both FY2006 and FY2007.

Another potential issue was whether Congress might want advance notification of DOD's overall plans for the types of equipment to be provided to Afghan and Iraqi security forces. While the current and proposed statutory language requires DOD to provide five-day advance notification of individual transfers from the account, this does not give Congress an overall sense of DOD plans for the amounts and types of equipment to be provided. Nor is it clear whether DOD plans to transfer or leave behind any U.S. equipment and how that would factor into such plans.

Congressional Action. The conference agreement endorses the \$1.9 billion in Afghan training funds recommended by both houses, \$300 million below DOD's request, suggesting that the funds could not be spent in FY2006. For Iraq, the conference measure provides \$3 billion, \$700 million below the request. Conferees did not specify where the funds would be cut, and permit DOD to use funds for infrastructure facilities for both military and security forces, dropping restrictions proposed by the House. Conferees also endorse House-proposed reporting requirements and call on the Administration to seek funds from neighboring countries for Iraq's security forces.²⁸

In prior action, the House measure provided \$1.9 billion to Afghan security forces and \$3 billion for Iraqi Security forces in specially segregated funds to cover the cost to train, equip, and build facilities for military and police forces. Pending submission of complete justification materials, the House Appropriations Committee cut funds intended to build facilities for Afghan (\$396 million) and Iraqi police forces (\$696 million). The Committee also put a hold on another \$991 million slated for military infrastructure until DOD submits a detailed, project-by-project financial plan.

The Senate-passed measure provided \$1.91 billion to train Afghan security forces — close to the House level and \$3.7 billion for Iraq security training — \$700 million more than the House and the same as the request. During Committee markup, the Senate panel added language that places a hold on funds to repair and construct Iraqi security infrastructure until formation of a unified government.²⁹ In its April 25, 2006 statement of administration policy, the Administration specifically

²⁷ (...continued)

DOD plan, see DOD, "Iraq/Afghanistan Security Forces: DOD's FY05 Supplemental Request," March 2005.

²⁸ *Congressional Record*, June 8, 2006, p. H. 3608.

²⁹ S.Rept. 109-230, p. 21-22.

objected to the reduction in funds for Afghan security forces as reported by the Senate Committee on Appropriations.

Coalition Support. As in previous years, DOD requested funds to make payments to “key cooperating nations” that provide logistical and military support for operations in Iraq and Afghanistan. In the FY2006 supplemental, DOD requested \$1.5 billion for coalition support and \$550 million for “lift and sustain funds” — to assist Iraq and Afghanistan and other nearby friendly nations in their efforts to combat terrorism — in addition to the \$195 million in coalition support bridge funds. This would bring the total to \$2.2 billion for support of coalition partners.

In FY2005, DOD received \$1.2 billion for coalition support. DOD did not provide a rationale for the increased funding for coalition support requested. If history is a guide, much of the funds will go to Pakistan, with the remainder to Jordan, Afghanistan, Ukraine, Poland, and other coalition allies.³⁰

Congressional Action. The conference agreement cuts in half DOD’s request for coalition support for U.S. allies participating in the war on terror from \$1.5 billion to \$740 million, as recommended by the Senate. The House measure had provided \$1.2 billion. In its April 25, 2006 statement of administration policy, the Administration specifically objected to the Senate-proposed cuts for coalition support.

Commander’s Emergency Response Program (CERP). DOD also requested \$423 million for the Commander’s Emergency Response Program (CERP), a program where military commanders can fund local projects for humanitarian relief and reconstruction. The FY2005 Supplemental set an upward limit of \$854 million in FY2005, \$500 million above DOD’s request.³¹

Congressional Action. The conference agreement approves DOD’s request for a ceiling of \$423 million on CERP programs, as recommended in both House and Senate bills. The House Appropriations Committee, however, cited concerns about a change in the program’s focus.

Iraq Freedom Fund. Conferees rejected DOD’s request for \$100 million in the Iraq Freedom Fund for unspecified purposes, as had been recommended by the House. The Senate bill provided \$25 million.

New Joint Improvised Explosive Device Defeat Fund. The Senate bill set up a new transfer account that would allow the Director of the Joint Improvised Explosive Device Defeat Organization to “investigate, develop and provide equipment, supplies, services, training, facilities, personnel and funds to assist U.S. forces in the defeat of improvised explosive devices,” (IEDs). DOD would report to

³⁰ Office of the Secretary of Defense, *Coalition Support Fund Tracker*, FY2002-FY2005, February 2006.

³¹ See Section 1006, P.L. 109-13, which raised the limit set in the FY2005 National Defense Authorization Act (P.L. 108-375).

the congressional defense committees within 60 days of enactment on its plans.³² The \$1.958 billion allocated to this new account was drawn from \$490 million in O&M, Army, \$1.1 billion in Other Procurement, Army and \$357 million in RDT&E Army included in DOD's request. The House approved the monies in DOD's request for countering IEDs but left the funds in the three separate accounts.

Military Personnel Request and Visibility of Personnel Plans. The Defense Department requested \$9.6 billion for military personnel in the FY2006 supplemental, which would bring total funding for the year — including the bridge supplemental — to \$15.8 billion. This is \$2.9 billion less than received by DOD for FY2005.³³ It was not clear why the level would be almost \$3 billion lower this year.

Additional War-related Military Personnel Benefits. In the FY2006 supplemental request, \$3.2 billion was slated to pay for additional war-related military personnel benefits including:

- \$1.4 billion for special pays for active-duty forces including hostile fire pay, family separation allowances, hardship duty;³⁴
- \$341 million for additional recruiting and retention bonuses to sustain wartime forces levels;
- \$59 million for higher foreign language proficiency pay;
- \$544 million for death gratuities;
- \$400 million for additional life insurance claims above peacetime levels;³⁵
- \$474 million for catch-up benefits for service members who suffered traumatic injuries who would qualify under the new benefit enacted in the FY2006 National Defense Authorization Act;³⁶ and
- \$22 million for insurance premiums for OIF/OEF personnel.

With the \$800 million already received in the FY2006 bridge fund, the total for war-related special pay and benefits in FY2006 would be about \$4 billion.³⁷ Since the launch of military operations in Iraq, Congress has raised and added war-related personnel benefits and may again consider whether these benefits are sufficient.

³² See *Congressional Record*, June 8, 2006, p. H3588, and H.R. 4939 as marked up by the Senate, p. 101-102.

³³ DOD's reported war-related obligations for military personnel are \$15.9 billion according to the September 30, 2005 report of the Defense Finance Accounting Service (DFAS), *Supplemental & Cost of War Execution Report*. These reports, however, appear not to capture about \$2.95 billion in military personnel obligations as recorded by the SF-133, the government's standard financial reporting system.

³⁴ Congress has authorized monthly levels of \$225 for imminent danger pay, \$250 for family separation allowance and \$100 for hardship duty location pay for those deployed less than 12 months and \$300 for those deployed more than 12 months.

³⁵ Payments go to the Department of Veterans Affairs to pay claims.

³⁶ Payments go to the Department of Veterans Affairs to pay claims.

³⁷ CRS calculations based on H.Rept. 109-359, p. 471.

Sustaining Force Levels. The FY2006 supplemental request included \$6.2 billion to sustain current force levels, including \$653 million to support active-duty force levels above normal peacetime levels, known as “overstrength,” and about \$5.5 billion to pay activated reservists.³⁸ In DOD’s plan, Army troop levels would be 16,300 above and Marine Corps levels would be 6,000 above peacetime strength levels in FY2006. DOD has already received \$420 million to cover overstrength costs, which would bring the total base for the Army and 175,000 for the Marine Corps.

DOD’s FY2006 request also included \$5.5 billion to pay activated national guard and reserve forces, in addition to \$4.6 billion included in the FY2006 bridge fund for “incremental” war costs for military personnel. That would bring the total to about \$10.1 billion, or about \$1.5 billion less than requested in FY2006.³⁹ DOD’s wartime financial reporting system reports \$8.4 billion to activate reserve forces in FY2005 but this figure appears to be understated.⁴⁰

DOD’s FY2006 supplemental justification did not include any information about the mix of active-duty and reserve forces anticipated in FY2006 that would be funded with these monies. And because of the discrepancies in the figures, it is impossible to say whether DOD’s estimated funding in FY2006 is similar to or different from last year. In general, the more that DOD relies on reservists, the higher are war-related military personnel costs. That is because DOD’s incremental war costs for active-duty forces include only special pays because their regular pay is included in DOD’s regular appropriations whereas the additional full-time pay for activated reservists is a wartime expense.

According to a DOD data base, about 36% of the 270,00 forces deployed in support of the global war on terror were activated reservists and about 64% were active-duty in FY2005, figures similar to those cited by DOD spokesperson.⁴¹ According to DOD, the FY2006 funding request supported overall force levels in FY2006 that were similar to those in FY2005 — about 138,000 in Iraq and 18,000 in Afghanistan. These figures did not appear to include other forces in the region or elsewhere supporting the global war on terrorism.

In light of concerns about stress and sustaining both active-duty and reserve forces, some observers wanted to know the DOD planning assumptions for the FY2006 supplemental request for military personnel, including not only personnel

³⁸ This includes some \$933 million for basic allowance for housing for dependents of activated reservists.

³⁹ See H.Rept. 109-359, p. 471.

⁴⁰ DFAS, *Supplemental & Cost of War Execution Report*, September 2005; the FY2007 budget shows almost all military personnel funds as obligated; see OMB, FY2007 Budget Appendix at [<http://www.whitehouse.gov/omb/budget/fy2007/pdf/appendix/mil.pdf>]. CRS compared appropriated levels to those reported in DFAS reports and those reported in the FY2007 budget to identify a discrepancy of about \$3 billion.

⁴¹ CRS calculations based on Defense Manpower Data Center, *Contingency Tracking System, Deployed Military Personnel by Country and Component*, November 2005 run.

in-country but all those paid for by bridge and supplemental funds. That information was not provided in DOD's justification material.

Congressional Action. The conference agreement adds \$560 million to the Navy Military Personnel account. Of that amount, about \$200 million increases recruiting and retention incentives by two-thirds above the request. Another \$300 million restores monies cut from the regular budget in a government-wide 1% across-the-board cut levied to offset additional Gulf Hurricane monies.⁴² Restoring that cut would fund peacetime military personnel expenses even though the funds are being included in the war supplemental. The increase also adds a Senate-proposed provision of \$49 million for higher death benefits, which the bill makes available to service members who died between May 12, 2005, and August 1, 2005.

In earlier action, the Senate bill also included \$300 million to restore funds cut for regular expenses of Military Personnel, Navy by the 1% cut. In addition, the Senate added \$195 million to the \$305 million request for recruiting and retention incentives that is included in the services' military personnel accounts. Most of the funds went to the Army. (An additional \$85 million for recruiting and retention was in the O&M accounts.)

Operation and Maintenance Funding Rises Substantially in FY2006.

The Defense Department requested \$32.7 billion in Operation and Maintenance (O&M) funds in the FY2006 supplemental. These funds would be in addition to the \$28.6 billion received in the FY2006 bridge fund, and would bring total funding in FY2006 to \$61.3 billion. That amount is \$15.5 billion or about one-third higher than the \$45.8 billion appropriated in FY2005.

O&M funding pays for activities and services ranging from personnel support for troops (e.g., subsistence, body armor, morale, welfare and recreation activities) to the cost of operating forces and billeting troops. Major elements in the \$32.7 billion FY2006 supplemental — all in addition to FY2006 Title IX bridge funds — included:

- \$12 billion for operating support (fuel, spare parts, and related expenses);
- \$1.9 billion in personnel support (e.g., subsistence, body armor and other protective gear);
- \$2.4 billion for billeting of soldiers, base camp facilities, staging areas, airfields;
- \$500 million for command, control, communications and tactical intelligence;
- \$9.5 billion for transportation personnel and equipment both to and within the theater;
- \$3.2 billion for equipment maintenance in-theater and depot maintenance at home; and

⁴² See *Congressional Record*, June 8, p. H. 3606. Sec. 3801, Title, III, Chapter 8, P.L.109-148 requires a 1% across-the-board cut government-wide except for the VA and emergency appropriations.

- \$2.8 billion in other unspecified support costs.

It is difficult to explain the increases in FY2006 because DOD did not show the funding already received in the bridge supplemental in its justification materials. Since DOD did not request the bridge funds — though it did not oppose them — there was no formal request or justification material. It appears that about half of the \$15.3 billion increase in FY2006 for O&M could be explained by higher transportation, maintenance, and fuel costs.

Depot Maintenance and Transportation Slated for Large Increases.

If the FY2006 request was approved as proposed, DOD's total depot maintenance bill for FY2006 would be \$7.3 billion — about \$2.1 billion, or almost 40% higher than the FY2005 level.⁴³ According to DOD's justification material, the additional depot maintenance requirements reflected the harsh desert environment and wartime conditions, which have increased the wear and tear on equipment.

Another area programmed for large increases was transportation of personnel and equipment to and within theater for which DOD is requesting \$9.5 billion. Including FY2006 bridge funds would bring the FY2006 total to \$10.8 billion, or about \$4 billion, or almost 60% higher than the \$6.8 billion in FY2005. DOD attributed about \$1.8 billion of the increase to higher fuel costs in FY2006. Excluding those costs, the total would still be almost one-third higher than the previous year.

DOD did not provide a breakdown between its use of more expensive airlift vs. sealift to transport goods but noted that the “Department is working to reduce the proportion of air transport used and to lower the costs ... but ... will continue to need air transport for the most critical items and shipment,” a commitment also included in DOD's justification material for FY2005.⁴⁴ It is not clear why in the fourth year of operations, DOD is still heavily relying on air transport of supplies.

Higher fuel prices may also account for increases in operating tempo costs that include fuel, spare parts, and other costs of deployed units. DOD's request is predicated on the assumption that the average price of fuel — with service charges — rises from \$62 to \$84 per barrel.⁴⁵ DOD estimates that higher fuel costs in FY2006 account for \$2.6 billion in higher costs, including \$2.2 billion financed in the bridge fund and \$423 million in the new supplemental.⁴⁶

The FY2006 O&M supplemental also included \$539 million for body armor plus an additional \$140 million in the bridge supplemental for a total of \$680 million.

⁴³ DOD obligated \$5.2 billion for depot costs in FY2005; see DFAS, *Supplemental & Cost of War Execution Report*, September 2005.

⁴⁴ DOD, *FY2006 Supplemental Request* — war, p. 10.

⁴⁵ *Ibid.*, p. 12

⁴⁶ *Ibid.*, pp. 10, 12.

This appeared to be comparable to the \$650 million appropriated for body armor in FY2005.⁴⁷

These three areas — equipment maintenance, transportation, and higher fuel costs would account for about \$8.7 billion, or roughly half of the \$15 billion increase in O&M in FY2006. From DOD's justification material, the source or rationale for other funding increases or for continuation of FY2005 levels for other areas was not apparent.

Congressional Action. The \$31.6 billion in funding proposed in the conference agreement for O&M is \$1.7 billion below the request and close to the Senate level. The cuts include \$500 million to O&M, Air Force, presumably reflecting the House difference about the likely cost of fuel; a \$750 million cut to coalition support which halves the Administration's request; and a transfer of funds to counter IEDs from O&M to the new centralized account. Conferees also endorse the House's call for a report on the long-term cost to repair Army equipment due by July 7, 2006.

In earlier action, the House-passed measure cut a total of \$630 million from DOD's \$32.7 billion O&M request, decreasing funds for higher fuel prices (-\$759 million), coalition support (-\$300 million), and "lift and sustain" aid to U.S. allies (-\$104 million). These cuts were partly offset by increases for depot maintenance of upgraded M1A1 tanks for Army National Guard units (\$130 million) and for Marine Corps repair/reset (\$100 million).

The Senate-passed bill reduced by \$1.1 billion DOD's O&M request — almost twice the amount cut by the House. Like the House, most of the cuts were for higher fuel prices (-\$813 million), coalition support (-\$760 million), "lift and sustain" aid for allies (-\$104 million). The bill also transferred \$490 million in monies to counter IEDs to the new account. These cuts were partly offset by additions for repairs of M1A1 tanks for Army National guard units (\$130 million like the House), additions for Air Force optempo (\$194 million) and transportation (\$500 million), no reason provided, plus a \$73 million addition for family counseling and transition assistance for service members.

Investment Funding Grows in FY2006 Without Clear Overall Rationale. In its revised FY2006 supplemental request, DOD requested \$14.6 billion for procurement, \$1.7 billion below its original request in addition to the \$8 billion included in the bridge supplemental. The Administration's proposal did not identify specific cuts by weapon system but only totals by account, so it was sometimes not clear where the cuts would be taken. If enacted as proposed, FY2006 war-related procurement would total \$22.7 billion compared to \$18.8 billion appropriated in FY2005.⁴⁸ Although some of the decreases in the revised request

⁴⁷ CRS calculations based on H.Rept. 108-622, p. 380 and H.Rept. 109-72, pp. 103-105.

⁴⁸ CRS calculations based on DOD, *FY 2006 Supplemental Request — war*, p. 2; H.Rept. 109-148, p. 468, and H.Rept. 109-72, p. 114. DOD also transferred an additional \$2.2 billion from its baseline budget to war-related procurement in FY2005, for a total of \$20.9 (continued...)

reflected cuts made, others would reject additions proposed by the appropriators such as for additional C-17 aircraft. The FY2006 original supplemental request included the following:

- \$3.1 billion for Army modularity equipment;
- \$7.2 billion to reconstitute equipment;
- \$2.6 billion for force protection items;
- \$500 million for classified items;
- \$1.2 billion for ammunition; and
- \$692 million for SINCGARS radios for “transition teams supporting OEF/OIF.”⁴⁹

The supplemental also included substantial funding for tactical vehicles, such as High Mobility Multi-Purpose Wheeled Vehicles (\$410 million for Army HMMWVs and \$271 million for those of the Marine Corps), night vision devices (\$173 million for the Army and \$259 million for the Marine Corps), target devices such as lightweight laser designator rangefinder (\$95 million and \$113 million for Knight Family fire support and target designators for the Army), and additional communication aids. Modification kits for aircraft (e.g., AH-64 helicopters in the Army and AV-8s in the Navy) were also requested. Similar items were included in the bridge fund, including, for example, over \$1 billion for radios of various types.⁵⁰

Rationales for Procurement Request Unclear. Although DOD’s request included descriptions of individual procurement items, it did not give any rationale or explain whether funding requests for various items reflect battlefield losses, washout rates for worn equipment, equipment provided for state-side units whose equipment remains overseas, or additional gear for deployed units. This made it difficult to assess whether funding levels were too high, too low or about right. Nor was it clear whether the Army and Marine Corps, in particular, had additional unfunded requirements that would come due in later years or whether some of these items were originally budgeted in the baseline budget but transferred to the supplemental.

Carryover of FY2005 Procurement Monies. About \$6 billion of procurement monies appropriated in FY2005 remain to be obligated in FY2006. In addition, much of the \$8 billion for procurement in the FY2006 bridge fund is probably still available.⁵¹ If DOD received an additional \$16.4 billion in the FY2006

⁴⁸ (...continued)

billion; see table in **Appendix A**.

⁴⁹ DOD, *FY 2006 Supplemental Request — war*, p. 26.

⁵⁰ *Ibid.*, p. 2; H.Rept. 109-148, p. 468; H.Rept. 109-72, pp. 2, 14-16, 26, passim; see H.Rept. 109-359, pp. 477-482 for FY2006 bridge.

⁵¹ CRS calculation of unobligated balances is from comparing amounts appropriated in FY2005 with obligations in DFAS, Defense Finance Accounting Service (DFAS), *Supplemental & Cost of War Execution Report*, September 30, 2005; later reports not available.

supplemental, DOD would have as much as \$30 billion in procurement monies to spend in FY2006 in addition to its baseline budget.

As part of its budget review, DOD set a goal that all supplemental procurement funds should be obligated by the fourth quarter of the fiscal year. In light of the large amount of funds and the fact that monies were not likely to be available until the third quarter, it appeared unlikely that DOD would reach that goal. Although procurement monies are generally available for three years, it could be argued that a shorter period of time would be appropriate for urgently required procurement funds, and would improve oversight.

Congressional Action. Although the conference agreement adopts a procurement total of \$15.0 billion — \$2.6 billion below the House level and \$450 million below the Senate level — some \$1.1 billion of this decrease reflects the transfer of procurement funds to counter IEDs from procurement to the new consolidated account. Thus, the actual cut to the original request is closer to \$1.5 billion with about \$440 million taken from trucks and other logistical support equipment, \$210 million from the Bridge to Future Networks, a program still undergoing testing, and cuts to various communications devices. The Administration's revised request included some of these cuts.

Conferees also include the congressional adds of \$230 million for 3 V-22 aircraft, the \$227 million to keep the C-17 aircraft line open, and \$300 million to keep open the line to upgrade M1A1 tanks. Like both houses, the enacted bill shifts some of the funds requested to recapitalize old HMWWVs to buying more new vehicles.

In prior congressional action, the House bill added \$1.3 billion to the DOD request for procurement funds, primarily to upgrade and keep open production lines for M1A1 and M1A2 tanks (\$400 million), and buy Tank Urban Survival Kits (\$100 million), improved recovery vehicles (\$100 million), 8 MQ-1 Predators (\$77 million). The measure also proposed to spend \$100 million to keep the C-17 production line open even though it is not clear whether additional planes will be needed.

Preferring to buy new uparmored HMMWVs rather than rebuild old ones, the House Appropriations Committee swapped \$480 million in recapitalization monies to buy new vehicles, bringing the total for new HMMWVs to \$890 million, which would buy about 6,850 vehicles at about \$130,000 each.⁵² The Committee argued that buying new vehicles was more appropriate because these would be uparmored whereas the repaired vehicles would not and therefore would not be usable in combat. If the recapitalized HMMWVs are not suitable for combat, then it was not clear why DOD included that funding in the supplemental. DOD did not show how their funding request meshes with the Army's requirements in theater. In recent years, the Army has received about \$3.2 billion to purchase 18,129 uparmored

⁵² CRS calculation based on DOD, *FY 2006 Supplemental Request - war*, p. 24, which shows that \$410 million buys 3,146 HMMWVs.

HMMWVs, which is close to their March 2005 requirement, a requirement which was increased in late February 2006.⁵³

In its report, the Senate Committee stated its concern that DOD's justification for war-related procurement "includes only descriptive summaries . . . and is absent of meaningful program and budget information, such as requirements, pricing and delivery schedules." For this reason, the committee warned that "Congress will not be able to fully support supplemental requests unless it is provided with the same detailed justification and program materials that is receives with the annual request."⁵⁴

The Senate bill cut \$940 million of DOD's \$16.4 billion procurement request that included a transfer of \$1.1 billion in Army procurement funds for countering IEDs to the new centralized Joint IED Defeat Fund (see above). Additions to various programs were largely offset by cuts elsewhere. The \$700 million in cuts included programs considered to be duplicative (-\$111 million for Explosive Ordnance Devices, -\$30 million for communication equipment), not executable or ahead of need (-\$74 million for UH-1Y/AH-1Z helicopters, -\$30 million for Hellfire missiles), troubled (-\$110 million from Joint Network nodes), or questionable (-\$145 million for LOGCAP trucks, trailers, and other equipment).

These cuts were offset by various increases. Like the House, the Senate added funds to keep production lines open including \$400 million for M1A1Abrams tank improvements and \$228 million for additional C-17 cargo aircraft. The Senate also added \$230 million to buy three V-22 aircraft, a long-troubled program which recently completed operational testing, based on the rationale that these planes would replace CH-46 and CH-53D helicopters that are being damaged or lost in combat. Other additions were for more Predator UAVs primarily for Special Operations Command (\$85 million). Like the House, the SAC added funds for Abrams Tank Urban Survival Kits (\$100 million), and buys new HMMWVs rather than rebuilding current ones.

Research and Development Emphasizes Improved Explosive Devices. The revised FY2006 supplemental requested \$736 million (rather than \$782 million) in addition to the \$50 million in bridge funds. About half — or \$357 million — was for DOD's efforts to counter the effects of all forms of Improvised Explosive Devices (IEDs), reflecting the high priority placed on finding ways to counter these devices. The remaining RDT&E projects appeared directed primarily at enhancing the effectiveness of current systems. The FY2005 supplemental included \$587 million for RDT&E projects. It is unusual for RDT&E funds to be provided in emergency supplementals because of the long-term nature of the work.

Congressional Action. The conference agreement proposes \$711 million for RDT&E, reflecting primarily the transfer of \$357 million for joint IED research to the new consolidated account as proposed by the Senate. This transfer is partly

⁵³ The Army does not cite the new requirement in Army, "Armor Summary," February 28, 2006, and "Wheeled Vehicle Summary," March 2006.

⁵⁴ S.Rept. 109-230, p. 23.

offset by an addition for classified programs to Air Force, RDT&E that was proposed by both houses. The funds that DOD requested for research to counter IEDs to be included in the centralized account may or may not be used for R&D. DOD is to report its spending plan within 60 days of enactment.

Previously, the House bill provided \$1 billion for RDT&E programs, adding \$220 million for classified projects. The SAC transferred \$358 million in Army RDT&E funds for countering IEDs to its new centralized transfer account, added \$320 million for a classified Air Force program, and made other small changes. The net effect of these changes was a total of \$710 million for RDT&E, \$70 million below the request.

Military Construction Request. The revised FY2006 supplemental requested \$406 million for military construction projects, a reduction of \$79 million. The original supplemental included:

- \$348 million for Iraq;
- \$80 million for Afghanistan;
- \$22 million for planning and design; and
- \$35 million for construction to support classified activities in the United Kingdom.

According to the Defense Department, about \$238 million was for force protection, \$36 million for airfield improvements, \$28 million for fuel facilities, \$42 million for power, water and roads, and \$83 million for support facilities. Congress scrutinized these individual projects closely because of concerns about the United States establishing an “enduring presence” in the region.

Congressional Action. As enacted, H.R. 4939 provides a total of \$235 million for military construction projects, about \$170 million below the revised request. That total includes \$49.6 million for projects in Afghanistan and \$146 million for projects in Iraq. Conferees accept the Administration’s withdrawal of three projects for Bagram, Afghanistan, for wastewater treatment and bulk storage and one for an air control tower, but express some frustration with the lack of explanation from the Administration for why these projects are no longer considered emergencies. Conferees also provide \$50 million rather than \$167 million to build a new road in Iraq to bypass urban areas to avoid Improvised Explosive Devices (IEDs), a proposal that was questioned by both houses.

The conference agreement does not include the Biden amendment which prohibited the use of funds in the act to establish permanent U.S. bases or exercise U.S. control over the infrastructure or oil resources of Iraq and included no explanation for this decision.⁵⁵ Both houses cited concerns about DOD’s military construction requests and called for bases to be “expeditionary” rather than permanent.

⁵⁵ *H. Rept. 109-494*, p. 102..

In earlier action, the House measure cut \$137 million of DOD's \$485 million request for military construction, rejecting two projects to fix power plants at National Security Agency stations in the United Kingdom as non-emergencies and cutting \$107 million from an Army proposal to build new roads in Iraq to bypass urban areas to avoid Improvised Explosive Devices (IEDs), a rationale not convincing to the committee.

The House Committee also cited concerns about DOD's "substantial military construction expenditures of a magnitude normally associated with permanent bases," for "expeditionary" bases that are supposed to be austere, and "expeditionary." The Committee believed that military construction requirements for contingency operations should be considered in regular authorization and appropriations bills. Concerned about not having DOD's updated master plan for Central Command, the House panel also placed a hold on military construction funds until that report is provided.

Echoing the concerns of the House, the Senate Committee report stated that military construction projects should be "of an emergency nature," and appropriate for "expeditionary" types of bases in order to be consistent with the "current policy of the United States to establish no permanent military bases in Iraq;" projects should be limited to those which "immediately support operations ongoing in Iraq rather than those requests which propose a longer-term presence."⁵⁶ The Senate measure cut funds for war-related military construction by \$200 million providing for a total of \$278 million.

Except for an air control tower no longer needed, the Senate funded all projects requested by DOD for Iraq, but at lower levels. The bill cut most of the funds from a \$167 million Army proposal to build roads bypassing urban areas in order to reduce the threats from IED (-\$128 million), a project also questioned by the House, and reduces funding for two projects at Talil Air Base, a dining facility and a convoy support center (-\$43 million). The Senate measure also eliminated three projects at Bagram Air Base in Afghanistan because DOD's master plan did not take NATO presence or cost-sharing into account. H.R. 4939, as passed by the Senate, funded two projects in the U.K. that the House rejected.⁵⁷

Flexibility Issues: Transfer Limits. In the supplemental, DOD requested transfer authority that would allow the department to move funds between appropriation accounts after enactment of up to \$4 billion of the \$67.9 billion requested — with the notification and approval of the defense committees. This level was \$1 billion higher than the \$3 billion level set for the \$75.6 billion in the FY2005 supplemental.

The Department could also transfer up to \$2.5 billion of the \$50 billion in the FY2006 bridge fund. The supplemental request also asked Congress to raise the current transfer limit of \$3.75 billion in the regular FY2006 DOD appropriations Act to \$5 billion to allow DOD to respond to unanticipated needs in the global war on

⁵⁶ S. Rept 109-230, p. 46.

⁵⁷ S.Rept. 109-230, p. 46-47.

terror. DOD also requested authority to “advance bill” the services for maintenance or supplies, a way to generate cash reserves for working capital funds, which also increases flexibility.

Congressional Action. To give DOD additional flexibility in managing funds, the conference agreement raises the general transfer limit applying to FY2006 regular DOD monies from \$3.75 billion to \$5 billion, as requested. The new level is higher than the levels proposed by either house — \$4.35 billion in the Senate and \$3.75 billion in the House. This level also does not include a pending transfer of regular funds to meet war-related needs.⁵⁸

Like the House and Senate, conferees adopt a cap of \$2 billion on transfers of funds in this bill for war rather than the \$4 billion ceiling requested, and reject DOD’s request to allow transfers of military construction funds. Conferees adopt a limit of \$1.2 billion for advance billings, providing additional flexibility to working capital funds which finance the purchase of supplies and services. That level is the level proposed by the Senate, and \$300 million below the House level and \$800 million less than requested.

Intelligence Community Management Account. The Administration requested \$178 million, in addition to the \$418 million already received for FY2006 to “accelerate the stand-up of the Office of the Director of National Intelligence (ODNI), sustain national Counterterrorism Center (NCTC) Operations, continue implementation of the recommendations of the Silberman-Robb Commission on U.S. Intelligence Relating to Weapons of Mass Destruction (WMD Commission), and rapidly deploy a global capability to warn against the outbreak of avian influenza.”⁵⁹ Details were classified.

Congressional Action. Conferees endorse the \$158 million funding level for the Intelligence Community Management Account, as proposed in both the House- and Senate-passed bills. This is a reduction of \$20 million from the request.

International Affairs Supplemental

The President sought \$4.2 billion in FY2006 supplemental funding supporting a broad range of foreign policy activities:

- U.S. diplomatic costs in Iraq and Afghanistan
- Additional U.S. stabilization assistance to Iraq
- Additional Afghanistan reconstruction aid
- Public diplomacy and democracy promotion programs for Iran
- Darfur humanitarian relief and peace implementation aid in Sudan
- Pakistan earthquake reconstruction

⁵⁸ Reprogramming DOD06-13PA would not count against the ceiling; see Sec. 1202 in H.R. 4939 and H.Rept. 109-494, p.

⁵⁹ OMB, FY2006 Supplemental War Request.

- Liberia refugee repatriation
- Food assistance for east and central Africa

Table 11. State Department and Foreign Aid Funds in FY2006 Supplemental
(\$s — millions)

Activity (account)*	Request	House	Senate	Conf.
Iraq:^a				
U.S. mission operations (DCP)	\$1,097.5	\$1,116.1	\$1,037.5	\$1,097.5
Provincial reconstruction teams support (DCP)	\$400.0	\$208.0	\$300.0	\$229.8
Special Inspector General & State IG ^b	\$25.3	\$25.3	\$25.3	\$25.3
USAID security and operations (OE)	\$119.6	\$61.6	\$119.6	\$101.0 ^c
U.S. Peace Institute	\$0.0	\$1.3	\$0.0	[\$1.0]
Subtotal, Iraq mission security and support	\$1,642.4	\$1,412.3	\$1,482.4	\$1,453.6
Provincial reconstruction teams/employment (ESF) ^d	\$675.0	\$675.0	\$675.0	\$1,485.0 ^e
Infrastructure security (ESF)	\$287.0	\$287.0	\$287.0	^e
Infrastructure sustainment (ESF)	\$355.0	\$355.0	\$355.0	^e
Nat'l capacity building — democracy & rule of law (ESF) ^c	\$172.0	\$172.0	\$172.0	^e
Prison construction/Protection of judges (INL)	\$107.7	\$81.4	\$104.4	\$91.4
Financial integration & security promotion (IFTA)	\$13.0	\$13.0	\$13.0	\$13.0
Subtotal, Iraq stabilization assistance	\$1,609.7	\$1,583.4	\$1,606.4	\$1,589.4
Total, Iraq	\$3,252.1	\$2,995.7	\$3,088.8	\$3,043.0
Afghanistan:^f				
U.S. mission security (DCP)	\$50.1	\$50.1	\$50.1	\$50.1
USAID security (OE)	\$16.0	\$0.0	\$16.0	^c
Subtotal, Afghanistan mission security	\$66.1	\$50.1	\$66.1	\$50.1
Power sector projects (ESF)	\$32.0	\$5.0	\$32.0	\$32.0
Debt cancellation	\$11.0	\$0.0	\$11.0	\$11.0
Afghan refugees returning from Pakistan (MRA)	\$3.4	\$3.4	\$7.4	\$3.4
Subtotal, Afghanistan assistance	\$46.4	\$8.4	\$50.4	\$46.4
Total, Afghanistan	\$112.5	\$58.5	\$116.5	\$96.5
Iran:				
Public diplomacy/independent TV & radio (DCP)	\$5.0	\$5.0	\$5.0	\$5.0
Iranian student fellowships/visitor programs (ECEP)	\$5.0	\$5.0	\$5.0	\$5.0
Broadcasting (Request = ESF; House/Senate/Conference = BBG)	\$50.0	\$36.1	\$30.3	\$36.1
Democracy programs (Request = ESF; House/Senate/Conference = Democracy Fund)	\$15.0	\$10.0	\$34.8	\$20.0

Activity (account)*	Request	House	Senate	Conf.
Total, Iran	\$75.0	\$56.1	\$75.1	\$66.1
Sudan/Darfur:				
USAID mission in Juba (OE)	\$6.0	\$0.0	\$6.0	^c
Refugees returning to southern Sudan (MRA)	\$12.3	\$12.3	\$12.3	\$12.3
Food aid for southern Sudan (PL 480)	\$75.0	\$75.0	\$75.0	\$75.0
U.N. peacekeeping in Southern Sudan (CIPA)	\$31.7	\$31.7	\$31.7	\$31.7
Subtotal, southern Sudan	\$125.0	\$119.0	\$125.0	\$119.0
Humanitarian relief in Darfur (IDFA)	\$66.3	\$66.3	\$66.3	\$66.3
Refugees/conflict victims in Darfur & Chad (MRA)	\$11.7	\$11.7	\$11.7	\$11.7
Food aid for Darfur (PL480)	\$150.0	\$150.0	\$150.0	\$150.0
African Union peacekeeping mission, Darfur (PKO)	\$123.0	\$173.0	\$173.0	\$173.0
U.N. peacekeeping mission in Darfur (CIPA)	\$38.1	\$98.1	\$98.1	\$98.1
Subtotal, Darfur	\$389.1	\$499.1	\$499.1	\$499.1
Total, Sudan/Darfur	\$514.1	\$618.1	\$624.1	\$618.1
Liberia:				
Refugee repatriation (MRA)	\$13.8	\$13.8	\$13.8	\$13.8
Economic aid (ESF)	\$0.0	\$50.0	\$50.0	\$50.0
Total, Liberia	\$13.8	\$63.8	\$63.8	\$63.8
Other Refugee Aid (MRA and ERMA) ^h	\$0.0	\$0.0	\$62.5	\$17.5
Haiti (ESF and CSH)	\$0.0	\$0.0	\$40.0	\$20.0
Congo (Democracy Fund and PKO)	\$0.0	\$0.0	\$13.2	\$7.5
Jordan (ESF)	\$0.0	\$0.0	\$100.0	\$50.0
Pakistan earthquake reconstruction (various) ^g	\$126.3	\$126.3	\$126.3	\$126.3
Food aid, East and Central Africa (PL480)	\$125.0	\$125.0	\$125.0	\$125.0
Drought relief for West/Horn of Africa (IFDA)	\$0.0	\$0.0	\$35.0	\$25.0
Food aid for refugees through WFP (MRA)	\$10.0	\$10.0	\$20.0	\$12.0
Colombia (House = INL; Senate = MRA & INL)	\$0.0	\$26.3	\$5.8	\$16.3
Hurricane Stan relief for Guatemala (DA)	\$0.0	\$0.0	\$12.0	\$6.0
Burma refugees (MRA)	\$0.0	\$0.0	\$0.0	\$5.0
Rescission of prior aid to Egypt (ESF)	\$0.0	\$0.0	(\$47.0)	\$0.0
Rescission (House = Peacekeeping funds; Senate = Export-Import Bank)	\$0.0	(\$17.0)	(\$13.2)	(\$44.0)

Activity (account)*	Request	House	Senate	Conf.
TOTAL, State Dept. & Foreign Aid Funds	\$4,228.8	\$4,062.8	\$4,447.9	\$4,254.1

Source: Department of State and CRS calculations based on H.Rept. 109-388, S.Rept. 109-230, and H.Rept. 109-494, with modifications to reflect House and Senate floor amendments.

* **State Department appropriation account acronyms:** CIPA = Contributions for International Peacekeeping Activities; DCP = Diplomatic and Consular Programs; ECEP = Educational and Cultural Exchange Program.

Foreign Operations appropriation account acronyms: ESF = Economic Support Fund; IDFA = International Disaster and Famine Assistance; IFTA = Treasury Dept's International Affairs Technical Assistance; INL = International Narcotics & Law Enforcement; MRA = Migration and Refugee Assistance; OE = US Agency for International Development Operating Expenses; PKO = Peacekeeping Operations.

- a. In addition to these figures for Iraq, the supplemental includes other aid-related amounts for Iraq:
 - DOD train & equip Iraq security forces — \$3.7 billion request; \$3 billion House; \$3.7 billion Senate; \$3 billion conference.
 - FBI operations & support in Iraq and Afghanistan — \$32.5 million request; overall FBI funds reduced in House, Senate, and conference bills, so levels for Iraq and Afghanistan may be reduced as well, at the discretion of the Administration.
 - Department of Justice's United States Attorneys Office and the U.S. Marshals Service for legal support for Iraq's criminal justice system — \$5.5 million request; \$3 million House; \$4.5 million Senate; \$4 million conference.
 - Bureau for Alcohol, Tobacco, Firearms, and Explosives for firearms trafficking, explosives, and arson operations in Iraq — \$5 million request; \$4.1 million House; \$4 million Senate and conference.
 - Treasury Department for the Iraq Finance Cell and to place a Deputy Treasury Attache in Iraq — \$1.8 million request, House, Senate, and conference.
- b. Of the \$25.3 million, \$24 million is for the Special IG for Iraq Reconstruction and \$1.3 million supports the work of the regular State Department's IG in Iraq and Afghanistan.
- c. The conference agreement combines amounts for USAID OE expenses in Iraq, Afghanistan, and Sudan without specifying a total for each mission. The \$101 million figure for Iraq includes some amounts for Afghanistan and Sudan.
- d. In addition to new appropriations for these activities, the House bill directed that funds be transferred from previous Iraq Relief and Reconstruction Fund (IRRF) appropriations for Provincial Reconstruction Teams (\$152 million) and for democracy and rule of law programs (\$33.5 million). These amounts were the same as what the Administration had planned to spend for these activities out of the IRRF account. The Senate bill directed that \$104.5 million of ESF for Iraq should be available for broad-based democracy programs in Iraq. The conference agreement includes \$50 million for democracy, rule of law, and reconciliation programs within the ESF total.
- e. The \$1.485 billion ESF total for Iraq includes funding for all Iraq stabilization ESF activities.
- f. In addition to these figures for Afghanistan, the supplemental includes other aid-related amounts for Afghanistan:
 - DOD train and equip Afghan security forces — \$2.2 billion request; \$1.85 billion House; \$1.91 billion Senate and conference.
 - DOD counter-drug activities in Afghanistan and Central Asia — \$192.8 million request; \$156.8 million House; \$154.6 million Senate; \$150.5 million conference.
 - FBI operations and support in Iraq and Afghanistan — \$32.5 million request; overall FBI funds reduced in House, Senate, and conference bills, so levels for Iraq and Afghanistan may be reduced as well, at the discretion of the Administration.
- g. Funds would reimburse several USAID accounts — Development Aid, Child Survival, International Disaster & Famine Assistance, and ESF — for previously reprogrammed money, plus support ongoing reconstruction projects in Pakistan.
- h. The Senate added \$42.5 million in MRA funds that included Somalia (\$3 million); Horn and W.Africa (\$10 million); Congo (\$15 million); UNCHR (\$4 million); North Caucasus (\$2.5 million); North Asia (\$3 million); and Burma (\$5 million). In addition, the Senate bill provided

\$20 million for Emergency Refugee and Migration Assistance (ERMA) for the Horn of Africa. The conference agreement provides \$5 million for MRA programs in Burma plus \$17.5 million for “other” MRA programs. The conference agreement provides no funds for ERMA.

U.S. Diplomatic Mission Operations in Iraq⁶⁰

Currently, the U.S. Embassy in Iraq has over 1,000 American and locally engaged staff representing about 12 agencies. Of this total, 156 U.S. direct hires and 155 locally engaged staff represent the Department of State (DOS) in the U.S. Mission. The Bush Administration requested an FY2006 supplemental of \$1.497 billion within State’s Diplomatic and Consular Programs budget account to cover Iraq operations and security.

Available FY2006 funds for the U.S. Mission in Iraq’s regular operations consist of \$632.7 million in carryover funds from FY2005. While about \$65 million was requested for FY2006 regular operations for the U.S. Mission in Iraq, the Department of State says much of that was lost due to rescissions. Therefore, the Administration sought \$997.5 million to cover ongoing operation and security costs for the U.S. Mission in Iraq, \$100 million for overhead protection of personnel in facilities other than the Embassy, and \$400 million for movement security of the Provincial Reconstruction Team. State intends for the carryover and supplemental total of \$1.630 billion to cover costs for the remainder of FY2006 and the first half of FY2007.

The Department of State estimates the FY2006 total program funding requirement for Mission operations and security in Iraq to be \$1.1 billion. This includes \$192.7 million for logistic support which includes trailer camps, food service, maintenance of transportation facilities and equipment, and laundry; \$70.8 million for basic operations and logistics for the DOS American direct hires and local hires; \$81.8 million for operational costs for the four regional embassy offices in Mosul, Kirkuk, Hillah, and Basrah, Provincial Reconstruction Teams and state embedded teams, as well as contractor support for the Iraq Reconstruction Management Office, offshore support, public diplomacy, education, and outreach programs. According to DOS, FY2006 security budget needs total \$735.4 million and include \$55 million for guards at facilities in Iraq, \$617.9 million for high threat protection provided to personnel whenever they travel outside of the protected compound, and \$62.5 million for equipment such as armored vehicles, as well as physical and technical security measures. Additionally, \$19.9 million is needed for information technology operations for a country-wide emergency radio program for the embassy, the State Department estimates.

Congressional Action. In total, the conference agreement for H.R. 4939 provides \$1.1 billion for U.S. mission operations in Iraq, the same as the request. Previously, the House bill had provided \$1.116 billion, adding funds for logistics support and information technology, but reducing amounts for basic operations of the mission. The Senate measure had reduced the President’s request by \$60 million, to

⁶⁰ Prepared by Susan Epstein, Specialist in Foreign Policy and Trade.

a total of \$1.04 billion. The reduction came on an amendment by Senator Menendez that used this account as an offset in order to increase funds for peacekeeping in Darfur.

In addition, the conference bill reduces the \$400 million request to \$229.8 million for security costs associated with the Provisional Reconstruction Teams (PRTs) in Iraq. The House had recommended \$208 million for PRTs while the Senate measure proposed \$300 million.

For USAID mission security funds in Iraq, House-Senate conferees provide \$101 million for combined additional USAID operating expenses in Iraq, Afghanistan, and Sudan, but did not specify a precise level for Iraq. The Administration had proposed \$119.6 million for expenses in Iraq alone, and a combined total of \$141.6 million for mission operations in the three posts. While the Senate-passed bill fully funded the USAID OE request for Iraq, the House cut the proposal \$61.6 million. The House Appropriation Committee noted that the amounts provided in the House measure were for FY2006, and that the \$58 million balance for FY2007 would be covered by the transfer of unobligated balances remaining in the Iraq Relief and Reconstruction Fund (IRRF) enacted in the FY2004 emergency supplemental appropriation act.

Iraq Stabilization Assistance⁶¹

Of the total requested for non-DOD Iraq funding, roughly half — \$1.6 billion — was intended for so-called “stabilization” assistance. By entitling its effort “stabilization” instead of “reconstruction,” the Administration appeared to be emphasizing that the new funds were not going to be used for actual construction of economic infrastructure, as nearly 40% of reconstruction funds from all spigots have been employed previously. For all intents and purposes, however, these funds would bolster many of the existing economic infrastructure programs currently being conducted under the Iraq Relief and Reconstruction Fund (IRRF). They would also provide continued support to the democratization and governance programs that, along with health, education, and private sector assistance, currently account for about 22% of all aid to Iraq. In the FY2007 Foreign Operations appropriations request, the Administration has proposed an additional \$749 million, mostly for similar democratization and rule of law programs.⁶² The training and equipping of security forces, once funded under the IRRF, and currently accounting for about 38% of total aid to Iraq, are now supported under the DOD-managed Iraq Security Forces Fund (ISFF).

The supplemental funding request chiefly appeared to address three major issues of current concern to those implementing the reconstruction program:

- **Security.** Reconstruction progress has been severely undermined by the insurgency which has directly targeted key infrastructure for

⁶¹ Prepared by Curt Tarnoff, Specialist in Foreign Affairs.

⁶² The House, in H.R. 5522, reduced the FY2007 Iraq request to \$522 million.

destruction. The supplemental proposed \$287 million to help secure oil, electricity, and water infrastructure.

- Sustainability.** As more large-scale construction projects have been completed with U.S. assistance, there has been increasing concern regarding the financial and technical capacity of Iraqis to maintain them in the long run. The supplemental requested \$355 million to assist the Iraqis to operate, maintain, and sustain these projects. In the past, this has been accomplished largely by providing training and replacement parts.
- Provincial Reconstruction Teams (PRTs).** Following the example established in Afghanistan, the State Department sought to set up at least eight PRTs throughout Iraq, up from the three established in the past few months. PRTs consist of officials from USAID, State, the military, and other agencies who work with Iraqi local government committees to identify economic and political development projects that can be implemented with U.S. financing. While enabling aid workers to escape the isolation of the “green zone” and expand outreach to the provinces, they are also viewed as a way to improve coordination of aid, especially of DOD-CERP funds and State-controlled funding. Reported concerns regarding the availability of sufficient “volunteers” to staff the PRTs as well as questions regarding the willingness of the U.S. military to divert personnel to provide adequate security may hinder their planned development. The Administration proposed \$675 million to be disbursed by the PRTs (a separate request of \$400 million in PRT operational costs is discussed above).

Table 12. Iraq Stabilization and State Department Operations
(\$s — millions)

Activity (appropriation account) ^a	FY2006 Supp. Request	FY2006 Supp. House	FY2006 Supp. Senate	FY2006 Supp. Enacted	FY2007 Regular Request
Provincial reconstruction teams/employment (ESF) ^b	\$675.0	\$675.0	\$675.0	\$1,485.0 ^c	—
Infrastructure security (ESF)	\$287.0	\$287.0	\$287.0	^c	—
Infrastructure sustainment (ESF)	\$355.0	\$355.0	\$355.0	^c	\$154.0
Nat'l capacity building-democracy & rule of law (ESF) ^b	\$172.0	\$172.0	\$172.0	^c	\$112.3
Prison construction/Protection of judges (INCLE)	\$107.7	\$81.4	\$104.4	\$91.4	\$1.0
Ministry of Finance technical assistance (IFTA)	\$13.0	\$13.0	\$13.0	\$13.0	—

Activity (appropriation account) ^a	FY2006 Supp. Request	FY2006 Supp. House	FY2006 Supp. Senate	FY2006 Supp. Enacted	FY2007 Regular Request
U.S. mission operations/Provincial reconstruction teams (DCP)	\$1,497.5	\$1,324.1	\$1,337.5	\$1,327.3	\$65.0
Special Inspector General & State IG	\$25.3	\$25.3	\$25.3	\$25.3	—
USAID mission security and operations (USAID/OE) ^d	\$119.6	\$61.6 ^d	\$119.6	\$101.0 ^d	—
U.S. Peace Institute	\$0.0	\$1.3	\$0.0	[\$1.0]	—
Subtotal, Aid and State Department Operations	\$3,252.1	\$2,995.7	\$3,088.8	\$3,043.0	\$332.3
Criminal Justice System Legal Support (DOJ)	\$5.5	\$3.0	\$4.5	\$4.0	—
Firearms Trafficking, explosives, arson ops (BATFE)	\$5.0	\$4.1	\$4.0	\$4.0	—
Iraq Threat Finance Cell and Treasury Attache (DOT)	\$1.8	\$1.8	\$1.8	\$1.8	—
TOTAL, Iraq	\$3,264.4	\$3,004.6	\$3,099.1	\$3,052.8	\$332.3

Source: Department of State and CRS calculations based on H.Rept. 109-388, S.Rept. 109-230, and H.Rept. 109-494, with modifications to reflect House and Senate floor amendments.

Note: Data in this table reflect ongoing and FY2007 proposed funding for programs the same as or similar to those requested in the FY2006 supplemental. The TOTAL line does not represent total aid or mission operations for Iraq. Excluded from this table is \$32.7 million requested for FBI operations in both Iraq and Afghanistan.

- See **Table 11** for listing of appropriation account acronyms.
- In addition to new appropriations for these activities, the House bill directed that funds be transferred from previous Iraq Relief and Reconstruction Fund (IRRF) appropriations for Provincial Reconstruction Teams (\$152 million) and for democracy and rule of law programs (\$33.5 million). These amounts were the same as what the Administration had planned to spend for these activities out of the IRRF account. The Senate bill directed that \$104.5 million of ESF for Iraq should be available for broad-based democracy programs in Iraq. The conference agreement provides \$50 million for democracy, rule of law, and reconciliation programs.
- The \$1.485 billion ESF total for Iraq includes funding for all Iraq stabilization ESF activities.
- The House bill directed that \$58 million be transferred from the IRRF to provide USAID mission security in FY2007. The conference agreement combines amounts for USAID OE expenses in Iraq, Afghanistan, and Sudan without specifying a total for each mission. The \$101 million figure for Iraq includes some amounts for Afghanistan and Sudan.

Like the FY2007 request, the FY2006 supplemental request would provide significant funding to governance, democratization and rule of law programs at all levels of government in Iraq. These efforts would include \$125 million to help the Iraqi ministries to improve their ability to operate, \$37 million to assist the Iraqi Special Tribunal that is investigating and trying Saddam Hussein and others, \$100 million to construct correctional facilities, and \$10 million for broad democracy activities such as parliamentary and civil society development.

The proposed legislation would also amend the FY2004 supplemental to alter the allocation of \$18.4 billion that had been approved by Congress for each major reconstruction sector — most recently by statute in September 2004. Periodically, the allocations had been changed to the extent allowed by law without need for further legislation. The amendment proposed would give the Administration greater flexibility by aligning the legislated allocations with current needs, by making remaining funds available for four years from the current expiration date of end of FY2006, and by allowing any obligated funds to be reobligated regardless of sectoral allocation restrictions.

Congressional Action. As enacted, H.R. 4939 provides \$1.59 billion for the Iraq stabilization aid, slightly higher than the House-passed level, but about \$20 million less than the request and the Senate. Within the total, conferees direct that \$50 million support USAID's Iraq Community Action Program, of which \$5 million is transferred to the Marla Ruzicka Iraqi War Victims Fund. The Senate measure had allocated \$75 million and \$10 million, respectively, for these two activities. The final bill further allocates \$50 million for democracy, rule of law, and reconciliation programs and identifies seven organizations that will administer the funds. Through an amendment by Senator Kennedy, the Senate-passed measure had directed that \$104.5 million should be used for broad-based democracy programs, managed by non-governmental organizations in Iraq.

The enacted bill also extends the expiration date for use of the IRRF by one year to the end of FY2007 instead of to the end of FY2010, as requested. Conferees, however, did not include a provision described by the House Appropriations Committee as an effort to bring the Iraq program into the structure of a more traditional foreign aid program. The House-passed measure had included language that would transfer from the IRRF into ESF \$185.5 million. This amount was equal to that of IRRF funding previously allocated to projects, such as those supporting the PRTs and Ministerial Capacity Development, which also were to be funded with new FY2006 supplemental appropriations.

In earlier congressional action, the House-passed bill included nearly full funding of the request, reduced primarily by an amendment offered by Representative Burton that redirected \$26.3 million from Iraq for prison construction and protection of judges in order to increase funding for Colombia's counter-narcotics programs. In addition, H.R. 4939, as passed in the House, rejected the proposed re-allocation of funds within the IRRF that would have allowed the Administration greater future flexibility to move funds between sectors. In report language, the Committee directed that no new funding for the PRTs is to be permitted until an assessment of pilot PRTs, a program plan, and other reporting requirements are met by the Department of State. The Senate bill fully funded the request at \$1.6 billion.

Afghanistan⁶³

The FY2006 supplemental request included several provisions intended to continue U.S. efforts to stabilize Afghanistan and continue security and economic

⁶³ Prepared by Kenneth Katzman, Specialist in Middle Eastern Affairs.

reconstruction efforts. The supplemental was in addition to about \$877 million in total foreign aid previously appropriated for Afghanistan in FY2006. The supplemental request further followed the Administration proposal for about \$1.1 billion in FY2007 aid funds. Key elements of the supplemental request were:

- \$16 million for FY2007 security requirements for USAID operations in Afghanistan;
- \$50 million for the State Department for security costs of protecting U.S. facilities and personnel. This would more than double the amount already appropriated in regular FY2006 appropriations;
- \$3.4 million in refugee assistance to support shelter and ensure food supplies to Afghan refugees returning from Pakistan. UNHCR expects that about 730,000 Afghans will return in FY2006, nearly twice as many as previously estimated. This would augment \$36.8 million already allocated to help repatriate Afghan refugees this year;
- \$11 million as a subsidy appropriation that would cover the costs of cancelling roughly \$110 million in debt owed by Afghanistan to the United States. If not provided in the supplemental spending measure, the Administration said that it would be necessary to reallocate existing foreign aid funds for Afghanistan in order to provide the debt relief; and
- \$32 million in ESF for emergency power sector projects needed for a larger “Northeast Transmission Project” which would supply electricity to Kabul and other northern cities and reduce Afghanistan’s need to import diesel fuel.

Table 13. Afghanistan Aid Supplemental
(\$s — millions)

Activity (appropriation account) ^a	FY2005 Actual	FY2006 Regular Enacted	FY2006 Supp. Request	FY2006 Supp. House	FY2006 Supp. Senate	FY2006 Supp. Conf.	FY2007 Regular Request
Infrastructure aid (ESF)	\$379.2	\$145.0	\$32.0	\$5.0	\$32.0	\$32.0	\$230.0
Debt relief	—	—	\$11.0	\$0.0	\$11.0	\$11.0	—
Afghan refugees (MRA)	\$47.1	\$36.8	\$3.4	\$3.4	\$7.4	\$3.4	\$38.0
U.S. mission security (DCP)	\$90.5	\$47.0	\$50.1	\$50.1	\$50.1	\$50.1	\$82.0
USAID mission security (OE)	\$37.3	\$9.7	\$16.0	\$0.0	\$16.0	^b	\$13.3
Total	\$554.1	\$238.5	\$112.5	\$58.5	\$116.5	\$96.5	\$363.3

Source: Department of State and CRS calculations based on H.Rept. 109-388, S.Rept. 109-230, and H.Rept. 109-494, with modifications to reflect House and Senate floor amendments.

Note: Data in this table reflect ongoing and FY2007 proposed funding for programs the same as or similar to those requested in the FY2006 supplemental. The **total** line does not represent total aid or mission operations for Afghanistan. Excluded from this table is \$32.7 million requested for FBI operations in both Iraq and Afghanistan.

- a. See **Table 11** for listing of appropriation account acronyms.
- b. USAID mission security funds are included in a total appropriation of \$101 million available for missions in Iraq, Afghanistan, and Sudan.

In addition to proposed foreign aid and diplomatic/security resources, the Administration further sought substantial amounts of Defense Department funds for security force training and counter-narcotics activities. The DOD portion of the supplemental included \$2.2 billion for an “Afghan Security Forces Fund” to continue the effort to equip and train the 35,000-member Afghan National Army (ANA) and 55,000-person Afghan National Police (ANP). The ANP is near its target size, but the building of the ANA has progressed more slowly than expected and it is about half its target size. In addition, \$192.8 million would support U.S. military assistance to U.S. and Afghan counter-narcotics efforts in Afghanistan. The Defense Department supports the effort by transporting U.S. and Afghan counter-narcotics teams, providing search and rescue for them, and other support. Prior to FY2005, both the security force assistance and counter-narcotics programs were funded out of the State Department’s budget, not DOD.

Congressional Action. H.R. 4939, as enacted, fully funds the request for State Department mission security and assistance for Afghanistan. Conferees, however, did not specifically allocate USAID mission security funds among Iraq, Afghanistan, and Sudan. Because the \$101 million for all three operations is well below the \$141.6 million request, it is likely that funding for mission security in Afghanistan will fall below the \$19.6 million request.

In earlier actions, the Senate-passed measure funded Afghanistan aid and operations activities at the proposed levels while the House bill proposed about half the requested level. The House measure provided \$5 million for the Northwest Kabul Power Plant, but deferred consideration of \$27 million for the Northeast Transmission system. The House also deferred action on \$11 million for cancelling Afghanistan’s debt owed to the United States and on \$16 million for USAID mission security in the country. In reporting the bill, the House Appropriations Committee noted that the regular FY2006 appropriation provided \$205 million for infrastructure and other reconstruction that cannot be obligated until Secretary Rice certifies that Afghanistan is fully cooperating with poppy eradication and interdiction efforts. Since the certification had not been issued, the Committee felt that additional funds should not be provided until it was certain that existing appropriations will be made available.

On related Afghan funding matters, conferees provide \$1.91 billion out of DOD funds for Afghan security force training, the same as passed the Senate. This is higher than the House level of \$1.85 billion, but below the \$2.2 billion request. The enacted measure also cuts DOD funding for Afghan counter-narcotics programs to

\$150.5 million, well below the \$193 million request, and slightly less than House and Senate levels of \$157 million and \$154.6 million, respectively.

Iran⁶⁴

The FY2006 supplemental request sought significant increases in funding for pro-democracy activists in Iran. Although characterized as support for “democracy promotion,” the funding increase appeared to some to reflect a step towards pursuing a “regime change” option in U.S. policy toward Iran. The request appeared to indicate that the Administration believed that international diplomacy with Iran to curb its nuclear program was faltering, and that the risks of angering Iran’s government had been reduced.

The United States began funding Iranian pro-democracy groups in FY2004. The Foreign Operations appropriation for FY2004 (P.L. 108-199) earmarked up to \$1.5 million for “grants to educational, humanitarian and non-governmental organizations and individuals inside Iran to support the advancement of democracy and human rights in Iran.” The State Department’s Bureau of Democracy and Labor (DRL) gave \$1 million of those funds to a U.S.-based organization, the Iran Human Rights Documentation Center, to document abuses in Iran, using contacts with Iranians in Iran. The FY2005 Foreign Operations appropriation (P.L. 108-447) provided an additional \$3 million for similar democracy promotion efforts in Iran. State’s DRL says it did not publicly announce winning grantees on security grounds, but that priority areas were political party development, media development, labor rights, civil society promotion, and promotion of respect for human rights. The FY2006 Foreign Operations appropriation (P.L. 109-102) expands the program further, appropriating up to \$10 million in democracy promotion funds for use in Iran, drawn from a “Democracy Fund” and the Middle East Partnership Initiative (MEPI).

On February 15, 2006, Secretary Rice testified before the Senate Foreign Relations Committee that the Administration planned to seek supplemental FY2006 funds totaling \$75 million, to be controlled by the State Department, for democracy promotion in Iran. According to the supplemental request:

- \$15 million would be used to support civic education in Iran and help organize Iranian labor unions and political organizations (through such U.S. organizations as the International Republican Institute, National Democratic Institute, and National Endowment for Democracy.
- \$5 million was to go to Educational and Cultural Exchange Programs to sponsor Iranian students to visit the United States
- \$5 million would be for Internet and other media efforts to reach the Iranian public.

⁶⁴ Prepared by Kenneth Katzman, Specialist in Middle Eastern Affairs.

- \$50 million would be used for increased U.S. broadcasting to Iran. Although these funds were requested under the Economic Support Fund account, and not through the independent (non-State Department) Broadcasting Board of Governors, which normally manages U.S. broadcasting operations, the request sought authority to transfer the funds “if necessary,” to Radio Free Europe/Radio Liberty (RFE/RL)-operated broadcasting services into Iran that began in October 1998.⁶⁵ As of December 2002, the radio service has been called Radio Farda (“Tomorrow” in Farsi), which now broadcasts 24 hours per day. A U.S.-sponsored television broadcast service to Iran, run by the Voice of America (VOA), began operations on July 3, 2003, and now broadcasts three hours a day. However, the Administration says that some of the funding might be used for U.S.-based exile-controlled media broadcasting.

Congressional Action. H.R. 4939, as enacted, provides \$66.1 million for Iran programs, below the \$75 million, but about midway between the House- and Senate-passed levels of \$56.1 million and \$75.1 million, respectively. Conferees fully fund student exchanges and media-related proposals, increase democracy programs to \$20 million, and reduce the request for broadcasting to \$36.1 million. Instead of providing these latter funds through the flexible Economic Support Fund account, the final bill, as proposed by the House and Senate, channels the money through the Broadcasting Board of Governors, the traditional way of funding international broadcasting operations.

During earlier consideration, the House rejected three amendments — two offered by Representative Garrett and one by Representative Foxx — that would have collectively deleted \$46.1 million of the \$56.1 million included in the bill for Iran programs.

Sudan — Darfur and Other Sudan⁶⁶

The Administration sought a total of \$514 million in supplemental funds for Sudan, divided between humanitarian and peacekeeping support in the Darfur region (\$389 million) and other parts of Sudan, mainly in support of the North-South Peace Agreement (\$125 million).

Darfur Crisis. The crisis in Darfur began in February 2003, when two rebel groups emerged to challenge the National Islamic Front (NIF) government in Darfur. The Sudan Liberation Army (SLA) and the Justice and Equality Movement (JEM) claim that the government of Sudan discriminates against Muslim African ethnic groups in Darfur and has systematically targeted these ethnic groups since the early 1990s. The government of Sudan dismisses the SLA and JEM as terrorists. The conflict in Darfur burgeoned when the government of Sudan and its allied militia

⁶⁵ The service began when Congress funded it (\$4 million) in the FY1998 Commerce, Justice, and State Departments appropriation (P.L. 105-119). It was to be called “Radio Free Iran.”

⁶⁶ Prepared by Ted Dagne, Specialist in International Relations.

began a campaign of terror against civilians in an effort to crush the rebellion and to punish the core constituencies of the rebels. Since 2003, an estimated 300,000-400,000 civilians have been killed, more than two million have been displaced and currently live in camps, and more than half of the population have been affected directly and are dependent on international support. The atrocities against civilians continue in Darfur, according to U.N. reports, U.S. officials, and human rights groups. Congress and the Bush Administration have called the atrocities genocide. The African Union has deployed an estimated 7,700 peacekeeping troops, including military observers and civilian police.

The \$389 million supplemental request came on top of over \$500 million in humanitarian relief provided by the United States to Darfur in FY2005 and roughly \$280 million available from FY2006 appropriations. Major elements of the supplemental request included:

- \$66 million for immediate, life-saving needs of victims of the Darfur crisis, including health care, access to water and sanitation, and shelter;
- \$150 million for additional food assistance, an amount that would meet about 50% of food needs in Darfur and eastern Chad, up from the roughly 27% level currently;
- \$11.7 million in refugee relief in Darfur and eastern Chad;
- \$123 million in support of the African Union Mission in Sudan (AMIS). Although AMIS funding was not requested by the Administration in the regular FY2006 appropriation cycle, in late 2005 as Congress concluded debate on the Foreign Operations spending measure, Secretary of State Rice asked that funds be added to the final bill. While no additional funds were approved, through reallocations and reprogrammings from other peacekeeping funds, the State Department had made \$33 million available for AMIS in FY2006 at the time of the supplemental request. That amount increased to \$57 million by June 2006; and
- \$38.1 million to support the transition of the current African Union peacekeeping mission in Darfur to a possible U.N. peacekeeping operation.

Table 14. Sudan Supplemental
(\$s — millions)

Activity (appropriation account) ^a	FY2006 Regular Estimate	FY2006 Supp. Request	FY2006 Supp. House	FY2006 Supp. Senate	FY2006 Supp. Enacted
Darfur:					
Humanitarian relief (IDFA)	\$40.0	\$66.3	\$66.3	\$66.3	\$66.3
Refugees/conflict victims in Darfur & Chad (MRA)	\$64.0	\$11.7	\$11.7	\$11.7	\$11.7
PL480 food aid	\$167.0	\$150.0	\$150.0	\$150.0	\$150.0
African Union peacekeeping mission (PKO)	\$13.0	\$123.0	\$173.0	\$173.0	\$173.0
U.N. peacekeeping mission in Darfur (CIPA)	\$0.0	\$38.1	\$98.1	\$98.1	\$98.1
Subtotal, Darfur	\$284.0	\$389.1	\$499.1	\$499.1	\$499.1
Southern Sudan:					
Refugees returning to southern Sudan	\$22.0	\$12.3	\$12.3	\$12.3	\$12.3
PL480 food aid	\$73.3	\$75.0	\$75.0	\$75.0	\$75.0
U.N. peacekeeping mission in southern Sudan (CIPA)	\$247.0	\$31.7	\$31.7	\$31.7	\$31.7
USAID mission in Juba (OE)	\$0.0	\$6.0	\$0.0	\$6.0	^b
Subtotal, Southern Sudan	\$342.3	\$125.0	\$119.0	\$125.0	\$119.0
Total, Sudan	\$626.3	\$514.1	\$618.1	\$624.1	\$618.1

Source: Department of State and CRS calculations based on H.Rept. 109-388, S.Rept. 109-230, and H.Rept. 109-494, with modifications to reflect House and Senate floor amendments.

Note: Data in this table reflect ongoing funding for programs the same as or similar to those requested in the FY2006 supplemental. The **Total** line does not represent total aid or mission operations for Sudan.

a. See **Table 11** for listing of appropriation account acronyms.

b. USAID mission security funds are included in a total appropriation of \$101 million available for missions in Iraq, Afghanistan, and Sudan.

Congressional Action. The conference agreement on H.R. 4939 provides \$499 million for Darfur, \$110 million above the request. As passed in both the House and Senate, the enacted bill adds \$50 million in support of the African Union peacekeeping mission and \$60 million for the CIPA account to assist in the transition from the current African Union peacekeeping mission in Darfur to a U.N. mission. The House increase for AMIS operations came on an amendment by Representative Capuano (approved 213-208). In the Senate, an amendment by Senator Menendez added \$60 million to the requested level for a U.N. peacekeeping mission in Darfur, an amount offset by a reduction in State Department operation costs in Iraq.

The North-South Peace Agreement and Aid for Non-Darfur Sudan.

On January 9, 2005, the government of Sudan and the Sudan People's Liberation Movement (SPLM), after two and half years of negotiations, signed the Sudan Comprehensive Peace Agreement at a ceremony in Nairobi, Kenya. The signing of this agreement effectively ended the 21-year old civil war and triggered a six-year Interim Period. At the end of the Interim Period, southern Sudanese will hold a referendum to decide their political future. Full and timely implementation of the peace agreement, however, has been slow, raising concerns about potential conflict between the two sides. Some important provisions of the agreement have not been implemented, including commissions, withdrawal of troops, transfer of funds to South Sudan, and the marginalization of some ministries by the National Congress Party. Moreover, on July 30, 2005, First Vice President and Chairman of the Sudan People's Liberation Movement (SPLM), Dr. John Garang, was killed in a plane crash in southern Sudan (discussed below). His death triggered violence between government security forces and southerners in Khartoum and Juba. More than 100 people were killed. In early August 2005, the SPLM Leadership Council appointed Salva Kiir as Chairman of the SPLM and First Vice President of Sudan. The United Nations has deployed an estimated 5,500 peacekeeping troops in support of the peace agreement and the number is expected to increase to 10,715. The United States has been a key player in the negotiations process and remains active.

The FY2006 supplemental request included \$125 million for southern Sudan and other areas of the country outside of Darfur:

- \$12.3 million to assist in a higher-than-expected level of the return to southern Sudan of refugees and internally displaced persons. This would be on top of \$28 million planned in the FY2007 refugee aid budget proposal when another 150,000 refugees are expected to return.
- \$75 million in food aid to support about three million internally displaced persons and returning refugees throughout Sudan. As in the case of Darfur, the supplemental package was expected to meet 50% of the food aid needs, compared to existing levels that will reach only 29% of the target.
- \$6 million for opening USAID offices in the capital of South Sudan, Juba, and Khartoum.
- \$31.7 million to increase U.S. support for the U.N. peacekeeping mission in Sudan (UNMIS). Separately, the Administration seeks \$442 million for UNMIS in its FY2007 regular appropriation request.

Congressional Action. As agreed in conference, H.R. 4939 includes full funding for the aid and peacekeeping portions of the southern Sudan supplemental request (\$119 million). In earlier action, the House and Senate had approved these same funding levels. Amounts for the remaining element — \$6 million for USAID offices in Juba and Khartoum — is less certain. Conferees provide \$101 million for the combined USAID mission operations in Iraq, Afghanistan, and Sudan, down

from a combined request of \$141 million. It is possible that the Sudan mission will not receive the full \$6 million requested.

Pakistan

On October 8, 2005, an earthquake of magnitude 7.6 struck Pakistan, India, and Afghanistan. Over 73,000 died in Pakistan and 2.8 million became homeless. At a donors conference in November, the United States pledged a total of \$510 million for earthquake relief and reconstruction, of which \$300 million would come from U.S. economic and humanitarian assistance programs.⁶⁷

Without additional funds added to the regular FY2006 Foreign Operations spending measure for earthquake relief, USAID has been drawing on contingency funds and reallocating existing appropriations to meet emergency requirements for earthquake victims. The \$126.3 million supplemental proposal would replenish some of these diverted funds, plus provide resources for continuing reconstruction efforts. The Administration said because of the sizable drawdown — estimated to be \$70 million — from the International Disaster and Famine Assistance account — the ability of the United States to respond to other global disasters in FY2006 would be seriously undermined. The \$70 million allocation for Pakistan earthquake relief represented about 17% of USAID's worldwide emergency disaster budget.

Table 15. Pakistan Supplemental
(\$s — millions)

Appropriation Account	FY2005 Actual	FY2006 Regular Enacted	FY2006 Supp. Request	FY2006 Supp. House	FY2006 Supp. Senate	FY2006 Supp. Enacted	FY07 Reg. Req.
Int'l Disaster & Famine Assistance	—	—	\$70.0	\$70.0	\$70.0	\$70.0	—
Economic Support Fund	\$297.6	\$297.0	\$40.5	\$40.5	\$40.5	\$40.5	\$350.0
Child Survival & Health	\$21.0	\$26.9	\$5.3	\$5.3	\$5.3	\$5.3	\$21.7
Development Assistance	\$29.0	\$30.1	\$10.5	\$10.5	\$10.5	\$10.5	\$29.0
Total	\$347.6	\$354.0	\$126.3	\$126.3	\$126.3	\$126.3	\$400.7

Source: Department of State and CRS calculations based on H.Rept. 109-388, S.Rept. 109-230, and H.Rept. 109-494, with modifications to reflect House and Senate floor amendments.

Note: Data in this table reflect ongoing and FY2007 proposed funding for programs the same as or similar to those requested in the FY2006 supplemental. The TOTAL line does not represent total aid for Pakistan.

⁶⁷ The balance of the pledge was made up of Defense Department in-kind support for relief operations (\$110 million) and assumed U.S. private donations (\$100 million).

Congressional Action. As enacted, H.R. 4939 fully funds the request for Pakistan earthquake assistance in order to reimburse funds that were previously reprogrammed to meet emergency needs.

Other Foreign Assistance Proposals

Beyond the proposed aid packages for Iraq, Iran, Sudan, and Pakistan, the Administration also sought several other foreign assistance items:

- \$13.8 million in refugee assistance for the return and reintegration of Liberian refugees and internally displaced persons. With elections in November 2005 and the inauguration of a new government in January 2006, the pace of voluntary refugee returns has accelerated, with 120,000 expected to return in 2006. The Administration said that the \$13.8 million supplemental would provide the U.S. “fair share” contribution to U.N. High Commissioner for Refugees and International Committee for the Red Cross appeals.
- \$125 million in additional PL480 food assistance for FY2006, primarily to address emerging crises in East and Central Africa.
- \$10 million from the refugee account for the World Food Program in order to avert potential pipeline breaks in refugee feeding programs in Africa.

Congressional Action. The supplemental measure, as enacted, provides the full request of \$125 million for food aid in East and Central Africa, increases the World Food Program amount to \$12 million, and adds an additional \$50 million for Liberia, for a total appropriation of \$63.8 million.

House- and Senate-passed bills further addressed issues not included in the Administration’s international request. One such item concerned existing conditions placed on assistance to the Palestinian Authority. During House Committee markup, the panel adopted an amendment by Representative Kolbe barring any aid to the Palestinian Authority or any successor entity until the Secretary of State certifies that such entity is committed to the principles of nonviolence, the recognition of Israel, and the acceptance of previous agreements and obligations, including the peace Roadmap. The Senate measure included a similar provision, but added a Presidential waiver of these restrictions based on national security interests. The enacted measure includes conditions on aid to the Palestinian Authority, plus a waiver similar to that added by the Senate.

The enacted bill further includes a House-passed amendment that bans the obligation of existing appropriations for the West Bank and Gaza until the Secretary, in consultation with the Committee, reviews current aid programs and provides to Congress a revised plan of assistance. The Secretary’s revised plan must ensure that U.S. aid is not provided to or through any individuals or organizations engaged in terrorist activities.

During floor debate on H.R. 4939, the House adopted (250-172) an amendment submitted by Representative Burton that redirected \$26.3 million in funds requested for Iraq prison construction and protection of judges to support additional counter-narcotics requirements in Colombia. Specifically, the \$26.3 million would fund the purchase and operations costs of three D-3 aircraft for use by the Colombian Navy in interdiction and support missions. The Senate bill did not provide the Colombia aircraft funding. As enacted, H.R. 4939 includes \$13 million for maritime surveillance aircraft for Colombia.

On other Colombia-related matters, the Senate-passed bill provided \$2.5 million in refugee assistance for Colombia and, as a result of an amendment by Senator Leahy, allocated \$3.3 million for the demobilization process in Colombia. The demobilization funds were a redirection of money proposed for prison construction in Iraq. Conferees include the \$3.3 million demobilization funds for Colombia but do not mention refugee assistance.

For other items not requested or included in the House bill, the Senate measure provided \$42.5 million for refugee assistance in Somalia, the Horn of Africa, the Congo, North Caucasus, North Asia, and Burma. The conference agreement pares this total to \$22.5 million, with an allocation of \$5 million for Burma and the balance divided among “other” requirements. Other Senate-passed items included:

- Haiti — \$35 million in ESF for economic development (\$10 million), police reform (\$10 million), and judicial and legal reforms (\$15 million) and \$5 million in CSH for critical health needs. Conferees approved half of the Senate-approved level for a total of \$20 million for Haiti from ESF and CSH accounts.
- Congo — \$5 million to support upcoming elections and \$8.2 million for training, equipment, and other assistance for security forces that are supporting peacekeeping operations. The conference agreement provides \$2.5 million for election support and \$5 million in peacekeeping funds.
- Jordan — \$100 million for economic and social reforms, including infrastructure, training and education. Conferees set economic aid for Jordan at \$50 million.
- West Africa and the Horn of Africa drought relief — \$35 million. The conference agreement provides \$25 million.
- Guatemala — \$12 million to assist victims of Hurricane Stan. The enacted bill includes \$6 million.

Conferees rejected a Senate-passed rescission proposal — to cancel \$47 million of previously appropriated ESF money for Egypt — an amount that would come from the cash transfer portion of annual U.S. assistance to Cairo. The conference agreement, however, includes a total of \$44 million in rescissions from peacekeeping (\$7 million) and the Export-Import Bank (\$37 million).

Hurricane Recovery and Disaster Supplemental

Overview

On February 16, 2006, the President proposed an FY2006 emergency supplemental appropriations of \$19.8 billion for continuing federal recovery and reconstruction activities in response to the 2005 Gulf Coast hurricanes, primarily Hurricane Katrina. These appropriations would have been in addition to the supplemental appropriations already enacted in response to the 2005 hurricanes, including two FY2005 supplementals — \$10.5 billion from P.L. 109-61 (September 2, 2005) and \$51.8 billion from P.L. 109-62 (September 8, 2005).

In addition, Division B of P.L. 109-148, the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (December 30, 2005), provided \$28.6 billion for hurricane relief, of which \$23.4 billion was offset by a reallocation from the Department of Homeland Security Disaster Relief Fund (DRF). Also, the President has estimated that \$8 billion has been approved for tax relief for persons of the Gulf Coast. According to the Administration, existing funding was estimated to allow the continuation of hurricane recovery activities through March 2006.⁶⁸

Of the \$19.8 billion requested, most of the funds were proposed for 11 departments and agencies, as shown in **Table 16**. Under the request, nearly half the funds — \$9.9 billion — were designated for the Department of Homeland Security (DHS), and almost all of the DHS funds would have been allocated for the Federal Emergency Management Agency (FEMA). The Department of Housing and Urban Development would have received \$4.4 billion, most of which would have been allocated for community planning and development under the Community Development Block Grant (CDBG).

The Department of Defense and the Army Corps of Engineers would have received \$3.3 billion (\$5.5 billion under the April 25, 2006 revision to the request), with these funds primarily to be used for flood control and coastal emergencies, procurement, and construction. The Small Business Administration (SBA) would have received \$1.3 billion for loans to homeowners, renters, and businesses. The Department of Veterans Affairs would have received \$600 million to replace the VA medical center in New Orleans. The Department of the Interior would have received \$216 million, primarily for the Fish and Wildlife Service.

On April 25, 2006, the Administration revised its supplemental request. The revision increased funding for the Army Corps of Engineers by \$2.2 billion to assist in post-Katrina recovery efforts; this amount was offset by a \$2.2 billion reduction

⁶⁸ For an overview of supplemental appropriations in response to the 2005 hurricanes, see CRS Report RS22239, *Emergency Supplemental Appropriations for Hurricane Katrina Relief*, by Keith Bea. For a summary of emergency supplemental funding in prior years, please see CRS Report RL33226, *Emergency Supplemental Appropriations Legislation for Disaster Assistance: Summary Data FY1989 to FY2005*, by Justin Murray.

in funding requested for FEMA Disaster Relief Fund.⁶⁹ Also on April 25, the Administration strongly objected to most funding increases proposed by the Senate Committee on Appropriations in its version of the FY2006 supplemental bill, and promised that the President would veto any bill providing more than \$92.2 billion, exclusive of supplemental funds for pandemic influenza preparedness.⁷⁰ In particular, it singled out funds provided by the bill as reported by the Senate Committee on Appropriations that were in excess of the amount requested by the President for FEMA, CDBG, highways and railroad track relocation, agriculture, and the National Oceanic and Atmospheric Administration (NOAA). It did not specifically object to additional education funding that is provided in the Senate-reported bill, and it agreed to additional funding for pandemic influenza preparedness and prevention.

Table 16. Summary of FY2006 Supplemental for Hurricane Recovery and Disaster Assistance
(\$s — millions)

Department or Agency	Supp. Request	Supp. House	Supp. Senate	Supp. Conf.
Department of Agriculture	\$55.0	\$75.0	\$499.9	\$152.5
National Oceanic and Atmospheric Administration	\$32.8	\$11.8	\$1,167.0	\$150.0
Small Business Administration	\$1,254.0	\$1,254.0	\$1,254.0	\$542.0
Department of Defense	\$1,809.4	\$1,347.0	\$1,743.8 ^a	\$1,487.7
Army Corps of Engineers	\$1,460.0	\$1,460.0	\$4,001.5	\$3,685.9
Department of Homeland Security	\$9,875.0	\$9,905.3	\$11,082.9	\$6,662.0
Department of the Interior	\$216.0	\$216.0	\$296.0	\$265.0
Department of Education	\$0.0	\$0.0	\$881.5	\$285.0
Department of Veterans Affairs	\$600.0	\$550.0	\$623.0	\$585.9
Department of Transportation	\$0.0	\$0.0	\$1,494.0	\$702.4
Department of Transportation rescission	\$0.0	\$0.0	\$0.0	(\$702.4)
Department of Housing and Urban Development	\$4,402.0	\$4,200.0	\$5,402.2	\$5,200.0
Other Departments and Agencies ^b	\$59.7	\$87.0	\$409.7	\$322.5
Total, Title II Hurricane Recovery	\$19,763.9	\$19,106.1	\$28,855.5	\$19,338.5
Agricultural Disaster Assistance	\$0.0	\$0.0	\$3,944.0	\$500.0

⁶⁹ For details, please see:
[http://www.whitehouse.gov/omb/budget/amendments/supplemental_4_25_06.pdf].

⁷⁰ For details, please see:
[http://www.whitehouse.gov/omb/budget/amendments/supplemental_11_01_05.pdf].

Department or Agency	Supp. Request	Supp. House	Supp. Senate	Supp. Conf.
Pandemic Influenza Preparedness	\$0.0	\$0.0	\$2,589.0	\$2,300.0
Border Security	\$0.0	\$0.0	\$1,900.0	\$1,900.0
Capitol Tunnels	\$0.0	\$0.0	\$27.6	\$27.6
Mine Safety	\$0.0	\$0.0	\$35.6	\$35.6
Low Income Home Energy Assistance	\$0.0	\$750.0	\$0.0	\$0.0
Hawaii Waters	\$0.0	\$0.0	\$1.0	\$0.0
Veterans Medical Services	\$0.0	\$0.0	\$430.0	\$0.0
Drought Assistance	\$0.0	\$0.0	\$12.5	\$0.0
Port Security Enhancements	\$0.0	\$0.0	\$648.1	\$0.0
Total, Other Activities	\$0.0	\$750.0	\$9,587.8	\$4,763.2

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

Note: Totals may not add because of rounding. On April 25, 2006, the Administration revised its request by increasing the amount for the Army Corps of Engineers by \$2.2 billion and decreasing the request for FEMA at the Department of Homeland Security by the same amount. In a separate statement, it provided support for supplemental funding for pandemic influenza preparedness. On May 18, 2006, the Administration revised its request again, by requesting \$1.9 billion for border security, primarily funded through Defense and Homeland Security, and decreasing Defense, primarily procurement, by the same amount. The table shows only the initial request and not the revisions.

- a. The Senate adopted an amendment providing \$1.9 billion for border security, to be offset by an unspecified cut of \$1.9 billion in DOD funds for both war costs (Title I) and hurricane recovery (Title II). The Administration would determine the distribution of the cut among programs in both titles. Consequently, the \$1.74 billion Senate Title II amount for DOD could fall somewhere between \$0.0 and \$1.74 billion, depending on how the reductions are allocated.
- b. See **Table 28** for a listing of other departments and agencies.

Department of Agriculture

The President's FY2006 supplemental request for the Department of Agriculture (USDA) was \$55 million, as shown in **Table 17**. The FY2006 conference agreement includes \$652.4 million in emergency disaster assistance for all activities and programs administered by USDA. The Senate bill would have provided \$4.4 billion, and the House bill, \$75 million.

Table 17. FY2006 Disaster Supplemental for Agriculture
(\$s — millions)

USDA Account or Agency	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Executive Operations: National Finance Center in New Orleans	\$25.0	\$25.0	\$25.0	\$25.0
Office of Inspector General: Audits of Hurricane Activities	\$0.0	\$0.0	\$0.4	\$0.4
Agricultural Research Service: Research facilities damaged by hurricanes	\$20.0	\$20.0	\$35.6	\$30.0
Farm Service Agency: Salaries	\$0.0	\$0.0	\$5.0	\$0.0
Emergency Conservation Program	\$0.0	\$0.0	\$32.5	\$0.0
Natural Resources Conservation Service: Emergency Watershed Protection	\$10.0	\$10.0	\$165.0	\$51.0
Rural Development: Rural infrastructure repairs, housing assistance	\$0.0	\$0.0	\$186.4	\$26.0
Forest Service	\$0.0	\$20.0	\$50.0	\$20.0
USDA Subtotal, Title II	\$55.0	\$75.0	\$499.9	\$152.4
Title III: Commodity Credit Corporation: Emergency Agricultural Disaster Aid	\$0.0	\$0.0	\$3,944.0	\$500.0
USDA Total, Titles II and III	\$55.0	\$75.0	\$4,443.9	\$652.4

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

Congressional Action. The FY2006 conference agreement includes \$652.4 million to USDA for various forms of disaster aid, virtually all in response to the 2005 Gulf State hurricanes. The USDA emergency disaster assistance is provided in two separate titles of the bill. The \$152.4 million in Title II includes all of the Administration's request for restoring and rebuilding damaged USDA facilities, as well as additional funding to help farmers and rural areas in the 2005 hurricane-affected states repair and rehabilitate damaged farmland, watersheds, and rural infrastructure. The \$500 million in Title III provides direct assistance to various agricultural producers in the 2005 hurricane states, including growers of livestock (\$140 million); trees and vines (\$135 million); fruits, vegetables, and nursery products (\$95 million); sugar, including processors (\$80.4 million); dairy (\$17 million); cottonseed, including processors (\$15 million); and aquaculture (\$8 million). None of the assistance in Title III was requested by the Administration or provided in the House bill.

The Senate bill was significantly higher than the House version because of an adopted amendment which would have provided \$3.9 billion in farm commodity loss

assistance (Title III of the Senate bill). Included in the Senate total was an estimated \$1 billion in crop loss assistance for all regions of the country, not just the hurricane states, and \$1.5 billion in direct payments to certain crop producers to compensate for high energy costs. The conference agreement deleted both of these Senate provisions and limited the scope of Title III assistance to producers in the Southern 2005 hurricane states. During the debate on the supplemental, the Administration objected to any additional funds for agricultural assistance outside of the hurricane states.⁷¹

National Oceanic and Atmospheric Administration⁷²

The President's FY2006 supplemental request included \$32.8 million for the National Oceanic and Atmospheric Administration (NOAA), as shown in **Table 18**. The FY2006 conference agreement includes \$150.0 million for NOAA activities.

Table 18. FY2006 Hurricane Supplemental for the National Oceanic and Atmospheric Administration
((\$s — millions)

National Oceanic and Atmospheric Administration (NOAA) Activity	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Operations, Research, and Facilities	\$21.0	\$0.0	\$1,135.0	\$118.0
Procurement, Acquisition, and Construction	\$11.8	\$11.8	\$32.0	\$32.0
NOAA Total	\$32.8	\$11.8	\$1,167.0	\$150.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

The President's FY2006 supplemental request included \$32.8 million for the Department of Commerce for two types of activities at the National Oceanic and Atmospheric Administration (NOAA) — \$21.0 million for Operations, Research, and Facilities (ORF) activities, and \$11.8 million for Procurement, Acquisition, and Construction (PAC) activities. The ORF amount would have been used for an assessment of fishery resources, mapping of fishing grounds for debris removal, rehabilitation of oyster beds, and promotion of economically sustainable Gulf Coast fisheries. The PAC amount would have been used for the repair and reconstruction of NOAA's National Marine Fisheries Service (NMFS) science center at Pascagoula, MS, which provides scientific support for Gulf Coast fishery management.⁷³

⁷¹ For more information on USDA disaster assistance, please see CRS Report RS21212, *Agricultural Disaster Assistance*, by Ralph M. Chite.

⁷² Prepared by Wayne A. Morrissey, Information Research Specialist.

⁷³ For additional information on the funding for NOAA, please see CRS Report RS22410, *The National Oceanic and Atmospheric Administration (NOAA) Budget for FY2007: President's Request, Congressional Appropriations, and Related Issues*, by Wayne A. (continued...)

Congressional Action. The House version of the supplemental fully funded the PAC request of \$11.8 million for the repair and reconstruction of a damaged NOAA science center, but did not agree to the ORF request of \$21.0 million proposed for the assessment and recovery of Gulf Coast fisheries. The Senate version provided an additional \$1.1 billion for the ORF recovery and restoration of Gulf Coast fisheries operations, and included \$20 million to assist “shellfishermen” in New England coastal communities affected by the red tide outbreak in 2005. The Senate Committee version would have increased the PAC amount for the science center to \$20.0 million, and provided an additional \$11.8 million to procure an aircraft equipped with hurricane damage assessment imaging capabilities. A Senate floor amendment disallowed \$15 million for NMFS that was recommended by the Senate Committee for the promotion of seafood. In its April 25, 2006 statement of administration policy, the Administration specifically objected to the additional funds for NOAA that are provided in the bill as reported by the Senate Committee on Appropriations.

The FY2006 conference agreement includes \$150 million for NOAA. These funds provide \$118 million for ORF activities, including \$20 million for mapping and scanning for debris removal in the Gulf; \$2 million for Physical Oceanographic Real-Time Systems (PORTS) along the Gulf of Mexico; \$1 million to repair and replace gage systems in the northern Gulf; \$90 million for NMFS for oyster, shrimp, and Gulf fisheries recovery; and \$5 million for fishermen to recover from fisheries disasters declared in 2005. In addition, the agreement provides \$32 million for NOAA PAC. The conferees approved a transfer of \$38 million from USDA to assist NOAA with re-seeding, rehabilitation, and restoration of damaged oyster reefs.

Small Business Administration⁷⁴

The President’s FY2006 supplemental request for the Small Business Administration (SBA) was \$1.25 billion, as shown in **Table 19**. The FY2006 conference agreement includes \$542.0 million for SBA activities.

Table 19. FY2006 Hurricane Supplemental for Small Business
(\$s — millions)

SBA Account	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Disaster Loans Program ^a	\$1,254.0	\$1,254.0	\$1,254.0	\$542.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

- a. The FY2006 conference agreement does not include a House provision that would have transferred \$712 million of the amount provided for SBA Disaster Loans Program to the FEMA DRF for reimbursement of funds previously transferred from FEMA to the SBA.

⁷³ (...continued)
Morrissey.

⁷⁴ Prepared by Eric Weiss, Analyst in Financial Institutions.

Disaster Loans Program. The FY2006 conference agreement includes \$542 million for disaster loans to homeowners, renters, and businesses including \$190 million administrative funds to make loans for recovery costs related to the 2005 hurricanes. The conferees dropped a provision that had been approved by the House and Senate that would have transferred \$712 million to reimburse FEMA DRF. As of the middle of June 2006, the SBA had received 419,000 applications from individuals and businesses for disaster loans. It had approved more than 151,000 of these valued at over \$9 billion. The SBA had made disbursements totaling \$1.5 billion on 82,000 loans.

Congressional Action. The FY2006 conference agreement eliminated the proposal of \$712 million for FEMA DRF reimbursement and reduced the amount for disaster loans by that amount. The House and Senate versions of the supplemental would have provided the \$1.254 billion requested by the President. The Senate agreed to several floor amendments regarding the expenditure of funds, eligibility provisions, waivers, and reporting requirements on expenditures. In addition, the Senate bill added a technical amendment that would have transferred \$1 million to the University of Nevada Las Vegas to study and run an international air show.

Defense Department Supplemental for Repairs, Rebuilding, and Help for Shipbuilders ⁷⁵

The Administration's FY2006 supplemental request for the Department of Defense (DOD) was \$1.8 billion, as shown in **Table 20**. This amount was in addition to the \$7.7 billion that DOD has received in two previous hurricane relief supplementals and the FY2006 DOD Appropriations Act reallocation.⁷⁶

Table 20. FY2006 Hurricane Supplemental for Defense
((\$ — millions)

Defense Activity	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Military Personnel	\$69.0	\$69.0	\$69.0	\$69.0
Operations and Maintenance (O&M)	\$123.6	\$123.6	\$123.6	\$123.6
Procurement & Nat'l Defense Sealift Fund ^a	\$1,137.4	\$887.4	\$1,137.4	\$887.4
Research, Development, Test, and Evaluation	\$19.0	\$19.0	\$19.0	\$19.0
Revolving and Management Funds ^b	\$21.7	\$21.7	\$21.7	\$21.7

⁷⁵ Prepared by Amy Belasco. Thomas Nicola and Henry Cohen, American Law Division, and Rawle King and Baird Webel, Government and Finance Division, contributed to the shipbuilding section. Daniel Else, Foreign Affairs, Defense, and Trade Division, contributed to the military construction section.

⁷⁶ DOD received \$1.9 billion in P.L.109-61 and P.L.109-62 and \$5.8 billion in the reallocation (P.L. 109-148) for a total of \$7.7 billion.

Defense Activity	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Other Defense Programs	\$33.9	\$33.9	\$34.2	\$34.2
Military Construction ^c	\$404.8	\$190.4	\$338.9	\$332.7
Defense Total	\$1,809.4	\$1,345.0	\$1,743.8 ^c	\$1,487.6
General Provision: reducing DOD war & hurricane funds ^d	-.-	-.-	(\$1,900.0)^c	\$0.00

Source: CRS calculations based on S.Rept. 109-230 and Senate amendments.

Note: On May 18, 2006, the Administration revised its proposal by requesting \$1.9 billion for border security, primarily funded through Defense and Homeland Security, and reducing Defense, primarily procurement, by an equal amount.

- Includes \$1.02 billion in procurement and \$11 million in National Defense Sealift funds primarily to reimburse shipbuilders for higher costs due to “business disruption.”
- Includes funds to repair and rebuild commissaries.
- Includes rescissions of \$169.5 million.
- The Senate adopted an amendment providing \$1.9 billion for border security, to be offset by an unspecified cut of \$1.9 billion in DOD funds for both war costs (title I) and hurricane rehabilitation (title II). The Administration would determine the distribution of the cut among programs in both titles. Consequently, the \$1.74 billion Senate total for hurricane damage programs could fall somewhere in the range of \$0 and \$1.74 billion, depending on how the reductions would be allocated.

Like the previous hurricane-related supplementals, this request would direct additional funds to repair and replace equipment, rebuild facilities and infrastructure on bases damaged by the hurricanes, provide benefits to displaced military personnel, and give the Navy more money to pay estimated increased shipbuilding costs associated with labor delays and disruption of operations at damaged shipyards in New Orleans and Pascagoula. The request did not include more funds to activate reservists or support active-duty personnel who were deployed to provide initial rescue and recovery efforts, or for evacuation of DOD personnel.⁷⁷

The main elements in the supplemental request were:

- \$1.02 billion for higher shipbuilding costs in addition to the \$1.7 billion already provided;
- \$115 million for military benefits, including higher Basic Allowance for Housing for military personnel in the affected areas, health care support, commissary rebuilding, and personal claims;
- \$202 million for additional repair and replacement of equipment in addition to the \$550 million already received;

⁷⁷ See, *Department of Defense FY2006 Hurricane Katrina & Rita Budget Reallocation Request and Rescissions*, November 2005; CRS Report RL33197, *Reallocation of Hurricane Katrina Emergency Appropriations: Defense and Other Issues* coordinated by Amy Belasco. See also **Table 2C** in CRS Report RL32924, *Defense: FY2006 Authorization and Appropriations*, by Stephen Daggett for an appropriation account breakdown of DOD’s reallocation request.

- \$63 million to restore facilities in addition to \$660 million in previously appropriated funds; and
- \$405 million for military construction in addition to the \$1.4 billion already received.⁷⁸

Congressional Action. The conference agreement proposes a total of \$1.5 billion for DOD for hurricane-related damages and basically endorses DOD's request with one major exception: a \$250 million cut in the \$1 billion requested by DOD to reimburse shipbuilders to replace damaged equipment and pay higher labor and overhead costs because of delays in shipbuilding schedules, an issue that proved to be controversial. The conferees also propose to use rescinded funds to pay for Katrina projects identified in last year's DOD bill.

Although the conference bill rejects the Senate proposal in Section 2303 (see below) that would have broadened the Navy's liability for higher shipbuilding costs — some of which may be covered by Northrop Grumman's insurance policies — conferees provide that not less than \$140 million of the \$775 million appropriated would be for infrastructure improvements at Gulf Coast shipyards damaged by the hurricanes that have existing Navy contracts.⁷⁹ The conference agreement adopts the lower funding level for shipbuilding, as proposed by the House, presumably reflecting scepticism about the Navy's estimates voiced by House appropriators. The proposal would offset the amount that Northrop Grumman believes it may not receive from its insurer for higher shipbuilding costs due to business interruption but may do so without reversing current DOD acquisition regulations.⁸⁰

Previously, the House bill provided a total of \$1.3 billion for hurricane-related damages to DOD facilities, a \$520 million reduction to the \$1.8 billion request. The House cut reflected a \$250 million cut to DOD's \$1 billion request to reimburse shipbuilders for higher costs and a \$210 million cut to military construction projects proposed by the services. The SAC provided \$1.7 billion, the full amount to reimburse shipbuilders and cutting \$65 million from military construction projects. Both houses approved the DOD request for military personnel, O&M, and procurement funds to pay for hurricane-related damages and costs.

The Senate provided \$1.7 billion — less some unspecified portion of the \$1.9 billion cut to defense funds to be distributed by the Administration to pay for an additional \$1.9 billion provided for border security. As passed, the bill provided the full amount to reimburse shipbuilders and cuts \$65 million from military construction projects. In floor action, the Senate rejected an amendment proposed by Senator Coburn to delete Section 2303, which could broaden the Navy's liability for higher shipbuilding costs (see below). Both houses approved the DOD request for military

⁷⁸ CRS calculations based on *DOD, FY2006 Supplemental Request for Hurricane Katrina and Other Hurricanes of the 2005 Season, February 2006*, passim, [<http://www.dod.mil/comptroller/defbudget/fy2007/FY06-Hurricane-Supp.pdf>].

⁷⁹ Section 2303, H.R. 4939 as reported in *H.Rept. 109-494*, p. 36.

⁸⁰ See *CQ Weekly*, "Katrina Leaves Military Shipbuilder Adrift," by Anne Plummer, June 6, 2006.

personnel, O&M, and procurement funds to pay for hurricane-related damages and costs.

Who Should Pay for Higher Costs Due to Delays in Shipbuilding.

In the earlier reallocation of Katrina funds (P.L. 109-148), Congress provided \$1.7 billion to reimburse shipbuilders (primarily Northrop-Grumman) for estimated increased costs for ships under construction at Ingalls Shipyard in Pascagoula, Mississippi, and Avondale shipyard in New Orleans. At the time, however, House and Senate Appropriations Committees raised concerns about Navy reimbursement plans primarily because of the difficulties in segregating the costs that should be borne by the contractor's insurance vs. the costs to be borne by the government. The contractor carries insurance to protect its profits against "business interruption" and therefore its insurance company may be liable for higher costs incurred because of downtime and lower productivity of the shipyard workforce, additional overhead charges and higher inflation costs due to delays. All of these circumstances — associated with the damage to the two shipyards — could cut into contractor profits if the government did not reimburse related costs. The FY2006 supplemental included an additional \$1 billion for higher costs for a total of \$2.7 billion.

Last year, the House and Senate Appropriations Committees raised concerns about the Navy's reimbursement plans primarily because of the difficulties in segregating the costs that should be borne by the contractor's insurance vs. the costs to be borne by the government. According to the Navy's original estimate, from \$1.1 billion to \$1.5 billion of the estimated higher costs could be due to business disruption costs, some of which could be covered by insurance claims.

The contractor carries insurance to protect its profits against "business disruption," and therefore its insurance company may be liable for higher shipbuilding costs incurred because of downtime, lower productivity, additional overhead charges, and higher inflation costs due to delays. All of these circumstances — associated with the damage to the two shipyards — could cut into contractor profits if the government did not reimburse those costs.

To ensure oversight, the Appropriations Committees last year required that the Navy (or Army) Secretary submit a report certifying that the higher shipbuilding costs are:

- required to be incurred for hurricane relief;
- not subject to reimbursement by any third party (e.g., FEMA or private insurer); and
- directly allocable to the program for which funds are being provided.⁸¹

⁸¹ H.Rept. 109-359 in *Congressional Record*, December 18, 2005, pp. H. 12630, H12631. See CRS Report RL33197, *Reallocation of Hurricane Katrina Emergency Appropriations: Defense and Other Issues*, coordinated by Amy Belasco, for a complete discussion of this oversight issue.

Although there does not appear to be any standard definition of what is required for a defense official to certify to these conditions, the following questions might need to be answered to demonstrate that the Navy is turning to the government as a last resort to reimburse these higher costs.

(1) Has the contractor submitted and received rejections from insurers for its claims for reimbursement for business interruption? If so, has the contractor challenged the rejection in court and what has been the outcome of the challenge?

(2) What types of expenses does “business interruption” insurance cover and what types of expenses does it not cover? How do these criteria relate to the expenses incurred at the shipyard?

(3) Can the Navy demonstrate that delays incurred are associated with Gulf Coast hurricanes rather than other problems with a shipbuilding program by showing work plans before and after the hurricane?

(4) Can the Navy demonstrate that the expenses were unavoidable, i.e. that the contractor has made maximum efforts to avoid delays and disruption by subcontracting work to other locations or relocating personnel?

Congress may want to clarify the standards required for the Navy to certify that such additional expenses were unavoidable, directly associated with the Gulf Coast hurricanes, and not payable by a third party and apply such criteria both to the \$1 billion in this new request and the \$1.7 billion appropriated in the earlier reallocation (P.L.109-148). Congress may also want to ask the Navy to refine its initial estimate — made in the third week of September 2005 — only three weeks after Hurricane Katrina struck. The \$1 billion supplemental request, together with the \$1.7 billion already enacted, is identical to that original estimate.⁸²

Congressional Action. As noted above, the conference agreement provides \$775 million (House level), rather than the \$1.02 billion requested and recommended by the Senate for the Navy to reimburse its contractors for higher costs associated with the hurricane damage at Ingalls, MS, and Avondale, LA, shipyards. Conferees eliminate the new Section 2303, as added by the Senate, that would have expanded the liability of the Navy to cover business disruption costs. The Administration urged the elimination of Section 2303, arguing that “it would require the Navy to cover shipbuilding costs that are routinely borne by private insurance, creating an incentive for insurance companies to deny payments ... [and would expand] the scope of the Navy’s liability ... [and] limit flexibility in future contract negotiations because shipbuilders could claim business disruption for years to come,” including costs of “any affected shipyard — including those completely unrelated to DOD.”⁸³

⁸² Assistant Secretary of the Navy, John J. Young, Memorandum for Deputy Secretary of Defense (Acting), “Hurricane Katrina,” September 21, 2005.

⁸³ OMB, “Statement of Administration Policy, H.R. 4939 — Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006,” April 25, 2006 (Senate), p.3;

(continued...)

In Senate floor action, the Senate rejected by 48 to 51 an amendment proposed by Senator Coburn that would have removed Section 2303 of the bill which would require the Navy to renegotiate contracts to pay the costs of “any business disruption incurred by a ship construction contractor” due to Hurricane Katrina.⁸⁴ Senator Coburn argued that advance payment by the Navy of such costs would make it unlikely that Northrop Grumman would collect from its insurer for those losses.⁸⁵ This was a contentious conference issue because the Senate language was not included in the House bill and House report language emphasized that the Navy should be sure not to reimburse the contractor for costs that could be covered by insurance.

In floor debate, Senator Cochran defended Section 2303, contending that the language provides that the government would be reimbursed for any insurance monies received by the contractor. In floor debate, Senator Cochran defended Section 2303, contending that if the Navy paid up front, “with the possibility of insurance proceeds offsetting Government costs,” the estimated \$140 million cost of the provision would be less than the cost of a three-to-six month delay in shipbuilding. Senator Cochran also emphasized that the \$140 million would come out of the total of \$2.7 billion requested by the Navy, a position that the Navy might dispute.⁸⁶

Section 2302 would:

- allow the Navy to “pay the costs of any business disruption incurred by a ship construction contractor” associated with Hurricane Katrina;
- require the Secretary of the Navy to adjust contracts to take into account such business disruption costs;
- declare that if the government pays the contractor for such damages, those amounts may not be used to “reduce payments otherwise payable,” i.e. payments that would be the insurance company’s responsibility, or allow the contractor to collect from both the government and the insurance company; and
- require the contractor to reimburse the government for any insurance payments received with the monies credited to the original account.⁸⁷

⁸³ (...continued)

[<http://www.whitehouse.gov/omb/legislative/sap/109-2/hr4939sap-s.pdf>].

⁸⁴ Section 2303 (a) and (c) in H.R. 4939 as marked up by the Senate Appropriations Committee.

⁸⁵ See *Congressional Record*, May 2, 2006, p. S3865 for comments by Senator Coburn.

⁸⁶ See *Congressional Record*, May 3, 2006, p. S3866. The \$2.7 billion includes \$1.7 billion provided in P.L.109-148 and the \$1 billion in the FY2006 supplemental request.

⁸⁷ Section 2303, H.R. 4939 as marked up by the SAC; the bill says that any amounts received by the contractor for business disruption may not be “treated as collateral insurance,” which means recovered from more than one source.

In its report, the Senate Appropriations Committee stated that it “is in the best interest of the Department of the Navy and national security to restore compromised shipyard capability,” and “also ... to ensure industry seeks reimbursement by insurance companies to the maximum extent.” The report also stated that the committee expects the shipbuilders to reimburse the Navy for any insurance receipts received for business disruption costs.⁸⁸

Section 2303 would expand the types of costs that the Navy would be liable to pay, reduce the Navy’s bargaining leverage with its contractors, and affect the contractors’ resolve in negotiating with its insurer. This new language would require the Navy to renegotiate its current contracts with Northrop Grumman to cover business disruption losses — chiefly additional labor hours and overhead — for ships being built in the existing shipyards. The Navy is expected to face pressure from Northrop Grumman to pay business disruption costs in advance with the contractor required to reimburse the government in the event that it receives monies from its insurer.

If the Navy pays these costs, however, the insurer could argue that it no longer needed to reimburse Northrop because it would not have suffered a loss. In fact, the language in Northrop’s policy with Factory Mutual states that “The company will not be liable for any loss to the extent that the Insured has collected for such loss from others.”⁸⁹ Thus if Northrop collects from another source (in this case, the Navy), then the insurance company or the court might decide that the company has not suffered a loss and hence could not collect from its insurer. The Senate language mirrors a proposal recently made by Northrop Grumman, the primary contractor affected.⁹⁰

Although Northrop Grumman argues that the advance agreement and relevant court case would ensure that the government would be reimbursed “if the insurance carriers were required to pay for that loss,” they acknowledge that the insurance companies “potentially may argue that they are entitled to a set-off of the amounts paid by the government.”⁹¹ An advance agreement could also allow Northrop to be reimbursed for certain losses not covered by insurance.

Recently, Assistant Secretary of the Navy Delores Etter said that “it would not be a good precedent” for the Navy to pay for insured damages in advance “because we don’t think the insurance companies are as likely to follow through if we’ve already covered it for them.”⁹² This view reflects an earlier policy memorandum from the Office of the Secretary of Defense advising the Navy “to ensure that the Government does not approve payments for contractor costs associated with

⁸⁸ *S.Rept. 109-230*, p. 62.

⁸⁹ Northrop Grumman, “Hurricane Katrina White Paper,” February 21, 2006, p.7.

⁹⁰ Northrop Grumman, “Hurricane Katrina Supplemental,” and “Hurricane Katrina White Paper,” February 21, 2006.

⁹¹ Northrop Grumman, “Hurricane Katrina Recovery White Paper,” February 21, 2006, p. 15.

⁹² Defense Today Instant Update, “Etter Says Navy Won’t Pay for Northrop Damage That Was Insured,” March 30, 2006.

Hurricane Katrina until all avenues for recovery from insurance carriers have been exhausted, conditionally allowable, there is a risk that insurers will deny coverage on the basis that there has been no loss suffered by the contractor.” DOD’s current acquisition regulations prohibit the payment of costs that would be covered by insurance.⁹³

Without the new language, the Navy’s liability for business disruption costs would be capped for fixed price contracts and limited to certain types of costs based on federal acquisition regulations though defining types and amounts of costs could be difficult to determine. In the case of fixed price contracts, the Navy’s liability for additional labor hours or overhead costs is limited by the ceiling (top) price in the contract. Up to the ceiling price, the Navy and the contractor share cost overruns (by 50:50 or some other ratio), with the contractor’s profits being reduced as costs increase.

Once costs exceed the ceiling price, the contractor is liable for any additional costs. For all costs above those anticipated before the hurricanes for which they would be liable, Northrop Grumman will presumably submit a claim to its insurance company to pay those costs in order to protect its profits. The primary issue is who covers those costs and at what point in time. The types of costs that would be considered related to “business disruption” is also likely to be contentious with the new language in Section 2303 potentially broadening the definition in current acquisition regulations.

For cost plus contracts, the government is liable for higher costs as long as there are appropriations available to pay those costs. If business disruption costs exceed funding currently available, the Navy could request additional funds.

Part of the issue appeared to revolve around timing. Northrop Grumman argued that advance payment would be helpful because business disruption claims could take years to settle. On the other hand, the very act of the government paying those claims could undermine both the contractor’s resolve to negotiate with and to challenge its insurers claims in court. At the same time, advance payment could also potentially make it more difficult for Northrop to get payment under its insurance policy.

A significant issue raised by the new language was the precedent that might be set if the government pays in advance for “*any* business disruption” [italics added] claims, which suggests that the government would be liable for all rather than only some types and amounts of business disruption expenses. Determining business disruption costs — for example, deciding whether shipbuilding delays are due to hurricane damages or technical problems, or deciding whether particular types of expenses (e.g. administrative leave for employees) would be considered allowable — is inherently problematic. The new language, however, appeared to expand the government’s liability.

⁹³ As quoted in memorandum from Donald P. Springer, Defense Corporate Executive, Defense Contract Management Agency, “Proposed Advance Agreement Related to Certain Costs Incurred As a Result of Hurricane Katrina,” April 12, 2006.

Concerned about the accuracy of Navy estimates and potential overlap with private insurance claims, the House bill cut \$250 million from the Navy's \$1 billion request for additional funds to reimburse shipbuilder Northrop Grumman for estimated higher shipbuilding costs resulting from the damage to Avondale, LA and Ingalls, MS shipyards. The Navy would still have almost \$2.5 billion — including the \$1.7 billion provided in the Katrina reallocation — for these costs.

The Committee “believes strongly that funds in this act and under this heading in prior Acts should not be used to substitute for private insurance benefits,” and notes that shipyards have “business interruption” insurance that could overlap with these funds.⁹⁴ As in previous conference report language, the House Committee again required that the Navy not obligate funds unless it can certify that these costs would not be reimbursed by a third party. The Committee noted that the Navy submitted a certification applying to funds already received that there was no overlap on March 1, 2006.

Military Construction. The President's FY2006 supplemental request proposed \$405 million to replace military facilities destroyed by the 2005 Gulf Coast hurricanes. DOD already received \$1.4 billion in the Hurricane Katrina reallocation in P.L. 108-148. Not all of the \$405 million was new funding. The Administration proposed to extend the availability through FY2010 of \$234 million that was previously appropriated in the Hurricane Katrina reallocation but was only available through FY2006. Presumably, DOD wanted to increase the life of these monies to replace Naval Reserve and Army National Guard facilities because it did not expect to obligate the funds this year and the funds would therefore lapse.

The \$405 million requested was for:

- \$53 million to replace and relocate facilities at Navy centers at Gulfport and Bay St. Louis, Mississippi (fitness and recreation centers, exchange, and barracks for international students);
- \$111 million to construct Air Force facilities at Keesler Air Force Base, Mississippi (fire/rescue center, exchange, base library, aircraft maintenance hanger);
- \$24 million to construct Naval Reserve facilities in New Orleans, Louisiana (consolidated public works center, hardened command and control center, and crash/rescue center);
- \$210 million to replace Army National Guard facilities in Louisiana (Joint Force Headquarters, Readiness Center, and aviation support facility); and
- \$6 million to replace Air National Guard facilities in Mississippi (storm water system and medical training center).

As was the case in the Hurricane Katrina reallocation, the appropriators scrutinized these military construction requests to ensure that there was no overlap with funds already received in the Hurricane Katrina reallocation (e.g., the \$53 million for Keesler and the \$212 million for Gulfport) or with plans for base closures and

⁹⁴ House Committee on Appropriations, *Draft Report*, p. 58.

consolidations (e.g., consolidated Naval Reserve public works center that would support both the Naval Air Station in New Orleans and the Naval Support Activity slated for realignment).

Congressional Action. The conference agreement proposes to finance \$502 million in military construction projects, including some projects that were included in the reallocation of Katrina funds in DOD's regular FY2006 appropriation act (P.L. 109-148), which would be financed by a rescission of FY2006 monies.⁹⁵ This provision would reverse cuts in the House-passed bill in reaction to late submission of justification materials, and questions about various other projects. During floor consideration, the House adopted an amendment by Representative Taylor, restoring \$55.9 million to rebuild Navy and Air Force exchanges that had been cut by the House Appropriations Committee. The House Committee said in its report that the services could use non-appropriated funds to rebuild exchanges, as is the general practice.

The Senate measure reduced DOD's military construction request from \$405 million to \$339 million, above the \$190 million provided by the House. The smaller reductions by the SAC reflected its funding of Army National Guard projects — disapproved by the House — and its smaller cut to Air Force planning and design funds.

Request for Increased Flexibility to Transfer Funds. As enacted, H.R. 4939 rejects DOD's request to transfer funds between military construction and other appropriations accounts after enactment that would have applied to funds in the current request and those in the previous Hurricane Katrina reallocation. Funds for military construction are typically designated at the project level and transfer authority does not generally apply to these funds. Conferees endorse a transfer cap for Gulf-related funds of \$150 million, half of the amount requested by DOD. A \$500 million transfer limit was adopted in the reallocation of Hurricane Katrina funds in last year's DOD bill.

Other Funding for Hurricane Damages. Like the House and the Senate bills, the conference agreement endorses DOD's requests for military personnel, operation and maintenance costs, and procurement costs associated with hurricane damage.

Army Corps of Engineers⁹⁶

For much of its emergency response and recovery activities, the Army Corps of Engineers in its assignment for its public works and engineering mission (e.g., debris removal and demolition) under the National Response Plan receives indirect funding through FEMA; these funds are tracked as part of FEMA's appropriations. In addition, Congress appropriates funds directly to the Corps for some emergency

⁹⁵ *H.Rept. 109-494*, p. 125-126.

⁹⁶ Prepared by Nicole Carter, Analyst in Natural Resources Policy. The Army Corps of Engineers is under the budget category, Department of Defense, Civil.

response and repair activities. As shown in **Table 21**, the President's FY2006 initial supplemental request on February 16, 2006, for the Corps' direct funding was \$1.5 billion; on April 25, 2006, the Administration revised its request, asking for an additional \$2.2 billion for work to enhance the performance of levees in the New Orleans area to provide protection from a 100-year coastal storm-induced flood event. The additional \$2.2 billion would be offset by a reduction to FEMA by the same amount.

The FY2006 conference agreement includes \$3.7 billion, an amount similar to the Administration's revised request. The distribution of these funds among Corps activities is largely similar to the Administration's request, as well, with the Conference Committee recommending only that \$83 million be used for Corps activities different from those requested.

Table 21. FY2006 Hurricane Supplemental for the Army Corps of Engineers
(\$s — millions)

Army Corps of Engineers Activity	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Investigations	\$0.0	\$0.0	\$47.5	\$3.3
Construction	\$100.0	\$100.0	\$634.3	\$549.4
Operation and Maintenance	\$0.0	\$0.0	\$3.2	\$3.2
Flood Control and Coastal Emergencies	\$1,360.0	\$1,360.0	\$3,316.5	\$3,145.0
Flood Control and Coastal Emergencies rescission	\$0.0	\$0.0	\$0.0	(\$15.0)
Army Corps of Engineers Total	\$1,460.0	\$1,460.0	\$4,001.5	\$3,685.9

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

Note: On April 25, 2006, the Administration revised its FY2006 supplemental request by proposing an additional \$2.2 billion for the Army Corps of Engineers (not shown in the table above); the extra amount would be offset by a reduction to FEMA by the same amount.

Through the supplemental appropriations and reallocation efforts in response to the 2005 Gulf Coast hurricanes, Congress already has appropriated \$3.3 billion directly to the Corps.⁹⁷ The amounts in **Table 21** would be in addition to those

⁹⁷ Congress has directed the Corps how to use much of the \$3.3 billion already provided. Of the \$3.3 billion, \$980 million is for repairing existing hurricane protection, flood control, and navigation infrastructure, and \$1.59 billion is for restoring the existing hurricane protection infrastructure to its design level of protection; that is, protection from a fast-moving Category 3 hurricane. The agency was directed to use \$540 million for completing authorized hurricane protection projects in Louisiana that were yet to be completed when the 2005 hurricanes struck, and \$70 million for investing in natural disaster
(continued...)

already appropriated. The President's revised FY2006 supplemental request of \$3.7 billion for the Corps included \$3.6 billion for hurricane and related flood protection improvements, and \$100 million for wetlands restoration of areas affected by navigation channels.⁹⁸ The \$3.6 billion requested was designated as follows.

- \$1,584 million for reinforcement and repair of floodwalls in the New Orleans areas;
- \$495 million for raising levee heights of two hurricane protection projects in the New Orleans area;
- \$530 million for modification, closure, and pumping improvement of drainage canals in New Orleans;
- \$250 million for improved protection of interior pumps in the area;
- \$170 million for fortifying critical elements of New Orleans' levees and floodwalls;
- \$350 million to improve hurricane protection along the Inner Harbor Navigation Canal, primarily by constructing hurricane protection gates; and
- \$215 million to incorporate the local levees in Plaquemines Parish into the federal levee system, which would transfer responsibility for storm damage repairs from the local levee districts to the federal government.

Congressional Action. The FY2006 conference agreement includes \$3.7 billion for Corps activities, similar to the amount of the Administration's amended request; however, the distribution of appropriations differs from that requested. The agreement provides \$3.3 million for study on the future of the Mississippi River Gulf Outlet, which is a navigation channel that provides a shorter connection between the Gulf of Mexico and New Orleans than traveling along the Mississippi River and has been criticized for contributing to wetlands loss and increasing the vulnerability to Orleans, St. Bernard, and Plaquemines Parishes to hurricane storm damage. The agreement provides \$20.2 million of the \$100 million requested for wetlands investments to reduce storm damage; offsetting this difference is the \$79.9 million in spending that the Conference Committee recommended — \$34 million for construction projects in California (\$30.4 million), Hawaii (\$2.0 million) and Texas

⁹⁷ (...continued)

preparedness and mitigation activities. Also, \$55 million was allocated for various Corps studies, including investigations into restoring Louisiana's coastal wetlands, increasing the level of hurricane protection for coastal Louisiana, and addressing Mississippi's water resource needs. These studies may conclude with recommendations for additional investment of federal resources in the affected Gulf States.

⁹⁸ The \$100 million would augment \$75 million of FY2005 hurricane supplemental appropriations directed to Corps activities to help preserve, protect, and enhance Gulf Coast wetlands, as well as \$11 million in FY2005 supplemental reallocation appropriations and \$10 million in Corps FY2006 appropriations (P.L. 109-103) for a study of restoring coastal Louisiana's wetlands. This study likely will borrow elements from earlier studies conducted by a variety of federal, state, and local entities that had recommended federal investments in Gulf Coast wetlands protection and restoration; these earlier studies have recommended investment packages to respond to coastal wetlands loss that range from \$2 billion for near-term actions, to \$14 billion for a more comprehensive approach.

(\$1.5 million); \$30 million for levee repair and modification in Terrebonne Parish, LA; and \$16 million for the restoration of funds that had been reprogrammed away from damaged flood protection projects in Pennsylvania. The FY2006 conference agreement rescinds \$15 million previously appropriated from the Grand Isle, LA, project due to a lack of economic justification for the project, and dedicating \$75 million of FY2006 emergency funds previously-appropriated to the Corps for wetlands actions to prevent saltwater intrusion or storm surge.

The FY2006 conference agreement differs from the Senate and House versions of the bill. The House bill fully funded the President's initial request for the Corps, but the bill was approved before the revised request for an additional \$2.2 billion. The Senate bill provided not only the revised request amount for the Corps, but also an additional \$307 million — \$200 million for a variety of other Louisiana flood protection activities (e.g., removal of existing pump stations along New Orleans drainage canals, and repair and modification of levees along the Mississippi River and in Terrebonne Parish) and \$107 million in additional funding for the Corps, including \$25 million for Louisiana Coastal Area Restoration studies and \$20 million for a national levee inventory. The \$79.9 million that was not in the President's requests that is provided in the conference agreement is a subset of \$307 million in Senate version.

Although there exists a sense of urgency for reducing hurricane damage vulnerability in coastal Louisiana, some have indicated that the complex mix of existing Corps emergency and project-specific authorities raises questions regarding the agency's authority to proceed with the activities in the President's FY2006 supplemental requests. The House bill specified that the appropriations "shall be subject to authorization." The Senate bill did not include an authorization requirement; instead, it required that funds provided in the bill that were above the President's request be subject to "an official budget request." Neither requirement is included in the conference agreement.

Department of Homeland Security

The President's FY2006 supplemental request for the Department of Homeland Security (DHS) was \$9.9 billion, as shown in **Table 22**. The FY2006 conference agreement includes \$6.7 billion for DHS activities.

Table 22. FY2006 Hurricane Supplemental for Homeland Security
(\$s — millions)

DHS Agency	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
FEMA, Disaster Relief Fund (DRF) ^a	\$9,400.0	\$9,548.0	\$10,400.0	\$6,000.0
FEMA Disaster Asst Direct Loan (DADL) Program ^a	\$301.0	\$151.0	\$301.0	\$279.8
FEMA, Other	\$75.0	\$80.0	\$81.8	\$81.8
United States Coast Guard	\$69.5	\$95.1	\$282.4	\$280.7
Customs and Border Protection	\$16.0	\$17.7	\$17.7	\$17.7
Office of the Inspector General	\$13.5	\$13.5	\$0.0	\$2.0
DHS Total	\$9,875.0	\$9,905.3	\$11,082.9	\$6,662.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

Note: On April 25, 2006, the Administration revised the FY2006 supplemental request by proposing an additional \$2.2 billion for the Army Corps of Engineers; the extra amount for the Corps would be offset by a reduction to FEMA DRF by the same amount. On May 18, 2006, the Administration revised its FY2006 request again, proposing \$1.9 billion for border security, primarily funded through Defense and Homeland Security, with an offset from its request for Defense, primarily procurement, of an equal amount. The table shows the initial request and not the revisions.

- a. A maximum of \$150 million of the amount provided to DRF in the House bill was authorized to be transferred to the FEMA DADL program. In addition, \$712 million of the amount provided to the Small Business Administration (SBA) in the House bill was required to be transferred to DRF.

Federal Emergency Management Agency.⁹⁹ The DHS exercises broad authority to address catastrophes resulting from terrorist attacks as well as natural disasters. The Homeland Security Act of 2002 (P.L. 107-296) transferred the functions, relevant funding, and most of the personnel of 22 agencies and offices to the DHS, which was created by the act. The Federal Emergency Management Agency (FEMA) and the United States Coast Guard (USCG) were among the agencies transferred to DHS.¹⁰⁰ FEMA is specifically charged to prepare for, respond to, recover from, and lessen the effects of, emergencies, regardless of cause. Through appropriations made to the Disaster Relief Fund (DRF), assistance authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act

⁹⁹ Prepared by Keith Bea, Specialist in American National Government.

¹⁰⁰ For information on regular FY2006 funding for DHS, see CRS Report RL32863, *Homeland Security Department: FY2006 Appropriations*, by Jennifer E. Lake and Blas Nunez-Neto.

— popularly known as the Stafford Act — is provided to individual victims, state and local governments, and certain nonprofit organizations.

The President requested a supplemental appropriation of \$9.9 billion for all DHS activities; of this amount, \$9.8 billion was proposed to be appropriated for FEMA. The FEMA total in the request included \$9.4 billion for the DRF, \$70 million for administrative and regional operations (ARO), \$5 million for preparedness, mitigation, response, and recovery (PMRR) for personnel costs associated with hurricane recovery, and \$301 million for loans and related administrative expenses to communities to replace lost tax revenue through the Disaster Assistance Direct Loan Assistance (DADLA) account.

Funds appropriated to the DRF are used to provide assistance to individuals, families, state and local governments, and certain nonprofit organizations. DRF funds are used for all major disasters and emergencies that are the subject of presidential Stafford Act declarations; in recent years the number of declarations issued each year falls in the range of 40 to 70 incidents. As a general rule, the President requests, and Congress appropriates, DRF funding to meet annual historical averages (currently approximately \$2 billion) for outlays. For example, the President requested almost \$2 billion for the DRF in the FY2007 budget submission.

Annual appropriations are not always sufficient, however, when catastrophes such as the terrorist attacks of September 11, 2001, or Hurricane Katrina and the other 2005 Gulf Coast hurricanes, occur. Many precedents exist for the enactment of supplemental appropriations after catastrophes occur. For example, for FY2005, Congress appropriated \$2 billion to the DRF during the annual appropriation process and later provided an additional \$6.5 billion in supplemental disaster relief funding (P.L. 108-324) after Hurricanes Charley, Frances, Ivan, and Jeanne struck in the summer of 2004. Due to the wide range of assistance authorized by the Stafford Act — from life saving response to long-term recovery and rebuilding — Congress generally appropriates a large share of the funds in emergency supplemental legislation to the DRF. Expenditures by FEMA for Stafford Act assistance occur on an “as-needed-and-approved” basis from the DRF and are available on a “no-year” basis, which means that they remain available until used.

Congressional Action. The House-approved amount, \$9.8 billion, was slightly more than the total initially requested for FEMA, prior to the modified request of April 25, 2006, that reduced the initial supplemental request by \$2.2 billion for an offset for a requested increase of \$2.2 billion for the Army Corps of Engineers. The House bill included \$9.5 billion for the DRF (reduced by \$2 million); \$70 million for administrative and regional operations; \$10 million for preparedness, mitigation, response, and recovery; and \$151 million for DADLA and administrative expenses, in addition to a maximum of \$150 million authorized to be transferred from the DRF to DADLA. The House measure included discretionary transfer authority of up to \$150 million to the Disaster Assistance Direct Loan Program Account. Combined with the direct appropriation of \$151 million for the Disaster Assistance Direct Loan Program, the \$301 million total in the House bill matched the Administration’s request.

The Senate bill would have provided the amount initially requested by the President plus an additional \$1.2 billion for the development of alternative housing for disaster victims. In its April 25, 2006 statement of administration policy, the Administration specifically objected to the additional funds for the DRF that were provided in the bill as reported by the Senate Committee on Appropriations. The Senate amount reflected an amendment by Senator Vitter to reduce the FEMA total by \$200 million to offset an increase to the Army Corps of Engineers for flood control.

The FY2006 conference agreement includes \$6.0 billion for DRF and \$279.8 million for DADLA — both amounts are below the level requested. The agreement concurs with the Senate amount for ARO and PMRR, which exceeded the request by almost \$7 million. The additional funding is to be allocated for the improvement of emergency response planning and logistics improvements. The legislation agreed to by conferees also includes Senate approved language concerning the reimbursement of utility costs negotiated by state and local governments, flood insurance interest payments, and funding for alternative housing pilot programs initiated after the 2005 hurricanes.

Other DHS Activities. The request included \$69.5 million for the United States Coast Guard (USCG), \$16 million for Customs and Border Protection (CBP), and \$13.5 million for the Office of the Inspector General (OIG). The USCG would have been provided \$62.2 million for major repair and reconstruction of facilities damaged by the 2005 Gulf Coast hurricanes, and \$7.3 million for related cleanup and repair needs. The CBP funds would have been used to rebuild hurricane-damaged CBP facilities and structures in New Orleans. The OIG funds would have been transferred from DHS to other federal OIG offices to support, investigate, and audit other federal recovery activities related to the 2005 Gulf Coast hurricanes.

Congressional Action. The House bill increased funding for the USCG to \$95.1 million, compared to the \$69.5 requested, and the Senate bill would have increased the amount to \$282.4 million. For the CBP, the House bill provided a small increase, to \$17.7 million, and the Senate bill did the same. For the OIG, the House bill provided the requested amount of \$13.5 million; the Senate bill provided no additional funds to the OIG. The FY2006 conference agreement includes \$280.7 million for the USCG, \$17.7 million for the CBP, and \$2.0 million for the OIG.

Department of the Interior

The President's FY2006 supplemental request for the Department of the Interior (DOI) was \$216 million, as shown in **Table 23**.¹⁰¹ The FY2006 conference agreement includes \$265.0 million for DOI programs.

¹⁰¹ For regular FY2006 funding for DOI, see CRS Report RL32893, *Interior, Environment, and Related Agencies: FY2006 Appropriations*, by Carol Hardy Vincent and Susan Boren.

Table 23. FY2006 Hurricane Supplemental for Interior
(\$s — millions)

Interior Agency	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Fish and Wildlife Service	\$132.4	\$132.4	\$132.4	\$132.4
National Park Service (NPS), Historic Preservation Fund	\$3.0	\$3.0	\$83.0	\$43.0
NPS, Construction	\$55.4	\$55.4	\$55.4	\$55.4
United States Geological Survey	\$10.2	\$10.2	\$10.2	\$10.2
Minerals Management Service	\$15.0	\$15.0	\$15.0	\$15.0
Water and Related Resources	\$0.0	\$0.0	\$0.0	\$9.0
Interior Total	\$216.0	\$216.0	\$296.0	\$265.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230.

Fish and Wildlife Service.¹⁰² The FY2006 conference agreement includes \$132.4 million for the Fish and Wildlife Service (FWS), the same as the Administration's request, the House bill, and the Senate bill. Funds would be available for cleanup and repair of 61 national wildlife refuges in the Southeast that were damaged by the 2005 Gulf Coast hurricanes. According to a December 2, 2005 memorandum from FWS, the 2005 Gulf Coast hurricanes caused \$147.9 million in damages and recovery costs to National Wildlife Refuges, National Fish Hatcheries, and agency offices in two agency regions. Of the total, \$12.5 million was due to the costs of initial response and recovery. Of the remaining \$135.4 million, \$61 million was for priority damages.

National Park Service, Historic Preservation Fund.¹⁰³ The President requested, and the House bill would have provided, an FY2006 supplemental of \$3.0 million for the Historic Preservation Fund (HPF) of the National Park Service (NPS). The Senate bill would have provided \$83.0 million for the HPF, which is an amount that exceeds the current total FY2006 appropriation for all of HPF's programs (\$72.2 million), and the Administration's FY2007 budget request (\$71.9 million).

The FY2006 conference agreement includes \$43.0 million for the HPF, including \$40.0 million for the purpose of establishing a specialized grants-in-aid program for the repair and rehabilitation of historic structures (particularly those on the National Register of Historic Places) that were damaged by Hurricanes Katrina and Rita. Grants will be directed to endangered historic properties, including those within National Heritage Areas, that sustained the most hurricane damage. No non-federal matching is required, and not more than 5% of the funds may be used for

¹⁰² Prepared by M. Lynne Corn, Specialist in Natural Resources.

¹⁰³ Prepared by Susan Boren, Specialist in Social Legislation.

administrative expenses. The HPF provides grants-in-aid to State Historic Preservation Offices (SHPOs) for the protection of cultural resources and for activities specified in the National Historic Preservation Act. According to the National Trust for Historic Preservation, thousands of historic homes have been lost and tens of thousands of historic properties have been damaged by Hurricanes Katrina and Rita.¹⁰⁴

Other Interior Activities. The request included \$55.4 million for NPS construction activities, \$15 million for the Minerals Management Service (MMS), and \$10.2 million for the United States Geological Survey (USGS). The NPS would have received \$55.4 million for cleanup and repair of 12 national parks damaged by the 2005 Gulf Coast hurricanes in addition to the HPF activities described above. The MMS funds would have been used for relocation expenses related to the temporary move of the MMS regional office from Louisiana to Texas. The USGS funds would have been used for additional facility and equipment repair at USGS sites located in the Southeast that were damaged by the 2005 Gulf Coast hurricanes.

Congressional Action. The FY2006 conference agreement provides the amounts requested by the President for these other Interior program, the same as would have been provided by the House and Senate bills. In addition, the conference agreement provides \$9.0 million for Water and Related Resources, an item not requested by the President, or included in the House or Senate bills.

Department of Education¹⁰⁵

The President's FY2006 supplemental request included no additional funds for the Department of Education (ED), and no funds would have been provided by the bill as passed by the House. However, the Senate bill included \$881.5 million for education activities, as shown in **Table 24**, and Section 2702 of the bill modified the provisions for the Historically Black Colleges and Universities Capital Financing Program, providing an estimated \$15.0 million of additional funding, for an overall ED total of \$896.5 million. The FY2006 conference agreement includes \$285.0 million for education hurricane relief.¹⁰⁶

¹⁰⁴ For additional information, please see CRS Report 96-123, *Historic Preservation: Background and Funding*, by Susan Boren.

¹⁰⁵ Prepared by Rebecca R. Skinner, Specialist in Social Legislation.

¹⁰⁶ Section 2601 of the conference agreement modifies provisions for the Historically Black Colleges and Universities Capital Financing Program, and states that funding provided under this section is designated as emergency spending. The section does not, however, specify an amount of funding. As previously mention, the Senate bill would have provided an estimated \$15.0 million for this purpose.

Table 24. FY2006 Hurricane Supplemental for Education
(\$s — millions)

Education Activity	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Office of the Inspector General	\$0.0	\$0.0	\$1.5	\$0.0
Hurricane Education Recovery	\$0.0	\$0.0	\$880.0	\$285.0
Education Total^a	\$0.0	\$0.0	\$881.5	\$285.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230.

- a. Section 2702 of the Senate bill provides an estimated additional \$15.0 million for the Historically Black Colleges and Universities Capital Financing Program; the FY2006 conference agreement includes a modification of the Senate provision for the Historically Black Colleges and Universities Capital Financing Program, without including a specific appropriation amount.

While the Administration did not include funding for education in its emergency supplemental appropriations request and the House bill did not include funding for education, the Senate version of the FY2006 supplemental would have provided \$896.5 million for hurricane disaster education relief. The majority of this funding would have been directed toward hurricane education recovery.

More specifically, the Senate bill would have provided \$200 million to create a new Education Relief Loan Program that would provide long-term, low-interest direct loans to postsecondary education institutions for direct or indirect losses suffered as a result of having to suspend their operations and being unable to reopen in existing facilities due to the impact of Hurricanes Katrina or Rita. An additional \$650 million would have been provided for the Temporary Emergency Impact Aid for Displaced Students program authorized by P.L. 109-148. Funds provided through this program reimburse schools for the costs of educating students displaced by the 2005 Gulf Coast hurricanes. Of the funds provided for the displaced students, \$350 million would have been designated for Innovative Education State Grants [Title V-A of the Elementary and Secondary Education Act (ESEA)] for 2006-2007 school year expenses related to the consequences of Hurricanes Katrina and Rita. These funds would have been available to ED until December 31, 2006. The Senate bill included \$30 million under the Fund for the Improvement of Postsecondary Education (FIPSE) specifically to provide grants to institutions of higher education (IHEs) adversely affected by the 2005 Gulf Coast hurricanes. An additional \$1.5 million was included for the Office of the Inspector General to conduct audit and investigative activities related to the disbursement of resources related to hurricane education relief.

In addition, the Senate bill would have modified provisions of the Historically Black College and University Capital Financing Program for institutions located in an areas affected by a Gulf Coast hurricane disaster. While the proposed statutory language does not specify appropriations to support these modifications, a table in the Senate report (S.Rept. 109-230, p. 139) indicated that \$15 million would have been provided for this purpose. Finally, the bill would have provided the Mississippi

Institutes of Higher Learning with the authority to determine which IHEs would receive additional flexibility in the use of funds provided under P.L. 109-148 for hurricane education relief activities.¹⁰⁷ In its April 25, 2006 statement of administration policy, the Administration did not specifically object to the additional educational funds that would be provided in the bill as reported by the Senate Committee on Appropriations.

The FY2006 conference agreement includes \$235 million to assist elementary and secondary schools serving displaced students during the 2005-2006 school year under the Temporary Emergency Impact Aid program. The conference agreement also extends the period by which state educational agencies and local educational agencies may obligate funds received under the Temporary Emergency Impact Aid program from August 1, 2006, to September 30, 2006, provided funds are used only for expenses incurred during the 2005-2006 school year. The agreement does not provide additional support for displaced students through ESEA Title V-A, as proposed by the Senate bill. The conference agreement also provides \$50 million under FIPSE to assist IHEs adversely affected by the 2005 Gulf Coast hurricanes. It would not create a new loan program for IHEs affected by the Gulf hurricanes or provide funding for the Office of Inspector General, as proposed by the Senate bill. It does provide the Mississippi Institutes of Higher Learning with the authority proposed by the Senate bill. Finally, the conference agreement modifies provisions of the HBCUs Capital Financing Program, as proposed by the Senate, such as providing the Secretary with the authority to waive or modify any statutory or regulatory provisions to ensure that the calculation of financing for an HBCU reflects changes in the financial condition of the institution as a result of the 2005 Gulf Coast hurricanes. The proposed statutory language authorizing these modifications does not specify the level of appropriations to support the modifications. The conference agreement, however, scored this provision at \$15 million, the same as the Senate amendment.

Department of Veterans Affairs¹⁰⁸

The President's FY2006 supplemental request for the Department of Veterans Affairs (VA) was \$600 million, as shown in **Table 25**.¹⁰⁹ The FY2006 conference agreement includes \$585.9 million for the VA.

¹⁰⁷ For additional information about hurricane education relief provided by the federal government, please see CRS Report RL33236, *Education-Related Hurricane Relief: Legislative Action*, by Rebecca R. Skinner et al., and CRS Report RL33089, *Education and Training Issues Related to Major Disasters*, coordinated by Charmaine Mercer.

¹⁰⁸ Prepared by Sidath Viranga Panangala, Analyst in Social Legislation.

¹⁰⁹ For information on regular and supplemental FY2006 funding for VA medical activities, see CRS Report RL32975, *Veterans' Medical Care: FY2006 Appropriations*, by Sidath Viranga Panangala.

Table 25. FY2006 Hurricane Supplemental for Veterans Affairs
(\$s — in millions)

VA Project	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Medical Center, New Orleans	\$600.0	\$550.0	\$561.0	\$550.0
Land Disposal, Gulfport	\$0.0	\$0.0	\$62.0	\$35.9
VA Total	\$600.0	\$550.0	\$623.0	\$585.9

Source: CRS calculations based on H.Rept. 109-494 and on S.Rept. 109-230.

Medical Center, New Orleans. The Administration requested \$600 million for VA's Construction, Major Projects account to be used for rebuilding the VA Medical Center in New Orleans. Proposed funding for this project was previously included in the October 28, 2005 request, but Congress provided only \$75 million for advance planning and design in P.L. 109-148. The conference committee did not include the full amount of funding because it felt that there was insufficient information to determine the actual cost of the project. In the FY2006 conference report, H.Rept. 109-359, VA was directed to report to the Committees on Appropriations of both Houses of Congress by February 28, 2006, on the long term plans for the replacement hospital construction. The report submitted by VA estimated that the cost of construction of a new VA Medical Center in New Orleans would be \$636 million.

The FY2006 supplemental request included a general provision to enable the VA to use \$122 million of the \$225 million included for the Medical Services account in P.L. 109-148 for activation of the new hospital in New Orleans. The VA would be allowed to transfer this money among the appropriate accounts for the purpose of funding these activation costs.

Congressional Action. The House bill recommended \$550 million for rebuilding the VA Medical Center in New Orleans, \$50 million less than the Administration's request. In addition, the Secretary of Veterans Affairs was authorized to transfer up to \$275 million of this amount to the "Medical Services" account, to be used only for unanticipated costs related to the global war on terror. Availability of the \$550 million appropriation was made contingent on the enactment of authority for it by June 30, 2006.

The Senate supplemental bill provided \$623 million for the Construction, Major Projects account, \$73 million above the House amount. Of this amount, \$561 million was provided for the construction of a new VA Medical Center in New Orleans. Together with the previous appropriation of \$75 million in P.L.109-148, the total amount of funding for reestablishing the VA Medical Center in New Orleans would have been \$636 million. The Senate bill designated \$62 million of the total amount recommended for the Construction, Major Projects, account to be used for the disposal and cleanup of land associated with the VA medical facility in Gulfport, Mississippi.

The Senate bill did not include a general provision proposed in the President's supplemental request to transfer \$122 million from the Medical Services account to other accounts within VA. However, the bill did include language allowing VA to use \$198.6 million that was previously appropriated under P.L. 109-148, and provided transfer authority of these funds between Medical Services, Medical Facilities, Departmental Administration, Construction Minor Projects, and Information Technology Systems accounts. Furthermore, the Senate bill directed the VA to transfer land associated with the VA medical facility in Gulfport, Mississippi, to the City of Gulfport, and to purchase land to construct a new medical facility in Biloxi, Mississippi.¹¹⁰

During floor consideration of the supplemental bill, the Senate adopted an amendment offered by Senator Akaka to provide \$430 million for the VA medical services account for FY2006 (not reflected in **Table 25**). The use of these funds would not necessarily be related to the 2005 Gulf Coast hurricanes. Of this additional amount: \$168.0 million was designated to address veterans' mental health care needs, including Post-Traumatic Stress Disorder (PTSD); and \$80.0 million was designated for the provision of readjustment counseling services to veterans.

The FY2006 conference agreement includes \$585.9 million for the VA Construction, Major Projects account. Of this amount \$550.0 million will be for the construction of a new VA medical facility in New Orleans. The remaining \$35.9 million will be for the environmental cleanup and removal of debris from the VA medical facility in Gulfport, Mississippi, and for transfer of land associated with the facility, to the City of Gulfport. The conference agreement did not include the Senate provision to provide \$430.0 million for the VA medical services account for FY2006, and did not include the House provision to transfer \$275 million to the VA Medical Services account from the VA Construction, Major Projects account. Furthermore, the conference agreement does not include bill language authorizing site acquisition and construction of medical facilities in New Orleans, Louisiana, and Biloxi, Mississippi. S. 3421 has been introduced in the Senate that would, among other things, provide authorization for the construction of new VA medical facilities in New Orleans and Biloxi. A House companion measure has not yet been introduced.

Department of Transportation¹¹¹

The President's FY2006 supplemental request included no additional funds for the Department of Transportation (DOT), and no funds would have been provided by the House bill. However, the Senate supplemental bill included \$1.5 billion for

¹¹⁰ Under the Capital Asset Realignment for Enhanced Services (CARES) program, VA had planned on closing the VA Medical Center in Gulfport, Mississippi, and transferring the patient workload to the VA Medical Center in Biloxi, Mississippi. To accommodate the increased workload, VA had planned on constructing a new facility in Biloxi. Hurricane Katrina completely destroyed the VA Medical Center in Gulfport. As a result, VA does not plan on reconstructing this facility, and will transfer the land back to the City of Gulfport. VA is now planning on accelerating the construction of the new medical facility in Biloxi.

¹¹¹ Prepared by John Frittelli, Specialist in Transportation.

various transportation activities, as shown in **Table 26**, and the conference agreement provides \$702.4 million, with an offsetting rescission.

Table 26. FY2006 Hurricane Supplemental for Transportation
((\$ — millions)

Transportation Activity	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Emergency Highway Assistance	\$0.0	\$0.0	\$594.0	\$702.4
Emergency Assistance for Public Transportation	\$0.0	\$0.0	\$200.0	\$0.0
Capital Grants for Rail Line Relocation Projects	\$0.0	\$0.0	\$700.0	\$0.0
Transportation Subtotal	\$0.0	\$0.0	\$1,494.0	\$702.4
Highway Trust Fund rescission	\$0.0	\$0.0	\$0.0	(\$702.4)
Transportation Total (net)	\$0.0	\$0.0	\$1,494.0	\$0.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230.

The Senate bill included \$700 million to relocate a CSX freight rail line further inland from the Gulf Coast. The President did not request this funding nor was it included in the House bill. The rail line currently runs along the coast from Pascagoula, MS through Gulfport, MS to New Orleans. The track was heavily damaged from the Hurricane and CSX spent approximately \$250 million of insurance funds to repair the line. The line reopened to traffic in early February 2006. Supporters of this measure contend that the purpose of relocating the rail line further inland is to make it less susceptible to storm damage in the future. Coastal communities have wanted to move the rail track even before the 2005 Gulf Coast hurricanes because of safety concerns at rail crossings and trains blocking street traffic. Critics of the funding measure contend that the existing rail line has just been repaired, is in good working order, and that relocating the line primarily benefits land developers along the coast. They note that freight railroads are private sector corporations that primarily finance their own rights-of-way and argue that the federal government should not be paying the bill for this project.

The Senate bill included highway and transit funding that was not included in the President's request nor in the House version. The Senate bill included \$594 million for the Emergency Relief (ER) Program of the Federal Highway Administration. These funds are to carry out ER projects that are included in the ER backlog table or are currently being considered for inclusion in the backlog table. The ER backlog table includes previous disaster reconstruction projects across the United States.¹¹² Within the context of Hurricanes Katrina, Rita, and Wilma, Congress has previously appropriated \$2.75 billion in ER funds for the repair of

¹¹² It is not unusual for ER backlog projects to be funded under an emergency requirement designation.

highways damaged by these storms.¹¹³ The Senate bill included \$200 million in federal grants for the repair of public transit systems damaged by Hurricane Katrina. In its April 25, 2006 statement of administration policy, the Administration specifically objected to the additional transportation funds that are provided in the bill as reported by the Senate Committee on Appropriations.

The FY2006 conference agreement includes \$702.4 million for the ER program of the Federal Highway Administration, which is about \$108 million more than the Senate had proposed. Funds for the ER program are offset by a rescission of an equal amount from the Highway Trust Fund. The conference agreement does not include funding for the relocation of the CSX rail line nor the funding for public transportation as proposed by the Senate.

Department of Housing and Urban Development

The President's FY2006 supplemental request for the Department of Housing and Urban Development (HUD) was \$4.4 billion, as shown in **Table 27**.¹¹⁴ The FY2006 conference agreement includes \$5.2 billion for HUD activities.

Table 27. FY2006 Hurricane Supplemental for HUD
(\$s — millions)

HUD Program	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Tenant-Based Rental Assistance	\$202.0	\$0.0	\$202.2	\$0.0
Community Development Block Grant	\$4,200.0	\$4,200.0	\$5,200.0	\$5,200.0
HUD Total	\$4,402.0	\$4,200.0	\$5,402.2	\$5,200.0

Source: CRS calculations based on H.Rept. 109-494 and S.Rept. 109-230.

Community Development Block Grants.¹¹⁵ Previously, Congress included \$11.5 billion of FY2006 supplemental appropriations for disaster-recovery assistance under the Community Development Block Grant (CDBG) in P.L. 109-148, to assist the five states (Louisiana, Mississippi, Alabama, Texas, and Florida) impacted by the 2005 Gulf Coast hurricanes. Of this amount, \$6.2 billion was allocated to Louisiana. Among other provisions, (1) affected states were authorized to use up to 5% of their allocation for administrative costs; (2) HUD was authorized to grant waivers of program requirements (except those relating to fair housing, nondiscrimination, labor standards, and the environment); and (3) Mississippi and Louisiana were authorized to use up to \$20 million for Local Initiative Support

¹¹³ For further information on highway assistance as it relates to recent hurricanes, see CRS Report RS22268, *Repairing and Reconstructing Disaster-Damaged Roads and Bridges: The Role of Federal-Aid Highway Assistance*, by Robert S. Kirk.

¹¹⁴ For information on regular FY2006 funding for HUD, please see CRS Report RL32869, *The Department of Housing and Urban Development (HUD): FY2006 Budget*, by Maggie McCarty, et al.

¹¹⁵ Prepared by Eugene Boyd, Analyst in American National Government.

Corporation and Enterprise Foundation-supported local community development corporations. The HUD income targeting requirement for activities benefitting low- and moderate-income persons was decreased from 70% to 50% of the state's allocation.

The President's FY2006 supplemental request included \$4.2 billion for additional CDBG disaster relief for the state of Louisiana. These funds would have been used for expenses related to the consequences of the 2005 Gulf Coast hurricanes, except that none of the funds could be used for activities reimbursable by FEMA, SBA, or the Army Corps of Engineers. Funds would have been targeted to flood mitigation activities which could include infrastructure improvements, real property acquisition or relocation, and other activities designed to reduce the risk of future damage. As a condition of receipt of the funds, the state would have been subjected to an administrative expense ceiling of 5%, and the state would have been allowed to seek waivers of program requirements except those related to fair housing, nondiscrimination, labor standards, and environmental review.

During a March 8, 2006 hearing by the Senate Committee on Appropriations on the President's supplemental appropriations request, Senator Hutchison of Texas voiced concern about the absence of additional assistance for Texas. The Senator noted that the Administration's proposal to provide \$4.2 billion in emergency supplemental assistance exclusively for use by Louisiana was unfair to Texas, which used its regular CDBG appropriations to assist Katrina victims evacuating from Louisiana. In addition to the cost of addressing the immediate needs of evacuees, the state had also incurred additional educational and public safety expenses associated with the significant increase in its population of hurricane victims. In his testimony before the Committee, Texas Governor Rick Perry requested an additional \$2 billion in CDBG be awarded to the state.

Congressional Action. The House supplemental bill provided \$4.2 billion for CDBG disaster recovery activities, the same amount as requested by the Administration; the Senate bill provided \$5.2 billion in CDBG assistance. The Senate bill expanded on language included in the House bill prohibiting the use of CDBG funds for activities reimbursable by FEMA or the Army Corps of Engineers to include activities of the Small Business Administration. Both the House and Senate bills made funds available to the five states affected by the 2005 Gulf Coast hurricanes; the Administration had sought to provide the assistance exclusively to Louisiana. During floor consideration of the bill, the Senate approved an amendment by Senator Cornyn of Texas that would have required each of the five states to receive a minimum allocation of 3.5% of the amount appropriated for CDBG disaster relief assistance. The House and Senate versions of the bill targeted assistance to both infrastructure reconstruction and activities that would spur the redevelopment of affordable rental housing, including federally assisted housing and public housing. In its April 25, 2006 statement of administration policy, the Administration specifically objected to the additional \$1 billion in CDBG funds that was included in the Senate bill as reported by the Senate Committee on Appropriations.

The FY2006 conference agreement includes \$5.2 billion for CDBG disaster recovery activities to be allocated among the five states affected by the Gulf Coast hurricanes of 2005; the agreement is consistent with the Senate bill. The agreement

limits the amount that any one state may receive to \$4.2 billion and encourages states to target assistance to infrastructure reconstruction and activities that would spur the redevelopment of affordable rental housing, including federally assisted housing and public housing. It does not include language originally included in the Senate bill prohibiting the use of CDBG funds for activities reimbursable by the Small Business Administration, but keeps in place the provision prohibiting the use of CDBG funds for activities reimbursable by FEMA or the Army Corps of Engineers. The FY2006 conference agreement retains language included in the House and Senate bills affecting the use and administration of these funds. The agreement would:

- require that at least \$1 billion of the CDBG amount be used for repair and reconstruction of affordable rental housing in the impacted areas;
- allow each state to use no more than 5% of its supplemental CDBG allocation for administrative expenses;
- allow the affected states to seek waivers of program requirements, except those related to fair housing, nondiscrimination, labor standards, and environmental review;
- allow Governors of the affected states to designate one or more entities to administer the program;
- decrease the low- and moderate-income targeting requirement from 70% to 50% of the funds awarded;
- require each state to develop a plan for the proposed use of funds to be reviewed and approved by HUD;
- direct HUD to ensure that each state's proposed plan gives priority to activities that support infrastructure development and affordable rental housing activities;
- require each state to file quarterly reports with House and Senate Appropriations Committees detailing the use of funds;
- require HUD to file quarterly reports with the House and Senate Appropriations Committees identifying actions by the Department to prevent fraud and abuse, including the duplication of benefits; and
- prohibit the use of CDBG funds to meet matching fund requirements of other federal programs.

The conference agreement includes some language not included in the House or Senate versions of the bill. Of the \$5.2 billion appropriated for CDBG disaster recovery activities, \$12 million is to be transferred to HUD's salaries and expenses account with \$7 million of this amount set aside for the cost of administering the Katrina Disaster Housing Assistance Program/ Disaster Voucher Program (KDHAP/DVP). The Senate bill would have made KDHAP/DVP funds available under the Tenant-based Rental Assistance account, which was not funded in the final conference agreement (see below). The agreement transfers \$9 million to the Office of Inspector General and \$6 million to HUD's Working Capital Funds to be used to improve the capabilities of HUD's disaster recovery grant reporting system.

Tenant-Based Rental Assistance.¹¹⁶ In October 2005, FEMA engaged HUD to provide rental assistance to families that were unlikely to qualify for standard FEMA assistance — specifically, families that were receiving HUD rental assistance or were homeless when the storms struck. In December 2005, P.L. 109-148 transferred \$390 million to HUD from FEMA to provide this rental assistance directly. HUD has responded to its mission assignment by implementing the Disaster Voucher Program (DVP). The DVP is largely governed by Section 8 voucher program rules,¹¹⁷ although the Secretary of Housing and Urban Development was given the authority to waive income eligibility and rent determination rules.

The President's FY2006 supplemental request included \$202 million to HUD for tenant-based rental assistance. It was meant to pay for the last five months of the 18-month period in which the estimated 44,000 eligible families are qualified to receive DVP assistance. The request included proposed programmatic changes that were not included in the earlier supplemental. These changes would expand eligibility to several categories of HUD-assisted families that were eligible for assistance under HUD's mission assignment from FEMA, but are not currently eligible for DVP. Language in the supplemental request would have waived a portion of current Section 8 voucher law that requires lease terms to last no less than one year. Finally, the request would have permitted owners of project-based rental assistance units in certain parishes in Louisiana — after first offering a right of first return to displaced families — to offer vacant units to city or parish employees for up to one year.

Congressional Action. The House bill did not include additional funding for HUD's tenant-based rental assistance account. The bill included the language requested by the President to expand eligibility for DVP assistance to certain categories of families and to permit the Secretary to waive the length of leases. The bill rejected the President's proposed language that would have permitted property owners to make vacant HUD-assisted units available to city or parish employees.

The Senate bill included \$202 million for the tenant-based rental assistance account, as the President requested. Like the House bill, the Senate bill included the President's requested expansion of eligibility and waiver authority. Unlike the House bill, the Senate bill included authority to make vacant properties available to city and parish employees for up to one year, as requested by the President. The Senate bill included two set-asides not requested by the President. The first was for up to \$5 million for HUD data systems. The second was for no less than \$100 million for project-based rental assistance.¹¹⁸ The funds would have been available for buildings that were receiving HUD-assistance before they were damaged by the storm, as well as new structures built using Low-Income Housing Tax Credits. The Senate

¹¹⁶ Prepared by Maggie McCarty, Analyst in Social Legislation.

¹¹⁷ Section 8 of the U.S. Housing Act of 1937, as amended, provides tenant-based vouchers for low-income people.

¹¹⁸ Unlike vouchers — which are provided to families to use in the housing of their choice — project-based rental assistance is provided to specific units of housing for low-income families.

Committee report noted that the funds “will help expedite the preservation of the stock of low-income housing in the gulf.”

The FY2006 conference agreement provides no funds for tenant-based rental assistance. However, the conference agreement does follow the House proposal to provide the Secretary with requested waiver authority and expands eligibility for assistance. The conference agreement requests, as did the Senate bill, that HUD report back to Congress within 180 days on States’ efforts to address the needs of the disabled, elderly, and homeless.

Other Departments and Agencies

The President’s FY2006 supplemental request for other departments and agencies was \$59.7 million, as shown in **Table 28**. The FY2006 conference agreement includes \$307.5 million for other departments and agencies.

Table 28. FY2006 Hurricane Supplemental: Other Departments and Agencies
(\$s — millions)

Department or Agency	Supp. Request	Supp. House	Supp. Senate	Supp. Conference
Justice	\$9.7	\$7.0	\$20.2	\$8.5
National Aeronautics & Space Administration	\$0.0	\$30.0	\$35.0	\$35.0
Environmental Protection Agency	\$13.0	\$13.0	\$13.0	\$13.0
Labor	\$0.0	\$0.0	\$34.5	\$16.0
Health and Human Services	\$0.0	\$0.0	\$28.7	\$12.0
Corporation for National and Community Service	\$0.0	\$0.0	\$20.0	\$10.0
Social Security Administration	\$0.0	\$0.0	\$0.3	\$0.0
Historically Black Colleges and Universities Capital Financing ^a	\$0.0	\$0.0	\$15.0	\$15.0
Armed Forces Retirement Home ^b	\$0.0	\$0.0	\$176.0	\$176.0
General Services Administration	\$37.0	\$37.0	\$37.0	\$37.0
Election Assistance Commission	\$0.0	\$0.0	\$30.0	\$0.0
Other Department/Agency Total	\$59.7	\$87.0	\$409.7	\$322.5

Source: CRS calculations based H.Rept. 109-494 and S.Rept. 109-230, adjusted for Senate floor amendments.

- a. The FY2006 conference agreement modifies the Senate provision for HBCU Capital Financing, but is scored at the same \$15 million level as the Senate text.
- b. The Administration requested a consolidation of \$75.7 million in prior appropriations for the Armed Forces Retirement Home.

Department of Justice. The request included \$9.7 million in supplemental funds for the Department of Justice (DOJ) United States Attorneys for salaries and expenses related to the significantly increased caseload for prosecutions and investigations of cases stemming from the 2005 Gulf Coast hurricanes.¹¹⁹

Congressional Action. The House bill provided \$7 million of the DOJ request, including \$5 million, as proposed, for U.S. Attorneys activities, and \$2 million for the Criminal Division and the Civil Division, less than the \$3.2 million request. The bill did not approve a DOJ request to transfer funds from this account

¹¹⁹ For information on regular FY2006 funding for DOJ, see CRS Report RL32885, *Science, State, Justice, Commerce and Related Agencies (House)/Commerce, Justice, Science and Related Agencies (Senate): FY2006 Appropriations*, by Ian F. Fergusson and Susan B. Epstein.

to other agency departments engaged in fraud investigations and prosecutions. The Senate bill recommended increasing the amount to \$20.2 million. The FY2006 conference agreement included \$8.5 million for the Department of Justice (DOJ), including \$2.0 million for general legal activities and \$6.5 million for United States Attorneys.

National Aeronautics and Space Administration. The Administration did not request supplemental funds for the National Aeronautics and Space Administration (NASA). The House bill provided \$30.0 million for NASA for the repair and rehabilitation of facilities and other costs associated with hurricane damage. The amount provided in the Senate bill was \$35.0 million. The FY2006 conference agreement includes \$35.0 million for NASA.

Environmental Protection Agency. The request included \$13 million in supplemental funds for the Environmental Protection Agency (EPA). Of this amount, \$7 million would have been allocated for the Leaking Underground Storage Tank Program for assessments and corrective actions related to leaking storage tanks. The remaining \$6 million would have been provided for EPA Environmental Programs and Management for environmental monitoring, assessment, and analysis necessary to protect public health during reconstruction and recovery.¹²⁰

Congressional Action. The House bill fully funded the Administration's request for the EPA. The Senate bill provided the same amount. The FY2006 conference agreement includes \$13.0 million for EPA.

Armed Forces Retirement Home.¹²¹ The request would consolidate \$76 million of previously appropriated funds to implement the findings of a congressionally mandated study due in March 2006 to determine the rehousing of displaced military retirees who lived at the Gulfport Armed Forces Retirement Home, that was damaged by the Gulf Coast hurricanes.¹²² Residents of that facility were relocated to the Armed Forces Retirement Home in Washington, D.C. The Administration's proposal would tap \$56 million in funds already appropriated in the Hurricane Katrina reallocation and \$20 million in unobligated balances.¹²³

¹²⁰ For information on regular FY2006 funding for the EPA, see CRS Report RL32893, *Interior, Environment, and Related Agencies: FY2006 Appropriations*, Carol Hardy Vincent and Susan Boren.

¹²¹ Prepared by Amy Belasco, Specialist in National Defense. The Armed Forces Retirement Home is part of the Department of Defense, Civil budget function.

¹²² H.Rept. 109-359, p. 513.

¹²³ See entries for "Armed Forces Retirement Home" in OMB, *FY2005 Supplemental, Estimate No. 12, Defense, Homeland Security, and Corps of Engineers (Disaster Relief associated with Hurricane Katrina)*, 9-7-05; [http://www.whitehouse.gov/omb/budget/amendments/supplemental_9_7_05.pdf]; and in OMB, *Estimate No. 2, FY2006 Emergency Supplemental (various agencies), Ongoing Hurricane Recovery Efforts in the Gulf States*, 2-16-06. [http://www.whitehouse.gov/omb/budget/amendments/supplemental11_2_16_06.pdf]

Congressional Action. The conference agreement adopts the \$176 million funding level proposed in the Senate bill, as well as consolidating \$64.5 million in previous provided funds for the plan, design, and construction of a new Armed Forces Retirement Home in Gulfport, Mississippi. According to the conference report, this amount should be sufficient for a new facility and that some expenses included in DOD's February 28, 2006 report above that level would not be appropriate.¹²⁴

General Services Administration. The request included \$37 million in supplemental funds for the General Services Administration (GSA) Federal Buildings Fund. These funds were to be used to cleanup and repair the multiple federal buildings that received wind and water damage from the 2005 Gulf Coast hurricanes. Funds would have been used to make both short- and long-run repairs and alterations.¹²⁵

Congressional Action. The House bill fully funded the request for GSA; the Senate bill did likewise. The FY2006 conference agreement includes \$37.0 million for GSA.

Low-Income Home Energy Assistance Program.¹²⁶ During markup of the FY2006 supplemental measure, the House Committee adopted an amendment by Representative David Obey, as modified by Representative Ralph Regula, that would have made available in FY2006 funds for the Low-Income Home Energy Assistance Program (LIHEAP) that were appropriated for FY2007 in the Deficit Reduction Act of 2005 (P.L. 109-171). LIHEAP is a program administered by the Department of Health and Human Services. The Deficit Reduction Act contained \$1 billion for LIHEAP, \$250 million of which was to be distributed as regular funds (distributed to all states based on a formula), and \$750 million as contingency funds (allotted to one or more states, at the Administration's discretion, and based on emergency need). The original Obey amendment would have made the entire \$1 billion available for FY2006, while the Regula modification would have made only the \$750 million in contingency funds available for FY2006. The contingency funds would have remained available until the end of FY2007 (H.R. 4939, section 3010). The Senate bill provided no supplemental funds for LIHEAP; the Senate Committee on Appropriations struck the LIHEAP language due to the previous enactment of a law with similar provisions, P.L. 109-204, on March 20, 2006.¹²⁷ The FY2006 conference agreement includes no additional funds for LIHEAP.

¹²⁴ H.Rept. 109-494, p. 127.

¹²⁵ For information on regular FY2006 funding for the GSA, see CRS Report RL32905, *Transportation, the Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, the Executive Office of the President, and Independent Agencies: FY2006 Appropriations*, by David Randall Peterman and John Frittelli.

¹²⁶ Prepared by Libby Perl, Analyst in Social Legislation.

¹²⁷ For further information on LIHEAP, please see CRS Report RL31865, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, by Libby Perl. P.L. 109-204 provides \$500 million of regular LIHEAP funds and \$500 million of contingency funds in FY2006.

Other Departments. Neither the President's request nor the House bill included funds for the Departments of Transportation, Labor, Health and Human Services, or Education, or the Corporation for National and Community Service. The Senate bill included nearly \$2.5 billion for the following departments and agencies:

- Transportation — \$1.5 billion for emergency relief highway projects, grants for facility repairs, and repair of railroad tracks (discussed above);
- Education — \$881.5 million of aid to affected educational institutions and students (discussed above), as well as \$15.0 million for the Historically Black Colleges and Universities (HBCU) Capital Financing Fund;
- Labor — \$34.5 million for repair to Jobs Corps centers;
- Health and Human Services — \$28.7 million for facility repair, communications network, and pest abatement activities;
- Corporation for National and Community Service — \$20 million for the AmeriCorps National Civilian Conservation Corps to support recovery activities; and
- Election Assistance Commission — \$30.0 million for costs related to the 2005 Gulf Coast hurricanes for administering federal elections.

For these programs, the FY2006 conference agreement includes approximately \$1.0 billion, as follows:

- Transportation — \$702.4 million, with an offset (discussed above);
- Education — \$285.0 million (discussed above), along with a modification of the Senate proposal for the HBCU Capital Financing Fund;
- Labor — \$16.0 million for Job Corps centers;
- Health and Human Services — \$12.0 million, including \$4.0 million for the communications network and \$8.0 million for mosquito and other pest abatement activities;
- Corporation for National and Community Service — \$10 million for the AmeriCorps National Civilian Conservation Corps; and
- Election Assistance Commission — no additional funds were provided for administering federal elections.

Other Titles for Disaster and Related Assistance

The FY2006 conference agreement, as well as the Senate bill, includes additional titles to H.R. 4939 that were not included in either the House bill or the initial request by the Administration. These additional titles provide FY2006 supplemental appropriations for various types of disaster and related assistance. The funds provided under these titles are included in **Table 16**, as well as other relevant tables of this report.

- Title III of the conference agreement includes \$500 million for emergency agricultural assistance for farm producers affected by many natural disasters, not only Hurricane Katrina. These funds are

included in **Table 17** and discussed previously as supplemental funding for agriculture. The Senate bill included \$3.9 billion for these activities.

- Title IV of the conference agreement provides \$2.3 billion for pandemic influenza preparedness activities. The Senate bill included \$2.6 billion, as discussed below.
- Title IV of the conference agreement includes \$1.9 billion for border security, as discussed previously. The Senate bill provided \$1.9 billion as well.
- Title V of the conference agreement includes \$27.6 million for improvements of the Capitol steam plant utility tunnels; the Senate bill included the same amount.
- Title VII of the conference agreement provides \$35.6 million for mine safety activities; the Senate bill included the same amount.
- Title IV of the Senate bill provided \$12.5 million for drought assistance to be provided by the Corps of Engineers and the Bureau of Reclamation at the Department of the Interior. The FY2006 conference agreement includes \$9.0 million for these activities under Title II, as shown in **Table 21**.
- Title V of the Senate bill provided \$648 million for port security enhancements, discussed previously in this report. The FY2006 conference agreement includes no funding for this activity, as discussed previously in this report.
- Title IX of the Senate bill provided \$1.0 for the Environmental Protection Agency to assess and monitor the waters of Hawaii. The FY2006 conference agreement includes funding for similar activities under Title II.

Pandemic Influenza Prevention and Preparedness. As agreed to by the Senate, Title VI of the FY2006 supplemental appropriations included \$2.6 billion for pandemic influenza preparedness activities at the Department of Health and Human Services (HHS). The amount included not only the initial \$2.3 billion recommended by the Senate Committee on Appropriations in S.Rept. 109-230, but also \$289 million added by an amendment by Senator Edward Kennedy on the Senate floor to compensate persons harmed by pandemic influenza vaccines. The initial \$2.3 billion included, among other amounts, \$300 million for state and local governments, \$50 million for laboratory capacity and research at the Centers for Disease Control and Prevention (CDC), and at least \$200 million for CDC global and domestic disease surveillance, research, risk communication, rapid response, and quarantine. The \$2.3 billion amount was first requested by the Administration for FY2007 as part of a three-year (FY2006 through FY2008) emergency supplemental request for pandemic flu in November 2005, without a detailed breakdown. Congress provided funding for only the FY2006 request (in P.L. 109-148), and the \$2.3 billion amount was again requested as an “allowance” in the FY2007 budget proposal, with HHS noting that a formal request for the funds would be transmitted to the Congress at a later date.¹²⁸ In its April 25, 2006 statement of administration

¹²⁸ For background information on pandemic flu, please see CRS Report RL33145, (continued...)

policy, the Administration specifically endorsed additional funds for pandemic influenza prevention and preparedness without actually agreeing to a specific funding level.

The FY2006 conference agreement includes \$2.3 billion for pandemic influenza preparedness activities at HHS, but provides no funding to compensate persons harmed by pandemic influenza vaccines.

¹²⁸ (...continued)

Pandemic Influenza: Domestic Preparedness Efforts, by Sarah A. Lister.

Appendix A — Department of Defense FY2006 War-Related Supplemental Request and Prior Funding by Account

(\$s — billions)

Title/account	FY2004 Obligations ^a	Total FY2005 Enacted ^b	FY2006 Bridge, P.L. 109-148	FY2006 Revised Supp. Request ^c	FY2006 Total with Request ^d	FY2006 House Supp.	FY2006 Senate Supp.	FY2006 Conference
Mil Pers, Army	11.97	14.52	4.71	6.51	11.22	6.51	6.67	6.59
Mil Pers, ARNG	0.00	0.29	0.23	0.10	0.33	0.10	0.12	0.11
Mil Pers, AR	0.00	0.20	0.14	0.13	0.26	0.17	0.15	0.14
Mil Pers, Navy	0.86	0.54	0.14	0.76	0.91	1.06	1.07	1.32
Mil Pers, Navy Reserve	0.00	0.01	0.01	0.11	0.12	0.11	0.12	0.11
Mil Pers, MC	0.92	1.36	0.46	0.83	1.29	0.83	0.86	0.84
Mil Pers, MCR	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01
Mil Pers, AF	3.27	2.01	0.51	1.15	1.65	1.15	1.20	1.16
Mil Pers, ANG	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Mil Pers, AFR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal: Military Personnel	17.02	18.93	6.20	9.60	15.79	9.93	10.21	10.28
O&M, Army	29.97	31.36	21.35	18.05	39.40	18.38	17.59	17.74
O&M, AR	0.00	0.03	0.05	0.10	0.15	0.10	0.10	0.10
O&M, ARNG	0.00	0.33	0.18	0.18	0.36	0.18	0.18	0.18
O&M, Navy	2.55	3.46	1.81	2.79	4.60	2.79	2.83	2.70
O&M, NR	0.00	0.08	0.01	0.24	0.24	0.24	0.24	0.08
Facilities Sustainment, Navy	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00
O&M, MC	1.57	2.61	1.83	1.62	3.46	1.72	1.59	1.64
O&M, MCR	0.00	0.02	0.03	0.06	0.08	0.06	0.09	0.09
O&M, AF	6.13	6.06	2.48	6.09	8.57	5.33	6.06	5.58
O&M, AFR	0.00	0.02	0.01	0.02	0.02	0.02	0.02	0.02
O&M, ANG	0.00	0.04	0.01	0.03	0.04	0.03	0.03	0.03
O&M, Defensewide	4.79	3.46	0.81	3.54	4.34	3.25	2.88	2.83
O&M, Defwide: Coalition Support	[1.15]	[1.22]	0.00	[1.50]	[1.50]	[1.20]	[0.74]	[0.74]

Title/account	FY2004 Obligations ^a	Total FY2005 Enacted ^b	FY2006 Bridge, P.L. 109-148	FY2006 Revised Supp. Request ^c	FY2006 Total with Request ^d	FY2006 House Supp.	FY2006 Senate Supp.	FY2006 Conference
O&M, Defwide: Coop. Threat Reduction	0.00	0.00	0.00	[.045]	[.045]	[.045]	[0.04]	[0.00]
O&M, For. Sov. Union Treat Reduction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
O&M, Defwide: Transfer to Coast Guard	0.00	0.00	0.00	0.00	0.00	0.00	[0.08]	[0.08]
Subtotal: O&M	45.01	47.54	28.57	32.71	61.27	32.10	31.60	31.03
Iraq Freedom Fund (IFF) ^a	0.00	3.80	4.66	0.10	4.76	0.00	0.03	0.00
Transfer from IFF to Coast Guard	0.00	-0.10	-0.10	0.00	-0.10	0.00	0.00	0.00
Afghan. Sec. Forces Fund	0.00	1.29	0.00	2.20	2.20	1.85	1.91	1.98
Iraq Security Forces Fund	0.00	5.70	0.00	3.70	3.70	3.01	3.70	3.01
Joint Improvised Explos. Defeat Fund ^e	0.00	0.00	0.00	0.00	0.00	0.00	1.96	1.96
Subtotal: Special Funds	0.00	10.69	4.56	6.00	10.56	4.86	7.60	6.87
Working Capital Fund	0.97	2.02	2.52	0.52	3.03	0.50	0.52	0.52
Nat'l Def. Sealift Fd.	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal: Revolving & Mgt Funds	0.97	2.05	2.52	0.52	3.03	0.50	0.52	0.52
Defense Health	0.89	0.89	0.00	1.15	1.15	1.15	1.15	1.15
Office of Inspector Gen'l	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01
Drug Interdiction	0.00	0.24	0.03	0.19	0.22	0.16	0.16	0.15
Subtotal: Other Defense Programs	0.89	1.13	0.03	1.34	1.37	1.32	1.31	1.31
Aircraft Proc, Army	0.00	0.47	0.23	0.35	0.58	0.53	0.53	0.35
Missile Proc, Army	0.00	0.35	0.06	0.20	0.26	0.20	0.20	0.20
Proc, Wpns, Tracked Combat Veh., Army	0.05	2.87	0.86	1.13	1.99	1.98	1.59	1.77
Proc, Ammo, Army	0.11	0.64	0.27	0.83	1.10	0.83	0.83	0.83
Other Proc, Army	3.21	8.78	3.17	6.79	9.97	7.53	6.29	5.82
Aircraft Proc, Navy	0.22	0.27	0.14	0.15	0.29	0.29	0.41	0.52
Proc Ammo, Navy and Marine Corps	0.00	0.17	0.04	0.32	0.36	0.33	0.33	0.32
Wpns Proc, Navy	0.00	0.07	0.12	0.06	0.17	0.09	0.06	0.06
Other Proc, Navy	0.07	0.08	0.05	0.06	0.10	0.11	0.14	0.06
Proc, Marine Corps ^b	0.53	3.51	1.71	2.58	4.29	3.26	2.58	2.58
Proc Ammo, AF	0.00	0.01	0.00	0.03	0.03	0.03	0.03	0.03
Other Proc, AF	0.31	2.69	0.02	1.48	1.49	1.49	1.45	1.50

Title/account	FY2004 Obligations ^a	Total FY2005 Enacted ^b	FY2006 Bridge, P.L. 109-148	FY2006 Revised Supp. Request ^c	FY2006 Total with Request ^d	FY2006 House Supp.	FY2006 Senate Supp.	FY2006 Conference
Aircraft Proc, AF	0.05	0.28	0.12	0.35	0.46	0.66	0.68	0.68
Missile Proc, AF	0.00	0.00	0.02	0.00	0.02	0.00	0.00	0.00
Proc, Defwide	0.25	0.69	0.18	0.33	0.51	0.33	0.33	0.33
Nat'l Guard & Reserve Equipment	0.00	0.05	1.00	0.00	1.00	0.00	0.00	0.00
Rescission of PL 109-13 funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12
Subtotal: Procurement	4.80	20.93	7.99	14.64	22.62	17.68	15.45	14.91
RDT&E, Army	0.00	0.04	0.01	0.40	0.42	0.42	0.06	0.05
RDT&E, Navy	0.02	0.20	0.00	0.13	0.13	0.12	0.13	0.13
RDT&E, AF	0.00	0.14	0.01	0.06	0.08	0.31	0.38	0.38
RDT&E, Defensewide/b/	0.03	0.25	0.03	0.15	0.17	0.15	0.15	0.15
Subtotal: RDT&E	0.05	0.63	0.05	0.74	0.79	1.00	0.71	0.71
Mil Con, Army	0.11	0.85	0.00	0.34	0.34	0.29	0.21	0.19
Mil Con, Navy	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00
Mil Con, AF	0.26	0.14	0.00	0.03	0.03	0.04	0.03	0.03
Mil Con, Defensewide	0.00	0.00	0.00	0.04	0.04	0.00	0.04	0.02
Subtotal: Mil.Con/Family Hsg	0.37	1.13	0.00	0.41	0.41	0.32	0.28	0.24
Intelligence ^f	5.30	[5.10]	[3.05]	[2.60]	[5.65]	NA	NA	NA
Rescission of FY2005 Supp.	0.00	0.00	0.00	-0.04	-0.04	0.00	0.00	0.00
Total^g	74.41	103.03	49.92	65.91	115.81	67.72	67.67ⁱ	65.86
Transfer authority^h	[3.00]	[4.50]	[2.50]	[4.00]	[6.50]	[2.00]	[2.00]	[2.00]
General Provision reducing DOD war & hurricane fundsⁱ	--	--	--	--	--	--	-1.90ⁱ	0.00

a. Obligations data from Department of Defense, Defense Finance Accounting Service (DFAS), Supplemental & Cost of War Execution Report as of September 30, 2004; reflects contractual costs.

b. CRS calculations based on public laws and DOD obligation reports. FY2005 enacted included funds appropriated in the FY2004/FY2005 bridge supplemental (Title IX, P.L.108-287) that were available as of the beginning of FY2005 plus funds appropriated in the FY2005 Supplemental (P.L. 109-13). The funds provided in P.L. 108-287 were available upon enactment; DOD obligated \$1.9 billion of the \$25 billion appropriated in FY2004 leaving \$23.1 billion available for FY2005. Total for enacted also reflects transfers by DOD of Title IX funds and from DOD's baseline program for the global war on terrorism.

c. Reflects Administration revised request, OMB Estimate No. 6, May 18, 2006, plus original request, OMB Estimate No. 3, Feb. 16, 2006.

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- d. Total for FY2006 reflects sum of FY2006 bridge supplemental (Title IX, P.L.109-148) and the Administration's request of February 16, 2006; see OMB, *FY2006 Supplemental Request, Estimate No. 3, FY2006 Emergency Appropriations (various agencies), Ongoing Military, Diplomatic and Intelligence Operations in the Global War on Terror, Stabilization and Counterinsurgency Activities in Iraq and Afghanistan, and Other Humanitarian Assistance*, 2-16-06; [http://www.whitehouse.gov/omb/budget/amendments/supplemental2_2_16_06.pdf]; and Department of Defense, *FY 2006 Supplemental Request For Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)*, February 2006; [http://www.dod.mil/comptroller/defbudget/fy2007/FY06_GWOT_Supplemental_Request_-_FINAL.pdf].
- e. Request and House bill include \$1.958 billion to counter IEDs in three accounts: O&M, Army (\$490 million), Army, Other Procurement (\$1.111 billion), and Army RDt&E (\$358 million).
- f. DOD appropriations include funds for both national intelligence, administered by the intelligence agencies, and military and tactical intelligence, administered by DOD. Limits on total funds are set in appropriations acts and the funds are distributed among various accounts; details are classified.
- g. DOD totals exclude transfers to other agencies.
- h. Congress sets limits on the total amount of funds within each bill that can be transferred between accounts after enactment.
- I. The Senate adopted an amendment providing \$1.9 billion for border security, to be offset by an unspecified cut of \$1.9 billion in DOD funds for both war costs (title I) and hurricane rehabilitation (title II). The Administration would determine the distribution of the cut among programs in both titles. Consequently, the \$67.67 billion Senate total for war costs could fall somewhere in the range of \$65.77 billion and \$67.67 billion, depending on how the reductions would be allocated.