



Strategy Brief

The **FINANCE PROJECT**

Managing in Emergencies

Making Use of New Funds and Funding Flexibility for Human Services

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Introduction

Hurricane Katrina dramatically brought to light the vulnerability of some individuals and families to the devastating effects of major disasters and the critical need for human service systems to be able to respond to their needs. In the aftermath of a disaster such as Katrina, public agencies, community institutions, and social service providers are likely to be confronted with many compelling needs as well as service delivery challenges.

- First responders and human service organizations may need to provide special support and services to vulnerable populations and those with special needs, such as the poor, the frail elderly, nursing home residents, and individuals with disabilities.
- Individuals affected by disasters may bring multiple short- and long-term needs to the communities that receive them, including needs for food, clothing, and shelter; medical services; financial assistance; mental health services; and employment assistance.
- Human service organizations may need to enhance their staff capacity, expand their service delivery capacity, and provide resource and referral services to other agencies and community providers.
- Federal, state, and local officials will need to develop effective ways of sharing information about available disaster relief and assistance with both affected individuals and with organizations at the front lines of service delivery.
- Communities hit hard by disasters may lose their social service infrastructure and may have to rebuild this infrastructure alongside other redevelopment efforts.

Identifying and allocating resources and funds to address the diverse needs and challenges created by a disaster are critical to effective relief efforts. In the aftermath of Katrina, businesses, private citizens, the federal

government, and states and communities are responding in different ways to make funds and assistance that are desperately needed available. This brief, drawing on responses to Katrina and other disasters such as 9/11, explores strategies that policymakers and program leaders can use to increase the availability of funds and provide greater flexibility in the use of funds to meet human service-related needs in emergency situations. Some of these strategies have already been implemented, while others reflect proposals. The brief also identifies important strategy-related issues for policymakers and program leaders to consider.

Increasing the Availability of Funds and Creating Greater Flexibility in Existing or New Funding Sources

In times of major disasters and emergencies, public and private responses that increase the availability of funds and provide for greater flexibility in their use can facilitate the provision of needed human services and afford affected individuals timely access to services. Increased funding and flexibility gives state and local officials, as well as individuals, access to new resources and the ability to make better use of existing resources to address disaster-related needs. Strategies include increasing the availability of public funds, increasing opportunities to use public funds more flexibly, creating mechanisms for administering and distributing private funds, and using tax policy to benefit disaster victims.

Increasing the Availability of Public Funds

Following a major disaster, public funds are essential to support the relief and recovery efforts of federal, state, local, and community agencies. Public funds to meet the needs of affected families and communities may become available through programs that provide assistance in disaster situations and programs that provide human services.

Activating the Use of Disaster Relief Assistance and Disaster-Specific Funds.

Several federal agencies provide assistance to affected individuals, to state and local governments, and to nongovernmental organizations, including businesses, following a disaster. Disaster relief and recovery programs address both short-term needs, such as food and shelter, and long-term needs, such as the repair of public utilities. Federal assistance may help support direct services to individuals, such as counseling or health care, or provide loans and loan guarantees to renters, homeowners, small businesses, and local governments.¹

Assistance becomes available once the president issues a major disaster declaration in accordance with provisions of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, similar to the one issued after Hurricane Katrina hit. The Stafford Act establishes a process for requesting and obtaining a presidential disaster declaration, defines the type and scope of assistance available from the federal government, and sets the conditions for obtaining that assistance. Once a disaster declaration is issued, the Federal

Designating a Special Status for Those Affected by Katrina

Many victims of Hurricane Katrina were forced to flee their homes, leaving behind key personal records. President George W. Bush granted special evacuee status to individuals affected by Katrina, giving states the flexibility to enroll needy evacuees in public benefit programs without requiring documents such as tax returns or proof of residency. This special evacuee status applies to several programs, including Medicaid, child care assistance, foster care assistance, mental health services, substance abuse treatment services, and Temporary Assistance for Needy Families (TANF).

¹ Mary Jordan, *Federal Disaster Recovery Programs: Brief Summaries* (Washington, D.C.: Congressional Research Service, updated August 29, 2005), <http://www.fas.org/sgp/crs/homsec/RL31734.pdf>.

Emergency Management Agency (FEMA) is authorized to engage the services of multiple federal departments and agencies. In addition to federal agencies, FEMA's partners include state and local emergency management agencies and the American Red Cross.

FEMA is responsible for coordinating federal disaster response efforts. The federal agency provides assistance through various programs funded through its Disaster Relief Fund. Assistance is made available when disaster costs exceed state and local governments' capabilities to respond. The extent of assistance depends on a determination of need found during damage assessment and any subsequent findings.

The FEMA-administered Individual and Household Grants program is the primary mechanism for providing assistance to individuals. The program makes grants to localities to assist disaster victims whose needs cannot be met through other means or forms of assistance. Grants of up to \$26,200 per household are available. Funds can be used for a wide range of assistance, including counseling, temporary housing, rental assistance, unemployment assistance, and medical services. States are required to provide a 25-percent match. The Public Assistance Grants program is the agency's primary assistance program for state and local governments. Grants may be used to repair or replace damaged publicly owned facilities and those of certain nonprofit organizations. Other FEMA programs include disaster legal services for individuals, grants to states for the provision of crisis counseling, and community disaster loans to local governments.

Federal agencies such as the Departments of Labor and Health and Human Services also administer programs intended to assist in emergency situations, including these.

- **Emergency Mental Health Grants**—these emergency response grants are provided to state and local jurisdictions when local mental health and substance abuse resources are overwhelmed. For example, grants were awarded to Alabama, Louisiana, Mississippi,

and Texas for mental health assessment and crisis counseling after Hurricane Katrina.

- **Disaster Unemployment Insurance**—this program provides financial assistance to individuals whose employment or self-employment has been lost or interrupted as a direct result of a major disaster and who are not eligible for regular unemployment insurance benefits.
- **National Emergency Grants**—these grants provide supplemental dislocated worker funds to respond to the needs of dislocated workers and communities affected by major economic dislocations and other work dislocation events.

Increasing the Availability of Funding for General Human Service Programs. Along with disaster-related programs, human service programs such as TANF and Medicaid may provide essential relief to those who have lost their means of support due to a disaster.² Access or, for those already receiving public assistance, continued access to such programs is critical in emergency situations. Given the increased need and existing fiscal stress on assistance programs, however, it is likely states and localities will need additional funds or greater access to existing human service dollars to provide benefits and services to those affected by a disaster in addition to their existing caseloads.

Responses to Katrina suggest several ways that policymakers can increase the availability of funds for existing human service programs in emergency situations.

- **Increase allocations of funds.** Policymakers can provide additional funds to affected areas or programs. The *TANF Emergency Response and Recovery Act* (Public Law 109-68), for example, provides states affected by Katrina with additional TANF funds in the form of loans, while waiving any penalty for nonrepayment. Alabama, Louisiana, and Mississippi each qualify for amounts up to 20 percent of their basic block grant.³ Head Start and Early Head Start programs will receive \$15

² Jordan.

million in funding to assist in providing services to children and families displaced by Katrina. The U.S. Department of Labor (DOL) has committed \$15 million to fund approximately 150 highly skilled reintegration counselors connected to the one-stop system in 12 states for up to six months. Counselors will assist individuals displaced due to Hurricanes Katrina and Rita. DOL also provided funds to Alabama, Louisiana, Mississippi, and Texas to expand their capacity to process unemployment insurance claims and expedite payments to those left unemployed as a result of Katrina.

- **Provide greater access to existing funds.** The *TANF Emergency Response and Recovery Act* contains several provisions

giving states greater access to existing funds, such as expediting the payment of state grants, providing all states with access to the TANF contingency fund for payments of nonrecurrent short-term cash benefits provided to Katrina victims, and allowing states to use unspent prior-year TANF funds to provide any allowable TANF benefit to needy families affected by Katrina.⁴

- **Increase the federal match or reimbursement of program costs.** The proposed Emergency Health Care Relief Act of 2005 (S. 1716) would raise the match for Medicaid and State Children's Health Insurance Program (SCHIP) costs in certain disaster areas. Through December 31, 2006, program

Medicaid Waivers Allow States to Provide Coverage, Create Uncompensated Care Pools, and License Providers to Work in Other States

Responses to health care needs created by Katrina illustrate strategies to expand service capacity through waivers. Alabama, Florida, Mississippi, and Texas have secured waivers under Section 1115 of the *Social Security Act* that allow these states to cover temporarily through their Medicaid programs Katrina evacuees from Alabama, Louisiana, or Mississippi.¹ This Medicaid waiver policy allows states serving Katrina survivors to use simplified eligibility criteria or to use the Medicaid eligibility criteria for each survivor's home state to determine applicant eligibility.²

Eight states applied for and received a Medicaid waiver from the U.S. Department of Health and Human Services to create uncompensated care pools to help compensate health care providers and facilities providing assistance to evacuees who do not qualify for Medicaid or SCHIP but lack other health insurance. The waiver allows the use of federal funds to reimburse providers that incur uncompensated care costs for medically necessary services and supplies during a five-month period, from August 2005 through January 31, 2006. Alabama, Arkansas, Georgia, Idaho, Florida, Mississippi, Texas, and the District of Columbia have an approved waiver.

A Section 1135 Medicaid waiver allows health care professionals who have not been barred from practice in any state in the emergency area and who hold licenses in other states to provide services. Furthermore, a volunteer health care workers disaster response hotline and website, established by the Office of the Surgeon General, credentialed health care professionals as temporary federal employees who are available to provide assistance if needed.³

¹ Edwin Park, *Failing to Deliver: Administration's Medicaid Waiver Policy Excludes Many Katrina Survivors and Provides No Guarantee of Full Federal Financing* (Washington, D.C.: Center on Budget and Policy Priorities, September 29, 2005), 2, <http://www.cbpp.org/9-29-05health.pdf>.

² Park, 5.

³ Visit <https://volunteer.ccrf.hhs.gov/>.

³ Mark Greenberg, *New TANF Law Provides Additional Funds for Katrina Relief: Key Improvements Still Needed* (Washington, D.C.: Center for Law and Social Policy, revised September 24, 2005), 2, http://www.clasp.org/publications/tanf_emergency_law_provides_access.pdf.

⁴ Greenberg.

funds spent by Louisiana, Mississippi, and counties in Alabama under a disaster declaration would be eligible for a 100-percent federal match. Current matching rates for those jurisdictions are 70.83 percent, 77.08 percent, and 70.83 percent, respectively, for Medicaid, and 79.73 percent, 83.96 percent, and 79.58 percent, respectively, for SCHIP.⁵

More information on policies and proposals to increase the availability of funds for human services is contained in the appendix, Federal Funding Responses to Hurricane Katrina.

Increasing Opportunities to Use Public Funds More Flexibly

Human service programs can provide critical relief to those affected by disasters, but these programs are often categorical and restricted in whom and what they can support. By taking steps to allow states, localities, or individuals to use human service funds more flexibly, policymakers can help benefits and services reach those in need because of emergencies. Strategies include waiving federal requirements, allowing increased transfers of funds across programs, and giving individuals flexibility in the use of assistance funds.

Waiving Federal Requirements. The waiver of certain legislative or regulatory provisions can give state and local agencies more flexibility to serve those affected by disasters. Federal policymakers can grant waivers on a state-by-state basis upon request by individual states.

In requesting or approving state waivers, policymakers and program leaders will want to take into account these concerns.

- **The extent of waiver authority.** To apply for federal waivers, state program officials need to understand the provisions that can potentially be waived and how such waivers could enable them to better serve those in need. To facilitate this understanding, the Employment and Training Administration of the

U.S. Department of Labor issued guidance to state workforce administrators on provisions of the *Workforce Investment Act* (WIA) that have previously been waived as well as other WIA provisions that are within statutory waiver authority (visit <http://www.doleta.gov/Katrina/docs/tegl%205-05.swf> for more information).

- **The process of requesting waivers.** Although waivers can provide flexibility, the process of requesting them can be time-consuming. States must each apply for, negotiate, and receive federal approval for waiver requests.
- **Administrative impacts.** Waivers may increase burdens on program officials as a result of new or different program requirements and increased caseloads. The waivers in Medicaid, for example, could create additional burdens on caseworkers by requiring them to use multiple eligibility criteria for Katrina survivors.
- **Impacts on program capacity and quality.** Waivers can allow programs to serve more individuals but may also affect how well programs serve those in need when provisions that have to do with performance, quality, and capacity are waived.

Allowing Increased Transfers of Funds Across Programs. The ability to allocate or transfer certain amounts of funds within or across human services programs can enable program officials to direct funds where they are needed most. Some programs already incorporate such flexibility. For example, state and local officials have the discretion to use funds under broad programs such as the Social Services Block Grant (SSBG) and the Community Development Block Grant (CDBG) to meet disaster-related needs.⁶ In times of emergency, allowing or increasing transfer authority can help program leaders better respond to the needs of affected individuals and families. The *TANF Emergency Response and Recovery*

⁵ Center for Children and Families, Georgetown University Health Policy Institute, *Medicaid and State Children's Health Insurance Program Federal Match Rates (FMAP), FY 2005* (Washington, D.C.: Georgetown University Health Policy Institute, Center for Children and Families), <http://ccf.georgetown.edu/pdfs/2005fmaprates.pdf>.

⁶ Visit <https://volunteer.ccrf.hhs.gov/>.

Act, for example, contains a provision regarding the transfer of TANF funds to SSBG. Under current law, states may transfer only 4.25 percent of TANF funds to SSBG, though fiscal 2005 appropriations language modified this provision to allow states to transfer up to 10 percent to SSBG. The *TANF Emergency Response and Recovery Act* allows states to continue to transfer up to 10 percent of TANF funds to SSBG during the first quarter of 2006.⁷

The Hurricane Regulatory Relief Act (H.R. 3975) proposes to grant states and communities impacted by Hurricanes Katrina and Rita the ability to seek federal waivers so they may transfer certain WIA funds and federal funds for employment services. The new flexibility is intended to give states and local areas the ability to direct WIA Disadvantaged Adults, Youth, Dislocated Workers, and Wagner-Peyser Act resources where they are needed most.

Giving Affected Individuals Flexibility in the Use of Funds. Greater flexibility in the use of funds can be given not only to state and local agencies, but also to individuals directly through, for example, vouchers, personal accounts, debit cards, and other mechanisms. Although FEMA's short-lived experience distributing unrestricted funds to Katrina victims through debit cards suggests there are challenges in using such approaches, not the least of which is ensuring that funds are used for designated purposes, policymakers continue to explore the use of flexible funds for individuals.

The Worker Recovery Act (H.R. 3976) proposes to create worker recovery accounts (WRAs) that would provide up to \$5,000 to help workers displaced and unemployed as a result of Hurricanes Katrina or Rita. A WRA recipient could purchase employment services, job training, or supportive services such as transportation and child care. The one-stop career center system would administer these accounts. This type of

initiative aims to provide individuals with flexibility and choice, but recipients may need guidance and support to make effective use of personal funds.

Vouchers and cash payments have been used to provide housing assistance to hurricane victims. Vouchers providing rental assistance for up to 18 months were made available by the Departments of Housing and Urban Development and Homeland Security through the Katrina Disaster Housing Assistance Program (KDHAP) for residents of public housing and the previously homeless. The program began operation on October 5, 2005. After registering with FEMA, the vouchers can be used to obtain public housing in any community of the participant's choice.⁸ Cash assistance was provided for displaced renters and homeowners. Those eligible for FEMA's Individuals and Households (IHP) assistance program received a lump sum amount of \$2,358 to pay for three months of rental assistance. However, many public officials and displaced families voiced concern that FEMA did not act quickly enough to assist displaced families in the transition from temporary shelters to more permanent housing and that the amount of assistance available is insufficient to cover housing-related expenses. Numerous families receiving the three-month cash payment do not have the funds to sustain housing once their cash payment is expended. Under this program, additional aid is available for up to 18 months. However, FEMA has yet to clarify the criteria it will use to approve extensions of assistance.⁹

Considerations

Increasing the availability and flexibility of public funds for disaster relief and recovery raises several important considerations for policymakers and program leaders, including the following.

- To effectively support human services in emergency situations, federal agencies need to provide clear and timely guidance to state

⁷ Congressional Budget Office, *H.R. 3672: TANF Emergency Response and Recovery Act of 2005 Cost Estimate* (Washington, D.C., September 26, 2005), 3, <http://www.cbo.gov/ftpdocs/66xx/doc6660/hr3672.pdf>.

⁸ See <http://www.hud.gov/news/hurricane/katrinaresponse.pdf>.

⁹ Barbara Sard and Douglas Rice, *Changes Needed in Katrina Housing Plan to Meet Families' Needs* (Washington, D.C.: Center on Budget and Policy Priorities, October 13, 2005), <http://www.cbpp.org/10-13-05hou.htm>.

and local program officials on how and when funds for disaster relief become available as well as on when new provisions—such as evacuee status—take effect.

- Disaster victims may require multiple human services for many months following a major disaster. Policymakers should consider how to structure disaster relief to support the costs of the longer-term as well as short-term assistance that will be needed.
- Program leaders need to consider how serving disaster victims, even if accompanied by additional funding or flexibility, will affect a program's capacity to serve its existing caseload.
- Community-based organizations (CBOs) and faith-based organizations (FBOs) are often at the front lines of helping those affected by major disasters but may have difficulty accessing funds for disaster relief. Funding agencies need to develop mechanisms such as networks and partnerships to reach CBOs and FBOs with information and guidance on accessing resources for this purpose.

Creating Mechanisms for Administering and Distributing Private Funds

Charitable giving in the wake of major disasters—9/11, the Indian Ocean Tsunami, and Hurricane Katrina—has generated billions of dollars for affected individuals, families, and communities and brought about new procedures and mechanisms for administering these funds. 9/11, in particular, provided ideas and lessons for administering private donations (e.g., the creation of special funds to administer public and private dollars).

In response to Hurricane Katrina, a variety of funds with different sponsors, purposes, and funding mechanisms have been established. The Bush-Clinton Katrina Fund and other disaster relief funds created by organizations such as the National Head Start Association and the National Association of Social Workers are collecting funds and administering relief to individuals, families, and social service entities affected by the hurricane.¹⁰

Other organizations are providing funds for long-term rebuilding and redevelopment. The Ford Foundation, for example, has pledged \$10 million to support long-term rebuilding in the Gulf Coast region. Grants will focus mainly on efforts to create affordable housing, provide job training, improve access to employment, foster small business

Charitable Giving: Responses to 9/11

In response to the terrorist attacks of September 11, 2001, both the federal government and the private sector created victim relief funds. The New York Community Trust and United Way of New York City, for example, created the September 11th Fund on the day of the attacks. It collected \$534 million from more than two million donors. A second fund was created on September 21 from the proceeds of a national telethon. The September 11th Fund made grants to nonprofit organizations and agencies that provided cash assistance, legal counseling, grief therapy, job training and placement, and other services for victims, families, and others directly affected by the attacks. It also made grants to assist nonprofit organizations and small businesses as they helped communities rebuild. Telethon funds were used exclusively for cash assistance and services for victims and families. Organizers dissolved the September 11th Fund as of December 2004.

The resources of another fund, the New York Times 9/11 Neediest Fund, were used to create a trauma treatment center. A consortium of four existing New York City hospital-based trauma centers administered the fund.

¹⁰ For more information on the Bush-Clinton Katrina Fund, visit <http://www.bushclintonkatrinafund.org/>.

The Community Recovery Fund: An Innovative Effort to Support Long-Term Community Economic Development

In response to Hurricane Katrina, the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation have joined forces to create the Community Recovery Fund, which will help finance the long-term redevelopment of impacted Gulf Region communities and provide affordable housing to returning hurricane victims. The fund will generate low-interest loans and equity investments to support this development. Funds will be used to build new homes, stimulate economic development, and support the restoration of community infrastructure needed throughout affected communities. An equity fund earmarked for hurricane redevelopment, supported by LISC's National Equity Fund and the Enterprise Social Investment Corporation, will raise investment dollars. The fund will also foster local capacity-building in the region through the provision of technical assistance and expertise, and it hopes to provide financial support to local partners involved in community, economic, and housing development.

The initiative includes the use of federal tax credits for investment in low-income housing through the Low-Income Housing Tax Credit (LIHTC) program. The fund's sponsors are encouraging the federal government to provide the affected states with an additional allocation of LIHTCs to help with the rebuilding effort. The Internal Revenue Service has already lifted income restrictions on LIHTC housing developments for people displaced by Katrina.¹

¹ Local Initiatives Support Corporation, http://www.lisc.org/whatwedo/new_initiatives/crf.shtml (October 20, 2005).

development, revive higher education, and address environmental issues in the region. The Lilly Endowment made a \$10-million contribution to the United Way of America's Hurricane Response and Recovery Fund. In addition to supporting services for hurricane victims, funds will be used to rebuild the capacity and infrastructure of social service agencies.

To support rebuilding efforts, public and private leaders should look to investment mechanisms that can generate funds to help finance longer-term efforts. For example, the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation have created a new fund to work with national and community partners in support of long-term community development in areas impacted by Katrina.

Considerations

Charitable and other private funding responses to 9/11 and Katrina offer several lessons for the future. Among the lessons learned from 9/11 relief efforts was the need for greater collaboration among charities, improved communication to the public about charitable relief efforts, and better mechanisms to reach small community-based organizations.¹¹ Current Katrina relief efforts underscore the continuing importance of charitable giving to disaster relief but also suggest that private funders can take advantage of their funding flexibility, longer-term perspective, and convening capacity to address critical gaps in disaster relief and recovery.¹²

¹¹ Tom Seessel, *Responding to the 9/11 Terrorist Attacks: Lessons from Relief and Recovery in New York City* (New York, N.Y.: Ford Foundation, 2003), http://www.fordfound.org/publications/recent_articles/docs/philanthropic_response.doc.

¹² Association of Baltimore Area Grantmakers, *ABAG's Disaster Relief Update*, http://www.abagmd.org/info-url3989/info-url_show.htm?doc_id=295350 (November 22, 2005).

Using Tax Policy to Benefit Disaster Victims

Policymakers can also use the tax system to provide disaster relief and recovery assistance. The *Katrina Emergency Tax Relief Act of 2005* (KETRA) contains provisions that aim to provide tax relief to individuals and businesses affected by the hurricane. For example, the law provides that qualified individuals—taxpayers whose main residences were in the Hurricane Katrina disaster area—will be eligible to elect to use their 2004 (rather than 2005) earned income to calculate their 2005 Earned Income Tax Credit and Child Tax Credit. This provision aims to help lower-income working families whose employment and earnings may have been disrupted by the hurricane.

KETRA also creates incentives for charitable giving in response to Katrina. For example, the legislation allows for the temporary suspension of tax limitations on charitable contributions for Hurricane Katrina relief efforts. These provisions could help generate additional funds for services to families affected by Katrina.

In addition, KETRA aims to provide incentives for the employment of individuals affected by the disaster. The legislation extends the Work Opportunity Tax Credit to encourage employers to hire disadvantaged individuals who lived in the disaster area prior to the hurricane. KETRA also creates a new tax credit, the Employee Retention Credit, to encourage small employers in the core disaster area to keep employees on their payrolls.

Considerations

Although the *Katrina Emergency Tax Relief Act* illustrates the role that tax policy can play in disaster relief, the use of tax policy raises several considerations.

- **The timeliness of assistance**—benefits such as tax credits may not be available until some time after a disaster has occurred.
- **The targeting of assistance**—tax breaks may benefit families and businesses with higher taxable incomes and tax liabilities more than those at lower income levels.

- **The effectiveness of incentives**—because taxes are not the only factor influencing economic decisions, tax incentives such as those for employment and charitable giving may not necessarily produce the anticipated outcomes.

Conclusion

Major disasters and emergency situations give rise to short- and long-term human service needs in impacted communities and in communities that receive affected individuals and families. Policymakers and program officials face the critical challenges of finding and allocating adequate funds to meet these needs. Public and private responses to Hurricane Katrina and other disasters indicate ways that new funds and funding flexibility to provide human services in emergency situations can be made available. Specific strategies include:

- Activating the use of disaster relief assistance and disaster-specific funds;
- Increasing the availability of funding for general human service programs;
- Waiving federal requirements;
- Allowing increased transfers of funds across programs;
- Giving affected individuals flexibility in the use of funds;
- Creating mechanisms for administering and distributing private funds; and
- Using tax policy to benefit disaster victims.

In evaluating options to provide new funds and funding flexibility, critical issues for decisionmakers to consider are:

- The overall adequacy of public and private funds to address multiple human services needs;
- The types of services that will be funded and who will be targeted to receive them;

- Impacts on existing recipients of human services as well as on disaster victims;
- The availability of funds to meet not only short-term needs, but also long-term human service needs following a disaster;
- The accessibility of funds to social service providers and community-based organizations; and
- The availability of funds to support capacity-building and redevelopment of the infrastructure for social services.

Disaster-response strategies to provide more funding or funding flexibility should also be examined for their potential to improve the provision of human services in nonemergency situations. An important challenge for human service policymakers and program leaders will be to assess and apply these approaches to the funding and provision of human services for low-income families and communities generally.

Appendix

Federal Funding Responses to Hurricane Katrina

As part of the federal effort to address the needs of Hurricane Katrina victims, human service agencies increased flexibility in several existing programs and made new funding available to expedite disaster relief responses. In addition, lawmakers have proposed several bills to provide and fund disaster assistance. The following descriptions highlight key federal legislation and guidelines as well as proposals to address the needs of evacuees, reflecting the evolving response to Katrina.¹³

General Emergency Initiatives. Federal disaster aid is initiated by presidential declaration, upon request by the governor of a disaster area. Funds are allocated to the Federal Emergency

Management Agency (FEMA) and are generally disbursed through state emergency management agencies. In response to Hurricane Katrina, President George W. Bush declared special evacuee status for hurricane victims. The status applies to the full range of federal benefits administered by states. Among the programs included are Medicaid, child care, mental health services and substance abuse treatment, food stamps, housing, foster care, school lunch, unemployment compensation, job training, Temporary Assistance for Needy Families (TANF), and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The president also directed the federal government to provide financial assistance and streamline aid to evacuees. The first directive enabled FEMA to work with the American Red Cross and other agencies to distribute \$2,000 in emergency payments to families affected by the hurricane. FEMA was also given the authority to assist hurricane victims in registering for other federal assistance.

Two emergency appropriations bills, which together provide an additional \$62.3 billion for emergency response and recovery needs, have been signed into law. These are Public Law 109-61, *Emergency Supplemental Appropriations for Hurricane Katrina Relief*, and Public Law 109-62, the *Flexibility for Displaced Workers Act*. Of the combined amount, \$60 billion is for the ongoing efforts of FEMA to provide emergency food, shelter, and medical care to areas stricken by the hurricane. P.L. 109-61 makes funds available to states, localities, and certain nonprofit organizations to provide care, restore impacted facilities, clear debris, and assist individuals and families with uninsured needs. P.L. 109-62 provides special rules for disaster relief employment under the *Workforce Investment Act* (WIA) for individuals displaced by the hurricane.

Congress also approved S. 1858, the *Community Disaster Loan Act of 2005*, which authorizes the transfer of up to \$750 million of the amounts provided in P.L. 109-62 to the Disaster Assistance Direct Loan Program, including up to \$1 million for related administrative expenses. The legislation

¹³ This information is current as of September 2005.

¹⁴ CD Publications, *Federal Assistance Monitor*, 05-20 (Silver Spring, Md.: CD Publications, October 20, 2005), <http://www.cdpublications.com>.

requires funds to be used to assist local governments in providing essential services.¹⁴

U.S. Department of Agriculture. Several key pieces of legislation have been introduced. The Hurricane Food Assistance Relief Act of 2005 (S. 1643) would extend U.S. Department of Agriculture disaster policies through the end of fiscal 2006. Included is an increase by 10 percent of disaster allotments; federal payment of 100 percent of all administrative costs, subject to cost allocation reductions; \$5 million to nonprofit organizations for outreach and education; and \$620 million in funding for the Emergency Food Assistance Program, bulk commodities program (Section 32 authority), the Commodity Supplemental Food Program, and WIC. The Katrina Emergency Relief Act of 2005 (S. 1637) would allow states to increase disaster benefits by 6 percent. It would also provide \$5 million for outreach and \$600 million in funding for all but the Commodity Supplemental Food Program. The Emergency Food and Farm Disaster Assistance Act of 2005 (H.R. 3809) would decrease the federal payment to 90 percent while providing \$5 million for outreach and an additional \$200 million for other federal nutrition assistance.¹⁵

U.S. Department of Education. Up to \$2.6 billion in funding for elementary, secondary, and postsecondary education relief has been proposed. Funding would include up to \$1.9 billion for school districts enrolling at least 10 displaced children. Funds would be used to reimburse districts for the unexpected cost of educating these children for the current school year. For all states except Louisiana and Mississippi, funding would go to individual school districts. In Louisiana and Mississippi, funding would go to the state, giving each the flexibility to appropriate funds to those districts moving to reopen schools as well as those enrolling displaced students.

The department has proposed that certain provisions of federal education laws be modified to enable assistance to schools, students, and districts affected by Hurricane Katrina. The proposal would allow states, school districts, and institutions of higher education to use funds more broadly to help displaced students. The department also proposed up to \$488 million to compensate families that have chosen to enroll their children in private schools. For more information, visit <http://hurricanehelpforschools.gov/index.html>.

The Senate Health, Education, Labor and Pension Committee has proposed additional measures to provide education relief. These include the provision of direct aid to local education agencies, authority to deem all affected teachers as highly qualified, and a proposal to make all children in the impacted area eligible for Head Start or Early Head Start, along with an authorization of \$45 million to provide services. For more information, see <http://www.nasbo.org/Washington%20Reports/2005/91905.pdf>.

U.S. Department of Health and Human Services

- **Child Care.** The department released memoranda that provide significant flexibility in the use of Child Care and Development Block Grant (CCDBG) and Head Start dollars not only to states and programs affected by Katrina, but also to states and programs coming to the aid of other states affected by emergencies.¹⁶

The Katrina Emergency Relief Act of 2005 (S. 1637) would make grants available to states providing early childhood education services to children displaced by Katrina. States would be required to outline their proposed collaborations to facilitate the placement of evacuee children in early childhood programs

¹⁵ American Public Human Services Association, *Katrina-Related Legislation, Updated 9-19-05*, <http://www.aphsa.org/katrina/docs/Legislation-chart-9-19-05.pdf> (October 3, 2005).

¹⁶ Child Care Bureau and Administration on Children, Youth and Families, U.S. Department of Health and Human Services, <http://www.acf.hhs.gov/programs/ccb/policy1/current/im0503/im0503.htm> and http://www.headstartinfo.org/publications/im05/im05_04.htm.

and submit a plan to coordinate funding with existing resources. Under Title 4 of the *Child Care Disaster Assistance Act of 2005*, Congress authorized \$112 million in fiscal 2006 to provide child care services to evacuees in states where an emergency or natural disaster has been declared.¹⁷

- **Child Welfare.** H.R. 3711, Emergency Assistance for Vulnerable Children, would provide federal funds for children in foster care who reside or resided in a declared disaster area and full federal reimbursement for state expenditures incurred for serving foster children from affected areas for a 12-month period.¹⁸
- **Head Start.** Congress approved \$15 million in emergency funding to help Head Start and Early Head Start programs provide services to children displaced by the hurricane. Funds are to be used to cover costs incurred for serving children and families for 30 days.¹⁹ S. 1715, Title 5—Head Start Programs, would increase funding to \$45 million for services provided to all children who are hurricane victims.
- **Medicaid.** Secretary of Health and Human Services Michael O. Leavitt declared a public health emergency for Alabama, Florida, Louisiana, and Mississippi, allowing the department to waive certain Medicaid, State Children's Health Insurance Program (SCHIP), and *Health Insurance Portability and Accountability Act* (HIPAA) requirements. In addition, the Centers for Medicare and Medicaid Services (CMS) eased program operating procedures to speed the provision of health care services to children, the elderly, and the

disabled. Approximately \$600,000 in emergency response grants from the Substance Abuse and Mental Health Services Administration (SAMHSA) is available to Alabama, Louisiana, Mississippi, and Texas. Accelerated funding (\$2.3 million) to establish 26 new health centers in impacted areas also is available.²⁰ Waivers are being used on a state-by-state basis to provide Medicaid coverage to displaced hurricane victims. The waivers allow states to temporarily cover relocated evacuees under that state's Medicaid program. Congress also passed temporary extensions of several key provisions in H.R. 3791, the *Medicare Cost-Sharing and Welfare Extension Act of 2005*. Medicaid's Qualified Individual Program is extended through September 2006, with funding of \$100 million for the last quarter of 2005 and an additional \$300 million from January through September 2006.²¹

Several bills addressing medical services to Katrina victims are still pending. Among them, the Hurricane Katrina Medicaid and SCHIP Relief Act of 2005 (S. 1688) would provide uniform eligibility for victims by waiving income, resource, and residency requirements and provide 100-percent federal financial assistance to states for Medicaid, SCHIP, and Medicare evacuees' services. S. 1637, the Katrina Emergency Relief Act of 2005, would simplify the application process for hurricane survivors, authorize emergency Medicaid for all hurricane evacuees in any state, and provide temporary funding to states affected by the hurricane. S. 1716, the Emergency Health Care Relief Act of 2005, would provide fully funded Medicaid coverage for all low-income hurricane survivors, including those not usually entitled

¹⁷ American Public Human Services Association, *Katrina-Related Legislation, Updated 9-19-05*, <http://www.aphsa.org/katrina/docs/Legislation-chart-9-19-05.pdf> (October 3, 2005).

¹⁸ American Public Human Services Association, *Katrina-Related Legislation, Updated 9-19-05*, <http://www.aphsa.org/katrina/docs/Legislation-chart-9-19-05.pdf> (October 3, 2005).

¹⁹ Administration on Children, Youth and Families, U.S. Department of Health and Human Services, *Information Memo, ACYF-IM-HS-0504*, http://www.headstartinfo.org/publications/im05_04.htm.

²⁰ U.S. Department of Health and Human Services, "Estimates Show More than 40 Percent of Hurricane Evacuees Now Receiving HHS Benefits or Services," *News Release*, Washington, D.C., September 29, 2005, <http://www.hhs.gov/news/press/2005pres/20050929a.html>.

²¹ CD Publications, *Federal Assistance Monitor, 05-20* (Silver Spring, Md.: CD Publications, October 20, 2005), <http://www.cdpublications.com>.

to Medicaid benefits, for up to five months. Similar to a plan enacted after the terrorist attacks in 2001, it would provide 100 percent of the federal Medicaid matching rate for affected states from August 28 to December 31, 2005, and a postponement of any reductions scheduled for 2006.²² H.R. 3698, the Temporary Medicaid Disaster Relief Act of 2005, would increase the federal match rate to 100 percent for states providing assistance to evacuees and provide a 100-percent federal match for certain administrative costs.²³

- **Temporary Assistance for Needy Families.**

The *TANF Emergency Response and Recovery Act* (P.L. 109-68) authorizes advance payment of the TANF block grant for the first quarter of fiscal 2006 and extends authorization for supplemental grants to the states, the Child Care and Development Block Grant, and the TANF contingency fund through 2005. In addition, it authorizes reimbursements to states for benefits provided to assist evacuee families affected by Katrina (effective on the date of enactment), allowing states serving evacuees with short-term emergency assistance to draw down contingency funds. It also allows Alabama, Louisiana, and Mississippi to draw down those funds to serve impacted families moving among them. Impacted states are not required to meet the 100-percent maintenance-of-effort (MOE) requirement to access contingency funds. In addition, up to a 20-percent increase in TANF funds to those three states is allowed. Furthermore, unspent funds from any fiscal year can be used to provide benefits or services to impacted families under the state program. H.R. 3791 would extend TANF and traditional medical assistance programs through March 2006, with funding at the same rate as obligated in the second quarter of 2005.

S. 1716, the Emergency Health Care Relief Act of 2005, would modify several key

provisions of H.R. 3672 (now P.L. 109-68). Among them is elimination of the state match or MOE contingency fund requirements, allowing impacted states to use contingency funds to serve their own residents and doubling the amount of loan fund grants available to impacted states.²⁴

U.S. Department of Housing and Urban Development.

On September 23, the U.S. Department of Housing and Urban Development (HUD) announced a program targeted to displaced households receiving HUD assistance prior to the hurricane. Vouchers redeemable for housing units that cost up to fair-market rent are available to evacuees registering with FEMA. Katrina victims who lack insurance and whose property was their primary residence are eligible for the \$2,358 subsidy. The three-month subsidy is applicable anywhere in the nation. Those who meet renewal requirements can do so for up to 18 months. There are no income-targeting requirements and no tenant contributions for rent. Federally owned properties in the region are being used to provide building sites to low-income families through a lottery. HUD also waived some of the Housing Opportunities for Persons with AIDS (HOPWA) regulations for grantees in Katrina-affected areas and for areas that are receiving evacuees. Requirements are waived for displaced persons who have already registered with FEMA or who register within 60 days of receiving HOPWA assistance. Waivers are in effect for up to one year from September 19, 2005.

H.R. 3894, the Hurricane Katrina Emergency Housing Act of 2005, calls for waiving certain requirements under the current Section 8 voucher program for six months and grants authority to extend the waivers for another six months if needed. In addition, the Senate passed an amendment to the fiscal 2006 commerce-justice-science appropriations bill (H.R. 2862) that creates a \$3.5-billion emergency housing voucher program to provide temporary rental assistance to more

²² American Public Human Services Association, *Katrina-Related Legislation, Updated 9-19-05*, <http://www.aphsa.org/katrina/docs/Legislation-chart-9-19-05.pdf> (October 3, 2005).

²³ American Public Human Services Association, *Katrina-Related Legislation, Updated 9-19-05*, <http://www.aphsa.org/katrina/docs/Legislation-chart-9-19-05.pdf> (October 3, 2005).

²⁴ American Public Human Services Association, *Katrina-Related Legislation, Updated 9-19-05*, <http://www.aphsa.org/katrina/docs/Legislation-chart-9-19-05.pdf> (October 3, 2005).

than 350,000 families displaced by the hurricane. The bill now moves to a conference with the House.

H.R. 3895, the Rural Housing Hurricane Relief Act, proposes converting Section 515 rural rental housing properties to Section 8 U.S. Department of Agriculture (USDA) vouchers. Eligibility would not be restricted to rural areas, and any U.S. Department of Agriculture rural housing funds could be reprogrammed. Section 542 rural housing vouchers would be permanently targeted to low-income tenants, instead of very low-income tenants, and Section 502 guaranteed loans could be used for repair or rehabilitation as well as purchase or construction.

Furthermore, a housing vouchers amendment was added to the Senate commerce-justice-science appropriations bill (H.R. 2862). The amendment adds \$3.5 billion for streamlined rental assistance through the existing Section 8 program. Vouchers for Katrina evacuees cover all housing costs, including relocation, utilities, and security deposits, for six months.²⁵

U.S. Department of Labor. The *Flexibility for Displaced Workers Act* expands usage of National Emergency Grant (NEG) funds for a wider range of disaster activities than would typically be allowed for NEGs. It expands the definition of eligibility beyond individuals who would ordinarily meet *Workforce Investment Act* dislocated worker eligibility requirements to include any individuals affected by Hurricane Katrina, including those who relocated from states in the disaster area, those who were unemployed at the time of the disaster, or those who lacked an employment history. It also authorizes NEG payments to Gulf Coast residents who are not eligible for unemployment compensation, or those whose unemployment compensation has expired but who are participating in reemployment activities. The legislation also allows the Secretary of Labor to extend the duration of NEG projects from the regular six-month timeframe to twelve months in cases where it is deemed necessary.

Up to \$62.1 million in National Emergency Grant funds is also available to provide temporary jobs for dislocated workers to help with recovery efforts in Louisiana. Funds can be used for demolition, renovation, and reconstruction of damaged public facilities in coordination with other agencies providing services in affected communities. NEG funds are part of the Secretary of Labor's discretionary fund and are awarded based on a state's ability to meet specific guidelines. In addition, \$12 million in grants to Alabama, Louisiana, Mississippi, and Texas was allocated to train workers in jobs vital to the economic recovery of the Gulf Coast area. Funds can be used to provide short-term and quick access to employment and to link employers with openings to community college skills development programs for those affected by the hurricane. In addition to the provision of job training in safety, construction, transportation, and health care, funds may be used to enhance the capacity of educational institutions providing the training.²⁶ To view the legislation, visit <http://thomas.loc.gov>.

The Katrina Emergency Assistance Act (S. 1777), passed by the Senate, would provide for a special 39-week round of unemployment insurance for those who lost jobs because of the hurricane. P.L.109-62 allows National Emergency Grant funds given to states under WIA for hurricane relief to be used to provide disaster relief employment on projects providing assistance outside the impacted area. The *Katrina Emergency Tax Relief Act of 2005*, which passed both houses of Congress in September, extends the Work Opportunity Tax Credit for employers hiring individuals who lived in the disaster area prior to the hurricane for two years. Employers located outside the impacted area can claim the credit for hurricane victims hired through the end of 2005.

Two Bush administration proposals aim to support small business and job development. The first, a Gulf Opportunity Zone, would provide benefits through 2007 to small businesses in Alabama, Louisiana, and Mississippi. The second would give states the flexibility to develop worker recovery

²⁵ Coalition on Human Needs, *Emergency Hurricane Relief Legislation—Too Long Delayed* (Washington, D.C.: Coalition on Human Needs, October 19, 2005), <http://www.chn.org/pdf/KatrinaLegislation.pdf>.

²⁶ U.S. Department of Labor, Employment and Training Administration, "The President's High Growth Job Initiative," <http://www.doleta.gov/brg/JobTrainInitiative/#content>.

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