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FEDERAL ALLOCATIONS IN RESPONSE TO KATRINA, RITA and WILMA

by Matt Fellowes and Amy Liu

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Federal allocations in response to hurricanes Katrina, Rita, and Wilma now total over \$88 billion. Additionally, over \$8 billion in tax relief is available, and another \$19.8 billion in spending has been proposed by the Bush administration in February 2006. While these numbers appear quite large, widespread uncertainty exists over how much of this money has actually been spent and where.

This brief with the accompanying tables illustrates the program categories behind the federal allocations to date for hurricane recovery activities (see Table 1) and the chronology of legislative and executive decisions to respond to the needs of the Gulf Coast (Table 2). These tables will be updated as new developments occur.

We use the term federal “allocations” rather than federal “spending” to refer to the federal funding activities for hurricanes Katrina, Rita, and Wilma because the \$88 billion does not represent actual spend-down nor the funds that have been obligated to date. Instead, the federal allocations simply demonstrate federal intent or federal spending priorities on the hurricane recovery effort.

There are several important caveats to highlight regarding these allocation figures. First, it is hard to differentiate how much has been allocated to respond to each of the different hurricanes. Second, it is not clear the level of funds that have been dispensed to each of the Gulf states. Third, it is difficult to cleanly discern which funds support emergency-related initiatives and which ones mark the shift to longer-term reconstruction.

Finally, it is important to note that as of today, we cannot account for how much money has actually been spent in response to Hurricanes Katrina, Rita, and Wilma. Tracking spending is difficult because FEMA is the only federal agency that regularly releases information about its spending, and this spending only represents a fraction of the total allocations made available. FEMA’s most recent report, for instance, indicates that it has spent \$22.9 billion on Katrina-related projects and another \$3.4 billion on projects related to Rita. Together, this spending makes up less than 30 percent of the total allocations made to date. Further, tracking spending is difficult because a portion of the \$88 billion includes mandatory agency expenditures, which are not easy to anticipate in advance, like discretionary funds appropriated by Congress.

Despite these caveats, information about allocations does provide insight into the spending priorities of the administration, the appropriateness of those priorities, and the extent to which planned spending meets estimated costs associated with the hurricane reconstruction effort.

Table 1. Federal Allocations in Response to Hurricanes Katrina, Rita, and Wilma
(as of March 21, 2006)

Major Issue Area	Funding Available (in billions)	Sub-Issue Area	Funding Available (in billions)	Description
I. Spending				
1. Temporary and Long Term Housing	\$43.1			Grant and loan programs in FEMA, HUD, and USDA for temporary and long-term housing, flood insurance
		Flood Insurance Program	\$18.5	Money available for premium payouts
		CDBG	\$11.5	Community Development Block Grants for home and infrastructure repairs
		Temporary Manufactured Housing	\$5.6	Trailers and mobile homes
		Temporary Housing and Home Repair	\$4.9	Rental assistance and grants for repairing homes damaged by the Hurricanes
		Other	\$3.6	Loan programs in FEMA, HUD, & USDA, and HUD, USDA grants
2. Emergency Response and DOD Spending	\$23.3			Response by FEMA, DOD, and other agencies, as well as restoration of Federal facilities.
3. State and Local Response, Infrastructure Rebuilding	\$13.7			FEMA, Transportation, and Corps of Engineers funding to restore Gulf Coast infrastructure, including levees, highways, and federal facilities.
		Levee repair and restoration	\$1.6	Restore the existing federal levee system to its previous condition
		Coastal restoration	\$.3	A federal-state coastal restoration plan to help weaken future storm surge
		Other	\$11.7	All other FEMA, Transportation, and Corps of Engineers funding to restore Gulf Coast infrastructure
4. Health, Social Services, and Job Training	\$3.1			Programs in HHS, Labor, and other agencies to address health, social services, and economic needs. Includes \$2 billion from Reconciliation
5. Non-housing Cash Assistance	\$2.6			FEMA grants and SBA loans covering needs beyond housing. Does not include full \$3.2 billion of SBA loans approved to date.
6. Education	\$1.6			Education assistance for impact of displaced students and higher education needs.
7. Agriculture	\$.7			USDA funding for agriculture and timber losses, recovery, and conservation.
Allocated Spending Total:	\$88			
II. Tax Relief				
1. Tax Relief	\$8 billion			Gulf Opportunity Zones, charitable giving incentives, full deductibility of personal losses, and extended periods for replacing damaged property. Ten-year total is \$11 billion.

Sources: Department of Homeland Security, Office of the Federal Coordinator of Gulf Coast Rebuilding; Katrina Hurricane Disaster Weekly Report (FEMA) for March 2, 2006; The White House, Regular Press Briefing on March 6, 2006; Bruce Katz, Matt Fellowes, and Mia Mabanta. 2006. "The Katrina Index." The Brookings Institution.

Table 2. Timeline of Major Federal Legislation and Executive Action in Response to Hurricanes Katrina, Rita, and Wilma (as of March 21, 2006)

Date	Overview of Initiative												
September 2, 2005	President signed into law: H.R. 3645, the "Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005": Provides \$10.5 billion in emergency funds to support immediate needs of FEMA and DOD.												
September 8, 2005	President signed into law: H.R. 3673, the "Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005". Provides \$51.8 billion in emergency funding for FEMA, DOD, and Army Corps of Engineers. With this second supplemental bill, federal emergency supplemental now totaled \$62.3 billion. Of the \$51.8 billion, \$50 billion for FEMA for "ongoing response and recovery" including food, shelter, medical care; \$400 million for Army Corps to dredge channels and repair pump stations to facilitate the drainage of flooded areas; and \$1.4 billion for Defense to deploy military personnel to help in the relief effort												
November 1, 2005	President signs an executive order to create the position of Coordinator of Federal Support for the Recovery and Rebuilding of the Gulf Coast Region inside the Department of Homeland Security. Chairman Don Powell is named to the post as the federal coordinator.												
November 21, 2005	The President signed into law: H.R. the "National Flood Insurance Program Further Enhanced Borrowing Authority Act of 2005", which temporarily increases the Federal Emergency Management Agency's borrowing authority for carrying out the National Flood Insurance Program												
December 13, 2005	Rep. Bobby Jindal introduces H.R. 4514: Hurricanes Katrina and Rita Recovery Homesteading Act of 2005 to help low-income families displaced Hurricanes Katrina to purchase a home owned by the Federal Government, and for other purposes. The program would be created within the U.S. Department of Housing and Urban Development. <i>(Pending further action).</i>												
December 15, 2005	President announces plans to re-allocate \$17 billion of the \$62.3 billion appropriated by Congress for Hurricane Katrina, mostly from FEMA to other sources, such as: \$1.5 billion to the Army Corps of Engineers to strengthen the levees, \$4.6 million to accelerate a study by the Army Corps of Engineers to examine options to further reduce the risk of flood and storm damage to New Orleans <i>(spurred December 30, 2005 action).</i>												
December 21, 2005	The President signed into law: H.R. 4440, the "Gulf Opportunity Zone Act of 2005," which provides approximately \$8 billion in tax incentives to assist recovery and rebuilding in areas affected by Hurricanes Katrina, Rita, and Wilma.												
December 30, 2005	The President signs the third supplemental. Valued at \$29 billion, this included a \$23.4 reprogramming of the \$62.3 billion appropriated by Congress for FEMA. This supplemental was funded through H.R. 2863, the "Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006." It included \$11.5 billion in relief to Gulf states affected by hurricanes Rita, Wilma, and Katrina, in the form of the HUD Community Development Block Grant funds. The CDBG funds were allocated as follows among the gulf states: <table data-bbox="553 1814 1252 1900"> <tr> <td>Alabama:</td> <td>\$74,388,000</td> <td>Florida:</td> <td>\$82,904,000</td> </tr> <tr> <td>Louisiana:</td> <td>\$6,210,000,000</td> <td>Mississippi:</td> <td>\$5,058,185,000</td> </tr> <tr> <td>Texas:</td> <td>\$74,523,000</td> <td></td> <td></td> </tr> </table>	Alabama:	\$74,388,000	Florida:	\$82,904,000	Louisiana:	\$6,210,000,000	Mississippi:	\$5,058,185,000	Texas:	\$74,523,000		
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Texas:	\$74,523,000												

(continued)

Date (continued)	Overview of Initiative
December, 2005	<p>At the close of the year, the President also signed the Hurricane Education Recovery Act into law. It provides \$1.1 billion to Gulf Coast states impacted by Hurricanes Rita and Katrina to provide ongoing education to students. Funds also go to states that are serving the education needs of students displaced by the storms.</p>
February 16, 2006	<p>President requests an additional \$19.8 billion (fourth supplemental) in support of short and longer-term needs of the Gulf Coast. Included in the request are:</p> <ul style="list-style-type: none"> -- \$9.4 billion for FEMA to support shelter, medical assistance, rebuilding public facilities and debris removal. -- \$4.2 billion in additional CDBG funds for the state of Louisiana to primarily meet the housing needs of the city of New Orleans and surrounding parishes -- \$1.3 billion for the Small Business Administration's disaster loan program. -- \$1.36 billion for ongoing levee work -- \$100 million to restore wetlands around New Orleans and \$200 million to repair fragile coastal areas destroyed by the storm. <p><i>(Pending further action).</i></p>
March 16, 2006	<p>The Senate passed a measure previously approved by the House to increase the borrowing authority of the National Flood Insurance Program from the current ceiling of \$18.5 billion to \$20.8 billion. This measure is now headed to the President for his signature.</p> <p><i>(Pending further action).</i></p>

Sources: The White House, Regular Press Briefing on October 28, 2005; OMB Watch; The Library of Congress, Thomas.

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