# Function 450:
# Community and Regional Development

# Eliminate Fire Grants

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SAVINGS IN MILLIONS OF DOLLARS

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2016–2020 | 2016–2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $591 | $603 | $617 | $631 | $645 | $659 | $675 | $692 | $709 | $725 | $3,087 | $6,547 |

## Heritage Recommendation:

Eliminate the fire grant program administered by the Federal Emergency Management Agency (FEMA). This proposal saves $591 million in 2016, and $6.5 billion over 10 years.

## Rationale:

Fire grants encompass a number of programs. The Assistance to Firefighters Grant (AFG) program subsidizes the routine activities of local fire departments and emergency management organizations. The Fire Prevention and Safety (FP&S) grants fund projects to improve the safety of firefighters and protect the public from fire and related hazards, while the Staffing for Adequate Fire and Emergency Response (SAFER) grants are intended to increase staffing levels by funding the salaries of career firefighters and paying for recruitment activities for volunteer fire departments.

The Heritage Foundation's Center for Data Analysis evaluated the effectiveness of fire grants by matching fire grant award data to the National Fire Incident Reporting System, an incident-based database of fire-related emergencies reported by fire departments. Using panel data from 1999 to 2006 for more than 10,000 fire departments, the evaluation assessed the impact of fire grants on four different measures of fire casualties: (1) firefighter deaths, (2) firefighter injuries, (3) civilian deaths, and (4) civilian injuries.

The Heritage Foundation evaluation compared fire departments that received grants to fire departments that did not receive grants. In addition, the evaluation compared the impact of the grants before and after grant-funded fire departments received federal assistance.

Fire grants appear to be ineffective at reducing fire casualties. AFG, FP&S, and SAFER grants failed to reduce firefighter deaths, firefighter injuries, civilian deaths, or civilian injuries. Without receiving fire grants, comparison fire departments were just as successful at preventing fire casualties as grant-funded fire departments.

## Additional Reading:

- David B. Muhlhausen, "Do DHS Fire Grants Reduce Fire Casualties" Heritage Foundation *Center for Data Analysis Report* No. 09-05, September 23, 2009, http://www.Heritage.org/research/reports/2009/09/do-dhs-fire-grants-reduce-fire-casualties.

- David B. Muhlhausen, "Fire Grants: Do Not Reauthorize an Ineffective Program," Heritage Foundation *Issue Brief* No. 3788, November 29, 2012, http://www.Heritage.org/research/reports/2012/11/fire-grants-do-not-reauthorize-femas-ineffective-program.

## Calculations:

Savings are expressed as budget authority, as reported on page 179 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Fire grant outlays are included in FEMA Total State and Local Programs and are assumed, based on FY 2013 funding levels, to represent 26 percent of the total state and local program costs. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

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# Eliminate the Small Business Administration Disaster Loans Program (DLP)

SAVINGS IN MILLIONS OF DOLLARS

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2016–2020 | 2016–2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $33 | $33 | $34 | $35 | $36 | $36 | $37 | $38 | $39 | $33 | $171 | $354 |

## Heritage Recommendation:

Eliminate the Small Business Administration's (SBA's) Disaster Loans Program (DLP). This proposal saves over $33 million in 2016, and $354 million over 10 years. Actual savings could be significantly higher as spending amounts vary significantly based on the number of declared disasters. For example, budget authority for the Disaster Loans Program totaled $887 million in 2013, while estimated at $230 million and $187 million, respectively, for 2014 and 2015.

## Rationale:

After federally declared disasters, SBA disaster loans offer taxpayer-funded direct loans to assist businesses, nonprofit organizations, homeowners, and renters in repairing damaged and replacing destroyed property. Unfortunately, the generous federal disaster relief offered by the DLP creates a "moral hazard" by discouraging individuals and businesses from purchasing insurance for natural catastrophes. Currently, SBA disaster loans are awarded regardless of whether the beneficiaries previously took steps to reduce their exposure to losses from natural disasters.

While SBA disaster loans are intended to help applicants return their property to the same condition as before the disaster, the unintended consequence of this requirement is that borrowers are forced to rebuild in disaster-prone locations. For example, instead of moving from a town sitting in a major flood zone, applicants are required to rebuild in the exact same location. Thus, applicants are still located in a high-risk area. In many cases, the loans fail to offer a long-term solution.

## Additional Reading:

- David B. Muhlhausen, "Business Disaster Reform Act of 2013: Review of Impact and Effectiveness," testimony before the Senate Committee on Small Business and Entrepreneurship, March 14, 2013, http://www.Heritage.org/research/testimony/2013/03/small-business-disaster-reform-act-of-2013.

## Calculations:

Savings are expressed as budget authority as reported on page 369 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.