



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 16, 2007

SMART RESPONSE Act

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on August 1, 2007*

SUMMARY

The legislation would direct the Federal Emergency Management Agency (FEMA) to develop and implement regional evacuation and sheltering plans for use following a major disaster. In addition, the bill would direct FEMA to create a database of available shelters that can be shared with state and local governments. Based on information from FEMA, CBO estimates that implementing those provisions would cost about \$39 million over the 2008-2012 period, assuming appropriation of the estimated amounts.

The legislation also would prohibit FEMA from restricting the use of \$1.17 billion in hazard mitigation funding provided to Louisiana following the 2005 Gulf Coast hurricanes. The state wants to use those funds for grants to homeowners to elevate their homes; however, FEMA has denied funding for those projects because of provisions in the state's overall recovery program. CBO estimates that implementing this provision would not affect the pace of federal expenditures for hazard mitigation projects nor would it increase the need for additional disaster relief funding in the future. Enacting this legislation would not affect direct spending or revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of this legislation is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	17	6	6	5	5
Estimated Outlays	16	6	6	6	5

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted in early 2008 and that the necessary amounts will be appropriated for each fiscal year.

Evacuation and Sheltering Plans and Database

The legislation would direct FEMA to develop and implement regional evacuation and sheltering plans for use following a major disaster. Such plans would incorporate all modes of transportation and identify shelters capable of housing evacuees in any part of the United States. CBO estimates that FEMA would need to hire additional staff in each of its 11 offices to complete the plans within the 360-day period specified in the bill. We estimate that this work would cost about \$15 million in 2008 and \$38 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

The bill also would direct FEMA to create a database of available shelters that could be used following a disaster. Information from this database, as well as information from the Evacuation Traffic Information System (managed by the Federal Highway Administration), would be made available to state and local governments. CBO estimates that implementing this provision would cost about \$1 million in 2008.

Elimination of Restrictions on Hazard Mitigation Funding

The legislation would allow Louisiana to use certain funds for hazard mitigation in tandem with disaster recovery funds provided by the Community Development Block Grant (CDBG) program of the Department of Housing and Urban Development. Following Hurricanes Katrina and Rita, Louisiana received \$1.5 billion in grants through FEMA's Hazard Mitigation Grant Program (HMGP). The state has requested to use \$1.17 billion of those amounts for elevation grants to homeowners under the terms of the Road Home program. (The Road Home program is Louisiana's plan for using CDBG funds provided in response

to the 2005 hurricanes.) FEMA has denied this request because it believes that provisions of the Road Home program violate the authorizing statute for mitigation funds. The bill would prohibit FEMA from restricting the use of HMGP funds for those reasons.

CBO estimates that implementing this provision would have no cost to the federal government. The bill would not authorize additional mitigation funding for Louisiana. Moreover, FEMA has already allocated the maximum amount of HMGP funds that the state may receive under current law. (For disasters of the magnitude of Hurricane Katrina, for example, this amount is 7.5 percent of the agency's estimate of other funds it will provide for disaster relief.)

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

This bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. It would provide greater flexibility for Louisiana to use federal assistance to help homeowners recover from Hurricanes Katrina and Rita. It also would authorize the administrator to provide technical assistance to state and local governments to develop and implement evacuation and sheltering plans. Any costs to those governments would be incurred voluntarily as a condition of participating in a federal program.

ESTIMATE PREPARED BY:

Federal Costs: Daniel Hoople

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Justin Hall

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis