South Dakota Legislative Research Council

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Blizzards, Floods and FEMA

Introduction

In the last five years, South Dakota has endured major flooding, destructive ice storms, and life-threatening blizzards. The cost incurred for these disasters on the federal and state level is well over one hundred million dollars. The enormous costs associated with natural disasters is consistent throughout the nation and has increased the awareness of disaster planning and preparedness. In addition to changes in land planning and zoning, changes also need to be made to the financial preparedness of states and counties *before* a disaster happens.

A recent report from the Governor stated that FEMA has identified $18,829,107 of eligible road and bridge damage in counties, municipalities, and townships. This figure does not include the costs to individuals and business in personal and economic losses.

The Role of FEMA

The Federal Emergency Management Agency, created in 1979, is the center for the four phases of emergency management: mitigation, preparedness, response, and recovery. FEMA Director James Lee Witt says the agency is emphasizing mitigation, encouraging the creation of state disaster funds, and expanding performance partnership agreements.

- Mitigation is the foundation of emergency management. It is the minimization of possible future losses from disasters. Director Witt often has labeled mitigation as FEMA's "ultimate role."
- Preparedness is the development of contingency plans for essential services and public safety before a disaster strikes. Preparedness activities help states respond to and recover from natural hazards in a coordinated manner.
- Response includes actions taken immediately after a disaster hits, such as mobilizing emergency equipment; providing emergency food, clothing, shelter, and medical services; repairing damaged infrastructure and providing other emergency services.
- Recovery is the rebuilding of infrastructure and restoration of public services and returning the community to a pre-disaster state.
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FEMA strongly encourages states to create disaster funds. Recent surveys revealed that between 1992 and 1994

state emergency management costs increased. Preparedness costs were up by 5 percent, mitigation costs were up by 58 percent, response costs were up by 6 percent, and recovery costs doubled. In FY1994, state spending for emergency management was $1.6 billion, an average of $6.23 per capita.[1] The studies also found that between 1992 and 1994 gubernatorial disaster declarations rose by 26 percent while presidential disaster declarations fell by 50 percent.

State and Federal Disaster Declarations Fiscal Years 1992-1994

	FY1992	FY1993	FY1994
State events	7,995	12,998	16,762
State declarations	238	227	299
Presidential declarations	55	65	27

(Source: Emergency Management - A Legislator's Guide)

With rising emergency management costs and less federal aid available, states need to prepare financially for natural disasters.
Performance partnership agreements can help federal agencies, mainly FEMA, work more closely with state and county governments during a disaster. In the second year, the partnerships focus on grant management to give states more flexibility in using and directing federal funds.

Declaring a Disaster

Only the governor or acting governor of a state can request a disaster declaration from the President. That declaration can be made only if the disaster is so severe that emergency response is beyond the capabilities of the state and local governments. Before a request is made, however, state and local emergency or disaster officials have to look at the affected areas to determine the extent of damage and the kind of federal assistance needed.

The governor's request to the president outlines the state resources that have been or will be used to respond to the disaster and how state and local governments will cover their share of the costs. The request goes first to the FEMA regional director and then to the director of FEMA, who makes a recommendation to the President. The President appoints an appropriate federal official as the coordinating officer and the federal response and recovery assistance goes into action.

Federal Programs Available to Communities in Need

Over 100 federal assistance programs are available for communities and individuals. The services range from structure replacement assistance to job replacement assistance.

- The Flood Mitigation Assistance Program provides funds to states and communities for cost-effective measures that reduce long-term flood risks to buildings.
- Acquisition/Relocation of Structures.
- Elevation-in-Place of Structures: elevate existing structures to a higher level.
- EPA has the authority to provide grants for the restoration of upland wetlands.

[1] Laura Hagg Nelson, "When Disaster Strikes," State Legislatures, June 1996, pp. 28-33.

- The Temporary Housing Assistance Program provides 100 percent federal funds for either rental assistance or minimal home repair for immediate housing needs.
- The U.S. Small Business Administration's Service Corps of Retired Executives (SCORE) can assist existing business owners who may need to develop new business plans, marketing plans, or financing proposals.
- The Rural Utilities Service has ongoing programs to provide grants and loans to develop, replace, or repair water and waste disposal systems in rural areas in towns having a population of 10,000 or less.
- The Disaster Unemployment Assistance Program provides unemployment assistance to those workers who are unemployed as a result of the disaster and who are not otherwise eligible for unemployment benefits.
- The USDA Disaster Reserve Assistance Program (DRAP) provides cost-share feed assistance to livestock producers experiencing emergency problems.
- The USDA Farm Service Agency (FSA) Emergency Loan Program will provide emergency direct loans to family farmers to help cover production and physical losses.

As you can see, many federal programs can assist states during and after a disaster; however, these programs are not always funded. The programs are in place, but not all of them have a continuous, permanent funding source. Many require a special appropriation from Congress, which is not a sure thing.

When Federal Funds Are Not Available

Not every disaster is a presidentially declared disaster, so states must assume some of the financial responsibility on their own. Some states have created disaster funds, like South Dakota's Emergency and Disaster Fund (See Attachment 1), but, unlike South Dakota, have dedicated a permanent funding source to supply emergency money. Many states appropriate money for a specific purpose after a disaster occurs. Trust funds have been developed by states to provide dedicated revenue sources for disasters and other projects.

- Legislators in the state of Florida have levied a fee of two dollars on all residential insurance policies and four dollars on all commercial property premiums. Insurance companies collect the fee and remit it to the Department of Revenue.
- Texas considered charging one-thirteenth of 1 percent on the gross receipts taxes of each public utility to create a disaster trust fund.
- Arkansas assesses a fee on insurance companies which is deposited in a Fire Protection Premium Tax Fund to improve fire protection services in the state.
- Alaska deposits mineral settlements in a rainy day fund.
- Oklahoma's constitution mandates all revenues in excess of 100 percent of the estimate is automatically deposited in a rainy day fund.
- Minnesota uses a portion of their lottery proceeds to provide a

permanent funding source for environmental and natural resources programs.

Conclusion

South Dakota has an emergency and disaster fund with a current balance of $988,450 (see Attachment 1). Judging from the costs of the recent natural disasters in the state, the amount may not be adequate. The recent addition of $1,500,000 from year-end reversions to the fund will help, but a permanent, on-going source of revenue should be considered.

This issue memorandum was written by Annie Mertz, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.
