



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 9, 2018

H.R. 4557 **Reforming Disaster Recovery Act of 2018**

As ordered reported by the House Committee on Financial Services on June 7, 2018

H.R. 4557 would codify several practices currently used by the Department of Housing and Urban Development (HUD) to administer the Community Development Block Grant Disaster Recovery program (CDBG-DR), which provides grants to help cities, counties, and states recover from presidentially declared disasters. The bill also would create some new requirements for the program that aim to make the allocation of appropriated disaster relief funds more efficient.

The new requirements under H.R. 4557 would:

- Direct HUD, the Federal Emergency Management Agency, and the Small Business Administration (SBA) to coordinate benefits and reduce duplication of benefits by sharing information on disaster recovery needs;
- Prohibit the use of CDBG-DR grants to repay SBA disaster loans;
- Ensure that states and localities plan to equitably allocate grants between infrastructure projects and individual assistance to people harmed by disasters; and
- Create a process for localities to pre-certify eligible grantees for CDBG-DR assistance.

Using information from HUD, CBO estimates that implementing the bill would cost about \$2 million over the 2019-2023 period for three additional employees, at an annual cost of around \$100,000 per employee, to pre-certify eligible grantees and coordinate other activities with local governments. Such spending would be subject to the availability of appropriated funds.

CBO does not expect that implementing H.R. 4557 would alter the amount of appropriations that will be needed for the CDBG-DR program to adequately respond to future disasters. However, it could change the purposes for which those funds would be used and the proportion of those funds that could be allocated to different types of projects.

Enacting H.R. 4557 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 4557 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 4557 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Any costs incurred by state, local, or tribal governments, including matching contributions, would result from complying with conditions of assistance.

The CBO staff contact for this estimate is Robert Reese. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.