



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

**Director**  
AMY CARLSON

DATE: June 18, 2018

TO: Legislative Finance Committee

FROM: Julia Platt, Fiscal Analyst

RE: Funding for Flooding and Disaster Relief

On April 18, 2018, Governor Steve Bullock issued an executive order declaring a flooding state of emergency for seven Montana counties, the Town of Chester, and the Fort Belknap Indian Reservation. The executive order authorizes the use of certain state government services, resources, equipment, and supplies for critical purposes such as infrastructure protection. As of May 2, 2018, the Governor signed another executive order to declare a statewide flooding emergency. This new statewide emergency allows the state to request federal assistance if the disaster continues to escalate. Governor Bullock then signed an executive order to declare a statewide flooding disaster on May 20, 2018. A disaster declaration, which lasts for 30 days, is more severe than an emergency declaration, which only lasts for 20 days.

Even though flooding conditions have subsided across Montana since the statewide disaster declaration, federal involvement in relief efforts is still a possibility, dependent on the costs of the damages. The State Emergency Coordination Center and the Governor's Multi-Agency Coordinating Group are currently providing flooding updates to local, state, and federal agencies. This memorandum outlines the process for communities to acquire funding for disaster and emergency relief.

### Local and Tribal Governments

Local and tribal governments are the first line of response after a flooding disaster. In the early stages of an emergency or disaster, a city, county, or tribal government may make an emergency or disaster declaration. After doing so, local governments continually assess the situation and typically send updates to Montana Disaster and Emergency Services (DES). An emergency or disaster declaration allows the locality to impose emergency levies to fund relief efforts and request state assistance in the future. A declaration is no guarantee of state or federal aid, but it is a necessary step in the process of requesting additional assistance. As of June 6, 21 Montana counties, six cities, and three reservations had made local emergency or disaster declarations.

City and county governments may impose emergency levies in order to cover expenditures for disaster and emergency relief. The sum of all emergency levies may not exceed two-mills on the municipality's taxable value per year. The current millage for political subdivisions in Montana for FY 2018 can be found [here](#). Local governments may use these funds to provide disaster relief, run emergency operation centers, assess and repair damages, track costs, and organize recovery activities.

## State Assistance

The Governor has already declared a statewide flooding disaster, which enables a city, county, or tribal government to request state assistance if:

- The disaster or emergency justifies the expenditure and is beyond the financial capabilities of the local government
- The political subdivision has exhausted the maximum permissive levy, local government disaster funds, and the accounts financing the governmental function that is obligated to respond
- The disaster or emergency results in damage to public property or threatens the health, safety, or property of a sufficient number of persons in the political subdivision

State involvement is not intended to lessen or replace the responsibility of local government to aid in disaster relief, and there is no guarantee that a locality's request for state assistance will be granted. DES provides guidance and assistance to local governments in their relief efforts, creates project worksheets, and monitors disaster relief efforts. In a major emergency or disaster, there is an option for DES to provide immediate emergency assistance by deploying the Montana National Guard. Typically, flooding disasters develop slowly enough that they do not warrant immediate assistance from the National Guard. DES is responsible for administering aid using the Governor's Disaster and Emergency Fund if resources from the fund are allocated toward the disaster relief efforts. Eligible categories for disaster-related work include:

- Debris clearance
- Emergency protective measures including emergency levees, evacuation, and medical care
- Roads and bridges
- Water control facilities including dams, canals, and water diversion structures
- Buildings and equipment
- Utilities, such as storm sewers, water lines, and telephone systems
- Parks and recreational facilities

Generally, eligible costs or reimbursements for disaster relief include extra costs due to the emergency or disaster, which would not typically be incurred. These eligible costs include:

- Overtime wages for increased duties due to disaster relief efforts
- Wages for temporary employees for the purpose of disaster relief
- Expenses from operating or renting equipment which is to be used for disaster relief
- Private contract work or engineering services on eligible projects

Ineligible costs generally are costs that are normally incurred during times in which there is not a state of emergency. These costs include:

- Administrative expenses
- Regular salaries and wages of employees
- Related legal fees
- Reimbursement for individuals or businesses performing services on their own properties
- Costs for transportation or wages of employees whose duties do not change due to the disaster
- Costs incurred under contracts based on cost plus a percentage of costs or contingency clauses, except where such a delay would extend or create a hazard to health or safety
- Repairs to damages on private property

More information about eligible costs can be found in the [State of Montana Emergency and Disaster Fund Handbook for Applicants](#).

## **Federal Assistance**

If the emergency or disaster is severe enough, the Governor may request a preliminary damage assessment (PDA) from the Federal Emergency Management Agency (FEMA). A team of FEMA officials will estimate the costs of the damages across the state and then make a recommendation to the President of the United States as to whether assistance is warranted. FEMA evaluates the need for public assistance based the following factors:

- The statewide estimated cost per capita of public assistance after accounting for insurance coverage. A value of more than \$1.46 per capita (\$1.4 million in total costs for Montana) indicates the disaster warrants federal assistance.
- The estimated localized per capita impacts, also after accounting for insurance coverage. The threshold for federal assistance is \$3.68 per capita at the local level, even if the statewide cut-off value above is not met.

FEMA also takes into consideration the extent to which state and local government measures have already contributed to hazard mitigation and reduction of disaster damages, disaster history and the overall impact on the state or locality in the last 12 months, and potential funds available from other federal assistance programs.

The Governor may then send a formal request to the President of the United States to declare a major disaster or emergency. In order for the Governor to make this request:

- The Governor must have already declared a statewide emergency or disaster
- The relief efforts must be beyond the recovery capability of state and local governments

If the President of the United States approves the Governor's request, FEMA then designates the area eligible for assistance and the type of assistance available. Federal disaster relief assistance can take the form of financial assistance, direct involvement, or disaster loans. State agencies, irrigation districts, and rural electric co-ops are all eligible to receive FEMA assistance, in addition to local governments.

If FEMA chooses to get involved in the emergency or disaster, the federal government will cover 75% of the costs, and local and state governments must cover the remaining 25% of the costs. Since it may take a substantial amount of time to obtain reimbursement for disaster relief from FEMA, there is also an option to apply for immediate needs funding (INF) for work that must be performed immediately. More information about public assistance may be found in the [public assistance section of the FEMA website](#).

## **Individual Assistance**

State government generally provides only public assistance. However, there are other avenues available for individual assistance, which is defined as direct assistance to individuals, families, and businesses whose property has been damaged or destroyed and whose losses are not covered by insurance. Until FEMA gets involved in an emergency or disaster, individuals typically only receive assistance from non-government organizations (NGOs) such as the American Red Cross, Voluntary Organizations Active in Disaster (VOADS), and local service clubs and church groups.

FEMA can also supply individual assistance in the form of loans administered by the Small Business Administration (SBA), which does not necessarily require a presidential emergency or disaster declaration. Individual assistance is meant to aid in covering critical expenses that cannot be covered in other ways, not to restore damaged property to its condition before the disaster. A team, usually composed of DES, SBA, county, and tribal officials, conducts a preliminary damage assessment (PDA) to determine the impact of a disaster to an individual, family, or business before the party involved may request federal aid. More information on individual assistance may be found under the [State PDA Guide for Individual Assistance](#).

FEMA also has avenues available for assisting individuals, families, and businesses. Individual assistance from FEMA can include crisis counseling, disaster unemployment assistance, disaster legal services, case management, housing solutions, child locator centers, evacuation tracking systems, funeral assistance, mass care strategies, and disaster loans. The factors FEMA considers to evaluate the need for individual assistance under the Stafford Disaster Relief and Emergency Assistance Act are:

- Concentration of damages to individuals in the locality
- The degree of trauma, including a large number of injuries and deaths, disruption of community functions and services, or extended and widespread loss of power or water
- Special populations in the locality that may have a greater need for assistance
- Aid already being provided by voluntary agencies or state and local programs
- The amount of insurance coverage

As of June 14, the Montana Department of Environmental Quality had issued a flooding news update that there were not any current flood warnings across the state. Widespread flooding conditions across Montana have mostly subsided, but water levels for most rivers and streams remain high. There is still potential risk for flash flooding if conditions change rapidly.

For additional information related to emergency and disaster relief, please refer to the [Montana Disaster and Emergency Services webpage](#).