Disaster Spending and Mitigation:
A State-by-State Story

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Natural Disaster Spending on Response and Recovery is Highly Intertwined Across Levels of Government
The federal-state relationship

- Every state has had a federal declaration since 2013.
- FEMA had 8 of its most expensive years on record in the decade ending in 2016.
- Federal government has spent $450 billion on disasters since 2005.

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Federal proposals

1. Adjusting the threshold for federal assistance
   - Disaster Recovery and Reform Act (discussed but not included in final bill)

2. Encouraging mitigation activities
   - Bipartisan Budget Agreement of 2018
   - National Mitigation Investment Strategy
   - IA Eligibility Criteria
What does this mean for states?

- Preliminary findings: How states budget for disasters
- How states track their spending
- Mitigation

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Budgeting: How does the money flow?

States spend money on disasters in two ways:

1. State and local disasters that don’t get a federal declaration
2. Cost-shares and matches required for federal disaster grants
Using Similar Tools, States Take Varied Approaches to Budgeting for Disasters

*PRELIMINARY FINDINGS*

- State Agency Budgets: 48 states
- Disaster Accounts: 46 states
- Supplemental Appropriations: 45 states
- Transfer Authority: 41 states
- Rainy Day Funds: 32 states
Tracking: How is the money spent?

- Most states don’t comprehensively track spending
- Spending varies widely
- Recommend commitment to data collection
Why is tracking so challenging?

Spending is spread across many agencies
Spending spread across many agencies

Federal level: At least 17 major departments and agencies are involved in disasters

Department of Defense

Department of Housing and Urban Development

Department of Health and Human Services

Federal Emergency Management Agency

Department of Agriculture

Department of Treasury

Department of Homeland Security

Small Business Administration

Corporation for National and Community Service

Department of Energy

Federal Communications Commission

Department of Justice

Department of Transportation

Environmental Protection Agency

Army Corps of Engineers

National Aeronautics and Space Administration

Department of Interior

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Spending spread across many agencies

Florida: At least 11 major departments and agencies are involved in disasters

Division of Emergency Management
Department of Environmental Protection
Agency for Persons with Disabilities
Highway Safety and Motor Vehicles
Department of Health
Department of Children and Families
Department of Military Affairs
Department of Elder Affairs
Department of of Transportation
Department of Juvenile Justice
Department of Agriculture and Consumer Services

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Why is tracking so challenging?

- Spending is spread across many agencies
- Disasters are episodic
- Capacity
What do the data we collected tell us?

- States spend differently in amount and purpose

- Policy implication: Impact of federal change would vary from state to state

- Recommendation: State and federal policymakers should prioritize the collection of comprehensive data
What can states do?

- The North Carolina Office of Recovery and Resilience was established to track spending on recent hurricanes.
- The Ohio budget office developed a new system to track state spending on disasters across agencies.
- Statewide resiliency planning
Mitigation: Proactive investment can reduce future costs

- You can’t mitigate what you don’t track

- $1 in mitigation → $6 saved in post-disaster recovery costs
Mitigation Saves in Every State

Money saved on average per dollar spent for select federal mitigation programs, 1993-2016

[Map showing mitigation savings per state, with ranges and dollar values for each state.]

Less than $3.50 | $3.50 to $5.49 | $5.50 to $6.49 | $6.50 to $6.99

[Table with states and corresponding dollar values.

Source: pewtrusts.org/fiscal-federalism]
Recognizing the Value of Mitigation

- New federal Building Resilient Infrastructure and Communities (BRIC) 6% set-aside for mitigation
- National Mitigation Investment Strategy
- 2018 Bipartisan Budget Act provided extra federal funds for states that invest in mitigation
- Texas allocated $800 million from its rainy day fund toward mitigation following Hurricane Harvey

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