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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.

The DRF receives appropriations in excess of the annually requested level through annual and supplemental appropriations on a frequent basis. Even so, FEMA has projected that the unobligated balance available to pay the costs associated with major disaster declarations would be inadequate from the beginning of the fiscal year. This occurred both in FY2023 and in FY2024.

On August 29, 2023, FEMA announced the implementation of immediate needs funding restrictions, slowing obligations for long-term recovery and mitigation projects in favor of retaining resources for response and recovery activities. After the DRF received interim budget authority for FY2024, and a supplemental appropriation of $16 billion,[1] that restriction was lifted on October 2, 2023.

Three weeks later, the Biden Administration requested $9 billion in supplemental appropriations for the DRF, to cover the anticipated shortfall and restore a $2 billion reserve to pay the immediate response costs from an otherwise unanticipated large incident.[2] This request has not been acted upon as of the date of publication.

Even after annual appropriations for FY2024 were finalized in March 2024, FEMA reported a projected shortfall of nearly $7.4 billion for the DRF major disasters subaccount in FY2024, with the subaccount being depleted in August 2024, unless steps were taken.[3]

This report summarizes

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

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]

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[1] P.L. 118-15, Division A, Sections 128 and 129.

[2] Office of Management and Budget, "Technical Materials Regarding Critical Funding Needs for FY2024," posted on OMB website, October 25, 2023, https://www.whitehouse.gov/wp-content/uploads/2023/10/Funding-Request-to-Meet-Critical-Needs.pdf, p. 4.

[3] FEMA, *Disaster Relief Fund: Monthly Report as of March 31, 2024,* April 9, 2024, p. 4, footnote 3.

[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.

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, 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

Major Disasters Category

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]

Most public discussion about depletion of the DRF is technically a discussion about depletion of the unobligated balance of the major disasters category of funding, not including the BRIC set-aside.

DRF Base Category

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

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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.

- 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.

Base funding for the DRF cannot be used for the costs of major disasters. Under appropriations law, providing a specific amount for an activity in statute means other resources not specifically designated for that activity cannot be applied to it without specific statutory direction.[13]

DRF Appropriations

Annual and Supplemental

The DRF receives an annual appropriation under FEMA within the Department of Homeland Security Appropriations Act. When that annual appropriation proves inadequate to meet Stafford Act assistance needs, Congress has generally provided supplemental appropriations to ensure adequate resources are available. 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.[14]

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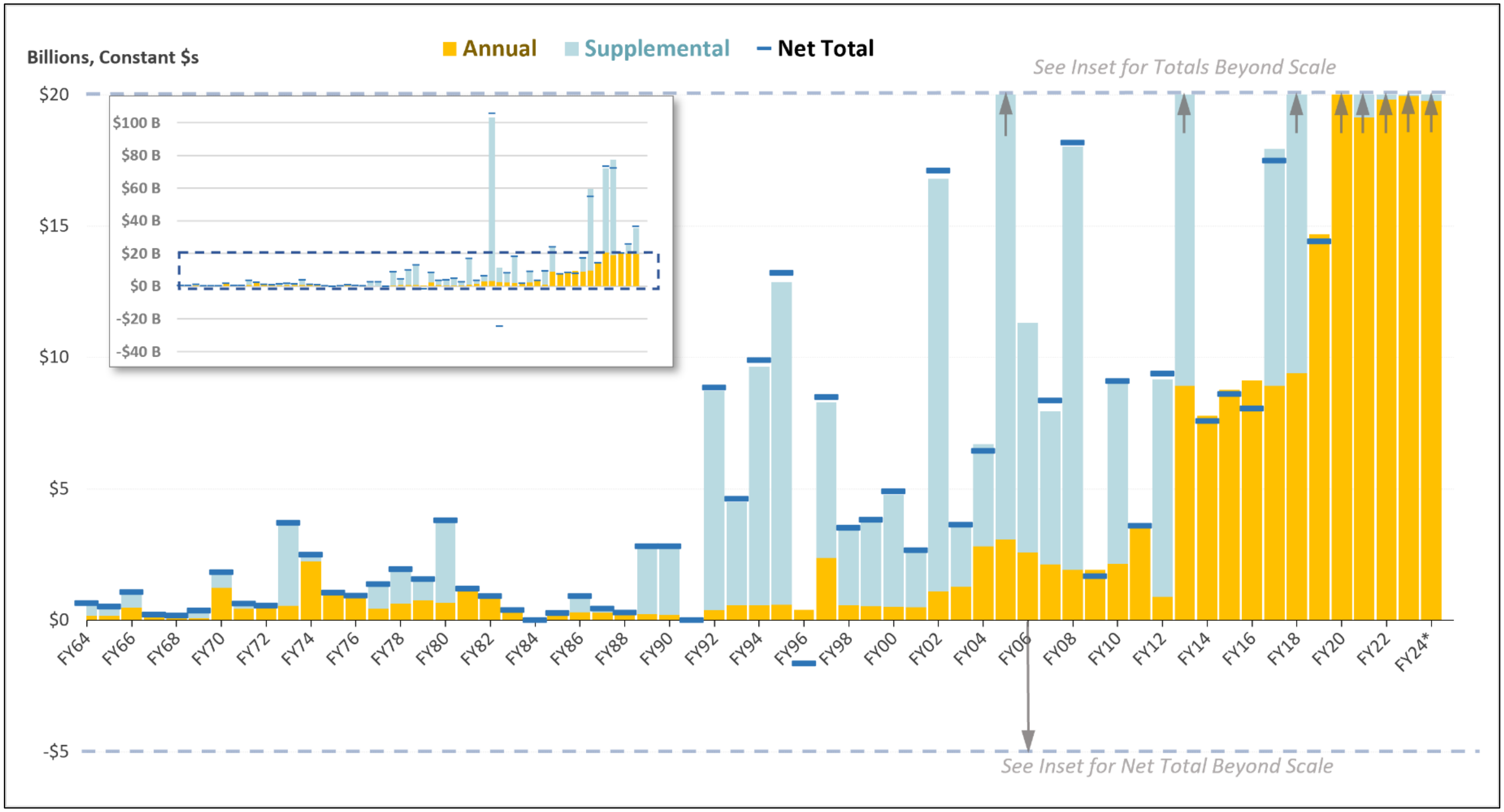
[11] P.L. 112-25.

[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.

[13] See "Augmentation of Appropriations," in Government Accountability Office, *Principles of Appropriations Law* (aka. "the Red Book), Third Edition, Volume II, pp. 6-162 et seq., available at https://www.gao.gov/legal/appropriations-law/red-book.

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

Figure 1. DRF Appropriations History, FY1964-FY2024



Source: CRS analysis of appropriations legislation.

Notes: Totals for FY2005, FY2006, FY2013, FY2018, and FY2020-FY2024, 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 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.[15]

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.[16]

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."[17] This anomaly ensures that budget authority, rather than being slowly apportioned to FEMA like a typical continuing appropriation, 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.

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

[16] 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.

[17] Most recently, P.L. 118-15, Division A, Section 128.

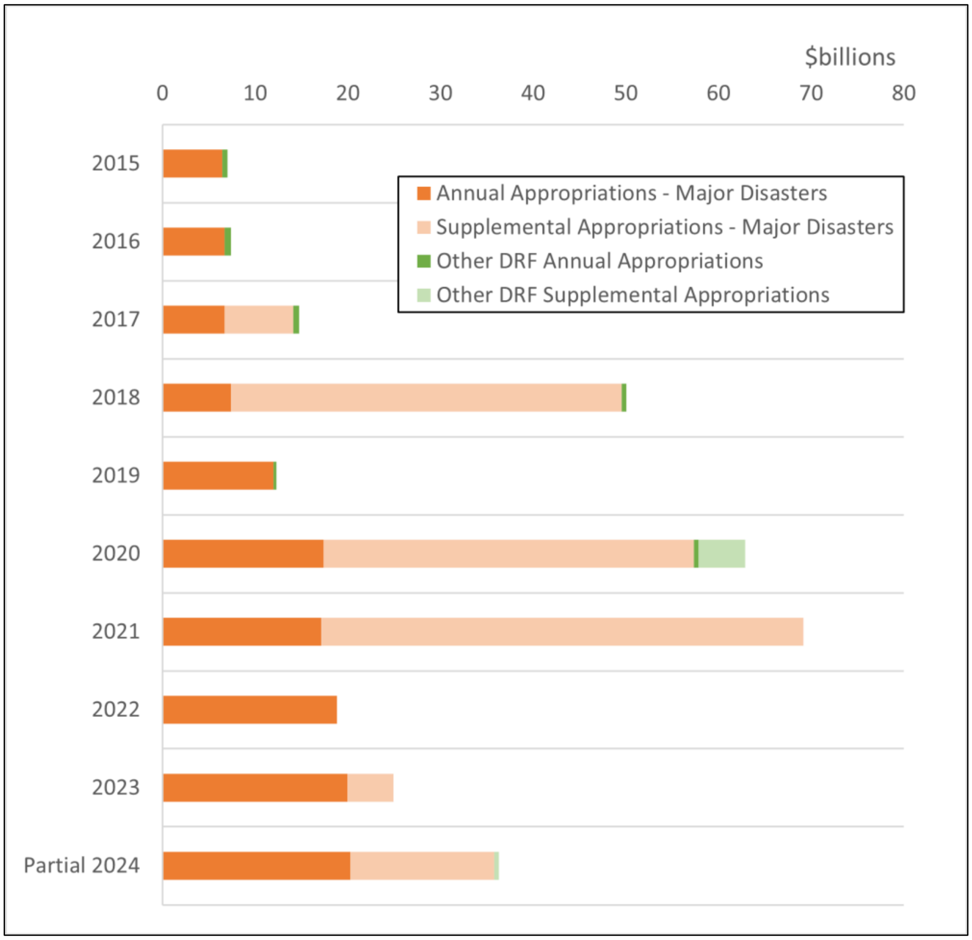
Historical DRF Funding and Obligation Levels

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 shows the total appropriations for the DRF, broken down by annual and supplemental appropriations, as well as the major disasters portion and the DRF base.

Figure 2. DRF Annual and Supplemental Appropriations, FY2015-FY2024

($thousands of nominal budget authority)



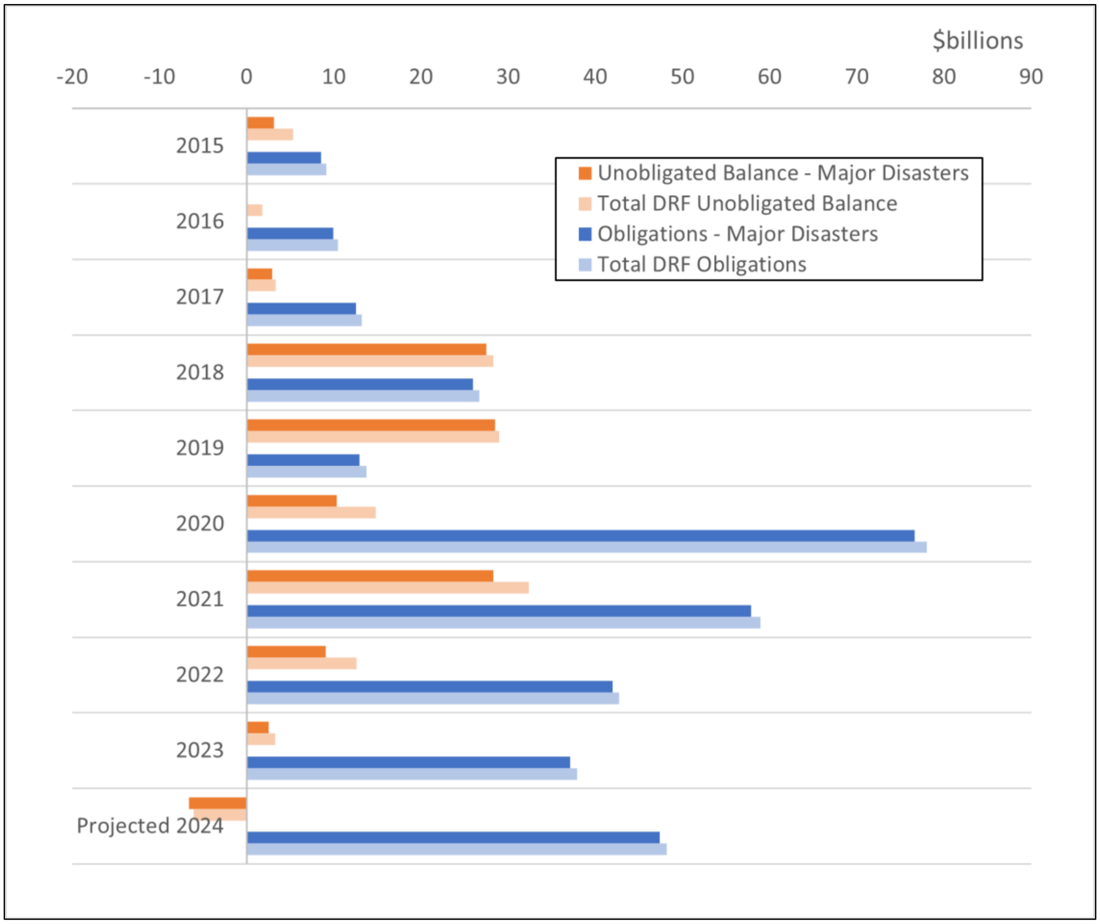
Source: CRS analysis of FEMA monthly DRF reports. Data available in the **Appendix**.

Notes: Information shown reflects data as shown in FEMA's monthly reports, and do not reflect reprogrammings, transfers, or rescissions.

Figure 3 shows the year-ending unobligated balance in the major disasters portion of the DRF, compared to the DRF overall, as well as a similar comparison for obligations. FY2024 data represents FEMA's latest projection for the end of the fiscal year as of the end of June 2024, if obligations continue as currently expected. Note the declining unobligated balances from year to year after FY2020, while overall rates of obligation have remained high, and the anticipated shortfall for FY2024.

Figure 3. DRF Unobligated Balances and Obligations, FY2015-FY2024

(nominal $billions of budget authority, as recorded at the end of the fiscal year)



Source: CRS analysis of FEMA monthly DRF reports. Data available in the **Appendix**.

Notes: As "obligated" is not an end-state for budget authority, obligated funding levels rise and fall for a variety of reasons. These figures represent snapshots in time of how things stood after closeout of the financial records for that fiscal year, as reflected in Appendix A of the monthly reports.

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."

FY2023 Case Study

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."[18] The unobligated balance in the DRF was $3.4 billion that morning.

FEMA 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).[19]

On October 2, 2023, after enactment of a continuing resolution[20] that provided up to $19.95 billion in temporary budget authority for the DRF through November 17, 2023, and a $16 billion supplemental appropriation ($15.50 billion for the costs of major disasters, and $500 million for the DRF base), FEMA announced the suspension of the INF restriction.[21]

Other Recent Cases

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,[22] and by the release of additional budget authority pursuant to a continuing resolution.[23]

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.[24] After FY2011, when the DRF 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.[25]

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

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

[20] P.L. 118-15.

[21] FEMA, "Continuing Resolution Allows FEMA to Lift Restrictions on Disaster Relief Funding," October 3, 2023, press release (FEMA Release Number HQ-23-205), https://www.fema.gov/press-release/20231003/continuing-resolution-allows-fema-lift-restrictions-disaster-relief-funding.

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

[23] P.L. 115-56, Division D, §129.

[24] FEMA, "Immediate Needs Funding Fact Sheet," Office of External Affairs email attachment, August 29, 2023.

[25] 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.

FEMA indicated in recent years 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.[26] The mitigation funding set-aside has never been actually used in this way before.[27]

Why Does the DRF Run Low?

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 in recent years it has included a reserve for initial response to a "significant event."[28]

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.

For further discussion, see CRS Report R45484, *The Disaster Relief Fund: Overview and Issues*, by William L. Painter.

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

[27] According to FEMA, there was roughly $4.6 billion of available mitigation funding as of the end of June 2024.

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

Appendix. Data Tables

Table A-1. DRF Annual and Supplemental Appropriations, FY2015-FY2024

($thousands of nominal budget authority)

Fiscal Year	Annual Appropriations—Major Disasters	Supplemental Appropriations—Major Disasters	Other DRF Annual Appropriations	Other DRF Supplemental Appropriations
2013	6,400	11,488	608	0
2014	5,626	0	595	0
2015	6,438	0	595	0
2016	6,713	0	661	0
2017	6,713	7,400	615	0
2018	7,366	42,170	535	0
2019	12,000	0	258	0
2020	17,352	40,000	511	5,000
2021	17,142	52,000	0	0
2022	18,799	0	0	0
2023	19,945	5,000	0	0
2024 (Provided as of 6/30/2024)	20,261	15,500	0	500

Source: CRS analysis of FEMA monthly DRF reports.

Notes: Information shown reflects data as shown in FEMA's monthly reports, and do not reflect reprogrammings, transfers, or rescissions.

Table A-2. DRF Unobligated Balances and Obligations, FY2015-FY2024

(nominal $billions of budget authority, as recorded at the end of the fiscal year)

Fiscal Year	Unobligated Balance—Major Disasters	Total DRF Unobligated Balance	Obligations—Major Disasters	Total DRF Obligations
2013	6,682	8,492	10,435	11,005
2014	4,968	6,978	7,754	8,540
2015	3,133	5,317	8,545	9,120
2016	85	1,819	9,954	10,479
2017	2,966	3,356	12,562	13,207
2018	27,500	28,285	25,932	26,693
2019	28,470	28,975	12,943	13,763
2020	10,347	14,835	76,598	78,041
2021	28,327	32,364	57,870	58,911
2022	9,110	12,624	41,987	42,744

2023	2,547	3,261	37,126	37,893
2024 (Projected as of 6/30/2024)	-6,585	-6,055	47,397	48,217

Source: CRS analysis of FEMA monthly DRF reports.

Notes: As "obligated" is not an end-state for budget authority, obligated funding levels rise and fall for a variety of reasons. These figures represent snapshots in time of how things stood after closeout of the financial records for that fiscal year, as reflected in Appendix A of the monthly reports.

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