

exemplified by Hurricane Floyd, the state should be expedited to create new, time-limited programs to address unique aspects of the event. Further creates three levels of disaster benefits, built on a standard package of “Individual Assistance” that remains the same whether the event is Type I, II, or III. The cost of the standard package falls on the state in a Type I event, but would be shared by the state and federal governments in Type II and Type III events. “Public Assistance” packages would flow to local government and other public entities after a Type I declaration only when the entities incur uninsurable losses that exceed \$10,000 and are more than 0.5% of their operating budgets. The receiving entities would have a 25% match requirement. In a Type II or III event, public assistance benefits would follow the federal Stafford Act, except that in Type III events provision is made for supplemental state programs to address unmet public assistance needs. Local entities would not be required to match federal or state funding for public assistance in Type II or Type III cases. Unlike federal disaster assistance, bill does not require means testing for benefits, so that for purely state-funded transfers (such as individual assistance in a Type I disaster or supplemental Type III assistance) there would be no means testing.¹

ASSUMPTIONS AND METHODOLOGY:

The primary focus of this bill is to establish a three-tiered system of determining the severity of disasters and to standardize the types of assistance that may become available to individuals and public entities during the recovery phase of a disaster. The bill establishes three types of disasters (Types I, II, and III).

Disasters classified as Type I disasters may have a fiscal impact on state resources, since the bill creates a new level of assistance for individuals and public entities that have not previously existed. According to the North Carolina Division of Emergency Management, disasters that could have fallen under this classification have been addressed on a case-by-case basis, with no specific guidelines being set to provide assistance for individuals or public entities. Under the present system, some disaster recovery efforts receive state funding assistance, while others do not. Different levels and types of assistance have been provided. This bill will standardize the classification of disasters, as well as provide a uniform method for providing individual and public assistance.

The Division of Emergency Management has indicated that since 1980, a total of 64 total disasters could have fallen under the Type I category. During this period, the range of damages incurred and projected economic impacts were between \$11,500 (1987 ice storm - Avery County) and \$330,000,000 (1986 agriculture drought – statewide). These numbers do not represent the actual funds paid out by the State. They are simply projections on actual damages that may have occurred coupled with the overall negative effect on the economy. Based on the criteria set forth in the bill for a Type I disaster, it is unclear whether or not individuals or public entities that suffered losses in these 64 disasters would qualify for state disaster assistance. Some victims of the larger disasters, like the large-scale and costly agriculture droughts of the mid-1980s, did qualify for some levels of federal assistance.

¹ *Daily Bulletin*, Institute of Government, UNC-Chapel Hill: Vol. 2001, No. 22

A Type I disaster classification provides a new standard for the types of individual and public assistance that could be provided. In effect, more individuals and public entities could be eligible for a certain level of assistance that is not presently eligible. This could result in the need for more funding. However, no reliable fiscal estimate can be made. This is simply due to not being able to predict or estimate the number and magnitude of disaster events that could occur.

Presently, the Governor has the authority to use Contingency and Emergency funds, as well as to reallocate other funds that may be available within the appropriations of the various departments to assist in the funding of a disaster. This bill provides this same type of funding mechanism for the different types of disasters. In order to fund any Type disaster, the Governor would have to identify the money from existing sources. The bill does not provide a direct appropriation for this purpose.

Type II and III disasters are only classified as such once a Presidential Disaster Declaration has been issued. Once a Presidential Declaration has been made, then Federal funds become available to the state to assist with individual and public assistance. Under the classification of these types of disasters, the Governor has the same budgetary powers to redirect appropriations to assist with the disaster. This has been done in the past in order to meet federal matching requirements. In a Type III disaster, the General Assembly would be called upon to assist the Executive Branch in appropriating additional funds or establishing new relief programs. Hurricane Floyd would have been categorized as a Type III disaster. Since 1980, eighteen disasters could have been classified as Type II or III disasters.

Administrative Costs: NC Division of Emergency Management

Costs to administer this new classification system of disasters are predicted to be insignificant and can be absorbed within existing resources. The Division of Emergency Management is presently tracking all disasters. The responsibilities of classifying them should be easily accomplished, without the need for additional personnel, based on the parameters set forth in the bill.

TECHNICAL CONSIDERATIONS:

One technical aspect that should be reiterated is that this bill allows the Governor the authority to use Contingency and Emergency funds, as well as to reallocate other funds that may be available within the appropriations of the various department to assist in funding these various types. These are the same powers the Governor presently has. No new appropriations are directed in this bill.

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