

George W. Bush Presidential Library

Collection: Executive Clerk, Office of the

Series: Saunders, G. Timothy (Tim) - Bill Files

Folder Title: 01/10/2002 [H.R. 3338] [3]

Withdrawn/Redacted Material

The George W. Bush Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Draft	Defense Appropriations Bill Signing Draft 4	3	01/10/2002	P5; P6/b6;
002	Draft	Defense Appropriations Bill Signing Draft 4	3	01/10/2002	P5; P6/b6;
003	Draft	Defense Appropriations Bill Signing Draft 4	3	01/10/2002	P5; P6/b6;
004	Draft	Defense Appropriations Bill Signing Draft 4	3	01/10/2002	P5; P6/b6;
005	Memorandum	[page from mis-filed Memorandum to the President on H.R. 2506] - To: POTUS - From: Mitchell E. Daniels, Jr.	1	N.D.	P5;

COLLECTION TITLE:

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SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

01/10/2002 [H.R. 3338] [3]

FRC ID:

782

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

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Freedom of Information Act - [5 U.S.C. 552(b)]

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Records Not Subject to FOIA

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WHITE HOUSE STAFFING MEMORANDUM

Date: 1-9-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 5:00 PMSubject: DEFENSE APPROPRIATIONS BILL SIGNING REMARKS - JANUARY 10, 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☐
HAWKINS	☒	☐	_____	☐	☐

REMARKS:

Please forward comments directly to Krista Ritacco, x60170, no later than 5:00 p.m., TODAY, with a cc to us. Thanks.

RESPONSE: _____

Harriet E. Miers
 Assistant to the President
 and Staff Secretary
 Ext. 62702

Withdrawal Marker

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FOIA IDs and Segments:**OA Num.:**

733

NARA Num.:

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Legislation Affair (Hawaii) - du

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

02 JAN 9 PM 5:33

January 9, 2002

MEMORANDUM FOR MIKE GERSON
DIRECTOR OF PRESIDENTIAL SPEECHWRITING

FROM: JONATHAN BURKS 
DEPUTY STAFF SECRETARY TO THE VICE PRESIDENT

SUBJECT: Defense Appropriations Bill Signing Remarks –
January 10, 2002

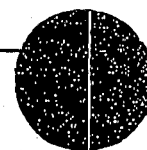
The Office of the Vice President has reviewed the above-referenced draft and suggests the changes marked on the attached copy.

cc: Harriet Miers
STAFF SECRETARY

Attachment

SS/ RM NO. _____

WHITE HOUSE STAFFING MEMORANDUM

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WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT <i>edits</i>	☒	☐	HUBBARD <i>concur</i>	☒	☐
CARD <i>ok</i>	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
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DANIELS	☐	☒	RICE <i>concur</i>	☒	☐
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GERSON	☐	☐	ROVE	☒	☐
GONZALES <i>OK</i>	☒	☐	SPELLINGS <i>ok</i>	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐	_____	☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702

WHITE HOUSE STAFFING MEMORANDUM

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cc: Bridge

OK

RESPONSE:

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Assistant to the President
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Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

Military Personnel

The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
- \$3.0 billion for procurement of 48 Navy F/A 18E/F fighter aircraft;
- \$2.8 billion for procurement of 13 F-22 fighter aircraft for the Air Force;
- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
- \$3.0 billion to build three DDG-51 destroyers; and
- \$729 million to fund cost growth for Navy ships started in prior years.

Research and Development Programs

The bill provides \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The bill includes:

- \$627 million for V-22 development;
- \$1,539 million for Joint Strike Fighter development;
- \$788 million for the Army's Comanche helicopter;
- \$263 million for Marine Corps (armored) Assault Vehicles;
- \$882 million for the Air Force's F-22 Raptor fighter aircraft;
- \$445 million for the Space Based Infrared System-High missile detection satellite; and
- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

The enrolled bill reduces funding for several modernization programs, including a \$125 million reduction to the Navy's next-generation destroyer development program; a reduction of \$226 million for procurement of three V-22 tilt rotor aircraft; and a \$70 million reduction in development of the Advanced EHF MILSATCOM program (an Air Force communications satellite).

The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

Missile Defense

The enrolled bill provides \$7.8 billion for missile defense, \$0.5 billion below your request. The bill provides the \$3.2 billion request for Land-based Midcourse systems, and increases funds for the Airborne Laser, Arrow, and Patriot Advanced Capability-3 programs. The bill reduces funding for the Sea-based Midcourse system and Space-Based Laser programs by \$120 million each below your request. The enrolled bill also eliminates \$288 million in funding requested from the Navy Area missile defense program; this reduction is consistent with

the Defense Department's recent decision to terminate this program due to large projected cost increases

Although the bill does not include the \$385 million requested for Space Based Infra-Red System-Low (SBIRS-Low) missile warning satellites, it allows DoD to continue to develop technologies associated with SBIRS-Low under a new \$250 million Satellite Sensor Technology program. Contrary to the Administration's proposal, the bill transfers several programs from the Military Services to the Ballistic Missile Defense Organization.

Leasing of Boeing 767 and 737 Aircraft

Section 8159 of the bill authorizes the Secretary of Defense to enter into an operating lease for up to 100 general purpose Boeing 767 and four Boeing 737 aircraft. The Air Force would convert the 767 aircraft to a tanker configuration. However, the Air Force would have to return the aircraft in its original configuration to Boeing at the end of the lease period -- a maximum of 10 years. While the provision makes clear that any lease for either type of aircraft must be consistent with the criteria for an operating lease, our analysis indicates that acquiring these aircraft through operating leases may be cost prohibitive.

International Criminal Court

The bill includes a provision of foreign policy concern. Section 8173 prohibits the use of appropriated funds for cooperation with, or assistance or other support to, the International Criminal Court (ICC). While section 8173 clearly reflects that Congress agrees with the Administration that it is not in the interests of the United States to become a party to the ICC treaty, this provision must be applied consistent with your constitutional authority in the area of foreign affairs, which, among other things, will enable you to take actions to protect U.S. nationals from the purported jurisdiction of the treaty.

FY 2002 Emergency Supplemental Appropriations

P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001, provided a total of \$40 billion in emergency funding to the Emergency Response Fund. As required by P.L. 107-38, you designated the entire \$40 billion as an emergency funding requirement on September 18, 2001. To date, the Administration has transferred \$19.7 billion of the first \$20 billion, which was made available to agencies, without requiring any further congressional action, to address the immediate needs and consequences of the attacks.

Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

Department of Defense (DOD)

The emergency supplemental provides \$3.5 billion for Defense Department operations, \$3.9 billion below your request. Highlights of this funding include: \$850 million for increased situational (military intelligence) awareness (approximately \$885 million below your request); \$1.5 billion for increased worldwide posture (\$1.4 billion below your request); \$372 million for offensive counter-terrorism (\$173 million below your request); \$39 million for initial crisis response (\$67 million below your request); and \$640 million for Pentagon repair/upgrade costs (\$285 million below your request). Funding for enhanced force protection requirements (\$881 million request) and for improved command and control requirements (\$219 million request) was not provided.

Of the \$640 million in funds provided for Pentagon repairs and upgrades, the construction costs of \$475 million to cover damage of September 11th were fully funded. However, the bill only provided \$33 million of the \$450 million requested for relocation expenses, replacement office furnishings, and other recovery efforts. The other \$132 million appropriated in the bill for repairs/upgrades category is for unrequested, miscellaneous items added by members of Congress. In addition to the appropriated amounts, this portion of the bill includes \$300 million in transfer authority pursuant to P.L. 107-38 to construct military command centers in the Pentagon and to accelerate the ongoing Pentagon renovation effort.

The bill also contains transfer provisions that address National Guard reimbursement and operations and maintenance funding. The bill includes a general provision, section 1403, that allows funds to be transferred from agencies requiring National Guard services to DOD for the cost of those services. This authority will remain available until April 30th.

The bill also includes a provision, section 306, that allows the Secretary to transfer up to 1.5 percent of FY 2002 unobligated balances from any defense procurement or research and development account to fund additional needs for the war on terrorism and homeland security, once funds available to DoD pursuant to P.L. 107-38 in the Defense Emergency Response Fund are exhausted. This transfer authority is in addition to the Secretary's existing transfer authority.

New York, Virginia, Pennsylvania, and the District of Columbia

The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
- \$4.4 billion for FEMA's emergency response, debris removal and public infrastructure repair efforts and \$210 million in unrequested funding for FEMA's firefighter grant program to provide emergency planning assistance;
- \$175 million for the New York State Compensation Review Board for the processing and payment of claims related to the attacks;
- \$150 million for Small Business Administration disaster and business assistance; and,
- \$32.5 million for training and employment services for New York City area workers displaced as a result of the September 11th attacks.

Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

The bill provides additional funding to prepare for, and prevent, any future terrorist attacks. The Federal Bureau of Investigation will receive \$745.0 million, \$206.5 million over the request, to apprehend terrorists, preempt terrorist activity, and protect our Nation's infrastructure – including its information infrastructure – from terrorist attack. The bill provides \$160.7 million, \$43.0 million above the request, for the Department of Energy to enhance the physical and cyber-security of key facilities and nuclear materials and to continue the development of systems to detect biological attacks. EPA will receive \$174.6 million, \$99.6 million over the request, which includes funds to work States to assess the vulnerability of large drinking water systems. To support State and local first responders, the bill provides \$651.0 million to the Department of Justice, of which \$251 million is earmarked for New York, New Jersey, Virginia, Maryland, Pennsylvania, and Utah, and an additional \$189.0 million is earmarked for other projects. The bill also includes \$500.0 million for emergency expenses for the U.S. Postal Service for repair of facilities destroyed in the terrorist attacks and to mitigate current and future biohazardous threats.

Over \$2.6 billion is provided for public health and bioterrorism activities, \$1 billion above your request. The bill includes \$593 million for the National Pharmaceutical Stockpile and \$512 million to purchase smallpox vaccine. The bill provides \$1 billion for State and local preparedness, including State and local lab capacity, communication systems, preparedness and

planning, and \$135 million to improve hospital preparedness. Additional resources above your request will enhance biomedical research, including next generation vaccine research. The bill provides \$100 million for upgrading laboratory capacity at the Centers for Disease Control and Prevention (CDC) and \$84 million for security upgrades at CDC, the National Institutes of Health, and the Food and Drug Administration (FDA). The bill also provides \$138 million for FDA to improve food safety inspection and expedite drug review and approval. The bill also addresses your request for enhancing the capabilities of Federal and local public health response teams.

The bill provides \$108.5 million, as requested, to improve airport security through the purchase and installation of explosives detection systems in airports. The bill also includes \$175 million in unrequested funding to reimburse airports for the cost of security upgrades. The bill provides \$100 million - \$200 million below your request - for your commitment to improve airplane cockpit security, and another \$65 million in unrequested funding is provided to help hire additional Federal air marshals.

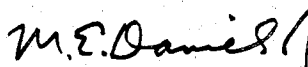
The bill increases security funding for all three branches of the Federal Government: \$92.5 million for security requirements of the Federal Judiciary and the Supreme Court; \$256 million for Legislative Branch security and an additional 195 employees for the U.S. Capitol Police; \$50.4 million for the Executive Office of the President, equal to your request; and \$126 million for General Services Administration for increased security at Federal buildings.

The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 1506
 CONNECTION TEL 66212
 CONNECTION ID
 ST. TIME 01/08 13:31
 USAGE T 04'21
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SS/ RM NO. 505332

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
 APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman. x54790 (fax 53729). no later than

WHITE HOUSE STAFFING MEMORANDUM

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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

Military Personnel

The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
- \$3.0 billion for procurement of 48 Navy F/A 18E/F fighter aircraft;
- \$2.8 billion for procurement of 13 F-22 fighter aircraft for the Air Force;
- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
- \$3.0 billion to build three DDG-51 destroyers; and
- \$729 million to fund cost growth for Navy ships started in prior years.

Research and Development Programs

The bill provides \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The bill includes:

- \$627 million for V-22 development;
- \$1,539 million for Joint Strike Fighter development;
- \$788 million for the Army's Comanche helicopter;
- \$263 million for Marine Corps (armored) Assault Vehicles;
- \$882 million for the Air Force's F-22 Raptor fighter aircraft;
- \$445 million for the Space Based Infrared System-High missile detection satellite; and
- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

The enrolled bill reduces funding for several modernization programs, including a \$125 million reduction to the Navy's next-generation destroyer development program; a reduction of \$226 million for procurement of three V-22 tilt rotor aircraft; and a \$70 million reduction in development of the Advanced EHF MILSATCOM program (an Air Force communications satellite).

The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

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Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

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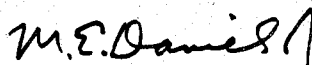
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Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

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TRANSMISSION OK

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Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

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GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
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Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

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The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

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Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
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- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
- \$3.0 billion to build three DDG-51 destroyers; and
- \$729 million to fund cost growth for Navy ships started in prior years.

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- \$627 million for V-22 development;
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- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

The enrolled bill reduces funding for several modernization programs, including a \$125 million reduction to the Navy's next-generation destroyer development program; a reduction of \$226 million for procurement of three V-22 tilt rotor aircraft; and a \$70 million reduction in development of the Advanced EHF MILSATCOM program (an Air Force communications satellite).

The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

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The enrolled bill provides \$7.8 billion for missile defense, \$0.5 billion below your request. The bill provides the \$3.2 billion request for Land-based Midcourse systems, and increases funds for the Airborne Laser, Arrow, and Patriot Advanced Capability-3 programs. The bill reduces funding for the Sea-based Midcourse system and Space-Based Laser programs by \$120 million each below your request. The enrolled bill also eliminates \$288 million in funding requested from the Navy Area missile defense program; this reduction is consistent with

the Defense Department's recent decision to terminate this program due to large projected cost increases

Although the bill does not include the \$385 million requested for Space Based Infra-Red System-Low (SBIRS-Low) missile warning satellites, it allows DoD to continue to develop technologies associated with SBIRS-Low under a new \$250 million Satellite Sensor Technology program. Contrary to the Administration's proposal, the bill transfers several programs from the Military Services to the Ballistic Missile Defense Organization.

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The bill includes a provision of foreign policy concern. Section 8173 prohibits the use of appropriated funds for cooperation with, or assistance or other support to, the International Criminal Court (ICC). While section 8173 clearly reflects that Congress agrees with the Administration that it is not in the interests of the United States to become a party to the ICC treaty, this provision must be applied consistent with your constitutional authority in the area of foreign affairs, which, among other things, will enable you to take actions to protect U.S. nationals from the purported jurisdiction of the treaty.

FY 2002 Emergency Supplemental Appropriations

P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001, provided a total of \$40 billion in emergency funding to the Emergency Response Fund. As required by P.L. 107-38, you designated the entire \$40 billion as an emergency funding requirement on September 18, 2001. To date, the Administration has transferred \$19.7 billion of the first \$20 billion, which was made available to agencies, without requiring any further congressional action, to address the immediate needs and consequences of the attacks.

Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

Department of Defense (DOD)

The emergency supplemental provides \$3.5 billion for Defense Department operations, \$3.9 billion below your request. Highlights of this funding include: \$850 million for increased situational (military intelligence) awareness (approximately \$885 million below your request); \$1.5 billion for increased worldwide posture (\$1.4 billion below your request); \$372 million for offensive counter-terrorism (\$173 million below your request); \$39 million for initial crisis response (\$67 million below your request); and \$640 million for Pentagon repair/upgrade costs (\$285 million below your request). Funding for enhanced force protection requirements (\$881 million request) and for improved command and control requirements (\$219 million request) was not provided.

Of the \$640 million in funds provided for Pentagon repairs and upgrades, the construction costs of \$475 million to cover damage of September 11th were fully funded. However, the bill only provided \$33 million of the \$450 million requested for relocation expenses, replacement office furnishings, and other recovery efforts. The other \$132 million appropriated in the bill for repairs/upgrades category is for unrequested, miscellaneous items added by members of Congress. In addition to the appropriated amounts, this portion of the bill includes \$300 million in transfer authority pursuant to P.L. 107-38 to construct military command centers in the Pentagon and to accelerate the ongoing Pentagon renovation effort.

The bill also contains transfer provisions that address National Guard reimbursement and operations and maintenance funding. The bill includes a general provision, section 1403, that allows funds to be transferred from agencies requiring National Guard services to DOD for the cost of those services. This authority will remain available until April 30th.

The bill also includes a provision, section 306, that allows the Secretary to transfer up to 1.5 percent of FY 2002 unobligated balances from any defense procurement or research and development account to fund additional needs for the war on terrorism and homeland security, once funds available to DoD pursuant to P.L. 107-38 in the Defense Emergency Response Fund are exhausted. This transfer authority is in addition to the Secretary's existing transfer authority.

New York, Virginia, Pennsylvania, and the District of Columbia

The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
- \$4.4 billion for FEMA's emergency response, debris removal and public infrastructure repair efforts and \$210 million in unrequested funding for FEMA's firefighter grant program to provide emergency planning assistance;
- \$175 million for the New York State Compensation Review Board for the processing and payment of claims related to the attacks;
- \$150 million for Small Business Administration disaster and business assistance; and,
- \$32.5 million for training and employment services for New York City area workers displaced as a result of the September 11th attacks.

Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

The bill provides additional funding to prepare for, and prevent, any future terrorist attacks. The Federal Bureau of Investigation will receive \$745.0 million, \$206.5 million over the request, to apprehend terrorists, preempt terrorist activity, and protect our Nation's infrastructure – including its information infrastructure – from terrorist attack. The bill provides \$160.7 million, \$43.0 million above the request, for the Department of Energy to enhance the physical and cyber-security of key facilities and nuclear materials and to continue the development of systems to detect biological attacks. EPA will receive \$174.6 million, \$99.6 million over the request, which includes funds to work States to assess the vulnerability of large drinking water systems. To support State and local first responders, the bill provides \$651.0 million to the Department of Justice, of which \$251 million is earmarked for New York, New Jersey, Virginia, Maryland, Pennsylvania, and Utah, and an additional \$189.0 million is earmarked for other projects. The bill also includes \$500.0 million for emergency expenses for the U.S. Postal Service for repair of facilities destroyed in the terrorist attacks and to mitigate current and future biohazardous threats.

Over \$2.6 billion is provided for public health and bioterrorism activities, \$1 billion above your request. The bill includes \$593 million for the National Pharmaceutical Stockpile and \$512 million to purchase smallpox vaccine. The bill provides \$1 billion for State and local preparedness, including State and local lab capacity, communication systems, preparedness and

planning, and \$135 million to improve hospital preparedness. Additional resources above your request will enhance biomedical research, including next generation vaccine research. The bill provides \$100 million for upgrading laboratory capacity at the Centers for Disease Control and Prevention (CDC) and \$84 million for security upgrades at CDC, the National Institutes of Health, and the Food and Drug Administration (FDA). The bill also provides \$138 million for FDA to improve food safety inspection and expedite drug review and approval. The bill also addresses your request for enhancing the capabilities of Federal and local public health response teams.

The bill provides \$108.5 million, as requested, to improve airport security through the purchase and installation of explosives detection systems in airports. The bill also includes \$175 million in unrequested funding to reimburse airports for the cost of security upgrades. The bill provides \$100 million - -\$200 million below your request- - for your commitment to improve airplane cockpit security, and another \$65 million in unrequested funding is provided to help hire additional Federal air marshals.

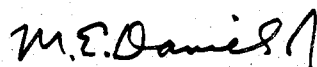
The bill increases security funding for all three branches of the Federal Government: \$92.5 million for security requirements of the Federal Judiciary and the Supreme Court; \$256 million for Legislative Branch security and an additional 195 employees for the U.S. Capitol Police; \$50.4 million for the Executive Office of the President, equal to your request; and \$126 million for General Services Administration for increased security at Federal buildings.

The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 1510
 CONNECTION TEL 51005
 CONNECTION ID
 ST. TIME 01/08 13:57
 USAGE T 04'20
 PGS. SENT 8
 RESULT OK

SS/ RM NO. 505332

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
 APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
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Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

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Department of Health and Human Services	Approval
Department of Justice	Approval
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The bill also includes a provision, section 306, that allows the Secretary to transfer up to 1.5 percent of FY 2002 unobligated balances from any defense procurement or research and development account to fund additional needs for the war on terrorism and homeland security, once funds available to DoD pursuant to P.L. 107-38 in the Defense Emergency Response Fund are exhausted. This transfer authority is in addition to the Secretary's existing transfer authority.

New York, Virginia, Pennsylvania, and the District of Columbia

The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
- \$4.4 billion for FEMA's emergency response, debris removal and public infrastructure repair efforts and \$210 million in unrequested funding for FEMA's firefighter grant program to provide emergency planning assistance;
- \$175 million for the New York State Compensation Review Board for the processing and payment of claims related to the attacks;
- \$150 million for Small Business Administration disaster and business assistance; and,
- \$32.5 million for training and employment services for New York City area workers displaced as a result of the September 11th attacks.

Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

The bill provides additional funding to prepare for, and prevent, any future terrorist attacks. The Federal Bureau of Investigation will receive \$745.0 million, \$206.5 million over the request, to apprehend terrorists, preempt terrorist activity, and protect our Nation's infrastructure – including its information infrastructure – from terrorist attack. The bill provides \$160.7 million, \$43.0 million above the request, for the Department of Energy to enhance the physical and cyber-security of key facilities and nuclear materials and to continue the development of systems to detect biological attacks. EPA will receive \$174.6 million, \$99.6 million over the request, which includes funds to work States to assess the vulnerability of large drinking water systems. To support State and local first responders, the bill provides \$651.0 million to the Department of Justice, of which \$251 million is earmarked for New York, New Jersey, Virginia, Maryland, Pennsylvania, and Utah, and an additional \$189.0 million is earmarked for other projects. The bill also includes \$500.0 million for emergency expenses for the U.S. Postal Service for repair of facilities destroyed in the terrorist attacks and to mitigate current and future biohazardous threats.

Over \$2.6 billion is provided for public health and bioterrorism activities, \$1 billion above your request. The bill includes \$593 million for the National Pharmaceutical Stockpile and \$512 million to purchase smallpox vaccine. The bill provides \$1 billion for State and local preparedness, including State and local lab capacity, communication systems, preparedness and

planning, and \$135 million to improve hospital preparedness. Additional resources above your request will enhance biomedical research, including next generation vaccine research. The bill provides \$100 million for upgrading laboratory capacity at the Centers for Disease Control and Prevention (CDC) and \$84 million for security upgrades at CDC, the National Institutes of Health, and the Food and Drug Administration (FDA). The bill also provides \$138 million for FDA to improve food safety inspection and expedite drug review and approval. The bill also addresses your request for enhancing the capabilities of Federal and local public health response teams.

The bill provides \$108.5 million, as requested, to improve airport security through the purchase and installation of explosives detection systems in airports. The bill also includes \$175 million in unrequested funding to reimburse airports for the cost of security upgrades. The bill provides \$100 million - -\$200 million below your request- - for your commitment to improve airplane cockpit security, and another \$65 million in unrequested funding is provided to help hire additional Federal air marshals.

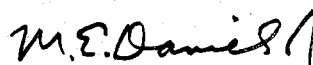
The bill increases security funding for all three branches of the Federal Government: \$92.5 million for security requirements of the Federal Judiciary and the Supreme Court; \$256 million for Legislative Branch security and an additional 195 employees for the U.S. Capitol Police; \$50.4 million for the Executive Office of the President, equal to your request; and \$126 million for General Services Administration for increased security at Federal buildings.

The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 1513
 CONNECTION TEL 56958
 CONNECTION ID
 ST. TIME 01/08 14:08
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WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
 APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

Military Personnel

The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
- \$3.0 billion for procurement of 48 Navy F/A 18E/F fighter aircraft;
- \$2.8 billion for procurement of 13 F-22 fighter aircraft for the Air Force;
- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
- \$3.0 billion to build three DDG-51 destroyers; and
- \$729 million to fund cost growth for Navy ships started in prior years.

Research and Development Programs

The bill provides \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The bill includes:

- \$627 million for V-22 development;
- \$1,539 million for Joint Strike Fighter development;
- \$788 million for the Army's Comanche helicopter;
- \$263 million for Marine Corps (armored) Assault Vehicles;
- \$882 million for the Air Force's F-22 Raptor fighter aircraft;
- \$445 million for the Space Based Infrared System-High missile detection satellite; and
- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

The enrolled bill reduces funding for several modernization programs, including a \$125 million reduction to the Navy's next-generation destroyer development program; a reduction of \$226 million for procurement of three V-22 tilt rotor aircraft; and a \$70 million reduction in development of the Advanced EHF MILSATCOM program (an Air Force communications satellite).

The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

Missile Defense

The enrolled bill provides \$7.8 billion for missile defense, \$0.5 billion below your request. The bill provides the \$3.2 billion request for Land-based Midcourse systems, and increases funds for the Airborne Laser, Arrow, and Patriot Advanced Capability-3 programs. The bill reduces funding for the Sea-based Midcourse system and Space-Based Laser programs by \$120 million each below your request. The enrolled bill also eliminates \$288 million in funding requested from the Navy Area missile defense program; this reduction is consistent with

the Defense Department's recent decision to terminate this program due to large projected cost increases

Although the bill does not include the \$385 million requested for Space Based Infra-Red System-Low (SBIRS-Low) missile warning satellites, it allows DoD to continue to develop technologies associated with SBIRS-Low under a new \$250 million Satellite Sensor Technology program. Contrary to the Administration's proposal, the bill transfers several programs from the Military Services to the Ballistic Missile Defense Organization.

Leasing of Boeing 767 and 737 Aircraft

Section 8159 of the bill authorizes the Secretary of Defense to enter into an operating lease for up to 100 general purpose Boeing 767 and four Boeing 737 aircraft. The Air Force would convert the 767 aircraft to a tanker configuration. However, the Air Force would have to return the aircraft in its original configuration to Boeing at the end of the lease period -- a maximum of 10 years. While the provision makes clear that any lease for either type of aircraft must be consistent with the criteria for an operating lease, our analysis indicates that acquiring these aircraft through operating leases may be cost prohibitive.

International Criminal Court

The bill includes a provision of foreign policy concern. Section 8173 prohibits the use of appropriated funds for cooperation with, or assistance or other support to, the International Criminal Court (ICC). While section 8173 clearly reflects that Congress agrees with the Administration that it is not in the interests of the United States to become a party to the ICC treaty, this provision must be applied consistent with your constitutional authority in the area of foreign affairs, which, among other things, will enable you to take actions to protect U.S. nationals from the purported jurisdiction of the treaty.

FY 2002 Emergency Supplemental Appropriations

P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001, provided a total of \$40 billion in emergency funding to the Emergency Response Fund. As required by P.L. 107-38, you designated the entire \$40 billion as an emergency funding requirement on September 18, 2001. To date, the Administration has transferred \$19.7 billion of the first \$20 billion, which was made available to agencies, without requiring any further congressional action, to address the immediate needs and consequences of the attacks.

Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

Department of Defense (DOD)

The emergency supplemental provides \$3.5 billion for Defense Department operations, \$3.9 billion below your request. Highlights of this funding include: \$850 million for increased situational (military intelligence) awareness (approximately \$885 million below your request); \$1.5 billion for increased worldwide posture (\$1.4 billion below your request); \$372 million for offensive counter-terrorism (\$173 million below your request); \$39 million for initial crisis response (\$67 million below your request); and \$640 million for Pentagon repair/upgrade costs (\$285 million below your request). Funding for enhanced force protection requirements (\$881 million request) and for improved command and control requirements (\$219 million request) was not provided.

Of the \$640 million in funds provided for Pentagon repairs and upgrades, the construction costs of \$475 million to cover damage of September 11th were fully funded. However, the bill only provided \$33 million of the \$450 million requested for relocation expenses, replacement office furnishings, and other recovery efforts. The other \$132 million appropriated in the bill for repairs/upgrades category is for unrequested, miscellaneous items added by members of Congress. In addition to the appropriated amounts, this portion of the bill includes \$300 million in transfer authority pursuant to P.L. 107-38 to construct military command centers in the Pentagon and to accelerate the ongoing Pentagon renovation effort.

The bill also contains transfer provisions that address National Guard reimbursement and operations and maintenance funding. The bill includes a general provision, section 1403, that allows funds to be transferred from agencies requiring National Guard services to DOD for the cost of those services. This authority will remain available until April 30th.

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The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
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The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

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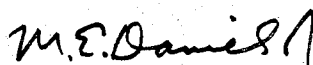
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The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02

ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORISTSubject: ATTACKS ON THE UNITED STATES ACT, FY 2002

02 JAN 9 AM 7:38

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

De AM

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

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While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

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Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
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Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
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The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

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As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

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Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
- \$3.0 billion for procurement of 48 Navy F/A 18E/F fighter aircraft;
- \$2.8 billion for procurement of 13 F-22 fighter aircraft for the Air Force;
- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
- \$3.0 billion to build three DDG-51 destroyers; and
- \$729 million to fund cost growth for Navy ships started in prior years.

Research and Development Programs

The bill provides \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The bill includes:

- \$627 million for V-22 development;
- \$1,539 million for Joint Strike Fighter development;
- \$788 million for the Army's Comanche helicopter;
- \$263 million for Marine Corps (armored) Assault Vehicles;
- \$882 million for the Air Force's F-22 Raptor fighter aircraft;
- \$445 million for the Space Based Infrared System-High missile detection satellite; and
- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

The enrolled bill reduces funding for several modernization programs, including a \$125 million reduction to the Navy's next-generation destroyer development program; a reduction of \$226 million for procurement of three V-22 tilt rotor aircraft; and a \$70 million reduction in development of the Advanced EHF MILSATCOM program (an Air Force communications satellite).

The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

Missile Defense

The enrolled bill provides \$7.8 billion for missile defense, \$0.5 billion below your request. The bill provides the \$3.2 billion request for Land-based Midcourse systems, and increases funds for the Airborne Laser, Arrow, and Patriot Advanced Capability-3 programs. The bill reduces funding for the Sea-based Midcourse system and Space-Based Laser programs by \$120 million each below your request. The enrolled bill also eliminates \$288 million in funding requested from the Navy Area missile defense program; this reduction is consistent with

the Defense Department's recent decision to terminate this program due to large projected cost increases

Although the bill does not include the \$385 million requested for Space Based Infra-Red System-Low (SBIRS-Low) missile warning satellites, it allows DoD to continue to develop technologies associated with SBIRS-Low under a new \$250 million Satellite Sensor Technology program. Contrary to the Administration's proposal, the bill transfers several programs from the Military Services to the Ballistic Missile Defense Organization.

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The bill includes a provision of foreign policy concern. Section 8173 prohibits the use of appropriated funds for cooperation with, or assistance or other support to, the International Criminal Court (ICC). While section 8173 clearly reflects that Congress agrees with the Administration that it is not in the interests of the United States to become a party to the ICC treaty, this provision must be applied consistent with your constitutional authority in the area of foreign affairs, which, among other things, will enable you to take actions to protect U.S. nationals from the purported jurisdiction of the treaty.

FY 2002 Emergency Supplemental Appropriations

P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001, provided a total of \$40 billion in emergency funding to the Emergency Response Fund. As required by P.L. 107-38, you designated the entire \$40 billion as an emergency funding requirement on September 18, 2001. To date, the Administration has transferred \$19.7 billion of the first \$20 billion, which was made available to agencies, without requiring any further congressional action, to address the immediate needs and consequences of the attacks.

Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

Department of Defense (DOD)

The emergency supplemental provides \$3.5 billion for Defense Department operations, \$3.9 billion below your request. Highlights of this funding include: \$850 million for increased situational (military intelligence) awareness (approximately \$885 million below your request); \$1.5 billion for increased worldwide posture (\$1.4 billion below your request); \$372 million for offensive counter-terrorism (\$173 million below your request); \$39 million for initial crisis response (\$67 million below your request); and \$640 million for Pentagon repair/upgrade costs (\$285 million below your request). Funding for enhanced force protection requirements (\$881 million request) and for improved command and control requirements (\$219 million request) was not provided.

Of the \$640 million in funds provided for Pentagon repairs and upgrades, the construction costs of \$475 million to cover damage of September 11th were fully funded. However, the bill only provided \$33 million of the \$450 million requested for relocation expenses, replacement office furnishings, and other recovery efforts. The other \$132 million appropriated in the bill for repairs/upgrades category is for unrequested, miscellaneous items added by members of Congress. In addition to the appropriated amounts, this portion of the bill includes \$300 million in transfer authority pursuant to P.L. 107-38 to construct military command centers in the Pentagon and to accelerate the ongoing Pentagon renovation effort.

The bill also contains transfer provisions that address National Guard reimbursement and operations and maintenance funding. The bill includes a general provision, section 1403, that allows funds to be transferred from agencies requiring National Guard services to DOD for the cost of those services. This authority will remain available until April 30th.

The bill also includes a provision, section 306, that allows the Secretary to transfer up to 1.5 percent of FY 2002 unobligated balances from any defense procurement or research and development account to fund additional needs for the war on terrorism and homeland security, once funds available to DoD pursuant to P.L. 107-38 in the Defense Emergency Response Fund are exhausted. This transfer authority is in addition to the Secretary's existing transfer authority.

New York, Virginia, Pennsylvania, and the District of Columbia

The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
- \$4.4 billion for FEMA's emergency response, debris removal and public infrastructure repair efforts and \$210 million in unrequested funding for FEMA's firefighter grant program to provide emergency planning assistance;
- \$175 million for the New York State Compensation Review Board for the processing and payment of claims related to the attacks;
- \$150 million for Small Business Administration disaster and business assistance; and,
- \$32.5 million for training and employment services for New York City area workers displaced as a result of the September 11th attacks.

Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

The bill provides additional funding to prepare for, and prevent, any future terrorist attacks. The Federal Bureau of Investigation will receive \$745.0 million, \$206.5 million over the request, to apprehend terrorists, preempt terrorist activity, and protect our Nation's infrastructure – including its information infrastructure – from terrorist attack. The bill provides \$160.7 million, \$43.0 million above the request, for the Department of Energy to enhance the physical and cyber-security of key facilities and nuclear materials and to continue the development of systems to detect biological attacks. EPA will receive \$174.6 million, \$99.6 million over the request, which includes funds to work States to assess the vulnerability of large drinking water systems. To support State and local first responders, the bill provides \$651.0 million to the Department of Justice, of which \$251 million is earmarked for New York, New Jersey, Virginia, Maryland, Pennsylvania, and Utah, and an additional \$189.0 million is earmarked for other projects. The bill also includes \$500.0 million for emergency expenses for the U.S. Postal Service for repair of facilities destroyed in the terrorist attacks and to mitigate current and future biohazardous threats.

Over \$2.6 billion is provided for public health and bioterrorism activities, \$1 billion above your request. The bill includes \$593 million for the National Pharmaceutical Stockpile and \$512 million to purchase smallpox vaccine. The bill provides \$1 billion for State and local preparedness, including State and local lab capacity, communication systems, preparedness and

planning, and \$135 million to improve hospital preparedness. Additional resources above your request will enhance biomedical research, including next generation vaccine research. The bill provides \$100 million for upgrading laboratory capacity at the Centers for Disease Control and Prevention (CDC) and \$84 million for security upgrades at CDC, the National Institutes of Health, and the Food and Drug Administration (FDA). The bill also provides \$138 million for FDA to improve food safety inspection and expedite drug review and approval. The bill also addresses your request for enhancing the capabilities of Federal and local public health response teams.

The bill provides \$108.5 million, as requested, to improve airport security through the purchase and installation of explosives detection systems in airports. The bill also includes \$175 million in unrequested funding to reimburse airports for the cost of security upgrades. The bill provides \$100 million - \$200 million below your request - for your commitment to improve airplane cockpit security, and another \$65 million in unrequested funding is provided to help hire additional Federal air marshals.

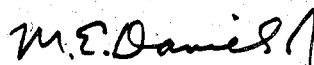
The bill increases security funding for all three branches of the Federal Government: \$92.5 million for security requirements of the Federal Judiciary and the Supreme Court; \$256 million for Legislative Branch security and an additional 195 employees for the U.S. Capitol Police; \$50.4 million for the Executive Office of the President, equal to your request; and \$126 million for General Services Administration for increased security at Federal buildings.

The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

SS/ RM NO. 505332

WHITE HOUSE STAFFING MEMORANDUM

Chris

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

02 JAN 9 AM 10:19

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

ok

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

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CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
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REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

January 9, 2002

RESPONSE:

The NSC concurs with the attached.

E. B. Rice
Condoleezza Rice

Assistant to the President
for National Security Affairs

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

Military Personnel

The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
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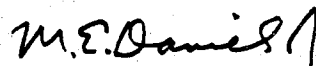
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Recommendation

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Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORIST

Subject: ATTACKS ON THE UNITED STATES ACT, FY 2002

02 JAN 9 AM 11:37

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

Legislative Affa (Houma) - de

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

Military Personnel

The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
- \$3.0 billion for procurement of 48 Navy F/A 18E/F fighter aircraft;
- \$2.8 billion for procurement of 13 F-22 fighter aircraft for the Air Force;
- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
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- \$729 million to fund cost growth for Navy ships started in prior years.

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- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

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The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

Missile Defense

The enrolled bill provides \$7.8 billion for missile defense, \$0.5 billion below your request. The bill provides the \$3.2 billion request for Land-based Midcourse systems, and increases funds for the Airborne Laser, Arrow, and Patriot Advanced Capability-3 programs. The bill reduces funding for the Sea-based Midcourse system and Space-Based Laser programs by \$120 million each below your request. The enrolled bill also eliminates \$288 million in funding requested from the Navy Area missile defense program; this reduction is consistent with

the Defense Department's recent decision to terminate this program due to large projected cost increases

Although the bill does not include the \$385 million requested for Space Based Infra-Red System-Low (SBIRS-Low) missile warning satellites, it allows DoD to continue to develop technologies associated with SBIRS-Low under a new \$250 million Satellite Sensor Technology program. Contrary to the Administration's proposal, the bill transfers several programs from the Military Services to the Ballistic Missile Defense Organization.

Leasing of Boeing 767 and 737 Aircraft

Section 8159 of the bill authorizes the Secretary of Defense to enter into an operating lease for up to 100 general purpose Boeing 767 and four Boeing 737 aircraft. The Air Force would convert the 767 aircraft to a tanker configuration. However, the Air Force would have to return the aircraft in its original configuration to Boeing at the end of the lease period -- a maximum of 10 years. While the provision makes clear that any lease for either type of aircraft must be consistent with the criteria for an operating lease, our analysis indicates that acquiring these aircraft through operating leases may be cost prohibitive.

International Criminal Court

The bill includes a provision of foreign policy concern. Section 8173 prohibits the use of appropriated funds for cooperation with, or assistance or other support to, the International Criminal Court (ICC). While section 8173 clearly reflects that Congress agrees with the Administration that it is not in the interests of the United States to become a party to the ICC treaty, this provision must be applied consistent with your constitutional authority in the area of foreign affairs, which, among other things, will enable you to take actions to protect U.S. nationals from the purported jurisdiction of the treaty.

FY 2002 Emergency Supplemental Appropriations

P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001, provided a total of \$40 billion in emergency funding to the Emergency Response Fund. As required by P.L. 107-38, you designated the entire \$40 billion as an emergency funding requirement on September 18, 2001. To date, the Administration has transferred \$19.7 billion of the first \$20 billion, which was made available to agencies, without requiring any further congressional action, to address the immediate needs and consequences of the attacks.

Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

Department of Defense (DOD)

The emergency supplemental provides \$3.5 billion for Defense Department operations, \$3.9 billion below your request. Highlights of this funding include: \$850 million for increased situational (military intelligence) awareness (approximately \$885 million below your request); \$1.5 billion for increased worldwide posture (\$1.4 billion below your request); \$372 million for offensive counter-terrorism (\$173 million below your request); \$39 million for initial crisis response (\$67 million below your request); and \$640 million for Pentagon repair/upgrade costs (\$285 million below your request). Funding for enhanced force protection requirements (\$881 million request) and for improved command and control requirements (\$219 million request) was not provided.

Of the \$640 million in funds provided for Pentagon repairs and upgrades, the construction costs of \$475 million to cover damage of September 11th were fully funded. However, the bill only provided \$33 million of the \$450 million requested for relocation expenses, replacement office furnishings, and other recovery efforts. The other \$132 million appropriated in the bill for repairs/upgrades category is for unrequested, miscellaneous items added by members of Congress. In addition to the appropriated amounts, this portion of the bill includes \$300 million in transfer authority pursuant to P.L. 107-38 to construct military command centers in the Pentagon and to accelerate the ongoing Pentagon renovation effort.

The bill also contains transfer provisions that address National Guard reimbursement and operations and maintenance funding. The bill includes a general provision, section 1403, that allows funds to be transferred from agencies requiring National Guard services to DOD for the cost of those services. This authority will remain available until April 30th.

The bill also includes a provision, section 306, that allows the Secretary to transfer up to 1.5 percent of FY 2002 unobligated balances from any defense procurement or research and development account to fund additional needs for the war on terrorism and homeland security, once funds available to DoD pursuant to P.L. 107-38 in the Defense Emergency Response Fund are exhausted. This transfer authority is in addition to the Secretary's existing transfer authority.

New York, Virginia, Pennsylvania, and the District of Columbia

The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
- \$4.4 billion for FEMA's emergency response, debris removal and public infrastructure repair efforts and \$210 million in unrequested funding for FEMA's firefighter grant program to provide emergency planning assistance;
- \$175 million for the New York State Compensation Review Board for the processing and payment of claims related to the attacks;
- \$150 million for Small Business Administration disaster and business assistance; and,
- \$32.5 million for training and employment services for New York City area workers displaced as a result of the September 11th attacks.

Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

The bill provides additional funding to prepare for, and prevent, any future terrorist attacks. The Federal Bureau of Investigation will receive \$745.0 million, \$206.5 million over the request, to apprehend terrorists, preempt terrorist activity, and protect our Nation's infrastructure – including its information infrastructure – from terrorist attack. The bill provides \$160.7 million, \$43.0 million above the request, for the Department of Energy to enhance the physical and cyber-security of key facilities and nuclear materials and to continue the development of systems to detect biological attacks. EPA will receive \$174.6 million, \$99.6 million over the request, which includes funds to work States to assess the vulnerability of large drinking water systems. To support State and local first responders, the bill provides \$651.0 million to the Department of Justice, of which \$251 million is earmarked for New York, New Jersey, Virginia, Maryland, Pennsylvania, and Utah, and an additional \$189.0 million is earmarked for other projects. The bill also includes \$500.0 million for emergency expenses for the U.S. Postal Service for repair of facilities destroyed in the terrorist attacks and to mitigate current and future biohazardous threats.

Over \$2.6 billion is provided for public health and bioterrorism activities, \$1 billion above your request. The bill includes \$593 million for the National Pharmaceutical Stockpile and \$512 million to purchase smallpox vaccine. The bill provides \$1 billion for State and local preparedness, including State and local lab capacity, communication systems, preparedness and

planning, and \$135 million to improve hospital preparedness. Additional resources above your request will enhance biomedical research, including next generation vaccine research. The bill provides \$100 million for upgrading laboratory capacity at the Centers for Disease Control and Prevention (CDC) and \$84 million for security upgrades at CDC, the National Institutes of Health, and the Food and Drug Administration (FDA). The bill also provides \$138 million for FDA to improve food safety inspection and expedite drug review and approval. The bill also addresses your request for enhancing the capabilities of Federal and local public health response teams.

The bill provides \$108.5 million, as requested, to improve airport security through the purchase and installation of explosives detection systems in airports. The bill also includes \$175 million in unrequested funding to reimburse airports for the cost of security upgrades. The bill provides \$100 million - \$200 million below your request - for your commitment to improve airplane cockpit security, and another \$65 million in unrequested funding is provided to help hire additional Federal air marshals.

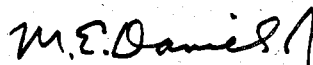
The bill increases security funding for all three branches of the Federal Government: \$92.5 million for security requirements of the Federal Judiciary and the Supreme Court; \$256 million for Legislative Branch security and an additional 195 employees for the U.S. Capitol Police; \$50.4 million for the Executive Office of the President, equal to your request; and \$126 million for General Services Administration for increased security at Federal buildings.

The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02

ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

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APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORISTSubject: ATTACKS ON THE UNITED STATES ACT, FY 2002

02 JAN 09 PM 1:21

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
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OK-NEC

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

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Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

The bill provides additional funding to prepare for, and prevent, any future terrorist attacks. The Federal Bureau of Investigation will receive \$745.0 million, \$206.5 million over the request, to apprehend terrorists, preempt terrorist activity, and protect our Nation's infrastructure – including its information infrastructure – from terrorist attack. The bill provides \$160.7 million, \$43.0 million above the request, for the Department of Energy to enhance the physical and cyber-security of key facilities and nuclear materials and to continue the development of systems to detect biological attacks. EPA will receive \$174.6 million, \$99.6 million over the request, which includes funds to work States to assess the vulnerability of large drinking water systems. To support State and local first responders, the bill provides \$651.0 million to the Department of Justice, of which \$251 million is earmarked for New York, New Jersey, Virginia, Maryland, Pennsylvania, and Utah, and an additional \$189.0 million is earmarked for other projects. The bill also includes \$500.0 million for emergency expenses for the U.S. Postal Service for repair of facilities destroyed in the terrorist attacks and to mitigate current and future biohazardous threats.

Over \$2.6 billion is provided for public health and bioterrorism activities, \$1 billion above your request. The bill includes \$593 million for the National Pharmaceutical Stockpile and \$512 million to purchase smallpox vaccine. The bill provides \$1 billion for State and local preparedness, including State and local lab capacity, communication systems, preparedness and

planning, and \$135 million to improve hospital preparedness. Additional resources above your request will enhance biomedical research, including next generation vaccine research. The bill provides \$100 million for upgrading laboratory capacity at the Centers for Disease Control and Prevention (CDC) and \$84 million for security upgrades at CDC, the National Institutes of Health, and the Food and Drug Administration (FDA). The bill also provides \$138 million for FDA to improve food safety inspection and expedite drug review and approval. The bill also addresses your request for enhancing the capabilities of Federal and local public health response teams.

The bill provides \$108.5 million, as requested, to improve airport security through the purchase and installation of explosives detection systems in airports. The bill also includes \$175 million in unrequested funding to reimburse airports for the cost of security upgrades. The bill provides \$100 million - -\$200 million below your request - for your commitment to improve airplane cockpit security, and another \$65 million in unrequested funding is provided to help hire additional Federal air marshals.

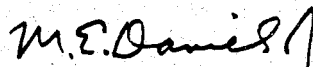
The bill increases security funding for all three branches of the Federal Government: \$92.5 million for security requirements of the Federal Judiciary and the Supreme Court; \$256 million for Legislative Branch security and an additional 195 employees for the U.S. Capitol Police; \$50.4 million for the Executive Office of the President, equal to your request; and \$126 million for General Services Administration for increased security at Federal buildings.

The bill also includes language on the Homestake Mine in South Dakota. The language would transfer unprecedented and virtually unlimited liability for environmental clean-up and tort claims to the American taxpayer, even where the liability is unrelated to actions of the U.S. government.

Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-8-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 10:00 AM

ENROLLED BILL H.R. 3338 - DEFENSE AND EMERGENCY SUPPLEMENTAL
APPROPRIATIONS FOR RECOVERY FROM AND RESPONSE TO TERRORISTSubject: ATTACKS ON THE UNITED STATES ACT, FY 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☐	☒	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

Please forward comments directly to Beth Rossman, x54790 (fax 53729), no later than 10:00 a.m., Wednesday, January 9, 2002, with a cc to the Staff Secretary. Thank you.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



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

THE DIRECTOR

January 8, 2002

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3338 -- Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, FY 2002

Sponsors: Representative Lewis (R), California
Senator Inouye (D), Hawaii

Last Day for Action

While the last day for action is January 18, 2002 -- Friday, I recommend that you sign this bill before Thursday, January 10th as funding for the agencies and accounts covered by the enrolled bill is currently provided under P.L. 107-97, the eighth FY 2002 Continuing Resolution, which will expire at midnight on Thursday, January 10th.

Purpose

Provides FY 2002 appropriations for the Department of Defense and emergency supplemental appropriations, totaling \$20 billion, in fulfillment of the requirements of P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement attached)
Department of Defense	Approval
Department of Housing and Urban Development	Approval
Department of Health and Human Services	Approval
Department of Justice	Approval
Department of Transportation	Approval
Department of the Treasury	Approval
Federal Emergency Management Agency	Approval
National Security Council	Approval
Other affected agencies	Approval (assumed)

The House and the Senate adopted the conference report on H.R. 3338 on December 20th by votes of 408-6 and 94-2, respectively.

FY 2002 Defense Appropriations

H.R. 3338 provides \$317.2 billion in discretionary budget authority for FY 2002, \$1.9 billion less than your request and \$29.7 billion above the FY 2001 enacted level. This level remains within the agreed-upon aggregate funding level of \$686 billion and the agreed upon level enacted in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001. In several areas, it is largely in line with the Administration's defense priorities. In particular, Congress agreed to support your pay initiative, which will improve the quality of life for America's military service members.

The bill provides your request of \$61.6 billion for Procurement and \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The \$48.8 billion for R&D includes \$7.8 billion for missile defense, \$0.5 billion below the request, with reductions to the Sea-based Midcourse System, Space-Based Laser, and the recently-terminated Navy Area Defense program.

As discussed in more detail below, the Congress provided additional supplemental funding to respond to the September 11th attacks and did not exceed the agreed upon level of \$20 billion provided in P.L. 107-38. You requested \$7.3 billion for the Department of Defense that is urgently needed to prosecute the war on terrorism. However, the Congress provided only \$3.5 billion of that request and imposed reprogramming restrictions.

Military Personnel

The military personnel accounts are funded at \$82.1 billion, \$250.6 million less than your requested level. The largest reductions were made for personnel underexecution (\$313.2 million) and permanent change of station moves (\$180.0 million). Congress added funds, however, for some additional National Guard and reserve support and for operations in the Balkans.

Operations and Maintenance (O&M)

Most of the reductions in the bill fell upon key O&M programs. These reductions assume savings for foreign currency fluctuation, utilities, and more efficient contract management, but they are grossly overstated and not achievable in the current fiscal year. The military departments will be forced within each O&M account to cover the legislated reductions and will likely reduce base operations, depot maintenance, and real property maintenance accounts as the Services make every effort to maintain near-term readiness. This may increase the backlog in facilities and equipment maintenance and ultimately increase repair costs.

Procurement Programs

The enrolled bill provides \$61.6 billion for Procurement, the same level as your request. The enrolled bill includes:

- \$891 million for the Army's Longbow Apache helicopter;
- \$663 million for the Army's Interim Armored Vehicle;

- \$783 million to procure nine MV-22 tilt-rotor aircraft;
- \$395 million (\$280 million more than your request) to proceed with the conversion of four Trident submarines to guided missile submarines (SSGNs);
- \$3.0 billion for procurement of 48 Navy F/A 18E/F fighter aircraft;
- \$2.8 billion for procurement of 13 F-22 fighter aircraft for the Air Force;
- \$2.8 billion for procurement of 15 C-17 airlift aircraft;
- \$3.0 billion to build three DDG-51 destroyers; and
- \$729 million to fund cost growth for Navy ships started in prior years.

Research and Development Programs

The bill provides \$48.8 billion for Research, Development, Test and Evaluation programs, \$1.4 billion above your request. The bill includes:

- \$627 million for V-22 development;
- \$1,539 million for Joint Strike Fighter development;
- \$788 million for the Army's Comanche helicopter;
- \$263 million for Marine Corps (armored) Assault Vehicles;
- \$882 million for the Air Force's F-22 Raptor fighter aircraft;
- \$445 million for the Space Based Infrared System-High missile detection satellite; and
- \$315 million for the Evolved Expendable Launch Vehicle (booster rocket) Program.

Program and Other Reductions

The enrolled bill reduces funding for several modernization programs, including a \$125 million reduction to the Navy's next-generation destroyer development program; a reduction of \$226 million for procurement of three V-22 tilt rotor aircraft; and a \$70 million reduction in development of the Advanced EHF MILSATCOM program (an Air Force communications satellite).

The bill also cut \$639 million from the request for the Defense Working Capital Funds. This funding was requested to restore the cash balances of the Defense Logistics Agency, which were drawn down as it sold fuel to the military services below cost in prior years. If actual fuel prices exceed budgeted estimates, this reduction would increase the risk this year that the Working Capital Funds will not be able to support increased operations satisfactorily.

Missile Defense

The enrolled bill provides \$7.8 billion for missile defense, \$0.5 billion below your request. The bill provides the \$3.2 billion request for Land-based Midcourse systems, and increases funds for the Airborne Laser, Arrow, and Patriot Advanced Capability-3 programs. The bill reduces funding for the Sea-based Midcourse system and Space-Based Laser programs by \$120 million each below your request. The enrolled bill also eliminates \$288 million in funding requested from the Navy Area missile defense program; this reduction is consistent with

the Defense Department's recent decision to terminate this program due to large projected cost increases

Although the bill does not include the \$385 million requested for Space Based Infra-Red System-Low (SBIRS-Low) missile warning satellites, it allows DoD to continue to develop technologies associated with SBIRS-Low under a new \$250 million Satellite Sensor Technology program. Contrary to the Administration's proposal, the bill transfers several programs from the Military Services to the Ballistic Missile Defense Organization.

Leasing of Boeing 767 and 737 Aircraft

Section 8159 of the bill authorizes the Secretary of Defense to enter into an operating lease for up to 100 general purpose Boeing 767 and four Boeing 737 aircraft. The Air Force would convert the 767 aircraft to a tanker configuration. However, the Air Force would have to return the aircraft in its original configuration to Boeing at the end of the lease period -- a maximum of 10 years. While the provision makes clear that any lease for either type of aircraft must be consistent with the criteria for an operating lease, our analysis indicates that acquiring these aircraft through operating leases may be cost prohibitive.

International Criminal Court

The bill includes a provision of foreign policy concern. Section 8173 prohibits the use of appropriated funds for cooperation with, or assistance or other support to, the International Criminal Court (ICC). While section 8173 clearly reflects that Congress agrees with the Administration that it is not in the interests of the United States to become a party to the ICC treaty, this provision must be applied consistent with your constitutional authority in the area of foreign affairs, which, among other things, will enable you to take actions to protect U.S. nationals from the purported jurisdiction of the treaty.

FY 2002 Emergency Supplemental Appropriations

P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from the Tragedy that occurred on September 11, 2001, provided a total of \$40 billion in emergency funding to the Emergency Response Fund. As required by P.L. 107-38, you designated the entire \$40 billion as an emergency funding requirement on September 18, 2001. To date, the Administration has transferred \$19.7 billion of the first \$20 billion, which was made available to agencies, without requiring any further congressional action, to address the immediate needs and consequences of the attacks.

Overall, the supplemental portion of this enrolled bill provides \$20.0 billion in emergency discretionary budget authority, the total requested by the Administration. Of this amount, the bill provides: \$3.5 billion for the Department of Defense; \$8.2 billion for New York, Virginia, Maryland, Pennsylvania, and the District of Columbia; and \$8.3 billion for homeland security activities.

Department of Defense (DOD)

The emergency supplemental provides \$3.5 billion for Defense Department operations, \$3.9 billion below your request. Highlights of this funding include: \$850 million for increased situational (military intelligence) awareness (approximately \$885 million below your request); \$1.5 billion for increased worldwide posture (\$1.4 billion below your request); \$372 million for offensive counter-terrorism (\$173 million below your request); \$39 million for initial crisis response (\$67 million below your request); and \$640 million for Pentagon repair/upgrade costs (\$285 million below your request). Funding for enhanced force protection requirements (\$881 million request) and for improved command and control requirements (\$219 million request) was not provided.

Of the \$640 million in funds provided for Pentagon repairs and upgrades, the construction costs of \$475 million to cover damage of September 11th were fully funded. However, the bill only provided \$33 million of the \$450 million requested for relocation expenses, replacement office furnishings, and other recovery efforts. The other \$132 million appropriated in the bill for repairs/upgrades category is for unrequested, miscellaneous items added by members of Congress. In addition to the appropriated amounts, this portion of the bill includes \$300 million in transfer authority pursuant to P.L. 107-38 to construct military command centers in the Pentagon and to accelerate the ongoing Pentagon renovation effort.

The bill also contains transfer provisions that address National Guard reimbursement and operations and maintenance funding. The bill includes a general provision, section 1403, that allows funds to be transferred from agencies requiring National Guard services to DOD for the cost of those services. This authority will remain available until April 30th.

The bill also includes a provision, section 306, that allows the Secretary to transfer up to 1.5 percent of FY 2002 unobligated balances from any defense procurement or research and development account to fund additional needs for the war on terrorism and homeland security, once funds available to DoD pursuant to P.L. 107-38 in the Defense Emergency Response Fund are exhausted. This transfer authority is in addition to the Secretary's existing transfer authority.

New York, Virginia, Pennsylvania, and the District of Columbia

The enrolled bill provides \$8.2 billion for New York, Virginia, Maryland, the District of Columbia, and Pennsylvania to help those areas recover from the terrorist attacks. That amount includes: \$2.0 billion for the Community Development Block Grant program for economic recovery assistance for affected areas in New York City -- in addition to the \$700 million the Administration has already provided; \$4.4 billion for disaster relief through the Federal Emergency Management Agency (FEMA), \$543.0 million below the request; \$1.3 billion in additional transportation assistance and security enhancements, including funds for Amtrak, subways, seaport security and ferries, totaling \$560 million above the request; \$140.0 million in

reimbursement to hospitals impacted by the terrorist attacks; and, \$200.0 million for the District of Columbia, \$175.0 million above the request. The bill provides:

- \$200 million for the District of Columbia, including funds for first responder equipment, training and a land-line and wireless communication system and funds for improvements in emergency traffic management, increased facility security at District buildings and public schools, and increased security measures within the Washington Metropolitan Transit Area Authority subway and bus system;
- \$4.4 billion for FEMA's emergency response, debris removal and public infrastructure repair efforts and \$210 million in unrequested funding for FEMA's firefighter grant program to provide emergency planning assistance;
- \$175 million for the New York State Compensation Review Board for the processing and payment of claims related to the attacks;
- \$150 million for Small Business Administration disaster and business assistance; and,
- \$32.5 million for training and employment services for New York City area workers displaced as a result of the September 11th attacks.

Homeland Security

The bill provides \$8.3 billion for homeland security activities. Funds for border security include: \$399.7 million for the U.S. Customs Service for increased border and seaport inspections and other counter-terror activities, \$285.5 million more than your request; \$209.0 million for the Coast Guard, \$6.0 million above the request; \$549.4 million for the Immigration and Naturalization Service, for an increased border presence at the northern and southwestern borders and counter-terrorism initiatives, \$150.0 million above the request; and \$93.0 million for grants to U.S. seaports for security assessments and enhancements

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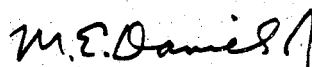
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Recommendation

On balance, while H.R. 3338 reduces certain DoD funding, it provides adequate overall funding for your defense programs. The bill also abides by the agreed upon aggregate funding level for Fiscal Year 2002 of \$686 billion and continues recovery from the terrorist attacks by appropriating the \$20.0 billion provided in P.L. 107-38. I join the heads of the affected Departments and agencies in recommending approval of the enrolled bill. A signing statement is attached for your consideration.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Attachment

SS/ RM NO. _____

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-9-02 ACTION / CONCURRENCE / COMMENT DUE BY: 1-9-02 5:00 PMSubject: DEFENSE APPROPRIATIONS BILL SIGNING REMARKS - JANUARY 10, 2002

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☒	☐	MIERS	☐	☐
DANIELS	☒	☐	RICE	☒	☐
FLEISCHER	☒	☐	RIDGE	☒	☐
GERSON	☐	☒	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☐
HAWKINS	☒	☐	_____	☐	☐

REMARKS:

Please forward comments directly to Krista Ritacco, x60170, no later than 5:00 p.m., TODAY, with a cc to us. Thanks.

CEA
concurs

RESPONSE:

DFR

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	[page from mis-filed Memorandum to the President on H.R. 2506] - To: POTUS - From: Mitchell E. Daniels, Jr.	1	N.D.	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

01/10/2002 [H.R. 3338] [3]

FRC ID:

782

FOIA IDs and Segments:

OA Num.:

733

NARA Num.:

1459

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

One Hundred Seventh Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the third day of January, two thousand and one*

An Act

Making appropriations for the Department of Defense for the fiscal year ending September 30, 2002, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2002, for military functions administered by the Department of Defense, and for other purposes, namely:

DIVISION A—DEPARTMENT OF DEFENSE APPROPRIATIONS,
2002

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

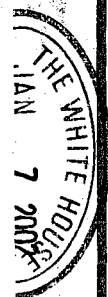
For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, \$23,752,384,000.

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, \$19,551,484,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel



H. R. 3338—126

This Act may be cited as the "Department of Defense and
Emergency Supplemental Appropriations for Recovery from and
Response to Terrorist Attacks on the United States Act, 2002".

Wayne T. Gilchrest

Speaker of the House of Representatives *pro tempore*.

~~Robert C. Byrd~~

~~Vice President of the United States and~~

~~President of the Senate~~

pro tempore.

APPROVED

JAN 10 2002

[Signature]