

CRS Report for Congress

Received through the CRS Web

Emergency Supplemental Appropriations for Hurricane Katrina Relief

Keith Bea
Specialist in American National Government
Government and Finance Division

Summary

In response to the widespread destruction caused by Hurricane Katrina, the 109th Congress enacted two FY2005 emergency supplemental appropriations bills (P.L. 109-61 and P.L. 109-62), which together provided \$62.3 billion for emergency response and recovery needs. The FY2006 appropriations legislation for the Department of Defense (P.L. 109-148) reallocated some of those funds primarily to pay for the restoration of damaged federal facilities, largely through a government-wide rescission and also through the reallocation of \$23.4 billion from the Disaster Relief Fund administered by the Federal Emergency Management Agency (FEMA). In addition, Congress agreed to transfer \$712 million from FEMA to the Small Business Administration for disaster loans (P.L. 109-174). In FY2006, Congress agreed to an administration request for further funding; \$19.3 billion was appropriated in supplemental legislation (P.L. 109-234) for recovery assistance.

This CRS report summarizes federal disaster assistance funding legislation in the 109th Congress and presents some information on federal expenditures and obligations for disaster recovery activities. This report will be updated as events warrant.

Overview of Disaster Appropriations

In response to Administration requests after Hurricane Katrina struck the Gulf Coast on August 29, 2005, the 109th Congress enacted two FY2005 emergency supplemental measures (P.L. 109-61 and P.L. 109-62), which appropriated \$62.3 billion for immediate relief and response needs. Both measures were enacted one day after the requests were received — P.L. 109-61 on September 2, 2005, and P.L. 109-62 on September 8, 2005. In addition, Congress approved a third emergency supplemental funding request, this one for FY2006, that includes \$19.3 billion for disaster recovery assistance not only for

Hurricane Katrina-related damages but for other disasters as well.¹ **Table 1** provides summary information on these appropriations measures.

Table 1. FY2005-2006 Supplemental Disaster Appropriations
(millions of dollars, designated as emergency spending)

Department	FY2005		FY2006
	P.L. 109-61	P.L. 109-62	P.L. 109-234
Agriculture	—	—	* \$152
Commerce			\$150
Defense -Military	\$500	\$1,400	\$1,488
Defense-Civil/Corps of Engineers	—	\$400	\$3,686
Education and related agencies			\$285
Health and Human Services			\$12
Homeland Security	\$10,000	\$50,000	\$6,662
Housing and Urban Development			\$5,200
Interior			\$256
Justice			\$9
Labor			\$16
Transportation			** \$702
Veterans Affairs			\$586
<i>Agencies</i>			
Armed Forces Retirement Home			\$176
Corporation for National and Community Service			\$10
Environmental Protection Agency			\$13
General Services Admin.			\$37
Historically Black Colleges Capital Financing			\$15
National Aeronautics and Space Admin.			\$35
Small Business Admin.			\$542
Total	\$10,500	\$51,800	\$19,300
Grand total	\$81,600		

Source: CRS calculations from amounts presented in P.L. 109-61 and 109-62.

* Does not include authority for \$500 in direct assistance to be drawn from the Commodity Credit Corporation, authorized in Title III of P.L. 109-234.

** Department of Transportation funds derived from Highway Trust Fund rescission.

¹ The FY2006 supplemental request is available at [http://www.whitehouse.gov/omb/budget/amendments/supplemental1_2_16_06.pdf], visited Aug. 22, 2006. For overview information on P.L. 109-234 see CRS Report RL33298, *FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Katrina Hurricane Relief*, coordinated by Paul Irwin and Larry Nowels.

Reallocation

Complications associated with rebuilding and recovery in the Gulf Coast states have slowed reconstruction normally funded through the Disaster Relief Fund (DRF).² On October 28, 2005, the President submitted to Congress a request to reallocate \$17.1 billion previously appropriated “to undertake response and recovery activities in the affected regions that cannot be funded by FEMA...,” primarily for the repair and replacement of federal facilities.³ The President also submitted that same day a budget amendment that sought the rescission of “\$2.3 billion from lower-priority federal programs and excess funds.”⁴ Through the FY2006 Department of Defense (DOD) appropriations legislation (P.L. 109-148), Congress agreed, in modified form, to the President’s request.⁵ **Table 2** presents summary information on the funding reallocated to federal agencies, by agency or appropriation accounts (as presented in the legislation). **Table 3** sets forth information on the rescissions and offsets to be used to fund the reallocations summarized in **Table 2**.

Table 2. Disaster Funding Reallocations, P.L. 109-148
(thousands of dollars)

Department, agency, or appropriation account	Amount reallocated
Department of Agriculture	\$1,183,100
Department of Defense (includes military construction)	\$5,753,700
Department of Defense-Civil	\$2,899,549
Department of Homeland Security	\$285,100
Department of the Interior	\$70,300
Department of Labor	\$125,000
Department of Health and Human Services	\$640,000
Department of Education	\$1,600,000
Department of Veterans Affairs	\$658,436
Department of Justice	\$229,000
Department of Commerce	\$54,600
National Aeronautics and Space Administration	\$349,800

² Among other factors, environmental challenges and debris clearance constitute some, but not the only, obstacles to recovery. See CRS Report RL33115, *Cleanup After Hurricane Katrina: Environmental Considerations*, by Robert Esworthy, Linda-Jo Schierow, Claudia Copeland, Linda Luther, and Jonathan L. Ramseur.

³ U.S. Executive Office of the President, Office of Management and Budget, “Estimate No.13,” at [http://www.whitehouse.gov/omb/budget/amendments/reallocation_package_10_28_05.pdf], visited Aug. 22, 2006.

⁴ U.S. Executive Office of the President, Office of Management and Budget, “Estimate No.14,” at [http://www.whitehouse.gov/omb/budget/amendments/rescission_package_10_28_05.pdf], visited Aug. 22, 2006.

⁵ P.L. 109-148, Division B, Title I, “Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico.” For more information on the reallocation legislation, see CRS Report RL33197, *Reallocation of Hurricane Katrina Emergency Appropriations: Defense and Other Issues*, coordinated by Amy Belasco.

Department, agency, or appropriation account	Amount reallocated
Small Business Administration ^a	\$446,000
Department of Transportation	\$2,798,100
Department of Housing and Urban Development	\$11,890,300
The Judiciary	\$18,000
General Services Administration	\$38,000
Environmental Protection Agency	\$8,000
Total	\$29,046,985

Source: Calculation by the author of appropriations presented in Division B, Title I, conference report to accompany H.R. 2863, H.Rept. 109-359.

- a. In addition to the funds reallocated to the Small Business Administration (SBA) through Division B, Congress and the President agreed to an additional transfer of \$712 million from the DRF to the SBA for disaster loan obligation authority (P.L. 109-174).

Table 3. Rescissions and Offsets, P.L. 109-148
(thousands of dollars)

Department or agency	Amount rescinded or offset
Department of Agriculture	\$66,100
Department of Defense	\$80,000
Export-Import Bank	\$25,000
Department of Homeland Security	\$23,669,833
Department of the Interior	\$3,500
Department of Commerce	\$7,000
Department of State	\$30,000
Department of Transportation	\$1,143,000
Government-wide ^a	\$9,045,998
Total	\$34,070,431

Source: CRS calculation of rescissions and offsets presented in Division B, Title III, conference report to accompany H.R. 2863, H.Rept. 109-359.

- a. Data for the 1% rescission obtained from: Letter from Joshua Bolten, Director, Office of Management and Budget to Senator Thad Cochran, Chairman, Senate Appropriations Committee, Feb. 8, 2006, available at [<http://www.cq.com/flatfiles/editorialFiles/budgetTracker/reference/docs/20060213omboneperc.pdf>], visited Feb. 15, 2006.

Federal Disaster Expenditure Information

As a general practice, data on federal expenditures and obligations for disaster relief and recovery are not presented in a comprehensive or systematic fashion.⁶ Each department or agency uses a variety of reporting formats in appropriations justifications.

⁶ U.S. Congress, House Committee on the Budget, Task Force on Budget Process, *Budgetary Treatment of Emergencies*, hearing, 105th Cong., 2nd sess., June 23, 1998 (Washington: GPO, 1998).

However, considerably more information is available on federal expenditures for Hurricanes Katrina, Rita, and Wilma than for disasters in previous years, in large part because of the mandate in P.L. 109-62 that requires specified agency heads to provide data on a weekly basis on the allocation and obligation of the funds appropriated in that statute.⁷ To the extent known, this was the first time such a reporting requirement has been attached to DRF supplemental funding. The FY2006 appropriations legislation for DHS approved weeks after enactment of the FY2005 supplementals augmented the DHS reporting requirements by mandating the inclusion of five specific types of information in the weekly reports.⁸

Federal Emergency Management Agency. Funds appropriated to the DRF provide assistance to individuals, families, state and local governments, and certain nonprofit organizations, as authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act).⁹ Funds appropriated to the DRF remain available until expended for all catastrophes that are the subject of presidential disaster declarations.¹⁰ According to the August 16, 2006, report submitted by FEMA, over \$31.3 billion had been allocated as of that date from the DRF for Katrina-related assistance.¹¹

Army Corps of Engineers.¹² The Corps receives funding through FEMA for its public works and engineering mission assignments (e.g., debris removal and demolition) under the National Response Plan. In addition, Congress appropriates funds directly to the Corps for some emergency response and repair activities. Through the supplemental appropriations and reallocation legislation in response to the 2005 hurricanes, Congress appropriated \$3.3 billion directly to the Army Corps of Engineers and directed that the funds be used for designated purposes. Of the \$3.3 billion, \$0.98 billion is for repairing existing hurricane protection, flood control, and navigation infrastructure; and \$1.59 billion is for restoring the existing hurricane protection infrastructure to its design level of protection (protection from a fast-moving Category 3 hurricane). The agency also is to use \$0.54 billion for constructing authorized hurricane protection projects in Louisiana that were yet to be completed when the 2005 hurricanes struck and \$70 million for investing in natural disaster preparedness and mitigation activities. Also, \$55 million is for various Corps studies, including investigations into the restoration of Louisiana's

⁷ P.L. 109-62, 119 Stat. 1991. According to the Senate Budget Committee, the “enacted hurricane-related relief,” including tax, loan, and grant assistance, totals over \$103 billion. See *Senate Budget Committee Releases Current Tally of Hurricane-Related Spending*, [<http://budget.senate.gov/republican/pressarchive/2006-08-22Katrinatally.pdf>], Aug. 29, 2006.

⁸ P.L. 109-90, 119 Stat. 2090.

⁹ For information on the Stafford Act, see CRS Report RL33053, *Federal Stafford Act Disaster Assistance: Presidential Declarations, Eligible Activities, and Funding*, by Keith Bea.

¹⁰ Lists of major disaster and emergency declarations issued by the President pursuant to the Stafford Act are presented at “Federally Declared Disasters by Calendar Year,” available at [http://www.fema.gov/news/disaster_totals_annual.fema], visited Aug. 22, 2006.

¹¹ Pursuant to requirements set out in P.L. 109-61 and P.L. 109-62, FEMA and the Army Corps of Engineers must provide reports to Congress on funding associated with the hurricanes of 2005. See weekly reports at [http://appropriations.house.gov/_files/HurricaneKatrinaLink.htm], visited Aug. 22, 2006.

¹² Section authored by Nicole Carter, Resources, Science, and Industry Division, CRS.

coastal wetlands, increasing the level of hurricane protection for coastal Louisiana, and addressing Mississippi's water resource needs.¹³ These studies may conclude with recommendations for additional investment of federal resources in the affected Gulf States.

Defense Department Funding.¹⁴ In the first two Katrina supplementals (P.L.109-61 and P.L.109-62), DOD received the \$1.9 billion requested for emergency evacuation of military and civilian personnel and debris removal and emergency repairs at defense facilities affected by the hurricanes. In the case of the reallocation request, Congress reduced DOD's requested level to \$5.8 billion from \$6.6 billion by levying a 15% across-the-board cut to certain programs, but not Defense Health and Military Construction and Family Housing.¹⁵ The reallocation provisions in P.L. 109-148 set DOD funding at the following levels:

- \$471 million in military personnel funding for reservists activated to aid hurricane victims as well as to relocate military personnel and their dependents from affected bases;
- \$1.6 billion in operation and maintenance funding for cleanup, repair, and replacement of military facilities, equipment and infrastructure, evacuation and relocation of DOD civilians and their dependents, and environmental assessments of bases;
- \$1.4 billion in military construction and family housing funding to rebuild facilities and housing on bases; and
- \$2.0 billion for military procurement, including \$1.7 billion to pay estimated higher shipbuilding costs for the 11 ships under construction at Ingalls shipyard in Pascagoula, MS, and Avondale shipyard in New Orleans.¹⁶

Citing the need for "special oversight" of these shipbuilding funds dedicated to cover property damage, cleanup, idle payroll, and business disruption (that may also be covered by shipbuilders' insurance), the appropriators added report language requiring that the Navy or Army, as applicable, submit a report to the Appropriations Committees "certifying" that the costs were related to the hurricanes and would not be paid for by FEMA or the shipbuilders' insurers.¹⁷

¹³ The \$55 million includes \$18 million from the Energy and Water Development Appropriations Act for FY2006 (P.L. 109-103) as well as the supplemental and reallocated appropriations.

¹⁴ Section authored by Amy Belasco, Foreign Affairs, Defense, and Trade Division, CRS.

¹⁵ See Sec. 205, P.L. 109-148, which proportionately reduces all appropriations in Division B, Chapter 2, Defense by \$737.089 million, except for Defense Health; a 15% cut to each account. Military construction and family housing funded in Chapter 7 were not affected by this cut.

¹⁶ For more details, see CRS Report RL33197, *Reallocation of Hurricane Katrina Emergency Appropriations: Defense and Other Issues*, coordinated by Amy Belasco.

¹⁷ U.S. House, Conference Committees 2005, *Making Appropriations for the Department of Defense for the Fiscal Year Ending September 30, 2006, and for Other Purposes*, conference report to accompany H.R. 2863, H.Rept. 109-359, 109th Cong., 1st sess. (Washington: GPO, 2005), p. 496.