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KOSOVO MILITARY OPERATIONS: COSTS AND CONGRESSIONAL ACTION ON FUNDING

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Abstract. On April 19, the White House sent Congress a request for emergency supplemental funding of \$6.05 billion to cover costs of U.S. military operations against Yugoslavia, humanitarian assistance to Kosovo refugee, and some expenses of ongoing U.S. military operations in Iraq. Congress is expected to act quickly on the funding either as a freestanding bill or added to H.R. 1141, a bill providing supplemental appropriations for Central America and Caribbean disaster relief aid to Jordan, farm programs, and some other domestic programs. H.R. 1141 is currently under consideration by a House-Senate conference. While there appears to be widespread support in Congress for supplemental funding, several potentially contentious issues have arisen. Some defense advocates have argued that funding should be provided not only to cover the immediate costs of military operations against Yugoslavia, but also to address perceived shortfalls in military readiness worldwide. The Administration has requested that funds be designated as emergency appropriations, which will raise caps on discretionary spending by the amounts provided. Some legislators, however, may propose offsetting rescissions for some or all of the supplemental funds. If H.R. 1141 is the vehicle, outstanding issues on that bill will have to be resolved, including offsets to which the Administration has objected.

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Kosovo Military Operations: Costs and Congressional Action on Funding

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Summary

On April 19, the White House sent Congress a request for emergency supplemental funding of \$6.05 billion to cover costs of U.S. military operations against Yugoslavia, assistance to Kosovo refugees, and some expenses of military operations in Iraq. On May 6, the House approved an emergency supplemental appropriations bill, H.R. 1664, that provided \$13 billion, about \$7 billion more than requested. Subsequently, House and Senate conferees on H.R. 1141, a bill to provide supplemental appropriations for Central America disaster relief and other purposes, folded Kosovo-related funding into that measure and approved the conference agreement on May 13. On May 18, the House approved the conference agreement by a vote of 269-158, and on May 20, the Senate approved the agreement by a vote of 64-36. The President signed the bill into law (P.L. 106-31) on May 21. In all, the measure provides \$14.9 billion in supplemental funds and makes \$2.0 billion in offsetting rescissions. Funds are provided for Kosovo, Central America disaster assistance, aid to Jordan, farm relief, domestic disaster relief, and other purposes. This report may be of interest to staff and Members in tracking debate over funding for Kosovo-related operations. It will be updated as necessary to include new information and to follow congressional action.

The Administration's Kosovo-Related Request

The Administration's April 19 request included \$5,458.1 million for the Department of Defense (DOD) and \$591 million for the Department of State and other international affairs accounts. The funds for DOD cover projected incremental costs (see below for a discussion) of military operations against Yugoslavia through the end of the fiscal year on September 30; some munitions, including funds to replenish stocks of conventionally-armed cruise missiles and to accelerate production of the Joint Direct Attack Munition (JDAM); refugee relief efforts; and some costs of operations in Iraq. The international affairs funds are mainly for refugee relief. Subsequently, the Department of Health and Human Services requested an additional \$100 million to help resettle Kosovo refugees. All of the funds were requested as "emergency appropriations," so caps on defense and

non-defense discretionary spending and on total discretionary spending would be raised by the amounts provided, avoiding a requirement to impose an across-the-board reduction in spending. **Table 1** provides details of the request and of congressional action.

Incremental Costs of Military Operations

Traditionally, costs of military operations are measured by calculating so-called “incremental” expenses — i.e., costs over and above the normal expenses of day-to-day military operations. For the current Allied Force air campaign, such expenses may include hazardous duty pay and other additional pay and benefits for active duty personnel involved in the operation; active duty pay, additional pay, and benefits for any additional numbers of military reservists called into active service; increased fuel and equipment maintenance costs due to a higher pace of operations; transportation of personnel, equipment, and supplies to the area of operations; replenishment of munitions to the extent necessary to maintain stockpiles at desired levels; and other expenses, such as the cost of accelerating production and delivery of weapons and munitions found to be especially valuable for the campaign.

Congressional Action

On April 29, the House Appropriations Committee approved H.R. 1664, a bill providing \$13 billion in emergency supplemental appropriations for Kosovo and other activities. On May 6, the House approved the committee bill with two amendments — a Pelosi amendment adding \$67 million for aid to refugees and a Latham amendment adding \$105.6 million for farm loan support and making offsetting rescissions. On May 13, a House-Senate conference committee reached agreement on H.R. 1141, a bill providing \$14.9 billion in supplemental appropriations and making \$2.0 billion of offsetting rescissions. The House approved the conference agreement on May 18 by a vote of 269-158; the Senate approved the agreement on May 20 by a vote of 64-36; and the President signed the bill into law (P.L. 106-31) on May 21.

As enacted, the bill combines two separate measures — (1) funding for Central America disaster assistance and other purposes that the House and Senate had considered in H.R. 1141/S. 544 and (2) funding for Kosovo-related military operations, refugee relief activities, and military readiness that the House had addressed in H.R. 1664. For a full discussion of H.R. 1141 and the parallel Senate bill, S. 544, see CRS Report RL30083, *Supplemental Appropriations for FY1999: Central America Disaster Aid, Middle East Peace, and Other Initiatives*, by Larry Nowels.

Major elements of the conference agreement include:

- \$10.9 billion for defense-related programs, \$5.5 billion more than requested and \$1.4 billion less than the House had provided in H.R. 1664. The congressional additions include \$2.25 billion in various military readiness accounts; \$1.838 billion for FY2000 pay and benefits increases; \$475 million for military construction; \$300 million (in the “Operational Rapid Response Account”) to support readiness of forces elsewhere in the world that may have been affected by the Kosovo operation; \$250 million for munitions, \$100 million for recruitment; and \$200 million for the Coast Guard.

Table 1: Supplemental Funding Requests and Congressional Action
(millions of dollars)

	Request	House HR 1664	Conf. HR 1141	Versus Request
Department of Defense/Defense-Related				
Military Personnel (Southwest Asia)	16.5	16.5	16.5	0.0
Overseas Contingency Operations Transfer Fund				
Kosovo Military Operations	3,300.9	3,300.9	3,300.9	0.0
Kosovo Refugee Operations	335.0	335.0	335.0	0.0
Readiness and Munitions Contingency Reserve	850.0	1,311.8	1,100.0	+250.0
Munitions /a/	697.9	13.6	13.6	-684.3
Southwest Asia	257.8	257.8	257.8	0.0
Subtotal, Overseas Contingency Operations	5,441.6	5,219.1	5,007.3	-434.3
Procurement of Munitions	—	684.3	684.3	+684.3
Operational Rapid Response Account	—	400.0	300.0	+300.0
Spare Parts (Contingent)	—	1,339.2	1,124.9	+1,124.9
Depot Maintenance (Contingent)	—	927.3	742.5	+742.5
Recruiting (Contingent)	—	156.4	100.0	+100.0
Readiness Training (Contingent)	—	307.3	200.2	+200.2
Base Operations (Contingent)	—	351.5	182.4	+182.4
FY2000 Pay and Retirement (Contingent)	—	1,838.4	1,838.4	+1,838.4
Military Construction	—	1,071.0	475.0	+475.0
Coast Guard	—	—	200.0	+200.0
Total Department of Defense/Coast Guard	5,458.1	12,311.0	10,871.5	+5,413.4
International/Refugee Relief				
Department of State				
Security of Diplomatic and Consular Missions	25.0	70.5	70.5	+45.5
Migration and Refugee Assistance	125.0	195.0	266.0	+141.0
Emergency Refugee & Migration Assistance Fund	95.0	95.0	165.0	+70.0
International Assistance Programs				
Emergency Support Fund	105.0	105.0	105.0	0.0
AID Assistance for Countries in the Region	170.0	75.0	120.0	-50.0
AID International Disaster Assistance Fund	71.0	163.0	163.0	+92.0
P.L. 480 Food Aid	—	—	149.2	+149.2
Refugee Resettlement (Dept. of HHS)	100.0	—	100.0	0.0
Total International/Refugee Relief	691.0	703.5	1,138.7	+447.7
Total Defense & International/Refugee Relief	6,149.1	13,014.5	12,010.2	+5,861.1
Programs in H.R. 1141				
Farm Aid	152.4	105.6	573.9	+421.5
Central America/Caribbean Disaster Assistance	955.5	NA	988.5	+33.0
Aid to Jordan	300.0	NA	100.0	-200.0
Domestic Disaster Relief (FEMA)	372.0	NA	900.0	+528.0
Other Domestic Appropriations /c/	57.1	NA	305.2	+248.1
Total from H.R. 1141	1,837.0	NA	2,867.6	+1,030.6
Total in Conference Agreement	7,986.1	NA	14,877.8	+6,891.7
Offsetting Rescissions	—	-105.6	-2,003.6	-2,003.6

Sources: Office of Management and Budget; H.Rept. 106-125; House Appropriations Committee.

Notes: a. The House bill provides \$684.3 million for munitions in the Procurement account, as shown below.

b. Contingent amounts are provided subject to identification of a specific requirement and designation as emergency appropriations by the President.

c. Conference amount includes \$230 million transferred from HUD to FEMA.

- \$1.1 billion for international affairs and refugee relief costs related to Kosovo, \$447 million more than was requested;
- \$2.9 billion for programs that had been addressed in earlier congressional action on H.R. 1141, \$1.0 billion more than requested. The total includes \$989 million for aid to Central America and the Caribbean (including \$215.9 million for the Defense Department); \$100 million for aid to Jordan, which equals the amount the Administration had requested for FY1999 but does not include advance appropriations for FY2000 and FY2001; \$900 million for domestic disaster relief, mainly to respond to tornado damage; \$574 million for aid to farmers; and \$305 million for a variety of other programs, including \$230 million transferred from HUD to the Federal Emergency Management Agency (FEMA) for disaster relief. Most of these amounts are offset.
- \$2.0 billion of offsetting rescissions. The conference agreement does not include a Senate provision that would have offset all of the amounts in H.R. 1141/S. 544 in outlays as well as in budget authority by making across-the-board cuts in non-defense programs in last fall's \$21 billion supplemental bill. Nor does the agreement include a controversial House provision making cuts in "callable capital" for international lending institutions. Most of the rescissions appear to have little or no outlays, including \$1.25 billion in excess balances in the Food Stamp program and \$350 million in unspent balances of Section 8 Housing Program funds.

The conference agreement does not include funding for loan guarantees for steel companies hurt by increased imports or for oil and gas companies, nor does it include a provision reducing interest payments by Midwest utility companies on amounts that they are required to repay to consumers — such provisions were matters of controversy in the conference. The agreement does, however, include a measure to prevent the Federal government from claiming a share of state court settlements with tobacco companies. Conferees did not include a controversial policy rider to delay implementation of restrictions on commercial fishing in Alaska's Glacier Bay but did include some other environmental provisions. The agreement also lifts a provision in last year's omnibus appropriations bill (P.L. 105-277) that had prevented obligation of funds in the FY1999 Commerce-Justice-State appropriations bill after June 15. And the agreement includes a House-passed provision requiring the President to seek burdensharing contributions from allies to offset U.S. costs in Kosovo.

Key Issues

The emergency supplemental appropriations bill for Kosovo raised a number of issues, including (1) whether to provide additional funds for defense readiness as emergency supplemental funding; (2) whether to impose offsetting rescissions for some or all of the supplemental amounts; (3) how to resolve outstanding issues on H.R. 1141; (4) burdensharing; and (5) whether to use the supplemental appropriations bill as a vehicle to limit the use of ground troops.

Additional Funds for Defense Readiness. When the Administration submitted its funding request for Kosovo, some defense advocates in Congress complained that the amount was much too small. The crisis, they said, shows that forces are overburdened in general and that emergency funding is required to correct readiness shortfalls. Some

legislators proposed adding as much as \$20-25 billion to the Administration request to improve military readiness in general.

This prospect prompted considerable opposition. House Minority Leader Richard Gephardt and Senate Minority Leader Tom Daschle said that a Kosovo supplemental is not the proper vehicle for an increase in defense spending. In effect, to use an emergency supplemental bill to add funds for defense readiness would be a means of bypassing limits on total discretionary spending established in the 1997 budget agreement — caps that Republicans insisted on maintaining in the recently-approved FY2000 budget resolution.

As approved by Congress, the conference agreement adds \$5.4 in unrequested defense funds, including \$1.8 billion for military pay and benefits increases in FY2000, \$2.25 billion for military readiness accounts (all made available for obligation through the end of FY2000), and \$475 million for military construction. Such funds would not normally be counted as incremental costs of an operation. Funding for military pay and benefits in FY2000 in particular appears to be a means of easing constraints on the FY2000 budget. The bill does not, however, add nearly as much as some had proposed. In a key test of House sentiment on additional funds for the Defense Department, the House rejected an amendment to H.R. 1664 by Rep. Obey that would have cut about \$3 billion from the amount added. The conference agreement trims the House additions by about \$1.4 billion.

Offsetting Rescissions. A closely related issue concerns whether Congress should impose offsetting rescissions for some or all of any supplemental amounts provided for Kosovo. Whether to offset supplemental funds in general, and defense supplemental funds in particular, has been an issue since caps on discretionary spending were first established by the 1990 Budget Enforcement Act.¹ This year, the issue has been particularly contentious, in part because of a backlash against last year's supplemental appropriations bill (part of P.L. 105-277), which provided \$21 billion of emergency funding without offsets, and in part because any extra spending will reduce the Social Security-related part of the budget surplus.

In earlier action on H.R. 1141 and S. 544, the parallel Senate bill, the issue of offsets was especially controversial. The House-passed bill made offsets in budget authority, but not in outlays, for all of the non-defense amounts provided, but the House rejected an amendment by Rep. Todd Tiahrt to offset the defense amounts as well. The Senate, in contrast, offset all of the amounts, in outlays as well as in budget authority, by making an across-the-board cut in non-defense funds in last year's supplemental. There was considerably less opposition to providing non-offset, emergency funds for the Kosovo supplemental. In floor action on H.R. 1664 on May 6, the House rejected by a vote of 101-322 a Coburn amendment to offset all of the funds in the bill. The conference agreement on H.R. 1141 provides all of the Kosovo-related funds as emergency appropriations without offsets.

¹ For a detailed discussion of the debate over emergency supplemental funding for defense programs between 1993 and 1998, see Stephen Daggett, "Emergency Appropriations for the Department of Defense," CRS General Distribution Memo, August 18, 1998.

Issues in H.R. 1141. The Senate bill provided substantially more money than the House bill and included some contentious policy riders, including a provision prohibiting the federal government from claiming a share of the multi-state settlement with tobacco companies and several environmental riders. Offsets, however, appeared to be the most difficult issue to resolve. The White House threatened to veto either version of the bill because it objected to particular offsets. Conferees included some of the policy riders, but did not insist on the most contentious offsets.

Burdensharing. Several Members of Congress have complained that the United States is bearing a disproportionately large share of the costs of Kosovo-related operations. Accurate estimates of allied costs are not available, but rough data on the U.S. share of the military effort and relief operations have been provided. On April 21, Joint Chiefs Chairman General Henry Shelton told the House Appropriations Committee that U.S. forces have flown about 65% of the aircraft sorties, including combat and support operations, in Operation Allied Force. On April 27, OMB Director Jacob Lew said that the United States is providing about 25% of refugee and migration assistance. The conference agreement includes a provision, as passed by the House, that directs the President to seek more equitable burdensharing and requires a report on the issue by September 30.

Restrictions on the Use of Ground Troops. In the House Appropriations Committee markup of H.R. 1664, Rep. Istook offered an amendment barring the use of funds for U.S. ground troops in Kosovo. Other members of the Committee urged its withdrawal, saying that such a provision would lead to a veto by the President. The measure did not receive sufficient support to be brought to a roll call vote. In House floor action on the bill, Rep. Istook offered a similar proposal that was rejected by a vote of 117-301. The conference agreement on H.R. 1141 does not include any restrictions.