

At a Glance

H.R. 1066, Wildfire Recovery Act

As ordered reported by the House Committee on Transportation and Infrastructure on October 27, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2027	2022-2032
Direct Spending (Outlays)	0	31	69
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	31	69
Spending Subject to Appropriation (Outlays)	0	*	not estimated

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 2033?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

The bill would

- Authorize the Federal Emergency Management Agency (FEMA) to cover up to 100 percent of total costs when providing fire management assistance grants to state and local governments

Estimated budgetary effects would mainly stem from

- Increasing the share of costs that the federal government would cover for fire management assistance grants

Areas of significant uncertainty include

- Estimating the total amount of assistance that FEMA and state and local governments will provide for fire management assistance grants
- Estimating how often FEMA would choose to increase the federal share of costs, and what percentage of costs the agency would cover

Detailed estimate begins on the next page.



Bill Summary

H.R. 1066 would authorize the Federal Emergency Management Agency (FEMA) to use funds appropriated for disaster relief to increase the federal cost share from the current 75 percent up to 100 percent for fire management assistance grants, at the agency’s discretion. Under the bill, FEMA also would be required to promulgate a rule establishing guidelines and thresholds for cases in which the federal cost share for such grants may be increased.

Estimated Federal Cost

The estimated budgetary effect of H.R. 1066 is shown in Table 1. The costs of the legislation fall within budget function 450 (community and regional development).

Table 1. Estimated Budgetary Effects of H.R. 1066														
	By Fiscal Year, Millions of Dollars											2022- 2027	2022- 2032	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032			
	Increases in Direct Spending													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	5	6	6	7	7	7	7	8	8	8	31	69	

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted late in fiscal year 2022 and that FEMA would begin providing additional assistance in 2023. CBO’s estimate of outlays in each year is based on historical patterns of spending under the fire management assistance grant program.

Direct Spending

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA awards fire management assistance grants to state and local governments to control fires when the President has declared that an uncontrolled fire would constitute a major disaster. Under current law, the federal cost share covers 75 percent of eligible expenses and state, local, and tribal governments are responsible for the remaining 25 percent. Over the 2017-2021 period, FEMA obligated a total of nearly \$900 million for those grants; states paid an additional \$300 million—or 25 percent of total costs.

The President declared more than 125 major disasters in fiscal years 2019 and 2020. Under current law, FEMA has the discretion to increase the federal cost share under the Public Assistance Program to greater than 75 percent if the agency determines that the effects of a



disaster are sufficiently severe—typically, if per capita damages in a jurisdiction exceed specified levels. Among those 125 declarations, FEMA covered 90 percent of costs for 7 percent of declarations and covered 100 percent of costs for 4 percent of declarations; FEMA paid 75 percent of costs for the remaining 89 percent of those declarations.¹ Using information from FEMA and in keeping with the agency’s response to the broader set of recent disasters, CBO expects that the agency would cover a similar percentage of costs for fire management assistance grants under the bill.

Under current law, CBO estimates that federal and state spending on fire management assistance grants will total about \$3.5 billion over the 2023-2032 period, of which FEMA will pay \$2.6 billion. Under the expectation that FEMA would increase its share of costs from 75 percent to 90 percent or to 100 percent at the same frequency as prior disasters, CBO estimates that FEMA’s costs would increase by \$5 million in 2023, with that cost rising to \$8 million in 2032. In total, enacting the bill would increase direct spending by \$69 million over the 2022-2032 period.

Disaster assistance for programs authorized under the Stafford Act is paid from the agency’s Disaster Relief Fund (DRF). Because H.R. 1066 would expand the use of previously appropriated balances from the DRF, some of which CBO estimates would not otherwise spend over the 2022-2032 period, the bill would increase direct spending. That increased spending would be offset by lower spending of the same amount in years after 2032.

Spending Subject to Appropriation

H.R. 1066 would require FEMA to complete a rulemaking to establish the criteria and thresholds—such as per capita damages in a jurisdiction—under which the agency would recommend that a higher federal share be provided. Under current law, FEMA principally uses per capita damage indicators, tailored to each state or local jurisdiction, to determine whether to increase cost shares. CBO expects that FEMA would complete that rulemaking early in 2023. CBO estimates that those administrative costs would total less than \$500,000; any spending would be subject to the availability of appropriated funds.

Uncertainty

This estimate is subject to considerable uncertainty. Because H.R. 1066 would increase how much the federal government could pay for disasters, the cost of the legislation would principally depend upon how much FEMA allocates in response to qualifying fire disasters. CBO’s estimate of the bill’s implementation costs is informed by historical data about spending under the fire management assistance grant program and FEMA’s actions in other types of disasters, but the ultimate amounts that FEMA will cover are difficult to predict.

1. The federal government paid 100 percent of costs for an additional 59 disaster declarations made for the coronavirus pandemic. Because of the unusual nature of the pandemic, for the purposes of this estimate, CBO excluded those declarations when projecting how often FEMA would increase cost shares for fire management assistance grants.



Those costs will be determined by the frequency and severity of future fires, as well as by decisions made by the agency about how much assistance to provide. Based on the needs of recipient communities in the future, if FEMA decided to increase or decrease the amounts allocated to the program—or the proportion of costs the federal government covers—spending under H.R. 1066 would, in turn, be higher or lower than CBO estimates.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 1066 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2033.

Mandates: None.

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