

H.R. 2548, Hazard Eligibility and Local Projects Act

As ordered reported by the House Committee on Transportation and Infrastructure on June 26, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	17	17
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	17	17
Spending Subject to Appropriation (Outlays)	0	0	0
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The Federal Emergency Management Agency (FEMA) administers several grant programs that provide assistance to state and local governments, as well as residential and commercial property owners, in an effort to mitigate damages that may be caused by future disasters. In fiscal year 2018, the Congress provided appropriations for those programs as follows:

- \$540 million for the Hazard Mitigation Grant (HMG) program;
- \$249 million for the Predisaster Mitigation (PDM) program; and
- \$175 million for the Flood Mitigation Assistance (FMA) program.

H.R. 2548 would expedite the approval of grants for certain property acquisition and relocation projects that are funded by those programs. The bill would require FEMA to approve grants for all applications submitted under those programs—including those submitted after January 1, 2016—if a project satisfies the following two conditions:

- The project is for acquisition or relocation of a vulnerable property, regardless of whether the applicant initiated planning or construction before or after applying for assistance¹; and

1. Under current law, grants generally cannot be used for project costs that the applicant incurs prior to a grant being awarded; applicants who begin work on a project before a grant has been awarded are disqualified from the application process.

- The project is exempt from environmental review requirements under the National Environmental Policy Act (NEPA).

Over the 2014-2018 period, FEMA received nearly 9,000 applications for grants under the three mitigation programs and provided awards to between 1,100 and 1,500 applicants each year over that period. Using information from FEMA, CBO estimates that less than 1 percent of those grants (about 50 projects each year) were awarded to acquisition or relocation projects that are exempt from review under NEPA. Additionally, CBO estimates that roughly 5 applications each year were denied awards because work on the projects began before the applicant had been approved for a grant.

H.R. 2548 would affect direct spending because it would require FEMA to approve grants submitted after January 1, 2016, that under current law have been denied. Using information about the number of applications received and approved since 2016, CBO estimates that about 20 projects would meet the bill's criteria and be retroactively approved for grants. CBO assumes H.R. 2548 will be enacted near the end of 2019 and that any budgetary effects would begin in 2020. Accordingly, CBO estimates FEMA would provide awards for the otherwise disqualified grants in 2020 and 2021 at an estimated cost of \$17 million. That estimate is based on the average award amount over the past five years of \$840,000 per project.

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