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Current Status of Federal Disaster Relief Accounts

Introduction

On November 18, 2024, President Biden requested from Congress supplemental appropriations to provide an “expeditious and meaningful Federal response” to Hurricanes Helene, Milton, and other natural disasters. The request totals almost \$100 billion, and requests funding for numerous agencies and accounts, including the Disaster Relief Fund, the U.S. Department of Agriculture (USDA), the Department of Housing and Urban Development (HUD), among others.

Prior to Hurricanes Helene and Milton, disaster recovery programs across the federal government were already reporting budget shortfalls. Funding shortfalls can affect federal program availability: some agencies may limit spending to life-saving operations while others may pause new enrollments. Such changes can limit the speed and degree of recovery in disaster-damaged communities. For more information on how the federal government budgets for major disasters, see CRS In Focus IF12814, *Disasters and the Federal Budget*.

At least 17 different federal agencies lead or coordinate disaster assistance programs. Summaries of the largest and most visible disaster relief accounts follow below.

Disaster Relief Fund

CRS Expert: William Painter

FEMA’s Disaster Relief Fund (DRF) is the primary funding source for federal government response and recovery activities authorized under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 100-707). As a result, its level of unobligated funds is often used as shorthand for the overall availability of federal resources for response and recovery. In August, funds in the DRF ran low and FEMA implemented restrictions limiting spending to immediate response and recovery needs (rather than long-term recovery and mitigation operations). The continuing resolution signed by President Biden provided \$20.26 billion in temporary budget authority for the DRF, which became available October 1. When those funds became available, FEMA resumed funding for more than \$8 billion in disaster recovery and mitigation projects which had been delayed due to funding shortages.

The temporary budget authority for the DRF is available for Stafford Act disaster assistance programs until December 20, 2024, or until FEMA’s annual appropriations are enacted. While FEMA has indicated the DRF has enough funds to address immediate response and recovery needs with this temporary appropriation in place, if the CR expires, those funds will no longer be available, and FEMA’s disaster response and recovery functions would be

severely constrained. Congress has previously provided supplemental appropriations, most recently on October 2, 2023. For more information, please see CRS Report R47676, *Disaster Relief Fund State of Play: In Brief*.

Small Business Administration

CRS Expert: Bruce Lindsay

On October 15, 2024, the Small Business Administration (SBA) announced it has exhausted funds for new disaster loans. SBA’s disaster loan application portal and physical disaster centers remain open and staffed to process new disaster loan applications. SBA, however, announced a pause on new disaster loans for survivors affected by hurricanes Helene and Milton until Congress provides supplemental funding. The SBA Disaster Loan Account is a “no-year” account (funding is not tied to the end of the fiscal year) that funds disaster loans provided to eligible individuals and households, businesses, and nonprofit organizations. The SBA Disaster Loan Account is funded by (1) disaster loan payments; (2) annual appropriations; and (3) supplemental appropriations. For more information, please see CRS Report R41309, *The SBA Disaster Loan Program: Overview and Possible Issues for Congress*.

National Flood Insurance Program

CRS Expert: Diane Horn

The National Flood Insurance Program (NFIP) is the primary source of flood insurance coverage for residential properties. The NFIP is funded from (1) premiums, fees, and surcharges paid by NFIP policyholders; (2) direct annual appropriations for the flood hazard mapping and risk analysis program; (3) borrowing from the Treasury (up to a congressionally-set limit of \$30.425 billion) when the balance of the National Flood Insurance Fund (NFIF) is insufficient to pay the NFIP’s obligations (e.g., insurance claims); and (4) reinsurance if NFIP losses are sufficiently large.

As of October 28, 2024, the NFIP had \$4.283 billion available to pay claims: \$544 million in the NFIF and \$3.739 billion in its Reserve Fund. If claims from Hurricanes Helene and Milton are more than this, FEMA could borrow up to \$9.9 billion from the Treasury. FEMA could also potentially receive up to \$619.5 million of reinsurance if losses from a single flood event are between \$7 billion and \$11 billion. As of November 12, 2024, FEMA projects claims of \$3.5 billion to \$7 billion for Hurricane Helene and \$1.5 billion to \$2.5 billion for Hurricane Milton.

The NFIP is currently authorized until December 20, 2024. Unless reauthorized or amended by Congress, the following

would occur on December 20, 2024: (1) the authority to provide *new* flood insurance contracts will expire; and (2) the authority for the NFIP to borrow funds from the Treasury will be reduced from \$30.425 billion to \$1 billion. For more information, please see CRS Insight IN10835, *What Happens If the National Flood Insurance Program (NFIP) Lapses?*

Department of Agriculture

CRS Expert: Christine Whitt

The United States Department of Agriculture (USDA) administers a suite of programs that provide financial assistance to help agricultural producers recover from natural disasters. These programs, including crop insurance, are designed to compensate farmers and ranchers for agricultural production losses or to rehabilitate damaged trees, bushes, and vines. These programs are permanently authorized and receive funding from mandatory sources. Therefore, USDA can administer these programs without additional appropriations. USDA also administers programs designed to repair agricultural and forest land following a natural disaster, mitigate future risk to life and property, provide emergency loans, and support rural community disaster recovery. These programs have permanent authority but require funding through annual appropriations or supplemental appropriations acts. For more information, please see CRS Report RS21212, *Agricultural Disaster Assistance*.

Federal Highway Administration

CRS Expert: Ali Lohman

On November 7, 2024, the Federal Highway Administration's Emergency Relief Program had a backlog of over \$8 billion. The Emergency Relief Program provides funds to states to repair or replace federal-aid highways and bridges damaged by natural and man-made disasters. The Emergency Relief Program is funded by a permanent annual authorization of \$100 million (23 U.S.C. §125). However, requests for relief typically exceed the annual authorization, leading to a backlog of requests. Congress has periodically appropriated additional funds from the Treasury's general fund to cover the backlog. Most recently, Congress provided an addition \$803 million on December 29, 2022 (P.L. 117-328). For more information, please see CRS Report R47724, *Emergency Relief Program for Disaster-Damaged Highways and Bridges*.

Environmental Protection Agency

CRS Expert: Elena Humphreys

After a disaster, drinking water and wastewater system operations may be disrupted, particularly in areas with flooding. For affected systems, efforts to return to normal operations may vary in scale, and can include repairing or replacing damaged water mains or lines. Federal assistance to address such damage is available through the Clean Water State Revolving Fund (CWSRF) for wastewater projects and through the Drinking Water SRF (DWSRF) for drinking water projects. The U.S. Environmental Protection Agency (EPA) allots SRF appropriations among the states as grants, with states providing 20% matching funds. States

use these funds to provide assistance to communities for projects.

In addition to annual appropriations, Congress has previously provided supplemental SRF appropriations to address damage from specific natural disasters. Most recently, Division N of P.L. 117-328 provided, in EPA's State and Tribal Assistance Grants account, \$665.2 million for the CWSRF and \$402.0 million for the DWSRF dedicated to areas affected by Hurricanes Fiona and Ian. For more information, please see CRS In Focus IF12617, *U.S. Environmental Protection Agency (EPA) Water Infrastructure Programs and FY2024 Appropriations*.

Health and Human Services

CRS Expert: Hassan Sheikh

The Department of Health and Human Services (HHS) leads the federal public health and medical response to emergencies. For Hurricanes Helene and Milton, the Stafford Act has authorized reimbursements through the DRF to HHS for many of its emergency or major disaster response activities, including activation of the Emergency Prescription Assistance Program (EPAP) and deployment of medical response teams, personnel and equipment to augment state and local response efforts through the National Disaster Medical System (NDMS). HHS has also utilized its existing authorities and annual appropriations for agency programs and activities to respond to broader health concerns. For example, the Food and Drug Administration (FDA) has undertaken a number of actions to bolster the medical product supply chain as a result of medical product shortages caused by Hurricane Helene (e.g., providing technical guidance on compounding substitute drug products). These unforeseen costs may strain HHS agencies' budgets. Given wide-ranging health-related consequences of prior disasters, past supplemental appropriations (e.g., P.L. 117-328) have included funding for several HHS accounts. For more information, please see CRS Report R47936, *Labor, Health and Human Services, and Education: FY2024 Appropriations*.

Department of Housing and Urban Development

CRS Expert: Joe Jaroscak

Periodically, Congress has provided supplemental Community Development Block Grants for Disaster Recovery (CDBG-DR), for needs not met by other forms of federal disaster assistance. Separately from the Administration's supplemental proposal for CDBG-DR, HUD has provided some financial assistance and administrative flexibilities for areas affected by Hurricanes Helene and Milton. For more information, please see CRS Report R46475, *The Community Development Block Grant's Disaster Recovery (CDBG-DR) Component: Background and Issues*.

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