Federal Disaster Aid: Reflections from Superstorm Sandy

Superstorm Sandy’s total losses have been estimated at $65 billion. The president issued a disaster declaration and Congress approved more than $50 billion in supplemental funding for post-storm recovery. More than two years later, the northeastern coastal regions of the United States are still rebuilding, and much of that aid has yet to be allocated.

RFF’s Carolyn Kousky and Leonard Shabman have been investigating federal disaster aid. They compared the Sandy supplemental to the 2012 outlays for federal agencies and found that it was greater than the amount spent by the US Environmental Protection Agency, National Aeronautics and Space Administration, State Department, Department of Justice, Department of Energy, and many others (Figure 1). As the costs of these disasters to the taxpayers have been rising, the number of presidential disaster declarations

Figure 1. Sandy Supplemental Compared with 2012 Agency Expenditures

has been growing significantly over time (Figure 2).

Most of the Sandy supplemental funds were designated as “emergency” spending for immediate recovery and thus are exempt from the normal appropriations process and budget caps. But affected individuals and households will only receive a fraction of the funds. Funds primarily were used to cover the costs to local governments, provide assistance to businesses, and rebuild infrastructure. In addition, the supplemental is funding many projects to reduce the damage from future storms. Though future-oriented projects may be worthwhile investments, many had not been considered justified before the storm. According to Kousky and Shabman, “If Congress is going to spend billions of dollars on future risk reduction, a more deliberate approach would evaluate risks around the country, assess the risk reduction investments, and then allocate funding to maximize the benefits.”

FURTHER READING

Figure 2. Major Disaster Declarations, 1935-2013

Source: Available from FEMA online at http://www.fema.gov/disasters/grid/year.