



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

April 2, 2003
(Senate Floor/House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 762 - Making Supplemental Appropriations to Support Department of Defense Operations in Iraq, Department of Homeland Security, and Related Efforts, FY 2003

(Sen. Stevens (R) and Sen. Byrd (D))

H.R. - Making Emergency Supplemental Appropriations, FY 2003

(Rep. Young (R) and Rep. Obey (D))

The Administration commends both the House and the Senate Appropriations Committees for their expeditious action on the FY 2003 Supplemental and for their support of the President's overall request. The funds included in both the House and Senate versions of the bill will provide much needed support for Department of Defense operations in Iraq, strengthen the capabilities of our friends and allies in the Global War on Terrorism, and address emergent homeland security requirements that have arisen as a result of the heightened terrorist threat.

Both the House and the Senate have provided necessary levels of funding for the Department of Defense (DoD). The House bill provides some measure of flexibility in the "Operation Iraqi Freedom Response Fund" to meet the emerging needs of the conflict in Iraq. The situation in Iraq is fluid and unpredictable, and the Administration needs to be able to allocate funding among the appropriate accounts to respond promptly to changing circumstances. In particular, the Senate-reported allocations to individual services and accounts may slow timely and effective funding of urgent needs within (DoD).

We urge the Senate to provide needed flexibility in the area of defense and look forward to working with the Congress to ensure an appropriate balance is maintained between changing operational requirements and allocation of funds to specific accounts.

The Administration is also pleased that both the House and Senate support the Administration's request for homeland security needs. The Senate's provision of funds for the Department of Homeland Security (DHS) and the Department of Justice (DoJ) in the form requested by the Administration is particularly important. Flexible funding that the Administration can, upon notice to the Congress, allocate to emergent needs across the Federal government is a key component to ensuring the protection of the homeland. Without a centrally located funding mechanism, as requested by the President within the Executive Office of the President, the Administration may not be able to respond promptly to non-DHS and non-DOJ emergent needs, including food security and biodefense. The House bill allocates funds to various activities in DHS. These allocations would hinder the Secretary's ability to best determine the most critical use of the funds based on determinations made using the most up-to-date threat and

vulnerability assessments received at DHS. We look forward to working with the Congress to ensure that the flexibility requested by the President is maintained to address unforeseen homeland security requirements that may arise in the immediate future.

While we appreciate that both the House and Senate Committees have supported the President's funding request for relief and reconstruction efforts in Iraq, the Administration is concerned that the current House language does not afford the President essential flexibility to direct funds to appropriate agencies. A number of Federal agencies may be called upon to respond to contingencies in the coming weeks and months. Congress is urged to restore flexibility to the President for the transfer and use of these funds. The foreign assistance funding provided in both the House and Senate versions of the bills is essential to support international efforts in the Global War on Terrorism. The Administration appreciates the Senate's full funding of the Emergency Fund for Complex Foreign Crises, and will consult with the Congress on any use of this fund; its availability is key to responding to unforeseen needs and requirements and to ensuring that the Administration is able to address requirements as quickly as they arise. The Administration also appreciates the support of the Chairmen and the Appropriations Committees for providing assistance to Turkey and urges continued support from the Congress.

While the Administration did not request financial assistance for airlines, it recognizes that the war in Iraq may have an impact on the demand for air travel. The Administration urges that any relief be associated with the impact of the present conflict. The amounts proposed by the House and the Senate, which are intended to cover an 18-month period, are excessive and the Administration will work with the Congress to ensure that any aid package is appropriately scaled and appropriately based on free-market principles. The industry is undergoing a period of fundamental restructuring to align costs and capacity to the demands of the marketplace, and excessive, generalized assistance would only delay and disrupt these important and inevitable changes.