

## ECONOMIC POLICY

# FEMA delays \$2.8 billion in disaster aid to keep from running out of money

The agency has paused aid for long-term disaster recovery in nearly every U.S. state and territory while scrambling to conserve cash in case a government shutdown collides with hurricane season



By [Tony Romm](#)

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With [a government shutdown as few as four days away](#), the Biden administration has started to ration federal disaster aid, delaying the delivery of about \$2.8 billion in grants so the money is available in the event of a crisis, according to state and federal officials and budget documents obtained by The Washington Post.

### Government shutdown averted

Republicans and Democrats in the [Senate passed a 45-day continuing resolution](#) Saturday to stave off a government shutdown with less than three hours to spare. Here's [how each member of the Senate voted on the stopgap bill](#) to avoid a shutdown.

(Kent Nishimura for The Washington Post)

The last-minute move has allowed the Federal Emergency Management Agency to shore up its rapidly dwindling budget against the immediate threat of wildfires, hurricanes and other natural disasters as they arise, according to a senior agency official, who spoke on the condition of anonymity to describe internal budget matters. But it has also disrupted longer-term recovery projects in Florida, Puerto Rico and other communities hit by past calamities, illustrating how a Republican-led standoff in Congress could unleash real hardship in Americans' lives.

Over the past month, FEMA has paused at least \$555 million for long-term recovery projects in Florida, including those related to Hurricane Ian last year. It has held back \$101 million from Louisiana and another \$74 million in California, according to federal records, which reflect delays through Sept. 18.

The agency similarly has delayed more than \$200 million intended to respond to Hurricane Fiona last September and other past disasters in Puerto Rico, according to budget records. Much of the stalled federal money was supposed to reimburse the territory for the cost of repairing ports, fixing schools and bolstering infrastructure against future disasters — some dating back to Hurricane Maria, a Category 5 cyclone that unleashed vast devastation on the island six years ago.

“It is impacting the reconstruction of the electric grid. It is impacting Fiona recovery. But it can get a lot worse if this continues,” said Manuel A. Laboy Rivera, the executive director of the Central Office for Recovery, Reconstruction and Resiliency in Puerto Rico, who plans to raise the issue Wednesday in meetings on Capitol Hill.

FEMA officials said the payments should resume once Congress approves a deal to fund the government. Without congressional action, the government will shut down at midnight Sunday, Oct. 1, when the current fiscal year ends and federal appropriations run out.

The trouble at FEMA stems from a shortfall in its Disaster Relief Fund, the primary source of financing for the agency’s on-the-ground recovery efforts. In recent weeks, the fund has dipped to about \$2.4 billion, a balance that is less than the agency spent on Hurricane Ian in the first 30 days after it made landfall last year.

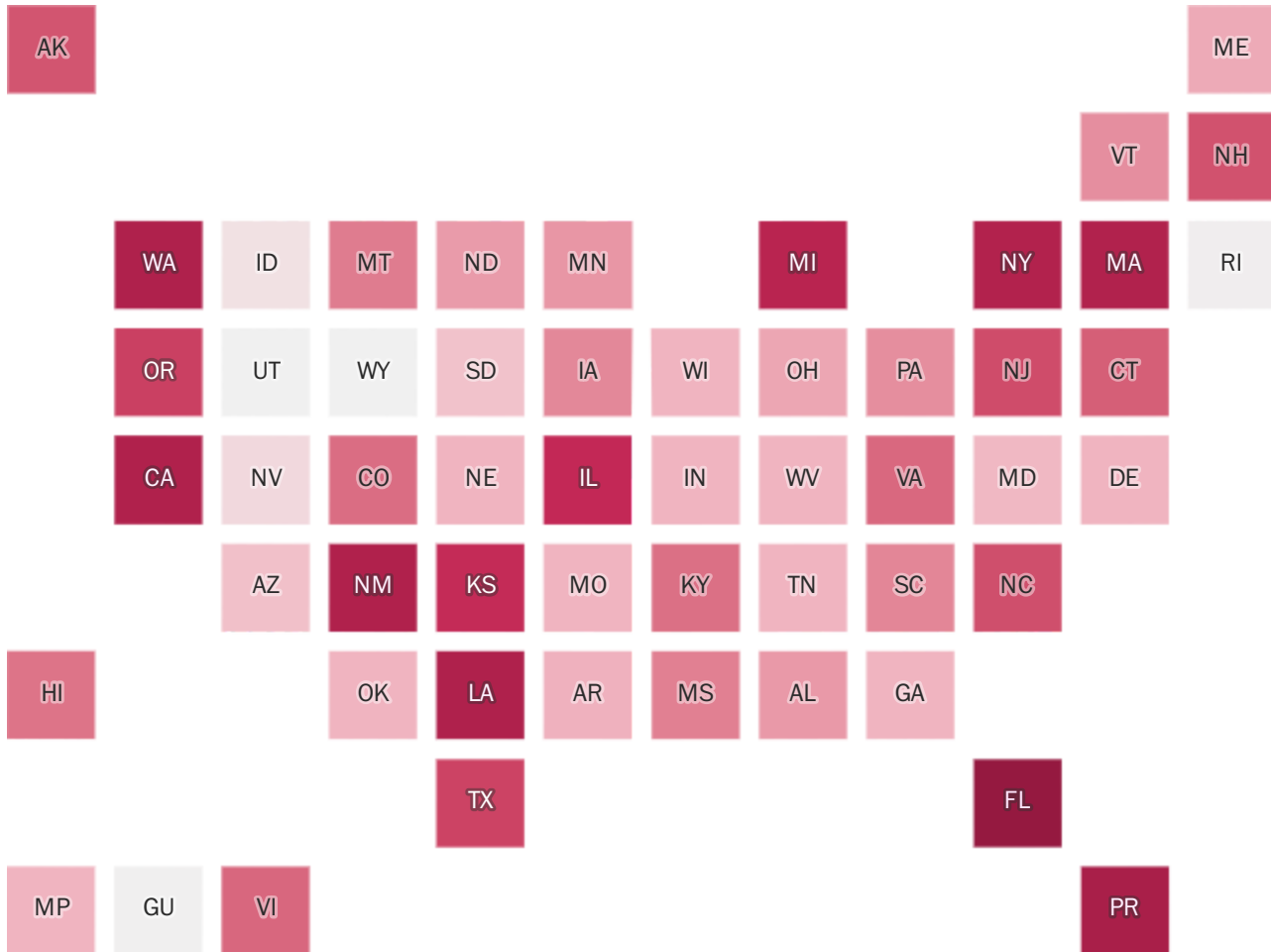
Fearing a costly and deadly hurricane season this fall, FEMA administrator Deanne Criswell has pleaded with Congress to restock the fund, along with the rest of her budget. And she has warned lawmakers that a failure to act could leave her agency unable to handle fresh emergencies.

“It is vital that FEMA — and the American people — be able to tap into an adequately funded Disaster Relief Fund so that we can continue to respond as soon as disaster strikes, rebuild in their aftermath, and prepare for future disasters,” Criswell told House lawmakers at a hearing last week.

## New interruptions in federal disaster aid

As FEMA funds dwindled, the agency halted about \$2.8 billion meant to rebuild schools, repair roadways and complete other long-term recovery projects.

### Total dollars paused



Data only reflects spending up to Sept. 15, totaling \$1.8 billion

Source: Federal budget records obtained by the Washington Post

TONY ROMM / THE WASHINGTON POST

To prevent an interruption in federal disaster response, President Biden urged lawmakers last month to restock FEMA's coffers as part of a short-term deal to fund the government and approve roughly \$16 billion in additional supplemental aid. That money is meant to augment federal recovery efforts around the Hawaiian wildfire that recently ravaged Maui, the flooding this summer in Vermont and the aftermath of Hurricane Idalia in the southeastern United States.

So far, Congress has failed to act. Instead, Republicans led by House Speaker Kevin McCarthy (Calif.) have held up efforts to fund the government past Sept. 30, aiming to advance a conservative agenda that includes sharp budget cuts, new border enforcement policies and an impeachment of Biden. While some Republicans support new disaster aid, the party's far-right bloc has said it will not vote to approve the increase if it is paired with fresh support for Ukraine, another White House priority.

Late Tuesday, the Senate clinched a deal to fund the government into November, a short-term arrangement that would restore FEMA's budget and provision \$6 billion in emergency money. While the proposal is likely to win Senate approval, it is unclear how it would fare in the House. If the government does shut down, it would have wide-ranging effects, imperiling aid to the poor, potentially delaying travel and leaving millions of government workers and service members without pay.

For FEMA, specifically, a shutdown would be complicated and uncertain. The agency could continue to spend any leftover money in its primary disaster fund. But when that is exhausted, FEMA has said it could struggle to provide lifesaving support. A shutdown could also force the agency to manage the current hurricane season with a bare-bones, unpaid staff in Washington. Other employees would be furloughed and also left without a paycheck, until Congress strikes a new deal.

"If everything goes perfect in a disaster, people still lose their lives, we still lose homes," said Steve Reaves, who leads AFGE Local 4060, a union representing FEMA employees. "You complicate that with lack of funding, or a miscommunication, or a delay in the system anywhere, and you're talking about more lives [lost]."

In St. Petersburg, Fla., where Hurricane Idalia unleashed high winds and rising tides a month ago, storage pods stuffed with families' salvaged belongings still line some of the streets outside damaged homes. Kathi Ruvarac, president of the state's chapter of the American Society of Civil Engineers, said there's fear that any interruption in federal funding would cause the recovery to "lose momentum" while some residents remain displaced.

"You don't know how many days this is going to last," Ruvarac said of the looming shutdown. "That just makes the process that much longer."

A similar disruption plagued the agency more than a decade earlier. W. Craig Fugate, the former director of FEMA under President Barack Obama, said a Republican-led shutdown in 2013 left him at first with a "skeleton crew" at agency headquarters — and, as a result, "a lot of the things happening in the field started slowing down."

To safeguard its work, FEMA in late August announced it would conserve its funds and focus only on its "immediate needs." It trained its resources on the Maui fires and the continued threat of hurricane season, at the cost of longer-term projects that, for now, the agency said it cannot afford. It marked the first time since 2017 that FEMA had invoked the policy, as it confronted the growing likelihood of a shutdown that could stretch weeks or longer.

"Every day, we are looking at what the cost of these storms are as we approach the end of this fiscal year," Criswell said at a White House press briefing in August. "And if we have another storm, we're going to have to closely monitor what impact that's going to have and any other actions we might have to take."

To some cities, states and territories, the announcement came as a blow. By last Friday, FEMA had paused payments for more than 2,000 projects, according to an agency official, including grants that would have reimbursed local governments for past disaster costs or helped fund pending projects to mitigate future threats. In some cases, the agency had to delay awards that took years to secure in the first place.

Two years ago, the Nooksack River overflowed its banks, submerging some parts of Whatcom County, Wash., along the Canadian border under multiple feet of water. Finally, this fall, the U.S. government arrived with a promise of roughly \$8.6 million in aid to repurchase a set of damaged homes in a dangerous flood zone.

But FEMA could only give a green light to the award, not fund it, after it had to shift its financial focus in late August to immediate needs. Satpal Singh Sidhu, the executive of Whatcom County, said the decision created headaches for families in roughly a dozen residences still in limbo.

“I think the federal government [needs] to act in the best interests of the public, not the best interests of their small groups of parties or whatever affiliations they have,” he said. “I think this is very devastating for ordinary citizens.”

In other cases, FEMA paused repayments for city and state agencies, public universities and public health facilities that had racked up massive bills during the coronavirus pandemic. Local governments can seek reimbursements for protective equipment, tests and other supplies purchased at the time.

In the state of Washington, the delays have stalled \$17 million in expected federal covid funds, said Joel Haarstad, the mitigation and recovery section manager at the Washington Emergency Management Division. That money was supposed to help cash-strapped hospitals large and small, as well as school districts and tribal organizations that fronted steep costs during the public health crisis.

“They’re waiting for reimbursement for work they already completed,” Haarstad said.