

LEGISLATIVE UPDATE –President’s FY19 Budget Request

TO: NEMA State Directors
FROM: NEMA Legislative Committee
DATE: February 12, 2018
SUBJECT: Release of the President’s FY19 Budget Request

Department-Wide Summary

Today the White House released the President’s budget request for Fiscal Year 2019 (FY19). Overall, the Department of Homeland Security realizes a \$3.4 billion (8 percent) increase above FY17 levels. More than half that increase, however, is for border and immigration enforcement. Highlights include:

- \$1.9 billion for FEMA grants including proposals to institute a non-Federal cost-share and eliminate the National Domestic Preparedness Consortium.
- \$7.23 billion for the Disaster Relief Fund (DRF).
- Support for previously-stated administration positions for National Flood Insurance Program (NFIP) rate increases and an expansion of the private market.
- \$1 billion for the National Protection and Programs Directorate (NPPD) to support efforts to safeguard the Federal Government’s civilian information technology systems against cybersecurity threats and support sharing of cybersecurity information with State, local, and tribal governments.
- Supports the reorganization of the Domestic Nuclear Detection Office (DNDO) and Office of Health Affairs (OHA) into the Countering Weapons of Mass Destruction Office.

Federal Emergency Management Agency (FEMA)

Proposed funding levels for FEMA mirror those of the FY18 request. FEMA’s Federal Assistance (grants) account take a sizeable reduction, the DRF is funded at the maximum allowed under the Disaster Cap Adjustment of the Budget Control Act, and Operations & Support is largely level-funded to previous years. Given the timing of budget formulation, the request came with an addendum to reflect the two-year budget deal Congress passed last week. In total, DHS received \$1.49 billion in additional funds through the addendum, of which, \$522 million is intended for FEMA.

The addendum provides an additional \$522 million to FEMA’s Federal Assistance (grants) account. The funding is meant to support a new, competitive, all-hazards preparedness grant program which would require grantees to measure results in reducing preparedness capability gaps and require robust evaluation. No additional details are provided in the addendum.

Additional Proposals

- **DRF & the Disaster Cap.** The Budget Control Act of 2011 established a formula utilizing a 10-year rolling average for calculating an annual allowance by which spending caps could be adjusted for disaster spending. This adjusted cap is utilized by FEMA (for the DRF), the Departments of Transportation, Agriculture, and Housing and Urban Development, and the U.S Army Corps of Engineers. The high-water mark of this cap adjustment was \$18.4 billion in FY15. By intent or flawed design, the formula does not take emergency funds into consideration which drives the available amount down each year. If Congress appropriates expected amounts for FY18, the estimated cap will be \$7.4 billion. The FY19 request utilizes all but \$734 million.

In the absence of a fix to this disaster cap calculation, day-to-day DRF disaster activity will once again be forced to rely on delayed supplemental funding potentially several times a year. The FY19 budget proposes changes to the Budget Control Act of 2011 allowing all previously unspent amounts and five percent of emergency appropriations to be included in the calculation.

- **Wildfires.** The budget includes a proposal to amend the Budget Control Act of 2011 to include the Department of Interior in the above-mentioned disaster cap adjustment to appropriately budget for wildfire management. This proposal, coupled with the suggested changes for the cap calculation would finally put to rest long-fought battles on the need to adequately fund wildfire fighting.
- **NFIP.** The administration intends to utilize FY19 to have FEMA move forward with signaling to homeowners the true cost associated with living in a floodplain through premium increases for policyholders paying premiums that are less than full risk.
- **Cost-Share.** Recommends a 25 percent cost-share on SHSGP, UASI, and Transit grants.
- **Rescission.** Rescinds \$300 million from base DRF funds. These funds are typically unobligated by the agency or recovered from prior disasters.

Since Congress not yet completed the FY18 budget, all figures included below represent funding levels under the current continuing resolution.

<i>(in thousands)</i>	FY18 (CR)	FY19 Request
Operations & Support	1,089	1,083
Federal Assistance (Grants)	2,983	2,160
State Homeland Security Grant Program	467	349
Urban Area Security Initiative	605	449
Public Transportation Security Assistance	100	36
Port Security	100	36
Assistance to Firefighters (SAFER/AFG)	690	689
Emergency Management Performance Grants (EMPG)	350	279
Predisaster Mitigation Grant Program (PDM)	100	39
RiskMAP	178	100
Emergency Food & Shelter	120	0
Training & Exercises	274	145
Disaster Relief Fund (DRF)	7,329	7,234
Base Disaster Relief	616	582
Disaster Cap Adjustment	6,713	6,652

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

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