



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 22, 2006

S. 1777

Katrina Emergency Assistance Act of 2006

*As cleared by the Congress on March 3, 2006,
and signed by the President on March 6, 2006*

SUMMARY

S. 1777, enacted as Public Law 109-176, expands the Federal Emergency Management Agency's (FEMA's) authority to help individuals by providing 13 additional weeks of unemployment benefits under the Disaster Unemployment Assistance Program (DUA). Under current law, unemployment benefits are limited to 26 weeks.

CBO expects that FEMA would pay for the cost of increasing this benefit with funds provided by two supplemental appropriation acts enacted after Hurricane Katrina (Public Laws 109-61 and 109-62). Because this legislation would provide a new use for those funds, CBO expects that more of the appropriated funds will be spent over the next five years. CBO estimates that enacting S. 1777 would increase spending by \$250 million in 2006, but would have no net impact on total outlays over the next five years because it would reduce spending within the 2007-2010 period.

The funds initially provided in Public Laws 109-61 and 109-62 were designated as emergency requirements. The new spending in 2006 under S. 1777 does not carry that emergency designation, however.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1777 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	250	0	0	-50	-200	0	0	0	0	0

BASIS OF ESTIMATE

CBO estimates that providing an additional 13 weeks of benefits under S. 1777 will cost an additional \$250 million in 2006. We estimate that as many as 400,000 individuals may have lost their jobs as a result of Hurricane Katrina. The majority of those people will be covered by regular state unemployment compensation, but many of those who do not qualify for regular benefits will collect DUA.

ESTIMATE PREPARED BY:

Julie Middleton and Christina Hawley Sadoti

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis