Summary

Trump's advisory council on FEMA is recommending that many problems be switched to state government under federal supervision. There's little reason to think this will improve efficiency.

After much delay, Trump’s FEMA Council has reported back. While the report has some good ideas, much of it revolves around the same strategy: Move current problems from the federal government to the states rather than fixing them. Moving responsibilities around doesn’t make them go away. And the reality is that many states will be unable to manage these tasks efficiently. They lack the federal government’s capacity and economies of scale. And while the federal government will do less itself, it will become more intrusive on state operations, so there’s no clear gain in terms of federalism.

The assumption seems to be that fifty smaller, less experienced organizations can handle major disasters more efficiently than a larger, better-funded organization. Here are some of the new responsibilities.

- Take over disaster training.
- Take responsibility for private flood insurance systems, at a time when other disaster-related private insurance is struggling in high-risk areas like California (wildfire) and Florida (hurricanes).
- Conduct scrupulous audits for all projects and costs. To ensure that the audit goes well, of course, states will need to implement meticulous (and burdensome) recordkeeping rules (to ensure that expenses were reasonable) and accounting requirements.
- Meet new national standards for disaster response.
- Maintain complete inventories of properties in high-risk areas not built to modern code.
- Take over environmental and historic preservation reviews.
- Keep 5% of the state budget in cash reserves to help pay for disasters.
- Maintain all-hazard insurance on 50% of government properties (whether or not those properties are in high-risk areas).

The proposal leaves people whose homes have been destroyed on their own after a small federal payoff. Disaster relief will be limited to the first three months of rent for tenants and a cash payment of 15% of assessed value for those whose houses have been destroyed. Of course, the cash may not be that helpful if there’s a housing shortage after the disaster.

The assumption seems to be that private insurance will take care of the rest. We know from experience that private insurers can be even slower and more bureaucratic than the federal government. And states have had increasing problems in getting private insurers to cover catastrophic risks in states from California to Florida.

Another proposal would be great if they could figure out how to implement it, The proposal is for the federal government to use a parametric system to release funding immediately to states, rather than waiting until work has been completed for reimbursement. Let me explain: A parametric system provides a specific payment when an event satisfies certain parameters. For hurricane damage, for instance, the parameters might include windspeed, how quickly the hurricane itself moves (slower is worse), storm surge level, rainfall, upstream rainfall, and percentage of land flooded. It would then be necessary to model each combination of parameters for each locality, perhaps by county or zip code, to estimate the damages. This would require extensive data on property in the area, its vulnerability, and its value. It would also need to be updated regularly. Similar efforts would be needed, using different parameters, for every other kind of major disaster such as such as subtropical storms, earthquakes, wildfires, river flooding, etc. I doubt this process would be completed any time soon.

As I say, the proposal looks reasonable at first sight, but a closer look raises questions about whether the changes would accomplish the announced goals of streamlining and efficiency or instead leave disaster victims worse off than they are now. But appearances seem to be one of the prime concerns of the Council, given a gimmicky proposal to rebrand FEMA with a name change and a summary of the report carefully set up so that the first letters of each line spell out AMERICA. But you have to remember who they work for.