

President Bush Requests Rescission and Reallocation Packages

Today's Presidential Action:

Today, President Bush Submitted To Congress A Savings Package of \$2.3 Billion In Rescissions And A Request To Reallocate \$17 Billion of Already Appropriated Funds To Begin Rebuilding Critical Infrastructure in the Gulf Region And To Continue Recovery Efforts.

The Package Designates \$17 Billion To Continue the Recovery and Begin Rebuilding The Gulf. Funds will be used to replace critical infrastructure, facilities, and equipment damaged during this year's hurricanes and support additional recovery activities. Rebuilding efforts include two Veterans Administration hospitals, military bases employing more than 22,000 people, and highways and bridges damaged by the Hurricanes. Additional funds will be provided to help the region and its citizens recover, including funds for small business assistance, job training, housing relief, environmental restoration, and social services.

Fiscal Responsibility Is Maintained While Recovery Assistance Continues. The President pledged to continue fiscal discipline while meeting the rebuilding and recovery needs of the Gulf Coast and hurricane victims. Today's request is consistent with the President's principles for the FY2006 Budget, including reducing non-security funding below last year's level and maximizing mandatory savings in the reconciliation process.

- **No New Federal Funds Are Requested.** Of the \$60 billion previously provided for FEMA's Disaster Relief Fund (DRF), this request would reallocate \$17 billion in previously appropriated DRF funds not expected to be used by May and transfer them to \$17 billion in rebuilding and recovery needs requiring funds through May. Sufficient funds will remain in the DRF after the reallocation to meet all ongoing recovery demands during that period without delay or interruption, including individual assistance and the Federal contribution to initial State and local government rebuilding costs.
- **The Rescissions Package Would Cancel \$2.3 Billion From Previous Appropriations.** Unused balances in 55 Federal programs would be rescinded in keeping with the President's pledge to reduce unnecessary spending elsewhere in the budget as hurricane recovery efforts continue.
- **Maximizing Savings in Mandatory Programs.** The President is urging Congress to increase savings from mandatory spending beyond the \$35 billion* over five years provided in the budget resolution. The President's budget requested \$69 billion* in gross mandatory savings over five years and he appreciates efforts in the House and Senate to achieve additional savings. (*As scored by the Congressional Budget Office.)
- **Reducing Non-Security Spending Below Last Year's Level.** The President's FY2006 budget is the first to propose reducing non-security spending below last year's level since the Reagan Administration and Congress is on track to meet that goal. The Administration is also working with Congress on a possible additional across-the-board cut.

A Continued Robust and Compassionate Recovery

➤ Repairing Critical Infrastructure

Highways: \$2.325 billion to repair and rebuild highways and bridges on Interstates and US Routes to facilitate commerce and restore the economy.

Levees and Waterways: \$1.6 billion for the U.S. Army Corps of Engineers to rebuild levees, improve waterways and restore wetlands – repairs that are important to the safety of the region, as well as to the maritime commerce that is a cornerstone of the Gulf economy; \$4.6 million to accelerate a levee upgrade study.

Restoring Air Traffic: \$40.6 million to rebuild damaged air traffic control facilities to ensure safety and facilitate the recovery of business and commercial aviation – a critical first step in revitalizing the region's tourism industry.

Community Development: \$1.5 billion for Community Development Block Grants to help affected states restore basic community infrastructure that supports the revitalization of neighborhoods and business districts.

➤ Revitalizing the Economy

Small Businesses: \$466 million for credit enhancement and associated costs to support \$3.4 billion in disaster loans for small businesses and homeowners.

Agriculture: \$410 million to help farmers, ranchers, and timberland owners remove debris and rehabilitate land; \$15.2 million to repair and begin rebuilding Agricultural Research Service buildings and facilities in New Orleans and Poplarville, MS.

Job Training: \$125 million to continue delivering National Emergency Grants for disaster relief employment assistance and job training for unemployed hurricane victims.

NASA: \$153 million to rebuild NASA's Michoud and Stennis centers, among the largest employers in the Gulf area; \$39.8 million to repair damaged Space Shuttle external tanks and external tank support equipment; \$132 million for NASA to complete hurricane emergency operations and resume normal space programs.

Fishing Industry: \$13.2 million to begin repairs on the damaged National Oceanic and Atmospheric Administration (NOAA) science center, which provides important support to the Gulf's fishing industry.

➤ Helping Families Rebuild Their Lives

Affordable Housing: \$497 million to repair affordable housing provide low-income housing vouchers.

Urban Homesteading: \$250 million for low-income sweat-equity homeownership efforts, including funding for self-help housing organizations and to offer Federally owned homes to low-income families who will repair them.

Early Childhood Education: \$90 million for Head Start programs, including repairing facilities in the Gulf area and ensuring that Head Start services are available for displaced children.

Social Services Block Grant: \$500 million to help meet child care, mental health, and other human services needs.

➤ National Defense, Homeland Security, and Veterans Health Care

National Security: \$4.6 billion to repair and rebuild damaged DoD facilities and equipment, such as at Keesler Air Force Base in Mississippi and at the Naval Air Station in New Orleans; \$1.6 billion to allow temporary operations to continue at damaged facilities; \$400 million largely to pay Guard and Reserve members activated for the relief efforts.

Homeland Security: \$142 million to repair and rebuild damaged Customs, Immigration, and FEMA facilities and enhance public disaster alert and warning systems; \$276 million to repair Coast Guard facilities and ships.

Veterans Health Care: \$1.155 billion to reconstruct facilities in New Orleans and Biloxi and \$198 million to replace medical equipment and supplies.

➤ Preventing Waste, Fraud and Abuse

Integrity in Recovery Contracts: \$12.1 million to support FEMA's efforts to reduce waste, fraud and abuse with additional oversight of recovery contracts and procurements.

Small Business Loans: \$5 million to the Small Business Administration's Inspector General for fraud prevention.

➤ Environmental Stewardship and Weather Monitoring

Parks and Refuges: \$124.3 million to rebuild facilities in national parks and wildlife refuges, and replace and repair equipment used to monitor and protect the Gulf environment.

Hurricane Forecasting: \$41.4 million for NOAA to upgrade and repair weather monitoring equipment.

Tank Clean-up: \$15 million to begin environmental clean up of leaking underground storage tanks.

➤ **Restoring The Federal Criminal and Civil Justice System**

Law Enforcement: \$126 million to rebuild Federal law enforcement facilities, including offices for Federal agents and attorneys, damaged prisons and IT and communications capabilities.

The Judiciary: \$75 million for repair of Federal buildings and courthouses in the Gulf region.

More Than \$64 Billion In Hurricane Relief Has Been Made Available To Date. Since Hurricane Katrina struck, more than \$64 billion has been made available for Gulf hurricane recovery efforts including funds provided by the FEMA Disaster Relief Fund, low-interest loans to local governments, flood insurance, and funding relief from cost-share requirements.

- **Disaster Relief Fund.** Emergency funding bills signed by the President have provided \$60 billion for relief and recovery efforts. Of this funding, as of October 26, more than \$19.58 billion has been obligated to signed contracts, awarded as grants, or otherwise allocated to specific recovery efforts. Funding already obligated to specific efforts includes \$7.15 billion for housing assistance; \$1.45 billion for infrastructure; \$615.3 million for human services needs; and \$86.5 million for disaster unemployment assistance.
- **Flood Insurance:** With nearly 30,000 claims paid to date, more than \$2 billion is expected to be paid out by Oct. 31. Total Federal flood insurance claims associated with the hurricane are expected to exceed \$20 billion.
- **State and Local Government Assistance.** Since hurricanes Katrina and Rita struck, the Federal government has provided \$429 million in relief to state and local governments by waiving Disaster Relief Fund cost-share requirements for debris clean up and emergency protective measures. Additionally, the President signed into law legislation providing up to \$1 billion in low-interest loans for localities whose revenue bases have been damaged or eliminated.
- **Army Corps of Engineers.** Of the \$4.5 billion provided to the Corps of Engineers for Hurricane relief and recovery, \$4.1 billion is from the DRF for FEMA procurement, clearing debris, logistical support and other efforts, \$324 million has been committed to specific projects, including \$181.8 million for emergency dredging of navigation channels and waterways, and \$140.7 million for repair and rehabilitation of flood and hurricane protection systems.

Hurricane Relief Funding By State To Date.

From the Request, Alabama would receive \$185 million, Louisiana would receive \$6.4 billion and Mississippi would receive \$6.2 billion, with the balance going to these and other states.

- **Louisiana:** More than \$10.4 billion has been allocated so far, including more than \$3.87 billion for housing assistance, \$864 million for state and local response and debris clearance, \$204 million for human services needs, \$2.3 billion for Army Corps of Engineer projects, and \$71 million for emergency unemployment assistance.
- **Mississippi:** More than \$5.7 billion has been allocated so far, including more than \$1.32 billion for housing assistance, \$391 million for state and local response and debris clearance, \$25.4 million for human services needs, \$940 million for Army Corps of Engineer projects, and \$11.5 million for emergency unemployment assistance.
- **Alabama:** More than \$1.4 billion has been allocated so far, including more than \$1.08 billion for housing assistance, \$21.5 million for state and local response and debris clearance, \$42.6 million for human services needs, \$183 million for Army Corps of Engineer projects, and \$1 million for emergency unemployment assistance.

The President Will Work With Congress On Additional Recovery Initiatives Through Other Legislation.

- **Federal Education Assistance:** Up to \$2.6 billion to provide aid to affected states and to school districts taking in evacuated students, payments to States to enable displaced children to enroll in schools of their choice, and assistance to post-secondary institutions, students, and borrowers.
- **Gulf Opportunity Zones:** Approximately \$2.3 billion over five years in tax relief and loans would be provided to businesses and entrepreneurs to help local economies in Louisiana, Mississippi, and Alabama.
- **Health Care Assistance:** \$1 billion for Federal assistance to states for providing Medicaid, SCHIP, and uncompensated care to evacuees.
- **Worker Recovery Accounts:** \$650 million for self-managed accounts that would provide up to \$5,000 to certain displaced workers to pay for employment counseling, job training, or job-necessary supplies, child care or transportation. Workers finding jobs within 13 weeks of receiving an account will receive a reemployment bonus of up to \$1,000 out of the funds remaining in their account.