

CONGRESSIONAL IMPACTS TO THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP) & HAZARD MITIGATION PROGRAMS

BUDGET & REAUTHORIZATION CONSIDERATIONS

FEDERAL BUDGET CONSIDERATIONS

1. The Administration's proposed budget could **significantly reduce or eliminate funding to important flood mitigation grant programs.**

FEMA grant programs at risk include:

Hazard Mitigation Grant Program (HMGP): funding awarded after a Presidentially declared disaster

Flood Mitigation Assistance Grant Program (FMA): funds projects and plans to protect properties insured by the National Flood Insurance Program

Pre-disaster Mitigation (PDM) Grant Program: funds projects to prevent damage that are implemented before disasters strike

Virginia receives an average *\$37.8 million in federal disaster assistance each year*, ranking #16 nationally in obligated funds. These federal dollars are used to fund the programs listed above and leverage critical state, local, and individual projects that rebuild communities post-disaster and reduce the risks and costs of future disasters. Any reduction in funding impairs our local governments' ability to plan and prepare for the impacts of flooding. Insufficient mitigation and adaptation assistance compromises the safety and economic resilience of Virginia's citizens.

Funding before a disaster occurs is of particular importance to coastal Virginia communities. The difficult task of adapting to increased flooding and sea level rise is falling on local governments that operate on limited budgets. Assistance to localities before storms hit & flood damage occurs is imperative to building resilient communities; **one dollar invested in pre-disaster mitigation saves 4 dollars in disaster recovery.**

2. The proposed budget's **mandatory 25% local government match** on federal grant dollars significantly limits flexibility in project cost-sharing, an option often essential for project success. Virginia local governments rely on this flexible model, as no mitigation or adaptation project is identical and the financial capacity of partners vary.



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3. The proposed budget eliminates FEMA’s National Flood Mapping Program (NFMP). **Communities need accurate flood maps to make important land use decisions that impact the entire community**, not just those that live and work in flood zones. While coastal Virginia localities received new maps recently, other Virginia communities are waiting to receive updated maps. **These maps help ensure local land use decisions maximize public safety and will not increase flood risk.** Moreover, local government staff may not have the expertise or financing to generate new or modify existing flood maps if the funding for the program is eliminated.

NFIP REAUTHORIZATION CONSIDERATIONS

1. Reauthorization of the NFIP is integral to local governments’ effective management of flood risk. The national press often fails to acknowledge the multiple functions of the NFIP, mischaracterizing the Program as a standard public insurance company. **The NFIP is much more than a flood insurance program.** It serves a **vital regulatory role**, shaping how local governments across the country manage activities both in and out of the high risk flood zones. This regulatory arm of the NFIP directs localities to build to standards that reduce risk, incentivizes individuals & communities to adopt policies more protective than required, encourages and rewards hazard mitigation, and provides technical flood maps, upon which many industries & locality departments rely in daily decision making. **These varied functions of the Program are inter-dependent and must be considered with great delicacy to ensure the weakening of one program does not collapse the others.**

2. The private flood insurance industry seeks greater inclusion in the NFIP, but **companies must be held to the same regulatory standards to protect the many mandatory building and planning requirements of the Program.** Requiring private companies to use elevation based rate models and incentivize mitigation will help preserve the positive impacts the NFIP has in a community. Private flood insurance policyholders should pay an equivalent “NFIP Policy Fee,” which funds critical NFIP floodplain management & mapping services. Companies cannot cherry pick the lower risk properties, leaving the federal government to hold the highest risk policies. One of the benefits of governmental flood insurance is the access to important policy claim data. Knowing the number of losses experienced at the local, regional, and national levels helps officials at all levels of government study flood risk. **Private policies must submit claim information to the NFIP so our governments can accurately assess risk; it is a matter of public safety.**

3. The Increased Cost of Compliance (ICC) claim limit should increase from \$30,000 to \$60,000 under Reauthorization. **This increase will allow policyholders to complete larger mitigation projects and help lessen the significant financial burden of bringing a building into compliance after suffering storm damage or a substantial renovation.** Policyholders should also be permitted to use the ICC to finance demolition & acquisition projects, which offer the only 100% effective form of mitigation.