



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

October 7, 2008

**H.R. 6658  
Disaster Response, Recovery, and Mitigation Enhancement Act of 2008**

*As ordered reported by the House Committee on Transportation  
and Infrastructure on July 31, 2008*

**SUMMARY**

H.R. 6658 would affect several grants and disaster assistance programs of the Federal Emergency Management Agency (FEMA). The legislation would:

- Authorize grants to states and localities for predisaster mitigation programs;
- Modernize emergency warning systems to incorporate multiple technologies;
- Extend participation in the Federal Employees Health Benefits Program to temporary employees hired by FEMA during a disaster;
- Supplement urban response and rescue efforts and establish a national network of standardized resources for search and rescue;
- Increase hazard mitigation assistance available to certain states following a disaster;
- Authorize mortgage and rental payment assistance for victims of a disaster;
- Authorize grants to establish and support Citizen Corps councils;
- Authorize grants to states that agree to provide aid to other states during a disaster;
- Establish a Disaster Relief Fund; and
- Authorize assistance for the rescue, care, and shelter of household pets and service animals during a declared emergency.

Assuming appropriation of the necessary funds, CBO estimates that implementing those provisions would cost about \$1.3 billion over the 2009-2013 period.

In addition, H.R. 6658 would authorize FEMA to retain and spend receipts from sales of excess materials, supplies, and equipment. Under current law, proceeds (in excess of sale costs) are deposited into the Treasury. Based on information from the General Services Administration (GSA), CBO expects that the spending of those receipts would be insignificant in any year. Therefore, we estimate that enacting this legislation would not significantly affect direct spending or revenues.

H.R. 6658 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), by eliminating an existing right to seek compensation for damages and by requiring employers to allow members of search and rescue response systems to reclaim their jobs upon completion of their service. Based on information from FEMA, CBO estimates that the direct cost to comply with the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$68 million and \$136 million, respectively, in 2008, adjusted annually for inflation).

## **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 6658 is shown in the following table. The cost of this legislation falls within budget functions 450 (community and regional development) and 550 (health).

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Predisaster Mitigation Grants						
Authorization Level	250	250	250	0	0	750
Estimated Outlays	25	100	200	225	150	700
Integrated Public Alert and Warning System						
Estimated Authorization Level	37	28	29	29	30	153
Estimated Outlays	17	22	27	29	30	125
Health Benefits for Temporary Employees						
Estimated Authorization Level	10	11	11	12	13	57
Estimated Outlays	10	11	11	12	13	57
National Urban Search and Rescue Response System						
Authorization Level	52	52	52	0	0	156
Estimated Outlays	22	48	52	29	5	156
Increased Hazard Mitigation Assistance						
Estimated Authorization Level	25	50	51	52	52	230
Estimated Outlays	1	7	20	33	43	104
Temporary Mortgage and Rental Payments						
Estimated Authorization Level	2	2	2	2	2	10
Estimated Outlays	1	2	2	2	2	9
Citizen Corps						
Authorization Level	30	35	40	0	0	105
Estimated Outlays	12	26	36	23	8	105
Emergency Management Assistance Compact Grants						
Authorization Level	4	4	4	0	0	12
Estimated Outlays	3	4	4	1	0	12
Total Proposed Changes						
Estimated Authorization Level	410	432	439	95	97	1,473
Estimated Outlays	91	220	352	354	251	1,268

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted in early fiscal year 2009 and that the amounts specified and estimated to be necessary will be appropriated for each fiscal year.

## **Spending Subject to Appropriation**

**Predisaster Mitigation Grants.** Section 101 of H.R. 6658 would authorize appropriations totaling \$750 million through 2011 for FEMA to make grants to states and localities for predisaster mitigation programs such as constructing levees, relocating homes away from flood-prone areas, and retrofitting buildings in areas prone to earthquakes. In 2008, the Congress provided \$114 million for this purpose (see Public Law 110-161). Based on historical spending patterns for those grants, CBO estimates that implementing this provision would cost \$700 million over the 2009-2013 period, and \$50 million thereafter.

**Integrated Public Alert and Warning System.** Section 102 would authorize the appropriation of \$37 million for 2009 and such sums as may be necessary thereafter to modernize the Integrated Public Alert and Warning System (IPAWS). Once fully implemented, IPAWS would utilize multiple modern technologies (for example, satellite radios, computers, pagers, and cellular phones) to alert the public and state and local emergency centers about an impending or ongoing disaster. To date, FEMA has completed multiple pilot programs and is in the process of releasing the first round of technologies to certain areas. The section also would establish an IPAWS advisory committee to make recommendations on implementing the system, including common warning protocols, terminology, and operating procedures.

Based on information from the agency, CBO does not expect that the current activities of the agency would significantly increase over the next five years under the bill. Consequently, CBO estimates that the amounts necessary to continue to modernize IPAWS beyond 2009 would be roughly equivalent to the current budget for the program (\$25 million for 2008), adjusted for anticipated inflation, and would cost \$125 million over the 2009-2013 period.

**Health Benefits for Temporary Employees.** Section 103 would allow temporary personnel, experts, and consultants hired by FEMA under the Stafford Act to enroll in the Federal Employees Health Benefits Plan. Based on estimates from FEMA of the number of disaster assistance employees that would be eligible each year (about 6,000), CBO estimates that federal contributions toward premiums for temporary employees would total \$57 million over the 2009–2013 period. This estimate assumes that about half of the eligible employees working for less than one year would enroll in the plan.

**National Urban Search and Rescue Response System.** Section 105 would authorize the appropriation of \$52 million per year over the 2009-2011 period for FEMA to supplement operations of the National Urban Search and Rescue Response System. The system consists of multiple task forces made up of participants from state fire departments, law enforcement agencies, federal and local governments, and private companies. Those task forces assist local responders in locating victims and managing recovery operations. The bill also would direct FEMA to establish a national network of standardized resources for search and rescue

and to enter into cooperative agreements with sponsoring agencies to reimburse incurred costs. Based on the historical spending patterns for such activities, CBO estimates that implementing this provision would cost \$156 million over the next five years.

**Increased Hazard Mitigation Assistance.** Section 201 would increase assistance available to states through FEMA's Hazard Mitigation Grant Program (HMGP) following a disaster. Under current law, states may be awarded an amount of mitigation assistance between 7.5 percent and 20 percent of estimated public and individual assistance, depending on the severity of the disaster and whether the state has implemented an enhanced mitigation plan. This section would authorize FEMA to increase this amount by 4 percentage points if the state is actively enforcing an approved building code. Assuming that HMGP obligations under current law would be similar to those in the past and assuming that half of future disasters occur in states with approved building codes, CBO estimates that implementing this section would require additional appropriations of about \$25 million in 2009 and \$230 million over the 2009-2013 period, at a cost of \$104 million over that period.

**Temporary Mortgage and Rental Payments.** Section 202 would authorize FEMA to make mortgage and rental payments on behalf of individuals facing imminent risk of eviction as a result of a disaster. Assistance under the program would be limited to 18 months and would be subject to FEMA's cap on total individual and household assistance (which was \$28,800 in 2008). Prior to 2002, FEMA operated a Mortgage and Rental Assistance (MRA) program with similar parameters. CBO estimates that implementing this provision would require additional appropriations to FEMA of about \$10 million over the next five years, increasing discretionary spending by \$9 million over that period. This estimate is based on the historical expenditures of the MRA program and assumes appropriation of the necessary amounts.

**Citizen Corps.** Section 301 would authorize appropriations totaling \$105 million over the 2009-2011 period for FEMA to continue the Citizen Corps program. Through Citizen Corps, the federal government awards grants to state and local organizations (councils) that facilitate collaboration between emergency responders, community leaders, and the public. Those councils also provide public education and outreach, training, and volunteer service opportunities to enhance emergency preparedness. The budget for this program was \$15 million in 2008. Based on historical spending patterns, CBO estimates that continuing the Citizen Corps program at the funding levels specified in the bill would cost \$105 million over the next five years.

**Emergency Management Assistance Compact Grants.** Section 302 would authorize the appropriation of \$4 million per year over the 2009-2011 period for grants to states and the National Emergency Management Association (NEMA) to fulfill their obligations under the Emergency Management Assistance Compact (EMAC) and implement recommendations issued in response to the 2005 Gulf Coast hurricanes. EMAC is an interstate agreement,

ratified by the Congress in 1996 and administered by NEMA, that sets up a legal structure for states to provide assistance to other states during a disaster. CBO estimates that implementing this provision would cost \$12 million over the 2009-2012 period.

**Disaster Relief Fund (DRF).** Section 106 would authorize the appropriation of whatever funds are necessary to provide disaster-related assistance as set forth in the Stafford Act. Although the statute does not explicitly authorize appropriations for this purpose, the Congress regularly provides funds to the DRF through annual and supplemental appropriations. Since 2000, about \$93 billion has been provided to the DRF for disaster assistance (including over \$43 billion that has been allocated thus far for the 2005 Gulf Coast hurricanes). Because this provision would not alter the authorized activities of the federal government in response to a disaster, CBO estimates that it would have no additional cost.

**Assistance for Household Pets and Service Animals.** Section 205 would authorize FEMA to provide assistance for the rescue, care, and shelter of household pets and service animals during a declared emergency. Under current law, such assistance is available upon declaration of a major disaster. Emergency assistance (unlike major disaster assistance) may be triggered without a gubernatorial request and does not require that certain criteria (for example, level of damages) be met before aid becomes available. Based on information from FEMA, CBO does not expect that a significant increase in resources for the DRF would be required to provide this assistance in emergencies. Therefore, we estimate that implementing this section would have no significant cost over the next five years.

## **Changes in Direct Spending**

**Disposal of Excess Materials, Supplies, and Equipment.** Section 104 would authorize FEMA to sell excess disaster-related materials, supplies, and equipment directly to states, local governments, and disaster relief organizations for the purpose of assisting victims of other disasters or emergencies. Proceeds received from the sale of such excess property would be available to FEMA to provide future disaster assistance. Under current law, such receipts are deposited in the Treasury as miscellaneous receipts. Any increase in spending as a result of this provision would be considered direct spending.

Based on information from FEMA and GSA (GSA disposes of excess property for FEMA and many other agencies), CBO estimates that any additional spending under this provision would be insignificant. Under current law, excess property is first available for transfer to other federal agencies. Material not transferred may be donated to state and nonprofit organizations. Property not disposed of through those means may then be offered to the public for sale. The sale of FEMA's materials and supplies generally does not result in a significant sum deposited in the Treasury. Usually FEMA retains those receipts to cover the costs of sale (for example, warehousing and handling). Therefore, CBO estimates that

allowing FEMA to retain proceeds from the sale of excess disaster-related materials, supplies, and equipment would have no significant effect on the federal budget.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 6658 would impose intergovernmental and private-sector mandates, as defined in UMRA. CBO estimates that the direct cost to comply with the mandates to state, local, and tribal governments and the private sector would fall below the annual thresholds established in UMRA for such mandates (\$68 million and \$136 million, respectively, in 2008, adjusted annually for inflation).

Under current law, members of response systems have protection from tort liability when participating in preparedness activities. The bill would expand that protection to include training exercises. Such protection would impose a mandate because it would eliminate an existing right to seek compensation for damages. According to FEMA, no claims for damage have been filed regarding a training exercise, nor does the agency expect that any such claims would be filed under current law. Therefore, CBO estimates that the costs, if any, of this mandate would be minimal.

The bill also would require employers to allow members of response systems who are deployed to a disaster to reclaim their jobs upon completion of their service. According to FEMA, there are currently about 2,000 members of response systems; the duration of deployment of a member is usually less than one month, and in general, most employers currently allow members to reclaim their positions. Thus, CBO estimates that the cost for governmental and private-sector employers to comply with the mandate would fall below the annual thresholds.

The bill also would benefit state, local, and tribal governments by authorizing appropriations for hazard mitigation activities, authorizing the sale of excess materials, supplies, and equipment to those governments for use in emergencies, and authorizing the reimbursement of compensation for certain public employees who are activated as part of an urban search and rescue team. Any costs to those governments would be incurred voluntarily.

## **PREVIOUS CBO ESTIMATES**

On June 5, 2008, CBO transmitted a cost estimate for H.R. 6109, the Pre-Disaster Mitigation Act of 2008, as ordered reported by the House Committee on Transportation and Infrastructure on May 22, 2008. This legislation is similar to section 101 of H.R. 6658, and the estimated costs are identical.

On July 7, 2008, CBO transmitted a cost estimate for S. 3175, the Predisaster Hazard Mitigation Act of 2008, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on June 25, 2008. That legislation is similar to section 101 of H.R. 6658; however, S. 3175 would authorize additional appropriations totaling \$400 million for predisaster mitigation programs through 2013. This difference is reflected in the estimated costs.

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