



Staff Contact: Russ Vought, x68581

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**Policy Brief.....FY 2004 Hurricane Supplemental (H.R. 5212)**

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**By the Numbers:**

<i>Dollars in Millions</i>		
	President's Request	House Appropriations
Spending	10,912.4	10,912.4
Rescissions	0.0	0.0

The House Appropriations Committee bill is the same as the President's request.

**Background:**

Due to Hurricanes Charley, Frances, Ivan, and Jeanne, the Administration has now sent four supplemental requests to Congress totaling \$12.9 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). H.R. 5212 encompasses the three remaining requests totaling \$10.9 billion.

*In billions*

September 6 <sup>th</sup> Request – P.L. 108-303	\$2.0
September 14 <sup>th</sup> Request – <b>H.R. 5212</b>	\$3.1
September 27 <sup>th</sup> Request – <b>H.R. 5212</b>	\$7.1
October 5 <sup>th</sup> Request – <b>H.R. 5212</b>	\$0.7
<b>Total</b>	<b>\$12.9 Billion</b>

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## Funding Details of H.R. 5212:

*In millions*

Department/Agency	President's Requests	House Appropriations	Purpose (As Included In the Request)
USDA	565.0	565.0	\$400 M <b>ESTIMATED</b> /\$130 M to retard runoff and prevent soil erosion/\$35 M for clean-up at national forests and restoration of fisheries
National Oceanic and Atmospheric Admin.	14.7	14.7	Repair facilities/"address impacts to endangered species and their habitat"/upgrade hurricane forecasting
HHS	50.0	50.0	Public Health/Social Services Emergency Fund
HUD	150.0	150.0	Replace damaged homes/economic redevelopment
FEMA	6,500.0	6,500.0	Provide shelter, food, and medical care/pay for public infrastructures (schools, police stations, roads)
Coast Guard	26.0	26.0	Replace buoys/emergency evacuation expenses
Defense	1,078.1	1,078.1	Evacuation/base recovery/damage to facilities
Interior	77.3	77.3	Clean-up/repair at national wildlife refuges/parks
FAA	30.1	30.1	Repair FAA buildings and control towers
Federal Highway Administration	800.0	800.0	Repair eligible highways in the FHA's Emergency Relief Program
Federal Bureau of Prisons	24.1	24.1	Repair damage to federal prisons and relocate inmates
Veterans Affairs	124.1	124.1	Repair hospitals/reimburse VA for local assistance/overtime/repair national cemeteries
Corps of Engineer	245.0	245.0	Restore navigational channels/repair coastal areas
EPA	3.0	3.0	Restore buildings and facilities
International Assistance Programs	100.0	100.0	International disaster and famine assistance in Grenada, Jamaica, Haiti, and other nations
SBA	929.0	929.0	Cover expected number of disaster loans
NASA	126.0	126.0	\$89 M for repairing Kennedy Space Center/\$23 M for equipment repair/\$14 M for temp. workspaces
American Red Cross (Private Entity)	70.0	70.0	"Support the [ARC] in their mission to shelter, feed, and otherwise support victims of the recent natural disasters"
<b>Total</b>	<b>10,912.4*</b>	<b>10,912.4*</b>	

\*Assumes that the mandatory agriculture assistance component of the bill (described below) is \$400 million. A CBO score is pending.

## **Budget Discussion:**

All of the \$10.9 billion provided by H.R. 5212 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:**

H.R. 5212 provides “such sums as are necessary” which is an **ESTIMATED** \$400 million in mandatory agriculture assistance to producers experiencing crop losses as a result of the one of the 2004 hurricanes. It is the same proposal included in the President’s requests. 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. Unlike other farm disaster assistance proposals, such as the Baucus Amendment to the FY05 Homeland Security appropriations bill (S.2537), H.R. 5212 ensures that these disaster payments *would not exceed* 95% of a crop’s worth in the absence of hurricane destruction. (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.)

H.R. 5212 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).

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