



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 6, 2012

## **H.R. 2903** **FEMA Reauthorization Act of 2012**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on March 8, 2012*

### **SUMMARY**

H.R. 2903 would authorize appropriations totaling about \$2.2 billion over the next two years for the Federal Emergency Management Agency (FEMA). The legislation would authorize about \$2.1 billion for salaries and expenses of the agency, including \$37 million to modernize the Integrated Public Alert and Warning System (IPAWS); \$71 million for the Urban Search and Rescue (US&R) Response System; \$32 million for dam safety activities; and \$4 million for emergency management assistance compact grants. Based on historical expenditure patterns, CBO estimates that implementing the legislation would cost \$2.1 billion over the 2013-2017 period, assuming appropriation of the specified amounts.

Enacting this legislation would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that the net effects would probably be zero or insignificant for each year. Enacting H.R. 2903 would not affect revenues.

H.R. 2903 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), by eliminating an existing right to seek compensation for damages and by requiring employers to allow members of the urban search and rescue response system to reclaim their jobs upon completing a deployment to a disaster. Based on information from FEMA, CBO estimates that the cost to comply with the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$73 million and \$146 million, respectively, in 2012, adjusted annually for inflation).

### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 2903 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					2013- 2017
	2013	2014	2015	2016	2017	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
FEMA Salaries and Expenses						
Authorization Level	1,031	1,031	0	0	0	2,063
Estimated Outlays	666	924	354	98	0	2,042
Urban Search and Rescue Response System						
Authorization Level	35	35	0	0	0	71
Estimated Outlays	25	35	10	0	0	70
EMAC Grants						
Authorization Level	2	2	0	0	0	4
Estimated Outlays	2	2	0	0	0	4
National Dam Safety Program						
Authorization Level	11	11	11	0	0	32
Estimated Outlays	7	10	10	4	1	32
Total Changes						
Authorization Level	1,079	1,079	11	0	0	2,170
Estimated Outlays	700	971	374	102	1	2,148

Notes: FEMA = Federal Emergency Management Agency; EMAC = Emergency Management Assistance Compact.  
Components may not sum to totals because of rounding.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2012 and that amounts specified will be appropriated for each year.

### Spending Subject to Appropriation

**FEMA Salaries and Expenses.** FEMA is the federal government's lead agency in preparing for, protecting against, responding to, and recovering from all hazards, including natural disasters, acts of terrorism, and other man-made disasters. For 2012, the Congress provided \$946 million (including transfers, but excluding amounts for the Urban Search and Rescue Response System, authorized separately in this bill) for salaries and expenses of the agency (see Public Law 112-74).

Title I of H.R. 2903 would authorize the appropriation of \$1,031 million for each of fiscal years 2013 and 2014 to administer FEMA programs—about \$85 million more than the amount provided for fiscal year 2012. Of those funds, up to \$13 million per year would

be used to modernize IPAWS. IPAWS utilizes multiple technologies (for example, satellite radios, computers, and cellular phones) in addition to traditional radio and television communications to provide information about an impending or ongoing emergency. A similar amount was provided for this activity in 2012.

Based on historical expenditure rates, CBO estimates that implementing this provision would cost about \$2 billion over the next five years, assuming appropriation of the specified amounts for 2013 and 2014.

**Urban Search and Rescue Response System.** Section 201 would authorize the appropriation of \$35 million in each of fiscal years 2013 and 2014 for US&R. This amount is \$6 million below the level provided in 2012 (see Public Law 112-74). The US&R response system consists of multiple task forces that assist local responders in the location, extrication, and initial medical stabilization of victims trapped in confined spaces. Funding provided by the bill would be used to staff and train the task forces and maintain equipment used in training and responding to a disaster. The bill also would direct FEMA to establish a national network of standardized resources and to enter into cooperative agreements with sponsoring agencies to reimburse costs incurred in US&R operations.

Based on historical expenditure patterns, CBO estimates that implementing this provision would cost \$70 million over the next five years, assuming appropriation of the specified amounts.

**Emergency Management Assistance Compact (EMAC) Grants.** Section 202 would authorize the appropriation of \$4 million over the 2013-2014 period for grants to administer and coordinate activities under EMAC. EMAC was ratified by the Congress in 1996 (see Public Law 104-321) as an interstate mutual-aid agreement that enables member states to share resources during a declared disaster. EMAC is currently administered by the National Emergency Management Association (NEMA), a private association representing state emergency management directors. CBO estimates that providing grants to NEMA and EMAC participants would cost \$4 million over the 2013-2017 period, assuming appropriation of the specified amounts.

**National Dam Safety Program.** Section 217 would authorize the appropriation of about \$11 million a year over the 2013-2015 period for activities of FEMA related to dam safety. Funds authorized by the bill would be used for: operating an Interagency Committee on Dam Safety and a Dam Safety Review Board, assisting state safety programs, maintaining a dam inventory, conducting research, and providing training for state safety staff and inspectors. Based on historical spending patterns, CBO estimates that implementing this section would cost \$32 million over the next five years.

**Other Changes.** The legislation would make a number of other changes, which CBO estimates would not have a significant net impact on discretionary spending.

*Transfer of Excess Materials, Supplies, and Equipment.* Section 203 would authorize FEMA to transfer excess materials, supplies, and equipment directly to states, local governments, and disaster relief organizations for the purpose of assisting victims of disasters. Under current law, most excess property must first be offered for transfer to other federal agencies prior to being available for donation. In some cases, the General Services Administration (GSA) might require receiving entities to reimburse the holding agency (in this case, FEMA) for transferred property. If reimbursements to FEMA decline or if other federal agencies purchase property similar to that donated under this provision, discretionary spending may increase. However, based on the historical disposition of FEMA property, CBO estimates that any discretionary costs would be insignificant over the next five years.

*Disposal of Temporary Housing Units.* Section 204 would direct FEMA to develop a plan to dispose of temporary housing units (for example, mobile homes and travel trailers) that are determined to be in excess of the amount needed to maintain an appropriate disaster response. Excess units could be donated to states for disaster relief purposes, instead of first being offered for sale to current occupants under current law. In most recent cases, proceeds from sales have been deposited into the Disaster Relief Fund or retained by GSA to cover the costs of sales. (GSA disposes of excess property for many federal agencies, including FEMA.) If implementing this provision would cause proceeds from sales to decrease, FEMA or GSA may request appropriations in the future to cover the difference, resulting in additional discretionary spending. However, based on information from FEMA, CBO estimates that implementing this provision would result in no significant cost over the 2013-2017 period.

*Tribal Requests for Presidential Declaration.* Section 210 would allow the chief executive of a tribal government to request a declaration by the President that a major disaster or emergency exists. Under current law, only the governor of a state may make such a request. Implementing this provision may increase discretionary spending in areas where a declaration would not otherwise have been made. CBO expects that such requests would occur infrequently and estimates that implementing this provision would have an insignificant effect on discretionary spending over the next five years.

## **Direct Spending**

Sections 203 and 204 would allow FEMA to transfer or donate certain excess property that may have otherwise been sold to states, local governments, and disaster relief organizations. In some cases, receipts collected from property sales (after reimbursing GSA for the costs of sales) are deposited into the Treasury as miscellaneous receipts (an offset to direct spending). Any decrease in receipts to the Treasury as a result of this

provision would therefore be considered an increase in direct spending. However, based on information from FEMA, CBO estimates that any loss in receipts over the next 10 years would be minor.

## **PAY-AS-YOU-GO CONSIDERATIONS**

Pay-as-you-go procedures apply because the bill would have an insignificant impact on direct spending.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2903 would impose intergovernmental and private-sector mandates, as defined in UMRA. CBO estimates that the cost to comply with the mandates to state, local, and tribal governments and the private sector would fall below the annual thresholds established in UMRA for such mandates (\$73 million and \$146 million, respectively, in 2012, adjusted annually for inflation).

Under current law, members of search and rescue task forces have protection from tort liability when participating in federal preparedness activities. The bill would expand that protection to include training exercises. Such protection would impose a mandate because it would eliminate an existing right to seek compensation for damages. According to FEMA, no claims for damage have been filed regarding a training exercise, nor does the agency expect that any such claims likely would be filed under current law. Therefore, CBO estimates that the costs, if any, of this mandate would be minimal.

The bill also would require employers to allow task force members who are deployed to a disaster to reclaim their jobs upon completion of their service. According to FEMA, there are currently about 4,000 workers in the system; the duration of deployment is usually less than one month; in general, most employers currently allow workers to reclaim their positions. Thus, CBO estimates that the cost for governmental and private-sector employers to comply with the mandate would fall below the annual thresholds.

The bill also would benefit state, local, and tribal governments by authorizing appropriations for hazard mitigation activities; authorizing the sale or transfer of excess materials, supplies, and equipment to those governments for use in emergencies; and authorizing the reimbursement of compensation for certain public employees who are activated as part of an urban search and rescue team. Any costs to those governments would be incurred voluntarily.

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