

THE WHITE HOUSE

WASHINGTON

July 1, 2002

Dear Mr. Speaker:

In order to fulfill urgent requirements for civil aviation security, I am notifying the Congress of my intent to reallocate funds previously transferred to the Federal Emergency Management Agency (FEMA) from the Emergency Response Fund (ERF). These funds will now be allocated to the Transportation Security Administration (TSA) in accordance with the provisions of Public Law 107-38, the Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States, FY 2001.

In addition, I am further revising my request for supplemental funding originally transmitted on March 21st to account for this transfer by adjusting my Administration's request for supplemental funding for FEMA and for TSA. This will ensure that FEMA has the full resources necessary to meet my commitment to the recovery of New York.

As provided in Public Law 107-38, the \$270 million to be transferred will be made available immediately to TSA to continue its civil aviation security responsibilities.

This is the second time I have arranged a "bridge loan" from FEMA to TSA to allow the Congress to complete action on my March 21st emergency supplemental request. This option will not be available a third time, since FEMA has no additional remaining unobligated funds from Public Law 107-38. It is imperative that Congress quickly pass an acceptable emergency supplemental bill to prevent a disruption of commercial air travel.

I hereby designate the revised requests contained in the accompanying material as emergency requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

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

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written over a faint rectangular stamp.

The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

June 28, 2002

The President

The White House

Submitted for your consideration is a request to reallocate funds provided in P.L. 107-38, the Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States, FY 2001. This request would reallocate funds previously transferred from the Emergency Response Fund (ERF).

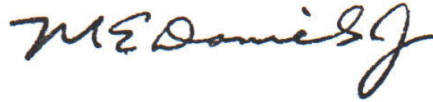
On May 23rd you transferred \$760 million of emergency response funds previously allocated to the Federal Emergency Management Agency (FEMA) to the Transportation Security Administration (TSA) to support TSA's operations until the enactment of supplemental funding. Since Congress has not yet completed its work on the FY 2002 supplemental appropriations bill, TSA faces significant constraints in meeting statutorily imposed deadlines for airport security screening. The Administration now proposes that an additional portion of the emergency response funds previously allocated to FEMA instead be transferred to TSA to support minimum airport screening requirements through July. FEMA has received over \$6 billion for recovery from and response to the terrorist attacks of September 11, 2001, and even with these two transfers, it has ample funds to support these activities until enactment of the supplemental bill.

Specifically, this request would transfer \$270 million of FEMA's emergency response funds to TSA. Pursuant to P.L. 107-38, the funds would be available immediately. This proposal would also account for the transfer by adjusting the Administration's request for supplemental funding for FEMA and for TSA, accordingly. This action constitutes a "bridge loan" for TSA from FEMA, pending enactment of the supplemental appropriations bill. The reallocation of funds, followed by enactment of the President's revised supplemental request, would result in both FEMA and TSA having the same level of resources, and for the same purposes, as if no bridge loan had occurred.

TSA is under a rigorous timetable established in law for the deployment of passenger and baggage screeners, as well as necessary equipment. The funding provided through this reallocation would only support the continuation of existing screening contracts and currently deployed Federal screeners through July. Without immediate Congressional action on the supplemental, TSA may need to suspend purchases and installation of explosives detection equipment, reduce by 40 percent planned Federal screener hiring and training for July, and pare down existing private transitional passenger screening contracts.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the Secretary of Transportation and the Director of FEMA in recommending your approval of the requested reallocation and the transmittal of the revised supplemental proposals to the Congress. In addition, I recommend that you designate the revised supplemental requests as emergency funding requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,

A handwritten signature in dark ink, appearing to read "M E Daniels Jr", with a stylized flourish at the end.

Mitchell E. Daniels, Jr.
Director

Enclosures

**REALLOCATION OF AMOUNTS PREVIOUSLY APPROPRIATED AND
TRANSFERRED FROM THE EMERGENCY RESPONSE FUND**

Available Immediately:

Department of Transportation

Transportation Security Administration

Transportation Security Administration.....\$270,000,000

These funds would support the minimum screening requirements of the Transportation Security Administration through the end of July, pending the enactment of the FY 2002 supplemental appropriations bill. Specifically, the funding will primarily support the cost of transitional screening contracts with private operators for July and currently deployed Federal screeners through July. These funds were originally transferred from the Emergency Response Fund, established by P.L. 107-38, to the Federal Emergency Management Agency.

Revised Request

DEPARTMENT OF TRANSPORTATION

TRANSPORTATION SECURITY ADMINISTRATION

Transportation Security Administration

For additional amounts for emergency expenses to implement the Federal takeover of airport security, \$3,370,000,000, to remain available until expended of which not to exceed \$325,000,000 may be transferred to "Operating Expenses" and "Aviation Insurance Revolving Fund" accounts of the Federal Aviation Administration: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This is a revised supplemental request for the Transportation Security Administration (TSA). This amount, when combined with funds reallocated to TSA from Federal Emergency Management Agency pursuant to P.L. 107-38, is identical in amount and purpose to the original March 21st request.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Revised Request

FEDERAL EMERGENCY MANAGEMENT AGENCY

Disaster Relief

For an additional amount for "Disaster Relief" for emergency expenses to respond to the September 11, 2001 terrorist attacks on the United States, \$3,780,000,000, to remain available until expended: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This is a revised supplemental request for the Federal Emergency Management Agency (FEMA). The pending request has been increased by \$270 million as a result of an equal amount of funding that was reallocated by the President from FEMA to the Transportation Security Administration.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.