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Supplemental Appropriations for Disaster Assistance: Summary Data and Analysis

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Summary

The federal government has provided a significant amount of money through supplemental appropriations to state, local, and tribal governments to help them repair, rebuild, and recover from catastrophic incidents. For example, Congress provided roughly $120 billion for the 2005 and 2008 Gulf Coast hurricane seasons and $50 billion for Hurricane Sandy recovery. Congressional interest in disaster assistance has always been high given the associated costs.

Additional issues associated with disaster assistance have been contentious. These issues include

- increasing disagreements over the appropriate role of the federal government in providing assistance including whether some of the federal burden for disaster assistance should be shifted to states and localities,
- the appropriate use of supplemental appropriations to pay for disaster relief,
- reducing federal costs by eliminating unrelated spending in disaster funding bills,
- creating alternative funding methods such as a rainy-day fund or a contingency fund,
- the use of offsets for disaster assistance,
- altering policies that would limit the number of declarations issued each year, and
- converting some or all disaster assistance to disaster loans.

This report provides summary information on supplemental appropriations legislation enacted since FY2000 after significant large-scale disasters. It includes funds appropriated to various departments and agencies. The funds cited in this report were provided by Congress in response to major disasters declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and include appropriations and loan authority for disaster relief, repair of federal facilities, and hazard mitigation activities directed at reducing the impact of future disasters. Disaster assistance provided for agricultural disasters, counterterrorism, law enforcement, and national security appropriations are generally authorized by an authority separate from the Stafford Act and are not included in this report. Unless otherwise noted, this report does not take into account rescissions or transfers after Congress appropriated the funds for disaster assistance. As demonstrated in **Table 2**, since FY2000, Congress has appropriated roughly $265 billion to various federal agencies to help states and localities recover from various large-scale disasters, repair federal facilities, and pay for hazard mitigation projects.

In addition to the summary information on supplemental appropriations, this report also examines the influence the Budget Control Act has on disaster assistance. Additionally, this report frames the debate policymakers have had over the years concerning supplemental disaster assistance. Some argue that the current method of relying primarily on supplemental appropriations to fund disaster response and recovery to large scale events is functioning well and should not be changed. Others argue that the federal government should increase the amount of funding provided to states, tribal governments, and localities for major disasters. Still others argue that policy options that reduce federal costs for major disasters or reduce the number of supplemental appropriations needed (or both) should be pursued.

This report concludes with policy questions that may help frame future discussions concerning supplemental funding for disaster assistance. This report will be updated as events warrant.

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Overview

This report provides summary information on supplemental appropriations legislation enacted since FY2000 after significant large-scale disasters. It includes funds appropriated to various departments and agencies.[1] The funds cited in this report were provided by Congress in response to major disasters declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 92-288, hereinafter the Stafford Act)[2] and include appropriations for disaster relief, repair of federal facilities, and hazard mitigation activities directed at reducing the impact of future disasters. Disaster assistance provided for agricultural disasters, counterterrorism, law enforcement, and national security appropriations are generally authorized by an authority separate from the Stafford Act and are not included in this report. In addition, in some cases it is difficult to discern the specific purposes for the funds.[3] Unless otherwise noted, this report does not take into account rescissions or transfers after Congress appropriated the funds for disaster assistance.

The Disaster Relief Fund and Supplemental Appropriations

When a state is overwhelmed by an emergency or disaster, the governor may request assistance from the federal government. Federal assistance is contingent on whether the President issues an emergency or major disaster declaration. Once the declaration has been issued, the Federal Emergency Management Agency (FEMA) provides disaster relief through its Disaster Relief Fund (DRF). Funds from the DRF are used to pay for ongoing recovery projects from disasters occurring in previous fiscal years, meet current emergency requirements, and as a reserve to pay for future incidents. In addition, FEMA often uses what are known as "Mission Assignments" to task and reimburse other federal entities that provide direct assistance during emergencies and major disasters.[4]

The DRF is funded annually and is a "no-year" account, meaning that unused funds from the previous fiscal year (if available) are carried over to the next fiscal year. In general, when the balance of the DRF becomes low, Congress has provided additional funding through both annual and supplemental appropriations to replenish the account.

When a catastrophic incident threatens to deplete the DRF, the President typically submits a request to Congress for a supplemental appropriation (see **Table 1**). Historically, FEMA is the second-largest recipient of supplemental appropriations.[5] In addition to the funds provided to the

[1] For introductory information on U.S. emergency management policies see CRS Report R42845, *Federal Emergency Management: A Brief Introduction*, coordinated by Bruce R. Lindsay; CRS Report R41981, *Congressional Primer on Responding to Major Disasters and Emergencies*, by Francis X. McCarthy and Jared T. Brown; and CRS Report R43560, *Deployable Federal Assets Supporting Domestic Disaster Response Operations: Summary and Considerations for Congress*, coordinated by Jared T. Brown.

[2] The Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121 et seq.

[3] This is particularly true before the passage of the Budget Control Act (P.L. 112-25). Funding legislation for disaster relief passed after the Budget Control Act has generally contained greater specificity.

[4] Certain federal entities, such as the Department of Transportation, fund emergency and disaster assistance through their own budgets.

[5] U.S. Government Accountability Office, Disaster Relief: Government Framework Needed to Collect and Consolidate Information to Report on Billions in Federal Funding for the 2005 Gulf Coast Hurricanes , 06-834, September 6, 2006, at http://www.gpo.gov/fdsys/pkg/GAOREPORTS-GAO-06-834/pdf/GAOREPORTS-GAO-06-834.pdf.

DRF to reimburse Mission Assignments, Congress often provides direct funding to various agencies such as the Small Business Administration (SBA), or the Department of Agriculture (USDA) for disaster assistance.[6] This is particularly true for supplemental appropriations for large-scale incidents such as Hurricanes Katrina and Sandy. It is useful to note that a low DRF balance is not necessarily needed to spur congressional efforts to provide additional assistance.

Table 1. Appropriations and Supplemental Appropriations to the DRF FY2000-FY2014

(in millions of nominal dollars)

Fiscal Year	Annual Appropriation	Supplemental Appropriation	Total Appropriation
2000	$2,780	0	$2,780
2001	$1,600	$2,000[a]	$3,600
2002	$2,164	$7,008	$9,172
2003	$800	$1,426	$2,226
2004	$1,789	$2,500	$4,289
2005	$2,042	$43,091	$45,133
2006	$1,770	$6,000	$7,770
2007	$1,487	$4,256	$5,743
2008	$1,324	$13,860	$15,184
2009	$1,278	0	$1,278
2010	$1,600	$5,100	$6,700
2011	$2,645	0	$2,645
2012	$7,100	$6,400	$13,500
2013	$7,007	$11,485	$18,492
2014	$6,220	N/A	$6,220
Total	$41,606	$103,126	$144,732

Source: CRS analysis of Administration budget documents and appropriations statutes.

Notes: Table 1 does not include rescissions or transfers unless they have been incorporated in appropriation acts. **Table 1** also does not include appropriations made in the same act to accounts other than the DRF.

a. P.L. 107-38 appropriated $40 billion in response to the terrorist attacks of September 11, 2001. The legislation did not specify the amount to be allocated to the DRF, but required that not less than half must be allocated for disaster recovery and assistance associated with the airliner crashes in New York, Virginia, and Pennsylvania. On September 21, 2001, President Bush notified Congress that $2 billion of the amount appropriated in P.L. 107-38 would be allocated to FEMA for disaster relief "in New York and other affected jurisdictions."

As previously mentioned, most supplemental appropriations originate with a request from the Administration for additional funds. However, Congress has initiated supplemental appropriations without a formal request from the Administration. For example, in 2007, Congress provided additional assistance for Hurricanes Katrina and Rita (P.L. 110-28). In 2008, Congress added DRF supplemental funding (P.L. 110-329) to the FY2009 Department of Homeland Security

[6] For example, P.L. 109-234 provided supplemental funding to 19 federal entities.

Appropriations bill on its own initiative, in response to the Midwest Flooding and Hurricanes Ike and Gustav. While there were no formal requests from the Administration for additional funds, the amount of funding for the supplemental appropriation was based on estimates provided to Congress by FEMA and other federal entities that were involved in response and recovery efforts.

Supplemental appropriations often have an "emergency designation." Congress uses emergency designations to exempt a provision in legislation from the budgetary effects of certain enforcement procedures.[7]

Disaster Spending Under the Budget Control Act

As a result of the concern over the size of the federal deficit and debt, Congress has implemented measures to limit federal spending. For example, the Budget Control Act (P.L. 112-25, hereinafter the BCA), includes measures to limit spending. The BCA placed caps on discretionary spending for the next ten years, beginning with FY2012. If these caps are exceeded, an automatic rescission—known as sequestration—takes place across most discretionary budget accounts to reduce the effective level of spending to the level of the cap.

The BCA, however, includes special accommodations to address the unpredictable nature of disaster assistance.[8] First, it redefined "disaster relief" as being federal government assistance provided pursuant to a major disaster declared under the Stafford Act, rather than assistance provided through the DRF. Second, funding designated as disaster relief would now be "paid for" by adjusting upward the discretionary spending caps (also referred to as an allowable adjustment).

The allowable adjustment for disaster relief is limited, however, to an amount based on the 10-year rolling average (excluding the highest and lowest years) of what has been spent by the federal government on relief for major disasters. The BCA requires OMB to annually calculate the adjusted 10-year rolling average of disaster relief spending that sets the allowable cap adjustment for disaster relief. These calculations are included in the final sequestration report and sequestration update report issued under Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 as amended (BBEDCA).[9]

In recent years, Congress has provided more funding for the DRF through annual appropriations than in the past. Many policy experts believe that the BCA's cap adjustments have led Congress to rely more on annual appropriations to fund disaster assistance than in the past. The influence of the BCA on disaster assistance is discussed further in-depth in "The Debate over the Use of Supplemental Appropriations for Disaster Assistance" section of this report.

[7] For more information on emergency designations see CRS Report R41564, *Emergency Designation: Current Budget Rules and Procedures*, by Bill Heniff Jr.

[8] For more information on the BCA and disaster assistance see CRS Report R42352, *An Examination of Federal Disaster Relief Under the Budget Control Act*, by Bruce R. Lindsay, William L. Painter, and Francis X. McCarthy; and CRS Report R42458, *Offsets, Supplemental Appropriations, and the Disaster Relief Fund: FY1990-FY2013*, by William L. Painter.

[9] 2 U.S.C. § 904.

It is worth noting that the cap is calculated in nominal dollars and does not adjust for inflation. This may become more significant over time if inflation rises, and if the allowable adjustment begins to decrease as projected in 2016.[10]

Supplemental Appropriations: FY2000-FY2013

This section provides summary information on emergency supplemental appropriations legislation enacted since 2000. The funds cited include both supplemental appropriations and loan authority to certain federal agencies that undertook disaster relief, repair of federal facilities, and hazard mitigation activities directed at reducing the impact of future disasters. Funds used for activities such as research, oversight, or administrative costs have been omitted from this analysis in an attempt to focus solely on disaster relief and assistance. Moreover, counterterrorism, law enforcement, and national security appropriations are not included in this compilation. Unless otherwise noted, this report does not take into account rescissions approved by Congress after funds have been appropriated for disaster assistance.

Table 2. Supplemental Appropriations for Disaster Relief: All Agencies

(FY2000–Present; in thousands of dollars)

Fiscal Year	Disaster Event and Date of Major Disaster Declaration	P.L. Number and Date	Amount
2013	Hurricane Sandy, Nov. -Dec. 2012	Jan. 29, 2013 P.L. 113-2	$50,266,612
2012	Storms, Flooding, Drought, and Hurricane Irene events in 2011	Dec. 23, 2011 P.L. 112-77	$8,124,000
2010	Hurricane Katrina, severe storms/flooding, wildfires, oil spill, various dates	July 19, 2010 P.L. 111-212	$5,478,600
2008	Hurricane Katrina, Midwest Flooding and the 2008 hurricanes, various dates	Sept. 30, 2008 P.L. 110-329	$21,588,800
2008	Hurricane Katrina and other hurricanes in the 2005 season	June 30, 2008 P.L. 110-252	$8,380,305
2008	Hurricane Katrina & California Wildfires, Oct. 24, 2007	Nov. 13, 2007 P.L. 110-116	$6,400,000
2007	Hurricane Katrina, Aug. 29, 2005	May 25, 2007 P.L. 110-28	$7,679,454
2006	Hurricanes Katrina, Rita, Wilma, Aug.-Sept. 2005	June 15, 2006 P.L. 109-234	$19,947,985
2006	Hurricanes Katrina, Rita, Wilma, Aug.-Sept. 2005	Dec. 30, 2005 P.L. 109-148	$29,703,777
2005	Hurricane Katrina, Aug. 29, 2005	Sept. 8, 2005 P.L. 109-62	$51,800,000

[10] For more information on the BCA and disaster assistance see CRS Report R42352, *An Examination of Federal Disaster Relief Under the Budget Control Act*, by Bruce R. Lindsay, William L. Painter, and Francis X. McCarthy.

Fiscal Year	Disaster Event and Date of Major Disaster Declaration	P.L. Number and Date	Amount
2005	Hurricane Katrina, Aug. 29, 2005	Sept. 2, 2005 P.L. 109-61	$10,500,000
2005	Hurricanes Ivan, Jeanne, Sept. 1, 2004	Oct. 13, 2004 P.L. 108-324	$10,921,237
2004	Hurricanes Charley, Frances, Sept. 1, 2004	Sept. 8, 2004 P.L. 108-303	$2,000,000
2004	Wildfires, various dates	Aug. 8, 2004 P.L. 108-287	$500,000
2004	Hurricane Isabel, Sept. 18, 2003	Nov. 6, 2003 P.L. 108-106	$813,000
2003	Storms, various 2003 dates	Sept. 30, 2003 P.L. 108-83	$820,700
2003	Tornadoes, May 6, 2003	Aug. 8, 2003 P.L. 108-69	$983,600
2002	Terrorist attacks, Sept. 11, 2001	Aug. 2, 2002 P.L. 107-206	$6,167,600
2001	Terrorist attacks, Sept. 11, 2001	Sept. 18, 2001 P.L. 107-38	$20,000,000
2001	Nisqually Earthquake	July 24, 2001 P.L. 107-20	$365,700
2000	Hurricane Floyd, Sept. 16, 1999	Oct. 20, 1999 P.L. 106-74	$2,480,425
Total			**$264,921,795**

Source: Supplemental funding totals derived, in part, from CRS analysis of emergency appropriations after disasters.

Notes: Declaration dates in this table represent the date the President issued a major disaster declaration for the disaster that appeared to be the primary catalyst for the supplemental appropriations legislation. In a series of disasters (such as the Midwest floods of 1993) this date represents the first of several declarations associated with that particular disaster. In some instances, identifying which disasters were primarily associated with consideration of the supplemental appropriations was not possible. Funds appropriated for the American Red Cross are not included in these totals. Data in **Table 2** on supplemental disaster assistance appropriations amounts for all agencies by enacted supplemental measure exclude accounts such as salaries and expenses, research and development, and inspector general/oversight accounts that appear in the text of the provisions of each statute. Total amounts per legislative measure of disaster assistance therefore may vary slightly from data totals included in prior CRS publications that did not distinguish the various accounts within each title or provision of supplemental appropriations.

As reflected in **Table 1**, supplemental appropriations have generally been enacted as stand-alone legislation. In some instances, however, disaster assistance funding has been enacted as part of regular appropriations measures, continuing appropriations acts (continuing resolutions), or as a part of omnibus appropriations legislation. Also, while the need for additional funds has historically been tied to a single, large-scale major disaster such as Hurricanes Katrina or Sandy,[11]

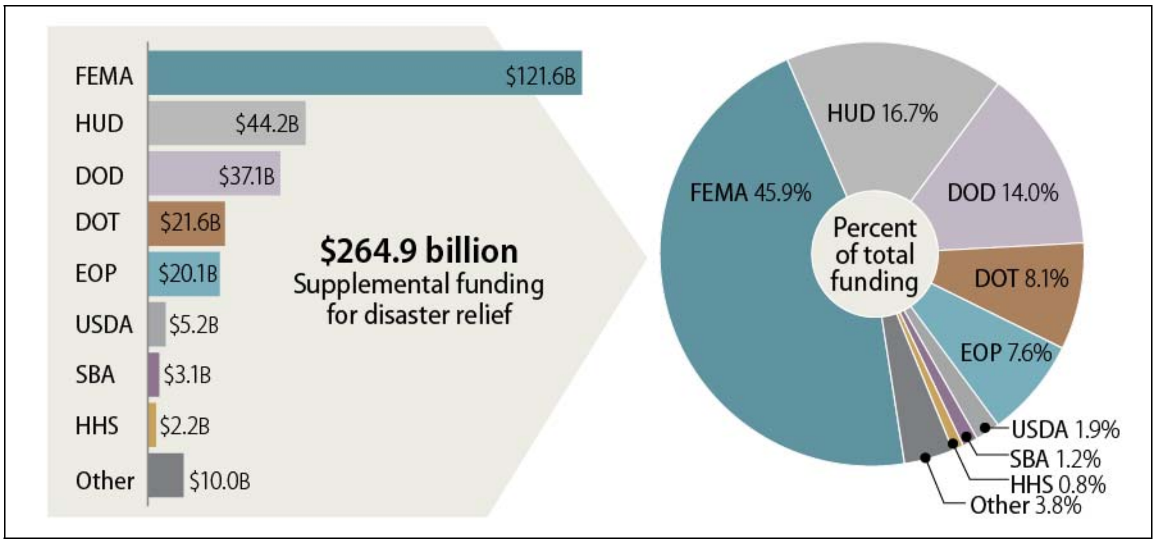
[11] For more information on Hurricane Katrina funding see CRS Report R43139, *Federal Disaster Assistance after Hurricanes Katrina, Rita, Wilma, Gustav, and Ike*, coordinated by Bruce R. Lindsay and Jared C. Nagel. For more information on Hurricane Sandy funding see CRS Report R42869, *FY2013 Supplemental Funding for Disaster Relief*, coordinated by William L. Painter and Jared T. Brown.

in recent years the need for assistance has increasingly been caused by a string of incidents. For example, legislation passed in FY2010 and FY2012 provided disaster relief for several incidents rather than a single, large scale disaster.

Supplemental appropriations for disaster relief provide funding to a wide array of federal agencies depending on the unique needs of each disaster. In general, agencies, such as FEMA or the Department of Housing and Urban Development (HUD), are consistently included in supplemental appropriations for disaster relief. On the other hand, many smaller agencies or programs have received funding for certain disasters and not others. **Figure 1** and **Figure 2** below outline the total funding that has been given to each agency since FY2000. Of the total amount provided for all agencies ($265 billion), nearly 50%, or $122 billion, has gone to FEMA. Overall, eight agencies account for 96% of the total appropriation during this time.

Figure 1. Supplemental Funding by Agency (FY2000-FY2013)

(amounts in billions of dollars)



Source: Supplemental funding totals derived, in part, from CRS analysis of emergency appropriations after disasters.

Notes: FEMA is maintained a separate entity above, despite the reorganization of the agency as part of the Department of Homeland Security in FY2003.

Examples of Recent Enacted Supplemental Appropriations

During the 113th Congress, P.L. 113-2, the Disaster Relief Appropriations Act, provided $50.3 billion in disaster assistance through numerous federal agencies and entities in response to Hurricane Sandy. The bill provided $11.5 billion for the DRF, $5.3 billion for the Army Corps of Engineers, and $13.0 billion for the Department of Transportation.[12]

[12] For more information on supplemental funding for Hurricane Sandy see CRS Report R42869, *FY2013 Supplemental Funding for Disaster Relief*, coordinated by William L. Painter and Jared T. Brown. See also CRS Report R42803, (continued...)

Enacted during the 112th Congress, P.L. 112-77, the Disaster Relief Appropriations Act, 2012, provided an additional $8.1 billion in disaster assistance including $6.4 billion for the DRF and roughly $1.7 billion for the Army Corps of Engineers to repair damages to federal projects resulting from major disasters, operations and expenses, and other projects to prepare for floods, hurricanes, and other natural disasters.

During the 111th Congress, P.L. 111-212, the Disaster Relief and Summer Jobs Act of 2010, provided $5.5 billion for disaster relief. The bill included $5.1 billion for the DRF. During consideration, the underlying bill (H.R. 4899) became a vehicle for additional non-disaster funding, including $33 billion for the Department of Defense, and funding for court case relief for veterans, Native Americans, and minority farmers.

During the 110th Congress, President George W. Bush signed into law four measures (P.L. 110-28, P.L. 110-116, P.L. 110-252, and P.L. 110-329) that provided roughly $44.0 billion in supplemental appropriations for disaster relief and recovery (most of it for the DRF). P.L. 110-28, signed on May 25, 2007, included an appropriation of $7.7 billion for disaster assistance, $6.9 billion of which was classified for Hurricane Katrina recovery. P.L. 110-116, signed into law on November 13, 2007, provided a total of $6.4 billion for continued recovery efforts related to Hurricanes Katrina, Rita, and Wilma, and for other declared major disasters or emergencies. Specifically, $500 million of these funds were included for firefighting expenses related to the 2007 California wildfires. P.L. 110-252, signed into law June 30, 2008, provided $8.4 billion in disaster assistance, most of which was directed at continuing recovery needs resulting from the 2005 hurricane season.

P.L. 110-329, signed into law on September 30, 2008, included an appropriation for emergency and disaster relief of $21.6 billion This amount included funds for both continued disaster relief from the 2005 hurricane season as well as funds for a string of disasters that occurred in 2008, including Hurricanes Gustav and Ike, wildfires in California, and the Midwest floods. One of the largest funding components in P.L. 110-329 was designated for the Department of Housing and Urban Development's (HUD's) Community Development Fund, which received $6.5 billion specifically for disaster relief, long-term recovery, and economic revitalization for areas affected by the 2008 disasters. Other funding in the law included $910 million for wildfire suppression, and a $100 million direct appropriation to the American Red Cross for reimbursement of disaster relief and recovery expenditures associated with emergencies and disasters that took place in 2008.[13]

Issues for Congress

There have been some questions raised in Congress concerning the rising costs of, and continued reliance on, supplemental appropriations for disaster assistance. Some have argued that the

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(...continued)

Federal Involvement in Flood Response and Flood Infrastructure Repair: Hurricane Sandy Recovery, by Nicole T. Carter.

[13] Congress did not meet the full request of the American Red Cross, which requested $150 million for reimbursement of disaster relief and recovery expenditures as a result of disasters occurring in 2008. This is not the first time Congress appropriated funds for the organization. In 2004, Congress gave $70 million in aid to the American Red Cross after four hurricanes hit Florida (118 Stat, 1251-1252).

amount of funding provided to states and localities for emergency and disaster assistance should be curtailed primarily given concerns about the federal deficit and debt.

The Debate over the Use of Supplemental Appropriations for Disaster Assistance

As concern over the size of federal budget deficit and national debt has grown, so has the amount of congressional attention to both the amount of funding the federal government provides to states and localities for disaster assistance and the processes the federal government uses to provide that assistance. Although funds have been reallocated at times from one account to another to provide for disaster-related assistance, disaster relief funding has historically not been fully offset.[14]

Some have argued that supplemental funding is used too often to meet disaster needs.[15] **Table 3** indicates the number and amount of supplemental appropriations for disaster assistance from FY2000 to FY2013. In six of those years, Congress passed more than one supplemental appropriation (in addition to regular appropriations) to meet disaster needs.

Table 3. Supplemental Funding for Disaster Assistance, FY2000-FY2013

(in thousands of dollars)

Fiscal Year	Number of Supplemental Appropriations	Amount
2013	1	$50,266,612
2012	1	$8,124,000
2011	0	0
2010	1	$5,478,600
2009	0	0
2008	3	$36,369,105
2007	1	$7,679,454
2006	2	$49,651,762
2005	3	$73,221,237
2004	3	$3,313,000
2003	2	$1,804,300
2002	1	$6,167,600
2001	2	$20,365,700
2000	1	$2,480,425
Total	**21**	**$264,921,795**

[14] For more information on the use of offsets for disaster relief see CRS Report R42458, *Offsets, Supplemental Appropriations, and the Disaster Relief Fund: FY1990-FY2013*, by William L. Painter.

[15] Keith Rothfus, "Rothfus Introduces Disaster Assistance Transparency and Accountability Act," press release, October 28, 2013, http://rothfus.house.gov/index.cfm?sectionid=25&itemid=575.

Source: Supplemental funding derived from CRS analysis of supplemental appropriations after disasters, FY2000-FY2013.

The allowable adjustment provision in the BCA may have reduced the need for supplemental appropriations for disaster assistance by encouraging larger annual appropriations for the DRF. In the past, the Administration's budget request for the DRF was based, in part, on a five-year rolling average of disaster spending. It appears that the 10-year rolling average used to calculate the allowable adjustment is now being used to formulate the Administration's budget request for the DRF.

The 10-year calculation may help generate a more accurate (and higher) estimate for disaster costs than the previous budgeting model. As shown in **Table 3**, there were no supplemental appropriations for disaster assistance in FY2011; one was provided in FY2012 and one in FY2013. This may be an indication that fewer supplemental appropriations are needed. However, because the BCA was passed fairly recently, it may be too early to determine whether and to what extent the BCA has influenced the need for supplemental appropriations.

Arguments against relying on supplemental appropriations for disaster assistance include

- supplemental appropriations for disasters often are designated as an emergency expenditure, which under congressional budgetary procedures can exceed discretionary spending limits—creating an opportunity for lawmakers to circumvent budgetary enforcement mechanisms by purposefully underfunding disaster assistance through annual appropriations to make room for other spending;
- supplemental appropriations for disasters often move through Congress on an expedited basis, limiting the amount of time available to assess actual disaster needs and scrutinize spending to ensure that the spending is appropriately targeted and that adequate safeguards are in place to address the potential for waste, fraud, and abuse. In addition, supplemental appropriations for disasters may result in unnecessarily high funding levels, as early damage estimates may overstate actual needs; and
- supplemental appropriations for disasters provide a vehicle for spending or other provisions in the legislation unrelated to the incident that may not pass on their own if they were not attached to disaster legislation. Conversely, the unrelated provision may make the appropriation legislation contentious, thus slowing down the delivery of federal disaster assistance.

Arguments in favor of the use of supplemental disaster assistance include

- the timing and severity of disasters cannot be anticipated and appropriating a relatively large sum of funds through annual appropriations may require Congress to reduce funding for other programs to pay for an unknown, and possibly non-existent, future event;
- the President is authorized to unilaterally determine when federal assistance is made available after a major disaster incident. Congress retains authority to control federal spending by voting on supplemental appropriations. In essence, the use of supplemental appropriations for disasters enables Congress to express its own preferences in disaster assistance;

- large DRF balances may be subject to a transfer or rescission to meet other needs, which may have negative consequences if a large disaster were to take place after the funds have been withdrawn. For example, if a large scale disaster were to happen after the transfer, another transfer or supplemental appropriation might be needed to address disaster needs; and
- supplemental appropriations for disasters can be sized according to the needs of the actual incident.

Proposals to Restructure Disaster Assistance Legislation

Those who oppose relying on supplemental appropriations to fund disaster assistance often suggest the following policy alternatives to reduce the need for supplemental appropriations for disaster assistance.

Disaster Assistance Offsets

Some have proposed that supplemental funding should be "offset."[16] Appropriations legislation that is fully offset has no overall net cost in budget authority or outlays. Offsets can be achieved by cutting budget authority from one account and providing it to another account, or transferring budget authority from other programs. In recent years, the debate over the use of offsets for disaster relief or assistance has intensified due to the growing size of the federal budget deficit and national debt.

There have been legislative attempts to offset the costs of disaster assistance. For example, Title VI of the House-reported version of H.R. 2017, the Department of Homeland Security Appropriations Act, 2012, would have provided $1 billion of additional funding to the DRF by transferring resources from the Department of Energy. The provision reads as follows:

> Sec. 601. Effective on the date of the enactment of this Act, of the unobligated balances remaining available to the Department of Energy pursuant to section 129 of the Continuing Appropriations Resolution, 2009 (division A of P.L. 110-329), $500,000,000 is rescinded and $1,000,000,000 is hereby transferred to and merged with `Department of Homeland Security—Federal Emergency Management Agency—Disaster Relief': Provided, That the amount transferred by this section is designated as an emergency pursuant to section 3(c)(1) of H.Res. 5 (112th Congress).[17]

Another example is the proposed amendment, H.Amdt. 4, to the Disaster Relief Appropriations Act, 2013[18] in the 113th Congress which would have provided an offset of the $17 billion in emergency funding to address the immediate needs for victims and communities affected by Hurricane Sandy. The offset would have been achieved by an across-the-board rescission of 1.63% to all discretionary appropriations for FY2013. The amendment was not adopted.

[16] For more information on offsets and supplemental appropriations see CRS Report R42458, *Offsets, Supplemental Appropriations, and the Disaster Relief Fund: FY1990-FY2013*, by William L. Painter.

[17] This section was added in full committee markup of the legislation. For a more in-depth discussion of procedural considerations for offsetting amendments, see CRS Report RL31055, *House Offset Amendments to Appropriations Bills: Procedural Considerations*, by Jessica Tollestrup.

[18] P.L. 113-2.

Proponents of offsets argue that they provide a mechanism to control spending and offset the costs of disaster assistance. Opponents argue that offsets politicize disaster assistance because the program selected for the offset may have been selected because it is politically unpopular rather than being based on a sound policy basis. They also argue that the debate over the use of offsets may unnecessarily slow the delivery of needed assistance.

One potential argument against the sole reliance on offsets to limit federal spending on disaster assistance is that it fails to address the significant amount of funding that would be needed to fully offset a very large-scale disaster. The Gulf Coast hurricanes of 2005 and 2008 and Hurricane Sandy cost the federal government $120 billion and $50.3 billion respectively. As such, critics might argue that the sheer size of the offset might have a very negative impact on other parts of the federal budget.

Proposals for Managing the Number of Declarations

The Stafford Act authorizes the President to issue major disaster declarations that provide states and localities with a range of federal assistance in response to natural and man-made incidents.[19] Under a major disaster declaration, state, local, and tribal governments and certain nonprofit organizations are eligible (if so designated) for assistance for the repair or restoration of public infrastructure, such as roads and buildings. A major disaster declaration may also include additional programs beyond temporary housing such as disaster unemployment assistance and crisis counseling, and other recovery programs, such as community disaster loans.

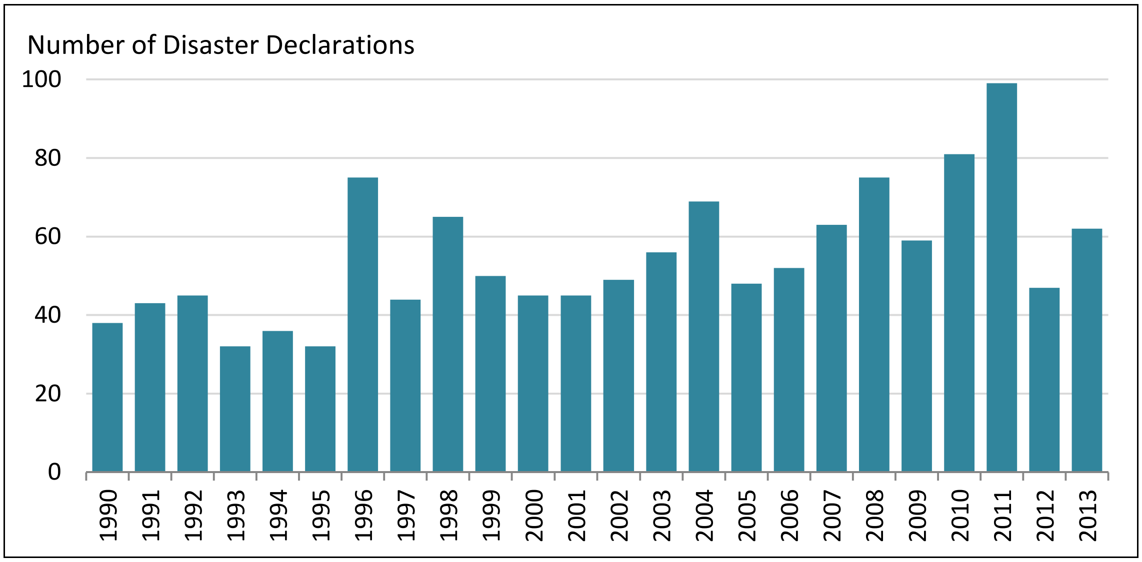
There is a direct relationship between the number of major disasters declared and federal spending for disaster assistance—an increase in declarations typically leads to an increase in federal expenditures for disaster assistance. The number of major disaster declarations has increased steadily since they were first declared in 1953.[20] Initially, there was an average of 13 major disaster declarations per year from 1953 to 1959. This average has steadily increased over time. An average of 54 major disaster declarations was issued from 1990 to 2013 (see **Figure 2**). Ninety-nine incidents were declared major disasters in 2011 alone. Although there was a decrease in the number of declared major disasters in 2012, that year may be considered an outlier given the number of declared disasters in 2010, 2011, and 2013.

[19] For more information on Stafford Act declarations see CRS Report RL34146, *FEMA's Disaster Declaration Process: A Primer*, by Francis X. McCarthy, and CRS Report R42702, *Stafford Act Declarations 1953-2011: Trends and Analyses, and Implications for Congress*, by Bruce R. Lindsay and Francis X. McCarthy.

[20] For more information on Stafford Act declarations see CRS Report R42702, *Stafford Act Declarations 1953-2011: Trends and Analyses, and Implications for Congress*, by Bruce R. Lindsay and Francis X. McCarthy.

Figure 2. Major Disaster Declarations

(1990-2013)



Source: CRS analysis based on data provided by FEMA.

Critics may argue that too many of these major disaster declarations were for marginal incidents. The term "marginal incidents" refers to incidents that could arguably be handled by the state without federal aid. They argue that the amount of funding the federal government provides for disaster assistance could be reduced by reforming the declaration process to limit the number of declarations; adjusting the federal share for assistance; converting some, or all federal disaster assistance into a loan program; or shifting some of the responsibility for paying for recovery to the state and/or the private sector.[21]

Others argue that providing relief to disaster victims is an essential role of the federal government. In their view, while the concern over costs is understandable given the potential impact of disaster assistance on the national budget, the number of declarations being issued each year and their associated costs are justified given the immediate and long-term needs created by incidents. They argue that providing assistance to disaster-stricken areas is needed to help a state and region's economy recover from an incident that it otherwise may not be able to recover from on its own. In addition, they argue that the costs of disasters should be expected given changes in severe weather patterns, as well as increases in population and development.[22]

[21] Potential methods for eliminating marginal incidents include changing the definitions of a major disaster in the Stafford Act, changing the per capita formula for determining whether a disaster is sufficiently large to warrant federal assistance, or the use of other indicators instead of, or in conjunction with, the per capita formula. In 2001, the Government Accountability Office (GAO) issued a report on disaster declaration criteria. The GAO report was a comprehensive review of FEMA's declaration criteria factors. GAO recommended that FEMA "develop more objective and specific criteria to assess the capabilities of state and local governments to respond to a disaster" and "consider replacing the per capita measure of state capacity with a more sensitive measure, such as a state's total taxable resources." See Department of Homeland Security, Office of Inspector General, *Opportunities to Improve FEMA's Public Assistance Preliminary Damage Assessment Process*, pp. 5-7.

[22] For information on disaster trends see CRS Report R42702, *Stafford Act Declarations 1953-2011: Trends and Analyses, and Implications for Congress*, by Bruce R. Lindsay and Francis X. McCarthy.

Proposals to Change Stafford Act Provisions

The following section discusses some potential changes to the Stafford Act that have been proposed to limit the number of declarations issued each year, and thus reduce federal expenditures on disaster assistance.

Repeal Section 320 (Limitation on Use of Sliding Scale)

Section 320 of the Stafford Act restricts the use of an arithmetic or sliding scale to determine when federal assistance can be provided. Repealing Section 320 would allow formulas that establish certain thresholds that states would have to meet to qualify for assistance. This might make declarations less discretionary and more predictable.

Amend Section 404 (Hazard Mitigation)

Section 404 of the Stafford Act authorizes the President to contribute up to 15% of the cost of an incident toward mitigation measures that reduce the risk of future damage, loss of life, and suffering. Section 404 could be amended to make mitigation assistance contingent on state codes being in place prior to an event. For example, states that have met certain mitigation standards could remain eligible for the 75% federal cost-share for hazard mitigation grants.[23] States that do not meet the standards would be eligible for a smaller share, such as 50% federal cost-share. The amendment may incentivize mitigation work on behalf of the state and possibly help reduce damages to the extent that a request for assistance is not needed, or the cost of the federal share may be lessened. The amendment could be set to take effect over a specified time, giving states time to adjust to the change.

Other Potential Amendments to the Stafford Act

Other amendments to the Stafford Act could either limit the number of declarations being issued, or the amount of assistance provided to the state by the federal government.

- The Stafford Act could be amended so that federal assistance would only be available for states with corollary programs (such as Public Assistance, Individual Assistance, and housing assistance). Establishing these programs at the state level may increase state capacity to handle some incidents without federal assistance. The amendment could be designed to take effect over a specified time, giving states time to adjust to the change.
- The Stafford Act could be amended to discontinue all assistance for snow removal unless directed by Congress. The amendment could be designed to take effect over a specified time to provide states and localities an opportunity to adjust to the change over a specified time.

[23] For more information on hazard mitigation grants see CRS Report R40471, *FEMA's Hazard Mitigation Grant Program: Overview and Issues*, by Natalie Keegan.

Reducing the Amount of Assistance Provided through Declarations

Adjust the State Cost-Share

Under the Stafford Act, the federal share for assistance paid out of the DRF is typically 75% and state and local governments provide 25% of disaster costs.[24] Some contend that federal disaster expenditures could be reduced by shifting more of the costs to the state and local levels by increasing the state share of 25% to a higher percentage. Another option would be to make the cost-share arrangement not subject to administrative adjustment. Instead, the cost-share could only be adjusted upward through congressional action.

Adjusting the federal cost-share could reduce federal disaster costs. Others argue that doing so would be burdensome to states and localities. For example, the Gulf Coast states would have had to pay over $50 billion if a 50% matching requirement were in place for hurricane damages in 2005 and 2008.

Disaster Loans

As mentioned previously, federal assistance provided for emergency declarations could be provided through loans. For example, some or all of the assistance provided to the state after a major disaster could be converted to low-interest or no-interest loans through FEMA's Community Disaster Loan (CDL) program.[25] Loans for disaster recovery could also be incentivized. For instance, states that undertook certain pre-established preparedness and/or mitigation measures could qualify for a larger federal share or a lower interest rate.

Concluding Observations

Since the 1950s, the level of financial assistance given to states for disaster relief by the federal government has steadily increased. In light of stated concern with the federal deficit and debt, the increased federal involvement in disaster relief has raised policymaking questions concerning whether the federal government is providing too much assistance to states and localities, or not enough.

To some, the state's fiscal capability to respond to an incident is not being adequately factored or tied into federal disaster assistance. Another concern is whether disaster assistance should be subject to certain thresholds and maximums. For example, federal law could be changed to require an emergency or major disaster costs to reach a certain level before federal funding is made available. Also, the current system uses a per capita amount in estimated eligible disaster costs to determine that level when federal disaster assistance can be provided. As another example, the total amount of federal relief for an event could be capped at a certain amount. After this level has been reached, the state would then be responsible to pay for the rest of recovery. Others oppose all of these policy options.

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[24] The federal share, however, can be increased if damages reach certain thresholds. For additional discussion on this topic see CRS Report R41101, *FEMA Disaster Cost-Shares: Evolution and Analysis*, by Francis X. McCarthy.

[25] For more information on the CDL program see CRS Report R42527, *FEMA's Community Disaster Loan Program: History, Analysis, and Issues for Congress*, by Jared T. Brown.

Finally, some have questioned whether federal assistance to states and localities unintentionally creates a disincentive for states and localities to prepare for emergencies and major disasters. They argue that federal funding for disaster assistance has become entrenched to the point that it has contributed to what is referred to as a "moral hazard," where it is in the interest of states and localities to underfund mitigation measures. For example, it has been argued that some states do not properly fund mitigation measures because there is a presumption that federal funding is virtually guaranteed should an incident occur.[26] Others claim the function of the federal government is to help states and localities in their time of crisis. Withholding or limiting the amount of funding a state could receive for an incident might not only result in economic hardships for that region and state, but could also have negative consequences for the national economy.

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[26] See James F. Miskel, *Disaster Response and Homeland Security: What Works, What Doesn't* (Westport, CT: Praeger Security International, 2006), or Rutherford H. Platt, *Disasters and Democracy: The Politics of Extreme Natural Events* (Washington DC: Island Press, 1999) for arguments against increased federal involvement in disaster assistance.