



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #543

### State Matching Funds for Federal Disaster Aid (Military Affairs)

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#### CURRENT LAW

Local governmental units are generally responsible for providing the public response to damage left by storms, including the removal of debris from roadways and other public spaces, providing emergency protective measures, and repairing damage to roads and bridges. In the case of more substantial storms, neighboring municipalities assist affected local governmental units to provide the required public response. If local governmental units need additional assistance, they turn to the state.

If both state and local governments are overwhelmed by a major disaster, the federal government may provide disaster aid through the Federal Emergency Management Agency (FEMA). Federal disaster assistance falls into three general categories: (a) public assistance, which provides funding to state and local governmental units for debris removal, emergency protective measures, and for repair of public infrastructure and public facilities; (b) hazard mitigation assistance, which funds measures designed to reduce future losses to public and private property; and (c) individual assistance, which provides programming ranging from grants to loans to counseling services for individuals, families, and business owners affected by the disaster.

In order to receive federal assistance following a major disaster, the Governor must generally submit a request to the President seeking a major disaster declaration. According to a report for Congress prepared by the Congressional Research Service, "Such a request shall be based on a finding that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary."

The disaster recovery aid GPR sum sufficient appropriation under Wisconsin Emergency Management (WEM) under the Department of Military Affairs (DMA) provides required state

matching funds for federal disaster assistance. The base funding estimate for the appropriation is \$1,347,000 GPR annually.

## **GOVERNOR**

No provision.

## **DISCUSSION POINTS**

1. On June 9, 2008, the Governor declared a state of emergency due to severe storms and flooding for the following 30 counties: Adams, Calumet, Columbia, Crawford, Dane, Dodge, Fond du Lac, Grant, Green, Green Lake, Iowa, Jefferson, Juneau, Kenosha, Lafayette, La Crosse, Marquette, Milwaukee, Monroe, Ozaukee, Racine, Richland, Rock, Sauk, Sheboygan, Vernon, Walworth, Washington, Waukesha, and Winnebago. On June 14, 2008, FEMA declared a state of disaster for the following five counties: Columbia, Crawford, Milwaukee, Sauk, and Vernon. [The federal government subsequently expanded the list of counties declared disasters.]

2. The federal government requires a 25% match for federal funding provided under the public assistance, hazard mitigation assistance, and individual assistance disaster programs. Due to the anticipated level of damage involved in the disaster, on June 23, 2008, the Governors of Illinois, Indiana, Iowa, and Wisconsin, wrote a joint letter to the President asking that the state match for federal disaster funds be reduced from 25% to 10% for this disaster. The states, however, remain obligated to provide a 25% match.

3. By statute, WEM provides the full 25% match for federal individual assistance under its disaster recovery aid GPR sum sufficient appropriation. For federal aid to local units of government under the public assistance and hazard mitigation assistance programs, WEM provides no more than 12.5% of the required 25% federal match. The remaining match funding under these programs is provided by local units of government receiving the disaster funds.

4. In its 2009-11 agency budget request, DMA did not re-estimate the matching funds appropriation for federal disaster aid. Military Affairs staff indicates that due to the sum sufficient nature of the appropriation the agency would receive all necessary match funding, and due to the imprecise nature of estimating the timing and amount of federal aid payments requiring state match, the agency did not re-estimate the appropriation for 2009-11.

5. Likewise, under the provisions of AB 75, the administration did not re-estimate the funding that will be required under this appropriation. The administration indicated that the appropriation was not re-estimated "due to the inconsistent manner in which the federal government sends its aid payments." As a result, the appropriation is budgeted \$1,347,000 GPR in each year of the biennium.

6. While disaster assistance estimates are subject to revision, FEMA has estimated that

state and local units of government in Wisconsin incurred \$87.8 million in public assistance damage (debris removal, emergency protective measures, and repair of public infrastructure and public facilities) and qualified for \$46.7 million in hazard mitigation assistance (measures designed to reduce future losses to public and private property) as a result of the June, 2008, flooding. For individual assistance claims, the state provides matching funds as the federal government processes and approves these claims on a case-by-case basis.

7. Recently, DMA has re-estimated the disaster recovery aid GPR sum sufficient appropriation for the 2009-11 biennium as identified in the table below. Military Affairs staff indicates that there are currently eight open federal disasters requiring state matching funds. Most of the open disasters are older with few claims left to be processed. The primary disaster requiring state matching funds at this point is the 2008 flood.

	<u>2009-10</u>	<u>2010-11</u>
2008 Flooding--Public Assistance	\$4,200,000	\$1,000,000
2008 Flooding--Hazard Mitigation Assistance	2,900,000	3,000,000
2008 Flooding--Individual Assistance	1,000,000	0
Other Open Disasters	<u>200,000</u>	<u>100,000</u>
Total	\$8,300,000	\$4,100,000

8. As the state is required to provide matching funds to receive federal disaster aid, the Committee could consider re-estimating the disaster recovery aid GPR sum sufficient appropriation upwards by \$6,953,000 GPR in 2009-10, and \$2,753,000 GPR in 2010-11, to account for state matching funds that are anticipated to be required. These increases, in addition to the \$1,347,000 GPR annually in base funding in the appropriation, would provide the funding identified in the table. [Alternative 1]

9. It should be noted, however, that these estimates provide no funding for any disasters that may occur during the 2009-11 biennium. The Committee could also consider re-estimating the disaster recover aid GPR sum sufficient appropriation upwards by \$8.3 million in 2009-10, and by \$4.1 million in 2010-11. Under this alternative, the base funding in the appropriation of \$1,347,000 GPR annually would be available to provide state matching funds for any disaster that may occur during 2009-11. [Alternative 2]

10. Under AB 75, as introduced, the administration did not re-estimate the disaster recovery aid GPR sum sufficient appropriation for the 2009-11 biennium "due to the inconsistent manner in which the federal government sends its aid payments." The Committee could likewise consider taking no action, and provide no additional funding to this appropriation. Under this alternative, it would be the responsibility of the administration to identify available GPR balances to cover these costs as they may be incurred during 2009-11. [Alternative 4]

11. Finally, given that the appropriation under AB 75 provides \$2.7 million over the

biennium for required match funding, the Department could be directed to report to the Committee prior to expending amounts above that level with an indication of: (a) additional amounts needed; (b) the timing of the distribution; and (c) any potential funding sources in lieu of GPR that could be utilized to provide the required match. [Alternative 3]

## ALTERNATIVES

1. Re-estimate the disaster recovery aid GPR sum sufficient appropriation under the Department of Military Affairs by providing an additional \$6,953,000 GPR in 2009-10, and \$2,753,000 GPR in 2010-11. It is estimated that this additional funding will be required to provide the necessary state match under federal disaster aid programs for damage incurred as a result of the June, 2008, flooding which prompted a federal disaster declaration.

<b>ALT 1</b>	<b>Change to Bill Funding</b>
GPR	\$9,706,000

2. Re-estimate the disaster recovery aid GPR sum sufficient appropriation by providing an additional \$8,300,000 GPR in 2009-10, and \$4,100,000 GPR in 2010-11. Under this alternative, \$1,347,000 GPR annually in base funding in the appropriation would be available to provide matching funds for disasters that may arise during the 2009-11 biennium.

<b>ALT 2</b>	<b>Change to Bill Funding</b>
GPR	\$12,400,000

3. Direct the Department of Military Affairs, during 2009-11, to report to the Committee prior to expending amounts in excess of \$1,347,000 GPR during each year of the biennium indicating: (a) the amount of required additional funding to match federal disaster aid; (b) when the required match funding will be needed; and (c) any potential funding sources in lieu of GPR which may be utilized to provide the required match.

4. Take no action.

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