



NIBS MULTHAZARD MITIGATION COUNCIL

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Press Release

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New Study:

Disaster Mitigation Is Cost Effective and Reduces Future Losses

Washington, D.C. -- Each dollar spent on disaster mitigation saves society an average of four dollars, according to a new study released today by the Multihazard Mitigation Council of the National Institute of Building Sciences.

The study examined grants over a 10-year period (1993-2003) aimed at reducing future damages from earthquake, wind, and flood. It found that such efforts reduce future losses and are cost effective.

“For the first time ever, there is now quantifiable evidence that disaster mitigation works,” said Brent Woodworth, chair of the Multihazard Mitigation Council and worldwide manager of IBM’s Crisis Response Team. “For years, there have been anecdotal reports, but this information gives policymakers the evidence that proves that mitigation is a worthy investment in our nation’s safer future.”

The congressionally mandated study was commissioned by the Federal Emergency Management Agency. According to the study, mitigation results “in significant net benefits to society as a whole — to individuals, to states and to communities — in terms of future reduced resource losses and significant savings to the federal treasury in terms of future increased tax revenues and future reduced hazard-related expenditures.”

Key findings include:

- A dollar spent on mitigation saves society an average of \$4, with positive benefit-cost ratios for all hazard types studied
- In addition to savings to society, the federal treasury can redirect an average of \$3.65 for each dollar spent on mitigation as a result of disaster relief costs and tax losses avoided.
- In each of the eight communities studied in depth, FEMA mitigation grants were a significant part of the community's mitigation history and often led to additional loss reduction activities

- Mitigation is sufficiently cost-effective to warrant federal funding on an ongoing basis both before disasters and during post-disaster recovery."

"We've all seen that mitigation helps to save lives and reduce property damage," said David I. Maurstad, FEMA's Acting Director of Mitigation. "But until the MMC study we haven't had independent, objective, quantitative data analysis to show that building stronger and safer is also a sound investment."

The study involved two interrelated components; a benefit-cost analysis of a broad sample of FEMA mitigation grants and additional empirical research on FEMA-funded mitigation activities carried out in eight selected communities. The community studies examined all FEMA mitigation grants received by the selected communities for any grants received between the years of 1988-2003.

Copies of the study are available at <http://www.nibs.org/MMC/mmcactiv5.html>

The purpose of the Multihazard Mitigation Council (MMC) is to reduce the total costs associated with natural and other related hazards to buildings by fostering and promoting consistent and improved multihazard risk mitigation strategies, guidelines, practices, and related efforts. Total costs are considered to include the direct and indirect cost of deaths and injuries; property damage; business, personal, and governmental/civil disruptions; disaster assistance and emergency services; and redundant or duplicative mitigation measures associated with training, planning, programming, design, construction, operation, main-tenance, and enforcement. The Council was established in 1997 as a voluntary advisory, facilitative body of the National Institute of Building Sciences (NIBS), a nonprofit corporation incorporated in the District of Columbia.

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