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Post-Disaster and Pre-Disaster Hazard Mitigation Assistance

With the increasing severity and frequency of natural disasters, policymakers often view mitigation funding as a way to control disaster-related spending. The impacts of natural hazards are expected to increase during the useful lifetime of much existing and new U.S. property and infrastructure, placing an increasing burden on federal, state, and local governments, as well as individuals and businesses. In the United States, as in many countries, this increasing risk can be attributed to a combination of factors: rapid expansion of population into areas that are susceptible to natural disasters, rising property values in hazardous areas, inadequate building codes, and climatological and environmental changes. These risks are exacerbated as population increases in hazardous locations, with about 60.5 million housing units located in areas under at least a moderate threat of annual losses from natural disasters.

The majority of funding in the United States for hazard mitigation comes from the Federal Emergency Management Agency (FEMA), which defines mitigation as "any sustained action to reduce or eliminate long-term risk to people and property from natural hazards and their effects." The value of federal mitigation funding is illustrated by a 2019 study which looked at the impacts of 23 years of federal mitigation grants and found that for every $1 invested by federal grant programs, society as a whole is expected to save $6 due to reduced future losses.

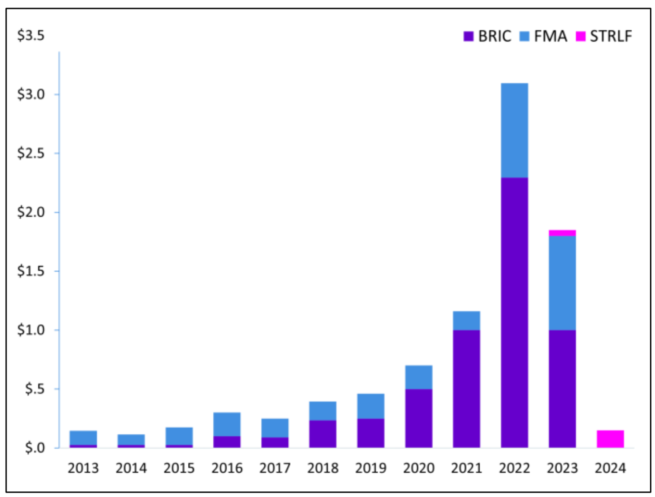
FEMA Mitigation Programs

Although all mitigation activities are essentially preparation for the next disaster, FEMA distinguishes between post-disaster mitigation funding, which is awarded after a specific incident, and pre-disaster mitigation funding, which is awarded in order to reduce future damage from an anticipated event. Mitigation measures can be funded by several FEMA programs: (1) any of the FEMA Hazard Mitigation Assistance (HMA) grant programs: the Hazard Mitigation Grant Program (HMGP), the Flood Mitigation Assistance Grant Program (FMA), Building Resilient Infrastructure and Communities (BRIC), and the Safeguarding Tomorrow Revolving Loan Fund Program (STRLF); and in limited circumstances, (2) FEMA Public Assistance (PA) funding under Stafford Act Section 406; and (3) FEMA Individual Assistance (IA) funding under Stafford Act Section 408. Three of these programs are available *after* a disaster (HMGP, IA, and PA), while the other three (BRIC, FMA, STRLF) provide mitigation funding for use *before* an event occurs or in anticipation of an incident. BRIC and FMA funding are awarded competitively on an annual basis. Three of the HMA programs (HMGP, BRIC, and STRLF) can provide funding to mitigate against all types of natural hazards. FMA grants are only available for flood mitigation measures in communities that participate in the National Flood Insurance Program (NFIP).

Post-Disaster vs. Pre-Disaster Mitigation Funding

Historically, post-disaster mitigation programs have provided significantly more funding than pre-disaster mitigation programs. For example, GAO found that of the approximately $11.3 billion in FEMA mitigation funding obligated from FY2010 to FY2018, 88% was for post-disaster grants through HMGP and PA. FEMA's competitive pre-disaster grant programs, FMA and the Pre-Disaster Mitigation Grant Program (PDM, the predecessor of BRIC), accounted for about 12% of the total. This emphasis on the post-disaster environment can create a reactive approach where disasters determine where and for what purpose the federal government invests in disaster resilience, which may limit states' ability to plan and prioritize for maximum risk reduction. In addition, post-disaster funding arrives years after the disaster incident and is only available to states that have suffered the impact of a disaster, and cannot be targeted at areas that might have a greater risk of a more damaging disaster that has not yet occurred.

Figure 1. Funding Available for Pre-Disaster Mitigation FY2013-FY2024



Sources: FEMA, *National Pre-Disaster Mitigation Fund, Fiscal Year 2017 Report to Congress*, September 1, 2017, p. 4; FEMA Notices of Funding Opportunity (NOFOs) for PDM 2017, 2018, and 2019; FEMA NOFOs for BRIC and FMA FY2020, FY2021, FY2022, and FY2023.

Notes: Before FY2020, funding shown here as BRIC was awarded through the PDM program. Funding amounts for BRIC and FMA for FY2024 have not yet been announced.

In recent years Congress has increased funding for pre-disaster mitigation (**Figure 1**), particularly through the

Disaster Recovery Reform Act of 2018 (DRRA) and the Infrastructure Investment and Jobs Act (IIJA). However, despite the substantial increase in overall funding for pre-disaster mitigation that the 6% BRIC set-aside and the additional funding appropriated in the IIJA represent, the post-disaster mitigation approach embodied in HMGP still receives more resources. In addition, funding appropriated by the IIJA will end in FY2026, and the 119th Congress will need to consider whether to continue to provide additional funding for pre-disaster mitigation. Congress may also wish to consider whether to change the balance between pre- and post-disaster funding. For example, GAO has argued that that federal investments in resilience could be more effective if post-disaster hazard mitigation were balanced with resources for pre-disaster hazard mitigation, as part of a comprehensive resilience investment strategy.

Building Resilient Infrastructure and Communities

Funding for pre-disaster mitigation changed significantly with the passage of the Disaster Recovery Reform Act of 2018 (DRRA); for each major disaster declaration, the President may set aside from the DRF an amount equal to 6% of the estimated aggregate amount of funding awarded under seven sections of the Stafford Act. The large amount of assistance associated with the COVID-19 major disaster declarations resulted in additional funding for pre-disaster mitigation. In addition, the IIJA appropriated an additional $1 billion for BRIC, with $200 million for each of FY2022 to FY2026. This funding is in addition to the 6% set-aside.

In 2020, FEMA introduced a new program, BRIC, to replace PDM. Any state that has had a major disaster declaration in the seven years prior to the application start date, or any federally recognized tribe located entirely or partially within such a state, is eligible to apply. BRIC also provides some non-financial Direct Technical Assistance (DTA) for communities to build capacity and develop applications to support underserved populations.

All states are eligible for BRIC at least through FY2026 due to the COVID-19 disaster declarations; however, some jurisdictions may not be eligible to apply for BRIC funding after FY2026 if they have not had a more recent disaster declaration. Restricting pre-disaster mitigation funding to communities that have experienced a recent disaster could preclude communities from mitigating risks that have not yet eventuated. For this reason, Congress may wish to consider whether these requirements should be relaxed.

Flood Mitigation Assistance Grant Program

FEMA operates the FMA program, funded through revenue from NFIP policyholders, with the goal of mitigating NFIP-insured flood-damaged properties to reduce or eliminate NFIP claims. FMA funding is available to communities that participate in the NFIP. The IIJA appropriated $3.5 billion for FMA, with $700 million for each of FY2022-FY2026. FEMA used the IIJA funding to establish a new FMA program, Swift Current, with the goal of obligating FMA dollars for NFIP-insured and substantially damaged structures as quickly as possible after a flood. Without further appropriations after FY2026, FMA will again be funded only by NFIP policyholders' premiums and fees.

Safeguarding Tomorrow Revolving Loan Fund

The STRLF program represents the first time that a revolving loan fund has been set up to fund hazard mitigation. Through the STRLF program, FEMA enters into agreements with eligible entities to establish low-interest revolving loan funds for hazard mitigation. The primary priority of the STRLF program is to capitalize state-, territory-, or tribal-established RLFs that will provide direct low-interest loans to local governments most in need of assistance, including low-income geographic areas and underserved communities. Interest rates on the loans cannot exceed 1%. STRLF funding can be used for projects that do not meet the cost-effectiveness guidelines applicable for other HMA programs and for the nonfederal cost share of other HMA grants. The IIJA appropriated $500 million for STRLF, with $100 million for each of FY2022-FY2026. Congress may wish to consider if, and how, to fund the STRLF program after FY2026.

Congressionally Directed Spending

Funding was appropriated through the PDM program in FY2022 to FY2024 for Congressionally Directed Spending, (commonly referred to as earmarks, which were restored by the 117th Congress in both the House and the Senate).

Hazard Mitigation Grant Program

The key purpose of the HMGP program is to ensure that rebuilding after a disaster addresses opportunities to include mitigation measures to reduce the loss of life and property from future disasters. HMGP assistance is triggered by a major disaster declaration or a Fire Management Assistance Grant (FMAG) and is funded through the Disaster Relief Fund (DRF). HMGP funding is awarded as a formula grant to a state based on the estimated total federal assistance per major disaster declaration or FMAG, subject to a sliding scale. States can use HMGP funds for any eligible activity for any type of hazard and are not limited to the hazard or area for which the grant was awarded.

Equity in Pre-Disaster Mitigation Funding

FEMA is promoting equity in pre-disaster mitigation by prioritizing 40% of BRIC and FMA funding for disadvantaged communities, in accordance with E.O. 14008 and the Justice40 Initiative. In FY2022, FEMA introduced an alternative cost-effectiveness methodology for BRIC applications to make it easier for disadvantaged communities to meet FEMA's Benefit-Cost Analysis (BCA) requirements. This new methodology uses a lower discount rate if the mitigation activity (1) benefits disadvantaged communities; (2) addresses climate change impacts; (3) has benefits that are hard to quantify; or (4) is subject to higher costs due to the use of low carbon building materials or compliance with the Federal Flood Risk Management Standard. According to FEMA, 61% of BRIC funding was awarded to Justice40 communities in FY2022 and in FY2023, 67% of total BRIC funding was awarded to Justice40 communities. In FY2023, 51% of FMA funding was awarded to Justice40 communities, an increase from 16% in FY2021.

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