
OMB Report on Disaster Relief Funding to the Committees on Appropriations and the Budget of the U.S. House of Representatives and the Senate



September 1, 2011



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

The following is the text of a letter transmitting the *OMB Report on Disaster Funding to the Committees on Appropriations and the Budget of the U.S. House of Representatives and the Senate*

September 1, 2011

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Enclosed please find the *OMB Report on Disaster Relief Funding to the Committees on Appropriations and the Budget of the U.S. House of Representatives and the Senate*. It has been prepared pursuant to section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended.

As you know, when the Congress passed the Budget Control Act (BCA) last month, it included a provision to account for disaster relief spending. For purposes of fiscal year 2012, Congress allowed for the discretionary cap total to be raised by no more than the average funding provided for disaster relief over the previous 10 years, excluding the highest and lowest years. Consistent with the requirements of the BCA, this report sets forth that ceiling. Also, as referenced in the *OMB Sequestration Update Report to the President and Congress for Fiscal Year 2012*, this report includes a discussion of the preview estimate of the disaster funding adjustment for fiscal year 2012 as required by Section 254(e) of BBEDCA, as amended.

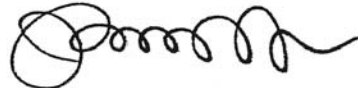
The average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) is \$11.5 billion for fiscal year 2011, and \$11.3 billion for fiscal year 2012. The latter amount represents a ceiling on the potential disaster adjustment for fiscal year 2012, and the actual level of the adjustment will be decided through the fiscal year 2012 appropriations process. The Administration assessed what is required to properly fund the Disaster Relief Fund and known disaster relief needs as identified under existing law including enduring costs from previous disasters such as Hurricane Katrina which hit in 2005 and the tornadoes that struck Missouri earlier this year. This analysis supports a disaster relief adjustment of \$5.2 billion for fiscal year 2012.

This amount does not account for the devastation Hurricane Irene has inflicted on communities up and down the eastern part of the country. At this writing, rescue efforts are still underway and floodwaters are, in some areas, still rising. Funds are being delivered in real time to meet pressing needs. With four major disasters already declared, we know that the costs of this storm will be significant. We are working closely with the Federal Emergency Management Agency and the Department of Homeland Security to determine if additional resources for 2011 will be necessary. There is no question, however, that

additional funds will be required to assist the thousands of Americans affected by Hurricane Irene, on top of the \$5.2 billion identified under current law to properly fund known disaster needs for fiscal year 2012. As we gather data about the extent of damage and need caused by Hurricane Irene, the Administration promptly will determine that amount and provide it as soon as possible to the Congress during its appropriations process.

Providing disaster relief to our fellow Americans is a commitment that crosses all boundaries of geography and political party. The Administration looks forward to working with the Congress to continue this long tradition of providing for our neighbors as they recover and rebuild their homes and communities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacob J. Lew', with a stylized, cursive flourish at the end.

Jacob J. Lew
Director

Enclosure

Identical Letter Sent to The Honorable Norman Dicks,
The Honorable Daniel Inouye, The Honorable Thad Cochran,
The Honorable Paul Ryan, The Honorable Chris Van Hollen,
The Honorable Kent Conrad, and the Honorable Jeff Sessions

I. INTRODUCTION

P.L. 112–25, the Budget Control Act of 2011 (BCA), amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), by reinstating the discretionary spending limits that had expired after 2002 and by creating adjustments to those limits. Section 251(b)(2)(D)(ii) of BBEDCA requires the Office of Management and Budget (OMB) to submit a report to the Committees on Appropriations and the Budget in the U.S. House of Representatives and the Senate within 30 days of the enactment of the BCA on the average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years). In addition, section 254(e) of BBEDCA, as amended by section 103(2) of the BCA, requires OMB to include in its Sequestration Update Report a “preview estimate of the adjustment for disaster funding for the upcoming fiscal year,” in this case FY 2012.

The average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) is \$11.5 billion for fiscal year 2011 and \$11.3

billion for fiscal year 2012. There is an inadequate basis to estimate the final adjustment for fiscal year 2012 because of the current status of the appropriations process and the newness of the disaster relief adjustment in BBEDCA. The amount of \$11.3 billion represents a ceiling on the potential disaster adjustment, but the actual level of the adjustment will be decided through the fiscal year 2012 appropriations process. Applying OMB’s methodology for determining prior year levels of funding for disaster relief to the specific language in the President’s fiscal year 2012 budget request and other known disaster relief needs as identified in prior law would support a disaster relief adjustment equal to \$5.2 billion. In addition, there is no question that additional funds will be required to assist with the response to Hurricane Irene, on top of the \$5.2 billion. As the Administration gathers data about the extent of the damage caused by Hurricane Irene, the needed amounts will promptly be determined and provided to the Congress during its appropriations process this month.

II. METHODOLOGY

Section 251(b)(2)(D)(ii) of BBEDCA requires OMB to “report to the Committees on Appropriations and Budget in each House the average calculated pursuant to [section 251(b)(2)(D)(i)(II)], not later than 30 days after the date of the enactment of the Budget Control Act of 2011.” The “average” referenced in Section 251(b)(2)(D)(i)(II) is “the average as calculated in [section 251(b)(2)(D)(i)(I)]” for the preceding fiscal year.

Section 251(b)(2)(D)(i)(I) requires the calculation of “the average funding pro-

vided for disaster relief over the previous 10 years, excluding the highest and lowest years.” “Disaster relief” is defined in section 251(b)(2)(D)(iii) as “activities carried out pursuant to a determination under section 102(2)” of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). A “determination under section 102(2)” means the Presidential declaration of a “major disaster.”¹

¹ Section 102(2) of the Stafford Act defines the term “major disaster” to mean “any natural catastrophe (including any hurricane, tornado, storm, high wa-

In accordance with section 251(b)(2)(D)(ii), as applied to fiscal year 2012, this report describes, for the preceding fiscal year (FY 2011), the average funding provided for disaster relief over the previous 10 years (FY 2001–2010), excluding the highest (FY 2005) and the lowest (FY 2003) years. This report also provides the same average funding information for FY 2002 through 2011 (excluding the highest and the lowest years).

The statutory definition of “disaster relief” makes no distinction between annual and supplemental appropriations. In the absence of any such specific language, and given that a large portion of disaster relief funding is provided through supplemental appropriations, the plain reading of the statute is that it includes appropriations for disaster relief provided in any appropriations bill. Thus, OMB’s calculations include both annual and supplemental appropriations.

In determining the average amount of annual funding “provided for disaster relief” over the previous 10 years (excluding the highest and lowest years), OMB included in these calculations only those amounts that the Congress, in an appropriations or authorization act in which the Stafford Act was specifically referenced, provided expressly for activities relating to a Presidential declaration of a “major disaster” under the Stafford Act. In other words, funding was included in OMB’s calculations only if it was specifically appropriated for activities undertaken pur-

ter, winddriven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought), or, regardless of cause, any fire, flood, or explosion, in any part of the United States, which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster assistance under this chapter to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.” 42 U.S.C. 5122(2).

suant to a major disaster declaration under the Stafford Act (and the appropriating language referenced the Act) or was obligated pursuant to specific authority in authorizing language that provided that funding could be used for such purposes (and such language referenced the Act).²

For example, in determining the amount that was “provided for disaster relief” in fiscal year 2005, OMB included in the calculation the funding that the Congress appropriated in December 2005 to the Department of Education “Hurricane Education Recovery” account for “assisting in meeting the educational needs of individuals affected by hurricanes in the Gulf of Mexico” because the appropriations language specified that it was “for students attending institutions of higher education...that are located in an area in which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.”

Conversely, when determining the amounts that were “provided for disaster relief,” OMB did not include in its calculations those amounts that the Congress appropriated in response to a presidentially-declared major disaster when such amounts were not specifically designated in statute to carry out activities pursuant to the Stafford Act and the Act itself was not specifically referenced. For example, OMB did not include in its calculations for fiscal year 2009 the appropriations that the Congress provided in December 2009 to the Department of Education “Innovation and Improvement” account “for competitive awards to local educational agencies located in counties in Louisiana, Mississippi, and Texas that were designated

² Accordingly, OMB’s calculation does not reflect total appropriations that were provided to respond to major disasters, but rather only funding that was provided pursuant to appropriations or authorizing language that specifically referenced the Stafford Act.

by the Federal Emergency Management Agency (FEMA) as counties eligible for individual assistance due to damage caused by Hurricanes Katrina, Ike, or Gustav” because the amounts were not

specified as being for activities undertaken pursuant to a major disaster declaration under the Stafford Act and the Act was not specifically referenced.

III. DISCUSSION OF THE NUMBERS AND AVERAGE FUNDING CALCULATION

Through the application of the criteria developed using the interpretation discussed above, OMB compiled a data set that includes 29 individual accounts across 11 departments and agencies. Historical appropriated funding levels were collected for each account spanning fiscal years 2001 through 2011. Each account was broken down into two components

representing base/annual appropriations and supplemental appropriations. For a full listing of the accounts and associated funding levels, see the appendix.

The calculation begins by summing the annual and supplemental accounts to the agency level.

Table 1. SUMMARY OF AVERAGE FUNDING PROVIDED FOR DISASTER RELIEF FOR FY 2001 THROUGH FY 2010

(Discretionary budget authority, in millions of dollars)

Fiscal Year	Budget Authority
2001	\$ 4,203
2002	\$ 12,454
2003	\$ 1,852
2004	\$ 7,558
2005	\$ 37,157
2006	\$ 31,944
2007	\$ 5,451
2008	\$ 21,365
2009	\$ 2,743
2010	\$ 6,029
2011	\$ 2,475

FY 2001–2010	
Total Budget Authority	\$ 130,756
Low (FY 2003)	\$ 1,852
High (FY 2005)	\$ 37,157
Average (dropping high/low)	\$ 11,468

For each fiscal year, respective agencies' aggregated disaster relief funding levels are added together to reach a top-line appropriated amount for disaster relief for that particular fiscal year. These nominal figures are presented in Table 1. As required by BBEDCA, an average annual amount for disaster relief is calculated over a ten-year period. BBEDCA prescribes dropping the years with the lowest and highest aggregated funding levels from the average calculation in an attempt to reduce the leveraging effect that potential outliers could have on a straightforward computation of the mean – essentially calculating an eight-year average. In Table 1, the result of the average calculation is depicted for FY 2001 through FY 2010. The total budget authority appropriated for disaster relief over this period is \$130.8 billion. The low value dropped was for fiscal year 2003 (\$1.9 billion), and the high value dropped was for fiscal year 2005 (\$37.2 billion). The average annual appropriated funding level for disaster relief for FY 2001 through FY 2010 (excluding the highest and lowest years) is \$11.5 billion.

Through implementation of the evaluative criteria, there are several characteristics of the data and its treatment that are worth mentioning. First, several accounts contributed no appropriated funding, indicating that, while the accounts have no historical obligations for disaster relief within the time period studied, they have

the underlying statutory authority to obligate appropriated funds for this activity. Those accounts, although included in our analysis, are not listed in the appendix to this the report. They include the Department of Agriculture's Office of Inspector General account, the Department of Health and Human Services' National Institute of Environmental Health Services account, the Department of Housing and Urban Development's Home Investment Partnerships Fund account, the Department of the Interior's Operation of Indian Programs account, and the Army Corps of Engineers' Mississippi River and Tributaries account and Operation and Maintenance account.

Second, included in the data are funding for two loan accounts—FEMA's Disaster Assistance Direct Loan Program and the Small Business Administration's Disaster Loans Program. The amounts listed are a reflection of the appropriated funding levels for the accounts' subsidy and administrative expenses.

Finally, for all appropriated budget authority captured in this exercise, OMB consistently recorded pre-transfer funding levels. This is noteworthy for accounts like FEMA's Disaster Relief Fund that reimburse many agencies for their respective disaster-related activities through mission assignments. Consequently, recipient accounts were identified to prevent double counting.

IV. PREVIEW ESTIMATE OF THE DISASTER FUNDING ADJUSTMENT FOR FY 2012

As discussed in the *OMB Sequestration Update Report to the President and Congress for Fiscal Year 2012*, section 254(e) of BBEDCA, as amended by section 103(2) of the BCA, requires OMB to include in its Sequestration Update Report a “preview estimate of the adjustment for disaster funding for the upcoming fiscal year,” in this case FY 2012. At the time the Sequestration Update Report was being prepared, OMB was working to complete this report, and OMB determined it would discuss the preview estimate of the disaster funding adjustment in this report.

Section 251(b)(2)(D)(i) of BBEDCA states that the adjustment shall be the total of “appropriations for discretionary accounts that the Congress designates as being for disaster relief in statute,” subject to a ceiling (*i.e.*, the maximum adjustment) calculated pursuant to section 251(b)(2)(D)(i)(I) and (II). At this time, no appropriations bills for 2012 have been enacted, and the Congress has not designated any appropriations as being for disaster relief pursuant to BBEDCA; accordingly, there is no adequate basis to estimate the final adjustment.

Section 251(b)(2)(D)(i)(I) and (II) of BBEDCA provides that the ceiling for the disaster relief adjustment is calculated by

adding the average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) to an amount equal to “the difference between the enacted amount and the allowable adjustment as calculated [for the prior fiscal year].” The calculation of the ceiling in FY 2012 is outlined in Table 2. The total budget authority appropriated for disaster relief over this period is \$129.0 billion. Just as in the calculation depicted in Table 1, the low value dropped was for fiscal year 2003 (\$1.9 billion), and the high value dropped was for fiscal year 2005 (\$37.2 billion), providing an average of \$11.3 billion.

In the prior fiscal year (FY 2011) there was no allowable adjustment, as there was no spending limit pursuant to BBEDCA that could be adjusted. Therefore, the ceiling for the disaster relief adjustment in fiscal year 2012 is equal to the average funding provided for disaster relief for FY 2002 through FY 2011 (excluding the highest and lowest years), or \$11.3 billion. However, no actual adjustment in that amount, or any amount, would occur unless the Congress enacts appropriations that it specifically “designates as being for disaster relief” pursuant to BBEDCA.

Table 2. SUMMARY OF AVERAGE FUNDING PROVIDED FOR DISASTER RELIEF FOR FY 2002 THROUGH FY 2011

(Discretionary budget authority, in millions of dollars)

Fiscal Year	Budget Authority
2001	\$ 4,203
2002	\$ 12,454
2003	\$ 1,852
2004	\$ 7,558
2005	\$ 37,157
2006	\$ 31,944
2007	\$ 5,451
2008	\$ 21,365
2009	\$ 2,743
2010	\$ 6,029
2011	\$ 2,475

FY 2002–2011	
Total Budget Authority	\$ 129,028
Low (FY 2003)	\$ 1,852
High (FY 2005)	\$ 37,157
Average (dropping high/low)	\$ 11,252

Applying OMB’s methodology for determining prior year levels of funding for disaster relief to the specific language in the President’s fiscal year 2012 budget request and other known disaster relief needs as identified in prior law would support a disaster relief adjustment equal to \$5.2 billion. In addition, there is no question that additional funds will be re-

quired to assist with the response to Hurricane Irene, on top of the \$5.2 billion. As the Administration gathers data about the extent of the damage caused by Hurricane Irene, the needed amounts will promptly be determined and provided to the Congress during its appropriations process this month.

APPENDIX

OMB REPORT ON DISASTER RELIEF FUNDING

DETAILED TABLE OF DISASTER RELIEF FUNDING FOR FY 2001 THROUGH FY 2011

(Discretionary budget authority, in millions of dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001–2011
DEPARTMENT OF AGRICULTURE												
Farm Service Agency, Salaries and Expenses, Emergency Farm Loans (12-0600-0-1-351):												
Base.....
Supplemental.....	0.308	.....	.....	.....	.....	0.308
Farm Service Agency, USDA Supplemental Assistance, Livestock Assistance and Dairy Disaster Assistance (12-2701-0-1-351):												
Base.....
Supplemental.....	109	.....	.....	.....	.....	109
Rural Development, Rural Development Disaster Assistance Fund (12-0405-0-1-453):												
Base.....
Supplemental.....	150	.....	.....	.....	150
Office of the Secretary, Other Emergency Appropriations (12-9913-0-1-352):												
Base.....
Supplemental.....	40	.....	.....	.....	.....	40
Subtotal, Department of Agriculture												
Base.....
Supplemental.....	149	150	.....	.....	.....	299
DEPARTMENT OF COMMERCE												
Economic Development Administration, Economic Development Assistance Programs (13-2050-0-1-452):												
Base.....
Supplemental.....	500	.....	49	.....	549
DEPARTMENT OF EDUCATION												
Office of Federal Student Aid, Student Financial Assistance (91-0200-0-1-502):												
Base.....	8	.....	.....	.....	.....	.....	8
Supplemental.....
Office of Postsecondary Education, Higher Education, Hurricane Aid for Postsecondary Institutions (91-0201-0-1-502):												
Base.....
Supplemental.....	30	15	.....	.....	.....	45
Hurricane Education Recovery (91-0013-0-1-500):												
Base.....
Supplemental.....	1,885	30	.....	.....	.....	.....	1,915
Elementary and Secondary Education, School Improvement Programs, Education for Homeless Children and Youth (91-1000-0-1-501):												
Base.....
Supplemental.....	15	.....	.....	15
Subtotal, Department of Education												
Base.....	8	.....	.....	.....	.....	.....	8
Supplemental.....	1,885	60	15	15	.....	.....	1,975
DEPARTMENT OF HEALTH AND HUMAN SERVICES												
Administration for Children and Families, Social Services Block Grant (75-1534-0-1-506):												
Base.....
Supplemental.....	600	.....	.....	600
Children and Family Services, Head Start, Disaster Human Services Case Management (75-1536-0-1-506):												
Base.....	2	2	2	6
Supplemental.....
Administration on Aging, Aging Services Program Disaster Relief Reimbursements (75-0142-0-1-506):												
Base.....	0.754	0.765	0.805	0.674	0.866	0.492	0.481	0.293	0.363	0.380	0.260	6.135
Supplemental.....
Subtotal,												
Base.....	0.754	0.765	0.805	0.674	0.866	0.492	0.481	0.293	2.363	2.380	2.260	12.135
Supplemental.....	600	.....	.....	600
DEPARTMENT OF HOMELAND SECURITY												
Federal Emergency Management Agency, Disaster Relief Fund, With estimates based on historical obligations for major disasters only (70-0702-0-1-453):												
Base.....	1,453	1,945	744	1,588	1,839	1,486	1,124	1,079	1,242	1,384	2,427	18,726
Supplemental.....	1,816	6,298	914	2,595	32,946	5,006	3,189	9,063	.....	4,412	.....	76,599
Federal Emergency Management Agency, Disaster Assistance Direct Loan Program, Including Subsidy for the Cost of Loans and Administrative Expenses (70-0703-0-1-453):												
Base.....	2.105	0.948	1.114	0.560	0.567	0.569	0.875	0.295	0.295	0.295	0.295	8.190
Supplemental.....	752	.....	.....	.....	.....	.....	752
Subtotal, Department of Homeland Security												
Base.....	1,455	1,946	745	1,589	1,840	1,487	1,125	1,080	1,242	1,384	2,427	18,735
Supplemental.....	1,816	6,298	914	2,595	32,946	5,758	3,189	9,063	4,412	77,351

OMB REPORT ON DISASTER RELIEF FUNDING

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(Discretionary budget authority, in millions of dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001–2011
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT												
Community Planning and Development, Community Development Fund (86-0162-0-1-451):												
Base.....				0.280	0.391	0.700		0.531	0.053	1		3
Supplemental.....		3,483			150	16,700		9,423		100		29,856
Public and Indian Housing Program, Tenant-Based Rental Assistance (86-0302-0-1-604):												
Base.....							10		4	1		14
Supplemental.....					390				85			475
Public and Indian Housing Program, Project-Based Rental Assistance (86-0303-0-1-604):												
Base.....												
Supplemental.....								50	30			80
Subtotal, Department of Housing and Urban Development												
Base.....				0.280	0.391	1	10	1	4	2		17
Supplemental.....		3,483			540	16,700		9,473	115	100		30,411
DEPARTMENT OF THE INTERIOR												
Office of Insular Affairs, Assistance to Territories (14-0412-01-808)												
Base.....	0.300	2		0.580						1.200		4.080
Supplemental.....												
DEPARTMENT OF TRANSPORTATION												
Federal Highway Administration, Federal-Aid Highways, Derived From the Highway Trust Fund (69-8083-0-7-401):												
Base.....												
Supplemental.....	647	440		1,202	662							2,950
Federal Highway Administration, Emergency Relief Program (69-0500-0-1-401):												
Base.....												
Supplemental.....						3,382	784		765			4,931
Subtotal, Department of Transportation												
Base.....												
Supplemental.....	647	440		1,202	662	3,382	784		765			7,881
CORPS OF ENGINEERS—CIVIL WORKS												
Investigations (96-3121-0-1-301):												
Base.....												
Supplemental.....							8					8
Construction (96-3122-0-1-301):												
Base.....												
Supplemental.....							11					11
Flood Control and Coastal Emergencies (96-3125-0-1-301):												
Base.....												
Supplemental.....						1,740						1,740
Subtotal, Corps of Engineers—Civil Works												
Base.....												
Supplemental.....						1,740	19					1,759
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION												
Space Operations (80-0115-0-1-252):												
Base.....												
Supplemental.....					126			30				156
SMALL BUSINESS ADMINISTRATION												
Disaster Loans Program, Including Subsidy for the Cost of Loans and Administrative Expenses (73-1152-0-1-453):												
Base.....	184	210	191	171	113		115			78	45	1,108
Supplemental.....	100	75		2,000	929	983		1,053				5,140
TOTAL.....	4,203	12,454	1,852	7,558	37,157	31,944	5,451	21,365	2,743	6,029	2,475	133,231
Base.....	1,640	2,158	937	1,761	1,954	1,496	1,250	1,081	1,248	1,468	2,475	17,468
Supplemental.....	2,563	10,296	914	5,797	35,203	30,448	4,201	20,284	1,495	4,561	—	115,763
TOTAL, 2001–2010.....												130,756
TOTAL, 2002–2011.....												129,028