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Emergency Supplemental Appropriations for Hurricane Katrina Relief

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Summary

In response to the widespread destruction brought to the Gulf Coast by Hurricane Katrina, the 109th Congress completed action on two separate emergency supplemental bills (P.L. 109-61/H.R. 3645 and P.L. 109-62/H.R. 3673), which together provide an additional \$62.3 billion for emergency response and recovery needs. Both measures match the funding requested by the Administration — \$10.5 billion in P.L. 109-61 and \$51.8 billion in P.L. 109-62. Of the combined amount provided in the two measures, \$60 billion enables the Federal Emergency Management Agency (FEMA) to provide emergency food, shelter, and medical care to areas stricken by the hurricane and other disasters. In addition, \$1.9 billion was appropriated to the Department of Defense to pay for damage to its facilities and personnel evacuation costs, and \$400 million to the Army Corps for damaged flood control projects. On October 28, 2005, the Administration requested the reallocation of \$17.1 billion primarily to pay for restoring damaged federal facilities, and submitted a rescission request of \$2.3 billion from 17 accounts to pay for some of the disaster costs. This report will be updated as events warrant.

Overview of Congressional Action¹

Hurricane Katrina struck the Gulf Coast of the United States on August 29, 2005, causing widespread flooding and significant property and infrastructure damage to Louisiana, Mississippi, and Alabama. In response, the 109th Congress completed action on two emergency supplemental measures (P.L. 109-61/H.R. 3645 and P.L. 109-62/H.R. 3673), which together have provided \$62.3 billion in emergency supplemental funding for immediate relief and response needs. (See Table 1.) Both measures contain funding levels as requested by the Administration in two separate submissions, and both were

¹ Other CRS analysts contributing to this report were Keith Bea (FEMA), Amy Belasco (Defense), and Nicole T. Carter (Army Corps of Engineers).

enacted within one day after the requests were received — P.L. 109-61 on September 2 and P.L. 109-62 on September 8.

Table 1. FY2005 Supplemental Appropriations in Response to Hurricane Katrina
(\$ in billions)

Federal Agency/Activity	1 st Supp. P.L. 109-61 ^a	2 nd Supp. P.L. 109-62	Total appropriation
FEMA	10.0	50.0	60.0
Manufactured Housing	3.3	1.6	4.9
Supplies/Materials	0.4	1.9	2.3
Temporary Financial Assistance	0.8	23.2	24.0
FEMA Logistics	0.5	2.6	3.1
Infrastructure Repair	0.1	7.7	7.8
Damage Inspections	0.1	0.3	0.4
Urban Search and Rescue	0.1	0.1	0.2
Army Corps of Engineers ^b	2.4	3.0	5.4
Department of Defense ^b	2.1	2.5	4.6
Other	1.0	7.2	8.2
Army Corps of Engineers	—	0.4	0.4
Department of Defense	0.5	1.4	1.9
Total:	10.5	51.8	62.3

Source: CRS analysis of Senate Budget Committee, *Budget Bulletin*, 109th Congress, 1st Session: No. 5, Sept. 12, 2005.

Note: Amounts may not add to totals due to rounding.

- a. The breakdown of FEMA spending, includes \$681 million previously appropriated to FEMA. Hence, the sum of the FEMA components is \$681 million greater than the \$60.0 billion provided by the two supplementals.
- b. Reflects funds appropriated to FEMA and then transferred as reimbursement for services provided in response to Hurricane Katrina.

The first supplemental (P.L. 109-61) provided \$10 billion in FY2005 funding for the Department of Homeland Security's Federal Emergency Management Agency (FEMA), and \$0.5 billion for the Department of Defense (DOD) to support the costs of evacuation, emergency repairs, and deployment of personnel, and other costs resulting from the immediate relief efforts. The second supplemental (P.L. 109-62) added \$50 billion to the FEMA funding and \$1.4 billion to the DOD funding, and also provided \$400 million to the Army Corps of Engineers for restoring the Gulf state waterways and repairing their flood control projects.

Breakdown of Enacted Supplemental Spending

FEMA. The two enacted emergency supplemental appropriations measures directed a total of \$60 billion to the Disaster Relief Fund (DRF) administered by FEMA. DRF funds provide assistance to individuals, families, state and local governments, and certain nonprofit organizations, as authorized by the Stafford Act. Stafford Act aid is available after the President issues a declaration that federal assistance is needed to supplement the resources of states and localities overwhelmed by particularly significant catastrophes.² Federal assistance supported by DRF money is used by states, localities, and certain nonprofit organizations to provide mass care, restore damaged or destroyed facilities, clear debris, and aid individuals and families with uninsured needs, among other activities. In response to Hurricane Katrina the President has issued major disaster declarations for Louisiana, Mississippi, Alabama, and Florida.³

Of the \$50 billion provided to FEMA in P.L. 109-62, up to \$100 million may be transferred to the National Disaster Medical System (NDMS) for medical and related relief teams.⁴ P.L. 109-62 also contains a provision allocating \$15 million for the Department of Homeland Security's Inspector General to carry out audits and investigations related to Hurricane Katrina response and recovery activities. Beyond these two allocations, neither of the two supplementals contains specifics on how the FEMA funding is to be used. The second supplemental (P.L. 109-62) does require the Secretary of DHS to submit a weekly report to the Appropriations Committees detailing the obligation and allocation of the \$50 billion contained in the act, with the first report due to Congress no later than September 15, 2005. A comparable provision was not included in the first enacted supplemental.

In addition to supplemental appropriations, funds are also appropriated to the DRF during the annual appropriations process. For example, for FY2005, Congress appropriated \$2.0 billion to the DRF during the annual appropriation process and later provided \$6.5 billion in supplemental disaster relief funding (P.L. 108-324) after Hurricanes Charley, Frances, Ivan, and Jeanne struck Florida and other states in the U.S. in the summer of 2004.⁵ For the FY2006 Department of Homeland Security appropriation, the President requested and both the House and Senate recommended, comparable funding of approximately \$2 billion for the DRF.⁶

² For more information on the Stafford Act and the DRF, see CRS Report RL33053, *Federal Stafford Act Disaster Assistance: Presidential Declarations, Eligible Activities, and Funding*, by Keith Bea.

³ For information on Hurricane Katrina, including the disaster declarations, see U.S. Federal Emergency Management Agency (FEMA), "Hurricane Katrina Information," at [http://www.fema.gov/press/2005/resources_katrina.shtm], visited Sept. 2, 2005.

⁴ For more information on the NDMS, see CRS Report RL31719 *An Overview of the U.S. Public Health System in the Context of Emergency Preparedness*, by Sara A. Lister.

⁵ For more information, see CRS Report RL32581, *Supplemental Appropriations for the 2004 Hurricanes and Other Disasters*, by Keith Bea and Ralph M. Chite.

⁶ For more information, see CRS Report RL32863, *Homeland Security Department: FY2006 Appropriations*, coordinated by Jennifer E. Lake, and Blas Nuñez-Neto, pp. 49-53.

Defense Funds Appropriated. Between the two enacted supplementals, the Department of Defense (DOD) has received \$1.9 billion — \$500 million in P.L. 109-61, and an additional \$1.4 billion in P.L. 109-62 (see **Table 1**). As projected by DOD, \$1.3 billion of the total will be used for emergency evacuation of military and civilian personnel, debris removal, and emergency repairs at over 20 defense installations affected by the hurricane, and \$570 million to pay the cost of mobilizing and supporting some 44,000 National Guard personnel. These funds do not include \$4.6 billion in projected FEMA reimbursements to DOD (for “mission assignments”) for its rescue operations.

Damage at defense installations ranges from minor damage to fences and roofs to wholesale damage to Keesler Air Force Base in Mississippi. Three of the damaged facilities — the Naval Support Activity in New Orleans, the Mississippi Army Ammunition Plant, and the Naval Station in Pascagoula, Mississippi — were recommended for closure by the Department of Defense in the ongoing Base Realignment and Closure round.⁷

All supplemental DOD funds appropriated thus far are to Operation and Maintenance, Defense-wide, and are set up as a transfer account whereby DOD can move monies to other accounts depending on the type of expense (e.g., to pay military personnel costs, operating costs, procurement, family housing, and Defense health). Unneeded funds in any account may be returned to the transfer account, and then transferred elsewhere. Congress approved the amounts requested by the Administration but added language requiring DOD to notify the congressional defense committees (Armed Services and Appropriations) of any transfer of funds within five days of a transfer.

Defense Re-allocation Request. The Administration’s October 28, 2005 re-allocation request would transfer \$6.5 billion of the funds previously appropriated to FEMA to the Department of Defense primarily to repair and replace defense facilities and Navy ships under construction. The request proposes:

- \$2.1 billion to repair defense facilities;
- \$2.3 billion to replace equipment, including \$2.0 billion for Navy ships under construction at Ingalls shipyard in Mississippi and the Marine and Land Facility in New Orleans;
- \$1.4 billion to repair and replace family housing and other facilities;
- \$553 million for military personnel costs; and
- \$66 million for Research, Development, Test & Evaluation (RDTE) to replace testing equipment and \$52 million for working capital and trust funds.⁸

⁷ The Base Closure Commission’s final report was submitted to the President on September 8, 2005, which included a recommendation to realign (rather than close) Naval Support Activity, New Orleans, and to close the other two facilities.

⁸ 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 Nov. 1, 2005.

Military personnel and operation and maintenance funds would be available for one year, RDTE and non-ship procurement funds for two years, and shipbuilding and military construction funds for five years.

The Administration also requested authority to transfer \$750 million of the funds requested for the Department of Defense, as well as general provisions allowing military personnel deployed for Katrina to accumulate up to 120 days of leave, and permitting the Secretary of Defense to temporarily increase basic housing allowances by up to 20% for those in the disaster area based on certifications from service member.

Army Corps of Engineers (Civil Works). As requested by the President, the second supplemental (P.L. 109-62) contained an appropriation of \$400 million directly to the U.S. Army Corps of Engineers for its civil works program.⁹ Not included in this amount is an additional \$5.4 billion the Corps may receive by transfer from FEMA (see **Table 1**) for emergency support for public works and engineering, under the National Response Plan.¹⁰

Of the \$400 million appropriated directly to the Corps, \$200 million was for the agency's Operation and Maintenance account to repair storm damage at Corps projects in affected Gulf states, and \$200 million was for its Flood Control and Coastal Emergencies account to continue repairs of damaged flood control and hurricane shore protection projects in affected Gulf states. The Corps reports weekly to the Committees on Appropriation on the allocation and obligation of these funds; as of October 28, 2005, the Corps had allocated all but \$5 million of the \$400 million.

The estimated \$5.4 billion transfer from FEMA to the Corps for public works and engineering support, includes technical assistance, engineering, and construction management as well as emergency contracting, power, and repair of wastewater and solid waste facilities. The Corps is also tasked with providing assistance in the monitoring and stabilization of damaged structures and the demolition of structures designated as immediate hazards to public health and safety.

October 28 Budget Amendments. The rate of expenditure from the DRF varies according to the needs that result from a catastrophe and the type of assistance authorized to be provided. Aid to victims for immediate concerns (housing, purchase of clothing, uninsured essential needs) is provided quickly. According to the Department of Homeland Security, over 1 million households have received more than \$3.5 billion in

⁹ The U.S. Army Corps of Engineers (Department of Defense) has military and civilian responsibilities. Under its civil works program at the direction of Congress, the Corps plans, constructs, and operates, and maintains a wide range of water resources facilities.

¹⁰ The Stafford Act (42 U.S.C. 5170b) authorizes FEMA to direct DOD to use its resources to provide assistance in the event of a major disaster or emergency declaration by the President. Under the National Response Plan, DOD is responsible for emergency support for public works and engineering. The Corps is the designated operating agent for DOD in executing these activities. The Corps' funding for these activities is provided through mission assignments made by FEMA and paid for from the Disaster Relief Fund. For additional information, see [<http://www.usace.army.mil/inet/functions/cw/cecwo/readness.htm>], visited Nov. 1, 2005.

disaster assistance during the first three weeks of recovery.¹¹ On the other hand, it is not unusual for the drawdown of funds from the DRF to take years for the reconstruction of communities. The devastation caused by Hurricane Katrina, and the need to consider the redesign of many communities, including New Orleans, will likely result in months if not years of plans, reconfigurations, and contracting negotiations.

The President submitted a reallocation request to Congress on October 28, 2005, “to undertake response and recovery activities in the affected regions that cannot be funded by FEMA under the Stafford Act,” primarily for repair and replacement of federal facilities.¹² The reallocation decision may have been based upon the recognition of the historically slow drawdown rate in the DRF for the repair and replacement of community infrastructure facilities. The Administration contends that after the reallocation is made, “remaining amounts available in the DRF are expected to be sufficient through May of 2006 to proceed uninterrupted with ongoing disaster-response efforts underway in the affected regions, state and local infrastructure rebuilding requirements, as well as potential costs arising from Hurricane Wilma.” Funds would be reallocated to accounts administered by 11 departments (Agriculture, Commerce, Defense, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, Transportation, and Veterans Affairs) and seven other accounts (Environmental Protection Agency, the Corps of Engineers, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, Armed Forces Retirement Home, and the Judicial Branch). The submission also includes language providing authority for any federal agency to transfer funding to meet emergency needs resulting from Hurricane Katrina, pending notification to Congress.

In an effort to address concerns about the cost of the federal response to the disasters, the President also submitted that same day a budget amendment that would rescind “\$2.3 billion from lower-priority federal programs and excess funds.”¹³ The rescissions, if approved by Congress, would affect 12 departments, most of which would receive reallocated funds, and five other accounts.¹⁴

¹¹ “Emergencies & Disasters, Hurricane Katrina: What the Government is Doing,” at [<http://www.dhs.gov/interweb/assetlibrary/katrina.htm>], visited Nov. 1, 2005.

¹² 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 Nov. 1, 2005.

¹³ 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 Nov. 1, 2005.

¹⁴ The departments that would be affected by the rescission include Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Labor, State, and Treasury. The five accounts from which funds would be rescinded include those administered by the Environmental Protection Agency, the Broadcasting Board of Governors, the Corporation for Public Broadcasting, the Federal Communications Commission, and International Assistance Programs.