

# Contingent Funding for Disaster Relief

December 2022

## What is contingent funding?

Contingent funding is money set aside by the legislature and appropriated to the executive branch as needed for eligible emergencies or other unanticipated events.

## What is the purpose of contingent disaster relief funding?

In 2014, the legislature established the Disaster Assistance Contingency Account (DACA) so that state money would be available to promptly respond to and recover from a qualifying disaster when the legislature is not in session. The state constitution requires the legislature to adjourn in May each year, but natural disasters can occur year-round. Contingent disaster relief funding may obviate the need for the governor to call a special legislative session because DACA dollars are statutorily appropriated to the Department of Public Safety in the event of a qualifying disaster.

## What disaster events are eligible for DACA funding?

The table below identifies the four eligible DACA uses and briefly describes how DACA dollars are used in each case.

**Eligible Uses of DACA Money**

| Category   | DACA Role   |
|--|---|
| Presidentially declared major disaster or emergency                      | Provides state dollars to fully match Federal Emergency Management Agency (FEMA) cost-share assistance to eligible state agencies, local units of government, Native American Tribal governments, and private utility cooperatives. FEMA typically pays 75% of eligible disaster response and recovery costs; DACA dollars reimburse eligible entities for the remaining 25%. |
| State public disaster assistance ( <a href="#">Minn. Stat. ch. 12B</a> ) | Provides state funding for grants to eligible state agencies, local units of government, Native American Tribes, and private utility cooperatives when FEMA aid is not available. Reimburses 75% of an applicant's eligible costs; the applicant is responsible for the remaining 25%.  |
| Federal Highway Administration emergency relief                          | Provides state funding to match federal aid to repair or reconstruct eligible federal-aid highways and certain other roads that either were damaged by a natural disaster or that experienced a catastrophic failure due to another external cause.   |
| United States Department of Agriculture emergency watershed protection   | Provides state funding to match federal aid to state agencies, local units of government, Native American Tribes, and private landowners for emergency erosion and flood control projects that protect life or property from an imminent threat.  |

## What about other state disaster relief programs?

By law, DACA funds may only be used for the four purposes described above. If the legislature determines that a specific disaster event requires a more comprehensive response, it may appropriate additional money for relief, including grants or loans to affected businesses, school districts, homeowners, and others. To activate and fund these other programs quickly, the governor may need to call a special legislative session.

## What nonprofits are eligible for DACA funds?

When the president declares a major disaster, certain private nonprofit organizations are eligible for federal assistance through FEMA's Public Assistance Program. Under federal law, qualifying nonprofits are those that provide a critical government-like service in the disaster area. In Minnesota, nonprofit utility cooperatives that receive FEMA aid are eligible for DACA-funded state reimbursement of the remaining 25 percent of the cooperative's eligible costs.

## How is DACA funded?

DACA is funded through two sources: money specifically allocated by law and the automatic rollover of any unused state money previously appropriated for disaster relief. By law, the governor's biennial budget proposal to the legislature must recommend funding for DACA that reflects the executive branch's estimate of the amount of money that will be required during the next two-year budget cycle to fully match FEMA assistance to eligible entities and to provide state public disaster assistance under [Minnesota Statutes, chapter 12B](#) (i.e., the amount necessary to fully fund the first two eligible uses in the table on page 1).

## What if there is insufficient money in DACA?

If there is not enough money in DACA and the legislature is not in session, the governor could call a special session and the legislature could provide additional money for disaster relief. Alternatively, the legislature could authorize additional resources when it next meets in regular session.

## Who administers it?

By law, DACA money is appropriated to the Department of Public Safety, which has statutory authority to award this money to other state agencies and eligible recipients.

**For more information:** See the House Research publications [State Response to Disasters](#) (December 2022) and [State Disaster Aid for Public Entities and Utility Cooperatives](#) (December 2022). For legislative issues contact Colbey Sullivan at 651-296-5047.



*Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.*