

CRS Report for Congress

Received through the CRS Web

Federal Emergency Management Agency Funding for Homeland Security and Other Activities

April 9, 2002

Keith Bea
Specialist, American National Government
Government and Finance Division

Federal Emergency Management Agency Funding for Homeland Security and Other Activities

Summary

In response to the terrorist attacks in the fall of 2001, the Bush Administration requested funds in the FY2003 budget for the Federal Emergency Management Agency (FEMA) that emphasize the agency's homeland security mission. The Administration has requested a total of \$6.6 billion for the agency. Of perhaps greatest significance, more than half of the funds requested for the agency (\$3.5 billion) would be used for the First Responders Initiative. The Initiative would provide grants to state and local police, fire, and other emergency personnel for equipment purchases, improvement of communications capabilities, and training.

FEMA has a workforce of approximately 2,600 full-time employees, in addition to a corps of roughly 2,400 persons on reserve and paid, as needed, to administer disaster relief assistance. In past years over half of the agency's funding has generally been used for disaster relief, with the remaining portion appropriated for agency salaries and expenses, services provided by nonprofit organizations to aid the homeless, and grants to state and local governments for emergency preparedness assistance and hazard mitigation activities.

In addition to funding homeland security activities, the Bush Administration's FY2003 budget proposal would modify FEMA's activities. Emergency food and shelter funds would be transferred to the Department of Housing and Urban Development. Mitigation funding to reduce the costs of future disasters or to prevent disasters from occurring would no longer be tied to the receipt of disaster assistance, but would primarily derive from competitive grants. Likely issues of debate for the 107th Congress include the advantages and disadvantages of transferring preparedness and equipment funding from the Department of Justice to the First Responder Initiative in FEMA, consolidating hazard mitigation funding, and options for funding disaster assistance.

Contents

Overview	1
Funding Summary	2
Appropriated Funds	2
FY2002 Request and Appropriations	2
FY2003 Request	5
Revolving Funds	8
Trust Funds	8
Loan Accounts	8
Reimbursable Funds	9
Other FEMA Funds	9
Summary of Funding Levels	10
Disaster Relief Appropriations	15
Issues of Debate	22
Disaster Assistance Funding	22
Emergency Designations	22
Budget Priorities for Homeland Security	25
Emergency Preparedness Grants	25
FY2003 Proposal: The First Responder Initiative	29
Mitigation Funding	32
Section 404 Hazard Mitigation Grants	33
FY2003 Proposal: Pre-Disaster Mitigation	34
Conclusion	35

List of Tables

Table 1. FEMA Funding by Account, FY2001-FY2003	12
Table 2. Total Agency and Disaster Relief Appropriations for FEMA, FY1984-FY2002	14
Table 3. Disaster Relief Fund, FY1974-FY2003	19
Table 4. Allocation of EMPG Funds, FY2002, by State	27
Table 5. Projected Allocation of First Responder Initiative Funds, FY2003 ...	30
Table 6. Hazard Mitigation Grant Program Obligations	34

List of Figures

Figure 1. Requests and Appropriations for FEMA, FY2001 to FY2003	11
--	----

Federal Emergency Management Agency Funding for Homeland Security and Other Activities

Overview

The Federal Emergency Management Agency (FEMA) is an independent agency established in 1979 to coordinate federal disaster and emergency assistance policies and to administer programs that provide assistance before and after disaster strikes. Among other activities, the agency funds state and local preparedness and planning activities, disaster relief for communities and individuals, a national dam safety program, grants to soup kitchens and shelters that aid the homeless, fire prevention and suppression assistance, and support for hazard mitigation projects intended to reduce future disaster losses.¹ FEMA also administers programs relevant to the terrorist threats in the United States.

Prior to FY2002, the total annual budget for the agency ranged from \$2.5 billion to almost \$6 billion. Disaster relief assistance, generally financed through supplemental appropriations, constituted 75% to 90% of the agency's budget in most fiscal years.

The Bush Administration has proposed a change in budget priorities for FEMA. In response to the terrorist attacks of September 11, the Administration has proposed new funding priorities for the agency. The FY2003 budget request is \$6.4 billion, roughly three times the request for FY2002, but less than the \$7.5 billion appropriated (thus far) since the terrorist attacks.² The increase primarily stems from the proposal that the agency take responsibility for coordination of federal emergency preparedness activities within the First Responder Initiative. First Responder grant funds would be provided to improve the equipment and readiness of state and local law enforcement, firefighting, rescue, and other emergency personnel for future terrorist attacks. Specific types of assistance to be provided include enhancing communications equipment, funding mutual aid compacts, and providing training opportunities.

For the most part, FEMA would continue to administer functions not directly related to the threat of terrorist attack, including disaster assistance. One function

¹For an overview of FEMA authorities and statutory references, see CRS Report RL31285, *FEMA's Mission: Policy Directives for the Federal Emergency Management Agency*, by Keith Bea.

²On March 14, 2002, the Administration submitted to Congress a supplemental FY2002 funding request that includes an additional \$3.1 billion for FEMA for disaster relief, grants to state and local governments, the Citizen Corps, and other activities. See the following: [<http://w3.access.gpo.gov/usbudget/fy2003/pdf/5usattack.pdf>], visited April 2, 2002.

that FEMA has historically administered, the grants to organizations that provide emergency food and shelter to the homeless, however, would be transferred to the Department of Housing and Urban Development (HUD).

Funding Summary. FEMA's budget includes the following six funding mechanisms:

- appropriated funds
- revolving funds
- trust funds
- loan accounts
- reimbursable funds
- other funds

Details on each of these funding mechanisms are provided below.

Appropriated Funds

Appropriations—the source of the largest portion of the FEMA budget—fund agency operations, grants to state and local governments and disaster victims, reimbursements to federal agencies for disaster related costs, and other activities.

Most appropriations expire at the end of each fiscal year, requiring new congressional action for the approval of funds for the next year. However, money appropriated to the disaster relief fund (DRF), which historically constitutes approximately three-fourths of the FEMA budget, remains available until expended. Such funds are referred to as “no-year appropriations.”³ Most of the funds in the DRF are classified as “emergency requirements,” so they are not scored against discretionary caps established in the annual budget resolutions. (For more information on emergency requirements, see “Supplemental Appropriations and Emergency Requirements,” on page 22 of this report.)

FY2002 Request and Appropriations. Months before the terrorist attacks of September 11, 2001, the Bush Administration initiated a reorganization of FEMA to enhance the agency's counterterrorism mission. On May 8 of that year, President Bush drew attention to FEMA's role in dealing with the results of terrorist activity when he directed creation of an Office of National Preparedness (ONP) to coordinate “all federal programs dealing with weapons of mass destruction consequence management.” In his announcement, he also charged ONP to work “closely with state and local governments to ensure their planning, training, and equipment needs are addressed.”⁴ On June 5, 2001, FEMA Director Joe M. Allbaugh announced a functional realignment of FEMA that combined offices administering

³For information on no-year funds and other federal budget process terms, see the glossary and terminology section in the CRS Guide to the Legislative and Budget Process at: [<http://www.crs.gov/products/guides/glossary/a.shtml>], visited Dec. 4, 2000.

⁴U.S. Federal Emergency Management Agency, “President Bush on Domestic Preparedness Against Weapons of Mass Destruction,” [http://www.fema.gov/nwz01/nwz01_33.htm], visited Nov. 13, 2001.

disaster preparedness, relief, and mitigation programs and created ONP. In addition, national security and information security functions within FEMA were transferred to ONP from other FEMA offices.⁵

As a result of the September attacks, Congress and the Administration agreed to emphasize agency activities related to homeland security in the FY2002 budget under consideration at the time. Funding approved by the 107th Congress for FY2002 in P.L. 107-73, and in supplemental appropriations legislation (P.L. 107-38, P.L. 107-117), supports the range of FEMA's emergency management activities, with emphasis given to the terrorist threat. FY2002 funding for activities directly related to terrorist threats include the following:

- \$360 million for grants to fire departments and fire service organizations, \$150 million appropriated in P.L. 107-73 and \$210 million in P.L. 107-117 (\$7 million of which has been transferred to FEMA's salaries and expenses account for administrative costs);
- an unspecified amount to prepare plans for the relocation of FEMA headquarters to enhance security and accomplish other objectives;⁶
- authority to transfer \$2.9 million from the disaster relief fund to the consolidated emergency management performance grant (EMPG) program in the emergency management and planning assistance account, resulting in a total of \$116 million available for grants, \$16 million of which has been allocated for terrorism-related activities.⁷

In addition, in its budget justification for FY2003 FEMA identified activities expected to be undertaken in FY2002 that specifically reference terrorist-related actions. These activities include the following:

- "Develop and exercise terrorism-specific plans and procedures, and coordinate FEMA's counter-terrorism/anti-terrorism programs that address the threat of chemical, biological or radiological weapons of mass destruction;"⁸

⁵U.S. Federal Emergency Management Agency, "Memorandum on Functional Realignment," by Director Joseph Allbaugh, June 5, 2001.

⁶ Approximately \$22 million was requested in FY2001 for the relocation of FEMA headquarters from the southwest quadrant of Washington, D.C. The total relocation cost has been estimated at \$32.5 million. According to FEMA, FY2002 salaries and expenses funds are being used to "continue working with GSA on plans to move the Agency's headquarters to a more secure location." Ibid., p. SE-5.

⁷Communication received from FEMA, Oct. 2, 2001.

⁸U.S. Federal Emergency Management Agency, *Justification of Estimates Fiscal Year 2003*, (Washington: 2002), p. SE-4.

- Sponsor six Integrated Emergency Management Courses (IEMC) “with terrorism scenarios which bring together senior officials of local jurisdictions to simulate and critique their response;”⁹
- “Assess the feasibility of consolidating disparate corrective action processes into a single all-hazards lessons-learned tracking system” designed for multiple hazards, including those involving weapons of mass destruction (WMD);¹⁰
- Continue to ensure implementation of the *Federal Response Plan* for consequence management after terrorist incidents, develop a supplement to the plan for the National Capital area, and help regional offices integrate terrorism planning into regional supplements of the plan;¹¹
- Improve management of the Terrorism Consequence Management Preparedness Assistance (TCMPA) program by updating planning guidance and developing new material for state and local governments;¹²
- Revise the “Emergency Response to Terrorism” curriculum and enhance capability of fire departments to respond to terrorist attacks;¹³
- Through external affairs activities, involve Members of Congress and non-federal officials in programs “related to responding to terrorist acts;¹⁴ and,
- Continue to provide security at FEMA disaster sites and other locations.¹⁵

Requests Not Approved. While Congress and the Administration reached agreement on the FY2002 budget concerning terrorist-related disasters, some proposals pertinent to other emergency management issues were not approved. Budget proposals submitted by President George W. Bush for FY2002 and not approved by the 107th Congress included the following:

- Requirement that state and local governments purchase insurance for public buildings. A three-year phase-in period would have been provided under this proposal, with a total expected savings of \$83 million.¹⁶

⁹Ibid., p. EM-13.

¹⁰Ibid., p. EM-15.

¹¹Ibid., p. EM-17.

¹²Ibid.

¹³Ibid., p. EM-34.

¹⁴Ibid., p. EM-78.

¹⁵Ibid., p. DR-32.

¹⁶Certain federal aid for uninsured public buildings already is prohibited for facilities in a “special flood hazard area.” See: P.L. 106-390, 114 Stat. 1564, 42 U.S.C. 5172(c).

- Reduction of the federal share for the Hazard Mitigation Grant Program (HMGP), also referred to as the Section 404 program, from 75% of eligible costs to 50%.¹⁷
- Modification of the statute authorizing the National Flood Insurance Program (NFIP) to provide the owners of repeatedly flooded property only one additional opportunity to submit an insurance claim, as well as to phase out the subsidized premium rates for non-primary residences.¹⁸

In addition to these proposals not enacted by the 107th Congress, the proposal to consolidate administrative counterterrorism grant assistance in the ONP remains unresolved and is the focus of debate on the FY2003 request (see the “Issues of Debate” section of this report). At present, considerable funding for equipment and planning associated with terrorist attacks is concentrated in the Department of Justice (DoJ). Supplemental appropriations enacted after the attacks (P.L. 107-117) increased DoJ funding for state and local governments in FY2002 by \$400 million, bringing the total current estimate for counterterrorism programs to \$857 million.¹⁹ Questions have been raised by Members of Congress about the role of the ONP, particularly in light of the current responsibility of the DoJ. The conference report to accompany P.L. 107-117 did not include funding for the ONP and noted: “The conferees will entertain such funding in the future when it has had an opportunity to evaluate a comprehensive plan outlining FEMA’s role in dealing with terrorism and its consequences.”²⁰ Refer to the “Issues of Debate” section of this report for further information on the proposed role of the ONP.

FY2003 Request. The President’s FY2003 request reflects the Bush Administration’s new priorities for FEMA. Historically, most of FEMA’s annual budget activity has been used for disaster relief and recovery.²¹ **Table 2** of this report shows the proportion of agency funds dedicated to disaster assistance. The budget proposal would shift the emphasis in FEMA funding toward preparedness and consequence management activities related to terrorist attacks. In addition, it would transfer the agency’s responsibility for emergency food and shelter for the homeless

¹⁷P.L. 103-181, 107 Stat. 2054. When first authorized in 1988, the federal share was set at a maximum of 50% (“The President may contribute up to 50 percent of the cost ...”). After the Midwest floods of 1993, Congress increased the cap to allow payments of up to 75%.

¹⁸For information on repetitive loss properties in flood prone areas, see National Wildlife Federation, *Higher Ground, A Report on Voluntary Property Buyouts in the Nation’s Floodplains* (Washington: 1998), p. 184.

¹⁹U.S. Executive Office of the President, *Fiscal Year 2003 Appendix, Budget of the United States Government* (Washington: 2002), p. 645.

²⁰U.S. Congress, Conference Committees, 2001, *Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002*, conference report to accompany H.R. 2620, 107th Cong., 1st sess., H.Rept. 107-272 (Washington: GPO, 2001), p. H7828.

²¹Appropriations for disaster relief vary each year, ranging (in 1996 constant dollars) from 0 to over 90% of appropriations for the agency. The two years in which appropriations exceeded 90% were FY1994 (Northridge earthquake) and FY1997 (flooding in the Dakotas).

to HUD; and it would recast hazard mitigation funding related to natural disasters by funding the pre-disaster mitigation program at the \$300 million level and terminating grants for the Hazard Mitigation Grant Program derived from the disaster relief fund (DRF).

Other elements of the FY2003 request relate to terrorism and homeland security. President Bush has proposed that FEMA coordinate the Citizen Corps, which will “enable Americans to volunteer to participate directly in homeland security efforts in their own communities.”²² Funds for the Citizen Corps would be derived from the \$3.5 billion requested for the First Responder program.²³ Appropriations for the First Responder Initiative are proposed to be provided for in the Emergency Management Planning and Assistance account (see **Table 1**, below).

Other FY2003 requests associated with counterterrorism and homeland security include:

- Increase funding by \$20 million in salaries and expenses “to work with states and localities on terrorism preparedness and administer the new First Responder grant program”;²⁴
- “Deliver four Integrated Emergency Management Courses (IEMCs) with bio-terrorism scenarios, which bring senior officials of local jurisdictions together to simulate and critique their response, and conduct terrorism-related training addressing topics such as the increased risk in our nation’s schools and the Incident Command System (\$350,000)”;²⁵
- “Conduct interagency and intergovernmental activities to coordinate, finalize, and initiate implementation of a WMD [weapons of mass destruction] Incident Support Team concept for effective integration of federal consequence management response assets into incident command at the scene of a terrorist incident (\$150,000)”;²⁶
- “Continue to refine the WMD time-phased force packages (\$120,000)”;²⁷
- Continue interagency planning efforts from FY2002 concerning *Federal Response Plan* enhancements for the National Capital area and sponsor terrorism meetings and symposia nationwide (\$875,000);²⁸

²²For information, see the *CRS Electronic Briefing Book on Terrorism*, “Citizen Corps,” at: [<http://www.congress.gov/brbk/html/ebter198.html>], visited Feb. 15, 2002.

²³*Justification of Estimates Fiscal Year 2003*, p. EM-73.

²⁴*Ibid.*, p. SE-7.

²⁵*Ibid.*, p. EM-21.

²⁶*Ibid.*, p. EM-24.

²⁷*Ibid.*

²⁸*Ibid.*

- “Develop policies and procedures for using CHER-CAP [Comprehensive Hazard Materials (HAZMAT) Emergency Response - Capability Assessment Program]” to disseminate the terrorism domestic preparedness program nationwide and convert material to electronic format (\$92,000);²⁹
- Transfer \$155 million from the emergency management planning and assistance and the salaries and expenses accounts to the national preparedness account for the First Responder grants;³⁰
- “Conduct comprehensive terrorism preparedness and outreach efforts in state and local communities (\$149,000)”;³¹
- Fund the Office of National Preparedness (ONP), which “will coordinate all preparedness and consequence management federal programs dealing with weapons of mass destruction (WMD). The ONP will take the lead within the federal government for the coordination, integration, and implementation of preparedness and consequence management programs and activities focused on developing, building and maintaining the national capability for dealing with WMD terrorism incidents and other threats” (\$3.5 billion);³²
- “Continue to engage Members of Congress and state and local officials in the agency’s disaster programs, especially those related to responding to terrorist acts” (\$52,000);³³
- Provide resources to ensure a secure environment for FEMA and related personnel;³⁴ and,
- Revise and update material and courses related to WMD courses, support priorities for improved use of systems in WMD incidents, and provide technical assistance (\$262,000).³⁵

Significant proposals for FY2003 not directly related to terrorist threats include replacement of the existing authority for the Hazard Mitigation Grant Program with competitive grants (discussed in the “Issues of Debate” section of this report), increased funding for the emergency food and shelter program and its transfer to HUD, and \$300 million for flood map modernization.

²⁹Ibid., p. EM-26.

³⁰Ibid., p. EM-37.

³¹Ibid., p. EM-69.

³²Ibid., p. EM-71.

³³Ibid., p. EM-81.

³⁴Ibid., p. DR-38.

³⁵Ibid., p. R-10.

Revolving Funds

Insurance premiums paid by participants of the National Flood Insurance Program (NFIP) remain in the National Flood Insurance Fund (NFIF) until expended. Should insufficient premiums be collected from policyholders, the Federal Insurance Administrator (FIA) within FEMA may borrow up to \$1.5 billion from the U.S. Treasury.

According to the information provided by FEMA, the FIA borrowed \$3.4 billion from the U.S. Treasury through FY2000. Of that amount, more than \$3 billion has been repaid through appropriations received prior to FY1986 and through premiums and other income derived from the program since FY1994. As of late in calendar year 2000, roughly \$345 million in cumulative debt remained to be repaid.³⁶ Table 1, below, presents total insurance expenses identified by the agency for each fiscal year.³⁷

Trust Funds

Gifts and bequests provide some assistance to disaster victims. Such assistance derives from funds provided by a bequest made by “the late Cora C. Brown of Kansas City, Missouri, who left a portion of her estate to the United States for helping victims of natural disasters and other disasters not caused by or attributable to war.”³⁸ In FY1999, FEMA obligated \$17,242 from the Cora Brown Fund.³⁹

Loan Accounts

The Robert T. Stafford Disaster Relief and Emergency Relief Act, the principal federal disaster assistance statute, requires that states meet specified cost sharing provisions for disaster relief grants.⁴⁰ In general, the statute provides that states must provide 25% of the costs eligible for federal assistance, with some exceptions allowed for catastrophes that require higher levels of federal assistance.

³⁶Data provided by staff of the Flood Insurance Administration in an interview held with CRS on Nov. 30, 2000.

³⁷ FEMA also administers the Working Capital Fund, through which federal agencies pay for assistance provided at the Mt. Weather Emergency Assistance Center. This report does not discuss this fund due to the relatively small amount of funds involved. Also, in the past, the agency administered another revolving fund, the National Insurance Development Fund, which provided crime insurance and riot reinsurance in urban areas. Funds have not been authorized for these purposes since 1983 (riot reinsurance) and 1995 (crime insurance).

³⁸44 C.F.R. 206.181(a).

³⁹U.S. Executive Office of the President, Office of Management and Budget, *2000 Catalog of Federal Domestic Assistance*, (Washington: June 2000), p. 813.

⁴⁰42 U.S.C. Subchapter N, Sec. 5170-5174.

Section 319 of the Act authorizes loans or advances to be made to states or other eligible applicants if cost sharing requirements cannot be met.⁴¹

Section 417 of the Stafford Act also authorizes loans to be provided to local governments that lose a substantial portion of their tax and revenue base as a result of declared major disasters, subject to a limitation of \$5 million.⁴² As amended by the Disaster Mitigation Act of 2000, communities that do not repay the Section 417 loans are not eligible for additional loans.⁴³ Since FY2002 FEMA has approved over \$383 million in Section 319 and Section 417 loans.⁴⁴

Reimbursable Funds

Other federal agencies reimburse FEMA for costs associated with assistance provided to certain communities. The principal reimbursable funding program is the Chemical Stockpile Emergency Preparedness Program (CSEPP). Communities surrounding Army stockpiles of chemical agents receive emergency preparedness assistance funding from the Department of Defense, through FEMA. In FY1999, FEMA obligated \$56.8 million for this purpose.⁴⁵

Other FEMA Funds

Three other accounts administered by FEMA receive fees from sources other than appropriations. First, the National Flood Mitigation Fund, to which \$20 million is transferred each year from the NFIF, supports mitigation activities in flood prone areas, including the relocation of substantially destroyed properties or buildings subject to repeated flooding.⁴⁶ Second, the Flood Map Modernization Fund, established in FY2000 with a \$5 million appropriation, enables FEMA to improve flood plain maps. More precise maps will be composed through this program, facilitating ready access to flood hazard information in electronic format. FEMA has estimated that roughly a billion dollars will be required through FY2006 to complete the map modernization process. Third, the Radiological Emergency Preparedness (REP) Fund helps state and local governments develop emergency preparedness and evacuation plans. Commercial nuclear facilities pay user fees to the REP.

⁴¹42 U.S.C. 5162. This is referred to as the Advance of Non-federal Share or State-Share/Cost-Share loan program.

⁴²42 U.S.C. 5184. This is referred to as the Community Disaster Loan program.

⁴³P.L. 106-390, 114 Stat. 1571.

⁴⁴U.S. Federal Emergency Management Agency, *Justification of Estimates FY2003*, (Washington: 2002), p. DL-3.

⁴⁵*Ibid.*, p. 821.

⁴⁶For more information on the flood mitigation fund and other mitigation programs, see [<http://www.fema.gov/mit/>], visited Feb. 11, 2000.

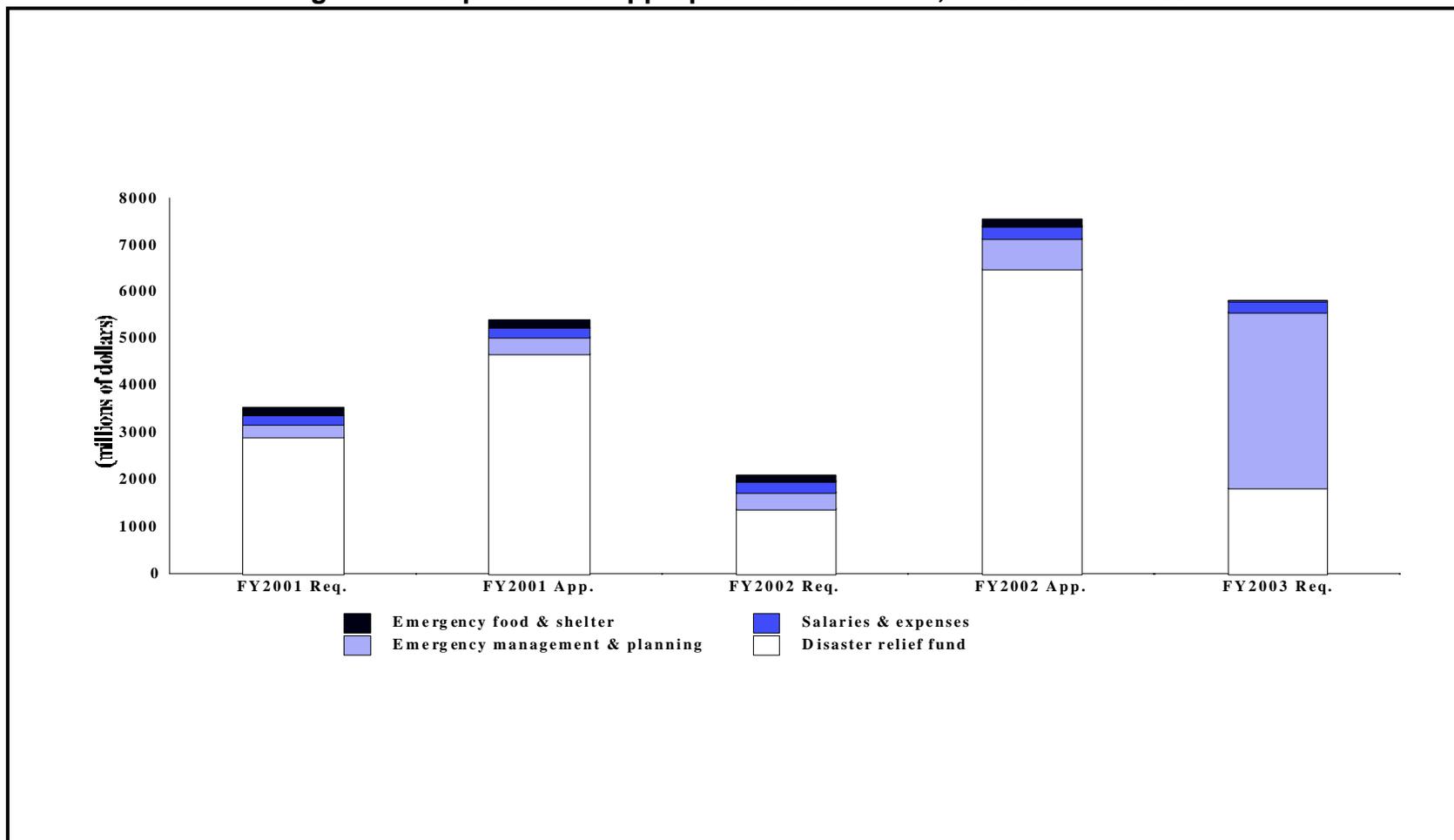
Summary of Funding Levels

Figure 1, below, illustrates the shift that would occur in FEMA's budget priorities should Congress approve the President's FY2003 request. Figure 1 excludes data on the Office of Inspector General and the disaster loan subsidy account because they are relatively small accounts. In addition, Figure 1 does not reflect data on supplemental appropriations for disaster relief for FY2002 reportedly under discussion.

Data from **Table 1**, below, were used to create Figure 1. Table 1 identifies budget requests, authority, and outlays for FEMA for FY2001-FY2003 for most of the six funding mechanisms discussed above. Table 1 does not include data for trust and reimbursable funds, nor does it include all data for loan costs.

Table 2 provides historical data on the proportion of agency funds dedicated to disaster assistance.

Figure 1. Requests and Appropriations for FEMA, FY2001 to FY2003



Graph excludes budget data for the Office of Inspector General and for disaster loan subsidies. Data for FY2001 and FY2002 include supplemental appropriations; data for FY2003 does not. Emergency food and shelter program proposed to be transferred to HUD in FY2003.

Table 1. FEMA Funding by Account, FY2001-FY2003
(millions of dollars)

Activity	FY2001			FY2002			FY2003		
	^A Request	^B BA	Outlay	^A Request	^B BA	^C Outlay	^A Request	^B BA	^C Outlay
Appropriated funds									
Disaster Relief Fund ^D	2,909	4,680	3,217	1,348	6,499	4,849	1,821	—	5,225
Salaries & expenses	221	215	182	234	266	259	240	—	242
Emergency management & planning ^E	270	369	313	355	642	487	3,747	—	2,019
Office of Inspector General ^F	8	32	17	32	32	40	33	—	30
Emergency food & shelter ^G	140	140	140	140	140	140	0	—	0
Disaster loan subsidy ^H	2	2	2	1	1	1	1	—	1
Revolving fund^I									
Flood insurance (total program expense)	—	2,127	—	—	1,447	—	—	1,485	—
Other funds									
Flood map modernization ^J	—	18	1	0	32	22	300	—	90
Flood mitigation fund ^K	—	20	13	—	20	21	21	—	23
Cerro Grande fire ^L	—	—	254	—	—	154	—	—	88
Proposed fund									
Pre-disaster mitigation ^M	30	0	17	30	—	14	300	—	75
Total^N	3,580	7,603	4,156	2,140	9,059	5,986	6,463	—	7,793

Sources: U.S. Federal Emergency Management Agency, *Budget in Brief, Fiscal Year 2001-2003* (Washington: 2002).

Note: Outlays may exceed appropriations in any fiscal year because some funds remain available until expended or because some funds were transferred among accounts.

See next page for further notes.

^A Request as originally submitted by the Administration.

^B Budget authority, generally appropriations. Includes supplemental appropriations, transfers, and certain receipts.

^C Current estimates from President's budget.

^D Includes contingency funds, except for FY2002 request, which includes only requested appropriations. Of the funds appropriated to the Disaster Relief Fund (DRF) for FY2002, conferees (H.Rept. 107-272) directed that \$74.5 million be transferred from the DRF, as follows: \$2.9 million to Emergency Management & Planning for the consolidated Emergency Management Performance Grant (EMPG) program and \$25 million for pre-disaster mitigation grants, \$25 million be provided for flood map modernization, and \$21.6 million to the Office of Inspector General for audits and investigations.

^E The 106th Congress earmarked \$25 million in FY2001 funding for pre-disaster mitigation activities authorized by the Disaster Mitigation Act of 2000 (P.L. 106-390). FY2001 data also include \$100 million appropriated in P.L. 106-554 for fire grant program. Conferees for FY2002 (H.Rept. 107-272) required that \$25 million be transferred from the DRF to Emergency Management & Planning for pre-disaster mitigation grants, which is not reflected in the FY2003 *Budget in Brief* (p. 15). Conferees also provided that up to 5% of the \$150 million appropriated for fire grants was to be transferred to the Salaries & Expenses account. See also data presented in row labeled "Pre-disaster mitigation."

^F In addition to the \$10 million appropriated for the Office of Inspector General (OIG), Congress authorized the transfer of \$21.6 million from the Disaster Relief Fund for audits and investigations in FY2001 and FY2002. The FY2003 request includes a similar transfer to the OIG for FY2003.

^G Funding for emergency food and shelter program is proposed to be transferred to the Department of Housing and Urban Development in FY2003.

^H Represents outlays from discretionary balances. For background on the community disaster loan program and information on loans made, see: U.S. Congress, House Committee on Appropriations, *Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations for 1998*, hearing, 105th Cong., 1st sess., Mar. 6, 1997 (Washington: GPO, 1997), pp. 91-94.

^I The National Flood Insurance Program (NFIP) is intended to be self-supporting, based on receipts from insurance premium receipts and other payments deposited in the National Flood Insurance Fund (NFIF). Instead of appropriations, the data in Table 1 of this report reflect actual and estimated total program expenses. See: U.S. Federal Emergency Management Agency, *Justification of Estimates Fiscal Year 2003* (Washington: Feb. 2002), p. FI-6.

^J For FY2001, \$17.7 million was transferred from the flood insurance fund. For FY2002, conferees authorized the transfer of \$25 million from the DRF for map modernization, and \$7 million has been transferred from the flood insurance fund.

^K The National Flood Mitigation program is funded through annual transfers of \$20 million from the NFIF. For FY2001, the Administration proposed an additional transfer of up to \$50 million per year from the DRF for the purchase of repetitively flooded property. The House supported this proposal, but conferees rejected it because P.L. 106-246 authorized the reallocation of \$50 million for property buyouts. The FY2001 appropriations act, P.L. 106-377, authorized FEMA to obligate up to \$15 million from the DRF for flood map modernization activities after a disaster declaration has been issued by the President. Conferees for FY2002 authorized the \$20 million transfer from the NFIF for mitigation.

^L Subdivision C, P.L. 106-246 (114 Stat. 590) appropriated \$455 million for the payment of claims and \$45 million for administrative costs associated with the Cerro Grande fire in New Mexico.

^M In the FY2001 request, the Clinton Administration sought appropriations for a new pre-disaster mitigation account. Congress instead agreed to set aside \$25 million in the emergency management and planning assistance account for FEMA's Project Impact mitigation (disaster loss reduction) program in FY1999 and FY2000. For FY2001, the Administration requested \$30 million for Project Impact. Instead, the 106th Congress enacted the Disaster Mitigation Act of 2000 (P.L. 106-390), that authorizes funding for a pre-disaster mitigation program. For FY 2001 and FY2002, funding was provided through a \$25 million appropriation administered through the EMPA account. In FY2003, the Bush Administration proposes elimination of the Hazard Mitigation Grant Program (42 U.S.C. 5170c) and increased funding for the new pre-disaster mitigation program.

^N Totals do not include revolving fund or public enterprise fund data or reimbursable accounts. Totals reflect rounding of subtotals.

**Table 2. Total Agency and Disaster Relief Appropriations
for FEMA, FY1984-FY2002**
(millions of nominal and constant dollars)

Fiscal year	Appropriations		Disaster relief fund ^A		Disaster fund share of total (% of constant \$)
	Nominal \$	Constant 2001 \$	Nominal \$	Constant 2001 \$	
1984	577	954	0	0	NA
1985	759	1,207	100	139	13.2
1986	863	1,335	346	535	40.1
1987	631	936	120	178	19.0
1988	632	910	120	173	19.0
1989	1,754	2,440	1,208	1,680	68.9
1990	1,796	2,390	1,251	1,664	69.7
1991	563	728	0	0	NA
1992	4,834	6,138	4,127	5,240	85.4
1993	2,562	3,172	2,027	2,510	79.1
1994	5,928	7,150	5,409	6,524	91.2
1995	4,102	4,809	3,595	4,215	87.6
1996	3,972	4,553	3,393	3,889	85.4
1997	5,105	5,705	4,620	5,163	90.5
1998	2,430	2,670	1,920	2,109	79.0
1999	2,875	3,068	2,114	2,256	73.5
2000	2,757	2,818	300	307	10.9
2001	5,415	5,415	2,300	2,300	42.5
2002 ^B	7,556	7,453	6,521	6,432	86.3
Totals	55,111	63,850	39,471	45,335	71.0

Sources: U.S. Federal Emergency Management Agency, *Justification of Estimates*, various years.

^A Excludes unobligated balances carried forward, procurement savings, emergency contingency fund releases, and transfers. Includes supplemental appropriations.

^B Current estimate based on Congressional Budget Office projection of the increase in the overall Gross Domestic Product price index for calendar 2002 of 1.4%.

Disaster Relief Appropriations

FEMA uses funds appropriated to the DRF to provide assistance authorized by the Stafford Act.⁴⁷ Stafford Act aid is available after the President issues a declaration that federal assistance is needed to supplement the resources of overwhelmed states and localities.

The Stafford Act authorizes the President to issue five types of declarations. FEMA has summarized each as follows:⁴⁸

- **Major disaster.** The President can declare a major disaster upon the request of the governor of the affected state.⁴⁹ A declaration authorizes FEMA to administer various federal disaster assistance programs for victims of declared disasters. Each declaration specifies the type of incident covered, the time period covered, the types of disaster assistance available, the counties affected by the declaration, and also identifies the Federal Coordinating Officer.
- **Emergency.** The declaration process for emergencies is the same as for major disasters; however, an emergency declaration authorizes only emergency response activities, debris removal, and disaster housing programs. Disaster Relief Fund expenditures for an emergency are limited to \$5 million per declaration, unless Congress is notified otherwise.
- **Fire suppression.** The FEMA Director is authorized to provide fire suppression assistance to supplement the resources of communities when fires threaten such destruction as would warrant a major disaster declaration.
- **Defense emergency.** Upon request from the governor of an affected state, the President may authorize the Department of Defense (DoD) to carry out emergency work for a period not to exceed 10 days. DoD emergency work is limited to work essential for the preservation of life and property.
- **Pre-declaration activities.** When a situation threatens human health and safety, and a disaster is imminent but not yet declared, the Director of FEMA may place agency employees on alert. FEMA monitors the status of the situation, communicates with state emergency officials on potential assistance requirements, and deploys FEMA teams and resources to maximize the speed and effectiveness of the anticipated federal response and, when necessary, performs preparedness and preliminary damage assessment activities.

⁴⁷ The Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq.

⁴⁸Text taken from: U.S. Congress, Committee on Appropriations, Subcommittee on VA, HUD, and Independent Agencies, *Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations for 2001*, hearing, 106th Cong., 2nd sess., Feb. 29, 2000 (Washington: GPO, 2000), p. 702.

⁴⁹For criteria considered in the declaration of a major disaster, see: 44 CFR 206.48.

A major disaster declaration makes available the full range of federal disaster relief assistance to stricken counties and cities. Some types of assistance available under a major disaster declaration include the repair, replacement, or reconstruction of public and nonprofit facilities, cash grants for personal needs of victims, temporary housing vouchers or replacement accommodations, and unemployment assistance related to the disaster.⁵⁰ By comparison, an emergency declaration authorizes less assistance, as noted above.⁵¹

After a governor requests an emergency or a major disaster declaration, FEMA officials in the regional office meet with state and local officials to review the extent of the losses and the commitment of resources by state and local governments. The regional office then makes a recommendation to the Director of FEMA on whether a major disaster or an emergency declaration should be issued. The FEMA Director subsequently recommends a decision to the President, who has final authority to decline the request or to issue a declaration. Regulations for the Stafford Act set out limited appeal procedures.⁵² Members of Congress have no formal role in the declaration process.

For some Members of Congress, the primary issue of contention involving the FEMA budget concerns the rising costs of federal disaster assistance. As noted in **Table 3**, over \$50 billion (in constant dollars) has been appropriated to the DRF since 1974, mostly through supplemental appropriations enacted after catastrophic disasters have occurred. The terrorist attacks of September 11 have focused increased attention on this matter, as the costs of relief and recovery are projected by FEMA to “eventually approach \$9.5 billion.”⁵³

Some Members of Congress and other observers argue that federal costs continue to rise because the original intent of the Stafford Act has been disregarded. The statute authorizes the President to issue a major disaster declaration after the governor of the affected state certifies “that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the state and the affected local governments and the Federal assistance is necessary.”⁵⁴ Some gubernatorial requests for declarations, critics contend, do not meet this standard. Instead of waiting for state resources to be overwhelmed, say critics, some governors are requesting Stafford Act assistance in order to obtain federal aid almost as a matter of course. As possible indicators of this practice, in FY1996 and FY1998, major disasters were declared at least twice as often as the annual average (34) from 1976

⁵⁰For more information on the assistance available under the Stafford Act, see [<http://www.fema.gov/r-n-r/>], visited Feb. 14, 2000.

⁵¹For a comparison of the types of assistance authorized for major disasters, see Title IV of the Stafford Act, 42 U.S.C. 401-422, and for emergencies, see Title V of the Stafford Act, 42 U.S.C. 5191-5193.

⁵²44 CFR 206.46.

⁵³U.S. Federal Emergency Management Agency, *Justification of Estimates Fiscal Year 2003*, (Washington: 2002), p. DR-5.

⁵⁴Sec. 401 of the Stafford Act, 42 U.S.C. 5170.

through 2001.⁵⁵ Some argue that the threshold for federal involvement in disaster relief has declined in recent years to include tornadoes, storms, fires, or other disasters that consume, but do not overwhelm, nonfederal resources.⁵⁶

On the other hand, available information indicates that gubernatorial requests for assistance appear to reflect a need for federal assistance. For example, relatively few significant disasters occurred in FY2000, resulting in fewer requests for assistance, fewer major disaster declarations, lower disaster relief costs, and no supplemental funding request.⁵⁷ As summarized by one source:

With only two tropical storms and no hurricanes making land in the United States last year, FEMA awarded only \$552 million in disaster grants as of Nov. 30 [2000]—the first time since 1991 that annual disaster costs came to less than \$1 billion.⁵⁸

Those opposed to the contention that states unnecessarily turn to the federal government for disaster assistance refer to the urgent needs of victims, the multiple demands on state and local resources, and the thousands of disasters managed each year without any federal assistance. While comprehensive information on disasters is not generally available, available data indicate that many disasters throughout the United States do not involve federal assistance. The National Emergency Management Association (NEMA) has collected information on state assistance provided for the “vast majority of state-declared emergencies [that] never receive presidential declarations.”⁵⁹ These disasters include transportation crashes, major fires, storms, and other catastrophes that result in lives lost and property damaged. Also, non-federal assistance is available through interstate cooperative agreements. A majority of the states have signed on to the Emergency Management Assistance

⁵⁵See statistics on declared disasters at [http://www.fema.gov/library/dis_graph.htm], visited Dec. 19, 2000.

⁵⁶The declaration process has been the subject of congressional queries and other studies and investigations. For further information, see: U.S. Federal Emergency Management Agency, *Disaster Declaration Decisions: Staff Support by FEMA. Inspection Report I-02-93* (Washington: May 1994), p. 11, and *Review of Governors' Disaster Requests Inspection Report I-02-99* (Washington: March 1999), p. 13; U.S. Congress, House Committee on Transportation and Infrastructure, Subcommittee on Water Resources and Environment, *The Federal Cost of Disaster Assistance*, hearing, 105th Cong., 2nd sess., March 26, 1998 (Washington: GPO, 1998), p. 170; Jeff A. Taylor, “How Fast Can We Shovel Money?” *Commerce Business Daily*, Apr. 10, 1996, pp. A1, A2; John Solomon, “Flirting with Disaster,” *The Washington Monthly*, vol. 28, Oct. 1996, pp. 9-11; James Bovard, “FEMA Money! Come & Get It!” *The American Spectator*, Sept. 1996, pp. 25-31.

⁵⁷See the FEMA summary of disasters and catastrophic incidents for the year at [<http://www.fema.gov/nwz00/yrend2000.htm>], visited Dec. 28, 2000.

⁵⁸“Growth of Project Impact, Stafford Act Passage among Highlights for FEMA,” *Emergency Preparedness News*, vol. 25, Jan. 2, 2001, p. 5.

⁵⁹National Emergency Management Association, *State Assistance Programs for Non-Federal Disasters* (Lexington, KY: Oct. 1999).

Compact, an interstate mutual aid agreement that channels non-federal resources within signatory states.⁶⁰

Congress has a limited role in controlling disaster relief costs. An emergency or major disaster declaration issued by the President identifies the states and political subdivisions (generally counties or the equivalent entities) in which aid will be provided. The presidential declaration process includes consideration of state findings of needs as well as the certification by state officials that state and local governments will comply with cost sharing and other requirements. Neither the Stafford Act nor implementing regulations provide for a congressional role in this process.⁶¹

Since 1950, formal congressional control over disaster costs has been limited to votes on appropriations measures that make funds available for existing relief programs. Such appropriations legislation, particularly supplemental appropriations legislation considered in the aftermath of huge catastrophes that receive considerable media attention, are more likely to be approved by Congress than more controversial legislation. Recently, however, Congress has stepped in to exert some control over spending decisions. The Disaster Mitigation Act of 2000 (P.L. 106-390) includes a provision that requires the President to notify Congress before awarding a public assistance grant of over \$20 million pursuant to Section 406 of the Stafford Act.⁶²

Table 3 of this report lists appropriations made to the Disaster Relief Fund (DRF) since 1974, the first year in which the current span of federal assistance was provided by the federal government. The data lend themselves to generalizations. For example, prior to FY1989, supplemental appropriations made to the DRF were approved infrequently and generally exceeded the amount originally appropriated in each fiscal year by roughly \$100 or \$200 million.⁶³ By comparison, since FY1989, appropriations have exceeded \$1 billion in each fiscal year and supplemental appropriations have been approved in all but two of the fiscal years (FY1991 and FY2000).

The last two columns of **Table 3** show that a similar growth pattern has developed for outlays from the DRF. Prior to FY1989, outlays from the DRF averaged \$568 million, and on only two occasions (Hurricane Frederic in FY1978 and the eruption of Mt. St. Helens in FY1980) exceeded \$1 billion. Since 1989, however, average annual outlays have exceeded \$2 billion, with significant hurricanes (Hugo in FY1989, Andrew in FY1992, Floyd in FY1999), earthquakes (Loma Prieta in FY1990, Northridge in FY1994) and floods (Midwest floods of 1993, Red River floods of 1995) and the terrorist attacks of September 11, 2001, resulting in billions of dollars of federal expenditures.

⁶⁰For information on the compact, see [<http://www.nemaweb.org/emacs/index.cfm>], visited Dec. 19, 2000.

⁶¹For regulations on the request and declaration process, see 44 CFR 206.35-206.39.

⁶²P.L. 106-390, Sec. 205(a).

⁶³An exception occurred in FY1980 after the eruption of Mt. St. Helens.

Table 3. Disaster Relief Fund, FY1974-FY2003
(millions of nominal or constant dollars)

FY	^A Req.	Appropriations				Outlays	
		Orig.	Supp.	Total appropriations		Nominal	Constant '01
				Nominal	Constant '01		
74	100	200	232	433	1,462	250	845
75	100	150	50	200	615	206	633
76	187	187	0	187	544	362	1,052
77	100	100	200	300	818	294	801
78	150	115	300	415	1,061	461	1,179
79	200	200	194	394	925	277	650
80	194	194	870	1,064	2,244	574	1,211
81	375	358	0	358	688	401	769
82	400	302	0	302	544	115	208
83	325	130	0	130	224	202	348
84	0	0	0	0	0	243	402
85	100	100	0	100	159	192	305
86	194	100	250	350	541	335	519
87	100	120	^B 0	120	178	219	325
88	125	120	0	^C 120	173	187	269
89	200	100	^D 1,108	1,208	1,680	140	195
90	270	98	^E 1,150	1,248	1,661	1,333	1,773
91	270	0	0	0	0	552	714
92	^F 184	185	4,136	^G 4,321	5,486	902	1,146
93	292	292	2,000	^H 2,292	2,838	2,276	2,818
94	^I 1,154	292	^J 4,709	5,001	6,032	3,743	4,515
95	320	320	^K 3,275	3,595	4,215	2,116	2,481
96	320	222	^K 2,275	2,497	2,862	2,232	2,559
97	320	^L 1,320	^L 3,300	4,620	5,163	2,551	2,851
98	^M 2,708	320	^N 1,600	1,600	1,758	3,252	3,573
99	^O 2,566	^P 1,214	^Q 1,130	2,344	2,501	3,746	3,997
00	2,780	^R 2,780	0	2,780	2,842	2,628	2,686
01	^S 2,909	1,600	^T 2,000	3,600	3,600	3,217	3,217
02	1,369	2,164	4,900	7,064	6,968	^U 4,849	4,783
03	1,843	NA	NA	NA	NA	^U 5,225	^U 5,154
Total	20,135	12,964	33,680	46,644	57,783	43,080	51,976

Sources: U.S. President annual budget documents; appropriations legislation; U.S. Federal Emergency Management Agency budget justifications. Constant dollar calculations based on state and local government chain-type price index prepared by Bureau of Economic Analysis, Department of Commerce, found at: [<http://www.bea.doc.gov/bea/dn/nipaweb/SelectTable.asp?Selected=N#S7>], visited March 1, 2002.

Notes continue on following page.

- ^A Data in the request column generally represent the first budget request submitted by the Administration each year and do not include amended or supplemental requests. However, note additional detail in this column.
- ^B In February 1987, a total of \$57,475,000 was rescinded and transferred from the DRF to the Emergency Food and Shelter Program account (P.L. 100-6). That amount was returned to the fund the same year in supplemental appropriations legislation enacted in July 1987 (P.L. 100-71).
- ^C P.L. 100-202, the Continuing Appropriations Act for Fiscal Year 1988, appropriated \$120 million for disaster relief. According to FEMA, the original appropriation for that fiscal year was \$125 million, but \$5 million was transferred to the Department of Labor for “low income agriculture workers.”
- ^D Supplemental funds were included in P.L. 101-100, continuing appropriations legislation enacted after Hurricane Hugo struck in September 1989. According to FEMA, this amount was “referred to as a supplemental but was an increase in the original appropriation during a continuing resolution.”
- ^E P.L. 101-130, enacted after the Loma Prieta earthquake, appropriated \$1.1 billion in supplemental funding for FY1990. In addition, \$50 million was appropriated in P.L. 101-302, dire emergency supplemental appropriations legislation. Table 2 does not reflect a \$2.5 million transfer from the President’s unanticipated needs fund.
- ^F FY1992 request does not include the budget amendment of \$90 million submitted by the Administration.
- ^G Appropriations for FY1992 included a \$943 million dire emergency supplemental in P.L. 102-229, enacted in the fall of 1991 after Hurricane Bob; \$300 million after the Los Angeles riots and flooding in Chicago (spring of 1992) in P.L. 102-302; and \$2.893 billion in P.L. 102-368 after Hurricanes Andrew and Iniki, Typhoon Omar, and other disasters.
- ^H Total for FY1993 includes the \$2 billion supplemental approved after the Midwest floods of 1993 (P.L. 103-75).
- ^I The original FY1994 budget request was \$292 million. On July 29, 1993, a supplemental request of \$862 million was sent by President Clinton to Congress.
- ^J Supplemental appropriations for FY1994 enacted after the Northridge earthquake struck Los Angeles (P.L. 103-211).
- ^K Additional supplemental appropriation approved for Northridge earthquake costs (P.L. 104-19) for FY1995, with the same amount (\$3.275 billion) reserved for a contingency fund for FY1996. However, \$1 billion of the contingency fund was rescinded in FY1996 omnibus appropriations, P.L. 104-134. In the same legislation, another \$7 million was also appropriated to other FEMA accounts for costs associated with the bombing of the Alfred P. Murrah federal building in Oklahoma City.
- ^L The FY1998 budget appendix (p. 1047) noted a transfer of \$104 million from the disaster relief fund in FY1996. In the FY1997 appropriations act (P.L. 104-204), \$1 billion that had been rescinded in FY1996 (P.L. 104-134) was restored, and \$320 million in new funds were appropriated. Supplemental appropriations of \$3.3 billion were approved in P.L. 105-18 after flooding in the Dakotas and Minnesota, and after storms in other states were declared major disasters. The legislation specified, however, that of the total, \$2.3 billion was to be available in FY1998 only when FEMA submitted a cost control report to Congress. This requirement was met, and the funding was made available in FY1998.
- ^M The FY1998 request consisted of a \$320 million base amount plus \$2.388 billion “to address actual and projected requirements from 1997 and prior year declarations.” (*Budget Appendix FY1998*, p. 1047).
- ^N Supplemental appropriations legislation (P.L. 105-174) for FY1998 approved for flooding associated with El Niño and other disasters.
- ^O The FY1999 request consisted of \$307,745,000 for the DRF and an additional \$2,258,485,000 in contingency funding to be available when designated as an emergency requirement under the Balanced Budget Act of 1985, as amended.
- ^P The FY1999 omnibus appropriations act (P.L. 105-277) included funds for costs associated with Hurricane Georges, flooding associated with El Niño, and other disasters.
- ^Q Emergency supplemental appropriations for FY1999 (P.L. 106-31) included \$900 million for tornado damages as well as \$230 million for unmet needs, subject to allocation directions in the conference report (H.Rept. 106-143).

- ^R FY2000 appropriations act (P.L. 106-74) included disaster relief funding as follows: \$300 million in regular appropriations and \$2.5 billion designated as emergency spending for costs associated with Hurricane Floyd and other disasters. In addition, the Consolidated Appropriations Act (P.L. 106-113) authorized the Director of FEMA to use up to \$215 million in disaster relief funds appropriated in P.L. 106-74 for the purchase of residences flooded by Hurricane Floyd, under specified conditions.
- ^S The initial FY2001 request included an FY2000 supplemental appropriations request for 10 departments, seven independent agencies, and other entities, but not FEMA. Supplemental appropriations legislation (P.L. 106-246) authorized that an additional \$77 million from the DRF to be used for buyout and relocation assistance for victims of Hurricane Floyd. The Act also appropriated \$500 million in a separate account for claim compensation and administrative costs associated with the Cerro Grande fire that destroyed much of Los Alamos, New Mexico.
- ^T P.L. 107-38 appropriated \$40 billion in response to the terrorist attacks of September 11, 2001. Pursuant to the statute, these funds for FY2001 were allocated by the Office of Management Budget, and funds for FY2002 were allocated through another statute, P.L. 107-117.
- ^U Current estimates.

Issues of Debate

Compared to the high level of debate that has occurred on appropriations legislation for other federal agencies in recent years, congressional consideration of the FEMA budget has been relatively free of contention. Concerns with homeland security, along with issues raised in past years and not yet resolved, may, however, result in discussion of the agency's funding during the second session of the 107th Congress.

At least three issues may be the focus of congressional debate. First, for several years, some Members of Congress have expressed concern about the rising cost of federal disaster assistance. In light of the high costs of the response to and recovery from the terrorist attacks of September 11, 2001, the cost of the terrorism conflict, and other pressing needs of the nation, this issue may be revisited. Second, some Members of Congress have questioned aspects of the Administration's proposal to consolidate homeland security funding for emergency preparedness in FEMA. Third, the proposal to terminate Hazard Mitigation Grant Program assistance after disasters and replace it with a competitive grant program may raise concerns. These issues are discussed below.

Disaster Assistance Funding

Emergency Designations. Money appropriated to the DRF for Stafford Act assistance remains available until expended. It is referred to as "no-year" money or appropriations. As needed, FEMA obligates money in the DRF to reimburse state and local governments for construction projects needed to repair past damages, provide grants to individual victims, or make available other authorized assistance. With little or no warning, however, billions may suddenly be needed when a terrorist attack, catastrophic earthquake, or Category IV or V hurricane occurs. For this reason, many Members of Congress generally consider supplemental appropriations to be a necessary part of the appropriations cycle.

Reliance on supplemental appropriations, however, may confound efforts to enforce budgetary discipline. Congress has debated the pros and cons associated with budgeting for events that most observers agree are likely to occur, but at a time unknown. The issue is not whether a disaster will occur, but when it will happen in the budget cycle and how much it will cost. For example, Hurricane Floyd struck 10 states in September 1999, just prior to the beginning of FY2000.⁶⁴ As a result, Congress did not enact a supplemental, but included an additional \$2.5 billion in the VA-HUD annual appropriations legislation (P.L. 106-74) for costs anticipated from that disaster.

During the years of federal budget deficits, Congress and Administration officials instituted mechanisms such as expenditure limits to control deficit spending. Supplemental appropriations for disaster relief, however, caused discretionary

⁶⁴For information on the effects of Hurricane Floyd, see John R. Maiolo and others, *Facing Our Future: Hurricane Floyd and Recovery in the Coastal Plain*, (Greenville, NC: Coastal Carolina Press, 2001).

spending caps established in the Budget Enforcement Act of 1990 (BEA) to be exceeded.⁶⁵ By designating such supplementals as “emergency requirements,” the sequestration process (across-the-board cuts in discretionary spending) was avoided.⁶⁶

All supplemental appropriations to the DRF enacted since December 12, 1991, have been designated “emergency requirements.”⁶⁷ In the annual budget requests submitted to Congress for FY1999-2001, the Clinton Administration sought to change the practice of relying on supplemental appropriations legislation by requesting contingency funds for the DRF. In similar fashion, the first budget submitted by President George W. Bush to the 107th Congress (FY2002) proposed that an “Emergency Reserve Fund” be established for four disaster relief accounts: the Disaster Relief Fund, the Departments of Agriculture and Interior fire fighting programs, and the Small Business Administration disaster loan program.⁶⁸ The House Budget Committee supported the Administration’s proposal. However, as approved by the 107th Congress, the concurrent resolution (H.Con.Res. 83) on the FY2002 budget did not include provisions for such a reserve fund.

The BEA does not define the term “emergency requirement.”⁶⁹ Congress, as well as Presidents George H.W. Bush and William Clinton, have used the term for a range of purposes. From FY1991 through FY1998, spending for domestic matters, national security, and international peacekeeping needs, as well as disaster relief, was designated an “emergency requirement” in 38 appropriations acts.⁷⁰ In testimony, the Deputy Director of the Congressional Budget Office (CBO) summarized “three types of emergencies that have been recognized by the Congress in the past”—small-scale

⁶⁵For an overview of discretionary spending caps, see CRS Report RS20008, *Discretionary Spending Limits*, by Bill Heniff, Jr.

⁶⁶2 U.S.C. 902(e). For more information on the Budget Enforcement Act of 1990, see CRS Report 98-721 GOV, *Introduction to the Federal Budget Process*, by Robert Keith.

⁶⁷This practice was codified as permanent law in P.L. 102-229, 105 Stat. 1711. “That hereafter, beginning in FY1993, and in each year thereafter, notwithstanding any other provision of law, all amounts appropriated for disaster assistance payments under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) that are in excess of either the historical annual average obligation of \$320,000,000, or the amount submitted in the President’s initial budget request, whichever is lower, shall be considered as “emergency requirements” pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, and such amounts shall hereafter be so designated.”

⁶⁸U.S. Office of Management and Budget, *A Blueprint for New Beginnings* (Washington, GPO: 2001), p. 173.

⁶⁹ The statute does, however, specify that the term does not include “direct spending provisions to cover agricultural crop disaster assistance.” See 2 U.S.C. 902(e).

⁷⁰U.S. Congressional Budget Office, *Emergency Spending under the Budget Enforcement Act* (Washington: 1998), p. 1. See also the discussion of emergency designations in U.S. Congressional Budget Office, *Supplemental Appropriations in the 1990s*, [<http://www.cbo.gov/showdoc.cfm?index=2768&sequence=0&from=7>], visited Apr. 11, 2001.

wars, economic downturns, and disasters.⁷¹ Another CBO description of the practice of using the emergency designation noted that in the absence of a statutory definition, an “emergency requirement” appears to be defined by the immediate and unpredictable funding needs facing the President and Congress.⁷²

During the George H. W. Bush Administration (1989-1993), the executive branch adopted criteria to be applied in the identification of items to be designated “emergency requirements.” Pursuant to a congressional mandate,⁷³ the Office of Management and Budget (OMB) issued a report in 1992 that incorporated the criteria used by President Bush to determine whether to apply the designation to specific spending provisions. The five criteria used for designating a funding request as an emergency requirement, as set forth in the report, include the following:

necessary expenditure—an essential or vital expenditure, not one that is merely useful or beneficial; **sudden**—quickly coming into being, not building up over time; **urgent**—pressing and compelling need requiring immediate action; **unforeseen**—not predictable or seen beforehand as a coming need (an emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, would not be “unforeseen”); and **not permanent**—the need is temporary in nature.⁷⁴

Definition of Emergency Spending. Some Members of Congress have urged that Congress should bring more certainty to funding disaster assistance and more precisely define the meaning of the term “emergency.” Others disagree, pointing out that administration officials and the Congress need flexibility to use the emergency requirement designation authority of the BEA.

Options to control fluctuations in supplemental appropriations legislation for disaster assistance have been considered by Congress for years. In the 103rd Congress, the House Bipartisan Task Force on Disasters completed a report that contained a range of recommendations on sharing and reducing disaster costs.⁷⁵ The Senate published a report that reviewed funding options and provided relatively comprehensive historical information on federal disaster expenditures for FY1977-FY1993.⁷⁶ Both the House and Senate reports established baseline information and listed possible alternatives, but neither the 103rd nor the 104th Congresses acted on this

⁷¹U.S. Congress, House Committee on the Budget, Task Force on Budget Process, *Budgetary Treatment of Emergencies*, 105th Cong., 2nd sess., June 23, 1998 (Washington: GPO, 1998), p. 27.

⁷²U.S. Congressional Budget Office, *Emergency Spending under the Budget Enforcement Act*, p. 27.

⁷³P.L. 102-55, Chapter III, 105 Stat. 293.

⁷⁴U.S. Office of Management and Budget, *Report on the Costs of Domestic and International Emergencies and on the Threats Posed by the Kuwaiti Oil Fires* (Washington: 1991), p. ii.

⁷⁵U.S. Congress, House Bipartisan Task Force on Disasters, *Report* (Washington: Dec. 14, 1994), p. 23.

⁷⁶U.S. Congress, Senate Bipartisan Task Force on Funding Disaster Relief, *Federal Disaster Assistance*, S.Doc. 104-4, 104th Cong., 1st sess. (Washington: GPO, 1995), pp. 5-15.

matter. In the 105th Congress, the House Budget Committee convened a Task Force on Budget Process Reform to modify federal budgetary treatment of emergency funding needs.⁷⁷ Legislation (H.R. 457) considered, but not reported, by the Budget Committee would have established a reserve fund for emergencies.

Bills were introduced during the 106th Congress (S. 360 and H.R. 537) to amend the federal budget process to enable Congress to stabilize disaster spending, but were not enacted. However, in the concurrent resolution on the FY2001 budget (H.Con.Res. 290), the 106th Congress agreed to amend the Senate rules to require consideration of the five criteria noted above in determining whether a proposed expenditure or tax change constitute an emergency requirement. As noted above, the 107th Congress considered but did not approve the FY2002 budget proposal submitted by President Bush to establish an Emergency Reserve Fund.

Budget Priorities for Homeland Security

The terrorist attacks of 2001 have refocused congressional attention on federal policies and resources that can help communities manage the consequences of terrorist attacks. Preparedness measures that receive federal funding include equipment purchases, training and education programs, simulation drills, and technical assistance, among others, that are part of FEMA's mission.⁷⁸

For years, FEMA has provided preparedness and consequence management assistance for fire fighters and emergency management personnel. The agency has awarded grants to states for emergency operating centers and staff, provided training through the National Emergency Training Center, and made technical assistance available through ongoing contacts among FEMA regional offices and state and local officials.

The FY2003 budget proposal submitted by President Bush would expand FEMA's role, principally by placing administrative responsibility for the First Responder Initiative in the agency. The initiative would be funded through a \$3.5 billion appropriation that would fund grants for equipment purchases, training, exercises, and other preparedness activities.

Emergency Preparedness Grants. At present FEMA administers a number of directives that set out the agency's emergency preparedness responsibilities. Two have the most significant budgetary implications. One is the Fire Investment and Response Enhancement (FIRE) grant program, and the other is the Emergency Management and Performance Grant (EMPG) program. In FY2003 the Administration proposes to consolidate funding for both of these programs, and others, into the First Responder Initiative.

⁷⁷U.S. Congress, *Budgetary Treatment of Emergencies*, p. 162.

⁷⁸For background and discussion see CRS Report RL31285 *FEMA's Mission: Policy Directives for the Federal Emergency Management Agency*, by Keith Bea.

FIRE Grants. The FIRE grant program, funded at \$360 million in 2002, provides financial assistance to firefighters and fire departments “that lack the basic tools and resources necessary to protect the health and safety of the public and their firefighting personnel.”⁷⁹ FIRE grant funds may be used to hire or train personnel, acquire vehicles and other equipment, modify facilities, and educate the public, among other purposes. In FY2001, the first year of the program’s operation, FEMA awarded 1,886 grants worth \$96,586,668 to fire departments and fire service organizations.⁸⁰ Details on the activities funded with these grants and recipient organizations are available on the FEMA website.⁸¹

Emergency Management Performance Grants. Perhaps the broadest emergency preparedness authority is set out in Title VI of the Stafford Act, which authorizes the Director of FEMA to undertake the following:⁸²

- coordinate federal and state emergency preparedness plans (including interstate compacts);
- provide support for emergency communications and civilian warning systems;
- conduct training programs;
- acquire necessary property (including monitoring agents for weapons of mass destruction);
- provide grants to the states for emergency preparedness purposes, including “shelters and other protective facilities,” but not for the procurement of land or the purchase of “personal equipment for state or local emergency preparedness workers;” and,
- arrange for the sale of material or facilities not considered needed for emergency preparedness.

⁷⁹For information on the FIRE grant program and the application process, see U.S. Federal Emergency Management Agency, “2002 Program Guidance for the Assistance to Firefighters Grant Program,” at [<http://www.usfa.fema.gov/grants/02prgguide.doc>], visited March 7, 2002. The program was authorized by 2001 amendments to the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2229). Rules for the FY2002 FIRE grant program were published by FEMA on March 1, 2002. See: U.S. Federal Emergency Management Agency, “Complete Application Package for Fire Grant Program Now Available,” at [<http://www.usfa.fema.gov/about/press/02-016.htm>], visited March 7, 2002.

⁸⁰For information on FY2001 grants, see U.S. Federal Emergency Management Agency, “Report on the Assistance to Firefighters Grant Program for Fiscal Year 2001,” at [<http://www.usfa.fema.gov/grants/fy01/01report-affgp.htm>], visited March 7, 2002.

⁸¹For information, see U.S. Federal Emergency Management Agency, “Assistance to Firefighters Grant Program Fiscal Year 2001 Recipients,” at [<http://www.usfa.fema.gov/grants/fy01/01awards.htm>], visited March 7, 2002.

⁸²Section 611 of the Stafford Act, 42 U.S.C. 5196.

Since FY2000, FEMA has allocated emergency preparedness funds to the states through the Emergency Management Performance Grant (EMPG) program. EMPG funds have been categorized by FEMA as being used for terrorism as well as non-terrorism purposes. **Table 4**, below, provides information on the allocation of EMPG funds in these categories, by state, for FY2002.

Table 4. Allocation of EMPG Funds, FY2002, by State
(thousands of dollars)

State	Type of grant		State total
	Terrorism	Non-terrorism	
Alabama	\$330	\$2,072	\$2,402
Alaska	189	1,117	1,306
Arizona	287	2,068	2,355
Arkansas	231	1,611	1,842
California	667	9,933	10,600
Colorado	330	1,816	2,146
Connecticut	287	1,912	2,199
Delaware	217	1,032	1,249
Florida	625	4,240	4,865
Georgia	358	2,775	3,133
Hawaii	217	1,359	1,576
Idaho	217	1,212	1,429
Illinois	428	3,504	3,932
Indiana	386	2,179	2,565
Iowa	259	1,601	1,860
Kansas	231	1,511	1,742
Kentucky	217	1,810	2,027
Louisiana	316	2,063	2,379
Maine	245	1,278	1,523
Maryland	330	2,019	2,349
Massachusetts	330	2,552	2,882
Michigan	456	3,369	3,825
Minnesota	287	1,981	2,268

State	Type of grant		State total
	Terrorism	Non-terrorism	
Mississippi	231	1,592	1,823
Missouri	287	2,296	2,583
Montana	189	1,101	1,290
Nebraska	217	1,345	1,562
Nevada	203	1,352	1,555
New Hampshire	231	1,253	1,484
New Jersey	428	3,117	3,545
New Mexico	231	1,359	1,590
New York	540	5,573	6,113
North Carolina	498	2,804	3,302
North Dakota	189	1,072	1,261
Ohio	540	3,791	4,331
Oklahoma	231	1,711	1,942
Oregon	301	1,633	1,934
Pennsylvania	597	3,784	4,381
Rhode Island	217	1,304	1,521
South Carolina	372	1,932	2,304
South Dakota	189	957	1,146
Tennessee	330	2,152	2,482
Texas	639	5,567	6,206
Utah	231	1,486	1,717
Vermont	189	974	1,163
Virginia	358	2,660	3,018
Washington	316	2,152	2,468
West Virginia	189	1,192	1,381
Wisconsin	358	2,053	2,411
Wyoming	175	1,089	1,264

State	Type of grant		State total
	Terrorism	Non-terrorism	
District of Columbia	175	770	945
American Samoa	42	368	410
Guam	42	520	562
Northern Mariana Islands	42	407	449
Puerto Rico	175	1,728	1,903
U.S. Virgin Islands	42	561	603
Total	\$16,434	\$116,669	\$133,103

Source: U.S. Federal Emergency Management Agency, Office of General Counsel, communication with the author, Oct. 2, 2001.

EMPG funds may be used by the states for activities that improve emergency response capabilities, including the identification of risks, enhancement of services to potential victims, and the addition of communications mechanisms. These activities are oriented not only to terrorist threats but also to other causes.⁸³

FY2003 Proposal: The First Responder Initiative. The Bush Administration has proposed an expansion of FEMA's emergency preparedness responsibilities by transferring authority for administering grants for law enforcement officials, firefighters, and other emergency services personnel from the Department of Justice. Titled the "First Responder Initiative," this program would reportedly increase federal emergency preparedness spending ten-fold.⁸⁴ Funds would be use for four purposes: planning, equipment purchase, training, and exercises. The Office of National Preparedness (ONP) in FEMA would administer the initiative.⁸⁵

Some information is available on the Administration's plans for the initiative. According to the Office of Management and Budget (OMB), "it is anticipated that more than one-third of the funds will be used to improve communications [and] it is assumed that an additional one-third will be used to equip state and local first responders and that the remainder will be used for training, planning, technical assistance and administration."⁸⁶ According to one report, the Director of the Office of Homeland Security has specified that at least 75% of the First Responder funds will

⁸³For brief information on the program, see the FEMA website at: [http://www.usfa.fema.gov/fedguide/ch1-92.htm], visited March 6, 2002.

⁸⁴For information on the First Responder Initiative, see: [http://www.whitehouse.gov/news/releases/2002/01/20020124-2.html], visited March 7, 2002.

⁸⁵See "Federal Emergency Management Agency," at: [http://www.whitehouse.gov/omb/budget/fy2003/bud26.html], visited March 7, 2002.

⁸⁶Ibid.

be passed on to localities by the states.⁸⁷ Also, the Administration has indicated that funding for communications equipment to ensure interoperability will be a priority use of the funds. **Table 5**, below, provides information on projected uses of the \$3.5 billion.

**Table 5. Projected Allocation of
First Responder Initiative Funds, FY2003**
(millions of dollars)

Activity	FY2002 enacted	FY2002 supplemental	FY2003 proposed
Equip first responder team	159	188	770
Train first responders	56	171	665
Enhance communications	0	113	1365
Improve command and control	0	17	35
Fund intergovernmental compacts	0	0	140
Disseminate information	0	0	35
Provide technical assistance	36	30	350
Test readiness	7	85	105
Other	30	25	0
Totals	291	651	3,500

Source: U.S. President (Bush), *Securing the Homeland, Strengthening the Nation* (Washington: 2002), p. 31, available at [http://www.whitehouse.gov/homeland/homeland_security_book.html], visited March 7, 2002.

Options for Congress. In general, administrators, elected officials, and emergency response professionals agree that many police, fire, and other response crews lack sufficient training and equipment to effectively and safely respond to terrorist attacks. For example, the National Governors Association reports that as much as \$3 billion is needed by the states to undertake bioterrorism preparedness and emergency communication initiatives.⁸⁸ There is, however, less unanimity over the administrative mechanism to be used to provide the funding. For some, an important priority is to remove the confusion and duplication associated with obtaining federal

⁸⁷Keith J. Costa, "Ridge: Bulk of First Responder Money Will Go to Local Communities," *Inside the Pentagon*, vol. 18, March 7, 2002, p. 2.

⁸⁸"Homeland Security: The Cost to States for Ensuring Public Health and Safety," at [http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF^D_2915,00.html], visited March 11, 2002.

assistance from FEMA, DoJ, and the Department of Health and Human Services.⁸⁹ The President's proposal to consolidate all federal assistance for first responders within the Office of National Preparedness (ONP) within FEMA meets these concerns about the lack of coordination among similar federal programs.

Others might contend, however, that is appropriate for several federal agencies to be involved in emergency preparedness funding. Program administrators, they might argue, should have established relationships with grantees and should be familiar with the specific issues involving their constituent agencies. Rather than creating a new administrative structure in the midst of armed conflict, it might be argued that existing channels should be used to ensure that funds are delivered expeditiously to grantees, and that federal program administrators monitor the use of the funds.

Further, it might be argued that FEMA lacks the authority to allocate First Responder funds for the full range of activities identified above in **Table 5**, above, notably the purchase of equipment by law enforcement agencies. The FIRE grant program authority, which authorizes the use of funds for equipment, including vehicles, is restricted to "firefighting personnel."⁹⁰ Title VI of the Stafford Act, which authorizes funding for most of the emergency preparedness activities identified in Table 5, above, excludes funding "for the purchase of personal equipment for state or local emergency preparedness workers."⁹¹

In order for the Administration's proposal to be implemented, it may be necessary for the Congress to take legislative action to authorize FEMA to provide grants to law enforcement agencies or to other public safety entities not included within the purview of existing authorities. Two legislative proposals that might provide the necessary authority to FEMA have been submitted for congressional consideration. One proposal, submitted by the Administration as an amendment to the FY2003 request, would transfer DoJ authority to FEMA.⁹² Another option is presented in S. 2061, which would authorize the Director of FEMA to provide grants and technical assistance, and to coordinate funding, "to ensure that localities, fire departments, hospitals, and other appropriate entities, as determined by the Director"

⁸⁹For example, see: U.S. General Accounting Office, *Homeland Security: Challenges and Strategies in Addressing Short- and Long-Term National Needs*, GAO report 02-160T (Washington: Nov. 7, 2001), Chapt. 5.

⁹⁰15 U.S.C. 2229.

⁹¹42 U.S.C. 5196(j)(2).

⁹²"Provided further, That, the functions authorized under section 819 of the Antiterrorism and Effective Death Penalty Act of 1996 [P.L. 104-132] and section 1014 of P.L. 107-56, as well as such unexpended balances of appropriations, full-time equivalent personnel, property, and records as have been assigned to the Department of Justice, shall be transferred to the Federal Emergency Management Agency: Provided further, That such transfers are made pursuant to 31 U.S.C. 1531." See: U.S. President (Bush), letter to the Speaker of the House, "Estimate #3--Budget Amendment: Departments of Commerce, Defense, Labor, Transportation, and the Treasury; the Environmental Protection Agency; Federal Emergency Management Agency; and Legislative Branch--3/14/02 Washington, March 14, 2002, at: [<http://w3.access.gpo.gov/usbudget/fy2003/amndsup.html>], visited April 3, 2002.

have the ability and resources to respond to terrorist attacks.⁹³ While S. 2061, if enacted, would authorize that the technical assistance grants be funded through the Disaster Relief Fund, Congress might elect to amend the legislation to authorize the Director to use the First Responder Initiative funds for these grants.

Mitigation Funding

Federal mitigation assistance is available to states in which major disasters have been declared,⁹⁴ for structures insured under the National Flood Insurance Program,⁹⁵ and for activities related to specific potential disasters.⁹⁶ In addition, Congress has funded discretionary grants awarded under Project Impact to help states fund pre-disaster mitigation activities.⁹⁷

The Bush Administration has expressed support for federal mitigation assistance. The current FEMA Director, Joe Allbaugh, testified before the House on the FY2002 budget proposal as follows:

I do not believe we do enough in predisaster mitigation, quite frankly. This is becoming fast and furious for me a higher and higher priority as the day goes along.⁹⁸

In 2000, Congress authorized a new grant-in-aid program to increase federal contributions to and support of mitigation activities. The Disaster Mitigation Act authorizes the President to provide financial and technical assistance to states or local governments that have identified “natural disaster hazards ... and have demonstrated the ability to form effective public-private natural disaster hazard mitigation partnerships.”⁹⁹ Such assistance is authorized to help state and local governments implement “pre-disaster hazard mitigation measures that are cost-effective and are designed to reduce injuries, loss of life, and damage and destruction of property, including damage to critical services and facilities under the jurisdiction of the states or local governments.”¹⁰⁰ The legislation, according to FEMA, “emphasizes the importance of strong state and local planning processes and comprehensive program

⁹³“Title III-Establishment of Coordination Office with the Federal Emergency Management Agency,” S. 2061, 107th Cong., 2nd sess., introduced March 21, 2002.

⁹⁴The Hazard Mitigation Grant Program, authorized at 42 U.S.C. 5170c.

⁹⁵The Flood Mitigation Assistance Program, authorized at 42 U.S.C. 4104c.

⁹⁶Fire Suppression Assistance grants (42 U.S.C. 5187), the Dam Safety State Assistance program (33 U.S.C. 467), and the Earthquake Hazards Reduction program (42 U.S.C. 7701).

⁹⁷For FY2002, Congress appropriated \$25 million for pre-disaster mitigation (114 Stat. 1441A-46).

⁹⁸Testimony of Joe Allbaugh, in U.S. Congress, House Committee on Appropriations, Subcommittee on VA, HUD, and Independent Agencies, *Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations for 2002*, hearing, 107th Cong., 1st sess., May 17, 2001 (Washington: GPO, 2001), p. 262.

⁹⁹P.L. 106-390, 114 Stat. 1554.

¹⁰⁰114 Stat. 1554.

management at the state level.”¹⁰¹ FEMA announced the availability of pre-disaster mitigation grants for FY2002 in March, 2002.¹⁰²

Proponents of such spending have argued that while short-term costs might be high, the long-term cost savings would be appreciable. Federal mitigation assistance has been provided for years, to a limited extent, through the flood insurance program administered by FEMA, the earthquake prevention program, and other relatively small initiatives.

Section 404 Hazard Mitigation Grants. In the 1988 amendments to the Stafford Act, FEMA proposed and Congress approved a new initiative that increased federal mitigation funding.¹⁰³ The provision, enacted as Section 404 of the Stafford Act, and referred to as the Hazard Mitigation Grant Program (HMGP), authorized the President to provide hazard mitigation funding to each state in which a major disaster was declared. Money for HMGP derives from the disaster relief fund (DRF), not from line item appropriations. Section 404 funds have been used to help communities and property owners improve buildings to withstand earthquake shaking, purchase hurricane shutters, and relocate buildings from flood-prone areas.

Following the Midwest floods of 1993, Congress amended Section 404 to increase the ceiling on federal assistance and to authorize the Director of FEMA to acquire property at risk from future disasters.¹⁰⁴ Further amendments were adopted in the 2000 Act which increased the ceiling on Section 404 grants for states that meet certain planning requirements, and authorized states to apply to administer their HMGP funds.¹⁰⁵

According to FEMA data, roughly \$2.5 billion has been allocated since FY1989 under the Section 404 program, also referred to as the Hazard Mitigation Grant (HMGP) program. **Table 6** of this report contains data on HMGP funding.

¹⁰¹U.S. Federal Emergency Management Agency, “Hazard mitigation planning and Hazard Mitigation Grant Program,” *Federal Register*, vol. 67, no. 38, Feb. 26, 2002, pp.8843-54.

¹⁰²U.S. Federal Emergency Management Agency, “Pre-Disaster Mitigation Program,” *Federal Register*, vol. 67, no. 48, March 12, 2002, pp.11117-11119.

¹⁰³P.L. 100-707, 102 Stat. 4698

¹⁰⁴P.L. 103-181, 107 Stat. 2054. The 1993 amendments increased federal assistance from 50% of project costs to 75%, and from 10% of total disaster aid provided to 15%.

¹⁰⁵The President is authorized to provide grants equal to 20 percent of the total disaster assistance provided as long as certain requirements are met by the state, including the establishment of eligibility criteria for property acquisition, cost effectiveness measures, specification of priorities, and assessment processes. See 114 Stat. 1558.

Table 6. Hazard Mitigation Grant Program Obligations
(dollars in thousands)

Fiscal year	By year of disaster declaration	By year funds were obligated
1989	40,816	NA
1990	76,139	NA
1991	17,401	NA
1992	55,465	NA
1993	188,798	NA
1994	894,115	NA
1995	174,119	NA
1996	296,873	178,507
1997	223,964	702,022
1998	432,430	415,210
1999	214,446	671,254
2000	63,124	237,420
2001	130,259	221,447
Totals	2,807,949	2,425,859
Averages	\$215,996	\$404,310

Source: U.S. Federal Emergency Management Agency, Federal Insurance & Mitigation Administration, personal communication with the author, Feb. 28, 2002.

Note: Due to a change in financial systems in 1996, data on obligations per fiscal year are not available for previous years.

FY2003 Proposal: Pre-Disaster Mitigation. The Bush Administration has proposed the termination of funding for HMGP as well as Project Impact in FY2003. Under the proposal, pre-disaster mitigation grants would be funded at \$300 million. The Administration projects that, if approved by Congress, activities funded by this appropriation would include \$270 million for the pre-disaster mitigation grants, \$28 million for technical assistance, and \$2 million for other activities.¹⁰⁶

Options for Congress. Advocates of the Administration's proposal to rely solely on the pre-disaster mitigation grant program might contend that the pre-disaster mitigation grant program is the more appropriate means of distributing such

¹⁰⁶U.S. Federal Emergency Management Agency, *Justification of Estimates Fiscal Year 2003* (Washington: 2002), p. PD-3.

assistance because it is available to all states. HMGP funding, by comparison, is only available to states in which disasters have been declared. In addition, advocates might claim that the Administration's approach establishes continuity and stability in mitigation funding. While HMGP funding is dependent on the occurrence of major disasters, the pre-disaster program could be the source of regular appropriations. In response to concerns that federal funding would decrease under the proposal, FEMA might contend grant recipients would not suffer a loss of mitigation funds, as the proposed funding level for FY2003 approximates that historically provided through the HMGP (refer to **Table 6**).

Opponents of the Administration proposal might argue, in response, that there is still a need to channel mitigation funding to states stricken by major disasters. By terminating HMGP and relying solely on competitive grants, it might be argued, states and communities with proven needs may not receive the funding for which they would otherwise be eligible. They might also contend that the current method of allocating money from the disaster relief fund protects mitigation funding. Appropriation requests for the disaster relief fund historically receive little or no opposition. On the other hand, the appropriations for a separate account for pre-disaster mitigation grants might leave the funding vulnerable to appropriations battles, or to rescissions, even after funds are appropriated. Perhaps of greatest significance to the renewed focus of the Administration and Congress after September 11, 2001, the pre-disaster mitigation program appears to place emphasis on funding mitigation projects related to "natural" disasters, not attacks.¹⁰⁷

Conclusion

The terrorist attacks of September 11, 2001, combined with the normal operations of the agency, have resulted in the appropriation of almost \$3 billion for FEMA in FY2002, \$700 million beyond the amount originally requested by the Bush Administration in February 2001. These funds will be used for disaster relief, emergency preparedness planning by state and local governments, food and shelter assistance for the homeless, and other purposes. The President's FY2003 request would more than double FEMA's budget. The proposal, if approved, will shift some of the agency's priorities and funding patterns toward homeland security and preparedness for potential terrorist attacks. Among the more significant issues Congress might elect to debate are the transfer of emergency preparedness funding from the Department of Justice to FEMA and the consolidation of hazard mitigation funding.

¹⁰⁷“Technical and financial assistance provided under this section ... (B) may be used (i) to support effective public-private natural disaster hazard mitigation partnerships; (ii) to improve the assessment of a community's vulnerability to natural hazards; or (iii) to establish hazard mitigation priorities, and an appropriate hazard mitigation plan, for a community.” 42 U.S.C. 5133(e), 114 Stat. 1554-55.