



## OBSERVATIONS

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# THE CHANGING FACE OF DISASTER RELIEF POLITICS

By James W. Fossett



The recently concluded and contentious debate over a disaster relief package for the Northeast to repair the damage done by Hurricane Sandy suggests that the politics of developing and passing such packages may be getting more difficult. Historically, votes on the emergency appropriations bills that authorize disaster relief spending have been bipartisan and not particularly controversial. Both changes in disaster relief policy and the political environment surrounding these debates, however, indicate that votes on these bills may become increasingly partisan and divided, making the scope and size of the federal response to any particular disaster far more uncertain.

Over the last dozen years, the financial stakes of federal disaster policy have risen appreciably as a result of changes in climate, demographics, and disaster financing policy. The frequency of such major events as Hurricanes Katrina and Sandy appear to be increasing as a result of rising sea levels and global warming, and the population residing in areas vulnerable to these events has been increasing as well.

Federal support for disaster recovery has also become markedly more generous over this period. Historically, federal disaster financing has focused on emergency response and short-term recovery. This support has taken a wide variety of forms, ranging from flood insurance to low-interest loans to homeowners and small businesses to grants to clean up debris and repair and rebuild damaged infrastructure. Typically, federal assistance has funded replacing what was destroyed rather than financing upgrades or improvements and has paid 75 percent of the cost of rebuilding, with the remainder being paid by state and local governments.

In reaction to the 9/11 terrorist attacks in New York City and Hurricane Katrina, which struck the Gulf Coast in 2005, federal support has become more generous. Estimates by the New York Federal Reserve Bank indicate that the federal share of disaster costs after Katrina has risen to almost 70 percent from less than 30 percent before Katrina.[1] The state and local share has been regularly waived in recent disasters, so that the federal government frequently pays the entire cost of rebuilding. In addition, federal support has been extended to a broader range of purposes in such “megadisasters” as Katrina and the 9/11 attacks. Total federal support for recovery from Katrina has been estimated at \$110 billion, drawn from a wide range of sources and used for a wide range of purposes, including additional rebuilding and development as well as general budget relief.[2] Total federal support for New York City in the aftermath of 9/11 has been estimated at \$20.5 billion, as well as additional support for survivors, relatives, and businesses.[3] A considerable amount of this support has gone to support general budget relief for the city, as well as commercial and residential redevelopment well beyond the activities usually supported by federal aid.

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This combination of increased risk and increased federal generosity has significantly expanded the federal government's potential liability for damage from future storms. Using conservative methods, one recent study has estimated the government's average annual liability going forward for severe weather events at \$20 billion per year, rising in "bad years" — those with large numbers or particularly severe storms — to over \$100 billion.[4] Over the next 75 years, this annual liability creates a potential federal exposure with a net present value (NPV) of between \$1.2 and \$7.1 trillion, depending on assumptions about growth and discount rates. By way of comparison, the Social Security system is projecting a shortfall with an NPV of \$4.9 trillion over this same period. [5] The possibility of such large future bills for severe weather events raises, not for the first time, questions about the sustainability of federal policy for financing recovery from disasters.

Recent events in Washington have cast doubt on the political sustainability of federal disaster policy as well. Rather than attempt to budget annually for disaster relief, Congress has historically provided financing through emergency appropriations for individual disasters outside the normal budget process without any requirement for offsetting reductions elsewhere in the budget. Typically, votes on these measures have come soon after disasters and been bipartisan and lopsided in favor of approval. While requests from states are frequently trimmed, final passage has rarely been in doubt. Members of Congress have generally supported relief in other districts and states, even those represented by opposition parties, in the expectation that future disasters closer to home will receive equal, if not even more generous, attention. In the words of one set of observers, disaster relief has become a "stealth entitlement." [6]

By contrast with this historical pattern, relief spending for Sandy was a heavy political lift, particularly in the Republican dominated House of Representatives. Large-scale disaster relief has become a major target for "Tea Party" Republicans, who largely come from the South and the West, and such conservative interest groups as the Club for Growth, who claimed that the Obama Administration's \$60 billion Sandy relief proposal was loaded with "pork" that has little to do with Hurricane Sandy or emergency relief and should be voted down or, at a minimum, be "paid for" by offsets in other parts of the budget. This conflict served to prolong the public debate over Sandy relief. By contrast with the timing of votes on other major disasters, consideration of the Obama Administration's \$60 billion Sandy relief proposal has stretched over two Congresses. The Senate passed a version of the administration's bill before adjourning in December 2011, but Republican leadership in the House refused to bring the bill to the floor, although Congress separately approved \$9.7 billion to pay flood insurance claims. This meant that the rest of the package had to be reconsidered by both Houses of the newly elected Congress when it convened in January 2012. Both Republican- and Democratic-elected officials from the Northeast lobbied furiously in support of the measure, were harshly critical of the extended period of debate, and made thinly veiled threats of regional "retaliation" for future claims from other parts of the country.

This unprecedented level of partisan conflict led Congressional leaders to devise a complex procedure for debating and voting on the bill. The bill was split into three pieces voted on separately — the flood insurance package; a limited package of \$17 billion to finance immediate recovery spending; and a larger, more controversial, package of \$33.7 billion to provide for mitigation and other longer term costs. The bill also attracted more than the usual number of amendments, including one to require sizeable offsetting cuts in the rest of the discretionary budget.

The pattern of partisan voting on these various measures indicates that disaster relief votes, once routine, may have become more contentious and conflictual. Majorities of both Democrats and Republicans voted to support the flood insurance package and the \$17 billion package for immediate recovery. Overwhelming numbers of Republicans, however, voted against the larger spending package and in favor of the amendment to require offsetting cuts. While the larger package was passed and the amendment was defeated, these majorities were composed of large numbers of Democrats and small numbers of Republicans. This sharp partisan division, together with the regional hostility expressed in much of the debate, suggests that disaster relief politics, at least in the case of Sandy, has become polarized.

Whether this pattern will persist going forward is unclear. Some of the conflict around Sandy may have been the result of short-term factors, including struggles over the deficit and the fact that Sandy occurred

in the Northeast, which is a Democratic stronghold that elects relatively few Republicans. In the current political environment, at least some Republicans are of the “Vote No, Hope Yes” persuasion who wanted the Sandy aid package to pass, but felt compelled to vote “no” to avoid primary challenges.[7] It is also difficult to imagine that Republican opposition would be as strident towards a relief package for a major Gulf Coast hurricane in states that are largely represented by Republicans.

On the other hand, the more rancorous politics around Sandy may come to represent the “new normal” in dealing with disaster relief. If, as some have predicted, the number of extreme weather events in the Northeast continues to increase, the same pattern of regional and partisan division that characterized the debate over Sandy seems likely to persist. While Republican governors of Gulf Coast states and Republican representatives of coastal districts might be expected to be strong supporters of large relief packages for hurricanes that hit these areas, it can’t be taken for granted that such requests will be supported by conservative Republicans from other areas without spending offsets or other concessions. As political observers have argued, both the Republican majority in the House and its internal configuration are likely to persist. A number of the conservative Republicans identified with the Tea Party are in newly created safe districts and some of the groups which support them have already announced their targets for primary challenges in 2014. As a result, the number of “Vote No, Hope Yes” Republicans seems unlikely to decline. Debates over the deficit and the size of the federal government are likely to continue and demands to offset disaster relief with spending cuts elsewhere seem unlikely to abate. Finally, representatives from Northeastern states may engage in some form of “payback” for Sandy by delaying votes or insisting on the removal of “pork” from relief packages. Either way, disaster relief politics seems likely to become more difficult and more conflictual.

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[1] Jason R. Abel, Jason Bram, Richard Deitz, and James Orr, ["How Will We Pay for Superstorm Sandy?"](#) (New York: Federal Reserve Bank of New York, December 20, 2012).

[2] As reported in Jennifer Pike ["Spending Federal Disaster Aid"](#) (Albany, NY: The Nelson A. Rockefeller Institute of Government, September 17, 2007).

[3] New York City Independent Budget Office, ["The Aftermath: Federal Aid 10 Years After the World Trade Center Attack"](#) (New York: New York City Independent Budget Office, August 2011).

[4] J. David Cummins, Michael Suher, and George Zanjani “Federal Exposure to Natural Catastrophe Risk,” in *Measuring and Managing Federal Financial Risk* ed. Deborah Lucas (Chicago: University of Chicago Press, 2010).

[5] *Ibid.*, 63.

[6] *Ibid.*, 62.

[7] The phrase comes from Tom Cole of Oklahoma, one of the Republican whips. See Ashley Parker, ["No Votes Disguise Yes Sympathies for Some in G.O.P."](#) *New York Times*, January 17, 2013.

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