



FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Court Cases

Amy Belasco, Coordinator
Specialist in U.S. Defense Policy and Budget

Daniel H. Else
Specialist in National Defense

Bruce R. Lindsay
Analyst in American National Government

Rhoda Margesson
Specialist in International Humanitarian Policy

Kennon H. Nakamura
Analyst in Foreign Affairs

Maureen Taft-Morales
Specialist in Latin American Affairs

Curt Tarnoff
Specialist in Foreign Affairs

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Summary

The Administration has requested \$63 billion in FY2010 supplemental appropriations:

- \$33 billion for the Department of Defense (DOD) primarily for deploying 30,000 additional troops to Afghanistan;
- \$4.5 billion in war-related foreign aid to Afghanistan, Iraq, and Pakistan;
- \$5.1 billion to replenish the U.S. Disaster Relief Fund administered by the Federal Emergency Management Agency (FEMA);
- \$2.8 billion for Haiti reconstruction and foreign aid in the wake of the earthquake;
- \$13.4 billion to compensate veterans exposed to Agent Orange;
- \$3.4 billion to settle land trust claims of American Indians in the long-standing Cobell case; and
- \$1.2 billion to settle the discrimination claims of 70,000 black farmers in the Pigford II case.

These requests were included as part of the Administration's FY2011 budget request, and in two budget amendments sent to Congress on February 12, and March 24, 2010. It is currently not clear whether Congress will consider all of this spending in one bill. Press reports suggest that the Senate Appropriations Committee may mark up an FY2010 supplemental this week.

The Defense Department, the State Department, FEMA and the court plaintiffs have all cited deadlines in May and June for when funding is needed but there appears to be some flexibility in these dates. Because DOD has already received 80% of its war funding, the supplemental monies may not be needed until the end of July. FEMA has suggested that additional disaster funding is needed by June. Because its disaster funding was tapped to meet Haiti's needs, the State Department argues that it needs its funding by June. And while the plaintiffs in the Cobell and Pigford cases could reject the settlements if funding is not provided by this spring's deadlines, the Administration's support may dissuade them.

Congress will consider this supplemental appropriations request within the constraints set forth in the FY2010 congressional budget resolution (S.Con.Res. 13), and other budget rules. Some Members may believe that the request should be exempt from such constraints by designating the additional spending as an emergency, as provided under the rules. Others, in light of the current fiscal environment, may believe that all or portions of the additional spending should be offset, so as not to increase the deficit.

Congress could change the Administration's request. For DOD's request, issues could include whether to set a timeline to evaluate the Afghan war troop surge; whether plans and funding to accelerate the training of Afghan security forces are achievable; and whether DOD's basing request signifies a permanent presence. Concerns about the State Department's foreign aid request for Afghanistan and Iraq could include whether the funding will be effective and free of corruption. Questions about FEMA's reliance on supplementals for its disaster funding could be raised. Finally, questions about the focus of Haiti foreign assistance could arise.

Contents

Overview, Deadlines and Potential Issues	1
Budget Rules and Supplemental Requests	2
Potential Deadlines	3
Defense Department Deadline Could Be End of July 2010	4
FEMA Disaster Assistance Fund Could Run Out in June	4
State Department Disaster Funding May Run Low by June	5
Deadline for Funding Court Settlements Uncertain.....	5
Potential Issues: Emergency Designations, Timelines and Effectiveness	5
War-Related Supplemental Requests	5
Department of Defense War Funding Request	6
Increases in U.S., NATO Troops, and Afghan Security Forces	6
DOD Request Shifts Bulk of War Funding to Afghanistan	7
Timeline for U.S. Military’s Role in Afghanistan.....	9
Most of DOD’s Request Is for Afghanistan.....	10
Questions May Be Raised About Per Troop Costs	10
Funds to Accelerate Training Afghan Security Forces	12
Whether Some of DOD’s Request Could Be Funded in the Regular Bill	16
More Spending for Bases in Afghanistan Raises Questions of Permanency and Executability.....	17
Building to Fight vs. Building to Stay: Congressional Restrictions.....	18
“Permanent Stationing” and “Long-term Presence”	19
Higher Funding and DOD’s Proposed Legislative Change.....	19
Execution Issues	21
War-Related Foreign Aid and Diplomatic Operations	22
Afghanistan	24
Iraq.....	26
Pakistan	28
FY2010 Supplemental Request for U.S. Disaster Assistance.....	29
Potential Issues	29
Regular vs. Emergency Budgeting for Disasters	30
Justifying Current Estimate	31
Mandatory Spending: Adding Veterans’ Benefits and Settling Court Cases	31
Additional Benefits for Veterans Exposed to Agent Orange	32
Potential Change in the Estimate	33
Resolving Black Farmers and American Indian Trust Lands Court Cases.....	33
Settlement of the Black Farmers Discrimination Case	33
Indian Trust Litigation Settlement	34
Congressional Actions.....	35
Haiti FY2010 Supplemental Proposal.....	35
Humanitarian Relief Funding	37
Relief Funding: International Disaster Assistance and Emergency Food Aid.....	37
Key Concerns and Priorities	40
Department of Defense and U.S. Coast Guard Relief Activities	41
State Department’s Contributions to International Peacekeeping Activities (CIPA)	42
Assistance to Haitian Evacuees and Migrants	42
Recovery and Reconstruction Funding for Haiti	45

Key Concerns: Priorities, Decentralization, Poverty Reduction, and Capacity	
Building.....	45
Economic Support Funds for Infrastructure.....	47
International Narcotics Control and Law Enforcement Funds for Security.....	48
USAID and Treasury Funds for Oversight and Advisors.....	48
U.S. Funds for International Donor Trust Fund and Debt Relief.....	49
Funding for Diplomatic Operations in Haiti.....	49

Figures

Figure 1. Boots on the Ground in Afghanistan and Iraq, 2001-2010.....	7
Figure 2. U.S. Disaster Relief Funding, FY2000-FY2011 Request.....	30

Tables

Table 1. FY2010 Supplemental Requests.....	3
Table 2. DOD War Funding, FY2001-FY2011 Request.....	8
Table 3. DOD Functional Categories for War Funding: Afghanistan, FY2009-FY2011.....	11
Table 4. Funding for Afghan Security Forces (ASFF), FY2009-FY2011.....	13
Table 5. Military Construction for the Afghan War, FY2003-FY2011.....	17
Table 6. War-Related Foreign Aid and Diplomatic Operations Supplemental Request.....	23
Table 7. Haiti Supplemental: Relief, Reconstruction and Diplomatic Operations, FY2009-FY2011.....	35
Table 8. Haiti Relief Funding, FY2009-FY2011.....	38
Table 9. Haiti Recovery and Reconstruction Funding, FY2009-FY2011.....	46
Table 10. Diplomatic Operations Funding for Haiti, FY2009-FY2011.....	49

Contacts

Author Contact Information.....	50
Acknowledgments.....	51

Overview, Deadlines and Potential Issues

The Administration requested a total of \$63 billion in supplemental funding in FY2010 to deploy more U.S. troops for the Afghan War, Disaster Assistance Funds, recovery and foreign aid funds for Haiti in response to the January 2010 earthquake, and to settle two recently-decided court cases for American Indians and black farmers. Specifically, the FY2010 supplemental requests include:

- \$33.0 billion for the Defense Department, primarily to deploy 30,000 more troops to Afghanistan;
- \$4.5 billion in foreign assistance for Afghanistan, Iraq, and Pakistan;
- \$5.1 billion to replenish the U.S. Disaster Relief Fund administered by the Federal Emergency Management Agency;
- \$2.8 billion for Haiti reconstruction and foreign aid in the wake of January's earthquake;
- \$13.4 billion to compensate veterans exposed to Agent Orange;
- \$3.4 billion to settle land trust claims of American Indians in the long-standing Cobell case; and
- \$1.2 billion to settle the discrimination claims of 70,000 black farmers in the Pigford II case (see **Table 1**).

Federal budget rules distinguish between two types of federal spending, discretionary spending (e.g., annual appropriations acts) and direct (or mandatory) (e.g., Medicare) spending.¹ Of the \$63.3 billion in the President's supplemental request, \$45.4 billion is discretionary spending and \$17.9 billion is direct spending (see **Table 1**).

The Administration submitted these requests to Congress in supplemental proposals included as part of the Administration's FY2011 budget, and in budget amendments submitted on February 12, 2010 and March 24, 2010.²

¹ Discretionary spending is provided in appropriations acts generally on an annual basis. Direct spending, in contrast, is generally provided (in many cases, on a permanent basis, and in other cases, for a set number of fiscal years) in authorizing legislation that requires federal payments to individuals or entities, often based on eligibility criteria and benefit formulas set forth in statute. Some direct spending is provided in appropriations acts but is controlled by the authorizing statute(s) or provided by legislative language in an appropriations acts, such as legislative language authorizing a litigation settlement.

² Office of Management and Budget, *Budget of the United States, FY2011*, "Supplemental Proposals," 2-1-10, hereinafter OMB, "FY2010 War-Related Supplemental;" <http://www.whitehouse.gov/omb/budget/fy2011/assets/sup.pdf>; OMB, FY2010 Supplemental, "Estimate No. 2, Request for Department of Homeland Security for Disaster Relief, for continued response and recovery efforts associated with prior large events, such as Hurricane Katrina and the Midwest floods; and for general provisions," February 12, 2010, hereinafter, OMB, "FY2010 Disaster Relief and Court Case Supplemental;" Request; Office of Management and Budget, "Estimate No. 3, March 24, 2010; FY2010 Emergency Supplemental Proposals in the FY2011 Budget for Costs Associated with Relief and Reconstruction Support for Haiti following the Earthquake of January 12, 2010, for the Departments of Agriculture, Defense, Health and Human Services, Homeland Security, State, and the Treasury," March 24, 2010, hereinafter, OMB, "FY2010 Haiti Supplemental," http://www.whitehouse.gov/omb/assets/budget_amendments/amendment_03_24_10.pdf.

Press reports suggest that the Senate Appropriations Committee may mark up an FY2010 supplemental this week, and add war funding and the Haiti supplemental requests to H.R. 4899, a bill passed by the House on March 24, 2010 that currently includes \$5.1 billion for FEMA's Disaster Relief Fund and \$600 million for the Labor Department for a summer jobs program.³ That bill could then be sent back to the House for conference. The funding in H.R. 4899 is designated as emergency appropriations.

Many see emergency supplemental appropriations as undermining budgetary discipline because funding is not subject to annual caps in budget resolutions on overall discretionary spending that often require trade-offs between different types of spending. Supplementals are also perceived as receiving less scrutiny than regular appropriations. In the current fiscal environment, some Members are also concerned about the impact of this additional spending on the deficit.

Budget Rules and Supplemental Requests⁴

Congress may debate, as it does with any supplemental appropriations request, whether to increase spending above the existing level for FY2010 and, in some cases, levels for subsequent fiscal years. If Congress decides the additional spending is necessary, it must also decide whether the request warrants increasing the budget deficit or whether to offset the additional spending by either cutting federal spending or increasing revenues.

Congress considers all spending or revenue legislation, including supplemental appropriations bills, within rules and procedures that are intended to address these policy options.⁵ In particular, Congress will consider this FY2010 supplemental appropriations request within the constraints set by the FY2010 budget resolution (S.Con.Res. 13, H.Rept. 111-89), as well as other budget rules, such as congressional pay-as-you-go rules and the recently enacted Statutory PAYGO Act of 2010 (P.L. 111-139).

Under these budget rules, Congress could exempt all or portions of the spending from these constraints by designating the spending as an emergency (or as being for "overseas deployments or other activities" in the House).⁶ Alternatively, under congressional rules, the applicable points of order may be waived or simply not raised during consideration of the supplemental appropriation measure.

While an emergency designation would exempt spending from these budget rules, the emergency designation itself could be subject to a point of order.⁷ This applicable point of order may be

³ H.R. 4899 as referred to the Senate, May 7, 2010.

⁴ Written by William Heniff, Analyst on Congress and the Legislative Process, Government and Finance Division, CRS.

⁵ For an overview of federal budget procedures, see CRS Report 98-721, *Introduction to the Federal Budget Process*, by Robert Keith; for more detailed information on points of order that apply to budgetary legislation, see CRS Report 97-865, *Points of Order in the Congressional Budget Process*, by James V. Saturno; for information on PAYGO rules, see CRS Report RL33850, *The House's "Pay-As-You-Go" (PAYGO) Rule in the 110th Congress: A Brief Overview*, by Robert Keith, CRS Report RL31943, *Budget Enforcement Procedures: Senate Pay-As-You-Go (PAYGO) Rule*, by Bill Heniff Jr., and CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*, by Robert Keith.

⁶ The emergency and overseas deployments designations are provided for in Sections 403 and 423 of S.Con.Res. 13, the FY2010 congressional budget resolution, as applicable to the Senate and House, respectively.

⁷ For additional information on the emergency designation, see CRS Report RS21035, *Emergency Spending: Statutory* (continued...)

waived in both houses. In the House, it can be waived by a special rule reported by the House Rules Committee and agreed to by the House, and in the Senate, by waiver motion, which requires a three-fifths affirmative vote of Senators (60 votes if there is no more than one vacancy in the Senate).

Table I. FY2010 Supplemental Requests

In billions of dollars

Agency/Purpose	FY2010 Enacted	FY2010 Supp Request	FY2010 Total with Request	Brief Description
Defense: Afghanistan and Iraq	129.6	33.0	162.6	Provides \$30 billion for Afghanistan, \$1 billion for Iraq, and \$2 billion for baseline fuel costs.
State/USAID: Afghanistan, Iraq, and Pakistan	5.6	4.5	10.1	Includes \$2 billion for Afghanistan, \$2.1 billion for Iraq and \$370 million for Pakistan for foreign aid and diplomatic operations.
State/USAID: Haiti	.9	2.8	3.7	Includes \$1.6 billion for disaster assistance, \$1 billion for foreign aid activities and \$155 million for diplomatic operations.
Federal Emergency Management Agency (FEMA): Disaster Relief Fd.	1.6	5.1	6.7	Replenishes Disaster Relief Fund in danger of being depleted.
DISCRETIONARY TOTAL	137.7	45.4	183.1	
Department of Veterans' Affairs: Compensation and Pensions	0	13.4	13.4	Provides compensation for veterans exposed to Agent Orange in Vietnam.
Treasury: Settling Cobell v. Salazar	0	3.4	3.4	Authorizes and funds recently awarded claims about management and accounting of Indian land trusts.
Agriculture: Settling Pigford Discrimination Claims	0	1.2	1.2	Funds recent court-approved settlement of discrimination claims by black farmers.
MANDATORY TOTAL	0	17.9	17.9	
TOTAL: DISCRETIONARY & MANDATORY	137.7	63.3	201.0	

Source: OMB, *FY2010 War-Related Supplemental*; OMB, *FY2010 Disaster Relief Supplemental*; OMB, *FY2010 Haiti Supplemental*.

Notes: CRS calculations based on sources above.

Potential Deadlines

According to recent press reports, House Majority Leader Steny H. Hoyer, said that the House was committed to action before the Memorial Day recess and Senator Inouye, Chair of the Senate Appropriations Committee, has called for congressional action to begin.⁸

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and *Congressional Rules*, by Bill Heniff Jr..

⁸ Congress Daily, "Hoyer Wants Resolution, Supplemental By Memorial Day," May 7, 2010; Foreign Policy, The Cable, "Inouye Wants to Know: Where is the War Funding Bill," April 29, 2010.

At this time, it is not clear whether Congress will consider all these supplemental requests in the one bill. The House passed FEMA's Disaster Assistance request in H.R. 4899 and Senator Inouye has suggested that the Senate may soon consider that bill.⁹ Attempts in the Senate to attach the Indian Trust Fund settlement (Cobell case) to another bill have so far been unsuccessful. There is also speculation in the press that other funding could be added – such as \$23 billion in emergency Education Department funds to prevent layoffs of teachers, and \$1.3 billion for a summer jobs program (funded last year in the Economic Stimulus Act).¹⁰

The Defense Department, State Department, Federal Emergency Management Agency, and plaintiffs in the Cobell and Pigford II cases have all cited deadlines for when the supplemental funding would be needed although there appears to be some flexibility in the dates.

Defense Department Deadline Could Be End of July 2010

The Department of Defense (DOD) received \$129.6 billion, 80% of its total FY2010 war funding in bridge funds included in its regular appropriations acts enacted last December (P.L. 111-118 and P.L. 111-117), almost double the 45% received in the bridge the previous year. Secretary of Defense Gates recently reiterated that DOD would need the additional \$33 billion for the 30,000 troops deploying to Afghanistan by Memorial Day, the same date cited in previous years when the funding available was substantially lower.¹¹

In February testimony, the Secretary of the Army, which faces the greatest need for war funding, testified that the timeframe for the Army “in which we can comfortably fund this [war funding] would be at the end of June, beginning of July.”¹² Based on CRS calculations using Army data, it appears that the Army could, if necessary, cover both its regular base activities and war operations through July 2010 if obligations follow the pattern of recent years, and even later if funds were temporarily transferred from other appropriation accounts using currently available authority.¹³

FEMA Disaster Assistance Fund Could Run Out in June

To make the Disaster Relief Fund last longer, the Federal Emergency Management Agency (FEMA) has limited the release of funds for claims, delayed interagency reimbursements, and recovered funds from previous years. Nevertheless, its current estimate is that the Fund will become insolvent sometime in June, assuming average monthly spending of \$350 million and the current balance of \$600 million.¹⁴

⁹ *Congressional Quarterly*, Budget Tracker, “Morning Briefing,” May 7, 2010.

¹⁰ *Congress Daily*, “Supp Eyed as Vehicle for Ed Bill,” May 4, 2010; *Washington Post*, “The Congressional Black Caucus and the politics of summer jobs,” May 4, 2010.

¹¹ CQ, Budget Tracker, “Morning Briefing,” May 7, 2010.

¹² Senate Armed Services Committee, Transcript, “Fiscal 2011 Army Budget Request,” p. 16, February 23, 2010

¹³ CRS calculation based on Army data on Operation and Maintenance obligations to date for both base funding and war operations compared to obligation patterns in FY2008 and FY2009.

¹⁴ CQ, Budget Briefing, “A Bit More Breathing Room for FEMA,” May 7, 2010; Statement of James L. Oberstar, Subcommittee on Economic Development, Public Buildings, and Emergency Management, May 5, 2010; telephone conversation with a legislative liaison for the Department of Homeland Security, April 28, 2010.

State Department Disaster Funding May Run Low by June

The State Department reports that in order to respond to future humanitarian crises, these resources would need to be replenished by June 1, 2010. If not replenished, U.S. capacity to respond to other emergencies could be curtailed.

Deadline for Funding Court Settlements Uncertain

Congress did not enact the \$1.15 billion appropriation by the mid-April 2010 deadline to settle the Pigford II court case to recompense black farmers. Although the claimants could theoretically void the settlement, plaintiffs are unlikely to exercise that right knowing that the settlement is clearly a priority of both the U.S. Department of Agriculture and the White House.

The latest deadline for Congress to approve the settlement of the Cobell suit for government mismanagement of funds and lands held in trust for individual American Indians is May 28, 2010. While deadlines have been extended several times by mutual agreement, it is not clear whether another extension will be accepted by the parties or the presiding judge.

Potential Issues: Emergency Designations, Timelines and Effectiveness

Members of Congress may raise several types of issues about these FY2010 Supplemental requests including whether

- a timeline to evaluate the Afghan War would be appropriate; the plans to accelerate training of Afghan security forces are achievable; and all of DOD's request qualifies as emergency war costs;
- DOD's ramp-up in basing requests signifies a permanent presence;
- additional foreign aid for Afghanistan and Iraq is likely to be effective and well-spent;
- the amount for FEMA disaster relief is justified;
- Haiti relief funding is adequate or appropriately shared;
- the Haiti aid request is appropriately targeted.

War-Related Supplemental Requests

The Department of Defense (DOD) and State Department/USAID supplemental requests provide funding primarily to deploy the additional 30,000 troops being deployed to Afghanistan and for economic assistance intended to reinforce military operations. These two elements are considered essential to the counterinsurgency strategy adopted by the Administration to "clear, build, hold, and transition" as DOD and the State Department focus on population centers in Afghanistan.¹⁵

¹⁵ Secretary of Defense, "Report to Congress in accordance with Section 1230 of the National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-181) as amended and United States Plan for Sustaining the Afghanistan National (continued...)"

Department of Defense War Funding Request¹⁶

In its FY2011 budget submission, the Obama Administration requested a supplemental appropriation of \$33 billion in FY2010 primarily to deploy the additional 30,000 troops to Afghanistan announced by President Obama on December 1, 2009. According to the President, these additional troops are intended to reverse a deteriorating security situation and “break the Taliban's momentum” by targeting the insurgency, securing key population centers, and training more Afghan forces, which, in turn, is expected to “help create the conditions” to transfer responsibility to the Afghans beginning in July 2011.¹⁷ Frequent evaluations are promised.¹⁸

Increases in U.S., NATO Troops, and Afghan Security Forces

According to the DOD, as of early May, some 15,000 of the 30,000 troops are in-country with the remainder expected to arrive by September 2010, several months later than originally anticipated by the White House.¹⁹ By this fall, some 98,000 troops would be deployed in Afghanistan trebling the number of U.S. troops since October 2008 (see **Figure 1**).

Before leaving office in January 2009, then-President Bush increased the number of troops in Afghanistan in response to requests from the U.S. Commander in Afghanistan concerned about the deteriorating security situation, which brought troop levels close to 46,000 in May 2009.²⁰ After completion of the Obama Afghanistan strategy review in March 2009, the President approved another increase of about 22,000 troops, bringing the total to 68,000 as of November 2009. The second Obama increase of 30,000 troops now underway will bring the U.S. total to 98,000 by this fall.²¹ The FY2011 budget adds another 4,000 support troops in Afghanistan.²²

After repeated requests from the United States, NATO allies troop levels have grown from 38,370 in December 2009 to 48,000 troops in March 2010. By this fall, this will bring the total number of

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Security Forces Report to Congress in accordance with section 1231 of the National Defense Authorization for Fiscal Year 2008 (P.L. 110-181),” hereinafter DOD, “Section 1230 and Section 1231 Report; http://www.defense.gov/pubs/pdfs/Report_Final_SecDef_04_26_10.pdf.

¹⁶ Written by Amy Belasco, Specialist in U.S. Defense Policy and Budget, Foreign Affairs, Defense, and Trade Division.

¹⁷ The White House, “Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan,” Delivered at West Point, December 1, 2009; <http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan>. In the President’s speech, the additional troops were to be deployed in the first half of the year, but more recently, the Defense Department has estimated that all 30,000 troops will not be deployed until September 2010.

¹⁸ The White House, Press Release, “What’s New in the Strategy for Afghanistan and Pakistan;” http://www.whitehouse.gov/the_press_office/Whats-New-in-the-Strategy-for-Afghanistan-and-Pakistan/THE-BRIEFING-ROOM, March 27, 2009.

¹⁹ PBS, The Charlie Rose Show, “All Eyes on Kandahar, Interview with General Petraeus,” April 22, 2010.

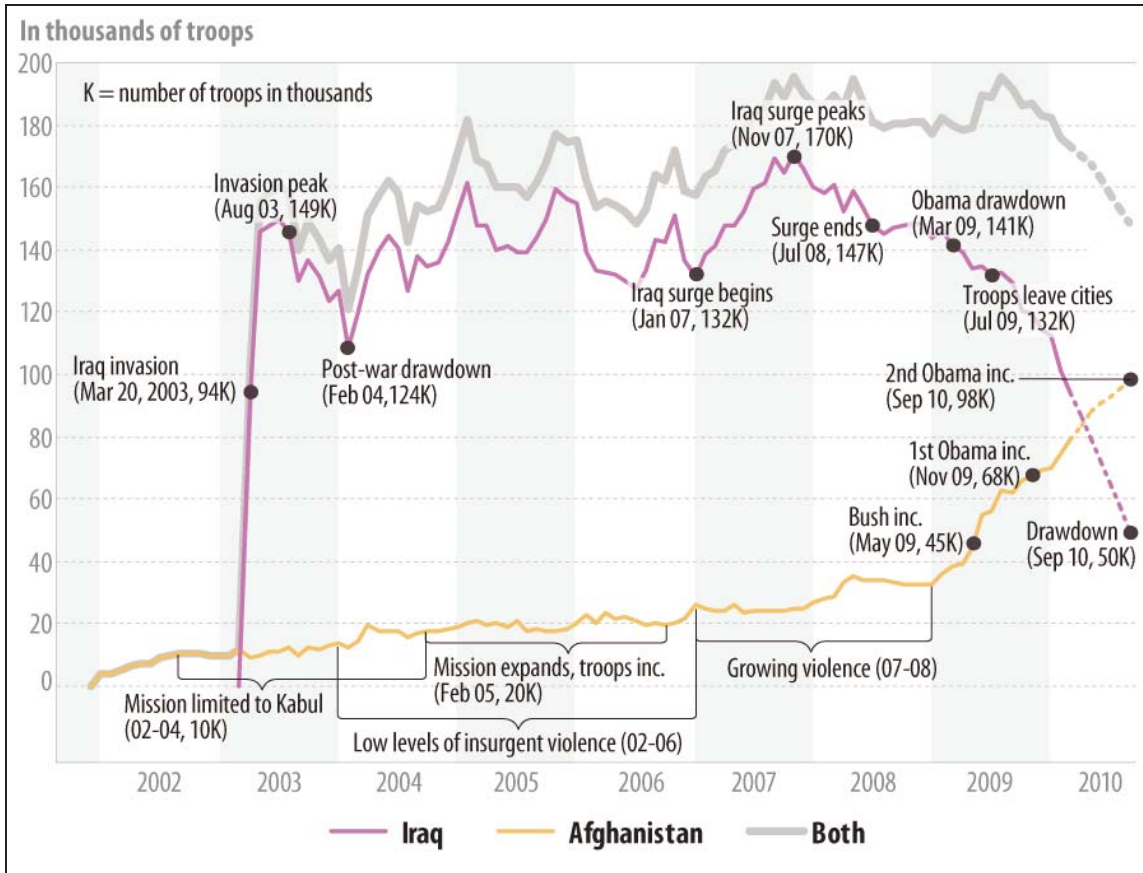
²⁰ DOD, “Boots on the Ground Report,” May 1, 2009 show a total of 45,000.

²¹ DOD, “Press Conference with Secretary of Defense Gates,” December 14, 2009; <http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4333>. The 21,000 increase was funded in the FY2009 Supplemental and the FY2010 DOD Appropriations Act (Title IX, P.L. 111-118, enacted December 16, 2009).

²² Then-President Bush increased troops in Afghanistan by about 15,000. For FY2011 increase, see Figure 6-2, DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

foreign troops in Afghanistan to about 148,000.²³ By that time, plans call for Afghan security forces to total 243,000, bringing the total number of foreign and Afghan forces to 389,000.²⁴

Figure I. Boots on the Ground in Afghanistan and Iraq, 2001-2010



Source: DOD, *Boots on the Ground Reports to Congress*; CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman; CRS Report RL31339, *Iraq: Post-Saddam Governance and Security*, by Kenneth Katzman; CRS Report RL34387, *Operation Iraqi Freedom: Strategies, Approaches, Results, and Issues for Congress*, by Catherine Dale; CRS Report R40156, *War in Afghanistan: Strategy, Military Operations, and Issues for Congress*, by Steve Bowman and Catherine Dale.

Note: Figure by Amber Wilhelm, Graphics Section, CRS.

DOD Request Shifts Bulk of War Funding to Afghanistan

The Defense Department’s \$33 billion request would provide:

- \$30 billion to support the additional troops deploying to Afghanistan;

²³ International Security Assistance Force (ISAF): Facts and Figures, “International Security Assistance Force and Afghan National Army Strength & Laydown,” December 23, 2009 and February 1, 2010; <http://www.nato.int/isaf/docu/epub/pdf/placemat.pdf>.

²⁴ Figure 6-3, DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf

- \$1 billion more to train Iraq Security Forces; and
- \$2 billion for higher-than-anticipated fuel costs in DOD's regular (baseline) budget.

If enacted, total DOD war spending in FY2010 would rise from the \$129 billion already enacted to \$160 billion.²⁵ Of that total, \$99 billion would be for Afghanistan and \$61 billion for Iraq, reversing the funding shares for the two wars. The total in FY2010 would be about \$12 billion more than in FY2009 and almost the same as the FY2011 request (**Table 2**).²⁶

Currently, DOD appropriations enacted for the Afghan War totals \$284 billion. If the FY2010 Supplemental and the FY2011 request are enacted, that total would rise to \$428 billion. By comparison, the enacted total for Iraq is now \$705 billion and would increase to \$752 billion if the pending requests are enacted. These figures do not include war funding for State/USAID and VA Medical.²⁷

Table 2. DOD War Funding, FY2001-FY2011 Request

In Billions of Dollars and Shares of Total

Operation	Total: FY2001- FY2008	FY2009	FY2010 Enacted	FY2010 Supplemental Request	FY2010 Total with Request	FY2011 Request
IRAQ						
Funding	\$553.5	\$92.0	\$59.6	\$1.0	\$60.6	\$45.8
Share of Total	78%	62%	46%	3%	38%	29%
AFGHANISTAN						
Funding	\$159.2	\$56.1	\$69.1	\$30.0	\$99.1	\$113.5
Share of Total	22%	38%	54%	97%	62%	71%
TOTAL						
Funding	\$712.7	\$148.2	\$128.7	\$31.0	\$159.7	\$159.3
Share of Total	100%	100%	100%	100%	100%	100%

Source: Table 8-5 in DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

Notes: CRS calculations exclude non-war funding in supplementals, and include funds from DOD's regular budget used for war needs.

²⁵ This total includes funds enacted in the FY2010 DOD Appropriations Act (P.L. 111-118), and the FY2010 Veterans and Military Construction Appropriations Act (P.L. 111-117).

²⁶ FY2009 figure is CRS calculation excluding funding in supplementals not related to war, and including \$2.4 billion in funding that DOD tapped from its base budget for war needs; For FY2011 total, see Table 8-5 in DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

²⁷ CRS calculations based on DOD data; see **Table 2**.

Timeline for U.S. Military's Role in Afghanistan

One potential issue in DOD's FY2010 Request is the timeline for evaluating the effectiveness of President's Obama's new strategy. When President Obama approved the new deployment, he warned that the U.S. commitment was not "open-ended," and "will allow us to begin the transfer of our forces out of Afghanistan in July of 2011" after a review in December 2010.²⁸ Based on recent testimony and DOD statements, the timeframe could slip and the U.S. drawdown in July 2011 could be minor.²⁹

Both Secretary Gates and Admiral Mullen, Chair of the Joint Chiefs of Staff, have cautioned that the July 2010 date is "a day we start transitioning . . . not a date that we're leaving," that would be based on "conditions on the ground."³⁰ Recently, Secretary of Defense Gates said "I think this is a several-year process."³¹ In March 2010, General Petraeus, now head of U.S. Central Command, characterized the initiative as "an 18-month campaign, as we see it,"³² to be evaluated according to JCS Chair Admiral Mullen evaluated "eighteen months from now," which would be September 2011.³³

Members of Congress may be concerned about the timing of the initial evaluation, the length of the new campaign, and the long-term future of U.S. military involvement. The FY2010 Supplemental may provide another vehicle for looking at ways to increase congressional participation in decision making about the extent and nature of the U.S. military commitment.

The first operation using the additional U.S. troops was the re-taking of Marjah, a town of 85,000, in Helmand Province in southern Afghanistan launched on February 13, 2010. While DOD considers Marjah to be free of Taliban, recent press reports suggest a mixed picture. The key test is the campaign for Kandahar, a Taliban stronghold and city of 1 million in southern Afghanistan, expected to get fully underway by June 2010.³⁴ It is not clear whether the FY2010 Supplemental will be passed by then.

²⁸ The White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," Delivered at West Point, December 1, 2009; <http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan>.

²⁹ Testimony of Robert Gates before the Senate Armed Services Committee, "Afghanistan Assessment," December 2, 2009: "we will have a thorough review in December 2010. If it appears that the strategy's not working and that we are not going to be able to transition in 2011, then we will take a hard look at the strategy itself. [The plan would be to] begin the transition [to Afghan forces] in local areas in July of 2011. . . General Petraeus would tell you by six or seven months later [after the Iraq surge began], he had enough indications of things happening on the ground that he could tell that this effort was going to work within six months."

³⁰ *Ibid.*

³¹ Department of Defense, Press conference with Secretary of Defense Gates and Chair, Joint Chiefs, Admiral Mullen, March 25, 2010; <http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=4592>.

³² Testimony of General Petraeus before the House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies Budget Request for the U.S. Central Command," March 17, 2010.

³³ House Appropriations Subcommittee on Defense, "Hearing on President Obama's Fiscal 2011 Budget Request for the Defense Department," March 24, 2010, p. 10 of transcript.

³⁴ DOD, "Transcript, Press conference with Geoff Morrell," March 30, 2010; <http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=4595>; *New York Times*, "Elite U.S. Units Step Up Drive in Kandahar," April 26, 2010.

Most of DOD's Request Is for Afghanistan

Of the \$33 billion in DOD's supplemental request, \$30 billion is for Afghanistan, \$1 billion to train Iraqi Security Forces, and \$2 billion to pay for higher fuel prices in DOD's base budget (see **Table 3**). The \$30 billion for Afghanistan includes

- \$19 billion for "Operations" including Military Personnel and Operation and Maintenance costs to pay, conduct operations and support deployed soldiers;
- \$3.3 billion for force protection;
- \$2.6 billion to accelerate the training of Afghan security forces;
- \$2.0 billion to pay for higher fuel costs in DOD's regular budget;
- \$1.7 billion for reconstitution or reset of war-worn equipment;
- \$1.3 billion for military intelligence;
- \$1.2 billion for national intelligence;
- \$500 million for military construction;
- \$400 million to defeat Improvised Explosive Devices (IEDs) (see **Table 3**).

Questions May Be Raised About Per Troop Costs

Some policy makers have suggested that the DOD cost for deploying 30,000 more troops would average \$1 million per troop (including both the White House and Secretary of Defense Gates).³⁵ While dividing the \$30 billion request for Afghanistan by the 30,000 additional troops yields an average of \$1 million, this does not reflect the different types of activities and programs that DOD is requesting or the factors affecting the cost of these activities.

To describe its request, DOD developed functional categories ranging from "Operations," which includes military personnel and O&M costs, to Coalition Support Funds for Pakistan's counter-terror operations. Different categories increase at rates ranging from 123% for Operations to 35% for Coalition Support. **Table 3** shows funding between FY2009 and FY2011 for the Afghan war.

Unlike other categories, the Operations category would be expected to increase at least roughly in concert with troop levels. DOD estimates differ substantially from CBO estimates. Reported obligations from the first five months of the fiscal year also suggests that DOD's estimates may be somewhat high.

DOD estimates for the FY2010 cost deploying 30,000 troops to Afghanistan reflect a per troop cost of \$875,000 based on the "Operations" category in the FY2010 Supplemental request and taking into account changes in funding since enactment (see **Table 3**). The DOD per troop cost is not quite double the \$467,000 in CBO's estimate. Both DOD and CBO assume the same average monthly troop strength which reflects the gradual deployment of troops over the fiscal year, and CBO's estimate builds on DOD reported war obligations.³⁶

³⁵ Los Angeles Times, "Pricing an Afghanistan troop buildup is no simple calculation," November 23, 2009.

³⁶ The monthly average increase in troop levels as a result of the surge is assumed to be 16,000 by DOD and 15,000 by CBO, both averages taking into account the gradual deployment of additional troops during FY2010. For DOD, see (continued...)

Table 3. DOD Functional Categories for War Funding: Afghanistan, FY2009-FY2011
in billions of dollars

By DOD Functional Category	FY2009 Request ^a	FY2010 Enacted	FY2010 Supp. Request	FY2010 with Request	FY2010 Total vs. FY2009	FY2011	Cumulative Change, FY2011 vs. FY2009
Operations Request	23.9	36.0	19.0	55.0	130%	62.7	163%
Operations Adjusted ^b	24.6	41.0	14.0	55.0	123%	62.7	155%
Overseas Contingency Operations Fund (OCOTF) ^b	0	5.0	0	5.0	NA	[.4]	NA
Force Protection	4.7	7.8	3.3	11.1	135%	10.5	122%
Improvised Explosive Device (IED) Defeat Fund	0.7	0.9	0.4	1.3	78%	2.7	266%
Military Intelligence Program	1.9	3.7	1.3	5.0	156%	6.1	216%
Afghan National Security Forces	5.6	6.6	2.6	9.2	63%	11.6	107%
Pakistan Counterinsurgency Capability ^c	0.4	0	0	0	-100%	0	-100%
Coalition Support	1.4	1.8	0	1.8	35%	2.0	45%
Commanders Emergency Response Program (CERP)	0.7	1.0	0	1.0	39%	1.1	53%
Military Construction	0.9	1.4	0.5	1.9	117%	1.2	37%
Army Temporary End Strength	0	0.4	0	0.4	NA	1.1	NA
Navy Individual Augmentees	0	0.1	0	0.1	NA	0.2	NA
Subtotal: Ongoing Operations^c	41.0	69.7	27.1	91.8	124%	99.2	142%
Reconstitution/Reset	6.6	7.7	1.7	9.4	41%	11.2	68%
Total War-Related^c	47.6	72.4	28.8	96.2	102%	110.3	132%
Additional Requests							
Baseline Fuel/Add'l Requests ^d	0	0	2.0	2.0	NA	0	NA
Non-DOD Classified	NR	NR	1.2	NR	NA	NR	NA
Subtotal Additional Requests	NA	NA	3.2	NA	NA	NA	NA
Total DOD Request^c	47.6	69.2	32.0	96.2	102%	110.3	132%

(...continued)

DOD, *FY2011 Budget Request: Overview*, Figure 6-3, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf. For CBO, see CBO, "Letter to Congressman Spratt on Analysis of Scenarios for Funding Iraq and Afghanistan," January 21, 2010, Table 1; <http://www.cbo.gov/ftpdocs/109xx/doc10995/01-20-CostOfChangesinTroops.pdf>; DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010, Figure 6-2; CBO's estimate assumes that per person costs for operations, transportation, supplies and services will be 50% higher in Afghanistan than in Iraq based on DOD data. http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf. This comparison is based on "Adjusted Operations" figures that exclude \$5 billion in the FY2010 Supp Request that is intended to restore funds originally allocated to O&M that were used instead to purchase additional Mine-Resistant Ambush Protected Vehicles, as permitted P.L. 111-118, the FY2010 DOD Appropriations Act.

Source: : DOD, *Fiscal Year 2010 Budget Request, Summary Justification*, May 2009, Table 5-11; Additional DOD tables provided to CRS, March 2010.

Notes: NR = Not reported; NA = Not applicable.

- a. FY2009 figures reflect DOD's FY2010 Summary Justification, and adjustment to add \$2.4 billion that DOD used to cover war costs that came from DOD baseline accounts.
- b. The "Operations Adjusted" figure moves \$5 billion requested in the FY2010 Supplemental Request to FY2010 Enacted to reflect the fact that DOD used \$5 billion requested for operations and moved by Congress to the Overseas Contingency Operations Transfer Fund (OCOTF) to purchase Mine Resistant Ambush Protected (MRAP) vehicles as permitted by law (see OCOTF in P.L. 111-118).
- c. Total reflects amount requested for "Operations," not amount allocated in the adjusted figure.

DOD would argue that operations costs in the FY2010 supplemental request are particularly high because the new troops will be deploying primarily to southern Afghanistan where the United States has had few troops, requiring DOD to set up, expand and operate many more facilities. It is not clear, however, whether these factors are sufficient to account for the difference.

Last year, citing concerns about whether DOD could "accurately budget" for the Afghan and Iraq wars in light of significant changes in military operations, the FY2010 DOD Appropriations Act transferred \$5 billion of DOD's request for Operation and Maintenance funding to the Overseas Contingency Operations Transfer Fund (OCOTF) to be held aside until DOD notified congressional defense committees of where the funds were needed.³⁷ Similar concerns may be raised about DOD's FY2010 request for all of the reasons above.³⁸

Another indicator that DOD's estimates may be high is the fact that obligations reported in the first five months of FY2010 for operational costs are about 22% of the total amount that DOD has requested assuming the FY2010 supplemental is enacted. To use all these funds, monthly spending would need to more than double in the next seven months, suggesting that DOD estimates – developed last fall – may be somewhat high.³⁹ Although obligations are typically lower in the first few months of the fiscal year and only some of the 30,000 troops were in-country, the rate of spending still appears to be lower than would be expected. Congress could again choose to put aside some of DOD's O&M request in the Overseas Contingency Operations Transfer Fund (OCOTF) as they did last year.

Funds to Accelerate Training Afghan Security Forces

To accelerate the training and expand Afghan Security Forces Fund (ASFF), and hence be able to reduce the U.S. role, DOD is requesting an additional \$2.6 billion. If this request is approved, ASFF funding would total \$9.2 billion in FY2010, an increase of 63% (see **Table 3**).

Concerns that may be raised about this request include

³⁷ House Appropriations Committee, *H.Rept. 111-230*, p. 329; the enacted version endorsed this House action.

³⁸ Congressional Quarterly, "Extra War Funding Is Anticipated, But Lawmakers Are Not in Any Rush," April 20, 2010.

³⁹ CRS average strength calculation is based on DOD's Boots on the Ground Report and Cost of War Reports.

Like DOD's Operations category, CRS adjusted reported obligations for O&M and Military personnel to exclude the following categories that are not related to changes in troop strength: coalition support, Commanders Emergency Response Program (CERP), depot maintenance, and body armor. DOD's Operations category, with a somewhat lower per troop cost, may exclude additional O&M costs that CRS cannot capture from the Cost of War Reports. O&M funds are only available for one year and so would lapse if not used by September 30, 2010.

- whether DOD needs all the additional funds requested in FY2010 to meet current plans in light of current spending rates.
- whether the ramp-up in DOD’s plan is achievable and whether there is sufficient oversight given persistent training problems, recent contracting disputes, and possible shortages in trainers.

Relating DOD’s Plan to Its Funding Request

Under the new plan, the Afghan Security forces would reach a total of 243,000 by October 2010 – higher levels to be achieved over a year earlier – and 305,600 by FY2011. The Afghan Army would grow from 97,000 in November 2009 to 134,000 in October 2010 and 171,000 in October 2011, a 76% increase in two years. The Afghan Police would grow from 93,800 in November 2009 to 109,000 this October and to 134,000 in October 2011, a 43% increase over two years.⁴⁰ In January 2010, NATO partners endorsed these increases.⁴¹

It is not clear whether DOD’s FY2010 supplemental request is necessary to meet these levels or entails some forward-financing or requirements – providing funds before they are needed. DOD states that the additional \$2.6 billion is necessary to “sustain the growth” of the Afghan Army “on a glide slope that exceeds 134,000,” to pay Afghan Army soldiers more, and provide additional infrastructure and equipment.⁴² The same question can be raised about DOD’s FY2011 request.⁴³

Table 4. Funding for Afghan Security Forces (ASFF), FY2009-FY2011
in billions of dollars

Category	FY2009 Bridge (P.L. 110-252) & Supplemental (P.L. 110-32)	FY2010 Enacted (P.L. 111- 118)	FY2010 Supp Request	FY2010 Total with Request	FY2011 Request	Pending Requests: FY2010 Supplemental & FY2011 Request
Afghan Police	1.5	2.5	1.1	3.6	4.1	5.2
Afghan Army	4.0	4.0	1.5	5.6	7.5	9.0
Related	0.1	0	0	0	0.1	0.1
TOTAL ASFF	5.6	6.6	2.6	9.2	11.6	14.2

⁴⁰ For prior plan, see DOD, *Fiscal Year 2010: Summary Justification*, May 2009, p. 4-33-4-34; http://www.defenselink.mil/comptroller/defbudget/fy2010/fy2010_SJ.pdf. For current plan, see DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010, p. 6-7 to 6-8; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

⁴¹ DOD, “Section 1230 and Section 1231 Report,” p. 6; http://www.defense.gov/pubs/pdfs/Report_Final_SecDef_04_26_10.pdf.

⁴² Office of the Secretary of Defense, Department of Defense Budget, *Fiscal Year (FY) 2010, “Justification for FY 2010 Supplemental Afghanistan Security Forces Fund (ASFF)*, p. 4, p.8, p.25, and *passim*, February 2010; <http://asafm.army.mil/Documents/OfficeDocuments/Budget/BudgetMaterials/FY11/OCO//asff-sup.pdf>.

⁴³ DOD’s additional \$11.6 billion is “to procure long-lead items in fiscal year 2011 in order to remain on a growth glide slope for a force beyond 171,600 and 134,000;” see Office of the Secretary of Defense, Department of Defense Budget Fiscal Year (FY) 2011, “Justification for FY 2011 Afghanistan Security Forces Fund (ASFF);” <http://asafm.army.mil/Documents/OfficeDocuments/Budget/BudgetMaterials/FY11/OCO//asff.pdf>.

Source: Department of Defense Budget, *Fiscal Year (FY) 2011, Justification for FY 2010 Supplemental, Afghanistan Security Forces Fund (ISFF)*, February 2010, p.2; <http://asafm.army.mil/Documents/OfficeDocuments/Budget/BudgetMaterials/FY11/OCO/asff.pdf>.

Altogether, Congress has appropriated \$25.5 billion for the Afghan Security Forces thus far.⁴⁴ The pending requests for FY2010 and FY2011 would provide another \$14.2 billion and bring the total through FY2011 to \$39.8 billion (see **Table 4**). DOD has not provided an estimate of the ultimate cost or number of years that the United States would need to support Afghan Security forces.

While General McChrystal, U.S. NATO Commander in Afghanistan, has proposed doubling the Afghan Army and Police from the current goal of 243,000 to 400,000. General Mullen characterized this as “an aspirational goal out several years from now,” and one that has not been endorsed by the Obama Administration.⁴⁵

Problems in Training Afghan Security Forces

While DOD has responsibility to train the Afghan Army, DOD and the State Department jointly manage training of the Afghan police. The training of Afghan Security forces is actually carried out by U.S. military personnel, NATO coalition teams, and private contractors

DOD and the State Department have experienced a myriad of problems in carrying out this training. For the Afghan Army, problems include attrition rates of about 20%, deficiencies in leadership, frequent absenteeism that can reduce units to 50% of their strength, limited logistical capabilities, and questionable behavior. For the police, training has been hampered by illiteracy, corruption, and the targeting and killing of police recruits and police by insurgents.⁴⁶

A recent hearing on Afghan police training cited the following problems, which have also been identified in GAO, Special Inspector General Reports, audit reports by the State and Defense Departments, and press articles:

- Difficulties in coordinating DOD, State Department, and NATO coalition training;
- Persistent problems in relying on private contractors including poor performance and bad behavior, unauthorized use of firearms and inadequate vetting, and shortages of contractor personnel; and
- Lack of sufficient personnel to manage contracts and insufficient contract oversight including invalid invoices as well as inadequate performance.⁴⁷

⁴⁴ CRS Report R40699, *Afghanistan: U.S. Foreign Assistance*, by Curt Tarnoff.

⁴⁵ CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman, p. 46; House Armed Services Committee, Transcript, “Afghanistan Assessment,” p. 18, December 3, 2009.

⁴⁶ *Ibid.* and p. 47-p. 48; GAO, *Afghanistan Security: U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation*, GAO-09-280, March 2009; <http://www.gao.gov/new.items/d09280.pdf>; Office of the Special Inspector General for Afghanistan, Quarterly Report, January 2010; http://www.sigar.mil/pdf/quarterlyreports/jan2010/pdf/SIGAR_Jan2010.pdf.

⁴⁷ Senate Homeland Security and Governmental Affairs Subcommittee on Contracting Oversight, “Hearing on Contracts for Afghan National Police Training,” Transcript, April 15, 2010; statements and video of hearing at http://hsgac.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=6ad2b464-2877-4107-9159-da85dc461030; Senate Armed Services Committee, “Contracting in a counterinsurgency: an examination of the Blackwater-Paravant contract and the need for oversight,” February 24, 2010; <http://armed-services.senate.gov/> (continued...)

Although DOD has sent additional trainers, and requested more from NATO allies, there still are reported shortages, which could increase reliance on contractors and raise more concerns among Members. Senator Levin recently cited his concern about a shortfall in trainers for the Afghan army and police, a shortfall acknowledged in DOD's April 1, 2010 Afghan Section 1230 Metrics report, which noted that 44% of the 4,083 trainers required are currently assigned.⁴⁸

To gauge whether sufficient trainers are available and whether the current ramp-up is realistic, Members may want to know:

- How many trainers are needed for initial and follow-on training to meet the higher targets funded in the FY2010 supplemental request for Afghanistan?
- How is that requirement to be met in terms of the number of U.S. military personnel, coalition partner teams, and contractor personnel?
- How many of those trainers are currently in-country, scheduled to arrive, pledged but not yet available, or still to be hired?
- How would DOD's funding change if these personnel are not available as anticipated?

Since it is already halfway through FY2010, current shortfalls could hamper the ramp-up.

The plan to speed up training of the Afghan police could also be affected by a recently sustained bid-protest, which may delay contract award.⁴⁹ When asked to describe DOD's plan for providing Afghan police training since there was no longer a contract in effect, DOD Assistant Secretary David Sedney stated that "We don't have a final answer for you on that," and suggested that DOD intended to do a full and open competition, which could take more time and delay training, and reduce the funding needed in FY2010.⁵⁰

Current Spending Rates

Based on DOD's February 2010, Cost of War obligation reports, DOD still has available almost \$6.4 billion in funding appropriated in FY2009 and FY2010. In the first five months of FY2010, DOD obligated \$1.6 billion, or an average of \$320 million per month, somewhat below the FY2009 average.⁵¹ In order to obligate all funds requested, DOD's monthly obligation rate for

(...continued)

e_witnesslist.cfm?id=4419.

⁴⁸ Congressional Quarterly, "Levin Pushes Back Against Veto Threat on F-35 Engine, Transport Plane," by Eugene Mulero, February 2, 2010; Secretary of Defense, "Report to Congress in accordance with section 1230 of the National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-181) as amended and United States Plan for Sustaining the Afghanistan National Security Forces Report to Congress in accordance with section 1231 of the National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-181)," hereinafter DOD, "Section 230 and Section 1231 Report; http://www.defense.gov/pubs/pdfs/Report_Final_SecDef_04_26_10.pdf.

⁴⁹ DynCorp protested being excluded from bidding on the contract; see GAO, "Matter of: DynCorp International LLC; File: B-402349; Date: March 15, 2010;" <http://www.gao.gov/decisions/bidpro/402349.pdf>.

⁵⁰ See Senate Homeland Security and Governmental Affairs Subcommittee hearing above, p. 18.

⁵¹ CRS calculations based on Department of Defense (DoD), Table entitled FY 2010 Cost of War for FY 2010 Appropriations in "Cost of War Report As of February 28, 2010." To compute the funding available, CRS subtracted obligations as of Feb. 28, 2010 (latest) reported in the Cost of War Report from the amounts appropriated. For example, of the \$6.6 billion appropriated in the FY2010 DOD Appropriations Act (P.L. 111-118), DOD has obligated \$793 (continued...)

ASFF would need to almost triple from \$320 million to \$920 million in the second half of FY2010. In light of these figures, it is not clear that DOD urgently needs the additional \$2.6 billion.

Whether Some of DOD's Request Could Be Funded in the Regular Bill

As the wars in Iraq and Afghanistan continue, some Members have raised concerns about whether emergency supplementals for war are still justified, or whether war spending should be included in regular appropriations acts. Because the February 2009 budget submission of FY2010 war funding preceded the Administration's decision in December 2009 to deploy 30,000 more troops, some would argue that an emergency designation for the FY2010 supplemental request is appropriate.⁵² Some of DOD's request, however, including the \$1 billion for training in the Iraqi Security Forces Fund (ISFF), the \$2 billion to offset fuel increases, and the \$1.7 billion for reset or replacement of war-worn equipment is less clearly related to the new deployments, and some could argue should be considered as part of DOD's regular FY2011 appropriation request.

With the turnover of responsibility for security to the Iraqi government, and the rise in oil prices in 2008, Congress has been less willing to pay for Iraqi security forces. DOD argues that the \$1 billion for the ISFF is necessary to complete and sustain modernization efforts underway, and ensure that Iraq can provide for its security particularly when faced with lower revenues as oil prices have fallen.⁵³ While these are important policy considerations, some may challenge whether the funds should be designated as emergency.

Some may also argue that providing \$2 billion to cover higher than expected fuel costs in DOD's base budget could be covered in other ways. Typically, DOD has financed unanticipated increases in fuel prices by using cash resources in the Working Capital Funds, which provide oil to the services, or by transferring funds from less urgent needs.⁵⁴ DOD may argue that these actions would be difficult so an infusion of budget authority is needed.

Another request that could be considered more loosely tied to the additional 30,000 troops is the \$1.7 billion for reset, to replace war-worn equipment, particularly losses. Some might argue that the effect of the additional combat operations on equipment in Afghanistan is likely to be gradual particularly with the phasing-in of troops over the course of the year making it particularly difficult to predict the need to replace war-worn equipment. Others would argue that replacement needs from the additional deployment of troops can be estimated based on past experience. As in the case of the ASFF, DOD also has a substantial backlog of war-related procurement that remains to be spent.

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million leaving \$5.9 billion still available. DOD still has available \$563 million from the \$3.6 billion appropriated in the FY2009 Supplemental (P.L. 111-32) for a total of \$6.4 billion.

⁵² Section 403 (f) in S.Con.Res. 13 defines spending as emergency if it is "essential . . . sudden . . . compelling . . . unanticipated," but it is a congressional prerogative to decide where the emergency designation is appropriate.

⁵³ Department of Defense Budget, *Fiscal Year (FY) 2010, Justification for FY 2010 Supplemental, Iraq Security Forces Fund (ISFF)*, February 2010.

⁵⁴ The Working Capital Funds are set up to include cash reserves to cover unanticipated price changes, with reserves replenished by charging service customers higher prices the following year.

More Spending for Bases in Afghanistan Raises Questions of Permanency and Executability⁵⁵

The Administration’s supplemental war request for an additional \$521 million for military construction would bring the FY2010 total to \$1.9 billion – double the FY2009 level – and raises questions about whether DOD is building facilities to support the temporary stationing of warfighting troops or creating permanent bases in Afghanistan (see **Table 5**). In recent statutory language, Congress permitted spending for a “long-term presence” but prohibited spending for “permanent stationing” of U.S. troops in Afghanistan (see “War-Related Military Construction Provisions”). In light of current spending rates for military construction in Afghanistan, it is also not clear how urgently the current funds are needed.

DOD’s \$521 million request would create and expand basic infrastructure at various locations in Afghanistan including roads, runways, quarters, and other facilities to support the deployment of 30,000 additional U.S. troops. The justification for the request states that the construction “will expand airfield capacity for increased airlift and combat operations, increase logistics capacity at key locations, and provide the minimum infrastructure necessary. . . .”⁵⁶

The supplemental request is split roughly evenly between Army and Air Force construction. Army projects are focused in the southern provinces of Helmand, Nimruz, and Kandahar, the area of most new military operations, and Balkh and Kunduz provinces in the north, where Afghanistan borders the three former Soviet republics of Turkmenistan, Uzbekistan, and Tajikistan. Air Force construction is planned for Nimruz province in the south, Balkh province in the north, and Herand province in the west of the country in support of airlift and special operations forces.

Table 5. Military Construction for the Afghan War, FY2003-FY2011

In billions of dollars

	FY2003- FY2008 Total	FY2009 Enacted	FY2010 Enacted	FY2010 Supplemental Request	FY2010 Total	FY2011 Request	Total
Military Construction	1.3	0.9	1.4	0.5	1.9	1.3	5.4
O&M-Funded Construction	0.8	0.4	TBD ^a	0	TBD ^a	0	0.5
Total	1.4	1.3	1.4	0.5	1.9	1.3	5.9

Sources: Department of Defense budget justification materials (various years) and briefing to Senate Appropriations Committee staff.

- a. DOD can use up to \$500 million in previously appropriated O&M funds for military construction for contingency operations in Central Command according to Sec. 2806, P.L. 111-84, the FY2010 National Defense Authorization Act (see “War-Related Military Construction Provisions”).

⁵⁵ Written by Daniel H. Else, Specialist in National Defense, and Amy Belasco, Specialist in U.S. Defense Policy and Budget, Foreign Affairs, Defense, and Trade Division.

⁵⁶ Office of the Under Secretary of Defense (Comptroller), *Fiscal Year 2011 Budget Request: Overview*, Department of Defense, Washington, DC, February 2010, pp. 6-8.

Army construction includes waste and waste water management systems, fuel storage and distribution facilities, utilities infrastructure, gravel roads, and a command and control headquarters at Forward Operating Base (FOB) Tombstone near Lashkar Gah in Helmand in the south. Projects also include perimeter security facilities and a helicopter apron at Kunduz and Mazar e Sharif in the country's extreme north.

Air Force construction includes a runway and associated apron at FOB Delaram, located in the west approximately halfway between Kandahar and the Iranian border, a Special Operations helicopter apron at FOB Dwyer (in southern Helmand province near the town of Garmsir), helicopter and airlift aprons at Mazar e Sharif in the north, and aircraft aprons and fuel and munitions storage at Shindad Airfield in the west.

A fundamental issue for Congress, expressed in legislation over a number of years, is whether spending on construction signals a long-term, indefinite U.S. troop commitment to Afghanistan.

Building to Fight vs. Building to Stay: Congressional Restrictions

Both appropriators and authorizers in Congress have sought to distinguish between military construction intended to support expeditionary, short-term warfighting and military construction for permanent stationing of troops in Iraq and Afghanistan. As it did in the case of Iraq, Congress has adopted language intended to prevent the establishment of permanent bases in Afghanistan (see “War-Related Military Construction Provisions”).

In the FY2010 National Defense Authorization Act (P.L. 111-84), Congress banned “*any defense funds*” from being “obligated or expended by the United States Government to establish any military installation or base for the purpose of *providing for the permanent stationing of United States Armed Forces in Afghanistan* [italics added].”⁵⁷ The FY2009 Supplemental Appropriation adopted the same language but stated that none of the funds “*available by this or any other Act* shall be obligated or expended by the United States Government for the purpose of establishing any military installation or base for the purpose of providing for the *permanent stationing of United States Armed Forces in Afghanistan* [italics added].”⁵⁸ There is no definition of the types of projects that would signal permanency.

At the same time, Congress carved out an exception to this ban in P.L. 111-84 to permit DOD to use Operation & Maintenance (O&M) funds for military construction that supports a “long-term presence” in Afghanistan, reversing language from prior years that limited such funding to “urgent . . . temporary” facilities (see “War-Related Military Construction Provisions”). Where the line exists between funding for facilities to support permanent stationing of U.S. troops, which is banned, and facilities to support a long-term presence, which is permitted, may be unclear, as some projects (housing, waste treatment, etc.) could plausibly be devoted to either purpose.

Congress has periodically denied funds in supplemental appropriations requests for projects perceived as signaling a permanent presence – a permanent fuel facility and power generation plant at Bagram, for example, in the FY2005 supplemental appropriations request – without first

⁵⁷ P.L. 111-84, Secs. 1237 and 2806.

⁵⁸ P.L. 110-32, Sec. 315.

seeing them justified as part of a comprehensive plan for troop stationing.⁵⁹ Some of the projects proposed in the FY2010 Supplemental could fall into this category.

“Permanent Stationing” and “Long-term Presence”

To respond to rapidly changing military situations in Iraq and Afghanistan, DOD requested and received additional flexibility to use already-appropriated O&M funds to build facilities to meet “urgent military operational requirements of a *temporary* nature[italics added]” starting in FY2004.⁶⁰ Congress renewed this authority every year until FY2009 while at the same time capping the amount between \$100 million and \$200 million and forbidding funds from being used for construction at a military installation “where the United States is reasonably expected to have a long-term presence.”⁶¹

Over the years, DOD planners have concluded that some form of U.S. military presence in Afghanistan is likely to continue for several years, possibly even after military operations end. In response, Congress changed the law in 2009 and permitted DOD to use \$200 million in O&M funds for projects in U.S. Central Command and an *additional \$300 million* in O&M funds for construction in Afghanistan to meet “urgent military requirements” as certified by the Secretary of Defense, and *exempted* installations there from the ban on the use of O&M construction funds “deemed as supporting a long-term presence.”⁶² The FY2010 NDAA again extended the authority to use O&M funding for military construction and continued the \$500 million total limit on projects in Central Command (see “War-Related Military Construction Provisions”).

Higher Funding and DOD’s Proposed Legislative Change

Taking O&M funding for military construction into account increases the amount spent for military construction appreciably. For example, in FY2009, DOD added \$409 million from O&M accounts for construction in Afghanistan to the \$900 million appropriated, raising the total to \$1.4 billion. This amount nearly equaled the total spent on construction between FY2003 and FY2008 and in a single year, doubled DOD’s construction investment in Afghanistan (see **Table 5**).

If DOD dedicated the full \$500 million in O&M available to military construction in Afghanistan, the total in FY2010 would reach \$2.4 billion, which would again almost double the entire prior seven-year investment. DOD has also submitted new legislative proposal to use O&M monies for unspecified minor construction in support of contingency operations until October 1, 2012. If that proposal is approved by Congress, total funding for military construction in Afghanistan could rise further (see “War-Related Military Construction Provisions”).

⁵⁹ For example, the Senate Committee on Appropriations wrote, “A longer-term presence with more permanent force structure may be in the interests of the United States, but plans for such a presence — and requests for the facilities to support that presence — should be presented to the Congress in the regular authorization and appropriation process.” U.S. Congress, Senate Appropriations, *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005*, Report to Accompany H.R. 1268, 109th Cong., 1st sess., April 6, 2005, S.Rept. 109-52 (Washington: GPO, 2005), pp. 35-36.

⁶⁰ P.L. 108-136, Sec. 2808.

⁶¹ *Ibid.*

⁶² P.L. 110-417, Sec. 2806.

War-Related Military Construction Provisions

Prohibitions on Establishing Permanent Bases in Afghanistan [italics added]

FY2009 (Sec. 315, P.L. 110-32,)

The FY2009 Supplemental Appropriation Act states "None of the funds appropriated or otherwise made available by *this or any other Act* shall be obligated or expended by the United States Government for the purpose of establishing any military installation or base for the purpose of providing for the *permanent stationing* of United States Armed Forces in Afghanistan.

FY2010 (Secs. 1237 and 2806, P.L. 111-84)

The National Defense Authorization Act (NDAA) *bans any defense funds* from being "obligated or expended by the United States Government to establish any military installation or base for the purpose of *providing for the permanent stationing* of United States Armed Forces in Afghanistan

Using Operation and Maintenance Funds for Urgent, Temporary Operational Needs

FY2004 (Sec. 2808, P.L. 108-136)

NDAA temporarily authorizes DOD to obligate up to \$200 million of FY2004 O&M funds "to carry out a construction project outside the United States" that is necessary to meet "*urgent military operational requirements of a temporary nature* in support of a declaration of war, the declaration by the President of a national emergency ..., or a contingency operation [italics added]."

Authorization *does not apply* to a military installation "where the United States is reasonably expected to have a long-term presence"

FY2005 (Sec. 2810, P.L. 108-375)

NDAA extends authority to obligate up to \$200 million in O&M funds for urgent, temporary military construction through FY2005 contingent upon submitting FY2004 quarterly reports.

FY2006 (Sec. 2809, P.L. 109-163)

NDAA extends but halves authority to \$100 million in O&M funds for urgent, temporary military construction but only if DOD submits quarterly report by deadline.

FY2007 (Sec. 2802, P.L. 109-702)

NDAA extends authority to use \$100 million for urgent, temporary military construction for a year.

FY2008 (Sec. 2801, P.L. 110-181)

NDAA extends and raises authority to use \$200 million for urgent, temporary military construction for a year and requires 7-10-day advance notification for projects of \$2 million or more (i.e. "minor construction").

FY2009 (Sec. 2806, P.L. 110-417)

NDAA authorizes up to \$200 million in O&M funds for urgent, temporary military construction only for U.S. Central Command and U.S. Africa Command.

Exempts military installations located in Afghanistan from the ban on the use of O&M construction funds "deemed as supporting a long-term presence"[italics added].

Authorizes up to \$300 million of O&M funds for Afghanistan if the Secretary of Defense certifies to the congressional defense committees that additional construction "is required to meet urgent military requirements in Afghanistan."

FY2010 (Secs. 1237 and 2806, P.L. 111-84)

NDAA authorizes up to \$200 million of O&M funds until the later of September 30, 2010, or enactment of FY2011 military construction. Limits authority to U.S. Central Command.

FY2011 (DOD Legislative Proposals, April 1, 2010)

DOD requests authorization through FY2012 to spend from O&M funds "amounts necessary to carry out unspecified minor construction projects in support of contingency operations," and raises the threshold on these unspecified minor construction projects in support of contingency operations from \$750,000 to \$3 million.

Another possible sign of DOD's commitment in Afghanistan is the amount invested in certain key bases of the more than 25 identifiable sites. This includes:

- \$1.3 billion invested in Bagram Air Base, \$248 million requested for a total of \$1.6 billion if the request is approved;
- \$767 million appropriated for Kandahar Air Base, \$181 million requested for a total of \$948 million if the request is approved;
- \$595 million for Forward Operating Base Tombstone/Bastion (U.S. and U.K. funding), \$299 million requested for a total of \$894 million if the request is approved.

DOD has also requested new language for the FY2011 DOD authorization that would permit DOD to use O&M funds in "*amounts necessary* to carry out unspecified minor military construction projects of up to \$3 million each *in support of contingency operations*" through September 30, 2012 [italics added].⁶³ If enacted, this would create a temporary two-year authority allowing DOD to draw on O&M funds up to any amount for unspecified military construction in support of contingency operations anywhere in the world.

For these projects, the proposal also raises the current per project cap for unspecified minor construction projects from \$750,000 to \$3 million, which DOD argues is necessary because construction costs in Afghanistan have grown.⁶⁴ Because the proposal says that DOD could spend "amounts necessary," for these types of projects, there would be no limit on the total amount of O&M funds that could be drawn upon for military construction in support of contingency operations anywhere in the world. DOD proposes after-the-fact quarterly reporting to the four congressional defense committees within 60 days rather than the 7-10 day pre-notification required to use O&M funds for Central Command projects.

Like the current authority to use O&M funds for regular military construction, this would give DOD additional flexibility to respond to the need for projects that arise unexpectedly, but at the same time would reduce congressional oversight of those projects before construction begins.

Execution Issues

Another issue that could arise is whether the \$521 million supplemental request is urgently needed in light of DOD's current spending rates for military construction projects in Afghanistan. While DOD's request identifies individual projects the services consider needed, DOD currently has \$2.1 billion in budget authority available from previous appropriation acts that has not yet been obligated (i.e., placed on contract). In FY2009, DOD obligated about \$607 million for military construction projects in Afghanistan or an average of about \$50 million a month. For the first five months of FY2010, that average has fallen to \$26 million a month for reasons that are not identified in DOD's report.⁶⁵

⁶³ Department of Defense, "Enhanced Authority for Use of Operation and Maintenance Funds for Unspecified Minor Military Construction Projects in Support of Contingency Operations;" 3rd legislative package, April 2010.

⁶⁴ DOD, "Enhanced Authority for Use of Operation and Maintenance Funds for Unspecified Minor Military Construction Projects in Support of Contingency Operations," 3rd package of Legislative Proposals, April 1, 2010.

⁶⁵ CRS calculations based on DOD, Cost of War Report, September 30, 2009; and DOD, Cost of War Report, February 28, 2010.

To obligate all of the \$2.1 billion in funds currently available by the end of this fiscal year, DOD would have to increase its monthly average obligations six-fold to \$300 million. Not all of those monies have to be obligated before the end of this fiscal year. The \$2.1 billion includes \$700 million that has to be obligated by September 30, 2010 or the monies return to the Treasury and another \$1.4 billion that has to be obligated by September 30, 2011.

To spend all of the FY2009 monies before they lapse, DOD would need to increase its current \$26 million monthly obligation rate four-fold to \$100 million in the second half of this fiscal year. Similarly, to spend the \$1.4 billion already available for FY2010 projects, monthly obligations would need to average \$116 million, or more than four times as high as the current rate.

If DOD receives the additional supplemental funds, monthly obligations would have to treble from the FY2009 rate (to \$150 million a month) and increase six-fold from the current FY2010 rate.⁶⁶ Some may argue that in light of how quickly current monies are being spent, the FY2010 supplemental request could be considered as part of DOD's FY2011 war request when there could be additional evidence about current spending rates and the prospects for the Afghan war.

War-Related Foreign Aid and Diplomatic Operations⁶⁷

The Administration's FY2010 Supplemental request under the 150 international affairs budget function addresses specific foreign economic assistance and related civilian operational requirements of three strategic frontline nations – Afghanistan, Iraq, and Pakistan. In the case of Iraq, the request is meant to respond to the drawdown of U.S. military forces and the consequent shift of greater responsibility to civilian personnel. In the case of Afghanistan, it reflects a strategy that increases both U.S. military and civilian responsibilities. The Pakistan request addresses the Administration's desire to demonstrate U.S. support to Pakistan and to strengthen the Pakistan government's presence in insurgent areas of the country.

The total international affairs budget request for these war-related programs is \$4.46 billion, \$1.8 billion of which comes under the State Department portion of the account, and largely provides personnel and infrastructure to enable diplomatic and assistance programs. The Foreign Operations, i.e. foreign aid, segment of the request, amounting to \$2.6 billion, provides a wide range of aid in support of U.S. security, economic growth, social service, and democratization objectives. For each country, the Administration is only requesting funding in discrete sub-accounts that address certain needs. It is not requesting funding for P.L.480 food aid, Global Health/Child Survival, or other accounts (see **Table 6**).

If the request is approved, the FY2010 total of those specific accounts for the three countries affected by the request would increase by more than two-thirds over the FY2009 figure from roughly \$6 billion to \$10 billion.

⁶⁶ CRS calculations based on data in DOD's Cost of War reports for FY2009 and February 28, 2010.

⁶⁷ Written by Curt Tarnoff, Specialist in Foreign Affairs, and Kennon Nakamura, Analyst in Foreign Affairs, Foreign Affairs, Defense, and Trade Division.

Table 6. War-Related Foreign Aid and Diplomatic Operations Supplemental Request
Rounded to millions of dollars

Accounts	FY2009	FY2010 Enacted	FY2010 Supp. Request	FY2010 Total with Request	FY2011 Request
AFGHANISTAN					
Economic Support Fund (ESF)	2,048	2,037	1,576	3,613	3,316
Int'l Narcotics & Law Enforcement (INCLE)	484	420	200	620	450
State Diplomatic and Consular Programs - Operations (D&CP) ^a	369 ^a	486 ^a	211	697	754 ^b
State Inspector General	0 ^c	5	3	8	7
SIGAR	12	23	14	37	35
Total Afghanistan – FY10 Supp Request Accounts	2,913	2,970	2,004	4,974	4,563
IRAQ					
Int'l Narcotics & Law Enforcement (INCLE)	20	52	517	569	315
State Operations (D&CP) ^d	1,507 ^d	1,122 ^d	1,570	2,692	1,787 ^e
Total Iraq - FY10 Supp Request Accounts	1,527	1,174	2,087	3,261	2,1012
PAKISTAN					
Economic Support Fund (ESF)	1,114	1,033	244	1,277	1,322
Int'l Narcotics & Law Enforcement (INCLE)	88	130	40	170	140
Foreign Military Financing (FMF)	300	238	60	298	296
State Operations (D&CP)	65	46	26	72	102
Total Pakistan - FY10 Supp Request Accounts	1,567	1,447	370	1,817	1,859
TOTAL INTERNATIONAL AFFAIRS: FY10 SUPP REQUEST ACCOUNTS	6,006	5,591	4,461	10,055	8,524

Source: Department of State FY2011 Executive Budget Summary.

- a. \$25 million provided under the FY2009 supplemental (P.L. 111-32) and counted here as FY2009 funding was considered by appropriators forward funding to address in advance a portion of the FY2010 request.
- b. Figure does not include security.
- c. Breakdown for Afghanistan/Pakistan oversight not available.
- d. \$336 million provided under the FY2009 supplemental (P.L. 111-32) and counted here as FY2009 funding was considered by appropriators forward funding to address in advance a portion of the FY2010 request.
- e. Figure includes security.

Afghanistan⁶⁸

The Administration's international affairs State, Foreign Operations request for Afghanistan reflects a strategy that asserts the importance of civilian programs in governance, economic growth, and social services, provided in conjunction with U.S. military efforts in the country. While the approach of strengthening the U.S. civilian presence, increasing aid to local government, and enhancing the role of the national government in providing local services, has been in effect for nearly a year, the December 2009 "surge" strategy might be seen to have accelerated and heightened the need for civilian assistance delivery, especially as follow-up in insurgent areas presently being contested by the U.S. military. A major element of the new strategy is to rapidly increase stability and reduce the strength of the insurgency in problematic provinces by creation of jobs and provision of social services through a more capable and visible Afghan government.

The coming months will tell whether this strategy is working. However, key concerns include the extent to which the Afghan government is prepared to provide sufficient leadership, staff, and support to local communities in the forefront of the conflict, the ease of coordination between the U.S. military and civilian aid programs and personnel, and the level of cooperation offered by the local populace. One question is whether high levels of corruption in the Afghan government will impede its ability to provide services effectively. As increasing amounts of aid are made available through the supplemental, the ability of the U.S. government to monitor and insure accountability is an associated concern. The corresponding increase in numbers of U.S. aid personnel as well as an increase in the request for the offices of inspector general reflects U.S. government worries about the impact of corruption on aid programs.

The Afghanistan supplemental request would provide a significant boost to total U.S. international affairs funding levels for that country. The State Department diplomatic operations account, already under the regular FY2010 appropriations a third larger than in FY2009, would rise by nearly 90% above the previous year's level, if the request is approved.⁶⁹ If the foreign aid portion of the supplemental request is approved, it will raise total FY2010 levels of all the major non-humanitarian civilian aid accounts going to Afghanistan by 67% over the equivalent FY2009 level of assistance.

Elements of the Afghanistan Foreign Aid and Diplomatic Operations Supplemental

The Administration seeks \$1.6 billion in Economic Support Funds (ESF) and \$200 million in International Narcotics and Law Enforcement (INCLE) funding under the foreign operations portion of the request, and \$211 million in Diplomatic and Consular Programs (D&CP) funds under the State Department portion.

ESF is a main source of economic, political, and social aid, mostly channeled through the Agency for International Development (USAID). The ESF request breaks down as follows:

⁶⁸ For further discussion on Afghanistan, see CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman, and CRS Report R40699, *Afghanistan: U.S. Foreign Assistance*, by Curt Tarnoff.

⁶⁹ And rise by 110%, if amounts considered by appropriators as forward funded are counted in FY2010.

- Alternative development: \$135 million, mostly for agriculture in poppy-production areas;
- Conflict mitigation and reconciliation: \$216 million to support consultative processes in local communities, including quick impact, small grants projects;
- Rule of law: \$50 million to support the judicial system, especially in recently secured areas;
- Good governance: \$760 million to strengthen Afghan government agencies, including \$450 million in support of the Afghanistan Reconstruction Trust Fund which funnels funds to the National Solidarity Program, and \$115 million in direct budget support to the Ministry of Finance;
- Health: \$50 million to expand Ministry of Health services;
- Education: \$50 million to expand secondary and vocational education;
- Macroeconomic growth: \$7 million to help the Ministry of Finance improve revenue collection through tax administration reform;
- Trade and investment: \$19.5 million to support implementation of trade agreements and support trade infrastructure, such as industrial parks and border facilities;
- Financial sector: \$4.5 million to strengthen branches of the Central Bank;
- Agriculture: \$215 million to build capacity countrywide in the Ministry of Agriculture, and support watershed rehabilitation and irrigation, agriculture credit, extension services, and market development;
- Private sector development: \$60.4 million; and
- Economic opportunity: \$8.6 million to expand credit union services, including Islamic-compliant financing.

The INCLE account is implemented by the State Department. Three quarters of the \$200 million request is aimed at supporting the justice sector, especially to inject rule of law activities into the provinces. The remainder targets counter-narcotics programs. The request includes:

- \$60 million to expand the corrections program;
- \$25 million for model prisons;
- \$50 million to increase the number of judges, prosecutors, criminal investigators;
- \$25 million for the Counter-Narcotics Justice Center, the Criminal Justice Task Force, the Anti-Corruption Unit and Anti-Corruption Tribunal;
- \$5 million to support legal aid;
- \$8 million specifically for women's justice activities;
- \$22 million for counternarcotics police; and
- \$2 million for drug treatment facilities and support for children.

Largely to support the full range of ongoing and proposed international affairs assistance programs, the FY 2010 State Department Diplomatic and Consular Programs (D&CP) request of

\$211 million furthers the growth of civilian personnel begun in the FY2010 regular request. The Supplemental proposes a 457 position increase, in addition to the 764 positions funded in the regular FY2010 appropriations, at a cost of \$211 million. These positions include 212 U.S. direct hires to work at the district level and startup funding to hire 245 staff for work with Kabul ministries and in Provincial Reconstruction Teams (PRTs). The Administration states that it is applying a “whole of government” approach with federal employees drawn on an as-needed reimbursable basis from the Department of State, USAID, Department of Agriculture, Department of Justice, and eight other federal agencies to provide the vital expertise in specialized skills. The Department also proposes the hiring of about 200 locally employed staff (LES) to provide administrative and local knowledge support to American personnel working in the field.

A recent Department of State Inspector General’s report praises management and personnel working at the U.S. embassy in Kabul, but expresses concern that they are overworked and struggling to meet the demands resulting from a tripling of staff over the past year.⁷⁰ The expansion proposed under the supplemental would further strain resources. This rapid expansion has its implications in management of staff and providing for their housing and office space in Kabul or just basic housing and sanitation in the field. Not addressed in the supplemental request are the added security needs that are a further consequence of increased civilian staff.

An additional \$14 million in funding for the Special Inspector General for Afghanistan Reconstruction (SIGAR) and \$3 million for the State Department Inspector General has also been requested to support their continuing oversight of the assistance program.

Iraq⁷¹

The Administration’s international affairs request for Iraq in the FY2010 supplemental has two components, both reflecting the new strategic environment created by the drawdown of U.S. military forces. The response to this dramatic change in the U.S. role in Iraq is, perhaps counter-intuitively, a significant increase in U.S. assistance and State Department operations. Counting all major non-humanitarian foreign economic aid accounts, the total FY2010 U.S. assistance program to Iraq would rise by 64% from the FY2009 level, if the supplemental request is approved. Taken alone, the State operations account would rise by 79%.⁷²

Elements of the Iraq Foreign Aid and Diplomatic Operations Supplemental

The most significant element in the international affairs component of the supplemental for Iraq is the request for \$517.4 million in INCLE funds, a down payment on the transition of responsibility for police training from the Department of Defense to the Department of State, effective October 1, 2011. While the State Department has responsibility for training police forces in most other countries, it ceded that role to DOD in the case of Iraq prior to the invasion. Its new duties will include advising the Ministry of Interior, police, and border forces. According to the State

⁷⁰ Office of the Inspector General, *Report of Inspection: Embassy Kabul, Afghanistan*, Department of State, ISP-I-10-32A, Washington, D.C., February 2010, <http://oig.state.gov/documents/organization/138084.pdf>.

⁷¹ For further discussion on Iraq, see CRS Report RL31339, *Iraq: Post-Saddam Governance and Security*, by Kenneth Katzman.

⁷² And by 159%, if forward funded amounts are counted in FY2010.

Department, a smooth transition from DOD to the State Department requires that a successor program be in place at the end of FY2010. Training of the Iraqi military remains in the hands of DOD.

The INCLE request includes the deployment of 350 advisors who will work at the Ministry and police colleges, academies, and headquarters throughout the country. It also supports construction of necessary infrastructure and security staff to support expert personnel—INCLE's program ultimately is expected to employ up to 2,000 U.S. government and contractor personnel. To permit efficient staff travel around the country, funding will provide aircraft and expanded aviation facilities.

The FY2010 supplemental request also includes funding for State Department operational costs under the D&CP account amounting to \$1.57 billion. This significant boost in Iraq operations funding is meant to address the problem of maintaining civilian outreach to the provinces following the U.S. military drawdown. Currently, the United States maintains over 1,200 direct-hire Americans employees from 14 civilian agencies in Iraq. These civilian federal employees are posted at the Embassy in Baghdad, the Regional Embassy Office in Basrah, or one of the 16 Provincial Reconstruction Teams (PRTs), often co-located with the military with the logistical and security costs supported by the military. During the 2007 surge, a number of embedded PRTs (ePRTs) were also established that allowed a civilian presence in additional locations protected by the combat battalions with which they were embedded. These civilian federal employees conduct business on a broad range of bilateral and multilateral missions from the regular diplomatic work of furthering U.S. economic and commercial interests, and providing U.S. policy makers with political analysis, public diplomacy outreach, and oversight of U.S. government assistance programs. These employees also support reconstruction and economic assistance efforts, rule of law programs supporting development in the legal and judicial areas, and training and liaison with various Iraqi ministry and local government personnel.

As combat battalions have withdrawn from the cities, the embedded PRTs are being phased out, and most regular PRTs are expected to be terminated by 2011. To enable a continued U.S. civilian presence outside of Baghdad, the State Department will establish, in their place, two consulates and three temporary Provincial Diplomatic Teams (PDTs). Additionally, two U.S. Forces-Iraq managed PRTs will remain through the end of 2011.

The supplemental funding would provide for:

- realigning infrastructure to transition to the presence of an Embassy, two consulates, three State managed PDTs and two interim Defense Department PRTs. As the State Department assumes greater responsibility for the interim and final infrastructure, costs previously borne by the military, which include utilities, storage, housing, furniture, information technology infrastructure and equipment, building leases, dining, and general support costs, ultimately will have to be assumed by the State Department (\$307.8 million);
- beginning the site and construction development for the planned consulate facilities to meet full Diplomatic Security and Overseas Buildings Operations standards (\$526.8 million); and
- phasing in the security requirements associated with the new field facilities, including physical and technical security and static and movement security (\$735.3 million).

As the Department of State takes over responsibilities from the Department of Defense for housing, protecting, and maintaining its staff, the Department will have to provide for large increases in contract employees who will provide a vast array of services from security and operations planning and implementation support to maintenance of vehicles in several motor pools, cleaning facilities, and food preparation. In the past, the Department has been criticized for not having appropriate numbers of personnel to manage and oversee its contracts and the implementation of these contracts. As more contracts and task orders are awarded to meet its growing responsibilities in Iraq, it is not clear whether the Department has sufficiently also expanded its capabilities in contract management.

Pakistan

Unlike the requests for Afghanistan and Iraq, the Pakistan supplemental request does not appear to reflect any significant change in U.S. policy. Taking all funding sources into account, including DOD aid, there appear to be only modest shifts in funding for Pakistan from year to year between FY2009 and FY2011, assuming current requests are approved. The Administration's FY2010 supplemental request for Pakistan is largely aimed at specific infrastructure needs meant to demonstrate continued U.S. support to the government of Pakistan and bolster the perception that the Pakistan government is able to meet the needs of its population in areas vulnerable to insurgency and militant extremist ideologies.

Elements of the Pakistan Foreign Aid and Diplomatic Operations Supplemental

The largest portion of the request is for \$244 million in ESF, including:

- \$50 million for cash payments made through the government of Pakistan to help people displaced by the military actions taken against extremists in recent months;
- \$65 million for water and sanitation infrastructure;
- \$65 million for agriculture irrigation systems; and
- \$64 million for solutions to Pakistan's energy crisis, including hydro/irrigation infrastructure and alternative energy.

The request also includes \$40 million in INCLE funds, for police training and related infrastructure (\$32 million), training and support for the corrections administration (\$4 million), and program administration and police advisor positions (\$4 million). Foreign Military Financing assistance amounting to \$60 million will provide five Bell-412 utility and troop transport helicopters to enhance the Pakistan military's ability to support counterinsurgency operations.

In its FY2010 supplemental, the Administration is requesting \$26 million for State Department operations to increase staffing at U.S. diplomatic facilities in Pakistan by 56 positions in addition to the 58 new positions already funded under the FY2010 regular appropriations. These positions would include both U.S. direct-hire personnel and Locally Employed Staff (LES). The increased staffing is to serve several purposes including:

- to better manage and support the increased military and economic assistance being provided to Pakistan by providing more contracting and management officers;

- to increase embassy staff to enhance logistical support with housing, general service, and financial officers to meet the embassy's needs in accommodating the rapid growth of U.S. government civilian personnel in Pakistan;
- to increase staffing at the U.S. consulates in the provincial capitals of Lahore, Karachi, and Peshawar. The Administration states that the increased staffing is to strengthen U.S. outreach and programs at the provincial and local levels; and
- to begin meeting FY2011 staffing requirements earlier.

FY2010 Supplemental Request for U.S. Disaster Assistance⁷³

The Administration requested \$5.1 billion for the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund (DRF) because FEMA anticipates that this fund will run out of funds to meet expected disaster needs and pay unanticipated claims awarded by arbitrators to state, local, and nonprofits for Public Assistance (PA) recovery projects such as debris removal and rebuilding public structures (see **Table 1**).⁷⁴ According to FEMA, DRF spending averages about \$350 million a month and the current DRF balance is \$600 million. Based on these figures, FEMA projects the account will run out in May or June 2010.

In response to the anticipated shortage, FEMA sent guidance in February 2010 to reduce the rate of expenditures of the Disaster Relief Fund by limiting payments to arbitration awards and projects considered immediate needs and delaying payments for other projects, like mitigation work. Testifying May 6, 2010, FEMA head James Oberstar explained that FEMA has limited claims payments, delayed interagency reimbursements, and recovered funds from previous years in order to stretch its available funds.⁷⁵

The House passed H.R. 4899 on March 25, 2010 to provide the \$5.1 billion for FEMA but the Senate chose not to act on the bill. If the Senate does not pass H.R. 4899, a larger FY2010 supplemental may be an alternate vehicle to provide the funding.

Potential Issues

Two potential issues that may be addressed by Congress are 1) whether the FEMA monies are appropriately considered to be emergencies; and 2) whether current estimates that the Disaster Relief Fund is running low are reasonable. Some Members may challenge whether the FEMA disaster assistance qualifies as emergency spending in light of spending levels in the past several years. Members may have some concerns about the limited information FEMA has provided

⁷³ Written by Bruce R. Lindsay, Analyst in American National Government, Government and Finance Division.

⁷⁴ PA provides for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations.

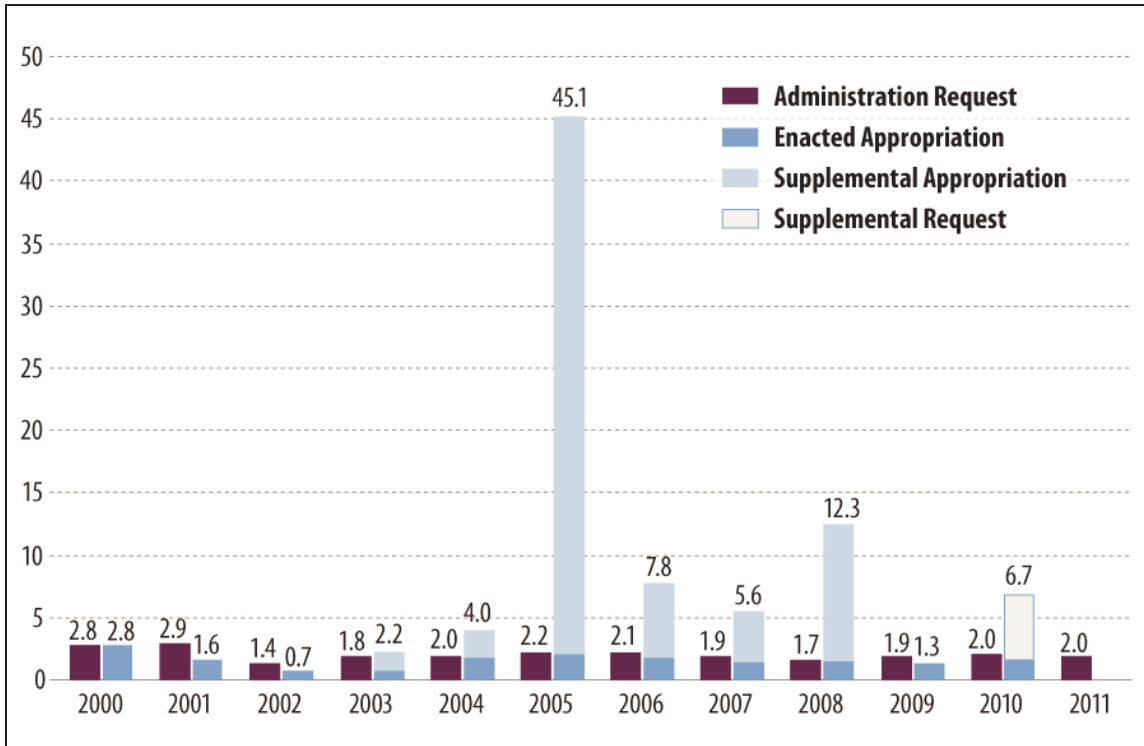
⁷⁵ CQ, Budget Briefing, "A Bit More Breathing Room for FEMA," May 7, 2010; Statement of James L. Oberstar, Subcommittee on Economic Development, Public Buildings, and Emergency Management, May 5, 2010; telephone conversation with a legislative liaison for the Department of Homeland Security, April 28, 2010; email received from a legislative liaison from the Department of Homeland Security.

about why the Disaster Relief Fund is running low or the likely scope or timing of compensation payments that may result from arbitration rulings.

Regular vs. Emergency Budgeting for Disasters

In its first budget blueprint *A New Era of Responsibility*, the Obama Administration criticized previous Administrations as “irresponsible” for unrealistic budgeting practices.⁷⁶ In the FY2010 request, the Administration requested \$2.0 billion for the DRF. Congress then provided \$1.6 billion, \$400 million below the request. In FY2011 the Obama Administration is requesting \$1.9 billion for the DRF. Compared to previous years, it could be argued that neither request represents significant increases (see **Figure 2**)

Figure 2. U.S. Disaster Relief Funding, FY2000-FY2011 Request
In billions of dollars



Source: CRS data base using Administration budget documents and appropriations statutes.

Notes: CRS calculations based on source above. Figure by Amber Wilhelm, CRS.

The rationale for the request and the current moratorium provided by OMB is that 59 disasters have occurred in 2009 and another 18 have already taken place in 2010.⁷⁷ By comparison, 74

⁷⁶ Office of Management and Budget, *A New Era of Responsibility: Renewing America’s Promise*, Washington DC, February 26, 2009, p. 36.

⁷⁷ Office of Management and Budget, *Statement of Administration Policy*, Washington DC, March 24, 2010, http://www.whitehouse.gov/omb/assets/sap_111/saphr4899h_20100324.pdf.

disasters were declared in 2008 and 63 in 2007. The need for the current supplemental request is mainly additional arbitration rulings, some related to the Katrina hurricane in 2005.

In recent years, regular requests have been insufficient to meet needs. Higher levels may continue to be necessary to meet the devastation wrought by Gulf Coast hurricanes in 2005 and 2008 because recovery could take five years or longer. Some might argue that given the number of disasters and carryover needs from the Gulf hurricanes, Congress might consider appropriating the DRF at a higher level to avoid the need for supplemental funding. On the other hand, others would argue that disasters are inherently unpredictable, and hence qualify as emergency needs. If this is so, Congress may choose to maintain the status quo if Members prefer waiting for large-scale disasters to occur before providing disaster funding for recovery.

Justifying Current Estimate

Although the replenishment of the DRF may be justified, FEMA has provided little information to evaluate its request. The only example cited by FEMA in its current request is an arbitration ruling awarding \$475 million to the Charity Hospital which has been closed since Hurricane Katrina in 2005. If FEMA wishes to make the case that there is a need to supplement the DRF, it may need to provide more information about how the DRF was drawn down and the nature and the scope of the arbitration cases.

Mandatory Spending: Adding Veterans' Benefits and Settling Court Cases

The Administration is requesting a total of \$17.9 billion in additional mandatory spending including:

- \$13.4 billion to provide additional benefits for veterans exposed to Agent Orange in Vietnam; and
- \$3.4 billion to settle the longstanding Cobell case about government responsibility for handling Indian land trusts; and
- \$1.2 billion to settle the Pigford II case about discrimination claims of black farmers.

In the case of the VA benefits, the Secretary of the Department of Veterans' Affairs (VA) currently has the statutory authority to determine whether certain circumstances – such as exposure to hazardous substances like Agent Orange – merit a presumption that specific later health problems are service-connected. Under current scorekeeping conventions, spending for new benefits that is based on exercising current authority is not counted as new, or an increase in, federal spending for budget enforcement purposes. Therefore, the spending for the VA benefits presumably would not be subject to budget procedural constraints, such as PAYGO rules.

Spending for the two court settlements, however, requires new legislative authority as well as funds and therefore would count as new spending for budget enforcement purposes, and may be subject to certain budget rules, such as PAYGO rules (see "Supplemental Request and Budget

Rules" section, above). Some Members have proposed finding offsets and others have suggested designating the funding as emergency.⁷⁸

Additional Benefits for Veterans Exposed to Agent Orange⁷⁹

The Secretary of the Department of Veterans Affairs (VA) has statutory authority to determine presumptions of service-connection for conditions determined to be associated with exposure to Agent Orange.⁸⁰ On October 13, 2009, the Secretary of the VA announced his intention⁸¹ to establish a presumption of service connection for Parkinsons disease, ischemic heart disease, and hairy cell/B cell leukemia for veterans who served in the Republic of Vietnam and were exposed to Agent Orange compounds.⁸² Proposed regulations were issued on March 25, 2010.⁸³ OMB estimates that the costs for the new presumptions of service connection for these conditions will be \$13.4 billion in FY2010 (see **Table 1**).⁸⁴

The VA estimates that there are approximately 86,000 veterans who will be able to receive retroactive benefits for the new presumptive conditions. In addition, there are veterans who will be eligible for an increase in their current disability rating, or will be able to begin disability compensation based on the new presumptions.⁸⁵ Payments of disability compensation related to the new presumptions will begin when final regulations are published. The impact of the presumptions on disability compensation and pensions is in the baseline for FY2011.

While the Administration has requested the \$13.4 billion as a supplemental appropriation for FY2010 in its FY2011 budget, the Secretary of the VA already has the authority under current law to make this determination, which requires the VA to compensate veterans once regulations are issued.

⁷⁸ Congressional Quarterly, "Content, Costs and Timetable for War Supplemental Remain Uncertain," April 30, 2010. For more information on budget rules and offsets, see CRS Report RL32835, *PAYGO Rules for Budget Enforcement in the House and Senate*, by Robert Keith and Bill Heniff Jr., and CRS Report RL31943, *Budget Enforcement Procedures: Senate Pay-As-You-Go (PAYGO) Rule*, by Bill Heniff Jr.

⁷⁹ Written by Christine Scott, Specialist in Social Policy, Domestic Social Policy Division.

⁸⁰ For more information on service-connection of conditions associated with Agent Orange, see CRS Report RL34370, *Veterans Affairs: Health Care and Benefits for Veterans Exposed to Agent Orange*, by Sidath Viranga Panangala and Douglas Reid Weimer.

⁸¹ See Department of Veterans Affairs news release on October 13, 2009, available at: [<http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1796>]

⁸² In 1991, the Agent Orange Act (P.L. 102-4) established for the first time a presumption of service-connection for diseases associated with herbicide exposure. P.L. 102-4 authorized the Department of Veterans Affairs (VA) to contract with the Institute of Medicine (IOM) to conduct a scientific review of the evidence linking certain medical conditions to herbicide exposure. Under this law, the VA is required to review the reports of the IOM and issue regulations, establishing a presumption of service-connection for any disease for which there is scientific evidence of a positive association with herbicide exposure.

⁸³ Federal Register, Vol. 75, No. 57, March 25, 2010, 14391-14401.

⁸⁴ *Ibid.*

⁸⁵ Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2011, Appendix*, p. 1345.

Potential Change in the Estimate

CBO has estimated that \$5 billion rather than \$13.4 billion would be needed in FY2010.⁸⁶ The differences between the CBO and OMB estimate for FY2010 is due to the uncertainty about when the final regulations for the service connection presumptions will be released and the length of time for processing disability compensation claims by the VA (179 days in FY2009 for initial disability compensation claims). The appropriators may consider adjusting the OMB estimate in light of these factors.

Resolving Black Farmers and American Indian Trust Lands Court Cases

The Administration is requesting \$4.6 billion to settle two longstanding cases against the government including:

- \$1.15 billion for the Pigford Black Farmers Discrimination Case; and
- \$3.4 billion for the Cobell Indian Trust Litigation Settlement.

In both cases, the claimants argue that unless funds are appropriated before a certain date, the settlements could be voided but it is not clear that these are hard deadlines. Unsuccessful attempts have been made in the Senate to attach the provisions to other bills, so the FY2010 War and Haiti supplemental could provide another vehicle.

Settlement of the Black Farmers Discrimination Case⁸⁷

The FY2010 budget supplemental requests \$1.15 billion in emergency appropriation to settle the Pigford II discrimination case brought by 70,000 black farmers against the U.S. Department of Agriculture, who were not covered by the original 1999 *Pigford* class-action settlement.⁸⁸ A settlement in the *Pigford II* case was announced on February 18, 2010 by Secretary of Agriculture Tom Vilsack and Attorney General Eric H. Holder, Jr.⁸⁹ The Administration had requested \$1.15 billion for the claimants in its FY2010 Budget but funds were not appropriated.

Senator Inouye introduced an amendment (SA 3407) to H.R. 4213 (Tax Extenders Act of 2009) to provide the requested \$1.15 billion appropriation, but the amendment was blocked as non-germane. Senator Inouye stated at the time that he planned to introduce a similar amendment to the war supplemental bill.

⁸⁶ Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for FY2011*, page 17, available at: <http://www.cbo.gov/ftpdocs/112xx/doc11280/03-24-apb.pdf>; and CBO, *Budget Projections, Data, Table 1-7, Changes in CBO's Baseline Projections of the Deficit or Surplus Since January 1, 2010*, available at: <http://www.cbo.gov/budget/budproj.shtml>.

⁸⁷Written by Tadlock Cowan, Analyst in Natural Resources and Rural Development Policy, Resources, Science, and Industry Division.

⁸⁸ For details on the Pigford settlement, see CRS Report RS20430, *The Pigford Case: USDA Settlement of a Discrimination Suit by Black Farmers*, by Tadlock Cowan and Jody Feder.

⁸⁹ U.S. District Court for the District of Columbia, *In re Black Farmers Discrimination Litigation*. Misc. No. 08-mc-0511.

The *Pigford II* settlement is final and non-appealable. A provision of the settlement states that should Congress fail to make the \$1.15 billion appropriation by March 31, 2010, the claimants could void the settlement. No funds were appropriated by this deadline. Because the settlement is clearly a priority of both the USDA and the White House, plaintiffs are unlikely to exercise their right to void the settlement in the near term.

Indian Trust Litigation Settlement⁹⁰

The Administration is requesting \$3.4 billion in FY2010 supplemental appropriations to settle litigation over mismanagement of individual Indian trust fund accounts in the *Cobell v. Salazar case* (Civil No. 96-1285 (JR), D.D.C.).⁹¹ Of that total, \$1.4 billion would be transferred to a fund to distribute to plaintiffs and \$2 billion would be used to purchase and consolidate fractionated trust land interests (owned by the plaintiffs) and to award \$60 million in education scholarships. The settlement, agreed to by the plaintiffs and the departments of the Interior, Treasury, and Justice on December 7, 2009, requires legislative authorization by May 28th, 2010, unless the deadline is again extended.⁹² While the deadline has been extended several times by mutual agreement, it is not clear whether another extension will be accepted by the parties or the presiding judge.⁹³

The Cobell lawsuit arose from Interior's inability to account accurately for payments into and from Individual Indian Monies (IIM) trust accounts set up in the 19th century to deposit income from individuals' trust lands as well as other payments. Interior management of these accounts was difficult, not only because of the allotments' age, but also because of the splitting of interests in each tract as each generation of heirs divided their allotments, creating an estimated 384,000 IIM accounts with a current total asset value over \$460 million.⁹⁴

Both the plaintiffs and the defendants may have reason to support the Cobell settlement in order to end 14 years of "contentious and acrimonious litigation"⁹⁵ that has cost both parties millions of dollars. Some Indian organizations and plaintiffs oppose Congressional approval of the Cobell settlement, and some approve.⁹⁶

⁹⁰ Written by Roger Walke, Specialist in American Indian Policy, Domestic Social Policy Division; for details, see CRS Report RL34628, *The Indian Trust Fund Litigation: An Overview of Cobell v. Salazar*, by Yule Kim.

⁹¹ The Judgment Fund, authorized at 31 U.S.C. § 1304, is a permanent, indefinite appropriation from the Treasury for paying judgments against, and settlements by, the U.S. government.

⁹² Mike Scarcella, "Deadline Extended for Third Time in \$1.4 Billion Indian Trust Case," *National Law Journal*, April 9, 2010; <http://www.law.com/jsp/article.jsp?id=1202447787400>.

⁹³ *Cobell v Salazar* settlement agreement, pp. 12, 15; http://www.justice.gov/civil/cases/cobell/docs/pdf/settlement_12082009.pdf; United States District Court for the District of Columbia, "Transcript of Status Conference before the Honorable James Robertson, United States District Judge," April 8, 2010, pp. 3-5; http://www.justice.gov/civil/cases/cobell/docs/pdf/20100408_transcript.pdf.

⁹⁴ U.S. Dept. of the Interior, Budget Justifications and Performance Information, Fiscal Year 2011, Office of the Special Trustee for American Indians, p. OST-78

⁹⁵ "Statement of David J. Hayes, Deputy Secretary of the Interior, on the Proposed Settlement of Cobell v. Salazar," at U.S. House Committee on Natural Resources, "Proposed Settlement of the Cobell v. Salazar Litigation," oversight hearing held March 10, 2010, p. 1; http://resourcescommittee.house.gov/images/Documents/20100310/testimony_hayes.pdf

⁹⁶ See for instance the testimony presented to the House Natural Resources Committee at its March 10, 2010 hearing; http://resourcescommittee.house.gov/index.php?option=com_jcalpro&Itemid=27&extmode=view&extid=333.

Congressional Actions

Since the announcement of the Cobell settlement in December 2009, the Administration submitted legislation to ratify the Cobell settlement, and require appropriations from the Judgment Fund, for inclusion in FY2010 supplemental appropriations.⁹⁷ Similar legislative language was included in Senate amendment 3407 to H.R. 4213 (a tax act) submitted March 4, 2010, but not yet been taken up on the floor.

Haiti FY2010 Supplemental Proposal⁹⁸

The Obama Administration is requesting \$2.8 billion in FY2010 supplemental funding to cover costs associated with relief and reconstruction support for Haiti following the earthquake that devastated parts of Haiti, primarily the capital, Port-au-Prince, on January 12, 2010.

The Administration has requested that all of the proposed funds be considered as emergency requirements, in response to urgent and essential needs in Haiti. Some of the funds are available until September 30, 2012, others until expended. The supplemental request covers both reimbursement of obligations already incurred and new activities by various U.S. agencies. CRS estimates that 55% percent of the total Haiti supplemental request is for reimbursement of relief activities related to the earthquake disaster, 40% for new recovery and reconstruction activities, and 6% for diplomatic operations administration (see **Table 7**).⁹⁹

Table 7. Haiti Supplemental: Relief, Reconstruction and Diplomatic Operations, FY2009-FY2011

Rounded to millions of dollars

Category	FY2009 Enacted	FY2010 Enacted	FY2010 Supplemental Request	FY2010 Supp. Request As Shares of Total	FY2010 Total with Request	FY2011 Request
Relief	184	210	1,532	55%	1,742	213
Reconstruction ^a	619	705	1,114	40%	1,820	646
Diplomatic Operations	12	13	155	6%	168	17
TOTAL	816	929	2,801	100%	3,730	876

⁹⁷ U.S. Congress, House, *A Request for Budget Amendments for Fiscal Year 2011*, Communication from the President of the United States, 111th Cong., 2nd sess., February 22, 2010, H.Doc. 111-92 (Washington: GPO, 2010), pp. 6-9.

⁹⁸ Prepared by Maureen Taft-Morales, Specialist in Latin American Affairs, and Rhoda Margesson, Specialist in International Humanitarian Policy, Foreign Affairs, Defense and Trade Division.

⁹⁹ In the Haiti Supplemental Budget Justification, some of the accounts listed under Relief Funding, such as Logistics/Non-Food, Shelter/Settlement/Livelihoods, Health and Nutrition, and Child Protection programs, include programs continuing in the recovery phase. Funding for these programs had to be obligated at the program's outset, often from other countries' programs and other accounts, so requires reimbursement. Similarly, under the Recovery and Reconstruction Funding accounts, the Economic Support Fund account allows for some reimbursement for expenses incurred in responding to the Haitian earthquake. According to the State Dept, this would allow for reimbursement for expenses incurred, if any, between the time calculations were made for the supplemental proposal, and when the supplemental is passed.

Sources: OMB, “FY2010 Haiti Supplemental,” http://www.whitehouse.gov/omb/assets/budget_amendments/amendment_03_24_10.pdf. State Department, USAID, FY2010 Haiti Supplemental Budget Justification, April 2010; <http://www.state.gov/documents/organization/141243.pdf>.

Notes: CRS calculations based on sources above.

- a. Reconstruction funds in FY2009, FY2010 Enacted and FY2011 Request include development accounts such as Global Health and Child Survival that are not funded in the FY2010 Supplemental request; see **Table 9** for details.

According to an Inter-American Development Bank study, the Haiti earthquake may have been the most devastating catastrophe that any country has ever experienced.¹⁰⁰ Approximately 3 million people, roughly one-third of the overall population in Haiti, have been affected by the earthquake with more than 2 million displaced. The government of Haiti is reporting an estimated 230,000 deaths and 300,600 injured.¹⁰¹ The relief effort is expected to last for many months. Prior to the earthquake, the United Nations had already designated Haiti as one of the 50 least developed countries in the world, facing higher risk than other countries of failing to come out of poverty, and therefore needing the highest degree of attention from the international community.¹⁰²

Protection of the displaced population is currently one of the most challenging and critical issues. It is estimated that there may be as many as 1.69 million displaced in Port-au-Prince, and up to 597,000 thought to have relocated in areas outside the capital that largely escaped earthquake damage, but were already poverty-stricken and lacking in basic services. Much smaller numbers of Haitians have left the country, some as refugees, for other countries such as the Dominican Republic, nearby islands, and the United States.

In Haiti, aid workers are delivering basic necessities to areas with concentrations of Internally Displaced Populations (IDPs), but emergency shelter is in short supply. As the rainy season begins (and with the hurricane season not far behind), providing adequate shelter and sanitation for the displaced has become an urgent priority. Attention is focused on providing waterproof emergency shelter, improving sanitation, and meeting basic needs of the displaced and other vulnerable Haitians.

According to the Haiti Post Disaster Needs Assessment conducted by Haiti and international institutions, the total value of recovery and reconstruction needs is \$11.5 billion.¹⁰³ At the international donors conference held March 31, 2010, 48 countries, multilateral institutions, and a coalition of non-governmental organizations pledged nearly \$10 billion toward the long-term reconstruction efforts in Haiti. The U.S. pledge of \$1.2 billion is included in the FY2010 supplemental request.

¹⁰⁰ Eduardo A. Cavallo, Andrew Powell, and Oscar Becerra, *Estimating the direct economic damage of the Earthquake in Haiti*, Inter-American Development Bank, February 11, 2010, available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35072649>; and Mary Beth Sheridan, “Haiti earthquake damage estimated up to \$14 billion,” *Washington Post*, February 17, 2010.

¹⁰¹ USAID/OFDA, Haiti-Earthquake, Fact Sheet #52, FY2010, April 30, 2010.

¹⁰² United Nations Office for Least Developed Countries. Facts About Least Developed Countries (LDCs) available at <http://www.unohrls.org/UserFiles/File/Publications/Factsheet.pdf>, accessed January 15, 2010.

¹⁰³ Government of Haiti, the United Nations, the European Union, the Inter-American Development Bank, and the World Bank, “Haiti Post Disaster Needs Assessment: draft executive summary,” March 10, 2010. Available at: <http://www.haitisantodomingo2010.org/hsd2010/content/documents>

The Obama Administration, other international donors, the Haitian government, and others have all stated the need for improved accountability of all donor assistance to Haiti, to improve aid effectiveness and reduce the potential for corruption. The government of Haiti made major progress in recent years in reducing corruption, increasing transparency, and improving fiscal management. These improvements qualified Haiti for Heavily Indebted Poor Country (HIPC) debt relief last year. To ensure transparency further, the U.S. Agency for International Development has helped Haiti establish an online system to monitor both donor pledges, and spending and implementation of assistance.¹⁰⁴

Humanitarian Relief Funding¹⁰⁵

The Administration is requesting a total of \$1.5 billion in relief and disaster assistance funding for Haiti, which would reimburse U.S. government agencies for services provided and for funds already obligated for ongoing relief activities. The humanitarian relief funding request also covers other relief-related assistance. The \$1.5 billion request includes \$350.7 million for USAID International Disaster Assistance (IDA); \$150 million for Agriculture Department emergency food assistance; \$96.5 million for State Department: Contributions to International Peacekeeping Activities; \$655 million for Department of Defense and \$45 million for U.S. Coast Guard relief activities; \$220 million for Department of Health and Human Services to provide grants to States to cover services to Haitian evacuees; and \$15 million for Department of Homeland Security immigration fees (see **Table 8**).

Relief Funding: International Disaster Assistance and Emergency Food Aid

On January 14, 2010, President Obama announced \$100 million in humanitarian assistance (in addition to pre-existing funding appropriated for Haiti) to meet immediate needs. As of April 2, 2010, USAID reported that the United States has provided more than \$1 billion in humanitarian funding for Haiti.¹⁰⁶

The FY2010 supplemental request includes \$350.7 million for International Disaster Assistance (IDA). This amount includes \$126.6 million for USAID, as the lead agency, to reimburse five other U.S. government agencies for providing earthquake relief to Haiti through interagency agreements.¹⁰⁷ In addition, IDA funding would cover other support, mostly for services already provided, in the amount of \$35.6 million for Search and Rescue (SAR) agreements (\$11 million); USAID/Disaster Assistance Response Team (DART) Program Support (\$0.6 million); and USAID/Office of Foreign Disaster Assistance (OFDA) Relief Commodities (\$24 million).¹⁰⁸

¹⁰⁴ The Haiti Reconstruction Platform is available at: [<http://www.refondation.ht/index.jsp?sid=1&id=1&pid=1>].

¹⁰⁵ This section prepared and coordinated by Rhoda Margesson, CRS Specialist in International Humanitarian Policy, Foreign Affairs, Defense, and Trade Division.

¹⁰⁶ USAID/OFDA, Haiti-Earthquake, Fact Sheet #52, FY2010, April 30, 2010.

¹⁰⁷ The five agencies (with request amounts in parentheses) are: Federal Emergency Management Agency/Department of Homeland Security (\$49 million); Department of Health and Human Services (\$36.2 million); Department of Defense, (\$40.5 million); the Peace Corps (\$0.32 million); and the U.S. Geological Survey (\$0.59 million). Most of the reimbursement to DOD is for the provision and transportation of ready-to-eat meals and does not include costs of transportation and logistical support, which is addressed later in this section.

¹⁰⁸ The USAID/DART is also ongoing as it is transitioning to a liaison role in working with the Government of Haiti on emergency programming and recovery phase activities.

Table 8. Haiti Relief Funding, FY2009-FY2011
Rounded to millions of dollars

Account/Agency	FY2009 Enacted	FY2010 Enacted	FY2010 Supp. Request	FY2010 Total with Request	FY2011 Request	Brief Description
International Disaster Assistance, State/USAID	6	0	351	351	0	Reimburses worldwide humanitarian assistance account for Haiti aid.
Food for Peace, Agriculture	64	46	150	196	36	Funds emergency food assistance.
Operation and Maintenance, Army, DOD	0	0	133	133	0	Reimburses DOD accounts for Haiti relief.
Operation and Maintenance, Navy, DOD	0	0	115	115	0	Reimburses DOD accounts for Haiti relief.
Operation and Maintenance, Marine Corps, DOD	0	0	19	19	0	Reimburses DOD accounts for Haiti relief.
Operation and Maintenance, Air Force, DOD	0	0	133	133	0	Reimburses DOD accounts for Haiti relief.
Overseas Humanitarian, Disaster, and Civic Aid, DOD	0	0	255	255	0	Adds DOD disaster assistance for Haiti.
US Coast Guard Operating Expenses, DHS	0	0	45	45	0	Reimburses Coast Guard for Haiti relief.
Public Health and Social Services Emergency Fund, HHS	0	0	220	220	0	Reimburses states for benefits for Haitian evacuees.
Immigration Examinations Fee, DHS	0	0	15	15	0	Reimburses US Customs & Immigration Service for fees.
Contributions to International Peacekeeping, State/USAID ^a	114	164	97	261	177	Funds U.S. contributions to UN peacekeeping force in Haiti.
Any Federal Agency, Sec. 11	NA	NA	NA	NA	NA	Authorizes emergency relief funding by federal agencies.
DOD, Sec. 12	NA	NA	NA	NA	NA	Exempts transfers to DOD's OHDCAs from caps.
RELIEF TOTAL	184	210	1,532	1,742	213	

Sources: OMB, "FY2010 Haiti Supplemental," http://www.whitehouse.gov/omb/assets/budget_amendments/amendment_03_24_10.pdf. State Department, USAID, FY2010 Haiti Supplemental Budget Justification, April 2010; <http://www.state.gov/documents/organization/141243.pdf>.

Notes: CRS calculations based on source above.

- a. The CIPA account funds U.S. assessed contributions to MINUSTAH, a U.N. peacekeeping operation established by the U.N. Security Council in 2004. In response to the earthquake, the Council emphasized MINUSTAH's support of "recovery, reconstruction and stability efforts" in Haiti. Assessments funded for FY2009 and FY2010, and requested for FY2011, prior to the earthquake, were directed to the MINUSTAH mandates set by the Council in 2004, which for the most part did not focus on relief activities. In its FY2010 supplemental request, the Administration placed MINUSTAH assessed contributions under the Relief category. The amounts listed under CIPA for FY2009, FY2010, and FY2011 have been left in the Relief category for ease of comparison across years.

The balance of \$188.5 million of the IDA request would cover ongoing humanitarian assistance activities that have already been obligated. The United States is working closely with the Government of Haiti, the United Nations, other donor nations, non-governmental organizations (NGOs), and the private sector through the U.N. cluster system.¹⁰⁹ In Haiti, relief activities have been organized into twelve clusters led by various agencies. IDA funding is targeting several of these, including humanitarian coordination programs (\$9 million); logistics and non-food item programs (\$20.7 million); shelter/settlement/livelihoods programs (\$93.43 million); health and nutrition programs (\$42 million); water, sanitation and hygiene programs (\$18 million); and child protection programs (\$5.4 million).

Under Food for Peace (FFP) Title II Grants, the request includes \$150 million for emergency food assistance, \$68 million of which would be to supply the World Food Program (WFP) with 55,000 metric tons of Title II Emergency Food Assistance and \$55 million of which would fund proposals from Private Voluntary Organizations. It is currently estimated that up to two million people may need food assistance in Haiti due to the earthquake. As recovery and reconstruction proceed, it is expected that overall food needs will decline, at which time, food activities would target the most vulnerable and would also focus on food-for-work programs.

Relief operations in Haiti will continue at least through 2010. It is typical in most natural disasters that as recovery begins, there is an overlap in activities that might otherwise be considered purely relief or purely reconstruction. In the recovery and reconstruction part of the supplemental request discussed below, it should be noted that some activities will address humanitarian concerns as well.¹¹⁰

¹⁰⁹ Humanitarian relief sectors or clusters are typically established by the United Nations during humanitarian crises to help coordinate partners, prioritize resources, and facilitate planning.

¹¹⁰ For example, USAID's Office of Transition Initiatives, through its Community Stabilization Program, would provide resettlement support to IDPs in Port-au-Prince, and to other areas that have received large influxes of IDPs; and the program to enhance citizen participation would provide support to vulnerable groups and to IDP-camp based recovery initiatives. The Economic Support Fund (ESF) would provide funding for investments in new settlements for the displaced; some of the funding for health would also focus on critical populations displaced by the earthquake and those in need of long-term rehabilitation and disability care. Programs through ESF and International Narcotics Control and Law Enforcement (INCLE) would in part address security concerns among the displaced, the capacity of local government authorities to deliver essential services to IDPs, and the protection of human rights among the most vulnerable Haitian citizens.

Key Concerns and Priorities

Consequences of Natural Disasters

A number of natural disasters have struck Haiti in the last decade, mostly in the form of hurricanes.¹¹¹ The international community has provided significant humanitarian assistance in response to these disasters and their ongoing impact.¹¹² The United Nations, along with other partners, including the United States, has had a strong presence in Haiti, and remains at the forefront of the on-the-ground response for humanitarian assistance. Disaster risks in Haiti are significant. Experts recognize that finding ways to overcome the cycle of disaster and develop a disaster response capacity are critical not only to minimize humanitarian consequences, but also to sustain reconstruction efforts in the future.

Replenishing Disaster Accounts

Humanitarian assistance generally receives strong bipartisan congressional support and the United States is typically a leader and major contributor to relief efforts in humanitarian disasters.¹¹³ When disasters require immediate emergency relief, the Administration may fund pledges by depleting its disaster accounts intended for worldwide use throughout a fiscal year. To date, disaster accounts are being drawn down to provide relief to Haiti. The State Department reports that in order to respond to future humanitarian crises, these resources would need to be replenished by June 1, 2010. If not replenished, U.S. capacity to respond to other emergencies could be impacted. The relief funding in the current request would provide reimbursement for funding already provided or obligated.

Burdensharing and Donor Fatigue

The earthquake disaster in Haiti has received worldwide attention and focus. On February 19, 2010, the United Nations put forward its Revised Humanitarian Appeal for Haiti in the amount of \$1.44 billion and extended the humanitarian operation through 2010. As of April 29, 2010, commitments of \$831 million (55.4%) had been received. It is not always evident whether figures listing donor amounts represent pledges of support or more specific obligations. Furthermore, pledges made by governments do not necessarily result in actual contributions. It also cannot be assumed that the funds committed to relief actually represent new contributions, since the money may previously have been allocated elsewhere. It will take time for a more complete picture to reveal how the actual costs of the Haiti disaster will be shared among international donors. As the situation in Haiti stabilizes, sustaining donor interest in Haiti (and commitment to honor existing

¹¹¹ Previous disasters include floods in May 2002 and November 2006; tropical storms in September 2004, October 2007, and September 2008; hurricanes in August and September 2007, and September 2008.

¹¹² Many international actors have provided humanitarian relief to Haiti, either through financial contributions to the government of Haiti or aid organizations or by directly providing relief supplies and emergency personnel. International recovery efforts are typically complex because they require coordination among numerous different actors, including other governments and international entities. Apart from U.N. agencies, those responding to humanitarian crises include international organizations, non-governmental organizations (NGOs), Private Voluntary Agencies (PVOs), and bilateral and multilateral donors.

¹¹³ For background information see CRS Report RL33769, *International Crises and Disasters: U.S. Humanitarian Assistance, Budget Trends, and Issues for Congress*, by Rhoda Margesson.

pledges) could be a challenge. Moreover, this challenge is compounded by the need to maintain funding priorities and secure funds needed for other disaster areas worldwide.

Coordinating the Relief Response in Haiti

Some have criticized the initial response by the international community in the actual delivery of humanitarian assistance as far too slow. Others have argued that there has been a great deal of unfair criticism of the pace of the international aid effort. The weakened capacity of the Haitian government, critically damaged infrastructure, and logistical challenges posed by the influx of massive aid into a city largely destroyed by the earthquake all contributed to delay and difficulties on the ground. Evaluations of the relief response in Haiti will likely continue to be conducted and debated as the humanitarian and recovery efforts move ahead. Some experts remain concerned about bureaucratic red tape in the humanitarian response, the capacity of the Haitian government, the role of the United States, and overall coordination issues between and among members of the international community, including the United Nations. Response to a disaster of this scope is almost certain to run into many obstacles because the challenges on the ground are so daunting. While managing expectations of what is possible under these circumstances is important, so too, are the observations and lessons learned that with time and hindsight may benefit the actions and plans of ongoing relief efforts in Haiti.

Department of Defense and U.S. Coast Guard Relief Activities¹¹⁴

The Department of Defense (DOD) is requesting \$655 million and the U.S. Coast Guard is requesting \$45 million to cover its humanitarian relief efforts in Haiti in Operation Unified Response (OUR) (see **Table 8**). This includes funds to reimburse the services the U.S. Coast Guard for drawing down funds from other accounts as well as additional funds for the Humanitarian, Disaster, and Civic Aid Account (OHDACA), the account used by DOD for humanitarian relief efforts.¹¹⁵ The request largely covers expenses already incurred though operations are expected to continue through June 15, 2010. The funding provided soldier subsistence; personal, operational, and transportation support; humanitarian relief supplies; and several humanitarian relief projects.

DOD's response to the Haitian earthquake was both rapid and extensive. At the height of the operation, over 20,000 U.S. military personnel were in the operational area, both ashore and afloat, transporting emergency relief personnel and supplies, evacuating people including U.S. citizens residing in Haiti, providing security for the distribution of humanitarian supplies; making repairs to the Port-au-Prince airport and seaports, and recovering the remains of U.S. citizens.

Over the last few weeks, there has been a substantial drawdown of U.S. military personnel and by June 15, 2010, a withdrawal is expected to be complete. Some have voiced concerns that this date may be premature, and could worsen the security situation, given the weakened state of Haitian security forces and the limited capabilities of the United Nations security personnel. Should the security situation deteriorate significantly, the Administration may change that date, which could then require additional supplemental appropriations.

¹¹⁴ Written by Stephen Bowman, CRS Specialist in National Security, Foreign Affairs, Defense, and Trade Division.

¹¹⁵ Title X U.S. Code, Sections 2561 and 404 direct that DOD's humanitarian relief and foreign disaster assistance operations be funded through the Overseas Humanitarian, Disaster, and Civic Aid Account.

State Department's Contributions to International Peacekeeping Activities (CIPA)¹¹⁶

The Administration is requesting \$96.5 million for the State Department's Contributions to International Peacekeeping Activities (CIPA) account to fund U.S. assessed contributions to the United Nations Stabilization Mission in Haiti (MINUSTAH), a peacekeeping operation. The increased assessment responds to the U.N. Security Council's January increase in MINUSTAH levels by 3,500, after the earthquake, with military personnel growing from 6,940 to 8,940 and the police component growing from 2,211 to 3,711.¹¹⁷

Assistance to Haitian Evacuees and Migrants¹¹⁸

In addition to relief and reconstruction aid provided in Haiti, the Administration is requesting funds to aid Haitian evacuees and migrants to the United States.

Department of Health and Human Services¹¹⁹

The President's request would provide \$256.2 million, to be available until expended, for activities of the Department of Health and Human Services (HHS). Of this amount, \$220.0 million would be provided directly to HHS for certain completed and ongoing activities.¹²⁰ The additional \$36.2 million would be provided to USAID to reimburse HHS for certain activities conducted under interagency agreements.¹²¹

According to the President's request, the \$220.0 million amount would fund four types of activities, which are described further below: (1) the state share of Medicaid and Children's Health Insurance Program (CHIP) costs for eligible evacuees; (2) costs associated with medical evacuations; (3) cash, medical, and repatriation assistance for eligible evacuees; and (4) costs for

¹¹⁶ Written by Marjorie Ann Browne, CRS Specialist in International Relations, Foreign Affairs, Defense, and Trade Division.

¹¹⁷ This information is taken from the U.S. Department of State and Agency for International Development. FY2010 Haiti Supplemental Budget Justification. p. 17. For more detailed information on MINUSTAH, see CRS Report R41023, *Haiti Earthquake: Crisis and Response*, by Rhoda Margesson and Maureen Taft-Morales. Another \$45 million is provided for MINUSTAH through the INCLE account to fund additional U.S. personnel in MINUSTAH, construction of a temporary camp, enough supplies to make them self-sustaining, as well as emergency supplies, replacement uniforms and equipment, and training and equipping a police unit in crowd/riot control and protection of U.N. facilities and personnel.

¹¹⁸ Written by Sarah A. Lister, Specialist in Public Health and Epidemiology, and Ruth Ellen Wasem, Specialist in Immigration Policy, Domestic Social Policy Division.

¹¹⁹ Written by Sarah A. Lister, Specialist in Public Health and Epidemiology, and Ruth Ellen Wasem, Specialist in Immigration Policy, Domestic Social Policy Division.

¹²⁰ OMB, "FY2010 Haiti Supplemental," pp. 13-14; http://www.whitehouse.gov/omb/assets/budget_amendments/amendment_03_24_10.pdf. Funds would be provided to the HHS Public Health and Social Services Emergency Fund (PHSSEF), an account administered by the HHS Secretary that has been used to provide annual or emergency supplemental appropriations for one-time or short-term activities in a variety of HHS agencies and offices. For more information, see CRS Report RL33579, *The Public Health and Medical Response to Disasters: Federal Authority and Funding*, by Sarah A. Lister.

¹²¹ This amount is included in the \$350.7 million requested for USAID for International Disaster Assistance, OMB, "FY2010 Haiti Supplemental," p. 25, and as described in U.S. Department of State and USAID, *FY2010 Haiti Supplemental Budget Justification*, p. 23.

HHS public health activities in Haiti. The request does not specify how much funding would be allocated to each of these activities. Also, the request does not propose any changes or expansions in eligibility for assistance or benefits.

First, supplemental funds would provide payment of the state share of Medicaid and CHIP costs for health care services for eligible medical and non-medical evacuees. (Typically, each state is required to “match” or pay a portion of the costs of care for eligible individuals in the state.) Those Haitians who enter the United States with humanitarian parole status are deemed to be Cuban-Haitian Entrants, and thus are eligible for Medicaid until they have been in the United States for seven years.¹²² After the initial seven years, states have the option to continue to provide Medicaid.¹²³ The request does not specify the proposed duration of this assistance to states.¹²⁴

Second, requested funds would be used to reimburse the HHS National Disaster Medical System (NDMS) for costs associated with medical evacuation of seriously injured earthquake victims to the United States, and their subsequent care in U.S. hospitals.¹²⁵ Under HHS policy for this incident, NDMS will reimburse hospitals for the costs of care, for 30 days, for any individual who was medically evacuated from Haiti by NDMS, regardless of citizenship or nationality.¹²⁶ NDMS does not pay costs beyond 30 days, costs for services provided by non-hospital facilities (such as rehabilitation facilities), or costs for the care of individuals who were not evacuated through the NDMS system.

Third, requested funds would be used to provide cash and medical assistance to Haitian humanitarian parolees, and repatriation costs as appropriate. These Haitian parolees are eligible for the federal resettlement assistance program for refugees and entrants, which is partially funded through the Office of Refugee Resettlement (ORR) in HHS.¹²⁷ In addition to providing a range of social services, primarily administered by states, the ORR provides funding to states for transitional cash and medical assistance through the Transition and Medical Services program.¹²⁸ Haitian parolees who meet the income and resource eligibility requirements for Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), or Medicaid, but are

¹²² For a complete explanation, see CRS Report RS21349, *U.S. Immigration Policy on Haitian Migrants*, by Ruth Ellen Wasem, pp. 8-11.

¹²³ CRS Report RL33809, *Noncitizen Eligibility for Federal Public Assistance: Policy Overview and Trends*, by Ruth Ellen Wasem. Haitians who enter the United States as legal permanent residents (LPRs) may become eligible for Medicaid after five years in the United States, at the state’s option. Under current law, states also have the option of providing Medicaid and CHIP to children and pregnant women who are LPRs and battered individuals lawfully residing in the United States during the first five years that they are living in the United States. CRS Report R40144, *State Medicaid and CHIP Coverage of Noncitizens*, by Ruth Ellen Wasem.

¹²⁴ Federal coverage of the state matching requirement is likely to be temporary. For example, following Hurricane Katrina, Congress waived the state matching requirement for eligible individuals displaced by the disaster for a period of six months. Specific information regarding Medicaid reimbursement for Haitian earthquake victims can be found at Centers for Medicare and Medicaid Services (CMS), “Questions and Answers,” https://questions.cms.hhs.gov/cgi-bin/cmshhs.cfg/php/enduser/std_alp.php?p_sid=5MTSe8Tj&p_lva=&p_li=&p_redirect=&p_page=1&p_cv=&p_pv=4.1122&p_prods=1,476,1122.

¹²⁵ See “Medical Evacuation” in CRS Report R41023, *Haiti Earthquake: Crisis and Response*, by Rhoda Margesson and Maureen Taft-Morales.

¹²⁶ HHS, “Payments for National Disaster Medical System (NDMS) Patients and Other Medical Evacuees from Haiti,” questions and answers, March 19, 2010, provided to CRS by the HHS Office of the Assistant Secretary for Legislation.

¹²⁷ CRS Report RL31269, *Refugee Admissions and Resettlement Policy*, by Andorra Bruno.

¹²⁸ ORR cannot reimburse states for SSI, TANF, or Medicaid programs.

not otherwise eligible (e.g., single males or childless females and couples), may receive benefits under the ORR-funded Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) programs.¹²⁹

Finally, requested funds would be used to support certain public health activities in Haiti, including disease surveillance, the reestablishment of laboratory capacity, and environmental health activities.¹³⁰

The \$36.2 million requested for USAID reimbursements to HHS would pay for a number of medical, surgical, and mortuary assistance teams and associated assets that were deployed to Haiti, including personnel and supplies for a 250-bed hospital.¹³¹

U.S. disaster assistance to other nations does not typically involve the acceptance of large numbers of disaster victims into the United States. Some forms of assistance rendered to Haitian earthquake victims may be without precedent. For example, NDMS was developed to provide the capability for mass medical evacuation of injured U.S. combat forces for treatment in U.S. hospitals, and is also intended as a domestic civilian mass casualty management system. The system had not previously been used to airlift victims of foreign disasters into the United States for medical care. Its use for this purpose required the rapid development of policies regarding patient selection, assignment to domestic hospitals, hospital reimbursement, and other logistical matters.

U.S. Citizens and Immigration Services (USCIS): Waiving Fees¹³²

The President's supplemental request includes \$15 million for the U.S. Citizens and Immigration Services (USCIS) to enable the agency to cover the immigration-related costs associated with Haitian migrants affected by the January 12, 2010 earthquake.¹³³ USCIS funds the processing and adjudication of immigrant, nonimmigrant, refugee, asylum, and citizenship benefits almost entirely through monies generated by the Examinations Fee Account.¹³⁴ USCIS charges fees for almost all adjudications and services. Foreign nationals applying for Temporary Protected Status (TPS) pay as well.¹³⁵ USCIS traditionally has not charged the Examination Fee for refugees and asylum seekers.

¹²⁹ HHS, Administration for Children and Families, *Annual ORR Reports to Congress-2005*, <http://www.acf.hhs.gov/programs/orr/data/arc.htm>.

¹³⁰ For more information, see HHS, "Haiti—HHS Relief and Support Activities," <http://www.hhs.gov/haiti/>.

¹³¹ U.S. Department of State and USAID, *FY2010 Haiti Supplemental Budget Justification*, p. 23.

¹³² Written by Ruth Ellen Wasem, Specialist in Immigration Policy, Domestic Social Policy Division.

¹³³ For a full discussion of the immigration issues arising in the aftermath of the January 12, 2010 earthquake in Haiti, see CRS Report RS21349, *U.S. Immigration Policy on Haitian Migrants*, by Ruth Ellen Wasem.

¹³⁴ Most notably, §286(m) of the Immigration and Nationality Act [8 USC §1356(m)] states that "fees for providing adjudication and naturalization services may be set at a level that will ensure recovery of the full costs of providing all such services, including the costs of similar services provided without charge to asylum applicants or other immigrants. Such fees may also be set at a level that will recover any additional costs associated with the administration of the fees collected." For further discussion and analysis, see CRS Report RL34040, *U.S. Citizenship and Immigration Services' Immigration Fees and Adjudication Costs: The FY2008 Adjustments and Historical Context*, by Chad C. Haddal.

¹³⁵ CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem and Karma Ester.

For FY2010, UCIS has a budget authority of \$2,727 million, of which \$2,503 million comes from the fees collected (mandatory fee funded offsets). The Department of Homeland Security Appropriations Act 2010 (P.L. 111-83) also provided \$224 million in direct appropriations to USCIS, including \$50 million for processing refugee applications and asylum claims.¹³⁶ The Administration proposes to use the \$15 million requested in the supplemental appropriations for fee waivers for eligible Haitians granted TPS; those given humanitarian parole to bring medical evacuees and certain categories of Haitians into the United States; and to cover costs associated with processing the adoption of Haitian orphans.

The prospects for the \$15 million request is unclear, given how Congress has responded to previous requests for direct appropriations to cover fees waived for humanitarian reasons. For example, USCIS received only 24% of the amount it requested (\$206 million) for processing refugee applications and asylum claims in FY2010, and the Senate-passed bill for FY2010 would have provided no direct appropriations for processing refugee applications and asylum claims.

Recovery and Reconstruction Funding for Haiti¹³⁷

The total request for Recovery and Reconstruction funding in this supplemental proposal is \$1.1 billion. This is primarily for new activities (see **Table 9**).¹³⁸

The 111th Congress has expressed bipartisan support for providing Haiti with substantial assistance in response to the crisis generated by the January earthquake. At hearings in both the Senate and the House, Members and witnesses alike stressed the need for a massive, coordinated international effort not only for immediate humanitarian needs, but also for long-term development. Moving forward, they said, strategies must consider new approaches, aim to create a more sustainable Haiti, and increase Haitian capacity to utilize foreign aid effectively and to provide services and direct its own economy.

Key Concerns: Priorities, Decentralization, Poverty Reduction, and Capacity Building

Choosing Priorities

To coordinate aid programs better, donors have agreed to focus on certain areas of assistance. For this reason, the U.S. programs in the supplemental focus on urgent infrastructure repairs, especially in the energy and agricultural sectors; critical health care; governance; and security. Some observers have expressed concern that U.S. assistance is neglecting other areas crucial to Haitian recovery, such as improving the educational system, which is to be the focus of Canada and France. While advocates say this approach avoids duplication among donors, critics question the priorities, or the limited approach to aid.

¹³⁶ CRS Report R40642, *Homeland Security Department: FY2010 Appropriations*, coordinated by Jennifer E. Lake and Chad C. Haddal.

¹³⁷ This section prepared and coordinated by Maureen Taft-Morales, Specialist in Latin American Affairs, Foreign Affairs, Defense and Trade Division.

Table 9. Haiti Recovery and Reconstruction Funding, FY2009-FY2011

Rounded to millions of dollars

Account/Agency	FY2009 Enacted	FY2010 Enacted	FY2010 Supp. Request	FY2010 Total with Request	FY2011 Request	Brief Description
RECOVERY AND RECONSTRUCTION FUNDING: FY2010 SUPPLEMENTAL ACCOUNTS						
Economic Support Fund (ESF), State/USAID	134	161	749	910	146	Provides infrastructure and technical assistance to gov't.
International Narcotics Control and Law Enforcement, State/ USAID	18	21	144	165	19	Strengthens Haiti's security forces.
Inspector General, USAID	0	0	2	2	0	Funds add'l oversight.
Salaries and Expenses, Treasury	0	0	1	1	0	Supports Treasury attache.
International Affairs Technical Assistance Program, Treasury	0	0	7	7	0	Provides technical advisors for banking and finance sectors.
General Provisions						
Economic Support Fund, Sec. 3, State/USAID	0	0	[120] ^o	0	0	Sets maximum contribution for Haiti Multi-Donor Trust Fund within ESF.
Heavily Indebted Poor Countries Trust Fund, (HIPC) Sec. 4 , Treasury ^b	0	40 ^b	[40] ^b	40	0	Allocates up to \$40 million for Haiti debt relief.
International Debt Cancellation, Sec.5, Treasury	0	0	212	212	0	Provides funds for Haiti debt relief.
Subtotal: FY FY2010 Supplemental Accounts	152	222	1,114	1,336	165	
OTHER DEVELOPMENT ASSISTANCE ACCOUNTS						
Development Assistance (excluding PL480), State/USAID	290	333	0	333	324	Provides food aid.
Foreign Military Financing, State	3	2	0	2	2	Finances military sales.
Global Health & Child Survival, State/USAID	135	144	0	144	156	Provides humanitarian aid
Intern'l Mil. Ed. & Training, State	0 ^c	0 ^c	0	0 ^c	0 ^c	Funds military training.
Transition Initiatives, State	0	5	0	5	0	Funds transitions.
Subtotal: Other Development Accounts	427	484	0	484	481	
RECONSTRUCTION TOTAL: ALL ACCOUNTS	579	705	1,114	1,820	646	

Source: OMB, FY2010 Supplemental, "Disaster Relief," February 12, 2010; OMB, "Haiti Relief," March 24, 2010;" http://www.whitehouse.gov/omb/assets/budget_amendments/amendment_03_24_10.pdf; State Department, USAID, FY2010 Haiti Supplemental Budget Justification, April 2010; <http://www.state.gov/documents/organization/141243.pdf>.

Notes: CRS calculations based on source above.

- a. Included in ESF funds listed above.
- b. The HIPC fund did not allocate funds for Haiti in FY2009 and in FY010. The FY2010 supplemental request would allocate \$40 million of the funds already appropriated to Haiti so no additional budget authority would be needed. CRS includes these funds in the FY2010 column as a way to show the additional resources available to Haiti.
- c. Less than \$500,000.

Decentralization and Economic Growth: Will they lead to Poverty Reduction?

A key element of the revised Haitian development strategy, supported by the supplemental request, is to catalyze economic growth and provide services and opportunities outside of Port-au-Prince. The Haitian government and donors agree that the current crisis provides an opportunity to correct what had become an unsustainable urban-rural imbalance in the country, with the rest of the country suffering neglect while people, resources, and services were concentrated in the capital.

Funds in the supplemental request would address both short- and long-term elements involved in this decentralization strategy – meeting the immediate needs of newly displaced populations that have migrated to less developed areas of the country, and strengthening local governance, infrastructure, and agriculture to develop new “growth poles” outside of Port-au-Prince. Scientists are helping Haitian authorities to select areas for development that are less vulnerable to natural disasters. While there is general support of this strategy, officials also note that developing areas long-neglected will be costly. Some also warn that populations should not be forcibly relocated in executing these plans. Experts also warn that economic growth is not sufficient to reduce poverty in Haiti, and that programs specifically targeted at poverty reduction are needed.

Effective Capacity Building?

Most observers agree that one goal of aid to Haiti should be to build the capacity of Haitians so they can eventually assume responsibility for the project at hand. Yet there is a tension between the standard definition of effectiveness and efficiency, and the time and money required for capacity building. Aid organizations are pressed to have measureable outcomes and usually operate on short-term contracts. If thorough training and coordinating with Haitian ministries is to be an element of all foreign aid programs, which many experts advocate, there will have to be a recognition that those programs may require more time, funding, and personnel, and measureable results may take longer to achieve.

Economic Support Funds for Infrastructure

The supplemental proposal requests \$749 million in Economic Support Funds (ESF) for International Assistance programs in Haiti, to remain available until September 30, 2012. Programs will focus on helping the Haitian government to rehabilitate infrastructure and provide technical assistance to help improve its public outreach, as well as working on reconstruction projects that provide essential services such as shelter and infrastructure for water, sanitation, healthcare, and electricity, as well as finance projects in agriculture, farm to market roads, and major roads, bridges, and ports.

The Administration requests that up to \$120 million of the ESF be transferred to the Department of the Treasury to a multi-donor trust fund for Haiti, that could be used to leverage the

contribution of significant resources from other donors. The proposal would also allow ESF monies to be transferred to USAID's Operating Expenses account for unanticipated staffing needs and other related expenses. To ensure that other projects are not displaced, the Administration requests that any transfers to the Development Credit Authority (DCA) account would be in addition to already appropriated amounts.

Key Concerns

Some experts suggest developing small-scale, alternative or clean energy sources at the local level rather than trying to rebuild the previously ineffectual Haitian electricity service would increase the quality of life of many Haitians and have a positive impact on economic growth.¹³⁹ Some Members have expressed concern that insufficient funding is being focused on the needs of children, or on psychological support for the traumatized population. There is no additional funding for Global Health and Child Survival in the supplemental request.

International Narcotics Control and Law Enforcement Funds for Security

Under the Haiti supplemental request, the State Department would receive about \$144 million for International Narcotics Control and Law Enforcement (INCLE) activities to meet a renewed need for security in broader areas of Haiti. This funding would strengthen law enforcement by purchasing equipment and adding police advisors for the United Nations Stabilization Mission in Haiti (MINUSTAH) to re-establish and expand its presence in Haiti. Many of MINUSTAH's troops had shifted to development work because security had improved dramatically.¹⁴⁰

INCLE funds would strengthen the Haiti National Police (HNP) by restoring training capacity, providing equipment, supplies, and infrastructure, and by re-building prisons destroyed by the earthquake. Other programs would enhance criminal justice sector support; restore the ability of the HNP and the Haitian Coast guard to conduct counter-narcotics operations; and help prevent and combat human trafficking.

USAID and Treasury Funds for Oversight and Advisors

To improve accountability and oversight, and reduce corruption as funding for relief, rehabilitation and reconstruction in Haiti rises, the supplemental requests \$1.5 million for the Office of the Inspector General of USAID.

The Administration requested \$1.5 million for a Treasury Department attaché to work with the Ambassador, senior Haitian officials, and other donors, and oversee additional technical advisors. The request includes \$7 million for these advisors, who would work with the government to restore basic treasury processes; continue to reduce corruption through improved procurement processes and fiscal transparency; and enhance economic management skills. Because the earthquake killed government officials and destroyed Ministry of Finance and other government buildings, along with records and equipment, much of the financial management progress that had been made has been set back.

¹³⁹ Dan Schnitzer, "Avoid the Old Poverty Traps," *Foreign Policy*, January 19, 2010.

¹⁴⁰ Jonathan M. Katz, "Largest UN force in Haiti to focus on development," Associated Press, April 25, 2009.

U.S. Funds for International Donor Trust Fund and Debt Relief

The Administration is requesting that up to \$120 million in Economic Support Funds be contributed to a Multi-Donor Trust Fund for Haiti to facilitate better coordination, implementation, and tracking of foreign assistance to Haiti. Although some in Haiti criticize the trust fund as giving too much control to foreign entities, both Haitian President Rene Preval and Prime Minister Jean-Max Bellerive have acknowledged that Haitian capacities were already limited, and considerably diminished by the earthquake. A development authority, with Haitian government and international officials guiding long term development, is also being set up.

*Providing Multilateral Debt Relief to Haiti*¹⁴¹

To help Haiti in its recovery from the earthquake, the Administration is proposing U.S. contributions of \$252 million to help cancel Haiti’s debts of \$781 million to three international organizations: the Inter-American Development Bank, World Bank, and International Fund for Agriculture and Development. The Administration requests reallocating up to \$40 million from the Treasury Department’s Debt Restructuring Account appropriated for the multilateral Heavily Indebted Poor Countries (HIPC) Trust Fund from this or subsequent fiscal years.¹⁴² The Administration also seeks new contributions of \$212 million for multilateral debt relief. Congressional authorization is required for the \$40 million reallocation, and both authorization and appropriations are required for the additional \$212 million.

Funding for Diplomatic Operations in Haiti¹⁴³

The Administration is requesting \$155 million for diplomatic and broadcasting operations in Haiti (see **Table 10**). The \$149.5 million requested for the State Department would provide \$65 million for logistical support and assistance for the additional U.S. government personnel posted to Haiti, and \$84.5 million to repair or replace staff housing and other buildings associated with the Embassy.

Table 10. Diplomatic Operations Funding for Haiti, FY2009-FY2011

Rounded to millions of dollars

Account	Agency	FY2009 Enacted	FY2010 Enacted	FY2010 Supp. Request	FY2010 Total with Request	FY2011 Request	Brief Description
Diplomatic and Consular Programs	State/ USAID	11	12	65	77	13	Provides temporary housing and logistical support to U.S. diplomatic personnel.

¹⁴¹ Written by Martin Weiss, Specialist in International Trade and Finance, Foreign Affairs, Defense, and Trade Division

¹⁴² The HIPC Trust Fund, administered by the World Bank, provides grants to eligible heavily indebted poor countries (HIPCs) to make debt payments on multilateral debt on behalf of the indebted country. More information is available in: “Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation,” September 15, 2009, available at: <http://www.imf.org/external/np/pp/eng/2009/091509.pdf>. Haiti was graduated from this program in 2009.

¹⁴³ Written by Ken Nakamura, Analyst in Foreign Affairs, Foreign Affairs, Defense, and Trade Division.

Account	Agency	FY2009 Enacted	FY2010 Enacted	FY2010 Supp. Request	FY2010 Total with Request	FY2011 Request	Brief Description
Embassy Security, Construction, and Maintenance	State/ USAID	0	0	85	85	0	Replaces U.S. embassy housing and other buildings damaged in earthquake.
International Broadcasting Operations	Broadcasting Board of Governors	1	1	5	6	4	Provides funds for Creole Service
Total State Operations		12	13	155	168	17	

Sources: OMB, FY2010 Supplemental, “Disaster Relief,” February 12, 2010; OMB, “Haiti Relief,” March 24, 2010;” http://www.whitehouse.gov/omb/assets/budget_amendments/amendment_03_24_10.pdf; and State Department FY2011 Budget Justification materials.

Note: CRS calculations based on sources above.

A portion of these funds could be used to reimburse accounts for evacuation of Embassy family members and non-essential personnel, and for repatriation loans to American citizens who needed assistance to return to the United States. The State Department funds would reimburse accounts used for this emergency and also continue staffing support for the relief and reconstruction efforts. Without these reimbursements, shortages would develop in other countries for diplomatic and consular programs and embassy construction and repair.

The request also includes \$5 million for the Broadcasting Board of Governors’ (BBG) Creole Language Service which increased its broadcasts five-fold – from 2 to 10.5 hours a day – after the earthquake. The funds would be used to repair and support the affiliate broadcasting stations used by the Creole Service, hire additional staff, and establish a Reporting Center in Port-au-Prince. These broadcasts have been and continue to be a major source of accurate information for the people of Haiti regarding relief, recovery, and family reunification efforts (See **Table 10**).

Author Contact Information

Amy Belasco, Coordinator
Specialist in U.S. Defense Policy and Budget
abelasco@crs.loc.gov, 7-7627

Daniel H. Else
Specialist in National Defense
delse@crs.loc.gov, 7-4996

Bruce R. Lindsay
Analyst in American National Government
blindsay@crs.loc.gov, 7-3752

Rhoda Margesson
Specialist in International Humanitarian Policy
rmargesson@crs.loc.gov, 7-0425

Kennon H. Nakamura
Analyst in Foreign Affairs
knakamura@crs.loc.gov, 7-9514

Maureen Taft-Morales
Specialist in Latin American Affairs
mtmorales@crs.loc.gov, 7-7659

Curt Tarnoff
Specialist in Foreign Affairs
ctarnoff@crs.loc.gov, 7-7656

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