



October 29, 2002

Honorable Carolyn B. Maloney  
U.S. House of Representatives  
Washington, DC 20515

Dear Congresswoman:

This letter and the attached tables provide the information on enacted funding for assistance to the city of New York, as outlined in my letter of October 11, 2002. Of the almost \$65 billion in budget authority enacted through the three emergency supplemental appropriations acts dealing with recovery from and response to terrorist attacks on the United States (Public Laws 107-38, 107-117, and 107-206), \$15.7 billion was provided for assistance to the city of New York. In addition, CBO and the Joint Committee on Taxation estimate that businesses and individuals in New York City will receive about \$5 billion in tax relief over the 2002-2012 period under Public Law 107-147. Table 1 summarizes the appropriations for New York City, as well as the estimated revenue impact for Public Law 107-147. The above amounts exclude compensation to victims of the September 11 attacks—the majority of which will go to families who lost relatives in the attack on the World Trade Center.

### **Funds Appropriated for New York City**

Three emergency supplemental appropriations acts enacted in fiscal years 2001 and 2002 provided \$15.7 billion in budget authority for assistance to New York City. The three acts, and the amount of assistance provided are:

- The 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38), which provided \$1.9 billion,
- The Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States, 2002 (Public Law 107-117), which provided \$7.3 billion, and

- The 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-206), which provided \$6.4 billion.

About 95 percent of these funds have been allotted to three agencies: the Federal Emergency Management Agency (FEMA), the Department of Housing and Urban Development (HUD), and the Department of Transportation (see Table 2). The Disaster Relief Fund administered by FEMA received about \$9 billion to assist both the city of New York and the state of New York following the terrorist attack. FEMA has spent some of these funds on rescue efforts following the attacks, debris removal, and economic assistance to individuals and public agencies, among other activities (see Table 3). As of October 9, 2002, FEMA had obligated approximately \$2.1 billion and spent about \$1.5 billion of that amount. Based on information from FEMA, CBO expects that an additional \$2.75 billion will be obligated early in fiscal year 2003 to rebuild mass transit infrastructure under lower Manhattan.

The Community Development Block Grant (CDBG) program administered by HUD received almost \$3.5 billion to help New York City recover following the terrorist attack. According to HUD, \$2.7 billion is being used for grants to renters and homeowners to subsidize housing expenses and for grants to businesses for economic loss and relocation expenses. HUD has obligated all of this money, and has spent about \$250 million to date. HUD expects to use \$783 million to assist utilities such as phone and electricity companies to re-establish services around the World Trade Center site. To date, none of that \$783 million has been obligated.

The federal Department of Transportation received about \$2.4 billion to repair roads in New York City, increase security on public transit lines and Amtrak, and replace and rebuild mass transit systems in lower Manhattan. Of the amount appropriated, less than \$200 million has been obligated. Based on information from the Department of Transportation, CBO expects, however, that significant amounts will be obligated early in fiscal year 2003 to rebuild mass transit systems.

Based on reports prepared by the Office of Management and Budget on obligations from the Emergency Response Fund (the emergency transfer fund established by Public Law 107-38) and information provided by FEMA, CBO believes that in total a little more than \$5 billion of the \$15.7 billion has been obligated to date. This figure is somewhat inexact because it isn't possible for

some agencies to separate obligations for New York City from obligations for other purposes. The Appendix to this letter provides additional detail on the appropriations for New York City and the status of obligations of those funds.

### **Estimated Tax Relief for New York City**

In addition to the nearly \$16 billion appropriated for New York City, CBO and the Joint Committee on Taxation estimate that title III of the Job Creation and Worker Assistance Act of 2002 (Public Law 107-147) will provide tax relief to businesses and individuals in New York City worth about \$5 billion over the next 10 years. These benefits are generally targeted to businesses operating in the New York Liberty Zone (Manhattan Island south of Canal Street) and include expansion of the Work Opportunity Tax Credit to include employees in the Liberty Zone, accelerated depreciation for assets located in the zone, and expanded authority to issue private-activity bonds to finance construction there.

If you wish further details about this information, we will be pleased to provide them. The CBO staff contacts are Matthew Schmit, who can be reached at 226-2840, and Julie Middleton, who can be reached at 226-2860.

Sincerely,

Dan L. Crippen  
Director

Attachments: Tables 1, 2, 3, and Appendix

Identical letters sent to Honorable Gary L. Ackerman, Honorable Eliot L. Engel, Honorable Maurice D. Hinchey, Honorable Nita M. Lowey, Honorable Michael R. McNulty, Honorable Jerrold Nadler, Honorable Major R. Owens, Honorable Charles B. Rangel, Honorable José E. Serrano, and Honorable Edolphus Towns.

TABLE 1. SUMMARY OF FEDERAL RELIEF FOR NEW YORK CITY  
(By fiscal year, in millions of dollars)

DISCRETIONARY SPENDING (BUDGET AUTHORITY)

	<u>2001</u>	<u>2002</u>
2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38)	1,917	0
Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States, 2002 (Public Law 107-117)	0	7,324
2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-206)	<u>0</u>	<u>6,431</u>
Total Estimated Budget Authority	1,917	13,755

ESTIMATED CHANGE IN REVENUES

	<u>2002</u>	Total, <u>2002-</u> <u>2012</u>
Job Creation and Worker Assistance Act of 2002 (Public Law 107-147, title III only) <sup>a</sup>	-484	-5,029

SOURCE: Congressional Budget Office.

- a. CBO and the Joint Committee on Taxation estimate for H.R. 3090, the Job Creation and Worker Assistance Act of 2002, which was signed by the President and became Public Law 107-147 on March 9, 2002. Public Law 107-147 extends numerous tax credits and makes other changes in tax law and spending programs which mostly affect corporate tax receipts and unemployment benefits. In addition, title III of this act extends certain tax credits and exemptions for certain areas of New York City affected by September 11. (The affected parts of New York City are referred to in this act as the "Liberty Zone," which is Manhattan Island south of Canal Street.)

TABLE 2. SUMMARY OF APPROPRIATIONS FOR NEW YORK CITY CONVEYED IN PUBLIC LAWS 103-38, 107-117, AND 107-206, (By Agency, in millions of dollars)

Department/Agency	Budget Authority	Obligated Through August 2002
Federal Emergency Management Agency (FEMA)	9,008 <sup>a</sup>	2,024 <sup>b</sup>
Housing and Urban Development (HUD)	3,484	2,701
Transportation	2,366 <sup>a</sup>	197
Small Business Administration	250	138
Labor	248 <sup>a</sup>	69
Health and Human Services	120	c
Justice	75	60
General Services Administration	32 <sup>a</sup>	0
Treasury	26 <sup>a</sup>	c
Education	10	0
Commerce	8	3
Other	45 <sup>a</sup>	24
Total	15,672	5,215 <sup>d</sup>

SOURCES: Congressional Budget Office, the Office of Management and Budget, and the Federal Emergency Management Agency.

Totals may not add due to rounding.

- a. In some cases, it is difficult to separate funding for New York City from funding for other activities. In these instances, the figures shown represent CBO's best estimate based on a review of conference reports and Administration documents.
- b. Based on information from the Federal Emergency Management Agency, obligations through October 9, 2002, are about \$2.1 billion.
- c. Cannot be determined at this time.
- d. Because it is difficult to separate obligations for New York from obligations for other activities, it is difficult to derive an exact estimate. However, CBO does not believe the exact amount is significantly different from the amount shown here.

TABLE 3. FEMA'S DISASTER ASSISTANCE BY PROGRAM AREA FOR NEW YORK CITY,  
TOTAL OBLIGATIONS AS OF OCTOBER 9, 2002 (In millions of dollars)

	Amount Obligated
<b>Human Services</b>	
Unemployment Compensation	17
Individual and Family Grants	17
Temporary Housing	111
Crisis Counseling	65
Other	<u>1</u>
Subtotal, Human Services	210
<b>Public Assistance</b>	
Inspections	28
Public Assistance Grants	<u>1,475</u>
Subtotal, Public Assistance	1,503
Mission Assignments <sup>a</sup>	141
Mitigation <sup>b</sup>	2
<b>Administrative Costs</b>	
Urban Search and Rescue	25
Other Administration (staffing, application processing)	<u>226</u>
Subtotal, Administrative Costs	250
<b>Total Obligations</b>	<b>2,106</b>

SOURCE: Federal Emergency Management Agency.

Totals may not add due to rounding.

- a. Payment to other federal agencies for their assistance.
- b. Activities to lessen the impact of future disasters.

Appendix  
Emergency Appropriations for New York City by Appropriation Act and Account (In millions of dollars)

Department/Agency	Appropriation	Budget Authority	Funds Obligated Through August 2002	Description of Assistance
Public Law 107-38, 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States				
HHS	Public Health and Social Services Emergency Fund	108	a	Public health related assistance to New York City
Labor	Employment and Training Administration, Training and Employment Services	25	25	Assistance for dislocated workers, unemployment claims
Labor	State Unemployment Insurance and Employment Service Operations	4	4	Assistance for dislocated workers, unemployment claims
Labor	OSHA, Salaries and Expenses	1	1	OSHA monitoring of World Trade Center site
FEMA	Disaster Relief	970	970	Disaster assistance to New York City
Small Business Administration	Disaster Loans Programs	100	79	Low interest disaster loans
Justice	Legal Activities and U.S. Marshals Salaries and Expenses	7	a	To coordinate relief to World Trade Center victims pursuant to Public Law 107-42
HUD	Community Planning and Development, Community Development Block Grants	700	700	Economic aid to New York City
Commerce	International Trade Administration, Operations and Administration	b	a	Relocation of offices from World Trade Center complex
Commodity Futures Trading Commission	CFTC	b	b	Relocation of offices from World Trade Center complex
Export-Import Bank	Export-Import Bank	b	b	Relocation of offices from World Trade Center complex
Federal Drug Control Programs	High Intensity Drug Trafficking Aveas Program	<u>2</u>	<u>2</u>	Replace equipment lost in New York City
Subtotal		1,917	1,781 <sup>c</sup>	

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Department/Agency	Appropriation	Budget Authority	Funds Obligated Through August 2002	Description
<b>Public Law 107-117, Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States, 2002</b>				
Justice	Crime Victims Fund	68	60	Grants to state and private organizations for counseling of 9-11 victims
Commerce	National Telecommunications and Information Administration, Planning and Construction	8	3	Emergency grants to assist public broadcasters hurt by loss of equipment at World Trade Center
Small Business Administration	Business Loans Program Account	75	30	Business loans for Manhattan
Small Business Administration	Disaster Loans Program Account	75	29	Business loans for Manhattan
Labor	Employment and Training Administration, Training and Employment Services	33	33	To assist displaced workers in New York City
Labor	State Unemployment Insurance and Employment Service Operations	4	4	Unemployment assistance
Labor	Workers Compensation Programs	175	0	Reimbursement of workers compensation claims related to terror attacks
HHS	CDC, Disease control, Research & Training	12	8	Baseline screening for emergency services and rescue and recovery personnel
Education	School Improvement Program	10	0	Crisis recovery programs and counseling

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Department/Agency	Appropriation	Budget Authority	Funds		Description
			Obligated Through August 2002		
<b>Public Law 107-117, Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States, 2002 (Continued)</b>					
Transportation	Federal Highway Administration, Miscellaneous Highway Trust Funds	100	0		Expansion of interstate ferry service between New Jersey and World Trade Center
Transportation	Federal-Aid Highways, Emergency Relief Program	75	63		For repair of roads in lower Manhattan
Transportation	Capital Grants to National Railroad Passenger Corp	100	77		Increase security of railroad tunnels into New York City
Transportation	Federal Transit Administration, Formula Grants	24 <sup>d</sup>	14 <sup>d</sup>		To assist transit kiosks destroyed in lower Manhattan/chemical and biological detection on public transit/emergency response training
Transportation	Capital Investment Grants	100	43		Accelerate transit improvements to improve commuting into New York City
HUD	Community Planning and Development, Community Development Block Grants	2,000	2,000		Block grants to New York City businesses
FEMA	Disaster Relief	4,357	1,054		Disaster relief to New York City
Equal Employment Opportunity Commission	Salaries and Expenses	1	1		Response and recovery for New York City offices

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Department/Agency	Appropriation	Budget Authority	Funds		Description
			Obligated Through August 2002		
Public Law 107-117, Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States, 2002 (Continued)					
Securities and Exchange Commission	Salaries and Expenses	21	13		Response and recovery for New York City offices
Commodity Futures Trading Commission	CFTC	17	4		Response and recovery for New York City offices
Labor	OSHA, Salaries and Expenses	1	1		Reconstitute Manhattan office, monitor conditions of ground zero site workers
Labor	Department Management Salaries and Expenses	6 <sup>d</sup>	2		Security needs and recovery of destroyed offices
Social Security Administration	Federal Old-Age and Survivors Insurance Trust Fund	4 <sup>e</sup>	4		Response and recovery for New York City offices
Treasury	Secret Service, Salaries and Expenses	26 <sup>d</sup>	2		Replacement of lost equipment in New York City
General Services Administration	Real Property Activities, Federal Buildings Fund	32 <sup>d</sup>	2		Relocations in New York City, and added security
HUD	Office of Inspector General	1	1		Replacement of lost equipment in New York City
Subtotal		7,324	3,435 <sup>e</sup>		

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Department/Agency	Appropriation	Budget Authority	Funds Obligated Through August 2002	Description
<b>Public Law 107-206 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States.</b>				
FEMA	Disaster Relief	3,681 <sup>a</sup>	0	Disaster relief for New York City
Transportation	Federal Highway Administration, Federal-Aid Highways	167	0	For repair of roads damaged in lower Manhattan
Transportation	Federal Transit Administration, Capital Investment Grants	1,800	0	Replace and rebuild mass transit systems in Manhattan
HUD	Community Development Block Grants	783	0	Assistance for damaged property and businesses in New York City
	Subtotal	6,431	0	
	Total Budget Authority and Obligations	15,672	5,215 <sup>c</sup>	

SOURCES: Congressional Budget Office, Office of Management and Budget, and the Federal Emergency Management Agency.

Totals may not add due to rounding.

- a. Cannot be determined at this time.
- b. Less than \$500,000.
- c. Because it is difficult to separate obligations for New York from obligations for other activities, it is difficult to derive an exact estimate. However, CBO does not believe the exact amount is significantly different from the amount shown here.
- d. It is difficult to determine what portion of the appropriation is for New York specific activities. In these instances, the figures represent CBO's best estimate based on a review of conference reports and Administration documents.