



BUDGET & ECONOMIC MONITOR

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UPDATE ON HOUSE RESPONSES TO HURRICANE KATRINA

Summary

In response to the devastating impact of Hurricane Katrina on the Gulf Coast States, the House has passed a number of measures designed to ease the plight of those affected by the storm and its aftermath. Legislation began moving even before Labor Day, and the bills have been passed under an emergency designation, included in the budget resolution, exempting them from spending limits that would otherwise apply. Three of the bills have been enacted. The discussion below summarizes the \$64.6 billion of emergency budget authority passed by the House to date.

Most of the spending has come through the appropriations process, which is typical for the sudden and temporary nature of most emergency spending. Some measures, however, involve changes in the authorizing laws underlying certain entitlement programs; one applies to taxes.

Background

The fiscal year 2006 budget resolution (H.Con.Res.95) adopted by the House in March sets spending limits for both mandatory and discretionary programs. The resolution also accommodates the potential for natural disasters that may cause spending above these limits. Spending that is designated as “emergency spending” is exempt from the limits. Section 401 of the resolution provides criteria for the emergency designation. The emergency designation is applicable “if the underlying situation poses a threat to life, property, or national security,” and is sudden, urgent, unforeseen, and temporary. The emergency provision from the fiscal year 2006 resolution is applicable because the resolution adjusted fiscal year 2005 spending levels.

Legislation

Starting on September 2, the following bills, aimed at addressing Katrina’s effects, passed the House of Representatives. All received the “emergency” designation provided for in the budget resolution, and three have been enacted. (Partly because fiscal year 2005 ends on September 30, the majority of the outlays from these bills occur in fiscal year 2006.)

- **The Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising from the Consequences of Hurricane Katrina (H.R. 3645).** This enacted bill – passed by voice vote before Congress returned from its August recess – provides a total of \$10.5 billion in fiscal year 2005 emergency supplemental budget authority [BA] for disaster relief. Of that amount, \$10 billion in BA is directed to the Department of Homeland Security, and \$500 million to the Department of Defense [DOD].
- **The Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005 (H.R. 3673).** This bill adds to earlier funding for the Departments of Homeland Security and Defense by providing \$51.8 billion in emergency supplemental budget authority for recovery from Hurricane Katrina. Like the first bill, this measure – which also has been enacted – provides most of its funding (\$50 billion in BA) to the Department of Homeland Security. It also provides \$400 million in emergency supplemental BA to the Army Corps of Engineers, and \$1.4 billion in emergency supplemental BA to DOD.

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- **The National Flood Insurance Program Enhanced Borrowing Act of 2005 (H.R. 3669).** This bill, also enacted, amends the National Flood Insurance Act of 1968 by increasing, from \$1.5 billion to \$3.5 billion, the total amount the Federal Emergency Management Agency [FEMA] may borrow to carry out the flood insurance program. The increase would apply through fiscal year 2008, but the cost of the bill is scored as emergency mandatory BA in fiscal year 2006.
- **The TANF Emergency Response and Recovery Act of 2005 (H.R. 3672).** This House-passed bill provides both authorization and funding for the Temporary Assistance for Needy Families [TANF] program for families affected by Hurricane Katrina. It also provides a timing shift – not designated as an emergency – allowing States access to their fiscal year 2006 funds in the last quarter of fiscal year 2005. The bill designates \$94 million as emergency mandatory BA in fiscal year 2005, and \$200 million in fiscal year 2006.
- **Pell Grant Hurricane and Disaster Relief Act (H.R. 3169).** This bill, passed by the House, provides \$2 million in emergency mandatory spending in fiscal year 2006, and is aimed at grant recipients who fail to enroll in colleges or universities because of Hurricane Katrina. The measure holds such persons harmless from having to repay the applicable portions of their grants.
- **The Katrina Emergency Tax Relief Act of 2005 (H.R. 3768).** This House-passed measure is intended to encourage charitable donations to private relief efforts in response to the hurricane; to hold harmless dislocated beneficiaries of the Earned Income Tax Credit; and to prevent unjust tax consequences for those in the disaster zone who suffered property damage or casualty losses.

Table 1. Spending Effects of House-Passed Emergency Legislation for Hurricane Katrina
(dollars in billions)

Legislation		2005	2006	2007	2008	2009
H.R. 3645 ^a	BA	10.5				
	Outlays	1.15	7.75	1.400		
H.R. 3673 ^a	BA	51.8				
	Outlays	0.125	21.841	19.844	7.405	1.100
H.R. 3669 ^a	BA		2.0			
	Outlays		2.0			
H.R. 3672 (emergency-designated portions only)	BA	0.094	0.2			
	Outlays		0.245	0.044	0.005	
H.R. 3169	BA		0.002			
	Outlays		0.002			
H.R. 3768 ^b	BA					
	Outlays	0.125				
Totals	Budget Authority	62.394	2.202			
	Outlays	1.400	31.838	21.288	7.410	1.100

^a Enacted.
^b Outlay effects of tax relief provisions. Estimate by the Joint Committee on Taxation for the House-passed bill.

Table 2. Revenue Effects of House-Passed Emergency Legislation for Hurricane Katrina
(dollars in billions)

Legislation	2006	2007	2008	2009	2010	2006-10
H.R. 3768	-2.627	-2.463	-0.183	-0.009	-0.003	-5.287

Estimates by the Joint Committee on Taxation for the House-passed bill.

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