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HOUSE OF REPRESENTATIVES
REPORT
119–320

DISASTER MANAGEMENT COSTS MODERNIZATION ACT

OCTOBER 3, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

R E P O R T

[To accompany H.R. 744]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 744) to amend section 324 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act to incentivize States, Indian Tribes, and Territories to close disaster recovery projects by authorizing the use of excess funds for management costs for other disaster recovery projects, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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PURPOSE OF LEGISLATION

The purpose of H.R. 744 is to amend section 324 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* to incentivize States, Indian Tribes, and Territories to close disaster recovery projects by authorizing the use of excess funds for management costs for other disaster recovery projects.

BACKGROUND AND NEED FOR LEGISLATION

When managing Federal disaster declarations pursuant to the *Stafford Act*, state and local government applicants coordinate large grants through the Federal Emergency Management Agency (FEMA). Applicants may utilize a percentage of their awards to offset the administrative requirements of managing such grants.[1] Though applicants are increasingly administering multiple Federal disaster declarations concurrently, management costs are limited to each specific disaster.[2]

H.R. 744 allows grantees to utilize management costs across all open disasters in their state and directs FEMA to allow unspent management costs to be made available for a period of five years from the date of eligibility for capacity building. Currently, if an applicant does not spend to the caps set in the law for management costs, it will forfeit any excess administrative cost funding that is not utilized by the time the disaster is closed. The legislation amends Section 324 of the *Stafford Act* to make excess management costs received to manage grants authorized by Sections 403, 404, 406, 407, or 502 eligible for building disaster response capacity or other authorized mitigation activities.

Allowing the flexibility provided by this Act was proposed in a 2022 Government Accountability Office report as a solution to simplify Federal disaster recovery program requirements.[3] Additionally, a report issued by the Congressionally authorized Wildfire Mitigation and Management Commission recommended FEMA allow state management costs to cover general program management functions, instead of being tied to specific events.[4]

HEARINGS

For the purposes of rule XIII, clause 3(c)(6)(A) of the 118th Congress, the following hearing was used to develop or consider H.R. 744:

On September 19, 2023, the Subcommittee on Economic Development, Public Buildings and Emergency Management of the Committee on Transportation and Infrastructure held a hearing entitled, "*FEMA: The Current State of Disaster Readiness, Response, and Recovery*."[5] The Subcommittee received testimony from the Honorable Deanne Criswell, Administrator, FEMA.

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[1] 42 U.S.C. § 5165b.

[2] U.S. GOV'T ACCOUNTABILITY OFFICE, DISASTER RECOVERY, ACTIONS NEEDED TO IMPROVE THE FEDERAL APPROACH, GAO–23–104956 (Nov. 2022).

[3] *Id.*

[4] USDA, *ON FIRE: The Report of the Wildland Fire Mitigation and Management Commission* (Sept. 2023), *available at* https://www.usda.gov/sites/default/files/documents/wfmmc-final-report-09-2023.pdf.

[5] *FEMA: The Current State of Disaster Readiness, Response, and Recovery: Hearing Before the H. Comm. On Transp. And Infrastructure*, 118th Cong. (Sept. 19, 2023).

Legislative History and Consideration

H.R. 744 was introduced in the United States House of Representatives on January 28, 2025, by Mr. Neguse of Colorado and referred to the Committee on Transportation and Infrastructure. Within the Committee on Transportation and Infrastructure, H.R. 744 was referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management. The Subcommittee on Economic Development, Public Buildings, and Emergency Management was discharged from further consideration of H.R. 744 on February 26, 2025.

The Committee considered H.R. 744 on February 26, 2025, and ordered the measure to be reported to the House with a favorable recommendation, without amendment, by voice vote.

Committee Votes

Clause 3(b) of rule XIII 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 record 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.

No record votes were requested during consideration of H.R. 744.

Committee Oversight Findings and Recommendations

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

New Budget Authority and Tax Expenditures

Clause 3(c)(2) 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.

Congressional Budget Office Cost Estimate

With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee has received the enclosed cost estimate for H.R. 744 from the Director of the Congressional Budget Office:

H.R. 744, Disaster Management Costs Modernization Act
As ordered reported by the House Committee on Transportation and Infrastructure on February 26, 2025

By Fiscal Year, Millions of Dollars	2025	2025-2030	2025-2035
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	15	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2036?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2036?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

H.R. 744 would allow state and local governments that receive disaster assistance from the Federal Emergency Management Agency (FEMA) to repurpose unused funds that were originally allocated for management costs to increase their administrative capacity to prepare for, recover from, or mitigate the effects of future disasters. Under current law, unused funds generally are returned to the Disaster Relief Fund and used for disaster recovery. Those governments could retain unused funds from amounts appropriated after enactment for disasters that are declared on or after enactment of H.R. 744. Those funds would not be available for repurposing until a grant has reached its closeout date, which occurs at the completion of all projects funded by the grant, and would then remain available for five years from that point.

The bill also would require the Government Accountability Office (GAO), within six months of enactment, to report to the Congress on the amount of management costs incurred over the past five years, how those amounts were used by state and local governments, and whether the amounts set aside to cover management costs are appropriate.

Using information from FEMA and state and local officials in the disaster response field, CBO expects that smaller states—particularly those with smaller budgets for disaster recovery—would be most likely to repurpose unused funds to hire permanent staff. Based on an analysis of historic obligations for disaster recovery, CBO expects that the amount of funds available to repurpose in 2025 would be small, because most grants are available for several years after a disaster has occurred. The amount of funding available for repurposing would grow steadily over time, as more grants are closed out. In total, CBO expects that over time between 10 and 20 smaller states would each hire or retain an additional one to four employees to perform work related to disaster response and preparedness, at an average cost of about $100,000 per employee. CBO expects that those governments also would repurpose funds for other activities that would build administrative capacity, such as training, outreach, and creating disaster response plans. In total, CBO estimates that implementing this provision would cost

$15 million over the 2025–2030 period. Estimated costs would continue to increase after 2030, as more funds become available for repurposing.

CBO estimates that the GAO report would cost less than $500,000 in 2025.

Any related spending would be subject to the availability of appropriated funds.

The costs of the legislation, detailed in Table 1, fall within budget function 450 (community and regional development).

TABLE 1.—ESTIMATED INCREASES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 744

	By fiscal year, millions of dollars—						
	2025	2026	2027	2028	2029	2030	2025–2030
Estimated Authorization	1	1	2	3	5	5	17
Estimated Outlays	*	1	2	3	4	5	15

* = between zero and $500,000.

The CBO staff contact for this estimate is Jon Sperl. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goal and objective of this legislation is to incentivize States, Indian Tribes, and Territories to close disaster recovery projects by authorizing the use of excess funds for management costs for other disaster recovery projects.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 744 establishes or reauthorizes a program of the Federal government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of the rule XXI.

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 (Public Law 104–4).

Preemption Clarification

Section 423 of the *Congressional Budget Act of 1974* requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee finds that H.R. 744 does not preempt any state, local, or tribal law.

Advisory Committee Statement

No advisory committees within the definition of Section 5(b) of the appendix to Title 5, United States Code, are created by this legislation.

Applicability to 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* (Public Law 104–1).

Section-by-Section Analysis of the Legislation, as Amended

Section 1. Short title

This section titles the bill as the "Disaster Management Costs Modernization Act".

Section 2. Use of excess funds for management costs

This section amends Section 324 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* to allow for the use of excess management cost funds for activities associated with building capacity to prepare for, recover from, or mitigate the impacts of a major disaster or emergency and to pay for management costs associated with any major disaster, emergency, disaster preparedness measure or mitigation activity. The section makes the excess funds available up to five years after the date on which the excess funds were made available. This section also requires the Comptroller General of the United States to review the managements costs set aside.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) 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, and existing law in which no change is proposed is shown in roman):

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) 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,

and existing law in which no change is proposed is shown in roman):

ROBERT T. STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT

* * * * * * *

TITLE III—MAJOR DISASTER AND EMERGENCY ASSISTANCE ADMINISTRATION

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SEC. 324. MANAGEMENT COSTS.

(a) DEFINITION OF MANAGEMENT COST.—In this section, the term "management cost" includes any indirect cost, any direct administrative cost, and any other administrative expense associated with a specific project under a major disaster, emergency, or disaster preparedness or mitigation activity or measure.

(b) ESTABLISHMENT OF MANAGEMENT COST RATES.—

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

(2) SPECIFIC MANAGEMENT COSTS.—The Administrator of the Federal Emergency Management Agency shall ⟦provide the following percentage rates⟧ *provide—*

(A) excess funds for management costs as described in subsection (c); and

(B)the following percentage rates, in addition to the eligible project costs, to cover direct and indirect costs of administering the following programs:

⟦(A)⟧ *(i)* HAZARD MITIGATION.—A grantee under section 404 may be reimbursed not more than 15 percent of the total amount of the grant award under such section of which not more than 10 percent may be used by the grantee and 5 percent by the subgrantee for such costs.

⟦(B)⟧ *(ii)* PUBLIC ASSISTANCE.—A grantee under sections 403, 406, 407, and 502 may be reimbursed not more than 12 percent of the total award amount under such sections, of which not more than 7 percent may be used by the grantee and 5 percent by the subgrantee for such costs.

(c) USE OF EXCESS FUNDS FOR MANAGEMENT COSTS.—

(1) DEFINITION.—In this subsection, the term "excess funds for management costs" means the difference between—

(A) the amount of the applicable specific management costs authorized under subsection (b)(1) and subsection (b)(2)(B); and

(B) as of the date on which the grant award is closed, the amount of funding for management costs activities ex-

pended by the grantee or subgrantee receiving the financial assistance for costs described in subparagraph (A).

(2) AVAILABILITY OF EXCESS FUNDS FOR MANAGEMENT COSTS.—The President may make available to a grantee or subgrantee receiving financial assistance under section 403, 404, 406, 407, or 502 any excess funds for management costs.

(3) USE OF FUNDS.—Excess funds for management costs made available to a grantee or subgrantee under paragraph (2) may be used for—

(A) activities associated with building capacity to prepare for, recover from, or mitigate the impacts of a major disaster or emergency declared under section 401 or 501, respectively; and

(B) management costs associated with any—

(i) major disaster;

(ii) emergency;

(iii) disaster preparedness measure; or

(iv) mitigation activity or measure authorized under section 203, 204, 205, or 404.

(4) AVAILABILITY.—Excess funds for management costs made available to a grantee or subgrantee under paragraph (2) shall remain available to the grantee or subgrantee until the date that is 5 years after the date on which the excess funds for management costs are made available under paragraph (2).

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

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