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Hurricane Harvey Reshuffles the Deck for this Fall

Authors: Sheila P. Burke

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Strong bipartisan support exists to respond to devastation caused by Hurricane Harvey, though funding levels and the form of such relief takes are still uncertain. Initial estimates (which are expected to rise) now place the cost of rebuilding Texas and Louisiana as high as \$100 billion, with one Texas lawmaker seeking an emergency appropriation of \$150 billion.

Complicating the situation is the status of the National Flood Insurance Program (NFIP), which is set to expire at the end of the month. Given the scale of the flooding, the program will need to be reauthorized and recapitalized to continue helping the victims of the hurricane. However, the program has long been a target for reform by conservatives, including Rep. Jeb Hensarling (R-TX), Chair of the House Financial Services Committee, who is spearheading efforts to revamp the program. In the aftermath of Hurricane Harvey, many observers expect Congress to enact a temporary "clean" reauthorization of the NFIP (i.e., without policy changes) while the House and Senate continue to negotiate over a longer-term bill.

Hurricane Harvey has also altered the political dynamics of the upcoming showdown over FY18 government funding and the debt limit, both of which must be addressed by the end of the month (see discussion below). GOP leaders worried about whether they have the votes to advance these and other priorities may use the Hurricane Harvey emergency appropriation as leverage to shore up support for a temporary FY18 government funding measure to keep the government operating after the October 1 start of the 2018 fiscal year and a debt limit extension by packaging all three together (that package may also include yet-to-be-determined temporary extensions of existing program authorities scheduled to expire at midnight, September 30). Including the disaster aid would likely attract Republican votes for the package from members who would be unlikely to vote in favor of the government funding and debt limit in the absence of such a linkage. However, the move risks a possible confrontation with a number of House conservatives who have come out against the plan.

Takeaway: With the devastation from Hurricane Harvey still mounting, Congress has begun to consider how to help those impacted by the disaster. The most likely course of action will be to pass an initial small funding bill in the next few days (likely mirroring the Administration's \$14.55 billion request) and then to include the vast majority of the hurricane relief funding into a larger legislative package that incorporates a number of priorities of House and Senate Republican leadership (including the debt limit and temporary FY18 appropriations) in an effort to gain the support of recalcitrant Republicans. Democrats may also utilize the larger hurricane funding package to their advantage and push for their priorities.