

Fiscal Year (FY) 2003 Budget Estimates

Defense Security Cooperation Agency

(DSCA)



February 2002

**DEFENSE SECURITY COOPERATION AGENCY
 Operation and Maintenance, Defense-wide
 Fiscal Year (FY) 2003 Budget Estimates
 Appropriation Highlights
 (Dollars in Millions)**

	<u>FY 2001</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>
<u>Appropriation Summary:</u>							
O&M, Defense-wide Budget Activity 4: Admin							
DSCA	56.941	.928	12.561	70.430	2.405	-4.908	67.927

Description of Operations Financed:

These funds will be used to finance DSCA Headquarters administrative support; Partnership for Peace - promote partner interoperability with NATO, build candidates for NATO membership, and build U.S. bilateral support to supplement partner participation in PFP; Canadian Environmental Cleanup - for sites at Argentia, Dew Line, Goose Bay and Haines-Fairbanks; and the International Programs Security Requirements Course - a course of instruction in security requirements for international programs for Department of Defense (DoD) and defense contractor personnel having direct responsibility for such programs.

Narrative Explanation of Changes:

The funding changes between FY 2002 and FY 2003 include restoral of the baseline funding for the Partnership for Peace Program and a decrease for a one-time FY 2002 cost for the International Trust Fund for Demining and Mine Victims.

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I. Description of Operations Financed:

The Defense Security Cooperation Agency (DSCA) provides program management and program implementation support to Humanitarian Assistance and Demining, the Warsaw Initiative/Partnership for Peace programs in accordance with DoD's policy to provide emergency and on-emergency humanitarian assistance; and directs, administers, and supervises the humanitarian demining program.

In 1996, the United States Government negotiated a settlement with the Government of Canada for reimbursement of costs for environmental cleanup at four United States military installations in Canada. The United States and Canadian Government developed this requirement through extensive negotiations resulting in a formal Exchange of Notes wherein it was agreed that the United States would pay a settlement of \$100 million. At the beginning of FY 1999, Canadian support of these environmental cleanup activities totaled \$37.638 million in current year dollars.

In Warsaw in July 1994, President Clinton announced a major foreign policy initiative, saying he would seek \$100 million in FY 1996 to "help America's new democratic partners work with the United States to advance the Partnership for Peace's goals." The effort became known as the Warsaw Initiative. Congress approved the funds, thereby establishing a single, comprehensive United States bilateral program to advance closer relations and interoperability between NATO and Partnership for Peace (PfP) countries. The State Department and the Department of Defense (DoD) cooperatively administer the program; State's portion is provided as Foreign Military Financing; the remainder administered by DoD.

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The FY 2003 funds in the amount of \$3.996 million will be used for expenses to operate a government activity such as salaries and benefits, travel, training, rental of office space, rental of equipment, communications, and cost of supplies and equipment. Funds in the amount of \$11.3 million will be used for the Canadian Environment Cleanup program, \$51.388 million for Warsaw Initiative/Partnership for Peace program and \$1.243 for the International Programs Security Requirements Course.

II. Force Structure: N/A

III. Financial Summary (O&M: \$ in Thousands):

A. <u>Subactivity Group</u>	FY 2001 <u>Actuals</u>	FY 2002			FY 2003 <u>Estimate</u>
		<u>Budget Request</u>	<u>Appropriation</u>	<u>Current Estimate</u>	
DSCA	56,941	65,211		70,430	67,927
B. <u>Reconciliation Summary:</u>					
			<u>Change FY 2002/FY 2002</u>	<u>Change FY 2002/FY 2003</u>	
Baseline Funding			65,211	70,430	
Congressional Adjustments (Distributed)			-7,000		
Congressional Adjustments (Undistributed)			12,872		
Congressional Adjustments (General Provisions)			-556		
Congressional Earmarks					
Requested Amount			70,430		
Price Change			1,058		
Program Change				-3,561	
Current Estimate			70,430	67,927	

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C. Reconciliation of Increases and Decreases:

1. FY 2002 Amended President's Budget Request	65,211
2. Congressional Adjustments (Distributed)	
- Program Growth	-7,000
Total Congressional Adjustment (Distributed)	-7,000
3. Congressional Adjustments (Undistributed)	
- Management Headquarters Reduction	-1,026
- International Trust Fund for Demining & Mine Victim	14,000
- Defense Joint Accounting System (DJAS)	-102
Total Congressional Adjustment (Undistributed)	12,872
4. Congressional Adjustments (General Provisions)	
- Section 8098--Legislative Affairs Reduction	-119
- Section 8102--Reduction in Travel Cost	-18
- Section 8123--Management Efficiencies	-419
Total Congressional (General Provisions)	-556
5. Congressional Earmarks Billpayers:	
- Section 8047--Indian Lands Mitigation	-78

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- Section 8154--Commission on Future Aerospace Industry	-11
- Section 8155--Memorial 9/11/01 Somerset Co, PA	-8
Total Congressional Earmarks: Billpayers	-97
6. FY 2002 Current Estimate	70,430
7. Price Growth	2,405
Includes CSRS and FEHB for FMS (\$1.219 million) and DoD Appropriated (\$0.128 million)	
8. Program Increases	
The increase is for the Partnership for Peace Planning Conferences and Exercises. The increase in FY 2003 does not represent real growth, but restores the program baseline. In addition, the EUCOM, CENTCOM, and JFCOM have been instructed to increase the size and complexity of these exercises. Failure to fully fund the program in FY 2003 will jeopardize important programs in a region -- Central Asia -- that have become extremely important in our fight against terrorists and the countries that support them.	9,093
Total Program Increases	9,093
9. Program Decreases	
Decrease is due to the International Trust Fund for Demining & Mine Victims one-time congressional add in FY 2002.	-14,001
Total Program Decreases	-14,001

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10. **FY 2003 Budget Request**

67,927

IV. Performance Criteria and Evaluation Summary:

The Defense Security Cooperation Agency (DSCA) provides program management and program implementation support for Humanitarian Assistance and Demining (HA/D) programs, Warsaw Initiative/Partnership for Peace (WI/PfP) program and the Canadian Environmental Cleanup program. In accordance with DoD's policy to provide emergency and non-emergency humanitarian assistance, and directs, administers and supervises the humanitarian demining program. Tangible performance criteria for the WI/PfP program include the number of PfP events supported, number of studies conducted, number of personnel involved, study recommendations acted upon by Partners, number of events hosted and others.

V. <u>Personnel Summary:</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Change FY 2002/FY 2003</u>
<u>Civilian End Strength (Total)</u>				
U.S. Direct Hire	19	20	20	0
Foreign National Direct Hire	0	0	0	0
 Total Direct Hire	 19	 20	 20	 0
Foreign National Indirect Hire	0	0	0	0
 <u>Civilian FTEs (Total)</u>				
U.S. Direct Hire	19	20	20	0
Total Direct Hire	19	20	20	0

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VI. OP-32 Line Items (Dollars in Thousands):

	Change			Change			
	<u>FY 2001 to FY 2002</u>			<u>FY 2002 to FY 2003</u>			
	<u>FY 2001</u> <u>Actuals</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	
Exec, Gen.							
Spec Schedules	1,605	44	141	1,790	1,375	0	3,165
Travel of Persons	1,024	16	0	1,040	16	0	1,056
SLUC (GSA Leases)	71	1	0	72	1	0	73
Purchased Utilities	34	1	1	36	1	-1	36
Purchased							
Communications	55	1	0	56	1	0	57
Postal Services	1	0	0	1	0	0	1
Supplies & Materials	76	1	0	77	1	0	78
Printing & Reproduction	1	0	0	1	0	0	1
Equipment Maintenance	19	0	0	19	0	0	19
Facility Maintenance							
By Contract	3	0	0	3	0	0	3
Equipment (Non-Fund)	86	1	0	87	1	0	88
Contract & Professional							
Support Services	1,325	21	0	1,346	20	0	1,366
Studies, Analysis							
Evaluations	2,480	40	0	2,520	38	0	2,558
Other Contracts	48,083	769	-1,581	47,271	709	9,093	57,073

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Other Cost	2,078	33	14,000	16,111	242	-14,000	2,353
Total	56,941	928	12,561	70,430	2,405	-4,908	67,927