

LEGISLATIVE UPDATE – FY18 Federal Budget

TO: NEMA State Directors
FROM: NEMA Legislative Committee
DATE: February 9, 2018
SUBJECT: Action on FY18 Continuing Resolution, Supplemental, and Two-Year Budget Deal

SUMMARY

Early this morning Congress passed legislation including a continuing resolution (CR) to fund government operations through March 23, providing time for completion of FY18 appropriations bills. While yesterday there was a procedural back and forth between Senators resulting in a brief shutdown overnight, the legislation ultimately passed the upper chamber at around 2 a.m. The House proceeded to pass the measure three hours later then prompting President Trump to sign it into law. The CR provides \$89.3 billion in additional emergency disaster relief for states and communities affected by recent hurricanes, wildfires, and other disasters. Finally, it contains a two-year agreement setting defense and non-defense spending levels for FY18 and FY19.

CONTINUING RESOLUTION

The CR has no direct impact on FEMA or DHS other than extending funding levels through March 23. Additionally, FY18 appropriations must be finalized prior to certain items like grants are awarded, however this is expected to be completed on March 23.

SUPPLEMENTAL

Intended to specifically address the active 2017 disaster season, the supplemental package include \$89.3 billion in additional funding for a range of Federal programs. Overall highlights from the Supplemental include:

- \$23.5 billion for the Disaster Relief Fund to cover total estimated needs for Hurricanes Harvey and Irma, and FY18 estimated needs for Hurricane Maria.
- \$17.39 billion for the U.S. Army Corps of Engineers, largely targeted for projects to reduce the risk of future damages from flood and storm events.
- \$28 billion for the Department of Housing and Urban Development Community Development Fund (CDBG) to help communities rebuild damages homes, buildings, and infrastructure.
- \$1.65 billion to the Small Business Administration to further support the disaster loan program, and \$600 million to the Department of Commerce for Economic Development Administration grants.
- \$2.46 billion to restart operations at elementary and secondary schools affected by the hurricanes and wildfires, and for temporary assistance for schools serving elementary and secondary school students displaced by the disasters.

- \$2.12 billion for Federal facility repairs including those for the Department of Defense, Coast Guard, Customs and Border Patrol, and Veterans Affairs.

Leading into last night, all signs pointed to the package including several reforms which became known as the Disaster Recovery Reform Act (DRRA). In the end, however, only three of the smaller DRRA provisions survived. Most of the supplemental language for FEMA focused on direct support to Puerto Rico and the U.S. Virgin Islands. The provisions included:

- \$60 million for personnel, acquisition support, and information technology systems necessary to respond to Hurricanes Harvey, Irma, and Maria and to repair damaged public alert and warning infrastructure in Puerto Rico and the U.S. Virgin Islands.
- Authority for the Administrator to waive the requirement to assess the pre-disaster condition of critical utilities in Puerto Rico and the U.S. Virgin Islands where the assessing pre-disaster condition of such utilities cannot be determined.
- Allowing hazard mitigation assistance to recipients of Fire Management Assistance Grants in fiscal years 2017 and 2018.
- Making religious non-profit organizations eligible for Public Assistance as their secular counterparts.
- Paying eligible overtime to Federal employees who responded to Hurricanes Harvey, Irma, and Maria.
- Extending the period local government revenue loss as a result of Hurricanes Harvey, Irma, and Maria can be considered for the purpose of Community Disaster Loans.
- Making the Federal cost share 90 percent for debris removal costs related to disasters declared as a result of a wildfire in 2017.
- Allowing the President to increase the federal cost share for certain disaster assistance from 75 to 85 percent if recipients have taken steps to make themselves more resilient against disasters.

Should you have interest in funding provided agencies or programs not listed above, a full summary of the supplemental can be viewed here:

<https://www.appropriations.senate.gov/imo/media/doc/020718-SUPPLEMENTAL-SUMMARY.pdf>

TWO-YEAR BUDGET DEAL

Finally, the legislation established new spending caps for FY18 and FY19. The deal increases defense spending by \$80 billion in fiscal year 2018 and by \$85 billion in fiscal year 2019, while raising non-defense spending by \$63 billion and \$68 billion respectively. It also suspends the debt ceiling until March 2019.

Should you have any questions, please feel free to contact the following NEMA staff:

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