

# THE WHITE HOUSE

WASHINGTON

July 3, 2002

Dear Mr. Speaker:

I ask the Congress to consider the enclosed request for an FY 2003 budget amendment for the Department of Defense. This package reflects my decision to request, by program, \$10.0 billion in the Defense Emergency Response Fund for expenses relating to the war against terrorism. The budget totals proposed in my FY 2003 Budget would not be affected by this amendment.

This request is vital to protecting U.S. national security options. An essential component in the success of the global war on terrorism is sustaining our investment in intelligence capabilities. This request will improve collection, analysis, coordination, and execution of intelligence priorities and plans, as we expand into new theaters of operations and build new relationships.

This reserve will also enable the Nation to meet developing operational requirements of a fluid war environment. Under any scenario, needs associated with the operation and mobilization of guard and reserve units and operations and maintenance costs to support U.S. troops will be high. It is imperative that I have the flexibility to merge or transfer these funds as needed to meet shifting threats or emerging contingencies in the year ahead. I appreciate your support of these important provisions.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert". The signature is stylized with a large, sweeping initial "J" and "H".

The Honorable J. Dennis Hastert  
Speaker of the House of Representatives  
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

July 2, 2002

The President

The White House

Submitted for your consideration is a request for an FY 2003 budget amendment for the Department of Defense (DoD). The budget totals proposed in your FY 2003 Budget would not be affected by this amendment. The amendment reflects your decision to remove the contingent appropriation request and identify by defense program the allocation of \$10.0 billion from the Defense Emergency Response Fund (DERF) to respond to, and/or protect against, acts of terrorism directed against the United States and its citizens.

This amendment will help ensure the security of the United States in the war against terrorism. These programs will support the expansion of Operation Enduring Freedom, military training, financing the National Guard and Reserve, procurement of additional weapons, and support for classified programs. For this reason, we recommend the attached allocation of the \$10.0 billion within the Defense Emergency Response Fund (DERF) to prosecute the war on terrorism in an effective manner.

Specifically, the proposal would request: up to \$2.550 billion for Military Personnel accounts; up to \$5.570 billion for Operation and Maintenance accounts, as well as Military Construction or working capital funds; and, up to \$1.880 billion for Procurement or Research, Development, Test, and Evaluation accounts.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Defense in recommending that you transmit the proposal to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "M E Daniels Jr".

Mitchell E. Daniels, Jr.

Enclosure

Agency: DEPARTMENT OF DEFENSE  
Bureau: OPERATION AND MAINTENANCE  
Heading: Defense Emergency Response Fund  
FY 2003 Budget  
Appendix Page: 276-277  
FY 2003  
Pending Request: \$20,055,000,000  
Proposed Amendment: Language  
Revised Request: \$20,055,000,000

Delete the appropriations language under the above heading and substitute the following:

For expenses relating to activities to respond to or protect against acts or threatened acts of terrorism, \$20,055,000,000, to remain available until expended: Provided, That funds appropriated under this heading may be used to reimburse other appropriations or funds of the Department of Defense, including activities of the National Foreign Intelligence Program, funded in defense appropriations Acts for fiscal year 2003, for costs incurred for such purposes: Provided further, That after consultation with the Director of the Office of Management and Budget, the Secretary of Defense may transfer these funds to any appropriation or fund of the Department of Defense, to be merged with and available for the same purposes and for the same time period as the appropriation to which transferred: Provided further, That of the total amount appropriated, \$10,000,000,000 may be transferred to, merged with, and available for the same purposes and for the same time period as the appropriation to which transferred, pursuant to the following allocations: Not to exceed \$2,550,000,000 to accounts for military personnel; Not to exceed \$5,570,000,000 to accounts for operation and maintenance (including Overseas Humanitarian, Disaster and Civic Aid and the Defense Health Program), military construction, or working capital funds; Not to exceed \$1,880,000,000 to accounts for procurement or research, development, test, and evaluation: Provided further, That the allocations set forth in the previous proviso may be increased or decreased, within the \$10,000,000,000 provided, by the Secretary of Defense after consultation with the Director of the Office of Management and Budget and 15 days after providing notification to the Congressional defense committees: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided in this paragraph is in addition to any other transfer authority contained elsewhere in this Act.

This proposal amends the budget request for the FY 2003 Defense Emergency Response Fund (DERF) appropriation. The original request contained a provision specifying that \$10.0 billion of DERF funds would be available only after an official budget request designating the amount of the request as essential to respond to, or protect against, acts or threatened acts of terrorism was transmitted by the President to the Congress.

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The President has determined that these funds are necessary to support DoD military operations in the Global War on Terrorism and vital to protecting U.S. national security options. This amendment deletes the contingent provision and substitutes a provision permitting the \$10.0 billion to be transferred to various DoD appropriations as follows: up to \$2.550 billion to military personnel accounts, up to \$5.570 billion to operation and maintenance accounts (including the Defense Health Program; and Overseas Humanitarian, Disaster and Civic Aid), military construction or working capital funds; and, up to \$1.880 billion to appropriations for procurement or research development, test and evaluation accounts.

The foregoing allocations, within the \$10.0 billion, may be increased or decreased after consultation with the Director of the Office of Management and Budget and 15 days after notification to the Congressional defense committees. These funds will finance operations, mobilization and procurement (including classified programs and procurement of munitions) that are above and beyond baseline costs for training, operations, personnel, and investment. The \$10.0 billion justified in this document is complementary to the \$10.1 billion of costs already detailed in the DERF justification material provided to support the original request in February 2002. The amounts requested will:

- Support the follow on operations in the war. The proposal includes funding to cover the cost to operate units that conduct or support new contingency operations, and funding to cover the cost of materials and services including: petroleum; spares, reparable and consumable parts; maintenance required to prepare equipment for deployment and to maintain equipment during contingency operations; establishment, maintenance, and operation of billeting, camps, airfields, staging areas, relief centers; and leases and utilities to operate bases, camps, relief centers, airfields, and additional civilian support for contingency operations;
- Finance the pay of the National Guard and Reserve members mobilized to conduct operations, as well as for those active personnel deployed in support of the war on terrorism and in the areas of security and force protection, infantry, special operations, transportation, chemical and biological, intelligence, civil affairs, combat air patrols overseas, communications, strategic and tactical airlift, air refueling operations, and aero-medical staging capabilities;
- Procure additional precision guided weapons and conventional munitions (e.g., Hellfire, small arms and general purpose bombs) necessary for tactical operations sufficient for Operation Enduring Freedom or follow-on operations; and
- Support classified programs.

This amendment would not affect the proposed budget totals.