

BUDGET LETTER

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| | NUMBER: 09-13 |
| SUBJECT: DISASTER RESPONSE AND RECOVERY FUNDING PROCEDURES | DATE ISSUED: April 20, 2009 |
| REFERENCES: BUDGET ACT 9840 ITEMS, GOVERNMENT CODE SECTION 8690.6, BUDGET LETTERS 04-23, 05-30, 06-06, AND 07-05 | SUPERSEDES: 98-03 |

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) provides information related to the procedures that state departments must use in order to recover disaster-related response and recovery costs. Departments must keep accurate records of the amount of disaster-related costs. As noted below, disaster-related costs may be recoverable from the federal government. Additional state funding may be necessary, although any such funding proposal will be evaluated on a case-by-case basis. It is the policy of this Administration that departments maximize their use of federal funds available for disaster assistance in order to enhance recovery efforts and limit General Fund expenditures.

A. Background

In most instances, state departments that have incurred costs or losses because of disasters such as floods, storms, and fires should seek reimbursement from the Federal Emergency Management Agency (FEMA) through the California Emergency Management Agency (CalEMA), once a federal disaster declaration has been made. CalEMA is the state applicant/grantee for all local and state government claims submitted to FEMA. Individual local governments and state departments are sub-grantees. All sub-grantee claims for reimbursement from FEMA and all FEMA payments to sub-applicants must flow through CalEMA.

An important part of CalEMA's role is to assist departments in obtaining federal reimbursement. CalEMA functions as an advocate on behalf of state departments in dealing with FEMA. CalEMA will not support a claim that is not eligible based on federal laws and policies. All departments with costs associated with a disaster are responsible for initiating allowable, accurate, and timely claims to CalEMA for reimbursement and for preparing and maintaining adequate cost information and documentation. For more information on the federal reimbursement process, please contact CalEMA at (916) 845-8510.

B. Government Code

To the extent that FEMA funds are not sufficient or are not available to meet critical funding needs, funding for eligible costs may be provided pursuant to Government Code (GC) Section 8690.6. [GC 8690.6](#) provides authority to fund eligible costs incurred by a department within 120 days of the declaration of a disaster. The GC establishes the [Disaster Response Emergency Operations Account](#) (DREOA) within the Special Fund for Economic Uncertainties (SFEU).

The funds in this account are continuously appropriated for allocation by the Director of the Department of Finance (Finance) to state agencies for disaster response operation costs incurred by those state agencies as a result of a proclamation by the Governor of a state of emergency. Departments requesting funding via GC 8690.6 must submit a [DF-580](#) to their respective Finance Budget Analyst, with appropriate supporting justification, breakout of costs by category and amount, and any other additional documentation required by their Finance Budget Analyst.

In the event that Finance approves the request, a notification letter will be sent to the Legislature pursuant to subdivision (c) of GC 8690.6. This letter would notify the Legislature that the Director of Finance has authorized the transfer of funds to the DREOA from the SFEU as well as the allocation of funds from the DREOA to the department requesting funding. Once this letter is sent, Finance will process an Executive Order.

C. Other Funding Options

For those disaster response activities that occur after the 120-day period has elapsed, departments may seek funding for eligible costs pursuant to Item 9840 of the Budget Act in effect at the time, which details the process for deficiency funding. Requests for deficiency funding made pursuant to this item are limited to unanticipated expenses incurred during the fiscal year covered by that Budget Act for an existing program. Deficiencies may be funded through an allocation from the 9840 items or through a supplemental appropriations bill. In either situation, the request must comply with the provisions of the 9840 items. Please refer to Budget Letters 04-23, 05-30, 06-06, and 07-05, and the 9840 items in the Budget Act in effect at the time for more specific information on deficiency funding.

For additional information, please contact Zlatko Theodorovic, Assistant Program Budget Manager, at (916) 445-8913.

/s/ Todd Jerue

Todd Jerue
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