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SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1996 FOR THE DEPARTMENTS OF AGRICULTURE, COMMERCE, HOUSING AND URBAN DEVELOPMENT, AND TRANSPORTATION TO INCLUDE THE SMALL BUSINESS ADMINISTRATION AND THE ARMY CORPS OF ENGINEERS

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL REQUESTS TO MAKE AVAILABLE APPROPRIATIONS TOTALING $291,000,000 IN BUDGET AUTHORITY TO THE DEPARTMENTS OF AGRICULTURE, COMMERCE, HOUSING AND URBAN DEVELOPMENT, AND TRANSPORTATION AS WELL AS THE SMALL BUSINESS ADMINISTRATION AND THE ARMY CORPS OF ENGINEERS TO ASSIST THE VICTIMS OF HURRICANES FRAN AND HORTENSE AND TO DESIGNATE THE AMOUNTS MADE AVAILABLE AS AN EMERGENCY REQUIREMENT PURSUANT TO SECTION 251(B)(2)(D)(I) OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985, AS AMENDED, PURSUANT TO 31 U.S.C. 1107



SEPTEMBER 26, 1996.—Referred to the Committee on Appropriations and ordered to be printed

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THE WHITE HOUSE,
Washington, September 21, 1996.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I ask the Congress to consider supplemental requests for FY 1996 appropriations for the Departments of Agriculture, Commerce, Housing and Urban Development, and Transportation as well as the Small Business Administration and the Army Corps of Engineers. A total of $291 million is required—$163 million in requests for new budget authority and $128 million in contingent emergency budget authority—to assist the victims of Hurricanes Fran and Hortense. These requests can be funded within existing congressional 602(a) spending limits for FY 1996.

The estimated Federal response to Hurricanes Fran and Hortense and the related flooding is expected to total over $1.5 billion, of which about half is needed specifically in North Carolina. Of this amount, over $1.2 billion will be paid out of existing funds, and $291 million is requested in this emergency supplemental. These figures do not include expected claims to be paid through the Federal crop and flood insurance programs, both of which have written substantial numbers of policies in the affected States.

I hereby designate the following requests for FY 1996 supplemental appropriations as emergency funding requirements pursuant to section 251(b)(b)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended:

Department of Agriculture, Natural Resources Conservation Service, Watershed and Flood Prevention Operations: $20,000,000;

Department of Agriculture, Farm Service Agency, Emergency Conservation Program: $20,000,000;

Department of Defense—Civil, Army Corps of Engineers, Operations and Maintenance, General: $18,800,000;

Department of Transportation, Federal Highways Administration, Federal-Aid Highways: $82,000,000; and

Small Business Administration, Disaster Loans Program Account: $22,000,000.

In addition, in accordance with the provisions of P.L. 104–134, the Omnibus Consolidated Rescissions and Appropriations Act of 1996, I hereby make available appropriations totaling $33,000,000 in contract authority for the Department of Transportation. These previously appropriated funds that are hereby made available are for the Federal Highway Administration's Emergency Relief Program to reimburse States and territories for repairs made to Federal-aid routes damaged by Hurricanes Fran and Hortense and other disasters. I designate this $33 million as an emergency funding requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Further, I ask the Congress to increase by $500 million the borrowing authority of the National Flood Insurance Program to cover losses from Hurricanes Fran and Hortense and future natural disasters.

The details of these actions are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

WILLIAM J. CLINTON.

Enclosures.

Estimate No. 25
104th Congress, 2nd Session

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

September 21, 1996

The President

The White House

Submitted for your consideration are requests for FY 1996 supplemental appropriations for the Departments of Agriculture, Commerce, Housing and Urban Development, and Transportation as well as the Small Business Administration and the Army Corps of Engineers. The requests are needed to assist the victims of Hurricanes Fran and Hortense. A total of $291 million -- $163 million in requests for new budget authority and $128 million in contingent emergency budget authority -- is requested to be funded within existing congressional spending limits.

The estimated Federal response to Hurricanes Fran and Hortense and the related flooding is expected to total over $1.5 billion, of which about half is needed specifically in North Carolina. Of this amount, over $1.2 billion will be paid out of existing funds, and $291 million is requested in this emergency supplemental. These figures do not include all of the expected claims to be paid through the Federal crop and flood insurance programs, both of which have written substantial numbers of policies in the affected States.

Proposals for FY 1996 Supplemental Appropriations

To support our efforts to respond quickly and effectively to the victims of the recent hurricanes and flooding, the following FY 1996 supplementals are requested:

- $40 million for the Department of Agriculture, including $20 million for the Emergency Conservation Program (ECP), and $20 million for Watershed and Flood Prevention (WFP). The Emergency Conservation Program provides cost sharing assistance to farmers and ranchers whose farmland was damaged as a result of natural disasters. Requested funds can be used for such projects as debris clearing, fence mending, land shaping and grading, and restoring conservation structures. The WFP provides disaster assistance to communities to reduce hazards to life and property in watersheds damaged by natural disasters. Funds can be used for opening dangerously restricted channels and waterways, repairing levees, and controlling erosion on slopes.

- $18 million for the Department of Commerce's Economic Development Administration (EDA), to be provided as contingent emergency funding, to enhance or improve infrastructure, such as water and sewer systems, damaged by Hurricanes Fran and Hortense. FEMA funding is sufficient to restore damaged water/sewer infrastructure and facilities to their pre-disaster condition. EDA-funded enhancements and improvements would include such things as: (1) system upgrades; (2) expanded capacity; (3) relocation out of the floodplain; and (4) environmental code compliance. The funds are requested on a contingent basis to enable the funds to be released as specific needs are determined.

- $110 million for the Department of Housing and Urban Development, including $100 for Community Planning and Development and $10 million for the Flexible Subsidy Funds program. The total amount requested is to cover preliminary estimated housing needs and other damages in both North Carolina and Puerto Rico that are not covered by FEMA or other sources. Because the estimates are preliminary, the funds are requested as contingent emergency appropriations, thus enabling HUD and FEMA to determine remaining needs and priorities before the funds are made available. The Flexible Subsidy Funds program provides capital funds for FHA-insured multi-family housing. Timely repair of these damaged properties will reduce potential defaults by owners of FHA mortgages, thus reducing FHA claims costs for Federal mortgage insurance.

- $82 million for the Department of Transportation, Federal Highway Administration (FHWA). These funds are requested to help meet anticipated FY 1997 emergency relief needs. FHWA's 10-year average of emergency relief spending is $215 million. Available resources include $33 million in contingent funds appropriated in FY 1996 and $100 million in funds to be available on October 1st. Of these amounts, approximately $42 million is needed for repairs from damages caused by Hurricanes Fran and Hortense. The supplemental request of $82 million, plus release of the $33 million in previously appropriated contingent funds, will enable FHWA to continue to respond to and repair damages from disasters in 1997. Without these funds, if FY 1997 emergency relief spending reflects past history, it is expected that FHWA will run out of these funds in April 1997.

- $22 million for administrative expenses for the Small Business Administration's Disaster Loan Program. SBA estimates that Hurricanes Fran and Hortense will require $215 million in new loans. While carry-over

funds and expected FY 1997 appropriations are expected to be sufficient to cover loan requirements, additional funds are required for the expeditious servicing of disaster loans in the affected States.

- $18.8 million for the U.S. Army Corps of Engineers for high-priority emergency dredging and debris removal in critical waterways, such as Wilmington and Morehead City harbors and the Atlantic Intracoastal Waterway, to open navigation channels for commerce, and for other restoration activities.

Except for the requests for contingent emergency appropriations for the Departments of Commerce ($18 million) and Housing and Urban Development ($110 million), I recommend that you designate these requests, totaling $163 million, as emergency funding requirements in accordance with section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Emergency Release of Previously Appropriated Funds

Also submitted for the requests for your consideration is a request to make available emergency appropriations totaling $33 million for the Federal Highway Administration's Emergency Relief Program. These funds are required to meet anticipated emergency needs in FY 1997, including repairing damage from Hurricanes Fran and Hortense. These funds were provided in Public Law, 104-134, the Omnibus Consolidated Rescissions and Appropriations Act of 1996.

I recommend that you designate the $33 million requested to be made available as an emergency funding requirement in accordance with section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. No further legislative action by the Congress is required.

Proposal for Authorization Extension

In addition to the above supplemental appropriations requests, I recommend the extension of the National Flood Insurance Act's authority to borrow from the U. S. Treasury. The National Flood Insurance Program's existing $1 billion borrowing authority is intended to provide the program with the necessary cash flow to cover periods of heavy losses until below average loss years allow for repayment of borrowed funds and accumulation of reserves. The extraordinary losses of recent years have resulted in the program's having had to borrow significantly from the Treasury.

Early estimates indicate that the losses from Hurricanes Fran and Hortense will be extensive, and depending on when the claims are presented for payment, there is a chance that the program will exceed its $1 billion borrowing authority by the end

of the year or early next year. Given these circumstances, we propose that existing borrowing authority be increased by at least $500 million to meet potential short-term cash flow requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected departments and agencies in recommending that you approve these requests by signing the enclosed letter to the Speaker of the House of Representatives.

Sincerely,

Franklin D. Raines
Director

Enclosures

FY 1996 EMERGENCY SUPPLEMENTAL REQUEST

DEPARTMENT OF AGRICULTURE

NATURAL RESOURCES CONSERVATION SERVICE

Watershed and Flood Prevention Operations

For an additional amount to repair damages to the waterways and watersheds resulting from the effects of Hurricanes Fran and Hortense and other disasters, $20,000,000, to remain available until expended: Provided, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide emergency assistance to communities to reduce hazards to life and property in watersheds damaged by Hurricanes Fran and Hortense. Emergency work would include opening dangerously restricted channels and waterways, repairing diversions and levees, and controlling erosion on denuded, steep slopes. Benefits from requested actions must go to more than one individual. A local entity of government, such as a city, county or soil and water conservation district must sponsor and cost-share the activities.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 1996 EMERGENCY SUPPLEMENTAL REQUEST

DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

Emergency Conservation Program

For an additional amount for emergency expenses resulting from the effects of Hurricanes Fran and Hortense and other disasters, $20,000,000, to remain available until expended: Provided, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide cost-sharing assistance to farmers and ranchers whose farmland was damaged as a result of flooding and wind damage from Hurricanes Fran and Hortense. Funds would be used for cleaning debris from fields, mending fences, land shaping and grading, and restoring conservation structures.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 1996 CONTINGENT EMERGENCY REQUEST

DEPARTMENT OF COMMERCE

ECONOMIC DEVELOPMENT ADMINISTRATION

Economic Development Assistance Programs

For an additional amount for " Economic Development Assistance Programs" for emergency infrastructure expenses resulting from Hurricane Fran and Hurricane Hortense, $18,000,000, to remain available until expended: Provided, That the entire amount of this appropriation shall be available only to the extent an official budget request for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: Provided further, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act.

This request would provide $18 million as an emergency contingency, to enhance or improve infrastructure, e.g., water and sewer systems, damaged by Hurricanes Fran and Hortense. EDA-funded enhancements and improvements would include such things as: 1) system upgrades; 2) expanded capacity; 3) relocation out of the floodplain; and 4) environmental code compliance. The funds are requested on a contingent basis to enable the funds to be released as needs are determined.

FY 1996 EMERGENCY SUPPLEMENTAL REQUEST

DEPARTMENT OF DEFENSE -- CIVIL

DEPARTMENT OF THE ARMY

Corps of Engineers -- Civil

Operation and Maintenance, General

For an additional amount for emergency expenses to repair damages resulting from Hurricane Fran and its aftermath, $18,800,000, to remain available until expended, of which up to $6,800,000 shall be available to pay 65 percent of the total costs of emergency measures to restore the beaches and dunes on Topsail Island, North Carolina: Provided, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This supplemental request would provide additional funds for high-priority emergency dredging and debris removal in critical waterways damaged by Hurricane Fran in September 1996. Funds are also requested for the Federal share (65 percent) of the total costs of emergency measures to restore beaches and dunes on Topsail Island, North Carolina, resulting from Hurricane Fran. Non-Federal sponsors shall be responsible for providing 35 percent of the total costs of these measures.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 1996 CONTINGENT EMERGENCY REQUEST

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

Flexible Subsidy Fund

For emergency assistance to owners of eligible multifamily housing projects damaged by Hurricanes Fran and Hortense that are either insured or formerly insured under the National Housing Act, as amended, or otherwise eligible for assistance under section 201(c) of the Housing and Community Development Amendments of 1978, as amended (12 U.S.C. 1715z-1a), in the program of assistance for troubled multifamily housing projects under the Housing and Community Development Amendments of 1978, as amended, $10,000,000, to remain available until September 30, 1997: *Provided*, That assistance to an owner of a multifamily housing project assisted, but not insured under the National Housing Act, may be made if the project owner and the mortgagee have provided or agreed to provide assistance to the project in a manner as determined by the Secretary of Housing and Urban Development: *Provided further*, That assistance is for the repair of damage or the recovery of losses directly attributable to such hurricane: *Provided further*, That in administering these funds, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or any use by the recipient of these funds, except for statutory requirements relating to civil rights, fair housing and nondiscrimination, the environment, and labor standards, upon finding that such waiver is required to facilitate the obligation and use of such funds, and would not be inconsistent with the overall purpose of the statute or regulation: *Provided further*, That after assisting economically viable FHA insured projects, to the extent funds remain available the Secretary may provide assistance to economically viable projects assisted under section 8 of the United States Housing Act of 1937 but not insured under the National Housing Act: *Provided further*, That the entire amount shall be available only to the extent that an official budget request for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provided $10 million as an emergency continency for repairs to FHA insured and other eligible multifamily housing projects damaged by Hurricanes Fran and Hortense.

FY 1996 CONTINGENT EMERGENCY REQUEST

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

Community Development Grants

For an additional amount for "Community Development Grants," $100,000,000 to remain available until September 30, 1999, for emergency expenses resulting from Hurricanes Fran and Hortense: *Provided*, That in administering these amounts, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds, except for statutory requirements related to civil rights, fair housing and nondiscrimination, the environment, and labor standards, upon a finding that such waiver is required to facilitate the use of such funds, and would not be inconsistent with the overall purpose of the statute: *Provided further*, That the entire amount shall be available only to the extent that an official budget request for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended

This request would provide $100 million as an emergency contingency to cover emergency expenses resulting from Hurricanes Fran and Hortense.

FY 1996 SUPPLEMENTAL REQUEST

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Provisions

To the extent necessary to assist victims living in Presidentially declared disaster areas, public housing agencies are authorized to use immediately any turnover rental vouchers and certificates available, notwithstanding the section 403(c) of the Balanced Budget Downpayment Act, I (Public Law 104-99).

This request would enable the Department of Housing and Urban Development to waive the three-month delay otherwise required by statute in issuing vouchers and certificates to displaced victims of Hurricanes Fran and Hortense.

FY 1996 EMERGENCY SUPPLEMENTAL REQUEST

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

Federal-Aid Highways

(Highway Trust Fund)

For an additional amount for "Emergency Relief Program" for emergency expenses resulting from Hurricanes Fran and Hortense and for other disasters, as authorized by 23 U.S.C. 125, $82,000,000, to be derived from the Highway Trust Fund and to remain available until expended: Provided, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251 (b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide additional funds for the Emergency Relief Program to repair highway damage resulting from the September 1996 hurricanes in the Mid-Atlantic States, Puerto Rico, and the Virgin Islands. These funds are also needed to meet anticipated emergency needs in FY97.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 1996 EMERGENCY SUPPLEMENTAL REQUEST

SMALL BUSINESS ADMINISTRATION

Disaster Loans Program Account

For an additional amount for administrative expenses to carry out the direct loan program for Hurricanes Fran and Hortense and other disasters, $22,000,000, to remain available until expended, which may be transferred to and merged with "Salaries and Expenses": *Provided*, That this amount is hereby designated by Congress as emergency requirements pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide an additional $22 millions to the Small Business Administration (SBA) to administer the disaster loan program. This direct loan program is the primary source of Federal disaster assistance for nonfarm, private sector disaster losses, including loans for repairs to homes and businesses. Hurricane Fran and Hurricane Hortense, in addition to continuing efforts with respect to other disasters throughout the country, have caused demands on this program to increase. Additional funds are needed to administer the increasing loan volume resulting from these and other disasters.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 1996 SUPPLEMENTAL REQUEST

FEDERAL EMERGENCY MANAGEMENT AGENCY

Extension of National FLOOD Insurance Act
Borrowing Authority from the U.S. Treasury

Section 1309(a)(2) of the National Flood Insurance Act, 42 U.S.C. 4016(a)(2), is amended by striking "$1,000,000,000" and inserting "$1,500,000,000 through September 30, 1997, and $1,000,000,000 thereafter."

The National Flood Insurance Program's $1 billion borrowing authority is intended to provide the program with the necessary cash flow to cover periods of heavy losses until below average loss years allow for repayment of borrowed funds and accumulation of reserves. The extraordinary losses of recent years have resulted in the program's having had to borrow $688 million from the Treasury as of May 31, 1996. Since that time, $62 million have been repaid and the current outstanding balance is $626 million.

However, estimates indicate that the losses from Hurricanes Fran and Hortense may reach $550 million, and depending on when the claims are presented for payment, there is a chance that the program will exceed its $1 billion borrowing authority by the end of the year or early next year. Given these circumstances, existing borrowing authority should be increased by $500 million to meet potential short-term cash flow requirements.

EMERGENCY APPROPRIATIONS: AMOUNTS PREVIOUSLY APPROPRIATED MADE AVAILABLE BY THE PRESIDENT

FEDERAL HIGHWAY ADMINISTRATION

Federal-Aid Highways.....$33,000,000

Chapter 8 of Title II, the Supplemental Appropriations Act of 1996, of Public Law 104-134, the Omnibus Consolidated Rescissions and Appropriations act of 1996, provided $300,000,000 in emergency relief funding for the Federal Highway Administration's Emergency Relief account, of which $267,000,000 has already been designated as an emergency and made available. The remaining $33,000,000 is available contingent upon the President notifying Congress of his designation of any or all of these funds as an emergency contingent. None of the $33,000,000 has yet been designated as an emergency requirement and made available.

This $33,000,000 will enable the Federal Highway Administration to reimburse States and territories for repairs made to Federal-aid routes caused by damages resulting from Hurricanes Fran and Hortense and other disasters. These funds are also required to meet anticipated FY97 emergency needs.

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