



Embedding equity in disaster recovery grants management



Natural disasters disproportionately impact marginalized communities

Natural disasters have a disproportionate impact on marginalized communities, exacerbating the challenges faced by those already struggling with poverty, housing insecurity, and other issues. Disparities based on race, ethnicity, gender, and economic status can impact people's ability to prepare for, experience, respond to, and recover from the effects of a disaster.

According to a report by the World Bank and the Global Facility for Disaster Reduction and Recovery, which analyzed data from over 200 countries, the poorest 20 percent are 1.8 times more likely to live in fragile homes.¹ In the United States, 61 percent of households that received assistance from the American Red Cross in 2021 reported incomes below \$30,000, and 25 percent reported incomes below \$10,000.² Without adequate post-disaster support, these communities lose more economic assets, including employment, property, livestock, and equipment, which perpetuates generational poverty cycles.³ As a result, these communities require extra support during and after a disaster. To address this need, the Department of Housing and Urban Development (HUD) has passed several acts to promote equity within disaster grants, including the Fair Housing Act, the Disaster Recovery Reform Act of 2018, the National Environmental Policy Act, and the Homeowner Recovery Program. Each of these laws requires state and local governments to spend 70 percent of the funds on low- and middle-income households.

While the mission for equity is there, the resources for delivery are not

Even with legislation and federal guidance, many state and local governments struggle to meet these requirements. This is for a variety of reasons:

- **Limited resources:** State and local governments may have limited financial and human resources to allocate toward disaster recovery efforts. As a result, ensuring equity in disaster recovery is challenging.

Additionally, in partnering with local and small businesses, as well as minority and women-owned businesses (MWBs), businesses often face a lack of resources and education on the policies and opportunities available to them. Lastly, outreach approaches with small businesses to support disaster recovery efforts can require quick turnaround, which limits the ability to identify local contractors with the capacity to support broader disaster recovery needs.

- **Restrictive technology hindering operations:** State and local governments often implement rigid platforms that are difficult to configure to meet disaster recovery needs. Often, these platforms are designed as one-size-fits-all solutions and may not consider the unique needs and challenges of different communities. As a result, governments are forced to build their operations around the platform, instead of having the platform designed to support their operations. This can lead to inefficiencies, delays, and missed opportunities for serving communities in need.
- **Lack of data on disadvantaged communities:** State and local governments may not have comprehensive data on disadvantaged communities, such as communities of color, low-income communities, and those with limited English proficiency. Without this data, it may be difficult to identify and address the specific needs of these communities in disaster recovery efforts.

Solutions built with the community, for the community

Often, we see solutions in grants management and disaster recovery built with only compliance requirements in mind. At KPMG, our approach to disaster recovery is centered on designing policies, procedures, and platforms with the community at the core, focusing on meeting their unique needs. In doing so, state and local governments will find that they not only end up meeting their compliance needs, but they are able to drive to more positive recovery outcomes in their community.

- **Survey the community to guide disaster recovery policies needed:** By surveying underserved communities during disaster recovery efforts, state and local governments can gain a better understanding of unique needs, prioritize resource allocation, build trust, and measure success. By making a concerted effort to seek out and listen to underserved communities, governments can ensure that their disaster recovery approach is equitable and effective for all residents. The surveys should be designed and coordinated with local non-profit groups, local businesses, and charitable organizations to ensure alignment with the community.
- **Use data to develop your procedures:** Proactively assessing data is critical to identifying and prioritizing communities and individuals with the greatest need for disaster recovery grants. Organizations should reference publicly available data such as insurance coverage, flood plains, area median income, household composition, and broadband coverage, and collect demographic information to identify high-risk zip codes. This information can help stakeholders understand specific community needs and identify gaps for targeted outreach.
- **Start preparing and engaging with MWBEs now:** State and local agencies can help local and small businesses, as well as MWBEs, meet pre-qualification requirements, hire and train low-income workers, and compete for construction contracts by enabling these efforts. These organizations can be vetted and stored within existing platforms now to avoid enhancements needed later.
- **Build scalable, responsive, and community informed technology platforms:** By choosing a solution that is modular and allows for customization, governments can tailor the platform to serve the unique needs of their communities and respond quickly to changing circumstances. Ultimately, a modular and flexible platform can help state and local governments achieve their disaster recovery objectives more efficiently and effectively, while keeping the focus squarely on serving impacted communities.

KPMG Smart Grants Platform | Housing Recovery

The KPMG Smart Grants Platform | Housing Recovery can help enable equity in disaster recovery grants management. Below are a few key features that can support equity goals for state and local governments:

Dynamic Application Programming Interface (API):

KPMG Smart Grants allows for the use of social services data to prefill applications. For example, applicants who are already enrolled in programs such as Supplemental Nutritional Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) can reduce time spent on applications, help ensure accurate data, and mitigate issues if vital documents are lost in a disaster.

Using data to track applicants and outreach: The platform can provide clear reporting and visuals that indicate which communities are being engaged. For example, reporting can be mapped to area medium income, enabling targeted outreach and equitable grants management.

Tracking MWBE requirements: Tracking future details on how organizations are leveraging MWBE contracts is essential to ensuring their involvement in disaster recovery efforts. KPMG Smart Grants is designed to capture work being executed with specifics around the MWBE role in execution.

Addressing today's needs, preparing for future needs:

The importance of having a platform that is designed for state and local disaster recovery needs today cannot be overstated. However, it is equally important to have a platform that is flexible to meet future needs as well. Disasters can strike at any time and can have different impacts on local communities each time. Our KPMG Smart Grants Platform is designed with flexibility in mind and allows state and local governments to customize disaster recovery operations to the specific needs of their communities. The platform is modular and easily adaptable to meet new needs or make changes as current ones evolve, helping ensure that disaster recovery efforts remain effective as new challenges arise.

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Sources

1. "Greater Impact: How Disasters Affect People of Low Socioeconomic Status," Substance Abuse and Mental Health Services Administration, July 2017.
2. "Disaster Update: Fiscal Year 2021," Red Cross, June 30, 2021.
3. UN Chronicle, "Economic Recovery after Natural Disasters," United Nations, May 2016.

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