



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 21, 2003

H.R. 3181 **Predisaster Mitigation Program Reauthorization Act of 2003**

*As ordered reported by the House Committee on Transportation and Infrastructure
on October 1, 2003*

SUMMARY

H.R. 3181 would authorize the Federal Emergency Management Agency (FEMA), within the Department of Homeland Security, to provide grants to states and localities for predisaster mitigation programs such as constructing levies, relocating homes from flood plains, and retrofitting buildings in earthquake areas. Under current law, authority for this program expires on December 31, 2003. The bill would extend the authorization for the predisaster mitigation program until September 30, 2006. CBO estimates that implementing H.R. 3181 would cost \$280 million over the 2004-2008 period, assuming appropriation of the necessary amounts. Enacting H.R. 3181 would have no impact on direct spending or revenues.

H.R. 3181 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit state, local, and tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3181 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

	2003	2004	2005	2006	2007	2008
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SPENDING SUBJECT TO APPROPRIATION

Spending Under Current Law for Predisaster Mitigation Grants						
Budget Authority ^a	150	150	0	0	0	0
Estimated Outlays	30	75	90	75	30	0
Proposed Changes						
Estimated Authorization Level	0	0	154	158	0	0
Estimated Outlays	0	0	31	78	93	78
Spending Under H.R. 3181 for Predisaster Mitigation Grants						
Estimated Authorization Level ^a	150	150	154	158	0	0
Estimated Outlays	30	75	121	153	123	78

a. The 2003 and 2004 levels are the amounts appropriated for those years.

BASIS OF ESTIMATE

FEMA is authorized to provide predisaster mitigation grants to states and localities to help prevent damage in areas frequented by disasters until December 2003. H.R. 3181 would extend this authority until September 30, 2006. CBO estimates that extension would cost \$280 million over the five-year period, subject to appropriation of the necessary amounts. This estimate assumes that appropriations for 2005 and 2006 would be equivalent to the amounts appropriated for 2004, adjusted for anticipated inflation. (The 2004 appropriation for disaster mitigation grants was \$150 million.) CBO's estimate of spending is based on historical spending patterns for such grants. Mitigation grants could reduce the severity of damages caused by future natural disasters and thus could affect the amount and timing of spending for disaster assistance. CBO has no basis, however, to estimate any significant change in the need for disaster assistance over the next several years due to the reauthorization of disaster mitigation grants.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3181 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit state, local, and tribal governments. It would reauthorize grants for disaster mitigation, and any cost to those governments would be incurred voluntarily as conditions of federal aid.

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