

FEMA Streamlines Cost-Effectiveness in their Mitigation Grant Programs

FEMA continues to reduce funding barriers by making it easier to approve hazard mitigation projects.

The agency is streamlining [Benefit-Cost Analysis](#) to facilitate access to make more communities resilient to natural hazards and the effects of climate change. This addresses long-standing barriers certain communities—particularly those that are underserved—have had accessing mitigation grants through the through the [Hazard Mitigation Assistance](#) grant programs and [Public Assistance](#) mitigation funding.

This aligns with the FEMA Year of Resilience goal to build local capacity to withstand tomorrow’s hazards as well as the agency’s [“people first”](#) commitment to help communities, families and businesses build climate resilience.

FEMA is reducing the discount rate from 7% to 3.1% to make it easier for states, Tribal Nations, territories and local governments to demonstrate cost-effectiveness of hazard mitigation projects when completing a Benefit Cost Analysis. It also aligns with updated federal guidance A-94 Circular, *Guidelines and Discount Rates for Benefit Cost Analysis of Federal Programs*, released by the White House Office of Management and Budget (OMB). A Benefit Cost Analysis is a quantitative analysis used to assess the benefits and costs of a hazard mitigation project by comparing the disaster impacts avoided by the mitigated project to the cost of the project.

FEMA’s [Benefit Cost Analysis toolkit](#) has the discount rate built into its calculations and has been updated. Applicants do not need to perform separate calculations or redownload the toolkit to use the new discount rate.

Here are other ways that FEMA is simplifying the benefit-cost analysis requirements for its hazard mitigation grant programs:

- Implementing distributional weights in determining the cost-effectiveness of a hazard mitigation project. The distributional weights will automatically adjust the Benefit-Cost Analysis results by increasing the building replacement value for properties located in census tracts with household incomes below the national median. These benefits will make it easier for projects in disadvantaged communities to be eligible for mitigation grant funding.
- No longer requiring a full Benefit-Cost Analysis for projects being funded through its Hazard Mitigation Assistance grant programs with a total cost of less than \$1 million.
- Offering FEMA BCA assistance to disadvantaged communities and Tribal Nations to determine hazard mitigation project cost-effectiveness.



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- Updating the pre-calculated benefit amounts that can be used to determine hazard mitigation project cost-effectiveness. The term “pre-calculated benefit” refers to a benefit value that has been calculated based on research and statistical analysis or computer modeling of mitigation projects. Pre-calculated benefits simplify the cost-effectiveness determination process by eliminating the requirement for applicants to conduct separate BCAs for eligible projects.

By making it easier to demonstrate cost-effectiveness for hazard mitigation projects, applicants and subapplicants can more effectively implement and fund resiliency initiatives that will save lives and protect infrastructure and property.

For questions about BCAs or the BCA Toolkit, email the BCA Helpline at bchelpine@fema.dhs.gov or call toll free at 855-540-6744, 9 a.m. to 5 p.m. ET Monday through Friday.

Contact Us

If you have any questions, please contact FEMA Office of External Affairs:

- Congressional Affairs at (202) 646-4500 or at FEMA-Congressional-Affairs@fema.dhs.gov
- Intergovernmental Affairs at (202) 646-3444 or at FEMA-IGA@fema.dhs.gov
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