

RELEASE IN PART B5

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Friday, March 20, 2009 7:23 PM
To: H
Cc: Mills, Cheryl D; Abedin, Huma
Subject: Calls on the budget

I just spoke with Jack, who is about to go out of pocket.

He said that his conversations this afternoon convinced him that Conrad is aiming to cut the 150 budget. Conrad is trying to sell a lower discretionary cap overall, and apparently is saying, don't worry, we'll fix it from international. (Jack thinks that line is untenable – he could only squeeze a few billion out of international and that's not meaningful over the whole budget.)

Rob Nabors suggested that tomorrow – Saturday – is the best day to try to talk to Conrad, because they are going to close out the Chairman's mark over the weekend.

Jack is proposing that you, Biden, and Gates all call Conrad.

Jack suggests that you call Gates and ask him to make the call. Jack further suggests that if you have time, you also call Spratt, Gregg, and Ryan.

In Jack's view, the fundamental message you and Gates should convey is that the 150 budget is a core national security issue. There is no way to mount a civilian complement to our military presence if the budget is cut. The President's budget is designed to rebuild the State Department to fill that role.

In addition to this core message, Jack also raised two specific points that you might address.

1. The supp to base comparison. Conrad's staff is still saying that there is a 40% increase in 150. Conrad himself made clear in his conversation with OMB that he knows that's not the case – that building in the supp means it's only a 7% increase. You might reinforce with him this point.
2. The treatment of IMF recapitalization (\$8-\$10 billion). IMF funding doesn't score in outlays, but it may score in budget authority (CBO has not decided). It is important to stress to Conrad that this money has a different character. It is not real money. It is not interchangeable with other money in the budget. It is either there for the IMF or it is not there at all – you can't cut IMF funding and reallocate to aid, for example. For these reasons, our budget submission didn't foreshadow IMF funding, and it should not be treated as part of the regular budget.

Please let me know if you need anything further.