State Disaster Funds- Building Fiscal Preparedness in Emergency Management

Policy Primer | September 2025

Background

With the future federal role in disaster response and recovery uncertain, states are tasked with being prepared to manage disasters with potentially fewer resources. Simultaneously, as shown in Figure 1, disasters have expanded in intensity, cost, and frequency. This dynamic poses a significant risk to states' financial stability with costlier disasters and less federal assistance. Proactive budgeting is essential for enabling states to address this risk and respond to and recover from disasters effectively. To best prepare for this shift, states should seek to identify stable, flexible, and easily accessible funding sources.

Select Time Period Comparisons of United States Billion-Dollar Disaster Statistics (CPI-Adjusted)

Time Period	Billion-Dollar Disasters	Events/Year	Cost	Percent of Total Cost	Cost/Year	Deaths	Deaths/Year
1980s (1980-1989)	33	3.3	$219.8B	7.5%	$22.0B	3,017	302
1990s (1990-1999)	57	5.7	$335.3B	11.5%	$33.5B	3,075	308
2000s (2000-2009)	67	6.7	$621.6B	21.3%	$62.2B	3,102	310
2010s (2010-2019)	131	13.1	$994.7B	34.1%	$99.5B	5,227	523
Last 5 Years (2020-2024)	115	23.0	$746.7B	25.6%	$149.3B	2,520	504
Last 3 Years (2022-2024)	73	24.3	$461.6B	15.8%	$153.9B	1,534	511
Last Year (2024)	27	27.0	$182.7B	6.3%	$182.7B	568	568
All Years (1980-2024)	**403**	**9.0**	**$2,918.1B**	**100.0%**	**$64.8B**	**16,941**	**376**

https://www.ncei.noaa.gov/access/billions/

Figure 1 *shows that the average number of billion-dollar disaster events across all disasters per year in the past five years (2020-2024) has been approximately 1.75 times higher than during the 2010s, and disaster costs across all disasters have reached nearly 75% of the total spent in the entire previous decade.*

Budgeting for Disasters

As state emergency management agencies' (EMAs) missions expand, so do the range of threats and responsibilities they are expected to address, from large-scale events like the Olympics and the FIFA World Cup to cybersecurity and nation-state threats. While this broadened scope underscores the essential nature of their agencies, it also stretches their capacity and budgets.

Thirty-nine states indicated they had provided support for at least one non-traditional mission, or one that fell outside of the scope of emergency management duties or was not recognized as a federal Robert T. Stafford Act emergency or disaster[1]. For example, thirty states identified that they had provided support for civil unrest or protest missions[2].

Despite the growing mission of state EMAs, the resources needed to handle this expansion are not keeping pace. For instance, staffing and funding are among the top concerns for state emergency management directors.[3] With more responsibilities competing for already limited resources and disasters growing in frequency and severity, this can quickly overwhelm available funds.

1 National Emergency Management Association, "Biennial Report 2024," 2024, 17.
2 Ibid.
3 Argonne National Laboratory, "Emergency Management Organizational Structures, Staffing, and Capacity Study: State, Local, and Territory Findings Report," July 2025, 86.

This dynamic demonstrates the need for a strategic approach to funding disaster response and recovery. A reliable, secure funding source best positions state EMAs to provide a rapid and thorough response and recovery. Preventing the need to wait for federal aid or reallocating funds from other critical missions or functions of state governments.

These investments reflect a growing acknowledgement that state funding for response and recovery efforts is vital. They also highlight the need for enhanced state investment to mitigate the risk of being ill-equipped to absorb disaster expenses, with reduced federal support on the horizon.

States have already begun to adopt policies that allow for proactive emergency management budgeting. For example, thirty-four states, the District of Columbia, and Puerto Rico have rainy day funds that are accessible for disaster-related costs [4]. Additionally, over two-thirds of states and the District of Columbia have dedicated funds to address disasters independent of rainy-day funds [5].

4 National Emergency Management Association, “State Disaster Funding Mechanism,” 2025.
5 Ibid.

Disaster Funds and Their Uses

A disaster fund, or a state-managed account where states hold funds meant to address disaster-related costs, is an optimal solution to a growing number of disasters and the increased demand on state EMAs. Disaster funds are dedicated pools of resources used to finance various expenses for eligible stakeholders, including political subdivisions, state agencies and entities, non-profits, etc., related to events such as hurricanes, wildfires, pandemics, or other disasters or emergencies.

Funds are legislatively created, with revenue collected from appropriations, taxes or fees, federal reimbursements, or other sources. Then, administrators of the fund direct money to support eligible programs and uses. States manage these funds, ensuring accountability while preserving the versatility of funds. During disasters, this flexibility is especially valuable. States may draw on reserves quickly regardless of the type and impact of an event. Moreover, disaster funds support proactive budgeting. Developing reserves in advance with revenue sources from steady streams and supplemental appropriations expedites response and recovery and protects states against financial uncertainty.

For these accounts to be most effective, a reliable source of funds that is flexible in use and has a straightforward process for accessing funds should be established. Ideally, funds will be managed directly by the state EMA or readily accessible to their authorized representative for quicker funding deployment.

This primer highlights disaster fund models in states with varying disaster threats to better understand how these programs can provide a crucial tool for states to budget for disasters. It also examines key considerations for program design, eligibility requirements, triggering mechanisms, and funding sources.

Disaster funds are intentionally flexible, allowing them to support a variety of disaster-related expenses, such as:

- Emergency response operations
- Continuity of government services
- Disaster recovery grants or loans
- Federal match requirements or bridging delays in federal aid
- Infrastructure repairs and resilience investments
- Advance reimbursement to resource providers for mutual aid deployments

Disaster Funds in Action

MODEL CHARACTERISTICS:

- **The state EMA directly administers the fund**
- **Provides funding for response, recovery, and mitigation expenses**
- **Incentivizes participation in the National Flood Insurance Program at the local level**

OHIO STATE DISASTER RELIEF PROGRAM

PROGRAM OVERVIEW:

The Ohio State Disaster Relief Program (SDRP) is administered by the Ohio EMA and is designed to assist local governments and non-profits following disasters. Funds are meant to supplement other revenue sources. The program offers cost-sharing between the Ohio EMA and the applicant. It may cover 50% of eligible regular-time labor costs and 75% of eligible work costs. The program is intended to assist with costs associated with damage repairs, debris removal, emergency protective measures, pre-approved mitigation projects, and recognized search and rescue teams.

ELIGIBILITY:

Political subdivisions and non-profit organizations may receive funding. Eligible non-profits include educational, utility, emergency, irrigation, medical, or custodial care facilities, and other facilities providing health and safety-type services to the general public. A damage assessment must be completed to prove eligibility, and costs must meet a county-wide per capita requirement. During flood events, applicants must participate in the National Flood Insurance Program.

TRIGGERING MECHANISM:

The SDRP is accessible when the governor's written authorization and funding approval from the State Controlling Board have been received. Applicants must be a part of the designated area approved for funds by the governor to be eligible.

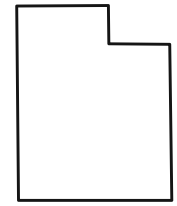
FUNDING SOURCE:

The primary source of funding is legislative appropriations.

UTAH STATE DISASTER RECOVERY RESTRICTED ACCOUNT

MODEL CHARACTERISTICS:

- **Clearly defined trigger for activation**
- **Incentivizes participation in the Emergency Management Assistance Compact**
- **Flexible use of funds**



PROGRAM OVERVIEW:

The Utah State Disaster Recovery Restricted Account is designed to provide funds to cover disaster response and recovery operation costs. Each fiscal year, the Utah Division of Emergency Management may expend up to $3,000,000 to cover expenses in response to a local, state, or federally declared disaster. If funds are expected to exceed this amount, then approval from the governor and notification to legislative leaders is required. Other allowable costs include paying the state's deductible in the event of an earthquake, covering some expenses incurred by the National Guard, and funding the Local Governments Emergency Response Loan Fund and the Disaster Response, Recovery, and Mitigation Restricted Account. The funds may also be directed to provide advance funding for reimbursement of expenses for resource providers who offer assistance through the Emergency Management Assistance Compact.

ELIGIBILITY:

State entities are eligible for funds.

TRIGGERING MECHANISM:

Funds can be accessed during a local, state, or federally declared disaster.

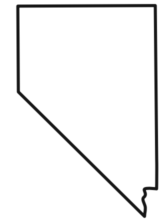
FUNDING SOURCE:

The primary source of funding is annual appropriations, but only in years when the state has a general fund revenue surplus.

NEVADA EMERGENCY ASSISTANCE ACCOUNT

MODEL CHARACTERISTICS:

- **Funding directly available to the Office of Emergency Management**
- **Funding may be directed to preparedness efforts such as training, equipment, and supplies**
- **Formal disaster declaration not needed**



PROGRAM OVERVIEW

The Nevada Emergency Assistance Account is designed to provide additional funds to state or local governments severely affected by disasters. The Account may cover expenses incurred by the Office of Emergency Management or local governments, responding to a natural, technological, or man-made emergency or disaster, where existing resources are inadequate. The Office of Emergency Management administers the funds, which may be directed under the Administrator's discretion during emergencies. Funds up to $250,000 may also be used at the end of the fiscal year, with approval from the Interim Finance Committee, to purchase equipment or supplies for emergency management or to train personnel if there is a remaining balance at the end of the fiscal year. With legislative approval, funds may be used for additional purposes.

ELIGIBILITY:

State and local government entities are eligible.

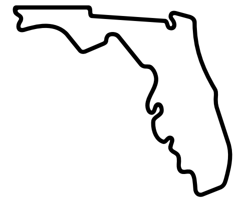
TRIGGERING MECHANISM:

Funds can be accessed during emergencies at the discretion of the Administrator of the Office of Emergency Management. A formal disaster declaration is not required.

FUNDING SOURCE:

The account receives a transfer of funds from the interest earned during the prior fiscal year on the money in the Disaster Relief Account. The account may also receive revenue from direct appropriations.

FLORIDA EMERGENCY PREPAREDNESS AND RESPONSE FUND



PROGRAM OVERVIEW:

The Emergency Preparedness and Response Fund (EPRF) is a trust fund created within the Florida Office of the Governor. The moneys deposited in the EPRF are available as a primary funding source for the Governor for purposes of preparing or responding to a disaster declared by the Governor as a state of emergency that exceeds regularly appropriated funding sources. In the 2025 legislative session, Florida legislators agreed to appropriate $500 million to the EPRF.

ELIGIBILITY:

The EPRF is available to serve as a funding source for the Governor for purposes of preparing or responding to a disaster. This includes working with other Florida state agencies and local government entities that may need assistance related to a declared event.

TRIGGERING MECHANISM:

EPRF funds may be utilized for the purpose of preparing or responding to a disaster declared by the Governor.

FUNDING SOURCE:

The EPRF is primarily funded by direct appropriation. Reimbursement for eligible costs are deposited into the fund. In the event additional funding is needed, the Agency may seek additional funding through a meeting of the State's Legislative Budget Commission, made up of state representatives and state senators, and organized and defined by Florida Law.

MODEL CHARACTERISTICS:

- **Funding may be used in conjunction with the State Executive's Order**
- **Provides funding beyond regularly appropriated funding sources**
- **Legislatively appropriated and receipt of reimbursement for eligible costs**

Conclusion

A dedicated disaster fund is an optimal form of funding for states to prepare to respond to and recover from disasters. It allows states to proactively budget to expedite response and recovery and shore up economic liabilities they may face without a disaster fund.

State disaster funds vary in design, but should have a reliable revenue source, ideally be independent of federal action, and allow for quick access to funds for an expedited recovery process. With the federal role under increased scrutiny and disasters posing a significant risk to state budgets, it is paramount to explore the development of a state-funded, dedicated disaster fund. Finally, sustained investment in emergency management agencies is also necessary to address the limited resources and growing demands of state EMAs.

For more information on NEMA, visit www.nemaweb.org.

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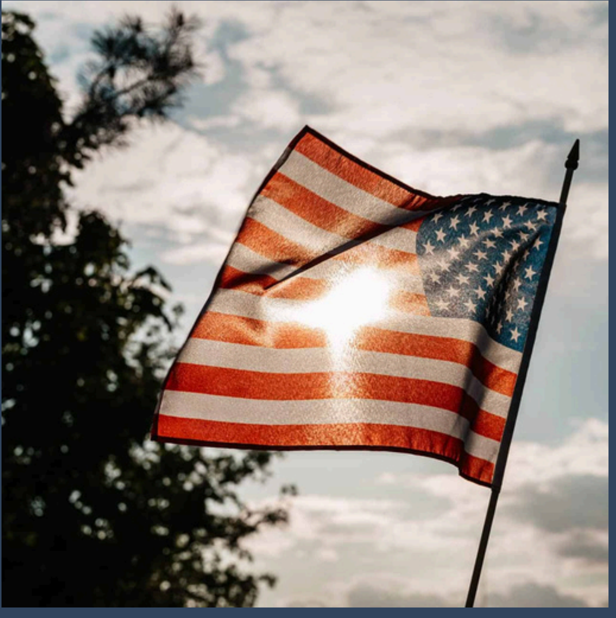

Key Takeaways

- **Legislative Authority and Clear Governance that Provides Legal Clarity**. Define fund purpose, eligible use, and oversight.

- **Defined Criteria for Fund Activation to Avoid Delays or Misuse.** Include trigger mechanisms based on disaster declarations, thresholds of damage, or local requests. Allow for both immediate response and long-term recovery uses.

- **Flexibility in Use.** Disasters vary widely; rigid rules can hinder response. Cover a range of activities—evacuation, debris removal, temporary housing, etc. Allow pre-disaster mitigation and preparedness spending if appropriate.

- **Rapid Disbursement Mechanism.** Time is critical in disaster response. Implement streamlined procedures for fund release and pre-approved emergency spending authority for designated officials.

- **Transparency and Accountabilit**y. Require regular public reporting on fund balance, disbursements, and outcomes. Also, independent audits and legislative oversight.

- **Adequate Reserves and Replenishment Plans.** Implement strategies that prevent fund depletion during successive or large-scale events and include replenishment triggers.