

RELEASE IN FULL

From: Lew, Jacob J <LewJJ@state.gov>
Sent: Tuesday, June 1, 2010 5:35 AM
To: H
Subject: Re: Cutting exercise

Sure. She made clear that we should look for items that could be funded through a 2011 supp -- which they feel will be inevitable. I asked both RM and F to get started on that analysis, but I also want to have some conversations at DoD to see if they are likely to need a supp as well, since alone we face much more risk.

I also think we need to explore a symbolic way to show that we understand the need for belt tightening.

The problem is that the big drivers of our increases really are Af, Pak and Iraq, and Iraq costs are likely to be very hard to keep within the box of our proposed budget.

----- Original Message -----

From: H <HDR22@clintonemail.com>
To: Lew, Jacob J
Sent: Tue Jun 01 05:28:13 2010
Subject: Re: Cutting exercise

Let's discuss this morning.

----- Original Message -----

From: Lew, Jacob J <LewJJ@state.gov>
To: H
Sent: Tue Jun 01 05:26:40 2010
Subject: Re: Cutting exercise

I met with Dave Obey and talked to Nisha right before I left. Nisha said that they would want our priorities to deal with an allocation that is very low if there is no new budget resolution. The 2011 column of the 2010 resolution is \$20 billion below the presidents budget overall. In comparison all of the cuts in the senate resolution totalled \$11 billion below the pres bud (4 from us and 7 unallocated). I thought it was a bit early to start giving a list of what we would cut if the allocation is very bad, but will have people work on some recommendations for us to review while Congress is away.

----- Original Message -----

From: H <HDR22@clintonemail.com>
To: Lew, Jacob J
Sent: Tue Jun 01 05:17:24 2010
Subject: Cutting exercise

Jack--

When I called Nita last night to brief her on the UN action, she told me her staff and she had been trying to reach you to get our ideas about what can be cut from our budget as part of the House's required "cutting exercise". I told her you'd been out of the country, and, in fact, had been our point person on getting Israel into the OECD.

She made clear she wasn't enthusiastic about the process but believes we need to work together to manage. Do you know about this? And, do you have a plan about how to respond? H