
FISCAL FOCUS

Emergency Management Funding

**Prepared by:
Kyle I. Jen, Fiscal Analyst**

March 2002



Mitchell E. Bean, Director

HOUSE FISCAL AGENCY GOVERNING COMMITTEE

Representatives:

Marc Shulman, Chair

Rick Johnson

Bruce Patterson

A. T. Frank, Vice Chair

Samuel Buzz Thomas, III

Gilda Jacobs

MICHIGAN HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEE

Representatives:

Marc Shulman, Chair

Charles LaSata, Vice Chair

Cameron Brown

Sandra Caul

Patricia Godchaux

Mark Jansen

Ron Jelinek

Jerry Kooiman

David Mead

Mickey Mortimer

Gary Newell

John Pappageorge

Mike Pumford

Scott Shackleton

Tony Stamas

John Stewart

Laura Toy

Jerry Vander Roest

A. T. Frank, Minority Vice Chair

Richard Brown

Hansen Clarke

Patricia Lockwood

Steve Pestka

Clarence Phillips

James Plakas

Triette Reeves

Keith Stallworth

Michael Switalski

Gretchen Whitmer

STATE OF MICHIGAN
HOUSE OF REPRESENTATIVES



HOUSE FISCAL AGENCY

MITCHELL E. BEAN, DIRECTOR

P.O. BOX 30014
LANSING, MICHIGAN 48909-7514
PHONE: (517)373-8080 FAX: (517)373-5874
www.house.state.mi.us/hfa

GOVERNING COMMITTEE

MARC SHULMAN, CHAIR
RICK JOHNSON
BRUCE PATTERSON
A. T. FRANK, V-C
SAMUEL BUZZ THOMAS, III
GILDA JACOBS

March 2002

TO: Members of the House of Representatives

When disasters occur, emergency management becomes a critical area of concern for Michigan residents, including local officials and state legislators. This **Fiscal Focus** provides an overview of the state and federal processes for distributing resources for responding to and recovering from disasters. Further, the report outlines various ongoing programs the state oversees to prepare for and mitigate against future disasters.

Funding for response and recovery efforts is normally addressed on an ad hoc basis, usually through supplemental appropriations. The portion of the report covering disaster-specific funding may, therefore, be of particular interest.

Kyle I. Jen, Fiscal Analyst, wrote this report; Julie Stapelman, Budget Assistant, provided editorial input; and Jeanne Dee, Administrative Assistant, prepared the report for publication. We appreciate the assistance provided by the staff of the Michigan Emergency Management Division during the preparation of this report.

We hope you find this publication useful in dealing with emergency management issues. Please do not hesitate to call if you have questions or comments.

Mitchell E. Bean
Director

TABLE OF CONTENTS

INTRODUCTION	1
Table 1: Emergency Management Cycle	1
ANNUAL FUNDING	3
Table 2: FY 2001-02 Emergency Management Division Budget	3
Emergency Management Performance Grant Program	3
Terrorism Consequence Management Performance Assistance Program	4
State Domestic Preparedness Equipment Program	4
Community Assistance Program	4
Flood Mitigation Assistance Program	5
Hazardous Materials Preparedness Grant Program	5
Hazardous Materials Training Center	5
Radiological Emergency Preparedness Program	5
DISASTER-SPECIFIC FUNDING	7
Local Level	7
State Level	8
Figure 1: Disaster Assistance Funding–Flowchart	9
Box: Disaster Assistance Funding in the 50 States	10
Federal Level	11
Individual and Family Grant Program	11
Public Assistance Grant Program	12
Hazard Mitigation Grant Program	12
RECENT HISTORY	15
Figure 2: Disaster Assistance Appropriations	
CONCLUSION	17
APPENDIX	19

INTRODUCTION

Emergency management is often characterized as a continuous four-stage cycle: mitigation, preparedness, response, and recovery. Annual appropriations to the Emergency Management Division (EMD) of the Michigan Department of State Police provide for pre-disaster mitigation efforts and preparedness-related activities. Appropriations for response, recovery, and post-disaster mitigation efforts are made on a case-by-case basis as disasters occur. Most emergency management activities are funded through the Federal Emergency Management Agency (FEMA), with the state and/or local units of government required to provide matching funds.

Table 1
Emergency Management Cycle

Mitigation	Sustained activities that reduce or eliminate long-term risks to people and property from hazards and their effects. Example: Ensuring that homes are not built in hazardous areas such as flood plains.
Preparedness	Activities to ensure that, when a disaster strikes, emergency management personnel are able to provide the best response. Example: Training key personnel and citizens.
Response	Actions taken immediately after a disaster occurs—mobilizing emergency equipment and power; providing food, clothing, shelter, and emergency services; clearing roads and bridges; and evacuating people.
Recovery	Rebuilding roads and bridges; restoring public services—such as water, sewer, and power; helping citizens rebuild their homes; and generally returning the community to normal.

Source: National Conference of State Legislatures, *Emergency Management: A Legislator's Guide*, (Denver, CO, July 1997), pp. 3-5.

This report provides an overview of emergency management funding in Michigan. The report focuses on federal programs funded through FEMA and state programs funded through EMD, although substantial emergency management-related funding is administered by other federal and state agencies.¹ The first section of the report outlines the various EMD programs funded on an ongoing, annual basis.

¹ Other federal agencies administering emergency management funding include the departments of Agriculture, Defense, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, Treasury, Transportation, and Veterans Affairs and the Army Corps of Engineers (Source: Keith Bea, *FEMA and Disaster Relief*, [Washington, DC: Congressional Research Service, March 6, 1998], pp. 23-24). At the state level, the Michigan Department of Agriculture is the lead state agency for agricultural disasters. Additionally, the Michigan Department of Environmental Quality administers some federal flood mitigation funds and the Family Independence Agency administers federal individual disaster assistance grant funds.

The second section reviews the disaster declaration process, with an emphasis on the types of disaster-specific funding available from the state and federal governments. Additionally, a recent history of disaster declarations and disaster assistance funding is provided. The conclusion addresses the likelihood of additional emergency management-related funding from the federal government.

ANNUAL FUNDING

For fiscal year (FY) 2001-02, the Emergency Management Division (EMD) has a total budget of \$15.7 million. Of this total, \$11.6 million is appropriated from federal funds, \$2.4 million is appropriated from state restricted funds, and the remaining \$1.7 million is general fund/general purpose (GF/GP).

Table 2
FY 2001-02 Emergency Management Division Budget
Appropriated Revenue Sources

<u>Revenue Source</u>	<u>*Year-to-Date Appropriation</u>	<u>Percent of Total</u>
<u>Federal</u>		
U.S. Department of Justice	\$6,400,000	40.6
Federal Emergency Management Agency	4,652,700	29.5
U.S. Department of Transportation	579,900	3.7
Subtotal	\$11,632,600	73.9
<u>State Restricted</u>		
Hazardous Material Training Center Fees	\$1,255,200	8.0
Nuclear Plant Emergency Planning Reimbursement	1,133,500	7.2
Subtotal	\$2,388,700	15.2
<u>General Fund/General Purpose</u>		
	\$1,727,300	11.0
GROSS APPROPRIATION	\$15,748,600	100.0

*As of January 25, 2002

Note: Numbers may not add due to rounding.

Source: Public Act 51 of 2001 (Senate Bill 238) and
Michigan Administrative Information Network

Revenue sources noted above fund eight major programs administered by EMD. Four of these programs are partially or totally funded by Federal Emergency Management Agency (FEMA).

Emergency Management Performance Grant Program

This grant program funds basic emergency management planning, training, exercise, and administrative activities by the state and local units of government. These activities address all four stages of the emergency management cycle. Michigan will receive an estimated \$3.4 million from FEMA in FY 2001-02 under the program. Of this amount, \$1.7 million will be distributed to local units of government, and \$1.7 million will be expended by EMD for state-level activities. Allocation of funds between the state and local governments is left to the discretion of EMD, which retains a portion of the funds to provide centralized services that support local emergency management programs throughout the state.

Local governments must fulfill a number of requirements to receive federal funding, including maintenance of an emergency management plan and appointment of an emergency management coordinator. While approximately 125 local units of government in the state maintain emergency management plans, only about 100 of those units qualify for federal funding. Local governments receiving federal funding include 82 of the 83 counties in the state; the remaining localities receiving funds are cities and townships.² Funds are allocated to each jurisdiction based on an equal percentage (between 40 and 50 percent in recent years) of its emergency management coordinator's salary and fringe benefits.

Federal funds are provided on a 50/50 matching fund basis. The state appropriates GF/GP funds to match the portion of the grant it retains for EMD operations; local units must provide the matching funds for the federal funds they receive.

Terrorism Consequence Management Performance Assistance Program

This FEMA grant is earmarked for projects to develop and improve capability to prepare for, respond to, and recover from acts of terrorism involving weapons of mass destruction. In FY 2000-01, EMD distributed available funds for local jurisdictions to complete terrorism needs assessments. In FY 2001-02, EMD will retain the funds for state-level activities; a grant of about \$456,100 is expected; no matching funds are required.

State Domestic Preparedness Equipment Program

Use of FEMA anti-terrorism funding to purchase operations equipment is specifically prohibited. Michigan has, however, been awarded \$4.8 million from the U.S. Department of Justice over the course of the last two federal fiscal years for first responder equipment purchases. A small portion of available grant funds will be used to purchase equipment for state agencies, and remaining funds will be distributed to local counties and municipalities that completed a terrorism needs assessment in 2001. The formula for distribution of these funds incorporates a base amount, a needs assessment ranking, and population. No matching funds are required.

An additional \$5.0 to \$6.0 million can be expected under the FY 2001-02 federal grant award process for this program. The Department of Justice has indicated that states will be authorized to utilize these expected grant funds not just for equipment, but also for training and technical assistance to state and local first responders.

Community Assistance Program

Funding for this program is initially appropriated in the EMD portion of the State Police budget, but is passed through as an interdepartmental grant to the Department of Environmental Quality (DEQ), which administers the program. The program's purpose is to reduce flood hazards through support of communities participating in the National Flood Insurance Program (NFIP). Approximately

² The single county not qualifying for federal funds in FY 2001-02 is Keweenaw County; the county's small population precludes the dedication of sufficient resources to meet all of the federal requirements.

\$164,000 in grant funding from FEMA is anticipated for FY 2001-02. The program is funded on a 75/25 basis, with DEQ providing the matching funds.

Flood Mitigation Assistance Program

This program provides funding for planning, projects, and technical assistance for local communities to reduce or eliminate long-term risk of flood damage to structures insurable under the NFIP. About \$133,000 is expected from FEMA for this program in FY 2001-02. All of these funds are distributed to local governments through a competitive grant process. Local governments must provide matching funds on a 75/25 basis.

Hazardous Materials Emergency Preparedness Grants Program

Funding from the U.S. Department of Transportation provides for hazardous materials planning and training grants. Planning grants are used for the development, improvement, and implementation of hazardous material emergency plans required by federal law. Training grants are used to train public sector employees to respond to accidents involving the transportation of hazardous materials.

Federal provisions require that 75 percent of grant funds for planning be passed through to local emergency planning committees and 75 percent of grant funds for training be used for training local first responders. For FY 2001-02, EMD expects to receive approximately \$106,000 for planning grants and \$225,000 for training grants. These funds are matched by the state and local governments on a 80/20 "soft" match basis (training-related expenses may be used to offset the match).

Additionally, \$329,800 GF/GP is appropriated to fully comply with federal hazardous materials planning requirements; these funds are needed to meet a maintenance-of-effort requirement associated with the federal hazardous material funding.

Hazardous Materials Training Center

The Michigan Hazardous Materials Training Center is located on a four-acre site adjacent to the State Police Training Academy at the state's Secondary Complex in Lansing. Courses offered at the center provide hands-on training to employees of both public and private sector organizations on a wide range of hazardous materials-related topics. Examples of the topics offered are chemistry, confined space rescue, incident command and management, railroad transportation response, and terrorism incident planning and response.

Course fees cover the majority of the center's costs. In FY 2000-01, approximately \$760,000 in fee revenue was collected and expended for training activities at the center. Smaller amounts of federal grant funds and GF/GP funds are also utilized for training center expenses.

Radiological Emergency Preparedness Program

This program provides technical assistance in planning, training, and preparedness for radiological emergencies at Michigan's four nuclear power plants (located in Monroe, South Haven, Bridgman, and Charlevoix). Over 50 percent of the program funding is passed through to DEQ, which provides technical assistance concerning the potential release of radiation to off-site areas. The program allows the plants to meet federal requirements for operation.

All costs of the program are paid by the four power plants. Under the current contract, 16 percent of annual costs are paid by the Big Rock plant in Charlevoix, and the remaining three plants each pay 28 percent of the total. The Big Rock plant was decommissioned in 1998; while preparedness activities continue due to the ongoing existence of radioactive materials at the site, fewer resources are necessary than at the three plants with continuing operations.

The annual budget for EMD is largely driven by federal funding sources, which account for 74 percent of the division's budgeted revenue. Only 11 percent of the total budget is funded by GF/GP appropriations. These appropriations are necessary in order to receive federal funding. The remaining 15 percent of the budget consists of reimbursements received from organizations benefitting directly from EMD programs.

The annual EMD budget primarily funds disaster preparation efforts. When a disaster occurs, much larger sums of funding are often necessary for response and recovery efforts.

DISASTER-SPECIFIC FUNDING

When a natural or man-made disaster occurs, the process of officially declaring a disaster and providing funding for response and recovery efforts moves upward through the three levels of government: local, state, and federal. First, the local unit of government affected by the disaster assesses its capacity to respond to the disaster. If the unit determines that its own resources are inadequate, it can request that the governor declare a state disaster. If the state determines that the magnitude of the disaster exceeds the level of resources the state can provide, a request can be made by the governor to the president of the United States to declare a federal disaster.

An overview of the disaster assistance funding process is presented in Figure 1 (page 8). The remainder of this section addresses this process, outlining the basic provisions of the current state and federal disaster assistance grant programs.

Local Level

The National Emergency Management Association states, "In the integrated emergency management system used in the United States, it is assumed that local government has the primary responsibility for responding to emergencies."³ Consistent with this statement, the Michigan Emergency Management Act requires all counties and municipalities with populations of 25,000 or more to appoint an emergency management coordinator.⁴ Following are some of the additional statutory responsibilities each of these counties and municipalities must fulfill:

- + Direct and coordinate development of emergency operations plans and programs.
- + Declare a local state of emergency or disaster if circumstances indicate the threat of widespread or severe damage, injury, or loss of life or property from a natural or man-made cause.
- + Appropriate and expend funds, make contracts, and obtain and distribute equipment, materials, and supplies for disaster purposes.⁵

The Emergency Management Act provides that the chief executive official of a county or municipality may request that the governor issue a state-level declaration if a disaster or emergency is "beyond the control of local public or private agencies."⁶ Regardless of whether this request is granted, the initial financial responsibility remains with the local jurisdiction. The act explicitly states, "If the governor proclaims a

³ *NEMA/CSG 2001 Report on State Emergency Management Funding and Structures*, (Lexington, KY: Council of State Governments, 2001), p. 23.

⁴ The Emergency Management Act is Public Act 390 of 1976, as amended, MCL 30.401 et seq. The act provides that a municipality with a population of 25,000 or more can enter into an agreement with the county to have the county emergency management coordinator act as emergency management coordinator for the municipality.

⁵ Section 10 of the Emergency Management Act

⁶ Section 12(1)

state of disaster or a state of emergency, the first recourse for disaster related expenses shall be funds of the county or municipality.”⁷

State Level

The Emergency Management Act grants the governor the authority to declare a state of disaster or emergency by executive order. The act defines the terms “disaster” and “emergency” as follows:

Disaster: An occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from a natural or human-made cause . . .

Emergency: Any occasion or instance in which the governor determines state assistance is needed to supplement local efforts and capabilities to save lives, protect property and the public health and safety, and/or lessen or avert the threat of a catastrophe in any part of the state.⁸

Broadly speaking, disasters involve more widespread, tangible damage than emergencies. Throughout this report, the term “disaster” encompasses situations officially declared to be “emergencies.”

An executive order declaring either type of situation makes state resources available to the affected localities. Resources provided by the state may include personnel, equipment, or technical assistance.

A disaster or emergency declaration is required before state financial assistance can be directed to counties and municipalities in the affected area. The Emergency Management Act creates a Disaster Contingency Fund from which to make expenditures for state disaster assistance grants and other disaster-related purposes. The act stipulates that the fund be maintained at a level not less than \$30,000, but not more than \$750,000.

In practice, however, this statutory requirement has not been implemented. That is, no balance is maintained in the Disaster Contingency Fund. Instead, GF/GP appropriations are made on a case-by-case basis—normally through the supplemental appropriation process or, in cases where smaller amounts are needed, through the legislative transfer process or the reallocation of existing disaster assistance appropriations.

The decision to distribute state grants funds is made on a case-by-case basis by the governor. While the declaration of a state of disaster or emergency allows for state disaster funding to local units, it does not mandate that state funding be provided.

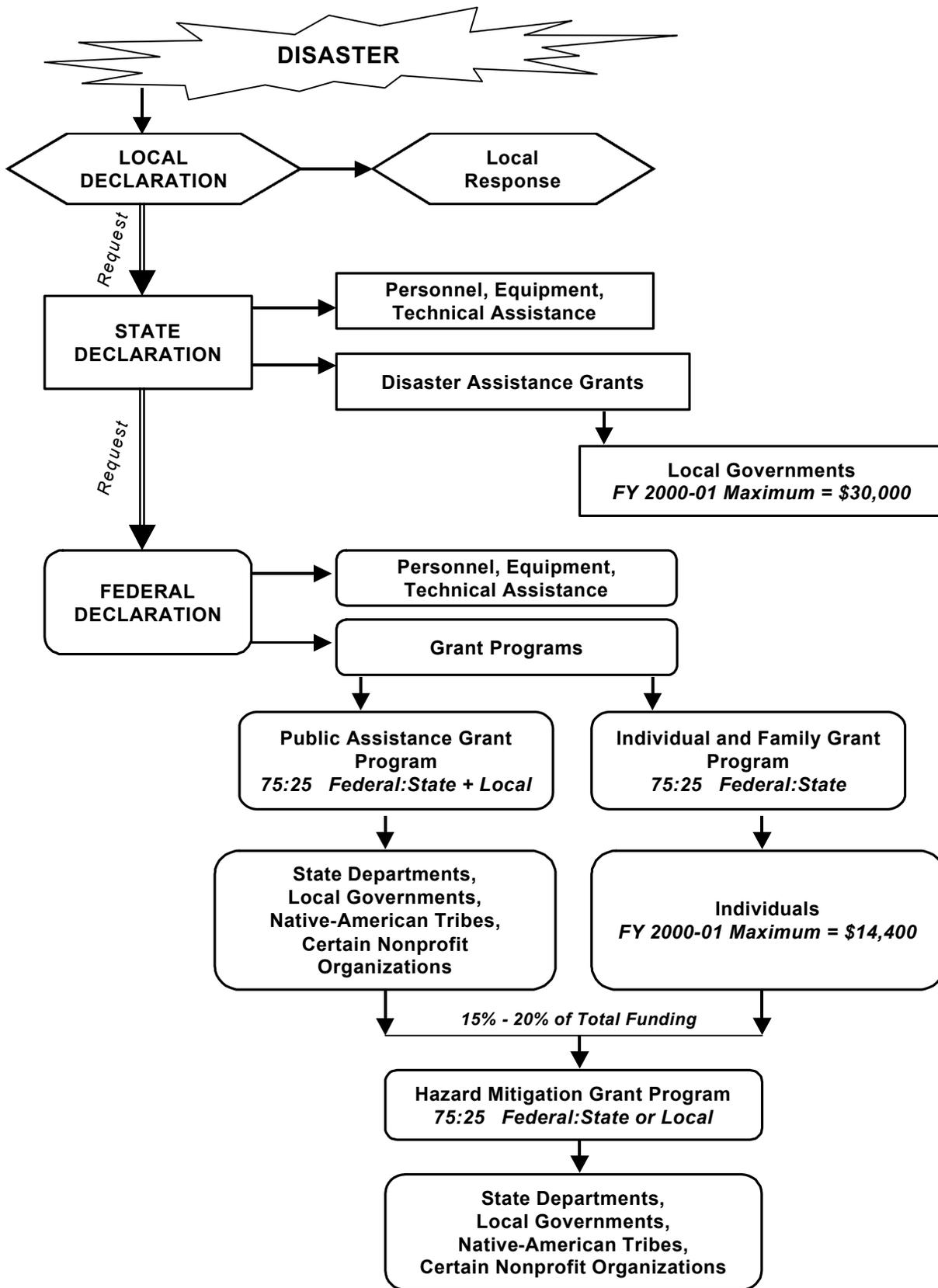
The following criteria for state disaster assistance grant eligibility are specified in statute:

- + Unavailability of federal disaster assistance.
- + Exhaustion of local effort.

⁷ Section 19(1)

⁸ Section 2

**Figure 1
Disaster Assistance Funding**



- + Maintenance of an emergency management program (or, for a municipality, incorporation into the county emergency management program).
- + Timely implementation of the emergency operations plan at the beginning of the disaster or emergency.
- + Limitation of reimbursement to the following:
 - Public damage and direct loss as a result of the disaster or emergency.
 - Expenses incurred for reimbursing employees for disaster- or emergency-related activities.
 - Other needs specifically related to disaster or emergency response.
- + Substantiation of damages by a disaster assistance team established by the state Emergency Management Division.⁹

DISASTER ASSISTANCE FUNDING IN THE 50 STATES

Despite the provision of Michigan's Emergency Management Act requiring the maintenance of a Disaster Contingency Fund at a minimum level of \$30,000, state-level disaster assistance grants are, in practice, paid from one-time GF/GP appropriations as the need arises. Similarly, state matching funds for federal disaster assistance grants are paid from GF/GP appropriations on a case-by-case basis. As shown below, this approach is consistent with the approach taken by just over half of the 50 states. A smaller number of states maintain one or more funds for the specific purpose of funding disaster-related costs, and some states rely on a combination of the two approaches.

<u># of States</u>	<u>Funding Mechanism</u>
28	Funds appropriated for specific incidents after disaster occurs.
19	Separate disaster fund maintained; funds appropriated as needed to ensure adequate amount of money is available at all times.
3	Disaster trust fund maintained; funds deposited from specified sources (for example, a tax on insurance policies).
11	Multiple funds maintained; funds obligated from each fund depending on nature of situation.

⁹ Section 19 of the Emergency Management Act.

Administrative rules include more specific criteria for the distribution of state grants to counties and municipalities.¹⁰ Most significantly, the rules require that the locality “experience an extraordinary financial burden.”¹¹ This burden is to be demonstrated by expenses incurred over a consecutive five-day period of at least \$30,000 or one percent of the local government’s affected agencies’ annual general fund operating budget, whichever is less.

Pursuant to statute, grants from the Disaster Contingency Fund—or, in practice, from GF/GP appropriations—cannot exceed \$30,000 or 10 percent of the total annual operating budget of the county or municipality, whichever is less. For jurisdictions with sizeable general fund budgets (\$3.0 million or more), the level for both minimum expenditures and the maximum grant amount allowed is \$30,000. Grants to those jurisdictions, therefore, are made at precisely that level.

Smaller jurisdictions receive grants of lower amounts, consistent with the size of their general fund budgets. No local matching funds are required for state grants made under the Emergency Management Act.

Federal Level

Once the governor has declared a state of disaster or emergency, he or she may request that the president of the United States issue a federal declaration for the affected local jurisdictions.¹² The federal disaster declaration process is governed by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, which states the following:¹³

All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State. Such a request shall be based on a finding that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. . . . Based on the request of a Governor under this section, the President may declare under this chapter that a major disaster or emergency exists.¹⁴

A presidential declaration makes federal resources (personnel, equipment, and technical assistance) available for response efforts and allows for distribution of federal disaster funding to individuals, organizations, and governmental units within the affected areas. There are three major disaster-specific grant programs administered by the Federal Emergency Management Agency (FEMA):

Individual and Family Grant Program: This program “provides funds for the necessary expenses and serious needs of disaster victims that cannot be met through insurance or other forms of disaster assistance (including low interest loans from the Small Business Administration).”¹⁵ The maximum amount for each grant distributed under this program was \$14,400 for FY 2000-01. This amount is updated each year based on the consumer price

¹⁰ The act defines “municipality” as a city, village, or township. Road and drain commissions must be covered by the grant to the county. School districts and other governmental entities are not eligible for grants.

¹¹ Administrative Rule 30.53.

¹² As a general rule, a state declaration must be made prior to the approval of a federal declaration, but there are two exceptions: fire- and snow-related disasters. Federal declarations for these types of disasters are governed by more specific sets of provisions. Of particular note, declarations for snow disasters are made only if a county has experienced record or near-record snowfall over a 24-, 48-, or 72-hour period.

¹³ 42 U.S.C. 5121, et seq.

¹⁴ Section 5170

¹⁵ Federal Emergency Management Agency, “A Guide to the Disaster Declaration Process and Federal Disaster Assistance,” (Washington, DC, October 5, 2001), p. 2.

index. The average grant tends to be in the range of \$2,000 to \$4,000.¹⁶ Expenses that can be paid from the grants include housing, personal property, medical, dental, funeral, transportation, and flood insurance premiums.

This program requires a state match of 25 percent. While EMD is the lead state agency for disaster response, the Family Independence Agency (FIA) has responsibility for administering funds under the Individual and Family Grant Program following a disaster.¹⁷

Public Assistance Grant Program: State and local governments, Native American tribes, and certain private nonprofit organizations are eligible to apply for funds following a disaster under the Public Assistance Grant Program.¹⁸ Generally, this program funds “the repair, restoration, reconstruction, or replacement of a public facility or infrastructure, which is damaged or destroyed by a disaster.”¹⁹ The Federal Emergency Management Agency classifies projects funded under the program into the following categories:

- + Debris removal
- + Emergency protective measures
- + Road systems and bridges
- + Water control facilities
- + Public buildings and contents
- + Public utilities
- + Parks, recreational, and other

This program is also funded on a 75/25 basis. Historically, the state has opted to provide half of the necessary matching funds required from local governments (12.5 percent of the total) for non-snow disasters. For snow-related disasters, local governments have been responsible for the entire match amount. For costs incurred by a state department, the state is responsible for the entire match amount. These funds are administered by the EMD.

Hazard Mitigation Grant Program: Following a disaster, this program provides funding for state and local governments to take steps to reduce the costs of similar disasters in the future. The primary emphasis for mitigation efforts is preventing future losses due to flooding. Such efforts include the acquisition and demolition, relocation, or elevation/flood proofing of flood-prone properties. Under certain circumstances, FEMA will fund projects intended to mitigate against severe winds, snow and ice storms, wildfires, or other natural hazards.

¹⁶ Ibid.

¹⁷ A proposed rule change published by FEMA would combine the Individual and Family Grant Program with the federal Temporary Housing Assistance Program. Under the proposal, the state matching fund requirement would be unaffected, but a new cap of \$25,000 for eligible costs under the two programs would be instituted.

¹⁸ Eligible private nonprofit organizations include educational, utility, irrigation, emergency, medical, rehabilitation, and custodial care facilities.

¹⁹ Federal Emergency Management Agency, p. 4.

Total funding available for mitigation projects is limited to 15 percent (20 percent if a FEMA-approved state mitigation plan is in place) of the total disaster assistance costs for all other categories of assistance (the individual and public assistance grant programs).²⁰ Funds are provided on a 75/25 basis. The state or local government may provide the 25 percent match on either a cash or in-kind basis.

The Emergency Management Division is responsible for administration of these funds, including prioritization of projects submitted by applicants (although FEMA grants the ultimate approval for individual projects). Local governments both inside and outside the area impacted by a disaster are eligible to apply for mitigation funds.

Basic provisions of the federal disaster assistance programs are outlined above. More specific provisions govern eligibility and reimbursement of eligible costs for each program. It is important to note that funding is not necessarily available from all three federal programs for every federally-declared disaster. Funding availability is subject to the discretion of the president and FEMA on a case-by-case basis.

Federal funds received through these programs can be appropriated in the state budget without specific legislative action through boilerplate language included annually in the State Police and FIA budget bills.²¹ The Emergency Management Act provides that matching funds may be paid out of the Disaster Contingency Fund, but no balance has been maintained in the fund. Instead, necessary state matching funds for federal disaster assistance grants are appropriated on a case-by-case basis. Usually, supplemental GF/GP appropriations are made, although funds can also be appropriated through the legislative transfer process or reallocated from existing disaster assistance appropriations if the amount of funds necessary is relatively small. Funds for state disaster assistance grants and matching funds for federal grants are normally combined into a single appropriation.

Disaster assistance expenditures often occur over several years following a disaster as many types of projects (reconstruction of a bridge, for example) require relatively long periods of time to complete. As such, disaster assistance appropriations are usually granted work project status, which allows for the expenditure of funds for up to four years beyond the fiscal year in which the funds were originally appropriated.

²⁰ Snow- and fire-related disaster assistance grants do not qualify the state for federal mitigation funds. A proposed rule change published by FEMA would convert the Hazard Mitigation Grant Program to a competitive grant program.

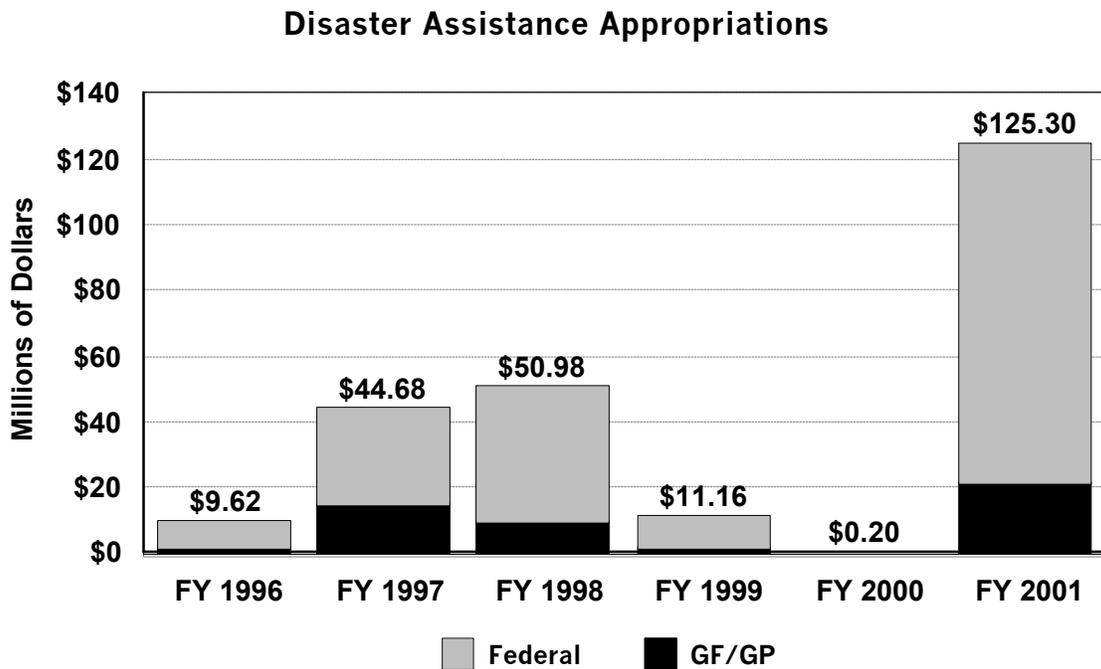
²¹ Section 1001(2) of Public Act 51 of 2001 (the FY 2001-02 State Police budget bill) and section 211 of Public Act 82 of 2001 (the FY 2001-02 FIA budget bill). State Police budget language allows for the receipt and expenditure of any additional federal or restricted emergency management funds; FIA language is specific to the Individual and Family Grant Program.

RECENT HISTORY

From 1996 to 2001, seventeen disasters or emergencies were declared at the state level in Michigan, and eight were declared at the federal level. Noting that two federal declarations were issued without a corresponding state declaration, a total of 19 disasters or emergencies were declared in Michigan at the state level, federal level, or both levels over the six-year period.²²

Figure 2 shows disaster assistance appropriations for the roughly corresponding period of FY 1995-96 through FY 2000-01. Over this period, \$192.1 in federal disaster assistance funding and \$49.8 million in state (GF/GP) disaster assistance funding was appropriated by the state. A list of the specific disasters over this time period is provided in the Appendix.

Figure 2



²² See footnote 12 on page 11.

Federal appropriations represent federal funding provided under the Individual and Family Grant, Public Assistance Grant, and Hazard Mitigation Grant programs. General Fund/General Purpose appropriations incorporate three types of funding:

- + State matching funds for the three federal disaster assistance programs; this category represents the bulk of total GF/GP appropriations
- + State grants under the Emergency Management Act; these grants totaled \$1.0 million over the six years in question
- + Two appropriations made by the Legislature for nonstatutory disaster assistance grants:
 - \$15.0 million GF/GP in FY 1996-97. At least \$10.0 million of the total was earmarked for southeast Michigan areas impacted by tornadoes and flooding in July 1997; the remainder was earmarked for Allegan and Ottawa counties, which were impacted by rainstorms and flooding in June 1997.²³
 - \$197,000 GF/GP in FY 1999-2000. This appropriation was earmarked specifically for the City of Gaylord, in connection with high winds occurring in September 1998.

The amount of state resources necessary for disaster assistance in any given year varies widely. In FY 2000-01, \$21.3 million in GF/GP appropriations was necessary to address two large-scale disasters that occurred in the second half of calendar year 2000. At the other extreme, the only disaster assistance appropriation in the previous fiscal year (FY 1999-2000) was the \$197,000 GF/GP earmarked for the City of Gaylord.

²³ Grant authorized by the Emergency Management Act were paid from this appropriation, but the bulk of the funding was distributed outside the provisions of the act.

CONCLUSION

Following recent events at the national level, emergency management has received and will continue to receive increased attention from both the general public and policy makers. Increased federal funding for emergency management and homeland security activities can be expected in the near future as part of a broader homeland security initiative.

The President's proposed FY 2002-03 budget (released in February) reflects an increase in federal budget authority for homeland security efforts from \$11.9 billion to \$25.2 billion. Specific to emergency management, the proposal includes \$3.5 billion for the State Domestic Preparedness Equipment Program—more than a ten-fold increase over the current level of funding. While the specific amount of funds available to Michigan won't be known until after budget bills are passed by Congress and signed by the president later this year, the President's proposal indicates that substantially more federal funding is likely for state and local emergency management efforts in the near future.

Two themes have emerged from a review of the current emergency management funding process. First, emergency management is a continuous cycle. While attention is focused most directly on emergency management efforts in the response and recovery period following a disaster, resources are also allocated on an ongoing basis for disaster preparation. Funds for mitigation efforts are expended both before and after disasters occur.

Second, emergency management is an intergovernmental activity. Responsibility for disaster response and recovery moves upward as the severity of a disaster increases. Local governments are initially responsible for both pre- and post-disaster emergency management activities. As the resources required to address a disaster exceed those available at the local level, the state government can step in to provide relief. As resources required to address a disaster exceed those at the state level, federal resources become available.

APPENDIX

Michigan Disasters and Emergencies Declared at State and/or Federal Levels: 1996-2001

<u>Date</u>	<u>Disaster</u>	<u>County(ies) Affected</u>	<u>State Declaration</u>	<u>Federal Declaration</u>
December 2001	Heavy snow	Emmet	Emergency	None
October 2001	Severe winds	Kalamazoo	Disaster	None
March 2001	Flooding	Genesee	Disaster	None
December 2000	Severe winter storm	Allegan, Barry, Bay, Berrien, Branch, Calhoun, Cass, Clare, Clinton, Eaton, Genesee, Gladwin, Gratiot, Hillsdale, Huron, Ingham, Ionia, Isabella, Jackson, Kalamazoo, Kent, Lapeer, Livingston, Macomb, Mecosta, Midland, Montcalm, Muskegon, Oakland, Osceola, Ottawa, Saginaw, St. Clair, St. Joseph, Sanilac, Shiawassee, Tuscola, Van Buren, and Washtenaw	None	Emergency
September 2000	Urban flooding	Wayne (state declaration only) and Oakland	Disaster	Major disaster
June 2000	Gasoline pipeline rupture	Jackson (Blackman Township only)	Emergency	None
August 1999	Mine shaft cave in	Dickinson	Emergency	None
July 1999	Tornado	Oscoda	Disaster	None
May 1999	Forest fire	Marquette and Mackinac (grant recipient: Department of Natural Resources)	None	Fire suppression
January 1999	Blizzard; snowstorm	Alcona, Allegan, Arenac, Barry, Berrien, Cass, Crawford, Ionia, Iosco, Jackson, Kalamazoo, Kent, Lenawee, Macomb, Marquette, Mecosta, Monroe, Montmorency, Muskegon, Newaygo, Oakland, Oceana, Ogemaw, Osceola, Oscoda, Otsego, Ottawa, St. Joseph, Van Buren, and Washtenaw (all federal declaration only) and Wayne (state declaration for City of Detroit only; federal declaration for entire county)	Emergency	Emergency

Michigan Disasters and Emergencies Declared at State and/or Federal Levels: 1996-2001

<u>Date</u>	<u>Disaster</u>	<u>County(ies) Affected</u>	<u>State Declaration</u>	<u>Federal Declaration</u>
September 1998	High winds	Otsego	Emergency	None
September 1998	Thunderstorms and high winds	Berrien (City of Niles only)	Emergency	None
July 1998	Thunderstorms and high winds	Wayne (additionally, specific state declaration for City of Dearborn) and Macomb (state declaration for City of Warren only; federal declaration for entire county)	Disaster	Major disaster
May/June 1998	Thunderstorms and high winds	Bay, Clinton, Gratiot, Ionia, Kent, Macomb (Village of Armada only; state declaration only), Mason, Mecosta (state declaration only), Montcalm, Muskegon, Newaygo, Oceana, Ottawa, Saginaw, and Shiawassee	Disaster	Major disaster
April 1998	Flooding	Alpena	Emergency	None
July 1997	Tornadoes and flooding	Genesee, Macomb, Oakland, Saginaw (state declaration for Village of Chesaning only; federal declaration for entire county), and Wayne (additionally, specific state declaration for City of Detroit)	Disaster	Major disaster
June 1997	Rainstorms and flooding	Allegan and Ottawa	Disaster	None
June 1996	Rainstorms, flooding, and tornado	Bay, Lapeer, Midland (state declaration for City of Midland only), Saginaw, Sanilac, St. Clair, and Tuscola	Disaster	Major disaster
May 1996	Flooding	Berrien	Disaster	None

Source: Michigan Emergency Management Division (EMD). The EMD publication *Michigan Hazard Analysis* (last released in December 2001) contains a full list of presidential declarations from 1974-2001 and a full list of governor's declarations from 1977-2001.

Fourth Floor, North Tower, Anderson Building
124 North Capitol Avenue, Lansing, Michigan 48933

Mail to: P. O. Box 30014
Lansing, Michigan 48909-7514

Phone: 517-373-8080 FAX: 517-373-5874
www.house.state.mi.us/hfa



Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director

COMMUNITY HEALTH Bill Fairgrieve, Deputy Director

Medicaid Bill Fairgrieve, Senior Analyst
Mental Health–Substance Abuse Margaret Alston, Senior Analyst
Public Health–Aging Susan Frey, Senior Analyst

EDUCATION AND HUMAN SERVICES Hank Prince, Associate Director

Higher Education Hank Prince, Senior Analyst
Career Development–Consumer and Industry Services–Michigan Strategic Fund Robert Schneider, Senior Analyst
Community Colleges–Department of Education Caven West, Fiscal Analyst
Family Independence Agency
Administration–Grants–Staffing Myron Freeman, Senior Analyst
Child and Family Services–Juvenile Justice Erin Black, Fiscal Analyst
School Aid Mary Ann Cleary, Senior Analyst; Laurie Cummings, Fiscal Analyst
Transportation William E. Hamilton, Senior Analyst

GENERAL GOVERNMENT Al Valenzio, Associate Director

Capital Outlay–Retirement–Supplementals Al Valenzio, Senior Analyst
Agriculture–Judiciary–Legislative Transfers Tim Aben, Senior Analyst
Attorney General–Auditor General–Civil Rights–Executive Office–
Information Technology–Legislature–Management and Budget Robin Risko, Senior Analyst
Civil Service–History, Arts, and Libraries–Lottery–State–Treasury Steve Stauff, Senior Analyst
Corrections–Bill Analysis System Marilyn Peterson, Senior Analyst
Clean Michigan Initiative–Environmental Quality–Federal Funds Monitoring–
Natural Resources–Natural Resources Trust Fund Kirk Lindquist, Senior Analyst
Public Safety: Military and Veterans Affairs–State Police Kyle I. Jen, Fiscal Analyst

ECONOMIC AND REVENUE FORECAST–TAX ANALYSIS . Rebecca Ross, Senior Economist

Jim Stansell, Economist

FISCAL OVERSIGHT, AUDIT AND LITIGATION Myron Freeman, Senior Analyst

MANAGEMENT SUPPORT STAFF

Office Manager Sharon Risko, Administrative Assistant
Publications and Data Jeanne Dee, Administrative Assistant
Community Health–Corrections–Family Independence Agency–HFA Library Tumai Burris, Budget Assistant
Career Development–Community Colleges–Consumer and Industry Services–Education–
Higher Education–Michigan Strategic Fund–School Aid–Transportation–
HFA Internet Barb Endres, Budget Assistant
Agriculture–Capital Outlay–Environmental Quality–General Government–
History, Arts, and Libraries–Judiciary–Military and Veterans Affairs–Natural Resources–
Retirement–Revenue and Tax Analysis–State Police–Supplementals–Transfers–
Bill Analysis–Daily Calendar Julie Stapelman, Budget Assistant
Facilities Coordinator Tina Gee, Receptionist



Additional copies of this report can be obtained from:

House Fiscal Agency
P.O. Box 30014
Lansing, MI 48909-7514
(517) 373-8080
FAX (517) 373-5874
www.house.state.mi.us/hfa