

DISASTER SIMPLIFIED ASSISTANCE VALUE  
 ENHANCEMENT ACT

MARCH 9, 2017.—Committed to the Committee of the Whole House on the State of  
 the Union and ordered to be printed

Mr. SHUSTER, from the Committee on Transportation and  
 Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 1214]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom  
 was referred the bill (H.R. 1214) to require the Administrator of  
 the Federal Emergency Management Agency to conduct a program  
 to use simplified procedures to issue public assistance for certain  
 projects under the Robert T. Stafford Disaster Relief and Emer-  
 gency Assistance Act, and for other purposes, having considered  
 the same, report favorably thereon without amendment and rec-  
 ommend that the bill do pass.

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## PURPOSE OF LEGISLATION

H.R. 1214 would require the Administrator of the Federal Emergency Management Agency (FEMA) to conduct a program to use simplified procedures when providing public assistance for certain projects under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

## BACKGROUND AND NEED FOR LEGISLATION

*Federal Emergency Management Agency: History*

FEMA was established in 1979 by Executive Order 12148 by President Jimmy Carter in response to a number of massive disasters in the 1960's and 1970's. As a result of states trying to manage these disasters, the National Governors Association and others made a proposal to streamline and cut the number of agencies states were required to work with following a disaster. Prior to the creation of FEMA, the federal government's emergency response mechanisms were scattered among many agencies throughout government. The creation of FEMA helped to centralize these authorities and the coordination of the federal government's response to a disaster. The Disaster Relief Act of 1974 (P.L. 93-288), which constituted the statutory authority for most federal disaster response activities, especially of FEMA, was later amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, also known as the Stafford Act (P.L. 100-707).

Following more than two decades as an independent agency, the Homeland Security Act of 2002 (P.L. 107-296) created the Department of Homeland Security (DHS), placed FEMA within DHS, and FEMA's functions were dispersed among various offices and directorates within DHS. In 2006, following Hurricanes Katrina and Rita and the subsequent intensive Congressional investigations and oversight, Congress enacted the Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA) (P.L. 109-295), which addresses key response roles and authorities and put FEMA back together again within DHS. PKEMRA authorized the National Preparedness System and FEMA for the first time in legislation. Most recently, Congress enacted the Sandy Recovery Improvement Act (SRIA) (P.L. 113-2), on January 29, 2013, in the wake of Hurricane Sandy's impact to the East Coast. SRIA provided additional authorities to expedite and streamline Hurricane Sandy recovery efforts, reduce costs, and improve the effectiveness of several disaster assistance programs authorized by the Stafford Act.

*Disaster response and recovery*

When the President declares a major disaster or emergency, the official declaration triggers certain federal response authorities and financial disaster assistance. In particular, when such a declaration is made, the President is authorized to direct any federal agency, with or without reimbursement, to assist state, tribal, and local governments and protect life and property. FEMA is responsible for coordinating federal agency response and ensuring the necessary federal capabilities are deployed at the appropriate place and time. In addition, FEMA provides direct support and financial assistance to states, tribal, and local governments and individuals as authorized under the Stafford Act. Once the President issues a declara-

tion, federal resources are deployed in support of state, tribal, and local response efforts.

FEMA's major Stafford Act programs for disaster response and recovery in the aftermath of a major disaster are in the Public Assistance Program and the Individual Assistance Program. Under both of these programs FEMA assistance may not duplicate other benefits or insurance, assistance is not intended to make "one whole," and for-profit companies are generally ineligible for assistance.

The Public Assistance Program, authorized primarily by sections 403, 406, and 407 of the Stafford Act, reimburses state, tribal, and local emergency response costs and provides grants to state, tribal, and local governments, as well as certain private non-profits to rebuild facilities. The Public Assistance Program generally does not provide direct services to citizens.

*Disaster Simplified Assistance Value Enhancement Act or "Disaster SAVE"*

As part of the Disaster Mitigation Act of 2000 (P.L. 106-390), Congress authorized FEMA to expedite assistance based on estimates for certain projects through simplified procedures in order to lower the cost of administering small repair projects. Prior to February, 2014, FEMA was able to approve and obligate funds based on estimates for public assistance projects estimated to cost below \$68,500. Under SRIA, Congress directed FEMA to review the threshold, report to Congress and provided authority for FEMA to increase the threshold in the future. FEMA examined data indicating that if the threshold were increased to \$120,000, 93 percent of the total number of projects issued for disaster recovery could be covered through these simplified, expedited procedures; an increase to \$190,000 would cover 95 percent of the projects and an increase to \$400,000 would encompass 98 percent of the number of all projects issued for disaster recovery.<sup>1</sup> After examining this and other factors such as cost savings and reporting the results to Congress, FEMA published notice in the Federal Register increasing the threshold to \$120,000, to be adjusted annually with the Consumer Price Index.<sup>2</sup> As required by SRIA, FEMA will review the threshold every three years.

The Committee continues to hear that a significant amount of Public Assistance projects are administered by FEMA in an inefficient and ineffective way. H.R. 1214 would increase the threshold to \$500,000 for a period of four years. Raising the threshold to this amount would capture over 98 percent of the number of recovery projects FEMA administers. FEMA is required to report on cost-effectiveness, speed of recovery, capacity of grantees, past performance and accountability measures, in order to inform Congress as to the benefits of continuing or the need to allow the program to sunset in 2021, as provided in the legislation.

FEMA testified on January 27, 2015, that increasing the simplified procedures threshold would result in lower administrative

<sup>1</sup>Federal Emergency Management Agency. *Determination on the Public Assistance Simplified Procedures Thresholds*. (January 29, 2014) available at <http://www.fema.gov/media-library-data/1391095896799-50f74acda8e6de05dac297db1aad5669/>

<sup>2</sup>79 Fed. Reg. 10685.

costs, faster project completions, and eliminate federal responsibility for project cost overruns.<sup>3</sup> The Committee requests FEMA provide periodic updates throughout the four years on savings realized, the rate of appeals, the rate of deobligations, and other matters of congressional oversight interest.

#### HEARINGS

The Subcommittee on Economic Development, Public Buildings, and Emergency Management, held the following hearings and roundtable discussions on subjects related to matters contained in H.R. 1214 during the 114th Congress:

*“Rebuilding after the Storm: Lessening Impacts and Speeding Recovery”* held on January 27, 2015. The purpose of the hearing was to launch an assessment of the rising costs of disasters, the cost effectiveness of disaster assistance, strategies to reduce disaster losses, the appropriate roles of government and the private sector, and to consider reforms to save lives through improved alerts and warning systems and search and rescue.

*“What is Driving the Increasing Costs and Rising Losses from Disasters?”* held on March 18, 2015. The purpose of the roundtable was to examine and discuss data related to disaster costs, the trends observed over time, and the projections for the future given the policies in place today.

*“The State of Pennsylvania and FEMA Region III are Leaders in Mitigating Disaster Costs and Losses”* held on May 28, 2015. The purpose of the roundtable was to examine disaster costs and losses, focus on hazards impacting Pennsylvania and the region, and identify best practices for mitigating and avoiding disaster impacts.

*“Federal Disaster Assistance: Roles, Programs and Coordination”* held on June 17, 2015. The purpose of the roundtable was to examine and discuss federal disaster assistance programs, the requirements and effectiveness of those programs, and coordination among various agencies and stakeholders.

*“Controlling the Rising Cost of Federal Responses to Disaster”* held on May 12, 2016. The purpose of the hearing was to begin exploring potential solutions and the principles that should be driving solutions to lower the overall costs of disasters and to help avoid devastating losses.

#### LEGISLATIVE HISTORY AND CONSIDERATION

On February 24, 2017, Subcommittee on Economic Development, Public Buildings, and Emergency Management Chairman Lou Barletta (R-PA) introduced H.R. 1214, a bill to require the Administrator of the Federal Emergency Management Agency to conduct a program to use simplified procedures to issue public assistance for certain projects under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

On February 28, 2017, the Committee on Transportation and Infrastructure met in open session to consider H.R. 1214. The Committee ordered the bill reported favorably to the House by voice vote with a quorum present.

<sup>3</sup> Committee on Transportation and Infrastructure. “Rebuilding after the Storm: Lessening Impacts and Speeding Recovery,” January 27, 2015.

## COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with consideration of H.R. 1214 or ordering the measure reported. A motion to order H.R. 1214 reported favorably to the House was agreed to by voice vote with a quorum present.

## COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

## NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the enclosed cost estimate for H.R. 1214 from the Director of the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, March 6, 2017.*

Hon. BILL SHUSTER,  
*Chairman, Committee on Transportation and Infrastructure,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1214, the Disaster SAVE Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Robert Reese.

Sincerely,

KEITH HALL.

Enclosure.

*H.R. 1214—Disaster SAVE Act*

H.R. 1214 would require the Federal Emergency Management Agency (FEMA) to increase the threshold for what constitutes a small disaster relief project under the Public Assistance (PA) Grant Program. Under the bill, the definition of the cost of a small project would increase from \$123,000 to \$500,000. That increase would allow more projects to be designated as small. Small projects receive a larger share of their funding up-front relative to large

projects; however, under H.R. 1214 the total amount of funding disbursed by FEMA would not change. The bill also would require FEMA to submit a report to the Congress on the cost-effectiveness of the PA program. Finally, the bill would expire on September 30, 2021, at which point FEMA could adjust the threshold through regulations.

Based on information provided by FEMA on the administrative costs associated with approving and managing PA grants and collecting information necessary to complete the report, CBO estimates that the cost to implement H.R. 1214 would not exceed \$500,000 in any year and over the 2018–2022 period; such spending would be subject to the availability of appropriated funds.

Enacting H.R. 1214 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1214 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1214 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Robert Reese. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

#### PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goal and objective of this legislation is to require the Administrator of the Federal Emergency Management Agency to conduct a program to use simplified procedures when providing public assistance for certain projects under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

#### ADVISORY OF EARMARKS

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee is required to include a list of congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives. No provision in the bill includes an earmark, limited tax benefit, or limited tariff benefit under clause 9(e), 9(f), or 9(g) of rule XXI.

#### DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 1214 establishes or reauthorizes a program of the federal government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## DISCLOSURE OF DIRECTED RULE MAKINGS

Pursuant to section 3(i) of H. Res. 5, 115th Cong. (2017), the Committee finds that enacting H.R. 1214 does not direct the completion of a specific rule making within the meaning of section 551 of title 5, United States Code.

## FEDERAL MANDATE STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

## PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee states that H.R. 1214 does not preempt any state, local, or tribal law.

## ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

## APPLICABILITY OF LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

## SECTION-BY-SECTION ANALYSIS OF LEGISLATION

*Section 1: Short title*

Section 1 designates the short title as the “Disaster Simplified Assistance Value Enhancement Act” or the “Disaster SAVE Act”.

*Section 2: Simplified Procedure Program*

This section directs the Administrator of FEMA to raise the simplified procedures small projects threshold under Section 422 of the Stafford Act (42 U.S.C. 5189) to \$500,000 for a period of 4 years, to sunset on September 30, 2021. The Administrator must also provide a report to Congress on the increase.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 1214 makes no changes in existing law.