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The RSC Hurricane Relief Offset Amendment (Hensarling)

Summary: The amendment would fully offset the cost of the \$10.9 billion supplemental through a rescission of FY05 discretionary spending once enacted. **Funding for defense, homeland security, and veterans would be specifically exempt.** The amendment would require approximately a 2.9% proportional reduction of funds by department while allowing the flexibility for reductions to be made to specific programs, where appropriate.

Background on the Frequency of Natural Disasters:

- Between 1980 and 2003, the U.S. sustained 58 weather-related disasters in which overall losses reached or exceeded \$1 billion dollars at the time of the event. Forty-nine of these disasters occurred since 1988 with losses totaling nearly \$220 billion. (Source: National Climatic Data Center)
- These disasters were comprised of 14 hurricanes, 14 floods, nine droughts, eight tornados, six wildfires, three blizzards, four ice storms/freezes, four hail storms, and two tropical storms.
- According to the National Oceanic and Atmospheric Administration (NOAA), there are on average of six Atlantic hurricanes every year, and over a three-year period, approximately five hurricanes strike the U.S. coastline from Maine to Texas. **Note:** Some of these hurricanes might not have caused \$1 billion in overall losses and therefore may not have been included in the NCDC statistics above.
- Between 1953 and 2003, FEMA made 1,504 disaster declarations, averaging 30 per year.
- During the 1990s, FEMA received \$22.1 billion in supplemental appropriations or approximately \$2.2 billion a year. It was the second largest recipient (next to the Pentagon) of supplemental spending.

FEMA Supplemental Spending In Millions

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
53	0	3,968	1,735	4,731	3,282	2,282	3,300	1,605	1,130	22,086

- According to CRS, \$49.2 billion was spent solely on agriculture emergencies from FY1989 thru FY2003, of which \$36.9 billion or 75% of the total amount was enacted since FY1999 alone.

Point and Counterpoint

o If OMB Can't Find Offsets, Then How Can We?

Example: “OMB are the three most dreaded letters in Washington, D.C. They are about the business of carving and cutting, and rightly so, in many directions. By they are not offering offsets, they do not have offsets for this spending, and the administration has requested the money without offsets because even those carvers at OMB cannot find the offsets.” (Statement in *Congressional Record* during debate on FEMA Offset Amendment 2003)

Answer: Actually, in his FY05 budget submission, the President proposed eliminating 65 discretionary programs and reducing discretionary spending in 52 others. This would have saved roughly \$12.8 billion – more than enough to pay for this hurricane supplemental. Now Congress may argue that we don't like the particular programs OMB chose to terminate, but then the onus is on us to propose our own slate of offsets. This amendment is an effort to do just that.

o The Hurricane Relief Effort is a Real Unforeseen Emergency

Example: “If this is not an emergency. I do not know what is.” (Statement in *Congressional Record* during debate on the FEMA supplemental 1993)

Answer: No one disputes the legitimacy of this spending package. Since 1886 (Texas), no state has been hit by four hurricanes in one season. No one is trying to hold up this needed spending. We are merely trying to pay for it. For example, in 1993 when every county in his home state of Iowa and parts of eight other states were underwater from massive flooding, Representative (now Chairman) Nussle led efforts to offset a \$5.7 billion relief package. He obviously supported the supplemental spending; he also supported offsetting it. We are trying to do the same.

o The Amendment Cedes Control of the Power of the Purse

Example: [By giving department heads discretion to make the reductions] “The amendment before the House stipulates that the executive branch make unspecified cuts to unspecified programs. Funds could be cut from the FBI, DEA, FEMA, Special Education...and other projects that this House has already acted upon. It is the responsibility of the legislative branch to make these types of funding decisions, not the executive branch.” (Statement in *Congressional Record* during debate on FEMA Offset Amendment 2003)

Answer: Frequently when Members want to spend less money in this body they are accused of ceding the power of the purse. We are not ceding the power of the purse to the President. The House is collectively making the decision that \$10.9 billion ought to be completely offset so as to not increase the deficit and burden the American family. The President is not setting the spending levels for this nation --

we are. If the amendment passes, Congress will still be setting levels for each department, merely giving them the flexibility to make the reductions.

○ **Only 16% of Federal Spending is Targeted for Offsets**

Example: “The money you are talking about offsetting...is not from mandatory programs; it is not from Social Security, Medicare, any of the mandatories....It cannot come from defense, it cannot come from homeland security. So the offset must come from about [16%] of the federal budget.” (Statement in *Congressional Record* during debate on FEMA Offset Amendment 2003)

Answer: Last year, when it came time to pass a budget, Chairman Nussle proposed eliminating just 1% in waste, fraud, and abuse from the budget. This would have come from mandatory spending. Some attacked this effort as “senseless” and “irresponsible.” As a result of such obstructionism, the final FY04 budget only included instructions for committees to *identify* waste, fraud, and abuse. \$85-\$100 billion over ten years was later identified. Also, we are currently trying to win a war against terror and protect our homeland. Therefore, it is entirely appropriate to exempt defense, homeland security, and veterans from this amendment’s reductions.

○ **The Cuts Will Be Too Severe**

Example: “If this amendment passes you will be cutting \$15 million from the FBI....The Drug Enforcement Agency will have to cut \$5 million. The Columbian drug initiative, which was just defended in this House, you will have to cut \$1 million. You will have to cut \$15 million out of the Cancer Institute. And you will have to cut \$600,000 out of Meals-on-Wheels.” (Statement in *Congressional Record* during debate on FEMA Offset Amendment 2003)

NOTE: These numbers were offered within the context of the debate over the FY04 Toomey FEMA Amendment by the Democrats. They do **NOT** correspond with the Hensarling amendment but serve as an example of the type of charges that will likely be leveled on the floor.

Answer: Any program specific number dollar amount cited on the floor is wrong and misleading. This amendment does not make any specific reductions but rather calls for a proportional reduction in FY05 spending for each department. Each department head will then decide where the reductions ought to be made. In addition, these reductions must be compared in contrast to the large increases (most are much higher than the rate of inflation) over the last decade. Since 1994, discretionary spending for the following departments and agencies has grown by:

- Agriculture by 24% and 2% on average
- Education by 125% and 11% on average
- Commerce by 48% and 4% on average

- Transportation by 22% and 2% on average
- Justice by 122% and 11% on average
- State by 50% and 5% on average
- Interior by 42% and 4% on average
- Health and Human Services by 110% and 10% on average
- Housing and Urban Development by 26% and 2% on average
- Labor by 10% and 1% on average
- Treasury by 40% and 4% on average
- Energy by 24% and 2% on average
- Corps of Engineers by 17% and 2% on average
- EPA by 26% and 2% on average
- NASA by 5.6% and .5% on average
- Defense by 76% and 7% on average *EXEMPT in Amdt.*
- Homeland Security by 121% and 11% on average *EXEMPT in Amdt.*
- Veterans Affairs by 70% and 6% on average *EXEMPT in Amdt.*

History of Offsets for Supplemental

The following chart, taken from the Congressional Budget Office, shows the amount of rescissions requested by previous Presidents to accompany supplemental spending bills and the amount of rescissions actually enacted.

Budget Authority in Millions of Dollars

	Bush			Clinton						
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Requested	-227	-3,511	-7,881	-356	-3,141	-1,295	-1,053	-439	-43	-23
Enacted	-2,045	-331	-8,433	-2,499	-3,159	-18,940	-3,844	-7,980	-2,726	-2,019

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