Disaster Spending and Budgeting: The State Role in an Era of Rising Costs

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Natural Disaster Spending on Response and Recovery is Highly Intertwined Across Levels of Government

Disaster

Local government

State government

Federal government

State aid

Federal aid

Local funds

State funds

Federal funds

Disaster response & recovery
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
What does this mean for states?

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

- Preemptive: 47 states
  - Disaster Accounts
  - Rainy Day Funds

- Responsive: 41 states
  - Transfer Authority
  - Supplemental Appropriations

- Variable: 45 states
  - State Agency Budgets

48 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

Federal Emergency Management Agency
Environmental Protection Agency
Department of Agriculture
Department of Housing and Urban Development
Department of Defense
Department of Transportation
Corporation for National and Community Service
Department of Homeland Security
Department of Energy
Department of Health and Human Services
Small Business Administration
Department of Justice
Federal Communications Commission
Department of Treasury
Department of Interior
Army Corps of Engineers
Department of Agriculture
National Aeronautics and Space Administration
Spending spread across many agencies

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

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

The map shows the money saved on average per dollar spent for select federal mitigation programs in every state from 1993 to 2016. The states are color-coded to represent different ranges of savings:

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

The map highlights the varying degrees of cost savings across the United States, with some states showing significant savings compared to others.
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