

DEMOCRATIC POLICY COMMITTEE

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Bush Administration, Congressional Republicans Mismanage Hurricane Recovery

Thousands of Hurricane Survivors Still Face Immediate Needs

While rescue and relief operations in the immediate aftermath of Hurricanes Katrina and Rita have been completed, thousands of hurricane survivors remain in dire need of assistance. Unfortunately, two months after Hurricane Katrina struck the Gulf Coast region, the federal government's response has failed to get many of these survivors the help they need:

- **Health care is in doubt for thousands of hurricane survivors.** Thousands of survivors currently do not have access to health care coverage, and thousands of others are at risk of losing their coverage. Louisiana is currently prevented from providing Medicaid health coverage to thousands of hurricane survivors "because of strict program rules and because the state doesn't have enough cash" (*Chicago Tribune*, 10/21/05) According to Senator **Baucus**, over 60,000 additional individuals have entered Louisiana's Medicaid program since Hurricane Katrina struck, but over half of all applicants have been turned away. Moreover, according to the *Chicago Tribune*, "more than 100,000 Louisiana Medicaid members could lose prescription drug coverage, and about 108,000 low-income children and 2,500 low-income pregnant women could be tossed out of the program altogether, Louisiana Medicaid Director Ruth Kennedy said... Louisiana officials have not made any final decisions, Kennedy stressed, but these services likely will be eliminated if federal aid for health-care needs isn't forthcoming... And the Bush Administration has strongly signaled its reluctance to assume new financial responsibilities for Medicaid as Congress debates slashing as much as \$10 billion from the program." [*Chicago Tribune*, 10/21/05]
- **Over 200,000 people remain in temporary housing.** The *New York Times* reports that more than 200,000 people displaced by the hurricane remain lodged in hotel rooms two months after Hurricane Katrina struck. (10/19/05) The Red Cross estimates an even higher number, over 235,000, in hotel rooms. (*KATC News*, 10/24/05) In addition, the Department of Homeland Security (DHS) reports that over 14,000 people continue to be housed in shelters and aboard ships. (report to Congress on Disaster Relief Fund, 10/19/05) And in Mississippi, the *Los Angeles Times* reports that "nearly two months after Hurricane Katrina passed over the Gulf Coast, stretches of east Biloxi resemble shantytowns," with over 1,000 people believed to be living in tents. (10/27/05) These reports do not attempt to estimate the number of families that have sought temporary shelter with family members outside of the affected region.
- **Hurricane survivors are experiencing tremendous financial strain.** One of the most prominent needs among hurricane survivors is financial assistance to help defray the costs of temporary living arrangements, to help families survive job losses, and to pay credit card bills, mortgages, and other financial obligations while balancing recovery costs. Unfortunately, the Federal Emergency Management Agency (FEMA) decided to cancel a program to provide hurricane survivors with assistance for transitional costs on October 1, leaving tens of thousands of

families to meet significant financial burdens alone. (*New York Times*, 10/1/05) In addition, ACORN, a national community advocacy group, recently reported that "tens of thousands of homeowners who were displaced by Hurricane Katrina are not being offered the mortgage relief that has been highly publicized in recent weeks, and as a result could face foreclosure by the end of the year." (Press Release, 9/22/05) Specifically, the subprime mortgage industry was granting relief only through the end of September, leaving thousands of Hurricane survivors at risk. The group reported that African-Americans are most likely to be affected by the subprime mortgage industry's decision. And immediate financial shortages in the wake of the storm place families at risk of spiraling debt and other financial problems: "Mounting unpaid bills will lead to a surge of black marks on victims' credit reports, say consumer advocates, sinking their credit scores... Consumers who can't make their house payments any more -- even if that house has been completely swept away by the storm -- may face the ultimate penalty in America's credit-driven society: A credit score so low they won't qualify for the loans they need to start rebuilding." (*MSNBC*, 10/7/05)

– **Workers and businesses in the affected region are reeling.** Roughly 502,000 Americans have lost their jobs as a result of Hurricanes Katrina and Rita, and the losses continue to mount. Last week, another 24,000 individuals filed for unemployment as a result of the hurricanes. (*Associated Press*, 10/27/05) The economy of Louisiana has been particularly devastated, with nearly one-tenth of the state's work force -- 234,000 people -- having lost their jobs as a result of the hurricanes. (*Associated Press*, 10/25/05; Bureau of Labor Statistics) Louisiana businesses are under tremendous strain as well. According to Louisiana Governor Kathleen Blanco, "Katrina and Rita have shuttered or displaced almost 81,000 firms -- that is 41 percent of Louisiana businesses. Most of them are small businesses." (Office of the Governor, 10/6/05) *New Orleans City Business* reports that as few as 25 percent of the city's downtown workers have returned. (10/22/05) Mississippi has been devastated as well, with 70,000 businesses damaged or totally destroyed. (*Entrepreneur*, 9/22/05)

– **Thousands of children remain displaced from local schools.** The initial toll of Hurricanes Katrina and Rita upon local school systems was tremendous. The storms displaced roughly 247,000 students from Louisiana schools, 125,000 from schools in Mississippi, and approximately 3,000 students from Alabama schools. (National School Boards Association, 9/27/05) An additional 86,000 school students in Texas were displaced by Hurricane Rita. (*USA Today*, 9/26/05) While the Department of Education does not keep statistics on the exact number of students who remain displaced, it is clear that there are thousands of students unable to return to their schools. Many schools in the worst-damaged areas in and around New Orleans will remain closed at least until November (*New Orleans Times-Picayune*, 10/19/05) and, in areas where schools have reopened, many students have not returned. For example, only 74 percent of enrolled students have returned to Jefferson Parish, while St. Tammany schools have regained 90 percent of their former enrollment. (*New Orleans Times-Picayune*, 10/23/05) In Mississippi, 16 schools were totally destroyed, 24 were severely damaged, and another 263 schools suffered some type of damage from the hurricanes. (Mississippi Department of Education) School systems around the country continue to host thousands of displaced students, including 21,000 in Houston, Texas (*Houston Chronicle*, 10/18/05); 5,455 in Alabama (Alabama Department of Education, 10/14/05); 7,000 in Mississippi (Mississippi Department of Education); and 5,687 in Florida (*St. Petersburg Times*, 10/15/05)

– **Sanitation challenges put public health at risk.** A tremendous amount of waste and debris, much of it organic, remains in the affected region, placing public health at risk. One newspaper reports that, "in the poorest neighborhoods of Biloxi, Mississippi, many people made homeless by Katrina...live among rotting garbage, molding refuse, starving animals and human waste." (*Charlottesville Daily Progress*, 10/23/05) In New Orleans, the U.S. Army Corps of Engineers "estimates the total [amount of debris requiring removal] will exceed 17 million cubic yards -- a calculation that doesn't include abandoned cars, boats or homes awaiting demolition." (*Associated Press*, 10/20/05) There are more than 200,000 waterlogged and abandoned cars in the city. As of October 9, the *Los Angeles Times* reported that "the city has towed about 1,600 of them. At that rate, it would take about a decade to finish the job." (10/9/05) Moreover, approximately 30,000 to 50,000 homes are expected to require demolition as a result of hurricane damage. (*New York Times*, 10/23/05)

The immense amount of waste, debris, and flood-damaged infrastructure poses a serious and immediate public health challenge to the region. In addition to the microbial and viral risks associated with exposed, rotting organic matter, one of the most significant public health risks is the widespread presence of mold growing in the flooded areas. As the Centers for Disease Control and Prevention report, "because of the large number of flooded and mold-contaminated buildings in New Orleans and the repopulation of those once-flooded areas, a large number of people are likely to be exposed to mold and other microbial agents." Further, "sufficient evidence exists of an association between several adverse health outcomes and exposure to damp indoor environments or to materials contaminated with fungal growth." (CDC Mold Work Group report, October 2005) In short, affected areas are faced with a series of public health concerns associated with ongoing waste, debris, and sanitation issues.

– **Affected cities lack the resources to ensure safety and provide essential services.** As a result of the devastation on the infrastructure and economy of the region affected by the hurricanes, "cities, parishes, school districts and sheriffs offices along Louisiana's Gulf Coast are out of money to pay for basic services -- water, sewer, fire, security -- that are necessary before rebuilding can begin. Officials say their pleas are falling on deaf ears in Washington." (*Knight Ridder*, 10/20/05) Moreover, "the jurisdictions directly hit by the storm are not the only ones suffering. Those trying to provide services for Katrina's evacuees are also finding their budgets strained." (*Knight Ridder*, 10/20/05)

As the *New York Times* notes, "without money, governments cannot run buses so that residents without cars can search for jobs and go to work. They cannot educate the children of families that might try to return. They cannot provide health care, pick up garbage or begin the detailed planning and engineering necessary to bring a city back to life." (10/22/05) Unfortunately, cities are faced with exactly this reality. The Louisiana House of Representatives fiscal division estimates that Hurricanes Rita and Katrina have cost municipal governments over \$3.3 billion in lost taxes and fees, and have cost the state government \$1.5 billion. (*New York Times*, 10/22/05) As a result, the governments are struggling to provide basic services: "before Hurricane Katrina washed away its tax base, the St. Bernard School District employed 1,200 people. Now, with no money to make its payroll, the district employs fewer than 12 employees, and this weekend, the parish government expects to lay off a large share of its firefighters and emergency personnel. Next door in New Orleans, the school district has laid off virtually every employee, more than 7,000 people. The city has laid off half its workforce, and the state university system is preparing for thousands of layoffs

and serious cutbacks in services." (*New York Times*, 10/22/05)

– **Hurricane survivors face mental health challenges.** Mental health experts are predicting that Hurricane Katrina and the devastation caused by its aftermath are likely to leave thousands of survivors with mental health issues: "Victims who are rescued from the horrors of the flood-ravaged city of New Orleans may have frequent and intense psychological problems similar to those that plague troops returning from Iraq, Afghanistan or Vietnam--problems that could spread to the rescuers as well. Up to a third of the victims of the Gulf Coast catastrophe might be affected." (*Forbes*, 9/6/05) In light of the fragile mental state of many survivors, it is particularly disturbing that "there are still more than 1,500 cases of 'fractured families' that have not been reunited." (*Washington Post*, 10/27/05)

Bush Administration Mismanages Recovery Efforts

Bush Administration's poor management keeps thousands of displaced Gulf Coast residents without housing. Roughly 200,000 Gulf Coast residents remain in hotel rooms, and an additional 14,000 displaced residents remained in shelters or in temporary housing on board ships. (*New York Times*, 10/19/05; Department of Homeland Security [DHS] report to Congress on disaster relief fund, 10/19/05) According to housing advocates, the government has been forced to place displaced residents in hotel rooms "because the Federal Emergency Management Agency [FEMA] has had problems installing mobile homes and travel trailers for evacuees and has been slow to place victims in apartments that real estate executives say are readily available throughout the southeast." (*New York Times*, 10/13/05) In response to the housing problems, Mayor Shirley Franklin of Atlanta, a city where thousands of Gulf Coast residents have fled, called FEMA's efforts "Deplorable. Disappointing. Outrageous... The federal response has just been unacceptable. It is like talking to a brick wall." (*New York Times*, 10/13/05) FEMA's management of temporary housing efforts has been so poor that, as of October 19, the agency was unable to even provide an estimate of how many housing units it needs to provide. (*New York Times*, 10/19/05)

One of the most significant problems in the federal government's temporary housing efforts is its failure to spend the money Congress appropriated to provide temporary housing assistance. Despite the fact that over 200,000 people remain temporarily lodged in hotel rooms (*New York Times*, 10/19/05), the Administration has provided only 11,961 manufactured housing units for transitional occupancy. (DHS report, 10/19/05) The lack of urgency is not limited to FEMA's efforts; it is spread throughout the Administration. The Department of Housing and Urban Development (HUD), for example, was obligated \$80.7 million for temporary housing programs but has not reported spending a single dollar so far. (DHS report, 10/19/05) Moreover, contractors charged with providing manufactured housing have been slow to spend money. Clearbrook LLC has spent only \$23.1 million of the \$145.2 million obligated to it; Champion Home Builders Co has spent none of the \$80.8 million obligated to it, and CMH Manufacturing, Inc. has spent none of the \$69.8 million obligated to it.

President Bush's decision to waive worker protections prevents displaced Gulf Coast residents from finding work. Hurricane Katrina caused a tremendous disruption in the Gulf Coast economy, leaving thousands of businesses destroyed and workers unemployed. According to the *New Orleans Times-Picayune*, "nearly 282,000 Louisiana residents, 14 percent of the state's workers, are

unemployed because of Hurricane Katrina and Rita." (10/18/05) Unfortunately, the Bush Administration has done little to help displaced workers cope with unemployment or begin rebuilding their lives.

Instead, President Bush decided to waive worker protections under the *Davis-Bacon Act* requiring reconstruction project contractors to pay workers wages at prevailing rates. As a result, the Bush Administration has created a bonanza for contractors paying cut-rate wages and providing inadequate benefits. The results have been predictable: instead of providing jobs to displaced local workers, contractors have hired out-of-state migrant workers willing to accept minimal compensation. On October 26, the President was forced to reverse his decision and reinstate the protections.

Another problem has been that, instead of helping local businesses rebuild by giving them preference in awarding rebuilding contracts, FEMA has awarded most contracts to out-of-state businesses. Louisiana Governor Kathleen Blanco recently reported, "I found out yesterday that 44 percent of the federal contracts and subcontracts have gone to Louisiana companies. That amounts to 31 percent of the dollar value of those contracts." Under the *Stafford Act*, local workers are required to receive preferential treatment for reconstruction contracts when feasible.

FEMA fails to help local government agencies provide basic services. FEMA has refused to waive a rule restricting the use of federal funds to supplement overtime pay for public-safety employees, rather than allowing funds to be used to pay regular salaries for city workers. As a result of the rule, New Orleans has only been able to spend about \$20 million of the \$120 million provided to it by FEMA, even though the city government has been forced to lay off 3,000 city workers. (*New Orleans Times-Picayune*, 10/21/05) While the rule prevents use of direct appropriations for paying salaries that allow local workers to provide security, water, sewer, and fire services, in addition to carrying out other government activities, "a newly passed federal loan program was supposed to get some money flowing, but authorities here complain that bureaucratic hurdles and regulations are getting in the way. And, as predicted by Senate Democrats who tried to allow the federal government to provide the money without requiring these hurting communities to repay the loans, "some have balked at taking the loans, saying they can't afford to be on the hook for new debt." (*Knight Ridder*, 10/20/05)

Bush Administration's ineffective and uncoordinated leadership hinders quick use of reconstruction funds for vital needs. Congress has already appropriated more than \$62 billion in emergency supplemental funding for relief and recovery efforts, with roughly \$60 billion designated for FEMA; however, through October 19, FEMA had only placed \$18.2 billion into the Hurricane Katrina disaster relief fund, roughly one quarter of the funding available, and had only reported spending around \$4.1 billion of the funding. (DHS report to Congress on Disaster Relief Fund, 10/19/05) According to Republican Senator Grassley, "so far, all we've done is shovel money out the door to meet the humanitarian needs," without beginning the critical work of rebuilding. (*Los Angeles Times*, 10/17/05) In fact, of the \$60 billion appropriated by Congress, \$24 billion was intended for providing temporary financial assistance. (Congressional Research Service, RS22239) Nearly two months after the hurricane devastated the region, FEMA has provided only about one-tenth of this amount (\$2.9 billion) to affected individuals and families affected by the tragedy. (Secretary Chertoff, House Select Committee on Hurricane Katrina, 10/19/05) Moreover, as Homeland Security Secretary Chertoff recently testified, the \$2.9 billion in temporary financial assistance has been distributed to over 1.6 million households, providing each household with less than \$2,000 for two months of emergency and recovery expenses, with households often including several individuals.

President Bush is failing to push forward even his own recovery plan. On September 15, President Bush addressed the nation and set forth a plan for recovery in the wake of Hurricane Katrina with "one of the largest reconstruction efforts the world has ever seen." The plan involved three major proposals: 1) the creation of accounts with up to \$5,000 to help workers left unemployed by the hurricane; 2) the creation of a Gulf Opportunity Zone that would provide tax breaks and loans to small businesses reestablishing operations in the region; and 3) the passage of an Urban Homesteading Act giving low-income families surplus government property and favorable mortgage rates in exchange for promises to build homes. However, as the *Los Angeles Times* reports, "the administration has yet to introduce legislation for two of the three proposals" and "in the case of the third proposal, \$5,000 accounts to help workers left unemployed by the hurricane, an administration-drafted House bill would provide aid for fewer than a quarter of the jobless." (10/17/05)

The Administration is failing to help families get back on their feet. The National Flood Insurance Program is intended to provide flood insurance to homeowners in flood-prone areas that adopt community floodplain management regulations. The program is critical because most homeowner insurance policies do not cover flood damage, so the insurance payments are essential to helping residents start over after catastrophic flooding. According to the Department of Homeland Security, nearly 200,000 flood insurance claims have already been filed with the program as a result of the hurricanes, and over two million homes without flood insurance were damaged by the hurricanes. But FEMA, which manages the program, has only paid 29,113 claims. (Report to Congress on Disaster Relief Fund, 10/19/05, 10/26/05) The program currently has far less funding than will be required to respond to the disaster: "The National Flood Insurance Program typically takes in enough money through policyholder premiums to pay claims of about \$2 billion annually. It has limited authority to borrow more from the Treasury; just after Katrina, Congress increased the limit to \$3.5 billion from \$2 billion. Yet the program expects claims to reach at least \$22 billion." (*Wall Street Journal*, 10/25/05) The Bush Administration has not proposed a plan for ensuring that this critical program can help affected families get back on their feet.

The Administration is politicizing survivors' needs with ideological plans that have no proven record of success. After over 350,000 students were believed to have been displaced by Hurricane Katrina, President Bush proposed funneling "millions of dollars of public money into private school vouchers." (National Education Association statement, 9/21/05) In response, the National Education Association stated "we are disappointed that the administration would use the catastrophe of this natural disaster as an opportunity to surface and advance a public education agenda that is both controversial and objectionable...it is unfortunate that the administration has chosen to open the divisive social policy debate around vouchers and advance a privatization agenda." (9/21/05) In addition to being ideological, the plan is insufficient: "the Administration's plan falls significantly short of what the states have requested. It does not do nearly enough to respond to the needs of those children whose lives have been ravaged by the hurricane, nor does it adequately address the needs of the schools that are receiving the thousands of displaced children." (National Education Association statement, 9/21/05)

Like the President's school vouchers proposal, his plan for a Gulf Opportunity Zone with tax breaks for businesses will not be adequate to address the devastation wrought on the local economy. Enterprise zones like the one proposed by the President have no proven record of success. As the *Los Angeles Times* has reported, "despite the creation of hundreds of local, state and federal enterprise zones that

have bestowed billions of dollars in tax benefits on thousands of qualifying businesses over the last two decades, nobody has been able to demonstrate conclusively that the incentives actually work." (10/25/05) The non-partisan Congressional Research Service has also found that most studies on state-created enterprise zones "have not found evidence of effects on growth or employment" and that "specific evidence of the empirical effect of federal programs is virtually non-existent." (RL33088)

Congressional Republicans Block Critical Assistance Initiatives

Within days after Hurricane Katrina hit, Senators **Reid** and **Landrieu**, along with more than 20 other Senate Democrats, introduced major legislation to address the most urgent needs of hurricane survivors. Their bill, the *Katrina Emergency Relief Act*, **S.1637**, proposed a wide variety of measures to provide victims with health care, housing, education, and financial relief. The bill was intended for immediate action, and Senate Democrats have since tried repeatedly to get the Senate to act on its provisions. Yet the Republican leadership has refused to take up the bill or related legislation to address most of these needs. After appropriating money to FEMA, Republicans have spent much of the past two months debating legislation that has little or nothing to do with disaster relief, leaving urgent needs unmet. Incredibly, while an entire region has been devastated and hundreds of thousands of desperate Americans have lost everything, the GOP Congress has been sitting on its hands.

Senate Republicans have blocked consideration of health care legislation to assist hurricane survivors in meeting medical needs. As Senator **Baucus** has noted, Louisiana's Medicaid program has enrolled over 60,000 new individuals since Hurricane Katrina struck, but over half of all applicants have been turned away. (Senate floor, 10/19/05) On September 15, Senators **Baucus** and Grassley introduced a bipartisan bill, **S. 1716**, to provide emergency health coverage to survivors of Hurricane Katrina. The legislation would temporarily relax eligibility requirements for Medicaid to allow survivors to get the health coverage they need on an emergency basis. The legislation has 13 additional co-sponsors, and enjoys support from a majority of the Senate. Unfortunately, a small minority of Republicans, led by Senators Sununu and Ensign, have blocked passage of the bill. (*Los Angeles Times*, 9/29/05) Senator Frist has refused to bring the bill to the Senate floor for a vote. In a recent statement, Senator Grassley complained that, "unfortunately, the White House is working against me behind the scenes." (*Reuters*, 10/6/05)

Senate Republicans have blocked several other key legislative initiatives to improve hurricane recovery efforts and expedite support for survivors. On September 14, Senator **Sarbanes** introduced an amendment to **H.R. 2862** to provide hurricane survivors with immediate assistance for finding housing, including emergency housing vouchers. The Senate unanimously agreed to the amendment, and passed **H.R. 2862** a day later. Senator **Kerry** also introduced an amendment to **H.R. 2862** to provide assistance to small businesses affected by the hurricanes. Senator **Kerry** agreed to a compromise version of his amendment, introduced by Senator Snowe, which passed the Senate 96 to 0. The Senate also passed amendments to **H.R. 2862** to provide legal services to survivors (introduced by Senator **Harkin**), to provide funding for economic adjustment and development in the affected areas (introduced by Senator **Baucus**), and to enhance the ability of health care professionals to provide health care to survivors (introduced by Senator **Durbin**). Despite the fact that the bill contains these critical and time-sensitive provisions, however, Republicans in the Senate and House have held up the

conference report for **H.R. 2862** for over a month, delaying final passage of the bill and implementation of assistance programs to help survivors find housing and help small businesses stay in business.

Senate Republicans have also blocked efforts to ensure transparency and prevent corruption during recovery and rebuilding efforts in the Gulf Coast. **S. 1738**, a bill introduced by Senators Collins and **Lieberman** to establish a special inspector general to oversee Gulf Coast reconstruction contracting, was reported out of the Homeland Security and Governmental Affairs Committee over a month ago, but Senator Frist has refused to bring it to the Senate floor for consideration, despite the fact that it has bipartisan support. Likewise, Senator Frist has refused to allow consideration of **S. 1700**, a bill introduced by Senators Coburn, **Obama**, and 24 other bipartisan cosponsors that would create a Chief Financial Officer to conduct oversight over reconstruction spending. That bill has also been reported out of the Homeland Security and Governmental Affairs Committee, and lies dormant awaiting Senator Frist's action.

House Republicans have proposed deep cuts to programs providing assistance to hurricane survivors. In addition to up to \$50 billion in cuts likely to be proposed in the House version of the *Deficit Reduction Omnibus Reconciliation* bill, a group of right-wing Republicans in the House of Representatives has proposed cutting an additional \$102 billion from the 2006 budget, and nearly \$1 trillion over ten years. (Republican Study Committee, "Operation Offset," 9/21/05) These huge cuts have been proposed in the name of offsetting costs of hurricane recovery efforts, despite the fact that Congress has only appropriated approximately \$62 billion for hurricane recovery so far -- a miniscule fraction of the \$1 trillion in cuts the Republicans have proposed. Moreover, the proposed cuts would strip funding away from programs that will provide essential assistance to hurricane survivors, including:

- More than \$225 billion from Medicaid;
- Requirements for elderly and disabled beneficiaries to pay more than \$200 billion in additional copayments;
- Elimination of the Legal Services Corporation, which provides legal services for those who cannot afford to pay lawyers' fees on their own; and
- Loosening of *Davis-Bacon* restrictions requiring contractors, like those involved in rebuilding the Gulf Coast, to pay fair wages.

Before Hurricane Katrina, Republicans acted as if deficits didn't matter, squandering a budget surplus and driving our nation into fiscal insolvency. The Bush Administration and Congressional Republicans have adopted a series of fiscally irresponsible policies that have turned the largest budget surplus in history into the largest federal deficit in history. Senate Republicans have initiated irresponsible tax cuts for the wealthiest Americans, driven up federal spending, and provided over \$200 billion in supplemental funding for the war in Iraq while rejecting proposals to offset the spending. As Keith Ashdown of Taxpayers for Common Sense recently put it, Republicans are "legislating as if deficits don't matter." (*USA Today*, 8/4/05)

Republican fiscal irresponsibility has caused:

- **Record deficits.** Republican proposals over the last five years have driven up the federal debt and deficit to historic levels. As Senator **Conrad** had explained, the Senate Republicans' current

budget would lead to an increase in debt of more than \$3 trillion over the next five years. (http://budget.senate.gov/democratic/charts/2005/packet_BudgetMarkupOpeningstmt102605.pdf)

– **Reckless spending.** With the rubber-stamp leadership of Congressional Republicans, President Bush "is tracking toward a 40 percent spending increase as he approaches five years in office - and that pace could quicken as new obligations come due. Spending growth under Bush is averaging 6.9 percent a year, almost double the 3.6 percent rate that occurred under his Democratic predecessor, Bill Clinton." (*Sacramento Bee*, 10/23/05)

After five years of reckless fiscal policy, Republicans now demand offsetting Katrina-related spending with cuts to programs that help those hurricane survivors most in need. While refusing to support proposals to offset \$200 billion in spending in Iraq, Congressional Republicans now are demanding that Congress offset spending on Hurricane Katrina recovery efforts. Even more troubling is that Republicans are seeking to offset the costs of recovery on the Gulf Coast by cutting funding from programs that directly benefit the neediest hurricane survivors. Republicans are proceeding with a *Deficit Reduction Omnibus Reconciliation* bill that includes billions of dollars -- over \$35 billion in the Senate version and up to \$50 billion in the House version -- in cuts to key programs.

As the *New York Times* has editorialized, "Congressional Republicans are trying to invoke the cost of reconstruction from Hurricane Katrina to justify cutting even more deeply and cruelly into programs that help the poorest Americans. Prodded by self-proclaimed budget hawks, the House speaker, Dennis Hastert, suddenly wants to up the ante in Congress's budget plan - to \$50 billion from \$35 billion - for five years of cuts in basic programs. Billions for food stamps, Medicaid and welfare reform would be lopped off." (10/13/05) Food stamps, Medicaid, welfare, and similar programs are precisely the programs most likely to provide a safety net to the thousands of Gulf Coast residents who have lost their jobs, residences, or family members to Hurricanes Katrina and Rita. The National Council of Churches has called the cuts "inconceivable." (*Christian Post*, 10/21/05)

Appendix: A Federal Hurricane Recovery Scorecard

Issue	Status	Administration Response
Housing	Nearly 250,000 people remain in transitional housing.	Only 11,000 trailers have been occupied; over \$3 billion in housing assistance remains unspent.
Health Care	Tens of thousands of displaced hurricane survivors are being denied Medicaid coverage; thousands more are at risk of losing coverage.	Administration and Congressional Republicans block bipartisan legislation providing emergency expansion of Medicaid for hurricane survivors.

Unemployment	Roughly 468,000 people have lost their jobs.	Waiver of <i>Davis-Bacon</i> protections pushed employers to hire out-of-state, low-wage workers rather than local unemployed workers; the Administration has yet to introduce legislation to enact its displaced worker accounts proposal.
Education	Over 350,000 students were displaced by the Hurricane Katrina, several thousand remain displaced.	FEMA refuses to allow any of the \$2.4 billion for education aid to cover costs of textbooks or staff; the Administration and Congressional Republicans support funneling funding to private school vouchers.
Maintaining essential services	Local governments have lost an estimated \$3.3 billion in revenue and have been forced to lay off thousands of workers.	FEMA has maintained bureaucratic regulations prohibiting funding from being used where most needed; Administration and Republicans forced through legislation requiring federal loans to state and local governments to be repaid.
National Flood Insurance	Over 200,000 claims have been filed, over 2 million damaged homes lack flood insurance.	Only 26,000 claims have been processed, program lacks funding to meet the tremendous need.

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