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Office of Information and Regulatory Affairs, Office of Management and Budget.  
Desk Officer for the Department of Homeland Security, Federal Emergency Management Agency,

In comment to the F.R. Docket ID FEMA-2020-0038, Cost of Assistance Estimates in the Disaster Declaration Process for the Public Assistance Program, NEMA submits comments on behalf of the emergency management directors of the 50 states, U.S. territories, and the District of Columbia.

The proposed rule by FEMA exacerbates the uncertainty states are already facing due to the current and severe economic downturn as a result of the COVID-19 pandemic. The proposal does not reduce national disaster costs; rather, it simply shifts costs to states and local governments when they can least afford it. The PEW Research Center projects a historic state tax revenue drop for FY2020: "Total state tax revenue was down \$46.4 billion from its pre-pandemic level in the four quarters ending June 30, 2020—the past budget year for nearly all states." Further in their analytical projections, "projected that state general fund revenue losses would total \$173 billion nationwide from fiscal 2020 through fiscal 2022, compared with inflation-adjusted fiscal 2019 levels."<sup>1</sup> With predicting the outcome of state revenue on a national scale, implementing such shifts in fiscal recovery would be untimely and proves disastrous to those underserved populations and communities that need disaster assistance the most.

Utilizing the total taxable resources (TTR) as the basis to determine thresholds for a cost of assistance reflects a state's fiscal potential, not the reality. The TTR was designed from methodology of the late 1980's to evaluate federal programs for community mental health services and the substance abuse prevention and treatment block grants. Although still vital in effort and equal in importance, the elements involved for those programs compared to the impacts disasters place on communities currently are not the same. As defined by the U.S. Treasury, the TTR "is the Treasury's estimates of the fiscal capacities of the states."<sup>2</sup> Capturing the potential resource does not provide adequate numbers needed to illustrate what a state has available for disaster recovery nor does it consider the cost of living adjustments among the states. More importantly, this source does not reflect an equitable



playing field for all economic levels within each state as well as between states and regions. Wealth does not correspond to need in a disaster situation.

This proposal does not take into consideration the direct impact on mitigation and other federal disaster assistance programs. Fewer disaster declarations for Public Assistance ultimately results in reduced mitigation funding, such as the Building Resilience Infrastructure and Communities (BRIC) program, that states can utilize to address future disaster impacts. Further, without a federal disaster declaration, states also lose the opportunity to leverage other federal programs that serve to restore impacted communities and assist individuals such as the Community Development Block Grant Disaster Recovery (CDBG-DR) Program and the Disaster Supplemental Nutrition Assistance (D-SNAP) Program.

The vast majority of disasters are handled at the state and local level, and never require federal assistance. States consistently invest in disaster preparedness and building capabilities to effectively respond and recover. It is important that in addition to the consideration of the state per capita indicator, that local impact as well as cumulative impact of smaller and non-declared events be considered to show true fiscal impact to communities affected by disasters of all sizes. Otherwise, the recovery of communities may be delayed due to scarcity of resources as well as reduced fiscal capacity.

An improved disaster cost reduction evaluation for FEMA assistance is in need. However, NEMA recommends a pause to the proposed rule and strongly encourages FEMA to form a work group of key stakeholders, including NEMA, to collaborate on innovative ideas that serve to reduce disaster costs in a fair and equitable manner.

Thank you for the opportunity to comment,

Sima Merick  
NEMA President

<sup>1</sup> [https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50?utm\\_campaign=2021-02-19+SPU&utm\\_medium=email&utm\\_source=Pew#ind0](https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50?utm_campaign=2021-02-19+SPU&utm_medium=email&utm_source=Pew#ind0)

<sup>2</sup> <https://home.treasury.gov/policy-issues/economic-policy/total-taxable-resources>