

COST ESTIMATE OF FEMA DISASTER TOOL REPLACEMENT GRANTS FOR SELF-EMPLOYED WORKERS VS. DISASTER UNEMPLOYMENT INSURANCE - Prepared by CERF+ - (Middle Scenario)

Summary:

Size of Population Served

Average number of self-employed workers impacted by disaster per year 16,397 Based on 2016 Population, uninsured for business personal property

Assumptions:		
Percentage of workers losing tools	35%	
Percentage that do not qualify	20%	Percentage who may not supply sufficient information or documentation to receive this benefit
Average tool replacement grant	\$2,500	Tool replacement grants will probably fall between \$500 and \$10,000 depending on tools lost or damaged and required to earn a living. Total for all Individual Assistance is limited to \$33,000 per household.

Calculations:

Avg. number of tool replacement grants per year 4,591

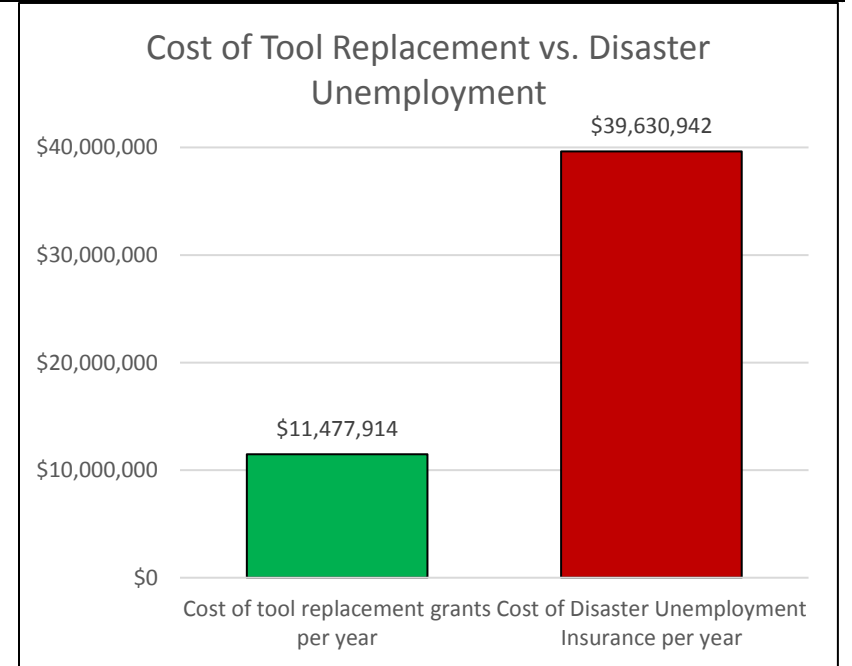
Comparison to Disaster Unemployment

Cost of Disaster Unemployment Insurance per year \$39,630,942

Cost of tool replacement grants per year \$11,477,914

Annual Savings: Disaster unemployment minus tool replacement cost \$28,153,028

Ratio of Disaster Unemployment insurance to tool replacement 3.4528 to 1



Details:

Item	#	Notes
Americans impacted by disaster		
Avg. percent impacted by disaster per year	0.226%	18 year average of % of population applying for FEMA Individual Assistance (see worksheet)
Size of Workforce		
Nonagricultural industries, 2009	137,775,000	BLS 2009 Self-employment in the United States, Steven F. Hipple, BLS
unincorporated self-employed workers	8,995,000	
% of total workforce	6.5%	
Adjustment to current workforce size		
Size of US workforce December 2016	159,640,000	
% Self-employed	6.5%	Using 2009 figure above
Number of unincorporated self-employed workers - approx.	10,376,600	
Avg. percent affected by disaster per year	0.226%	
Number of unincorporated self-employed workers - impacted by disaster per year	23,451	
Adjustments for insurance		
Percent impacted by flood (not covered by business insurance)	43%	Floods are 43% of all disasters, very few self-employed workers have flood insurance on tools used for business purposes
Number impacted by flood	10,084	
Percent uninsured for flood damage to tools used in business	95%	Home flood insurance does not cover losses to business personal property
Number uninsured for flood damage	9,580	
Number impacted by all disasters other than flood	13,367	
Percent of workers uninsured for business-related losses	51%	CERF+ Sustaining Careers survey: 62% uninsured for business personal prop. losses, Insurance Information Institute: 40% of all businesses are completely uninsured

Uninsured number impacted by disasters other than floods	6,817	Uninsured for flood damage + uninsured for other disasters
Total Uninsured self-employed workers impacted by disaster per year	16,397	
Adjustment for tool loss		
Estimated percent losing tools necessary to earn a living	35%	
Number of self-employed workers eligible for tool replacement	5,739	
Average % qualifying for FEMA ONA Assistance	80%	Estimate of percentage who will provide sufficient documentation, etc. to qualify for this assistance.
Potential number of qualified applicants	4,591.2	
Tool Replacement Grants		
Average tool replacement grant	\$2,500	Tool replacement grants will probably fall between \$500 and \$10,000 depending on tools lost or damaged and required to earn a living. Total for all Individual Assistance is limited to \$33,000 per household.
Total annual cost of tool replacement for self-employed workers	\$11,477,914	
Disaster Unemployment insurance		
Average unemployment weekly benefit in 2010	\$293	https://en.wikipedia.org/wiki/Unemployment_benefits#Eligibility_and_amount
Inflation adjusted 2017 average weekly benefit	\$332	CPI inflation calculator
Weeks of disaster unemployment insurance	26	Maximum benefit
Cost per worker	\$8,632	
Total Annual Cost disaster unemployment insurance if self-employed workers collected 26 weeks of disaster unemployment insurance	\$39,630,942	for potential number of workers qualifying for ONA tool replacement assistance
Ratio of Cost of Disaster Unemployment to Cost of Tool Replacement	3.4528 to 1	Disaster unemployment insurance/Tool replacement