

THE
PEW
CHARITABLE TRUSTS

Natural Disasters and
other Growing Fiscal Risks
NCSL Budget Working Group Preconference

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Thoughts to Consider During this Session



- What major emerging fiscal risks does your state face that concern you?
- Has your state begun taking steps to address an emerging risk that would be helpful to share with others?
- What emerging risks would you like to learn more about and discuss further in future meetings?

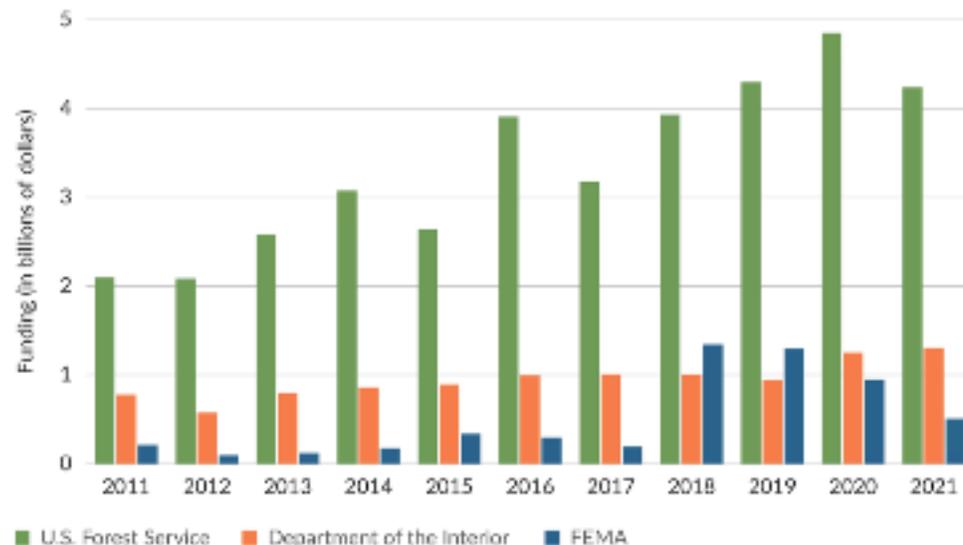
Cost of Natural Disasters is Growing



Natural disaster spending is growing at all levels of government

- FEMA Public Assistance grew 23% comparing 2000-2009 to 2010-2019
- Federal wildfire spending doubled over the last decade
- Washington state's spending on wildfire suppression more than tripled comparing 2010-2014 to 2015-2019

Figure 3
Federal Spending on Wildfire Management Has Grown Significantly Since Fiscal Year 2011
Funding over time for wildfire management activities by the U.S. Forest Service, Department of the Interior, and Federal Emergency Management Agency



Budgeting Challenges



- State disaster spending is not comprehensively tracked:
 - Spending spread across multiple agencies
 - Spending comes from a mix of federal, state, and other funding sources
- Disaster spending needs are volatile making it difficult to estimate funding amounts:
 - As costs grow, disaster appropriations may struggle to keep pace
 - The use of reserves to cover disaster costs varies by state
- Mitigation efforts can help manage costs but face barriers
 - Mitigation projects compete with disaster response funding
 - Utilizing federal funds is challenging
 - Planning is needed to maximize effectiveness

Examples of Long-Term Fiscal Risks



- Environmental Risks
 - Increased frequency and severity of natural disasters
 - Disruptions to economic productivity
- Technological Disruptions
 - Electric vehicles impacting transportation funding
 - Shifts away from fossil fuels
 - Remote work trends
- Social Changes
 - Aging population affecting labor force, revenue, and cost of existing programs

Discussion Questions



- What major emerging fiscal risks does your state face that concern you?
- Has your state begun taking steps to address an emerging risk that would be helpful to share with others?
- What emerging risks would you like to learn more about and discuss further in future meetings?

Discussion Questions – Natural Disasters



- What budgeting challenges are created by unexpected major disasters? Does anyone have an example of a process or mechanism you've implemented to address the uncertainty around disaster costs?
- What are the biggest challenges with tracking natural disaster spending? Have any states taken steps to improve data collection on natural disaster spending?
- What are the biggest barriers to investing in disaster mitigation? Has your state successfully invested in mitigation or resiliency efforts?

Discussion Questions – Other Emerging Risks



- Beyond the direct damage caused by natural disasters, what budgetary impacts from increasing disaster conditions are you concerned about?
- Has any state identified major industries that may be threatened changing economic trends?
- Has any state begun to plan for the budgetary impacts of an aging population?

Additional Discussion Questions on Natural Disasters



- How does the impact of disaster risk on local government budgets play a role in your disaster spending discussions?
- Where has your state been able to leverage federal funds effectively? Does anyone have success stories about navigating and using federal funds for disaster recovery or mitigation?
- How would a change in the amount of federal support for large disasters impact budget planning?