Disaster Relief Fund State of Play: In Brief

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Introduction

The Disaster Relief Fund (DRF) is one of the most-tracked single accounts funded by Congress each year. It is the primary source of funding for the federal government's domestic general disaster relief programs.

Discussions at an April 2023 House Appropriations Committee hearing indicated that an additional supplemental request was anticipated to address an expected shortfall[1] in part of the DRF for FY2023.[2]

On August 10, 2023, the Biden Administration submitted a supplemental appropriations request to Congress that included $12 billion for the DRF, which would cover the projected shortfall and provide additional resources for potential forthcoming catastrophic events. Three weeks later, the Administration raised that request to $16 billion.

On August 29, 2023, FEMA announced it was implementing special guidance restricting further obligations from the DRF to ensure funding is available for essential "life-safety and life-sustaining efforts."[3]

This brief report summarizes

- what the DRF is used for, and how its structure reflects that;
- how it is funded;
- its recent funding history;
- why it remains reliant on supplemental appropriations even when its budget request is met or exceeded, as was the case in FY2023; and
- the timeline of response to its potential depletion.

More detailed history and policy discussion of the DRF is included in CRS Report R45484, *The Disaster Relief Fund: Overview and Issues*.

What Is the DRF Used For?

The DRF funds disaster activity pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (Stafford Act; 42 U.S.C. §5121 et seq.). It pays for several key disaster response, recovery, and mitigation programs that provide assistance to communities impacted by presidentially declared emergencies and disasters.[4]

The DRF does not fund all federal disaster assistance. Many federal agencies other than FEMA have specific authorities and resources to support certain disaster response and recovery efforts. However, the DRF does provide *most* of the federal government's support for immediate disaster response, through FEMA's own capabilities, and through the mission assignment process,

[1] At the time, FEMA anticipated that by the end of the fiscal year, funding requirements for major disasters would exceed DRF resources by almost $12 billion.

[2] House Appropriations Committee, "Joyce Remarks at FY24 Budget Hearing for the Federal Emergency Management Agency (As Prepared)," April 18, 2023, available at https://appropriations.house.gov/news/statements/joyce-remarks-fy24-budget-hearing-federal-emergency-management-agency-prepared.

[3] Federal Emergency Management Agency (FEMA), "Immediate Needs Funding Fact Sheet," Office of External Affairs email attachment, August 29, 2003.

[4] For more details on disaster declarations, see CRS Report R41981, *Congressional Primer on Responding to and Recovering from Major Disasters and Emergencies*, by Elizabeth M. Webster and Bruce R. Lindsay.

whereby FEMA coordinates a government-wide response and reimburses agencies it calls into action that do not have independent authority nor funding for disaster recovery operations.[5]

DRF Structure

Since 2012, the DRF has been split into two categories. The larger of the two—the "major disasters" category—is for costs pursuant to specifically declared major disasters. In recent years, this category has represented more than 95% of DRF obligations.

The DRF "major disasters" category funds several different Stafford Act programs identified as "Direct Disaster Programs":

- Individual Assistance (IA);[6]
- Public Assistance (PA);[7] and
- Hazard Mitigation Grant Program (HMGP).[8]

Under the Disaster Recovery Reform Act,[9] an automatic set-aside was created within the "major disasters" category for pre-disaster mitigation grants through the Building Resilient Infrastructure and Communities (BRIC) grant program.[10]

The smaller category, known as the DRF "base," covers most other Stafford Act-related costs including

- Pre-disaster surge activities;
- Activity pursuant to emergency declarations;
- Fire Management Assistance Grants; and
- Disaster Readiness and Support Activities.

The reason for the bifurcation of the DRF was the implementation of special budgetary treatment for the costs of major disasters in 2012. Under the Budget Control Act of 2011,[11] a special accommodation was made that allowed for congressionally designated appropriations for costs incurred pursuant to Stafford Act major disaster declarations to not count against discretionary spending limits.[12] Therefore, that spending had to be specifically identified, and the distinction between "major disasters" and the DRF "base" emerged.

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[5] For details on how this process, known as "mission assignments," works, see https://www.fema.gov/partnerships/mission-assignments.

[6] For more detail, see CRS In Focus IF11298, *A Brief Overview of FEMA's Individual Assistance Program*, by Elizabeth M. Webster.

[7] For more detail, see CRS In Focus IF11529, *A Brief Overview of FEMA's Public Assistance Program*, by Erica A. Lee.

[8] For more detail, see CRS Insight IN11187, *Federal Emergency Management Agency (FEMA) Hazard Mitigation Assistance*, by Diane P. Horn.

[9] P.L. 115-254, Division D.

[10] While the funding is "set aside" for BRIC, it remains available for broader use for other activities within the "major disasters" category in the event the DRF runs low on budget authority. For more information on the BRIC program, see CRS Insight IN11515, *FEMA Pre-Disaster Mitigation: The Building Resilient Infrastructure and Communities (BRIC) Program*, by Diane P. Horn.

[11] P.L. 112-25.

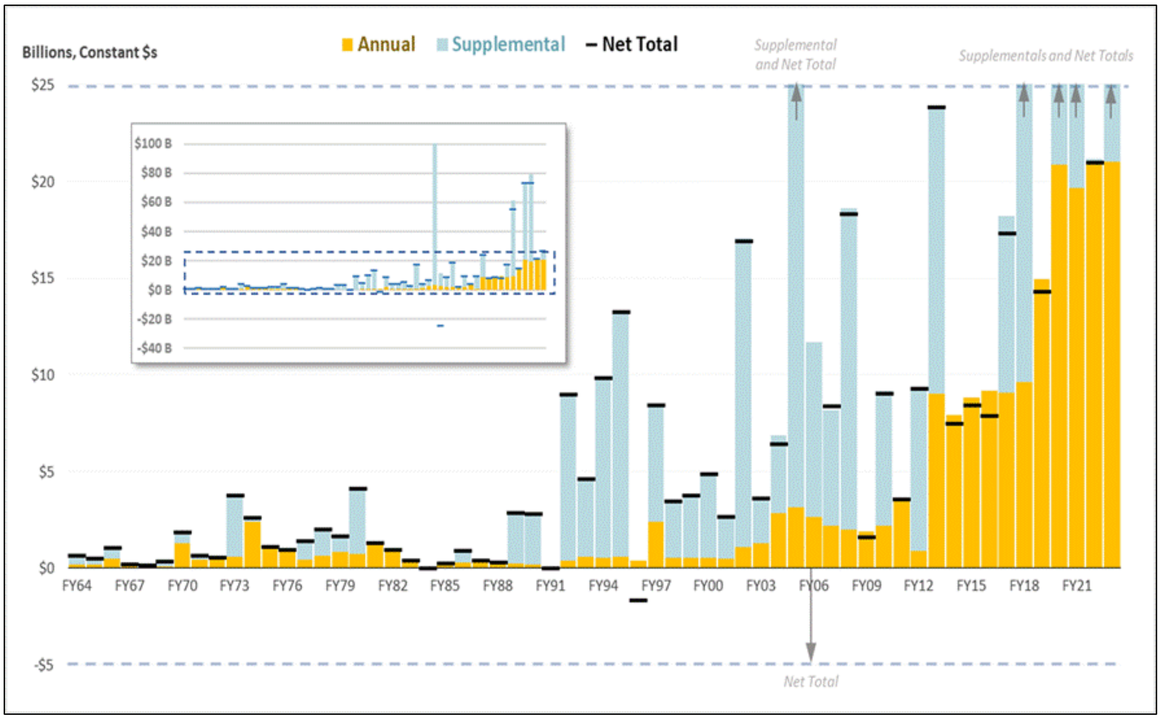
[12] For more detail, see CRS Report R45778, *Exceptions to the Budget Control Act's Discretionary Spending Limits*, by Megan S. Lynch; and CRS In Focus IF10720, *Calculation and Use of the Disaster Relief Allowable Adjustment*, by William L. Painter.

DRF Appropriations

Annual and Supplemental

The DRF receives an annual appropriation under FEMA within the Department of Homeland Security Appropriations Act. Once the budgetary treatment of major disaster costs was implemented in the annual appropriations process, beginning in the FY2013 cycle, DRF annual appropriations covered a much larger proportion of actual DRF spending than before.[13]

Figure 1. DRF Appropriations History, FY1964-FY2023



Source: CRS analysis of appropriations legislation.

Notes: Totals for FY2005, FY2006, FY2018, FY2020, FY2021, and FY2023, referenced by the arrows, are beyond the scale of the main graph and are shown on the inset. FY2013 numbers do not reflect the impact of sequestration. Supplemental data include contingent appropriations and all appropriations under the heading of "Disaster Relief" or "Disaster Relief Fund" including the language "for an additional amount." Reductions reflected in the Net Total data include transfers and rescissions specifically enumerated in appropriations acts. For information on trends in the declarations that helped drive the demand for these appropriations, see CRS Report R42702, *Stafford Act Declarations 1953-2016: Trends, Analyses, and Implications for Congress*, by Bruce R. Lindsay.

As **Figure 1** indicates, the DRF has relied significantly on supplemental appropriations to ensure it has the resources to fund Stafford Act programs. Prior to the implementation of budget controls, funding for disasters was provided as needed. With the implementation of deficit reduction efforts in the 1980s, disaster assistance had to "compete" for a limited pool of discretionary budget authority in the appropriations process. The use of "emergency" exceptions in supplemental appropriations allowed Congress to fund more disaster relief outside the annual appropriations process, "making room" for other priorities. These "emergency" designations were rarely used in

[13] For the underlying analysis, see CRS Report R45484, *The Disaster Relief Fund: Overview and Issues*, by William L. Painter.

annual appropriations measures. The creation of the limited disaster relief adjustment to discretionary budget limits in the Budget Control Act created a mechanism that allowed more of those Stafford Act disaster-related costs to be funded in annual appropriations measures. While a handful of other disaster-related appropriations have periodically used the disaster-related flexibility, the DRF has exercised 95% of the available disaster relief adjustment.[14]

Even with this flexibility with regard to limits on discretionary spending, the annual appropriations request for the DRF notes, and has noted for many years, that in the event of a catastrophic incident (a disaster resulting in more than $500 million in spending from the DRF), a supplemental appropriation would be required.[15]

Continuing Resolutions

If annual appropriations for the coming fiscal year are not enacted prior to the end of the current fiscal year, Congress often passes a continuing resolution (CR) to provide temporary budget authority so that federal government agencies can continue to operate until annual appropriations are finalized. This temporary funding is provided at a rate for operations, which is usually based on the prior year annual appropriation (with some adjustments or exceptions), and is usually provided for a limited period of time. Under a CR, in most cases budget authority is gradually apportioned to agencies (as the final level of appropriations has not been set) because spending too large a proportion of an as-yet determined annual budget early in the fiscal year may create challenges later on.

The DRF appropriation is atypical in that its appropriations do not expire at the end of a given fiscal year, but are available for obligation until expended. This means that Stafford Act programs are often somewhat protected from the effects of a lapse in appropriations because the DRF usually has carryover balances available to continue to fund its operations. However, this is not always the case, and several times in recent years the unobligated balance in the DRF has fallen to levels that risked impacting disaster response operations.

Since FY2018, every continuing resolution that has funded DHS has included a provision that allows the temporary budget authority for the DRF to "be apportioned at a rate for operations necessary to carry out response and recovery activities under the Stafford Act."[16] This anomaly ensures that budget authority, rather than being slowly apportioned to FEMA, would be available as needed in the event the DRF's existing carryover balances are spent down while the CR is in effect. The anomaly essentially allows the temporary budget authority of the CR to act as a temporary supplemental appropriation.

DRF Funding and Obligation Levels

Over the last 10 years, the amount of budget authority appropriated to the DRF has risen substantially, as has the amount obligated from each year.

Figure 2 and **Table 1** provide a visual representation and specific data regarding the gross budget authority provided in annual and supplemental appropriations to the DRF.

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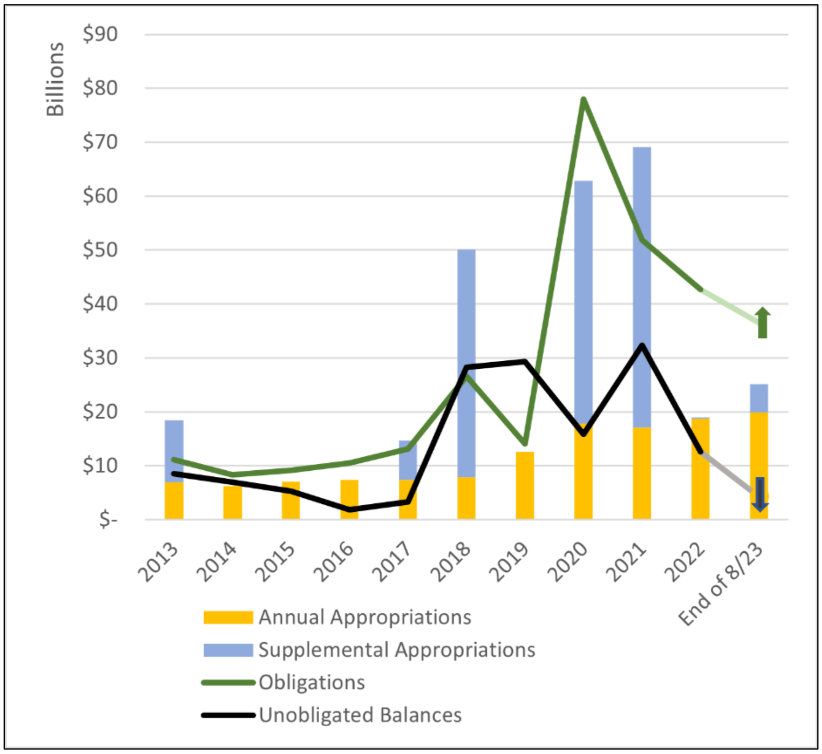
[14] See CRS In Focus IF10720, *Calculation and Use of the Disaster Relief Allowable Adjustment*, by William L. Painter.

[15] See, for example, FEMA, "Disaster Relief Fund: Fiscal Year 2019 Funding Requirements," Fiscal Year 2018 Report to Congress, p. 4, https://www.fema.gov/sites/default/files/2020-07/disaster-relief-funding-requirements_fy-2019.pdf.

[16] P.L. 117-180, Division A, §135.

Figure 2. DRF Appropriations, Obligations, and Balances, FY2013-Present



Source: See **Table 1**.

Notes: All but the final data points represent end of year totals. All data reflects both the "major disasters" and "base" portions of the DRF. "Obligations" reflect obligations at the closeout of the fiscal year, and do not reflect potential future deobligations (recoveries). The final data points represent totals as of August 31, 2023. Arrows indicate trends for obligations and unobligated balance for the remainder of FY2023.

Table 1. DRF Appropriations, Obligations, and Balances, FY2013-Present

(in millions of dollars of budget authority)

Fiscal Year	Annual Appropriations	Supplemental Appropriations	Obligations	Unobligated Balances
2013	7,008	11,488	11,146	8,492
2014	6,221	—	8,368	6,978
2015	7,033	—	9,170	5,317
2016	7,375	—	10,536	1,819
2017	7,329	7,400	13,149	3,302
2018	7,901	42,170	26,650	28,285
2019	12,558	—	14,088	29,358
2020	17,863	45,000	78,039	15,792
2021	17,142	52,000	51,924	32,364
2022	18,799	200	42,683	12,624
End of August, 2023	*19,945*	*5,200*	*36,578*	*4,229*

Source: CRS analysis of appropriations legislation and Appendix A of FEMA monthly reports on the DRF.

Notes: All but the final data points represent end of year totals. All data reflects both the "major disasters" and "base" portions of the DRF. "Obligations" reflect obligations at the closeout of the fiscal year, and do not reflect potential future deobligations (recoveries). The final data points represent totals as of August 31, 2023.

When the DRF Runs Low

At times, the balance in the DRF has dropped to a point that raises concern about the availability of adequate resources in the DRF to address current and/or impending incidents. When this occurs, FEMA implements "Immediate Needs Funding" (INF) restrictions, which allow FEMA to prioritize, to an extent, obligation of funds from the DRF, limiting them to "life-safety and life sustaining efforts."

On August 29, 2023, FEMA announced the implementation of INF restrictions, noting that while FEMA "had intended to provide ten full days [sic] notice, the current disaster environment with a major fire and multiple hurricanes make it necessary to implement INF immediately."[17] The unobligated balance in the DRF was $3.4 billion that morning.

FEMA has indicated that it would pause new Public Assistance (PA) and Hazard Mitigation obligations that are not essential for lifesaving and life-sustaining activities. It further indicated that it would continue

- Individual Assistance payments directly to survivors for critical needs and housing;
- Public Assistance for states, tribes and territories essential for lifesaving and life-sustaining activities;
- State management costs;
- Mission assignments of federal partners for critical response activities;
- Fire Management Assistance grants; and
- Essential ongoing disaster operations, including salaries of FEMA field staff (Stafford Act employees).[18]

Prior to 2023, the most recent example of the implementation of INF restrictions was in August 2017, when Hurricane Harvey hit Texas, and Hurricane Irma was anticipated to strike U.S. interests. FEMA initiated INF restrictions on August 28, 2017, as the unobligated balance in the DRF fell below $2.8 billion in the middle of responses to multiple major disasters. FEMA lifted the INF restrictions on October 2, 2017, when the DRF was replenished by a $7.4 billion supplemental enacted on September 8, 2017,[19] and by the release of additional budget authority pursuant to a continuing resolution.[20]

Prior to that implementation, INF restrictions were put into place seven times: each year from 2003 through 2006, as well as each year from 2009 through 2011.[21] After FY2011, when the DRF

[17] FEMA, "FEMA Advisory: FEMA Announces Implementation of Immediate Needs Funding," Office of External Affairs email, August 29, 2003.

[18] FEMA, "Immediate Needs Funding Fact Sheet," Office of External Affairs email attachment, August 29, 2003.

[19] P.L. 115-56, Division B.

[20] P.L. 115-56, Division D, §129.

[21] FEMA, "Immediate Needs Funding Fact Sheet," Office of External Affairs email attachment, August 29, 2003.

came very close to depletion, FEMA changed the internal processes of obligation from the DRF, to maintain unobligated balances longer over the course of regular operations.[22]

Why Did the DRF Run Low in FY2023?

FEMA uses a combination of cost estimates from past (catastrophic and non-catastrophic) disasters where recovery is ongoing, and a 10-year rolling average of non-catastrophic disaster obligations to develop the budget request for the "major disasters" element of the DRF. It does not include funding for any new catastrophic incidents, although it often includes a reserve for initial response to a "significant event."[23]

The amount of time from request to enactment, the fact that new catastrophic incidents are not included, and the reliance on past performance rather than future modeling all contribute to an increased likelihood of annual appropriations action underfunding the DRF.

Issues of Timing

The Administration releases its budget request, following the statutory model, about eight months prior to the start of the fiscal year it funds. The final deadline for agencies to provide new information for the request is approximately one month prior to the budget release. The subsequent nine months involve disasters—and FEMA response efforts—that may not have been covered by the projected levels of activity in FEMA's annual appropriations request.

The focus of the budget request and appropriations process on a single fiscal year also contributes to complications in ensuring adequate DRF funding. Disaster recovery and mitigation efforts often involve evolving multi-year projects, and the timing of those projects may shift for a variety of reasons. This sometimes results in projected obligations shifting into another fiscal year. When focusing on a single year, it may therefore appear that an incident has become more or less expensive, when only an alteration in the schedule of obligations has been made.

Issues of Catastrophic Incidents

The major driver of obligations from the DRF is spending related to catastrophic disasters (i.e., those that cost the DRF more than $500 million each). The annual budget request omits any requirements for potential catastrophic disasters that may occur in the fiscal year the request covers. It also does not include the requirements of any catastrophic disasters that have already occurred (or will occur) in the active fiscal year, when the request was made and being considered.[24] Given those limits and current disaster activity, a shortfall in the request is highly likely.

For the costs of catastrophic disasters that are included in the request, the cost estimations upon which the request is based are sometimes less than reflective of future obligations. Such projected costs are developed from cost estimates, which are in turn developed "from the bottom up" by state and local governments—these are included in FEMA's funding requirement statement for

[22] This reformed approach, known as Strategic Funds Management, obligates certain recovery projects costing more than $1 million on a rolling basis. For details, see FEMA, "Recovery Standard Operating Procedure 9570.24: Strategic Funds Management – Implementation Procedures for the Public Assistance Program," December 21, 2012, https://www.fema.gov/sites/default/files/2020-07/fema_9570.24_startegic-funds-mgmt_SOP_12-21-2012.pdf.

[23] In the FY2024 request, there was a $2 billion reserve for catastrophic incidents, and $1 billion for BRIC mitigation funding.

[24] Based on FEMA reporting on the formulation of the DRF budget request, this has been the case since at least the FY2019 annual appropriations cycle.

the DRF. Readers can track these estimates by declaration within each catastrophic incident. When compared to information on the actual and estimated obligations in FEMA's monthly reporting, significant variances from the original estimate can be noted, even from month to month. An extreme example of this can be seen with the COVID-19 estimates discussed below.

The FY2023 Case Study

The Administration requested $19.74 billion for the costs of major disasters in FY2023. When FY2023 began, however, FEMA's monthly DRF reporting anticipated—with $18.8 billion of continuing appropriations available—exhaustion of the major disasters subaccount of the DRF in June, and a shortfall in that account of almost $12.2 billion by the end of the fiscal year.[25]

Almost three months into the fiscal year, Congress not only provided $205 million more than had been initially requested in disaster relief-designated funding in the annual appropriations measure, it also provided $5 billion in emergency-designated supplemental appropriations in Division N of the Consolidated Appropriations Act, 2023.[26] At the end of December, FEMA's monthly reporting—with almost $25 billion in annual and supplemental appropriations available for FY2023—anticipated exhaustion of the major disasters subaccount of the DRF in July, and a shortfall in that account of more than $12.1 billion by the end of the fiscal year.[27]

Part of the reason for the gap's persistence had to do with projections for obligations related to the COVID-19 pandemic. States and FEMA have struggled to accurately project obligation needs for this novel incident. As noted above, FEMA relies on cost estimates and spend plans for each state to build its overall projection of need. The initial projection for COVID-19 DRF obligations (based on compiled declaration-by-declaration cost estimates) from the FY2023 budget request was $8.7 billion. The initial projection for FY2023, based on compiled spend plans, was close to $19.3 billion—$10.6 billion more than the original projection. Over the course of the fiscal year, the projection rose as high as $25.2 billion in projected obligations,[28] before falling back below $19.8 billion at the end of July.[29]

The most recent monthly DRF report (through the end of August 2023) indicates exhaustion of the major disasters subaccount of the DRF by the end of September 2023, with the exception of a reserve for catastrophic incidents of $2.449 billion.[30] FEMA restricted obligations for major disasters effective September 29, 2023, and estimates this action will delay $8 billion of obligations that would have occurred before the end of FY2023,[31] including:

- $2.5 billion associated with Hurricane Maria;
- $4.5 billion associated with COVID-19 pandemic response;
- $272 million associated with Hurricane Ida;
- $265 million associated with Hurricane Ian; and

[25] FEMA, *Disaster Relief Fund: Monthly Report as of October 31, 2022*, November 8, 2023, p. 4. DRF monthly reports are available at https://www.fema.gov/about/reports-and-data/disaster-relief-fund-monthly-reports.

[26] P.L. 117-328.

[27] FEMA, *Disaster Relief Fund: Monthly Report as of December 31, 2022*, January 11, 2023, p. 4.

[28] FEMA, *Disaster Relief Fund: Monthly Report as of April 30, 2023*, May 3, 2023, p. 7.

[29] FEMA, *Disaster Relief Fund: Monthly Report as of July 31, 2023*, August 8, 2023, p. 7.

[30] FEMA, *Disaster Relief Fund: Monthly Report as of July 31, 2023*, August 8, 2023, p. 16.

[31] FEMA, *Disaster Relief Fund: Monthly Report as of August 31, 2023*, September 11, 2023, p. 4, footnote 7.

- $104 million associated with Hurricane Laura.[32]

FEMA has indicated that BRIC mitigation funding could be redirected to help cover the immediate response and recovery needs pursuant to major disasters once the major disasters subaccount is otherwise depleted.[33] This has never been done before.[34]

Current Timeline of Activity to Replenish the DRF

Discussions at an April 2023 House Appropriations Committee hearing indicated that an additional supplemental request was anticipated to address an expected shortfall[35] in the major disasters subaccount of the DRF for FY2023.[36]

In June 2023, S. 2029 and H.R. 4295 were introduced by Senator Marco Rubio and Representative Jared Moskowitz, proposing supplemental appropriations to replenish the DRF.

On June 21 and July 27, 2023, respectively, the House and Senate Appropriations Committees marked up annual appropriations legislation for the Department of Homeland Security for FY2024, including $20.26 billion for the major disasters subaccount of the DRF. If either bill were to be enacted as currently drafted prior to the end of the fiscal year, those resources would become available as of October 1, 2023.

On August 10, 2023, the Biden Administration submitted a supplemental appropriations request to Congress that included $12 billion for the Disaster Relief Fund, which would cover the projected shortfall at the time and provide additional resources for potential forthcoming catastrophic events.

As noted above, FEMA implemented INF restrictions on August 29, 2023, constraining obligations from the DRF.

On September 1, 2023, OMB spokespersons indicated that the request for the DRF had increased to $16 billion, due to ongoing catastrophic disaster activity.[37] During August 2023, FEMA spent more than $1.3 billion on response to catastrophic wildfires in Hawai'i and Hurricane Idalia.[38]

In September 2024, multiple measures were introduced to provide additional funding for the DRF, including:

- S. 2721 (Sen. Rick Scott), Federal Disaster Responsibility Act;
- H.R. 5343 (Rep. Kat Cammack), Federal Disaster Responsibility Act; and

S.Amdt. 1193 to H.R. 4366 (Sen. Brian Schatz).

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[32] FEMA, *Disaster Relief Fund: Monthly Report as of August 31, 2023*, September 11, 2023, pp. 18-20.

[33] FEMA, *Disaster Relief Fund: Monthly Report as of August 31, 2023*, September 11, 2023, p. 4, footnote 3.

[34] According to FEMA, there was roughly $4.4 billion of available mitigation funding as of the end of August 2023.

[35] At the time, FEMA anticipated that by the end of the fiscal year, funding requirements for major disasters would exceed DRF resources by almost $12 billion.

[36] House Appropriations Committee, "Joyce Remarks at FY24 Budget Hearing for the Federal Emergency Management Agency (As Prepared)," April 18, 2023, available at https://appropriations.house.gov/news/statements/joyce-remarks-fy24-budget-hearing-federal-emergency-management-agency-prepared.

[37] See, for example Joseph Boak, Associated Press "Biden Wants an Extra $4 Billion for Disaster Relief Funding, Bringing the Total Request to $16 Billion," as published by PBS Newshour: https://www.pbs.org/newshour/politics/biden-wants-an-extra-4-billion-for-disaster-relief-funding-bringing-the-total-request-to-16-billion.

[38] While no formal amendment was submitted, it is not unusual for supplemental needs to evolve quickly during the negotiation of a supplemental appropriations bill, and the White House position has been confirmed several times by statements through the media.

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