Mr. NEY. Reclaiming my time, I predict we will be back here within 60 days, 60 or 90 days, I will bet that we will be back here, so we will have to work towards the reforms. Also, our subcommittee was the first committee of the House to go down to New Orleans and to Gulfport, Mississippi. We went down with our ranking member, the gentlewoman from California (Ms. WATERS). Some Democrats and Republicans on the staff went down there and they did a fine job. They saw what we saw. This is going to be a long, long process.

I will tell you we will be back here within 90 days again because they can say it will last, but it will not last.

Mr. FRANK of Massachusetts. I think, given the calendar, we should do it as quickly as possible.

Mr. HENSARLING. Mr. Speaker, I would like to insert the following letter into the RECORD of the debate on S. 2275, National Flood Insurance Program Enhanced Borrowing Authority.

WASHINGTON, DC,
February 14, 2006.

Hon. DENNIS HASTERT,
Speaker of the House, The Capitol, Washington, DC.

Hon. JOHN BOEHNER,
Majority Leader, The Capitol, Washington, DC.

DEAR SPEAKER HASTERT AND MAJORITY LEADER BOEHNER: As you know, the President's Fiscal Year 2007 budget requests a $5.6 billion increase in FEMA's borrowing authority because its flood insurance program, the National Flood Insurance Program (NFIP), is unable to cover current claims against it from the unprecedented losses resulting from Hurricane Katrina.

Since 1968, the NFIP has offered property owners in coastal and river areas federally subsidized flood insurance. It currently insures approximately 4.7 million homeowners, renters and other policyholders, who pay premiums for coverage. Total insured assets are above $800 billion with some 20,100 communities participating. In heavy loss years, when losses exceed its premiums, FEMA is authorized to borrow from the U.S. Treasury up to $1.5 billion. This borrowing has historically been repaid with interest within very short time periods from NFIP premiums and fees.

However, the catastrophic damage and losses resulting from the 2005 Gulf Coast hurricanes is far exceeding the available resources in the National Flood Insurance Fund. Consequently, Congress last year eventually raised FEMA's borrowing authority to $18.5 billion. But despite this, flood damage claims from the 2005 hurricanes are now estimated to be in excess of $20 billion and growing, surpassing all combined payments in the program's history. This will again necessitate Congress raising the limit on FEMA's borrowing authority to pay these claims. And, if additional flooding occurs in 2006, these costs will only grow higher.

Unfortunately, this new borrowing will likely never be repaid by the beneficiaries. According to CBO, it ''is highly unlikely that the program will be able to repay that amount of borrowing out of its income from premiums and fees.'' It is estimated that the interest expenses alone from these loans would consume a large portion of the program's annual revenues for the foreseeable future. It would take decades to repay these costs, assuming no other flooding—undoubtedly, these payouts will be forgiven at some point.

Lacking this ability to repay within a reasonable period, we view deficit-financed spending from any additional FEMA borrowing above its current $18.5 billion level to be essentially identical to those of a conventional federal spending program. Therefore, spending flowing from additional federal borrowing authority should be fully paid for by spending reductions elsewhere in the federal budget.

In addition, any long-term extension must include comprehensive structural reforms to the program. The hurricanes of 2004 and 2005 have made it clear that legislative action is urgently needed to make the NFIP actuarially sound and able to build sufficient cash reserves to cover higher than expected losses. For instance, comprehensive reform would better align premium rates with the policyholder's associated risk while reducing direct subsidies of over $1.3 billion annually, starting with the elimination of all subsidies for vacation homes, and address the repetitive loss problem, where subsidies flow to homes to be rebuilt over and over after multiple flood losses, while ensuring proper flood mitigation measures and mapping are in place, enforced and used to reduce losses from future floods. We believe these and other reforms are critical to reducing the taxpayers' risk exposure while strengthening and improving the flood insurance program.

This week, Congress is scheduled to extend FEMA's borrowing authority through April. While this spending should be offset, we appreciate your work with House conservatives to ensure this a short-term extension that will allow substantial time for a vigorous and comprehensive reform of the flood insurance program over the coming months. If this imperative reform effort falters, we will oppose any future increases to FEMA's borrowing authority that are not fully offset.

We look forward to working with you and committee leadership to ensure that this component of federal assistance is both timely and fiscally responsible, and that any package of reforms continues to meet core federal responsibilities.

Sincerely,

MIKE PENCE,
Member of Congress.

JEB HENSARLING,
Member of Congress.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of S. 2275, to temporarily increase the borrowing authority of Federal Emergency Management Agency, FEMA, for carrying out the National Flood Insurance Program NFIP.

The National Flood Insurance Program was developed in 1968 in response to private insurers' unwillingness to issue flood insurance to homeowners residing in areas prone to flooding. The program makes available federally subsidized insurance policies for purchase to communities willing to comply with NFIP standards. Those standards include the adoption of floodplain mapping and building regulations. Currently, over 20,000 communities, supporting 4.7 million people, participate in the program. Statistics show that compliance with NFIP guidelines works—Communities in compliance, suffer 80 percent less property damage than that those not in compliance.

The act before us today will increase FEMA's borrowing authority for administration of the program from $18.5 billion to $21.2 billion. Two point seven billion dollars may seem like a lot, but it is a necessary step towards prevention, and prevention should be our ultimate goal. It is important remember that the $2.7 billion is not a handout—it must be repaid by profits made from premiums and interest accrued from the loan.

Hurricane Katrina opened everyone's eyes to the importance of flood insurance. Flooding is not a problem that just comes around when a hurricane hits, neither is it going to disappear after the damage inflicted on the gulf coast is repaired.

Most are unaware that the United States suffers $2 billion of damage annually. In fact, in my home district of Houston, from 1978 to 1995, almost $300 million in flood insurance claims were made. If those facts are not startling enough, consider that the NFIP, the arm of FEMA that makes coverage available to communities in need, is now bankrupt.

Even more alarming is the fact that current evidence indicates that the insurance industry has acted irresponsibly, without compassion, and only in the interest of profits. In 2004, the insurance industry had a record year netting $800 billion in policy holder premiums. The insurance industry must realize that they have a responsibility to the public, as well as to generate profits for their companies, and that they must find a way for the two to coexist. A staggering 40 percent of property owners along the gulf coast do not have flood insurance coverage. As we have now been reminded in the wake of Katrina, the absence of coverage creates a difficult situation.

The NFIP was created to serve as a safety net to those unable to purchase flood insurance from private companies, and their services are once again in need. The act before us today is an important step in the right direction, but a dramatic change in national policy is the only way we can ensure that the necessary change will take place. I ask my colleagues to rise in support of S. 2275.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield back the balance of my time.

Mr. NEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. GILLMOR). The question is on the motion offered by the gentleman from Ohio (Mr. NEY) that the House suspend the rules and pass the Senate bill, S. 2275, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

□ 1130

GENERAL LEAVE

Mr. NEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore (Mr. GILLMOR). Is there objection to the request of the gentleman from Ohio?

There was no objection.

SMALL BUSINESS ADMINISTRATION'S DISASTER LOANS PROGRAM SUPPLEMENTAL APPROPRIATIONS, 2006

Mr. LEWIS of California. Mr. Speaker, I move to suspend the rules and