



**COMMONWEALTH of VIRGINIA**  
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October 31, 2014

The Honorable Walter A. Stosch  
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Innsbrook Centre  
4551 Cox Road, Suite 110  
Glen Allen, Virginia 23060-6740

The Honorable Charles J. Colgan  
Co-chair, Senate Finance Committee  
10660 Aviation Lane  
Manassas, Virginia 20110-2701

The Honorable S. Chris Jones  
Chair, House Appropriations Committee  
P.O. Box 5059  
Suffolk, Virginia 23435-0059

Gentlemen:

Item 394 E of Chapter 2 of the 2014 Act of Assembly (Special Session I), directs the Department of Emergency Management to report on the method of creation, the coordination between, the method of funding for, and its authority to use the Virginia Disaster Relief Fund, the Virginia Disaster Recovery Fund, and the Virginia Disaster Response Fund.


The key findings of this report outline that the Virginia Disaster Response Fund, the Virginia Disaster Recovery Fund, and the Virginia Disaster Relief Fund are distinct programs - with defined purposes - administered by the Virginia Department of Emergency Management. Each program area is managed independently within the department, but works in tandem to carry out the mission of the agency. Any monies received, appropriated, or allocated to one fund are not comingled or intermingled with another fund.

*“Working to Protect People, Property and Our Communities”*

The Honorable Walter A. Stosch  
The Honorable Charles J. Colgan  
The Honorable S. Chris Jones  
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If you have any questions or need additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Stern". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Stern" clearly legible.

Jeffrey D. Stern

Attachment

C: The Honorable Brian Moran, Secretary of Public Safety & Homeland Security

# Report on the Virginia Disaster Response Fund, the Virginia Disaster Recovery Fund, and the Virginia Disaster Relief Fund

§ 1-110 of the 2014 Appropriation Act, Item 394 E

Report to the Chairmen of the Committees on  
Senate Finance and House Appropriations

Virginia Department of Emergency Management  
10501 Trade Court  
North Chesterfield, Virginia 23236

October 31, 2014

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## **Executive Summary**

Item 394 E of Chapter 2 of the 2014 Act of Assembly (Special Session I), directs the Department of Emergency Management to report on the method of creation, the coordination between, the method of funding for, and its authority to use the Virginia Disaster Relief Fund, the Virginia Disaster Recovery Fund, and the Virginia Disaster Response Fund.

The key findings of this report outline that the Virginia Disaster Response Fund, the Virginia Disaster Recovery Fund, and the Virginia Disaster Relief Fund are distinct programs - with defined purposes - administered by the Virginia Department of Emergency Management. Each program area is managed independently within the department, but works in tandem to carry out the mission of the agency. Any monies received, appropriated, or allocated to one fund are not comingled or intermingled with another fund.

The Virginia Department of Emergency Management is recommending that all Virginia agencies begin referring to the Virginia Disaster Recovery Fund as the Virginia Recovery and Mitigation Fund. Consistent and agreed upon terminology is critical in being able to carry out the mission of emergency management in the Commonwealth. The Virginia Department of Emergency Management recommends the continued use of the term Virginia Disaster Response Fund, as outlined by Virginia Code.

Further, the Virginia Department of Emergency Management recommends the codification of the Virginia Disaster Relief Fund. Since 2011, the Virginia Disaster Relief Fund has received approximately \$1.6 million in private donations to assist disaster households recover. The Virginia Disaster Relief Fund has awarded more than \$2 million in grants to assist more than 350 disaster households in 20 different Virginia localities recover. This program is extremely successful in assisting during times of disaster recovery but is not a permanent program. Enacting legislation would solidify the Virginia Disaster Relief Fund as part of the Commonwealth's disaster relief tools, serving as a fund of last resort if other local, state, federal, and private aid is not available to assist disaster survivors. Legislation would also protect the Virginia Disaster Relief Fund as a non-reverting fund and would guarantee that the intentions of individual donors are adhered to.

## Overview

### Virginia Disaster Response Fund

The Virginia Disaster Response Fund operates pursuant to Va. Code Ann. §44-146.18:1 for the following purposes:

1. For costs and expenses, including, but not limited to personnel, administrative, and equipment costs and expenses directly incurred by the Department of Emergency Management or by any other state agency or political subdivision or other entity, acting at the direction of the [State] Coordinator of Emergency Management, in and for preventing or alleviating damage, loss, hardship, or suffering caused by emergencies, resource shortages, or disasters; and
2. For procurement, maintenance, and replenishment of materials, equipment, and supplies, in such quantities and at such location as the [State] Coordinator of Emergency Management may deem necessary to protect the public peace, health, and safety and to preserve the lives and property and economic well-being of the people of the Commonwealth; and
3. For costs and expenses incurred by the Department of Emergency Management or by any other state agency or political subdivision or other entity, acting at the direction of the [State] Coordinator of Emergency Management, in the recovery from the effects of a disaster or in the restoration of public property or facilities.

Additionally, pursuant to Va. Code Ann. § 44-146.37 disbursements from the Virginia Disaster Response Fund can be made for the following purpose:

1. Disbursements for costs and expenses, including, but not limited to equipment, material, hazardous materials emergency response operations and immediate accident or incident site cleanup costs and expenses in preventing or alleviating damage, loss, hardship, or suffering caused by accidents or incident, involving hazardous materials, shall be made from the Virginia Disaster Response Fund in accordance with the provisions of § 44-146.18:1.

The State Coordinator of Emergency Management is authorized to seek reimbursement from any person causing or contributing to an emergency or disaster for all sums disbursed from the fund for the protection, relief, and recovery from loss or damage caused by such person.

The State Coordinator of Emergency Management is authorized to utilize the Virginia Emergency Response Fund for costs incurred for the above listed purposes up to the point in which the Governor declares a State of Emergency, pursuant to Va. Code. Ann § 44-146.16. When the Governor declares a State of Emergency, the costs incurred for the purposes outlined in Va. Code Ann. §§ 44-146.18:1 and 44-146.37 are expended from all funds in the state treasury not constitutionally restricted, a sum sufficient, as outlined by Va. Code Ann. § 44.146.28.

### Virginia Disaster Recovery Fund

The Federal Emergency Management Agency (FEMA) administers the Public Assistance Grant Program, the mission of which is to provide assistance to state, tribal, and local governments and

certain types of private nonprofit organizations to assist communities in responding and recovering from major disasters or emergencies declared by the President. Through the Public Assistance Grant Program, FEMA provides disaster grant assistance for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain private nonprofit organizations. The federal share of assistance is not less than 75 percent of the eligible cost for emergency measures and permanent restoration. The Commonwealth and eligible applicants are responsible for the 25 percent non-federal share based on an economic stress factor framework that is updated at a minimum of every two years.

Additionally, FEMA administers the Hazard Mitigation Grant Program, which provides grants to state and local governments to implement long-term hazard mitigation measures after a major disaster declaration. The purpose of the Hazard Mitigation Grant Program is to reduce the loss of life and property because of natural disasters and to enable mitigation measures to be implemented during the immediate recovery phase following a disaster. The Hazard Mitigation Grant Program is authorized under Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. FEMA can fund up to 75 percent of the eligible costs of each project. The state or grantee must provide a 25 percent match, which can be fashioned from a combination of cash and in-kind sources.

The FEMA Public Assistance and Hazard Mitigation Grant Programs are coordinated through the Recovery and Mitigation Division of the Virginia Department of Emergency Management. As the coordinator of the FEMA Public Assistance and Hazard Mitigation Grant Programs, the Virginia Department of Emergency Management is responsible for estimating the state's financial responsibility to meet the programs' 25 percent match.

The Virginia Disaster Recovery Fund is a name used internally by the Department of Accounts and the Department of Planning and Budget. The Virginia Department of Emergency Management refers to the same fund as Sum Sufficient Fund 0246.

### **Virginia Disaster Relief Fund**

In 1995, western portions of Virginia experienced excessive rainfall resulting in flash flooding, causing substantial damage. At that time, the Virginia Department of Emergency Management received a significant donation to help impacted individuals recover.

Following a series of 34 tornadoes that struck Virginia in 2011, the Virginia Disaster Relief Fund was formalized to serve as a tool of last resort to aid disaster survivors in their housing recovery. The Virginia Disaster Relief Fund operates as a program under the direction of the State Coordinator of Emergency Management, pursuant to Va. Code Ann. §§ 44-146.18(B)4, 5, 6, 14, 15, § 44-146.18(C)5, § 44-146.18(E), and § 44.146-27(C).

The intent of the Virginia Disaster Relief Fund is to be a resource to help Virginians with their housing recovery in collaboration with members of the Virginia Voluntary Organizations Active in Disaster, and other non-profit and faith-based organizations. The Virginia Disaster Relief Fund is a program administered by policy approved by the State Coordinator of Emergency

Management. The State Coordinator is the final approval authority for fund disbursement, with recommendations made by an advisory committee consisting of two staff members from VDEM, a representative from the Virginia Department of Housing and Community Development, a representative from the Virginia Department of Social Services, and a representative from the Virginia Voluntary Organizations Active in Disaster.

Since 2011, the Virginia Disaster Relief Fund has awarded over \$2 million in financial support by means of grants to voluntary non-profit and faith-based organizations to assist more than 350 disaster households in 20 Virginia localities.

## **Methods of Funding**

### **Virginia Disaster Response Fund**

Pursuant to Va. Code Ann. §§ 44-146.18:1(3) and 44-146.37(C), the State Coordinator shall promptly seek reimbursement from any person causing or contributing to an emergency or disaster for all sums disbursed from the fund for the protection, relief, and recovery from loss or damage caused by such person and for preventing or alleviating damage, loss, hardship, or suffering caused by accidents or incidents involving hazardous materials. These recovered funds, received from billings, are directed back into the Virginia Disaster Response Fund.

### **Virginia Disaster Recovery Fund**

The Virginia Disaster Recovery Fund is supported by state Sum Sufficient funds, which are funds of the state treasury not constitutionally restricted. The Department of Planning and Budget is responsible for identifying alternative funding sources to ensure the availability of adequate funds in the Sum Sufficient Account. As is stated in Va. Code Ann. § 44-146.28, the Governor is authorized to expend such funds in the case of a declaration of a state of emergency, as defined in Va. Code Ann. § 44-146.16, as well as to eligible applicants located in an area declared to be in a state of emergency, but not declared to be a major disaster for which federal assistance might be forthcoming.

Based on Joint Preliminary Damage Assessment findings developed by FEMA in coordination with the Commonwealth and its political subdivisions, estimated costs, as well as cost-share requirements are generated with regard to Public Assistance and Hazard Mitigation programs and associated projects. A Decision Brief is prepared requesting a specific dollar amount of state Sum Sufficient Funds for disaster-related activities and forwarded to the Secretary of Public Safety and Homeland Security, the Secretary of Finance, and the Governor. The Decision Brief may be approved, approved with modifications, or denied. If approved, Sum Sufficient Funds are appropriated and made available to support disaster-related activities and programs described in the Decision Brief for state and federally declared events.

During a non-federally declared event, the Sum Sufficient Fund 0246 is used to support approved costs associated with response efforts required for preventing or alleviating damage, loss, hardship, or suffering caused by emergencies, resource shortages, or disasters.



## **Virginia Disaster Relief Fund**

The state made a one-time allocation of \$600,000 from the Sum Sufficient Fund to support the Virginia Disaster Relief Fund. All additional funds deposited into the Virginia Disaster Relief Fund have been comprised of private donations made by individuals, companies, nonprofit organizations, and faith-based groups.

The Virginia Department of Emergency Management, with the Department of Planning and Budget, have developed a procedure requiring that all private donations be exhausted prior to any state funds being expended.

### **Coordination between Funds**

The Virginia Department of Emergency Management has the authority to expend funds from the Virginia Disaster Response Fund and the Virginia Disaster Relief Fund. These two funds support programs with defined purposes and scopes and are distinct and independent of one another.

Once funds are authorized and appropriated to Sum Sufficient Fund 0246, the Virginia Department of Emergency Management has authority to expend monies to support state costs and/or cost share. The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Disaster Assistance Programs of Public Assistance, Hazard Mitigation and the Other Needs Assistance component of the Individual and Households Program require a state cost share, which is supported and drawn from Sum Sufficient Fund 0246. The authority associated with the appropriation of these funds rests with the Department of Planning and Budget. The federal cost-share component is drawn down from a system referred to as Smartlink. These funds are directed to Sum Sufficient Fund 0246, at which time the authority to appropriate rests with the Department of Planning and Budget.

### **Conclusion**

The Virginia Disaster Response Fund, the Virginia Disaster Recovery Fund, and the Virginia Disaster Relief Fund are distinct programs - with defined purposes - administered by the Virginia Department of Emergency Management. Each program area is managed independently within the department but work in tandem to carry out the mission of the agency. Any monies received, appropriated, or allocated to one fund is not comingled or intermingled with another fund.

The Virginia Department of Emergency Management does not believe formal action by the General Assembly needs to be taken with regard to the Virginia Disaster Recovery Fund, also known as Sum Sufficient Fund 0246; however, it is recommended that all Virginia agencies begin referring to this fund as the Virginia Recovery and Mitigation Fund. Consistent and agreed upon terminology is critical in being able to carry out the mission of emergency management in the Commonwealth. Additionally, the Virginia Department of Emergency Management recommends the continued use of the term Virginia Disaster Response Fund, as outlined by Virginia Code.

Further, the Virginia Department of Emergency Management recommends the codification of the Virginia Disaster Relief Fund. The intent of the Virginia Disaster Relief Fund is to provide grants to members of the Virginia Voluntary Organizations Active in Disaster and other non-profit and faith-based organizations to assist uninsured/under-insured individual households recover after a disaster. The ability of these voluntary organizations to bridge the gap when there are unmet needs is invaluable because the most common and precious resource these groups provide is free labor. Within their own organizations, there are often limited financial resources that can be provided by either the national organization or raised at the state/local level. The purpose of the Virginia Disaster Relief Fund is to award financial grants to these organizations to accomplish repair and rebuild projects. Virginia Disaster Relief Fund grants are awarded to 501(c) 3 organizations to assist a disaster household recover and are not given directly to individual households.

The Virginia Department of Emergency Management accepts and reviews all grant applications for accuracy and completeness. The State Coordinator for Emergency Management is the final approval authority for fund disbursement. Recommendations to the State Coordinator are made by an advisory committee consisting of two staff members from VDEM; a representative from the Virginia Department of Housing and Community Development; a representative from the Virginia Department of Social Services; and a representative from the Virginia Voluntary Organizations Active in Disaster.

Since 2011, the Virginia Disaster Relief Fund has received approximately \$1.6 million in private donations to assist disaster households recover. The Virginia Disaster Relief Fund has awarded more than \$2 million in grants to assist more than 350 disaster households in 20 different Virginia localities recover. This program is extremely successful in assisting during times of disaster recovery but is not a permanent program. Enacting legislation would solidify the Virginia Disaster Relief Fund as part of the Commonwealth's disaster relief tools, serving as a fund of last resort if other local, state, federal, and private aid is not available to assist disaster survivors. Legislation would also protect the Virginia Disaster Relief Fund as a non-reverting fund and would guarantee that the intentions of individual donors are adhered to.