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Section 1 § 3b. FINANCIAL ASSISTANCE FOR IMPACTED MUNICIPALITIES

- (a)(1) emergency.response.costs, and (a)(3) local.infrastructure.repairs:
- This section addresses funding through the Public Assistance program, which is FEMA funding managed by VEM.
- This section requires VEM to cover expenses “incurred due to the all-hazard while awaiting reimbursement” from FEMA. This would be supplanting. If the state pays for FEMA-eligible costs following a disaster event, those costs would no longer be eligible for reimbursement by FEMA because funding would have already been appropriated for this purpose.
- Following the flood in 2023, the Bond Bank, with the State Recovery Office, set up a low-interest loan program to fill this need since they could not pay back communities with state funding.
- FEMA will reimburse interest on a loan and repay a loan if the project is eligible, but they will not fund work if the state has allocated funding for that purpose.
- It is also unclear how this program is intended to be funded.
- (a)(2) temporary.housing.and.shelter.services:
- This is funding through FEMA’s Individual Assistance program, which is managed by AHS, and not VEM.
- (b): This section requires VEM to cover all local match requirements for FEMA flood recovery.
- Under the Public Assistance program, FEMA generally covers 75% of the total costs with a required 25% local match. Under very significant disasters, the cost share can increase, and it was 90% for July 2023.
- The Emergency Relief and Assistance Fund (ERAF) is the current mechanism to support communities in local match requirements (20 V.S.A. § 45). This program was created by the Legislature following Irene in 2012. The ERAF rule lives with AOA and is implemented by VEM under the Public Assistance program.
- ERAF is an incentive program that asks communities to do specific things to receive a higher share of state-covered match.

- ERAF is not exclusive to flooding, which the language here is. ERAF is also used under other types of disasters, such as ice events.
- It is unclear if the intent is to do away with the ERAF program and what the funding source would be for this new state match.

Section 2 § 52. FLOOD-PRONE PROPERTIES; ASSISTANCE PROGRAMS

- (a): requires VEM to develop a voluntary buyout program.
- VEM already has an existing voluntary buyout program. Following the flooding in 2023, VEM created a new state-managed buyout program to act as the sub-applicant to FEMA on behalf of interested municipalities, significantly reducing the administrative burden to those municipalities. It is unclear what this language is intended to do outside of this existing work and why ACCD is specifically called out as involved in this effort, which is managed by VEM. We do have a strong partnership with DEC, specifically the Rivers Team, in all our flood reduction funding work.
- The bill notes that funding would be provided at a “full fair market value.”
- Funding for buyouts is based on a day.before.the.storm fair market appraised value for any flooded property. It is not based on the town's assessed value, which came up in testimony last week.
- In the case of FEMA funding, that is currently 75% federal and 25% state match. The language in this bill may prevent VEM from applying for FEMA buyouts when the state does not have funding to cover the local match. Current match funding is based on one-time allocations, and all current buyouts are being funded at 100% of all project costs, including the purchase of the property.
- When we have more time, I would love to come back and give you a deep dive overview of the buyout program – from the beginnings following Tropical Storm Irene, to the ARPA funding we received in 2021 and 2022 to create the Flood Resilient Communities Fund and develop a much more flexible state-program without FEMA requirements, to our new state-managed buyout program following the flooding in 2023.
- This is a program that I’m incredibly proud of, while also recognizing that it will never be fast enough for someone who has just experienced a flooding event. We’re still working within the FEMA bureaucracy and requirements, but we’re streamlining it as much as we can and have made significant improvements since 2023.
- It is also unclear how this program is intended to be funded.

- (b)(1) elevate.residential.buildings:
- The Community Resilience and Disaster Mitigation Fund was created by the Legislature in 2024 under Act 143. An allocation was made under that program in 2024 for VEM, which provided funding specifically to elevate structures in communities flooded in 2023 (\$3.5 million).
- It is unclear how this language would differ from that program and how this program is intended to be funded.
- (b)(2) relocation.to.other.permanent.housing:
- The direct relocation of individuals and case management services is not something that VEM is currently set up to do. Case management activities are managed through AHS, including FEMA's Disaster Case Management program when available, as a part of the Individual Assistance program.
- (b)(3) rebuilding.of.a.residential.building:
- This is also something that VEM is not currently set up to do. From the testimony last week, you heard the significant importance of local groups to fill this gap, such as the Long-Term Recovery Groups, and their work in this area.
- Significant increases in funding and capacity would be required for the state to provide that type of service at the local level.