

# CRS Report for Congress

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## Emergency Supplemental Appropriations for Hurricane Katrina Relief

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### Summary

In response to the widespread destruction caused by Hurricane Katrina, the 109<sup>th</sup> Congress enacted two FY2005 emergency supplemental appropriations bills (P.L. 109-61 and P.L. 109-62), which together provide \$62.3 billion for emergency response and recovery needs. These funds were appropriated as follows: \$60 billion to the Federal Emergency Management Agency (FEMA) for aid to individuals and communities, \$1.9 billion to the Department of Defense for facilities and personnel evacuation costs, and \$400 million to the Army Corps of Engineers for damaged water resources infrastructure.

However, the funding streams of these appropriated funds and amounts for disaster recovery have changed and appear likely to undergo further changes, largely at the request of the Administration. First, the FY2006 appropriations legislation for the Department of Defense (P.L. 109-148) reallocated funds primarily to pay for the restoration of damaged federal facilities. The reallocated funds were not new appropriations; they were derived from the funds appropriated in the two emergency supplemental statutes, as well as from a government-wide rescission. Second, Congress agreed to transfer \$712 million from FEMA to the Small Business Administration for disaster loans (P.L. 109-174). Third, on February 16, 2006, the Administration submitted an additional request of \$19.8 billion in supplemental FY2006 funding for recovery assistance, which is pending before Congress. This legislation (H.R. 4939) has been approved by the House and Senate; differences remain to be reconciled in conference.

This CRS report summarizes federal disaster assistance funding legislation in the 109<sup>th</sup> Congress and presents some information on federal expenditures and obligations for disaster recovery activities. This report will be updated as events warrant.

## Overview of Disaster Appropriations

In response to Administration requests after Hurricane Katrina struck the Gulf Coast on August 29, 2005, the 109<sup>th</sup> Congress enacted two FY2005 emergency supplemental measures (P.L. 109-61 and P.L. 109-62), which appropriated \$62.3 billion for immediate relief and response needs (see **Table 1**). Both measures were enacted one day after the requests were received — P.L. 109-61 on September 2, 2005, and P.L. 109-62 on September 8, 2005. In addition, the Administration submitted a third emergency funding request, this one for FY2006, on February 16, 2006.<sup>1</sup>

**Table 1. FY2005 Supplemental Disaster Appropriations**  
(thousands of dollars, designated as emergency spending)

Department	P.L. 109-61	P.L. 109-62
Department of Homeland Security/Disaster Relief Fund <sup>a</sup>	\$10,000,000	\$50,000,000
Department of Defense-Military/Operation and maintenance <sup>b</sup>	\$500,000	\$1,400,000
Department of Defense-Civil/Corps of Engineers	—	\$400,000
Total	\$10,500,000	\$51,800,000
<b>Grand total</b>	<b>\$62,300,000</b>	

**Source:** CRS calculations from amounts presented in P.L. 109-61 and 109-62.

- a. Of the \$50 billion provided to FEMA in P.L. 109-62, up to \$100 million was authorized to be transferred to the National Disaster Medical System (NDMS) for medical and related relief teams.<sup>2</sup>
- b. Funds may be transferred to military personnel, operation and maintenance, procurement, family housing, and Defense Health Program, and working capital funds, with a five-day after-the-fact notification to congressional defense committees.

## Reallocation

Complications associated with rebuilding and recovery in the Gulf Coast states have slowed reconstruction normally funded through the Disaster Relief Fund (DRF).<sup>3</sup> On October 28, 2005, the President submitted to Congress a request to reallocate \$17.1 billion previously appropriated “to undertake response and recovery activities in the affected regions that cannot be funded by FEMA...,” primarily for the repair and

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<sup>1</sup> The FY2006 supplemental request is available at [[http://www.whitehouse.gov/omb/budget/amendments/supplemental1\\_2\\_16\\_06.pdf](http://www.whitehouse.gov/omb/budget/amendments/supplemental1_2_16_06.pdf)], visited Feb. 17, 2006. For background see CRS Report RL33298, *FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Katrina Hurricane Relief*, coordinated by Paul Irwin and Larry Nowels.

<sup>2</sup> For information on the NDMS, see CRS Report RL31719 *An Overview of the U.S. Public Health System in the Context of Emergency Preparedness*, by Sarah A. Lister.

<sup>3</sup> Among other factors, environmental challenges and debris clearance constitute some, but not the only, obstacles to recovery. See CRS Report RL33115, *Cleanup after Hurricane Katrina: Environmental Considerations*, by Robert Esworthy, Linda Jo Schierow, Claudia Copeland, and Linda Luther.

replacement of federal facilities.<sup>4</sup> To address concerns about the cost of the federal response, the President also submitted that same day a budget amendment that sought the rescission of “\$2.3 billion from lower-priority federal programs and excess funds.”<sup>5</sup> Through the FY2006 Department of Defense (DOD) appropriations legislation (P.L. 109-148), Congress agreed, in modified form, to the President’s request by adding roughly \$13 billion to the request.<sup>6</sup> **Table 2** presents summary information on the funding reallocated to federal agencies, by agency or appropriation accounts (as presented in the legislation) for damage caused by Hurricane Katrina as well as Hurricanes Rita and Wilma. **Table 3** sets forth information on the rescissions and offsets to be used to fund the reallocations summarized in **Table 2** of this report.

**Table 2. Disaster Funding Reallocations, P.L. 109-148**  
(thousands of dollars)

<b>Department, agency, or appropriation account</b>	<b>Amount reallocated</b>
Department of Agriculture	\$1,183,100
Department of Defense (includes military construction)	\$5,753,700
Department of Defense-Civil	\$2,899,549
Department of Homeland Security	\$285,100
Department of the Interior	\$70,300
Department of Labor	\$125,000
Department of Health and Human Services	\$640,000
Department of Education	\$1,600,000
Department of Veterans Affairs	\$658,436
Department of Justice	\$229,000
Department of Commerce	\$54,600
National Aeronautics and Space Administration	\$349,800
Small Business Administration <sup>a</sup>	\$446,000
Department of Transportation	\$2,798,100
Department of Housing and Urban Development	\$11,890,300
The Judiciary	\$18,000
General Services Administration	\$38,000
Environmental Protection Agency	\$8,000
<b>Total</b>	<b>\$29,046,985</b>

<sup>4</sup> 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](http://www.whitehouse.gov/omb/budget/amendments/reallocation_package_10_28_05.pdf)], visited Nov. 1, 2005.

<sup>5</sup> 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](http://www.whitehouse.gov/omb/budget/amendments/rescission_package_10_28_05.pdf)], visited Nov. 1, 2005.

<sup>6</sup> P.L. 109-148, Division B, Title I, “Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico.” For more information on the reallocation legislation, see CRS Report RL33197, *Reallocation of Hurricane Katrina Emergency Appropriations: Defense and Other Issues*, coordinated by Amy Belasco.

**Source:** Calculation by the author of appropriations presented in Division B, Title I, conference report to accompany H.R. 2863, H.Rept. 109-359.

- a. In addition to the funds reallocated to the Small Business Administration (SBA) through Division B, Congress and the President agreed to an additional transfer of \$712 million from the DRF to the SBA for disaster loan obligation authority (P.L. 109-174).

**Table 3. Rescissions and Offsets, P.L. 109-148**  
(thousands of dollars)

Department or agency	Amount rescinded or offset
Department of Agriculture	\$66,100
Department of Defense	\$80,000
Export-Import Bank	\$25,000
Department of Homeland Security	\$23,669,833
Department of the Interior	\$3,500
Department of Commerce	\$7,000
Department of State	\$30,000
Department of Transportation	\$1,143,000
Government-wide <sup>a</sup>	\$9,045,998
<b>Total</b>	<b>\$34,070,431</b>

**Source:** CRS calculation of rescissions and offsets presented in Division B, Title III, conference report to accompany H.R. 2863, H.Rept. 109-359.

- a. Data for the 1% rescission obtained from: Letter from Joshua Bolten, Director, Office of Management and Budget to Senator Thad Cochran, Chairman, Senate Appropriations Committee, Feb. 8, 2006, available at [<http://www.cq.com/flatfiles/editorialFiles/budgetTracker/reference/docs/20060213omboneperc.pdf>], visited Feb. 15, 2006.

## Federal Disaster Expenditure Information

As a general practice, data on federal expenditures and obligations for disaster relief and recovery are not presented in a comprehensive or systematic fashion.<sup>7</sup> Each department or agency uses a variety of reporting formats in appropriations justifications. However, considerably more information is available on federal expenditures for Hurricanes Katrina, Rita, and Wilma than for disasters in previous years, in large part because of the mandate in P.L. 109-62 that requires specified agency heads to provide data on a weekly basis on the allocation and obligation of the funds appropriated in that statute.<sup>8</sup> To the extent known, this was the first time such a reporting requirement has been attached to DRF supplemental funding. The FY2006 appropriations legislation for DHS approved weeks after enactment of the FY2005 supplementals augmented the DHS

<sup>7</sup> U.S. Congress, House Committee on the Budget, Task Force on Budget Process, *Budgetary Treatment of Emergencies*, hearing, 105<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 23, 1998 (Washington: GPO, 1998).

<sup>8</sup> P.L. 109-62, 119 Stat. 1991. According to the Senate Budget Committee, the “enacted hurricane-related relief,” including tax, loan, and grant assistance, totals over \$103 billion. See *Senate Budget Committee Releases Current Tally of Hurricane-Related Spending*, [<http://budget.senate.gov/repUBLICan/pressarchive/2006-05-12k-tally.pdf>], May 16, 2006.

reporting requirements by mandating the inclusion of five specific types of information in the weekly reports.<sup>9</sup>

**Federal Emergency Management Agency.** Funds appropriated to the DRF provide assistance to individuals, families, state and local governments, and certain nonprofit organizations, as authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act).<sup>10</sup> Funds appropriated to the DRF remain available until expended for all catastrophes that are the subject of presidential disaster declarations, not only events such as Hurricane Katrina that were primary catalysts for the supplemental appropriation.<sup>11</sup>

During the initial weeks after the hurricanes made landfall in the late summer of 2005, billions of dollars were obligated to meet the needs of an estimated 750,000 evacuees after the loss of roughly 500,000 homes. According to the February 22, 2006, report submitted by FEMA, over \$11 billion had been allocated from the DRF for Katrina-related human service needs. In addition, by that date, another \$14 billion had been allocated for infrastructure repair and inspections, hazard mitigation activities, and administration and operations, resulting in total allocations of over \$25 billion.<sup>12</sup>

**Army Corps of Engineers.**<sup>13</sup> The Corps receives funding through FEMA for its public works and engineering mission assignments (e.g., debris removal and demolition) under the National Response Plan. In addition, Congress appropriates funds directly to the Corps for some emergency response and repair activities. Through the supplemental appropriations and reallocation legislation in response to the 2005 hurricanes, Congress appropriated \$3.3 billion directly to the Army Corps of Engineers and directed that the funds be used for designated purposes. Of the \$3.3 billion, \$0.98 billion is for repairing existing hurricane protection, flood control, and navigation infrastructure; and \$1.59 billion is for restoring the existing hurricane protection infrastructure to its design level of protection (protection from a fast-moving Category 3 hurricane). The agency also is to use \$0.54 billion for constructing authorized hurricane protection projects in Louisiana that were yet to be completed when the 2005 hurricanes struck and \$70 million for investing in natural disaster preparedness and mitigation activities. Also, \$55 million is for various Corps studies, including investigations into the restoration of Louisiana's coastal wetlands, increasing the level of hurricane protection for coastal Louisiana, and addressing Mississippi's water resource needs.<sup>14</sup> These studies may conclude with

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<sup>9</sup> P.L. 109-90, 119 Stat. 2090.

<sup>10</sup> For information on the Stafford Act, see CRS Report RL33053, *Federal Stafford Act Disaster Assistance: Presidential Declarations, Eligible Activities, and Funding*, by Keith Bea.

<sup>11</sup> Lists of major disaster and emergency declarations issued by the President pursuant to the Stafford Act are presented at "Federally Declared Disasters by Calendar Year," available at [<http://www.fema.gov/news/disasters.fema>], visited Feb. 16, 2006.

<sup>12</sup> Refer to the "Federal Emergency Management Agency, Report of February 23, 2006," at [[http://appropriations.house.gov/\\_files/FEMAstaturpt0223.pdf](http://appropriations.house.gov/_files/FEMAstaturpt0223.pdf)], visited Feb. 28, 2006.

<sup>13</sup> Section authored by Nicole Carter, Resources, Science and Industry Division, CRS.

<sup>14</sup> The \$55 million amount includes \$18 million from the Energy and Water Development Appropriations Act for FY2006 (P.L. 109-103) as well as the supplemental and reallocated  
(continued...)

recommendations for additional investment of federal resources in the affected Gulf States.

**Defense Department Funding.**<sup>15</sup> In the first two Katrina supplementals (P.L.109-61 and P.L.109-62), DOD received the \$1.9 billion requested for emergency evacuation of military and civilian personnel and debris removal and emergency repairs at defense facilities affected by the hurricanes. In the case of the reallocation request, Congress reduced DOD's requested level to \$5.8 billion from \$6.6 billion by levying a 15% across-the-board cut to certain programs, but not Defense Health and Military Construction and Family Housing.<sup>16</sup> The reallocation provisions in P.L. 109-148 set DOD funding at the following levels:

- \$471 million in military personnel funding for reservists activated to aid hurricane victims as well as to relocate military personnel and their dependents from affected bases;
- \$1.6 billion in operation and maintenance funding for cleanup, repair, and replacement of military facilities, equipment and infrastructure, evacuation and relocation of DOD civilians and their dependents, and environmental assessments of bases;
- \$1.4 billion in military construction and family housing funding to rebuild facilities and housing on bases; and
- \$2.0 billion for military procurement, including \$1.7 billion to pay estimated higher shipbuilding costs for the 11 ships under construction at Ingalls shipyard in Pascagoula, MS, and Avondale shipyard in New Orleans.<sup>17</sup>

Citing the need for "special oversight" of these shipbuilding funds dedicated to cover property damage, cleanup, idle payroll, and business disruption (that may also be covered by shipbuilders' insurance), the appropriators added report language requiring that the Navy or Army, as applicable, submit a report to the Appropriations Committees "certifying" that the costs were related to the hurricanes and would not be paid for by FEMA or the shipbuilders' insurers.<sup>18</sup>

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<sup>14</sup> (...continued)  
appropriations.

<sup>15</sup> Section authored by Amy Belasco, Foreign Affairs, Defense and Trade Division, CRS.

<sup>16</sup> See Sec. 205, P.L.109-148, which proportionately reduces all appropriations in Division B, Chapter 2, Defense by \$737.089 million, except for Defense Health; that amounts to a 15% cut to each account. Military construction and family housing are funded in Chapter 7 so they were not affected by this cut.

<sup>17</sup> For more details, see CRS Report RL33197, *Reallocation of Hurricane Katrina Emergency Appropriations: Defense and Other Issues*, Coordinated by Amy Belasco.

<sup>18</sup> U.S. House, Conference Committees 2005, *Making Appropriations for the Department of Defense for the Fiscal Year Ending September 30, 2006, and for Other Purposes*, conference report to accompany H.R. 2863, H.Rept. 109-359, 109<sup>th</sup> Cong., 1<sup>st</sup> sess. (Washington: GPO, 2005), p. 496.