

### At a Glance

## H.R. 1951, Increase Federal Disaster Cost Share Act of 2021

As ordered reported by the House Committee on Transportation and Infrastructure on March 24, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	<b>310</b>	<b>655</b>	<b>870</b>
Revenues	<b>0</b>	<b>0</b>	<b>0</b>
Increase or Decrease (-) in the Deficit	<b>310</b>	<b>655</b>	<b>870</b>
Spending Subject to Appropriation (Outlays)	<b>0</b>	<b>0</b>	<b>0</b>
Statutory pay-as-you-go procedures apply?	<b>Yes</b>	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	<b>&lt; \$5 billion</b>	Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>No</b>

#### The bill would

- Increase the federal share of costs paid from 75 percent to 90 percent of total recovery assistance provided for any disaster declared in 2020

#### Estimated budgetary effects would mainly stem from

- Increasing the share of costs that the federal government would cover for certain disasters

#### Areas of significant uncertainty include

- Estimating the total amount of assistance that the Federal Emergency Management Agency and state governments will provide for certain disasters

**Detailed estimate begins on the next page.**



## Bill Summary

H.R. 1951 would increase the federal share of costs to 90 percent for any disasters that were declared by the President in calendar year 2020. Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the federal government typically pays 75 percent of total recovery costs unless the Federal Emergency Management Agency (FEMA) agrees to pay a higher share; state governments pay the rest.

## Estimated Federal Cost

The estimated budgetary effect of H.R. 1951 is shown in Table 1. The costs of the legislation fall within budget function 450 (community and regional development).

**Table 1.**  
**Estimated Budgetary Effects of H.R. 1951**

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
<b>Increases in Direct Spending</b>													
<b>Retroactive Costs</b>													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	250	0	0	0	0	0	0	0	0	0	0	250	250
<b>Prospective Costs</b>													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	60	90	90	85	80	70	55	40	30	20	20	405	620
<b>Total Changes in Direct Spending</b>													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	310	90	90	85	80	70	55	40	30	20	20	655	870

## Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted by the end of calendar year 2021 and that outlays will follow historical spending patterns for the affected programs.

## Direct Spending

H.R. 1951 would increase the federal share of costs from 75 percent to 90 percent for any major disaster declared in 2020; state governments pay the remaining portion. As a result, FEMA would pay 15 percent more of the costs of providing assistance to eligible entities within states that were affected by qualifying disasters (those entities include local governments, as well as individuals and households).



During 2020, 104 disaster declarations were made, including 57 declarations on behalf of states and Indian tribes for the coronavirus pandemic (a declaration is made for each state or tribe affected by a particular disaster). Under current law, FEMA administratively increased the federal share for disasters related to the pandemic to 100 percent and increased the federal share to 90 percent for the declaration related to Hurricane Laura's effects in Louisiana. Therefore, CBO expects that enacting H.R. 1951 would result in higher costs with respect to the remaining 46 declarations.

**Retroactive Costs.** For those disasters that would be affected by the bill, FEMA has already obligated nearly \$1.3 billion in assistance, paying 75 percent of project costs that total nearly \$1.7 billion. Using information provided by the agency, CBO estimates that under the bill FEMA would retroactively pay an additional 15 percent of those costs—about \$250 million—in 2022.

**Prospective Costs.** In addition, FEMA would pay a higher share on any future assistance allocated for those events. Using information provided by FEMA about the agency's projections of future needs, CBO expects that FEMA and states will obligate funds to offset about \$4.5 billion in losses over the 2022-2031 period. Under the bill, FEMA would be responsible for an additional 15 percent of those costs—\$675 million. Of that amount, CBO estimates that the agency would spend \$620 million over the 2022-2031 period from amounts available for that purpose. The balance, CBO estimates, would be spent after 2031.

In total, CBO estimates that enacting H.R. 1951 would increase spending by \$870 million over the 2022-2031 period.

### **Uncertainty**

This estimate is subject to considerable uncertainty. Because H.R. 1951 would increase the share of costs paid by the federal government—rather than state governments—the cost of the legislation would principally depend upon how much FEMA allocates for recovery from those qualifying disasters. While CBO's estimate of additional spending under the bill is informed by FEMA's current projection of the amounts that it will allocate for these disasters over the next decade, the ultimate amounts that will be provided—particularly later in the decade—are difficult to predict. Based on the needs of recipient communities in the future, if FEMA decided to increase or decrease the amounts allocated, spending under H.R. 1951 would, in turn, be higher or lower than CBO estimates.

### **Pay-As-You-Go Considerations**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 2. (Most of the outlays would come from appropriations designated in accordance with section 251 of the Balanced



Budget and Emergency Deficit Control Act of 1985 as emergency requirements or for disaster relief.)

**Table 2.**  
**CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 1951, the Increase Federal Cost Share Act of 2021, as Ordered Reported by the House Committee on Transportation and Infrastructure on March 24, 2021**

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	<b>Net Increase in the On-Budget Deficit</b>											
Pay-As-You-Go Effect	310	90	90	85	80	70	55	40	30	20	655	870

### Increase in Long-Term Deficits

CBO estimates that enacting H.R. 1951 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

**Mandates:** None.

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