105TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 105–682

DISASTER MITIGATION ACT OF 1998

AUGUST 6, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SHUSTER, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 3869]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 3869) to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize programs for predisaster mitigation, to streamline the administration of disaster relief, to control the Federal costs of disaster assistance, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Disaster Mitigation Act of 1998".

SEC. 2. AMENDMENTS TO ROBERT T. STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT.

Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision of law, the reference shall be considered to be made to a section or other provision of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

TITLE I—PREDISASTER HAZARD MITIGATION

SEC. 101. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) greater emphasis needs to be placed on identifying and assessing the risks to State and local communities and implementing adequate measures to reduce losses from natural disasters and to ensure that critical facilities and public infrastructure will continue to function after a disaster;

(2) expenditures for post-disaster assistance are increasing without commensurate reduction in the likelihood of future losses from such natural disasters;

(3) a high priority in the expenditure of Federal funds under the Robert T. Stafford Disaster Relief and Emergency Assistance Act should be to implement predisaster activities at the local level; and

(4) with a unified effort of economic incentives, awareness and education, technical assistance, and demonstrated Federal support, States and local communities will be able to increase their capabilities to form effective community-based partnerships for mitigation purposes, implement effective natural disaster mitigation measures that reduce the risk of future damage, hardship, and suffering, ensure continued functioning of critical facilities and public infrastructure, leverage additional non-Federal resources into meeting disaster resistance goals, and make commitments to long-term mitigation efforts in new and existing structures.

(b) PURPOSE.—It is the purpose of this title to establish a predisaster hazard mitigation program that—

(1) reduces the loss of life and property, human suffering, economic disruption, and disaster assistance costs resulting from natural hazards; and

(2) provides a source of predisaster hazard mitigation funding that will assist States and local governments in implementing effective mitigation measures that are designed to ensure the continued functioning of critical facilities and public infrastructure after a natural disaster.

SEC. 102. STATE MITIGATION PROGRAM.

Section 201(c) (42 U.S.C. 5131(c)) is amended—

(1) by striking "and" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting "; and"; and

(3) by adding at the end the following:

"(3) set forth, with the ongoing cooperation of local governments and consistent with section 409, a comprehensive and detailed State program for mitigating against emergencies and major disasters, including provisions for prioritizing mitigation measures.".

SEC. 103. DISASTER ASSISTANCE PLANS.

Section 201(d) is amended to read as follows:

"(d) GRANTS FOR DISASTER ASSISTANCE AND HAZARD IDENTIFICATION.—The President is authorized to make grants for—

"(1) not to exceed 50 percent of the cost of improving, maintaining, and updating State disaster assistance plans including, consistent with section 409, evaluation of natural hazards and development of the programs and actions required to mitigate such hazards; and

"(2) the development and application of improved floodplain mapping technologies that can be used by Federal, State, and local governments and that the President determines will likely result in substantial savings over current floodplain mapping methods.".

SEC. 104. PREDISASTER HAZARD MITIGATION.

Title II (42 U.S.C. 5131–5132) is amended by adding at the end the following:

"SEC. 203. PREDISASTER HAZARD MITIGATION.

"(a) GENERAL AUTHORITY.—The President may establish a program to provide financial assistance to States and local governments for the purpose of undertaking predisaster hazard mitigation activities that are cost effective and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

"(b) PURPOSE OF ASSISTANCE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a State or local government that receives financial assistance under this section shall use the assistance for funding activities that are cost effective and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

"(2) DISSEMINATION.—The State or local government may use not more than 10 percent of financial assistance it receives under this section in a fiscal year for funding activities to disseminate information regarding cost effective mitigation technologies (such as preferred construction practices and materials), including establishing and maintaining centers for protection against natural disasters to carry out such dissemination.

"(c) ALLOCATION OF FUNDS.—The amount of financial assistance to be made available to a State, including amounts made available to local governments of such State, under this section in a fiscal year shall—

"(1) not be less than the lesser of $500,000 or 1.0 percent of the total funds appropriated to carry out this section for such fiscal year; but

"(2) not exceed 15 percent of such total funds.

"(d) CRITERIA.—Subject to the limitations of subsections (c) and (e), in determining whether to provide assistance to a State or local government under this section and the amount of such assistance, the President shall consider the following criteria:

"(1) The clear identification of prioritized cost-effective mitigation activities that produce meaningful and definable outcomes.

"(2) If the State has submitted a mitigation program in cooperation with local governments under section 201(c), the degree to which the activities identified in paragraph (1) are consistent with the State mitigation program.

"(3) The opportunity to fund activities that maximize net benefits to society.

"(4) The ability of the State or local government to fund mitigation activities.

"(5) The extent to which assistance will fund mitigation activities in small impoverished communities.

"(6) The level of interest by the private sector to enter into a partnership to promote mitigation.

"(7) Such other criteria as the President establishes in consultation with State and local governments.

"(e) STATE NOMINATIONS.—

"(1) IN GENERAL.—The Governor of each State may recommend to the President not less than 5 local governments to receive assistance under this section. The recommendations shall be submitted to the President not later than January 1 of calendar year 1999 and each calendar year thereafter or such later date in the calendar year as the President may establish. In making such recommendations, the Governors shall consider the criteria identified in subsection (d).

"(2) USE.—

"(A) GENERAL RULE.—In providing assistance to local governments under this section, the President shall select from local governments recommended by the Governors under this subsection.

"(B) WAIVER.—Upon request of a local government, the President may waive the limitation in subparagraph (A) if the President determines that extraordinary circumstances justify the waiver and that granting the waiver will further the purpose of this section.

"(3) EFFECT OF FAILURE TO NOMINATE.—If a Governor of a State fails to submit recommendations under this subsection in a timely manner, the President may select, subject to the criteria in subsection (d), any local governments of the State to receive assistance under this section.

"(f) SMALL IMPOVERISHED COMMUNITIES.—For the purpose of this section, the term 'small impoverished communities' means communities of 3,000 or fewer individuals that are economically disadvantaged, as determined by the State in which the community is located and based on criteria established by the President.

"(g) FEDERAL SHARE.—Financial assistance provided under this section may contribute up to 75 percent of the total cost of mitigation activities approved by the President; except that the President may contribute up to 90 percent of the total cost of mitigation activities in small impoverished communities.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1998, $70,000,000 for fiscal year 1999, and $80,000,000 for fiscal year 2000.

"(i) AUTHORIZATION OF SECTION 404 FUNDS.—In addition to amounts appropriated under subsection (h), the President may use, to carry out this section, funds that are appropriated to carry out section 404 for post-disaster mitigation activities that have not been obligated within 30 months of the disaster declaration upon which the funding availability is based.

"(j) REPORT ON FEDERAL AND STATE ADMINISTRATION.—Not later than 18 months after the date of enactment of the Disaster Mitigation Act of 1998, the President, in consultation with State and local governments, shall transmit to Congress a report evaluating efforts to implement this section and recommending a process for transferring greater authority and responsibility for administering the assistance program authorized by this section to capable States.".

SEC. 105. INTERAGENCY TASK FORCE.

The President shall establish an interagency task force for the purpose of coordinating the implementation of the predisaster hazard mitigation program authorized by section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The Director of the Federal Emergency Management Agency shall chair such task force.

SEC. 106. MAXIMUM CONTRIBUTION FOR MITIGATION COSTS.

(a) IN GENERAL.—Section 404(a) (42 U.S.C. 5170c(a)) is amended by striking "15 percent" and inserting "20 percent".

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to major disasters declared under the Robert T. Stafford Disaster Relief Act and Emergency Assistance Act after January 1, 1997.

SEC. 107. CONFORMING AMENDMENT.

The heading for title II is amended to read as follows:

"TITLE II—DISASTER PREPAREDNESS AND MITIGATION ASSISTANCE".

TITLE II—STREAMLINING AND COST REDUCTION

SEC. 201. MANAGEMENT COSTS.

(a) IN GENERAL.—Title III (42 U.S.C. 5141–5164) is amended by adding at the end the following:

"SEC. 322. MANAGEMENT COSTS.

"(a) IN GENERAL.—Notwithstanding any other provision of law (including any administrative rule or guidance), the President shall establish by rule management cost rates for grantees and subgrantees. Such rates shall be used to determine contributions under this Act for management costs.

"(b) MANAGEMENT COSTS DEFINED.—Management costs include indirect costs, administrative expenses, associated expenses, and any other expenses not directly chargeable to a specific project under a major disaster, emergency, or emergency preparedness activity or measure. Such costs include the necessary costs of requesting, obtaining, and administering Federal assistance and costs incurred by a State for preparation of damage survey reports, final inspection reports, project applications, final audits, and related field inspections by State employees, including overtime pay and per diem and travel expenses of such employees, but not including pay for regular time of such employees.

"(c) REVIEW.—The President shall review the management cost rates established under subsection (a) not later than 3 years after the date of establishment of such rates and periodically thereafter.".

(b) APPLICABILITY.—Section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as added by subsection (a) of this section) shall apply as follows:

(1) Subsections (a) and (b) shall apply to major disasters declared under such Act on or after the date of enactment of this Act. Until the date on which the President establishes the management cost rates under such subsection, section 406(f) shall be used for establishing such rates.

(2) Subsection (c) shall apply to major disasters declared under such Act on or after the date on which the President establishes such rates under subsection (a) of such section 322.

SEC. 202. ASSISTANCE TO REPAIR, RESTORE, RECONSTRUCT, OR REPLACE DAMAGED FACILITIES.

(a) CONTRIBUTIONS.—Section 406(a) (42 U.S.C. 5172(a)) is amended to read as follows:

"(a) CONTRIBUTIONS.—

"(1) IN GENERAL.—The President may make contributions—

"(A) to a State or local government for the repair, restoration, reconstruction, or replacement of a public facility which is damaged or destroyed by a major disaster and for associated expenses incurred by such government; and

"(B) subject to paragraph (2), to a person who owns or operates a private nonprofit facility damaged or destroyed by a major disaster for the repair, restoration, reconstruction, or replacement of such facility and for associated expenses incurred by such person.

"(2) CONDITIONS FOR ASSISTANCE TO PRIVATE NONPROFIT FACILITIES.—The President may make contributions to a private nonprofit facility under paragraph (1)(B) only if the owner or operator of the facility—

"(A) has applied for a disaster loan under section 7(b) of the Small Business Act (15 U.S.C. 636(b)); and

"(B)(i) has been determined to be ineligible for such a loan; or

"(ii) has obtained such a loan in the maximum amount for which the Small Business Administration determines the facility is eligible.".

(b) MINIMUM FEDERAL SHARE.—Section 406(b) (42 U.S.C. 5172(b)) is amended to read as follows:

"(b) MINIMUM FEDERAL SHARE.—The Federal share of assistance under this section shall be not less than 75 percent of the eligible cost of repair, restoration, reconstruction, or replacement carried out under this section.".

(c) LARGE IN-LIEU CONTRIBUTIONS.—Section 406(c) (42 U.S.C. 5172(c)) is amended to read as follows:

"(c) LARGE IN-LIEU CONTRIBUTIONS.—

"(1) FOR PUBLIC FACILITIES.—

"(A) IN GENERAL.—In any case in which a State or local government determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing any public facility owned or controlled by such State or local government, the State or local government may elect to receive, in lieu of a contribution under subsection (a)(1)(A), a contribution of 75 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of management expenses.

"(B) USE OF FUNDS.—Funds contributed to a State or local government under this paragraph may be used to repair, restore, or expand other selected public facilities, to construct new facilities, or to fund hazard mitigation measures which the State or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster.

"(2) FOR PRIVATE NONPROFIT FACILITIES.—

"(A) IN GENERAL.—In any case where a person who owns or operates a private nonprofit facility determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing such facility, such person may elect to receive, in lieu of a contribution under subsection (a)(1)(B), a contribution of 75 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of management expenses.

"(B) USE OF FUNDS.—Funds contributed to a person under this paragraph may be used to repair, restore, or expand other selected private nonprofit facilities owned or operated by the person, to construct new private nonprofit facilities to be owned or operated by the person, or to fund hazard mitigation measures that the person determines to be necessary to meet a need for its services and functions in the area affected by the major disaster.

"(3) MODIFICATION OF FEDERAL SHARE.—The President shall modify the Federal share of the cost estimate provided in paragraphs (1) and (2) if the President determines an alternative cost share will likely reduce the total amount of Federal assistance provided under this section. The Federal cost share for purposes of paragraphs (1) and (2) shall not exceed 90 percent and shall not be less than 50 percent.".

(d) ELIGIBLE COST.—

(1) IN GENERAL.—Section 406(e) (42 U.S.C. 5172(e)) is amended to read as follows:

"(e) ELIGIBLE COST.—

"(1) IN GENERAL.—For the purposes of this section, the estimate of the cost of repairing, restoring, reconstructing, or replacing a public facility or private nonprofit facility on the basis of the design of such facility as it existed immediately before the major disaster and in conformity with current applicable codes, specifications, and standards (including floodplain management and hazard mitigation criteria required by the President or by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.)) shall be treated as the eligible cost of such repair, restoration, reconstruction, or replacement. Subject to paragraph (2), the

President shall use the cost estimation procedures developed under paragraph (3) to make the estimate under this paragraph.

"(2) MODIFICATION OF ELIGIBLE COST.—In the event the actual cost of repairing, restoring, reconstructing, or replacing a facility under this section is more than 120 percent or less than 80 percent of the cost estimated under paragraph (1), the President may determine that the eligible cost be the actual cost of such repair, restoration, reconstruction, or replacement. The government or person receiving assistance under this section shall reimburse the President for the portion of such assistance that exceeds the eligible cost of such repair, restoration, reconstruction, or replacement.

"(3) EXPERT PANEL.—Not later than 18 months after the date of enactment of the Disaster Mitigation Act of 1998, the President, acting through the Director of the Federal Emergency Management Agency, shall establish an expert panel, including representatives from the construction industry, to develop procedures for estimating the cost of repairing, restoring, reconstructing, or replacing a facility consistent with industry practices.

"(4) SPECIAL RULE.—In any case in which the facility being repaired, restored, reconstructed, or replaced under this section was under construction on the date of the major disaster, the cost of repairing, restoring, reconstructing, or replacing such facility shall include, for purposes of this section, only those costs which, under the contract for such construction, are the owner's responsibility and not the contractor's responsibility.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of enactment of this Act; except that paragraph (1) of section 406(e) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as amended by paragraph (1) of this subsection) shall take effect on the date that the procedures developed under paragraph (3) of such section take effect.

(e) ASSOCIATED EXPENSES.—

(1) IN GENERAL.—Section 406 (42 U.S.C. 4172) is amended by striking subsection (f).

(2) OTHER ELIGIBLE COSTS.—Section 406(e) (42 U.S.C. 5172(f)), as amended by subsection (d) of this section, is amended by adding at the end the following:

"(5) OTHER ELIGIBLE COSTS.—For purposes of this section, other eligible costs include the following:

"(A) COSTS OF NATIONAL GUARD.—The cost of mobilizing and employing the National Guard for performance of eligible work.

"(B) COSTS OF PRISON LABOR.—The costs of using prison labor to perform eligible work, including wages actually paid, transportation to a worksite, and extraordinary costs of guards, food, and lodging.

"(C) OTHER LABOR COSTS.—Base and overtime wages for an applicant's employees and extra hires performing eligible work plus fringe benefits on such wages to the extent that such benefits were being paid before the disaster.".

(3) EFFECTIVE DATE.—Paragraphs (1) and (2) shall take effect on the date on which the President establishes management cost rates under section 322(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as added by section 201(a) of this Act). The amendment made by paragraph (1) shall only apply to disasters declared by the President under such Act after the date on which the President establishes such cost rates.

SEC. 203. FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS.

(a) IN GENERAL.—Section 408 (42 U.S.C. 5174) is amended to read as follows:

"SEC. 408. FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS.

"(a) GENERAL AUTHORITY.—Subject to the requirements of this section, the President, in consultation with the Governor of the affected State, may provide financial assistance, and, if necessary, direct services, to disaster victims who as a direct result of a major disaster have necessary expenses and serious needs where such victims are unable to meet such expenses or needs through other means.

"(b) HOUSING ASSISTANCE.—

"(1) ELIGIBILITY.—The President may provide financial or other assistance under this section to individuals and families to respond to the disaster-related housing needs of those who are displaced from their predisaster primary residences or whose predisaster primary residences are rendered uninhabitable as a result of damage caused by a major disaster.

"(2) DETERMINATION OF APPROPRIATE TYPES OF ASSISTANCE.—The President shall determine appropriate types of housing assistance to be provided to disaster victims under this section based upon considerations of cost effectiveness, convenience to disaster victims, and such other factors as the President may consider appropriate. One or more types of housing assistance may be made available, based on the suitability and availability of the types of assistance, to meet the needs of disaster victims in the particular disaster situation.

"(c) TYPES OF HOUSING ASSISTANCE.—

"(1) TEMPORARY HOUSING.—

"(A) FINANCIAL ASSISTANCE.—

"(i) IN GENERAL.—The President may provide financial assistance under this section to individuals or households to rent alternate housing accommodations, existing rental units, manufactured housing, recreational vehicles, or other readily fabricated dwellings.

"(ii) AMOUNT.—The amount of assistance under clause (i) shall be based on the fair market rent for the accommodation being furnished plus the cost of any transportation, utility hookups, or unit installation not being directly provided by the President.

"(B) DIRECT ASSISTANCE.—

"(i) IN GENERAL.—The President may also directly provide under this section housing units, acquired by purchase or lease, to individuals or households who, because of a lack of available housing resources, would be unable to make use of the assistance provided under subparagraph (A).

"(ii) PERIOD OF ASSISTANCE.—The President may not provide direct assistance under clause (i) with respect to a major disaster after the expiration of the 18-month period beginning on the date of the declaration of the major disaster by the President, except that the President may extend such period if the President determines that due to extraordinary circumstances an extension would be in the public interest.

"(iii) COLLECTION OF RENTAL CHARGES.—After the expiration of the 18-month period referred to in clause (ii), the President may charge fair market rent for the accommodation being provided.

"(2) REPAIRS.—The President may provide financial assistance for the repair of owner-occupied private residences, utilities, and residential infrastructure (such as private access routes) damaged by a major disaster to a habitable or functioning condition. A recipient of assistance provided under this paragraph need not show that the assistance can be met through other means, except insurance proceeds, if the assistance is used for emergency repairs to make a private residence habitable and does not exceed $5,000 (based on fiscal year 1998 constant dollars).

"(3) REPLACEMENT.—The President may provide financial assistance for the replacement of owner-occupied private residences damaged by a major disaster. Assistance provided under this paragraph shall not exceed $10,000 (based on fiscal year 1998 constant dollars). The President may not waive any provision of Federal law requiring the purchase of flood insurance as a condition for the receipt of Federal disaster assistance with respect to assistance provided under this paragraph.

"(4) PERMANENT HOUSING CONSTRUCTION.—The President may provide financial assistance or direct assistance under this section to individuals or households to construct permanent housing in insular areas outside the continental United States and other remote locations in cases in which—

"(A) no alternative housing resources are available; and

"(B) the types of temporary housing assistance described in paragraph (1) are unavailable, infeasible, or not cost effective.

"(d) TERMS AND CONDITIONS RELATING TO HOUSING ASSISTANCE.—

"(1) SITES.—Any readily fabricated dwelling provided under this section shall, whenever possible, be located on a site complete with utilities, and shall be provided by the State or local government, by the owner of the site, or by the occupant who was displaced by the major disaster. Readily fabricated dwellings may be located on sites provided by the President if the President determines that such sites would be more economical or accessible.

"(2) DISPOSAL OF UNITS.—

"(A) SALE TO OCCUPANTS.—

"(i) IN GENERAL.—Notwithstanding any other provision of law, a temporary housing unit purchased under this section by the President for the purposes of housing disaster victims may be sold directly to the individual or household who is occupying the unit if the individual or household needs permanent housing.

"(ii) SALES PRICE.—Sales of temporary housing units under clause (i) shall be accomplished at prices that are fair and equitable.

"(iii) DEPOSIT OF PROCEEDS.—Notwithstanding any other provision of law, the proceeds of a sale under clause (i) shall be deposited into the appropriate Disaster Relief Fund account.

"(iv) USE OF GSA SERVICES.—The President may use the services of the General Services Administration to accomplish a sale under clause (i).

"(B) OTHER METHODS OF DISPOSAL.—

"(i) SALE.—If not disposed of under subparagraph (A), a temporary housing unit purchased by the President for the purposes of housing disaster victims may be resold.

"(ii) DISPOSAL TO GOVERNMENTS AND VOLUNTARY ORGANIZATIONS.—A temporary housing unit described in clause (i) may also be sold, transferred, donated, or otherwise made available directly to a State or other governmental entity or to a voluntary organization for the sole purpose of providing temporary housing to disaster victims in major disasters and emergencies if, as a condition of such sale, transfer, or donation, the State, other governmental agency, or voluntary organization agrees—

"(I) to comply with the nondiscrimination provisions of section 308; and

"(II) to obtain and maintain hazard and flood insurance on the housing unit.

"(e) FINANCIAL ASSISTANCE TO ADDRESS OTHER NEEDS.—

"(1) MEDICAL, DENTAL, AND FUNERAL EXPENSES.—The President, in consultation with the Governor of the affected State, may provide financial assistance under this section to an individual or household adversely affected by a major disaster to meet disaster-related medical, dental, and funeral expenses.

"(2) PERSONAL PROPERTY, TRANSPORTATION, AND OTHER EXPENSES.—The President, in consultation with the Governor of the affected State, may provide financial assistance under this section to an individual or household described in paragraph (1) to address personal property, transportation, and other necessary expenses or serious needs resulting from the major disaster.

"(f) STATE ROLE.—The President shall provide for the substantial and ongoing involvement of the affected State in administering the assistance under this section.

"(g) MAXIMUM AMOUNT OF ASSISTANCE.—No individual or household shall receive financial assistance greater than $25,000 under this section with respect to a single major disaster. Such limit shall be adjusted annually to reflect changes in the Consumer Price Index for all Urban Consumers published by the Department of Labor.

"(h) ISSUANCE OF REGULATIONS.—The President shall issue rules and regulations to carry out the program, including criteria, standards, and procedures for determining eligibility for assistance.".

(b) CONFORMING AMENDMENT.—Section 502(a)(6) (42 U.S.C. 5192(a)(6)) is amended by striking "temporary housing".

(c) ELIMINATION OF INDIVIDUAL AND FAMILY GRANT PROGRAMS.—Title IV is amended by striking section 411 (42 U.S.C. 5178).

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 545th day following the date of enactment of this Act.

SEC. 204. REPEALS.

(a) COMMUNITY DISASTER LOANS.—Section 417 (42 U.S.C. 5184) is repealed.

(b) SIMPLIFIED PROCEDURE.—Section 422 (42 U.S.C. 5189) is repealed.

SEC. 205. STATE ADMINISTRATION OF HAZARD MITIGATION PROGRAM.

Section 404 (42 U.S.C. 5170c) is amended by adding at the end the following:

"(c) PROGRAM ADMINISTRATION BY STATES.—

"(1) IN GENERAL.—A State desiring to administer the hazard mitigation assistance program established by this section with respect to hazard mitigation assistance in the State may submit to the President an application for the delegation of such authority.

"(2) CRITERIA.—The President, in consultation with States and local governments, shall establish criteria for the approval of applications submitted under paragraph (1). The criteria shall include, at a minimum, the following:

"(A) The demonstrated ability of the State to manage the grant program under this section.

"(B) Submission of the plan required under section 201(c).

"(C) A demonstrated commitment to mitigation activities.

"(3) APPROVAL.—The President shall approve an application submitted under paragraph (1) that meets the criteria established under paragraph (2).

"(4) WITHDRAWAL OF APPROVAL.—If, after approving an application of a State submitted under paragraph (1), the President determines that the State is not administering the hazard mitigation assistance program established by this section in a manner satisfactory to the President, the President shall withdraw such approval.

"(5) AUDITS.—The President shall provide for periodic audits of the hazard mitigation assistance programs administered by States under this subsection.".

SEC. 206. STATE ADMINISTRATION OF DAMAGED FACILITIES PROGRAM.

(a) PILOT PROGRAM.—In cooperation with States and local governments and in coordination with efforts to streamline the delivery of disaster relief assistance, the President shall conduct a pilot program for the purpose of determining the desirability of State administration of parts of the assistance program established by section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172).

(b) STATE PARTICIPATION.—

(1) CRITERIA.—The President may establish criteria in order to ensure the appropriate implementation of the pilot program under subsection (a).

(2) MINIMUM NUMBER OF STATES.—The President shall conduct the pilot program under subsection (a) in at least 2 States.

(c) REPORT.—Not later than 4 years after the date of enactment of this Act, the President shall transmit to Congress a report describing the results of the pilot program conducted under subsection (a), including identifying any administrative or financial benefits. Such report shall also include recommendations on the conditions, if any, under which States should be allowed the option to administer parts of the assistance program under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172).

SEC. 207. STUDY REGARDING COST REDUCTION.

Not later than 4 years after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study to estimate the reduction in Federal disaster assistance that has resulted and is likely to result from the enactment of this Act.

SEC. 208. STUDY REGARDING INSURANCE FOR PUBLIC INFRASTRUCTURE.

The Comptroller General of the United States shall conduct a study to determine the current and future expected availability of disaster insurance for public infrastructure eligible for assistance under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170).

TITLE III—MISCELLANEOUS

SEC. 301. TECHNICAL CORRECTION OF SHORT TITLE.

The first section (42 U.S.C. 5121 note) is amended to read as follows:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Robert T. Stafford Disaster Relief and Emergency Assistance Act'.".

SEC. 302. DEFINITION OF STATE.

Section 102 (42 U.S.C. 5122) is amended in each of paragraphs (3) and (4) by striking "the Northern" and all that follows through "Pacific Islands" and inserting "and the Commonwealth of the Northern Mariana Islands".

PURPOSE AND SUMMARY

The purpose of H.R. 3869, the "Disaster Mitigation Act of 1998," is to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize programs for predisaster mitigation, to streamline the administration of disaster relief, and to control the Federal costs of disaster assistance. The bill authorizes a pre-disaster mitigation program through fiscal year 2000. The bill also streamlines and modifies existing disaster assistance programs.

Background and Need for Legislation

INTRODUCTION

The Disaster Mitigation Act of 1998 addresses two separate needs: increasing pre-disaster hazard mitigation activities and reducing the cost of providing post-disaster assistance. The bill establishes a federally funded pre-disaster hazard mitigation program and authorizes $200 million over three years for helping fund cost-effective hazard mitigation activities. In addition, the bill increases the authorization for post-disaster mitigation funding by 33 percent (specifically, by increasing section 404's eligible funding level from 15 percent to 20 percent of the total amount of disaster assistance provided). The bill also adopts measures that will modify and streamline the current post-disaster assistance program with the intention of reducing federal disaster assistance costs without adversely affecting disaster victims.

The costs of natural disasters are becoming intolerable. In the last five years, the nation has been fortunate to avoid a major hurricane or earthquake, yet in that time over 800 people have been killed by natural disasters. These disasters also inflicted over $60 billion in property losses and other damage. The data indicate these losses are likely to increase. For the ten-year period prior to 1989, total obligations from the Federal Emergency Management Agency's (FEMA's) Disaster Relief Fund were $4 billion; since 1989, FEMA has spent $21 billion. Prior to 1989, only one disaster event (Hurricane Agnes in 1972) cost over $500 million in FEMA funds. Since 1989, every year, except 1991, has had at least one disaster event costing more than $500 million in FEMA Assistance. In fact, six of these events have occurred since 1993.

HAZARD MITIGATION

There are two primary ways to reduce the cost of natural disasters. One is to take measures that reduce our nation's vulnerability to hazards, also known as hazard mitigation. Historically, federal, state, and local governments have focused on assisting the victims of disasters after the damage is done. As the cost of the damages and assistance have increased, however, governments have started to change their spending priorities. Between 1992 and 1996, a period of only four years, state spending on mitigation measures increased by more than four times fold to an average of $16 million per state. Realizing that the only way to control post-disaster spending is to increase pre-disaster funding, states now spend as much money on preparing for a disaster as they do in its aftermath. In contrast, the federal government still spends three dollars on post-disaster assistance for every dollar it spends on mitigation (including the maintenance of flood control structures such as levees and dams).

Private insurers are also aware of the need for hazard mitigation. Funded through the Institute for Building and Home Safety, private insurers recently established the "Showcase Communities" program to demonstrate the benefits of taking specific, creative steps within an entire community to reduce the losses caused by natural disasters. States such as New York and Florida are implementing similar programs. FEMA also sponsors such a program called “Project Impact.” The goal of “Project Impact” is to bring communities together to take actions that prepare for—and protect themselves against—natural disaster in a collaborative effort. Over 50 communities have been designated “Project Impact” sites. This program is consistent with the provisions of this bill.

In a hearing held by the Subcommittee on Water Resources and Environment on January 28, 1998, Joe Myers, the Director of the Florida Division of Emergency Management, described this as a “defining moment” in emergency management:

> . . .[A]s a nation we are embracing hazard mitigation. Hazard mitigation can only be accomplished at the local level—at the level where people decide to bolt down their water heaters or tie down their roofs. It is the accumulation of such small measures which will add up to great reductions in costs. The hazard mitigation provisions of H.R. 3869 are intended to encourage and accelerate—not supersede or inhibit—State and local mitigation efforts.

STREAMLINING AND COST REDUCTION

Other than hazard mitigation, the costs of disasters can be reduced by making current disaster programs more efficient. The bill attempts to increase the efficiency of existing disaster assistance programs by eliminating unnecessary and complicated aspects of the program. This includes streamlining the management cost reimbursement requirements (section 201) and combining the housing, and individual and family assistance programs (section 203). In addition, the bill would condition infrastructure assistance offered to private-nonprofit organizations on their applying to the Small Business Administration for a disaster assistance loan (section 202). This requirement mimics a requirement already in place for individuals or families seeking federal disaster assistance.

CONCLUSION

The expectation is that the two themes of this bill—greater emphasis on mitigation and greater program efficiency—will reduce the costs natural disasters place on the nation. To help Congress determine whether the bill achieves this objective, the bill includes a provision (section 207) requiring that four years from enactment, the General Accounting Office estimate the cost savings resulting from these amendments.

Discussion of Committee Bill and Section-By-Section Analysis

TITLE I—PREDISASTER HAZARD MITIGATION

Section 101. Findings and Purpose

Describes findings and a purpose applicable to Title I of the bill.

Subsection (a) describes four findings: (1) greater emphasis needs to be placed on hazard identification and hazard mitigation, (2) expenditures for disaster assistance are increasing without any reduction in the likelihood of future losses, (3) a high priority should be placed on the implementation of predisaster hazard mitigation activities, and (4) a unified effort of economic incentives, awareness and education, technical assistance, and Federal support will enable states and local communities to form partnerships and implement effective mitigation measures that will reduce the risk of future damage to life and property. In preparing hazard mitigation programs the bill's findings recognize the importance for states and local communities to identify those long-term predisaster mitigation measures (including construction practices and materials) in new and existing structures. Additionally, a unified support effort will ensure that critical facilities and public infrastructure are able to function after a disaster strikes.

Subsection (b) describes the purpose of Title I of the bill. The purpose is to (1) establish a program to reduce the loss of life, property, and other costs of disasters and (2) provide a source of predisaster mitigation funding to assist states and local governments in implementing mitigation measures.

Section 102. State Mitigation Program

Amends subsection 201(c) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) to require, as a condition for receiving federal grants under such section, that states submit to the President a comprehensive program for mitigating against disasters, including provisions for prioritizing mitigation activities. An important part of this program are provisions for prioritizing mitigation measures. A key aspect of a successful mitigation program is focusing resources on those activities that result in the greatest benefits. The state programs must include a method for identifying such activities.

This reporting requirement is not intended to duplicate or conflict with any existing reporting requirements currently submitted to the President by state governments including so-called "409 Reports" (reports currently required by FEMA under the authority of section 409 of the Stafford Act). Consistent with the Paperwork Reduction Act of 1986, this provision is intended to be implemented so that the minimum burden is placed on states in fulfilling this new reporting requirement.

Section 103. Disaster Assistance Plans

Amends subsection 201(d) of the Stafford Act to authorize grants for the testing and application of floodplain mapping technologies that the President determines will likely result in substantial savings over current floodplain mapping methods. The Committee notes that many floodplain maps are out of date or of poor quality and that new technologies are available that can produce extremely accurate maps at much less cost than in the past.

Section 104. Predisaster Hazard Mitigation

Creates a new section 203 in the Stafford Act, with the following subsections:

(a) General authority.—Provides the legislative authority for predisaster mitigation grants from the President to state and local governments.

(b) Purposes of assistance.—Grants are primarily intended to fund activities that are cost effective and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

State or local governments may spend up to 10% of federal assistance to fund activities to disseminate information regarding cost-effective mitigation technologies. The Committee urges communities to examine technologies which have proven to be effective in mitigating the risks or impacts of actual natural disasters. This would include construction practices and materials such as passive design systems for roofs, walls and windows.

(c) Allocation of funds.—All eligible states shall receive assistance. No state would receive less than the lesser of $500,000 or 1 percent of the total funds appropriated for these grants in a given fiscal year. No state would receive more than 15 percent of total funds appropriated for these grants in a given fiscal year.

(d) Criteria.—In deciding who to award grants to (and the amount of such grants), the President must consider five criteria in addition to any other criteria the President may establish: (1) clear identification of cost effective mitigation activities that produce meaningful and definable outcomes, (2) whether the state has submitted a mitigation program as required under section 201(c) as amended, (3) the opportunity to fund activities that maximize net benefits to society, (4) the ability of the state or local government to fund mitigation activities, (5) whether the assistance helps a small community, and (6) the level of interest of the private sector in entering into a partnership to promote mitigation. It is the Committee's intention that the President attempt to balance these factors, realizing that it may be impossible to satisfy them all and that no one factor be so heavily weighted so that it undermines the others.

In addition, it is the Committee's expectation that the number of additional factors, if any, that may be established by the President will be small so that these factors will continue to be important in controlling how funds are allocated. The Committee encourages the President to establish an analytical system for ranking possible candidates by these criteria including appropriate weighting of the factors. As an example, the Environmental Protection Agency has established such a system for allocating grants under section 319 of the Clean Water Act.

The Committee further notes that the second criterion, consistency with a state mitigation program submitted in cooperation with local governments, should include consideration of the cooperation exhibited between the relevant city and county governments. Conflict between local governments may indicate a problem that may need to be addressed further before funding is provided.

(e) State nominations.—Every year, states may nominate five or more local governments to the President for predisaster mitigation assistance. The President must select from such nominations unless the President determines extraordinary circumstances justify selecting another site (for instance, if the state's nominees rank low on all or most of the criteria delineated in subsection (d) compared to other communities in the state, or if a state's nominees are on probation for violations in the flood insurance program). If a state does not submit nominations in a timely fashion, the President may provide assistance to any local governments in the state using the criteria established in subsection (d).

(f) Small impoverished communities.—Not less than 10 percent of the total amount of funds provided must be used to fund activities in communities of 3,000 or fewer individuals that are economically disadvantaged. Grants for such communities may cover up to 90 percent of the cost of mitigation activities. In developing a definition to implement this provision, the Committee suggests the President use, as a starting point, the definition of small impoverished communities established to implement the Hardship Grants Program for Rural Communities contained in the Omnibus and Appropriations Act of 1996 (P.L. 104–134) (see 62 Federal Register 13521, March 20, 1997, for more information).

(g) Federal share.—The grants may cover up to 75 percent of the cost of mitigation proposals funded by the President.

(h) Authorization.—There is authorized for the use of this section $50 million for fiscal year 1998, $70 million for fiscal year 1999, and $80 million for fiscal year 2000.

(i) Authorization of section 404 funds.—In addition to amounts appropriated under subsection (h), funds appropriated under section 404 of the Stafford Act (post-disaster mitigation grants) that are not obligated within 30 months of the disaster which triggered their initial appropriation, may be used for the predisaster mitigation program authorized by this section.

(j) Report on state administration.—Within a year of the enactment of this Act, the President shall submit a report to Congress (1) evaluating the implementation of this section and (2) recommending a process for transferring greater authority and responsibility for administering the predisaster mitigation program to capable state governments. Understanding that mitigation efforts must be local, the Committee intends that, as state capabilities improve, this program should be increasingly delegated to the states. In the future it may be desirable to modify the statutory provisions of this program to facilitate an expanded role for State and local governments to administer this program. The Committee considers the increasing state administration of the post-disaster mitigation program under section 404 as evidence that states will be capable of administering this program, as well.

Section 105. Interagency Task Force

Directs the President to establish an interagency task force, chaired by FEMA, for the purpose of coordinating the implementation of the predisaster mitigation program. The Committee notes the possibility of overlap of this program with other programs implemented by other agencies. The task force should ensure this program and the other programs are complementary and integrated.

Section 106. Maximum Contribution for Mitigation Costs

Increases the authorization for post-disaster mitigation funding from 15 percent of the estimated aggregate amount of assistance provided under the Stafford Act for a Major Disaster to 20 percent of the amount of such assistance.

Section 107. Conforming Amendment

Adds the term “Mitigation” to title II of the Stafford Act.

TITLE II—STREAMLINING AND COST REDUCTION

Section 201. Management Costs

Adds a new section 322 to the Stafford Act. Provides that a certain percentage, or rate, of management costs will be reimbursed. The percentages will be established by regulation. Management costs include any indirect, administrative, or associated costs or expenses currently reimbursed by FEMA except for National Guard, prison labor, and other labor costs which will be treated as eligible costs. The current reimbursement system will remain in effect for disasters declared before such rates are established. The rates would be reviewed by the President periodically.

Section 202. Assistance to Repair, Restore, Reconstruct, or Replace Damaged Facilities

Amends and reorganizes section 406 of the Stafford Act as follows:

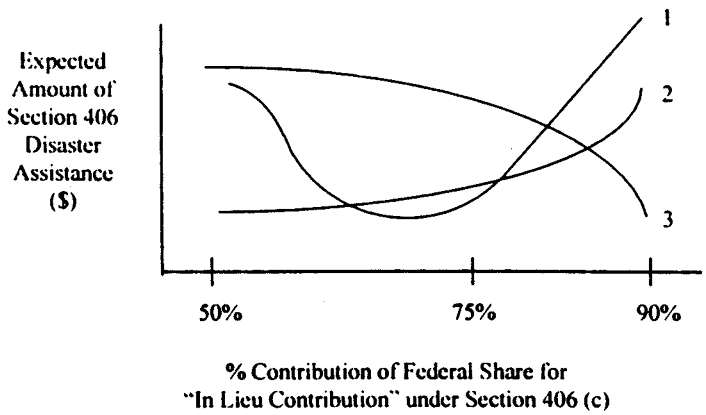
(a) Contributions.—Requires private nonprofit organizations which are eligible for Stafford Act permanent restorative assistance to apply for Small Business Administration (SBA) disaster loans before they can receive grant assistance from FEMA. It is the Committee's understanding that SBA is already well prepared to implement this provision and examine such applications without undue delay.

(b) Minimum federal share.—Amends subsection 406(b) to comport with the amendment made by section 201 above.

(c) Large in-lieu contributions.—Rewrites section 406(c) to reduce from 90 percent to 75 percent (of the otherwise eligible amount) the contribution of the federal share (henceforth "contribution level") available to public and private nonprofit entities which choose to carry out alternate projects following major disasters. The President is required to modify the 75 percent contribution level if the President determines another contribution level will reduce the total amount of federal assistance under this section. However, the federal share may not be set below 50 percent or higher than 90 percent.

The Committee intends that the level set by the President be generally applicable, it is not intended to be adjusted on a case by case basis. Further, an alternative level set by the President must be supported by adequate data. The Committee notes that the relationship between the contribution level and the expected federal cost is currently unknown. For purposes of illustration, the figure below indicates three of the many possible relationships between these parameters. The first hypothetical relationship (the curve marked "1") would indicate the President should select a contribution level at or slightly below the new 75 percent level. The relationship marked "2" would lead to a contribution level of 50 percent. The relationship marked "3" would result in a contribution level of 90 percent. It is expected that if the President receives data and other information of sufficient quality to determine that an alternative contribution level will reduce federal costs, the President shall adopt such a contribution level. The Committee does not intend that the contribution level be altered frequently, but that such changes be made after careful consideration and based on solid data.

Possible Relationships Between Amount of Assistance and Federal Share of "In Lieu Contributions"



(d) Eligible cost.—Amends subsection 406(e) to allow the eligible cost of repair, restoration, reconstruction, or replacement to be based on a cost estimate rather than actual cost incurred. However, if the estimate differs from the actual cost by more than 20 percent the President may use the actual cost as the eligible cost. The Committee expects that estimates that exceed actual costs by more than 20 percent will result in the reimbursement of the difference to the federal government while estimates that underestimate actual costs by more than 20 percent will result in additional assistance to the victim of the disaster. This section also establishes a panel of experts to develop a cost estimating procedure.

(e) Associated expenses.—Eliminates subsection 406(f), relating to associated expenses, to comport with the amendment made by section 201 of the bill. Subsections (3), (4), and (5) of 406(f) are moved into section 406(e). This should result in no change in the level of reimbursement for National Guard, prison labor, and other labor that States receive under current law.

Section 203. Federal Assistance to Individuals and Households

Amends section 408 of the Stafford Act to combine the Housing and Individual and Family Grant (IFG) Programs. Sets the federal cost share for both programs at 100%, requires applicants to show that assistance is not available by other means (e.g., from insurance proceeds or from the Small Business Administration) before seeking assistance and caps total assistance for the combined program at $25,000. The section allows the President to assist individuals by replacing their homes under certain conditions. Also, victims seeking assistance for minimal emergency home repair need only show that the damage is not covered by insurance in order to be eligible for assistance for such repairs not exceeding $5,000.

New subsection 408(e) authorizes grants for medical, dental, funeral, and other expenses that are disaster related. In particular, paragraph (2) of this subsection provides authority for the President to provide financial assistance to individuals or households for meeting serious needs resulting from a major disaster. Serious needs are requirements for an item or service essential to prevent, mitigate, or overcome a disaster-related hardship or injury. Such needs typically include clothing, shelter, and transportation.

New subsection 408(f) requires the President to provide for substantial and continuing involvement of the State in administering this program. Administrative and other indirect costs incurred by the State in implementing this section shall be reimbursable under the rates established in section 322 of the Stafford Act as amended by section 201 of this bill.

Section 204. Repeals

Repeals section 417 of the Stafford Act (providing for Community Disaster Loans). Also repeals section 422 (Simplified Procedure) in order to conform with the amendment made under section 202(d) of the bill.

Section 205. State Administration of Hazard Mitigation Program

Requires the President to establish a process for offering states the option of administering the Hazard Mitigation Grant Program (section 404) program. The President shall set the criteria for such a program and perform periodic audits in those cases where the program is administered by a state.

Section 206. State Administration of Damaged Facilities Program

Requires the President to conduct in at least 2 states a pilot program allowing states to administer parts of the Public Assistance (section 406) program. This could include, but is not limited to, the state independently validating estimates, verifying applicants' eligibility, and/or providing technical assistance. The President must report on the results including any streamlining or cost savings that resulted from the program. This program is not intended to conflict with FEMA's current efforts to streamline the public assistance program, but is intended to be coordinated with such efforts.

Section 207. Study Regarding Cost Reduction

Directs the General Accounting Office (GAO) to estimate the reduction in federal disaster assistance that results from the enactment of this Act.

Section 208. Study Regarding Insurance for Public Infrastructure

Directs GAO to determine the current and future availability of insurance for public infrastructure.

TITLE III—MISCELLANEOUS

Section 301. Technical Correction of Short Title

Deletes the extra "The" from the title of the Act.

Section 302. Definition of State

Updates the definition of "state" in the Stafford Act to comport with current law.

HEARINGS

The Subcommittee on Water Resources and Environment held hearings on the two issue areas addressed by the bill: hazard mitigation and the federal costs of disasters. On January 28, 1998, the Subcommittee held a hearing on hazard mitigation. Witnesses included representatives from FEMA, the National Emergency Management Association, Los Angeles County, and American Rivers. The witnesses provided testimony on importance of focusing more resources on pre-disaster mitigation.

On March 26, 1998, the Subcommittee held a hearing on the federal cost of disaster assistance. Witnesses included representatives from FEMA, the General Accounting Office, the National Emergency Management Association, the Association of State Floodplain Managers, the National League of Cities, and others. The witnesses generally noted the increasing costs of disasters and offered methods for reducing such costs.

On March 30, 1998, a draft bill addressing these two issues was released for public comment. A revised draft bill reflecting comments received by the Subcommittee was released on May 1, 1998. The Subcommittee held a legislative hearing on the draft bill on May 7, 1998. Witnesses included FEMA, the National Emergency Management Association, the Association of State Floodplain Managers, the National League of Cities, and the International Association of Emergency Managers.

The draft language was further amended and introduced as H.R. 3869 on May 14, 1998 by Representative Sherwood Boehlert and Representative Robert Borski. The bill was referred solely to the Committee on Transportation and Infrastructure.

COMMITTEE CONSIDERATION

On May 20, 1998 the Subcommittee on Water Resources and Environment adopted an en bloc amendment offered by Representative Sherwood Boehlert and Representative Robert Borski and favorably reported the amended bill by a unanimous voice vote. The amendment made technical and clarifying changes; increased the authorization for appropriations under section 404 of the Stafford Act by 33 percent; increased the authorization of appropriations for a pre-disaster mitigation program by $30 million (to a total of $180 million over three years); and reduced the possible floor for allocations to states from 2.5 percent to 1 percent of the total amount allocated.

On June 25, 1998, the Committee adopted an en bloc amendment offered by Representative Sherwood Boehlert and ordered the bill, as amended, reported by a unanimous voice vote. The amendment made technical changes and increased the authorization for pre-disaster mitigation by $20 million (to a total of $200 million); clarified section 201 establishing management cost rates and extends the application of such rates to all Stafford Act assistance programs; allowed, in extraordinary circumstances, the President to provide mitigation assistance to a local government not nominated by a state; established an interagency task force on pre-disaster mitigation chaired by FEMA; limited the authorization for grants to develop cost-saving hazard identification methods to floodplain mapping technologies; and changed various conditions for victims receiving assistance under section 408.

ROLLCALL VOTES

Clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each roll call vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with ordering H.R. 3869 reported. A motion by Mr. Boehlert to order H.R. 3869, as amended, reported to the House, was unanimously agreed to by voice vote, a quorum being present.

COST OF LEGISLATION

Clause 7 of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XI

1. Pursuant to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, oversight findings and recommendations have been made by the Committee as reflected in this report.

2. With respect to the requirement of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included below.

3. With respect to the requirement of clause (2)(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 3869.

4. With respect to the requirement of clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 3869 from the Director of the Congressional Budget Office (CBO).

The Committee notes that the CBO estimate explicitly omits significant benefits of the legislation because CBO was unable to quantify these benefits. For instance:

CBO did not quantify the benefits of mitigation activities (which CBO notes "could lead to substantial savings") because "we cannot predict either the frequency or incidence of major natural disasters." The Committee believes these benefits will be significant. On May 7, 1998 the Federal Emergency Management Agency testified that mitigation measures return $3 for every $1 spent. Further, the bill requires all mitigation activities be cost-effective.

CBO was unable to quantify administrative cost reductions resulting from combining the Housing, and Individual and Family grant programs under section 203 of the bill. CBO states this provision is "likely to result in some savings" but "CBO has no basis for estimating the likely amount of such savings." The Committee believes the savings may be significant. FEMA recently estimated the savings of a similar provision at $700 million over 5 years.

Had CBO been able to quantify these benefits, the Committee believes the quantified estimate would reflect a substantial net savings to the Federal Government.

U.S. CONGRESS
CONGRESSINAL BUDGET OFFICE,
Washington, DC, August 5, 1998.

Hon. BUD SHUSTER,
Chairman, Committee on Transportation and Infrastructure,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3869, the Disaster Mitigation Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kristen Layman (for federal costs), and Lisa Cash Driskill (for the state and local impact).

Sincerely,

JUNE E. O'NEILL, *Director.*

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause (2)(l)(4) of rule XI of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 3869—Disaster Mitigation Act of 1998

Summary.—H.R. 3869 would amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize a predisaster mitigation program and make changes to the existing disaster relief program.

H.R. 3869 would emphasize predisaster mitigation in order to reduce the long-run costs of disasters. If the authorized funding for mitigation efforts is provided and used judiciously, enactment of this bill could lead to substantial savings to the federal government by reducing the need for future disaster relief funds. CBO cannot estimate the magnitude of such savings because we cannot predict either the frequency or incidence of major natural disasters.

The bill would authorize the appropriation of $200 million over fiscal years 1998 through 2000 for a predisaster mitigation program. In addition to these specified authorizations, other provisions in H.R. 3869 would result in changes in discretionary spending, assuming appropriation of the necessary amounts. In total, CBO estimates that implementing H.R. 3869 would require net new appropriations of $600 million over the 1999–2003 period ($200 million from the amounts specified in the bill and $400 million from other provisions). That spending may be offset by savings in regular and emergency appropriations for disaster relief, but CBO cannot estimate the timing or precise amounts of the potential savings. Over the next 10 years, such savings could exceed the $200 million that the bill would authorize for predisaster mitigation efforts.

H.R. 3869 also would affect direct spending by speeding up the disbursement of some existing disaster relief funds; therefore, pay-as-you-go procedures would apply. CBO estimates that outlays from such funds would be $230 million higher in 1999 than they would be under current law, but that there would be no net change in direct spending from this provision over the 1999–2003 period. The bill also would affect direct spending by raising offsetting receipts by an estimated $3 million each year; but that increase would be matched by increased spending because the Federal Emergency Management Agency (FEMA) would be allowed to spend, without appropriation action, any offsetting receipts.

H.R. 3869 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would significantly benefit the budgets of state, local, and tribal governments.

Description of the bill's major provisions.—Title I would establish a program to provide financial assistance to state and local governments for predisaster mitigation activities. It also would require the President to transmit a report to the Congress that would evaluate efforts to implement the predisaster hazard mitigation programs and recommend a process for transferring greater authority over the program to states.

Title I also would remove a yearly cap of $50,000 per state on the grants that the President makes for improving and maintaining disaster assistance plans and would increase the maximum federal contribution for mitigation cots from 15 percent to 20 percent.

Title II would combine any expenses not chargeable to a specific project into a single category called management costs. It would direct the President to establish standard rates for reimbursing states for such costs.

Title II also would add new restrictions to the funds that a private nonprofit facility (PNP) could receive for repair and replacement of damaged facilities. In order to receive monies from the disaster relief fund, a PNP would have to be ineligible for a loan from the Small Business Administration (SBA), or have obtained the maximum possible loan amount from the SBA.

In addition, the bill would reduce the federal government's share of costs for repairing damaged facilities from 90 percent to 75 percent, but would allow the President the flexibility to vary the contribution between 50 percent and 90 percent if it is more cost-effective to do so. Title II would also allow the President to use the estimated cost of repairing or replacing a facility, rather than the actual cost, to determine the level of assistance to provide. H.R. 3869 would establish an expert panel to develop procedures for estimating the cost of repairing a facility.

Finally, the bill would combine the Temporary Housing Assistance (THA) and Individual and Family Grant (IFG) programs into one program, and would eliminate the community disaster loan program, a program that assists any local government that has suffered a substantial loss of tax revenues as a result of a major disaster.

Estimated cost to the Federal Government.—CBO estimates that implementing H.R. 3869 would result in additional discretionary outlays of $600 million over the 1999–2003 period. These costs are likely to be at least partially offset by future savings resulting from predisaster mitigation efforts, but CBO cannot estimate the magnitude or timing of such savings. H.R. 3869 would speed up spending of certain existing funds and would thus affect direct spending. However, we estimate no net change over the 1999–2003 period from that timing shift. H.R. 3869 would also increase offsetting receipts and direct spending of such receipts by approximately $3 million each year from 1999 through 2003.

The estimated budgetary impact of certain provisions in H.R. 3869 is shown in the following table. The table does not reflect some potential savings and costs from provisions that may affect discretionary spending but for which CBO cannot estimate the likely effects. In particular, we cannot estimate the potential savings in the costs of future disaster relief from the increased spending on predisaster mitigation activities that would be authorized by H.R. 3869. The costs of this legislation fall within budget function 450 (community and regional development).

Basis of estimate.—For the purposes of this estimate, CBO assumes that H.R. 3869 will be enacted by the end of fiscal year 1998, and that the amounts authorized and estimated to be necessary will be appropriated near the start of each fiscal year.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending for Disaster Relief Under Current Law:						
Budget Authority/Authorization Level [1]	1,920	327	335	344	352	361
Estimated Outlays	2,000	2,580	2,060	1,741	1,211	844
Proposed Changes:						
Specified Authorizations for Predisaster Mitigation:						
Authorization Level	0	50	70	80	0	0
Estimated Outlays	0	25	55	73	39	8
Estimated Authorizations						
Authorization Level	0	200	50	50	50	50
Estimated Outlays	0	200	50	50	50	50
Spending for Disaster Relief Under H.R. 3869						
Estimated Authorization Level	1,920	577	455	474	402	411
Estimated Outlays	2,000	2,805	2,165	1,864	1,300	902
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	230	0	−138	−92	0

[1] The 1998 level is the amount appropriated for that year, including $1.6 billion for an emergency supplemental appropriation provided in Public Law 105–74. The remainder of the 1998 level is the regular appropriation of $320 million. The levels shown for 1999 through 2003 are CBO baseline projections assuming increases for anticipated inflation. Alternatively, if the comparison were made to a baseline without discretionary inflation, the current law authorization level would be $320 million each year, but the incremental cost of the bill would be the same.

Spending subject to appropriation.—H.R. 3869 contains provisions that would result in both costs and savings to the federal government. CBO estimates costs associated with provisions that would: authorize appropriations for predisaster mitigation, increase the federal contribution for mitigation costs, combine the Individual Family Grant program and the Temporary Housing Assistance program, and remove a cap on grants for disaster assistance plans.

CBO estimates savings associated with provisions that would: require PNPs to apply to the SBA for disaster loans, allow the President to use the estimated cost of repairs rather than the actual cost, and eliminate the community disaster loan program.

CBO cannot estimate the discretionary effects of provisions that would: achieve long-run savings associated with the predisaster mitigation efforts, encourage provision of financial assistance rather than provision of housing units, establish standardized rates for reimbursement of management costs, provide grants for improved floodplain mapping technologies, and establish a pilot program to determine the desirability of state administration of parts of the disaster relief program.

Provisions with estimated costs.—Under current law, 15 percent of the estimated amount of grants made with respect to a major disaster would be provided to the state for post-disaster mitigation activities. H.R. 3869 would increase this percentage to 20 percent for all major disasters declared after January 1, 1997. FEMA spent $344 million for post-disaster mitigation from January 1, 1997, to June 30, 1998. If the contribution were raised by one-third, the federal government would make an additional $115 million in grants for its share of mitigation activities during this period. To assess future costs, CBO based its projection on the average annual amount of such expenses over the last five calendar years—$313 million. Using that five-year average, the rate increase from 15 percent to 20 percent would require increased funding for the federal contribution of $104 million a year over the next several years.

In total, CBO estimates that implementing this provision would require the appropriation of $670 million over the 1999–2003 period: $150 million for the 1997–1998 period and $520 million for the 1999–2003 period. This estimate assumes that the funds to pay for the provision would come from future appropriations.

CBO estimates that combining the Individual Family Grant program and the Temporary Housing Assistance program would result in additional costs of approximately $40 million per year from 1999 through 2003. Under current law, the federal share for the IFG program is 75 percent of the actual cost incurred. Combining the IFG and THA programs would change the federal match to 100 percent.

CBO estimates that the costs associated with removing the yearly cap of $50,000 per state on the grants that are made to states for improvement of disaster assistance plans would be about $1 million per year. FEMA currently provides the maximum $50,000 grant to each state for disaster assistance planning. Under H.R. 3869, FEMA would no longer be bound by the cap and might increase spending on state disaster assistance programs, although such spending is subject to appropriation. Additional spending on state disaster assistance plans could result in future savings if improving these disaster plans reduces FEMA's long-run costs.

Provisions with estimated savings.—CBO estimates that requiring the PNPs to apply to the SBA for a disaster loan before receiving funds from the disaster relief fund would yield savings of approximately $12 million per year from 1999 through 2003. The savings would result because the government would, in some cases, be providing loans instead of grants to these institutions. An average of 671 PNPs apply for assistance from FEMA each year. If H.R. 3869 were enacted, these PNPs would first apply to the SBA for a disaster loan. According to SBA, the average business loan approval rate is 52 percent and the average loan amount is $44,700 for small businesses and homes. These averages may be slightly different for PNPs if the characteristics of the average PNP differ from those of the average small business or homeowner. CBO used these data and assumed a subsidy rate of 22 percent for new SBA loans to arrive at the estimated net savings of this provision.

CBO estimates that allowing the President to use the estimated cost of repairing a facility, rather than the actual cost, to determine the level of assistance to provide would result in savings of approximately $56 million per year. According to FEMA, reliance on the estimated cost rather than the actual cost of repair would reduce the administrative burden on the agency. H.R. 3869 would also establish an expert panel, including representatives from the construction industry, to develop procedures for estimating the cost of repairing a facility. If the actual costs of repair are greater than 120 percent or less than 80 percent of the estimated costs, FEMA could receive compensation for overpayments or provide compensation for underpayments. Savings from this provision may be partially offset by the additional costs of establishing an expert panel, estimating the cost of repairs with more precision, and evaluating the accuracy of estimates. CBO estimates that this provision would result in an overall 25 percent reduction in administrative costs after accounting for additional costs described above.

Based on data provided by FEMA, CBO estimates that eliminating the community disaster loan program would result in savings of approximately $23 million each year from 1999 through 2003.

Provisions with effects CBO cannot estimate.—The potential budgetary effects of various provisions of H.R. 3869 are uncertain because they depend upon the extent and nature of future disasters, the manner in which the Administration would implement certain provisions, and the extent to which states would participate in certain programs.

CBO cannot estimate the potential savings associated with the predisaster mitigation efforts proposed in this bill. Mitigation efforts could achieve substantial savings if damages from future disasters are lessened as a result of the predisaster mitigation measures provided for in the bill. In addition, H.R. 3869 would encourage the provision of financial assistance to disaster victims for rental of alternative housing accommodations rather than directly providing housing units. CBO expects that this provision would result in savings, but we cannot estimate the amount of the savings. Finally, H.R. 3869 also would establish standardized reimbursement rates that would reduce the administrative burden of compensating states for indirect costs not chargeable to a specific project. This provision is also likely to result in some savings in FEMA's administrative costs, but CBO has no basis for estimating the likely amount of such savings.

In addition, H.R. 3869 would authorize grants for improved floodplain mapping technologies and would establish a pilot program for the devolution of certain responsibilities to the states. At this time, CBO cannot estimate the costs associated with these provisions, or any potential savings that might later accrue from implementing them.

Direct spending.—Enacting H.R. 3869 would affect direct spending by speeding up the disbursement of funds that have already been appropriated for post-disaster mitigation under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The bill would allow the President to use such funds for the predisaster mitigation program if the funds are not obligated within 30 months after the declaration of the disaster for which they were provided. Based on information from FEMA, CBO estimates that currently approximately $460 million would be eligible for use by the predisaster mitigation program under this provision. Under H.R. 3869, CBO expects that those funds would be spent between 1999 and 2001, instead of between 2000 and 2002, as under current law. Outlays would increase by $230 million in 1999 and drop by an equal amount over fiscal years 2001 and 2002. The net direct spending effect of this provision would be zero over the 1999–2003 period. More funds, in addition to the estimated $460 million, could become available in the future for shifts to predisaster mitigation activity, but we cannot estimate the likely amount. Finally, this provision could lead to an increase in future appropriations to replenish the disaster relief fund's resources for post-disaster mitigation, but the magnitude and timing of any such effect is uncertain.

The bill would expand FEMA's authority to sell temporary housing. Under the Balanced Budget Act of 1997, proceeds from nonroutine asset sales may be counted as a reduction in direct spending for pay-as-you-go purposes only if such sales would entail no net financial cost to the government. CBO estimates that the sale of temporary housing under H.R. 3869 would not result in a net cost to the government. Based on data provided by FEMA detailing the sale of manufactured homes and trailers, CBO estimates that this provision would result in increased offsetting receipts of approximately $3 million each year. Because the agency could then spend the new receipts, without appropriation action, this provision would have no net effect on direct spending.

The provision relating to sales of temporary housing would direct the President to deposit all receipts from such sales into the disaster relief fund, where they could be spent without further appropriation. Under current law, any receipts obtained are deposited into the general fund of the Treasury (and thus are not available for spending). This change would result in increased direct spending related to sales that would occur under current law. But based on information from FEMA, CBO estimates that any such effect would be insignificant because receipts from sales under existing authority are expected to be negligible.

Pay-as-you-go considerations.—The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. (Enacting the bill would not affect governmental receipts.) For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	230	0	−138	−92	0	0	0	0	0	0
Changes in receipts.	Not applicable										

Estimated impact on state, local, and tribal governments.—H.R. 3869 contains no intergovernmental mandates as defined in UMRA and would significantly benefit the budgets of state, local, and tribal governments. The bill would authorize $200 million over the next three years to assist in predisaster mitigation projects, and the percentage of funds available for post-disaster mitigation activities would be increased. The 25 percent state matching requirements for individual and family grants and certain housing assistance would no longer be required, reducing the burden on states by an estimated $40 million per year.

Estimated impact on the private sector.—The bill would impose no new private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: Kristen Layman, Impact on State, Local, and Tribal Governments: Lisa Cash Driskill.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE ROBERT T. STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT

AN ACT Entitled the "Disaster Relief Act Amendments of 1974".

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That this Act may be cited as the "The Robert T. Stafford Disaster Relief and Emergency Assistance Act".]

SECTION 1. SHORT TITLE.

This Act may be cited as the "Robert T. Stafford Disaster Relief and Emergency Assistance Act".

TITLE I—FINDINGS, DECLARATIONS, AND DEFINITIONS

* * * * * * *

DEFINITIONS

SEC. 102. As used in this Act—

(1) * * *

* * * * * * *

(3) "United States" means the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, [the Northern Mariana Islands, and the Trust Territory of the Pacific Islands] *and the Commonwealth of the Northern Mariana Islands*.

(4) "State" means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, [the Northern Mariana Islands, and the Trust Territory of the Pacific Islands] *and the Commonwealth of the Northern Mariana Islands*.

* * * * * * *

[TITLE II—DISASTER PREPAREDNESS ASSISTANCE]

TITLE II—DISASTER PREPAREDNESS AND MITIGATION ASSISTANCE

FEDERAL AND STATE DISASTER PREPAREDNESS PROGRAMS

SEC. 201. (a) * * *

* * * * * * *

(c) Upon application by a State, the President is authorized to make grants, not to exceed in the aggregate to such State $250,000, for the development of plans, programs, and capabilities for disaster preparedness and prevention. Such grants shall be applied for within one year from the date of enactment of this Act. Any State desiring financial assistance under this section shall designate or create an agency to plan and administer such a disaster preparedness program, and shall, through such agency, submit a State plan to the President, which shall—

(1) set forth a comprehensive and detailed State program for preparation against and assistance following, emergencies and major disasters, including provisions for assistance to individuals, businesses, and local governments; [and]

(2) include provisions for appointment and training of appropriate staffs, formulation of necessary regulations and procedures and conduct of required exercises[.]*; and*

(3) set forth, with the ongoing cooperation of local governments and consistent with section 409, a comprehensive and detailed State program for mitigating against emergencies and major disasters, including provisions for prioritizing mitigation measures.

[(d) The President is authorized to make grants not to exceed 50 per centum of the cost of improving, maintaining and updating State disaster assistance plans, including evaluations of natural hazards and development of the programs and actions required to mitigate such hazards, except that no such grant shall exceed $50,000 per annum to any State.]

(d) GRANTS FOR DISASTER ASSISTANCE AND HAZARD IDENTIFICATION.—The President is authorized to make grants for—

(1) not to exceed 50 percent of the cost of improving, maintaining, and updating State disaster assistance plans including, consistent with section 409, evaluation of natural hazards and development of the programs and actions required to mitigate such hazards; and

(2) the development and application of improved floodplain mapping technologies that can be used by Federal, State, and local governments and that the President determines will likely result in substantial savings over current floodplain mapping methods.

*　　*　　*　　*　　*　　*　　*

SEC. 203. PREDISASTER HAZARD MITIGATION.

(a) GENERAL AUTHORITY.—The President may establish a program to provide financial assistance to States and local governments for the purpose of undertaking predisaster hazard mitigation activities that are cost effective and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

(b) PURPOSE OF ASSISTANCE.—

(1) IN GENERAL.—Except as provided in paragraph (2), a State or local government that receives financial assistance under this section shall use the assistance for funding activities that are cost effective and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

(2) DISSEMINATION.—The State or local government may use not more than 10 percent of financial assistance it receives under this section in a fiscal year for funding activities to disseminate information regarding cost effective mitigation technologies (such as preferred construction practices and materials), including establishing and maintaining centers for protection against natural disasters to carry out such dissemination.

(c) ALLOCATION OF FUNDS.—The amount of financial assistance to be made available to a State, including amounts made available to local governments of such State, under this section in a fiscal year shall—

(1) not be less than the lesser of $500,000 or 1.0 percent of the total funds appropriated to carry out this section for such fiscal year; but

(2) not exceed 15 percent of such total funds.

(d) CRITERIA.—Subject to the limitations of subsections (c) and (e), in determining whether to provide assistance to a State or local government under this section and the amount of such assistance, the President shall consider the following criteria:

(1) The clear identification of prioritized cost-effective mitigation activities that produce meaningful and definable outcomes.

(2) If the State has submitted a mitigation program in cooperation with local governments under section 201(c), the degree to which the activities identified in paragraph (1) are consistent with the State mitigation program.

(3) The opportunity to fund activities that maximize net benefits to society.

(4) The ability of the State or local government to fund mitigation activities.

(5) The extent to which assistance will fund mitigation activities in small impoverished communities.

(6) The level of interest by the private sector to enter into a partnership to promote mitigation.

(7) Such other criteria as the President establishes in consultation with State and local governments.

(e) STATE NOMINATIONS.—

(1) IN GENERAL.—The Governor of each State may recommend to the President not less than 5 local governments to receive assistance under this section. The recommendations shall be submitted to the President not later than January 1 of calendar year 1999 and each calendar year thereafter or such later date in the calendar year as the President may establish. In making such recommendations, the Governors shall consider the criteria identified in subsection (d).

(2) USE.—

(A) GENERAL RULE.—In providing assistance to local governments under this section, the President shall select from local governments recommended by the Governors under this subsection.

(B) WAIVER.—Upon request of a local government, the President may waive the limitation in subparagraph (A) if the President determines that extraordinary circumstances justify the waiver and that granting the waiver will further the purpose of this section.

(3) EFFECT OF FAILURE TO NOMINATE.—If a Governor of a State fails to submit recommendations under this subsection in a timely manner, the President may select, subject to the criteria in subsection (d), any local governments of the State to receive assistance under this section.

(f) SMALL IMPOVERISHED COMMUNITIES.—For the purpose of this section, the term "small impoverished communities" means commu-

nities of 3,000 or fewer individuals that are economically disadvantaged, as determined by the State in which the community is located and based on criteria established by the President.

(g) FEDERAL SHARE.—Financial assistance provided under this section may contribute up to 75 percent of the total cost of mitigation activities approved by the President; except that the President may contribute up to 90 percent of the total cost of mitigation activities in small impoverished communities.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1998, $70,000,000 for fiscal year 1999, and $80,000,000 for fiscal year 2000.

(i) AUTHORIZATION OF SECTION 404 FUNDS.—In addition to amounts appropriated under subsection (h), the President may use, to carry out this section, funds that are appropriated to carry out section 404 for post-disaster mitigation activities that have not been obligated within 30 months of the disaster declaration upon which the funding availability is based.

(j) REPORT ON FEDERAL AND STATE ADMINISTRATION.—Not later than 18 months after the date of enactment of the Disaster Mitigation Act of 1998, the President, in consultation with State and local governments, shall transmit to Congress a report evaluating efforts to implement this section and recommending a process for transferring greater authority and responsibility for administering the assistance program authorized by this section to capable States.

TITLE III—MAJOR DISASTER AND EMERGENCY ASSISTANCE ADMINISTRATION

* * * * * * *

SEC. 322. MANAGEMENT COSTS.

e (a) IN GENERAL.—Notwithstanding any other provision of law (including any administrative rule or guidance), the President shall establish by rule management cost rates for grantees and subgrantees. Such rates shall be used to determine contributions under this Act for management costs.

(b) MANAGEMENT COSTS DEFINED.—Management costs include indirect costs, administrative expenses, associated expenses, and any other expenses not directly chargeable to a specific project under a major disaster, emergency, or emergency preparedness activity or measure. Such costs include the necessary costs of requesting, obtaining, and administering Federal assistance and costs incurred by a State for preparation of damage survey reports, final inspection reports, project applications, final audits, and related field inspections by State employees, including overtime pay and per diem and travel expenses of such employees, but not including pay for regular time of such employees.

(c) REVIEW.—The President shall review the management cost rates established under subsection (a) not later than 3 years after the date of establishment of such rates and periodically thereafter.

TITLE IV—MAJOR DISASTER ASSISTANCE PROGRAMS

* * * * * * *

SEC. 404. HAZARD MITIGATION.

(a) IN GENERAL.—The President may contribute up to 75 percent of the cost of hazard mitigation measures which the President has determined are cost-effective and which substantially reduce the risk of future damage, hardship, loss, or suffering in any area affected by a major disaster. Such measures shall be identified following the evaluation of natural hazards under section 409 and shall be subject to approval by the President. The total of contributions under this section for a major disaster shall not exceed ⟦15⟧ *20* percent of the estimated aggregate amount of grants to be made (less any associated administrative costs) under this Act with respect to the major disaster.

* * * * * * *

(c) PROGRAM ADMINISTRATION BY STATES.—

(1) IN GENERAL.—A State desiring to administer the hazard mitigation assistance program established by this section with respect to hazard mitigation assistance in the State may submit to the President an application for the delegation of such authority.

(2) CRITERIA.—The President, in consultation with States and local governments, shall establish criteria for the approval of applications submitted under paragraph (1). The criteria shall include, at a minimum, the following:

(A) The demonstrated ability of the State to manage the grant program under this section.

(B) Submission of the plan required under section 201(c).

(C) A demonstrated commitment to mitigation activities.

(3) APPROVAL.—The President shall approve an application submitted under paragraph (1) that meets the criteria established under paragraph (2).

(4) WITHDRAWAL OF APPROVAL.—If, after approving an application of a State submitted under paragraph (1), the President determines that the State is not administering the hazard mitigation assistance program established by this section in a manner satisfactory to the President, the President shall withdraw such approval.

(5) AUDITS.—The President shall provide for periodic audits of the hazard mitigation assistance programs administered by States under this subsection.

SEC. 406. REPAIR, RESTORATION, AND REPLACEMENT OF DAMAGED FACILITIES.

⟦(a) CONTRIBUTIONS.—The President may make contributions—

⟦(1) to a State or local government for the repair, restoration, reconstruction, or replacement of a public facility which is damaged or destroyed by a major disaster and for associated expenses incurred by such government; and

⟦(2) to a person who owns or operates a private nonprofit facility damaged or destroyed by a major disaster for the repair, restoration, reconstruction, or replacement of such facility and for associated expenses incurred by such person.

⟦(b) MINIMUM FEDERAL SHARE.—The Federal share of assistance under this section shall be not less than—

⟦(1) 75 percent of the net eligible cost of repair, restoration, reconstruction, or replacement carried out under this section;

⟦(2) 100 percent of associated expenses described in subsections (f)(1) and (f)(2); and

⟦(3) 75 percent of associated expenses described in subsections (f)(3), (f)(4), and (f)(5).

⟦(c) LARGE IN LIEU CONTRIBUTIONS.—

⟦(1) FOR PUBLIC FACILITIES.—In any case where a State or local government determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing any public facility owned or controlled by such State or local government, it may elect to receive, in lieu of a contribution under subsection (a)(1), a contribution of not to exceed 90 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of associated expenses. Funds contributed under this subsection may be used to repair, restore, or expand other selected public facilities, to construct new facilities, or to fund hazard mitigation measures which the State or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster.

⟦(2) RESTRICTION ON USE FOR STATE OR LOCAL CONTRIBUTION.—Funds provided under this subsection shall not be used for any State or local government cost-sharing contribution required under this Act.

⟦(3) FOR PRIVATE NONPROFIT FACILITIES.—In any case where a person who owns or operates a private nonprofit facility determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing such facility, such person may elect to receive, in lieu of a contribution under subsection (a)(2), a contribution of not to exceed 90 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of associated expenses. Funds contributed under this subsection may be used to repair, restore, or expand other selected private nonprofit facilities owned or operated by such person, to construct new private nonprofit facilities to be owned or operated by such person, or to fund hazard mitigation measures which such person determines to be necessary to meet a need for its services and functions in the area affected by the major disaster.⟧

(a) CONTRIBUTIONS.—

(1) IN GENERAL.—The President may make contributions—

(A) to a State or local government for the repair, restoration, reconstruction, or replacement of a public facility which is damaged or destroyed by a major disaster and for associated expenses incurred by such government; and

(B) subject to paragraph (2), to a person who owns or operates a private nonprofit facility damaged or destroyed by a major disaster for the repair, restoration, reconstruction,

or replacement of such facility and for associated expenses incurred by such person.

(2) CONDITIONS FOR ASSISTANCE TO PRIVATE NONPROFIT FACILITIES.—The President may make contributions to a private nonprofit facility under paragraph (1)(B) only if the owner or operator of the facility—

(A) has applied for a disaster loan under section 7(b) of the Small Business Act (15 U.S.C. 636(b)); and

(B)(i) has been determined to be ineligible for such a loan; or

(ii) has obtained such a loan in the maximum amount for which the Small Business Administration determines the facility is eligible.

(b) MINIMUM FEDERAL SHARE.—The Federal share of assistance under this section shall be not less than 75 percent of the eligible cost of repair, restoration, reconstruction, or replacement carried out under this section.

(c) LARGE IN-LIEU CONTRIBUTIONS.—

(1) FOR PUBLIC FACILITIES.—

1(A) IN GENERAL.—In any case in which a State or local government determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing any public facility owned or controlled by such State or local government, the State or local government may elect to receive, in lieu of a contribution under subsection (a)(1)(A), a contribution of 75 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of management expenses.

(B) USE OF FUNDS.—Funds contributed to a State or local government under this paragraph may be used to repair, restore, or expand other selected public facilities, to construct new facilities, or to fund hazard mitigation measures which the State or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster.

(2) FOR PRIVATE NONPROFIT FACILITIES.—

(A) IN GENERAL.—In any case where a person who owns or operates a private nonprofit facility determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing such facility, such person may elect to receive, in lieu of a contribution under subsection (a)(1)(B), a contribution of 75 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of management expenses.

(B) USE OF FUNDS.—Funds contributed to a person under this paragraph may be used to repair, restore, or expand other selected private nonprofit facilities owned or operated by the person, to construct new private nonprofit facilities to be owned or operated by the person, or to fund hazard mitigation measures that the person determines to be necessary to meet a need for its services and functions in the area affected by the major disaster.

(3) MODIFICATION OF FEDERAL SHARE.—The President shall modify the Federal share of the cost estimate provided in paragraphs (1) and (2) if the President determines an alternative cost share will likely reduce the total amount of Federal assistance provided under this section. The Federal cost share for purposes of paragraphs (1) and (2) shall not exceed 90 percent and shall not be less than 50 percent.

* * * * * * *

⟦(e) NET ELIGIBLE COST.—

⟦(1) GENERAL RULE.—For purposes of this section, the cost of repairing, restoring, reconstructing, or replacing a public facility or private nonprofit facility on the basis of the design of such facility as it existed immediately prior to the major disaster and in conformity with current applicable codes, specifications, and standards (including floodplain management and hazard mitigation criteria required by the President or by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.)) shall, at a minimum, be treated as the net eligible cost of such repair, restoration, reconstruction, or replacement.

⟦(2) SPECIAL RULE.—In any case in which the facility being repaired, restored, reconstructed, or replaced under this section was under construction on the date of the major disaster, the cost of repairing, restoring, reconstructing, or replacing such facility shall include, for purposes of this section, only those costs which, under the contract for such construction, are the owner's responsibility and not the contractor's responsibility.

⟦(f) ASSOCIATED EXPENSES.—For purposes of this section, associated expenses include the following:

⟦(1) NECESSARY COSTS.—Necessary costs of requesting, obtaining, and administering Federal assistance based on a percentage of assistance provided as follows:

⟦(A) For an applicant whose net eligible costs equal less than $100,000, 3 percent of such net eligible costs.

⟦(B) For an applicant whose net eligible costs equal $100,000 or more but less than $1,000,000, $3,000 plus 2 percent of such net eligible costs in excess of $100,000.

⟦(C) For an applicant whose net eligible costs equal $1,000,000 or more but less than $5,000,000, $21,000 plus 1 percent of such net eligible costs in excess of $1,000,000.

⟦(D) For an applicant whose net eligible costs equal $5,000,000 or more, $61,000 plus ½ percent of such net eligible costs in excess of $5,000,000.

⟦(2) EXTRAORDINARY COSTS.—Extraordinary costs incurred by a State for preparation of damage survey reports, final inspection reports, project applications, final audits, and related field inspections by State employees, including overtime pay and per diem and travel expenses of such employees, but not including pay for regular time of such employees, based on the total amount of assistance provided under sections 403, 404, 406, 407, 502, and 503 in such State in connection with the major disaster as follows:

⟦(A) If such total amount is less than $100,000, 3 percent of such total amount.

⟦(B) If such total amount is $100,000 or more but less than $1,000,000, $3,000 plus 2 percent of such total amount in excess of $100,000.

⟦(C) If such total amount is $1,000,000 or more but less than $5,000,000, $21,000 plus 1 percent of such total amount in excess of $1,000,000.

⟦(D) If such total amount is $5,000,000 or more, $61,000 plus ½ percent of such total amount in excess of $5,000,000.

⟦(3) COSTS OF NATIONAL GUARD.—The costs of mobilizing and employing the National Guard for performance of eligible work.

⟦(4) COSTS OF PRISON LABOR.—The costs of using prison labor to perform eligible work, including wages actually paid, transportation to a worksite, and extraordinary costs of guards, food, and lodging.

⟦(5) OTHER LABOR COSTS.—Base and overtime wages for an applicant's employees and extra hires performing eligible work plus fringe benefits on such wages to the extent that such benefits were being paid before the disaster.⟧

(e) ELIGIBLE COST.—

(1) IN GENERAL.—For the purposes of this section, the estimate of the cost of repairing, restoring, reconstructing, or replacing a public facility or private nonprofit facility on the basis of the design of such facility as it existed immediately before the major disaster and in conformity with current applicable codes, specifications, and standards (including floodplain management and hazard mitigation criteria required by the President or by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.)) shall be treated as the eligible cost of such repair, restoration, reconstruction, or replacement. Subject to paragraph (2), the President shall use the cost estimation procedures developed under paragraph (3) to make the estimate under this paragraph.

(2) MODIFICATION OF ELIGIBLE COST.—In the event the actual cost of repairing, restoring, reconstructing, or replacing a facility under this section is more than 120 percent or less than 80 percent of the cost estimated under paragraph (1), the President may determine that the eligible cost be the actual cost of such repair, restoration, reconstruction, or replacement. The government or person receiving assistance under this section shall reimburse the President for the portion of such assistance that exceeds the eligible cost of such repair, restoration, reconstruction, or replacement.

(3) EXPERT PANEL.—Not later than 18 months after the date of enactment of the Disaster Mitigation Act of 1998, the President, acting through the Director of the Federal Emergency Management Agency, shall establish an expert panel, including representatives from the construction industry, to develop procedures for estimating the cost of repairing, restoring, reconstructing, or replacing a facility consistent with industry practices.

(4) SPECIAL RULE.—In any case in which the facility being repaired, restored, reconstructed, or replaced under this section was under construction on the date of the major disaster, the cost of repairing, restoring, reconstructing, or replacing such fa-

cility shall include, for purposes of this section, only those costs which, under the contract for such construction, are the owner's responsibility and not the contractor's responsibility.

(5) OTHER ELIGIBLE COSTS.—For purposes of this section, other eligible costs include the following:

(A) COSTS OF NATIONAL GUARD.—The cost of mobilizing and employing the National Guard for performance of eligible work.

(B) COSTS OF PRISON LABOR.—The costs of using prison labor to perform eligible work, including wages actually paid, transportation to a worksite, and extraordinary costs of guards, food, and lodging.

(C) OTHER LABOR COSTS.—Base and overtime wages for an applicant's employees and extra hires performing eligible work plus fringe benefits on such wages to the extent that such benefits were being paid before the disaster.

* * * * * * *

[SEC. 408. TEMPORARY HOUSING ASSISTANCE.

[(a) PROVISION OF TEMPORARY HOUSING.—

[(1) IN GENERAL.—The President may—

[(A) provide, by purchase or lease, temporary housing (including unoccupied habitable dwellings), suitable rental housing, mobile homes, or other readily fabricated dwellings to persons who, as a result of a major disaster, require temporary housing; and

[(B) reimburse State and local governments in accordance with paragraph (4) for the cost of sites provided under paragraph (2).

[(2) MOBILE HOME SITE.—

[(A) IN GENERAL.—Any mobile home or other readily fabricated dwelling provided under this section shall whenever possible be located on a site which—

[(i) is provided by the State or local government; and

[(ii) has utilities provided by the State or local government, by the owner of the site, or by the occupant who was displaced by the major disaster.

[(B) OTHER SITES.—Mobile homes and other readily fabricated dwellings may be located on sites provided by the President if the President determines that such sites would be more economical or accessible than sites described in subparagraph (A).

[(3) PERIOD.—Federal financial and operational assistance under this section shall continue for not longer than 18 months after the date of the major disaster declaration by the President, unless the President determines that due to extraordinary circumstances it would be in the public interest to extend such 18-month period.

[(4) FEDERAL SHARE.—The Federal share of assistance under this section shall be 100 percent; except that the Federal share of assistance under this section for construction and site development costs (including installation of utilities) at a mobile home group site shall be 75 percent of the eligible cost of such assistance. The State or local government receiving assistance under this section shall pay any cost which is not paid for from the Federal share.

⟦(b) TEMPORARY MORTGAGE AND RENTAL PAYMENTS.—The President is authorized to provide assistance on a temporary basis in the form of mortgage or rental payments to or on behalf of individuals and families who, as a result of financial hardship caused by a major disaster, have received written notice of dispossession or eviction from a residence by reason of a foreclosure of any mortgage or lien, cancellation of any contract of sale, or termination of any lease, entered into prior to such disaster. Such assistance shall be provided for the duration of the period of financial hardship but not to exceed 18 months.

⟦(c) IN LIEU EXPENDITURES.—In lieu of providing other types of temporary housing after a major disaster, the President is authorized to make expenditures for the purpose of repairing or restoring to a habitable condition owner-occupied private residential structures made uninhabitable by a major disaster which are capable of being restored quickly to a habitable condition.

⟦(d) TRANSFER OF TEMPORARY HOUSING.—

⟦(1) DIRECT SALE TO OCCUPANTS.—Notwithstanding any other provision of law, any temporary housing acquired by purchase may be sold directly to individuals and families who are occupants of temporary housing at prices that are fair and equitable, as determined by the President.

⟦(2) TRANSFERS TO STATES, LOCAL GOVERNMENTS, AND VOLUNTARY ORGANIZATIONS.—The President may sell or otherwise make available temporary housing units directly to States, other governmental entities, and voluntary organizations. The President shall impose as a condition of transfer under this paragraph a covenant to comply with the provisions of section 308 requiring nondiscrimination in occupancy of such temporary housing units. Such disposition shall be limited to units purchased under the provisions of subsection (a) and to the purposes of providing temporary housing for disaster victims in major disasters or emergencies.

⟦(e) NOTIFICATION.—

⟦(1) IN GENERAL.—Each person who applies for assistance under this section shall be notified regarding the type and amount of any assistance for which such person qualifies. Whenever practicable, such notice shall be provided within 7 days after the date of submission of such application.

⟦(2) INFORMATION.—Notification under this subsection shall provide information regarding—

⟦(A) all forms of such assistance available;

⟦(B) any specific criteria which must be met to qualify for each type of assistance that is available;

⟦(C) any limitations which apply to each type of assistance; and

⟦(D) the address and telephone number of offices responsible for responding to—

⟦(i) appeals of determinations of eligibility for assistance; and [(ii) requests for changes in the type or amount of assistance provided.

[(f) LOCATION.—In providing assistance under this section, consideration shall be given to the location of and travel time to—

[(1) the applicant's home and place of business;

[(2) schools which the applicant or members of the applicant's family who reside with the applicant attend; and

[(3) crops or livestock which the applicant tends in the course of any involvement in farming which provides 25 percent or more of the applicant's annual income.]

SEC. 408. FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS.

(a) GENERAL AUTHORITY.—Subject to the requirements of this section, the President, in consultation with the Governor of the affected State, may provide financial assistance, and, if necessary, direct services, to disaster victims who as a direct result of a major disaster have necessary expenses and serious needs where such victims are unable to meet such expenses or needs through other means.

(b) HOUSING ASSISTANCE.—

(1) ELIGIBILITY.—The President may provide financial or other assistance under this section to individuals and families to respond to the disaster-related housing needs of those who are displaced from their predisaster primary residences or whose predisaster primary residences are rendered uninhabitable as a result of damage caused by a major disaster.

(2) DETERMINATION OF APPROPRIATE TYPES OF ASSISTANCE.—The President shall determine appropriate types of housing assistance to be provided to disaster victims under this section based upon considerations of cost effectiveness, convenience to disaster victims, and such other factors as the President may consider appropriate. One or more types of housing assistance may be made available, based on the suitability and availability of the types of assistance, to meet the needs of disaster victims in the particular disaster situation.

(c) TYPES OF HOUSING ASSISTANCE.—

(1) TEMPORARY HOUSING.—

(A) FINANCIAL ASSISTANCE.—

(i) IN GENERAL.—The President may provide financial assistance under this section to individuals or households to rent alternate housing accommodations, existing rental units, manufactured housing, recreational vehicles, or other readily fabricated dwellings.

(ii) AMOUNT.—The amount of assistance under clause (i) shall be based on the fair market rent for the accommodation being furnished plus the cost of any transportation, utility hookups, or unit installation not being directly provided by the President.

(B) DIRECT ASSISTANCE.—

(i) IN GENERAL.—The President may also directly provide under this section housing units, acquired by purchase or lease, to individuals or households who, because of a lack of available housing resources, would be unable to make use of the assistance provided under subparagraph (A).

(ii) PERIOD OF ASSISTANCE.—The President may not provide direct assistance under clause (i) with respect to a major disaster after the expiration of the 18-month period beginning on the date of the declaration of the major disaster by the President, except that the President may extend such period if the President determines that due to extraordinary circumstances an extension would be in the public interest.

(iii) COLLECTION OF RENTAL CHARGES.—After the expiration of the 18-month period referred to in clause (ii), the President may charge fair market rent for the accommodation being provided.

(2) REPAIRS.—The President may provide financial assistance for the repair of owner-occupied private residences, utilities, and residential infrastructure (such as private access routes) damaged by a major disaster to a habitable or functioning condition. A recipient of assistance provided under this paragraph need not show that the assistance can be met through other means, except insurance proceeds, if the assistance is used for emergency repairs to make a private residence habitable and does not exceed $5,000 (based on fiscal year 1998 constant dollars).

(3) REPLACEMENT.—The President may provide financial assistance for the replacement of owner-occupied private residences damaged by a major disaster. Assistance provided under this paragraph shall not exceed $10,000 (based on fiscal year 1998 constant dollars). The President may not waive any provision of Federal law requiring the purchase of flood insurance as a condition for the receipt of Federal disaster assistance with respect to assistance provided under this paragraph.

(4) PERMANENT HOUSING CONSTRUCTION.—The President may provide financial assistance or direct assistance under this section to individuals or households to construct permanent housing in insular areas outside the continental United States and other remote locations in cases in which—

(A) no alternative housing resources are available; and

(B) the types of temporary housing assistance described in paragraph (1) are unavailable, infeasible, or not cost effective.

(d) TERMS AND CONDITIONS RELATING TO HOUSING ASSISTANCE.—

(1) SITES.—Any readily fabricated dwelling provided under this section shall, whenever possible, be located on a site complete with utilities, and shall be provided by the State or local government, by the owner of the site, or by the occupant who was displaced by the major disaster. Readily fabricated dwellings may be located on sites provided by the President if the President determines that such sites would be more economical or accessible.

(2) DISPOSAL OF UNITS.—

(A) SALE TO OCCUPANTS.—

(i) IN GENERAL.—Notwithstanding any other provision of law, a temporary housing unit purchased under this section by the President for the purposes of hous-

ing disaster victims may be sold directly to the individual or household who is occupying the unit if the individual or household needs permanent housing.

(ii) SALES PRICE.—Sales of temporary housing units under clause (i) shall be accomplished at prices that are fair and equitable.

(iii) DEPOSIT OF PROCEEDS.—Notwithstanding any other provision of law, the proceeds of a sale under clause (i) shall be deposited into the appropriate Disaster Relief Fund account.

(iv) USE OF GSA SERVICES.—The President may use the services of the General Services Administration to accomplish a sale under clause (i).

(B) OTHER METHODS OF DISPOSAL.—

(i) SALE.—If not disposed of under subparagraph (A), a temporary housing unit purchased by the President for the purposes of housing disaster victims may be resold.

(ii) DISPOSAL TO GOVERNMENTS AND VOLUNTARY ORGANIZATIONS.—A temporary housing unit described in clause (i) may also be sold, transferred, donated, or otherwise made available directly to a State or other governmental entity or to a voluntary organization for the sole purpose of providing temporary housing to disaster victims in major disasters and emergencies if, as a condition of such sale, transfer, or donation, the State, other governmental agency, or voluntary organization agrees—

(I) to comply with the nondiscrimination provisions of section 308; and

(II) to obtain and maintain hazard and flood insurance on the housing unit.

(e) FINANCIAL ASSISTANCE TO ADDRESS OTHER NEEDS.—

(1) MEDICAL, DENTAL, AND FUNERAL EXPENSES.—The President, in consultation with the Governor of the affected State, may provide financial assistance under this section to an individual or household adversely affected by a major disaster to meet disaster-related medical, dental, and funeral expenses.

(2) PERSONAL PROPERTY, TRANSPORTATION, AND OTHER EXPENSES.—The President, in consultation with the Governor of the affected State, may provide financial assistance under this section to an individual or household described in paragraph (1) to address personal property, transportation, and other necessary expenses or serious needs resulting from the major disaster.

(f) STATE ROLE.—The President shall provide for the substantial and ongoing involvement of the affected State in administering the assistance under this section.

(g) MAXIMUM AMOUNT OF ASSISTANCE.—No individual or household shall receive financial assistance greater than $25,000 under this section with respect to a single major disaster. Such limit shall be adjusted annually to reflect changes in the Consumer Price Index for all Urban Consumers published by the Department of Labor.

(h) ISSUANCE OF REGULATIONS.—The President shall issue rules and regulations to carry out the program, including criteria, standards, and procedures for determining eligibility for assistance.

* * * * * * *

[SEC. 411. INDIVIDUAL AND FAMILY GRANT PROGRAMS.

[(a) IN GENERAL.—The President is authorized to make a grant to a State for the purpose of making grants to individuals or families adversely affected by a major disaster for meeting disaster-related necessary expenses or serious needs of such individuals or families in those cases where such individuals or families are unable to meet such expenses or needs through assistance under other provisions of this Act or through other means.

[(b) COST SHARING.—

[(1) FEDERAL SHARE.—The Federal share of a grant to an individual or a family under this section shall be equal to 75 percent of the actual cost incurred.

[(2) STATE CONTRIBUTION.—The Federal share of a grant under this section shall be paid only on condition that the remaining 25 percent of the cost is paid to an individual or family from funds made available by a State.

[(c) REGULATIONS.—The President shall promulgate regulations to carry out this section and such regulations shall include national criteria, standards, and procedures for the determination of eligibility for grants and the administration of grants under this section.

[(d) ADMINISTRATIVE EXPENSES.—A State may expend not to exceed 5 percent of any grant made by the President to it under subsection (a) for expenses of administering grants to individuals and families under this section.

[(e) ADMINISTRATION THROUGH GOVERNOR.—The Governor of a State shall administer the grant program authorized by this section in the State.

[(f) LIMIT ON GRANTS TO INDIVIDUAL.—No individual or family shall receive grants under this section aggregating more than $10,000 with respect to any single major disaster. Such $10,000 limit shall annually be adjusted to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.]

* * * * * * *

[COMMUNITY DISASTER LOANS

[SEC. 417. (a) The President is authorized to make loans to any local government which may suffer a substantial loss of tax and other revenues as a result of a major disaster, and has demonstrated a need for financial assistance in order to perform its governmental functions. The amount of any such loan shall be based on need, and shall not exceed 25 per centum of the annual operating budget of that local government for the fiscal year in which the major disaster occurs. Repayment of all or any part of such loan to the extent that revenues of the local government during the three full fiscal year period following the major disaster are insufficient to meet the operating budget of the local government, including additional disaster-related expenses of a municipal operation character shall be cancelled.

【(b) Any loans made under this section shall not reduce or otherwise affect any grants or other assistance under this Act.】

* * * * * * *

【SEC. 422. SIMPLIFIED PROCEDURE.

【If the Federal estimate of the cost of—

【(1) repairing, restoring, reconstructing, or replacing under section 406 any damaged or destroyed public facility or private nonprofit facility,

【(2) emergency assistance under section 403 or 502, or

【(3) debris removed under section 407,

is less than $35,000, the President (on application of the State or local government or the owner or operator of the private nonprofit facility) may make the contribution to such State or local government or owner or operator under section 403, 406, 407, or 502, as the case may be, on the basis of such Federal estimate. Such $35,000 amount shall be adjusted annually to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.】

* * * * * * *

TITLE V—EMERGENCY ASSISTANCE PROGRAMS

* * * * * * *

SEC. 502. FEDERAL EMERGENCY ASSISTANCE.

(a) SPECIFIED.—In any emergency, the President may—

(1) * * *

* * * * * * *

(6) provide 【temporary housing】 assistance in accordance with section 408; and

* * * * * * *

○