



Legislative Fiscal Bureau

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June, 2021

Joint Committee on Finance

Paper #419

State Disaster Assistance Program (Military Affairs)

[LFB 2021-23 Budget Summary: Page 411, #9]

CURRENT LAW

The state disaster assistance program, created in 2005 Act 269, reimburses local units of government and retail electric cooperatives for governmental costs incurred as the result of a "major catastrophe." A "major catastrophe" is defined as a disaster, such as a drought, flood, high water, high wind, landslide, mudslide, snowstorm, or tornado, that resulted in the Governor requesting a presidential declaration of a major disaster under federal law.

Eligible expenses include debris clearance, protective measures, and repairs to roads and bridges. The program is currently authorized to support the restoration of structures to their pre-disaster condition, but not structural improvements to mitigate future damages. Base funding for the program is \$711,200 SEG, funded by the petroleum inspection fund (PIF).

DISCUSSION POINTS

1. Local governmental units may be reimbursed for up to 70% of governmental costs incurred if the following eligibility criteria are satisfied: (a) the local government has suffered a major catastrophe; (b) a disaster or emergency declaration was issued by the local government or the state during the event; (c) the damages suffered and eligible costs incurred are the direct result of the event; (d) federal disaster assistance is not available because the Governor's request that the President declare the catastrophe a major disaster has been denied or no federal assistance is requested because the event does not meet the per capita impact indicator issued by the Federal Emergency Management Agency (FEMA); (e) at least one local governmental unit or a tribal governmental unit within the county has incurred public assistance costs that exceed the per capita impact indicator under the public assistance program guidelines issued by FEMA; and (f) the local government will contribute at least 30% of total eligible costs from other funding sources.

2. Two appropriations authorize DMA to provide disaster assistance. A state disaster assistance GPR appropriation is funded at \$0 annually during the 2019-21 biennium. Since its creation in Act 269, the Legislature has not used this appropriation to provide funds. Further, DMA has a SEG continuing state disaster assistance appropriation supported by the petroleum inspection fund. As a continuing appropriation, any amounts appropriated do not lapse back to PIF at the end of a fiscal year, but remain in the DMA appropriation until expended. Table 1 shows expenditures for the program since 2011-12.

TABLE 1

State Disaster Assistance Program Expenditure History, as of March 31, 2021

<u>Fiscal Year</u>	<u>Expenditures</u>
2011-12*	2,559,400
2012-13*	618,000
2013-14	517,600
2014-15	705,400
2015-16	424,100
2016-17	364,900
2017-18	1,405,100
2018-19*	2,765,700
2019-20* **	2,501,200
2020-21**	2,259,900

* In addition to amounts appropriated during the biennial budget process, expenditure authority includes amounts authorized by the Joint Committee on Finance under s. 13.10 of the statutes (\$1.0 million in 2011-12, \$1.0 million in 2012-13, \$2.0 million in 2018-19, and \$1.6 million in 2019-20).

** Expenditures for 2019-20 and 2020-21 include annual payments of \$1.0 million to the Washington Island Electric Cooperative for replacement of the underwater cable that brings electricity to Washington Island.

3. Under 2019 Act 9, one-time funding of \$2.0 million was provided to the Washington Island Electric Cooperative to replace the cable that brings electricity to Washington Island. The Cooperative was provided the full allocation (\$1.0 million in 2019-20 and \$1.0 million in 2020-21). The program was also modified under Act 9 to specify that retail electric cooperatives may submit applications for the state disaster assistance program.

4. For 2020-21, the SEG continuing state disaster assistance appropriation has an available balance of \$2.6 million SEG. The Department indicates that it has spent \$2.3 million since July, 2020, resulting in a balance as of March 31, 2021, of approximately \$300,000. Table 2 shows expenditures by county for 2020-21.

TABLE 2**Disaster Assistance Program Payments, 2020-21**

<u>County</u>	<u>Total</u>	<u>County</u>	<u>Total</u>
Adams	\$36,061	Kenosha	\$2,068
Barron	7,183	Lafayette	70,919
Brown	22,545	Langlade	205,097
Burnett	3,474	Marinette	6,308
Chippewa	127,866	Pierce	56,868
Clark	13,970	Price	11,980
Columbia	72,257	Racine	8,802
Crawford	100,590	Rock	20,015
Dodge	2,185	Saint Croix	34,597
Door	1,075,848	Shawano	8,050
Douglas	10,484	Vilas	9,176
Dunn	5,152	Washington	2,660
Fond du Lac	26,851	Waushara	26,206
Grant	168,639	Wood	<u>45,491</u>
Jefferson	78,541		
		Total*	\$2,259,900

*As of March 31, 2021

5. The disaster assistance program is funded by the petroleum inspection fund. Fund revenue is primarily generated from a 2¢ per gallon (including gasoline, diesel, and heating oil) petroleum inspection fee, which generated \$83.9 million in 2019-20. Programs supported by PIF have included the petroleum environmental cleanup fund award program, petroleum tank and inspection programs, and contaminated land cleanup and air management programs. Under 2017 Act 59, the unencumbered balance of PIF (except for 5% of revenues) is required to be transferred to the transportation fund. Under 2019 Act 9, 1¢ of the 2¢ fee is deposited in the transportation fund instead of PIF. The unencumbered balance of PIF, prior to the transportation fund transfer, is estimated to be \$13.4 million on June 30, 2021.

6. Assembly Bill 68/Senate Bill 111 would provide an additional \$2,500,000 SEG annually to the state's disaster assistance program and modify eligible expenses to include costs incurred for approved hazard mitigation measures after a disaster. Funding would be provided from PIF and the program's expenditure authority would total \$3,211,200 SEG annually.

7. According to DMA, local units of government have requested assistance with mitigation efforts to strengthen resilience against future storm events. Currently, the state program only provides reimbursements sufficient to restore the damaged structure to its prior condition. Examples of mitigation measures include installing culverts (structures made of pipe or concrete that allow water to pass under a road), converting culverts to bridges to allow more water to pass through, and installing

riprap stones to stabilize road shoulders. Allowing the program to fund mitigation measures could save money by reducing future damage and repair costs. The Department indicates that it has paid to repair the same washed-out roads multiple times, whereas rebuilding in a way that allows water to flow under the road could reduce damage from future storm events.

8. The federal counterpart to the state disaster assistance program, FEMA's public assistance program, provides aid to local units of government in the event of a federally-declared disaster. The federal program funds mitigation measures to protect structures from future damage. Projects that include mitigation measures must be cost-effective and reduce long-term risk to people and property from disasters. The Department indicates it would follow FEMA procedures, including the cost-effectiveness evaluation, to determine whether to fund a request for mitigation assistance. Other requirements for the state disaster assistance program would also apply to mitigation measures, including the 30% local cost share.

9. Given that applications have exceeded base funding amounts and that mitigation measures could reduce future program costs and prevent future damages, the Committee could provide an additional \$2,500,000 SEG annually to the state's disaster assistance program and modify eligible expenses to include approved hazard mitigation measures after a disaster. [Alternative 1] Alternatively, the Committee could provide an additional \$1,250,000 SEG annually for disaster assistance and hazard mitigation. [Alternative 2]

10. Alternatively, the Committee could provide sufficient funding to meet current program needs without expanding eligibility to include mitigation assistance. Based on average expenditures for the past five years, additional funding of \$750,000 would be needed each year to fully fund eligible applications. Therefore, the Committee could provide an additional \$750,000 SEG annually for the state disaster assistance program. Under this alternative, the transfer to the transportation fund would be \$1.5 million less in 2021-23 than what would otherwise occur. The program would not be authorized to fund mitigation measures following a disaster. [Alternative 3]

11. If the provision is not approved, DMA would continue to provide assistance based on currently eligible projects with annual funding of \$711,200 SEG. If additional funding is required to satisfy requests for assistance, DMA could request supplemental funds through s. 13.10 of the statutes, as was done in 2011-12, 2012-13, 2018-19, and 2019-20. [Alternative 4]

ALTERNATIVES

1. Provide \$2,500,000 SEG annually to the state's disaster assistance program and modify eligible expenses to include costs incurred for approved hazard mitigation measures after a disaster. Funding would be provided from the petroleum inspection fund.

ALT 1	Change to Base
SEG	\$5,000,000

2. Provide \$1,250,000 SEG annually to the state's disaster assistance program and modify

eligible expenses to include costs incurred for approved hazard mitigation measures after a disaster. Funding would be provided from the petroleum inspection fund.

ALT 2	Change to Base
SEG	\$2,500,000

3. Provide \$750,000 SEG annually to the state's disaster assistance program. Funding would be provided from the petroleum inspection fund.

ALT 3	Change to Base
SEG	\$1,500,000

4. Take no action.

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