

Report of the Multihazard Mitigation Council (MMC)

The MMC is a council of the National Institute of Building Sciences

Report released late 2005

- The MMC conducted this independent study to quantify the future savings from hazard mitigation activities in response to a mandate by the Senate Appropriations Committee, Subcommittee for the Veterans Administration, Department of Housing and Urban Development, and Independent Agencies of the 106th Congress (Senate Report 106-161)
- In late 2005, the MMC submitted this report to Congress on behalf of FEMA and the Department of Homeland Security. While FEMA funded this report, the study was conducted independently of the agency.
- The study was structured to quantify the future savings (in terms of losses avoided) from hazard mitigation activities related to earthquake, wind and flood funded through three major natural hazard mitigation grant programs – the Hazard Grant Mitigation Program, Project Impact and the Flood Mitigation Assistance Program.
- The study results indicate that the natural hazard mitigation activities funded by the three FEMA grant programs between 1993 and 2003:
 - Were cost-effective and reduced future losses from earthquake, wind and flood events
 - Resulted in significant new benefits to society as a whole (individuals, states, and communities) in terms of future reduced losses
 - Represented significant potential savings to the federal treasury in terms of future increased tax revenues and reduced hazard-related expenditures
- Analysis of the statistically representative sample of FEMA grants awarded during the study indicates that *a dollar spent on mitigation saves society an average of \$4.*
- Analysis of the communities receiving these FEMA grants found that they are cost-effective, *often leading to additional non-federally funded mitigation activities* and have the greatest benefits in communities that have institutionalized hazard mitigation programs.
- Analysis of the effect of mitigation grants on the federal treasury found that *for every dollar spent from the federal treasury on FEMA mitigation grants, there is a savings of \$3.65 in post-disaster relief costs and increased federal tax revenues.*
 - The present potential annual savings to the federal treasury because of the FEMA grants studied is approximately \$970 million compared to an annual budget expenditure on these grants of \$265 million.
- Given the findings of the report, the MMC made the following conclusions:
 - Mitigation is sufficiently cost-effective to warrant federal funding on an ongoing basis both before disasters and during post-disaster recovery.
 - Mitigation is most effective when it is carried out on a comprehensive, community-wide, long-term basis.
 - Continuing analysis of the effectiveness of mitigation activities is essential for building resilient communities.