



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Nick J. Rahall, III
Ranking Member

Christopher P. Bertram, Staff Director

March 28, 2014

James H. Zoia, Democrat Staff Director

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Economic Development, Public Buildings, and
Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings, and
Emergency Management
RE: Subcommittee Hearing on Disaster Mitigation: Reducing Costs and Saving Lives

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Thursday, April 3, 2014, at 10:00 a.m. in 2167 Rayburn House Office Building to receive testimony related to disaster mitigation and how mitigation can reduce costs and save lives. At this hearing, the Subcommittee will hear from the Federal Emergency Management Agency and state and local representatives and organizations.

BACKGROUND

Disaster Mitigation

Disaster mitigation includes actions taken to reduce loss of life and property by lessening the impact of disasters. Effective mitigation acts to minimize the potential loss from a disaster based on identifying and understanding the risks in a given area or community. Mitigation can encompass a wide variety of activities, including preparation and planning, elevating or moving structures prone to flooding, hardening structures to mitigate effects of hurricanes or earthquakes, and establishing building codes and zoning ordinances.

Mitigation not only saves lives but has been shown to also reduce disaster costs by minimizing damage from a disaster. For example, pursuant to a requirement of the Disaster Mitigation Act of 2000, the Congressional Budget Office (CBO) completed an analysis on the reduction in federal disaster assistance as a result of mitigation efforts.¹ That study examined mitigation projects funded from 2004 to mid-2007. CBO found that of the nearly \$500 million

¹ "Potential Cost Savings from the Pre-Disaster Mitigation Program," Congressional Budget Office, September 2007.

invested through Pre-Disaster Mitigation (PDM) grants, future losses were reduced by \$1.6 billion for an overall ratio of 3 to 1. In essence, for every dollar invested in mitigation, \$3 were saved. CBO's analysis reaffirmed a prior study commissioned by FEMA and conducted by the Multihazard Mitigation Council of the National Institute of Building Sciences that concluded, in 2005, each dollar spent on mitigation saves \$4 in future losses due to disasters.²

Federal programs such as FEMA's Hazard Mitigation Grant Program (HMGP) and PDM help provide some of the investment needed to help communities in disaster mitigation. HMGP provides grants to state and local governments to rebuild after a disaster in ways that are cost-effective and reduce the risk of future damage, hardship, and loss from all hazards. FEMA also provides grants under HMGP to assist families in reducing the risk to their homes from future disasters, through such steps as elevating the home or purchasing the home to remove it from the floodplain.

On January 29, 2013, the Sandy Recovery Improvement Act (SRIA) was signed into law. That Act, drafted by the Committee, incorporated significant reforms to reduce overall costs of disasters and expedite funding for mitigation activities to ensure communities devastated by disasters could rebuild faster and smarter. Specifically, SRIA authorized FEMA to advance up to 25 percent of HMGP funds to communities impacted by major disasters. The purpose is to ensure communities have the resources needed upfront to incorporate mitigation as they rebuild.

While HMGP provides funding post-disaster, the PDM program provides funds to states, territories, Indian tribal governments, communities, and universities for hazard mitigation planning and the implementation of mitigation projects prior to a disaster event. Funding these plans and projects reduces overall risks to the population and structures, while also reducing reliance on funding from actual disaster declarations. On October 10, 2013, Ranking Member Carson introduced H.R. 3282 to reauthorize the PDM program through fiscal year 2018.

Reducing the Impact and Costs to Communities and Individuals

In addition to HMGP and PDM, there are other mitigation programs that can assist communities in mitigating against specific disasters, such as the Hazard Mitigation Assistance and Severe Repetitive Loss programs under the National Flood Insurance Program (NFIP). In addition, while these grant programs can be effective in reducing costs to communities and the federal taxpayer, there are other actions communities can take to mitigate against disasters and reduce costs.

FEMA's Community Rating System (CRS) program, for example, is a voluntary program that encourages communities across the Nation to exceed the minimum standards set under the National Flood Insurance Program (NFIP). CRS was established in 1990, and today nearly 3.8 million policyholders in 1,296 communities participate in the CRS. These communities participate by implementing local mitigation, floodplain management, and outreach activities. The benefits to communities participating in the CRS not only include creating a safer community by improving mitigation against flooding, but also lowering premium costs to

² "Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings from Mitigation Activities," Multihazard Mitigation Council, National Institute of Building Sciences, 2005.

individual policyholders under the NFIP. Discounts are based on a rating system from 9 to 1, and as communities improve their ratings they can achieve higher premium discounts. For example, most communities just starting in CRS may enter at a rating of 9 or 8 which would provide for 5 or 10 percent discounts, respectively, on premiums for policyholders in Special Flood Hazard Areas. A Class 1 rating would provide for a 45 percent discount. These discounts are real savings to individual policyholders. For example, in Roseville, California, which has the highest rating of 1, the average premium discount of policies in Special Flood Hazard Areas is \$832.

In order to achieve higher ratings, communities accrue points for engaging in 19 activities that fall under four broad categories: public information, mapping and regulations, flood damage reduction, and warning and response. The 19 activities include elevation certification, hazard disclosure, public outreach, floodplain mapping, stormwater management, and flood warning and response.

Federal Emergency Management Agency Background

FEMA was established in 1979 by Executive Order by President Carter following a number of massive disasters in the 1960s and 1970s, which resulted in proposals by the National Governors Association and others to streamline and cut the number of agencies states were required to work with following a disaster. Prior to the creation of FEMA, the federal government's emergency response mechanisms were scattered among many agencies throughout the government. The creation of FEMA helped to centralize these authorities and the coordination of the federal government's response to a disaster. FEMA's primary authority in carrying out its emergency management functions stems from the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act).³

Conclusion

There are a number of mechanisms that can assist communities in protecting themselves and mitigating against the risks of disasters. The programs have been shown to save lives, reduce damage to property, and reduce costs at all levels, including costs to communities and individual property owners. The hearing will focus on how these programs and activities can effectively be utilized so that communities can minimize their damages and costs in areas that may be prone to disasters.

³ 42 U.S.C. §§ 5121-5207.

WITNESS LIST

Mr. David Miller
Associate Administrator for the Federal Insurance and Mitigation Administration
Federal Emergency Management Agency

The Honorable Linda Langston
Supervisor, Linn County, Iowa
President, National Association of Counties

Mr. Bryan Koon
Director, Florida Division of Emergency Management
On Behalf of
National Emergency Management Association

Mr. Chad Berginnis
Executive Director
Association of State Floodplain Managers