

214934SS
FI 004-02

THE WHITE HOUSE
WASHINGTON

February 22, 1991

MR. PRESIDENT:

Attached for your signature is a supplemental appropriation for the Department of Defense in support of Operation Desert Storm.

NSC and the Office of the Chief of Staff concur. Counsel has no legal objection.

Thank you.



Phillip D. Brady

THE PRESIDENT HAS SEEN

2/22/91



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

91 FEB 21 PM 8:04

THE DIRECTOR

February 21, 1991

The President

The White House

Submitted for your consideration is a request for supplemental defense appropriations for FY 1991 in support of Operation Desert Shield/Desert Storm.

The requested supplemental is for the estimated incremental costs of Operation Desert Shield/Storm for the period October 1, 1990 through March 31, 1991 and for the associated costs of redeployment and return of personnel. It is comprised of two basic elements:

- (1) Working Capital: \$15 billion in budget authority to establish and fund the Desert Shield Working Capital Account.

This account would be funded initially by resources from the United States Government. Its funds would be available for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, in order to maintain continuity of payment for the incremental costs of Operation Desert Shield/Storm.

The Working Capital Account would be replenished by foreign contributions as funds become available from the Defense Cooperation Account. Any balance in the Working Capital Account available after payment of all Desert Shield/Storm incremental costs would revert to the Treasury.

This \$15 billion request is approximately equal to the (net) Desert Shield "placeholder" already included in the Budget you submitted on February 4th and in the associated deficit estimates.

- (2) Foreign Contributions: Authority to transfer funds from the Defense Cooperation Account, which holds current and anticipated foreign contributions.

COPY OF DARMAN MEMO, ORIGINAL LETTER TO THE SPEAKER (TO BE DATED 2/22/91 BY OMB), AND ENCLOSURES PICKED UP BY FRED ZIERMAN, OMB, AT 10:45 A.M. ON 2/22/91.

NOTED
dwy

Such transfers would be made by the Secretary of Defense, with the approval of the Office of Management and Budget, to reimburse defense appropriation accounts depleted by the incremental costs of Operation Desert Shield/Storm.

The Defense Cooperation Account currently holds \$11.2 billion in foreign cash contributions received. Additional foreign contributions committed to Operation Desert Shield/Storm, but not yet received, total \$38.6 billion.

The Omnibus Reconciliation Act of 1990 provided that:

"The costs for Operation Desert Shield are to be treated as emergency funding requirements not subject to the defense spending limits. . . . Emergency Desert Shield costs mean those incremental costs associated with the increase in operations in the Middle East and do not include costs that would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield."

This Desert Shield "incremental cost" standard has been applied in developing the estimates provided with this supplemental request.

The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) are estimated to total approximately \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital Account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I recommend that they be transmitted to Congress.

Respectfully yours,



Richard Darman
Director

Enclosures

THE WHITE HOUSE

WASHINGTON

The Speaker of the
House of Representatives

Sir:

I ask Congress to consider requests for FY 1991 supplemental appropriations for the Department of Defense in support of Operation Desert Shield/Desert Storm.

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

Sincerely yours,

A handwritten signature in dark ink, appearing to read "George Bush". The signature is written in a cursive style with a large, prominent "G" and "B".

Enclosure

FISCAL YEAR 1991 SUPPLEMENTAL APPROPRIATIONS REQUESTS

Department of Defense

Operation and Maintenance, Air Force

The appropriation language under the above heading contained in the Department of Defense Appropriations Act, 1991, (Public Law 101-511; 104 Stat. 1859) is amended by inserting "exclusive of such additional amounts required for operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm," immediately after "emergencies and extraordinary expenses,".

Desert Shield Working Capital Account

For incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, to maintain continuity of payment of such costs, \$15,000,000,000 for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, to appropriations available to the Department of Defense for such incremental costs, and such amount is appropriated, to remain available until transferred; and, in addition, such amounts as may be transferred to this Working Capital Account from the Defense Cooperation Account that the Secretary of Defense, with the approval of the Office of Management and Budget, considers necessary and such amounts are appropriated, to remain available until transferred: Provided, That the balances in this Working Capital Account shall be replenished from, and to the extent any funds are available in, the Defense Cooperation Account; Provided further, That funds transferred from this Working Capital Account shall be merged with and be available for the same purposes and the same time period as the appropriation to which transferred: Provided further, That of the amounts available in the Desert Shield Working Capital Account, \$18,921,430 shall be transferred to the Coast Guard for incremental operating expenses of Operation Desert Shield, including Desert Storm: Provided further, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991: Provided further, That, upon the cessation of operations in and around the Persian Gulf and upon payment of all incremental costs associated with the purposes for which this Account is established, this Account shall be terminated and any balance in the Account at the time of such termination shall revert to the Treasury.

General Provisions

After section 8142 of Public Law 101-511 insert the following new provisions:

SEC. 8143. For incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, the balance of the Defense Cooperation Account on the date of enactment of this Act, and amounts credited to that Account after the date of enactment of this Act, are appropriated for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, from that Account to appropriations available to the Department of Defense during fiscal year 1991, including the Desert Shield Working Capital Account, for reimbursement and for incremental expenses of operations in and around the Persian Gulf, to be merged with and to be available for the same purposes and the same time period as the appropriation to which transferred: Provided further, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991.

SEC. 8144. During the current fiscal year, for the purpose of realigning amounts appropriated for fiscal year 1991 in the Military Personnel and Operation and Maintenance appropriations made by the Department of Defense Appropriations Act, 1991 (Public Law 101-511; 104 Stat. 1856) to reflect the order to active duty of members of the National Guard and Reserve in connection with operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, the Secretary of Defense may transfer, with the approval of the Office of Management and Budget, such amounts as he considers necessary between the Military Personnel and the Operation and Maintenance appropriations of the Department of Defense to be merged with and to be available for the same purposes and the same time period as the appropriations to which transferred: Provided, That this transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/21/91 ACTION/CONCURRENCE/COMMENT DUE BY: 2/22/91 9:00 AM

SUBJECT: SUPPLEMENTAL APPROPRIATIONS REQUEST FOR DEPARTMENT OF DEFENSE

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input type="checkbox"/>
SUNUNU <i>OK per Card</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT <i>OK per</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN <i>ditto</i>	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input type="checkbox"/>	<u>CLERK</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY <i>oral OK to</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY <i>Brady</i>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to this office no later than 9:00 AM, Friday, February 22. Thank you.

RESPONSE:

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 22, 1991

The President today transmitted to the Congress a request for supplemental defense appropriations in support of Operation Desert Shield/Desert Storm.

The requested supplemental is for the estimated incremental costs of Operation Desert Shield/Storm for the period October 1, 1990 through March 31, 1991. It is comprised of two basic elements:

- (1) Working Capital: \$15 billion in budget authority to establish and fund the Desert Shield Working Capital Account.

This account would be funded initially by resources from the United States Government. Its funds would be available for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, in order to maintain continuity of payment for the incremental costs of Operation Desert Shield/Storm.

The Working Capital Account would be replenished by foreign contributions as funds become available from the Defense Cooperation Account. Any balance in the Working Capital Account available after payment of all Desert Shield/Storm incremental costs would revert to the Treasury.

NOTE: This \$15 billion request is approximately equal to the (net) Desert Shield "placeholder" already included in the President's Budget and in the associated deficit estimates.

- (2) Foreign Contributions: Authority to transfer funds from the Defense Cooperation Account, the purpose of which is to hold current and anticipated foreign contributions.

Such transfers would be made by the Secretary of Defense, with the approval of the Office of Management and Budget, to reimburse defense appropriation accounts depleted by the incremental costs of Operation Desert Shield/Storm.

NOTE: The Defense Cooperation Account currently holds \$11.2 billion in foreign cash contributions received. Additional foreign contributions committed to Operation Desert Shield/Desert Storm, but not yet received, total \$38.6 billion.

MORE

Background

The Omnibus Reconciliation Act of 1990 provided that:

"The costs for Operation Desert Shield are to be treated as emergency funding requirements not subject to the defense spending limits. . . . Emergency Desert Shield costs mean those incremental costs associated with the increase in operations in the Middle East and do not include costs that would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield."

In applying the Desert Shield "incremental cost" standard, estimates have been developed for the following categories -- with incremental costs as noted:

	<u>Daily Rate</u> (\$ billion)	<u>Total</u>
o For the period October 1, 1990 - December 31, 1990 (i.e., the first quarter of FY'91 -- prior to combat), incremental costs already incurred (NOTE: Total incremental costs for the period August 2, 1990 - December 31, 1990 are \$11.1 billion, for which \$2 billion has already been appropriated in an FY'90 supplemental.) . . .	0.100	9.1
o For the period January 1, 1991 - March 31, 1991, incremental costs of reserve call-up, imminent danger pay, transportation, fuel, in-country costs, and support for over 500,000 personnel (i.e., the "base" incremental costs for the second quarter of FY'91 -- <u>excluding the costs of combat, which began in this quarter</u>) . . .	0.137	12.3
o <u>Additional costs of combat</u> , which commenced on January 16, 1991; which can vary widely day-to-day depending on tactics, enemy conduct, weather, etc.; and which cannot be definitively estimated with respect to the future . . .	0.150-1.650	N.A.

MORE

	<u>Daily Rate</u> (\$ billions)	<u>Total</u>
o Specifically-identified near-term investment requirements necessary: (a) to move back toward previously-planned inventory levels for selected munitions and expendables; and (b) to accelerate acquisition of combat support equipment and weapons systems modifications . . .	N.A.	6.4
o Incremental in-theater costs during orderly post-combat phasedown . . .	N.A.	7.0
o Return of personnel and equipment, as appropriate (including return of ready reserve fleet to non-deployed status and payment for reservist accrued leave) . . .	N.A.	5.2

NOTE: Supporting detail for these estimates is being provided directly to the Appropriations Committees and will be discussed in Hearings that commence on February 26. The Administration has indicated that it is willing to provide relevant cost (and foreign contribution) data to the Congress routinely during Operation Desert Shield/Storm.

Transfers from the Working Capital and Defense Cooperation Accounts would be to accounts associated with each of the foregoing categories, in the approximate order of their presentation above.

The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) total nearly \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. (See attached tables.) If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

Attachments: Tables re foreign contributions.

TABLE 1

DESERT SHIELD: CY 1990 AND 1991 FOREIGN COMMITMENTS TO THE U.S. 1/
(Millions of Dollars)

	Commitments		Total	Receipts		Future Receipts
	1990	1991		Cash 2/	In-kind	
<u>GCC STATES</u>	<u>6,845</u>	<u>29,000</u>	<u>35,845</u>	<u>8,827</u>	<u>1,716</u>	<u>25,302</u>
SAUDI ARABIA	3,339	13,500	16,839	4,457	1,566	10,816
KUWAIT	2,506	13,500	16,006	3,500	10	12,496
UAE	1,000	2,000 3/	3,000	870	140	1,990
GERMANY	1,072	5,500	6,572	2,432	531	3,609
JAPAN	1,740 4/	9,000 5/	10,740	866	457	9,417
KOREA	80 6/	305	385	50	21	314
OTHERS	3	3	3		3	
TOTAL	9,740	43,805	53,545	12,175	2,728	38,642

1/ Data compiled by OMB. Sources of data: Commitments -- Defense, State, Treasury;

Cash received--Treasury; Receipts and value of in-kind assistance -- Defense

2/ \$1 billion has been released from the Defense Cooperation Account to Defense in accordance with the FY '91 Appropriations Act.

3/ An additional amount above the \$2 billion is under discussion.

4/ Japan pledged \$260 million to other coalition forces for total contributions of \$2 billion.

5/ Under consideration by Diet.

6/ Korea pledged \$15 million to other coalition forces for total contributions of \$95 million.

TABLE 2

DESERT SHIELD: CY 1990 FOREIGN COMMITMENTS TO THE U.S. 1/
(Millions of Dollars)

	Commitments	Receipts		Future Receipts	
		Cash 2/	In-kind		Total
<u>GCC STATES</u>	<u>6,845</u>	<u>4,177</u>	<u>971</u>	<u>5,148</u>	<u>1,697</u>
SAUDI ARABIA	3,339	807	854	1,661	1,678 3/
KUWAIT	2,506	2,500	6	2,506	
UAE	1,000	870	111	981	19 3/
GERMANY	1,072	272	531	803	269 4/
JAPAN	1,740 5/	866	457	1,323	417 4/
KOREA	80 6/	50	21	71	9 4/
OTHERS	3		3	3	
TOTAL	9,740	5,365	1,983	7,348	2,392

U.S. Share of CY 1990 Incremental Costs	1,354
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Total CY 1990 Incremental Costs	11,094
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- 1/ Data compiled by OMB. Sources of data: Commitments for August - December 31 -- Defense, State, Treasury; Cash received--Treasury; Receipts and value of in-kind assistance -- Defense; Total cost for August - December 31 -- Defense.
- 2/ \$1 billion has been released from the Defense Cooperation Account to Defense in accordance with the FY '91 Appropriations Act.
- 3/ Cash reimbursement from Saudi Arabia and UAE awaiting bill from Defense. Saudi reimbursement includes enroute transportation through December for the second deployment and in-theater expenses for food, building materials, fuel, and support.
- 4/ In-kind assistance from Germany, Japan, and Korea. Orders made and receipt of goods expected soon.
- 5/ Japan pledged \$260 million to other coalition forces for total contributions of \$2 billion.
- 6/ Korea pledged \$15 million to other coalition forces for total contributions of \$95 million.

TABLE 3

**DESERT SHIELD MILITARY ASSISTANCE
CY 1991 (JAN 1 - MAR 31) COMMITMENTS**
(Millions of Dollars)

	Commit- ments	Receipts		Future Receipts
		Cash	In-kind	
<u>GCC STATES</u>	<u>29,000</u>	<u>4,650</u>	<u>745</u>	<u>23,605</u>
SAUDI ARABIA	13,500	3,650	712	9,138
KUWAIT	13,500	1,000	4	12,496
UAE	2,000 1/		29	1,971
<u>GERMANY</u>	<u>5,500</u>	<u>2,160</u>		<u>3,340</u>
<u>JAPAN</u>	<u>9,000 2/</u>			<u>9,000</u>
<u>KOREA</u>	<u>305</u>			<u>305</u>
<u>OTHERS</u>				
TOTAL	43,805	6,810	745	36,250

1/ An additional amount above the \$2 billion is under discussion.

2/ Under consideration by Diet.

OFFICE OF THE EXECUTIVE CLERK
TRACKING SHEET FOR PRESIDENTIAL DOCUMENTS

TITLE: "ZIERMAN" PKG. (BUDGET SUPPLEMENTAL) SUPPORT OF
DESERT SHIELD/STORM

TYPE DOCUMENT:

PROCLAMATION

LETTER (S) TO SOH

EXECUTIVE ORDER

MESSAGE TO THE CONGRESS/SENATE

MEMORANDUM

STATEMENT BY THE PRESIDENT

DECISION MEMORANDUM

SIGNING STATEMENT

DETERMINATION (numbered)

TREATY/CONVENTION/AGREEMENT, etc.

OTHER: _____

RECEIVED: (Advance: / / 91 Time: a.m./p.m.)
In final: / / 91 Time: a.m./p.m.

SENT TO CORRESPONDENCE FOR TYPING IN FINAL:

(Advance: / / 91 Time: a.m./p.m.)
In final: / / 91 Time: a.m./p.m.

TO PHILLIP D. BRADY'S OFFICE:

(For staffing: / / 91 Time: a.m./p.m.)
In final: 2 / 21 / 91 Time: 8:35 a.m. (p.m.) DELIVERED BY OMB

INFO, INCLUDING STENCIL, TO PRESS OFFICE:

Date: 2 / 22 / 91 Time: a.m./p.m. BY JOHN GARDNER
POSTED: 2 / 22 / 91 Time: 3:35 a.m. (p.m.)

NOTIFICATIONS:

(Person/time)

Each time a message, report, etc., is xmitted to the Congress, call OLA -- x2230.

(Person/time)

NSC, when appropriate -- Brenda Hilliard; Ex. Sec's. Office -- x6534.

(Person/time)

JIM MURR, OMB, 3060

(Other)

(Person/time)

FRED "Z", OMB, 3603

(Other)

Jim Murr coordinated all notifications with West Wing

Pushed up and F.T. 10:35 am

OTHER INFORMATION: I WENT TO W.W. AND "X" D THE LETTER, GOT COPIES, AND ADVISED JOHN GARDNER THAT PR WAS BAD - HE SAID GET IT REDONE IN A.M. ON 2/22/91, GAVE CORRECTED PR TO JG AT 8:15AM) - dws

THE WHITE HOUSE

WASHINGTON

ORM OPTICAL DISK NETWORK

ID# 21493455

- Hardcopy pages are in poor condition (too light or too dark).
- Remainder of case not scanned.
- Oversize attachment not scanned.
- Report not scanned.
- Enclosure(s) not scanned.
- Proclamation not scanned.
- Incoming letters(s) not scanned.
- Proposal not scanned.
- Statement not scanned.
- Duplicate letters attached - not scanned.
- Only table of contents scanned.
- No incoming letter attached.
- Only tracking sheet scanned.
- Photo(s) not scanned.
- Bill not scanned.
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-

Comments:

URGENT

URGENT

NATIONAL SECURITY COUNCIL
EXECUTIVE SECRETARIAT STAFFING DOCUMENT

TIME STAMP

SYSTEM LOG NUMBER: 1303

RECEIVED

FEB 21 7.. 24

ACTION OFFICER: HAASS

DUE: ASAP

- Prepare Memo For Scowcroft/Gates
- Prepare Memo For Cicconi
- Prepare Memo _____ to _____

- Appropriate Action
- Prepare Memo for Sittmann

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. _____

Concur FYI

- Barth
- Basora
- Beers
- Broome
- Burns
- Canas
- Charles
- Coulson
- Davis
- Deal
- Dorminey
- Dyke
- Frasure
- Fry
- Gordon
- Gompert
- Haass
- Hayden

Concur FYI

- Hutchings
- Jackson
- Johnson
- Kanter
- Kitchen
- Kuehne
- Lampley
- Lundsager
- Melby
- Menan
- Merchant
- Miller
- Needles
- O'Leary
- Paal
- Pacelli
- Pavitt
- Pilling

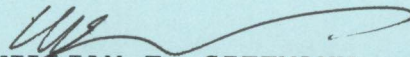
Concur FYI

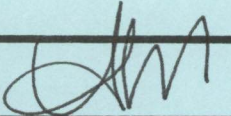
- Poneman
- Popadiuk
- Pryce
- Rademaker
- Rice
- Rostow
- Tilley
- Tobey
- Van Eron
- Watson
- Welch
- Whitley
- Wilson
- Working
- Zelikow
- _____
- _____
- _____

INFORMATION

- Sittmann
- Hill
- Exec Sec Desk
- Scowcroft (advance)
- Gates (advance)
- Secretariat

COMMENTS


WILLIAM F. SITTMANN

Logged By 

Return to Secretariat
379 OEOB

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 22, 1991

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o <u>Additional costs of combat</u> , which commenced on January 16, 1991; which can vary widely day-to-day depending on tactics, enemy conduct, weather, etc.; and which cannot be definitively estimated with respect to the future . . .	0.150-1.650	N.A.

	<u>Daily Rate</u> (\$ billions)	<u>Total</u>
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o Incremental in-theater costs during orderly post-combat phasedown . . .	N.A.	7.0
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General Provisions

After section 8142 of Public Law 101-511 insert the following new provisions:

SEC. 8143. For incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, the balance of the Defense Cooperation Account on the date of enactment of this Act, and amounts credited to that Account after the date of enactment of this Act, are appropriated for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, from that Account to appropriations available to the Department of Defense during fiscal year 1991, including the Desert Shield Working Capital Account, for reimbursement and for incremental expenses of operations in and around the Persian Gulf, to be merged with and to be available for the same purposes and the same time period as the appropriation to which transferred: Provided further, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991.

SEC. 8144. During the current fiscal year, for the purpose of realigning amounts appropriated for fiscal year 1991 in the Military Personnel and Operation and Maintenance appropriations made by the Department of Defense Appropriations Act, 1991 (Public Law 101-511; 104 Stat. 1856) to reflect the order to active duty of members of the National Guard and Reserve in connection with operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, the Secretary of Defense may transfer, with the approval of the Office of Management and Budget, such amounts as he considers necessary between the Military Personnel and the Operation and Maintenance appropriations of the Department of Defense to be merged with and to be available for the same purposes and the same time period as the appropriations to which transferred: Provided, That this transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991.

FISCAL YEAR 1991 SUPPLEMENTAL APPROPRIATIONS REQUESTS

Department of Defense

Operation and Maintenance, Air Force

The appropriation language under the above heading contained in the Department of Defense Appropriations Act, 1991, (Public Law 101-511; 104 Stat. 1859) is amended by inserting "exclusive of such additional amounts required for operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm," immediately after "emergencies and extraordinary expenses."

Desert Shield Working Capital Account

For incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, to maintain continuity of payment of such costs, \$15,000,000,000 for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, to appropriations available to the Department of Defense for such incremental costs, and such amount is appropriated, to remain available until transferred; and, in addition, such amounts as may be transferred to this Working Capital Account from the Defense Cooperation Account that the Secretary of Defense, with the approval of the Office of Management and Budget, considers necessary and such amounts are appropriated, to remain available until transferred; Provided, That the balances in this Working Capital Account shall be replenished from, and to the extent any funds are available in, the Defense Cooperation Account; Provided further, That funds transferred from this Working Capital Account shall be merged with and be available for the same purposes and the same time period as the appropriation to which transferred; Provided further, That of the amounts available in the Desert Shield Working Capital Account, \$18,921,430 shall be transferred to the Coast Guard for incremental operating expenses of Operation Desert Shield, including Desert Storm; Provided further, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991; Provided further, That, upon the cessation of operations in and around the Persian Gulf and upon payment of all incremental costs associated with the purposes for which this Account is established, this Account shall be terminated and any balance in the Account at the time of such termination shall revert to the Treasury.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/21/91 ACTION/CONCURRENCE/COMMENT DUE BY: 2/22/91 9:00 AM

SUBJECT: SUPPLEMENTAL APPROPRIATIONS REQUEST FOR DEPARTMENT OF DEFENSE

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input type="checkbox"/>	CLERK	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to this office no later than 9:00 AM, Friday, February 22. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

91 FEB 21 PM 8:04

February 21, 1991

The President

The White House

Submitted for your consideration is a request for supplemental defense appropriations for FY 1991 in support of Operation Desert Shield/Desert Storm.

The requested supplemental is for the estimated incremental costs of Operation Desert Shield/Storm for the period October 1, 1990 through March 31, 1991 and for the associated costs of redeployment and return of personnel. It is comprised of two basic elements:

- (1) Working Capital: \$15 billion in budget authority to establish and fund the Desert Shield Working Capital Account.

This account would be funded initially by resources from the United States Government. Its funds would be available for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, in order to maintain continuity of payment for the incremental costs of Operation Desert Shield/Storm.

The Working Capital Account would be replenished by foreign contributions as funds become available from the Defense Cooperation Account. Any balance in the Working Capital Account available after payment of all Desert Shield/Storm incremental costs would revert to the Treasury.

This \$15 billion request is approximately equal to the (net) Desert Shield "placeholder" already included in the Budget you submitted on February 4th and in the associated deficit estimates.

- (2) Foreign Contributions: Authority to transfer funds from the Defense Cooperation Account, which holds current and anticipated foreign contributions.

Such transfers would be made by the Secretary of Defense, with the approval of the Office of Management and Budget, to reimburse defense appropriation accounts depleted by the incremental costs of Operation Desert Shield/Storm.

The Defense Cooperation Account currently holds \$11.2 billion in foreign cash contributions received. Additional foreign contributions committed to Operation Desert Shield/Storm, but not yet received, total \$38.6 billion.

The Omnibus Reconciliation Act of 1990 provided that:

"The costs for Operation Desert Shield are to be treated as emergency funding requirements not subject to the defense spending limits. . . . Emergency Desert Shield costs mean those incremental costs associated with the increase in operations in the Middle East and do not include costs that would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield."

This Desert Shield "incremental cost" standard has been applied in developing the estimates provided with this supplemental request.

The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) are estimated to total approximately \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital Account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I recommend that they be transmitted to Congress.

Respectfully yours,



Richard Darman
Director

Enclosures

THE WHITE HOUSE

WASHINGTON

The Speaker of the
House of Representatives

Sir:

I ask Congress to consider requests for FY 1991 supplemental appropriations for the Department of Defense in support of Operation Desert Shield/Desert Storm.

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

Sincerely yours,

Enclosure

FISCAL YEAR 1991 SUPPLEMENTAL APPROPRIATIONS REQUESTS

Department of Defense

Operation and Maintenance, Air Force

The appropriation language under the above heading contained in the Department of Defense Appropriations Act, 1991, (Public Law 101-511; 104 Stat. 1859) is amended by inserting "exclusive of such additional amounts required for operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm," immediately after "emergencies and extraordinary expenses,".

Desert Shield Working Capital Account

For incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, to maintain continuity of payment of such costs, \$15,000,000,000 for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, to appropriations available to the Department of Defense for such incremental costs, and such amount is appropriated, to remain available until transferred; and, in addition, such amounts as may be transferred to this Working Capital Account from the Defense Cooperation Account that the Secretary of Defense, with the approval of the Office of Management and Budget, considers necessary and such amounts are appropriated, to remain available until transferred: Provided, That the balances in this Working Capital Account shall be replenished from, and to the extent any funds are available in, the Defense Cooperation Account; Provided further, That funds transferred from this Working Capital Account shall be merged with and be available for the same purposes and the same time period as the appropriation to which transferred: Provided further, That of the amounts available in the Desert Shield Working Capital Account, \$18,921,430 shall be transferred to the Coast Guard for incremental operating expenses of Operation Desert Shield, including Desert Storm: Provided further, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991: Provided further, That, upon the cessation of operations in and around the Persian Gulf and upon payment of all incremental costs associated with the purposes for which this Account is established, this Account shall be terminated and any balance in the Account at the time of such termination shall revert to the Treasury.

General Provisions

After section 8142 of Public Law 101-511 insert the following new provisions:

SEC. 8143. For incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, the balance of the Defense Cooperation Account on the date of enactment of this Act, and amounts credited to that Account after the date of enactment of this Act, are appropriated for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, from that Account to appropriations available to the Department of Defense during fiscal year 1991, including the Desert Shield Working Capital Account, for reimbursement and for incremental expenses of operations in and around the Persian Gulf, to be merged with and to be available for the same purposes and the same time period as the appropriation to which transferred: Provided further, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991.

SEC. 8144. During the current fiscal year, for the purpose of realigning amounts appropriated for fiscal year 1991 in the Military Personnel and Operation and Maintenance appropriations made by the Department of Defense Appropriations Act, 1991 (Public Law 101-511; 104 Stat. 1856) to reflect the order to active duty of members of the National Guard and Reserve in connection with operations in and around the Persian Gulf presently known as Operation Desert Shield, including Desert Storm, the Secretary of Defense may transfer, with the approval of the Office of Management and Budget, such amounts as he considers necessary between the Military Personnel and the Operation and Maintenance appropriations of the Department of Defense to be merged with and to be available for the same purposes and the same time period as the appropriations to which transferred: Provided, That this transfer authority shall be in addition to any other transfer authority contained in this or any other Act making appropriations for the Department of Defense for fiscal year 1991.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 22, 1991

The President today transmitted to the Congress a request for supplemental defense appropriations in support of Operation Desert Shield/Desert Storm.

The requested supplemental is for the estimated incremental costs of Operation Desert Shield/Storm for the period October 1, 1990 through March 31, 1991. It is comprised of two basic elements:

- (1) Working Capital: \$15 billion in budget authority to establish and fund the Desert Shield Working Capital Account.

This account would be funded initially by resources from the United States Government. Its funds would be available for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, in order to maintain continuity of payment for the incremental costs of Operation Desert Shield/Storm.

The Working Capital Account would be replenished by foreign contributions as funds become available from the Defense Cooperation Account. Any balance in the Working Capital Account available after payment of all Desert Shield/Storm incremental costs would revert to the Treasury.

NOTE: This \$15 billion request is approximately equal to the (net) Desert Shield "placeholder" already included in the President's Budget and in the associated deficit estimates.

- (2) Foreign Contributions: Authority to transfer funds from the Defense Cooperation Account, the purpose of which is to hold current and anticipated foreign contributions.

Such transfers would be made by the Secretary of Defense, with the approval of the Office of Management and Budget, to reimburse defense appropriation accounts depleted by the incremental costs of Operation Desert Shield/Storm.

NOTE: The Defense Cooperation Account currently holds \$11.2 billion in foreign cash contributions received. Additional foreign contributions committed to Operation Desert Shield/Desert Storm, but not yet received, total \$38.6 billion.

Background

The Omnibus Reconciliation Act of 1990 provided that:

"The costs for Operation Desert Shield are to be treated as emergency funding requirements not subject to the defense spending limits. . . . Emergency Desert Shield costs mean those incremental costs associated with the increase in operations in the Middle East and do not include costs that would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield."

In applying the Desert Shield "incremental cost" standard, estimates have been developed for the following categories -- with incremental costs as noted:

	<u>Daily Rate</u> (\$ billion)	<u>Total</u>
o For the period October 1, 1990 - December 31, 1990 (i.e., the first quarter of FY'91 -- prior to combat), incremental costs already incurred (NOTE: Total incremental costs for the period August 2, 1990 - December 31, 1990 are \$11.1 billion, for which \$2 billion has already been appropriated in an FY'90 supplemental.) . . .	0.100	9.1
o For the period January 1, 1991 - March 31, 1991, incremental costs of reserve call-up, imminent danger pay, transportation, fuel, in-country costs, and support for over 500,000 personnel (i.e., the "base" incremental costs for the second quarter of FY'91 -- <u>excluding the costs of combat</u> , which began in this quarter) . . .	0.120	12.3
o <u>Additional costs of combat</u> , which commenced on January 16, 1991; which can vary widely day-to-day depending on tactics, enemy conduct, weather, etc.; and which cannot be definitively estimated with respect to the future . . .	0.150-1.650	N.A.

	<u>Daily Rate</u>	<u>Total</u>
	(\$ billions)	
o Specifically-identified near-term investment requirements necessary: (a) to move back toward previously-planned inventory levels for selected munitions and expendables; and (b) to accelerate acquisition of combat support equipment and weapons systems modifications . . .	N.A.	6.4
o Incremental in-theater costs during orderly post-combat phasedown . . .	N.A.	7.0
o Return of personnel and equipment, as appropriate (including return of ready reserve fleet to non-deployed status and payment for reservist accrued leave) . . .	N.A.	5.2

NOTE: Supporting detail for these estimates is being provided directly to the Appropriations Committees and will be discussed in Hearings that commence on February 26. The Administration has indicated that it is willing to provide relevant cost (and foreign contribution) data to the Congress routinely during Operation Desert Shield/Storm.

Transfers from the Working Capital and Defense Cooperation Accounts would be to accounts associated with each of the foregoing categories, in the approximate order of their presentation above.

The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) total \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. (See attached tables.) If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

Attachments: Tables re foreign contributions.

TABLE 1

DESERT SHIELD: CY 1990 AND 1991 FOREIGN COMMITMENTS TO THE U.S. 1/
(Millions of Dollars)

	Commitments		Total	Receipts		Future Receipts	
	1990	1991		Cash 2/	In-kind		Total
<u>GCC STATES</u>	<u>6,845</u>	<u>29,000</u>	<u>35,845</u>	<u>8,827</u>	<u>1,716</u>	<u>25,302</u>	
SAUDI ARABIA	3,339	13,500	16,839	4,457	1,566	10,816	
KUWAIT	2,506	13,500	16,006	3,500	10	12,496	
UAE	1,000	2,000 3/	3,000	870	140	1,990	
GERMANY	1,072	5,500	6,572	2,432	531	3,609	
JAPAN	1,740 4/	9,000	10,740	866	457	9,417	
KOREA	80 5/	305	385	50	21	314	
OTHERS	3		3		3		
TOTAL	9,740	43,805	53,545	12,175	2,728	38,642	

1/ Data compiled by OMB. Sources of data: Commitments -- Defense, State, Treasury;

Cash received--Treasury; Receipts and value of in-kind assistance -- Defense

2/ \$1 billion has been released from the Defense Cooperation Account to Defense in accordance with the FY '91 Appropriations Act.

3/ An additional amount above the \$2 billion is under negotiation.

4/ Japan pledged \$260 million to other coalition forces for total contributions of \$2 billion.

5/ Korea pledged \$15 million to other coalition forces for total contributions of \$95 million.

TABLE 2

DESERT SHIELD: CY 1990 FOREIGN COMMITMENTS TO THE U.S. 1/
(Millions of Dollars)

	Commitments	Receipts		Future Receipts	
		Cash 2/	In-kind		Total
GCC STATES	6,845	4,177	971	5,148	1,697
SAUDI ARABIA	3,339	807	854	1,661	1,678 3/
KUWAIT	2,506	2,500	6	2,506	
UAE	1,000	870	111	981	19 3/
GERMANY	1,072	272	531	803	269 4/
JAPAN	1,740 5/	866	457	1,323	417 4/
KOREA	80 6/	50	21	71	9 4/
OTHERS	3		3	3	
TOTAL	9,740	5,365	1,983	7,348	2,392

U.S. Share of CY 1990 Incremental Costs	1,354
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Total CY 1990 Incremental Costs	11,094
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- 1/ Data compiled by OMB. Sources of data: Commitments for August - December 31 --- Defense, State, Treasury; Cash received---Treasury; Receipts and value of in-kind assistance --- Defense; Total cost for August - December 31 --- Defense.
- 2/ \$1 billion has been released from the Defense Cooperation Account to Defense in accordance with the FY '91 Appropriations Act.
- 3/ Cash reimbursement from Saudi Arabia and UAE awaiting bill from Defense. Saudi reimbursement includes enroute transportation through December for the second deployment and in-theater expenses for food, building materials, fuel, and support.
- 4/ In-kind assistance from Germany, Japan, and Korea. Orders made and receipt of goods expected soon.
- 5/ Japan pledged \$260 million to other coalition forces for total contributions of \$2 billion.
- 6/ Korea pledged \$15 million to other coalition forces for total contributions of \$95 million.

TABLE 3

**DESERT SHIELD MILITARY ASSISTANCE
CY 1991 (JAN 1 - MAR 31) COMMITMENTS**

(Millions of U.S. Dollars)

	Commit- ments	Receipts		Future Receipts	
		Cash	In-kind		Total
<u>GCC STATES</u>	<u>29,000</u>	<u>4,650</u>	<u>745</u>	<u>5,395</u>	<u>23,605</u>
SAUDI ARABIA	13,500	3,650	712	4,362	9,138
KUWAIT	13,500	1,000	4	1,004	12,496
UAE	2,000		29	29	1,971
<u>GERMANY</u>	<u>5,500</u>	<u>2,160</u>		<u>2,160</u>	<u>3,340</u>
<u>JAPAN</u>	<u>9,000</u>				<u>9,000</u>
<u>KOREA</u>	<u>305</u>				<u>305</u>
<u>OTHERS</u>					
TOTAL	43,805	6,810	745	7,555	36,250

1/ An additional amount above the \$2 billion is under negotiation.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/21/91 ACTION/CONCURRENCE/COMMENT DUE BY: 2/22/91 9:00 AM

SUBJECT: SUPPLEMENTAL APPROPRIATIONS REQUEST FOR DEPARTMENT OF DEFENSE

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input type="checkbox"/>	<u>CLERK</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to this office no later than 9:00 AM, Friday, February 22. Thank you.

RESPONSE:

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 22, 1991

The President today transmitted to the Congress a request for supplemental defense appropriations in support of Operation Desert Shield/Desert Storm.

The requested supplemental is for the estimated incremental costs of Operation Desert Shield/Storm for the period October 1, 1990 through March 31, 1991. It is comprised of two basic elements:

- (1) Working Capital: \$15 billion in budget authority to establish and fund the Desert Shield Working Capital Account.

This account would be funded initially by resources from the United States Government. Its funds would be available for transfer by the Secretary of Defense, with the approval of the Office of Management and Budget, in order to maintain continuity of payment for the incremental costs of Operation Desert Shield/Storm.

The Working Capital Account would be replenished by foreign contributions as funds become available from the Defense Cooperation Account. Any balance in the Working Capital Account available after payment of all Desert Shield/Storm incremental costs would revert to the Treasury.

NOTE: This \$15 billion request is approximately equal to the (net) Desert Shield "placeholder" already included in the President's Budget and in the associated deficit estimates.

- (2) Foreign Contributions: Authority to transfer funds from the Defense Cooperation Account, the purpose of which is to hold current and anticipated foreign contributions.

Such transfers would be made by the Secretary of Defense, with the approval of the Office of Management and Budget, to reimburse defense appropriation accounts depleted by the incremental costs of Operation Desert Shield/Storm.

NOTE: The Defense Cooperation Account currently holds \$11.2 billion in foreign cash contributions received. Additional foreign contributions committed to Operation Desert Shield/Desert Storm, but not yet received, total \$38.6 billion.

MORE ~~(OVER)~~ *no over
per John Gardner*

Background

The Omnibus Reconciliation Act of 1990 provided that:

"The costs for Operation Desert Shield are to be treated as emergency funding requirements not subject to the defense spending limits. . . . Emergency Desert Shield costs mean those incremental costs associated with the increase in operations in the Middle East and do not include costs that would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield."

In applying the Desert Shield "incremental cost" standard, estimates have been developed for the following categories -- with incremental costs as noted:

	<u>Daily Rate</u> (\$ billion)	<u>Total</u>
o For the period October 1, 1990 - December 31, 1990 (i.e., the first quarter of FY'91 -- prior to combat), incremental costs already incurred (NOTE: Total incremental costs for the period August 2, 1990 - December 31, 1990 are \$11.1 billion, for which \$2 billion has already been appropriated in an FY'90 supplemental.) . . .	0.100	9.1
o For the period January 1, 1991 - March 31, 1991, incremental costs of reserve call-up, imminent danger pay, transportation, fuel, in-country costs, and support for over 500,000 personnel (i.e., the "base" incremental costs for the second quarter of FY'91 -- <u>excluding the costs of combat, which began in this quarter</u>) . . .	0.120	12.3
o <u>Additional costs of combat</u> , which commenced on January 16, 1991; which can vary widely day-to-day depending on tactics, enemy conduct, weather, etc.; and which cannot be definitively estimated with respect to the future . . .	0.150-1.650	N.A.

per Jim Mauer 2/22/91

137 per Jim Mauer 2/22/91

K
MOKE

	<u>Daily Rate</u> (\$ billions)	<u>Total</u>
o Specifically-identified near-term investment requirements necessary: (a) to move back toward previously-planned inventory levels for selected munitions and expendables; and (b) to accelerate acquisition of combat support equipment and weapons systems modifications . . .	N.A.	6.4
o Incremental in-theater costs during orderly post-combat phasedown . . .	N.A.	7.0
o Return of personnel and equipment, as appropriate (including return of ready reserve fleet to non-deployed status and payment for reservist accrued leave) . . .	N.A.	5.2

NOTE: Supporting detail for these estimates is being provided directly to the Appropriations Committees and will be discussed in Hearings that commence on February 26. The Administration has indicated that it is willing to provide relevant cost (and foreign contribution) data to the Congress routinely during Operation Desert Shield/Storm.

Transfers from the Working Capital and Defense Cooperation Accounts would be to accounts associated with each of the foregoing categories, in the approximate order of their presentation above.

The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) total \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

NEARLY
see Jim Murr

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. (See attached tables.) If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

Attachments: Tables re foreign contributions.

X
#

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 22, 1991

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MORE

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o For the period January 1, 1991 - March 31, 1991, incremental costs of reserve call-up, imminent danger pay, transportation, fuel, in-country costs, and support for over 500,000 personnel (i.e., the "base" incremental costs for the second quarter of FY'91 -- <u>excluding the costs of combat, which began in this quarter</u>) . . .	0.120	12.3
o <u>Additional costs of combat</u> , which commenced on January 16, 1991; which can vary widely day-to-day depending on tactics, enemy conduct, weather, etc.; and which cannot be definitively estimated with respect to the future . . .	0.150-1.650	N.A.

MORE

	<u>Daily Rate</u> (\$ billions)	<u>Total</u>
o Specifically-identified near-term investment requirements necessary: (a) to move back toward previously-planned inventory levels for selected munitions and expendables; and (b) to accelerate acquisition of combat support equipment and weapons systems modifications . . .	N.A.	6.4
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The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) total \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. (See attached tables.) If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

Attachments: Tables re foreign contributions.

TABLE 1

DESERT SHIELD: CY 1990 AND 1991 FOREIGN COMMITMENTS TO THE U.S. 1/
(Millions of Dollars)

	Commitments		Total	Receipts		Future Receipts
	1990	1991		Cash 2/	In-kind	
GCC STATES	6,845	29,000	35,845	8,827	1,716	25,302
SAUDI ARABIA	3,339	13,500	16,839	4,457	1,566	10,816
KUWAIT	2,506	13,500	16,006	3,500	10	12,496
UAE	1,000	2,000 3/	3,000	870	140	1,990
GERMANY	1,072	5,500	6,572	2,432	531	3,609
JAPAN	1,740 4/	9,000	10,740	866	457	9,417
KOREA	80 5/	305	385	50	21	314
OTHERS	3		3		3	
TOTAL	9,740	43,805	53,545	12,175	2,728	38,642

1/ Data compiled by OMB. Sources of data: Commitments -- Defense, State, Treasury; Cash received--Treasury; Receipts and value of in-kind assistance -- Defense
 2/ \$1 billion has been released from the Defense Cooperation Account to Defense in accordance with the FY '91 Appropriations Act.
 3/ An additional amount above the \$2 billion is under negotiation.
 4/ Japan pledged \$260 million to other coalition forces for total contributions of \$2 billion.
 5/ Korea pledged \$15 million to other coalition forces for total contributions of \$95 million.

NO GOOD

TABLE 2

DESERT SHIELD: CY 1990 FOREIGN COMMITMENTS TO THE U.S. 1/
(Millions of Dollars)

	Commitments	Receipts		Future Receipts
		Cash 2/ In-kind	Total	
GCC STATES	6,845	4,177	971	1,697
SAUDI ARABIA	3,339	807	854	1,678 3/
KUWAIT	2,506	2,500	6	
UAE	1,000	870	111	19 3/
GERMANY	1,072	272	531	269 4/
JAPAN	1,740 5/	866	457	417 4/
KOREA	80 6/	50	21	9 4/
OTHERS	3		3	
TOTAL	9,740	5,365	1,983	2,392

U.S. Share of CY 1990 Incremental Costs	1,354
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Total CY 1990 Incremental Costs	11,094
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- 1/ Data compiled by OMB. Sources of data: Commitments for August - December 31 --- Defense, State, Treasury; Cash received---Treasury; Receipts and value of in-kind assistance --- Defense; Total cost for August - December 31 --- Defense.
- 2/ \$1 billion has been released from the Defense Cooperation Account to Defense in accordance with the FY '91 Appropriations Act.
- 3/ Cash reimbursement from Saudi Arabia and UAE awaiting bill from Defense. Saudi reimbursement includes enroute transportation through December for the second deployment and in-theater expenses for food, building materials, fuel, and support.
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- 5/ Japan pledged \$260 million to other coalition forces for total contributions of \$2 billion.
- 6/ Korea pledged \$15 million to other coalition forces for total contributions of \$95 million.

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TABLE 3

**DESERT SHIELD MILITARY ASSISTANCE
CY 1991 (JAN 1 - MAR 31) COMMITMENTS**
(Millions of U.S. Dollars)

	Commit- ments	Receipts		Future Receipts
		Cash	In-kind Total	
<u>GCC STATES</u>	<u>29,000</u>	<u>4,650</u>	<u>745</u>	<u>23,605</u>
SAUDI ARABIA	13,500	3,650	712	9,138
KUWAIT	13,500	1,000	4	12,496
UAE	2,000		29	1,971
<u>GERMANY</u>	<u>5,500</u>	<u>2,160</u>		<u>3,340</u>
<u>JAPAN</u>	<u>9,000</u>			<u>9,000</u>
<u>KOREA</u>	<u>305</u>			<u>305</u>
<u>OTHERS</u>				
TOTAL	43,805	6,810	745	36,250

1/ An additional amount above the \$2 billion is under negotiation.

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Doug:

For files. This was the version we
didn't send.

Thanks
J. 2/22

	<u>Daily Rate</u> (\$ billions)	<u>Total</u>
o Specifically-identified near-term investment requirements necessary: (a) to move back toward previously-planned inventory levels for selected munitions and expendables; and (b) to accelerate acquisition of combat support equipment and weapons systems modifications . . .	N.A.	6.4
o Incremental in-theater costs during orderly post-combat phasedown . . .	N.A.	7.0
o Return of personnel and equipment, as appropriate (including return of ready reserve fleet to non-deployed status and payment for reservist accrued leave) . . .	N.A.	5.2

NOTE: Supporting detail for these estimates is being provided directly to the Appropriations Committees and will be discussed in Hearings that commence on February 26. The Administration has indicated that it is willing to provide relevant cost (and foreign contribution) data to the Congress routinely during Operation Desert Shield/Storm.

Transfers from the Working Capital and Defense Cooperation Accounts would be to accounts associated with each of the foregoing categories, in the approximate order of their presentation above.

The incremental costs for the period October 1, 1990 - March 31, 1991 (plus redeployment and return) total nearly \$40 billion plus the incremental costs of combat, which cannot be definitively estimated at this point.

Total foreign commitments through March 31, 1991 total \$53.5 billion, including in-kind contributions. ~~(See attached tables.)~~ If foreign commitments are fully honored, and if hostilities end by March 31, the \$15 billion Working Capital account should be sufficient to cover the U.S. share of incremental costs. If these conditions are not met, however, it may be necessary to seek additional foreign contributions and U.S. appropriations.

~~Attachments: Tables re foreign contributions.~~

TABLE 1

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OTHERS	3		3		3	
TOTAL	9,740	43,805	53,545	12,175	2,728	38,642

1/ Data compiled by OMB. Sources of data: Commitments -- Defense, State, Treasury;

Cash received--Treasury; Receipts and value of in-kind assistance -- Defense

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SAUDI ARABIA	3,339	807	854	1,661
KUWAIT	2,506	2,500	6	2,506
UAE	1,000	870	111	981
GERMANY	1,072	272	531	803
JAPAN	1,740 5/	866	457	1,323
KOREA	80 6/	50	21	71
OTHERS	3		3	3
TOTAL	9,740	5,365	1,983	7,348
U.S. Share of CY 1990 Incremental Costs		1,354		
Total CY 1990 Incremental Costs		11,094		

1/ Data compiled by OMB. Sources of data: Commitments for August - December 31 -- Defense, State, Treasury; Cash received--Treasury; Receipts and value of in-kind assistance -- Defense; Total cost for August - December 31 -- Defense.

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CY 1991 (JAN 1 - MAR 31) COMMITMENTS**

(Millions of U.S. Dollars)

	Commit- ments	Receipts		Future Receipts
		Cash	In-kind Total	
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<u>JAPAN</u>	9,000			9,000
<u>KOREA</u>	305			305
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TOTAL	43,805	6,810	745	36,250

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