

Center for a New Economy

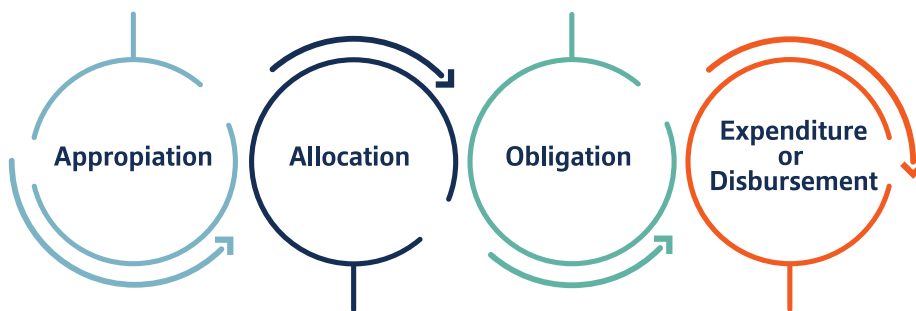
Federal Disaster Funding Update for Puerto Rico

Recently, there has been a heated debate about whether Puerto Rico has been treated fairly by the federal government in the allocation of funds for disaster assistance in the wake of Hurricanes Irma and Maria. The answer to this question is complicated because it depends in large measure in understanding (1) how the federal appropriations process works and (2) how the different kinds of assistance programs function.

The Federal Appropriations Process | Congress makes decisions about spending specific funds through a complicated “appropriations process.” The key concepts to understand in this process are:

- First, Congressional committees of jurisdiction draft and negotiate **appropriation** bills, which provide the legal authority to obligate and spend money from the U.S. Treasury.
- Second, funds are then **allocated**, that is, they are transferred from a global appropriation account to fund a specific program.
- Third, funds are then **obligated**, this occurs when a definite commitment that generates a legal liability of the government for the payment of goods and services ordered or received is created.
- Finally, an **expenditure or disbursement** occurs when a specific amount is paid by a federal agency. In plain language, this is when the U.S. Treasury writes a check to pay the program costs.

In graphic form, the process flows roughly as follows:



Part of the confusion we have witnessed recently is due to the fact that different parties either incorrectly use these concepts interchangeably or use the most convenient one to further their ideological or political agenda.

Federal Disaster Assistance Programs | A second factor that contributes to the prevailing confusion is that there are multiple federal agencies that receive funding for operations related to disaster relief. According to a recent report by the Government Accountability Office (“GAO”) “since the 2017 hurricanes and California wildfires, Congress and the President have provided the Department of Homeland Security (“DHS”) and 18 other federal agencies with at least \$120 billion in supplemental appropriations for activities related to these disasters.” (GAO-18-472).

According to data from the website of the FEMA Recovery Support Function – Leadership Group, as of **February 4, 2020**:

- Puerto Rico had been **allocated \$44 billion** in disaster assistance funds through 17 different agencies;
- Of the total allocated amount, some **\$22 billion** had been **obligated**; and
- Of the total obligated amount, the sum of **\$15 billion** had been **disbursed**.

Some caveats:

- The data for appropriations is not complete because some appropriation bills do not specify a breakdown by state.
- The data for Puerto Rico does not include funds for emergency nutritional assistance, some \$1.27 billion, and \$4.8 billion to avoid the Medicaid “cliff”.
- A portion of the disaster assistance funds have been used to cover administrative expenses incurred by certain federal agencies in connection with disaster relief operations, mostly FEMA.