

U.S. Senate
Republican Policy
Committee

Don Nickles, Chairman
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Legislative Notice

Editor: Judy Gorman Prinkey

No. 7

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H.R. 1282, Operation Desert Shield/Desert Storm Supplemental Appropriations Act, FY 1991

Calendar No. 42

Reported: By the Committee on Appropriations, March 14, 1991 by a roll call vote of 24-0; S. Rept. 102-23.

NOTEWORTHY

- **UNANIMOUS CONSENT AGREEMENT:** The Senate may proceed to the consideration of H.R. 1282 at any time beginning Tuesday, March 19, 1991.
- A ceiling of \$42.626 billion is placed on the total amount which could be transferred for use by the Defense Department, of which a maximum of \$15 billion comes from taxpayers and the rest from foreign contributions. (NOTE: The House-passed ceiling is \$42.588 billion.)
- Arms sales to nations which have not fulfilled their pledge in support of Desert Shield/Desert Storm would be prohibited.
- According to the Omnibus Budget Reconciliation Act of 1990, the incremental costs of Desert Shield/Desert Storm are considered emergency and are not subject to spending ceilings set out by the budget summit agreement.

HIGHLIGHTS

- H.R. 1282 provides supplemental appropriations and transfers for Operation Desert Shield/Desert Storm for the fiscal year ending September 30, 1991.
- The bill recommends \$15 billion in new budget authority to be appropriated to a newly created Persian Gulf Regional Defense Fund.
- New budget authority can only be used when foreign contributions from the Defense Cooperation Account (created under previous law) are not available.

- Funds from either the Persian Gulf Regional Defense Fund or the Defense Cooperation Account can only be transferred to pay costs associated with the Operation after the Committees on Appropriations and Armed Services have been given a seven-day notice that is to include the requirements for and specific uses of the funds. Further, the Senate bill adds language requiring that any transfers by the Secretaries of Defense or Transportation be approved by the Director of the Office of Management and Budget.
- The bill recommends \$9.750 billion to cover the cost of combat. (NOTE: The House provided \$6.3 billion.) Directs the Department of Defense to use such money to replace Multiple Launch Rocket Systems (MLRS) and Hydra 70 rockets consumed during the war. This money should also be used to continue procuring command and control consoles and up to 14 sets of passive night vision equipment for Marine Corps helicopters still on patrol in the Kuwait theater of operations.
- Congress must formally approve Administration requests for transfers of equipment, supplies or material to foreign nations. Some equipment may be maintained in the Middle East as prepositioned equipment.

BACKGROUND

On February 22, 1991 the President submitted a supplemental request to pay for the incremental costs of Operation Desert Shield/Desert Storm. (Incremental costs have been defined as those incurred by the Department of Defense that would not have been incurred in the absence of the Gulf conflict.) The President requested \$15 billion in new appropriations and the authority to use such funds. The \$15 billion request was estimated to pay for the Operation through March 31, 1991.

On March 5, 1991, H.R. 1282 was reported out of the House Committee on Appropriations as an original bill with a written report, H. Rept. 102-10. On March 7, 1991, the bill was brought to the House floor as a privileged matter, debated for one hour, and passed without amendment by a vote of 380-19.

The Administration's supplemental request was divided into the following categories for incremental cost estimates:

ITEM	COST
	(In billions)
Costs of Desert Shield/Desert Storm — FY 1991	\$39.229
Production Surge/Accelerated Acquisition	\$ 6.430
Post-Combat Phase Down	\$ 7.000
Return of Personnel/Equipment	\$ 5.192

COSTS

- The Congressional Budget Office estimates outlays associated with H.R. 1282 for Fiscal Year 1991 through 1995 to be as follows:

<u>FISCAL YEAR</u>	<u>OUTLAYS (in millions of dollars)</u>
1991	\$31,414
1992	\$ 6,697
1993	\$ 2,557
1994	\$ 1,038
1995 and future year	\$ 514

Other Cost Issues to Note

- The Administration did not specify the daily cost of combat, but did estimate a range of \$150 million to \$1.65 billion a day. The House-passed figure for combat costs was arrived upon using the lowest cost estimate assuming only an air war with no combat losses.
- When testifying before the Committee, Administration witnesses claimed that \$53.5 billion had been pledged by foreign nations to cover the cost of the Operation. When this figure is added to the \$15 billion Administration request, the supplemental is actually seeking the authority to spend up to \$68.5 billion. According to the committee report, the Administration has received \$17.9 billion of the pledged amount.
- Both the House and Senate Committees agreed on how the funds should be used: If a portion or all of the \$15 billion in the Regional Defense Fund is used and more foreign contributions are received thereafter, the Regional Defense Fund will be promptly replenished to maintain a \$15 billion balance.
- If any funds remain in the Regional Defense Fund after the Operation is paid for, amounts of up to \$15 billion will revert to the Treasury.
- The Senate Appropriations Committee recommended transfers of up to \$21.768 billion for operation and maintenance. This is \$3.352 billion less than the amount provided by the House. The significant differences between the two recommendations are in fuel and food, housing, construction equipment and vehicles costs.

- The Appropriations Committee reduced the request for fuel funding by \$1.247 billion. According to the report, the DOD requested funds to cover increased prices of planned FY 1991 purchases of fuel **other than that purchased for use by U.S. forces in the Persian Gulf.**
- Further, according to the report, the supplemental request includes funding for food, housing, construction equipment and vehicles, which have been paid for by our allies in the form of material in-kind assistance. Therefore, the committee recommended reducing the O&M account request by \$2.093 billion.
- Based on the assumption of continuous wartime operations through the end of the fiscal year, the Administration requested \$6.414 billion for procurement accounts. However, according to the report, a revised estimate of procurement needs as of February 28, 1991 indicates a need for only \$2.892 billion for procurement funding. Therefore, the Committee provided procurement funds to meet this revised estimate.

BILL OUTLINE

The bill is divided into three chapters:

CHAPTER I	DEPARTMENT OF DEFENSE — MILITARY
CHAPTER II	DEPARTMENT OF DEFENSE — MILITARY CONSTRUCTION
CHAPTER III	DEPARTMENT OF TRANSPORTATION — COAST GUARD

Chapter I

- Recommends transfers of up to \$7.89 billion to fund additional military personnel expenses from October 1, 1990 through March 31, 1991. Included in this category are voluntary and involuntary Reserve call-ups, imminent danger pay, and other personnel-related expenses.
- Allows the Secretary of Defense to transfer no more than \$446 million from Reserve personnel accounts to active duty military personnel appropriations.
- Recommends transfers of up to \$21.768 billion to pay for operation and maintenance costs. According to the report, these funds would cover the actual and estimated O&M costs from October 1, 1990 to March 31, 1991, and includes phasedown activities and the return of personnel and equipment from the Gulf.
- Recommends \$377 million for the procurement of at least 290 Tomahawk cruise missiles.

- Directs the release of \$9.2 million withheld from FY 1991 funds, to complete development of two Magic lantern (mine warfare) prototypes.
- Requires that funds for fuel appropriated or made available in this act be used only for fuel consumed in direct support of Operation Desert Shield/Desert Storm.
- Deletes Section 105 from the bill, dealing with waiver of CHAMPUS copayments. The Committee believes this matter should be addressed in the military benefits authorization bill.
- All U.S. equipment, supplies, or material transferred to the Middle East to support the Operation can be sold, given to, or transferred to any foreign nation or non-U.S. entity, provided Congress gives its formal approval after an Administration request.
- Any equipment to be maintained in the Middle East as prepositioned equipment and supplies, must be for the exclusive use of U.S. forces. The Administration must notify Congress of such action, and provide a report detailing the specific prepositioning.
- Calls on the President to submit a report to Congress, providing a schedule for the withdrawal of troops from the theater and details of the associated costs. The report should also include a detailed discussion of any U.S. plans for providing a continuing military presence in the region beyond October 1, 1991.
- The bill prohibits the U.S. from selling arms to any nation which has not fulfilled its monetary obligation in support of Desert Shield/Desert Storm. The committee report specifically addresses its disappointment with the United Arab Emirates (UAE) which has pledged \$3 billion. The report "encourages the administration to withhold submitting any request to the Congress to sell arms to the UAE until that nation agrees to contribute an amount more reflective of its geographical location and its ability to pay."

Chapter II

- Recommends \$35 million to replenish funds previously reprogrammed to support Operation Desert Shield.

Chapter III

- Recommends \$18.922 million for the Coast Guard to pay for extra costs associated with Desert Shield/Desert Storm. (NOTE: This is the same money provided by the House; \$570 more than the President's request.)

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