



BTC Brief

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Rebuilding Toward Resiliency

The cumulative losses of Hurricanes Matthew and Florence for Eastern N.C., along with decades of under-investment, make clear that a plan to rebuild post-Hurricane Florence will have to rebuild toward resiliency.

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Eastern North Carolina has endured two 500-year floods in two years. As the Governor and General Assembly meet in Raleigh to develop a proposal for rebuilding, a recognition of the region's history and its future must be part of the plan, including the economic and human importance of the region to the overall state's well-being.

Hurricane Florence reached North Carolina just 3 weeks ago and, as yet, estimates do not exist as to the extent of the impact across the 28 counties that have been designated as disaster-impacted by the federal government. Across the multiple states impacted by Hurricane Florence's path, Moody's Analytics estimates damage at between \$17 billion and \$22 billion, along with additional economic losses at \$38 billion to \$50 billion.¹ Agricultural losses in North Carolina alone total at least \$1 billion.² These figures suggest that Hurricane Florence could be a more costly storm than Hurricane Matthew, which landed in North Carolina in October 2016 and cost the state \$2.8 billion in damages and another \$2 billion in lost economic activity.

The cumulative losses of these two storms to the region and specific communities, along with decades of under-investment, make clear that a plan to rebuild post-Hurricane Florence will have to rebuild toward resiliency. Community resilience means that the resources in a place are able to be deployed to withstand and recover from adverse situations, including both natural disasters and economic shocks.³ An increasing body of literature and practice in the areas of disaster preparedness, public health, and social justice identifies the critical role of a broader range of policy responses to ensure resiliency, including the inclusiveness of decision-making processes, alignment of systems across sectors, and specific orientation to those living in poverty.⁴

- 1 <https://www.cnn.com/2018/09/17/moodys-hurricane-florence-damage-estimated-at-17-to-22-billion.html> and <https://www.wsj.com/articles/moodys-pegs-florence-economic-cost-at-38-billion-to-50-billion-1537572161>
- 2 <https://www.citizen-times.com/story/news/local/2018/09/26/agricultural-losses-become-clearer-eastern-north-carolina-recovers-hurricane-florence/1410031002/>
- 3 RAND Corporation, Community Resilience, Accessed at: <https://www.rand.org/topics/community-resilience.html>
- 4 Patel, Sonny S., M. Brooke Rogers, Richard Amlôt, and G. James Rubin. "What Do We Mean by 'Community Resilience'? A Systematic Literature Review of How It Is Defined in the Literature." *PLoS Currents* 9 (February 1, 2017). <https://doi.org/10.1371/currents.dis.db775aff25efc5ac4f0660ad9c9f7db2>. And Carpenter, Ann. "Social Ties, Space, and Resilience:," no. 02 (n.d.): 22.

This BTC Brief provides an overview of the counties that have been certified as disaster-affected by FEMA within the broader context of earlier storms and broader economic conditions. It then reviews past policy and funding choices by legislators in the wake of storms and lessons learned to identify ways forward to address Hurricane Florence and rebuild toward resiliency.

Systemic barriers to economic well-being make storm’s impact hit harder

Decades of under-investment, segregation, and persistent poverty in the region have made the impact of climate change and subsequent natural disasters harshest for those residents struggling to make ends meet and get by. A review of the 28 counties designated as disaster-impacted

Figure 1 : Average poverty rates and median household incomes in counties impacted and not impacted by Hurricane Florence

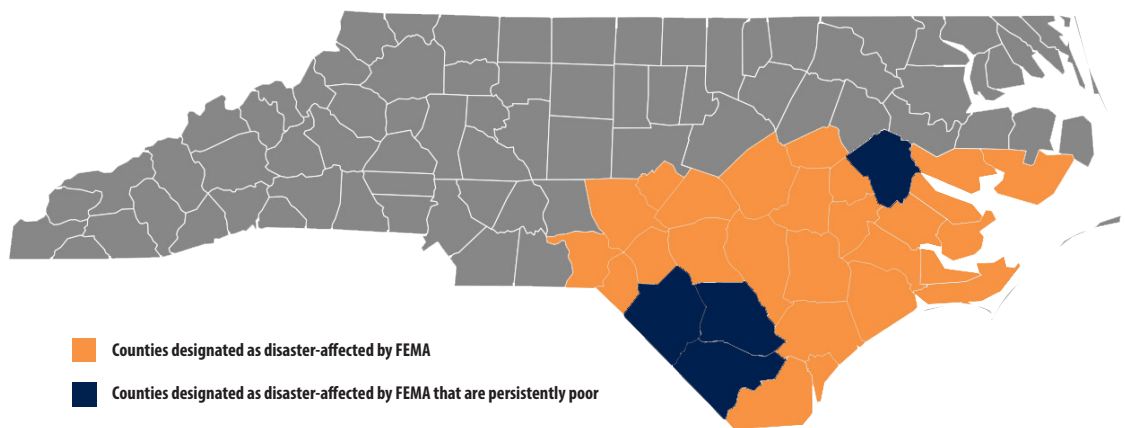
	Average poverty rate, all ages	Average poverty rate, age 0-17	Average median household income
Counties impacted by Hurricane Florence	19.5%	28.1%	\$43,761.93
Counties not designated as impacted by Florence	17.1%	25.3%	\$45,675.10

Source: American Community Survey and SAIPE data from the US Census Bureau

by FEMA finds that these communities have higher overall and child poverty rates as well as lower median household incomes relative to other counties in the state (See Figure 1). Greater economic hardship in these communities means that, not only will individual residents be more likely to face greater challenges in rebuilding, but the communities overall will have fewer resources to be able to rebuild on their own.

These economic challenges, in many cases, have not just been present for a short period of time either. North Carolina’s persistently poor counties — those counties with poverty rates of 20 percent or higher for three or more decades — are located exclusively in Eastern N.C.⁵ Of the ten counties identified as persistently poor by the USDA, there were four counties that were designated as disaster-affected counties by FEMA. In these places, the persistent under-investment and economic challenges will further challenge the recovery effort.

Figure 2: Four disaster-affected counties in N.C. are also identified as persistently poor by the USDA.



Source: USDA, Economic Research Service.

5 USDA, County Typology Codes, accessed at: <https://www.ers.usda.gov/data-products/county-typology-codes/>

The comparative response across storms shows declining commitment to rebuild

Hurricane Florence is the second major storm to hit Eastern N.C. in less than two years. Of the 28 counties that were designated as disaster-impacted by Hurricane Florence, 26 were also so designated after Hurricane Matthew. Looking back further to Hurricane Floyd, which struck the region in 1999, 25 of the 28 counties were designated. The cumulative impact of these storms means that infrastructure in the region is continually tested, the residents' pathway to economic security is continually disrupted, and communities, in the case of the one-two punch of Hurricanes Matthew and Florence, are still in the rebuilding phase when they must begin again.

Figure 3 : North Carolina state leaders commitment to funding rebuilding after disasters has varied over time.

	Gov. Hunt's Floyd budget*	The Disaster Recovery Acts of 2016 and 2017
Housing	\$503.9 million	\$54 million
Economic Recovery	\$315 million	\$55.3 million
Public Health and Environment	\$40.3 million	\$48 million
Schools and Local Governments	\$9.2 million	\$55.2 million
Federal Match	\$337.7 million	\$88.6 million
TOTAL	\$1,210 million	\$300.9 million

* Adjusted to 2016 dollars Source: BTC analysis of NC General Assembly appropriation bills

For these reasons and others, the response of state leaders is critical to meet the need and ensure that the response is oriented to best ensure communities can withstand future storms. In the past, North Carolina's state leaders have shown varying financial commitments to the region, leading to challenges in rebuilding (See Figure 2). State dollars are critical to the rebuilding effort because the federal government does not provide all that is needed to address the housing, small business, and infrastructure damages in communities, nor does it have an understanding of local communities' history and opportunities. After Matthew, the state of North Carolina waited for six months for non-FEMA federal disaster funding. After the long wait, the state received only \$6.1 million of the nearly \$930 million it needed and requested.

Efforts to rebuild from Hurricane Matthew provide important lessons that should be considered as legislators put together their proposed package for the region.

These lessons include:

- A state commitment of funds upfront can create certainty for rebuilding efforts by communities and for residents who otherwise may delay moving forward with projects and plans without knowing if funding will arrive.
- A corollary is that the federal government will not necessarily provide the funding to meet the need. As was seen in Hurricane Matthew, the federal government provided less than 1 percent of the requested funding to rebuild and address the cost of damages.
- Distribution of funds must to be equitable in order to address the historic exclusion of people of color and communities that makes the effects of storms continue to have disproportionate impact. Such an equitable distribution requires inclusion of those directly impacted to understand fully the needs and opportunities that funding can address.
- Infrastructure to deploy dollars effectively and efficiency is critical and requires long-term investment. North Carolina defunded community development corporations and re-organized regional government collaborations prior to Hurricane Matthew, disrupting key institutions that had served to support the projects and initiatives that were possible during the rebuilding from Hurricane Floyd.

Funding the rebuilding effort post-Hurricane Florence

State leaders will gather in Raleigh this week and in coming weeks to decide how to fund the rebuilding effort in Eastern N.C. The good news is that the General Assembly has the funds to rebuild after years of setting aside dollars in the state's Rainy Day Fund. That fund has reached \$2 billion in the past year and, along with the \$500 million of unappropriated balance from the final budget, can provide an important infusion of dollars for communities.

The scheduled rate reductions on personal and corporate income for January 2019 can and should be cancelled as well. This would provide approximately \$900 million in one fiscal year and an ongoing source of revenue to build the systems necessary to achieve resiliency.

While the specific investments needed to rebuild toward resiliency are wide-ranging — including affordable housing, small business and farm relief, water infrastructure and environmental monitoring, and school and public health services — the funding is there to make these commitments and ensure that institutional capacity and knowledge is established to ensure damage from the next storm is minimized.