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## Policy Brief: The Hurricane Supplemental Spending Requests

Due to Hurricanes Charley, Frances, Ivan, and Jeanne, the Administration has sent three supplemental requests to Congress totaling \$12.2 billion in hurricane-related disaster relief. The President has already signed the first supplemental into law (P.L. 108-303) providing \$2 billion to the Federal Emergency Management Agency (FEMA). The remaining two requests (September 14<sup>th</sup> and 27<sup>th</sup>) are pending in Congress. Below is a breakdown of the three requests:

*In billions*

September 6 <sup>th</sup> Request – P.L. 108-303	\$2.0
September 14 <sup>th</sup> Request – <b>Pending</b>	\$3.1
September 27 <sup>th</sup> Request – <b>Pending</b>	\$7.1
<b>Total</b>	<b>\$12.2 Billion</b>

### SEPTEMBER 6<sup>th</sup> REQUEST – P.L. 108-303

*In millions*

Department/Agency	Amount	Purpose
FEMA	2,000.0	Provide shelter, food, and medical care/\$30 M in transfer authority to Small Business Administration (SBA)
<b>Total</b>	<b>2,000.0</b>	

### SEPTEMBER 14<sup>th</sup> REQUEST

*In millions*

Department/Agency	Amount	Purpose
Defense	72.5	Evacuation/base recovery/damage to facilities
HHS	50.0	Public Health/Social Services Fund
FEMA	2,000.0	Provide shelter, food, and medical care/pay for public infrastructures (schools, police stations, roads)
Coast Guard	8.0	Replace buoys/emergency evacuation expenses
HUD	150.0	Replace damaged homes/economic redevelopment
Interior	21.3	Clean-up/repair at national wildlife refuges/parks
Veterans Affairs (VA)	24.1	Repair hospitals/reimburse VA for local assistance/overtime
Corps of Engineers	118.0	Restore navigational channels/repair coastal areas
NASA	126.0	\$89 M for repairing Kennedy Space Center/\$23 M for equipment repair/\$14 M for temp. workspaces

SBA	457.0	Cover expected number of disaster loans
American Red Cross (Private Entity)	70.0	“Support the [ARC] in their mission to shelter, feed, and otherwise support victims of the recent natural disasters”
<b>Total</b>	<b>3,096.9</b>	

## SEPTEMBER 27<sup>th</sup> REQUEST

*In millions*

<b>Department/Agency</b>	<b>Amount</b>	<b>Purpose</b>
Agriculture (USDA)	420.0	\$400 M for crop loss assistance/\$20 M for clean-up at national forests
National Oceanic and Atmospheric Admin.	14.7	Repair facilities/“address impacts to endangered species and their habitat”/upgrade hurricane forecasting
Defense	889.4	Evacuation/base recovery/damage to facilities
FEMA	4,500.5	Ongoing disaster relief/public infrastructure repair
Coast Guard	18.0	Replace buoys/emergency evacuation expenses
Interior	45.0	Clean-up/repair at national wildlife refuges/parks
Federal Bureau of Prisons	24.1	Repair damage to federal prisons and relocate inmates
FAA	5.1	Repair FAA buildings and control towers
Federal Highway Administration (FHA)	600.0	Repair eligible highways in the FHA’s Emergency Relief Program
Veterans Affairs	5.0	Repair hospitals/reimburse VA for local assistance/overtime/repair national cemeteries
Corps of Engineers	81.0	Restore navigational channels/repair coastal areas
International Assistance Programs	50.0	International disaster and famine assistance in Grenada, Jamaica, Haiti, and other nations
SBA	472.0	Cover expected number of disaster loans
<b>Total</b>	<b>7,124.8*</b>	

\*According to the Administration’s fact sheet, this funding will “help Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, Ohio, Pennsylvania, West Virginia, and other affected areas respond to the damage caused by Hurricanes Ivan and Jeanne.”

## BUDGET DISCUSSION:

All of the \$12.2 billion requested by the President would be designated as an emergency and thus would not be counted against the levels provided in the budget resolution for FY04. However, once enacted, the Congressional Budget Office is required to assume that this one-time spending will continue and factor it into the baseline for the following year. In the past, this increase in the baseline is then often used to claim that spending is under control the following year, when if emergency spending was excluded, spending actually increased significantly.

## AGRICULTURE ASSISTANCE:

The September 27<sup>th</sup> request provides an *estimated* \$400 million in agriculture assistance to producers experiencing crop losses as a result of the one of the 2004 hurricanes. A large portion would be provided in the form of direct payments to agriculture producers who experienced more than 35% crop loss in expected production. The payment would be either 45 or 50% of the market price for any loss depending upon if crop insurance was in place or available. Producers could choose between either their 2004 or 2005 losses. Producers would be eligible for these payments even if they had failed to purchase available crop insurance, but they would then be required to purchase such insurance for each of the next two crop years. A farmer would be required to live in a county declared a disaster area by the President.

These payments would be limited to \$80,000 per producer, and each producer would be barred from receiving such payments if their income exceeded \$2.5 million in 2003 – unless 75% of their income stemmed specifically from farming. And unlike other farm disaster assistance proposals, such as the Baucus Amendment to the FY05 Homeland Security appropriations bill (S.2537), the President’s proposal ensures that these disaster payments would not exceed 95% of a crop’s worth in the absence of hurricane destruction. For instance, under the Baucus amendment, a producer could possibly exceed their losses on an expected crop’s market worth *if* the disaster payment is combined with any crop insurance payout and the sale (at a higher price with lower demand) of any crops that survived.

The proposal also earmarks \$100 million for the Emergency Watershed Protection Program for clean-up and technical assistance and \$90 million for payments to growers of specialty crops (citrus and vegetables).

## HISTORY OF OFFSETS FOR SUPPLEMENTALS:

The following chart, taken from the Congressional Budget Office, shows the amount of rescissions requested by previous Presidents to accompany supplemental spending bills and the amount of rescissions actually enacted.

*Budget Authority in Millions of Dollars*

	Bush			Clinton						
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Requested</b>	-227	-3,511	-7,881	-356	-3,141	-1,295	-1,053	-439	-43	-23
<b>Enacted</b>	-2,045	-331	-8,433	-2,499	-3,159	-18,940	-3,844	-7,980	-2,726	-2,019

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