
FISCAL TOPICS

Fiscal Services Division

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Federal Disaster Funding

Background

The [Robert T. Stafford Disaster Relief and Emergency Assistance Act](#), enacted in 1988, is the primary basis for federal disaster funding. The Stafford Act establishes the process for requesting and obtaining a presidential disaster declaration, defines the types and scope of assistance available from the federal government, and sets the conditions for obtaining assistance. The Federal Emergency Management Agency (FEMA) is responsible for overseeing and coordinating the federal disaster response. In order for a state to be eligible to receive federal disaster funding, the disaster must be beyond the capabilities of the state and local government to respond.

Presidential Disaster Declaration

When a disaster occurs, local officials coordinate initial damage reports and assessments to determine whether the disaster event is beyond local capabilities to recover. If additional resources are needed, the governor may request that FEMA performs a Joint Preliminary Damage Assessment (JPDA) to determine the severity of the disaster and whether the event qualifies for federal disaster funding. Based on the JPDA, the governor may request a presidential disaster declaration. If the disaster qualifies, the President may issue an Emergency Declaration or a Major Disaster Declaration.

An Emergency Declaration can be issued for any event that the President determines requires federal assistance. Emergency Declaration assistance supplements state and local government measures in providing emergency services and is limited to \$5.0 million for each disaster.

A Major Disaster Declaration can be issued for any natural event, fire, flood, or explosion that the President determines requires assistance beyond the capabilities of state and local governments. A Major Disaster Declaration provides a wide range of federal assistance programs for individuals and public infrastructure, including funds for emergency and permanent work.

Federal disaster funding can come in the form of public assistance, individual assistance, direct federal assistance, hazard mitigation assistance, or loans.

Public Assistance

[Public assistance](#) provides supplemental assistance grants to state governments, local governments, and certain nonprofit entities for debris removal, emergency protective measures, and the restoration of facilities, which includes roads, water control facilities, public buildings, public utilities, and parks. The public assistance program also provides assistance for hazard mitigation measures to protect damaged facilities from future disasters.

All aspects of the public assistance program are available under a Major Disaster Declaration. Public assistance is limited to debris removal and emergency protective measures under an Emergency Declaration. Public assistance is subject to cost-sharing, where FEMA provides at least 75.0% of eligible costs.

More Information

Department of Homeland Security and Emergency Management: homelandsecurity.iowa.gov

Federal Emergency Management Agency: fema.gov

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Individual Assistance

[Individual assistance](#) provides funding and resources directly to individuals and households, as well as to state and local governments, to support individual survivors. This assistance consists of various forms of housing, financial, legal, unemployment, and counseling resources.

All aspects of the individual assistance program are available under a Major Disaster Declaration. Individual assistance under an Emergency Declaration is limited to mass care and emergency services and voluntary agency coordination, with housing and other needs assistance available in certain circumstances. Most individual assistance is fully funded by FEMA; however, some assistance under mass care and emergency services, as well as housing and other needs assistance, are subject to cost-sharing, where FEMA provides 75.0% of eligible costs.

Direct Federal Assistance

[Direct federal assistance](#) provides goods and services, performed by federal agencies, to state and local governments that lack the capability to perform or contract for eligible emergency work or debris removal. Direct federal assistance may be subject to cost-sharing provisions, where FEMA provides at least 75.0% of eligible costs and reimburses other federal agencies for the work completed. Cost-sharing may be waived by the President for a specific period. Direct federal assistance is available under both an Emergency Declaration and a Major Disaster Declaration.

Hazard Mitigation

[Hazard mitigation](#) assistance is funding for sustained measures designed to reduce long-term risk to people and property from disasters. Hazard mitigation programs are outlined in Sections 404 and 406 of the [Stafford Act](#) and are only available under a Major Disaster Declaration.

Section 404 establishes the Hazard Mitigation Grant Program (HMGP). Local governments, regardless of whether they are impacted by a disaster, can apply for HMGP funds if an area of the state is under a presidential disaster declaration. In Iowa, applications are submitted to the Department of Homeland Security and Emergency Management (HSEMD), which forwards selected projects to FEMA. Eligible projects for HMGP funds include the acquisition, demolition, relocation, elevation, and floodproofing of endangered property.

Funding for the HMGP is limited to 15.0% of FEMA's estimated total disaster costs for other types of assistance; however, Iowa currently has an Enhanced Hazard Mitigation Plan, which results in access to HMGP funds of 20.0% of FEMA's estimated total disaster costs. Projects funded by the HMGP are subject to cost-sharing, where FEMA typically provides up to 75.0% of eligible costs.

Section 406 establishes hazard mitigation funding guidelines for cost-effective mitigation measures as part of the public assistance program. Grants under Section 406 provide funding for the repair, restoration, reconstruction, or replacement of a public or nonprofit facility that is damaged or destroyed by a disaster. Funding is also used for mitigation measures to protect the damaged facility from future disasters.

Section 406 grants are subject to cost-sharing, where FEMA provides at least 75.0% of eligible costs. If a measure is funded under Section 406, then it is not eligible for HMGP funding.

Disaster Loans

The Small Business Administration (SBA) [disaster loan program](#) provides low-interest loans to aid businesses, organizations, and individuals in disaster recovery. The loans are available under Section 7 of the [Small Business Act](#).

The SBA loans are available under Major Disaster Declarations. When the individual assistance program is activated, loans are available to individuals and households. When the public assistance program is activated, loans are available to public assistance-qualifying nonprofit entities. The amount of a loan may be increased by up to 20.0% to be used for certain mitigation measures.

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