

Federal Disaster Assistance for Businesses: Summaries and Policy Options

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Following natural disasters and other emergencies, businesses often face damage to property, inventory, and other assets. Businesses may also face challenges related to infrastructure damage, disruption of services, and dislocation of employees, suppliers, and customers. These challenges impact the communities and regional economies that rely on these businesses for revenue, employment, and civic and community contributions. The recovery process may take weeks, months, or years.

Congress has expressed an interest in expediting business recovery to support disaster recovery and to encourage the conditions for economic growth and development. Most commonly, federal assistance to businesses is supplemental in nature, covering uninsured and underinsured loss. In recent years, Congress has provided appropriations for both direct business assistance and indirect or community-level assistance following natural disasters. The two approaches may facilitate business recovery in different ways by addressing different types of post-disaster challenges. Direct assistance to businesses has primarily been provided by the Small Business Administration (SBA) in the form of low-interest loans, the U.S. Department of Commerce (DOC) fishery disaster assistance, and the U.S. Department of Agriculture (USDA) assistance programs for agricultural operations. Indirect or community-level assistance is generally designed to address damage to transportation networks, infrastructure, telecommunications systems, and other physical assets that facilitate commerce, communication, public health, and transportation. Community-level assistance may be available through programs administered by several federal agencies, including USDA, DOC, and the U.S. Department of Transportation, among others.

This report describes the challenges faced by businesses following a disaster and the rationales for federal business recovery assistance. It also provides summaries of selected federal assistance programs. The summaries include information regarding how declarations factor into the implementation of the programs. Each of the assistance programs have varying eligibility requirements related to disaster declarations or events. Some of these programs depend on a declaration to be put in effect and others may be available to businesses and communities without a declaration.

As the frequency and severity of disasters increase, policymakers may seek to review the scale, scope, and approach to federal business recovery assistance. Additionally, Congress may consider whether to target disaster assistance to particular types of businesses and/or locations. For instance, certain types of businesses may face unique barriers to recovery. Business size, type, location, community characteristics, and other factors may make certain businesses more likely to have delayed or unsuccessful recovery outcomes.

Policymakers may seek to review aspects of federal programs in order to address specific barriers to recovery as well as barriers to accessing assistance. Congress may seek to review the level of assistance that is available and potential gaps or unmet, industry-specific challenges. Congress may also seek to review which objectives to prioritize, aspects of individual programs, and how programs may or may not be integrated across federal agencies and different levels of government.

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Introduction

In the aftermath of a disaster, businesses often seek government assistance to address damages to property, inventory, or other assets. Businesses may also need assistance to cover payroll expenses, cash flow, or other expenses or needs.¹ In general, businesses are expected to use insurance and their own resources to recover from a disaster. Consequently, federal assistance to businesses is supplemental in nature, covering uninsured and underinsured losses. Though several federal programs and agencies provide disaster assistance to businesses, most federal disaster assistance to businesses is provided by Small Business Administration (SBA) low-interest loans, U.S. Department of Commerce fishery disaster assistance, and U.S. Department of Agriculture (USDA) assistance for agricultural operations.² As detailed in this report, the federal government provides some grant assistance to businesses outside of agriculture and fishing sectors that are recovering from a disaster; this grant assistance is comparatively limited in both scope and amount.

Policymakers and state and local stakeholders may support policies designed to address recovery challenges and facilitate business recovery efforts. Economic rationales for providing assistance to businesses include the supposition that private firms are important to regional economies due to their role as employers and contributors of goods, services, and tax revenues.³ Researchers note that “disasters can also have macroeconomic impacts on production level, labor, technology, and global supply chains.”⁴ Conversely, researchers point out that disasters may also have “short-term positive economic impacts because of flow of government aid and increase in demand in certain sectors.”⁵ Both negative and positive macroeconomic effects from disasters may impact individual businesses and communities.⁶ Businesses experience different types of barriers to recovery based on their size, location, sector, and other factors.

This report reviews literature on business disaster recovery challenges, provides general overviews of selected business disaster assistance programs including those provided through the

¹ Kathleen Tierney, “Businesses and Disasters: Vulnerability, Impacts, and Recovery,” in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), <https://link.springer.com/book/10.1007/978-0-387-32353-4>.

² The Federal Emergency Management Agency (FEMA) does not provide disaster assistance to businesses. FEMA’s Public Assistance (PA) program includes assistance to state, tribal, territorial, and local governments, as well as eligible nonprofit entities for urgent response undertaken immediately before or after a hazard strikes, as well as long-term recovery assistance completed years later. For-profit businesses are ineligible for PA. However, eligible Applicants may contract for-profit entities to perform PA-eligible work and receive reimbursement through the PA program for the costs of the contract. For example, a city eligible for PA debris removal may contract a landscaping company to remove fallen trees from city-owned property. The city could then pay the costs of the contract, and submit those costs to FEMA for reimbursement on a cost-share basis. For more information about FEMA’s PA program, see CRS In Focus IF11529, *A Brief Overview of FEMA’s Public Assistance Program*, by Erica A. Lee.

³ Simon A. Andrew, Vaswati Chatterjee, and Gary Webb, “Disasters and the Private Sector: Impact of Extreme Events, Preparedness, and Contribution to Disaster Risk Reduction,” September 15, 2022, <https://doi.org/10.1093/acrefore/9780199389407.013.202>; Kathleen Tierney, “Businesses and Disasters: Vulnerability, Impacts, and Recovery,” in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), <https://link.springer.com/book/10.1007/978-0-387-32353-4>; and Christy M. Corey and Elizabeth A. Deitch, “Factors Affecting Business Recovery Immediately after Hurricane Katrina,” *Journal of Contingencies and Crisis Management*, vol. 19, no. 3, September 2011, p. 169.

⁴ Simon A. Andrew, Vaswati Chatterjee, and Gary Webb, “Disasters and the Private Sector: Impact of Extreme Events, Preparedness, and Contribution to Disaster Risk Reduction,” September 15, 2022, <https://doi.org/10.1093/acrefore/9780199389407.013.202>.

⁵ *Ibid.*

⁶ *Ibid.*

SBA, and the Departments of Agriculture, Commerce, and Housing and Urban Development. This report also provides policy options for congressional consideration.

Caveats and Limitations

This report provides summaries of selected federal programs that may become available after a disaster. For the purposes of this report, a disaster is defined as a high-impact natural catastrophe or human-caused incident (such as a hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, wildfire, or explosion). Each of these programs have varying eligibility requirements related to disaster or emergency declarations or to the events themselves. Some of these programs depend on a declaration to be put in effect and others may be available to businesses and communities without a declaration.

This report does not cover assistance programs provided for cybersecurity attacks, pandemics, or socioeconomic incidents such as labor strikes or economic downturns. Additionally, this report does not include information about tax relief for disaster-affected businesses,⁷ continuity planning, resiliency, insurance, or pre-disaster mitigation.⁸

In addition to the financial assistance programs highlighted in this report, federal agencies also support business recovery through technical assistance, referrals, and other forms of outreach and guidance. These non-financial forms of assistance are not covered in this report.

The list of business disaster assistance programs summarized in this report may not be exhaustive.

Business Recovery Statistics and Challenges

Disasters have direct and indirect impacts on businesses. Direct impacts include damages to property, equipment, inventory, and other assets. Indirect impacts include damage to public infrastructure such as roads, and the interruption of services such as electricity, telecommunications, water, waste water, and sanitation services. Additionally, businesses may lose employees and customers due to the dislocation caused by the disaster. The disaster may therefore interrupt connections to suppliers and customers. Supply and demand trends may shift in other ways as well.⁹ Thus, it is fairly common for businesses to experience severe economic

⁷ Tax relief is generally limited to federally declared disasters. The Internal Revenue Service (IRS) also has the authority to provide administrative relief in response to disaster events. At times, Congress has used the tax code to provide targeted or temporary relief in response to disasters or related events. In some cases, this relief expanded already available tax provisions (e.g., enhanced casualty loss deductions). Other provisions were specific to the disaster circumstances (e.g., employee retention credit). For information about tax policy responses, see CRS Report R45864, *Tax Policy and Disaster Recovery*, by Brendan McDermott and Jennifer Teefy.

⁸ This report provides information about mitigation if it is incorporated in the recovery process. For example, businesses obtaining an SBA physical disaster loan may use up to 20% of the verified loss amount for mitigation measures (e.g., grading or contouring of land; relocating or elevating utilities or mechanical equipment; building retaining walls, safe rooms, or similar structures designed to protect occupants from natural disasters; or installing sewer backflow valves) in an effort to prevent loss should a similar disaster occur in the future.

⁹ Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), pp. 38-57, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and Kathleen Tierney, “Businesses and Disasters: Vulnerability, Impacts, and Recovery,” in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), <https://link.springer.com/book/10.1007/978-0-387-32353-4>.

injury even if they are not directly impacted by a disaster given the wide-range of disruption caused by a disaster.

The number of businesses that fail to recover from a disaster is significant. According to the Federal Alliance for Safe Homes, 40% of businesses do not reopen after a disaster, and another 25% close a year after the disaster.¹⁰ The Federal Alliance for Safe Homes also indicate that 75% of businesses without a continuity plan fail three years after a disaster.¹¹ According to SBA, 90% of businesses fail within two years after being struck by a disaster.¹²

Researchers note that an assortment of factors may influence business recovery outcomes, from the scale and location of the disaster to business characteristics and pre-disaster economic conditions. However, the impact of these factors may not be uniform across all disaster events and researchers have observed that it is challenging to ascertain how the combination of factors may influence business recovery outcomes.¹³ Despite challenges with assessing disaster recovery outcomes, researchers have observed that certain business sizes, types, locations, and community and economic conditions generally contribute to delays in recovery or unsuccessful recovery outcomes.¹⁴

Several studies indicate that small businesses face additional and different challenges with recovery compared to large businesses. Small businesses may be especially vulnerable to business closure following a disaster due to limited access to emergency capital and other resources.¹⁵ Small businesses are also vulnerable because they are more likely to do business within local markets and have neighborhood customers, all of whom may have been affected by the disaster event as well.¹⁶ Additionally, small businesses may “lack the capacity to design and implement hazard management programs.”¹⁷

¹⁰ The Federal Alliance for Safe Homes, *Hurricane Toolkit*, 2014, https://www.ready.gov/sites/default/files/2020-04/ready_business_hurricane-toolkit.pdf. The percentage was derived from 2014 data from the Federal Emergency Management Agency (FEMA) and U.S. Department of Labor.

¹¹ Ibid.

¹² U.S. Small Business Administration, *SBA Disaster Workshop: Are You Prepared for the Next Big Disaster?* November 12, 2015.

¹³ For a summary of research on factors that may impact business recovery outcomes, see Elizabeth Ann Dietch and Christy M. Corey, “Predicting Long-Term Business Recovery Four Years After Hurricane Katrina,” *Management Research Review*, vol. 34, no. 3 (2011), pp. 311-324, <https://doi.org/10.1108/01409171111116321>.

¹⁴ Maria I. Marshall and Holly L. Schrank, “Small Business Disaster Recovery: A Research Framework,” *Natural Hazards*, vol. 72 (2014), pp. 597-616, <https://doi.org/10.1007/s11069-013-1025-z>.

¹⁵ Kathleen Tierney, “Businesses and Disasters: Vulnerability, Impacts, and Recovery,” in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), <https://link.springer.com/book/10.1007/978-0-387-32353-4>; Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), pp. 38-57, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and Gary R. Webb, Kathleen J. Tierney, and James M. Dahlhamer, “Predicting Long-Term Business Recovery From Disaster: a Comparison of the Loma Prieta Earthquake and Hurricane Andrew,” *Global Environmental Change Part B: Environmental Hazards*, vol. 4, issue 2 (2002), p. 47, <https://doi.org/10.3763/ehaz.2002.0405>.

¹⁶ Regardless of size, businesses dependent on the discretionary income of local markets may also experience greater financial difficulty as they recover, since the local residents may also be impacted by the disaster. See Gary R. Webb, Kathleen J. Tierney, and James M. Dahlhamer, “Predicting Long-Term Business Recovery From Disaster: a Comparison of the Loma Prieta Earthquake and Hurricane Andrew,” *Global Environmental Change Part B: Environmental Hazards*, vol. 4, issue 2 (2002), pp. 47, 54, <https://doi.org/10.3763/ehaz.2002.0405>.

¹⁷ Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), p. 40, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>.

Other studies note that certain business types and locations are more vulnerable than others to physical hazards.¹⁸ For example, businesses that rely on supply chains and local markets (e.g., retail businesses) face more challenges in post-disaster recovery efforts.¹⁹ Researchers also note that businesses in the construction and manufacturing sectors may recover at a faster rate than businesses in wholesale or retail sectors.²⁰

Broader economic trends and community context also impact business recovery outcomes. The pre-disaster state of the regional economy often affects the rate and speed of business recovery.²¹ Housing recovery and business recovery are often linked as well. As businesses seek to re-establish operations, their employees seek safe, proximate housing, which may not be sufficiently repaired or reconstructed following a disaster event. Thus, housing shortages may impede business recovery and challenges to business recovery may impact the rate and level of a region's housing recovery.²² Additionally, community and local governance conditions (e.g., the recovery "groundwork," planning activities, the degree of neighborhood recovery, the type and status of building codes) may further impact the rate and success of business recovery.²³

It may be challenging to determine whether or to what degree a business has "recovered." Business recovery may be measured by the ability to resume operations, the return to pre-disaster conditions, the levels of profitability and viability, the degree of post-disaster resiliency, or some other indicators. Some businesses do not reopen immediately following a disaster event, while others may experience difficulties and close months or years after a disaster as a result of challenges related to the event. Some businesses may not ever return to the same level of pre-disaster activity. Researchers note that business owners may close their original business and enter a new enterprise or different type of economic activity.²⁴ For these reasons, business

¹⁸ Yang Zhang et al., "Vulnerability of Community Businesses to Environmental Disasters," *Disasters*, vol. 33, issue 1 (2009), pp. 38-57, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and Christy M. Corey and Elizabeth A. Deitch, "Factors Affecting Business Recovery Immediately after Hurricane Katrina," *Journal of Contingencies and Crisis Management*, vol. 19, no. 3, September 2011, p. 170.

¹⁹ Kathleen Tierney, "Businesses and Disasters: Vulnerability, Impacts, and Recovery," in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), p. 278, <https://link.springer.com/book/10.1007/978-0-387-32353-4>.

²⁰ Ibid.

²¹ Gary R. Webb, Kathleen J. Tierney, and James M. Dahlhamer, "Predicting Long-Term Business Recovery From Disaster: A Comparison of the Loma Prieta Earthquake and Hurricane Andrew," *Global Environmental Change Part B: Environmental Hazards*, vol. 4, issue 2 (2002), pp. 55-56, <https://doi.org/10.3763/ehaz.2002.0405>.

²² Walter Gillis Peacock, Nicole Dash, and Yang Zhang, "Sheltering and Housing Recovery Following Disaster," in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), pp. 258-259, <https://link.springer.com/book/10.1007/978-0-387-32353-4>.

²³ Maria I. Marshall and Holly L. Schrank, "Small Business Disaster Recovery: A Research Framework," *Natural Hazards*, vol. 72 (2014), pp. 597-616, <https://doi.org/10.1007/s11069-013-1025-z>; and Elizabeth Ann Dietch and Christy M. Corey, "Predicting Long-Term Business Recovery Four Years After Hurricane Katrina," *Management Research Review*, vol. 34, no. 3 (YEAR), pp. 311-324, <https://doi.org/10.1108/01409171111116321>.

²⁴ Daniel J. Alesch et al., "Organizations At Risk: What Happens When Small Businesses and Not-For-Profits Encounter Natural Disasters," Public Entity Risk Institute, 2001. In summarizing findings on business recovery by Alesch et al. (2001), Tierney (2007) noted that

permanent closure following disasters is not, in and of itself, an indicator of disaster induced failure; rather, in light of new post-disaster circumstances, it can be a wise strategic business decision. Unfortunately, however, according to their studies, many business owners simply refuse to acknowledge that their circumstances have been radically altered by disaster. Instead of adapting, they continue to pump money into enterprises that have essentially no possibility of success—a pattern that Alesch et al. refer to as the "dead business walking" syndrome.

(continued...)

recovery is often framed as “a process, rather than an event” spanning multiple years, wherein businesses may recover in different ways and in different timeframes.²⁵

Direct and Indirect Approaches to Federal Business Recovery Assistance

Federal disaster assistance is provided directly and indirectly to businesses (see **Figure A-1**). The two approaches may facilitate business recovery in different ways by addressing different types of post-disaster challenges. The following sections describe direct and indirect approaches in more detail.

Direct Approach to Federal Disaster Assistance

Federal agencies typically provide direct assistance to businesses and intermediary organizations in the form of loans.²⁶ Programs such as the SBA Disaster Loan Program provide this type of assistance. Through such loan programs, in exchange for capital to cover business recovery expenses, businesses are encumbered by principal and, occasionally, interest payments. The increased level of debt—in addition to existing debt and operations expenses—may negatively impact a business’s long-term financial outlook.²⁷ Business owners may opt to use their personal savings instead of taking on new debt.²⁸ On the other hand, federally supported lending programs may provide favorable rates and/or terms compared to other capital sources. Direct payments and grants are not available to all businesses, but may be provided to businesses in certain industries—namely farm and agriculture, livestock, and fishery businesses.

Indirect Approach to Federal Disaster Assistance

Indirect or community-level assistance is generally designed to address damage to transportation networks, infrastructure, telecommunications systems, and other physical assets that facilitate commerce, communication, public health, and transportation.²⁹ Community and economic development programs may also provide credit and technical assistance to businesses through existing, non-recovery loan programs and referral services, often facilitated by the agencies’ grantees, partners, and/or regional and local office staff. In some cases, federal agencies may

See Kathleen Tierney, “Businesses and Disasters: Vulnerability, Impacts, and Recovery,” in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), <https://link.springer.com/book/10.1007/978-0-387-32353-4>.

²⁵ Yang Zhang et al. “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), pp. 38-57, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and Maria I. Marshall and Holly L. Schrank, “Small Business Disaster Recovery: A Research Framework,” *Natural Hazards*, vol. 72 (2014), pp. 597-616, <https://doi.org/10.1007/s11069-013-1025-z>.

²⁶ See, for example, the loan program descriptions in the “Small Business Administration” and “U.S. Department of Agriculture—Loans” sections.

²⁷ Kathleen Tierney, “Businesses and Disasters: Vulnerability, Impacts, and Recovery,” in *Handbook of Disaster Research*, eds. Havidán Rodríguez, Enrico L. Quarantelli, Russell R. Dynes (New York, NY: Springer, 2007), p. 283, <https://link.springer.com/book/10.1007/978-0-387-32353-4>.

²⁸ Gary R. Webb, Kathleen J. Tierney, and James M. Dahlhamer, “Predicting Long-Term Business Recovery from Disaster: A Comparison of the Loma Prieta Earthquake and Hurricane Andrew,” *Global Environmental Change Part B: Environmental Hazards*, vol. 4, issue 2 (2002), p. 55, <https://doi.org/10.3763/ehaz.2002.0405>.

²⁹ See, for example, the program descriptions in the “Economic Development Administration” and “Community Development Block Grants for Disaster Recovery” sections.

provide non-financial forms of community-level assistance, including post-disaster convening, assessment, planning, technical assistance, and other place-based business recovery activities.³⁰

Community-level disaster recovery assistance programs differ from FEMA and SBA disaster assistance programs in several ways. For instance, with some exceptions, the eligible recipients of community and economic development programs are usually public entities and institutions rather than individuals or businesses. Additionally, the method of appropriating, allocating, and distributing funds is different from the process for FEMA and SBA programs, and the time frame for implementation is generally focused on supporting long-term economic recovery or resiliency plans and economic restructuring initiatives.

Selected Summaries

The following program summaries provide brief overviews of selected federal business disaster assistance programs, including details about program authorization and how agencies have implemented them. As will be discussed, some federal programs require a major disaster or an emergency declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act; P.L. 93-288, as amended; codified at 42 U.S.C. §§5121 et seq.); or a disaster declaration pursuant to the Small Business Act (P.L. 83-163, as amended; 15 U.S.C. §§631 et seq.).³¹

Small Business Administration³²

The Small Business Administration's (SBA's) Disaster Loan Program has been a major source of assistance for the restoration of commerce and households in areas stricken by disasters since the agency's creation in 1953.³³ The SBA is authorized to provide low-interest, long-term disaster loans, either on a direct basis or in partnership with private lenders, to eligible businesses and nonprofit organizations to help them repair, rebuild, and recover from uninsured, underinsured, or otherwise uncompensated economic losses after a declared disaster.³⁴

³⁰ For instance, the U.S. Department of Commerce (DOC) and DOC agencies are involved in the Economic Recovery Support Function (ERSF) under the National Disaster Recovery Framework (NDRF) that involves businesses and other local and regional partners in post-disaster, community and economic recovery efforts. Within the NDRF, EDA's role is to "facilitate the delivery of federal economic development assistance to support long-term economic recovery planning and project implementation in communities across the nation." See FEMA, "Economic Recovery Support Function," https://www.fema.gov/sites/default/files/2020-06/rsf_economic.pdf. See also FEMA's NDRF website for a description of the other five Recovery Support Functions (RSFs) at <https://www.fema.gov/emergency-managers/national-preparedness/frameworks/recovery>.

³¹ **Figure A-1** provides a summary of business disaster assistance programs that require a declaration.

³² This section authored by Bruce R. Lindsay, Specialist in American National Government, Government and Finance Division.

³³ For more information about the SBA Disaster Loan Program, see CRS Report R44412, *SBA Disaster Loan Program: Frequently Asked Questions*, by Bruce R. Lindsay.

³⁴ For more information about SBA disaster loan interest rates, see CRS Report R46963, *SBA Disaster Loan Interest Rates: Overview and Policy Options*, by Bruce R. Lindsay and Darryl E. Getter. For more information about SBA loan limits, see CRS Report R47245, *SBA Disaster Loan Limits: Policy Options and Considerations*, by Bruce R. Lindsay and R. Corinne Blackford.

According to SBA, businesses of any size that are located in a declared disaster area and that have incurred damage during that disaster, may apply for a loan to replace damaged property or restore the business to its pre-disaster condition.³⁵ Disaster loans provided to businesses fall into two categories: Business Physical Disaster Loans and Economic Injury Disaster Loans (EIDLs).

The SBA Disaster Loan Program is not available to businesses unless a declaration is issued pursuant to the Stafford Act or a declaration is issued pursuant to the Small Business Act.³⁶

SBA Disaster Loan Terms and Interest Rates

SBA disaster loans have terms up to 30 years, and interest rate ceilings set in statute. If the statutory calculations yield an interest rate above the statutory ceiling, the interest rate defaults to the ceiling.

SBA Physical Disaster Business loans: 8% per annum, or 4% per annum if the applicant is unable to obtain credit elsewhere.

SBA EIDL: 4% per annum.

15 U.S.C. §636(d)(5)(A)-(D).

Business Physical Disaster Loans

Business Physical Disaster Loans can be used to repair or replace damaged physical property including machinery, equipment, fixtures, inventory, and leasehold improvements that are not covered by insurance. Businesses that make improvements that reduce the risk of future property damage may be eligible for a 20% loan amount increase above the real estate damage.³⁷

Interest rates for Business Physical Disaster Loans cannot exceed 8% per annum or 4% per annum if the business cannot obtain credit elsewhere.³⁸ Business Physical Disaster Loans can have maturities up to 30 years. The maximum loan amount provided for a Business Physical Disaster Loan is \$2 million.

Economic Injury Disaster Loans

EIDLs are available to businesses located in a declared disaster area that have suffered substantial economic injury, are unable to obtain credit elsewhere, and are defined as small by SBA size regulations.³⁹ Small agricultural cooperatives and most private and nonprofit organizations that have suffered substantial economic injury as the result of a declared disaster are also eligible for EIDLs.

³⁵ It should be noted that SBA applies size standards to determine disaster loan eligibility. Size standards vary according to many factors including industry type, average firm size, and start-up costs and entry barriers. For more information on SBA business size requirements, see CRS Report R40860, *Small Business Size Standards: A Historical Analysis of Contemporary Issues*, by Robert Jay Dilger, R. Corinne Blackford, and Anthony A. Cilluffo.

³⁶ See **Appendix A** for more information about the different types of declaration that trigger the SBA Disaster Loan Program.

³⁷ For more information about SBA pre-disaster mitigation, see CRS Report R46118, *The SBA Pre-Disaster Mitigation Loan Pilot Program: Considerations for Congress and Policy Options*, by Bruce R. Lindsay.

³⁸ 15 U.S.C. §636(d)(4)(C) and 15 U.S.C. §636(d)(5)(C).

³⁹ Size standards vary according to many factors including industry type, average firm size, and start-up costs and entry barriers. For more information on SBA business size requirements, see CRS Report R40860, *Small Business Size Standards: A Historical Analysis of Contemporary Issues*, by Robert Jay Dilger, R. Corinne Blackford, and Anthony A. Cilluffo. See also 13 C.F.R. §123.300 for eligibility requirements.

EIDLs are designed to help businesses meet financial obligations and operating expenses that could have been met had the disaster not occurred. The loan proceeds can only be used for working capital necessary to enable the business or organization to alleviate the specific economic injury and to resume normal operations. The interest rate ceilings for EIDLs are statutorily set at 4% per annum or less and the loans can have maturities up to 30 years.⁴⁰ The maximum loan amount for an EIDL is \$2 million.⁴¹

Substantial Economic Injury

Pursuant to the Small Business Act, the term “substantial economic injury” means economic harm to a business concern that results in the inability of the business concern to:

- meet its obligations as they mature;
- pay its ordinary and necessary operating expenses; or
- market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern.

15 U.S.C. §636(b)(3)(A)(iii)

U.S. Department of Agriculture⁴²

Agricultural production involves a certain level of risk related to weather, yield, markets, price, and other factors that can impact farming as a business. Congress has authorized support for farmers and ranchers to manage risk, pay for losses caused by natural disaster events, and incentivize adaptive measures.⁴³ The U.S. Department of Agriculture (USDA) administers programs to support U.S. farm businesses following natural disaster events through direct payments for loss, loans, cost-sharing to rehabilitate damaged lands, and financial and technical assistance to implement conservation practices.

Each USDA program has a different administrative process to request assistance. Assistance is provided directly from USDA through an existing network of local USDA offices.⁴⁴ The loan programs require a disaster declaration or designation for eligibility, but other programs do not.⁴⁵ Many of the USDA programs receive mandatory funding amounts that are “such sums as necessary” and are not subject to annual discretionary appropriations. Other programs, however require annual or supplemental appropriations.⁴⁶ Most programs have permanent authorization and aim to assist producers recovering from production, financial, and physical loss related to or caused by natural disasters. Occasionally Congress authorizes supplemental funding for agricultural loss that USDA administers through temporary programs. These temporary or ad hoc programs are not discussed in this section.⁴⁷

⁴⁰ The 4% interest rate ceiling is established in regulation: 13 C.F.R. §123.302.

⁴¹ 15 U.S.C. §636(b)(8)(A).

⁴² For questions about agricultural disaster assistance please contact Christine Whitt, Analyst in Agricultural Policy, Resources, Science and Industry Division.

⁴³ As discussed earlier, insurance, preventative measures, and income or revenue support are not covered in this report. For additional information on insurance options related to agriculture, see CRS Report R46686, *Federal Crop Insurance: A Primer*, by Stephanie Rosch; for conservation related practices, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*, by Megan Stubbs; and for income support, see CRS Report R43758, *Farm Safety Net Programs: Background and Issues*, by Stephanie Rosch.

⁴⁴ To find a local USDA Service Center, see <https://offices.sc.egov.usda.gov/locator/app>.

⁴⁵ See **Appendix A** for more information about USDA’s Disaster Designation Process.

⁴⁶ For a summary of the agricultural disaster assistance programs, see CRS In Focus IF10565, *Federal Disaster Assistance for Agriculture*, by Megan Stubbs.

⁴⁷ For additional information on supplemental funding for agricultural losses, see CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

USDA also administers grant and loan programs that support rural businesses. Response or relief to disaster events, however, is not a criterion for the rural business programs.⁴⁸ Similarly, USDA programs that support community disaster assistance (and do not assist farm businesses directly) are not covered in this section.⁴⁹

Direct Payments

Some USDA programs provide direct payments to farm and animal businesses to cover production losses above normal mortality. Advance sign-up and fees are not required to participate; however, application deadlines exist following a qualified loss. These programs are permanently authorized and receive mandatory funding amounts of “such sums as necessary.”⁵⁰ USDA’s Farm Service Agency (FSA) administers the following direct payment programs, for which producers may file applications through local FSA offices.⁵¹

- **Livestock Forage Disaster Program (LFP).** LFP provides payments to eligible livestock producers who suffered a loss of grazing forage for covered livestock due to drought on privately owned or cash-leased pastureland (including cropland planted specifically for grazing), or fire if on rangeland managed by a federal agency. A county’s U.S. Drought Monitor intensity level and the drought’s severity and duration trigger payment.⁵² LFP payments are a percentage of the monthly feed cost for all covered livestock for up to five months, depending on the drought’s severity.
- **Livestock Indemnity Program (LIP).** LIP provides payments to eligible livestock owners and contract growers for livestock deaths in excess of normal mortality caused by adverse weather. Eligibility is predicated on not only the occurrence of an eligible loss condition but also direct causation to the death or injury of the animal. The LIP payment rate is equal to 75% of the average fair market value of the deceased animal type.
- **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).** ELAP provides payments to producers of livestock, honeybees, and farm-raised fish as compensation for losses due to disease, adverse weather, feed or water shortages, or other conditions not covered under LIP or LFP.

⁴⁸ For additional information on rural business support programs, see CRS Report R47438, *Federal Credit Assistance and Grant Programs for Rural Businesses: In Brief*, coordinated by Lisa S. Benson.

⁴⁹ Examples of community disaster assistance programs include the Emergency Watershed Protection (EWP) Program, administered by the Natural Resources Conservation Service (NRCS) and the Emergency and Imminent Community Water Assistance Grants, administered by the Rural Utilities Service (RUS). Both programs assist communities during emergency situations and do not require a disaster declaration or designation. The programs are permanently authorized, but subject to appropriations. For additional information, see CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation*, by Megan Stubbs and CRS Report R46471, *Federally Supported Projects and Programs for Wastewater, Drinking Water, and Water Supply Infrastructure*.

⁵⁰ The four direct-payment programs are authorized under Section 1501 of the Agricultural Act of 2014, as amended (P.L. 113-79; 7 U.S.C. §9081). For additional information on the four programs, see CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

⁵¹ To find a local Farm Service Agency (FSA) office, see <https://offices.sc.egov.usda.gov/locator/app>.

⁵² The U.S. Drought Monitor is a collaboration between the USDA, National Oceanic and Atmospheric Administration, and the National Drought Mitigation Center at the University of Nebraska-Lincoln. For additional information, see <http://droughtmonitor.unl.edu/>.

- **Tree Assistance Program (TAP).** TAP makes payments to qualifying orchardists and nursery tree growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters. Insurance programs generally cover losses in crop production.⁵³

Loans

USDA can provide low-interest loans to help farm and animal businesses recover from production or physical losses due to natural disasters, or it can provide temporary loan relief for existing FSA farm loans. These loan options are triggered when a county is designated as a disaster area under a presidential major disaster declaration or emergency declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act; 42 U.S.C. §§5121 et seq.), or a USDA secretarial disaster designation (see **Figure 1** and **Appendix A**). Although Stafford Act declarations related to agricultural losses are uncommon, USDA has authority to issue a secretarial disaster designation that can also trigger eligibility. FSA administers the loan programs, and local FSA offices accept applications. USDA loan programs are subject to appropriations.⁵⁴

- **Emergency Farm Loans.** Loans may help producers recover from production and physical losses.⁵⁵ A qualified applicant can borrow up to 100% of actual production (e.g., loss of a crop) or physical losses (e.g., repairing or replacing damaged or destroyed structures or replanting permanent crops, such as orchards). Loan totals may not exceed \$500,000. A producer must operate in a county declared eligible or in a contiguous county and must meet the loan requirements.
- **Disaster Set-Aside.** A producer with an existing FSA farm ownership or operating loan located in a designated disaster area or contiguous county may apply to set aside one payment to allow the operation to continue.⁵⁶ The payment set-aside is not forgiven and must be repaid prior to final maturity of the note. Any principal set-aside continues to accrue interest until repaid.

⁵³ See CRS In Focus IF11924, *Federal Crop Insurance Program Support for Natural Disasters*, by Stephanie Rosch.

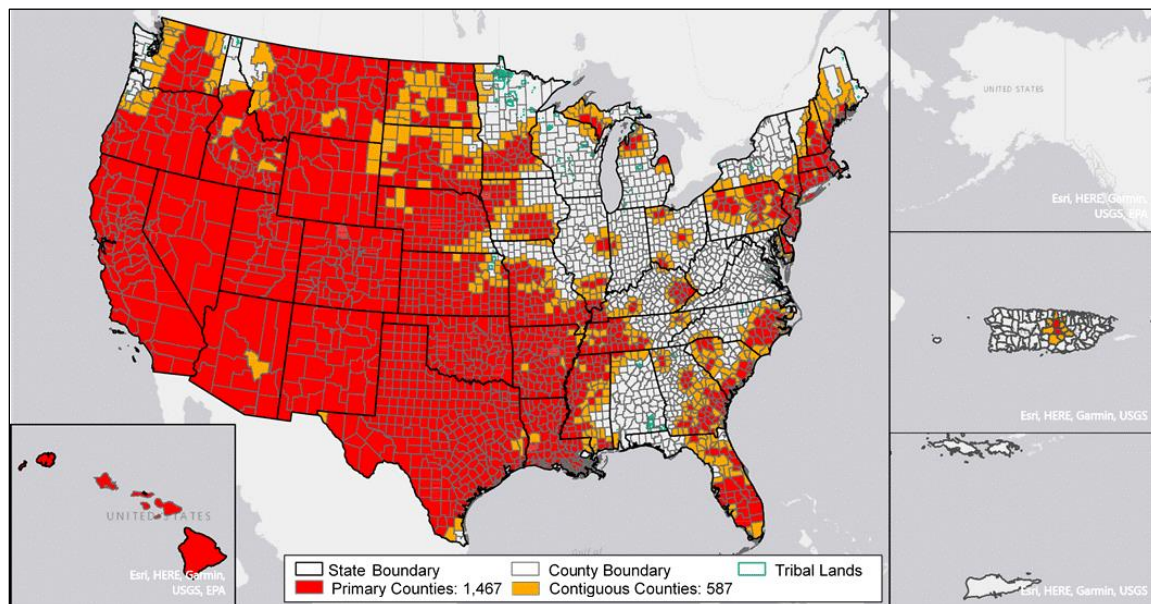
⁵⁴ For more information on the USDA loan programs, see CRS Report R46768, *Agricultural Credit: Institutions and Issues*, by Jim Monke.

⁵⁵ Emergency farm loans are authorized under Title III of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. §§1961 et seq.). For more information, see USDA, FSA, “Emergency Farm Loans,” at <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/emergency-farm-loans/index>.

⁵⁶ The Disaster Set-Aside Program is authorized under Section 331A of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. §1981a). For more information see, USDA, FSA, “Disaster Set-Aside Program,” fact sheet, August 2019, at <https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2019/disaster-set-aside-program-factsheet-19.pdf>.

Figure 1. USDA Secretarial Disaster Designations—Crop Year 2022

Primary and Contiguous Counties Designated for Crop Disaster Losses



Source: USDA, Farm Service Agency, Program Deliver/Safety Net Division, “All Secretarial Designations as of April 12, 2023.”

Notes: A crop year is the 12-month period in which the planted crop is normally grown and harvested. This varies for each crop based on time of harvest.

Cost-Share Assistance

Some USDA programs pay a percentage of the cost to reinstall conservation infrastructure or rehabilitate damaged land. Advance sign-up generally is not required. The programs are not designed to pay for impairments existing before the disaster event. FSA administers the following cost-share programs, for which producers may file applications through local FSA offices. These programs are permanently authorized but subject to appropriations.⁵⁷

- **Emergency Conservation Program (ECP).** ECP assists landowners in restoring land used in agricultural production damaged by a natural disaster. This can include removing debris, restoring fences and conservation structures, and providing water for livestock in drought situations. Payments are made to individual producers based on a share of the cost of completing the practice. This can be up to 75% of the cost, or up to 90% of the cost if the producer is considered to be a limited-resource, socially disadvantaged, or beginning farmer or rancher.⁵⁸

⁵⁷ The cost-share assistance programs are authorized under Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334; 16 U.S.C. §§2201-2206). For additional information on the programs, see CRS Report R42854, *Emergency Assistance for Agricultural Land Rehabilitation*, by Megan Stubbs.

⁵⁸ The definition of a *limited-resource producer* is an applicant with direct or indirect gross farm sales not more than the current indexed value in each of the previous two years who has a total household income at or below the national poverty level for a family of four or less than 50% of county median household income in each of the previous two years. For more information, see USDA’s online self-determination tool at <https://lrftool.sc.egov.usda.gov/Default.aspx>. *Socially disadvantaged* under the Emergency Conservation Program (ECP) is defined under 7 U.S.C. (continued...)

- **Emergency Forest Restoration Program (EFRP).** EFRP provides cost-share assistance to private forestland owners to repair and rehabilitate damage caused by natural disasters on nonindustrial private forestland. Eligible practices may include restoration measures that would restore forest health and related resources following a disaster. Financial assistance is calculated as the lesser of 75% of the participant's actual cost of restoration measures or the FSA-established not-to-exceed rate times the extent of restoration measures performed.

Conservation

Certain USDA conservation programs that are not emergency programs may provide assistance following natural disaster events.⁵⁹ In many cases, this assistance comes through the use of waivers and flexibility provided to the Secretary of Agriculture. Other assistance is offered through adaptive measures that reduce drought or flooding risk through various management decisions and practices, which are not discussed in detail in this report.⁶⁰

- **Conservation Reserve Program (CRP).** CRP uses mandatory funding to provide annual payments to agricultural producers to take highly erodible and environmentally sensitive land out of production and install resource-conserving practices for 10 or more years.⁶¹ Haying and grazing may occur on CRP acres under emergency and certain nonemergency conditions. Emergency haying and grazing of CRP acres is generally authorized during periods of severe drought or similar natural disaster (e.g., wildfire).⁶² Limitations apply during the primary nesting season.⁶³ Not all CRP practices are eligible for haying and grazing; a request must be filed with the local FSA office before any activity begins.
- **Environmental Quality Incentives Program (EQIP).** EQIP is a voluntary program that uses mandatory funding to provide financial and technical assistance to agricultural producers to address natural resource concerns on

§2279 as someone “subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities.” This definition does not include gender. A *beginning farmer or rancher* generally is defined as having owned or operated a farm or ranch for less than 10 years.

⁵⁹ For additional information on USDA conservation programs generally, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*, by Megan Stubbs.

⁶⁰ Examples of *adaptive measures* include soil health practices—such as no till or reduced tillage, cover crop adoption, and conservation crop rotations—that can increase soil organic matter over time and reduce soil moisture loss. Adoption of water control practices—such as riparian buffers, terraces, wetland creation, and drainage management—generally reduces the risk of soil erosion and flooding risk as well as water quality improvement.

⁶¹ The Conservation Reserve Program (CRP) is authorized under Title XII of the Food Security Act of 1985, as amended (P.L. 99-198; 16 U.S.C. §§3831-3835). For additional information on CRP emergency haying and grazing, see USDA, FSA, “CRP Haying and Grazing: Emergency and Non-Emergency Use,” fact sheet, May 2021, at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/crp_haying_grazing_factsheet.pdf.

⁶² Emergency haying and grazing status is reviewed every Thursday using the U.S. Drought Monitor. Approved counties are listed on the FSA “Emergency Haying and Grazing” website, at <https://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/emergency-haying-and-grazing/index>.

⁶³ The *primary nesting season* is established in each state as the nesting season for birds in the local area that are economically significant, in significant decline, or conserved in accordance with federal or state law (7 C.F.R. §1410.2). For a list of primary nesting dates and durations, see USDA, FSA, “Primary Nesting Season Dates and Duration,” June 16, 2020, at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Conservation/PDF/Primary%20Nesting%20Season_June_16_2020.pdf.

agricultural and forestland.⁶⁴ Emergency assistance under EQIP is generally limited to immediate soil and water protection needs, including assistance with emergency animal mortality management. In the past, USDA has announced special EQIP sign-ups for farmers and ranchers in hurricane-, flood-, or drought-affected areas. The Natural Resources Conservation Service (NRCS) administers EQIP, and applications may be filed at any local NRCS office.⁶⁵

Department of Commerce

The U.S. Department of Commerce (DOC) includes the National Oceanic and Atmospheric Administration (NOAA), which administers disaster assistance to fishing communities and fishing-related businesses, such as marinas, recreational fishing equipment retailers, and commercial or charter fishing businesses. DOC also includes the U.S. Economic Development Administration (EDA), which provides disaster recovery assistance to multiple affected parties.

Fishery Disaster Assistance⁶⁶

Congress has directed the Secretary of Commerce to provide assistance to fishing communities following disruptive events that result in fish population declines and economic losses.⁶⁷ These authorities are established in the Magnuson-Stevens Fishery Conservation and Management Act (MSA; P.L. 109-479),⁶⁸ and were amended, most recently, through the Fishery Resource Disasters Improvement Act (FRDIA; P.L. 117-328, Division S, Title II) in December 2022. MSA defines a fishery resource disaster to include an unexpectedly large decrease in fish stock biomass or other change that results in significant loss of access to the fishery resource.⁶⁹ This type of disaster is one that results in significant revenue loss or negative subsistence impact due to a natural (i.e., weather, climatic, hazard, or biology-related event),⁷⁰ discrete human-associated, or an undetermined cause, and may include the loss of fishing vessels and gear for a substantial period of time.⁷¹ Reasonably predictable, foreseeable, and recurrent fishery cyclical variations in species

⁶⁴ The Environmental Quality Incentives Program (EQIP) is authorized under Title XII of the Food Security Act of 1985, as amended (P.L. 99-198; 16 U.S.C. §§3839aa-3839aa-7). For additional information on emergency assistance through EQIP, see USDA, NRCS, “Natural Disaster Recovery Assistance through EQIP,” at <https://www.nrcs.usda.gov/sites/default/files/2022-09/Natural%20Disaster%20Recovery%20Assistance%20through%20EQIP.pdf>.

⁶⁵ To find a local Natural Resources Conservation Service (NRCS) office, see <https://offices.sc.egov.usda.gov/locator/app>.

⁶⁶ This section authored by Anthony R. Marshak, Analyst in Natural Resources Policy, Resources, Science and Industry Division.

⁶⁷ 16 U.S.C. §1861a. The Secretary of Commerce has delegated the responsibilities to the Under Secretary of Commerce for Oceans and Atmosphere, also known as the National Oceanic and Atmospheric Administration (NOAA) Administrator (Department of Commerce, “Under Secretary of Commerce for Oceans and Atmosphere and Administrator of the National Oceanic and Atmospheric Administration, DOO 10-15, Sec 3.01.aa, at https://www.osec.doc.gov/opog/dmp/doors/doo10_15.html).

⁶⁸ Ibid.

⁶⁹ 16 U.S.C. §1861a(a)(1)(C).

⁷⁰ Examples of natural events (i.e., natural causes) listed in the Fishery Resource Disasters Improvement Act (FRDIA) include a hurricane, flood, harmful algal bloom, tsunami, hypoxic event, drought, marine heatwave, disease, or El Niño effects on water temperature.

⁷¹ 16 U.S.C. §1861a(a)(1)(C). See **Appendix A** for DOC fishery disaster designations.

distribution or stock abundance, or reductions in fishing opportunities from conservation and management measures pursuant to MSA do not apply.⁷²

Fishery Disaster Assistance Program Funding

Once the Secretary determines that a fishery resource disaster exists, Congress may appropriate funds for financial assistance to the affected parties (e.g., harvesters, vessel crew, fishing businesses). Typically, Congress appropriates funding as needs arise rather than in anticipation of future needs.⁷³ As of 2020, approximately half of fishery disaster determinations were made within six months of the initial request and over two-thirds were made within one year.⁷⁴ Following appropriation by Congress for one or more fishery disasters, the Secretary of Commerce may then begin the process for disbursing funds to communities. MSA authorizes the Secretary to provide such appropriated funds to an affected state, Indian tribe, or interstate marine fisheries commission. The Secretary may also use those funds in cooperation with any such parties.⁷⁵ All requests made to NOAA after December 29, 2022, follow the protocols and timeframes established in the FRDIA; requests received prior to that date follow prior guidance established in the NOAA Fisheries Policy on Disaster Assistance.⁷⁶

Forms of Fishery Disaster Assistance

The Secretary may provide funds to affected parties as a grant, direct payment, cooperative agreement, loan, or contract.⁷⁷ These forms of federal assistance distribute funds to the states or other entities or governments, such as tribes or native communities.⁷⁸ After funds are appropriated, the affected state, community, or group must submit a spend plan to the Secretary, together with a grant proposal, which are evaluated by National Marine Fisheries Service (NMFS) regional offices.⁷⁹ The spend plan must include information, if applicable, about objectives; expected outcomes, with an emphasis on addressing the factor contributing to the fishery resource disaster and minimizing future uninsured losses; a statement of work; and budget details.⁸⁰ Eligible uses of funds allocated for fishery resource disasters include activities to restore the fishery affected by such a disaster, to prevent a similar disaster in the future, or to assist the affected fishing community.⁸¹ Individuals carrying out these activities are to be those who are, or were, employed in a commercial, charter, or Indian Tribe fishery for which the Secretary has determined that a fishery resource disaster has occurred.⁸² Following approval of the spend plan and disbursement of funds, NOAA, states, interstate marine fisheries commissions, and industry representatives often work together to distribute assistance to fishing communities and to allocate

⁷² Ibid.

⁷³ CRS Report RL34209, *Fishery Disaster Assistance*, by Anthony R. Marshak.

⁷⁴ Ibid.

⁷⁵ 16 U.S.C. §1861a(a)(2)(B).

⁷⁶ NOAA, NMFS, “Fishery Disaster Assistance,” at <https://www.fisheries.noaa.gov/national/funding-and-financial-services/fishery-disaster-assistance>; Denit 2021.

⁷⁷ 16 U.S.C. §1861a(a)(6)(F)(ii).

⁷⁸ NOAA, NMFS, “Frequent Questions: Fishery Disaster Assistance,” at <https://www.fisheries.noaa.gov/national/resources-fishing/frequent-questions-fishery-disaster-assistance>. Hereinafter NOAA, NMFS, “Frequent Questions: Fishery Disaster Assistance.”

⁷⁹ 16 U.S.C. §1861a(a)(6)(D); NOAA, NMFS, “Frequent Questions: Fishery Disaster Assistance.”

⁸⁰ NOAA, NMFS, “Frequent Questions: Fishery Disaster Assistance.”

⁸¹ 16 U.S.C. §1861a(a)(6)(F)(iii).

⁸² Ibid.; See also CRS Report RL342909, *Fishery Disaster Assistance*.

funding among potential projects.⁸³ Additionally, small fishing-related businesses may qualify for certain SBA loans or federal grants available through EDA, the U.S. Department of Labor, or the FEMA.⁸⁴ These loans may help to address economic injury and physical damage.⁸⁵

Economic Development Administration⁸⁶

In response to some major disasters and emergencies, Congress has provided supplemental funding for long-term disaster recovery for selected incidents under the EDA's economic adjustment assistance (EAA) program.⁸⁷ The EAA program supports a variety of activities, including expenses related to disaster relief, the restoration of infrastructure, flood mitigation, and other forms of assistance for specific areas.⁸⁸ In contrast to other federal disaster assistance, EDA's disaster recovery assistance is generally designed to support "long-term community economic recovery planning and project implementation, redevelopment and resilience."⁸⁹

Disaster recovery appropriations for the EAA program are generally provided on a supplemental basis at the discretion of Congress (i.e., the programs do not receive annual appropriations).⁹⁰ The appropriations laws that provide the supplemental funding generally specify the disasters or disaster-affected areas that are to receive funding. The appropriations laws typically state that the EAA funding is for areas that received major disaster or emergency declarations "under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §§5121 et seq.)."⁹¹

⁸³ 16 U.S.C. §1861a(a)(6)(F)(iii).

⁸⁴ NOAA, NMFS, "Relevant Legislation and Resources—Fishery Disaster Assistance," at <https://www.fisheries.noaa.gov/national/funding-and-financial-services/relevant-legislation-and-resources-fishery-disaster>.

⁸⁵ NOAA, NMFS, "Frequent Questions: Fishery Disaster Assistance."

⁸⁶ This section authored by Julie M. Lawhorn, Analyst in Economic Development, Government and Finance Division.

⁸⁷ For the authorization of appropriations for EDA's disaster economic recovery activities, see section 703 of the Public Works and Economic Development Act (42 U.S.C. §3233).

⁸⁸ See 42 U.S.C. §§3149(c)(2), 3233. EDA grants are awarded on a competitive basis to states, cities, counties, tribal governments, economic development districts (EDDs), and other political subdivisions of states, as well as institutions of higher education or a consortium of such institutions, and not-for-profit organizations acting in cooperation with officials of a political subdivision of a state (i.e., eligible recipients). See, for example, EDA, "FY 2023 Disaster Supplemental NOFO," <https://www.grants.gov/web/grants/view-opportunity.html?oppId=347414>.

⁸⁹ EDA, "Disaster Recovery," <https://www.eda.gov/strategic-initiatives/disaster-recovery>. For an example of EDA's application guidance for interested applicants in recent funding opportunities, see EDA, "FY2023 EDA Disaster Supplemental Notice of Funding Opportunity (NOFO) (Disaster Supplemental NOFO)," <https://www.grants.gov/web/grants/view-opportunity.html?oppId=347414>.

⁹⁰ For a summary of EDA's disaster recovery activities and appropriations by program, see Table 2 in CRS Report R46991, *Economic Development Administration: An Overview of Programs and Appropriations (FY2011-FY2023)*.

⁹¹ See, for example, the Disaster Relief Supplemental Appropriations Act, 2023 (Division N of the Consolidated Appropriations Act, 2023, P.L. 117-328), which provided EDA with supplemental funding for "... areas that received a major disaster designation as a result of Hurricanes Ian and Fiona, and of wildfires, flooding, and other natural disasters occurring in calendar years 2021 and 2022 under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §§5121 et seq.)."

Department of Housing and Urban Development

Community Development Block Grants for Disaster Recovery (CDBG-DR)⁹²

In response to some major disasters and emergencies, Congress has provided supplemental funding for long-term disaster recovery and other related purposes for selected incidents under the conventional Community Development Block Grant (CDBG) program's statutory authority—commonly referred to as CDBG-DR.⁹³ Typically, CDBG-DR funds are directed to the most impacted and distressed areas with federal emergency or disaster declarations under the Stafford Act.⁹⁴ CDBG-DR funds are subject to the conventional CDBG program's statutory and regulatory requirements,⁹⁵ as well as any disaster-specific requirements or waivers established by the Department of Housing and Urban Development (HUD) through *Federal Register* notices.⁹⁶

After CDBG-DR funds are appropriated, HUD establishes rulemaking and allocates funds to eligible grantees such as states, units of general local government, tribes, and insular areas.⁹⁷ Although HUD does not allocate CDBG-DR funds directly to businesses, grantees could use CDBG-DR funds to establish programs or administer activities that provide business assistance or fulfill broader economic revitalization needs, related to a covered disaster.⁹⁸ Any CDBG-DR funded activity must be eligible under the conventional CDBG program's statute and regulations,⁹⁹ and meet one of the conventional program's national objectives:

1. principally benefit low- and moderate-income (LMI) persons;¹⁰⁰
2. aid in the prevention or elimination of slums or blight; or
3. meet an urgent need by addressing conditions that pose a serious and immediate threat to the health and safety of residents.¹⁰¹

Additionally, some recent CDBG-DR rulemaking published by HUD has required grantees to demonstrate how planned activities will meet the needs of vulnerable populations.¹⁰²

⁹² This section authored by Joseph V. Jaroscak, Analyst in Economic Development, Government and Finance Division.

⁹³ 42 U.S.C. §5301.

⁹⁴ Please note that CDBG-DR funding allocations are based on availability of funding, as well as HUD assessments of disaster impact and needs unmet by other forms of federal assistance.

⁹⁵ 42 U.S.C. §§5301 et seq. and 24 C.F.R. §§570 et seq.

⁹⁶ For a recent example, see U.S. Department of Housing and Urban Development (HUD), "Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice," 87 *Federal Register* 31636-31667, May 24, 2022.

⁹⁷ HUD, *Basically CDBG*, Chapter 20: Disaster Recovery (CDBG-DR), July 2014, p. 4, <https://www.hudexchange.info/sites/onecpd/assets/File/Basically-CDBG-State-Chapter-20-CDBG-DR.pdf>.

⁹⁸ *Ibid.*, p. 5.

⁹⁹ 42 U.S.C. §5305 and 24 C.F.R. §570.200.

¹⁰⁰ Typically, 70% of a CDBG-DR grantee's funds must satisfy the national objective associated with benefit to low- and moderate-income (LMI) persons. For information on HUD's LMI definitions, see <https://www.hudexchange.info/programs/cdbg/cdbg-low-moderate-income-data/>.

¹⁰¹ 42 U.S.C. §§5301 et seq., as interpreted by HUD at 24 C.F.R. §570.200 and the HUD Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities.

¹⁰² For example, see HUD, "Allocations, Common Application, Waivers, and Alternative Requirements for 2017 Disaster Community Development Block Grant Disaster Recovery Grantees," 83 *Federal Register* 5849, February 9, (continued...)

Policy Options and Considerations

Direct and Community-Level Assistance

Federal programs provide both direct business assistance (e.g., loans, direct payments) and community-level assistance (e.g., grants to repair infrastructure) following natural disasters. Congress may consider changing the amount and type of assistance provided through one or both of these channels. Congress may also seek to review how aspects of both approaches to assistance may be utilized to minimize the financial burden on businesses and facilitate the timely repair and reconstruction of community assets.

Disparate Recovery and Underserved Communities

Different types of businesses experience disasters and recover from disasters at different rates and some may face unique barriers to recovery.¹⁰³ If Congress is interested in providing assistance to businesses in underserved areas or to disadvantaged businesses, policymakers may consider options to provide specialized credit or technical assistance for businesses based on criteria such as size, age of the business, location, or other factors (e.g., micro, small, or large businesses; start-ups or established firms; or businesses in economically distressed regions). If Congress is interested in providing non-credit financial assistance (e.g., grants, direct payments) to certain industries, sectors, or business types, it may consider policies like the direct payment programs that are currently available to agricultural businesses. Alternatively, Congress may consider options to provide additional assistance that is broadly available to all disaster-impacted businesses, regardless of business characteristics, business location, or the extent of the disaster impact.

Congress may also be interested in evaluating how federal business disaster assistance is accessed and how the terms and use of federal programs may impact recovery outcomes based on business characteristics, size, and location.¹⁰⁴ Researchers note that there is limited research on loan *approval rates* by business type and size, and limited research on why businesses decide to use (or not use) certain federal loans once approved.

Congress may also consider whether privately funded infrastructure (e.g., utilities, telecommunications) should be eligible for FEMA assistance in order to facilitate business recovery, particularly for infrastructure damage in underserved communities.

Timing and Delivery of Federal Assistance Programs

Accountability and timeliness of disaster assistance have been longstanding concerns for Congress. On the one hand, instances of waste, fraud and abuse often increase when assistance is provided quickly. On the other hand, applying measures to verify the legitimacy of assistance claims delays recovery. To this end, Congress could investigate how federal business disaster

2018; and HUD, “Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice,” 87 *Federal Register* 31656, May 24, 2022.

¹⁰³ Maria Watson, “Disaster Assistance Winners and Losers,” *Journal of the American Planning Association*, vol. 88, no. 3 (2022), p. 305, <https://doi.org/10.1080/01944363.2021.1980086>; and Simon A. Andrew, Vaswati Chatterjee, and Gary Webb, “Disasters and the Private Sector: Impact of Extreme Events, Preparedness, and Contribution to Disaster Risk Reduction,” September 15, 2022, pp. 5-6, <https://doi.org/10.1093/acrefore/9780199389407.013.202>.

¹⁰⁴ Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), pp. 38-57, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>.

assistance programs are implemented following disasters, including the timeliness of assistance and to what extent timeliness affects business recovery outcomes.

Some researchers cite the overall application process and loan requirements as barriers to applying and receiving business disaster recovery loans from federal programs following certain disasters.¹⁰⁵ In response to these concerns, Congress may evaluate options for enhanced delivery and coordination of federal programs or additional ways to integrate federal assistance with state, local, and regional entities.

If Congress favors an expanded federal role in disaster preparation and resiliency planning (i.e., efforts that take place in anticipation of future natural disasters), then it may also seek to change the scope and timing of existing disaster preparation efforts. For instance, experts note that emergency planning and disaster awareness campaigns are primarily designed to reach individuals and households.¹⁰⁶ Researchers suggest that such programs could adapt their outreach and assistance activities to increase messaging to and engagement with businesses.¹⁰⁷

SBA: Stafford Act Declarations and Designations

Under current laws, SBA disaster loans are triggered by a “declaration” either pursuant to the Stafford Act, or pursuant to the Small Business Act. The type (or category) of declaration determines what types of federal assistance are made available. Declarations are a necessary, but not sufficient condition for federal disaster assistance to businesses. The types of assistance made available are further influenced by the “designations” contained within the declaration.¹⁰⁸

In the case of a major disaster declaration under the Stafford Act, if IA is designated, then SBA physical disaster loans and EIDLs are made available to eligible businesses.¹⁰⁹ If PA is designated, then only private nonprofit organizations are eligible for SBA physical disaster loans and EIDLs. In other words, most private businesses are not able to obtain SBA physical disaster loans and EIDLs under a PA-only major disaster declaration.

FEMA uses “factors” to evaluate damages and make IA and PA recommendations to the President (a full description of the factors can be located in **Appendix B**). IA factors include home and personal property damages, the availability of temporary housing, and the percentage of affected applicants with insurance. The IA factors do not include business damage.

Some may question the relevance of the IA designation for business assistance because the factors used to determine IA do not evaluate business damages or economic loss. For example, it is conceivable that an incident could cause significant damage to public infrastructure and

¹⁰⁵ Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), pp. 38-57, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and Christy M. Corey and Elizabeth A. Deitch, “Factors Affecting Business Recovery Immediately After Hurricane Katrina,” *Journal of Contingencies and Crisis Management*, vol. 19, no. 3 (September 2011), p. 172.

¹⁰⁶ Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), p. 52, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and Maria I. Marshall and Holly L. Schrank, “Small Business Disaster Recovery: A Research Framework,” *Natural Hazards*, vol. 72 (2014), p. 613, <https://doi.org/10.1007/s11069-013-1025-z>.

¹⁰⁷ Yang Zhang et al., “Vulnerability of Community Businesses to Environmental Disasters,” *Disasters*, vol. 33, issue 1 (2009), p. 52, <https://doi.org/10.1111/j.1467-7717.2008.01061.x>; and W.L. Waugh, Jr., “Terrorism as Hazard and Disaster,” in *Handbook on Disaster Research*, 2nd Ed., eds. Havidán Rodríguez, William Donner, Joseph E. Trainor (Cham, Switzerland: Springer International, 2018), p. 140.

¹⁰⁸ See **Appendix A** for a description of the designations, including what types of loans are made available under the designation.

¹⁰⁹ SBA home disaster loans would also be available to individuals and households.

businesses but not to households. Consequently, businesses could be denied assistance because it was determined that the lack of (or insufficient) damage to residences did not warrant assistance to individuals and households.

A state governor also may request a disaster declaration from the SBA Administrator. The SBA declaration could provide assistance to PA-only designated areas and/or areas that did not receive a designation under a Stafford Act major disaster declaration. A secondary request, however, may increase the time it takes to provide federal assistance to businesses.

If designations are a concern, Congress could consider making businesses eligible for SBA disaster assistance under a PA-only designation. An alternative policy option might be a “business designation” that evaluates damages to businesses to determine whether businesses located in the declared area should be eligible for SBA disaster assistance. The business designation could use a separate set of factors or criteria similar to the ones FEMA currently uses to evaluate declaration requests and make IA and PA recommendations. This could align the designation with damages that are specific to small businesses.

USDA Ad Hoc Assistance

Although not exclusively noted in this report, Congress has provided over \$19 billion in supplemental funding to ad hoc disaster assistance initiatives for natural disaster-related agricultural losses since 2018. This supplemental funding follows several changes that Congress made in the past 20 years to authorize permanent disaster assistance programs and expand federally supported insurance programs such as the Federal Crop Insurance Program and the Noninsured Crop Disaster Assistance Program (NAP), to reduce the need for ad hoc disaster assistance.¹¹⁰ Following enactment of the Food, Conservation, and Energy Act of 2008 (2008 farm bill, P.L. 110-246), Congress appropriated little in the way of supplemental disaster assistance for agriculture. This changed in 2018, when Congress authorized supplemental appropriations for additional production losses in 2017 not previously covered by crop insurance or NAP.¹¹¹ Congress subsequently appropriated additional supplemental funding for natural disaster-related losses in 2018 through 2023.¹¹²

With the resurgence of ad hoc disaster assistance, Congress might reassess the effectiveness of the permanent disaster assistance programs, as well as debate the federal government’s role in responding to natural disaster-related losses for an industry that is acutely influenced by natural disasters and fluctuations in weather.¹¹³ In addition to covering losses beyond what may be covered by crop insurance and NAP, the ad hoc programs cover losses not covered by other permanent programs. This may cause some to question whether the permanent disaster assistance programs could or should be expanded to cover losses or events not currently covered (e.g., on-farm storage losses). Also, by covering the losses of farmers and livestock owners who chose not to purchase insurance, Congress may consider whether ad hoc assistance creates a potential disincentive for future participation in insurance programs.

¹¹⁰ For additional discussion, see CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

¹¹¹ Bipartisan Budget Act of 2018 (P.L. 115-123, Title I). For additional information, see CRS In Focus IF11539, *Wildfires and Hurricanes Indemnity Program (WHIP)*, by Megan Stubbs.

¹¹² FY2019 supplemental appropriation (P.L. 116-20, Title I), FY2020 Further Consolidated Appropriations Act (P.L. 116-94, Division B, §791), Disaster Relief Supplemental Appropriations Act of 2022 (P.L. 117-43, Division B, Title I), and Disaster Relief Supplemental Appropriations Act of 2023 (P.L. 117-328, Division N, Title I).

¹¹³ For additional discussion, see CRS In Focus IF12101, *Farm Bill Primer: Disaster Assistance*, by Megan Stubbs; and CRS Report R47057, *Preparing for the Next Farm Bill*, coordinated by Genevieve K. Croft.

By nature, ad hoc assistance programs are not permanent, generally requiring USDA to issue program rules and requirements upon passage of each new extension or on being amended, which has resulted in payment delays. The supplemental appropriations of recent years also included individual provisions targeting specific losses or events, which USDA administers through multiple subprograms that may create additional complexities for implementation and participation.

Concluding Observations

Congress considers businesses to be valuable to the national and regional economies for their roles as employers and as contributors of goods, services, and tax revenues. These roles and contributions may be disrupted by natural disasters, and these disruptions may impact national and regional economies. In the process of recovering from natural disaster events, businesses experience different types of barriers to recovery based on their size, location, sector, and other factors. The process may involve multiple sources of public and private assistance and the recovery time frame may vary from months to years.

Considering the high rate of business failures within two years after being struck by a disaster, many in Congress have expressed a continued interest in facilitating post-disaster recovery. Congress has authorized federal assistance for businesses through direct and indirect programs. Through direct assistance, federal programs may cover some uninsured and underinsured losses at the firm-level. Through indirect assistance, federal programs may fund expenses to repair public infrastructure or restore services at the community-level. Direct assistance to businesses is generally the quickest form of assistance. In the case of SBA, it generally takes two to three weeks to get a disaster loan after completing the application.¹¹⁴ Indirect assistance generally takes longer to implement, due to the nature of reconstruction that may involve one or more telecommunications, commerce, trade, or transportation systems.

Policymakers may seek to review aspects of federal business recovery assistance in order to address specific barriers to recovery as well as barriers to accessing assistance. As the frequency and severity of disasters increase, Congress may seek to review the level of assistance that is available and potential gaps or unmet, industry-specific challenges. In considering policies to address recovery challenges and facilitate business recovery efforts, Congress may seek to review aspects of individual programs, as well as how programs may or may not be integrated across federal agencies and different levels of government. If Congress considers continued support for federal business assistance, it may seek to evaluate aspects of such programs and determine which objectives to prioritize.

¹¹⁴ Small Business Administration, *Three Steps to SBA Disaster Assistance Loans*, https://disasterloanassistance.sba.gov/ela/file-asset/Three_Step_Process_SBA_Disaster_Loa. For more information about disaster assistance applications, see CRS Report R45238, *FEMA and SBA Disaster Assistance for Individuals and Households: Application Processes, Determinations, and Appeals*, by Bruce R. Lindsay and Elizabeth M. Webster.

Appendix A. Declarations, Designations, and Determinations

SBA Disaster Loan Eligibility Through Stafford Act and SBA Declarations

There are seven types of declarations authorized by the Stafford Act¹¹⁵ and the Small Business Act that put the SBA Disaster Loan Program into effect. The type of declaration may determine the availability of certain types of loans, but it does not impact loan terms or loan caps. The applicant must be located in the declared disaster area to be eligible for SBA disaster assistance.¹¹⁶

The SBA Disaster Loan Program becomes available when

1. The President issues a major disaster declaration and authorizes both Individual Assistance (IA) and Public Assistance (PA) under the authority of the Stafford Act.¹¹⁷ When the President issues such a declaration, all types of SBA home and business disaster loans become available to businesses, nonprofit organizations, and individuals and households.¹¹⁸
2. The President makes a major disaster declaration that only provides the state, or certain areas of the state with PA.¹¹⁹ This type of declaration is often referred to as a “PA-only” declaration. If the President issues a PA-only declaration, a private nonprofit entity that provides noncritical services to the disaster area may be eligible for an SBA Physical Disaster loan or EIDL.¹²⁰ PA-only declarations do not provide SBA disaster loans to businesses.
3. The SBA Administrator issues an economic injury disaster declaration in response to a determination of an emergency involving federal primary

¹¹⁵ For more information about Stafford Act declarations, see CRS Report R43784, *FEMA’s Disaster Declaration Process: A Primer*, by Bruce R. Lindsay. For an overview of FEMA disaster assistance, see CRS Video WVB00386, *2021 Hurricane and Disaster Seasons: FEMA Disaster Assistance Overview and Policy Considerations: Part 1*, by Diane P. Horn et al.

¹¹⁶ Counties or other political subdivisions contiguous with the disaster area are also eligible for SBA disaster assistance.

¹¹⁷ Administered by FEMA, Individual Assistance (IA) includes various forms of help for families and individuals following a disaster event. IA authorized by the Stafford Act can include housing assistance, disaster unemployment assistance, crisis counseling, and other programs intended to address people’s needs. For more information about FEMA’s IA program, see CRS In Focus IF11298, *A Brief Overview of FEMA’s Individual Assistance Program*, by Elizabeth M. Webster.

¹¹⁸ For more information about Individual Assistance, see CRS Report R46014, *FEMA Individual Assistance Programs: An Overview*, by Elizabeth M. Webster. For more information about Public Assistance, see CRS Report R46749, *FEMA’s Public Assistance Program: A Primer and Considerations for Congress*, by Erica A. Lee.

¹¹⁹ Public Assistance (PA) provides various categories of assistance to state and local governments and nonprofit organizations. Principally, PA covers the repair or replacement of infrastructure (roads, bridges, public buildings, etc.), but it also includes debris removal and emergency protective measures, which cover additional costs incurred by local public safety groups through their actions in responding to the disaster. FEMA’s PA program provides assistance only to public and nonprofit entities. For more information on FEMA’s PA program, see CRS In Focus IF11529, *A Brief Overview of FEMA’s Public Assistance Program*, by Erica A. Lee.

¹²⁰ In order to receive FEMA grant assistance, these entities must first have applied for an SBA disaster loan and deemed ineligible or received the maximum amount of assistance from SBA before seeking grant assistance from FEMA.

- responsibility by the President.¹²¹ EIDL becomes available to nonprofit organizations in the declared disaster areas when the SBA Administrator issues this type of declaration. Similar to a PA-only declaration, SBA disaster loans are not provided to businesses under this type of declaration.
4. The SBA Administrator issues a physical disaster declaration in response to a gubernatorial request for assistance.¹²² When the SBA Administrator issues this type of declaration, SBA disaster loans become available to eligible businesses, nonprofit organizations, and individuals and households.
 5. The SBA Administrator issues an EIDL declaration based on the determination of a natural disaster by the Secretary of Agriculture.¹²³ These loans are available to eligible small businesses, small agricultural cooperatives, and most private nonprofit organizations. Additionally, the SBA administrator may issue a declaration based on the determination of the Secretary of Commerce that a fishery resource disaster or commercial fishery failure has occurred.¹²⁴
 6. The SBA Administrator issues an EIDL declaration when SBA receives a certification from a state governor that at least five small businesses have suffered substantial economic injury as a result of a disaster. This declaration is offered only when other viable forms of financial assistance are unavailable. Small agricultural cooperatives and most private nonprofit organizations are eligible for SBA disaster loans when the SBA Administrator issues an EIDL declaration.
 7. The SBA Administrator issues a physical disaster declaration in a rural area (rural disaster declaration) upon request from the state governor or the chief executive of the Indian tribal government in which the rural area is located.¹²⁵ When the SBA Administrator issues this type of declaration, SBA disaster loans become available to eligible businesses, nonprofit organizations, and individuals and households.

¹²¹ Section 501(b) authorizes the President to issue an emergency declaration for incidents involving federal primary responsibility. The authority to issue this type of declaration is rare. Examples of Section 501(b) declarations include the Coronavirus Disease 2019 (COVID-19) pandemic, the loss of the Space Shuttle Columbia (emergency declarations were issued for Louisiana and Texas), the 9/11 terrorist attacks on the Pentagon, and the bombing of the Alfred P. Murrah Federal Building in Oklahoma City, OK.

¹²² The criteria used to determine whether to issue a declaration include a minimum amount of uninsured physical damage to buildings, machinery, inventory, homes, and other property. Generally, this minimum is at least 25 homes or businesses (or some combination of the two) that have sustained uninsured losses of 40% or more in any county or other smaller political subdivision of a state or U.S. possession. See 13 C.F.R. §123.3(3)(ii) and 13 C.F.R. §123.3(3)(iii).

¹²³ 13 C.F.R. §123.3(4).

¹²⁴ 15 U.S.C. §632(k)(1).

¹²⁵ Rural area means any county or other political subdivision of a state, the District of Columbia, or a territory or possession of the United States that is designated as a rural area by the Bureau of the Census. The following conditions must be met for this type of declaration: (1) the President has declared a major disaster for the rural area, but has not authorized individual assistance; and (2) any home, small business concern, private nonprofit organization, or small agricultural cooperative in the rural area has incurred significant damage. Significant damage means uninsured losses of 40% or more of the estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower.

USDA's Disaster Designation Process

The Secretary of Agriculture has authority to designate counties as disaster areas separate and apart from Stafford Act requirements.¹²⁶ USDA secretarial disaster designations are common and have included most counties in the United States in recent years. For example, in the 2022 crop year, 2,054 primary and contiguous counties received a disaster designation for at least one crop disaster loss (see **Figure 1**).

A USDA secretarial disaster designation makes producers in the designated county and contiguous counties eligible for emergency farm loans. In addition, other ad hoc disaster assistance programs at USDA have historically been triggered by disaster designations.

With the exception of drought, the USDA secretarial disaster designation process is as follows:

- A written request is made to the Secretary of Agriculture by the governor, Indian Tribal Council leader, or FSA state executive director within three months of the ending date of the disaster.
- The FSA county office assembles required agricultural loss information within the county.
- The FSA County Emergency Board reviews the loss information and determines if 30% production loss of at least one crop occurred within the county. The County Emergency Board can then either recommend, defer, or reject the request for designation.
- If recommended by the County Emergency Board, the FSA State Emergency Board reviews the request and determines if a qualifying natural disaster and related losses have occurred. The State Emergency Board can either recommend or reject the request for designation.
- If recommended by the State Emergency Board the request is submitted to the FSA Administrator where it is reviewed and sent to the Secretary for either approval or disapproval of the disaster area designation.

DOC Fishery Disaster Determinations

MSA gives general authority to the Secretary “to determine the existence, extent, and beginning and end dates of a fishery resource disaster.”¹²⁷ The Secretary of Commerce may initiate—or be asked to initiate by request—a review to determine whether a fishery resource disaster has occurred in response to presumed effects of a particular event or allowable cause on a given fishery.¹²⁸ A request for a fishery resource disaster determination can be made by the governor of an affected state, an official resolution of an Indian tribe, or by any other comparable elected or politically appointed representative as determined by the Secretary.¹²⁹

¹²⁶ Regulations governing USDA's disaster designation are issued at 7 C.F.R. §759.

¹²⁷ 16 U.S.C. §1861a(a)(2)(A).

¹²⁸ 16 U.S.C. §1861a(a)(1)(A) defines an allowable cause as meaning “a natural cause, discrete anthropogenic cause, or undetermined cause, including a cause that occurred not more than five years prior to the date of a request for a fishery resource disaster determination that affected such applicable fishery.”

¹²⁹ 16 U.S.C. §1861a(a)(3)(A)(i).

A request letter is to contain a clear description of the affected fishery(s), including identification of all fish stocks, whether the fishery is federal, non-federal, or both, and the geographical boundaries of the fishery. The letter should (continued...)

The Secretary may make a determination about whether a fishery resource disaster has occurred using information provided by the requester, or collected and analyzed by the Secretary. A determination is made based on 12-month revenue loss thresholds specified in the MSA for a commercial fishery failure, serious disruption to that fishery, or harm incurred due to a fishery resource disaster.¹³⁰ A commercial fishery failure occurs when commerce in, or revenues from commerce in, the fishery materially decreases or is markedly weakened due to a fishery resource disaster, and results in economic hardship to those engaged in the fishery.¹³¹ Losses greater than 80% over that 12-month timeframe may result in a positive determination that a fishery resource disaster has occurred. Losses between 35% and 80% are evaluated to determine whether economic impacts were severe enough that a fishery resource disaster has occurred, while losses less than 35% are not eligible for that determination.¹³² A fishery subject to overfishing in any of the three years preceding the date of a determination is not eligible for a determination of whether a fishery resource disaster has occurred unless the Secretary determines that overfishing was not a contributing factor to the fishery resource disaster.¹³³ Congress directed the Secretary to use the best scientific information available, in consultation with affected fishing communities, states, or federally recognized Indian tribes.¹³⁴

include information on causes and impacts needed to support a finding of a fishery resource disaster. It additionally should contain available fishery-related economic information, which may include an analysis of landings data, revenue, the number of participants involved, and the number and type of jobs and persons impacted (e.g., fishers, charter fishing operators, subsistence users, fish processors, and owners of related fishery infrastructure or businesses affected by the disaster). Examples of owners of a related fishery infrastructure or business in the FRDIA (P.L. 117-328) include a marina operator, recreational fishing equipment retailer, or charter, headboat, or tender vessel owner, operator, or crew. See 16 U.S.C. §1861a(a)(3)(B).

As reflected in the NOAA Policy on Disaster Assistance (last updated December 2021, and to be reviewed in October 2023), the responsibility for providing interim responses to fishery disaster determination requests falls to the Assistant Administrator of the NOAA National Marine Fisheries Service (NMFS; also known as “NOAA Fisheries”). See Kelly Denit, *Policy on Disaster Assistance under Magnuson-Stevens Act 312(A) and 315 and Interjurisdictional Fisheries Act 308(B) and 308(D)*, National Oceanic and Atmospheric Administration (NOAA), National Marine Fisheries Service (NMFS), December 20, 2021, https://media.fisheries.noaa.gov/2021-12/01-122%20Policy%20on%20Disaster%20Assistance_Update_0.pdf. Hereinafter Denit, 2021.

¹³⁰ The FRDIA defines 12-month revenue loss as meaning, “the percentage reduction, as applicable, in commercial, charter, headboat, or processor revenue for the affected fishery for the 12 months during which the fishery resource disaster occurred, when compared to average annual revenue in the most recent 5 years when no fishery resource disaster occurred or equivalent for stocks with cyclical life histories.”

¹³¹ Denit, 2021.

¹³² 16 U.S.C. §1861a(a)(5)(B)(i).

¹³³ 16 U.S.C. §1861a(a)(5)(C).

¹³⁴ 16 U.S.C. §1861a(a)(4)(B).

Figure A-I. Federal Assistance for Business Disaster Recovery

Agency/Program	Authority	Requires Declaration?	Direct Assistance?	Indirect Assistance?	Both
SBA Disaster Loan Program	P.L. 85-536, Section 7(b); 72 Stat. 387, as amended.	✓ Either a Stafford Act declaration or SBA Administrator declaration is required.	✓	✗	✗
EDA Economic Adjustment Assistance	42 U.S.C. §§3149(c)(2), 3233	✓ See 42 U.S.C. §3233 (authorization of appropriations for disaster recovery activities) and 42 U.S.C. §3149(c)(2). The appropriations laws that provide the supplemental funding generally specify the disasters or disaster affected areas that are to receive funding. The appropriations laws typically state that the EAA funding is for areas "under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §5121 et seq.)."	✗	✓	✗
Fishery Disaster Assistance	16 U.S.C. §1861a	✓ The Secretary of Commerce makes a determination as specified in 16 U.S.C. §1861(a)(2), including for allocation and disbursement of congressionally appropriated funds (16 U.S.C. §1861(a)(6)).	✓	✓	✓
HUD CDBG-DR	42 U.S.C. §§5301 et seq.	✓ According to HUD guidance a declaration is required. See HUD section for more details.	✗	✓	✗
USDA ▼					
Livestock Forage Disaster Program (LFP)	7 U.S.C. §9081	✗	✓	✗	✗
Livestock Indemnity Program (LIP)	7 U.S.C. §9081	✗	✓	✗	✗
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP)	7 U.S.C. §9081	✗	✓	✗	✗
Tree Assistance Program (TAP)	7 U.S.C. §9081	✗	✓	✗	✗
Emergency Farm Loans	7 U.S.C. §§1961 et seq.	✓ Either a Stafford Act declaration or USDA secretarial disaster designation is required.	✓	✗	✗
Disaster Set-Aside	7 U.S.C. §1981a	✓ Either a Stafford Act declaration or USDA secretarial disaster designation is required.	✓	✗	✗
Emergency Conservation Program (ECP)	16 U.S.C. §§2201-2205	✗	✓	✗	✗
Emergency Forest Restoration Program (EFRP)	16 U.S.C. §2206	✗	✓	✗	✗
Conservation Reserve Program (CRP)	16 U.S.C. §§3831-3835	✗	✓	✗	✗
Environmental Quality Incentives Program (EQIP)	16 U.S.C. §§3839aa-3839aa-7	✗	✓	✗	✗

Source: Compiled by CRS.

Appendix B. Individual Assistance Factors

States, territories, and tribes do not automatically receive Stafford Act assistance following an incident—no matter the severity. In almost all cases, a governor or tribal chief executive must first request a Stafford Act declaration and specific forms of assistance for the affected jurisdictions—including Public Assistance (PA) and Individual Assistance (IA).¹³⁵ To that end, the governor or tribal chief executive may exercise discretion over whether to submit a request, what types of assistance to request, and for which counties to request assistance. FEMA reviews the submitted information as part of the agency’s evaluation of the PA and IA factors, which are used to determine whether there is a need for supplemental federal assistance.¹³⁶ FEMA then provides a recommendation to the President,¹³⁷ who has sole authority to approve the state/territory/tribe’s declaration request and authorize specific forms of assistance for specific counties.¹³⁸

Individual Assistance (IA) Factors

FEMA uses two separate sets of factors to determine whether to recommend that Individual Assistance (IA) be authorized: one applies to states/territories pursuant to a governor’s request, and one applies to Indian tribal governments pursuant to a chief executive’s request.¹³⁹ A list of the factors considered for governors’ requests, including FEMA’s considerations and sources for the information/data considered, is included in **Table B-1**. A list of the factors considered for chief executives’ requests, including FEMA’s considerations and sources for the information/data considered, is included in **Table B-2**.

FEMA considers six IA factors pursuant to a governor’s request for a major disaster declaration authorizing IA, which are intended to help FEMA assess the “severity, magnitude, and impact of a disaster,” as well as the capabilities of the affected jurisdictions.¹⁴⁰

¹³⁵ 42 U.S.C. §§5170(a)-(b), and 5191(a). The President may unilaterally declare an emergency, without a governor or tribal chief executive’s request, in situations when the primary responsibility for the incident response rests with the federal government (42 U.S.C. §5191(b)). FEMA assistance provided through the Individual Assistance (IA), Public Assistance (PA), and Hazard Mitigation Grant Program (HMGP) programs are only available following a Stafford Act declaration; preparedness grants and pre-disaster mitigation under the Stafford Act do not require a declaration. For additional information on the declaration process and available forms of federal disaster assistance, including IA, PA, and HMGP, see CRS Report WMR10001, *CRS Guide to Federal Emergency Management*, by Lauren R. Stienstra et al.

¹³⁶ The factors considered depend on whether the requesting entity is a state/territory or Indian tribal government. For requests by a governor of an affected state/territory, see 44 C.F.R. §206.48. For requests by a tribal chief executive of an affected Indian tribal government, see FEMA, *Tribal Declarations Pilot Guidance*, January 2017, <https://www.fema.gov/sites/default/files/2020-04/tribal-declaration-pilot-guidance.pdf> (hereinafter FEMA, *Tribal Declarations Pilot Guidance*).

¹³⁷ 44 C.F.R. §206.37(c).

¹³⁸ 44 C.F.R. §206.38.

¹³⁹ A detailed description of each IA factor and how FEMA considers each factor is included in Appendix A of CRS Report R47015, *FEMA’s Individuals and Households Program (IHP)—Implementation and Considerations for Congress*, by Elizabeth M. Webster; see also CRS Report R46014, *FEMA Individual Assistance Programs: An Overview*, by Elizabeth M. Webster (see the section on “IA Factors for a Major Disaster Declaration”).

¹⁴⁰ FEMA issued a final rule updating the factors considered when evaluating a governor’s request for IA on March 21, 2019, as required by Section 1109 of the Sandy Recovery Improvement Act of 2013 (SRIA, Div. B of P.L. 113-2). These factors became effective June 1, 2019. See DHS/FEMA, “Factors Considered When Evaluating a Governor’s Request for Individual Assistance for a Major Disaster,” 84 *Federal Register* 10632-10664, March 21, 2019, <https://www.govinfo.gov/content/pkg/FR-2019-03-21/pdf/2019-05388.pdf> (hereinafter DHS/FEMA, “Factors Considered When Evaluating a Request for IA”); 44 C.F.R. §206.48(b).

FEMA considers nine factors when evaluating a chief executive's request for a major disaster declaration authorizing IA, which are intended to help FEMA evaluate whether an event has overwhelmed the tribal government's capabilities, making Stafford Act assistance necessary.¹⁴¹

No single factor is determinative; FEMA considers all relevant information submitted by the governor or chief executive as part of a declaration request, and the President has the sole discretion to approve a major disaster declaration request authorizing IA.¹⁴²

Table B-1. IA Factors for a Governor's Major Disaster Declaration Request

Applies to Affected States and Territories

IA Factors	Description	Supporting Information/ Data Sources
State Fiscal Capacity and Resource Availability ^a	FEMA considers the availability of government and private-sector resources, and the circumstances that contributed to the state/territory having insufficient resources, potentially necessitating supplemental federal assistance. FEMA evaluates (1) Fiscal Capacity (a principal factor for considering the need for the IHP), which indicates the state/territory's ability to manage disaster response and recovery, by considering its ability to raise revenue for disaster response and recovery based on either total taxable resources (TTR) or gross domestic product (GDP), as well as per capita personal income by locality and other factors affecting the state/territory's ability to collect funds; and (2) Resource Availability , which indicates whether the disaster-caused needs can be met using non-Stafford Act resources. Also considered is the cumulative effect of recent disasters occurring in the previous 24 months.	U.S. Department of the Treasury, Bureau of Economic Analysis, state/territory reported other limits on a state/territory's treasury or ability to collect funds and resource availability
Uninsured Home and Personal Property Losses ^b	FEMA considers the results of the FEMA-State Preliminary Damage Assessment (PDA) process to examine the extent of damage and estimated cost of IHP assistance (a principal IHP factor). An affected state/territory may provide data for consideration, including (1) the damage-causing peril; (2) the percentage of affected applicants with insurance for such peril; (3) the concentration of damages; (4) the number of homes damaged and degree of damage; (5) the estimated cost of assistance; (6) the estimated homeownership rate for the affected homes; and (7) other relevant PDA data that may demonstrate a need for supplemental assistance.	State/territory reported following the Preliminary Damage Assessment

¹⁴¹ Section 1110 of SRIA (Div. B of P.L. 113-2) amended the Stafford Act to allow chief executives to request an emergency or major disaster declaration (alternatively, the tribe may receive assistance through the state's declaration). FEMA, *Tribal Declarations Pilot Guidance*, January 2017, pp. 34, 36-38, <https://www.fema.gov/sites/default/files/2020-04/tribal-declaration-pilot-guidance.pdf> (hereinafter FEMA, *Tribal Declarations Pilot Guidance*). "Appendix D; Tribal-Specific Considerations" of FEMA's *Preliminary Damage Assessment Guide* includes useful resources and unique considerations for Indian tribal governments during the Preliminary Damage Assessment process (FEMA, *Preliminary Damage Assessment Guide*, August 2021, https://www.fema.gov/sites/default/files/documents/fema_2021-pda-guide.pdf).

¹⁴² Per FEMA's regulation at 44 C.F.R. §206.48(b), "State fiscal capacity (44 C.F.R. 206.48(b)(1)(i)) and uninsured home and personal property losses (44 C.F.R. 206.48(b)(2)) are the principal factors that FEMA will consider when evaluating the need for supplemental Federal assistance under the Individuals and Households Program but FEMA will always consider all relevant information submitted as part of a declaration request. If the need for supplemental Federal assistance under the Individuals and Households Program is not clear from the evaluation of the principal factors, FEMA will turn to the other factors to determine the level of need...."; and FEMA, *Tribal Declarations Pilot Guidance*, p. 34.

IA Factors	Description	Supporting Information/ Data Sources
Disaster Impacted Population Profile	FEMA considers the affected community's demographics as compared with national averages (based on U.S. Census Bureau and other federal data), to evaluate whether there is an increased need for supplemental federal assistance.	U.S. Census Bureau (American Community Survey), other federal agencies
Impact to Community Infrastructure	FEMA considers the disaster-caused disruption, damage, or destruction to community infrastructure components, which may make it difficult for disaster survivors to reside in the community and may hinder community recovery—specifically, disruption, damage, or destruction for more than 72 hours to any/all of the following: (1) “Life-Saving and Life-Sustaining Services” that provide an “essential community function that ... will affect public health and safety” (e.g., police, medical facilities); (2) “Essential Community Services” that improve quality of life (e.g., social services); and (3) “Transportation Infrastructure and Utilities” that, for example, render housing uninhabitable or inaccessible.	State/territory reported
Casualties	FEMA considers the number of individuals who are missing, injured, or deceased as a result of a disaster, which indicates community trauma.	State/territory reported
Disaster Related Unemployment	FEMA considers the number of individuals who may have lost work or become unemployed as a result of the disaster and who do not qualify for standard unemployment insurance. FEMA also considers impacts to major employers in the affected jurisdiction, which could indicate the potential for a prolonged recovery process.	State/territory reported

Source: 44 C.F.R. §206.48(b); FEMA, *Individual Assistance Declarations Factors Guidance*, June 2019, <https://www.regulations.gov/document/FEMA-2014-0005-0071>; FEMA, *Preliminary Damage Assessment Guide*, August 2021, pp. 15 and 28-41, https://www.fema.gov/sites/default/files/documents/fema_2021-pda-guide.pdf.

Notes: 44 C.F.R. §206.48(b). FEMA considers all relevant information submitted as part of a declaration request.

- a. Fiscal Capacity is a principal factor for the IHP (44 C.F.R. §206.48(b)(1)(i)).
- b. Uninsured Home and Personal Property Losses is a principal factor for the IHP (44 C.F.R. §206.48(b)(2)).

Table B-2. IA Factors for a Chief Executive’s Major Disaster Declaration Request
Applies to Affected Federally Recognized Tribes

IA Factors	Description	Supporting Information/ Data Sources
Uninsured Home and Personal Property Losses	FEMA evaluates the damage to the primary residences of enrolled tribal members and, if requested and approved, nonenrolled members of the tribal community, by categorizing homes based on damage and assessing the magnitude of the disaster and concentration of damages.	Tribe reported following the Preliminary Damage Assessment
Availability of Housing Resources	FEMA considers the availability of accessible temporary housing resources.	Tribe reported
Casualties	FEMA considers disaster-caused “deaths or injuries [including] of cultural, religious, and government leaders.”	Tribe reported
Impact to Community Infrastructure	FEMA considers the disaster’s impacts that may adversely affect the “population’s ability to safely and securely reside within the community,” including the large-scale disruption of community functions and services; impacts to cultural and spiritual facilities; and emergency needs.	Tribe reported
Disaster Impacted Population Profile	FEMA considers the affected community’s demographics, including populations that may have a greater need for recovery support.	U.S. Census Bureau, tribe reported unique considerations not reflected in U.S. Census Bureau data
Voluntary Agency and Other Assistance	FEMA considers the extent to which disaster survivors’ needs can be met by voluntary agencies, and the local and state governments.	Tribe reported
Tribal Government Resources	FEMA considers the tribal government’s efforts that have or will be made and the resources that have or will be committed.	Tribe reported
Unique Conditions that Affect Tribal Governments	FEMA considers the tribe’s unique needs and the conditions that are unique to the tribal community (e.g., needs associated with remote locations or the impact on the tribal government’s economy).	Tribe reported
Other Relevant Information	Other relevant information provided by the tribe.	Tribe reported

Sources: FEMA, *Tribal Declarations Pilot Guidance*, January 2017, pp. 36-38, <https://www.fema.gov/sites/default/files/2020-04/tribal-declaration-pilot-guidance.pdf>; FEMA, *Preliminary Damage Assessment Guide*, August 2021, pp. 15 and D1-D9, https://www.fema.gov/sites/default/files/documents/fema_2021-pda-guide.pdf.

Notes: The “disaster-related impacts to homes and personal property are the principal factors FEMA and the President use to determine if the [tribe’s] request [for a presidential major disaster declaration including IA] should be approved” (FEMA, *Preliminary Damage Assessment Guide*, p. D-5).

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