

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Community Affairs Committee

BILL: SB 20-A

SPONSOR: Senator Constantine

SUBJECT: Hurricane-Relief Funding

DATE: December 8, 2004

REVISED: 12/14/04

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Vickers</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u></u>	<u></u>	<u>TA</u>	<u></u>
3.	<u></u>	<u></u>	<u></u>	<u></u>
4.	<u></u>	<u></u>	<u></u>	<u></u>
5.	<u></u>	<u></u>	<u></u>	<u></u>
6.	<u></u>	<u></u>	<u></u>	<u></u>

I. Summary:

This bill clarifies the responsibilities of the state and affected local governments when accepting federal public assistance that is conditioned on matching funds. Specifically, the state will provide the entire match requirement for state agencies. The state will provide one-half the required match for grants to local governments. The Governor is authorized, under specified conditions, to waive the match requirement for public assistance projects undertaken by local governments. The bill appropriates nonrecurring funds to the Department of Community Affairs for the purpose of meeting federal requirements for matching funds for disaster assistance and hazard mitigation grants. The bill also exempts the appropriations in this bill from the required 14-day notice for interim budget actions, but requires the Governor to notify the chair and vice chair of the Legislative Budget Commission of the allocations to traditional appropriation categories at least three working days prior to the effective date of the allocation.

This bill substantially amends section 252.37, Florida Statutes. This bill creates unnumbered sections of the Florida Statutes.

II. Present Situation:

In the event of a major disaster or emergency in this state, Florida's county governments generally provide the initial response and assistance. However, when an emergency or a disaster situation is greater than the response capabilities of local governments, the Department of Community Affairs, Division of Emergency Management is the state agency local governments contact to begin the process of securing supplemental state and federal disaster assistance.

An Overview of the Disaster Assistance Process

Initial Response and Declaration of Emergency - Immediately following a disaster, an initial damage assessment is performed by the local jurisdiction to assess the impacts of the disaster. This assessment provides a rough estimate of the type and the extent of damages, including probable costs. Often this will require the coordination of the various municipal governments who will also perform their own damage assessments. When the information has been collected, it is transmitted to the Division of Emergency Management. Local jurisdictions have the authority to declare, by resolution, a local "state of emergency" pursuant to s. 252.38, F.S. The enactment of such a declaration enables counties to request state assistance, if needed; invoke emergency related mutual-aid assistance; and waive the procedures and formalities otherwise required of the political subdivision by law, to respond to the emergency.

If a county determines the emergency or disaster is beyond its ability to effectively respond, a state of emergency can be declared by the Governor through an executive order or proclamation. The declaration of a state of emergency by the Governor serves to: (1) activate the emergency response, recovery and mitigation phases of the state and local emergency management plans; and (2) provide authority for the mobilization and deployment of all resources to which the plans refer, pursuant to ss. 252.31-252.60, F.S., or any other provision of law relating to emergencies. Once the state has received the preliminary incident damage assessment and data information, the state and the Federal Emergency Management Agency (FEMA) initiate a joint damage assessment with the affected county government.

When state and local resources are inadequate to effectively respond to an emergency or major disaster, Public Law 100-707, allows for federal assistance through a Presidential Disaster Declaration. The Governor requests this assistance if the situation meets the criteria for a declaration. The Governor submits a written request to the President through FEMA. If FEMA develops information to supplement the Governor's request, this is sent to the President who determines the final disposition.

Damage Assessment Process - In the aftermath of a disaster, public, private non-profit and individual damage assessments are performed. Each type of assessment is designed to quantify the eligible amounts of damages a community incurred. "Public" damages can include any damage incurred by a structure or facility that is owned by a public or private non-profit entity. Eligibility for assistance is limited to the following seven categories:

- Debris Clearance - This category includes all storm-induced debris on non-federal public roads, including the right-of-way, non-federal public waterways, other public property, and private property when undertaken by local government forces.
- Emergency Protective Measures - This category addresses the need to provide appropriate emergency measures designed to protect life, safety, property, and health.
- Road System - This category addresses damages to non-federal roads, bridges, streets, culverts, and traffic control devices.
- Water Control Facilities - Eligible damages under this category include costs to repair or replace dikes, dams, drainage channels, irrigation works, and levees.

- Building and Equipment - Eligible damages under this category include costs to repair public buildings and equipment, supplies/inventories that were damaged and transportation systems such as public transit systems.
- Public Utility Systems - Under this category, assistance is available for damaged water systems, landfills, sanitary sewerage systems, storm drainage systems, and light/power facilities.
- Other - This category includes park and recreational facilities, or any other public facility damages that do not reasonably fit in one of the other six categories.

The “individual damage” assessment determines the extent to which individuals and private businesses have been impacted by the disaster. There are two basic categories for individual damage:

- Damage to Homes - A person whose residence has been damaged due to a disaster may qualify for various forms of disaster assistance. When damage assessors go into the field, they estimate the degree of damage to the home, evaluate the victim's insurance coverage, estimate the victim's income, and determine the habitability and type of the victim's home.
- Damage to Businesses - Privately owned businesses that were damaged or destroyed by the disaster can qualify for individual assistance programs. The same procedures used to assess damages to homes are used to quantify business damages; as well as determine the impact those damages will have on the community.

Federal Disaster Assistance Programs

Following the assessment of public and individual damages, and the issuance of a Presidential Disaster Declaration, a variety of federal programs are available to assist public and private entities. The following is a brief explanation of key federal disaster assistance programs.

Public Assistance Program – This program provides supplemental federal disaster grant assistance for the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain private non-profit organizations. The federal share of assistance is not less than 75 percent of the eligible cost for emergency measures and permanent restoration. The state determines how the non-federal share (up to 25 percent) is split with the applicants. To be eligible, the work must be required as the result of the disaster, be located within the designated disaster area, and be the legal responsibility of an eligible applicant. Work that is eligible for supplemental federal disaster grant assistance is classified as either emergency work or permanent work. Emergency work includes efforts to save lives, protect property, and maintain operation of essential facilities during the first six months following a disaster. Permanent work involves actions necessary to repair, restore, reconstruct or replace public, and certain private non-profit facilities damaged or destroyed by the disaster for a period of 18 months.

Other Needs Assistance Program – This program provides grants to help individuals and families meet serious needs and necessary expenses that are not covered by other government assistance programs, insurance, or other conventional forms of assistance. Under this program 75 percent of the costs are funded by FEMA and 25 percent by the state and/or local government. At

present, grant amounts can be made up to \$5,800. Financial aid can be provided under the following categories:

- Medical expenses;
- Transportation costs; and
- Replacement of essential property.

Small Business Administration (SBA) - Once implemented, the SBA program can offer low interest loans to individuals and businesses for refinancing, repair, rehabilitation, or replacement of damaged property (real and personal). Loans may be available to businesses that have suffered an economic impact as a result of the disaster. A SBA declaration can be made independently or in concert with a Presidential Disaster Declaration.

Disaster Unemployment Assistance - Individuals unemployed as a result of a major disaster, and not covered by regular state or private unemployment insurance programs, are eligible for unemployment benefits. The weekly compensation received cannot exceed the maximum amount of payment under the state's unemployment compensation program, and may be provided until an individual is re-employed or up to 26 weeks after the major disaster is declared (whichever is shorter).

Hazard Mitigation Grant Program – This program allows an eligible applicant to incorporate mitigation measures into the repair of an existing damaged structure and infrastructure if the measures are cost-effective or required by code. FEMA defines hazard mitigation as an action intended to reduce repetitive losses from future natural disasters. The objectives of the Hazard Mitigation Grant Program are:

- to prevent future losses of lives and damage to property due to disasters;
- to implement state or local hazard mitigation plans;
- to enable mitigation measures to be implemented during immediate recovery from a disaster; and
- to provide funding for previously identified mitigation measures that benefit the disaster area.

Recent Hurricanes and Federal Assistance

In 2004, Hurricanes Charley, Frances, Ivan and Jeanne struck Florida, causing significant damage across every region of the state. Estimates of the combined insured and uninsured losses within the state total \$40 billion. In addition, it is estimated that more than one in every five Florida homes has been damaged by these storms. The number of insurance claims this season is expected to hit 2 million, far surpassing the 700,000 claims filed after Hurricane Andrew.

As of December 10, 2004, FEMA reported that individual financial assistance to the victims of Hurricanes Charley, Frances, Ivan and Jeanne totaled \$987.8 million. Rental assistance to 133,092 applicants totaled \$164.0 million. FEMA has inspected 770,643 damaged homes and placed 11,135 dislocated families in 10,080 travel trailers and 914 manufactured homes. The Small Business Administration has approved \$743.13 million in low-interest loans for home and

business repair. There have been over 2,452 requests from local governments for public assistance for debris clean-up, with \$181.57 million obligated. Finally, the 50 FEMA disaster recovery centers across the state have provided information on assistance programs to 428,707 storm victims.

III. Effect of Proposed Changes:

This bill contains a number of provisions relating to the receipt of federal emergency management assistance, including the appropriation of non-recurring funding to address needs caused by Tropical Storm Bonnie and Hurricanes Charley, Frances, Ivan, and Jeanne.

Effective upon becoming a law, and applying retroactively to July 1, 2004, the bill amends s. 252.37, F.S., to provide that whenever the state accepts federal financial assistance which requires matching funds, the state will provide the entire match requirement for state agencies. The state will provide one-half the required match for grants to local governments. Local governments are required to provide one-half the required match prior to receipt of financial assistance. The Governor is authorized to waive, subject to legislative notice and review, the required match for public assistance projects for local governments if the match requirement cannot be provided, and if the local government applies for the waiver within 18 months following the disaster declaration. This same section is amended to provide that whenever the state accepts assistance through the federal Hazard Mitigation Grant Program the recipient local agencies are required to provide the full amount of the required match prior to receipt of the financial assistance.

The bill provides a nonrecurring appropriation of \$55,722,888 from the General Revenue Fund to the Department of Community Affairs for the purpose of meeting the state's portion of the required match under the Individuals and Households, Other Needs Assistance Program. The funds are deposited into the Grants and Donations Trust Fund and then appropriated from that fund (known as "double-budgeting") to a lump sum appropriation category.

The bill provides a nonrecurring appropriation of \$578,193,040 from the U.S. Contributions Trust Fund within the Department of Community Affairs to provide supplemental federal disaster grant assistance to eligible recipients. Prior to the release of funds the Department is required to ensure that the affected local government has provided a 5 percent local match. However, depending on the magnitude of the costs, the local government's share of the public assistance project may be initially provided by the state, with future payment being provided directly by the local government, or deductions from the local government's state revenue-sharing allocation.

The bill appropriates \$35,526,935 in nonrecurring General Revenue Funds to the Department of Community Affairs for the purpose of meeting the state's match requirement for grants under the Public Assistance Grant Program. The funds are deposited into the Grants and Donations Trust Fund and then appropriated from that fund (known as "double-budgeting") to a lump sum appropriation category.

The bill appropriates \$305,405 in nonrecurring General Revenue Funds and \$916,214 in nonrecurring federal funds from U.S. Contributions Trust Fund to the Department of Community

Affairs for the purpose of paying the state administrative management costs for the Hazard Mitigation Grant Program. The General Revenue funds are deposited into the Grants and Donations Trust Fund and then appropriated from that fund (known as “double-budgeting”) to a lump sum appropriation category.

Finally, the bill provides that notwithstanding the 14-day notice requirement for interim budgetary actions pursuant to s. 216.177, F.S., the Governor shall provide notice of the allocation of the lump sum appropriations authorized in the bill into traditional appropriation categories to the chair and vice chair of the Legislative Budget Commission at least 3 working days prior to the effective date of the allocation.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill appropriates federal funds that can be used for grants to certain private nonprofit organizations that have been approved for federal disaster assistance funding by FEMA.

C. Government Sector Impact:

NONRECURRING FUNDS	FY 2004-2005
Department of Community Affairs	
General Revenue Funds:	
Public Assistance Grant Program	\$35,526,935
Other Needs Assistance Program	\$55,722,888
Hazard Mitigation Grant Program	\$ 305,405

Grants and Donation Trust Fund
(these are “double-budgeted” amounts):
 Lump sum

Public Assistance Grant Program	\$35,526,935
Other Needs Assistance Program	\$55,722,888
Hazard Mitigation Grant Program	\$ 305,405

U.S. Contributions Trust Fund:

Lump sum	
Public Assistance Grant Program	\$578,193,040
Hazard Mitigation Grant Program	\$ 916,214

TOTAL FUNDS APPROPRIATED *(not counting the double-budgeted amounts):*

<u>ALL FUNDS</u>	<u>\$670,664,482</u>
General Revenue Fund	\$ 91,555,228
Trust Funds	\$579,109,254

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

None.

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