

### At a Glance

## H.R. 1796, Disaster Survivors Fairness Act of 2023

As ordered reported by the House Committee on Transportation and Infrastructure on May 23, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	626	not estimated

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
<b>Mandate Effects</b>			
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

**The bill would**

- Expand eligibility for certain types of disaster assistance administered by the Federal Emergency Management Agency (FEMA)
- Authorize FEMA to directly repair damaged homes in some cases
- Authorize state and tribal governments to administer certain benefits under the Individuals and Households Program
- Require FEMA to improve its website and to create an online portal for federal disaster assistance programs
- Require FEMA and the Government Accountability Office to study and report on federal disaster assistance programs

**Estimated budgetary effects would mainly stem from**

- Providing additional assistance to households and to state and tribal governments
- Requiring federal agencies to conduct studies, produce reports, and make grants

**Areas of significant uncertainty include**

- Anticipating the costs of federal assistance in response to disasters
- Anticipating how many households would qualify for new assistance under the bill and how much assistance they would receive

**Detailed estimate begins on the next page.**



## **Bill Summary**

H.R. 1796 would expand eligibility to receive disaster assistance under the Individuals and Households Program (IHP) of the Federal Emergency Management Agency (FEMA). That program helps households repair or replace damaged property following a disaster. The bill also would expand eligibility for assistance for mitigation projects, which protect against future damage. In addition, H.R. 1796 would newly authorize FEMA to directly repair damaged homes in some cases and would allow state and tribal governments to administer direct housing assistance in place of FEMA under a pilot program.

H.R. 1796 also would require FEMA to improve its website, DisasterAssistance.gov, and to create a single portal for applications for all types of federal disaster assistance. Finally, the bill would require FEMA and the Government Accountability Office (GAO) to report on disaster assistance programs, and it would authorize FEMA to provide grants to states for creating online guides about disaster recovery funding and other resources for affected people and communities.

## **Estimated Federal Cost**

The estimated budgetary effect of H.R. 1796 is shown in Table 1. The costs of the legislation fall within budget function 450 (community and regional development).

## **Basis of Estimate**

For this estimate, CBO assumes that the bill will be enacted late in fiscal year 2023 and that the estimated amounts will be provided beginning in 2024. CBO's estimates of outlays are based on historical spending patterns for the affected programs and on information provided by FEMA.

## **Spending Subject to Appropriation**

CBO estimates that implementing H.R. 1796 would cost \$626 million over the 2024-2028 period, mainly for providing additional assistance through the IHP. That spending would be subject to appropriation of the estimated amounts.



**Table 1.**  
**Estimated Increases in Spending Subject to Appropriation Under H.R. 1796**

	By Fiscal Year, Millions of Dollars						2023-2028
	2023	2024	2025	2026	2027	2028	
Housing and Mitigation Assistance							
Estimated Authorization	0	99	103	108	113	118	541
Estimated Outlays	0	79	97	107	112	117	512
Management Costs							
Estimated Authorization	0	14	15	15	15	15	74
Estimated Outlays	0	13	15	15	15	15	73
DisasterAssistance.gov and Unified Application Portal							
Estimated Authorization	0	4	12	13	4	4	37
Estimated Outlays	0	4	11	12	5	4	36
Reports and Online Guides							
Estimated Authorization	0	2	1	*	1	1	5
Estimated Outlays	0	2	1	*	1	1	5
Total Changes							
Estimated Authorization	0	119	131	136	133	138	657
Estimated Outlays	0	98	124	134	133	137	626

\* = between zero and \$500,000.

**Housing and Mitigation Assistance.** The bill would remove the requirement that a home must be rendered uninhabitable by a major disaster—that is, the dwelling is no longer safe, sanitary, or fit to occupy—for its owners to be eligible for home repair or replacement assistance under the IHP. Under H.R. 1796, a home would need only to have been damaged to qualify. CBO anticipates that the lower threshold would make more households eligible for assistance.

Over the 2018-2022 period, FEMA provided assistance for home repairs to about 80,000 households annually, on average; the average amount was \$6,800. Using information from the agency about the number of households that have historically qualified under a similar program as well as considering the number of households denied assistance for failure to meet the current damage threshold, CBO expects that the expansion of eligibility would roughly double the number of households who receive assistance, or an additional 80,000 households each year.

Because the damage to qualify would be less than under current law, CBO estimates that the amount of assistance would generally be lower for newly eligible households. Using information from the agency on average repair costs, CBO estimates that in 2024, those households would receive assistance of roughly \$1,200, on average. In total, CBO estimates that the expansion would cost \$504 million over the 2024-2028 period, assuming appropriation of the estimated amounts.



The bill also would exempt mitigation assistance—that is, repairs made to protect property from damage caused by future disasters—from the IHP’s current cap on assistance of \$41,000 per household. In addition, the bill would allow households to use mitigation funds for projects that are designed to protect human life (such as building a tornado shelter). Current law requires the use of mitigation funds only for projects that reduce the likelihood of future damage to homes, utilities, and infrastructure. CBO expects that under the bill, more households would qualify for assistance and that additional types of projects would be funded.

In fiscal years 2021 and 2022, FEMA awarded mitigation assistance to an average of 84,000 households annually. Using information provided by the agency about the number of applications for mitigation assistance that were denied because the total amount would have exceeded the \$41,000 cap, CBO expects that roughly 1,400 additional households would qualify for mitigation assistance each year and would receive about \$1,100, on average. CBO estimates that providing the additional assistance would cost about \$8 million over the 2024-2028 period, assuming appropriation of the estimated amounts.

**Management Costs.** The bill would increase the maximum amount that FEMA can pay for certain administrative expenses. For states that administer the other needs assistance program (ONA), which provides benefits for replacement of personal property, transportation, and medical expenses, the bill would authorize FEMA to cover administrative costs up to 12 percent of the cost of assistance provided, up from a maximum of 5 percent under current law. FEMA could also cover administrative expenses up to 15 percent of the costs of crisis counseling and case management services (under current law, administrative costs in that program are not reimbursed).

Two states—Texas and Washington—jointly administer the ONA program with the federal government. Based on spending patterns in recent years, CBO estimates those states will spend roughly \$125 million per year on program benefits over the 2024-2028 period. Based on data from other disaster relief programs, CBO estimates that the federal government would increase its reimbursement to these states by 3 percentage points, amounting to \$14 million in additional federal costs over that period.

CBO estimates that grants for crisis counseling and case management services will total about \$80 million annually during the 2024-2028 period. CBO estimates that FEMA would reimburse administrative expenses at 15 percent of that total under the bill, amounting to \$59 million in additional federal costs.

**DisasterAssistance.gov and Unified Application Portal.** The bill would require FEMA to improve its website, DisasterAssistance.gov, which provides information for individuals, households, and businesses seeking access to federal disaster assistance. The bill also would require FEMA to streamline the application process for disaster assistance and to publish more information on the agency’s website.



In 2022, FEMA allocated about \$11 million for DisasterAssistance.gov, mostly for contracts with private vendors to operate the portal and supporting systems.

Using information from FEMA, CBO expects that the agency would need to contract for additional technology services to develop new user interfaces and information-sharing mechanisms and enhance the portal's capacity to manage, store, and secure data. CBO estimates that those costs would total \$34 million over the 2024-2028 period, with most occurring in 2024 and 2025. In addition, we estimate that FEMA would need \$2 million over that period for the equivalent of three full-time employees—at an average annual cost of \$165,000—over the first three years after enactment, and two employees beginning in 2027, to supervise contractors and coordinate work among participating agencies. In total, CBO estimates that implementing those provisions would cost \$36 million over the 2024-2028 period, assuming appropriation of the estimated amounts.

**Reports and Online Guides.** H.R. 1796 would require FEMA and GAO to publish several reports related to the effectiveness and costs of federal disaster relief programs. Based on the cost of similar efforts, CBO estimates that implementing those requirements would cost \$3 million over the 2024-2028 period.

In addition, the bill would authorize FEMA to make grants to state agencies to create online guides that provide information about disaster assistance and other resources. Using information from the agency, CBO expects that by 2028 roughly 15 states would participate and that the cost to create the websites would be about \$100,000 each, for a total cost of \$2 million over the 2024-2028 period.

**Direct Assistance for Home Repairs.** The bill would authorize FEMA to contract directly to repair damaged homes instead of providing financial assistance to households, if the agency determines that a household cannot make effective use of financial assistance.

There is significant uncertainty surrounding the extent to which FEMA would decide to directly repair damaged housing units, the willingness of households to accept such assistance, and how the costs would differ from current practice. Based on conversations with FEMA officials, CBO expects that the agency would generally exercise the new authority in a small number of cases. In some cases, the costs of direct repair could be lower than under current law because the agency would complete repairs more quickly, reducing the costs of providing temporary housing or rental assistance. In other cases, the costs of direct repair could be the same or greater than assistance provided under current law. Because of the limited information available for comparing the costs of competing options, CBO does not estimate a net change in costs due to the new authority.

**State-Managed Housing Pilot Authority.** The bill would establish a pilot program authorizing state and tribal governments to administer direct assistance for home repair (discussed in the previous section) and housing construction in place of the federal government. Under these types of assistance, the government directly contracts for the repair



of damaged homes and for the procurement or construction of temporary or permanent housing. (In contrast, other assistance provided under the IHP is financial, where FEMA provides monetary benefits to households to use for temporary lodging and repair or replacement of damaged homes.)

Under the bill, FEMA would need to cover at least 75 percent of the costs of direct housing assistance but would be allowed to require that states cover the remaining portion. Based on conversations with agency officials, CBO expects that FEMA would cover 90 percent of the costs of direct housing assistance for states and tribal governments that participate in the pilot—10 percent less than the federal government currently spends for those activities; state and tribal governments would be responsible for the remaining costs. The bill would allow FEMA to cover state and tribal governments' administrative costs up to 12 percent of the total amount of assistance delivered to households.

CBO expects that for states who chose to participate in the pilot, the reduction in federal spending due to the 90 percent cost-share would be roughly offset by the additional reimbursement of state administrative expenses. Therefore, CBO estimates that the pilot would have negligible effects on total program spending.

### **Uncertainty**

This estimate is subject to considerable uncertainty, primarily driven by the difficulty in anticipating FEMA's costs to provide assistance to households following disasters. CBO's estimates are generally based on spending patterns in recent years, but total spending under current law and under the bill will depend in large part on the number and severity of disasters and on federal appropriations enacted in response.

The effects on the federal budget of several provisions affecting the IHP also would depend on decisions made by federal and state officials and by households affected by disasters. For example, the costs of providing additional housing assistance under the bill could be different than CBO estimates depending on how FEMA implements the lower damage threshold, how many households apply for benefits, and what costs the agency covers.

**Pay-As-You-Go Considerations:** None.

**Increase in Long-Term Net Direct Spending and Deficits:** None.

**Mandates:** None.



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A handwritten signature in black ink, appearing to read 'Phillip L. Swagel'.

Phillip L. Swagel

Director, Congressional Budget Office