



# Filling the Gap: Recommendations for the Establishment of a State Disaster Relief Fund

Report to the Maryland General Assembly as required by  
SB310/Ch. 491, 2022 and HB386/Ch. 490, 2022

State Disaster Relief Fund Workgroup

Version 1  
December 29, 2022



December 29, 2022

**The Honorable Lawrence J. Hogan, Jr.**  
**State House**  
**100 State Circle**  
**Annapolis, MD 21401**

**The Honorable Bill Ferguson**  
**President**  
**Senate of Maryland**  
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**The Honorable Adrienne A. Jones**  
**Speaker**  
**Maryland House of Delegates**  
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**Annapolis MD, 21401**

**Re: Report Required by SB310/Ch. 491, 2022 and HB386/Ch. 490, 2022 (MSAR #14081)**

Ladies and Gentlemen:

Pursuant to Senate Bill 310/Chapter 491 and House Bill 386/Chapter 490 of 2022, the Maryland Department of Emergency Management (MDEM) submits the required study on the establishment of a State disaster relief fund and the recommendations of the State Disaster Relief Fund Workgroup.

The Workgroup met over the course of several months and considered various mechanisms to fill the current gap between local and federal disaster recovery funding for Maryland communities. The Workgroup listened to the experiences of the residents of the City of Annapolis and Anne Arundel County who survived the EF-2 tornadoes which impacted their lives in 2021, explored national examples of state-funded disaster recovery funds, and investigated the current system's gaps to inform the recommendations in this report. The Department provided staff and research assistance for this Workgroup.

The recommendations in this report are reflective of the consensus of the Workgroup. The Workgroup acknowledges there is more work to be done, and will continue to meet and will be supported by the Department until the Workgroup



# Maryland

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determines it has accomplished its goals to establish an equitable, efficient, and effective State disaster relief fund.

Any questions related to the content of this report can be directed to the Department's legislative liaison, Anna Sierra, [anna.sierral@maryland.gov](mailto:anna.sierral@maryland.gov).

Sincerely,

A handwritten signature in black ink that reads "Russell J. Strickland". The signature is written in a cursive, flowing style.

Russell J. Strickland

Secretary

Department of Emergency Management



## Acknowledgements

The State Disaster Relief Fund Workgroup would like to acknowledge and thank the residents of the City of Annapolis, Parole neighborhood, Alderwoman Rhonda Pindell Charles of Ward 3, and Anne Arundel County Crisis Response Team for the generous time spent with the Workgroup in September 2022. Your willingness to share your lived experience of the challenges and barriers to recovery after the EF-2 tornadoes of Tropical Storm Ida provided to the Workgroup were invaluable to the discussions and recommendations made in this report.

The Workgroup would also like to acknowledge Senator Sarah Elfreth, her co-sponsors in the Senate (Senators Hester, Gallion, Guzzone, and Hershey), House cross-file sponsor Delegate Dana Jones, and her co-sponsors in the House (Delegates Henson and Watson), for the creation of the Workgroup. The Workgroup would particularly like to recognize Senator Elfreth and Delegate Jones for their engagement throughout the Workgroup process.

Lastly, the Workgroup would like to acknowledge the University of Maryland Center for Health and Homeland Security's support in conducting legal research and expertise throughout the study effort.



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## Executive Summary

The State Disaster Relief Fund (SDRF) Workgroup, referred to as “the Workgroup” in this report, met over the course of five months to study and make recommendations regarding the efficacy and efficiency of the State’s disaster relief funding capability. The Workgroup, supported by the Department of Emergency Management staff, evaluated national best practices, lessons learned from state agencies and subject matter experts, and listened to the lived experiences of recent disaster survivor residents of the City of Annapolis and Anne Arundel County. The Workgroup acknowledges that disaster recovery and relief policy is highly complex and has implications for all levels of government, the private sector, and most importantly, Maryland residents. The Workgroup emphasizes that the recommendations in this report should be considered the first step in developing a more equitable, efficient, and effective State disaster recovery mechanism.

## Recommendations

**Recommendation 1: Establish a new disaster relief fund under MDEM using a phased approach. Ensure the funding has a “lockbox” mechanism and ensure the fund is a special, non-lapsing fund in law.**

The Workgroup recommends that a State Disaster Relief Fund be established with a minimum fund balance requirement based on best-available historic data as a stop-gap measure while a fee-based funding source is explored. The Fund should be administered by MDEM and should include “lockbox” language similar to the Maryland 9-1-1 Trust Fund to ensure it is only used for disaster relief and recovery. The recommended initial appropriation for the fund is \$20,000,000.00, which is based on the official federal Stafford Act Public Assistance threshold for the State, which for FFY23 is \$10,900,000.00<sup>1</sup>, and the estimated total Individuals and Households Program costs of \$9,100,000.00 needed for likely approval of a federal Stafford Act Individual Assistance disaster declaration. This is the minimum estimated amount needed to fill the gap if federal assistance is not available. It is possible Maryland could have multiple non-declaration disasters in a given year that would exceed the minimum recommended amount.

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<sup>1</sup> The Public Assistance thresholds are updated each fiscal year by FEMA.



The Workgroup also recommends continued exploration of a fee-based funding source for the fund to ensure long-term fund stability not dependent on general fund appropriation. The Workgroup is examining models such as Florida's \$2 surcharge on homeowners/renters policies and \$4 surcharge on commercial policies and Iowa's percent-based fee on firework sales.

**Recommendation 2: Define that the new fund can be used for individual disaster and public assistance relief/recovery but leave eligibility and coverage criteria at the programmatic level.**

Both Workgroup members and disaster survivors identified the current patchwork of State disaster relief and recovery program eligibility, application processes, and delivery mechanisms as overly complex and difficult to navigate. The Workgroup agreed on the need to specify three eligible uses of the fund: (1) to cover damages and expenses associated with the impacts of disasters for residents, local governments, businesses and non-profit organizations; (2) that a portion of the fund may be used to administer the fund; and (3) that disaster case management costs are eligible uses of the fund.

**Recommendation 3: The SDRF Workgroup should continue to meet to explore ways to ensure an effective, efficient, and fiscally responsible disaster recovery fund mechanism for Maryland residents.**

In the short time that the Workgroup met, a number of innovative ways to deliver disaster recovery assistance were mentioned. While the group focused initially on traditional, government-funded and administered programming, there are various additional methods the group would like to explore further, including public-private partnerships related to parametric insurance and the distribution of relief funds through a block grant mechanism. The Workgroup should also continue to meet to further outline the policy surrounding the traditionally-administered relief and recovery fund as described in Recommendation 1, which should also include the sequence of delivery for a State disaster relief fund.

**Recommendation 4: The Department of Emergency Management should establish mandated reporting criteria for local and State government agencies related to emergency management response and recovery activities to better inform future disaster relief and recovery policies.**



Throughout the disaster relief study, the Workgroup identified the need for additional data. Currently, the Department of Emergency Management requests, but does not require, data related to disaster response and impacts at the local level if there is no federal declaration process initiated. This results in a significant gap in understanding the impacts of disasters on both local governments and individuals in Maryland. The Department should, in cooperation with the Local Appointed Emergency Managers, develop a list of required reporting criteria and triggers for reporting for local governments. The Department should, in cooperation with State Coordinating Function representatives, establish a list of reporting requirements that will capture State agency data related to disaster response.

## Next Steps

MDEM has committed to support the SDRF Workgroup's continued work as outlined in Recommendation 3. The Department will also work closely with the Appointed Local Emergency Managers to develop reporting criteria and mechanisms.





## Introduction

[SB310/HB386](#) - Anne Arundel County and City of Annapolis - Small, Minority, and Women-Owned Businesses Account - Local State of Emergency was passed in the 2022 Maryland General Assembly session. The bill established a workgroup to study the establishment of a State Disaster Relief Fund and requires a report with findings and recommendations to be submitted to the Governor and General Assembly on or before December 31, 2022. A copy of the bill language can be found in [Appendix A](#) of this document.

The purpose of the State Disaster Relief Fund (SDRF) Workgroup is to make recommendations regarding the efficacy and sustainability of existing emergency fund sources and the potential establishment of a State Disaster Relief Fund. The Maryland Department of Emergency Management (MDEM) was required to provide staff support to the Workgroup.

The Workgroup membership was defined in the law as the following:

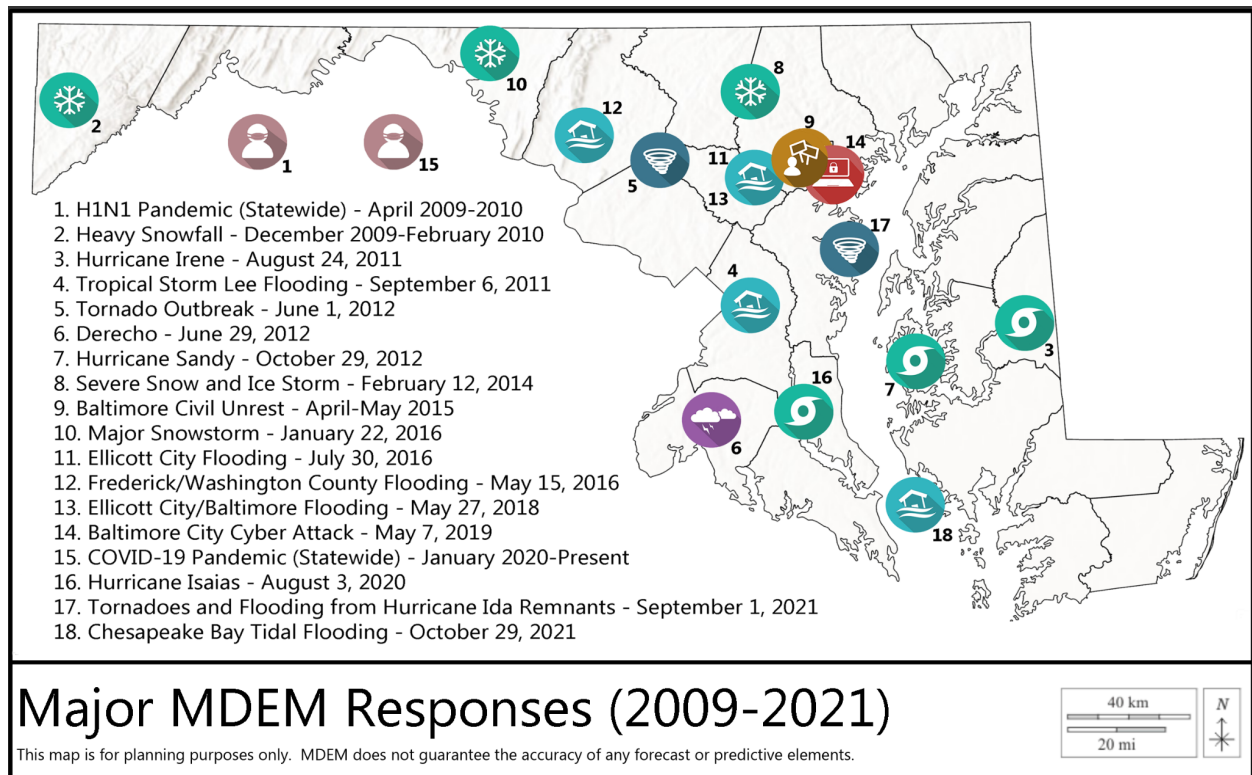
- Four representatives from county emergency management agencies designated by the Maryland Association of Counties;
- Two county government representatives with familiarity with county purchasing and finance, designated by the Maryland Association of Counties;
- Two representatives from the Maryland Emergency Management Association, designated by the President of the Association;
- The Secretary of Emergency Management, or the Secretary's designee;
- The Secretary of Human Services, or the Secretary's designee;
- Two members of the Maryland Municipal League, appointed by the President of the Maryland Municipal League; and
- Two members to represent the Governor's Emergency Management Advisory Committee, appointed by the Governor.

A full roster of Workgroup members can be found in [Appendix B](#). The Workgroup was required to select a Chair from among its appointed members at the first meeting. The Workgroup elected Director Kevin Simmons, City of Annapolis Office of Emergency Management, and Director Preeti Emrick, Director of Emergency Management for Anne Arundel County, to serve as co-chairs.



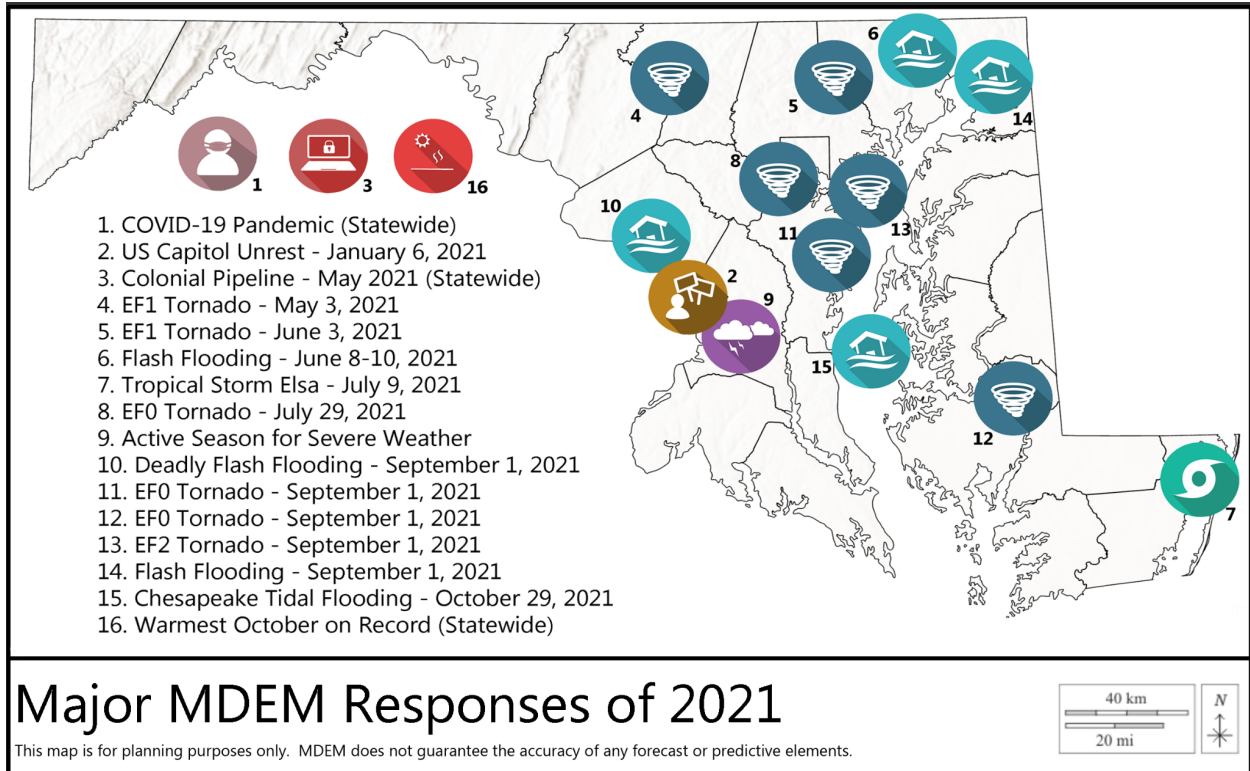
## Background

Maryland has had a number of disasters which have not reached damage levels required to be eligible for federal disaster recovery and relief funding. The graphic below is not inclusive of all disasters Marylanders have experienced in the last decade but is a representation of disasters in which State support was requested by local governments, signaling the impacts were beyond their capacity to manage alone.





In 2021 alone, Maryland had six tornadoes, four flooding events, and numerous severe thunderstorms with wind and rain impacts.



Despite these growing impacts, neither MDEM nor other state agencies are specifically funded to respond to or assist with recovery from disaster impacts. While the Catastrophic Event Account has been funded steadily, it is not readily available as described later in this report.

This was no more apparent than in the days and weeks following the remnants of Tropical Storm Ida and the EF-2 tornadoes which destroyed homes, businesses, and public facilities in the City of Annapolis and Anne Arundel County on September 1, 2021. Damages included 5 buildings destroyed, 25 condemned, 29 with major damage, and 46 with minor damage. Many of the homes impacted were generational homes that were underinsured or uninsured. Limited mechanisms and authorities existed for the State government to provide direct or pass-through assistance to residents who were impacted. City, County, and nonprofit organizations



provided what assistance they could in the initial days, but efforts to rebuild have dragged on. The Parole residents impacted by the tornado were largely Black and Brown with low to moderate incomes. They have described extensive challenges dealing with insurance companies and State bureaucracy, leading to immense financial hardships. The State did not commit funding to the relief effort until the federal declaration request was denied, which was six weeks after the tornado touched down. The experiences of City residents mirrored other recent disaster survivor experiences from across the State. Local and State emergency management officials have long identified recovery as ripe for reform, and support this opportunity to tackle such a critical issue facing Marylanders.

## Disaster Relief Efficacy

SB310/HB386 outlined two required area of consideration for the Workgroup:

1. the efficacy and sustainability of existing emergency fund sources;
2. the potential establishment of a State Disaster Relief Fund.

This section of the report outlines the research and supporting information reviewed by the Workgroup in order to evaluate

### FEMA Public Assistance Thresholds & Per Capita Indicators FFY2023 (10/1/2022 - 9/30/23)

Jurisdiction	Population*	Threshold
Statewide Total	6,177,224	\$ 10,933,686.48
Allegany	68,106	302,390.64
Anne Arundel	588,261	2,611,878.84
Baltimore City	585,708	2,600,543.52
Baltimore County	854,535	3,794,135.40
Calvert	92,783	411,956.52
Caroline	33,293	147,820.92
Carroll	172,891	767,636.04
Cecil	103,725	460,539.00
Charles	166,617	739,779.48
Dorchester	32,531	144,437.64
Frederick	271,717	1,206,423.48
Garrett	28,806	127,898.64
Harford	260,924	1,158,502.56
Howard	332,317	1,475,487.48
Kent	19,198	85,239.12
Montgomery	1,062,061	4,715,550.84
Prince George's	967,201	4,294,372.44
Queen Anne's	49,874	221,440.56
St. Mary's	113,777	505,169.88
Somerset	24,620	109,312.80
Talbot	37,526	166,615.44
Washington	154,705	686,890.20
Wicomico	103,588	459,930.72
Worcester	52,460	232,922.40

\*Populations per 2020 Census



the efficacy and sustainability of existing emergency fund sources.

## Federal Disaster Relief Programs

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, signed into law November 23, 1988 amended the Disaster Relief Act of 1974 and constitutes the statutory authority for most Federal disaster response activities especially as they pertain to FEMA and FEMA programs. The Stafford Act is intended “to provide an orderly and continuing means of assistance by the Federal Government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage that result from such disasters.”

The FEMA-administered disaster assistance programs available under the Stafford Act are **Public Assistance (PA)**, **Individual Assistance (IA)**, and **Hazard Mitigation Assistance (HMA)**. The following sections provide a brief summary of the role of the State of Maryland in administering these programs following a Stafford Act Disaster Declaration.

### Public Assistance

Public assistance, which is oriented to public entities, can fund the repair, restoration, reconstruction, or replacement of a public facility or infrastructure that has been damaged or destroyed by a disaster. FEMA annually updates public assistance damage thresholds for each state based on predetermined per capita indicators for each County.

If disaster costs collected meet the established threshold for the County or State, then a Public Assistance Declaration is issued by FEMA. MDEM, with assistance from FEMA, conducts applicant briefings for state, local and private/non-profit (PNP) officials to inform them of the assistance available and how to apply for it. A Request for Public Assistance must be filed with MDEM within 30 days after the area is designated eligible for assistance. For more information on the Public Assistance Program, see the [Public Assistance: Local, State, Tribal and Private Non-Profit](#) page of FEMA's website.



## Individual Assistance

The Individual Assistance mission ensures disaster survivors have timely access to a full range of authorized programs and services to maximize recovery. Under Individual Assistance, the following sub-programs can be coordinated and delivered:

- Mass Care and Emergency Assistance;
- Crisis Counseling Assistance and Training Program (CCP);
- Disaster Unemployment Assistance (DUA);
- Disaster Legal Services (DLS);
- Disaster Case Management (DCM); and
- Individuals and Households Program (IHP).

Under the Individuals and Households Program, once the State has been approved for an Individual Assistance Declaration from FEMA, Maryland makes a determination on whether the State will have a FEMA-led declaration or a 'Joint-Option' declaration, where Maryland and FEMA agree to co-lead program coordination and funds disbursement.

During joint-option declarations, the Maryland Department of Human Services (DHS) designates staff to administer the Other Needs Assistance (ONA) Program. These programs include case-processing, auditing, and working at the Disaster Recovery Center. These programs have procedures for interacting with applicants and making determinations for eligibility. When financial assistance is approved, disbursement of funds is typically processed by the applicant's Local Department of Social Services (LDSS).

The other IA programs can be requested separately as necessary, depending on the needs of the jurisdiction(s); for more information, see the [Individual Assistance Fact Sheets](#) on FEMA's website. It is worth noting that historically an Individual Assistance declaration is extremely difficult to obtain. In the past 20 years, Maryland has only received three IA declarations: Isabel, Sandy, and COVID-19, which was a unique case and did not include access to the Individuals and Households Program.

## Non-Stafford Act Programs

In the event that a Presidential Disaster Declaration is not granted to a State on behalf of its local jurisdictions following a disaster, there are a few support



mechanisms for recovery operations that do not fall under the Robert T. Stafford Act reimbursement programs.

## Small Business Administration

One primary Federal partner that can support State and local jurisdictions following a disaster absent a Stafford Act Declaration is the US Small Business Administration (SBA). The SBA is an independent agency of the federal government with the mission to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of the country. The SBA offers disaster assistance in the form of low-interest loans to businesses, renters, and homeowners located in regions affected by SBA-declared disasters. MDEM coordinates with the SBA directly to conduct damage assessments and apply for an SBA declaration.

In order to be found eligible for a SBA declaration, there must be at least 25 properties (owners, renters, or businesses) that have sustained at least a 40% uninsured physical loss of the estimated fair replacement value or pre-disaster fair market value of the damaged property. The loss must fall into one of the following categories:

- Structures/Building: (air market value [\$120,000 less the land value {\$30,000}], equals the value of the structure [\$90,000]).
- Land: (Fair market value [\$120,000 less the value of the structure {\$30,000}] equals the land value [\$90,000]).
- Content/Personal Property: Fair market value

## Community Development Block Grant - Disaster Relief

The Department of Housing and Urban Development (HUD) administers the Community Development Block Grant program during normal government operations. During a Presidential Disaster Declaration, Congress *may* appropriate funding to the Community Development Block Grant - Disaster Relief (CDBG-DR) program. There is no annual appropriation for CDBG-DR, but CDBG-DR has been appropriated for at least one event every year since FY2010, with the exception of FY2014. To date, \$95.5Bn has been appropriated to CDBG-DR.



The primary objective of CDBG-DR is to provide disaster relief, long term recovery, restoration of infrastructure and housing, and economic revitalization. Eligible activities are the same as the normal CDBG funding:

- Housing
- Public services
- Real property improvements
- Public facilities
- Economic development

Appropriations of CDBG-DR require a Disaster Recovery Action Plan to HUD. The allocations are based on FEMA/SBA data to identify most impacted and distressed areas. To learn more about CDBG-DR, please visit the HUD Exchange CDBG-DR [website](#).

The Federal definition of low to moderate income (LMI) is important when considering eligibility for disaster programs, and in particular CDBG-DR funded recovery activities. HUD defines LMI as individuals and families whose income does not exceed 120% of the area median income; and not less than 25% of the funds appropriated may be made available to house individuals or families whose incomes do not exceed 50% of area median income. [42 USCS § 5301](#)

The State's definition is not tied to disaster or housing programming, and is instead in the Annotated Code for the Maryland Strategic Energy Investment Program. Low-income means having an annual household income that is at or below 175% of the federal poverty level, and low and moderate income means having an annual household income that is at or below 120% of the area median income. [Md. State Government Code Ann. § 9-20B-05](#)

Area median income is defined in State statute as the area adjusted for household size as published by US HUD in the [Md. Housing and Community Development Code Ann. §4-1801](#).





## USDA Disaster Assistance

The US Secretary of Agriculture is authorized to provide emergency loans to producers suffering losses in counties designated as disaster areas. Those loans may be provided under four types of disaster designations:

- Presidential major disaster and Presidential emergency declarations
- USDA Secretarial disaster designation
- Farm Service Agency Administrator Physical Loss Notification (APLN), and
- Quarantine designation by the Secretary under the Plant Protection Act or animal quarantine laws.

For APLN, physical losses such as tornado impacts are considered. For other non-quarantine related natural disaster occurrences, the county must have a 30% production loss of at least one crop, or a determination must be made by surveying producers that other lending institutions will not provide emergency financing.

## Maryland Disaster Relief Mechanisms

Maryland has an assortment of State level disaster relief mechanisms, both codified and uncodified, funded and unfunded.

In accordance with [MD Code Ann., Public Safety §14-112](#), the Board of Public Works may make contingency funds available in accordance with the State budget if the Governor determines regularly appropriated money is inadequate to cope with an emergency.

The Governor, Secretary of Emergency Management, and the executive officers or governing bodies of the political subdivisions are required to use services, equipment, supplies, and facilities of existing agencies and units of the State and the political subdivisions to the maximum extent practicable.

The Governor, or a political subdivision acting with the consent of the Governor, may also accept the offer of services, equipment, supplies, materials, or money by way of gift, grant, or loan for the purposes of emergency management from the federal government or another state.

The primary budgetary mechanisms to address disaster response and relief are:



- Contingency accounts: money set aside for events like natural disasters where costs are difficult to predict
  - State Reserve Fund currently at \$4.2 billion
- Transfer authority: Governor is authorized to transfer funds from specified accounts and with the approval of another unit within State government
- Agency budgeting: all agency budgets are considered to be the “first recourse” during and after a disaster

## Contingency Accounts

The State Reserve Fund contains several line items, including the Revenue Stabilization Fund (“Rainy Day Fund”), the Dedicated Purpose Account, and the Catastrophic Event Account.

### **Catastrophic Event Fund**

The [Catastrophic Event Fund](#) states that, “the Account is established to enable the State to respond without undue delay to a natural disaster or other catastrophic situation, or federal civilian employee financial hardship from a full or partial federal government shutdown due to a lapse in federal appropriations that cannot be taken care of within the resources of existing appropriations.”

There is no mandated appropriation year over year, and it requires a 15-day review/comment period from the Legislative Policy Committee (or, in the event of a federal government shutdown, a 2-day period) to transfer money.

## Agency Programs

Several State departments have disaster/emergency response/relief programs that exist, either funded or unfunded.

- Department of Agriculture
  - [MD Code Ann., Agric. § 2-603](#): Farm Disaster Loan Program, provides direct loans to farmers who experience an actual loss due to a natural disaster. This program requires the Governor to declare a State of Emergency in order to be accessed.
- Department of Housing and Community Development



- [MD Code Ann., Hous. & Cmty. Dev. § 4-19](#): Disaster Relief Housing Program, intended for eligible homeowners to replace or rehabilitate primary residences for families in a disaster area or state of emergency.
- Maryland Disaster Housing Assistance Program, provides short-term rental vouchers to families displaced due to a natural disaster. This program does not have an annual appropriation, and thus is not available immediately after a disaster.
- Maryland Business Loan Recovery Program, provides emergency loans to small businesses impacted by disasters. Funds may be used for repairs and replacement of furniture, fixtures, and equipment, inventory replacement, renovations, and working capital.
- Strategic Demolition Fund, used by local governments and nonprofit community development organizations for a range of predevelopment activities including removal of unsafe structures, demolition of obsolete structures, site acquisition and land assembly, infrastructure improvements, site development, and architectural and engineering services. The FY23 funding is \$30 million.
- Department of Commerce
  - Small, Minority, & Woman-Owned Business Account, provides grants (or loan conversions) to eligible small business owners in areas subject to a State declaration of emergency. Funds can be used for physical property repairs, equipment and inventory replacement, lost income, and working capital. The FY23 Funding is \$19.9 million.
- Department of Human Services
  - Human Services Disaster Assistance Program, funds “essential, necessary expenses and serious needs” of disaster survivors, including medical expenses, moving and storage, and any critical needs that are preventing the survivor from carrying on employment or critical household tasks. This program has only been used once and has since shifted to DHCD in a similar form. Neither DHS nor DHCD has a mandated appropriation for this program and thus it is not available immediately after a disaster.



## Tax Credits/Incentives

[MD Code Ann., Tax-Prop. § 9-211](#): Tax credits may be granted for residential real property if the dwelling is damaged or destroyed due to a natural disaster and is subsequently repaired or rebuilt.

[Maryland Heritage Structure Rehabilitation Tax Credit Program](#): State preservation tax incentives are a tool that may be used to assist owners of certified historic properties as they undertake rehabilitation projects. Maryland has homeowner, small commercial, and competitive commercial credits. These tax credits do not require a disaster to have impacted the property.

## Self Insurance and Trusts

[State of Maryland Insurance Coverage at a Glance](#): Trust fund that covers property damage of state owned facilities. Primarily operated as a trust fund, but commercial insurance applies to damages over \$2.5 million.

[Coverage Options | Local Government Insurance Trust, MD](#): For local jurisdictions in Maryland, owned and operated by members to provide protection of various costs, to include physical damage at a controlled affordable rate. Acts similar to insurance but is a trust fund. No commercial policy is connected to this program.

## National Models for Disaster Relief

Non-federal disaster relief mechanisms vary greatly by state. In May 2020, the Pew Charitable Trust conducted [a comparative study](#) of how states can fund disaster response and relief. While the study only examined the financial aspect, and not the programmatic aspect of disaster relief, it provides a demonstration of the five primary mechanisms to pay for disaster response and relief.

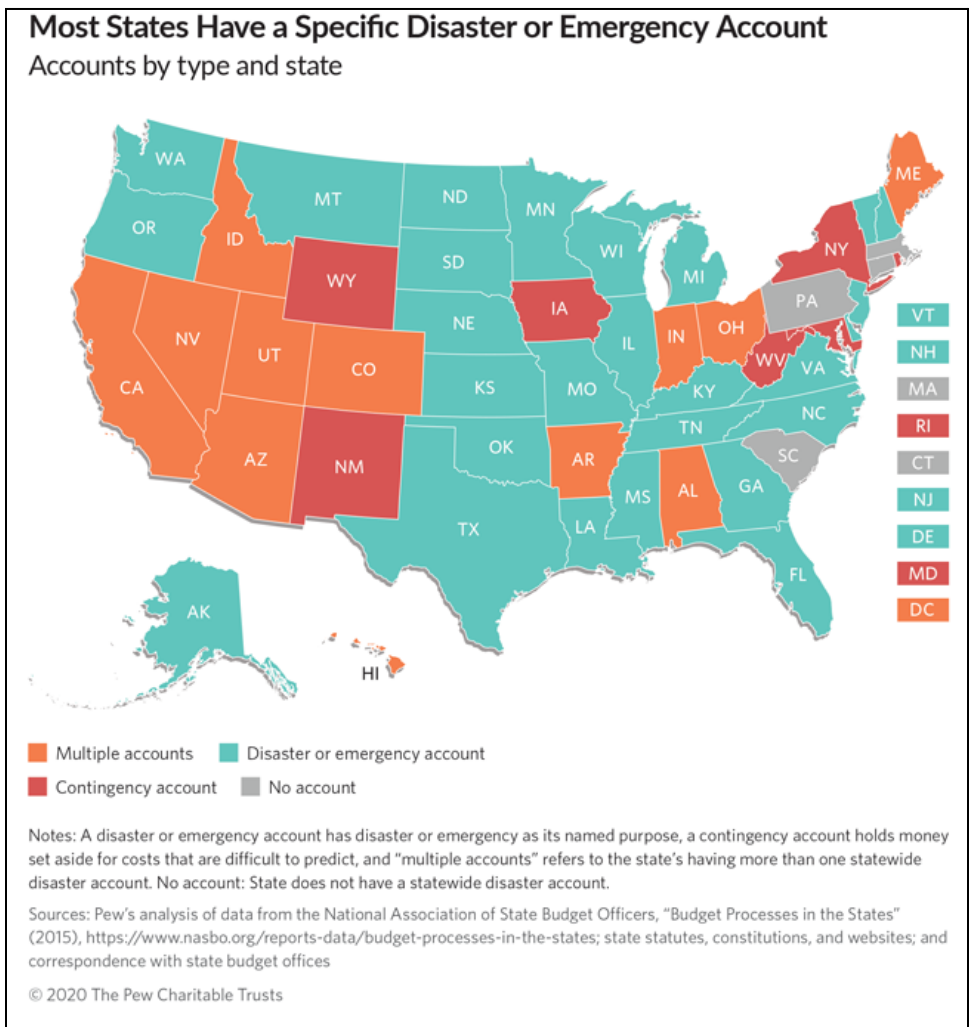
- **Statewide disaster accounts** that are created preemptively to help offset future disaster expenses
- **Budget reserves** or “rainy day funds” that can be reappropriated to fill budget gaps created as a result of disaster response and recovery
- **Supplemental appropriations** that are passed by state legislatures and added to the formal state budget
- **Transfer authority** granted to the governor to redirect resources to manage disaster relief, response, and recovery



- **Agency budgeting** to redirect non-disaster spending on response and recovery

The strategies for funding national disaster relief funds in statute vary across the states. There are three primary methods of appropriating monies:

- Dedicated fee
- Mandated appropriation
- Undefined





## Determining Fund Appropriation Needs

There is consensus in the academic literature that state and local governments do not adequately track their disaster spending, which makes determining appropriation levels necessary to meet needs difficult. The limited information that is collected and made available about state and local spending primarily focuses on how these jurisdictions pay the non-federal cost share of federal relief and recovery programs, which are only made available following major disasters. For incidents with a smaller overall price tag, the absence of federal reporting and documentation requirements results in even less data retained, analyzed, summarized, and published.

States vary greatly on appropriation requirements for disaster relief funds, and whether that fund can be used for non-disaster purposes.

- Alaska's fund does not have a required appropriation in law, and it is an annual fund that requires re-funding each year.
- Arkansas's fund is a mandated \$10.25 million and includes a legislative lockbox preventing use of the fund, and specific set-asides for response, recovery, and mitigation.
- Colorado does not mandate a minimum appropriation, and any funding in the fund may be used for other appropriations.
- Iowa has a \$1 million annual appropriation requirement specifically for individual assistance in statute, and includes a legislative lockbox preventing the use of the fund for any other purpose outside of IA.
- Florida's Emergency Management, Preparedness, and Assistance Trust Fund matches federal disaster relief assistance and is funded by an annual surcharge of \$2 on every homeowners, mobile home owners, tenant homeowners, and condominium unit owners policy, and \$4 surcharge on every commercial fire, multiple peril, and business owner's property insurance policy.
- Maine does not assign an appropriation minimum but does have a maximum amount for the fund, \$3 million. The fund is rolling, and includes a legislative lockbox.

The National Emergency Management Association (NEMA) 2022 biennial report summarizes the following:



- 23 states have public assistance programs
- 9 states have individual assistance programs
- 3 states have business/economic recovery programs.

The programs take a variety of forms, including loans, grants, matching funds, and direct assistance. NEMA's charts summarizing each State's programs and funding allocations can be found in [Appendix D](#) of this document. NEMA identified nine states as having individual assistance programs in statute, but only seven had readily available information on the programs in either statute or on agency websites. Table 1 outlines the eligibility criteria and authorizations process for those states with available information. [Appendix E](#) of this report has examples of state statutes which define disaster relief funds, including Alaska, Arkansas, Iowa, Maine, and North Carolina.



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Table 1: National Examples of State Individual Assistance and Public Assistance Eligibility and Authorization Criteria

State	Eligibility	Authorization Process
AK	<ul style="list-style-type: none"> <li>● Must demonstrate financial need</li> <li>● Must have exhausted all other funding options               <ul style="list-style-type: none"> <li>○ Must not have refused assistance</li> <li>○ May not have previously received funding for part or all of what is being requested</li> </ul> </li> <li>● Does not require residency</li> <li>● Funding may subsidize other assistance but may not supplant</li> </ul>	Governor must declare a disaster, and must make money available
AR	<ul style="list-style-type: none"> <li>● Individuals, families, and public entities</li> </ul>	<ul style="list-style-type: none"> <li>● Governor must declare a disaster</li> <li>● The Chief Fiscal Officer of the State may transfer funding out of Budget Stabilization Trust Fund to the Disaster Assistance Fund</li> </ul>
CO	<ul style="list-style-type: none"> <li>● Individuals or families</li> </ul>	<ul style="list-style-type: none"> <li>● Disaster declaration made by the Governor</li> <li>● Governor authorized to make loans/grants that cannot otherwise be met from other means of assistance</li> </ul>





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IA	<p><i>Individual Assistance Grant Eligibility</i></p> <ul style="list-style-type: none"> <li>• Residence is located in the disaster area</li> <li>• Residence must be owner-occupied, does not include rental properties</li> <li>• Citizens or legal residents of US</li> <li>• Household income is at or below 200% of the federal poverty level</li> <li>• Does not cover insurance deductible</li> <li>• Cannot be a repetitive loss (not limited to flood damage)</li> </ul> <p><i>Disaster Case Management Eligibility</i></p> <ul style="list-style-type: none"> <li>• Residence is located in the disaster area</li> <li>• Residence must be owner-occupied</li> <li>• Citizens or legal residents of US</li> <li>• Households have “disaster-related needs that represent a burden that the family is unable to resolve”</li> </ul>	The Governor declares a state of disaster emergency.
IN	<ul style="list-style-type: none"> <li>• Primary residence is in the declaration area</li> <li>• Area has received a SBA Disaster Declaration</li> </ul>	<ul style="list-style-type: none"> <li>• Managed and administered by Emergency Management</li> </ul>



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	<ul style="list-style-type: none"> <li>• No presidential disaster declaration has been issued</li> <li>• Compensation amounts must be at least \$500 and may not be more than \$10,000</li> <li>• Only 1 individual per residence is eligible for compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Disaster is defined by a lengthy list of items and ends with broad enabling language, “any other public calamity requiring emergency action.”</li> </ul>
NC	Damage must meet or exceed SBA Disaster Loan Program criteria set out in 13 C.F.R. Part 123	<ul style="list-style-type: none"> <li>• Either the Governor or the General Assembly may declare a State of Emergency</li> <li>• Program is administered by NC Emergency Management</li> <li>• Funds may also be made available for state acquisition and relocation efforts as well as supplemental repair/replacement housing grants under Type II disaster</li> </ul>
OH	<ul style="list-style-type: none"> <li>• Must have applied for and been denied an SBA loan</li> <li>• Only covers real and personal property</li> </ul>	<ul style="list-style-type: none"> <li>• Governor must declare an emergency</li> <li>• Emergency Management Agency administers the fund/program</li> </ul>



## Resilience for Underserved and Vulnerable Communities

While there is minimal empirical data on State spending for non-federally declared disasters, the impacts of disasters, even federally-declared, on vulnerable and underserved populations is well documented. For example, Professors Anna Rhodes and Max Bresbis outline specific data from Hurricane Harvey recovery efforts. According to their research, two years after Harvey, community members fell into one of three categories:

- 47% of households had fully recovered and, in some cases, saw an increase in their net worth.
  - These households were more likely to have higher incomes, live in higher-valued homes, and to have been insured pre-Harvey.
- ~25% had “mostly recovered”; this group had completed most major repairs, but many still had outstanding debts accumulated post-disaster
  - Some families reported over \$100,000 in new debt from SBA loans
- 18% had not recovered; they were still living in heavily storm-damaged homes and were unsure they would ever be able to afford to rebuild.<sup>2</sup>

Individuals experiencing compounding disasters saw their advantages or disadvantages compound as well. For example, insured households were eligible for up to \$350,000 in payouts, whereas non-insured households were capped at \$33,500. In other words, households not protected by insurance were also provided less support by federal disaster relief programs regardless of financial situation. The authors recommended designing a system for disbursing future relief grants and loans that give better access to disaster relief programs for low-income and nonwhite households, who are statistically less likely to be homeowners.

[United for ALICE](#)<sup>3</sup> is an organization which quantifies the number of households that are struggling financially. ALICE stands for Asset Limited, Income Constrained, Employed and partners with United Way organizations in partner states to gather data to better understand the gaps for low to moderate income families. The ALICE

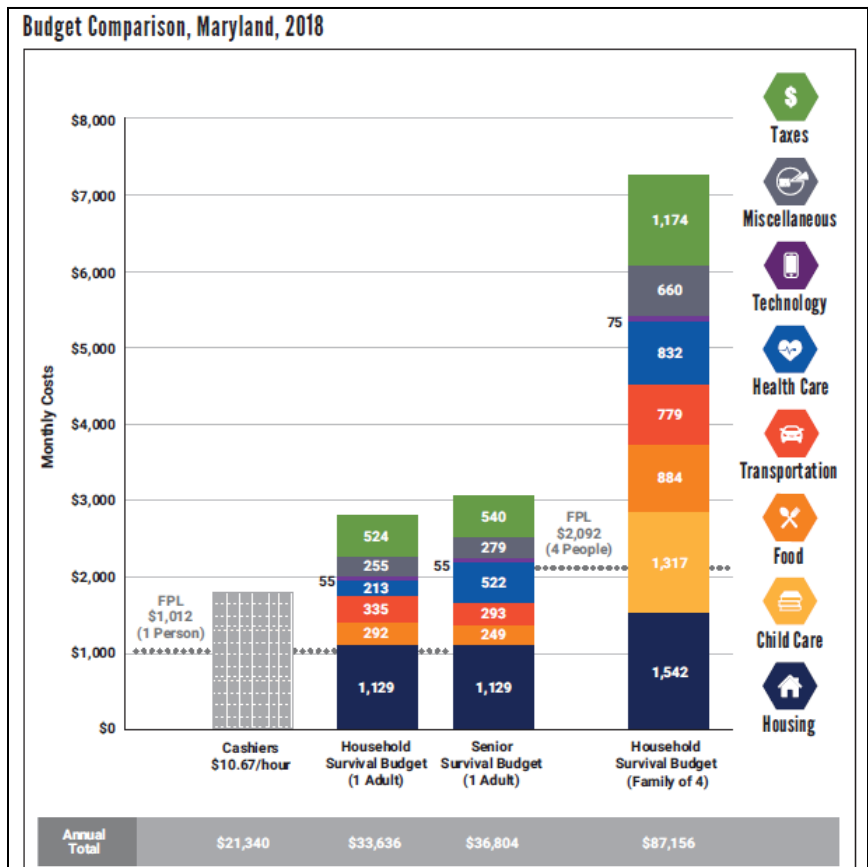
<sup>2</sup> Rhodes, A., Bresbis, M. (October 3, 2022). *How Hurricane Ian and other disasters are becoming a source of inequity, even among the middle class*. The Conversation: <https://theconversation.com/how-hurricane-ian-and-other-disasters-are-becoming-a-growth-source-of-inequality-even-among-the-middle-class-191637>

<sup>3</sup> United For Alice. (2018). Research Center: Maryland. <https://www.unitedforalice.org/state-overview/maryland>



threshold takes into consideration local housing, childcare, food, transportation, health care, technology, miscellaneous and taxes into account to determine what a “survival” budget would be for a given household parameter: single adult, single senior, and family of four consisting of 2 adults, 1 infant and 1 preschooler. The most recent state report indicated that the ALICE Household Survival Budget for Maryland was \$33,636 for a single adult and \$87,156 for a family of four. To compare, the FPL is \$12,140 and \$25,100 respectively.

There are a number of communities in Maryland which have a disproportionately high percentage of households below the ALICE threshold. Fifty percent of Black households, 50% of Hispanic households, 70% of 25 and under households and 71% of single-female-headed families do not earn enough to meet the ALICE survival budget. Allegany County, Baltimore City, and Somerset County have the highest percentage of households that do not meet the ALICE threshold, each with more than 50% of households falling below the survival budget income levels in 2018.



While the last full ALICE report for Maryland was released before the pandemic, the data are important to understand in the context of overall resilience capability among Maryland residents. In the most recent national ALICE report released in October 2021, 68% of households in the United States categorized as below the ALICE



threshold had no rainy day funds at the time of the survey. In a COVID-19 specific survey conducted in 2021, 42% of Maryland survey respondents reported taking money out of savings, receiving food pantry resources, borrowing from family or friends, or a variety of other steps to meet needs. These households are far less capable of recovering from impacts of disaster, and are much more likely to need assistance in the wake of such events.

## Recommendations

After several months of workshops exploring the current emergency fund sources and the research contained in this report, it is the conclusion of the Workgroup that the existing State mechanisms for supporting individuals, governments, and the private sector are not sufficient or equitable to meet the needs of Marylanders. The Workgroup makes the following recommendations to the Governor and Maryland General Assembly.

### Recommendation 1: Establish a new Disaster Relief Fund within MDEM

***Establish a new disaster relief fund under MDEM using a phased approach. Ensure the funding has a “lockbox” mechanism and ensure the fund is a special, non-lapsing fund in law.***

Maryland’s current relief mechanisms are siloed, mostly unfunded programs which create barriers to access and significant delays in distributing aid. This is especially true in historically underserved neighborhoods with less financial and bureaucratic literacy, which bear the burden of those delays. Given the identified limitations on the current State disaster relief landscape and the use and implementation of the current Catastrophic Event Account, the Workgroup recommends establishing a separate fund to be administered by MDEM for the express purposes of individual, local government, and private/non-profit sector disaster relief and recovery. The establishment of this new fund would allow for dedicated, available funding to increase the State’s responsiveness, and decrease the chance for compounding emergencies for Marylanders.



The Workgroup recommends that a State Disaster Relief Fund be established with a minimum fund balance requirement based on best-available historic data as a stop-gap measure while a fee-based funding source is explored. The Fund should be administered by MDEM and should include “lockbox” language similar to the Maryland 9-1-1 Trust Fund to ensure it is only used for disaster relief and recovery. The recommended initial appropriation for the fund is \$20,000,000.00, which is based on the official federal Stafford Act Public Assistance threshold for the State (\$10,900,000.00) and the estimated total Individuals and Households Program costs of \$9,100,000.00 needed for likely approval of a federal Stafford Act Individual Assistance disaster declaration.<sup>4</sup> The Stafford Act Individuals and Households Program does not have a threshold like the Public Assistance program, and the Congressional Research Service’s (CRS) *FEMA Individual Assistance Programs: An Overview* outlines the six factors considered by FEMA in the course of an IA Declaration request: state fiscal capacity and resource availability; uninsured home and personal property loss; disaster impacted population profile; impact to community infrastructure; casualties; and disaster-related unemployment. CRS explains that FEMA evaluates Fiscal Capacity 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 nonStafford Act sources. It is based on this fiscal capacity that MDEM estimates the State would need to demonstrate more than \$9.1M in impacts to be considered for the Individuals and Households Program.

This is the minimum estimated amount needed to fill the gap if federal assistance is not available. It is possible Maryland could have multiple non-declaration disasters in a given year that would exceed the minimum recommended amount.

The Workgroup also recommends continued exploration of a fee-based funding source for the Fund to ensure long-term stability not dependent on general fund appropriation. The Workgroup will continue examining models such as Florida’s \$2 surcharge on every homeowners/renters policy and \$4 surcharge on every commercial policy and Iowa’s percent-based fee on firework sales. In the face of increasing impacts to communities as a result of climate change and the unequal

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<sup>4</sup> The Public Assistance thresholds are updated each fiscal year by FEMA.



burden of climate change impacts on vulnerable and underserved communities, the Workgroup feels strongly that a self-sustaining mechanism for the State disaster relief fund, combined with increased access to and support for hazard mitigation efforts, will improve our State's long-term resilience.

## Recommendation 2: Define the Fund can be used for IA and PA

***Establish that the new fund can be used for individual disaster and public assistance relief/recovery, but leave eligibility and coverage criteria to be defined by policy at the departmental level in concert with stakeholders.***

Both Workgroup members and disaster survivors identified the current patchwork of State disaster relief and recovery program eligibility, application processes, and delivery mechanisms as overly complex and difficult to navigate. The state has, within multiple agencies and partners, the subject matter expertise to streamline and support recovery efforts for the sake of a household. The Workgroup agreed dedicated, accessible funding is required to meet the resource needs as well as meet significant gaps that exist within the patchwork of current, unfunded disaster programs across state agencies. The Workgroup also identified the need for a single, coordinated effort to ensure efficient and effective State support of local recovery and resident needs.

After examining multiple examples from other States and reviewing best practices from research institutions like the Pew Research Center, the Workgroup agreed that any statute establishing a new Fund should be broad enough to allow MDEM flexibility to meet the needs of residents, local governments, and the private and nonprofit sectors. The Workgroup specifically endorsed Maine's model of legislation, which can be found in [Appendix E](#). It was also important to the Workgroup to clearly identify disaster case management services as part of the eligible uses of the fund, as disaster case management services are the primary resource for ensuring all households can navigate the patchwork of individual, state and local recovery programs adequately to ensure all houses are receiving all benefits they are eligible for.

The Workgroup agreed on the need to specify three eligible uses of the fund: (1) to cover damages and expenses associated with the impacts of disasters for residents, local governments, businesses and non-profit organizations; (2) that a portion of the



fund may be used to administer the fund; and (3) disaster case management costs are eligible to be funded using the fund.

It is the intent of the Workgroup that the policies to administer the fund be developed in cooperation between MDEM and the Workgroup members, with input from key stakeholders in disaster recovery such as the local appointed emergency managers, Department of Housing and Community Development, Maryland Insurance Administration, Maryland Department of Disabilities, nonprofit organizations, and the private sector.

### Recommendation 3: Continue the SDRF Workgroup

***The SDRF Workgroup should continue to meet to explore ways to ensure an effective, efficient, and fiscally responsible disaster recovery fund mechanism for Maryland residents.***

In the short time that the Workgroup met, a number of innovative ways to deliver disaster recovery assistance were mentioned. While the Workgroup chose to focus on traditional, government-funded and administered programming initially in order to address immediate gaps in disaster relief capabilities in Maryland as required by the law, there are various additional methods the group would like to explore further, including public-private and public-nonprofit partnerships related to parametric insurance, the distribution of relief funds through a block grant mechanism, and innovative ways to address equity and inclusion gaps in current and future disaster relief funding mechanisms.

As discussed in Recommendation 1, the Workgroup will continue to meet to further outline the policy surrounding a traditionally-administered relief and recovery and will include the sequence of delivery for a State disaster relief fund.

The Workgroup will also continue to explore non-traditional disaster relief mechanisms and recommends either that the General Assembly extend the charge of the Workgroup through December 31, 2023 to continue to evaluate State disaster relief fund mechanisms, or that the Governor by Executive Order establish the State Disaster Relief Fund Workgroup under the Department of Emergency Management.





## Recommendation 4: Establish Reporting Criteria

***The Department of Emergency Management should establish mandated reporting criteria for local and State government agencies related to emergency management response and recovery activities in order to better inform future disaster relief and recovery policy.***

Throughout the disaster relief study the Workgroup identified the need for additional data. Currently, MDEM requests, but does not require, data related to disaster response and impacts at the local level if there is no federal declaration process initiated. This results in a significant gap in understanding of the impacts of disasters on both local governments and individuals in Maryland. MDEM should, in cooperation with the Local Appointed Emergency Managers, develop a list of required reporting criteria and triggers for reporting for local governments. MDE should also, in cooperation with State Coordinating Function representatives, establish a list of reporting requirements that will capture State agency data related to disaster response.

## Conclusion and Next Steps

The State Disaster Relief Fund Workgroup has dedicated significant time to the answer of the General's Assembly's charge to evaluate the efficacy of current State disaster relief funding mechanisms and make recommendations on establishing a State disaster relief fund. It was the goal of the Workgroup to first focus on those Marylanders most vulnerable to disaster impacts. As a result, the Workgroup developed four streamlined recommendations for action to help close the gap when disaster strikes.

The Workgroup acknowledges there is far more to be done. While a new, centralized fund and coordination of recovery operations will support the goal to build more resilient communities, true resilience will take innovative, flexible disaster relief programs that meet the needs of our most vulnerable, underserved, and low-income communities. With the support of the MDEM, the Workgroup will continue to meet in 2023 in order to explore opportunities to improve disaster relief and recovery policy.



## Appendix A: SB310/HB386

[Senate Bill 310/House Bill 386, Ch. 491/490](#)

SECTION 2. AND BE IT FURTHER ENACTED, That:

- (a) There is a Workgroup to Study the Establishment of a State Disaster Relief Fund.
- (b) The Workgroup consists of the following members:
  - (1) four representatives from county emergency management agencies, designated by the Maryland Association of Counties;
  - (2) two county government representatives with familiarity with county purchasing and finance, designated by the Maryland Association of Counties;
  - (3) two representatives from the Maryland Emergency Management Association, designated by the President of the Association;
  - (4) the Secretary of Emergency Management, or the Secretary's designee;
  - (5) the Secretary of Human Services, or the Secretary's designee;
  - (6) two members of the Maryland Municipal League, appointed by the President of the Maryland Municipal League; and
  - (7) two members to represent the Governor's Emergency Management Advisory Committee, appointed by the Governor.
- (c) The Workgroup shall elect the chair of the Workgroup.
- (d) The Maryland Department of Emergency Management shall provide staff for the Workgroup.
- (e) A member of the Workgroup:
  - (1) may not receive compensation as a member of the Workgroup; but
  - (2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.
- (f) The Workgroup shall study and make recommendations regarding:
  - (1) the efficacy and sustainability of existing emergency fund sources; and
  - (2) the potential establishment of a State Disaster Relief Fund.
- (g) On or before December 31, 2022, the Workgroup shall report its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.



## Appendix B: Workgroup Membership

<b>Name</b>	<b>Title</b>	<b>Home Agency/Organization</b>	<b>Appointed By</b>
Bethany Brown	Deputy Chief - Office of Emergency Operations	Department of Human Services	DHS
Ronnie Gill	Director - Office of Homeland Security	Prince George's County	GEMAC
Doug Brown	Deputy Director - Public Works	Carroll County	GEMAC
Michael Grierson	Director of Emergency Management	Calvert County	MACo
Preeti Emrick*	Director of Emergency Management	Anne Arundel County	MACo
Mike Hinson	Director of Emergency Management	Howard County	MACo
Wayne Darrell	Director of Emergency Services	Kent County	MACo
Chris Trumbauer	Budget Officer	Anne Arundel County	MACo
Ted Zaleski	Director of Budget and Management	Carroll County	MACo
Russell Strickland	Secretary	MDEM	MDEM
Jon Bratt	Legislative Committee Co-Chair	University of Maryland, Baltimore	MDEMA
Netta Squires	Legislative Committee Co-Chair	Montgomery County	MDEMA
Kevin Simmons*	Director of Emergency Management	City of Annapolis	MML
Wayne Creadick, Jr.	Councilmember	Town of Myersville	MML

\*Denotes co-chairs



## Appendix C: Acronyms

ALICE	Asset Limited, Income Constrained, Employed
ALPN	Administrator Physical Loss Notification (Farm Service Agency)
CCP	Crisis Counseling Assistance and Training Program
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant-Disaster Recovery
DCM	Disaster Case Management
DHCD	Department of Housing and Community Development (Maryland)
DHS	Department of Human Services (Maryland)
DLS	Disaster Legal Services
DUA	Disaster Unemployment Assistance
EF	Enhanced Fujita scale
FEMA	Federal Emergency Management Agency
HMA	Hazard Mitigation Assistance
HUD	U.S. Department of Housing and Urban Development
IA	Individual Assistance
IHP	Individuals and Households Program
LDSS	Local Department of Social Services
MACo	Maryland Association of Counties
MDEM	Maryland Department of Emergency Management
MIA	Maryland Insurance Administration
MML	Maryland Municipal League



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NEMA	National Emergency Management Association
ONA	Other Needs Assistance Program
PA	Public Assistance
PNP	private/non-profit
SBA	Small Business Administration
SDRF	State Disaster Relief Fund
USDA	United States Department of Agriculture



## Appendix D: NEMA Summary of State IA/PA Programs

### State-Funded Disaster Assistance Programs: Individual Assistance

State	Funding Source	Amount in Fund	Type of Assistance			
			Loans	Grants	Matching Funds	Direct Assistance
AK	State appropriation to the general fund.	2,000,000.00		*		
AL	The program is established in statute, however no funding source designated at this time.	0.00				*
AR	Governor's Disaster Funds/Response and Recovery Fund	10,000,000.00		*		*
CO	State disaster emergency fund.	0.00				*
IA	Annual appropriation of \$1,000,000 is dedicated to individual assistance grant program and \$1,000,000 is dedicated to disaster case management.	2,000,000.00		*		
IN	Funding comes from a percentage of fireworks sales revenue from the previous year.	200,000.00		*		
ME	State appropriations	0.00		*	*	
NC	State appropriation to the disaster reserve fund (as authorized)	10,000,000.00		*		
OH	A separate disaster fund exists, and funds are appropriated as needed to keep an adequate amount of money at all times.	7,500,000.00		*		

### State-Funded Disaster Assistance Programs: Unmet Needs

State	Funding Source	Amount in Fund	Type of Assistance			
			Loans	Grants	Matching Funds	Direct Assistance
AL	Donations (corporate and private) to the Governor's Emergency Relief Fund (GERF) operated by United Way of Alabama	1,283,000.00		*	*	
AR	Governor's Disaster Funds/Response and Recovery Fund	10,000,000.00		*		*
CA	The State Supplemental Grant Program is funded through the General Fund of the State of California and provides funding for disaster survivor individuals. The program is appropriated by the state in Stafford Act disasters that include the FEMA assistance to Individuals and Households Program.	1,727,059.00		*		*
ME	State appropriations	0.00		*		*
MN	General appropriations	0.00	*	*		
NC	State appropriations to the disaster reserve fund (as authorized).	10,000,000.00	*	*		



**State-Funded Disaster Assistance Programs: Public Assistance**

State	Funding Source	Amount in Fund	Type of Assistance			
			Loans	Grants	Matching Funds	Direct Assistance
AK	State appropriation to the general fund.	4,000,000.00		*		
AL	The program is established in statute, however no funding source designated at this time.	0.00		*	*	
AR	Governor's Disaster Funds/ Response and Recovery Fund	10,000,000.00		*		
AZ	The state general fund budget provides a line item for the Governors Emergency Fund	4,000,000.00		*	*	
CA	State appropriation to the California Disaster Assistance Act	100,817,000.00	*	*		
ID	State general fund	250,000.00		*	*	
IN	Funding comes from a percentage of fireworks sales revenue from the previous year.	200,000.00		*		
ME	State appropriations	0.00		*	*	
MI	State appropriation to the general fund as directed by MI Public Act 390.	10,000,000.00				*
MN	State appropriation to the general fund.	30,000,000.00		*		
MS	State appropriation to the general fund where 12.5 percent is dedicated to the state disaster trust fund.			*	*	
MT	State appropriation provides the funding every two years per statute.	16,000,000.00		*		
NC	State appropriation for disaster reserve fund at the time of authorization.	10,000,000.00		*		
NE	The Governor's Emergency Fund	5,000,000.00			*	*
NV	State appropriation to the general fund.	0.00	*			
OH	A separate disaster fund exists, and funds are appropriated as needed to keep an adequate amount of money available at all times	7,500,000.00		*		
OK	State appropriation to an emergency fund that is also used for emergency response costs during incidents.	2,146,594.00		*		
PA	State appropriation to the general fund.	0.00		*		
UT	State Disaster Recovery Restricted Account (SDRRA) 53-2A-602. Local Government Emergency Response Loan Fund 53-2a-607. In addition, under development is the Post Disaster Recovery and Mitigation Restricted Account 53-2a-1302.	64,361,038.59	*		*	*
VA	State general fund	0.00				*
VT	Vermont Agency of Transportation's Town Highway Emergency Fund	1,115,000.00		*		
WA	State legislature pays for a partial match of the non-federal cost-share, 12.5% of the non-federal cost share for locals and 25% for state agencies.	0.00			*	
WI	Petroleum Environmental Clean-up Fund Award	711,400.00				*



**State-Funded Disaster Assistance Programs: Public Assistance (continued)**

State	Eligibility Requirements	Program Currently Unfunded?	
		Yes	No
AK	Similar to the federal eligibility requirements under the Stafford Act		★
AL	Not yet established	★	
AR	Governor's Disaster funds are shared between response for public assistance and individual assistance. Eligible entities include state and local government agencies/utilities with damages resulting from a declared disaster. Damages must not be from lack of maintenance. Eligible damages per site are based on the FEMA annual thresholds.		★
AZ	Similar to FEMA's public assistance program under the 44 Code of Federal Regulations, the program is outlined in Arizona Administrative Code Title 8, chapter 2, Article 3: Governor's Emergency Fund.		★
CA	California Code of Regulations, Title 18, Division 2, Chapter 6		★
ID	A state disaster declaration is promulgated. The funding amount varies to ensure adequate resources for state-funded public assistance.		★
IN	Must be a Governor declared event and a local declaration. Individuals must first be denied a federal Small Business Administration loan.		★
ME	In order to be eligible for assistance applicants must be in good standing with the FEMA National Flood Insurance Program (NFIP) as authorized in 42 USC Chapter 50; and (2) have formally adopted a current FEMA-approved County or Local Hazard Mitigation Plan (HMP). In addition, the municipal and county applicants must maintain a current Emergency Operations Plan (EOP) that has been revised within the public assistance three years. The EOP must have been formally activated during the applicant's response to the disaster event.	★	
MI	Must be a state declaration where there is no federal funding available. Must exhaust local efforts and resources to show extraordinary financial burden experienced by the local. Covers eligible costs incurred in response to disaster/mitigation related to disaster.		★
MN	Same as FEMA public assistance grant eligibility.		★
MS	Funds can be expended under disaster response and recovery..		★
MT	Political subdivision of the State to include Tribal Governments.		★
NC	Funds are appropriated for state recovery programs on an as-needed basis. Local governments must exceed 1% of their annual budget. (The amount is a placeholder.)	★	
NE	Publicly owned entity and infrastructure.	★	
NV	Application and decision by legislative body.		★
OH	Same as federal public assistance program requirements.		★
OK	Incorporated cities, towns, and counties are eligible for the state public assistance program.	★	
PA	Must have a disaster declared by the Governor and does not cover the area of a Presidential disaster declaration. The governmental entity appropriates cost for debris removal and infrastructure damage only. To be eligible for a grant, a political subdivision or municipal authority must suffer damage to a public facility in a disaster emergency are which is not covered by insurance. Assistance will be limited to grants for projects that do not qualify for federal assistance to help repair damages to public facilities.		★
UT	Requires a state declaration of emergency and local programs require an application.	★	
VA	The funding amount is disaster dependent. Locality must meet \$4 per capita, and demonstrate financial hardship.		★
VT	Impact to town road must exceed 10% of town's current non-winter maintenance highway budget.		★
WA	The funding is dependent on disasters as well as dependent on legislation approval every biennium. Eligibility follows FEMA's public assistance guidance and procedures.		
WI	Follows the FEMA public assistance program requirements but does not allow costs for mitigation.		





## Appendix E: State Legislative Models

The following includes examples from several state statutes which define disaster relief funds, including the current statute for Maryland's Catastrophic Event Account. Examples are in alphabetical order and include:

- Alaska
- Arkansas
- Iowa
- Maine
- Maryland

### **Alaska**

*Alaska's fund amount is not required by law, and it is an annual fund that requires re-funding each year.*

Article 2. Disaster Relief Fund.

[Sec. 26.23.300. Disaster relief fund.](#)

(a) There is in the Office of the Governor a disaster relief fund. The Department of Revenue is custodian of the fund.

(b) Subject to the restrictions of [AS 26.23.020](#)(h) — (k), the governor may expend the assets of the disaster relief fund for the following purposes:

(1) to implement provisions of law relating to disaster relief in the case of a disaster or an incident;

(2) to alleviate the effects of a disaster or an incident by making grants or loans to persons or political subdivisions on terms the governor considers appropriate or by other means the governor considers appropriate.

(c) [Repealed, § 7 ch 4 SLA 2000.]

(d) The governor shall present to the legislature an annual accounting of money expended from the disaster relief fund.

(e) The governor shall adopt regulations to carry out the provisions of this section.

### **Arkansas**

*Arkansas's fund is a mandated \$10.25 million and includes a legislative lockbox preventing use of the fund, and specific set asides for response, recovery, and mitigation.*

[§ 12-75-114](#)



(a) The Governor is responsible for meeting and mitigating, to the maximum extent possible, dangers to the people and property of the state presented or threatened by disasters.

(b)(1) Under this chapter, the Governor may issue executive orders, proclamations, and rules and amend or rescind them.

(2) Executive orders, proclamations, and regulations have the force and effect of law.

(c)(1) There is created within the office of the Governor a disaster response fund, a disaster recovery fund, a catastrophic loss fund, and a hazard mitigation fund, which shall be separate and apart from the Governor's standard emergency fund.

(2) The initial amount of the disaster response fund shall be in the amount of two million dollars (\$2,000,000), solely for use to defray the cost of immediate emergency response.

(3) The disaster recovery fund shall be in the amount of five million dollars (\$5,000,000), with:

(A) The sum of two million dollars (\$2,000,000) from the disaster recovery fund solely for use in individual assistance; and

(B) The sum of three million dollars (\$3,000,000) from the disaster recovery fund solely for use in public assistance.

(4) The hazard mitigation fund shall be in the amount of three million dollars (\$3,000,000), solely for use in hazard mitigation assistance.

(5) The sum of three million two hundred fifty thousand dollars (\$3,250,000) from the catastrophic loss fund solely for use in catastrophic losses suffered by both individuals and public entities.

(6) The Governor's disaster fund may be increased from time to time at the discretion of the Governor.

(7) Expenditures from the individual assistance and public assistance funds may only be made in the event of a disaster as defined in [§ 12-75-103](#) and only upon proclamation by the Governor.

(8) Expenditures from the emergency response fund shall be made by executive order of the Governor, upon recommendation and verification by the Director of the Division of Emergency Management, and may only be made to defray immediate costs associated with response activities by emergency forces of state and local governments and private nonprofit forces duly registered in accordance with [§ 12-75-129](#).



(9)(A) Expenditures from the hazard mitigation fund shall be made by executive order of the Governor.

(B) The director shall establish and maintain a current hazard vulnerability analysis of key critical public facilities eligible for assistance under the Governor's hazard mitigation fund.

(10)(A) Expenditures from the catastrophic loss fund may only be made in the event of a federally declared disaster, as well as a disaster as defined in [§ 12-75-103](#), and only upon a separate proclamation by the Governor that a disaster has occurred in which catastrophic losses have been suffered by individuals or public entities in the state, or both.

(B) The director shall establish and maintain such criteria as are necessary to administer the funds authorized for catastrophic loss.

#### **Iowa**

*Iowa has a \$1 million annual appropriation requirement specifically for individual assistance in statute, and includes a legislative lockbox for using the fund for any other purpose outside of IA.*

#### **29C.20A Disaster aid individual assistance grant fund.**

1. A disaster aid individual assistance grant fund is created in the state treasury for the use of the executive council. Monies in the fund may be expended following the governor's proclamation of a state of disaster emergency. The executive council may make financial grants to meet disaster-related expenses or serious needs of individuals or families adversely affected by a disaster which cannot otherwise be met by other means of financial assistance. The aggregate total of grants awarded shall not be more than one million dollars during a fiscal year. However, within the same fiscal year, additional funds may be specifically authorized by the executive council to meet additional needs.

2. The grant funds shall be administered by the department of human services. The department shall adopt rules to create the Iowa disaster aid individual assistance grant program. The rules shall specify the eligibility of applicants and eligible items for grant funding. The executive council shall use grant funds to reimburse the department of human services for its actual expenses associated with the administration of the grants. The department of human services may implement an ongoing contract with a provider or providers of a statewide program with local offices throughout the state to serve as the local administrative entity for the grant



program so that the program can be implemented with minimal delay when a disaster occurs in a local area. The rules adopted by the department of human services for the program shall include but are not limited to all of the following:

*a.* If a local administrative entity is under contract with the state to provide other services or is implementing a state or federal program and the contract contains a sufficient surety bond or other adequate financial responsibility provision, the department shall accept the existing surety bond or financial responsibility provision in lieu of applying a new or additional surety bond or financial responsibility requirement.

*b.* If the president of the United States has declared a major disaster to exist in this state and federal aid is made available to provide assistance grants to individuals similar to that provided by the Iowa disaster aid individual assistance grant program, the Iowa program shall be discontinued.

*c.* Authorization for the local administrative entity to draw grant funding to pay valid claims on at least a weekly basis.

3. To be eligible for a grant, an applicant shall have an annual household income that is less than two hundred percent of the federal poverty level based on the number of people in the applicant's household as defined by the most recently revised poverty income guidelines published by the United States department of health and human services. The amount of a grant for a household shall not exceed five thousand dollars. Expenses eligible for grant funding shall be limited to personal property, home repair, food assistance, and temporary housing assistance. An applicant for a grant shall sign an affidavit committing to refund any part of the grant that is duplicated by any other assistance, such as but not limited to insurance or assistance from community development groups, charities, the small business administration, and the federal emergency management agency.

4. A recipient of grant funding shall receive reimbursement for expenses upon presenting a receipt for an eligible expense or shall receive a voucher through a voucher system developed by the department of human services and administered locally within the designated disaster area. A voucher system shall ensure sufficient data collection to discourage and prevent fraud. The department shall consult with long-term disaster recovery committees and disaster recovery case management committees in developing a voucher system.



5. The department of human services shall submit an annual report, by January 1 of each year, to the legislative fiscal committee and the general assembly's standing committees on government oversight concerning the activities of the grant program in the previous fiscal year.

### **Maine**

*Maine does not assign an appropriation minimum but does have a maximum amount for the fund, \$3 million. The fund is rolling, and includes a legislative lockbox.*

#### [§745. Disaster Recovery Fund](#)

1. **Fund established.** There is established the Disaster Recovery Fund, referred to in this section as "the fund," to be administered by the agency.
2. **Sources of fund.** The following must be paid into the fund:
  - A. All money appropriated for inclusion in the fund;
  - B. All interest from investment of the fund;
  - C. Any other money deposited in the fund from the Department of Defense, Veterans and Emergency Management, Disaster Assistance Relief, Other Special Revenue Funds account; and
  - D. Reimbursement received from the Federal Government or other legal entity for disaster recovery assistance expenditures made from the fund.
3. **Use of fund.** The fund must be the first resource used when [section 742](#) or [744](#) is invoked. The fund may be used for any of the following at the discretion of the Governor or Governor's designee:
  - A. To provide disaster recovery assistance to individuals and families when a federal disaster declaration is not received;
  - B. To provide disaster recovery assistance to local governmental units of the State for infrastructure repair and response when a federal disaster declaration is not received;
  - C. Emergency response costs for state agencies;



- D. To provide low-interest loans to businesses for disaster recovery assistance when a federal disaster declaration is not received;
- E. Disaster-related unmet needs of individuals and families following a federally declared disaster;
- F. Matching funds for assistance to individuals in a federally declared disaster; and
- G. Matching funds for assistance to state and local governmental units in a federally declared disaster.

### North Carolina

North Carolina's disaster relief mechanisms vary based on the disaster designation, which are defined by [§ 166A-19.21](#) of NC Statute. In plain language, the Types are defined as:

- Type I: smaller and more localized, such as a tornado or isolated flooding. The state is able to recover without federal assistance.
- Type II: damage is over a larger area, such as a hurricane or ice storm that impacts several counties. Federal assistance is required to recover.
- Type III: widespread devastation and catastrophic damage, such as a major hurricane.

North Carolina [§ 166A-19.41](#) specifies that the Governor may make funds available for emergency assistance. It also specifically identified that, "It is the intent of the General Assembly in authorizing the Governor to make State funds available for emergency assistance and in authorizing the Governor to establish State emergency assistance programs to provide State assistance for recovery from those emergencies for which federal assistance under the Stafford Act is either not available or does not adequately meet the needs of the citizens of the State in the emergency area."

Under a Type I Disaster the Governor may make funds available for Individual Assistance or Public Assistance. North Carolina uses the criteria established by 13 CFR Part 123, the Small Business Administration Disaster Loan Program, and the benefits are specified to be comparable with those provided by the Stafford Act individual assistance program. This includes:

- Provision of temporary housing and rental assistance
- Repair or replacement of dwellings (including temporary relocation costs)



- Replacement of personal property
- Repair or replacement of privately owned vehicles
- MEdical or dental expenses
- Funeral or burial expenses
- Funding for the cost of the first year's floor insurance premium to meet the NFIP requirements

For Public Assistance, eligible entities must:

- Have suffered a minimum of \$10,000 in uninsured losses
- Have suffered uninsurable losses in an amount equal to or exceeding 1% of the annual operating budget
- Have a hazard mitigation plan approved
- Be participating in the NFIP for flooding damage
- Provide non-State matching funds equal to 25% of the eligible costs of the public assistance grant

Eligible public assistance costs include:

- Debris clearance
- Emergency protective measures
- Roads and bridges
- Crisis counseling
- Assistance with public transportation needs

Under a Type II disaster, the Governor may make funds available for:

- State acquisition and relocation funds
- Supplemental repair/replacement housing grants available to individuals or families, not to exceed \$25,000 per family

Under a Type III disaster, the Governor may make funds available for:

- State acquisition and relocation funds
- Supplemental repair/replacement housing grants available to individuals or families, not to exceed \$25,000 per family
- Any of the following programs authorized under a variety of NC Statutes, including the public and individual assistance programs.



Under [§166A-19.42](#), the North Carolina State Emergency Response and Disaster Relief Fund is established as a reserve in the General Fund. The Governor may spend funds from the Fund for the following purposes:

- To cover the start-up costs of State Emergency Response Team operations for an emergency that poses an imminent threat of a Type I, Type II, or Type III disaster.
- To cover the cost of first responders to a Type I, Type II, or Type III disaster and any related supplies and equipment needed by first responders that are not provided for under subdivision (1) of this subsection.
- To provide relief and assistance in accordance with G.S. 166A-19.41 from the effects of an emergency.

The Governor is required to report to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and House of Representatives on any expenditures from the State Emergency Response and Disaster Relief Fund no later than 30 days after making the expenditure.