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Second FY2008 Supplemental Appropriations for Military Operations, International Affairs, and Other Purposes

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Second FY2008 Supplemental Appropriations for Military Operations, International Affairs, and Other Purposes

Summary

On Thursday, May 15, by a vote of 141-149 with 132 voting "present," the House rejected a measure providing $162.5 billion in FY2008 and FY2009 supplemental appropriations for military operations in Iraq and Afghanistan. The House agreed, however, to two other measures as amendments to H.R. 2642, which has now become the vehicle for FY2008 and FY2009 supplemental funding. One amendment, adopted by a vote of 227-196, sets out a number of Iraq-related policies, including a requirement that combat forces be withdrawn from Iraq within 18 months. Another, agreed to by a vote of 256-166, provides expanded GI bill educational benefits, offset by a tax surcharge, extends unemployment compensation payments, delays new Medicaid regulations that would reduce payments to the states, and provides $20 billion for a number of domestic and international affairs programs, including gulf coast hurricane protection and emergency international food aid.

Also on May 15, the Senate Appropriations Committee marked up its version of a supplemental bill. The Senate bill provides $103 billion in FY2008 and $65.9 billion in FY2009 for the Department of Defense, including military construction; $10.4 billion for hurricane protection; $850 million in FY2008 and $395 million in FY2009 for international food assistance; $1.2 billion for science programs; and more than $2 billion for other domestic programs, including secure schools, VA trauma centers, law enforcement grants, highways, and the FDA. It also includes expanded GI bill education benefits, though without a revenue offset, and extended unemployment compensation, and it delays new Medicaid rules. In the markup, the committee added funds for other programs, including $1 billion for low-income energy assistance. Senate Republicans have brought up an alternative bill, sponsored by Senators Graham, McCain, and others, to expand veterans' education benefits.

The Senate is expected to take up its version of the supplemental bill during the week of May 19, after which, the measure may then return to the House for consideration of the Senate-amended version. The White House has warned that the President will veto a bill that requires troop withdrawals from Iraq or that exceeds $108 billion in funding in FY2008.

During its first session, the 110th Congress approved FY2008 emergency supplemental appropriations of $86.8 billion for the Department of Defense and $2.4 billion for international affairs, mainly for activities related to military operations in Iraq and Afghanistan. This left Administration requests for $102.5 billion for defense and $5.4 billion for international affairs unresolved. This CRS report will be updated regularly to report on congressional action on remaining FY2008 supplemental appropriations and on FY2009 supplemental funding included in supplemental funding bills. For congressional action on FY2008 supplemental funding provided through December 2007, see CRS Report RL34278, *FY2008 Supplemental Appropriations for Global War on Terror Military Operations, International Affairs, and Other Purposes*, which will not be updated further.

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Most Recent Developments

On May 15, the House rejected a measure to provide $162.5 billion in FY2008 and FY2009 emergency funding for military operations in Iraq and Afghanistan, but approved a number of Iraq-related policy provisions and provided expanded veterans educational benefits, an extension of unemployment compensation payments, and $20 billion for domestic and international affairs programs. Procedurally, as a vehicle for considering supplemental appropriations without a committee markup, the House brought to the floor the Senate-passed version of H.R. 2642, the FY2008 military construction/veterans' affairs appropriations bill. The House then considered three amendments as substitutes for the text of the bill.

- By a vote of 141-149 with 132 voting present, the House rejected the first amendment to provide $96.6 billion in FY2008 and $65.9 billion in FY2009 funding for military operations.

- By a vote of 227-196, the House approved a second amendment to require the withdrawal of combat forces from Iraq within 18 months; establish readiness requirements for the deployment of U.S. troops; require that any agreement on the status of U.S. forces in Iraq be authorized by Congress; mandate that Iraq match U.S. reconstruction aid dollar-for-dollar and agree to subsidize fuel costs for U.S. forces; make contractors in war zones subject to prosecution for offenses that would violate U.S. law; prohibit the establishment of permanent bases in Iraq; and prohibit interrogation techniques not authorized in the Army Field Manual.

- And, by a vote of 256-166, the House approved a third amendment providing funds $20 billion for domestic and international affairs programs, expanding veterans educational benefits, with an offset, and extending unemployment compensation payments.

As described by a May 7 House Appropriations Committee summary, had the leadership bill been approved intact, it would have provided $183.7 billion in discretionary appropriations in FY2008 and FY2009. That amount has now been reduced by $162.5 billion to a total of $21.2 billion. The bill also includes an expansion of veterans' Montgomery GI bill educational benefits at a cost of $52 billion in mandatory spending over the next ten years, and extended unemployment compensation at a cost of $11 billion. The bill as approved provides $5.9 billion in FY2008 and $5.1 billion in FY2009 for international affairs, including emergency

food aid; $5.8 billion in FY2009 for Gulf Coast levee construction; and $644 million for other domestic programs. It also includes a measure to delay new Medicaid regulations that would reduce payments to the states.

The House-passed Iraq policy provisions require that troops begin redeployment from Iraq within 30 days of enactment of the legislation with a goal of completing withdrawal of combat troops by December, 2009; that any agreement on the status of U.S. forces in Iraq be authorized by Congress; that Iraq match U.S. reconstruction aid dollar-for-dollar; that Iraq agree to subsidize fuel costs for U.S. forces; and that U.S. troops meet guidelines for readiness before being deployed, including guidelines for time at home between rotations. The Iraq policy amendment also makes contractors in war zones subject to prosecution for offenses that would violate U.S. law; prohibits the establishment of permanent bases in Iraq; and prohibits interrogation techniques not authorized in the Army Field Manual.

Also on May 15, the Senate Appropriations Committee marked up its version of a supplemental appropriations bill. The underlying Chairman's bill provides $103 billion in FY2008 and $65.9 billion in FY2009 for the Department of Defense, including military construction; $10.4 billion for hurricane protection; $850 million in FY2008 and $395 million in FY2009 for P.L. 480 international food assistance; $1.2 billion for science programs in several agencies; and more than $2 billion for other domestic programs, including secure schools, VA trauma centers, law enforcement grants, highways, and the Food and Drug Administration. It also includes expanded GI bill educational benefits and extended unemployment compensation, it delays new Medicaid rules, and it includes a cost containment measure to limit Medicare payments to new specialty hospitals. In the markup, the committee approved amendments to add funds for several programs, including

- $50 million for Adam Walsh Act sex offender tracking;
- $100 million for drug-related law enforcement grants;
- $300 million in additional aid to Jordan for refugee programs; and
- $1 billion for the Low-Income Home Energy Program (LIHEAP).

The Senate committee also approved a package of Iraq-related policy provisions, though it does not mandate a timetable for withdrawal. Policy provisions in the bill require that units be fully mission capable before being deployed, with a Presidential waiver; set limits on the time units may be deployed of one year in the Army and seven months in the Marine Corps, also with a waiver; require that units be based at home for the same periods between rotations, with a waiver; prohibit permanent bases in Iraq; state that the mission of U.S. forces in Iraq should shift to counter-terrorism, training, and force protection; require congressional approval of any security agreements with Iraq; prohibit an agreement that would place U.S. forces under Iraqi criminal jurisdiction; require a report on Iraq's budget; require Iraq to reimburse U.S. forces for fuel costs; establish criminal statutes against profiteering and other fraud and abuse; prohibit U.S. funding of large-scale infrastructure projects in Iraq; require an agreement with Iraq to share costs of military operations; and require that the International Red Cross be informed of and have access to any detainees. The bill also includes expanded oversight of contractors and an extension of laws governing extraterritorial jurisdiction over contractor personnel.

The enhanced GI bill educational benefits that are included in the House and Senate measures appear to have become a critical issue. While the House leadership agreed to offset the costs, the Senate committee bill does not include offsets. If the Senate does not agree to offsets, it is unclear whether conservative House Democrats will support expanded benefits in a final bill. In addition, the Defense Department has opposed the legislation, and Senate Republicans are proposing an alternative. At a May 8 press conference, Secretary of Defense Robert Gates and Joint Chiefs Chairman Admiral Michael Mullen complained that the measure being proposed in the House and Senate bills would undermine retention of personnel because it would make full educational benefits available for service members who have not reenlisted for a second term. On May 6, at an event to honor military spouses, the President said that he was sending to Congress legislation that would improve benefits for military families, including a measure that would allow educational benefits to be transferred to children or spouses.

On May 14, Senate Republicans brought up an alternative GI bill expansion proposal sponsored by Senator Graham as an amendment to pending collective bargaining legislation.[1] Reportedly, the amendment is based on S. 2938, a measure to increase veterans education benefits that Senator Graham proposed on April 29 with a number of co-sponsors, including Senator McCain. The Graham bill provides larger benefits for military personnel who serve for at least 12 years and permits benefits to be transferred to other family members. The education benefit measure included in the House and Senate supplemental bills, in contrast, is based on a bill, S. 22/H.R. 5740, sponsored by Senator Webb and Representative Mitchell, that provides maximum benefits after thirty-six months of service.

On May 2, the White House sent Congress an amendment to its FY2009 budget formally requesting $70 billion in emergency FY2009 funding, including $66 billion for the Department of Defense and $4 billion for international affairs programs. The $66 billion request for the Defense Department constitutes a "bridge fund" sufficient to allow the services to carry on both day-to-day peacetime activities and military operations overseas until the middle of 2009. Approval of a bridge fund – which the appropriations committees had planned to provide before the White House made its formal request – will allow Congress to avoid a debate over war funding during the fall election period, and also provide the 111th Congress time to act on a full-year war supplemental after the next President takes office.

The $4 billion FY2009 international affairs request includes $770 million in emergency food-related assistance announced on May 1 (though FY2009 funding would not be available until October 1, 2008), $1.4 billion for aid to Iraq, $1.1 billion for aid to Afghanistan, $350 million for the Middle East, $193 million for Pakistan, $123 million for stabilization operations in Africa, $36 million for security for diplomats in the Middle East, Sudan, and Somalia, and $15 million for the six party agreement on North Korean nuclear programs.

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[1] Bart Jansen, Josh Rogin and Kathleen Hunter, "GOP Slips McCain's GI Bill Alternative into Play on Senate Floor," *CQ Today Online News*, May 14, 2008.

On May 1, the President announced a new request for $770 million in FY2009 emergency supplemental appropriations for international food aid. The Administration had requested $350 million for P.L. 480 international food assistance in its October, 2007, budget amendment to the FY2008 supplemental request. Senators Durbin and Casey had proposed adding $200 million in food aid to the supplemental.

Background: Status of FY2008 Supplemental Funding

During the first session of the 110th Congress, which ended on December 31, 2007, the Administration requested $196.5 billion in emergency supplemental appropriations for Fiscal Year (FY) 2008, including $189.3 billion for military operations, $6.9 billion for international affairs, and $325 million for other purposes. Through the end of December, Congress had approved $86.8 billion of the total requested for defense and $2.4 billion for international affairs, of which the State Department calculates that $1.5 billion was for requested programs. Of the President's total emergency request, $102.5 billion for defense and $5.4 billion for international affairs remain outstanding.

Defense officials now calculate that funding for the Army appropriated in the regular FY2008 defense appropriations act, P.L. 110-116, together with FY2008 supplemental appropriations provided in the consolidated appropriations act, P.L. 110-161, will begin to run out some time in June — by about the middle of June for Army military personnel accounts and by the end of June for Army operation and maintenance. The Defense Department could extend operations further either by slowing the pace of obligations or by using available authority to transfer funds from other accounts to the Army. More than $11.4 billion in transfer authority may be available.[2] It could also invoke the Feed and Forage Act to obligate funds in advance of appropriations or use other standing authorities to extend operations further.[3]

For defense, much of the remaining requested funding is to repair, replace, and upgrade weapons and other equipment used in the war. For foreign operations, remaining funding includes additional sums for reconstruction assistance to Iraq and

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[2] The regular FY2008 defense appropriations bill provides $3.7 billion of general transfer authority which, subject to approval by the congressional defense committees, can be used to shift funds between accounts. The consolidated appropriations act provides $3.7 billion in the Iraqi Freedom Fund, which may be transferred to personnel, operation and maintenance, or other accounts for operations either in Iraq or in Afghanistan and then transferred back again. The consolidated appropriations act also provides authority, again subject to congressional approval, to transfer up to $4.0 billion of the $70 billion in emergency defense funding in the bill between accounts. Additional amounts may be available in cash balances of working capital funds.

[3] See CRS Report RL34275, *How Long Can the Defense Department Finance FY2008 Operations in Advance of Supplemental Appropriations?*, by Stephen Daggett and Pat Towell and CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by Amy Belasco.

Afghanistan and for a major new counter-narcotics initiative in Mexico and Central America. For State Department operations, outstanding requests include additional amounts for Diplomatic and Consular Program security upgrades and for Contributions to International Peacekeeping Activities in Darfur and elsewhere.

As action proceeds on the remaining FY2008 supplemental appropriations amounts, several issues may be matters of debate. The bill could become a vehicle for additional debate over withdrawals of U.S. forces from Iraq. Some legislators may propose amendments to clarify what measures of progress in Iraq would allow further withdrawals of troops or to further refine benchmarks for Iraqi government performance. Senator Webb is expected to again offer a proposal to require that units be stationed at home between deployments for at least as long as they are deployed abroad. Senators Ben Nelson and Susan Collins have said they will offer an amendment to limit the amount of reconstruction assistance that can be provided to Iraq as grants rather than loans.[4] And there may also be some debate about congressional additions of unrequested funds for several weapons programs. Representative Murtha, the chairman of the House defense appropriations subcommittee, has said that he expects to provide funds for C-17 cargo aircraft and for F-22 fighters in order to keep production lines for both aircraft open.[5]

It has also been announced that the leadership bill will include a $65 billion or so "bridge fund" to cover costs of military operations through June or July of 2009. That would be FY2009 money, however, so, though it would push the total in the bill to $170 billion or more, it would not technically break the President's limit on FY2008 supplemental funding. Moreover, the Administration's budget documents included a $70 billion placeholder amount in the FY2009 defense budget plan for overseas military operations, and on May 2, the White House sent Congress a formal request for $70 billion in emergency FY2009 appropriations, of which $66 billion is for the Department of Defense and $4 billion is for international affairs programs.[6]

A key issue for the congressional Democratic leadership has been whether to challenge the President's veto threat by adding substantial amounts of unrequested funding for domestic programs. On this, there appears to be a substantial difference

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[4] A version of their proposal was approved as an amendment to the Senate committee version of the FY2009 defense authorization in the Senate Armed Services Committee markup of the bill on April 30, 2008; see Megan Scully, "Levin to Seek Broader Limit on Iraq Reconstruction Funds," *National Journal Congress Daily PM*, May 1, 2008.

[5] All of these proposals are discussed in Josh Rogin and David Clarke, "Lawmakers Set Sights on War Funds," *CQ Today*, April 3, 2008 and in Ashley Roque, "Lawmakers Gird for Clash Over Iraq Strategy, War Spending Bill," *Congress Now*, April 7, 2008. See also, Josh Rogin and Adam Graham Silverman, "Democrats Plan New Push on Iraq," *CQ Today*, March 28, 2008, which reports that Representative Murtha has discussed measures requiring troops to remain at home for as long as they are deployed abroad, establishing readiness requirements, and setting troop withdrawal targets.

[6] White House Office of Management and Budget, "Estimate #2 — FY 2009 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," May 2, 2008, available online at [http://www.whitehouse.gov/omb/budget/amendments/amendment_5_2_08.pdf].

between the views of senior House and Senate Democrats. Senator Byrd, the chairman of the Senate Appropriations Committee, has repeatedly said that the bill should include substantial amounts of additional domestic spending. Representative Obey, however, the Chairman of the House Appropriations Committee, has reportedly tried to discourage substantial additions of funds.[7]

Congressional Action on FY2008 Supplemental Appropriations Through December 2007

Administration Requests

Between February and October of 2007, the Administration submitted requests for FY2008 emergency supplemental appropriations in three blocks.

- Along with the regular FY2008 budget that the White House sent to Congress on February 5, 2007, the Administration requested $141.7 billion in emergency supplemental funding for the Defense Department, $3.3 billion for the State Department and international affairs, and $325 million for other agencies. By submitting the defense request along with the President's FY2008 budget, the Administration complied with Section 1008 of the FY2007 national defense authorization act (P.L. 109-364), which required the President's budget to included a request for estimated full year costs of operations in Iraq and Afghanistan and a detailed justification of the funds. The request constituted a Defense Department estimate of the full year costs of continuing operations in Iraq and Afghanistan at about the same pace as in 2006. The Defense Department acknowledged, however, that the estimate was only a rough, straight-line projection of current costs. By the time the budget was submitted, the Administration was proposing a surge in troops to Iraq that was not reflected in the budget, and it was expected that the Administration would later provide revised cost projections. These were submitted in October.

- On July 31, 2007,the White House requested an additional $5.3 billion for the Department of Defense to procure, outfit, and deploy 1,520 Mine Resistant Ambush Protected (MRAP) vehicles for the Army and Marine Corps.[8]

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[7] Josh Rogin and David Clarke, "Rift Between Leaders, Appropriators Threatens to Hold Up Supplemental," *CQ Today*, May 1, 2008.

[8] White House Office of Management and Budget, "Estimate #5 — FY 2008 Emergency Budget Amendments: Department of Defense (Global War on Terror — Mine Resistant Ambush Protected Vehicles)," July 31, 2007 online at [http://www.whitehouse.gov/omb/budget/amendments/amendment_7_31_07.pdf].

- On October 22, 2007, the President proposed an amendment to the FY2008 budget requesting an additional $45.9 billion in emergency funding for military operations, economic and reconstruction assistance, embassy security, and other activities mainly related to ongoing conflicts in Iraq, Afghanistan, and elsewhere. The request included $42.3 billion for the Department of Defense for military operations and $3.6 billion for international affairs programs.[9]

In all, the Administration requested $195.6 billion in emergency supplemental appropriations for FY2008, mainly for military operations in Iraq, Afghanistan and elsewhere and for related foreign affairs programs.

Congressional Action

Congressional action on FY2008 emergency supplemental funding began in earnest in September 2007 and was not completed until shortly before Christmas.

- At the end of September, Congress included $5.2 billion in emergency funding for Mine Resistant Ambush Protected (MRAP) vehicles ($5.3 billion was requested in July) in a provision attached to the first FY2008 continuing resolution, H.J.Res. 52, that the President signed on September 29, P.L. 110-92.

- On November 8, 2007, the House and Senate approved a conference agreement on the FY2008 defense appropriations bill, H.R. 3222,[10] and the President signed the bill into law, P.L. 110-116, on November 13. The measure provided $460 billion for baseline Defense Department activities in FY2008, including $27.4 billion for Army and $4.8 billion for Marine Corps operation and maintenance, which may be used to finance both peacetime activities and military operations abroad. The bill also provided an additional $11.6 billion in emergency funding for MRAP vehicles. Except for the MRAP money, however, the bill did not include funding to cover additional costs associated with ongoing military operations in Iraq, Afghanistan, and elsewhere.

- On November 14, 2007, by a vote of 218-203, the House approved the "Orderly and Responsible Iraq Redeployment Appropriations Act, 2008," H.R. 4156, providing $50 billion for U.S. military

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[9] For the overall request see White House Office of Management and Budget, "FY 2008 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," October 22, 2007, online at [http://www.whitehouse.gov/omb/budget/amendments/amendment_10_22_07.pdf]. For an overview of the defense request, see Department of Defense, *FY2008 Global War on Terror Amendment*, October 2007, online at [http://www.defenselink.mil/comptroller/defbudget/fy2008/Supplemental/FY2008_October_Global_War_On_Terror_Amendment.pdf].

[10] See CRS Report RL33999, *Defense: FY2008 Authorization and Appropriations*, by Pat Towell, Stephen Daggett, and Amy Belasco.

operations in Iraq, Afghanistan, and elsewhere. The bill included enough money in Army and Marine Corps operating accounts to sustain military operations in Iraq and elsewhere through about April 2008. It also (1) required the President to commence the withdrawal of U.S. forces from Iraq within 30 days of enactment of the legislation and to provide within 60 days a plan for withdrawing most troops from Iraq by December 15, 2008; (2) limited the mission of remaining U.S. forces in Iraq to force protection, training, and pursuit of international terrorists; (3) prohibited deployment of units that are not fully trained and equipped; and (4) extended prohibitions on torture to all U.S. government agencies.

- On November 16, 2007, by a vote of 53-45, with 60 votes required, the Senate refused to close debate on a motion to proceed to consideration of H.R. 4156 as passed by the House, effectively killing the measure. The Senate also rejected, by a vote of 45-53, a motion to proceed to consideration of H.R. 2340, a substitute offered by Senator McConnell, to provide $70 billion for the Defense Department without requiring withdrawal from Iraq. (Ultimately, however, with some revisions in the allocation of funds, the McConnell amendment was approved as part of the final consolidated appropriations act — see below.)

- Meanwhile, in a November 15, 2007, Pentagon press conference, Secretary of Defense Robert Gates warned that the Army and Marine Corps would have to begin implementing steps to limit operations unless Congress approved additional funding very soon.[11] Without additional money, he said, the Army would have to cease operations at all Army bases by mid-February 2008, which would require furloughs of about 100,000 government employees and a like number of contractor personnel. Plans would have to begin to be implemented in mid-December, he said. On November 20, the Defense Department announced that it was transferring $4.5 billion to the Army and to the Joint IED Defeat Organization to extend their operations. The Army, DOD said, would only be able to operate with available funds, including the transfer, until February 23, 2008. Senior defense officials continued to warn that the Army and Marine Corps would have to halt all but essential operations very soon unless Congress approved additional funding.

- On December 17, 2007, the House brought up the foreign operations appropriations bill, H.R. 2764, that had earlier been passed by the House and then amended by the Senate, as a vehicle for FY2008 "omnibus" or "consolidated" appropriations. The House approved

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[11] Department of Defense, "DoD News Briefing with Secretary of Defense Gates and Chairman of the Joint Chiefs of Staff Adm. Mullen from the Pentagon Briefing Room, Arlington, Va.," November 15, 2007 at [http://www.defenselink.mil/transcripts /transcript.aspx?transcriptid=4089].

two amendments to the Senate-passed bill. The first amendment, approved by a vote of 253-154, struck the Senate foreign operations language and inserted the text of conference agreements on 11 of the 12 FY2008 appropriations bills. In all, it provided $485 billion in regular and emergency appropriations for programs covered by all of the regular, annual appropriations bills except for defense, for which appropriations had already been enacted. The second amendment, approved by a vote of 206-201, provided $31 billion in emergency defense appropriations, mostly restricted to Operation Enduring Freedom (OEF), which encompasses operations in Afghanistan and elsewhere, excluding Iraq. Funding for Army and Marine Corps operation and maintenance was made available only for OEF, except for amounts for force protection that could be allocated to any area.

- On December 18, 2007, the Senate took up the House-passed consolidated appropriations bill and, by a vote of 70-25, adopted an amendment by Senator McConnell to delete the House-passed $31 billion for OEF and to provide, instead, $70 billion in emergency supplemental appropriations for the Department of Defense for overseas operations, without limits on where the money could be used and without requiring a withdrawal of forces from Iraq.

- On December 19, 2007, the House considered H.R. 2764 as amended by the Senate. By a vote of 272-142, the House approved a motion to agree to the Senate amendment to the House-passed bill, thus clearing the measure for the President. The President signed the bill into law, P.L. 110-161, on December 26.

An Overview of Remaining FY2008 and Additional FY2009 Supplemental Appropriations

Remaining FY2008 and Additional FY2009 Defense Request

The Administration requested a total of $189.3 billion in emergency FY2008 supplemental appropriations for the Department of Defense. Through December 2007, Congress had approved $86.8 billion, which leaves $102.5 billion still pending. Since December, the Defense Department has made some adjustments in its budget request. **Table 1** shows by title and account (1) total FY2008 supplemental funding requested for DOD through the October 22, 2007, budget amendment; (2) the amount Congress has approved to date; (3) adjustments to the remaining amounts that the Defense Department proposed — though not with a formal budget amendment — as of the end of March, 2008, and (4) the remaining adjusted DOD budget request.

In preparing a bill to provide remaining FY2008 defense funds, the congressional appropriations committees decided to add a "bridge fund" for FY2009 that would provide enough money to sustain both day-to-day peacetime activities and war-related operations until well into calendar year 2009. This would leave it to the

next Administration to decide what it will request in total supplemental funding to cover war costs based on any planned changes in strategy. The committees discussed with the Defense Department how to allocate funds among accounts so as to sustain critical operations through about June of 2009.

On May 2, the Office of Management and Budget formally sent Congress a request for $70 billion in FY2009 supplemental funding, of which $66 billion was for defense and intelligence and $4 billion was for international affairs. Along with the pending FY2008 supplemental request, **Table 1** shows the breakdown of the May 2 Administration request for a $66 billion defense bridge fund. CRS calculates that a bridge fund of about $57 billion, if allocated by account to maximize the amount of time critical operating accounts would last, could allow the services to operate through the end of July, 2009, at DOD's planned monthly rates of obligations.[12]

Table 1. Remaining FY2008 and Additional FY2009 Supplemental Funding Requested for the Department of Defense

(amounts in millions of dollars)

	Original FY2008 Amended Request	FY2008 Enacted through Dec. 2007	Remaining FY2008 Request	FY2008 DOD Adjust-ment	Remaining Adjusted FY2008 Request	FY2009 Request
Military Personnel						
Military Personnel, Army	12,318	783	11,535	+329	11,864	3,500
Reserve Personnel, Army	299	—	299	+9	309	—
National Guard Personnel, Army	1,137	—	1,137	+420	1,557	—
Military Personnel, Navy	792	96	696	+6	702	95
Reserve Personnel, Navy	70	—	70	+3	73	—
Military Personnel, Marine Corps	1,790	56	1,734	+3	1,737	85
Reserve Personnel, Marine Corps	15	—	15	+1	17	—
Military Personnel, Air Force	1,416	138	1,278	+8	1,286	105
Reserve Personnel, Air Force	3	—	3	+4	7	—
National Guard Personnel, Army	—	—	—	—	—	20
National Guard Personnel, Air Force	—	—	—	+6	6	—
Total Military Personnel	**17,840**	**1,072**	**16,767**	**+789**	**17,556**	**3,805**
Operation and Maintenance						
O&M, Army	53,872	35,152	18,720	-1,577	17,143	35,560
O&M, Army Reserve	197	78	119	+38	157	—
O&M, Army National Guard	757	327	430	+383	813	—

[12] The largest requirement, by far, would be for Army Operation and Maintenance. If monthly obligations for Army O&M, both for peacetime and for war-related operations, average $6.9 billion in FY2009, which is about the FY2008 rate, then the $31 billion requested for Army O&M in the base defense budget for FY2009 would last until about the middle of February, 2009. An additional $38 billion would be needed to sustain operations at the same rate through the end of July.

	Original FY2008 Amended Request	FY2008 Enacted through Dec. 2007	Remaining FY2008 Request	FY2008 DOD Adjust-ment	Remaining Adjusted FY2008 Request	FY2009 Request
O&M, Navy	6,163	3,664	2,499	+722	3,220	238
O&M, Marine Corps	4,272	3,966	306	+34	340	2,200
O&M, Navy Reserve	83	42	42	+66	108	—
O&M, Marine Corps Reserve	68	46	22	+1	23	34
O&M, Air Force	10,705	4,778	5,927	+830	6,758	3,644
O&M, Air Force Reserve	24	12	12	+150	162	—
O&M, Air National Guard	103	52	52	+234	285	—
O&M, Defense-Wide	5,337	2,117	3,220	+343	3,563	3,194
Office of the Inspector General	4	—	4	—	4	—
Drug Interdiction and Counter-Drug Activities, Defense	258	193	65	—	65	130
Afghanistan Security Forces Fund	2,700	1,350	1,350	—	1,350	3,666
Iraq Security Forces Fund	3,000	1,500	1,500	—	1,500	2,000
Iraq Freedom Fund	3,851	3,747	104	+70	174	—
Defense Health Program	1,137	576	562	+197	759	—
Medical Support Fund	—	—	—	—	—	400
Total Operation and Maintenance	**92,533**	**57,599**	**34,934**	**+1,490**	**36,424**	**51,066**
Procurement						
Aircraft Procurement, Army	2,125	944	1,182	+15	1,196	—
Missile Procurement, Army	642	—	642	-105	537	—
Procurement of W&TCV, Army	7,290	1,429	5,860	-289	5,571	—
Procurement of Ammunition, Army	514	154	360	—	360	—
Other Procurement, Army	23,131	2,028	21,103	-4,410	16,693	80
Joint Impr Explosive Dev Defeat Fund	4,269	4,269	—	-65	-65	2,970
Aircraft Procurement, Navy	3,908	49	3,860	+191	4,050	—
Weapons Procurement, Navy	318	—	318	—	318	—
Procurement of Ammo, Navy & MC	610	305	305	—	305	—
Other Procurement, Navy	1,607	91	1,515	—	1,515	—
Procurement, Marine Corps	3,148	703	2,444	—	2,444	—
Aircraft Procurement, Air Force	3,946	51	3,895	—	3,895	1,209
Missile Procurement, Air Force	2	—	2	—	2	—
Procurement of Ammunition, Air Force	104	—	104	—	104	—
Other Procurement, Air Force	2,461	31	2,430	—	2,430	1,468
Procurement, Defense-Wide	542	275	267	+8	275	73
Rapid Acquisition Fund	150	—	150	—	150	100
Mine Resistant Ambush Prot Veh Fund	16,830	16,830	—	—	—	2,610
Total Procurement	**71,597**	**27,159**	**44,438**	**-4,657**	**39,781**	**8,511**
Research, Development, Test and Evaluation						
RDT&E, Army	163	—	163	+48	211	—
RDT&E, Navy	611	—	611	+21	632	113
RDT&E, AF	1,487	—	1,487	+62	1,549	72
RDT&E, DW	684	—	684	+260	945	194

	Original FY2008 Amended Request	FY2008 Enacted through Dec. 2007	Remaining FY2008 Request	FY2008 DOD Adjust-ment	Remaining Adjusted FY2008 Request	FY2009 Request
Total RDT&E	**2,946**	**—**	**2,946**	**+391**	**3,33**	**379**
Military Construction						
Military Construction, Army	1,441	—	1,441	+127	1,568	—
FY2005 BRAC - Army	—	—	—	+560	560	—
Military Construction, Navy	238	—	238	+95	332	—
FY2005 BRAC - Navy	—	—	—	+97	97	—
Military Construction, Air Force	305	—	305	+98	403	—
FY2005 BRAC - AF	—	—	—	+129	129	—
Military Construction, Defense-Wide	28	—	28	—	28	—
FY2005 BRAC - Defense Wide	416	—	416	—	416	—
Total Military Construction	**2,427**	**—**	**2,427**	**+1,107**	**3,534**	—
Family Housing						
Fam Housing Construction, Navy & Marine Corps	12	—	12	—	12	—
Total Family Housing	**12**	**—**	**12**	**—**	**12**	—
Revolving and Management Funds						
Working Capital Fund, Army	1,364	720	644	+6	651	—
Working Capital Fund, Navy	43	—	43	+229	272	—
Working Capital Fund, Air Force	237	—	237	+358	595	—
Working Capital Fund, Defense-Wide	313	280	33	+287	320	2,200
National Defense Sealift Fund	5	—	5	—	5	—
Total Revolving & Mngmnt Funds	**1,963**	**1,000**	**963**	**+880**	**1,843**	**2,200**
Other Non-DOD Intelligence						
FBI Counter-terrorism	—	—	—	—	—	39
Total Other Intelligence	—	—	—	—	—	**39**
Total Budget Authority	**189,316**	**86,830**	**102,486**	**—**	**102,486**	**66,000**

Source: Department of Defense for FY2008 amounts, Office of Management and Budget, "FY 2009 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," May 2, 2008.

Notes: Further changes in request for Iraq Freedom Fund are pending. "BRAC" refers to Base Realignment and Closure.

Possible Issues in Debate over the Remaining Defense Request

Several issues may be debated when Congress considers the remaining defense supplemental request.

Iraq Policy. Last year, FY2007 and FY2008 supplemental appropriations bills were the main legislative focuses of debate over U.S. policy in Iraq. Though majorities both in the House and in the Senate supported such measures, Congress

was never able to enact provisions either requiring troop withdrawals or revising the missions of deployed troops. On May 1, the President vetoed an initial House- and Senate-passed bill providing FY2007 supplemental appropriations for the war, H.R. 1591, that would have required the Secretary of Defense to begin withdrawing troops from Iraq starting either on July 1 or on October 1, depending in the Iraqi government's performance in meeting specific benchmarks. On May 2, by a vote of 222-203, with approval of 2/3 required, the House failed to override the veto. The final FY2007 supplemental bill, H.R. 2206, P.L. 110-28, established 18 benchmarks for performance by the Iraqi government and required reports from the Administration on progress toward the benchmarks in July and again in September. The bill also required a report on the benchmarks from the Government Accountability Office in September 2007. These reports then provided a basis for later debates.[13] (GAO has also recently been tasked to provide a progress report on Iraq by June 2008.)

Congress again considered troop withdrawals in debate over FY2008 supplemental funding. In November, the House initially passed a bill, H.R. 4156, requiring the withdrawal of most forces from Iraq by December 2008, but it died when the Senate failed to invoke cloture — see above for a discussion.

This year, some legislators, both in the House and in the Senate, may again propose amendments mandating a time line for withdrawal of U.S. troops from Iraq.[14] Recently Representative Murtha said, "We must begin a redeployment from Iraq," and indicated that Democrats may set timelines for withdrawal.[15] A version of troop withdrawal language previously proposed by Senators Levin and Reed is also, reportedly, under discussion by several Democrats, and a troop withdrawal proposal with tighter timelines by Senator Feingold may once again come to a vote.[16] It is unclear if the House and Senate leadership will back any specific withdrawal measures, however.

Whether or not Congress votes on withdrawal proposals, other Iraq policy measures may be considered. In April 2008 congressional hearings with General Petraeus and Ambassador Crocker, many legislators expressed dissatisfaction with

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[13] For a full review of congressional action on FY2007 supplemental appropriations, see CRS Report RL33900, *FY2007 Supplemental Appropriations for Defense, Foreign Affairs, and Other Purposes*, by Stephen Daggett, Amy Belasco, Pat Towell, Susan B. Epstein, Connie Veillette, Curt Tarnoff, Rhoda Margesson, and Bart Elias, final update July 2, 2007.

[14] Josh Rogin and Adam Graham Silverman, "Democrats Plan New Push on Iraq," *CQ Today*, March 28, 2008 — the article reports that Representative Murtha is considering withdrawal targets and that Senator Feingold plans to offer an amendment to require that troop withdrawals begin in ninety days and be completed within nine months.

[15] Josh Rogin and Alan K. Ota, "Timing Slips, But Details Start to Emerge for War Supplemental," *CQ Today*, May 1, 2008

[16] Josh Rogin, "House to Take up Supplemental as Early as Next Week," *CQ Today*, April 29, 2008.

the current policy.[17] That policy, confirmed by President Bush on April 10, calls for withdrawing the remaining "surge" forces from Iraq, evaluating the situation for 45 days, and then conducting an assessment to determine whether and when additional forces might be withdrawn. One legislative approach may be to require more specific criteria from the Administration about the conditions that would permit troop withdrawals, or to ask for an assessment of how long U.S. forces should remain in Iraq if the political and security environment does not improve.

In the same hearings, several Members inquired about Iraqi progress in meeting the 18 benchmarks that were laid out in the FY2007 supplemental. Ambassador Crocker agreed to share the results of an ongoing Administration assessment of progress toward the benchmarks with congressional committees by April 17, 2008. As of May 1, these overdue results were still reportedly under review by the Administration. One legislative approach may be to tie reconstruction assistance or other support to Iraq's progress on the benchmarks. Amendments are also expected to require the Iraqis to pay of the costs of reconstruction and, perhaps, some costs of the war. See below for a discussion of proposals to provide reconstruction assistance as loans rather than grants. There has also been some discussion of establishing funds to which the Iraqi government would contribute to cover some U.S. military costs.

In addition, there may be a renewed debate over negotiations with Iraq about the status of U.S. forces. In the past, Congress has included language in Iraq spending bills prohibiting permanent stationing of U.S. forces in Iraq. White House signing statements, however, have objected to such provisions, saying they impinge on the President's authority. The U.N. mandate that authorizes a multinational force to operate in Iraq expires at the end of the 2008, and the Administration has been discussing a "status of forces" agreement with Iraq to replace it. The Administration has insisted that neither the status of forces agreement, or its partner document, a security framework, will establish permanent bases in Iraq.[18] Some Members of Congress from both parties have insisted that the Administration should submit any agreement with Iraq as a treaty requiring Senate confirmation rather than as an executive agreement.[19]

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[17] In addition to other appearances, General Petraeus and Ambassador Crocker testified before the Senate Armed Services Committee and the Senate Foreign Relations Committee on April 8, 2008, and before the House Armed Services Committee and the House Foreign Affairs Committee on April 9, 2008. Also Secretary of Defense Gates and Joint Chiefs Chairman Admiral Mullen testified on Iraq before the Senate Armed Services Committee on April 10, 2008.

[18] Testimony of Ambassador David M. Satterfield, Coordinator for Iraq, Department of State, before the House Foreign Affairs Committee, Subcommittees on the Middle East and South Asia, and on International Organizations, Human Rights and Oversight, March 4, 2008, available online at [http://foreignaffairs.house.gov/110/sat030408.htm].

[19] For a discussion, see Peter Baker and Karen DeYoung, "Bush Backs Petraeus On Indefinite Suspension Of Troop Pullout In Iraq," *Washington Post*, April 11, 2008 and Adam Graham-Silverman, "Lawmakers Remain Skeptical of White House Plan for Status Agreements With Iraq," *Congressional Quarterly Today*, April 10, 2008.

Readiness of U.S. Forces. Last year Congress considered several amendments to supplemental funding bills concerning the readiness of U.S. military forces, not only for operations in Iraq and Afghanistan, but for possible unexpected requirements elsewhere. The initial, vetoed FY2007 supplemental, H.R. 1591, included provisions requiring the President to certify that troops meet specific requirements before being deployed. Later, on a number of different bills, Senator Webb proposed a measure to prohibit the deployment of units abroad if they have not spent as much time at home between deployments as they have spent overseas. That measure may again be proposed this year.[20]

A related issue is whether sufficient resources are being devoted to operations in Afghanistan. Some argue that the situation in Afghanistan is deteriorating in part because the U.S. emphasis Iraq has limited the number of forces and other resources that the United States can afford to deploy in Afghanistan. A decision to send 3,500 more Marines to Afghanistan has been seen as a further strain on the Marine Corps. Some legislative proposals may address whether troops are capable of maintaining the current level of operations in Iraq while also operating in Afghanistan and preparing for other conflicts.

Major Weapons Programs. In the past, Congress has added substantial amounts of unrequested funds for some major weapons programs to supplemental funding bills. The FY2007 bridge fund,[21] for example, included $2.1 billion to procure 10 C-17 cargo aircraft, a program that the Administration was proposing to shut down. Representative Murtha, the Chairman of the House defense appropriations subcommittee, has said that he plans to add funds for C-17, C-130, and F-22 aircraft to the pending FY2008 supplemental.[22] The F-22 money is intended to keep the production line open until the beginning of the next Administration. Air Force officials have implied, however, that providing money for additional aircraft in the supplemental may not be enough to avoid a costly shutdown and restart of production, saying that additional funding for long-lead items for as many as 24 aircraft is needed by November 2008.[23] It has been reported recently that the proposed House bill will include long-lead money for future aircraft production.[24] Some of these additions of funds may be controversial.

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[20] See footnote 3.

[21] Title IX of the regular FY2007 defense appropriations bill, H.R. 5631, P.L. 109-289, that provided $70 billion in emergency war-related funding.

[22] See footnote 3.

[23] Testimony of Lt. Gen. David J. Hoffman, Military Deputy, Office of the Assistant Secretary of the Air Force for Acquisition, to the Senate Armed Services Airland Subcommittee, April 9, 2008.

[24] Josh Rogin and David Clarke, "Rift Between Leaders, Appropriators Threatens to Hold Up Supplemental," *CQ Today*, May 1, 2008, as does the Senate Armed Services Committee version of the FY2009 defense authorization bill — see Megan Scully, "Levin To Seek Broader Limit On Iraq Reconstruction Funds," *National Journal Congress Daily, PM*, May 1, 2008.

International Affairs Remaining FY2008 and Additional FY2009 Supplemental Appropriations[25]

In its initial February 2007 budget and in the October 2007 budget amendment, the Administration requested a total of $6.9 billion in emergency FY2008 appropriations for international affairs programs. Most of the request was for embassy security and reconstruction assistance in Iraq and Afghanistan. Congress did not address these funding requests until it took up the FY2008 Department of State/Foreign Operations appropriations bill, H.R. 2764, which ultimately became the vehicle for consolidated FY2008 appropriations. Division J of the consolidated appropriations bill comprises a conference agreement on the State/Foreign Operations appropriations bill. It includes, in addition to regular FY2008 appropriations, $2.4 billion of emergency FY2008 funding.

Not all of that $2.4 billion was for programs that were part of the Administration's $6.9 billion emergency funding request. Furthermore, some supplemental funds were allocated to the base international affairs budget when Congress appropriated less than requested in regular funding. According to the State Department, only about $1.5 billion of the new emergency funding was for programs as requested, leaving $5.4 billion of the request still to be addressed, of which $2.3 billion is for State Department and related activities and $3.1 billion is for foreign operations.

In addition to the FY2008 pending supplemental funds, on May 2, 2008, the Administration amended its regular FY2009 State-Foreign operations request by adding $2.24 billion to the Department of State FY2009 regular request and nearly $2.88 billion in foreign assistance funding, including $770 million for food security and food aid. **Table 2** and **Table 3** are State Department and foreign operations summaries of the remaining $5.4 billion request as well as the FY2009 regular and supplemental request. **Table 2** shows the remaining FY2008 request and the FY2009 request for the State Department and international broadcasting. **Table 3** shows the remaining FY2008 request the FY2009 request for foreign operations.

[25] Prepared by Susan B. Epstein, Specialist in Foreign Policy.

Table 2. FY2008 Emergency Supplemental State Department

(millions of U.S. dollars)

Activity	Total FY2008 Supp. Request	Enacted Supp. H.R. 2764 PL110-161	State Dept FY08 Supp Allocation[a]	State Dept Pending FY08 Supp Request	FY2009 Regular Request	FY2009 Supp Request
Total State Operations	**$3,219.6**	**$1,261.6**	**$965.0**	**$2,254.6**	**11,223.1[b]**	**$1,121.3**
Diplomatic & Consular Programs Iraq Operations (162.4) Worldwide Security Protection	2,283.0 (2,120.6)	781.6 (575.0) (206.6)	575.0 (575.0) (—)	1,708.0 (1,545.6) (162.4)	$5,364.3	1,064.5 (921.0) (45.8)
Embassy Security, Construction & Maintenance	$160.0	—	—	$160.0	$1,789.7	—
Office of Inspector General	—	—	—	—	$35.5	$16.8
Contributions to International Organizations	$53.0	—	—	$53.0	1,529.4[c]	$40.0
Contributions to International Peacekeeping	$723.6	$468.0	$390.0	$333.6	$1,497.0	—
Broadcasting	**—**	**$12.0**	**$12.0**	**—**	**$699.5**	**—**
Total	**$3,219.6**	**$1,261.6**	**$977.0**	**$2,254.6**	**$10,915.4**	**$2,242.6**

Source: For FY2009 figures, Office of Management and Budget, "FY 2009 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," May 2, 2008.

Notes

a. These numbers differ from those in the FY2008 consolidated appropriations act, P.L. 110-161, because the Department of State applied some of the supplemental funding to the FY2008 base budget and because Congress provided some supplemental funding for activities not requested by the Administration.

b. Includes funds for budget accounts not listed in this table — this table shows only budget accounts for which supplemental funds were requested.

c. Includes worldwide security upgrade funds for embassies.

Table 3. FY2008 Foreign Operations Emergency Supplemental

(millions of U.S. dollars)

Account	Total FY2008 Supp. Request	Enacted[a] Supp HR2764 PL110-161	FY08 Supp Allocation	Pending FY08 Supp Request	FY2009 Regular Request	FY2009 Supp Request
Afghanistan	**839.0**	n.a	—	**839.0**	**1,054.0**[b]	**924.9**
ESF	834.0				707.0	749.9
NADR	5.0				31.6	—
INCLE	—				250.0	175.0
USAID Operating Expenses	(16.0)				—	
Iraq	**956.0**	n.a	—	**956.0**	**397.0**[b]	**212.8**
ESF	797.0				300.0	212.8
INCLE	159.0				75.0	—
Mexico — Central America Initiative	**550.0**	0.0	—	**550.0**	**501.0**[b] 477.8	—
INCLE	550.0					
West Bank/Gaza	**375.0**	n.a	**155.0**	**220.0**	**100.0**[b]	**200.0**
INCLE	25.0		—		25.0	50.0
ESF	350.0		155.0		75.0	150.0
Pakistan	**60.0**	n.a	—	**60.0**	**826.3**[b]	**170.0**
ESF	60.0				453.2	70
FMF					300.0	100.0
North Korea	**106.0**	n.a	**53.0**	**53.0**	**2.0**[b]	**15.0**
ESF	106.0		53.0	53.0	2.0	15.0
Somalia					**40.3**[b]	**40.0**
PKO	—	—	—	—	11.6	40.0
Sudan	**70.0**	n.a	—	**70.0**	**332.6**[b]	—
ESF	70.0			70.0	254.1	
Lebanon					**142.4**[b]	**50.0**
FMF	—	—	—	—	62.2	50.0
Poland					**29.2**[b]	**20.0**
FMF	—	—	—	—	27.0	20.0
Jordan					**535.4**[b]	**100.0**
ESF	—	—	—	—	263.5	100.0
Stabilization/Peacekeeping	—	—	—	—	**247.2**	**80.0**
Horn of Africa/Kenya	**(110.0)**		—	**(110.0)**	—	—
PL480	(110.0)	0.0				
Southern Africa	**(135.0)**		—	**(135.0)**	—	—
PL480	(135.0)	0.0				
Migration/Refugee Assist.	**230.0**	**200.0**	**200.0**	**30.0**	**764.0**	**191.0**
Intern'l Disaster Assist.	**80.0**	**80.0**	**80.0**	—	**298.1**	**45.0**
PL480	**350.0**	0.0	—	**350.0**	**1,225.9**	**395.0**
Other Food Security (DA & IDA)	—	—	—	—	—	**375.0**
USAID Operating Expenses	**61.8**	**n.a**	**20.8**	**41.0**	**767.2**	**60.0**
Total	**3,677.8**	**1,123.4**	**508.8**	**3,169.0**	**7,262.6**	**2,878.7**

Acronyms: ESF=Economic Support Fund; INCLE=International Narcotics Control and Law Enforcement; FMF=Foreign Military Financing; PKO=peacekeeping Operations; IDA-International Disaster Assistance;

DA=Development Assistance; MRA=Migration and Refugee Assistance; NADR=Nonproliferation, Anti-terrorism, Demining, and Related Programs; and PL480=Food for Peace; USAID=U.S. Agency for International Development.

Source: For FY2009 figures, Office of Management and Budget, "FY 2009 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," May 2, 2008.

Notes:
a. Some supplemental funds were not designated in the Joint Explanatory Statement accompanying H.R. 2764 with regard to destination, and are marked as "na." As more information becomes available, this table will be updated.
b. Country totals include other accounts for which supplemental funds were not requested.

Iraq Reconstruction Assistance[26]

A major issue in congressional action on supplemental funding for international affairs is how much to provide for Iraq reconstruction, and whether to continue to provide it as grants or by some other method that increases the role of the Iraqi government. With the passage of the consolidated FY2008 appropriations act, nearly half of the Administration's $4.9 billion supplemental request for Iraq reconstruction was approved. However, of the roughly $2.1 billion appropriated in this category of assistance, only about $230 million was for economic aid under the foreign operations portion of the bill, the bulk of enacted reconstruction assistance being in the form of DOD appropriations. Currently outstanding from the FY08 request and to be considered in the Second FY2008 supplemental is roughly $2.9 billion, of which $986 million is for foreign operations economic assistance.

The outstanding FY2008 foreign operations request was for three accounts — $797 million in the Economic Support Fund (ESF), $159 million in International Narcotics and Law Enforcement (INCLE), and $30 million in Migration and Refugee Assistance (MRA). However, the bulk of the pending 2nd FY2008 supplemental request for assistance to Iraq is for DOD appropriations for the training and equipping of Iraqi security forces ($1.5 billion under the Iraq Security Forces Fund, ISFF), for development programs delivered under the Commander's Emergency Response Program, CERP (Iraq could expect at least half of the $719 million still outstanding for both Iraq and Afghanistan), and for the Task Force to Improve Business and Stability Operations in Iraq ($100 million under the Iraq Freedom Fund account).

On May 2, 2008, the Administration issued a request for FY2009 emergency supplemental funding. The request includes $398.8 million for foreign operations reconstruction — $212.8 million in ESF, $141 million in MRA, and $45 million in IDA accounts. The DOD appropriations reconstruction request includes $2 billion for the ISFF, $1.7 billion for the CERP in Iraq and Afghanistan, of which at least half would go to Iraq, and $50 million for the Business Task Force. Both DOD and

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[26] Prepared by Curt Tarnoff, Specialist in Foreign Affairs. For more detailed discussion of the U.S. program of assistance to Iraq, see CRS Report RL31833, *Iraq: Reconstruction Assistance*.

Foreign Operations portions of the FY2009 emergency request are being considered by Congress at the same time as the FY2008 supplemental.

The accounts to be funded under both FY2008 and FY2009 supplemental requests support a wide range of reconstruction programs. ESF is the primary source of funding for assistance disbursed by the Provincial Reconstruction Teams (PRTs), which have grown in number under the surge to 31, including 13 newly established ePRTs (embedded PRTs) embedded with U.S. combat battalions and concentrated mostly in Baghdad and Anbar province. The ePRTs are intended to help stabilize areas secured by U.S. and Iraqi forces by supporting local small-scale, employment-generating, economic projects, using ESF-funded community development grants, job training and micro-loan programs, among other activities. PRTs also utilize ESF to increase the capacities of local government officials to spend Iraqi-owned capital funds allocated by the Iraqi government for infrastructure programs. At the national level, ESF supports ministerial capacity development, agriculture and private sector reform, and the strengthening of democratization efforts.

Of the ESF request, $25 million, accompanied by proposed authorization language, would allow the Administration to establish a new Iraq enterprise fund based on the model created for east Europe and the former Soviet Union in the late 1980s and early 1990s. Enterprise funds are U.S. government-funded private sector-run bodies that primarily provide loans or equity investments to small and medium business. In the former communist countries, enterprise funds also encouraged growth of the private sector, including support for mortgage lending markets and establishment of private equity funds. The most successful example, the Polish Fund, made many profitable investments, helping companies grow that otherwise were unable to obtain financial support in the period just after the fall of communism. Some of the funds, however, have been much less successful, either because they took on poor investment risks, or because they were unable to locate promising businesses due to the poor business climate or competition from other private sector funding sources. Some observers question the usefulness of the funds because their ostensible development purpose seems often to conflict with pressures for economic profit.

The INCLE account largely would support rule of law and corrections programs. The Administration request was expected to fund prison construction, something that Congress has sometimes cut from previous requests. The request was also intended to extend judicial reform and anticorruption efforts to the provinces. The MRA request would address the continuing refugee crisis in the region; an estimated 2.0 million Iraqis have fled the country and another 2.2 million have been displaced due to sectarian violence and instability.

The CERP allows military commanders to support a wide variety of economic activities at the local level, from renovating health clinics to digging wells to painting schools, provided in the form of small grants. CERP also funds many infrastructure efforts no longer supported with other U.S. assistance, such as provision of electric generators and construction of sewer systems and roads. Commanders are able to identify needs and dispense aid with few bureaucratic encumbrances. More recently, the CERP has paid salaries to the so-called Sons of Iraq, mostly Sunnis who are joining with U.S. forces to provide security.

The DOD Business Task Force seeks to stimulate the economy and create employment for Iraqi citizens by rehabilitating some of the roughly 200 state-owned enterprises that comprised a large portion of the Iraqi economy prior to the U.S. occupation. News reports have suggested some difficulty with the program, resulting from the lack of electricity, the insecure environment, and a lack of enthusiasm from U.S. companies that had been expected to invest in the facilities, among other reasons.[27]

Outstanding FY2008 supplemental funds include operational costs (not counted in the reconstruction aid total or the table) for staffing and administering reconstruction programs: $679 million for PRTs. The new FY2009 supplemental request includes funding for PRT operations (an unspecified portion of a total $921 million Embassy/PRT request), $23.6 million for USAID operational expenses, and $15 million for the Special Inspector General for Iraq Reconstruction (SIGIR).

House Action on Iraq Reconstruction. The combined funding amendments #1 and #3 to H.R. 2642, containing versions of the FY08 and FY09 supplementals, would have provided a total of $4.0 billion in additional economic and security reconstruction funding for Iraq, about two thirds of the Administration request for the two years of assistance. See the Table below for details under each account. However, DOD reconstruction appropriations were contained in amendment #1, which was rejected in a House vote on May 15. Of the total FY2008 and FY2009 DOD appropriations request of $4.9 billion, the failed amendment would have provided $4.0 billion, or 83%.

Only amendment #3 of the two funding amendments was approved. It contains the foreign operations portion of Iraq reconstruction assistance. Of the total FY2008 and FY2009 foreign operations request of $1.4 billion, the House bill provides $921 million, or 66%.

Judging by the allocations made by the Appropriations Committee for the $440 million in FY2008 ESF, a significant shift in the direction of the economic aid program may result favoring more local-level assistance programs. Of this amount, at least $355 million would be targeted to provincial and local community activities, rather than programs supporting the national government. PRT programs would get $140 million. Related community-based programs, the Community Stabilization Program (CSP) and the Community Action Program (CAP), would receive $100 million and $75 million respectively.[28] Provincial economic growth, including microcredit and agriculture, would get $40 million. The only significant national-level effort, the National Capacity Development program, would receive $70 million, a cut of $178 million from the request. Another request for a nationally-based effort, $70 million for the provision of infrastructure security protection, was cut entirely. Democracy assistance, requested under ESF, is being provided under the Democracy

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[27] "U.S. Falters in Bid to Boost Iraqi Business," *Washington Post*, August 24, 2007; "In Iraq, One Man's Mission Impossible," *CNN Money.com*, September 4, 2007.

[28] The request for the Community Stabilization Program was cut by $55 million and half of funds provided are to be withheld until a concern about possible misuse of funds is resolved.

Fund account at $75 million, and is expected to be implemented through the National Endowment for Democracy (NED) and other NGOs.

Two other reconstruction provisions in the amended bill are noteworthy. No funding was provided for the Iraqi Enterprise Fund, and such a fund is specifically prohibited. The FY2008 INCLE Iraq program funding, at $85 million, was cut substantially, by $74 million, from the request, and no prison construction funding was included.

Because operational funds for the PRTs are blended with those of the Embassy and USAID operating expenses are provided for both Iraq and Afghanistan, it is not possible to say with certainty whether the full request was met by the House amendment. The amendment did provide the SIGIR with $2.5 million and $46.5 million for FY2008 and FY2009, respectively.

Senate Action on Iraq Reconstruction. With regard to funding levels, the Senate Committee bill differs from the House bill in only a few respects. Most notably, it provides $200 million more for the CERP in Iraq and about $32 million less in total ESF for Iraq. See Table below for account levels.

Like the House, the Senate bill shifts funding strongly in the direction of local-level assistance programs. Of the $398 million in FY2008 ESF, at least $313 million would be targeted to provincial and local community activities, rather than programs supporting the national government. PRT programs would get $138 million. As in the House bill, the CSP and CAP would receive $100 million and $75 million respectively, and the National Capacity Development program would receive $70 million. Infrastructure security protection was cut out. Again, like the House, the Senate bill would provide democracy assistance under the Democracy Fund account at $75 million. The proposed enterprise fund would also not be funded in the Senate bill.

House and Senate Action on Iraqi Role in Reconstruction. Reflecting recent indications that Members of both parties desired to see the Iraqi government pay a greater share of the costs of reconstruction, under the approved House amendment #2, H.R. 2642 now contains a measure that would require most reconstruction funds to be matched by the Iraqis on a dollar-for-dollar basis. The exceptions are for democracy and human rights programs, the USAID Community Action Program and other NGO-assisted programs, humanitarian demining, refugee and displaced persons assistance, intelligence activities, and CERP projects with a value less than $750,000. It is not clear from the language whether th e match would have to be made project-by-project or whether total Iraqi funding for reconstruction in general would suffice to permit continued U.S. assistance at the same level. If the latter, the provision might not affect U.S. funding as, in the past year, the Iraqi budget for security and economic reconstruction has surpassed the U.S. contribution.

The Senate Committee bill does not contain the above matching fund language, but would prohibit funding of large-scale infrastructure projects costing over $2 million using DOD appropriations. As the CERP is exempted from this restriction, the only likely affect would be to ensure that Iraq funds construction of security-related facilities, such as military barracks and training centers.

It is possible that a different approach may be taken to the issue of the Iraqi funding role when the Senate bill reaches the floor. Some weeks ago, several members had said they would offer an amendment to the Senate version of the supplemental making U.S. reconstruction aid available in the form of loans rather than the current practice of grant aid.[29] S.Res. 506 (Nelson), H.Res. 1108 (Shays), and H.Res. 1111 (Klein) all call on further U.S. reconstruction assistance to be provided in the form of a loan.

Several efforts to provide loans for reconstruction instead of grants were rejected in late 2003 when Congress deliberated approval of $18.4 billion in Iraq Relief and Reconstruction Fund support under the FY2004 Emergency Supplemental Appropriations bill (P.L. 108-106). Among arguments at the time were the possible violation of international law that would prevent an occupying power from creating a debt obligation on behalf of an occupied entity. In addition, the level of Iraqi needs subsequent to the fall of Saddam Hussein appeared to vastly surpass the near-term capability of Iraq to produce sufficient oil export profits. Today, Iraq is a sovereign nation and, with the increasing oil revenues derived from a rising price for the commodity, Iraq has found itself with larger amounts of available cash than anticipated. Of a 2008 government-wide budget of $49.9 billion, about $13.2 billion is earmarked for capital investment in infrastructure and related reconstruction programs. The Iraqi government recently announced that, due to rising revenue, an additional $5 billion will be added to the capital budget in June. Further, the Iraqi government appears to have considerable difficulty committing and spending its capital projects budget. According to a recent DOD report, the Iraqi government had executed only 55% of its $10.1 billion 2007 capital budget as of November 2007.[30]

One possible objection to a loan or similar proposals would concern the extent to which they limit the discretion of the U.S. government to determine the direction of assistance. Currently, U.S. officials identify specific objectives — for example, preventing corruption, increasing the capacity of the Iraqi government to provide services and spend its capital budget, strengthening local governance — and funds programs meant to meet those objectives. If Iraq "borrows" money from the United States, it is not clear what leverage the United States will have to bring about its priorities, in the event that Iraq does not share these. On the other hand, some might argue that, where there is mutual agreement between the United States and Iraq on objectives, the Iraqis might pay reconstruction costs in a way that accommodates U.S. interests. One precedent was set recently when the Iraqis established an "Iraqi CERP" with $300 million that U.S. commanders are managing as they do U.S. funds. In addition, the Iraqi government has employed $2 billion of its own resources to purchase equipment and U.S. services using the U.S. Foreign Military Sales Program.[31]

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[29] "Lawmakers Eager to See Iraq Pay Its Own Way," *CQ Today*, April 3, 2008, p. 1.

[30] Department of State, *Iraq Weekly Status Report*, April 2, 2008, p. 15; Department of Defense, *Measuring Stability and Security in Iraq*, March 2008 Report to Congress, p. 9.

[31] Testimony of General Petraeus, Senate Armed Services Committee, April 10, 2008.

Table 4. Supplemental Appropriations for Iraq Reconstruction

(millions of U.S. dollars)

International Affairs (Budget Function 150 Accounts)									
	Total FY2008 Supp. Request	**Enacted Supp. Allocation H.R. 2764 (PL110-161)**	**Second FY2008 Supp Request**	**H.R. 2642 Second FY2008 Supp**	**Senate Draft FY2008 Supp**	**FY09 Supp Request**	**H.R. 2642 FY2009 Supp**	**Senate Draft FY2009 Supp**	**FY2009 Regular Request**
Economic Support Fund (ESF)	797.0	5.0	797.0	440.0	398.0	212.8	100.0	110.0	300.0
Democracy Fund	—	—	—	75.0	75.0	—	—	—	—
International Narcotics Control and Law Enforcement (INCLE)	159.0	—	159.0	85.0	85.0	—	— [g]	—	75.0
Migration and Refugee Assistance (MRA)	195.0 [a]	149.5 [a]	30.0 [a]	30.0[j]	30.0[j]	141.0	141.0 [h]	141[h]	—
International DisasterAssistance (IDA)	80.0 [b]	80.0 [b]	—	—	—	45.0	45.0[i]	45.0[i]	—
Nonprolif, Anti-Terror, Demining (NADR)	—	—	—	—	—	—	4.5	4.5	20.0
TOTAL 150 Account	**1,231.0**	**234.5**	**986.0**	**630.0**	**588.0**	**398.8**	**290.5**	**300.5**	**395.0**
Department of Defense (Budget Function 050 Accounts)									
Iraq Security Forces Fund (ISFF)	3,000	1,500.0	1,500.0	(1,500.0)*	1,500.0	2,000.0	(1,000.0)*	1,000.0	—
Commander's Emergency Response Program (CERP)	609.7[c]	370.0[d]	359.7[e]	(544.9)*	744.9	850.0[f]	—	—	—
Iraq Freedom Fund (for Task Force to Improve Business)	100.0	—	100.0	(50.0)*	50.0	50.0	—	—	—
TOTAL 050 Account	**3,709.7**	**1,870.0**	**1,959.7**	**(2,094.9)***	**2,294.0**	**2,900.0**	**(1,000.0)***	**1,000.0**	**—**
GRAND TOTAL 150 & 050	**4,940.7**	**2,104.5**	**2,945.7**	**(2,724.9)***	**2,882.9**	**3,298.8**	**(1,290.5)***	**1,300.5**	**395.0**

Sources: Department of State and DOD FY2008 Congressional Budget Justifications; H.R. 2764; SIGIR, Report to Congress, April 2008; Office of Management and Budget, "FY 2009 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," May 2, 2008; Amendments to H.R. 2642 and Explanatory Statements.
Note: Not included are requests of $45.8 million in USAID Iraq operational expenses (OE) and $679 million for PRT OE. H.R. 2764 provided USAID with $20.8 million in OE.
* 150 account funds were contained in amendment #1 to H.R.2642, which failed to pass on May 15, 2008. Amendment #3, containing 050 account appropriations, was approved by Congress on that date.
a. H.R. 2764 provided $200 million for MRA account. The total account request was $230 million. Table shows amount requested/allocated for Iraq.
b. H.R. 2764 provided $110 million for Iraq and other countries affected by disasters. Total IDA account request was $80 million. Table shows amount allocated for Iraq.
c. The total CERP request of $1,219.4 million is for both Iraq and Afghanistan. The amount included here assumes that at least half will be used in Iraq.
d. Congress appropriated up to $500 million for the CERP. According to the SIGIR, Iraq has been allocated $370 million as of April 2008.
e. The total unenacted FY2008 CERP request of $719.4 million is for both Iraq and Afghanistan. The amount included here assumes that at least half of the request is for Iraq.
f. The total FY2009 supplemental CERP request of $1.7 billion is for both Iraq and Afghanistan. The amount included here assumes that at least half of the request is for Iraq.
g. Total House FY2009 amount for INCLE account is $204.5 million, including an unspecified level of Iraq aid.
h. Total House and Senate bill amount for FY2009 MRA account is $350 million, including an unspecified level of Iraq aid.
i. Total House and Senate bill FY2009 amount for IDA account is $200 million.
j. Total House amount for FY2008 MRA account is $300 million, including an unspecified level of Iraq aid. Total Senate draft amount for MRA account is $330.5 million, including an unspecified level of Iraq aid.

Afghanistan Reconstruction Assistance[32]

Background. Afghanistan's political transition was completed with the convening of a parliament in December 2005, but in 2006 insurgent threats to Afghanistan's government escalated to the point that some experts began questioning the success of U.S. stabilization efforts. In the political process, a new constitution was adopted in January 2004, successful presidential elections were held on October 9, 2004, and parliamentary elections took place on September 18, 2005. The parliament has become an arena for factions that have fought each other for nearly three decades to debate and peacefully resolve differences. Afghan citizens have started to enjoy new personal freedoms, particularly in the northern and western regions of the country, that were forbidden under the Taliban. Women are beginning to participate in economic and political life, including as ministers, provincial governors, and senior levels of the new parliament. The next elections are planned for 2009.

The insurgency, led by remnants of the former Taliban regime, escalated in 2006, after several years in which it appeared the Taliban was mostly defeated. U.S. and NATO military commanders have had recent successes in counter-insurgency operations, but the Taliban continues to present a considerable threat to peace and security in parts of Afghanistan. Slow reconstruction, corruption, and the failure to extend Afghan government authority into rural areas and provinces, particularly in the south and east, have contributed to the Taliban resurgence. Political leadership in the more stable northern part of the country have registered concerns about distribution of reconstruction funding. In addition, narcotics trafficking is resisting counter-measures, and independent militias remain throughout the country, although many have been disarmed. The Afghan government and U.S. officials have said that some Taliban commanders are operating across the border from Pakistan, putting them outside the reach of U.S./NATO forces in Afghanistan. In 2007, the Administration unveiled the Reconstruction Opportunity Zones (ROZ) in Afghanistan and the border regions with Pakistan, an initiative to stimulate economic activity in underdeveloped, isolated regions.

The United States and partner stabilization measures focus on strengthening the central government and its security forces and on promoting reconstruction while combating the renewed insurgent challenge. As part of this effort, the international community has been running PRTs to secure reconstruction. Despite these efforts, weak provincial governance is seen as a key obstacle to a democratic Afghanistan and continues to pose a threat to reconstruction and stabilization efforts.

The FY2009 Regular and Supplemental Request. On May 2, 2008, the Administration issued an amendment to the regular FY2009. The regular FY2009 Administration request for Afghanistan totals $1.054 billion. The recent amendment to that would provide supplemental funding for Afghanistan totaling $924.9 million, including $749.9 million for ESF and $175 million for INCLE.

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[32] Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy and Kenneth Katzman, Specialist in Middle Eastern Affairs.

The FY2008 Original and Amended Emergency Supplemental Request. The Administration requested $339 million in ESF for Afghanistan reconstruction assistance in the FY2008 emergency supplemental in February 2007. Other parts of the supplement request for Afghanistan included increases in embassy operations and security. The Administration amended the FY2008 supplemental request in October 2007 for a total request of $839 million for reconstruction, which included several provisions intended to continue U.S. efforts to stabilize Afghanistan and continue economic reconstruction efforts.[33]

The FY2008 consolidated appropriations act funded most government operations for which regular FY2008 appropriations bills — 11 in all — had not been enacted. Although emergency funds for military operations in Afghanistan were appropriated as part of the bridge supplemental in the consolidated appropriations act ($1.753 million), the supplemental request of $839 for reconstruction was not appropriated.

Key elements of the FY2008 emergency supplemental requests include funding for the ESF. In addition to the $339 million for ESF in the initial supplemental request, the amended supplemental included additional funding for democratic governance and reconstruction efforts to continue security and development strategy that would be allocated as follows:

- $275 million to strengthen provincial governance and responsiveness to the Afghan people. Funding would support a wide range of programs, preparation activities for the 2009 election and ongoing programs, such as the National Solidarity Program ($40 million), the Afghanistan Reconstruction Fund ($25 million), and the Provincial Governance Fund ($50 million);

- $50 million as part of an effort to invest in basic social services, such as health and education, particularly in rural areas; and

- $170 million for economic growth and infrastructure, including the development of power sector projects ($115 million); road projects ($50 million) focused on those segments that are of strategic military importance and provide key connections between the central and provincial government capitals; and funding to support Reconstruction Opportunity Zones ($5 million) in designated economically isolated areas and to create employment alternatives.

In addition to ESF funding, the request includes:

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[33] Funding figures obtained from the *FY2008 Revised Emergency Proposal* dated October 22, 2007; the proposed *Budget for Fiscal Year 2008* (*"Additional 2007 and 2008 Proposals"*) submitted in February 2007; and the *Supplemental Appropriations Justification Fiscal Year 2008* prepared by the Department of State and USAID.

- $5 million in Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) to support the Afghan leadership through the Presidential Protection Service.

Table 5. Afghanistan Reconstruction Assistance, FY2008
(millions of U.S. dollars)

Activity (appropriation account)	Total FY2008 Supp Request	Final Supp H.R. 2764 PL110-161	Pending FY2008 Supp Request	FY2009 Regular Request	FY2009 Supp Request
Infrastructure aid (ESF)	834.0	—	834.0	707.0	749.9
Nonproliferation (NADR)	5.0	—	5.0	30.6	—
Int'l Narcotics Control (INCLE)				250.0	175.0
Total	**839.0**	**—**	**839.0**	**1,054.0***	**924.9**

Source: FY2008-FY2009 budget materials.

Notes: Data in this table reflect ongoing and FY2008 proposed funding for programs the same as or similar to those requested in the FY2007 supplemental. The **total** line does not represent total aid or mission operations for Afghanistan. Excluded from this table is proposed funding requested for FBI operations in Afghanistan.

*includes other accounts for which supplemental funds were not requested.

Acronyms: ESF-Economic Support Fund, NADR-Nonproliferation, Anti-terrorism, Demining, and Related Programs, and INCLE-International Narcotics Control and Law Enforcement.

Pakistan[34]

The Federally Administered Tribal Areas (FATA) of Pakistan are considered strategically important to combating terrorism, while continued terrorist and militant activities in the frontier region remain a threat to the United States and its interests in Afghanistan. The Government of Pakistan has developed a FATA Sustainable Development Plan to be implemented over 10 years. In support of this plan, the State Department and the U.S. Agency for International Development have put forward a five-year $750 million development assistance strategy for the frontier region (a pledge of $150 million per year) that complements the Government of Pakistan's plan.[35] The U.S. objectives are to improve economic and social conditions in the FATA in order to address the region's use by terrorists and militants. Programs would include governance, health and education services, and economic

[34] Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy.

[35] For more detail on Pakistan, see CRS Report RL33498, *Pakistan-U.S. Relations* by K. Alan Kronstadt.

development, such as agricultural productivity, infrastructure rehabilitation, credit, and vocational training.

On November 3, 2007, President Musharraf imposed emergency rule and suspended Pakistan's constitution. In light of these events, the Administration announced a review of U.S. assistance. However, no action was taken in 2007 and in February 2008, Pakistan held what was reported to be a reasonably credible national election that seated a new civilian government. On April 9, 2008, Secretary of State Condoleezza Rice determined that a democratically elected government had taken office in Pakistan on March 25, 2008, which permitted the removal of coup-related sanctions on Pakistan and the resumption of assistance.

The FY2009 Regular and Supplemental Request. The Administration is seeking $826.3 million for Pakistan in its regular FY2009 budget request. On May 2, 2008, the Administration requested FY2009 supplemental funds for Pakistan totaling $170.0 million, including $50 million for INCLE and $150 million for FMF.

The FY2008 Original and Amended Supplemental Request. The Administration did not request funding for Pakistan in its original FY2008 emergency supplemental request in February 2007. In the FY2008 regular budget, the President asked for $90 million for the frontier region development plan, which left a gap of $60 million in the overall U.S. pledge of $150 million. The FY2008 amended supplemental request for $60 million for ESF would address this funding gap and meet the full pledge as follows: Investment in governance and planning ($13 million); health and education programs ($15 million); and local economic development ($32 million). The $60 million emergency supplemental request is in addition to the regular appropriations from various accounts in the FY2008 budget.

Sudan[36]

For the FY2009 regular request, the Administration is asking for a total of $332.6 million for Sudan. Some FY2009 supplemental funding for Sudan would include funds for diplomatic security, as well as USAID operation in Sudan.

No funding was requested for Sudan in the original FY2008 emergency supplemental in February 2007. The Administration sought a total of $868.6 million in the amended emergency supplemental for Sudan, most of which was for humanitarian and peacekeeping support in the Darfur region. Under the consolidated appropriations act, Sudan received $334.8 million in the regular FY2008 budget and also $468 for the African Union/United Nations Hybrid Operation in Darfur (UNAMID) peacekeeping mission.

FY2008 Additional Emergency Supplemental Request. Major elements of the FY2008 amended emergency supplemental included the following:

- A $70 million request in ESF for Sudan to support upcoming national elections that are to take place before July 2009, as

[36] Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy.

determined in the 2005 Comprehensive Peace Agreement between north and south Sudan. The assistance will focus on strengthening political parties, drafting the electoral law, supporting an electoral commission, promoting civic education, and supporting election-related institutions and processes. The United Nations estimates that the elections could cost nearly $400 million because of the logistical hurdles in conducting elections in a post-conflict environment. $70 million remains in the pending FY2008 emergency supplemental; and

- $723.6 million in support of the African Union/United Nations Hybrid Operation in Darfur (UNAMID) in the amended FY2008 supplemental. In the consolidated appropriations act, $468 million was appropriated; $333.6 remains in the pending FY2008 emergency supplemental.

Table 6. Sudan Emergency Supplemental, FY2008
(millions of U.S. dollars)

Activity (appropriation account)	FY2008 Supp. Request Total	Final Supp. H.R. 2764 PL110-161	Pending FY2008 Supp. Request	FY2009 Regular Request	FY2009 Supp. Request
UNAMID (CIPA[a])	723.6	468.0	333.6	——	—
Economic Support Fund (ESF)	70.0	—	70.0	254.1	—
Total	**$868.6**		**$403.6**	**$332.6[b]**	**—**

Source: FY2008- FY2009 budget materials.
Note: The **Total** line does not represent total aid or mission operations for Sudan.
a. CIPA-Contributions to International Peacekeeping Activities
b. Includes accounts for which supplementals were not requested.

Other Humanitarian Assistance[37]

Although proposed aid packages for specific countries anticipate and identify some humanitarian needs, the Administration also seeks funding for what it describes as unmet or unforeseen humanitarian needs, including $350 million in additional P.L. 480 - Title II assistance to meet emergency food needs in the Darfur region of Sudan and eastern Chad and elsewhere worldwide, including places such as southern Africa, and the Horn of Africa and Kenya.

In addition, the Administration's original request asked for $230 million for Migration and Refugee Assistance (MRA) for anticipated and unanticipated refugee and migration emergencies, of which $195 million was requested for humanitarian

[37] Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy.

assistance to Iraqi refugees. This was an increase of $160 million for Iraqi refugees; $35 million was requested in the earlier version of the FY2008 emergency supplemental request. In addition, $35 million was requested for the emergency needs of Palestinian refugees in Gaza and West Bank, and for Palestinian refugee camps in Lebanon. $200 million was appropriated for MRA in the consolidated appropriations act, of which $195 was allocated for Iraqi refugees. $30 million (of the original $230 million request) remains as part of the pending FY2008 supplemental request for assistance to Iraqi refugees.

Other International Affairs Programs

Several other elements of the international affairs request also remain to be resolved. In its October 2007 supplemental budget amendment, the Administration included $550 million for the Mérida Initiative, a multi-year plan for U.S. counterdrug and anticrime assistance to Mexico and Central America. The initiative is aimed at helping the Mexican and Central American governments combat drug trafficking, gangs, and other criminal organizations. Of the $550 million in proposed supplemental assistance, Mexico would receive $500 million and Central America would receive $50 million.[38] The October 2007 budget amendment also included a new request for $220 million for economic assistance in the West Bank and Gaza.

The October amendment included, as well, $350 million for P.L. 480 international food assistance. In April, Senators Durbin and Casey proposed adding $200 million in response to recent global increases in food prices.[39] On May 1, the President announced a new request for $770 million in FY2009 emergency supplemental funding for food-related international aid, including

- $395 million for P.L. 480 Title II emergency food assistance;
- $225 million for U.S. Agency for International Development (USAID) disaster relief accounts, mainly for Africa, for local and regional procurement of food abroad and for other humanitarian needs created by high food prices;
- $150 million for USAID development assistance accounts for food security and improved production in insecure countries.[40]

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[38] See CRS Report RS22837, *Merida Initiative: Proposed U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Colleen W. Cook, Rebecca G. Rush, Clare Ribando Seelke.

[39] Ben Schneider and Christian Bourge, "Durbin Eyes Additional Food Aid, Seeks Assist From Rice," *National Journal Congress Daily AM*, April 29, 2008.

[40] White House Office of Management and Budget, "Estimate #2 — FY 2009 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities," May 2, 2008, available online at [http://www.whitehouse.gov/omb/budget/amendments/amendment_5_2_08.pdf].

Domestic Programs

In addition to funding for defense and international affairs, Congress may include funding for some domestic programs in the supplemental and may also include some domestic policy measures. There continues to be some discussion of using the supplemental as a vehicle for a further economic stimulus package, but that appears, for the present at least, to have been put off. The most widely discussed addition is an increase in Montgomery GI bill educational benefits for veterans, as has been proposed by Senator Webb, with 56 cosponsors, in the Senate, and by Representative Mitchell, with 261 cosponsors, in the House.

Other domestic measures that, it has been reported, may be added to the supplemental include legislation to postpone new Medicaid regulations that would reduce payments to the states,[41] an extension of unemployment benefits, and funds for wildfire firefighting, the census, Hurricane Katrina recovery, increased food stamp benefits, Women Infant and Children (WIC) nutrition program shortfalls, ready-to-go transportation infrastructure projects, and payments to Filipino World War II veterans.[42] Along with its regular FY2009 request for the Corps of Engineers, the Administration asked for $5.8 billion in emergency FY2009 funds for Gulf Coast hurricane protection measures.

In all, the domestic programs that are being considered could add as much as $15 billion to the cost of the bill, though some of those amounts might be for FY2009 funding that the Administration has requested. The GI bill benefit expansion is estimated to cost $2 to $4 billion initially and from $40 to $60 billion over ten years. The President has said, however, that he will veto any bill that exceeds the $108 billion he has requested.[43]

Expansion of Montgomery GI Bill Education Benefits[44]

Both the House leadership bill and the Senate Appropriations Committee bill include provisions that would enhance veterans' educational benefits.[45] The benefit enhancements appear to be based on the Post-9/11 Veterans Educational Assistance Act of 2008 (S. 22), sponsored by Senator Webb, which has broad bipartisan support,

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[41] Alex Wayne, "Senate GOP Picks Fight on Medicaid Bill; Democrats Look for Other Vehicles," *CQ Today*, April 29, 2008.

[42] Jonathan Nicholson, "Some Domestic Spending Initiatives Expected in Supplemental Spending Bill," *BNA Daily Report for Executives*, April 28, 2008 and Christian Bourge, "More Domestic Spending Sought In Emerging Supplemental," *National Journal Congress Daily AM*, April 28, 2008.

[43] Nancy Ognanovich, "Bush Warns Against Add-Ons to War Bill, Says Supplemental Cannot Top $108 Billion," *BNA Daily Report for Executives*, April 30, 2008.

[44] Prepared by Shannon Loane, Knowledge Services Group, Domestic Social Policy Consulting Section.

[45] For information on the current Montgomery GI Bill provisions, see CRS Report RL33281, *Montgomery GI Bill Education Benefits: Analysis of College Prices and Federal Student Aid Under the Higher Education Act*, by Charmaine Mercer.

with 56 co-sponsors in the Senate; and the House companion bill, H.R. 5740, sponsored by Representative Mitchell, which has 261 cosponsors.[46]

S. 22 and H.R. 5740 would offer 36 months of tuition (limited to in-state tuition charged at the most expensive public institution in the state in which the veteran is enrolled), a monthly stipend to cover living expenses (based on average housing prices in the area in which the veteran is enrolled), and a $1,000 annual stipend for books and required educational expenses. Provisions for funds for tutorial assistance, licensing, and certification tests are also included. The bills would apply to active duty, Reserve, and National Guard members who serve some period of active duty beginning on or after September 11, 2001. Servicemembers and veterans who serve 36 months on active duty would be eligible for full benefits. Individuals who serve less than 36 months on active duty would be eligible for benefits calculated as a percentage of the total maximum benefits.

The bills also establish a new program under which the government would match dollar for dollar (up to 50% of the tuition difference) any voluntary additional contributions to veterans from institutions whose tuition is more expensive than the maximum educational assistance provided under the bills.

Differing views on the pros and cons of S. 22 were offered at a hearing before the Senate Committee on Veterans' Affairs on May 9, 2007. Senator Webb argued that S. 22 was comparable to the post-World War II GI bill, would lead to similar economic growth and expansion, and would also have a positive effect on military recruitment and on the readjustment experience of veterans.[47] In the same hearing, Daniel Cooper, the Department of Veterans' Affairs (VA) Under Secretary for Benefits, stated the VA's opposition, criticizing the bill's complexity, cost, and administrative burden. He also argued that it might lead to lower rates of reenlistment in the military services.[48]

The Graham alternative. An alternative to S. 22 and H.R. 5740 was proposed by Senator Graham on April 29, 2008. S. 2938, the Enhancement of Recruitment, Retention, and Readjustment Through Education Act of 2008, proposes increases in GI Bill educational benefits for servicemembers and veterans. For individuals with 12 or more years of active duty service, the benefits would be $1,650 per month in FY2009, in addition to a $500 annual stipend for books and supplies (for those attending on at least a half-time basis). As under the current Montgomery GI Bill (MGIB), servicemembers would have accept a pay reduction of $100 per month for the first 12 months of pay, the benefits would be for 36 months and would have to be used within 10 years of discharge or release from active duty, and

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[46] See Josh Rogin, "Spending Add-ons Could Make for Largest War Supplemental Bill Yet." *CQ Today*, April 18, 2008

[47] Prepared Statement of Hon. Jim Webb, U.S. Senator from Virginia, Committee on Veterans' Affairs Hearing Regarding Pending Veterans' Benefits Legislation, May 9, 2007 (pp. 6-7)

[48] Prepared Statement of Hon. Daniel L. Cooper, Under Secretary for Benefits, Department of Veterans Affairs, Committee on Veterans' Affairs Hearing Regarding Pending Veterans' Benefits Legislation, May 9, 2007 (p. 24)

provisions for tutorial assistance and licensing and certification tests are included. In addition, active duty servicemembers would be able to use up to $6,000 per year of educational benefits to repay federal student loans, and eligibility would be extended to certain individuals not currently eligible for MGIB, including service academy graduates and Senior Reserve Officers' Training Corps officers (under some conditions and with some stipulations).

The bill also proposes a matching grants program, the 'College Patriots Grant Program,' in which up to an additional $3,000 per year could be paid by the Department of Veterans Affairs in return for schools, through the use of institutional or other non-federal aid, making a matching reduction in cost of attendance for a servicemember.

Additionally, S. 2938 includes a transferability of benefits provision. Servicemembers would be allowed to transfer up to half of their education benefits to dependents after six years of service and to transfer all of their education benefits after 12 years of service. Currently, the different service branches are authorized to operate limited transferability programs, but only the Army offers one at this time. The Army's program allows servicemembers in designated critical skills areas with at least six years of service who re-enlist for at least four years to transfer up to 18 months, or half, of their educational benefits to dependents. President Bush proposed expanding the transferability of veterans' educational benefits to dependents in his State of the Union address and repeated it in his May 8 address commemorating Military Spouse Day.[49]

PAYGO, military retention, and transferability issues. The GI bill enhancements appear to have become a major issue, potentially holding up action on the whole supplemental. In the House, members of the Democratic "Blue Dog" caucus initially warned that they would not support a rule on the bill because the cost – estimated at $52 billion over ten years – is not offset. At the beginning of the 110th Congress, the new Democratic majority agreed to changes in House rules to require that increases in mandatory spending or cuts in revenues be paid for either by cuts in other mandatory programs or by increases in revenues. These requirements, which are based on provisions initially included in the Budget Enforcement Act of 1990, are known as "pay as you go" or PAYGO rules. The House leadership subsequently agreed to support an income tax surcharge as an offset to the costs of the bill. It is not clear, however, whether the Senate will approve offsets and whether, in the absence of offsets, a conference agreement can be sustained.

In addition, the Defense Department has consistently been critical of the Webb and Mitchell bill because of concern that it might weaken retention of military personnel. Because the bill would provide full benefits to servicemembers after 36 months of service, DOD officials fear the bill will encourage personnel to leave for

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[49] The FY2002 national defense authorization act provided the Defense Department with authority to allow transfers of current educational benefits to family members, and the provision has been tested in an Army pilot project, with, it appears, a relatively low use of the authority by military personnel. For a discussion, see Bart Jansen, Josh Rogin and Kathleen Hunter, "GOP Slips McCain's GI Bill Alternative into Play on Senate Floor," *CQ Today Online*, May 14, 2008.

college rather than to reenlist in the military. Secretary of Defense Gates raised these issues in an April 29 letter to Senator Levin and in a Pentagon press conference on May 8, at which Chairman of the Joint Chiefs, Admiral Michael Mullen, echoed his concerns.[50]

In the May 8 press conference, Secretary Gates and Admiral Mullen both emphasized their preference, as well, for a bill that would permit servicemembers to transfer educational benefits to family members. On May 6, President Bush announced that he was sending legislation to Congress to permit benefit transfers as well.[51]

Hurricane Katrina Repairs and Coastal Louisiana Restoration

The Administration included in its FY2009 budget, a request for $5.761 billion in emergency supplemental funds for the Army Corps of Engineers for hurricane protection programs on the Gulf Coast. The Corps is responsible for much of the repair and fortification of the hurricane protection system of coastal Louisiana, particularly in the greater New Orleans area. Since Hurricane Katrina, most of the Corps' work on the region's hurricane protection system has been funded through emergency supplemental appropriations, not through the annual appropriations process. Congress has provided about $7 billion in emergency funding to date.

The Administration estimates that the $7 billion in previously appropriated funds are insufficient to complete required measures because of increased costs, improved data on costs, and other factors. The Corps anticipates that available funds will be used by the end of FY2008, but that much remaining work is required to reduce the hurricane flooding risk to the New Orleans area to a 100-year level of protection (i.e., 1% probability of flooding in any given year) and to restore and complete hurricane protection in surrounding areas to previously authorized levels of protection by 2011.[52]

The Census and Other Domestic Issues

Several other, smaller domestic programs may also receive funding in the pending supplemental.

Decennial Census. As a result of newly discovered difficulties with equipment planned to be used in various aspects of the 2010 Decennial Census, the Census Bureau is facing substantial shortfalls in funding for FY2008. At hearings,

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[50] Secretary of Defense Robert M. Gates and Chairman of the Joint Chiefs of Staff Navy Adm. Mike Mullen, "DoD Press Briefing," May 8, 2008, on line at:[http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4225].

[51] President George W. Bush, "President Bush Commemorates Military Spouse Day," The White House, May 6, 2008.

[52] See CRS Report RL34417, *Energy and Water Development: FY2009 Appropriations*, by Carl E. Behrens, Coordinator, Anthony Andrews, David M. Bearden, Nicole T. Carter, Mark Holt, Nic Lane, Daniel Morgan, and Fred Sissine

the Secretary of Commerce stated that the shortfall for FY2008 would be between $160-$230 million, which they proposed to pay for through intra-departmental transfers within the Department of Commerce. Congress may, instead, provide funding in the FY2008 portion of the supplemental.[53]

[53] Prepared by Royce Crocker, Government and Finance Division.