

POLITICS

Senate GOP Leaders to Add Debt-Limit Increase to Harvey-Aid Bill

Initial Harvey bill expected to sail through House; Senate version could face some opposition



Senate Majority Leader Mitch McConnell said he was acting to deliver on President Donald Trump's priorities of providing Harvey relief, preventing a default on the debt and avoiding a government shutdown. PHOTO: MANUEL BALCE CENETA/ASSOCIATED PRESS

By Kristina Peterson and Siobhan Hughes

Updated Sept. 5, 2017 4:41 pm ET

WASHINGTON—Senate GOP leaders signaled Tuesday they will tie an increase in the nation's borrowing limit to an aid package for victims of Tropical Storm Harvey, a move that could boost the debt-limit legislation's chances of passage ahead of a deadline this month.

Facing a long list of legislative deadlines in September, lawmakers on Capitol Hill are seeking quick approval of an initial measure providing \$7.85 billion in emergency aid to help relief efforts in the wake of Harvey, which first made landfall in Texas as a hurricane on Aug. 25.

The initial Harvey aid faces little opposition on its own in Congress and is expected to sail through the House on Wednesday. But it will become more controversial when it reaches the Senate, where GOP leaders said they plan to attach a measure lifting the debt limit.

Treasury Secretary Steven Mnuchin has urged lawmakers to raise the debt ceiling by the end of September to ensure that the government has enough cash to pay its bills on time. Failure to increase the debt limit could cause the government to miss payments to bondholders and result in a default on government debt.

Senate Majority Leader Mitch McConnell (R., Ky.) said he was acting to deliver on President Donald Trump's top priorities of providing Harvey relief, preventing a default on the debt and avoiding a government shutdown when its current funding expires on Oct. 1.

ON THE TABLE

- ‘Dreamers’ Program Ended
- ‘GOP Faces Sprint on Tax Changes
- ‘Minor Progress Made in Nafta Deal

“They are my immediate priorities as well,” Mr. McConnell said on the Senate floor Tuesday. “In the case of the debt limit, we need to act quickly given the new uncertainty from the large costs of storm recovery.”

Senate Majority Whip John Cornyn (R., Texas) later said Mr. McConnell had made the decision to add an increase in the debt limit to the emergency Harvey spending measure, known as a “supplemental” spending bill, after it clears the House.

“It’s imperative we get that supplemental passed,” Mr. Cornyn said.

Mr. Cornyn said he expected the debt-limit increase would be “clean,” meaning it wouldn’t be accompanied by any measures to curb federal spending. It wasn’t clear Tuesday afternoon by how much the debt limit would be raised.

The combined bill’s prospects in the Senate weren’t yet apparent. Although Senate Democrats back both the Harvey aid and raising the debt limit, they haven’t signed off on the plan since they haven’t seen details of it yet, a Senate Democratic aide said.

Democrats also want to know how this combined package would affect the rest of the legislative agenda, the aide said. Although in the minority in both chambers, Democrats have leverage since their votes will be needed to keep the government funded and clear other high-stakes bills.

“The devil’s in the details about how much Harvey aid, what kinds of terms and conditions, how long for the debt ceiling,” Sen. Chris Coons (D., Del.) said Tuesday evening.

If it passes the Senate, the combined bill would then face another vote in the House, where it will face more resistance from GOP lawmakers who don’t want to raise the debt limit without taking steps to rein in federal spending.

The political calculation by GOP leaders is that incorporating the Harvey aid could take some of the sting for Republicans out of supporting a debt-limit increase. Such a move is almost certain to

meet with conservative opposition, but doesn't jeopardize Democratic support, which will likely be needed to pass the bill in both chambers.

"I'm not for raising the debt ceiling unless we have significant reforms," Sen. Rand Paul (R., Ky.) said.

Still, relatively few of the 25 House Texas Republicans are seen as likely to vote against a bill that includes Harvey aid, helping boost overall GOP support for the bill.

Budget analysts said that emergency Harvey aid could be delayed if Congress doesn't act to raise the debt limit before Treasury officials exhaust the "extraordinary measures" they have been using to keep paying the bills since government debt hit the official borrowing limit in mid-March.

But experts at the Bipartisan Policy Center said that Harvey-relief spending will likely only have a minimal effect on accelerating that final deadline.

"Relief, recovery, and rebuilding funds are disbursed gradually, meaning that most of the federal government's assistance will occur far beyond the timing of this year's debt-limit impasse," Shai Akabas, the center's director of economic policy, wrote with colleagues in a blog post Tuesday.

For instance, the Department of Homeland Security spent \$4.5 billion in emergency-response funds in the two months following superstorm Sandy, the center noted. That is less than a tenth of the \$50.5 billion in Sandy recovery aid that Congress passed in January 2013.

Lawmakers and aides expect the White House to request billions more in aid for the Harvey-recovery effort later this year, when the extent of the damage becomes clear. The bill slated for a vote Wednesday in the House would provide \$7.4 billion for the Federal Emergency Management Agency's response and recovery efforts, as well as \$450 million for the Small Business Administration's disaster-loan program to help small businesses and homeowners rebuild after the storm.

The initial block of nearly \$8 billion in funding isn't offset by cuts elsewhere in the budget, which Republicans may push for in the next installment of relief aid.

—*Kate Davidson contributed to this article.*

Write to Kristina Peterson at kristina.peterson@wsj.com and Siobhan Hughes at siobhan.hughes@wsj.com

Appeared in the September 6, 2017, print edition as 'Senate GOP to Tether Storm Aid to Debt Vote.'

