



## Senate Amendment to House Amendment to Senate Amendment to H.R. 601: Hurricane Supplemental, Debt Limit, Continuing Appropriations, and Flood Insurance Package (Sen. McConnell, R-KY)

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### FLOOR SCHEDULE:

The House is expected to consider a motion that the House concur with the Senate Amendment to House Amendment to Senate Amendment to H.R. 601 – the Hurricane Supplemental, Debt Limit, Continuing Appropriations, and Flood Insurance Package – on September 8, 2017, under a [closed rule](#).

### TOPLINE SUMMARY:

[The bill, as amended](#), would:

1. Suspend the debt limit through December 8, 2017;
2. Provide a Continuing Resolution (CR) through December 8, 2017;
3. Provide \$15.25 billion in emergency designated supplemental appropriations; and
4. Reauthorize the National Flood Insurance Program through December 8, 2017.

### COST:

The Congressional Budget Office (CBO) estimate can be found [here](#).

### Continuing Resolution

The CR would provide funding at a \$1.070 trillion annualized rate for base purposes, which is about equal to the current spending level. To achieve this level, the CR applies an across-the-board reduction of 0.6791 percent. The CR also provides funding at a rate of \$104.38 billion for Overseas Contingency Operations (OCO), \$6.7 billion for disaster relief, \$1.96 billion for program integrity, and \$407 million for emergency requirements. In total, the CR provides for discretionary spending at an annualized rate of \$1.183 trillion.

<b>CR Base Funding Levels</b> (in millions of dollars)			
	<b>Base Defense</b>	<b>Base Non-Defense</b>	<b>Total Base</b>
FY 2017 Omni (current levels)	551,068	518,531	1,069,599
<b>CR</b>	<b>551,489</b>	<b>518,109</b>	<b>1,069,598</b>
FY 2018 Caps	549,057	515,749	1,064,806
<i>CR vs. FY 2017</i>	<i>+ 421</i>	<i>- 422</i>	<i>- 1</i>
<i>CR vs. FY 2018</i>	<i>+ 2,432</i>	<i>+ 2,360</i>	<i>+ 4,792</i>

The base funding levels in the CR are above the Budget Control Act (BCA) caps - \$2.432 billion for Defense and \$2.36 billion for Non-Defense. If these spending levels are extended into the next session of Congress, they would result in a sequestration order 15 days after the adjournment of the First Session of the 115<sup>th</sup> Congress issued by the Office of Management and Budget (OMB) and enforced across-the-board in the amount equal to the breach in each category.

### **Supplemental**

The bill would provide a total of \$15.25 billion in supplemental appropriations for disaster relief purposes. The funds are all designated as for an emergency requirement, and thus exempted from the BCA discretionary spending caps.

FEMA Disaster Relief Fund	<b>\$7,400,000,000</b>
SBA Disaster Loan Program	<b>\$450,000,000</b>
HUD Community Development Block Grant	<b>\$7,400,000,000</b>
<b>Total</b>	<b>\$15,250,000,000</b>

The bill would provide \$7.4 billion for the FEMA Disaster Relief Fund, \$450 million for the SBA Disaster Loan Program, and \$7.4 billion for the HUD Community Development Block Grant.

According to [CBO](#), the supplemental appropriations are estimated to result in no outlays in FY 2017 (by September 30, 2017), \$3.4 billion (22 percent of total outlays) in FY 2018, \$3.1 billion (20 percent) in FY 2019, and \$3 billion (20 percent) in FY 2020, with \$5.7 billion (38 percent) occurring in the FY 2021 – 2027 period.

<b>Supplemental Appropriations Outlays and Annual Distribution of Outlays</b>												
(outlays in billions of dollars, years are fiscal years)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>FEMA Disaster Relief Fund</b>												
Outlays	0	2,960	2,220	1,850	370	0	0	0	0	0	0	7,400
Percent of Total Outlays	0.0%	40.0%	30.0%	25.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>SBA Disaster Loan Program</b>												
Outlays	0	286	126	32	2	0	0	0	0	0	0	446
Percent of Total Outlays	0.0%	64.1%	28.3%	7.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>HUD CDBG</b>												
Outlays	0	160	740	1,100	1,330	1,480	1,110	740	480	150	40	7,330
Percent of Total Outlays	0.0%	2.2%	10.1%	15.0%	18.1%	20.2%	15.1%	10.1%	6.5%	2.0%	0.5%	
<b>Total</b>												
Outlays	0	3,406	3,086	2,982	1,702	1,480	1,110	740	480	150	40	15,176
Percent of Total Outlays	0.0%	22.4%	20.3%	19.6%	11.2%	9.8%	7.3%	4.9%	3.2%	1.0%	0.3%	

## CONSERVATIVE CONCERNS:

**Debt Limit Increase Without Reform:** On September 7, 2017, RSC Chairman Mark Walker [wrote to Speaker Ryan](#) regarding the debt limit: “While some have advocated for a “clean” debt limit increase, this would simply increase the borrowing authority of the government while irresponsibly ignoring the urgency of reforms. Worse yet is attaching the debt limit to legislation that continues the status quo or even worsens the trajectory on spending, such as the deal announced yesterday by the President and Congressional Leadership. The RSC Steering Committee opposes this proposal.” With the letter, Chairman Walker offered a [number of policy solutions](#) that would help gain conservative support for a package to raise the debt ceiling.

**Un-Offset Spending:** Many conservatives may be concerned the supplemental funding is not offset, increasing the deficit. Some conservatives may further be concerned that the CR provides for rates of spending in excess of the Budget Control Act caps on discretionary spending.

**CDBG Supplemental Sending:** Some conservatives may be concerned that the Senate included \$7.4 billion in supplemental appropriations for the Community Development Block Grant (CDBG) program that was not requested by the administration. Many conservatives have expressed concerns that this program has been fraught with wasteful spending. [President Trump’s budget](#), the [House Republican](#)

[Budget](#), and the [RSC Budget](#) all propose eliminating CDBG.

Further, many conservatives may be concerned that the CDBG funding is less-focused on providing timely disaster relief. While the majority of outlays for the two programs [originally funded](#) by the House supplemental package are projected to occur in the first two fiscal years, the majority of the CDBG outlays are projected *after* the first two fiscal years.

**Flood Insurance:** Some conservatives may be concerned that the bill would extend the debt-riddled National Flood Insurance Program without needed reforms.

- **Expand the Size and Scope of the Federal Government?** Yes, the bill would appropriate additional funding.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** Some conservatives believe that continuing resolutions delegate authority regarding spending to the Executive Branch.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

## DETAILED SUMMARY AND ANALYSIS:

### Debt Limit

The bill would suspend the debt limit through December 8, 2017. On December 9, 2017, the debt limit would be reinstated and increased to the dollar amount of the debt that has accumulated over that time frame. During this time, the bill would limit the ability of the Treasury Secretary to accumulate cash reserves above normal operating balances.

### **Background**

On March 16, 2017, the [debt limit was increased](#) to \$19,808,772,381,624.74. The [Bipartisan Budget Act of 2015 \(BBA15\)](#) suspended the debt limit on November 2, 2015, through March 15, 2017. The Treasury is able to use so-called “[extraordinary measures](#)” to manage cash flow and temporarily alleviate the need to increase the debt limit. Information from the Treasury about extraordinary measures can be found [here](#).

At the end of July, [Treasury Secretary Mnuchin](#) wrote to Congress requesting the debt limit be increased by September 29, 2017.

While the Treasury Secretary requested a “clean” debt limit increase, past increases have [often been paired](#) with measures to address the nation’s fiscal future.

### Continuing Resolution

The CR provides funding through December 8, 2017, preventing a lapse of appropriations that would have otherwise occurred at the beginning of the new fiscal year on October 1, 2017. The CR would provide funding at a \$1.070 trillion annualized rate for base purposes, which is about equal to the current spending level. To achieve this level, the CR applies an across-the-board reduction of 0.6791 percent. Included cap-exempt spending, the CR provides for discretionary spending at an annualized rate of \$1.183 trillion.

The CR includes a number of anomalies to provide flexibility to certain programs. Many of these were requested by the administration to ensure smooth operation of these programs.

One notable anomaly is Sec. 130 which reauthorizes the National Flood Insurance Program through December 8, 2017.

Another notable anomaly is Sec. 129, which allows the \$6.7 billion provided by the CR for the FEMA Disaster Relief Fund for FY 2018 beginning on October 1, 2017, to be obligated at the rate necessary for disaster relief activities.

**Supplemental Appropriations**

The bill would provide a total of \$15.25 billion in supplemental appropriations for disaster relief purposes. The funds are for FY 2017, but would remain available for obligation until expended. The funds are designated as for an emergency requirement (if so designated by the President) and exempt from discretionary spending caps.

The President initially requested and the House appropriated \$7.4 billion for the FEMA [Disaster Relief Fund](#) (DRF) and \$450 million for the SBA [disaster loan program](#). The Senate then included an additional \$7.4 billion in funding for HUD’s Community Development Block Grant (CDBG).

	<b>President’s Request</b>	<b>Original House Bill</b>	<b>Senate Bill</b>
FEMA Disaster Relief Fund	7,400,000,000	7,400,000,000	<b>7,400,000,000</b>
SBA Disaster Loan Program	450,000,000	450,000,000	<b>450,000,000</b>
HUD Community Development Block Grant	0	0	<b>7,400,000,000</b>
<b>Total</b>	<b>7,850,000,000</b>	<b>7,850,000,000</b>	<b>15,250,000,000</b>

Many conservatives have expressed concerns that the CDBG program has been fraught with wasteful spending. [President Trump’s budget](#), the [House Republican Budget](#), and the [RSC Budget](#) all propose completely eliminating CDBG. As described by the Budget Committee, “A vast range of activities are eligible for funds, such as home water and energy efficiency activities, historic preservation, demolishing blighted properties, street and sidewalk repairs, job training, grants to local businesses, and community planning.”

In addition to these supplemental funds, Sec. 129 of the CR portion of the bill (as described above), would make an additional \$6.7 billion of FEMA DRF funding available for immediate obligation on October 1, 2018. Combined with the supplemental funding, the bill would provide a total of \$14.1 billion for the DRF and \$21.95 billion for hurricane relief efforts.

**Background**

Hurricane Harvey made landfall in the Houston, Texas area on August 25, 2017. Disaster declarations have been made in Texas and Louisiana. According to the [administration](#), “more than 43,500 people are in shelters and more than 436,000 households have registered with the Federal Emergency Management Agency (FEMA) for support for temporary rental assistance, hotel/motel costs, and essential home repairs”.

On September 1, 2017, Office of Management and Budget (OMB) Director Mick Mulvaney [wrote to Congress to request](#) a total of \$7.85 billion in cap-exempt emergency-designated funding, including \$7.4 billion for Federal Emergency Management Agency’s (FEMA) [Disaster Relief Fund](#) (DRF) and \$450 million for the Small Business Administration’s (SBA) [disaster loan program](#). The letter states that “This request is a down-payment on the President’s commitment to help affected States recover from the storm, and future

requests will address longer-term rebuilding needs.” The administration did not request offsets for these additional funds.

The Budget Control Act (BCA) allows for spending above the normal discretionary spending caps for [disaster relief activities](#) carried out under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. These activities are primarily funded by appropriations to Federal Emergency Management Agency's (FEMA) Disaster Relief Fund (DRF). The amount of appropriations that is permitted to be designated as cap-exempt disaster funding each year is calculated by an average of the last ten years of actual disaster spending (exempting the highest and lowest amounts). If any amount from the average calculated in the previous year is unused, then it can be carried over to the next year's amount. As of [July 31, 2017](#), the Disaster Relief Fund had a balance of \$3.8 billion, however, the remaining funds are expected to be obligated prior to the end of the fiscal year.

A [CBO report](#) found that Congress has enacted over \$1.1 trillion in supplemental appropriations since FY 2000.

## **OUTSIDE GROUPS:**

### **Key Vote No**

**Club for Growth:** [“NO” on Trump-Democrat Debt Ceiling Deal](#)

**FreedomWorks:** [Key Vote NO on the Continuing Appropriations Act, H.R. 601](#)

**Heritage Action:** [Key Vote: “No” On Pelosi-Schumer-Trump Debt Ceiling Deal](#)

**National Taxpayers Union:** [NTU Opposes Opportunistic Debt Ceiling-Spending Package](#)

### **Other Background**

**Heritage Foundation:** [As Houston Reels from Harvey, Here's Where Relief Funding Stands; In Hurricane Harvey Response, Congress Must Avoid the Mistakes of Sandy; A Primer on Disaster and Emergency Appropriations](#)

**Taxpayers for Common Sense:** [Harvey, Flood Insurance, and Sandy/Disaster Funding; Post-Harvey: Can't Afford Business As Usual](#)

## **COMMITTEE ACTION:**

H.R. 601 was originally the [READ Act](#), which would require the U.S. Agency for International Development (USAID) to develop a comprehensive U.S. strategy to promote quality universal basic education, and designate a Senior Coordinator of United States Government Actions to Provide Basic Education Assistance. The bill passed the House on January 24, 2017.

On September 6, 2017, the House passed a supplemental appropriations package by a [413 – 3](#) vote in response to Hurricane Harvey using H.R. 601 as the vehicle.

After an [agreement](#) was made between President Trump, Senate Minority Leader Chuck Schumer, and House Minority Leader Nancy Pelosi, the Senate amended H.R. 601 by a [80 – 17](#) vote on September 7, 2017.

## **ADMINISTRATION POSITION:**

No official Statement of Administration Policy is available at this time.

**CONSTITUTIONAL AUTHORITY:**

The original constitutional authority statement for H.R 601 read: “Congress has the power to enact this legislation pursuant to the following: Article I.”

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