

**HURRICANE SANDY: GETTING  
THE RECOVERY RIGHT AND THE  
VALUE OF MITIGATION**

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**HEARING**

BEFORE THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

MARCH 20, 2013

Available via the World Wide Web: <http://www.fdsys.gov/>

Printed for the use of the  
Committee on Homeland Security and Governmental Affairs



U.S. GOVERNMENT PRINTING OFFICE

80-223 PDF

WASHINGTON : 2014

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**HURRICANE SANDY:  
GETTING THE RECOVERY RIGHT AND THE  
VALUE OF MITIGATION**

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**WEDNESDAY, MARCH 20, 2013**

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Committee, presiding.

Present: Senators Carper, Levin, Begich, Coburn, Johnson, and Ayotte.

**OPENING STATEMENT OF CHAIRMAN CARPER**

Chairman CARPER. The hearing will come to order. Nice to see you all. Assistant Secretary Darcy, very nice to see you.

Well, thanks to our witnesses for joining us today. This is an important hearing in our oversight of Hurricane Sandy, what we are doing right, what we are not doing right, and what we could do better.

As you all know, on October 29, 2012, Hurricane Sandy made landfall in our country, and its impact, particularly on the Mid-Atlantic and the northeastern coast of our country, was devastating and heartbreaking. New Jersey, New York, and parts of New England were hit particularly hard. And on Staten Island we had, I think, about 21 people who were killed. In Breezy Point, Queens, a fire destroyed over 100 homes. In Hoboken, New Jersey, more than 1,700 homes were flooded. And I am sure we all saw pictures of the iconic Casino and Funtown Piers in New Jersey—where a lot of families have spent their summers—broken down and literally pulled into the ocean.

In Delaware, just to the south of there, we did not experience the level of devastation that was inflicted on our neighbors to the north. But our own State was hit hard. Widespread flooding caused severe damage to many of our homes and businesses. Roads and bridges were damaged or washed out, hurting commerce and transportation and cutting off access to hospitals, schools, and work.

The human cost of this storm was severe. I mentioned the lives lost on Staten Island. In total, at least 162 people were killed as a result of Hurricane Sandy. Preliminary estimates of the financial damage the storm caused are approximately \$50 billion. When all

is said and done, Hurricane Sandy is expected to rank as the second-costliest hurricane on record, right after Hurricane Katrina.

It will take years to recover from devastation like this. It is important that we get that recovery right. In the aftermath of Hurricane Katrina, we saw many problems during the recovery phase that held communities back and created great suffering. Money was not always well spent or coordinated. The recovery moved slowly as a result.

For instance, millions of dollars were spent providing temporary housing for survivors in travel trailers. People stayed in those trailers far too long because permanent housing solutions were not identified. Rebuilding permanent housing was also complicated because red tape prevented us from making the impact we could have made with the Department of Housing and Urban Development (HUD) and Federal Emergency Management Agency (FEMA) funding that was available.

The Post-Katrina Emergency Management Reform Act of 2006, which was shepherded through this Committee and through Congress by Senators Collins and Lieberman, took steps to try to fix these problems. And to be honest with you, we have seen a lot of improvement as a result. The Act required FEMA to bolster their regional offices in order to build stronger relationships with State, local, and tribal governments. This has not only improved the Federal Government's ability to respond to disasters; it has also enhanced FEMA's capability to support State, local, and tribal governments as they rebuild.

The law also required FEMA to coordinate with other Federal departments to write a national disaster recovery strategy, and this eventually led to the National Disaster Recovery Framework (NDRF), which has helped organize and coordinate recovery efforts to Hurricane Sandy. Although the recovery from Hurricane Sandy is just beginning, we fortunately have not seen the sort of problems that we did after Hurricane Katrina.

This Committee now has a Subcommittee with responsibility for FEMA. It is headed by Chairman Mark Begich and Ranking Member Rand Paul, and I know they will do great work in overseeing FEMA in general and this recovery in particular.

A key question we need to ask after a storm like this is whether it was an aberration or a harbinger of things to come. Just a few short years ago, hurricanes hitting areas along the northernmost half of the east coast were relatively uncommon. Hurricane Sandy is actually the third major hurricane to threaten or strike the northern east coast in the last 3 years. Hurricane Irene devastated parts of the east coast in 2011. The year before that, Hurricane Earl was a major threat. Unfortunately, the Northeast, the Mid-Atlantic, and other vulnerable areas are expected to see more frequent and larger storms like Hurricane Sandy in the future.

Additionally, just this year, Government Accountability Office (GAO) added a new area to its recently updated High-Risk List—the impact of climate change on the Federal Government. GAO explained that, among other things, climate change ‘could threaten coastal areas with rising sea levels, alter agricultural productivity, and increase the intensity and frequency of severe weather events.’ GAO also argued that the Federal Government is not prepared to

deal with the impacts of climate change and recommended that we take a strategic look at them and start to prepare accordingly.

I think this is a smart recommendation, and it is essential we put it on our to-do list as a Congress, along with the other items included in GAO's updated High Risk report. It is certainly on this Committee's to-do list. The costs associated with responding to and recovering from a hurricane such as Sandy—both the human and the financial costs—are so severe that we simply cannot afford to face this devastation over and over again.

I will point out that, so far in this recovery, we have seen States take some promising steps toward addressing the issues GAO has identified. In particular, I am pleased to see that the States of New York and New Jersey have begun to make plans to mitigate against future disasters. We know all too well that an ounce of prevention is worth a pound of cure. My grandmother would be pleased to hear me repeat those words today.

In fact, a few years ago, the National Institute of Building Sciences issued a report that concluded that for every dollar spent on various mitigation measures, we can save \$4 in response and recovery costs. Through mitigation, then, we can get better results, save money, and save lives. We must ensure that sound and effective mitigation policies are thoroughly incorporated into this recovery effort.

This is especially important as climate change drives the sea level to rise and increases the severity and frequency of coastal storms. By working together, we can rebuild and become stronger by better protecting ourselves from future storms. It is that simple.

But in doing so, we cannot ignore what I believe and what many experts believe may be the underlying cause of storms like Hurricane Sandy. Finding a way to address climate change is not the topic of this hearing today, but as we recover from this most recent major storm and put into place the protections we need to reduce the impact of the next one, we would be making a mistake if we did not also think about what we need to do to address not just the symptoms of climate change, but the core problem itself.

With that having been said, I look forward to working with all of you, the Obama Administration, and my colleagues on these crucial tasks we have before us.

I am happy to turn to Dr. Coburn for any comments he wants to make.

#### **OPENING STATEMENT OF SENATOR COBURN**

Senator COBURN. Well, first of all, let me apologize. I have to go to the floor to object to the lack of amendments that are being allowed on the continuing resolution (CR), so I will not be able to hear your testimony. I have looked at it, my staff have thoroughly read it, and I have summaries of all of it. I will enter my statement into the record.

I just have to make a comment. I love Tom Carper, but the tone of climate change and the reality of what we have actually seen and what the predictions have been, do not have any connection. As a scientist who has actually looked at the science, we still have a long way to go to prove what has been made as fact in Senator Carper's statements on climate change. This is not a hearing about

climate change. This is a hearing about the response to Hurricane Sandy, and I look forward to coming back and offering questions. I would also say I am very proud of FEMA's response so far. They have done a great job. I also would say I am very thankful for the cooperation that you have offered the Committee as we have looked at the response and tried to oversee it in real time to see if we are actually making great improvements.

So with that, I would ask that my statement be placed in the record, and I will return.

Chairman CARPER. Without objection.

All right. And before he leaves, I just want to say I love Tom Coburn, too, so there we go.

I think we are going to go right to our witnesses. Let me introduce them and then, Senator Johnson, we will get into some questions. OK?

Senator JOHNSON. Sure.

Chairman CARPER. Our first witness is Craig Fugate, Administrator of the Federal Emergency Management Agency. I want to thank you and the folks that you lead for the really outstanding effort that you have made in response to Hurricane Sandy from our State and from the other States that were affected. Mr. Fugate began his career as in emergency management as a volunteer firefighter, emergency paramedic, and, finally, as a lieutenant with the Alachua County Fire Rescue. In 2001, he became Director of the Florida Division of Emergency Management and held that position until he was confirmed as Administrator of FEMA in May 2009.

Mr. Fugate, again, we are glad to see you. Welcome to this hearing, and thanks for your testimony.

The second witness is the Honorable Shaun Donovan, Secretary of the Department of Housing and Urban Development. Mr. Donovan became Secretary in January 2009. He is also currently serving as the Chair of the Hurricane Sandy Rebuilding Task Force, which is the topic we will discuss during this hearing. Before his appointment as Secretary, Mr. Donovan served as Deputy Assistant Secretary for Multifamily Housing at HUD during the Clinton Administration. He later served as Commissioner of New York City's Department of Housing Preservation and Development.

We thank you, Mr. Secretary, for joining us, and we look forward to your testimony and our questions and answers.

And no stranger to the U.S. Senate, where she once toiled and I think worked for—was it the Finance Committee?

Ms. DARCY. In the Environment and Public Works Committee (EPW).

Chairman CARPER. In EPW, very good. Great to see you again. Ms. Darcy is Assistant Secretary for Civil Works at the U.S. Department of the Army. Ms. Darcy became Assistant Secretary in August 2009. Prior to her appointment, Ms. Darcy had a long and distinguished career in the Legislative Branch, which I have mentioned. From 1993 to 2000, she served as a professional staff member on the Senate Environment and Public Works Committee, which is in markup right now, and she then moved on to the Senate Finance Committee, where I have just come from, where she served as a senior environmental advisor. We thank you for joining

us. We thank you very much for your work and the great work that is being done and the folks that you lead.

I am going to ask you to go ahead and start your testimony. Try to keep it close to 5 minutes. If you go a little beyond that, it is OK. But if you go way beyond that, I will have to rein you in. We are going to start voting around 11:15, but we want to get as much done as we can.

Mr. Fugate, please proceed.

**TESTIMONY OF HON. W. CRAIG FUGATE,<sup>1</sup> ADMINISTRATOR,  
FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DE-  
PARTMENT OF HOMELAND SECURITY**

Mr. FUGATE. Well, thank you, Mr. Chairman, Senator Johnson.

Hurricane Sandy was essentially two disasters in one, and it also covered a geographical area that today we know the heaviest impacts were in the Jersey shore, New York City harbor area, and into Connecticut with peripheral impacts. But before landfall, we were anticipating impacts from as far south as Cape Hatteras in the Carolinas, as far west as West Virginia, which was under a blizzard warning, all the way up through the central Ohio Valley and up to the New England States, including Maine.

To prepare for that, we were able to utilize the authorities granted to FEMA, when FEMA was authorized in the Post-Katrina Emergency Management Reform Act, that clearly stated that in the anticipation of a major disaster, we would not have to wait until the States were overwhelmed before they were able to request assistance. We had pre-staged not only equipment and supplies, but we had sent teams into each State to link up with the Governors' teams to begin that crucial planning on what if the storm did hit and produced the impacts possible throughout that region.

As the scale of the impact became more apparent that it was going to be focused on the landfall somewhere between New Jersey and Boston, it allowed us to concentrate our resources and teams on those impacts.

But as Hurricane Sandy came ashore, we dealt with a storm that produced a very significant storm surge, probably greater than many people realized because of the nature of the storm and the fact that they had gone through Hurricane Irene and thought that was probably as bad as it was going to get. We saw Hurricane Sandy produce storm surge in areas that had not previously flooded, most notably in Manhattan, where the World Trade Center Memorial was being flooded, as well as nine of the hospitals in the lower boroughs, including New York University (NYU), Bellevue, and others that were taken out of service because of the damages.

But that damage was also compounded by the power outages. It is estimated that 8.5 million customers were without power at some point during Hurricane Sandy, but I think that number underestimates the human impact in that those were actual connections, not people. When you looked at the region, there was in excess of 25 million people being impacted some way or another by the power outages, whether it was directly because they did not

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<sup>1</sup>The prepared statement of Mr. Fugate appears in the Appendix on page 52.

have power or because it was affecting communications, transit, fuel, and other issues.

And so as we responded to this disaster using the tools that we had, we were able to focus on the life safety issues, much of this done by the local responders, augmented by Homeland Security grant dollars they had received since 9/11 to build more capability in search and rescue. We then supported the immediate needs response—sheltering, distribution of supplies—and began the process of starting the initial recovery, getting debris picked up, dealing with those immediate issues that were required to provide expedient and temporary housing.

Some of the tools we learned from Hurricane Katrina is that in long-term housing impacts, you have to start planning from the very first day what the solutions were. Merely putting people up temporarily in hotels and motels was not an answer. So that is, again, why we engaged very quickly with the long-term recovery type planning we do under the National Recovery Framework. We are engaging with our partners at HUD, the Small Business Administration (SBA), and others.

But as the density of the population showed, this was going to be a very significant challenge to house people long term given the density of the population and the amount of impact that occurred.

We implemented a variety of tools that we had been developing over the last couple of years, some very successful, some not as successful, and we continue to learn how to do that better. But, overall, the response was geared toward supporting the States divided into phases: life safety, life sustaining, and the immediate steps to set the stage for recovery.

We are now seeing these communities begin to move into the long-term permanent work that will be required, and we also want to ensure that when we build back, we are not just building back to what was there. We are looking at how do we ensure that critical infrastructure is built back in a way that ensures its survivability and resilience in future storms.

As the President has directed us, we are looking at the issue here as an adaptation to the hazards we face, and that for the future, we cannot just merely build back to previous standards. Again, if Hurricane Sandy was a record-setting storm, but is not the storm potential that could occur and we only build back to Hurricane Sandy, the next stronger storm may undo all of our work.

We have seen where we have applied mitigation after Hurricane Katrina, and then the impact of Hurricane Isaac earlier this year, parts of the community that had mitigated against Hurricane Katrina actually saw storm surge greater than what they saw in that storm. But because of the mitigation, fire stations, schools, and emergency operations centers were up and running during the storm and able to continue to provide essential services during the life safety phase of the disaster, resulting in FEMA and the Federal agencies being able to focus on recovery.

So we know mitigation works, but we also need to make sure we are mitigating against the future threats, not just past history, because every time we go out, it seems that the term “100-year storm” is being used several times a year to describe events that are occurring with even greater frequency.

Thank you, Mr. Chairman.

Chairman CARPER. Thank you very much.

Mr. Secretary, please proceed. Your entire statement and all of your entire statements will be made part of the record. Feel free to summarize. That was a nice summary, I thought.

Please proceed.

**TESTIMONY OF HON. SHAUN L.S. DONOVAN,<sup>1</sup> SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Secretary DONOVAN. Chairman Carper, Members of the Committee, thank you for the opportunity to testify today regarding the ongoing effort to rebuild in the region devastated by Hurricane Sandy.

I chair the Hurricane Sandy Rebuilding Task Force established by President Obama. Hurricane Sandy had immense impacts in New York, New Jersey, Connecticut, Rhode Island, Maryland, and a number of other States, as you know, Senator.

Based on the lessons learned from previous disasters, the President asked Secretary Napolitano and me to develop a new approach to disaster-related recovery and rebuilding challenges from a national perspective. That led to the creation of the National Disaster Recovery Framework, which we released in 2011. Administrator Fugate just mentioned its importance in allowing us to bring a coordinated, governmentwide approach to recovery and rebuilding.

As a result of the NDRF, for the very first time, we are fully implementing the long-term recovery strategies that were part of the NDRF, and today we have 150 Federal staff on the ground in New York, New Jersey, and Connecticut who are working on long-term rebuilding, because we know from past disasters that planning for long-term rebuilding must begin even as response activities are underway.

We also know that the unusual scale of the devastation caused by Hurricane Sandy meant communities would face greater rebuilding challenges than usual and that many of those challenges would cut across agency and State lines.

For example, an issue like hardening our energy infrastructure will require involvement from Federal, State, and local government in addition to the private sector across the region. In recognition of this, President Obama created the Hurricane Sandy Task Force to ensure there was Cabinet-level, governmentwide, and regionwide coordination to help communities as they are making decisions about long-term rebuilding.

The task force is a short-term entity. The President's Executive Order (EO) calls for us to produce a comprehensive rebuilding strategy by August 2. Following the completion of this strategy, the task force will wind down and implementation will be carried out by the relevant regional support functions that are already in place under the NDRF.

One goal of the task force and the strategy is to identify and share best practices adopted by other communities in the wake of disasters and to help communities apply those lessons to their own

<sup>1</sup>The prepared statement of Mr. Donovan appears in the Appendix on page 62.

rebuilding efforts. A perfect example of this work is an announcement we made last week to help communities get the Community Development Block Grant (CDBG) disaster funding into homeowners' and business owners' hands more quickly. We released several model programs based on best practices from other areas that local governments can modify and adapt to launch their own programs to repair homes and small businesses and offer their citizens housing counseling or, where appropriate, buyouts.

Giving communities these model programs means they do not have to reinvent the wheel and design new programs from scratch, which ultimately means homeowners and businesses get more help quickly and at a lower cost to taxpayers.

In addition to identifying opportunities for this type of coordination, supporting local rebuilding efforts with the financial resources that only the Federal Government can provide is a key part of the Federal role. Federal agencies and departments have already begun making money from the Disaster Relief Appropriations Act available to State and local governments in the region. In addition to what Administrator Fugate mentioned, the Administration has allocated the first tranche of CDBG disaster funds totaling \$5.4 billion, and I would add that HUD allocated this funding within 8 days of the President's signing the supplemental, the fastest it has ever been done in history.

We have also announced \$2 billion in Federal Transit Administration (FTA) emergency funding, and FEMA has released more than \$5.9 billion in National Flood Insurance payments.

The task force's role is to help supplement individual agencies' efforts to get money where it is needed by sharing lessons learned about how to use it most effectively and efficiently. Our role is also to facilitate the monitoring of those programs to ensure accountability and to take additional measures to prevent waste, fraud, and abuse. We are working with the Recovery Accountability and Transparency Board (RATB) and with the relevant Inspectors General (IG) in support of their critical oversight mission and are also working with agencies and the Office of Management and Budget (OMB) to coordinate the delivery of enhanced agency internal control plans.

In addition, we will monitor and share data about how the dollars are being spent on a public website similar to Recovery.gov to give the public confidence their dollars are being spent as intended.

The task force will also help impacted communities use this funding to mitigate future risk from storms—storms that science tells us will have greater intensity and severity in the future. Mitigation is sensible and cost-effective, offering a \$4 return on each dollar invested by preventing future damage, as you have recognized, Senator. And while each agency is focused on mitigation, the role of the task force is to ensure coordination and prioritization of projects across the region so that we can ensure that benefits are not being duplicated and that those efforts and investments are the most cost-effective options.

We want to thank Congress and Members of this Committee, in particular Senator Landrieu, for your leadership that cut red tape and gave us new flexibility to build back stronger, and we are working to combine CDBG and other funds so that the opportunity

to build back stronger is not an opportunity lost. We know mitigation works. As Craig Fugate just described, we saw it on the Gulf Coast, and we have seen it in Hurricane Sandy as well.

We look forward to continuing our work with this Committee, others in Congress, and our Federal, State, and local partners to support communities' rebuilding efforts in a way that makes them stronger, more economically sustainable, and better prepared to withstand future storms.

Thank you again for the opportunity to testify today. I look forward to answering any questions you may have.

Chairman CARPER. Thank you, Secretary Donovan. Assistant Secretary Darcy, please.

**TESTIMONY OF HON. JO-ELLEN DARCY,<sup>1</sup> ASSISTANT SECRETARY FOR CIVIL WORKS, U.S. DEPARTMENT OF THE ARMY**

Ms. DARCY. Thank you, Chairman Carper.

Everyone has talked about Superstorm Sandy, as we now call it, with the 80-mile-per-hour winds and a 13.7 foot storm surge; all of this caused a great deal of devastation. Flooding has occurred causing damage to public infrastructure, causing extensive power outages, affecting mass transit systems, and causing damage to public housing and private residences.

It is clear that existing Corps of Engineers projects helped to mitigate some of the flood damages to the residents. However, degraded coastal features have resulted in increased risks and vulnerability from future storm events. In addition, expected changes in sea level rise, extreme weather events, and other impacts of climate change are likely to further increase those risks.

The Corps has authority under Public Law 84-99, the Flood Control and Coastal Emergencies Act (FCCE), to perform emergency management activities in response to natural disasters. These include preparation for natural disaster preparedness, advanced measures, emergency operations both before and after a flood, and rehabilitation and repair of damaged projects.

The Corps also responds to disasters at the direction of FEMA under the Stafford Act. Under FEMA's National Response Framework, the Corps is the coordinator for Emergency Support Function (ESF) #3, which is "Public Works and Engineering." FEMA missions assigned to the Corps are funded entirely from FEMA's Disaster Relief Fund.

During and after Hurricane Sandy, the Corps responded to 68 missions assigned by FEMA, provided more than 1,000 highly trained technical personnel and deployed the 249th Prime Power Battalion. To date, FEMA mission assignments exceed \$350 million in New York, New Jersey, Massachusetts, Delaware, Ohio, Pennsylvania, Connecticut, West Virginia, and Rhode Island.

As of March 1, 2013, completed Corps response efforts under both its own Public Law 84-99 and FEMA's Stafford Act include:

Completion of 567 power assessments and installation of 211 generators that at one time were generating 55 million kilowatts of power;

<sup>1</sup>The prepared statement of Ms. Darcy appears in the Appendix on page 67.

Installation and operation of 162 pumps to un-water 14 strategic sites identified by State and local authorities, including the New York City subway system's tunnels and the Passaic Waste Water Treatment Plant, resulting in the removal of over 475 million gallons of water. We restored operation of the Hoboken Ferry Terminal and delivered 512 truckloads of drinking water to New York, New Jersey, Pennsylvania, and West Virginia. We refurbished 115 transitional housing units.

Completed an assessment of damages of Federal coastal protection projects, and closed breaches in three coastal barriers in New York and New Jersey.

Another major FEMA mission assignment that continues today is the removal of debris left by Hurricane Sandy. I have an update on the debris removal information that was included in my complete statement for the hearing. I would like to do that now so we can update those numbers.

As of this week, in the city of New York, more than 734,000 cubic yards of debris have been removed from public sites by the Corps of Engineers.

On Fire Island, both the number of private property debris removal assessments that were assigned to the Corps and the number that have been completed has risen. The new total number of assessments that were assigned to the Corps is 1,814, of which 1,779 have been completed.

The success of these efforts was due to a dedicated and determined team that included the Corps, the Navy, the Coast Guard, the Department of Transportation (DOT), New York City's Transit System, and many, many more.

Damage sufficient to warrant repair under Public Law 84-99 was reported for 19 Federal hurricane and shore protection projects within the Corps' North Atlantic Division footprint. The Corps has approved project information reports for these 19 projects, and engineering and design has begun on each of the projects.

There were damages to projects outside our North Atlantic Division for which we are continuing to prepare project reports.

Finally, we also sustained damages to some of our Corps navigation projects.

The Disaster Appropriations Act of 2013 provided \$5.35 billion for the Civil Works program. This amount included \$3.461 billion of construction funding, of which more than 80 percent was to reduce future flood risks in a way that will support the long-term sustainability of the coastal ecosystem and the communities, and reduce the economic costs and risks associated with large-scale flood and storm events.

The Act requires that all Corps projects funded for construction, incorporate our current science and engineering standards. The Army is in the process of developing its implementation plan for the funding under the Act, with project-specific measures. The Corps will perform an expedited, limited re-evaluation that will address resiliency, economics, risks, environmental compliance, as well as long-term sustainability. Also, the Corps will enter into project partnership agreements that will be executed with the non-Federal project sponsor that, among other things, will ensure an updated floodplain management plan is developed by the respon-

sible non-Federal authorities. The Corps will take a broad, long-term approach to reducing future vulnerability in a manner that is sustainable for the natural ecosystem, for the individuals, as well as the communities in which they live.

Thank you, Mr. Chairman, and I look forward to your questions.

Chairman CARPER. Thanks. Thank you all for your testimonies.

Our Committee jurisdiction includes border security, and last month, I was down along the border of U.S. and Mexico in Arizona with Senator McCain and Congressman Michael McCaul from Texas, who chairs the Homeland Security Committee over in the House. I was joined on another day by Secretary Janet Napolitano.

One of the things we have wrestled with on border security is: How do we measure success? Is it the number of folks we apprehend trying to get into the country illegally? Are there other measures of success? And I think we are making great progress in border security in that part of our country. We still wrestle a bit with how do we measure success.

Let me just start right there. Administrator Fugate, how do we measure success? And given that measure, how are we doing?

Mr. FUGATE. We looked at disasters and response that—and responding to disasters, there was never a criteria of timeframe. So we looked at the first 72 hours that oftentimes is the most critical for life saving and immediate stabilization and said that, as a Nation, do we have enough resources to get to people quickly, to do rescues? Do we have enough law enforcement and security to make it safe? Do we have the emergency communications to allow the first responders to rebuild and get their systems back up, as well as provide the most essential, basic needs to a community in that short timeframe?

Now, that cannot just be done with the Federal agencies, but we look at this through the whole community, what the private sector can do, what we do with our other partners.

So the measures we look at very specifically are: Can we physically get back into the area? Can we make sure it is safe to operate in? Generally, law enforcement and security concerns. Can we get to the injured in 24 to 48 hours while we still have an opportunity to change the outcome? And do we have enough supplies and capabilities to meet the most immediate needs so that future loss from that disaster is not occurring because of lack of response? And we could then begin the process of setting the stage for the next immediate thing, such as sheltering, picking up debris to set the stage for recovery.

And looking at our last responses, most notably Hurricane Sandy, we are achieving that by and large but not uniformly throughout the heavily impacted areas. And particularly in Hurricane Sandy, a challenge there is the dense population, and I think that is something we have to continue to look at, that you just cannot look at geography. You have to look at where the people are and make sure you have the resources there.

But in using that as a standard, we are now going back and cataloging our investments in homeland security, those grants, and looking at how much capacity have we built, what does that response look like? And one example we had, the Urban Search and Rescue Teams which Congress funds that we sponsor—there are 28

of them—had never been funded to do any type of water rescue even though they had deployed most recently, from Hurricane Katrina forward, to numerous hurricanes which involved water rescues. So we began equipping them through their grants with water rescue equipment. Six of those teams were able to deploy and augment State and local responders.

Chairman CARPER. Good. Thanks.

Secretary Donovan, how do we measure success, and how are we doing?

Secretary DONOVAN. To complement Craig's focus on the immediate response, we are also very focused on how do we measure success in the longer-term recovery.

Chairman CARPER. Good.

Secretary DONOVAN. And there is a set of, I think, more obvious measures, and then there is a set of measures that are perhaps less obvious and longer term.

Clearly, how quickly are homeowners getting back into their homes, how quickly are small businesses getting up and running. More broadly, will the shore be open for business this summer in New Jersey and Long Island? Those are all critical measures, and I would like to thank Congress for giving us in this supplemental, for the first time, the ability to set clearer deadlines, a 24-month timeline for what we would expect to be most of the CDBG and other investments.

One of the roles the task force is playing is to go through right now with OMB and try to set a consistent policy on how we will implement those timelines from obligation.

We are also working with the agencies to get data-sharing agreements. Frankly, sometimes just setting up the pipes, if you will, to share that data in a single source so that we can track it, make it available to the American public, to all of you, and to the IGs to know whether we, in fact, are making speedier progress than we did, say, in Hurricane Katrina in helping businesses and homeowners get back.

The last thing I would point to goes to your focus on mitigation. In the long run, one of the most important measures of the recovery is: do we save money the next time we have a storm? FEMA's analysis has showed, as you quoted, Senator, that we save \$4 for every dollar of investment in mitigation where it is done wisely, and that is something we are going to be gathering the data to be able to track going forward as well to make sure we understand where those mitigation investments have actually paid for themselves and where they have not.

Chairman CARPER. Thank you.

Assistant Secretary Darcy, how do we measure success? How are we doing?

Ms. DARCY. Well, we can measure success in two ways:

One is how we were able to respond to the orders and the missions that were given to us by FEMA, and that success is shown in the fact that we were able to un-water the Battery Tunnel, that we were able to call on the resources that we have not only within the Army but within the Defense Department to help with that mission. That is one way we can measure success.

Another way for our agency to measure success is to be able to look at the projects that we have built, especially our storm risk reduction projects along the coastline that provided storm damage reduction. And if you flew the coast of New Jersey after Hurricane Sandy, you could see where there had been a Corps of Engineers project and where there had not. The houses behind the housing projects, those sand dunes were still standing. And I think for us not only did we learn from that, but we have to learn what did not work as well. Part of that is working with the task force and looking at what kind of sustainability we need to make sure is part of any project that we plan to build.

Chairman CARPER. Thank you.

Before I yield to Senator Johnson for his questions, I just want to telegraph my next pitch. When he is finished and others have had a chance to ask questions, I am going to be asking you whether you think that State, local, and Federal Governments involved in this recovery have the authority and the resources that are necessary to make the recovery successful. And I will be asking are there any other tools that you need for your respective tool boxes or for other tool boxes to help make this recovery successful.

All right. Thanks. Senator Johnson.

#### **OPENING STATEMENT OF SENATOR JOHNSON**

Senator JOHNSON. Thank you, Mr. Chairman, and thank all of you for coming in and testifying.

I have not been along the coastline, I have not seen the devastation, so I just would like to ask some basic questions about that. How much of the damage was within what proximity to the shoreline? Can you kind of give me some indication?

Mr. FUGATE. Senator, most of the damages that occurred fell within the 100-year floodplain area, so in some cases the damage were within blocks. In some cases, it was almost half a mile to a mile, depending upon where you were at.

Again, you have got to remember in this coastline you have barrier islands and you have inlets and then you have rivers that flooded upstream. So most of the damage occurred within the first half-mile, is generally where you saw the concentrated damage. But because of the coastline and the shore, some of the water was going into places that may have bypassed higher ground and impacted further upstream. Particularly on the Hudson River, there was flooding well away from the shore area on the river banks where it had moved up the river.

Senator JOHNSON. But would it be safe to say that 80, 90 percent of the damage occurred within the 100-year floodplain?

Mr. FUGATE. The bulk of it did, although we did identify that in particular New Jersey, which had not had updated maps, there was flooding outside of that. This is part of the updated maps showing us better resolution of what could happen. But it is also important to note that the 100-year floodplain only shows the risk as 1 percent. In many areas, the flooding was greater than that based upon localized impacts of the storm, and in a stronger hurricane, the 100-year floodplain would not identify all of the risk, and that is one of the things Secretary Donovan and I and others are working on with the Corps of Engineers, is to make good decisions

on critical infrastructure, not just based upon the 100-year flood events but also what the potential storm impacts can be.

Secretary DONOVAN. Senator, if I could.

Senator JOHNSON. Sure.

Secretary DONOVAN. Just to clarify one point there and to give Craig and his team some real credit, one of the most important steps that we have taken—and the task force has worked closely with Craig's team on this—is to update those flood maps with new advisory maps. And so just to be clear, there are places where the 100-year floodplain has gone up by more than 10 feet in places within the region. So I think when you described the 100-year floodplain, it is within that newer version of it. Compared to the old maps, it was substantially outside in many places, that original.

And I think one of the most important things that Craig has done is to accelerate that process of getting those new flood maps out so that now as towns, particularly along the shore, are rebuilding they are using more accurate measures of what that 100-year floodplain is, which in some cases is dramatically different from what it was.

Senator JOHNSON. Which leads me to my next question. Give me the effect of having a 100-year floodplain map, in terms of the laws, in terms of insurance rules. I mean, tell me what the 100-year floodplain actually does in terms of mitigation, in terms of insurance costs, in terms of what responsible individuals should do in response to 100-year flood maps.

Mr. FUGATE. Where we have the updated maps and the community adopts them, the requirements to participate in the Flood Insurance Program is they have to adopt the maps as ordinances, and then they have to drive all of their construction based upon those maps as far as elevation requirements in areas where they are prohibited to build certain types of structures or use certain construction techniques.

The most common one for residential areas is the requirement to build one foot above base flood elevation. We saw numerous homes where I was at in Connecticut that had flooding during Irene, that in rebuilding had been elevated. Those homes are standing. Homes next to them that were not elevated to the new data were destroyed. It oftentimes means the difference between communities being able to rapidly recover and people come home after cleanup and restoration of power versus losing everything, including the community's tax base.

So while it does not factor into the worst possible scenarios that there could still be damages, by and large across the gulf coast and now across the Northeast where these standards have been applied, storms that have hit show that, by and large, the elevation requirements preserve housing, the tax base, and homes for people to return to after the storm. Those that are not built to that level oftentimes are those that are destroyed, causing not only the loss of the home but the loss of the tax base.

Senator JOHNSON. OK. So that really applies to the building codes. What about in terms of the insurance markets, the ability to access insurance, the cost of insurance?

Mr. FUGATE. Well, the cost of insurance, for flood insurance, again, is provided by the Flood Insurance Program, and if you are not elevated above that base flood, based upon the latest reauthorization of the National Flood Insurance Program (NFIP), going to an actuarially based rate is going to be a very expensive proposition to people. If they will build one foot above that base flood elevation, they will get a discounted rate showing the reduced risk.

But moving toward a more actuarially sound basis is going to price many people to the point where they will have to make hard decisions about either elevation or not being able to rebuild based upon their insurance rates.

Senator JOHNSON. Do you have any estimates so far of how much of the cost of the disaster is going to be borne by private insurance versus State governments versus the Federal Government? Do you have some sort of breakdown on that?

Mr. FUGATE. No, sir. Given that almost all of the flood damage will be covered by the Flood Insurance Program as the Federal and commercial industry has not chosen to write flood insurance for homeowners, I think the preponderance of the costs will be borne by the taxpayer and through the ratepayers in the Flood Insurance Program. Those damages outside of that, primarily wind damage, for those commercial entities that had insurance, those would be the numbers that would be done by the private sector.

Secretary DONOVAN. If I could add, Senator, one of the critical things about what Craig has said, historically we have not had a coordinated response across the Federal Government where we are using the same standards. And so typically what you have is that the official flood maps—in this case, this would be the old flood maps for New Jersey and New York—would govern the investments that we would make post-disaster.

What we are doing is trying to use these new maps—the task force is working on this—to ensure not just FEMA is using the latest information on the maps, but that across the Federal Government we are doing that.

So, for example, in our first Community Development Block Grant notice, we required that anytime, as FEMA does, you are rebuilding more than 50 percent of the cost of the home, you have to use these new maps, even if they are not going to be official for the Flood Program within 2 years.

We also, for example, are looking at—you mentioned insurance. The Federal Housing Administration (FHA) provides insurance on lending. That is another area that we are looking at to try to set a consistent standard so that even though we have this new information, we are not rebuilding to an old standard that will ultimately cost us more, particularly where there are major investments being made by either private entities, private insurers, or by the Federal or local government.

Senator JOHNSON. OK. Well, I am out of time, but I will give you a hint in terms of my followup, because I am going to want to be talking about the moral hazard of insurance pricing and how we basically just incentivize people to continue to build in areas that are going to get wiped out once again, and then the American taxpayer is on the hook for that. So that will be my next line of questioning. Thanks.

Chairman CARPER. Dr. Coburn.

Senator COBURN. Well, thank you all again for being here, and I apologize once again for being absent during your testimony.

I want to just make a few comments. We have had investigators up there, and it has been bipartisan in terms of what we examined. Overall, the initial response of FEMA has been very positive, but some of the criticisms that we heard from people on the ground, local mayors and other people, was that when FEMA staff changed out, there was not a good transfer or hand-off of what was done.

The other thing is that it seems to be too many questions cannot be answered by your people on the ground; or people have to wait for an answer.

And then the third thing is getting funds. Most of them are having to hire consultants to be able to access funds.

Even though we have done a good, initial response, the criticisms by the people that are actually impacted, I think, are real and justifiable. I would love to hear your response to the hand-off process as you move people in and out and why people on the ground cannot give people who have been impacted answers to their questions.

Mr. FUGATE. The short answer is historically FEMA has never staffed where we had the luxury of being able to deploy people for long periods of time from the initial outset of a disaster. We just do not have a workforce that is that scalable with that many people ready to go to that many impacted communities early in a disaster. So we used a lot of our permanent workforce from our regions to do the initial staff, and then as we were able to bring in our reservists and bring them in, we were able to backfill. That resulted in the first change-out, and that has never been a good change-out. We continue to work on that.

But you get to the second point, which is even more of a problem, is the complexity of our programs have reached a point where part of what we were looking forward to in the Sandy Recovery and Improvement Act was better flexibility and tools to get more consistent answers quicker. Our goal was to get the right answer the first time, whether it was yes or no, and if it was maybe, get the answer so local officials know what to do.

Part of this will come back to looking at how we staff disasters. What we have come to the conclusion with Hurricane Sandy is we have been using a lot of our reservists which are itinerant—brought on when we have disasters—workforce who, for a lot of the programs work very well. But as you get into the complexity of recovery, particularly as we have been updating and changing the program, it often delayed responses because they were not current and had to go to the next level to get answers.

Based upon our analysis of Hurricane Sandy, we recognized we were going to have to put more emphasis on a full-time, non-permanent workforce to get the consistency in public assistance. I think there are areas where the people that we bring in as we need them work very well in disasters, but as you point out, Senator, when it comes to public assistance, getting the right answer the first time and the consistency in that answer has been an issue since I have been a State director and a local official. We feel the only way to address that, as the programs have increasing complexity, is to have the subject matter experts working full-time as

a temporary not permanent workforce, but having that full-time exposure and expertise to answer those questions.

So we are in the process of reshaping that workforce in the aftermath of Hurricane Sandy to address that issue.

Senator COBURN. So when they have to hire a consultant to work through the maze of bureaucratic red tape, does the American taxpayer end up paying for that consultant?

Mr. FUGATE. They would get from us management costs. They may be using that to pay for the consultant, and that could be included in the bill. So the answer is yes.

Secretary DONOVAN. Senator, if I could just add on one point related to this, some of this confusion comes out of public programs, but there is also a lot of confusion that homeowners have around the conflicting requirements or efforts of different servicers with different types of loans.

So, for example, certain servicers may have a policy that your insurance proceeds will only be released under this condition; another might have that they would release insurance proceeds under a different condition.

One of the efforts that the task force has undertaken, FHA is part of HUD, an important part of the mortgage market. Fannie and Freddie are overseen by a different agency. We have brought together the private servicers, Fannie, Freddie, and FHA to try to reach consistent standards for Hurricane Sandy, for example, on how long forbearance will be of foreclosures, what type of forbearance we will be offering, so that there is consistent information. The more we can standardize those things—we made a lot of progress on this—the more somebody who is in the field, whether it is a HUD person or a private sector person, can say, “Here is the rule. It applies across the board,” as opposed to, well, depending on what side of the street you are on or what lender you have, you are going to get different answers.

So this is not just a question for sort of standardization across government. It is also one that we are working on through the task force to try to get consistency in the private—

Senator COBURN. But the eligibility requirements have not changed. They did not change. The last disaster we had, the eligibility requirements are the same. So why is it so hard to get an answer if the eligibility requirements have not changed?

Mr. FUGATE. Well, Senator, I would like to talk specifically about what those issues are. I think there are two times when local officials have hired contractors, and based upon my conversations, they have hired contractors because of the workload issue, that they need additional staff because they are having to process literally hundreds of thousands, if not millions of dollars, and they just are not staffed for that. So they hire consultants to provide the staffing for that. It is when they have to hire consultants because of the complexity of the program. So it is a balance between simplifying the program without undoing or necessarily incurring increasing risk of waste and fraud. It is to maintain the consistency and the answers, but also the eligibility.

And I think it also comes back to those communities that had gone through previous disasters have greater experience. Oftentimes they are hiring the consultants to provide staffing. So the

issue is: What are the specifics that are requiring the contractors to come in to answer questions on program eligibility? And is it because they are not familiar with the program and are looking for assistance or because the program has become so complex it requires that?

I think the answer is a blend of that, and I am not going to deny that it is complex.

Senator COBURN. All right.

Mr. FUGATE. But I want to work toward that solution.

Senator COBURN. I am just about out of time. I want to followup on one thing that Senator Johnson talked about. If you are in the Hurricane Sandy disaster area and you are not going to find out until July of this year what the floodplain map is, what are you supposed to do for your home?

Mr. FUGATE. Senator, except in a couple of cases, most of the advisory based flood elevation maps are being published. They are being updated as the traditional data. Probably the biggest change will be in some of the tidal backwater areas where it may reduce the vulnerability zone, which would change construction, but the elevation requirements are not significantly changing. The question is: Would we see these go higher? And the answer is: Based upon our data, no. At best, what the updated maps will show is maybe less area. But in any case, building to those levels would ensure that you would not risk the preferred rate for your insurance premium and would also mitigate future storm damage.

Senator COBURN. So could a homeowner in one of those flood-prone areas take away from this hearing today that, based on the maps we have today, if they built to that, they are not going to have their premium adjusted upward because they did not follow a new flood zone map?

Mr. FUGATE. As long as it is areas where we have the most current advisory maps. There are some areas—

Senator COBURN. Do all these people know that? I mean, do they know what is the most current versus what is not? In other words, how do we get it going faster based on this real limitation of not knowing what the requirements are?

Secretary DONOVAN. Senator, if I could just—one of the things the task force has been doing, working with FEMA, is exactly what you are describing. I think it is one of the real successes of this, that FEMA was able to accelerate the process of those new maps being created, put them out publicly. They are now available across all of the State of New Jersey. Governor Christie has adopted those new maps, plus a foot, for the entire State for rebuilding. And there are meetings going on across the State with the task force and FEMA personnel to inform citizens about what those new standards are.

Is it perfect? Can we say that there are not going to be some revisions in the months to come? No, because, obviously, if there is feedback from local communities that we have gotten it wrong or that things have changed, we ought to incorporate that. But this is a vast improvement to what we have had before where these new maps are out very quickly—

Senator COBURN. Yes, but it is highly unlikely that they are going to ask you to raise it. They are going to ask you to lower it,

the local communities, if they think you have gotten it wrong. So my question to both of you is: Can anybody in New Jersey and New York and all the rest of the areas that were affected, based on what is out there now, start rebuilding based on what is out there now? And, can you assure them that, following what is out there now, they are not going to get dinged in their insurance?

Mr. FUGATE. Senator, do you want me to say that for every household or for—

Senator COBURN. Yes, sir I do.

Mr. FUGATE. The answer is you cannot say that for every household.

Senator COBURN. OK, and that is an important thing, because that creates a slowdown in the rebuilding and response to Hurricane Sandy, because people are not going to put themselves at risk if they do not know what the requirements are. What we ought to do is have a flat-out statement from you all that says if you are doing it based on what is out there now, we are not going to come back and ding you in the future. If we have to readjust rates again and then we have another storm, then we will. You ought to give them some certainty as to what the rules are. Do you understand my point? I think there are a lot of people waiting, from what we have heard, there are a lot of people waiting to do things based on floodplain maps.

Secretary DONOVAN. I will—

Senator COBURN. Do you disagree that is not happening?

Secretary DONOVAN. I do not believe that is what is holding people up from rebuilding. The more significant issues that we have heard have been in making sure that payments are getting to families and, frankly, being able to get the supplemental funding, once it was passed by Congress. We are now moving very quickly to get that out. But I have not heard that uncertainty about the flood maps being the issue holding folks back. And, again, this may not be—

Senator COBURN. Well, the investigators have heard exactly that over, and over, and over again. So maybe we need to direct those people to you so you all can hear it. But we have heard it over, and over, and over again.

And I am way past my time. I am sorry.

Chairman CARPER. That is OK. I think that is a very good idea, to make sure we followup and do that. OK. Thanks.

Dr. Coburn and I, in restructuring the Subcommittees of this Committee, have created a famous Subcommittee that focuses on FEMA and emergency response. We are fortunate to have a former mayor of Anchorage, the Senator from Alaska, to chair that Subcommittee, and his Ranking Republican Member of that Subcommittee will be Rand Paul from Kentucky. We are delighted you are willing to take this on, and in the future, I think hearings of this nature will be done at the Subcommittee level, but this one for the lead-off, we wanted to do it at the full Committee level.

So, Senator Begich, you are recognized. Thanks.

#### **OPENING STATEMENT OF SENATOR BEGICH**

Senator BEGICH. Thank you very much, Mr. Chairman, and I do look forward to the opportunity to continue to work on these issues

around emergency preparedness, and my experience as a former mayor gives me some on-the-ground experience dealing with FEMA and emergency preparedness and other issues.

First I want to say, Administrator Fugate, thank you very much for one provision that was in the Hurricane Sandy appropriation package that allows now federally recognized Native American/Alaska Native tribes to actually directly request from the President in an emergency disaster. We think this is a huge plus, and we are hearing positive things from folks back in Alaska about how this gives them some opportunity to recognize and not wait for State bureaucracy. To be frank with you, in a couple disasters it has taken the State too darn long to get an answer, and the people on the ground were feeling the pain. So, first, thank you for having that in the package.

But I would ask, I know you are working through the regulatory process now. What is your timetable to get that into play? And the reason I say this is we are moving into our disaster time. This is when, if there is going to be a disaster, between now and October is when we kind of see these things occurring. So what is your timetable on putting those regulations in place and giving some consultation to the tribes to know how this will work?

Mr. FUGATE. Well, thanks to the Senate and to the House for providing that provision. We have already implemented it. Based upon the statutory change, we are currently using the provisions we use for States to determine that. There have been two requests and two Presidential disaster declarations already issued, one for the Eastern Band of the Cherokee Indians in North Carolina and one for the Navajo Nation.

We are right now entering into a consultation process to begin rule development, but we did not want to deny tribal governments the opportunity to make their requests.

Senator BEGICH. So you are doing it simultaneously, basically?

Mr. FUGATE. Yes, sir.

Senator BEGICH. That is fantastic.

Mr. FUGATE. We are doing this as a pilot. The consideration is, though, many tribal governments based upon the current rules, would not have the resources to manage that. So we recognize self-determination. The tribal governments may elect to request directly from the President if they have the capability to manage a disaster. If not, they can still go with the State and they will still receive disaster assistance. It is not predetermined, but it is self-determination for a sovereign nation to determine how they would like to request and receive disaster assistance.

Senator BEGICH. Fantastic. Thank you for that.

Second—and this is my experience, again, as mayor—one of the things we did, we recognized—and no disrespect to FEMA. We did not want to do the programs where we had maybe Homeland Security, FEMA, or whatever agency would assist us in this and storing food and products and so forth. I think it might have been one of the first. It was after Hurricane Katrina. We did an agreement with companies like Home Depot, Sam's, and others where they are our stock house. We have an agreement where for the first 72 hours, certain stock keeping units (SKUs) that we have listed out with the products are not able to be purchased by the general pub-

lic so we can determine if—for example, plywood is a great example where people will come in, buy everything, and then resell at a very high price. So what we did is we created a system that the types of emergency products that we needed in a case of emergency would be locked out from purchase for 72 hours until we gave an OK to move it.

We think this has been very successful. It costs us nothing. It was just civic responsibility. We did not have to put a fee on it or anything. I will say this because our school district decided to get big old vans and load them up with stuff and put them at every school site, which to me is a total waste. A lot of money, then you have got to rotate that inventory, and it just does not make sense when we have got huge warehouses that have a better understanding of logistics than any Federal agency will ever have.

So tell me how you partner with the private sector about ideas like this, are you exploring them?

Mr. FUGATE. Yes, sir, Senator, this was actually something I experienced in Florida under the leadership of Governor Bush. We found ourselves competing with the private sector at something they do better than us.

Senator BEGICH. That is right.

Mr. FUGATE. So the goal was to quit competing with the private sector and look at how we bring them onto the team and complement where there are gaps. We currently have a Business Emergency Operations Center where we work with the major corporations. Part of what we track is where stores are open. If we know stores are open, we know those are areas that most likely do not need bulk supplies. They may need some tailored equipment, but bulk distribution would be counterproductive. We focus on the areas where the stores would not be open, and we work with the industries on what supply chain issues are going to occur.

Our experience tells us there are some things that make sense to store, certain durable goods and certain consumable items that oftentimes in the first 24 to 48 hours are the hardest things to get into an area. But we also recognize that the private sector needs to have a seat at the table. Much of the planning has always been what I call “government centric.”

Senator BEGICH. Right.

Mr. FUGATE. And ignored what the private sector was already doing.

Senator BEGICH. Can you on that point—and you do not have to do it now, and maybe we can have a further discussion later. But I would like to get some additional information from you on those relationships and how they are doing.

I give the Anchorage example, the school district, because we have three Sam’s, we have four Home Depots, and we have more concentration of bulk supply in Anchorage, but yet now we are doing these things that they had to get a grant from somebody, and I just want to understand a little more of this. So if you could prepare something or at least whatever you have that you can share with us.

Mr. FUGATE. I would be more than willing to, Senator.

Senator BEGICH. Let me jump, only because of time limitations here, to Secretary Donovan. Thank you very much for being here. Always good to see you.

Secretary DONOVAN. Thank you.

Senator BEGICH. When you visited Alaska some time ago, we appreciated it. Let me ask you, you are doing the task force on Hurricane Sandy. Out of that, will you derive ideas that will say here is the list of structural changes we need, maybe in FEMA or whatever other agency? Is that part of the goal of that task force other than just making sure it all works well?

Secretary DONOVAN. Absolutely. So we are required to deliver a report to the President by August 2. One of the pieces of that report would include recommendations for how to improve not response, but longer-term recovery going forward. And that might include structural changes to the Federal Government. It also will likely include a set of other types of recommendations. Just to give one example, the inability to get gasoline in the region was a major problem after the storm.

Are there things that we could do at the Federal level, but also are there sort of model programs that States or localities could adopt to deal with situations like that? So that would be an example in addition to the structural changes internal to the Federal Government that we would be looking at.

Senator BEGICH. Will you also look at—and I think Senator Coburn was talking a little bit about it, but to expand on this—one of the issues you always hear is how long it takes from one point of entry into the system for an individual and then how they can get their resources delivered to them, whether they be monetary or otherwise. Are you going to look at logistics and system issues, gas was one example, but throughout the whole system?

Secretary DONOVAN. Absolutely. Let me give you one example that we have already done. The Small Business Administration has the authority after a storm to provide loans to small businesses.

Senator BEGICH. Right.

Secretary DONOVAN. But what we have typically found in Mississippi and a range of other places is that there are a set of businesses where a loan does not work for them because of the loss of income for some temporary period of time. So CDBG typically provides grants to local governments, to States and locals, that they then set up to help small businesses.

One of the things that we have done as the task force is to take all the data that we get from SBA of folks who applied, businesses that applied but were not eligible for loans. We have provided that information to the States and the locals so that they do not have to go back out and find these businesses and do not have to re-underwrite—go through the paperwork again that they have done the first time. So that is a benefit to small businesses, it is a benefit to the agencies, and it will get money to those businesses faster and at lower cost.

Senator BEGICH. Very good. Let me end on this question. I am not sure who mentioned it in their opening statement, but the issue we always hear about FEMA dollars replacing in the current location after something is destroyed, but the Corps—and I feel so

bad, Ms. Darcy. No one is asking you questions, at least, but maybe that is good.

Ms. DARCY. Do not feel badly. [Laughter.]

Senator BEGICH. Maybe that is good. I do not know. But, on the one hand, the Corps might say, if you keep rebuilding in the same location, you are going to have the same problem. But FEMA has limitations. It just seems our goal in this big picture is disaster relief, do not repeat the mistake, maybe systematically or structurally.

Will you be, in your work through Hurricane Sandy, looking at that broader picture? Because I tell you, it is the most frustrating thing to hear. I hate hearing it, actually.

Secretary DONOVAN. Yes, and this drove us crazy in the longer-term rebuilding in Hurricane Katrina and a range of other areas. So let me just take an example of exactly what you are talking about.

One of the things that Congress did in this supplemental that was terrific was give FEMA more authority to say do not just rebuild exactly what was there before—

Senator BEGICH. Right, mitigate.

Secretary DONOVAN. Mitigate. But the funding that FEMA has will not necessarily pay for more than the cost to just rebuild.

Senator BEGICH. Right.

Secretary DONOVAN. And so what we are going to see with FEMA projects and with Army Corps projects is that CDBG will supplement those other funding sources where local governments are making a choice, no, we should build back stronger, it is going to cost a little more money, it will pay for itself through mitigation; but we are going to have to blend those funding sources in ways that has been a real problem in the past.

So you gave us authority not to require a duplicate environmental. It makes perfect sense.

Senator BEGICH. Right.

Secretary DONOVAN. We are now implementing that. We are looking at other ways that we can basically streamline using different pots of money for the same project to make it as efficient and quick as possible, and those models will be useful in Hurricane Sandy, but also for future disasters, we will have a sort of template for the way to bring those funds together in as seamless a way as possible.

Senator BEGICH. Very good. Let me end on that to say, Ms. Darcy, see that, you did not have to answer the question. That is not bad.

Mr. Secretary, thank you. I will be very anxious—and maybe, Mr. Chairman, as we move forward on these issues, as you finish your work there, at least start preparing some of these recommendations, maybe within our Subcommittee we will have some further discussions about what is the next step to make sure it is more seamless and less complicated for the agencies, but also the recipients who are coming in on the front end.

Secretary DONOVAN. Amen.

Senator BEGICH. Thank you all very much.

Chairman CARPER. Before I recognize Senator Levin, let me just say, Senator Begich, and you are the Chair of the FEMA Sub-

committee and have Rand Paul as Ranking Member. Dr. Coburn's staff has done some good investigative work up there northwards of where I live, and I would just urge that there be a good exchange of information between your staff as you staff up and the work that has been done by his investigators.

Senator BEGICH. I look forward to it.

Chairman CARPER. Good. Thank you.

Senator Levin, welcome.

#### OPENING STATEMENT OF SENATOR LEVIN

Senator LEVIN. Thank you very much, Mr. Chairman, and let me welcome our witnesses as well.

Hurricane Sandy, incredibly enough, did some damage not only where it was the most visible on the east coast but in the Great Lakes as well. The destructive forces were so huge that they caused damage to breakwaters and created a silting problem in harbors on the Great Lakes. Prior, to Hurricane Sandy we had already seen massive damage on the Great Lakes. We are in a disaster situation because of drought and low water levels. Lakes Michigan and Huron set new record lows, hitting more than 2 feet below their average. This was before Hurricane Sandy's problem with the silt in the harbors. This was a drought problem that Hurricane Sandy came on top of. Lake Superior is a foot below its long-term average. The Army Corps is predicting that all of the Great Lakes water levels are going to remain below average. This is a huge problem for our freighters that are getting stuck in channels and harbors threatened with closures, and for boats that are unable now to sail. We have apparently seven of our Great Lakes ships, these so-called lakers, which are 1,000 feet long, that are not going to be able to sail this summer.

So the damage of Hurricane Sandy is relevant to us. Compared to the other damage that Hurricane Sandy created, this seems small. But, if you are trying to do commerce in our Great Lakes harbors and those harbors cannot function, it is a big deal for you.

Assistant Secretary Darcy, we got an e-mail this morning saying that of the \$18 million estimated damage from Hurricane Sandy, \$5 million is going to be directed to Great Lakes projects which were damaged as a result of Hurricane Sandy. Did I read that e-mail correctly?

Ms. DARCY. Senator, my staff informs me that today we will be providing \$19 million of supplemental money for—

Senator LEVIN. OK, because I know it was 18 to 19 all together, so that is very good news, and we thank you for that.

The other questions that I have, if I have—yes, I guess I have at least another minute or two—got to the question of whether or not the Stafford Act allows for support where drought is the cause of the problem. So I guess, Mr. Fugate, I would ask you that question.

Mr. FUGATE. Senator, having been in a State that dealt with droughts and looked at the Stafford Act at that time, and now being the Administrator of FEMA, drought in itself would not necessarily warrant a Stafford Act declaration. You would have to look at the consequences. Since most of the drought consequences are economic, the Stafford Act does not address economic losses. It ad-

dresses uninsured losses that are the responsibility of State and local governments to pay for.

So when we have looked at this, it really comes back to whether or not there is an emergency to this that is not economic, such as a failure of a major water system that may require emergency supplemental assistance for drinking water. Or is this causing physical damage or other types of loss that are not economic in nature but are damaged due to the drought that would warrant a declaration based upon the State's impacts?

In looking at this, we think the thing we see most often with droughts, is the symptom of droughts which is wildfires. We worked with the U.S. Department of Agriculture on this looking at drought last year. We provide elements of the National Recovery Framework to support drought recovery. But the Stafford Act itself does not address what is usually the underlying issue, which is the economic impacts of drought versus physical damages that are uninsured and may require additional taxpayer support.

Senator LEVIN. And presumably that now is within the jurisdiction of the Department of Agriculture? Is that where it comes?

Mr. FUGATE. The jurisdiction would be based upon the programs. Agriculture, because of the agricultural droughts, has had a big lead, but there are other Federal programs that have support roles, such as Interior and others for Federal lands and water management, and the Corps of Engineers. So, again, using that National Recovery Framework, we knew States were having to weave through all of the acronym soup of the Federal Government looking at drought-related issues. But when it came back to the Stafford Act, unless we have physical losses that were uninsured, we think that the primary role of the Stafford Act may be an emergency declaration if you had a critical water system failure, but that the economic losses are not addressed in the Stafford Act.

Senator LEVIN. Thank you. Thank you all.

Thank you, Mr. Chairman.

Chairman CARPER. You bet.

I am going to ask a couple of questions for the whole panel and start with you, Assistant Secretary Darcy, if you would. We talked a little bit earlier about whether or not there are sufficient resources at the Federal, State, and local government level in order to make the recovery successful. We talked about how do we measure success, and I want to just ask you to think about what other tools you need in your tool box, each of you; it could be money, it could be people, it could be regulatory relief, it could be regulations. What other tools do you need in your tool box to enable us to get closer to the success we want?

Ms. DARCY. We have a pretty good tool box; however, oftentimes in a recovery, there needs to be additional flexibility. In the response, as opposed to the recovery, we often have certain situations where we can use what we have planned for a recovery response, to prepare us to do some things a little quicker than we would ordinarily. But in recovery, we need some additional flexibility.

One of the things that we are finding in response to this Superstorm Sandy, through the work of the task force, we see the more that we can coordinate our efforts, such as a CDBG grant going to a community where there is a storm damage reduction

project that needs to be rebuilt. I think the mechanisms that Secretary Donovan is talking about are being developed through the work of this task force. These mechanisms are the kinds of things that would help us to be able to recover more quickly.

Chairman CARPER. All right. Thank you. Secretary Donovan.

Secretary DONOVAN. Yes, I will just build on that, and I want to recognize that we are still very much in the middle of this and, really for the first time ever, fully implementing the National Disaster Recovery Framework. So I want to make sure we come back to you this summer when we are issuing the report with a fuller answer to that. There are lots of things, costs and other things, we do not yet know.

Having said that, I think one of the most important things that Congress did is to make improvements in the Community Development Block Grant program with this supplemental, flexibility—for example, I talked earlier about not having to do duplicate environmentals, or a range of other things, will make it easier to use with other funds.

However, I do think that going beyond that to create a kind of permanent program for a disaster block grant would make sense. There are still problems and issues with using kind of disaster by disaster, creating supplementals using CDBG that do not have a consistent structure that is set up to deal with disasters. And we would be happy to provide you more specifics on what exactly those are.

Again, a number of those, particularly led by Senator Landrieu, were included this time. But I think there are others that we could continue to work on to improve the CDBG program for these cases.

Chairman CARPER. All right. Thanks.

Administrator Fugate, but just very briefly, if you could respond.

Mr. FUGATE. There are a couple things. One, getting back to Senator Coburn. Unless I am prohibited by legislation, I want to look at what you recommended about what we can provide, if you used the advisory-based flood map, best available data, there would not be future penalties. I am not sure if I can do that with the reauthorization, but I will review that.

Chairman CARPER. Let us know what you find out.

Mr. FUGATE. The second thing is that probably the biggest tool that I am still wrestling with, which goes back to Senator Johnson and Senator Coburn, has raised this issue with me about threshold of disaster declarations, do we have the right balance point for the risk that the Nation accepts? And is that transfer to the Federal taxpayer disproportionate to what local and State officials should be responsible for? And I think, again, in the Flood Insurance Program, the key piece of that is becoming that we want to make sure new growth and new construction is not subsidized. But in doing that, we have created a second situation where there is no affordability built into that for pre-existing residents. My fear is the backlash there may thwart our efforts to continue to build in the future, an unsubsidized risk beyond which the taxpayer benefits. And so affordability I think may be an issue that thwarts our attempts in trying to make sure we do not transfer risk to the taxpayer without benefit for future development, given the enormous amount of homes that currently exist in floodplains. As the rates

go up, we are going to see a lot of pressure to do something about that.

But, again, I think that we have to build better incentives. This is a shared responsibility. It is not solely the burden of the Federal Government to provide all assistance in disasters, local and State governments have roles and responsibilities as well as the private sector and individuals. And if the thresholds for disasters are too low, there is not much incentive for States to build that capability to reduce future losses.

You directed us in the Sandy Recovery Improvement Act to review the General Accountability Office reports on thresholds for disaster declarations. We have undertaken that. We have looked at some of the things we would do that would not require legislation, Senator Coburn. There are some things I think may actually increase a better understanding of States as to what their threshold responsibilities will be versus the current system, which in many cases we are seeing a lot of disasters declared that you raise questions about whether the State could manage it.

I want to make sure that in the rulemaking and consultation process we are moving that, so States understand better what their responsibilities are and when is it appropriate for the Federal taxpayer to support those recoveries. Hurricane Sandy is obviously one of those shared responsibilities. But it is getting that right so that we do not continue to transfer risk to the taxpayer without understanding the benefits and the impetus to reduce that risk through mitigation.

Flood insurance, building codes, and land use management are probably the three biggest tools in our arsenal, but only one of those do we have direct control over, and that is flood insurance and the regulations. Building codes and land use management is often a local decision that has even greater influence on the survivability and resiliency of our communities.

Chairman CARPER. Let me just followup on this notion of shared responsibility. It is something I talk about a lot. I am pleased to hear that this panel is doing the same thing.

Just an anecdote. I went to the high school basketball tournament in our State this last weekend at the University of Delaware. I was talking with a really good high school basketball coach, and we were talking about who were the best players—the best shooter, the best passer, the best rebounder, the best dribbler—who were the best players. And he said something to me that I think is really relevant here. He said, “The best player is not necessarily the one that passes best, shoots best, rebounds best. The best player is the one who makes everybody else on the team better.”

What can we be doing at the Federal level to make the rest of this team, including State and local governments, including emergency responders, including insurers, what can we do, what should we be doing in addition to what we have already done to make everybody else better so we can be more successful?

Jo-Ellen, do you want to go first, please?

Ms. DARCY. Having the support from the Congress for us to be able to, in recovery, move out quickly as well as provide the support of what is needed for the long term. Oftentimes what we are looking for in a recovery response is to get everything back exactly

the way it was today. We need the support to be able to take a long-term view on what we should be doing, we especially want to make a Federal investment that is smart; to make a smart expenditure of the dollars that the Congress is going to give us. So I think, to have your support and to look long-term at how we can be better at storm damage reduction, recovery, and need less recovery and disaster response.

Chairman CARPER. Thank you. Mr. Secretary.

Secretary DONOVAN. It is a great question, and I would just go back to—I do think on CDBG, and in a range of other areas, permanently authorizing programs that are more flexible, that really do get this balance right, as Craig has said, between private responsibilities and public responsibilities is important.

The other thing I think I would say from our experience, not just here but over the last 4 years across the country, is that planning matters. And we spend an enormous amount of time and effort and public cost recuperating from these disasters, where smaller investments up front, both in mitigation—and I mean the infrastructure there—but also in getting localities and States ready for these kinds of events.

I happen to have been involved in planning for exactly this kind of disaster in New York City when I was Housing Commissioner there, and I will tell you, not just the evacuation plans but a lot of the other longer-term mitigation work that was put in place has made a difference. There is lots more that could have been done, but I think we could do more as a Nation to help localities and States prepare for these kind of disasters and to do smart things in advance.

Chairman CARPER. OK. Good.

Craig, if you could respond just briefly, I want to yield to Senator Johnson and then back to Dr. Coburn. Please, go ahead.

Mr. FUGATE. Ask the hard questions, Mr. Chairman. I think as Federal agencies we dread hearings, but I think the reality is that it is in the process of exercising the healthy debate of how we get better that forces us to do the things that oftentimes may not be easy, but it pushes us to make those changes.

Chairman CARPER. Good. Dr. Coburn and I, as I said, had a conversation when we assumed our new responsibilities in leading this Committee that we were going to focus a lot on oversight. And it is interesting to me how often that oversight is welcomed. But there is that old adage, “Be careful what you ask for.” You are going to get it. Thank you. [Laughter.]

Thank you. Mr. Johnson.

Senator JOHNSON. I hope you think we have been pretty kind and gentle on you. I think these are some pretty legitimate questions.

I would like to go back to the public-private and the pricing of risk. I realize it is too early on Hurricane Sandy, but do we have the final figures on Hurricane Katrina in terms of how much was the total cost of that disaster, how much was borne by the Federal Government, State governments, and private insurance?

Mr. FUGATE. Off the top of my head, Senator, I think it may be there, but I do not have it at my fingertips. We will provide that. I will put that together and get you that. And I am not sure it is

a complete story because what I keep finding is, since FEMA only looks at what were the FEMA assistance provided, we can look at what other Federal agencies provided. But the hard number to get is what the private sector went through.

Senator JOHNSON. Yes.

Mr. FUGATE. Because if it was not insured, it is not always easy to get what that number was. But I think on the Federal dollars spent, we have that. I do not know if I am comfortable with what the private sector has.

Senator JOHNSON. I would be interested in just private insurance. I mean, forget uninsured, but, we will submit that for the record.

Mr. FUGATE. And part of that is still contested; particularly in the wind insurance arena, that was heavily contested and is still being litigated over the differences between flood damage, wind damage, when the homes were impacted by both hazards.

Senator JOHNSON. You administer the Flood Program, so, again, if you do not have these figures at your fingertips, I understand. But to what extent has the Flood Program been underfunded year after year? Can you kind of go back, starting with this year versus last year versus as far as you can go back?

Mr. FUGATE. Well, again, we sought an additional borrowing authority of \$9 billion to cover potential losses for Hurricane Sandy as well as provide a cap going into the rest of this year. We still owed a little under \$18 billion that we had borrowed from the Treasury from payouts from Hurricane Katrina. Those are outliers, and generally the program, on what you see as a typical year, provides enough revenue to pay those out.

Senator JOHNSON. Now, is that through premiums, or is that also from Federal funding?

Mr. FUGATE. That is from premiums.

Senator JOHNSON. Just from premiums.

Mr. FUGATE. But the problem is it has undervalued the risk, and that is why, again, in moving toward more actuarially based, particularly new growth and new construction, we were subsidizing risk below the actual cost of those impacts. And so our exposure is far greater than the typical year-to-year impacts. So outliers such as Hurricanes Katrina and Sandy produced tremendous impacts that result in us having to borrow additional funds. But those funds and the premiums themselves are what drives the payments and the borrowing authority.

Senator JOHNSON. If it was a private insurance program, to what extent do you think it is underfunded? What do you think a private insurer would actually have in terms of reserves for potential losses?

Mr. FUGATE. Private insurance refuses to write flood insurance because they cannot capitalize the risk.

Senator JOHNSON. And I guess that is somewhat the problem there, isn't it? Do you have any feel for what that amount would be? Would it be \$50 billion? Would it be \$150 billion?

Mr. FUGATE. You are probably talking levels that are in excess of half a billion or greater, depending upon the exposure and what risk they will write. But in looking at—

Senator JOHNSON. Half a billion or half a trillion?

Mr. FUGATE. Half a trillion. Sorry, sir.

Senator JOHNSON. OK.

Mr. FUGATE. Just knowing the exposure in certain areas, it really comes back to if they were able to write policies in less risky areas where there were strong building codes and mitigation, they may be getting to that point now where there may be opportunities where it would make sense to offer commercial insurance. But in far too many areas, their concern is that they cannot leverage borrowing authority, reinsurance, and apply this nationally on a State-by-State basis given the risk.

So, I mean, one of my earlier stated goals was: could we privatize or privatize elements of the Flood Insurance Program, create the incentive that the commercial industry would write that so you would not have bifurcated policies, you would have all-hazard policies, instead of one for wind, one for flood, one for whatever.

Those conversations, although they have taken place, have not resulted in industry seeing this as an opportunity to return a sufficient return on their investments. And as I tell people, it should be a sign when the commercial industry cannot figure out how to manage this risk and make money, the Federal Government—that we are probably undervaluing that risk and have a greater exposure. And so part of the reauthorization of the Stafford Act is to start moving toward more actuarially sound.

But the true test when we are actuarially sound is when people realize they can write flood insurance and make money from that and begin writing it and offering it commercially rather than just as a federally backed program.

Senator JOHNSON. I understand your point that if you start writing policies that are more actuarially sound, how do you grandfather the neighbor right next door that did not—so how do you start moving that direction then? What is the process?

Mr. FUGATE. Well, the rulemaking will take place—we have already taken all of the secondary homes. They went to full actuarially rate this year, so they are getting their renewal policies, they are getting their initial bills. For the other policies that are not secondary homes, we are going into rulemaking. We are looking at the rulemaking process and we expect to start those comments in the next couple of months. Those rules would go in effect by fall and it would start the next iteration of those policies as they move to full actuarially.

If we were able to look at affordability, we would very much want to limit that to only those that are existing or primary homeowners, not new construction, and look at a means test versus what we have done before, which was giving entire communities a phased-in, a preferred rate as their risk had changed. We want to make sure that it is means tested so that we are not continuing to subsidize risk except where it makes sense for affordability. But the hard part here is you do not want to create an incentive that says: if I build something new or I sell my home, I am giving that affordability to the next buyer without them accepting that risk.

Senator JOHNSON. That is the problem. When you bring in the concept of affordability, you are basically subsidizing the risk, and you are incentivizing people to build where, truthfully, unless they can afford to do it, they probably should not be building, and you

are just putting the American taxpayer on the hook again in the same situation.

Secretary DONOVAN. I do think it is a very important distinction Craig has made between existing homeowners until you have a transaction on that versus new construction. And this is where—flood insurance is a critical lever, and I do think that these new maps, as I said before, are a huge step forward. The problem is, if they are not adopted, not just for flood insurance but in a range of other areas, we will not make as much progress.

So one of the critical things I think we are trying to do in the CDBG, in other investments we are going to be making in the region for rebuilding, anytime you have a substantial enough level of damage, we should be requiring that they move to those new maps, including where we are issuing a new mortgage in those areas. And so those are all, in addition to the Flood Insurance Program, other levers that we have in the Hurricane Sandy rebuilding process that can go to the exact same goal that you are talking about.

Senator JOHNSON. Just one quick question. As you are trying to make that distinction between new and recovered construction, are we doing that across the board, all coastal areas, all floodplains, or just strictly in the Hurricane Sandy area or each particular disaster area?

Mr. FUGATE. Senator Johnson, as the NFIP was reauthorized, there is no affordability. So as we go through the rules, what will happen over the next several years is we adjust the rules to reflect actuarially based for all. We did it for the secondary homes. That was a clear direction. For the other policies, we are having to do that through rules. We are going to look at about a 3-year phase-in. So after 3 years, no matter where you are, you are going to be paying the full cost of that insurance. Our concern is, there is going to be tremendous pushback on low-income people that live in floodplains that are not coastal, that are going to be faced with tremendous bills, which potentially could force them out of their homes. Knowing that there will be pushback, how do we mitigate that—if that is even possible, because currently we do not have that authority. But, more importantly, how do we ensure whatever we do for that does not translate into subsidizing future risk when a transaction takes place or somebody builds new?

But my concern is if the affordability piece is not addressed in this timeframe, there will be tremendous pressure to reduce those costs, and, unfortunately, historically we have done that in a way that did not keep future growth at an actuarially sound rate.

Senator JOHNSON. Thanks a lot.

Secretary DONOVAN. And I would echo Craig's point here. As the lead Federal official now dealing with the Governors, the Mayors, the pressure is building on this affordability question, and there is some, I think, political risk that it gets reversed or that localities would not adopt the maps there. There are other things that can happen that could set us back.

I would also say, unlike flood insurance, we do not have Federal standards at this point that would take the same things we are trying to do for Hurricane Sandy and apply them nationally. That is one of the things that in our report to the President we will be making recommendations about. I see this as a testing ground out-

side of the Flood Insurance Program for how we can put these measures in place nationally that will avoid this kind of incentive that you have talked about to build in the wrong places.

Senator JOHNSON. Thanks.

Chairman CARPER. Dr. Coburn.

Senator COBURN. I hope you will send us a copy of those recommendations.

Secretary DONOVAN. Absolutely. In fact, we would love to come talk to you about them before we finalize them.

Senator COBURN. You bet. So far your task force has spent a couple million dollars. Has any of the CDBG money authorized in the supplemental been granted?

Secretary DONOVAN. We have allocated \$5.4—

Senator COBURN. Has any of it been granted?

Secretary DONOVAN. The States have not submitted their plans to us yet, and we expect that within the new few weeks, we will start seeing allocations.

Senator COBURN. Let me ask you one question about—

Secretary DONOVAN. Senator, there has been about \$170 million that has already been obligated, about \$50 million from the supplemental that has been disbursed already. So there is spending that is happening.

Senator COBURN. It is starting.

Secretary DONOVAN. Yes.

Senator COBURN. OK. Is the New York City Housing Authority likely to receive significant CDBG funding?

Secretary DONOVAN. We expect that in the plan we will get from New York City, they will propose funding, particularly for mitigation measures in the housing authority there.

Senator COBURN. According to the New York City Comptroller, the New York City Housing Authority operation is like an onion—I am quoting—“the more you peel back, the more you want to cry.”

I have also read that the New York City Housing Authority is sitting on \$1 billion right now. I would hope that you would take that into consideration. That \$1 billion—as well as some of the other problems with the New York City Housing Authority. That \$1 billion should be applied first to these issues before we give more CDBG money for the disaster up there.

Are you at all concerned with how they will spend the money—I am talking about the New York City Housing Authority—given their track record?

Secretary DONOVAN. We have actually been looking at this issue of the \$1 billion that you are talking about. The vast majority of that is committed to particular projects that are underway. So just to be clear, it is not that there is \$1 billion that is not slated to go to particular projects. I will say, however, that we do have some concerns about the speed of that spending and the effectiveness, and we will be looking very carefully at how they are spending this money.

Senator COBURN. So they should take note that we are going to keep our eye on it.

The \$16 billion for the CDBG block grants, they are not just for the Hurricane Sandy area, right? They could be used in any of the disaster areas. Do you have any idea what proportion of that will

be spent in other areas? Kind of like what Senator Levin was talking about, the port areas on the Great Lakes and some of the other disasters that we have noted.

Secretary DONOVAN. So you did give us authority to use it for 2011, 2012, and any remaining disasters in 2013.

Senator COBURN. Right.

Secretary DONOVAN. So we will not be fully allocating that until we have a better sense of what is happening. But I do expect that this week we will send the Appropriations Committees allocations for non-Sandy storms and that next week we will be announcing those.

I will tell you that the vast majority of the \$16 billion will go to the Hurricane Sandy-affected areas, but there will be a substantial allocation, I would expect less than \$1 billion, toward those other places.

Senator COBURN. Good. Director Fugate, if I remember correctly—and you can correct me; I may not be right—I think there is still \$4 billion from Hurricane Katrina that is unspent. Do you know the percentage of what has been obligated?

Mr. FUGATE. That would be—

Senator COBURN. And how many years, 9 years, 8 years?

Mr. FUGATE. Yes, sir. Senator, there are still projects that have not been completed. We have been working, as we have with the State, to try to get all remaining projects finalized. And where there is still dispute, we have an arbitration process, but we are trying to get those finished.

So I would have to get back to you with an exact number, but that is something—

Senator COBURN. If you would, I would appreciate it very much.

Assistant Secretary Darcy, I want to thank you for the cooperation of the Corps. We got a load of information last night and this morning, so I am going to be submitting multiple questions for the record. We see two different ways to handle debris cleanup, one going on in New Jersey and one going on in New York, and there are a lot of questions about that. I would just give you my general note.

The reason I am so interested in this is I saw the wasted money in Hurricane Katrina on debris cleanup, and it was atrocious. During Hurricane Katrina, the Corps contracted at about \$70 a cubic yard, but the guys that were actually doing it and hauling it to the dump were making about anywhere from \$6, \$9 to \$15 a cubic yard. In other words, the people actually doing the work were consuming about 25 percent of what actually was allocated, and sub-contractors all through that took that money and actually did not do anything except organize.

So we are going to be very interested in following up on that. I hope you will take it in good faith. It is not to be critical of the Corps, but we think wise spending of that money and in a way that is efficient and yet accomplishes the purposes is important. So I have a lot of questions. Why do we have a dump site for New York 300 miles away from the facility? And what are the rules that make us have to go 300 miles when, in fact, there are other areas in other States that it could have been transferred to?

In other words, there are a lot of costs based on either State rules or city rules or other factors. We want to help you figure that out for the next time so that we are not spending too much. I think so far we are averaging about \$62 a cubic yard, and we are 7 or 8 years later on debris cleanup. There is a contrast between New York and New Jersey and how it is done. We also have the prepositioned contracts, and the requirement to use local contractors and, there is a question of whether or not that is efficient for the taxpayer—because basically we are paying for it. The Federal Government is paying for debris cleanup. We need to look at the controls on it, because we are going to pay what they submit. Yet, we have very little influence on how they spend that money and whether or not it is a clean transaction, and the most efficient and the most effective way to get it done. So I hope you will take our questions in that light, and we are just going to be good stewards with taxpayer money asking these questions.

Ms. DARCY. I look forward to the questions.

Senator COBURN. All right. I want to go back to you, Administrator Fugate. The Stafford Act says that the Federal Government should get involved in disasters when State and local capacity is overwhelmed. Right?

Mr. FUGATE. Yes, sir.

Senator COBURN. And there is no question in Hurricane Sandy that happened. Do you believe the per capita damage indicator is a good measure to determine whether or not State and local capacity is overwhelmed?

Mr. FUGATE. It is a factor that has been accepted, but I do not think it is the best tool.

Senator COBURN. I want to pin you down. Is this per capita damage indicator a good measure to determine State and local capacity to handle disasters?

Mr. FUGATE. No, sir. It only looks at, on a numeric basis, the population of the State and total damages. It looks at nothing such as the State's reserves, financing, taxing authority. It does not look at the impacts of that disaster. It is also clear that the Stafford Act does not require a declaration merely because you reached your per capita threshold. In fact, there have been recent declarations that were denied. Even though they made a numerical mark, it did not demonstrate it had exceeded the State capability because no life, critical infrastructure, or other issues were involved other than economic impacts.

Senator COBURN. Right. You and I visited in the office about the political problems with changing that, and I understand that. But we have got to figure out a way to have a better assessment. The per capita indicator is \$1.37 today, yet it has not been changed to account for inflation. There is nothing to it. So we have to work together, both with Secretary Donovan and you, to figure out how do we really know when to apply Federal funding. When are our States overwhelmed? In Oklahoma, we are the highest State in the country as far as disasters in the last year, but some of those certainly did not overwhelm Oklahoma's capability.

And so we need to figure out together, how we do this more effectively to really help States when they are overwhelmed versus not helping them when they are not, especially when States have a

surplus—like Oklahoma has a surplus. We put \$600 million in the bank last year.

Mr. FUGATE. Senator Coburn, as we go through this, again, in the Sandy Recovery Improvement Act, you have directed us to look at this. We do find a lot of agreement with the general accounting. I think we have to really look at what is the outcome we are trying to achieve. If it is merely reduce the number of disasters being declared, that is one route. I would rather take an approach that says we give States some more predictable level of a support so they are driven to build that capacity.

Senator COBURN. Right.

Mr. FUGATE. Because ultimately a disaster occurs, somebody is paying for it, whether it is a local, State, or Federal taxpayer. I think that should be a shared responsibility. But I think it should be done in such a way that it incentivizes building more capability at the State and local level and reducing the cost of disaster response and use that to drive that process. But as you point out, the minute you start talking about raising the threshold, States are going to be very concerned about how that adversely impacts them.

Senator COBURN. Right.

Mr. FUGATE. But I do not think it is a reason not to look at it. But we are going to have to work to look at this as the end game of how do we build capacity and a better understanding of what the expectations are for State and local response to when it becomes a Federal shared—

Senator COBURN. That is much better said than I did.

Let me make one other—

Secretary DONOVAN. Senator, if I could just add quickly on that, I would love to be part of that conversation because CDBG by definition is only authorized and appropriated when there is a major disaster. We have done a lot of work over the last few years to try to focus on a formula—because you give me flexibility to determine the formula—that is not just a per capita formula. We do use only severe damage. We use concentration measures and a range of other things in how we determine the formula that could be useful in this—

Senator COBURN. Did I hear you say that you only get CDBG funds based on disasters? We allocated CDBG funds every year.

Secretary DONOVAN. The CDBG disaster funds are not available in every disaster. Really, typically they only come when you have something that overwhelms the State and local capacity by definition.

Senator COBURN. Right. One last question, if I might. We authorize I think \$9.7 billion into the NFIP, and according to my staff—and you correct me if this is not correct—85 percent of the claims have been closed to date. Is that correct?

Mr. FUGATE. It has been going up, sir. I think as of yesterday we were at 90, 91 percent of all claims—

Senator COBURN. So we are worried about \$6.2 billion or so that has been spent?

Mr. FUGATE. Yes, sir.

Senator COBURN. So if you take that, we overshot a couple billion dollars, right? Does it look like that to you?

Mr. FUGATE. It gave us the borrowing authority going into the rest of the year.

Senator COBURN. Right.

Mr. FUGATE. Again, these were borrowed dollars. This was not an appropriation.

Senator COBURN. Right.

Mr. FUGATE. So what this gave us was, we were getting up close to our borrowing authority, and with Hurricane Sandy we would have reached that and possibly exceeded it and would not have been able to service claims.

Senator COBURN. Got you.

Mr. FUGATE. So we will pay out approximately two-thirds of that loan. That will leave us about \$3 billion—

Senator COBURN. About \$3 to \$5 billion.

Mr. FUGATE. \$3 to \$5 billion depending upon final payments for future disasters. And that is borrowing authority.

Senator COBURN. Yes. It is not borrowed.

Mr. FUGATE. The way that it is structured is it has to be serviced by the claims, and that, again, is a second issue. But it is that potential that it raised the borrowing authority for the future flooding, knowing that Hurricane Sandy was going to take us to our caps that we already had.

Senator COBURN. Got you. Well, I want to again thank you all. This is the way to do oversight. We actually learned a lot here today from all of you.

I would love some promptness in response to these questions that we are going to have. My questions for you, Assistant Secretary Darcy, may take a little longer because you gave us a lot to chew on.

Ms. DARCY. I gave you a lot of information last night.

Senator COBURN. You sure did, and they are still going through it right now. But a prompt response to the questions for the record would really be appreciated so we can continue to work on this.

Ms. DARCY. Thank you.

Senator COBURN. Mr. Chairman, I thank you.

Secretary DONOVAN. Thank you.

Chairman CARPER. You bet. I am going to ask one more question, and then I am going to ask Senator Johnson if he would like to ask one, and that will probably wrap it up at that point. But we expect to be out of here by noon.

Senator Coburn alluded to how much money was spent down in the southeastern part of our country on debris removal, whether or not that money was spent effectively. I think most of us agree not. Sometimes people ask me, well, why do you talk so much about waste, fraud, and abuse? I say it is because there is a fair amount of that, and part of our responsibility and one of the reasons why we do oversight is to try to reduce that wherever we can.

The Hurricane Sandy supplemental legislation, as you know, required the Recovery Accountability and Transparency Board, a body that was created to oversee stimulus spending, to develop oversight mechanisms that can detect waste, fraud, and abuse with regards to Hurricane Sandy funds.

I wonder if each of you would just very briefly explain how you are working with the Oversight Board to try to ensure that your

program funds, which are limited, are well spent. Assistant Secretary Darcy.

Ms. DARCY. The funding that we are receiving under the supplemental? Is that what you are referring to, Senator?

Chairman CARPER. Yes.

Ms. DARCY. We provide monthly expenditure reports to the Appropriations Committees on both sides in order to keep you informed as to how funds are being spent. We were very involved in Hurricane Katrina and have many lessons learned from what we did there and are using that, not only in our engineering, but also in our contracting. So I think in each disaster, we learned something new, and from this one we are going to find out how we can be more expeditious and efficient in our contracting response to disasters. We are looking at any other improvements we can make, not only through contracting but also through re-looking at design criteria we use for the rebuilds of some projects.

Chairman CARPER. Good. Thank you. Secretary.

Secretary DONOVAN. Senator, the task force has a primary role in working with the Recovery Accountability and Transparency Board and the IGs of the individual agencies.

First, we are creating a centralized data system to collect all the information on spending, locations, other things for the projects, to provide that to—we call them the “RAT Board,” the Recovery Accountability and Transparency Board—and also to make sure that we are working with them on the internal control plans.

OMB has essentially designated in advance that this is potential high-risk spending. Every agency is required by the end of this month, by March 31, to create an enhanced internal control plan. We are coordinating with all the agencies on producing those plans by the end of the month, and then we will be helping to implement those.

We are also having a regular ongoing meeting with each of the IGs and the Recovery Accountability and Transparency Board to make sure that there is ongoing communication.

So those are three ways that the task force is working with them regularly.

Chairman CARPER. Good.

Administrator Fugate, same question. How are you working with the Oversight Board to ensure that your program funds are well spent?

Mr. FUGATE. The short answer, Mr. Chairman, is we are doing it through the Sandy Recovery and Rebuilding Task Force that Secretary Donovan is leading. We have an additional requirement that you had in the Sandy Recovery Improvement Act for us to post our transactions within 24 hours on the website, at FEMA.gov. That is being done already. But we are also working with Secretary Donovan and the other members of the task force, as you said, because many of our programs are touching similar projects. We wanted to make sure that all of those projects and all the funding that goes to those projects is visible, and we are going to use this process to seam it, bring it together.

The first step was to make sure we had the data fees that would support that, so each agency that was funding and receiving dollars in the supplemental can show where those dollars are being ex-

pending, and then we can use this tool to display it to you and the public.

Chairman CARPER. OK, thanks.

Senator JOHNSON. I got a quick one.

Chairman CARPER. Senator Johnson.

Senator JOHNSON. Plus I guess Senator Ayotte is coming here, so I will do a little place holding.

First of all, I do want to say I agree with Senator Coburn. I really appreciate your testimony here, and it has really been very instructive. And I truly appreciate the fact that you really are looking at the Flood Insurance Program and working through those very difficult issues of how do we design that program so we are not incentivizing uneconomic behavior. Let us put it that way.

But going back to one of the points that Senator Coburn was talking about, just in terms of claims processing, answering questions, coming from the private sector I am big into benchmarking, taking a look at what are the best practices, taking a look at my competitors and going, well, if they are doing it better than I am, how am I doing then?

Now, I am not sure it is always true, but you certainly hear in the private insurance market, disaster strikes and that claim check is issued that next day. Are you looking at the private insurance model? Are there things that we can do legislatively to make—the bottom line is I think the solution here is reduce the complexity. I do not doubt that you are dealing with a great deal of complexity. So is there a legislative solution looking at a kind of benchmarked approach that obviously private insurance companies are pretty concerned about the efficiency, the lack of fraud in terms of making the payments, in terms of reimbursements. Are you looking at that type of model?

Mr. FUGATE. Yes, sir, Senator, and that probably explains some of the delays. We use write-your-own companies. We use major companies who, although it is a national flood insurance policy, they write it, they service it, they adjust it. They want to do their due diligence because they know that if they have made excessive payments or fraud or waste, we are not going to reimburse them. So they do a lot of accounting to make sure their adjusters, as that information comes in, they make those payouts.

The second thing is the Flood Insurance Program is not what you would normally find as a commercial model in that it is not designed to do replacement costs. It is designed primarily to make sure that the mortgage is protected and to provide limited consumer benefits. So where it is easy for an adjuster to come in and say, “Your home is destroyed. I am going to give you replacement value,” we look at depreciated value. We look at servicing the mortgage, and we look at your contents’ depreciated value.

Again, the Flood Insurance Program was never designed by Congress to be what I would call consumer friendly. It was to be a tool to provide insurance that nobody else would provide, providing what was essential to protect, essentially the mortgage, the lender, and provide some limited benefits to content and household for those people that own their homes outright. But unlike a traditional policy, we use depreciated value. The third parties that write those have to be very diligent in making sure as they adjust those,

they do the depreciated values, because, again, they are subject to audits by our IGs if they make excessive payments, and we would seek to get reimbursement from them.

So the process is using the insurance model. However, the tool itself is really focused on first-party payee, which is generally the lender, depreciated value, not full replacement value. And that is part of what has driven to make it as affordable while making sure the exposure to the taxpayer is not excessive.

Secretary DONOVAN. And, Senator, I did host this past Friday my second lender roundtable in the region with the four largest lenders in the region. We are working with them, as I said earlier, to streamline and make consistent the policies around disbursements of the flood insurance. What evidence do you have to have that the work is done? How much do you hold back with the concern that the money may get used for other purposes—all of those policies, we are working with them to try to get the best practices from the private sector to make them consistent.

Senator JOHNSON. OK. And based on the fact that this is way underfunded, I am not encouraging you to change it to replacement value. I understand that. I appreciate the fact that this is insurance of last resort, and that is the way it should be handled, and I would obviously encourage you to keep working on the pricing model so that we reduce the risk.

Mr. FUGATE. The biggest lesson there, sir, is that the pool of the adjusters—which are not standard adjusters, they have to be specifically trained to do the flood insurance—was a limited pool. We were able to work and expand that with the private insurers, and that was one of the initial bottlenecks, was to get the adjusters out there. So the lesson learned there is that pool is not sufficient given the large, dense population areas. We are continuing to work with the private sector to see how we continue to maintain a larger pool of trained adjusters for flood insurance.

Senator JOHNSON. OK. Again, thanks for your testimony.

Thank you, Mr. Chairman.

Chairman CARPER. You bet. And then there was one. Saving the best for last, Senator Ayotte, happy you are here. Good to see you.

#### **OPENING STATEMENT OF SENATOR AYOTTE**

Senator AYOTTE. Thank you, Mr. Chairman, and I thank the witnesses for being here today.

I wanted to ask Assistant Secretary Darcy, you in your testimony had said that the Corps will undertake a broad and conceptual examination of the best ideas and approaches to reducing the vulnerability of major storms over time. And I certainly think that it is very important that we take a long view. And in my view, the budgeting for mitigation and disaster preparedness, we often do ourselves a disservice by lumping them together and not looking at a longer-term view. We end up in this concept, whenever there is an emergency, of putting it all together in the immediate aftermath of that disaster, and I would like to see us think about planning ahead.

Part of planning ahead is coordination, and New Hampshire homeland security and emergency management officials have said that they are working to identify and prioritize mitigation projects.

In developing the mitigation approach, how much coordination will there be between the Corps and local and State officials?

Ms. DARCY. Senator, through the supplemental appropriations bill, we received direction to do a comprehensive study. We are beginning to scope out that study. It is due to the Congress 2 years after the initial appropriations act was funded. We are already beginning to scope that out with local and State officials as well as other Federal agencies. We are looking at long-term sustainability for our coastline within the North Atlantic Division, which begins in Norfolk and goes all the way to Maine.

So we are coordinating that and looking for input from State and local officials when we put that study together.

Senator AYOTTE. And the study will be 2 years from the passage of the appropriations bill?

Ms. DARCY. Yes, due to Congress. Yes.

Senator AYOTTE. OK. Have we done anything like this in the past?

Ms. DARCY. We have done comprehensive studies, but not to the degree that this is directed toward a specific geographic area of the country, which is our North Atlantic Division. That is the boundary. It is as a result of Hurricane Sandy and looking at what we have done and what we need to look to in the future, especially in planning for any additional projects that are focused on reducing flood risk.

Secretary DONOVAN. Senator, I would just add that there is going to be a significant amount of investment in mitigation beyond the Army Corps' investment—from the CDBG program, from the Department of Transportation, from FEMA, a hazard mitigation program.

One of the jobs of the task force is going to be, on a shorter-term basis than the 2 years, coordinating a mitigation strategy for the region more directly affected by Hurricane Sandy. So we will have in our report to the President a strategy to coordinate and effectively pick the most cost-effective strategies across the various programs and types of infrastructure and other investments.

Senator AYOTTE. When we look at this report that we will be receiving, will it contain—for example, we find ourselves providing emergency disaster funding, but if we look at a more long-term plan, there are probably financial investments we could make along the way that would actually save us, in the event of a disaster, taxpayer dollars. Will this plan also—when you said it would take a long-term view, will that be part of the analysis? I mean, I think that is the goal. Obviously, we want to make sure that people are prepared for emergencies, but then when we are in an emergency situation, if there are things we could have done in advance that would have saved lives, property, and taxpayer dollars, we want to look ahead instead of, like we do a lot around here, moving from crisis to crisis. Is that part of what we are hoping to get from this?

Ms. DARCY. It will be part of the study, but I also believe it will be part of the plan that the task force is looking into in the short term, in the August timeframe.

Senator AYOTTE. Good. I appreciate that. I think that is really important.

And I also want to say I appreciate that there is going to be a lot of coordination with the State and local officials. They are really obviously the front lines, and they are directly dealing with these issues. And they, I think, have a lot of terrific advice to offer, all of the Federal agencies interacting with them, not only on how we can best address disasters and emergencies, but on the mitigation piece and how we can more effectively do that.

In my prior position, I had a chance to work with many of these officials, and I was always really impressed with their depth of knowledge. So I am glad that there is going to be—and I will hope and continue to press to make sure that there is maximum amount of coordination.

Secretary DONOVAN. We convened the first meeting of the advisory group for the task force last Friday. It includes almost 50 State and local officials from across the five States that were most directly impacted.

What I would like to do is get the contact information of the folks that you are thinking of—

Senator AYOTTE. Terrific.

Secretary DONOVAN [continuing]. To make sure that the advisory group can reach out to them and try to get their input.

Senator AYOTTE. That would be terrific. We appreciate it. Thank you all for being here today.

Secretary DONOVAN. Thank you.

Chairman CARPER. Senator Ayotte, I know you have a lot going on today. Thank you for making the time to be here.

Senator AYOTTE. This is an important hearing. Thank you for holding it, Chairman.

Chairman CARPER. You bet. Thanks for joining us.

A lot of times when we have time—and we have a minute or two, and I am going to just do this. We appreciate your coming. We appreciate the preparation that goes into your testimony. We appreciate all the hard work for the last couple of months that really back it up.

We appreciate your willingness to respond to our questions here, and before I forget, let me just note that the hearing record will remain open for 15 days, until April 4, for submission of statements and questions for the record. We appreciate your willingness to respond to those questions, even all those questions, Assistant Secretary Darcy, that you are getting from Senator Coburn.

What I would like to do is ask—you gave an opening statement, I would like you to give a closing statement. Just take maybe a minute. Over in the House of Representatives, they give these 1-minute statements. Maybe give us 1 minute, just a good takeaway, kind of thinking about what has been said here; what you said, what you have heard your colleagues say at the table there, some of the questions asked and some of the dialogue that we have had back and forth. Just give us a good 1-minute close, please. Craig.

Mr. FUGATE. Well, I think, I want to come back to flood insurance in that the way it is designed, the way it operates, oftentimes the public believes it is one tool, we think it is another tool, and we have not communicated well what it can and cannot do.

I think it is a good tool to help reduce the risk to people to the financial ruin that a flood can cause by providing that tool. But it

is also important to understand it cannot continue in a way that subsidizes risk below which the Nation can afford. And I think this is really the tool we have to look at across our programs. Are we building and investing not just to the disaster we responded to, but will this reduce our vulnerabilities and drive down costs and provide more stable tax bases to government? And I think too often we make decisions about the immediate and do not always make sure that we are planning for the future as well. And I think this is one reason why with this task force structure of bringing together all the Federal agencies in implementing this large recovery, we want to avoid what we saw in Hurricane Katrina, knowing that we have to get better, because we cannot continue to afford disaster after disaster after disaster and see the same things occur over and over again. The lessons have to be learned.

Chairman CARPER. Thank you.

Secretary Donovan, a takeaway, please?

Secretary DONOVAN. Senator, first of all, just thank you for hosting this hearing in the spirit that you and your colleagues have. In my 4 years in this role, there is no moment where a family or a community recognizes the need for Federal help more than in a disaster like this, and there is also no moment when we have more risk of disappointing the citizens if we do not respond effectively.

There is no Democratic or Republican way to respond to a disaster. There is simply effectiveness and speed as well as excellence. And I just want to commend you on the spirit of the way you have carried on your duties, you and your colleagues, in this hearing. And I do think this is in the spirit of how do we get better. We are getting better, but there is much more that we can continue to do.

The only other thing I would say is that one of the consistent themes we heard today was how do we make the investments that will lower the loss of lives, the devastation to communities, and the costs to the taxpayer going forward. And I think if we can learn out of Hurricane Sandy—and, clearly, the task force has this—I see this as a major goal. The President has asked us to make it a major goal. How do we do a better job of investing—whether you call it mitigation, whether you call it being smart, rebuilding better and stronger, we have to find ways to invest in those kind of important measures, and this is a testing ground in my mind for doing that.

Chairman CARPER. Good. Thank you. That was excellent. That was very helpful. Thank you. Assistant Secretary Darcy, please?

Ms. DARCY. When you hear the word “disaster,” you do not usually think of the word “opportunity,” but I think as a result of this disaster, we have an opportunity to look long term at the way we are going to not only plan for future disasters but rebuild as a result of what has happened.

Craig mentioned earlier that one of the things that we cannot control is land use planning and zoning, which happens at the local level. I think it is an opportunity for us not only to help with, but also educate those people in the local floodplains. Educate those who are living in the floodplains about their risks. We build storm risk reduction projects, but we call them “reduction projects.” We

do not call them “protection projects,” because you are not totally protected. I think it is an opportunity for us to not only educate people, but also look into our own internal programs as to what it is we should be looking to for the future. We are looking at our planning process within the Army Corps of Engineers, looking toward incorporating sea level rise into what we are looking to in future projects because that is a reality. We need to be able to adapt now to what we can anticipate in the future. Our planning to do that is a way for us to anticipate and also hopefully have some risk reduction in future disasters.

Chairman CARPER. Thank you very much for that.

I am going to give a very short closing statement of my own, just kind of looking back on the last couple of hours and what we have heard and said here.

Something you just said, oh, gosh, 10, 15 minutes ago, Assistant Secretary Darcy, I wrote it down. You said, “In each disaster we learn something new.” And I used to say to my sons, who are now 23 and 24, I used to say to them, “There is nothing wrong with making mistakes. We all make mistakes.”

I like to quote Richard Nixon. I think I am the only Democrat around who quotes Richard Nixon. But Richard Nixon used to say, “The only people that do not make mistakes are the people that do not do anything.”

Well, as it turns out, there are plenty of opportunities for making mistakes. And you said, again, “In each disaster we learn something new.”

The key here is when we respond to these disasters—and, unfortunately, we are going to be seeing more of them. The scientists tell us we are going to be seeing more of these along our east coast. How do we learn from each one? And it is very clear that we have learned a lot since Hurricane Katrina. And we continue to learn literally each week that has passed since Hurricane Sandy struck the east coast.

Among the takeaways for me today was the emphasis on shared responsibility. This is not just about the Federal Government. This is not just about State or local governments. This is not just about the private sector. We are in this together, and we need to be able to work together, and part of our responsibility, as I said earlier, is like that basketball coach saying, “The best player is the one who makes sure that everybody else on the team plays to their capability.” And that is part of our responsibility.

In order to do that, we hold these oversight hearings, and for the most part, they are welcome by agencies and folks who come before us. But I think—and thanks for what you said, Secretary Donovan, because the nature of our oversight—we do not do “gotcha” hearings. We try to be constructive. Where there is good behavior, exemplary behavior, we try to put a spotlight on that and applaud it, reinforce it. And when there is not, we try to shame people sometimes, other times just make it clear we expect better, and they know that.

But one of the things that I take away from here is, again, the reinforcement. When there has been a disaster, let us respond to it swiftly, let us respond to it cost-effectively, and so that when the

next one comes, we will have learned and will be able to do that even better.

The issue of—I did not count the number of times “mitigation” was said here today. It has been said a lot. And there is huge value in mitigation and preparing for the worst. So we have this shared responsibility. We know the need to respond swiftly and effectively when there has been a disaster, the idea that we mitigate against future disasters to reduce our exposure and reduce the loss of life and the harm to people.

But I am going to go back to something I said earlier, and I will not dwell on this, but I want to say it earlier. All my adult life I have been taught and reinforced to focus not just on symptoms of problems but on underlying causes. And today we are talking about symptoms. How do we treat the symptoms? How do we do that in a cost-effective, smart way? How do we mitigate against those symptoms in the future? But there are some underlying causes out here that it is not the purview of this hearing to go into. We need to be mindful of those, and we need to be guided by good science.

And with that, I am going to say again thank you all, and we look forward to seeing you again soon and working with you for a long, long time. Thank you.

With that having been said, this hearing is concluded. Thank you.

[Whereupon, at 12:07 p.m., the Committee was adjourned.]

## A P P E N D I X

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**Opening Statement of Chairman Thomas R. Carper  
Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
March 20, 2013**

*As prepared for delivery:*

As you all know, on October 29, 2012, Hurricane Sandy made landfall in the United States. Its impact up and down the east coast was devastating – and heartbreaking. New York, New Jersey, and parts of New England were hit particularly hard. On Staten Island alone at least 21 people died. In Breezy Point, Queens a fire destroyed over 100 homes. In Hoboken, New Jersey more than 1,700 homes were flooded. And I'm sure we all saw pictures of the iconic Casino and Funtown Piers in New Jersey—where so many families spend their summers—broken and pulled into the ocean.

In Delaware, we did not experience the level of devastation that was inflicted on our neighbors to the north. But our state was hit hard. Widespread flooding caused severe damage to many of our homes and businesses. Roads and bridges were damaged or washed out, hurting commerce and transportation and cutting off access to hospitals, schools, and work.

The human cost of this storm was severe. I mentioned the lives lost on Staten Island. In total, at least 162 people were killed as a result of Hurricane Sandy. Preliminary estimates of the financial damage the storm caused are approximately \$50 billion. When all is said and done, Sandy is expected to rank as the second-costliest hurricane on record, after Hurricane Katrina.

It will take years to recover from devastation like this. It's important that we get that recovery right. In the aftermath of Hurricane Katrina, we saw many problems during the recovery phase that held communities back and created great suffering. Money was not always well spent or coordinated. The recovery moved slowly as a result.

For instance, millions of dollars were spent providing temporary housing for survivors in travel trailers. People stayed in those trailers far too long because permanent housing solutions were not identified. Rebuilding permanent housing was also complicated because red tape prevented us from making the impact we could have made with the U.S. Department of Housing and Urban Development (HUD) and Federal Emergency Management Agency (FEMA) funding that was available.

The Post-Katrina Emergency Management Reform Act of 2006, which was shepherded through this committee and through Congress by Senators Collins and Lieberman, took steps to fix these problems. We've seen a lot of improvements as a result. The Act required FEMA to bolster their regional offices in order to build stronger relationships with state, local, and tribal governments. This has not only improved the federal government's ability to respond to disasters. It has also enhanced FEMA's capability to support state, local, and tribal governments as they rebuild.

The law also required FEMA to coordinate with other federal departments to write a national disaster recovery strategy. This eventually led to the National Disaster Recovery Framework,

which has helped organize and coordinate recovery efforts to Hurricane Sandy. Although the recovery from Hurricane Sandy is just beginning, we fortunately haven't yet seen the sort of problems we did after Hurricane Katrina.

This committee now has a subcommittee with responsibility for FEMA. It's headed by Chairman Mark Begich and Ranking Member Rand Paul, and I know they will do great work in overseeing FEMA in general and this recovery in particular.

A key question we need to ask after a storm like this is whether it was an aberration or a harbinger of things to come. Just a few short years ago hurricanes hitting areas along the northernmost half of the east coast were relatively uncommon. Hurricane Sandy is actually the third major hurricane to threaten or strike the northern east coast in the last three years. Hurricane Irene devastated parts of the east coast in 2011. The year before that, Hurricane Earl was major threat. Unfortunately, the Northeast, Mid-Atlantic, and other vulnerable areas are expected to see more frequent and larger storms like Sandy in the future.

Additionally, just this year, the Government Accountability Office (GAO) added a new area to its recently updated High Risk List – the impact of climate change on the federal government. GAO explained that, among other things, climate change 'could threaten coastal areas with rising sea levels, alter agricultural productivity, and increase the intensity and frequency of severe weather events.' GAO also argued that the federal government is not prepared to deal with the impacts of climate change and recommended that we take a strategic look at them and start to prepare accordingly.

This is a smart recommendation and it's essential we put it on our to-do list as a Congress, along with the other items included in GAO's updated High Risk report. It's certainly on this committee's to-do list. The costs associated with responding to and recovering from a hurricane such as Sandy – both the human and the financial costs - are so severe that we simply cannot afford to face this devastation over and over again.

I'll point out that, so far in this recovery, we've seen states take some promising steps towards addressing the issues GAO has identified. In particular, I am pleased to see that the states of New York and New Jersey have begun to make plans to mitigate against future disasters. We know all too well that an ounce of prevention is worth a pound of cure. In fact, a few years ago, the National Institute of Building Sciences issued a report that concluded that for every dollar spent on various mitigation measures, we can save four dollars in response and recovery costs. Through mitigation, then, we can get better results, save money, and save lives. We must ensure that sound and effective mitigation policies are thoroughly incorporated into this recovery effort.

This is especially important as climate change drives the sea level to rise and increases the severity and frequency of coastal storms. By working together, we can rebuild—and become stronger by better protecting ourselves from future storms.

But in doing so, we can't ignore what I believe and what many experts believe may be the underlying cause of storms like Hurricane Sandy. Finding a way to address climate change is not the topic of this hearing today but, as we recover from this most recent major storm and put

into place the protections we need to reduce the impact of the next one, we'd be making a mistake if we didn't also think about what we need to do address not just the symptoms of climate change, but the core problem itself. I look forward to working with all of you and the Obama Administration on these crucial tasks we have before us.

###

**Opening Statement for Dr. Coburn**

**"Hurricane Sandy:**

**Getting the Recovery Right and the Value of Mitigation"**

**March 20, 2013**

Thank you, Chairman Carper, for holding this hearing today.

Five months have now passed since Hurricane Sandy slammed the East Coast and while CNN has stopped its live broadcasts from the Jersey Shore and the nation's attention has been diverted, there is good reason to bring our attention back here now.

Thousands still remain displaced from their homes, businesses remain shuttered and portions of entire towns remain uninhabitable and under heavy police protection. Sections of towns in New York and New Jersey were leveled and may never be the same.

Over the next few weeks, the effects of this will be more noticeable as the beach communities dependent on tourism may struggle to attract visitors. Normally busy summer seasons will be much quieter as residents and business owners hope simply to rebuild.

And so any evaluation of the federal role needs to look at how we can make both smart and fast decisions about where \$60 billion in emergency aid needs to go. It also means we need to have the right checks and balances to ensure not a single dollar of the emergency aid is wasted.

During the past two months, committee investigators have traveled both to New Jersey and New York to better understand the recovery effort. They met with federal, state, and local officials, community organizations, businesses, and citizens affected by the storm. They have reviewed stacks of documents and interviewed key officials. I

would particularly like to thank Administrator Fugate and his staff for cooperating with the committee's work to date.

I should also note that many of the people we talked to praised the federal government's preparation for, and immediate response to the storm. One New Jersey local official described how three FEMA officials were there, on the ground, riding out the storm side by side with local first responders. We also heard praise for the Army Corp's efforts to move in quickly, help restore power, and clear debris.

Our review of FEMA's longer-term recovery efforts, however, paints a different picture. For many local officials, residents and business owners, FEMA has seemed to them a hindrance rather than a help.

We heard frequently that FEMA's programs are so complicated, some of FEMA's own staff don't seem to know the rules. In New York and New Jersey alike, applicants for FEMA assistance have had to hire consultants just to navigate the grant process.

One area we have spent a considerable amount of time looking into is debris removal. Eight years ago after Hurricane Katrina, this committee uncovered significant concerns about the cost of debris removal, finding that layers upon layers of subcontractors exponentially increasing costs. Taxpayers were not getting their money's worth.

Under current rules, FEMA provides assistance to hurricane-affected communities to clear away debris. In a storm as large as Sandy, this is a large and expensive undertaking.

However, the two states most affected by the storm have chosen two different ways to tackle this problem. While there are advantages and disadvantages to both approaches, the contrast between them should prove instructive.

In New Jersey, the state has chosen to contract with a private debris removal firm, Ashbriitt, and to seek reimbursement from FEMA after the work is completed. In New York, the state has opted to have the Army Corps of Engineers perform debris removal through its contractor ECC.

We have uncovered several things so far that I believe are important to discuss in today's hearing.

**First, debris removal operations in both New York and New Jersey remain heavily dependent on subcontractors.** In New Jersey, Ashbrite has hired 110 subcontractors. In New York, the Army Corps contractor ECC has hired 76 subcontractors.

These firms have explained that the use of subcontractors is essential because no company is big enough to have all the equipment they need standing by. Also, the Stafford Act requires debris removal companies to hire local businesses even if they cost more than out of state businesses. I will be interested to learn if this has led to the same layering problems we saw after Hurricane Katrina.

**Second, the cost of debris removal is greatly influenced by local rules and regulations.** A few examples demonstrate how costs have increased due to rules in New York and New Jersey.

In New York, the destroyed Rockaway boardwalk was made of an expensive Brazilian hardwood. Local officials insisted that the contractor sort through the debris and pick out each piece of wood by hand. While this might save costs in rebuilding the boardwalk, it will make the cost of debris removal go up.

Also in New York, both the city and the state have a pre-set agreement requiring all debris to go to the Seneca Meadows landfill in Waterloo, New York, which is nearly 300 miles from Manhattan. To get all of the debris to this faraway landfill, the Army Corps contractor has been forced to use barges to move debris from the temporary sites in the city, and up the Hudson to Albany, where it is transported to Seneca. The other option is to truck debris the entire way there from the city, which carries an enormous cost.

The situation is not much better in New Jersey, which both tightly regulates its landfills and prohibits shipping debris out of state. We learned it is often cheaper to drive the debris to surrounding states than to use the in-state options, but this is not allowed.

On top of this, each municipality in New Jersey is bound by a policy of "flow control" which restricts each town to using only certain landfills. So, even if it is easier and cheaper to go elsewhere, debris removal firms are prohibited from doing so.

One of the difficulties in knowing whether taxpayers are getting a good deal is that FEMA's rules are based on a subjective "reasonability" standard. In other words, if the costs are deemed "reasonable" the federal government will pay them. This is typically determined by looking to the costs of other comparable storms.

During a visit with Ocean County, New Jersey, we learned the early estimate for reasonable debris removal costs would be around \$62.73 per cubic yard. While the county expects its actual costs to come in closer to \$56 per cubic yard, we will keep a close eye on what the final numbers show.

Finally, we will hear a lot today about how much better the federal response to Sandy has been when compared to Katrina. This is no doubt true. But, to say that we're doing better now than during one of the worst performances by the federal government in recent history doesn't offer much insight. We still have a long way to go.

I hope the oversight of this committee will help our federal agencies as they work towards a successful recovery effort.

I also look forward to hearing the testimony and responses from Secretary Donovan and Assistant Secretary Darcy, and more importantly, continuing this committee's oversight work.

Testimony of  
W. Craig Fugate  
Administrator  
Federal Emergency Management Agency  
before  
The Senate Homeland Security and Governmental Affairs Committee

March 20, 2013

**Introduction**

Good Morning, Chairman Carper, Ranking Member Coburn, and other distinguished Members of the Committee. I am Craig Fugate, the Administrator of the Federal Emergency Management Agency (FEMA), and I am grateful for the opportunity to speak here today.

I look forward to discussing the coordinated response undertaken in the immediate aftermath of Hurricane Sandy and the ongoing recovery efforts.

Prior to Hurricane Sandy making landfall, FEMA worked with our partners at all levels of government, as well as within the private sector, to assist our citizens and first responders as they prepared for the storm. As a result of these efforts, at the request of state and local officials the Agency was able to support a prompt, coordinated response that brought to bear the full resources of federal, state, tribal and local government, in conjunction with our private sector partners. The multifaceted coordination that took place on the front end provided our team with a keen understanding of the challenges that lay ahead, which allowed planning for the recovery phase of operations to begin before the storm even made landfall.

Over the past several years, FEMA's regional offices have worked closely with state, local, and tribal governments across the country—including those directly in Hurricane Sandy's path—to develop catastrophic, worst-case scenario plans that are flexible and scalable for incidents of all magnitudes. FEMA's ongoing partnership with states allows coordination and collaboration with the "whole community" to plan and prepare for a range of disaster events.

FEMA, along with our federal, state, local and tribal partners, also recognizes the need to work together to ensure the post storm recovery efforts, and the rebuilding that is taking place across the region, take into account our best understanding of future risks to the region and are designed to minimize these risks and ensure the long term safety, resilience and prosperity of the affected communities.

**Immediate Response Operations**

On October 28, 2012, the President authorized emergency declarations for Connecticut, the District of Columbia, Maryland, Massachusetts, New Jersey, and New York. The following day, the President authorized emergency declarations for Delaware, Pennsylvania, Rhode Island, and Virginia. Initially, these declarations authorized FEMA to provide direct federal assistance for emergency protective measures. The President later authorized major disaster declarations for Pennsylvania, Ohio, Massachusetts, the District of Columbia Connecticut, Delaware, Maryland, New Hampshire, New Jersey, New York, Rhode Island, Virginia, and West Virginia. These

declarations provide declared counties and states assistance with emergency work and debris removal as well as access to FEMA programs, most notably Individual Assistance, Public Assistance, and the Hazard Mitigation Grant Program, which provide assistance to individuals and local, tribal and state governments following a disaster.

Hurricane Sandy also represented one of the largest personnel deployments in FEMA's history. By Sunday, October 28, FEMA had deployed 1,032 personnel in anticipation of Hurricane Sandy's impacts. Approximately one week after the storm made landfall, 5,384 FEMA personnel had been deployed. Furthermore, at the peak of the response, more than 14,000 federal personnel, and over 11,000 National Guardsmen were on the ground assisting with response efforts. This included the historic activation of the DHS Surge Capacity Force totaling 1,100 personnel from across DHS components.

Before the storm made landfall, FEMA and its emergency management partners prepared for the establishment of shelters, Disaster Recovery Centers, Points of Distribution, and Joint Field Offices in the affected areas. At peak, 716 shelters were open with a population of 26,913 in 16 states. FEMA, in collaboration with our interagency partners, moved to transition survivors out of shelters into long-term housing solutions as quickly as possible. As a result of these efforts, there are no disaster survivors remaining in the shelters established in the aftermath of Hurricane Sandy.

#### **Disaster Relief Fund (DRF) and Disaster Relief Appropriations Act of 2013**

The DRF provides funding for eligible response and recovery efforts associated with major disaster declarations that overwhelm state, local and tribal resources. Through the DRF, FEMA funds federal disaster support activities as well as eligible state, local, tribal, and territorial actions, such as providing emergency protective measures, individual and housing assistance, and debris removal. The DRF also funds: the repair and rebuilding of qualifying disaster-damaged infrastructure, hazard mitigation initiatives, and other assistance to eligible disaster survivors.

Congress appropriated to FEMA \$7.1 billion for the DRF; in Fiscal Year (FY) 2012—\$700 million for non-major disaster declaration funding and activities authorized under the Stafford Act, and \$6.4 billion in funding appropriated as disaster relief under the cap adjustment established by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended which may be used exclusively for major disasters. The FY 2013 short-term Continuing Resolution (CR), H.J. Res. 117, sustains this funding level until March 27, 2013. The CR provides FEMA with the resources to assist state, local, tribal and territorial governments to recover from ongoing catastrophic and non-catastrophic events that took place prior to Hurricane Sandy and respond to other major and non-major disasters during FY 2013.

Hurricane Sandy ravaged communities along the east coast from Maine to West Virginia leading to 13 Presidential major disaster declarations. Due to the scope of the damage wrought by the storm, Congress passed the Disaster Relief Appropriations Act of 2013, which the President signed into law on January 29, 2013. The Act provides an additional \$11.49 billion for the DRF along with critical funding for FEMA's interagency partners who will be leading efforts to help rebuild infrastructure, bolster coastal habitats and access to navigable waterways, modernize

flood control systems and revitalize damaged housing. The appropriation will allow the communities' recovery from Sandy to move forward while ensuring that ongoing operations from previous disasters continue.

As of February 28, approximately \$3.7 billion has been obligated from the DRF for FEMA's response and recovery operations stemming from Sandy.

As members of this committee are aware, several key changes to the Stafford Act were included within the broader Hurricane Sandy appropriations measure. The provisions include significant enhancements to the Agency's Recovery and Mitigation programs, which will help FEMA lower costs while helping improve delivery of assistance to communities and services to disaster survivors. Moreover, a provision was also included that allows federally recognized Native American Tribes direct access to federal disaster relief. The President recently used this new authority to issue major disaster declarations for the severe winter freeze that impacted the Navajo Nation and the severe storms, flooding, landslides, and mudslides that struck the Eastern Band of Cherokee Indians. FEMA has strong, long-standing relationships with tribal governments, and they are essential members of the emergency management team. Fully implementing this historic provision will require consultation with Tribes and other stakeholders, particularly as FEMA develops the administrative and programmatic requirements and procedures necessary to execute the law.

**Recovery: Working as a Team**

Federal assistance is an important step in helping disaster survivors recover from events like Hurricane Sandy, but it is not the only option. State, local, tribal, and territorial governments have robust capabilities to respond to and recover from natural and manmade disasters. In addition, the wide and diverse numbers of nonprofit and voluntary agencies provide an extraordinary amount of disaster relief and recovery resources to affected communities. As I will highlight throughout this testimony, FEMA also works with many other federal and state agencies, such as the U.S. Small Business Administration (SBA) and the Department of Housing and Urban Development (HUD), to assist disaster survivors. Finally, we rely on the whole community's participation, including the help of the public to prepare for disasters.

**Individual Assistance**

In response to the Hurricane Sandy recovery efforts, the Individuals and Households Program (IHP) has provided monetary assistance to over 175,000 disaster survivors in New York, New Jersey, and Connecticut. Assistance available through IHP includes housing assistance, such as temporary housing, repair, and replacement, and assistance for other serious and necessary expenses, such as personal property, medical and funeral needs caused by the disaster.

As of March 4, FEMA, along with our partners at the SBA, who assist by providing low cost loans to cover uninsured property losses and for business owners, have approved nearly \$2 billion for Hurricane Sandy survivors in New York. Through the IHP, FEMA has approved over \$919 million in assistance, including more than \$794 million for housing assistance and nearly \$125 million in assistance for other needs.

In New Jersey, disaster survivors from 21 counties have been awarded more than \$365 million by FEMA, including \$318 million for housing assistance and more than \$48 million in assistance for other needs. Our partners at the SBA are also working diligently to help New Jersey businesses and families get back on their feet and have approved nearly \$481 million in low interest loans.

In recent years, FEMA has increased its focus on prevention of improper payments within the Individual Assistance program by developing new information management procedures in our National Processing Service Centers (NPSCs). The NPSCs have worked with the Office of Chief Information Officer to improve the National Emergency Management Information System (NEMIS) software used to process applications for disaster assistance. These actions include using identity and occupancy verification checks to prevent automated payments to applicants who may have used a fraudulent name, Social Security number or address; flagging "high risk" addresses such as check cashing stores, mail drops, cemeteries, and jails to block them from receiving automated payments; blocking duplicative rental assistance payments for overlapping months or payments over the IHP maximum (currently set at \$31,900) and stopping duplicative registrations over the Internet to prevent duplicate payments to the same applicant.

FEMA has also instituted organizational changes, which have culminated in an improper payment rate that has decreased significantly since 2005. For example, an IHP Assistance Group was created in 2009 to provide clear, consistent and timely guidance regarding IHP policies and case processing procedures to reduce case processing errors, improve operational efficiency and overall delivery of service. The NPSCs have also established an Audit Group responsible for performing internal audits and analysis on the efficiency and effectiveness of the manner in which IHP is administered. As a result of these efforts, the IHP's Improper Payment Error Rate for FY 2011 was 0.3%.

#### **Public Assistance**

Given the significant structural damage that Sandy left in its wake, debris removal, which is funded through FEMA's Public Assistance Program, is paramount in getting hard hit communities on the road to recovery as quickly as possible.

It is important to note that FEMA does not conduct debris removal work. The work is normally done by states, local jurisdictions, and tribal governments. FEMA may reimburse eligible applicants for the cost of removing disaster-related debris as long as the applicant meets the requisite eligibility criteria. To assist hard hit communities with this process, the Agency has issued guidance on reimbursement of debris removal costs. This includes a comprehensive Debris Management Guide as well as policies that address eligibility and other specific issues with regard to debris removal. When a local jurisdiction is overwhelmed by a disaster and does not have the capability to remove debris using its own force account or emergency contracting, FEMA may provide Direct Federal Assistance for debris removal by mission assigning the U.S. Army Corps of Engineers (USACE) to conduct the work, which was the case in New York in the aftermath of Hurricane Sandy.

To enhance debris removal assistance for Hurricane Sandy, FEMA issued an Interim Final Rule that allows for the reimbursement of force account regular time costs for debris removal for a period of 30 days. Typically, under FEMA regulations, only overtime costs are eligible for

reimbursement for an applicant's force account labor. By providing reimbursement for force account regular time costs that are incurred for debris removal, FEMA is helping to speed removal of debris and support rapid recovery of communities while reducing the burden on local jurisdictions to enter into contracts.

I am pleased to report that debris removal efforts are nearing completion. More than 95 percent of the debris was removed within 95 days of the storm hitting New York and New Jersey. That includes everything from fallen trees to vehicles, boats, drywall and furniture, washers, dryers, and insulation, amounting to 5.25 million cubic yards of debris. The federal government will continue to work with our partners to determine the remaining quantity and location of debris in impacted areas, and help facilitate removal projects.

With respect to emergency protective measures, FEMA obligated \$29 million to the New Jersey Department of Human Services for providing temporary housing and resources for electrical crews working to restore power. Additionally, FEMA has approved 465 projects to help remove storm debris and restore disaster-damaged roads, bridges and other infrastructure. Among the largest grants made to date was \$11.2 million to the Passaic Valley Sewerage Commission for emergency repairs to a wastewater treatment plant that serves 48 communities and treats 330 million gallons of sewage daily.

FEMA is working closely with its partners to move toward project formulation and project worksheet preparation to address damage caused by Sandy. FEMA has been expediting payments to reimburse local governments to help them recover from the disaster. These are commonly referred to as "Expedited Project Worksheets." FEMA will obligate a portion of the federal share of the estimated cost of work under Category A (Debris Removal) and Category B (Emergency Protective Measures) as estimated during the preliminary damage assessment.

In addition to assistance for emergency protective measures and debris removal, FEMA's Public Assistance program provides funding for the repair, restoration, reconstruction, or replacement of infrastructure that was damaged or destroyed by a disaster. Eligible applicants include state, local and tribal governments. Certain private nonprofit organizations that provide governmental services may also receive assistance.

As of March 5, over 1,800 requests for Public Assistance have been submitted and nearly \$720 million has been obligated in New York. In New Jersey, over 1,700 requests for Public Assistance have been submitted and nearly \$188 million has been obligated.

#### **Hazard Mitigation Grant Program and National Flood Insurance Program**

The Hazard Mitigation Grant Program (HMGP) assists in implementing long-term hazard mitigation measures following major disaster declarations. Funding is available to implement projects in accordance with state, local, and tribal priorities. HMGP funds may be used for projects that will reduce or eliminate losses from future disasters. Projects must provide a long-term solution to a problem, for example, elevating a home to reduce the risk of flood damages instead of buying sandbags and pumps to fight the flood. In addition, a project's potential cost savings must be more than the expense of implementing the project. Funds may be used to protect either public or private property or to purchase property that has been subjected to, or is

in danger of, repetitive damage. Eligible applicants include state, local and tribal governments as well as certain non-profit organizations. While individual homeowners and businesses may not apply directly to the program, a community may apply on their behalf.

In both New York and New Jersey, FEMA mitigation staff is working closely with the State Hazard Mitigation Officers to discuss the states' priorities, types of projects available, and how best to proceed within that framework.

FEMA recognizes that mitigation is an essential component to national preparedness and emergency management. Working closely with the whole community, before, during, and after a disaster allows states and communities to plan and invest wisely in critical projects that save not only money, but, most critically, lives. As I will discuss in an upcoming section on the National Disaster Recovery Framework (NDRF), the Agency is urging our state, local, and tribal partners to take concrete steps understand and address future risk, strengthen resilience, and to mitigate against future events as they work to help their communities recover from Sandy.

In terms of the National Flood Insurance Program (NFIP), Hurricane Sandy has generated more than 143,000 claims in New Jersey, New York and elsewhere. Since that time, the NFIP has paid out more than \$5.4 billion to our policyholders. In New Jersey, there were over 73,000 flood insurance claims made and to date, over 80 percent of claims have been closed and over \$2.6 billion has been paid on New Jersey claims alone. Congressional passage of H.R. 41, a bill that temporarily increased FEMA's borrowing authority under the NFIP, ensured that the payment of claims has continued uninterrupted.

### **Housing**

Housing in many communities was significantly impacted due to the widespread effects of Sandy. FEMA convened the Hurricane Sandy Catastrophic Disaster Housing Task Force on November 6, 2012, to address housing issues in support of State and field operations.

As all disasters are local, each community and state faces different challenges. The State-led Disaster Housing Task Forces in New York and New Jersey involve a collaborative approach to addressing the temporary housing and long-term needs of the disaster survivors, including the collection of available rental resources, projecting housing needs and exploring other options. Task Forces include representatives from state, local, and voluntary agencies, and federal partners including FEMA, HUD, USACE, SBA, the Department of Veterans Affairs (VA), and the United States Department of Agriculture (USDA). The teams are working together to ensure they are making the greatest use of existing housing resources (such as apartments and rental units), enlisting voluntary agencies to make minor repairs so survivors can remain in their homes, and investigating other temporary housing options suitable for the area.

In both New York and New Jersey, FEMA has completed over 99 percent of all requested housing inspections. If a home cannot be repaired easily to safe and sanitary conditions, then local rental resources are the preferred first choice for housing disaster survivors as they recover. To address the difficulty in finding suitable rental properties at HUD Fair Market Rent (FMR), FEMA temporarily raised the rental assistance amount provided to eligible disaster survivors in New York and New Jersey and Connecticut to 125 percent of FMR. This increase was

implemented immediately after the disaster and will continue as survivors are recertified to receive temporary housing assistance for up to 18 months. In addition, through the FEMA Housing Portal (<http://asd.fema.gov/inter/hportal/home.htm>), eligible individuals and families who have been displaced by Hurricane Sandy can search for available rental units in their area that have been provided by Federal agencies such as HUD, USDA, the Internal Revenue Service, as well as by private organizations and individuals.

As a particularly densely populated area, New York presents FEMA with many housing challenges. The Agency – along with the state, federal partners and voluntary organizations – has been working to implement housing solutions that will best serve Hurricane Sandy survivors in New York. A committee composed of FEMA, HUD, the state and other agencies has convened to specifically address long-term housing solutions for survivors in New York. A similar committee was also convened in New Jersey. Both committees discussed the implementation of housing assistance strategies to address the unique needs of disaster survivors in each state.

On November 3, 2012, FEMA activated the Transitional Shelter Assistance Program (TSA) in both New York and New Jersey. The program allows survivors to stay in area hotels while FEMA, the state and voluntary agencies assist them with their long-term housing plans. Since its activation in New York, the TSA program assisted nearly 6,000 survivors. On March 7, FEMA extended the TSA program at the request of the State of New York for an additional 14 days. The extension was approved to help those applicants still eligible for the program to remain in hotels as FEMA and its state and local partners work to identify longer-term housing solutions.

In New Jersey, FEMA and the state temporarily sheltered more than 5,500 individuals and families through the TSA program, enabling survivors to work on longer-term housing solutions. On March 5, FEMA extended the TSA program at the request of the State of New Jersey for an additional 14 days. FEMA also coordinated a housing mission that included HUD, the New Jersey Department of Community Affairs and USACE that refurbished 115 housing units at Fort Monmouth.

On November 15, 2012, the President announced that HUD Secretary Shaun Donovan will lead the Hurricane Sandy Rebuilding Task Force. In this capacity, Secretary Donovan will work closely with governors, mayors, and county officials in affected areas as they begin the process of identifying redevelopment plans for affected communities. HUD is already an integral partner in the Response and Recovery of areas affected by disasters. As I noted, we work closely with HUD to identify housing resources, provide the best housing support to disaster survivors, support underserved communities in reaching any new standards that are required, and serve as a crucial base of knowledge and guidance in disaster housing missions. FEMA looks forward to HUD's continued support of FEMA and we will support Secretary Donovan in his mission as we respond to and recover from Hurricane Sandy.

#### **National Disaster Recovery Framework**

The NDRF is a guide that defines how the whole community will work together following a disaster to best meet the recovery needs of individuals and families, communities, states, and tribes. The Framework is based on the principle that all of our partners, including the private

sector, non-profit organizations and individual citizens, and state, local, tribal, and Federal government agencies have a role to play in the recovery process. It focuses on how best to restore, redevelop and revitalize the health, social, economic, natural and environmental fabric of the community and build a more resilient Nation.

The NDRF established six Recovery Support Functions (RSFs) that are led by designated federal coordinating agencies. In addition to FEMA's established stakeholders, RSFs involve partners in the state, local, and tribal governments, and private and nonprofit sectors that traditionally have not been involved in emergency support functions, but are critical for disaster recovery. Each RSF has a designated federal coordinating agency along with primary agencies and supporting organizations with programs, resources or focus relevant to the functional area. The six RSFs and their coordinating agencies are Community Planning and Capacity Building (DHS/FEMA); Economic (Department of Commerce); Health and Social Services (Department of Health and Human Services); Housing (HUD); Infrastructure Systems (USACE); and Natural and Cultural Resources (Department of the Interior).

As the level of response activities declines and recovery activities accelerate, the Federal Disaster Recovery Coordinator (FDRC) will engage with the RSF agencies to organize and coordinate Federal recovery assistance. As we saw in the aftermath of Hurricane Sandy, during this early recovery phase, the FDRC and the RSF coordinators are working closely with Emergency Support Function (ESF) leads to share information about impacts and assistance provided. RSF coordinators are working to foster relationships at all levels. As an example of this coordination, the DHS Office of Infrastructure Protection has placed representatives in both the New Jersey and New York Joint Field Offices and as a result has been able to better incorporate critical infrastructure private sector entities in the planning process.

As we move into the long-term recovery phase for areas impacted by Hurricane Sandy, the benefits of working collaboratively under the NDRF are being demonstrated. The FDRC for New York initiated a Beach Infrastructure Task Force which brings together stakeholders from the federal, state and local levels to identify key damage areas and prioritize recovery efforts. Through a Mission Assignment, the Task Force utilized the technical expertise of USACE to complete the damage assessment for emergency shoreline repair and compile environmental data related to sand sources.

The FDRC for New York convened an Advisory Base Flood Elevation/Mitigation Task Force to ensure senior management and partners at the Federal, State, and local level were aware of the development and release of flood advisory data that could significantly influence rebuilding and restoration decisions. The Task Force is comprised of staff from FEMA program offices that administer Stafford Act programs, RSF representatives, and FDRC staff. It is working in conjunction with state and local partners to identify and address the impacts of advisory data on insurance rates, building codes, and other intermediate and permanent efforts to recover, reduce, and mitigate future risk.

The FDRC for New Jersey has recruited and hired 10 local Community Recovery Assistance Specialists with local community expertise to provide redevelopment and planning technical assistance in impacted communities. These personnel, who will focus solely on Sandy recovery

operations in the state, come from diverse professional backgrounds including community planning, economic development, finance, transportation, architecture, civil engineering, and municipal management.

In support of local disaster leadership, the Community Planning and Capacity Building RSF worked with local philanthropic organizations to identify funding sources for long term recovery planning and capacity building. This culminated in an opportunity to work with the Council of New Jersey Grantmakers, who selected New Jersey Future to receive a \$150,000 grant from the MERCK Foundation. New Jersey Future is a citizen-based, non-profit, non-partisan group that promotes smart land use policy. They will use the funds to hire a local disaster recovery manager to support recovery in at least three New Jersey communities.

In partnership with the New Jersey Department of Labor and Workforce Development, the Economic RSF in New Jersey developed an economic Data Sharing Task Force and established three working groups focusing on small business recovery, tourism, and marine and aquaculture industries. In coordination with the New Jersey Department of Economic Development, the Economic RSF sponsored three business forums for over 100 stakeholders to identify financial resources for small business recovery and facilitated "Access to Capital" forums throughout the State to communicate business funding and networking opportunities for struggling businesses. Participants of the forums included lending institutions, Chambers of Commerce, local economic development officials, freeholders, mayors, county officials, and businesses.

#### **Procurement**

Before concluding, I wanted to touch upon the role of FEMA's Office of the Chief Procurement Officer (OCPO) in the context of our disaster operations. OCPO partners with FEMA's program offices to establish prepositioned disaster response contracts. These contracts are used to provide much needed commodities, resources and services to devastated communities. But they are put in place well before disaster strikes, ensuring competitively awarded contracts with firm fixed prices, and reducing risks to the federal government. Presently, FEMA has dozens of prepositioned contracts available to those managing the response to Presidentially-declared disasters and emergencies.

Following Hurricane Sandy's landfall, FEMA's Disaster Acquisition Response Team (DART) was deployed to New York and New Jersey. The DART focuses on providing high-level disaster contracting and quality assurance support, contract oversight and quality assurance monitoring and timely closeouts of disaster contracts. The DART provided initial contracting support to New Jersey for Hurricane Sandy and will continue this contracting support through the close of this disaster.

On another note, the Industry Liaison Program (ILP), which includes our Local Business Transition Teams (LBTT), is the single point of entry for vendors seeking to do business with FEMA. Our Industry Liaison also maintains an enterprise-wide repository – used to supplement market research for Contracting Officers – of vendors who contact the Agency. Staffed with a help desk, the program processes and routes vendor profile data to the appropriate FEMA program offices, including the Small Business Office, for follow-up.

To date, the ILP/LBTT has responded to approximately 6,000 phone and e-mail inquiries providing vendors with information on how to do business with FEMA for recovery from Hurricane Sandy. LBTTs were deployed to Connecticut, New York, and New Jersey, where they conducted vendor business outreach and provided acquisition support for acquisitions targeted for local buying.

**Conclusion**

FEMA will continue to work closely with the whole community, including our state, local, and tribal government partners, Secretary Donovan, HUD and other federal partners as long-term recovery efforts move forward. FEMA recognizes that we must look to state, local, tribal, and territorial leaders, as well as the whole community, to ensure the Agency is able to help locally-driven efforts to rebuild impacted communities better and stronger than they were before Hurricane Sandy made landfall.

Thank you Chairman Carper for providing me this opportunity to appear before you today to discuss our ongoing recovery operations and the work that remains. I look forward to answering questions you or other members of the Committee may have.

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410**

**Written Testimony of Shaun Donovan  
Secretary, United States Department of Housing and Urban Development (HUD)**

**Hearing before the Senate Homeland Security and Government Affairs Committee**

**Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation**

**Wednesday, March 20, 2013**

Chairman Carper, Ranking Member Coburn, and Members of the Committee, thank you for the opportunity to testify today regarding the ongoing effort to rebuild in the region impacted by Superstorm Sandy.

Because Sandy was one of the most devastating and costly natural disasters in our history, the President recognized that the response required an additional focus on rebuilding efforts coordinated across Federal agencies and State, local, and Tribal governments in order to effectively address the enormous range of regional issues.

On November 15, President Obama announced that I would lead the coordination of federal efforts to support the rebuilding, and the President issued Executive Order 13632 on December 7, 2012, establishing the Hurricane Sandy Rebuilding Task Force, and appointed me to serve as its chair. Executive Order 13632 charges the Task Force to “work to ensure that the Federal Government continues to provide appropriate resources to support affected State, local, and tribal communities to improve the region’s resilience, health, and prosperity by building for the future.”

My responsibilities in this role occur in concert with the National Disaster Recovery Framework (NDRF) and involve cooperating closely with the Federal Emergency Management Agency (FEMA) and the other agencies involved in recovery efforts. The focus of the Task Force is on coordinating Federal support as State, local and Tribal governments identify priorities, design individual rebuilding plans, and over time begin implementation. I am the Federal government’s primary lead on engaging with States, Tribes, local governments, the private sector, regional businesses, non-profit, community and philanthropic organizations on long-term Sandy rebuilding.

Superstorm Sandy and the Nor’easter that followed have had immense and varied impacts across much of the eastern United States, with damage most severe in New York, New Jersey, Connecticut, Rhode Island, and Maryland. Within the United States, the storm caused 162 fatalities, major flooding, structural damage, and power loss to over 8.5 million homes and businesses, directly affecting more than 17 million people as far south as Puerto Rico, as far north as Maine.

Sandy caused tens of billions of dollars in damage and is estimated to be the second most costly storm in American history. Thousands of small businesses and tens of thousands of homes were damaged or destroyed. State, local and Tribal governments are addressing damage to roads, bridges, mass transit and other essential infrastructure, including electrical and water treatment facilities, public hospitals, and shorelines.

In addition to my concern as a citizen and as a member of this Administration, this is personal to me. I grew up in the region. I was born and raised in New York and worked on housing issues there, including serving as Mayor Bloomberg's Commissioner of the New York City Department of Housing Preservation and Development. I also worked on housing issues for Prudential Mortgage Capital in New Jersey, and married a Jersey girl in New Jersey. Many of my friends have been directly affected by the storm's devastation. In light of my deep roots in the region, I am particularly concerned with the devastation that Sandy has caused, and especially honored to have the opportunity to help with recovery and rebuilding efforts.

I have seen much of the damage first hand, talked with State and local officials and citizens living with the aftermath of the storm, had discussions with Senators and Representatives from the area, and have met with other federal officials working on the recovery effort, including FEMA Administrator Craig Fugate. Last week, we held the first meeting of our Advisory Board, made up of local elected officials representing the communities hardest-hit by Sandy. Everyone involved in the recovery and rebuilding has demonstrated extraordinary dedication and courage.

Just as remarkable are the actions by average people I have spoken with – individuals who have demonstrated a different brand of heroism by simply reaching out to help their neighbors, even as they were facing their own losses. I have seen bravery and determination that inspires me and my colleagues to work even harder, respond quicker, and develop more creative solutions.

With that mission in mind my testimony today will cover: 1) an assessment of the ongoing recovery efforts, and how we are applying lessons learned from Hurricane Katrina to this rebuilding effort; 2) a brief background on the formation and role of the Hurricane Sandy Rebuilding Task Force and 3) the role of the supplemental funding provided by Congress.

#### **Ongoing Response and Recovery Efforts and Lessons Learned from Hurricane Katrina**

Before I describe the task force's activities, it is important to note the unprecedented cooperation that is taking place among Federal, State, local, and Tribal authorities. HUD, FEMA and other parts of the Department of Homeland Security (DHS), as well as the Departments of Transportation, Health and Human Services, Interior, Commerce, and Agriculture, plus the Small Business Administration and the U.S. Army Corps of Engineers (USACE) and other agencies are all working together. For example, as a result of coordination under the National Response Framework (NRF), within a week after Sandy hit there were almost 11,000 National Guard and 17,000 Federal responders on the ground from FEMA, the Department of Defense, USACE, HUD, Department of Transportation, Department of Energy, and HHS, as well as tens of thousands of utility workers from across the nation. We are all coordinating our work with State, local, and Tribal officials, who are doing a truly herculean job on the response and recovery. The private sector, NGOs, and community and philanthropic organizations have all been deeply involved as well. This unprecedented level of cooperation and partnership will help us continue to deliver recovery resources with speed and provide related assistance to the most affected areas.

Our work on Sandy has been informed by the lessons learned in past disasters. Early in his first term, President Obama recognized that our experience during Hurricane Katrina and other disasters highlighted the need for additional guidance, structure, and support to improve how we as a Nation address disaster-related recovery and rebuilding challenges. In September 2009, President Obama charged Secretary Napolitano and me with leading work on this effort and to establish a Long Term Disaster Recovery Working Group, composed of more than 20 Federal

agencies. HUD, DHS, and the Working Group consulted closely with State, local, and Tribal governments as well as experts and stakeholders, and worked to improve the Nation's approach to disaster recovery and to develop operational guidance for recovery efforts.

As a result, in September 2011, FEMA published the National Disaster Recovery Framework (NDRF). The NDRF addresses the short, intermediate, and long-term challenges of managing disaster-related recovery and rebuilding. It sets forth flexible guidelines that enable Federal disaster recovery and restoration managers to operate in a unified and collaborative manner and to cooperate effectively with State, local, Tribal, and territorial governments.

There are three primary lessons that are guiding our efforts to support local community rebuilding efforts.

First, it is vitally important that both near and long-term recovery and rebuilding efforts start immediately following a disaster and that the Federal government takes a coordinated regional approach to the delivery of assistance to its State and local partners. To ensure this happens, the Hurricane Sandy Rebuilding Task Force is filling this regional coordinating role, working in coordination with the Federal Disaster Recovery Coordinators under the NDRF, and focusing on rebuilding.

Second, this must be an "All-of-Nation" approach to rebuilding. While the Federal government has a key role to play in recovery, State, local, and Tribal governments must be key partners in this effort.

Third, the recovery effort must include rebuilding in a more resilient fashion rather than simply recreating what was already there so that we are prepared for future disasters.

#### **The Role of the Hurricane Sandy Rebuilding Task Force**

The Task Force does not seek to impose a one-size-fits-all solution on localities. One of our key objectives is to cut red tape for State, local, and tribal governments as they seek Federal assistance for longer term projects and identify priorities for community development. These areas of work include housing, infrastructure systems, small business and local industry, health systems, social services, and natural and cultural resources.

Drawing on expertise across the federal government, the Task Force provides leadership and connections that actively support local visions and rebuilding efforts. It has five major responsibilities:

First, and most important, the Task Force is coordinating with all stakeholders to support cohesive rebuilding strategies and develop a comprehensive regional plan.

Second, the Task Force is working to identify and remove obstacles to effective rebuilding efforts and reduce regulatory burdens.

Third, the Task Force is working to coordinate Federal recovery resources and to make sure that the amounts and categories of resources that the Federal government provides are informed by local priorities.

Fourth, the Task Force will develop a plan for monitoring progress in rebuilding efforts.

Finally, the Task Force provides coordination in rebuilding efforts, including with respect to technical assistance and capacity building tools.

#### **The Task Force and Supplemental Funding**

Rebuilding must be a community-driven effort, with a community-based vision at its heart. But supporting that vision through financial means is a key part of the Federal role – one that has consistently been present for communities experiencing disaster.

On January 29, President Obama signed the Disaster Relief Appropriations Act of 2013. The supplemental funding bill included funds for FEMA and USACE projects, Transportation, support for the Small Business Administration and its disaster loan program, Community Development Block Grant-Disaster Recovery (CDBG-DR), funds to be provided to communities, and funding for a range of other critical priorities.

Federal agencies and departments have already begun the process of making this money available to State, local and Tribal governments in the region. On February 4, the Department of Transportation made available \$2 billion through the Federal Transit Administration's (FTA) new Emergency Relief Program to help protect, repair, reconstruct, and replace public transit equipment and facilities that were badly damaged by Sandy. The Federal Highway Administration has also made over \$2 billion available to rebuild roads and bridges damaged by Sandy and other disasters. In addition, HUD has also announced the first round of allocations of CDBG-DR funding, totaling \$5.4 billion. This represents the fastest ever allocation following the signing of an appropriations bill.

It is not the role of the Task Force to dictate how this supplemental funding is used – instead, it is to find ways to leverage and maximize the impact of these dollars and to help communities access this funding and use it to support their development priorities. An example of the Task Force's efforts to date is working toward a data sharing arrangement that will allow SBA and HUD to provide State, local and Tribal governments with general information on small business disaster loan applications in areas impacted by Sandy.

In addition to providing the necessary resources to continue ongoing response and recovery efforts, the Disaster Relief Appropriations Act also provides funding to help impacted communities effectively mitigate future risk of disaster to prevent losses of this magnitude from recurring.

We have solid evidence that sea levels are rising and that the risk of large scale disasters and catastrophic losses is increasing, due to increasing development along our coasts and changes in demographics and climate. And our best science tells us that these trends will continue, that sea levels continue to rise<sup>1</sup>, that this will further increase risks from storm surges, and that extreme weather events are likely to be more intense in the future, so it is vital that communities rebuild in a way that mitigates the risks posed under future conditions as well as current storms.<sup>11</sup>

I look forward to continuing to work with this Committee, others in Congress and our Federal, State, local, and Tribal partners to help make local rebuilding visions a reality, to support communities that are rebuilding in a way that makes them stronger, more economically competitive and better prepared to withstand the next storm and risks far into the future, and to help inform how the Federal government responds to disasters in the future.

Thank you again for the opportunity to testify today. I am happy to answer any questions you may have.

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<sup>i</sup> Parris, A., P. Bromieski, V. Burkett, D. Cayan, M. Culver, J. Hall, R. Horton, K. Knuuti, R. Moss, J. Obeysekera, A. Sallenger, and J. Weiss. 2012. Global Sea Level Rise Scenarios for the US National Climate Assessment. NOAA Tech Memo OAR CPO-1. 37 pp.

<sup>ii</sup> NOAA's fact sheet at [http://www.nrc.noaa.gov/plans\\_docs/SoS\\_Fact\\_Sheet\\_Hurricanes\\_and\\_Climate\\_FINAL\\_May2012.pdf](http://www.nrc.noaa.gov/plans_docs/SoS_Fact_Sheet_Hurricanes_and_Climate_FINAL_May2012.pdf): "Studies available for the Atlantic Basin suggest increased hurricane intensity, hurricane rainfall rates and the numbers of the most intense hurricanes over the 21st Century. However, the projections for intensity and intense hurricane numbers in particular have relatively large uncertainty and further research is needed to increase understanding."

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**DEPARTMENT OF THE ARMY**

**COMPLETE STATEMENT**

**OF**

**THE HONORABLE JO-ELLEN DARCY**

**ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)**

**BEFORE**

**THE COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS**

**UNITED STATES SENATE**

**ON**

**HURRICANE SANDY: GETTING THE RECOVERY RIGHT  
AND THE VALUE OF MITIGATION**

**MARCH 20, 2013**

Mr. Chairman and Members of the Committee:

I am honored to testify before you today on Army's role in Hurricane Sandy – response and recovery. I am Jo-Ellen Darcy, the Assistant Secretary of the Army (Civil Works).

Hurricane Sandy was a catastrophic storm that struck the Atlantic coastline in late October 2012, resulting in loss of life, severe damage to the coastline, widespread power outages, damage to infrastructure, businesses and private residences. Degraded coastal features have resulted in increased risks and vulnerability from future storm events, and expected changes in sea level rise, extreme weather events, and other impacts of climate change are likely to increase those risks even further.

Damages were experienced as far south as Florida, as far north as New England, and as far west as the Great Lakes. Particularly hard hit were areas in the greater New York City metropolitan area, including Long Island, New York, New Jersey and the Connecticut shoreline.

On October 22, 2012, Hurricane Sandy originated in the Caribbean. It strengthened as it crossed over eastern Cuba and the Bahamas on October 25, 2012, at which point, it was a Category 3 storm with winds in excess of 125 mph. Upon its approach to the Atlantic coastline, a trio of weather factors combined to create the super storm: (1) an intense Category 1 hurricane, (2) a trough of low pressure dipping down from the Arctic feeding the hurricane and (3) a block of high pressure in the northeastern Atlantic Ocean pushing Sandy toward the east coast.

On October 27, Sandy briefly weakened to a tropical storm and then re-strengthened to a Category 1 hurricane. While it was a Category 1 storm off the coast of the Northeastern United States, the storm became the largest Atlantic hurricane on record (as measured by diameter, with winds spanning 1,100 miles). Prior to impacting the mid and north Atlantic coastline, Hurricane Sandy devastated portions of the Caribbean. Early on October 29, Sandy curved north-northwest and moved ashore near Atlantic City, New Jersey.

Due to the massive size of the storm, the brunt of the energy and damages were north of Atlantic City for a distance of hundreds of miles. Due to the size and energy of the storm, it caused damage not previously experienced along the north Atlantic coastline, including widespread flooding, erosion and wave attack resulting in power outages, damage to infrastructure, businesses and residences. Lesser impacts were experienced in the Southeastern and Midwestern states and Eastern Canada. Existing Corps projects helped to mitigate some of the flood damages to the residents.

#### **RESPONSE ACTIVITIES**

The Corps has authority under Public Law (PL) 84-99, Flood Control and Coastal Emergencies (FCCE) (33 U.S.C. § 701n), for emergency management activities in

response to natural disasters. Under PL 84-99, as amended, the Chief of Engineers, acting for the Secretary of the Army, is authorized to undertake activities including natural disaster preparedness, advance measures, emergency operations (flood response and post flood response), rehabilitation of eligible flood control works threatened or destroyed by flood, repair of federally authorized shore protective works threatened or damaged by coastal storms, and provision of emergency water assistance due to drought or contaminated source. The Corps also responds to disasters at the direction of the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Act (42 USC 5121, *et seq.*). Under the National Response Framework, the Corps is assigned as the Coordinator for Emergency Support Function (ESF) #3, "Public Works and Engineering," and during disasters the Corps is the primary agency for response activities, such as, water, emergency temporary power and debris management and removal. FEMA is the primary agency for ESF#3 recovery activities and can assign missions to the Corps to assist in the execution of these and other recovery missions. Disaster response activities authorized by the Stafford Act, and prescribed by mission assignments by FEMA, are funded by FEMA's Disaster Relief Fund.

Under PL 84-99, the Corps emergency assistance prior to and during a flood event is temporary in nature to meet an immediate threat and may only be undertaken to supplement non-federal efforts. The assistance is undertaken to mitigate risk to life and public safety by providing protection to critical public infrastructure against flood waters. Therefore, PL 84-99 is not used to protect private residences or other developments unless such protection is incidental to protect critical public facilities and infrastructure within the area. Tribes and states must commit all available resources such as supplies, equipment, funds and labor as a general condition to receiving Corps assistance. Furthermore, the Corps emergency efforts are not intended to provide permanent solutions to flood risks. Therefore, the removal of all flood fight material at the conclusion of a flood event is the responsibility of the respective Tribe or state.

During preparation for Hurricane Sandy, the Corps supplemented state, local and Tribal efforts with over 218,000 sandbags, and with cold weather gear. The Corps was also engaged with numerous federal agencies and provided technical assistance to state governments for flood response. This experience improved multiple partners understanding the Corps capabilities and PL 84-99 authorities.

#### **PREPAREDNESS AND TRAINING**

The FCCE appropriation account provides funds for the Corps preparedness with regard to emergency response to natural disasters, flood fighting and infrastructure search-and-rescue operations, and rehabilitation of flood control and hurricane protection structures. Disaster preparedness activities include coordination, planning, training, and conducting response exercises with local, state, and federal agencies. District Commanders, Tribal liaisons, and emergency management staff meet with federal, state, and local officials and other interested parties to discuss Corps authorities

under PL 84-99, share lessons learned from previous flood events, conduct "tabletop" exercises, which are designed to help an organization test a hypothetical situation, such as a natural or man-made disaster, and evaluate the group's ability to cooperate and work together, as well as test their readiness to respond. At these meetings, they also review sandbagging and other flood fighting techniques, and strengthen the collaboration among the Corps, state and local governments and Tribal entities.

#### **COLLABORATION AND COORDINATION**

The Corps collaborates and coordinates with federal, Tribal, and state partners and close coordination occurs with appropriate state emergency management offices. During Hurricane Sandy, the Corps was part of FEMA's joint information center to coordinate activities among all response agencies and transparently communicate to all affected parties and the communities. The Corps has also participated in national and regional exercises held by the Department of Homeland Security/FEMA. These exercises provide federal and non-federal agencies an opportunity to plan for natural disasters, and to learn about partner agency capabilities, resources, and responsibilities. The Corps works closely with other federal emergency response partners to include: Department of Transportation (DOT), Housing and Urban Development (HUD), United States Coast Guard (USCG), National Guard Bureau (NGB), Department of Energy (DOE), Department of Agriculture (AG), Department of Commerce (DOC) and state and local agencies. The Corps also works closely with the Interior Department's U.S. Geological Survey (USGS). USGS provides vital resources to support the Corps by deploying both personnel and equipment prior to and in response to an event, such as stream gauges and a variety of sensors to aid in data collection to support decision making.

#### **HURRICANE SANDY RESPONSE**

On October 29, 2012, Hurricane Sandy was centered 285 miles east of Cape Hatteras, North Carolina and moving north with sustained winds of 85 mph, a category 1 hurricane. The forecast had the center of Hurricane Sandy coming to shore at Ocean City, New Jersey. Peak wind for the National Capitol Region was projected to reach 74 mph. Along with wind damage, Sandy was expected to cause dangerous rip currents, beach erosion, minor coastal flooding, with an increase in inland flooding potential, and power outages. Highest threat of storm surge was expected from 6 to 11 feet in Long Island Sound, Raritan Bay, and New York Harbor. Highest rain projections were predicted in the Delaware, Maryland, and Virginia Peninsula with isolated maximum amounts of 12 inches. Hurricane force winds would affect Mid-Atlantic States, and New York City and Long Island. Gale to tropical storm force winds would affect most of the northeast. Six Corps divisions and districts' Emergency Operation Centers were activated and teams were moved into place.

During Hurricane Sandy, the Corps responded to missions assigned by FEMA, and provided 1,039 highly trained technical personnel and the 249<sup>th</sup> Prime Power Battalion in 13 states. The Corps response to Hurricane Sandy included 68 FEMA mission assignments for over \$351.6 million in New York, New Jersey, Massachusetts, Delaware, Ohio, Pennsylvania, Connecticut, West Virginia, and Rhode Island. These missions included; ESF#3 Management support for each state, Technical Assistance, Temporary Housing, Commodities (bottled water delivery), Temporary Power, and Debris Management and removal. The Corps worked closely with the USCG to determine threats to navigation and navigation closures, and the affected ports cleared and returned to operation.

The type of support from the federal government was unprecedented, and the Corps provided technical assistance and response to federal, state, and local entities. This included removing 475 million gallons of water from 14 areas identified by local entities, to include the New York City (NYC) subway systems and tunnels, the Passaic Wastewater Treatment Plant, and restoring operation to the Hoboken terminal. These efforts were successful due to a dedicated and determined team including the Corps, the Navy, the USCG, the DOT, NYC Transit System, and many others.

As of March 1, 2013, completed Corps response efforts also included:

- Completion of 567 power assessments, and installation of 211 generators. At peak, the Corps generated 55MW of power, enough to support the needs of 55,000 families.
- Operation of 162 pumps to un-water 14 strategic sites, resulting in removal of over 475M gallons, equivalent to 720 Olympic size pools
- Delivery of 512 truckloads of water to New York, New Jersey, Pennsylvania, and West Virginia
- Completion of coastal restoration missions: Cupsogue County Park, New York; Smith Point, New Jersey, Mantoloking Breach, New Jersey.
- Refurbishing of 115 transitional housing units
- Delivery of Infrastructure Systems Mission Scoping Assessments per its role as defined under the National Disaster Recovery Framework.

Ongoing activities include:

- In New York City, 693,855 CY of an estimated 1.3M CY of debris has been removed by long haul in accordance with ongoing missions assigned to the Corps.
- On Fire Island, 1,765 of the 1,784 Property Debris Removal (PPDR) assessments received have been completed.
- Coordination of Infrastructure Systems elements of the Recovery Support Strategies per its role under the National Disaster Recovery Framework.

**DAMAGES TO CORPS OF ENGINEERS PROJECTS FROM RECENT FLOODING**

Damage sufficient to warrant repair under PL-84-99 was reported for 19 Hurricane/Shore Protection Projects (HSPPs) within the North Atlantic Division. The Project Information Reports (PIRs) for these 19 projects have been approved and engineering and design work has begun on each of the 19 projects. An addendum to each PIR is being prepared for each of the 19 projects to provide documentation necessary to allow for each to be restored to its design profile. Addendums for each of the 19 projects are being developed and coordinated within the North Atlantic Division at this time. Additionally, four PIRs are being prepared for projects in Connecticut, and two PIRs are being prepared for projects in Rhode Island. There were damages to projects outside of the North Atlantic Division, and PIRs are being prepared as warranted. Finally, there were damages to Corps navigation projects. Work is beginning to address these issues.

**HURRICANE SANDY SUPPLEMENTAL**

The Disaster Relief Appropriations Act of 2013 was passed by Congress and signed into law by the President on January 29, 2013 as Public Law 113-2 (P.L. 113-2). The Army is in the process of developing an implementation plan for the funding provided under the Disaster Relief Appropriations Act, 2013. The Act provided \$5.35 billion for the Civil Works program. That amount includes \$3.461 billion for Construction, \$1.008 billion for Flood Control and Coastal Emergencies, \$821 million for Operation and Maintenance, \$50 million for Investigations, and \$10 million for Expenses. The legislation provides supplemental appropriations to address damages caused by Hurricane Sandy and to reduce future flood risk in ways that will support the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks associated with large-scale flood and storm events.

Funds provided in the FCCE account and some funds in the construction account were provided to address immediate repairs. The Corps is allocating these funds accordingly to address such immediate needs.

More than 80 percent of the construction funding provided to the Corps in chapter 4 of title X of the Act was provided "to reduce future flood risk in a way that will support the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks associated with large-scale flood and storm events..." Furthermore, the Act requires all Corps projects funded for construction under chapter 4 to incorporate current science and to also incorporate current engineering standards. In addition, the Act provides for such modifications as the Secretary of the Army determines are necessary to incorporate these current standards and to meet the goal of providing for the sustainable reduction to flooding and storm damage risks. Finally, for projects under study by the Corps, the Secretary of the Army may use the construction funds provided in chapter 4 to construct any such project if the Secretary determines that the project is technically feasible, economically justified, and environmentally acceptable.

To meet these interrelated statutory objectives, the Corps will undertake a broad, conceptual examination of the best ideas and approaches to reducing the vulnerability to major storms over time, in a way that is sustainable over the long-term, both for the natural coastal ecosystem and for communities. In some or many cases, the restoration of an existing Corps project to its original design profile may not meet these interrelated objectives, and a fundamentally different approach may be more suitable.

When determining how to move forward in implementing project specific measures in accordance with the funding and direction in the Act, the Corps will perform an expedited limited re-evaluation that addresses resiliency, economics, risks, environmental compliance, and long-term sustainability and will enter into an amended Project Partnership Agreement with the non-Federal partner that, among other things, will ensure an updated flood plain management plan is developed. This approach will enable the Corps, working with its Federal and local Partners, to take a broad, long-term conceptual examination of the best approaches to reduce future vulnerability in a manner that is sustainable over time for the natural coastal ecosystem, for individuals, and for the communities in which they live.

#### **CONCLUSION**

Mr. Chairman, Members of the Committee, this concludes my testimony. I would be happy to answer any questions you or other Members of the Committee may have.

**Post-Hearing Questions for the Record  
Submitted to the Honorable W. Craig Fugate  
From Senator Thomas R. Carper**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”  
March 20, 2013**

<b>Question#:</b>	1
<b>Topic:</b>	electricity
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** With electricity lines destroyed and many of power plants down, even simple tasks without electricity seemed to be impossible as a result of Hurricane Sandy. However, it is my understanding that the hospitals and communities that made investments in on-site energy generation—such as fuel cells, renewables and combined heat-and-power—were better able to handle the impact of the storm.

If that is true, should we make it a priority to have these types of on-site generation at our critical infrastructure? Should we take a harder look at investing in fuel cells, solar panels or other portable on-site generation options that could be brought to emergency-critical sites?

Would these types of on-site power generation be eligible under FEMA’s mitigation programs? If not, should legislative changes be made to do so?

**Response:** FEMA Mitigation grants provide long-term risk reduction. Purchase and installation of generators for the protection of critical facilities is an eligible project type under the Hazard Mitigation Grant Program (HMGP). Eligible critical facilities are generally meant to include, but not limited to facilities such as Hospitals, Fire Stations, Police Stations, Water and Waste-Water Treatment plants.

Generators for a single facility or building should be permanently installed on site. Portable generators are eligible provided that they meet all HMGP eligibility requirements. The applicant must assure that the generator will be in place to protect the facility functions specified in the project application. The application should describe relevant transport, hook up and fuel supply and storage requirements at multiple facilities and how these will be executed if the generator is portable.

<b>Question#:</b>	1
<b>Topic:</b>	electricity
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

Fuel cells (including battery banks and inverters) are not currently included as an eligible emergency power source; however, there is no prohibition as long as program eligibility and cost effectiveness can be demonstrated.

<b>Question#:</b>	2
<b>Topic:</b>	mitigation measures
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** Broadly speaking, what needs to be done to encourage and support state and local governments, individuals, and businesses to adopt mitigation measures, such as adopting updated building codes, in the rebuilding process after Sandy?

**Response:** Disasters continue to show both the effectiveness of disaster-resistant building codes and, unfortunately, the devastation that comes when effective codes are not used. At the government level, the concept of encouragement and support for adopting updated building codes is embraced in the National Disaster Recovery Framework (NDRF). The call to action on building codes is reflected through many aspects and across many stakeholders of the NDRF, namely:

- Incorporate hazard mitigation in design and construction and promote to community members through adoption and enforcement of appropriate building codes and standards. (LOCAL GOVERNMENT PLANNING ACTIVITIES )
- Identify and encourage the use of specific standards and building codes to be used during reconstruction. (STATE GOVERNMENT PLANNING ACTIVITIES)
- Coordinate the provision of resources to units of government for recovery planning technical assistance and to support recovery capacity and surge needs in a variety of functional areas (e.g., hazard mitigation and risk assessment, building inspection and permitting) (POST-DISASTER, COMMUNITY PLANNING AND CAPACITY BUILDING RSF)
- Supply housing repair, reconstruction and rehabilitation services that comply with applicable building codes and standards, zoning regulations and design standards. (NONPROFIT SECTOR POST-DISASTER CHECKLIST)
- Communities incorporate stronger building codes and land use ordinances. Vulnerable structures are retrofitted, elevated or removed from harm. (FACTORS OF SUCCESSFUL RECOVERY)
- Readily available surge staffing and management structures to support increased workload during recovery, such as code enforcement, planning, communications, grant-writing and management. (FACTORS OF SUCCESSFUL RECOVERY)

<b>Question#:</b>	2
<b>Topic:</b>	mitigation measures
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

- Timely construction of housing that complies with local, State and national model building codes, including accessibility standards, is facilitated. (HOUSING RSF: OUTCOME)
- Planning for current and post-disaster requirements are integrated into the organizations at the local and State level that perform land and community planning and building code administration.(HOUSING RSF OUTCOME)

Within FEMA, the Federal Insurance and Mitigation Administration (FIMA) is called on in its strategic plan to promote adoption and enforcement of disaster-resilient building codes, as well as coordination and integration of disaster resilience and green building techniques to support local capacity to build truly mitigated and sustainable communities. Examples of this can be seen in numerous success stories attributed to building codes that are featured in the best practices library online <http://www.fema.gov/mitigation-best-practices> and a recently completed building codes toolkit for the public <http://www.fema.gov/library/viewRecord.do?id=6882> which provides basic guidance and easy-to-use tools to help property owners understand building codes and the basic processes and standards associated with proper design, permitting, construction, and mitigation. In the rebuilding process following Hurricane Sandy, FIMA's Mitigation Assessment Team is making recommendations to New York and New Jersey on updated code provisions to consider as each state is going through its building code revision process.

In order to assist residents with the rebuilding process, FIMA generated advisory elevation products to more accurately reflect the current flood hazard risk in the Sandy-impacted areas. In many cases, existing FEMA flood maps were significantly outdated. Many were more than two decades old. The Advisory Base Flood Elevation (ABFE) maps, which are the precursor to final flood maps, will better protect property and lives and provide consistency and predictability during rebuilding. They will make coastal areas stronger and more resilient. Consistency and predictability will allow rebuilding to occur much more quickly so lives affected by Sandy can return to normal. Without this action, residents may have reconstructed with inadequate safety standards, exposing them to substantially higher flood insurance rates when FEMA adopts its final maps. FIMA partnered with the States of New Jersey, New York, and the City of New York to develop the advisory products and outreach materials to ensure that the best available data was provided to the communities while the current Flood Insurance Rate Maps were being revised. Informational meetings prior to the release of the advisory flood maps with local communities and the media allowed FIMA to manage expectations of how flood data was evolving and being refined since the issuance of their current Flood Insurance Rate Maps. Innovative web tools posted through [www.Region2Coastal.com](http://www.Region2Coastal.com) served as a mechanism

<b>Question#:</b>	2
<b>Topic:</b>	mitigation measures
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

to disseminate information and leverage social media outlets to share and provide technical data to the public. Currently, the Hurricane Sandy Rebuilding Task Force has coordinated the establishment of a minimum elevation requirement for Federally-funded recovery efforts to reflect the most recently published base flood elevation plus 1 foot.

Finally, the government's building code efforts are most effective when there is unity of effort, consistent messaging and partnership among private sector groups such as the International Code Council, the Federal Alliance for Safe Homes and the Insurance Institute for Business and Home Safety. The FIMA collaborates with these organizations and others to advance the cause of disaster-resilient building codes and standards in this country.

<b>Question#:</b>	3
<b>Topic:</b>	mitigation activities
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** More specifically, there are several programs within several agencies that support mitigation activities. What steps are you taking to ensure that all of these mitigation activities are well-coordinated so that we aren't leaving areas unprotected on one hand, and we aren't duplicating efforts on the other?

**Response:** The National Preparedness Goal released in September 2011 establishes 31 core capabilities to address the nation's highest risks in 5 mission areas: Prevention, Protection, Mitigation, Response and Recovery. The core capabilities are to be implemented through national frameworks for each of the five mission areas and additionally at the Federal level through Federal Interagency Operational Plans. The core capabilities are detailed further in the frameworks along with coordination mechanisms that exist within the mission areas and across mission areas to better align efforts and resources.

The National Mitigation Framework will establish a Mitigation Framework Leadership Group or MitFLG to serve as a coordination mechanism for all levels of government. The MitFLG will support and enhance the existing coordination at the Federal level and leverage the coordination with other levels of government to better align mitigation activities that are mostly implemented at the local level.

The national frameworks also provide linkages between the frameworks to clarify the mission area and its support and dependence on the other mission areas to make up the national framework in support of the National Preparedness Goal. One such linkage is with the National Disaster Recovery Framework (NDRF), the first framework to be released. It was issued in September 2011.

The NDRF is a guide that enables effective recovery support to disaster-impacted States, Tribes, Territories and local jurisdictions. It provides a flexible structure that enables disaster recovery managers to operate in a unified and collaborative manner. It also focuses on how best to restore, redevelop and revitalize the health, social, economic, natural and environmental fabric of the community and build a more resilient Nation.

The NDRF introduces six Recovery Support Functions (RSF's) that provide a structure to facilitate problem solving, improve access to resources, and foster coordination among State and Federal agencies, nongovernmental partners and stakeholders. Each RSF has coordinating and primary Federal agencies and supporting organizations that operate together with local, State and Tribal government officials, nongovernmental

<b>Question#:</b>	3
<b>Topic:</b>	mitigation activities
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

organizations (NGOs) and private sector partners. The NDRF presents three positions that provide focal points for incorporating recovery considerations into the decision making process and monitoring the need for adjustments in assistance where necessary and feasible throughout the recovery process. Those positions are Federal Disaster Recovery Coordinator (FDRC), State or Tribal Disaster Recovery Coordinators (SDRC or TDRC) and Local Disaster Recovery Managers (LDRM).

In response to Sandy, FEMA has introduced a position within the NDRF of Mitigation Advisor. This person coordinates mitigation issues and opportunities across Recovery Support Functions (RSF's) to support community resiliency and long term viability.

The purpose of the FEMA Mitigation Advisor is to bring broad mitigation expertise to the Federal Disaster Recovery Coordinator (FDRC) and for all RSF sections. The Mitigation Advisor is the critical link to content, process and internal and external networks, serving as an advisor to the FDRC on regional and national issues pertaining to recovery and mitigation.

FEMA Risk Reduction Branch manages three mitigation grant programs: the Hazard Mitigation Grant Program (HMGP) which is a post-disaster program; Pre-disaster Mitigation (PDM) Grants and Flood Mitigation Assistance (FMA) Grants. All programs are administered by the state, which sets priorities and selects projects that best fit the long term mitigation goals and strategy and protects against duplication of benefits under the programs.

**Post-Hearing Questions for the Record  
Submitted to the Honorable W. Craig Fugate  
From Senator Mark Begich**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”  
March 20, 2013**

<b>Question#:</b>	4
<b>Topic:</b>	private sector
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Mark Begich
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** During the hearing we had a discussion on the importance of using the logistical expertise the private sector has to offer after a disaster. You mentioned that FEMA’s goal is to quit competing with the private sector and to look for ways to bring them to the table and have them complement the work FEMA does. Specifically, you mentioned the Business Emergency Operations Center, where FEMA works with major corporations. I mentioned in the hearing that I would like you to provide additional information on what FEMA is doing to build relationships and involve the private sector in planning and responding to disasters. Additionally, can you provide information on the success the Private Sector Division within the Office of External Affairs has had in improving information sharing and coordination between FEMA and the private sector?

**Response:** Thank you for the opportunity to share additional details on FEMA’s Private Sector Division, its activities in support of public-private collaboration, and the Business Emergency Operations Center. The following pages provide a division overview, examples of collaboration at the regional, as well as state, local, tribal and territorial levels, key program highlights, and a short overview of the Division’s role in the response to Hurricane Sandy.

**Overview**

As part of the Office of External Affairs, the Private Sector Division supports all of the Federal Emergency Management Agency’s (FEMA) efforts by conducting outreach to a wide range of non-government partners, including small, medium and large business; academia, trade associations and other organizations. It also works closely with Department of Homeland Security (DHS) partners, including the Office of Infrastructure Protection, the Office of Academic Engagement and the Private Sector Office. Throughout the year, our headquarters and regional staff conduct a variety of outreach activities to educate the private sector about its role in emergency management, provide information on tools and resources to support preparedness, and integrate the private

<b>Question#:</b>	4
<b>Topic:</b>	private sector
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sector appropriately into the emergency management team. The Division team includes six full time positions at FEMA headquarters, 10 regional liaisons and a disaster cadre of approximately 40 reservists.

#### **Steady State Coordination**

During steady state, the Division focuses its efforts on ways to engage various segments of the private sector in activities ranging from seasonal public affairs campaigns to opportunities to provide feedback on developing national policies to participation in joint exercises. Over the past five years, the Division has led a number of initiatives to foster greater private-public partnership, some of which are highlighted below:

- **Private Sector Web Portal:** The Private Sector Division created a portal on FEMA.gov to provide one-stop shopping for the private sector on the tools, resources, initiatives, and other content relevant to their interests. Recently, the Division launched a page focused on the academic community. This portal offers information, training, education and other resources available to campus emergency managers, faculty and educators, and students. Over 1,000 visitors have checked out the site since it was launched in February. For more details, visit us at [www.fema.gov/private-sector](http://www.fema.gov/private-sector).
- **FEMA Private Sector Representative 90-Day Rotation:** FEMA established a Private Sector Representative (PSR) position in 2010. The PSR position has been filled by eight companies, including Target, Big Lots, Brookfield Properties, Systems Planning Corporation (a small business), Verizon, Citi, Wal-Mart and Dominion. The Division expects to welcome the first academic representative in summer 2013. To date, PSRs have been integrated in the Private Sector Division; however, going forward, PSRs will be integrated into FEMA programs where their skills and background can be best leveraged. Another update to the program is a new quickstart toolkit designed to reduce the learning curve for new PSRs.
- **Downloadable, self-facilitated tabletop exercises.** The Private Sector Division developed six tabletop exercises, complete with video injects and facilitator notes. These exercises can be used as an activity at the community, organization, or partnership level and are available online at <http://www.fema.gov/emergency-planning-exercises>.
- **Public-Private Partnerships Conferences.** Although online resources are valuable for their broad accessibility, sometimes face-to-face opportunities are the best way to fully engage people and encourage a productive exchange of ideas. FEMA held its

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first national conference on “Building Resilience through Public Private Partnerships” in August 2011. Combined in-person and virtual participation reached close to 1,000 people nationwide. The conference was developed in collaboration with DHS and USNORTHCOM and was co-hosted at the U.S. Chamber of Commerce and the American Red Cross Headquarters. FEMA co-sponsored the 2012 conference, led by NORTHCOM, and is working with the DHS Private Sector Office to develop the 2013 conference (although at present, it is uncertain whether this year’s conference will move forward under sequestration.)

#### **Stakeholder Outreach**

To achieve the maximum impact and reach with a small team, much of the Division’s efforts are focused on activities and organizations that offer a multiplier effect. This section provides a snapshot of the division’s current reach. Broad communications are distributed through two primary lists at the national level: a list of over 700 national private sector representatives who division staff has met over the years, and who have demonstrated a strong interest in active collaboration, as well as a list serve of 39,000 subscribers seeking general private sector email updates. The Division also partners with DHS Office of Infrastructure Protection and the DHS Private Sector Office to expand the reach of many initiatives.

Our outreach partners include the following sectors and audiences:

- Academia
- Advertising
- Food Manufacturers
- Banking and Finance
- Chemical
- Communications
- Critical Manufacturing
- Entertainment
- Energy
- Business Associations
- Grocers

<b>Question#:</b>	4
<b>Topic:</b>	private sector
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- Insurance
- Lodging / Resorts
- Logistics
- Minority
- Pharmacy
- Postal and Shipping
- Public Health
- Real Estate
- Restaurants
- Retail
- Small Business
- Sports Leagues
- Technology
- Transportation
- Travel
- Water

**Post-Hearing Questions for the Record  
Submitted to the Honorable W. Craig Fugate  
From Senator Tom Coburn**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”  
March 20, 2013**

<b>Question#:</b>	5
<b>Topic:</b>	per capita damage indicator
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** You said that the per capita damage indicator is not the best tool to determine whether state and local capacity is overwhelmed following a disaster. You also said that FEMA would look at the current indicator, and that you “find a lot of agreement with the GAO,” which recommended in September 2012 that FEMA develop a more comprehensive assessment of a jurisdiction’s capability to respond to and recover from a disaster without federal assistance.

Does FEMA plan to update the current per capita damage indicator to account for inflation between 1986 and 1999? If so, when? If not, why not?

What actions are currently underway at FEMA to review the use of the per capita damage indicator and develop alternative measures?

Which office(s) within FEMA are responsible for these efforts?

Is FEMA conducting an internal review or utilizing external contractors to conduct its assessment?

When does FEMA plan to provide Congress with potential alternatives to the current per capita damage indicator?

**Response:** While it is important to note that more factors than just the per capita indicator are currently considered when evaluating a Governor's request for a major disaster declaration, we understand GAO's recommendation and agree that a review of the criteria used to determine a state's response, recovery, and fiscal capabilities is warranted. Evaluation of the need to update the per capita indicator will be a part of such a review, as will a holistic review of alternative factors. Since these factors have been promulgated in regulation, any changes will need to be made through the notice

<b>Question#:</b>	5
<b>Topic:</b>	per capita damage indicator
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

and comment rulemaking process. If changes to the per capita indicator are to be made, FEMA will review the feasibility of phasing in the changes over time.

FEMA's Office of Response and Recovery, which includes FEMA's Recovery programs including the Public Assistance Program, is leading the review. It is being conducted in coordination with FEMA's Office of Chief Counsel, FEMA Regional Office, and other components. FEMA is conducting the review internally, but the process will include stakeholders in the review and consideration of alternatives.

In response to this recommendation, FEMA plans to conduct a review in FY13 will report the results of the review to the GAO when they are complete.

<b>Question#:</b>	6
<b>Topic:</b>	management costs
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** At the hearing, you stated that FEMA will reimburse certain management costs incurred by applicants under the Public Assistance program, and that these costs may include the use of consultants who are hired to assist applicants with the process.

**Response:** Section 324 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) authorizes FEMA to reimburse Public Assistance (PA) applicants with PA grants awarded pursuant to major disasters and emergencies for eligible management costs and other grant management and administrative costs under the PA program.

The management cost rate is used to determine the maximum amount of funds provided to grantees/subgrantees to reimburse indirect costs, administrative, and other expenses not directly chargeable to a specific project incurred by the grantees/subgrantees in the management and administration of Stafford Act grants. FEMA is evaluating options on the management cost rate structure.

**Question:** What is the percentage of allowable management or administrative costs that FEMA will reimburse applicants for under the Public Assistance program?

**Response:** For major disaster declarations, FEMA will reimburse section 324 management costs on a category Z project worksheet (PW) in an amount not to exceed 3.34 percent of the Federal share of projected eligible program costs, not including direct Federal assistance. For emergency declarations, the percentage of allowable reimbursement is 3.90 percent of the Federal share of projected eligible program costs, not including direct Federal assistance. There is not percentage applied to Direct Administrative Costs, however such costs must be reasonable and directly attributable to each project.

**Question:** Are administrative costs capped at any level?

**Response:** "Lock-in" is the term used for the amount of management cost funds available to a Public Assistance grantee. FEMA's Chief Financial Officer determines preliminary (30-35 days post-declaration), interim (6 months post-declaration), and final (12 months post-declaration) lock-in rates. The lock-in amount is 100 percent federally funded and is capped at \$20 million for a single declaration. FEMA's Chief Financial Officer can approve an exception to the \$20 million cap. Direct Administrative Costs are reimbursed on a project by project basis and are not subject to any cap.

<b>Question#:</b>	6
<b>Topic:</b>	management costs
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
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<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** What documentation do applicants provide to FEMA to substantiate these administrative costs?

**Response:** Public Assistance grantees must abide by the requirements of 44 CFR §207.7(d). Grantees must submit documentation no later than 120 days after the declaration date to support costs and activities.

The documentation must include:

- A description of activities, personnel requirements, and other costs for which the grantee will use section 324 management costs funding throughout the disaster;
- The grantee's plan for expending and monitoring the funds provided and ensuring sufficient funds are budgeted for grant closeout; and
- An estimate of the reasonable percentage or amount of pass-through funds the grantee will make available to subgrantees, including the basis, criteria, or formula for determination.

Documentation for Direct Administrative Costs are provided as part of each respective Subgrant Application (a.k.a. Project Worksheet).

**Question:** How many projects related to Hurricane Sandy include reimbursement for consultants or contractors as part of the allowable administrative costs? What are the associated costs of the consultants being used on those projects?

**Response:** In addition to management costs associated with the implementation of the Public Assistance grant program, FEMA may also fund the direct administrative costs that are attributable to specific subgrant applications. Grantees and Subgrantees may use their own force account labor to carry out direct administrative tasks, or they may procure contract support to carry out these functions. Neither Federal regulations nor FEMA policy precludes Public Assistance grantees or subgrantees from using contractors to perform eligible Public Assistance grants management and administrative activities. Such contractor costs are eligible for funding provided as section 324 management costs or as direct administrative costs.

FEMA will reimburse grantees and subgrantees reasonable administrative costs to perform eligible Public Assistance activities. Staff must consider the following factors

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<b>Topic:</b>	management costs
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
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when evaluating the reasonableness of requested costs: (1) method of contracting for the services; (2) the skill level of persons performing the activities; and (3) the amount of time required to perform an activity. FEMA regulations found at 44 CFR 13.36 Procurement, outline procurement requirements for grant recipients to use for all contracts funded by grants. In addition, costs must be based on the skill levels appropriate for the activities performed. FEMA must ensure that the grantee or subgrantee contracted for the appropriate mix of skill levels for the types of emergency work and permanent repair projects that are eligible for FEMA funding. The last element that must be considered in determining reasonable costs is the amount of time required to perform a particular task. Typically, the major tasks include inspecting damaged facilities, determining the extent of damage, and developing the scope of work and cost estimate required to restore the facilities.

With regard to Hurricane Sandy, FEMA continues to process Subgrantees' projects throughout all major disaster declarations for Hurricane Sandy. At this time, the number of projects containing contractor costs for administrative expenses continues to change and projects are processed and obligated.

<b>Question#:</b>	7
<b>Topic:</b>	debris removal 1
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** FEMA's debris removal guidance discourages the use of "piggyback" contracts. What specific concerns does FEMA have about the use of these types of contracts?

**Response:** Piggyback contracts are defined as contracts utilized by the Grantee or Applicants that were awarded by another entity. Piggybacking may be legal under applicable state law, however, the use of such a contract may jeopardize FEMA funding because these contracts do not meet the requirements for competition established in 44 CFR § 13.36. If an applicant requests reimbursement for costs it incurred from a piggyback contract, FEMA will determine the reasonable cost for the performance of eligible work.

**Question:** Does the contract put in place by the state of New Jersey with Ashbritt constitute a "piggyback" contract?

**Response:** FEMA was advised by the State of New Jersey that it elected to use the State of Connecticut's debris removal contract with Ashbritt due to the exigent circumstances caused by Hurricane Sandy. FEMA notified the State of FEMA's position regarding non-competitively awarded contracts and recommended that in order to comply with Federal procurement requirements, the state should use a competitive award process for follow-on debris removal services as soon as practicable and consistent with State laws

**Question:** Did FEMA review the terms and conditions of this contract before it was put into place by the state of New Jersey?

**Response:** FEMA did not review the initial contract between Ashbritt and the State of New Jersey prior to execution by the State.

**Question:** Did FEMA identify any concerns with the terms and conditions of the contract at that point in time? If so, what were those concerns?

**Response:** When FEMA was made aware of the State's award of the initial Ashbritt contract, FEMA notified the state of FEMA's position regarding non-competitively awarded contracts and recommended that it should use a competitive award process for follow-on debris removal services as soon as practicable and consistent with State laws.

<b>Question#:</b>	8
<b>Topic:</b>	debris removal 2
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** What process and data has FEMA used to determine whether costs for debris removal in New Jersey are reasonable?

**Response:** The Federal Emergency Management Agency (FEMA) is using competitively bid contracts that comply with Federal, State, and local procurement regulations and procedures to establish reasonable cost for the work in New Jersey.

**Question:** Has FEMA established a benchmark reasonable cost per cubic yard for debris removal in New Jersey? If so, what is it?

**Response:** In general, FEMA does not establish benchmarks for reasonable cost per cubic yard of debris, however, in the case of New Jersey, FEMA is using competitively bid contracts that comply with Federal, State, and local procurement regulations and procedures to establish reasonable cost for the work in New Jersey.

FEMA requires that contracts and procurements must be competitively bid, and must comply with Federal, State, and local procurement standards. FEMA reviews costs claimed by Public Assistance applicants to verify whether or not the cost is reasonable. In cases where competitively bid pricing data is available, FEMA may compare the cost per cubic yard for debris removal across multiple contracts and contractors in the same locale. If FEMA determines the cost presented is unreasonable, FEMA may cap or limit the reimbursement to a lower cost per cubic yard presented by equally or better qualified contractors.

**Question:** As part of the process for determining whether costs are reasonable, does FEMA evaluate the costs associated with subcontractors performing debris removal?

**Response:** FEMA reviews costs claimed by Public Assistance applicants.

**Question:** Do the requirements in the Stafford Act to use local companies contribute to the presence of subcontractor tiers for debris removal work?

**Response:** FEMA provides guidance on contracts and procurements through 44 Code of Federal Regulations (CFR) Part 13, Office and Management and Budget Circular A-102, 41 U.S.C. 403(11), Public Assistance Debris Management Guide (FEMA 325), and Public Assistance Guide.

<b>Question#:</b>	9
<b>Topic:</b>	staff
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** In response to my question on why people affected by the storm have had trouble getting clear and consistent information from FEMA, you said that the use of “itinerant” reservist staff “delayed responses because they were not current and had to go to the next level to get answers.”

What analysis has FEMA performed to determine that the use of reservist staff is at the root of this problem?

**Response:** Over the last ten years, FEMA’s former Disaster Assistance Employees (DAEs) worked an average of 90 days per year. Some of these intermittent personnel worked the majority of the year while others deployed infrequently. In fact, approximately 40 percent of the former DAE force was unavailable at any given time. As Hurricane Sandy demonstrated, a major disaster can require FEMA to employ nearly all of its available intermittent force—as of November 12, 2013, FEMA had only 5 percent of this force remaining for potential assignment. Under the former program, it was inevitable that DAEs who deployed infrequently or had not worked in some time would be called upon to respond to a major incident. Because FEMA had limited ways to communicate with DAEs when not deployed (i.e. DAEs returned communications equipment upon demobilization), some deployed personnel lacked knowledge of updated policies or current information. Under the new Reservist program, each Reservist is issued mobile communications and/or computing equipment and retains it year round whether deployed or not to ensure they are aware of updated policies and cadre specific information.

**Question:** What positions within the Joint Field Offices responsible for Sandy relief and recovery operations are staffed by reservists, and what positions are staffed by permanent full-time employees?

What steps were taken to ensure that staff, permanent or reservist, were used in roles for which they had the appropriate level of training and expertise?

**Response:** FEMA developed the FEMA Qualification System (FQS) to define the training, experience, and demonstrated performance required for any person to become credentialed (and to be deployed) in each of the Agency’s disaster workforce positions. While FEMA launched FQS on October 1, 2012, it will take several years to ensure sufficient numbers of personnel are qualified in the positions required by FEMA’s force structure. When Sandy made landfall, approximately 47 percent of these positions were

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<b>Topic:</b>	staff
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
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<b>Committee:</b>	HOMELAND SECURITY (SENATE)

filled with qualified personnel, 25 percent were filled by trainees, and 28 percent were vacant. Between 2013 and 2015, FEMA plans to make further investments in training, recruitment, and workforce management to address these gaps.

Because the Agency was operating under the gaps noted above when Sandy occurred, both full-time equivalent employees and Reservists were used to staff nearly all Joint Field Office positions. Forty-nine percent of those deployed to Sandy were intermittent personnel and 30 percent were full-time equivalent staff. Under FEMA's disaster force structure goals—which are driving all disaster workforce changes such as recruitment and training—full-time equivalent employees will ultimately staff the majority of manager-level positions and above. While some Reservists may also staff these positions, the majority of the intermittent workforce will staff non-managerial roles. FEMA is working towards this goal in order to have a more consistent incident management workforce and to gain efficiencies in training and other resource investments.

**Question:** What changes, if any, do you plan to make to FEMA's current workforce to address this problem?

**Response:** In addition to the disaster workforce efforts noted above such as FQS, FEMA is also making the following changes:

- **New Conditions of Employment for FEMA's Intermittent Workforce -** Reservists are now required to be available 300 days each year and must deploy within 24 hours-notice unless they request leave in advance. Each Reservist receives 60 days of leave per year that can be taken in 15-day increments. Further, a Reservist can be terminated if he or she declines three or more requests for deployment within a year. The purpose of these changes is to ensure a reliable intermittent workforce.
- **Improved Deployment Processes –** Under the former DAE program, the same individuals often deployed repeatedly and FEMA had no limit or justification requirements for in-Region name requests. Under the new Reservist program, deployments occur based on a rotation model by job title and qualification level with a goal of at least one deployment per Reservist per year. Further, all name requests require approval to ensure fairness in deployment opportunities.
- **Equipment –** Under the former DAE program, FEMA issued communications and computing equipment to Reservists upon in-processing at a disaster site and collected it upon demobilization. Under the new Reservist program, each

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<b>Topic:</b>	staff
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

Reservist is issued mobile communications and/or computing equipment and retains it year round whether deployed or not. This allows FEMA to communicate and support the intermittent workforce even when it is not deployed.

- **Consistent Management in the Field** – To meet our force structure requirements, FEMA will hire additional Cadre of On-Call Response and Recovery Employees (COREs) to fill upper and middle-level management incident roles. These full-time equivalent employees will further ensure a stable disaster workforce and will support FEMA in communicating with intermittent employees, providing consistent information to survivors, and promoting efficiencies in disaster workforce investments such as training.

<b>Question#:</b>	10
<b>Topic:</b>	flood insurance
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** FEMA has provided Advisory Base Flood Elevations to areas affected by Katrina, but is also in the process of updating the flood insurance rate maps that will ultimately determine flood insurance rates for the affected communities. At the hearing, you indicated that

When will FEMA finalize the flood insurance rate maps for communities impacted by Hurricane Sandy?

What steps is FEMA taking now to ensure that individuals and businesses affected by Sandy can make choices to rebuild their homes and businesses in a way that will be consistent with the finalized flood insurance rate maps?

**Response:** Since the current effective flood maps underestimate the flood hazard risk, FEMA has released advisory information and is committed to working closely with the State and local communities as those maps are produced. The official FEMA maps will eventually impact flood insurance rates and have to be officially adopted into local floodplain management ordinances. However, our priority since landfall of Hurricane Sandy has been to provide the advisory information as a tool for recovery to ensure that those individuals and businesses make informed decisions based on the best available flood hazard data as the current flood study is underway. The availability of the advisory information to communities provides a path forward for rebuilding in areas that is consistent with FEMA’s flood insurance rate map production practices.

New York/New Jersey Coastal Study Regulatory Milestones			
<p>The following schedule outlines the regulatory Flood Insurance Rate Map (FIRM) release for the counties within New Jersey and New York impacted by Hurricane Sandy. This schedule assumes there will be no production delays or appeals of the proposed flood hazard data. Once FEMA issues its preliminary FIRMs, the communities are allowed a 30-day comment period followed by a statutory 90-day appeal period. If no appeals are received, FEMA will finalize the FIRM through a Letter of Final Determination (LFD) and the community has six months to adopt the FIRM.</p>			
County	Preliminary Maps	Projected - Letter of Final Determination	Projected - Final Maps Become Effective
New York State			

<b>Question#:</b>	10
<b>Topic:</b>	flood insurance
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
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New York City	FY13 3rd Quarter	FY14 3rd Quarter	FY15 1st Quarter
New Jersey			
Atlantic	FY13 4th Quarter	FY14 4th Quarter	FY15 2nd Quarter
Bergen - TBD	-----	-----	-----
Burlington	FY14 2nd Quarter	FY15 1st Quarter	FY15 3rd Quarter
Camden	FY14 1st Quarter	FY15 1st Quarter	FY15 3rd Quarter
Cape May	FY14 1st Quarter	FY14 4th Quarter	FY15 2nd Quarter
Cumberland	FY13 3rd Quarter	FY14 3rd Quarter	FY15 1st Quarter
Essex	FY13 3rd Quarter	FY14 3rd Quarter	FY15 1st Quarter
Gloucester	FY14 1st Quarter	FY15 1st Quarter	FY15 3rd Quarter
Hudson	FY13 3rd Quarter	FY14 3rd Quarter	FY15 1st Quarter
Middlesex	FY13 4th Quarter	FY14 3rd Quarter	FY15 1st Quarter
Monmouth	FY13 4th Quarter	FY14 3rd Quarter	FY15 1st Quarter
Ocean	FY13 4th Quarter	FY14 3rd Quarter	FY15 1st Quarter
Salem	FY13 4th Quarter	FY14 3rd Quarter	FY15 1st Quarter
Union (Currently on hold for Levee Analysis and Mapping Approach)	-----	-----	-----

<b>Question#:</b>	11
<b>Topic:</b>	grant funding
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** Following the hearing, you confirmed that about \$4 billion in grant funding provided after Hurricane Katrina remains unspent. Please provide a list and description of all projects with which that funding is associated.

Does FEMA intend to deobligate any of that \$4 billion? If so, how much of that total will be deobligated?

**Response:** FEMA continually reviews the need for unspent grant funds across all disasters, including Katrina. If excess funding is identified, it is deobligated. For FY13, FEMA has already identified and deobligated over \$400 million in excess grant funding.

**Question:** Will funds that have been deobligated be returned to the Treasury or reprioritized for other uses?

**Response:** All deobligations of Disaster Relief Fund (DRF) obligations are returned to the DRF to be used for the response to and recovery from disasters.

<b>Question#:</b>	12
<b>Topic:</b>	PSGP
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** FEMA has been developing performance measures to assess its administration of the Port Security Grant Program (PSGP), but it has not implemented measures to assess PSGP grant effectiveness. What is the status of these PSGP performance measures? How will the metrics be utilized to assess the increased security of our ports?

**Response:** In April 2012, FEMA published Comprehensive Preparedness Guide 201: Threat Hazard Identification Risk Assessment (THIRA) Assessment Guide. The Guide provides an adaptable, five-step process to assess and manage risks including setting customized, specific, and measurable targets to meet those risks for each of the 31 core capabilities described in the National Preparedness Goal (published September 2011). Diverging from past efforts to establish standard measures and metrics for a capability that would be applied uniformly, this approach allows a jurisdiction to establish its own capability targets based on the risks it faces. Importantly, the THIRA process is scalable to any level and size jurisdiction or organization and includes involvement of the whole community, such as port areas, to establish risks and capability targets. Homeland Security Grant Program (HSGP) grantees, including Urban Areas Security Initiative (UASI) grantees, were required to develop and submit THIRAs to FEMA by December 31, 2012. Further, state and territory HSGP grantees were required to assess their current level of capability to meet their THIRA targets and identify the resultant shortfalls in the core capabilities. Grantees were required to submit their capability assessments to FEMA through the State Preparedness Reports (SPRs) by December 31, 2012. The SPR capability assessment methodology and tool are also scalable; grantees were able to make the tool available to sub-jurisdictions, organizations, and subject matter experts within the state or territory so their input would be incorporated into the SPR submission.

Taken together, the THIRA and the SPR results constitute an assessment of capability requirements and shortfalls based on specific quantitative and qualitative performance objectives. Updates to THIRAs and SPRs are due annually. The results of the THIRA and SPR demonstrate measurable progress over time toward reaching the grantees' THIRA targets for each of the 31 core capabilities. SPR results are reported annually in the National Preparedness Report (NPR) which summarizes progress toward building, sustaining, and delivering the 31 core capabilities described in the National Preparedness Goal. The NPR considers the progress that whole community partners—including all levels of government, private and nonprofit sectors, communities, and individuals—have made in strengthening national preparedness and identifies where preparedness gaps remain. The second annual NPR was submitted to the President at the end of March 2013.

<b>Question#:</b>	12
<b>Topic:</b>	PSGP
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

The Port Security Grant Program (PSGP) utilizes a two-tiered approach to review and approve grant applications. Under 46 U.S.C. 70-107, a mandatory United States Coast Guard (USCG) Captain of the Port (COPT) Field Review is conducted for each project submitted to FEMA. In conjunction with the DOT/Maritime Administration (MARAD), each project is reviewed and ranked. This constitutes 60% of the total effectiveness score. A second review is conducted at FEMA HQ by subject matter experts from USCG, MARAD, FEMA, and others to score and validate the Field Review. This constitutes 40% of the overall effectiveness score. The total effectiveness score, combined with a port's risk score (Group I, II, III) determine full, partial, or no funding for each project. The "All other Port Areas" Group funding is solely based on their effectiveness score.

<b>Question#:</b>	13
<b>Topic:</b>	MSRAM
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** The Coast Guard continues to refine the Maritime Security Risk Analysis Model (MSRAM), it's principal analytic decision support tool for determining port risk. The essence of the MSRAM methodology is the Threat, Vulnerability and Consequence (TVC) paradigm, the same components of FEMA's Risk model. What are the differences in the two formulas? Could the two formulas be consolidated to provide a more effective analysis of increased port security?

**Response:** The Port Security Grant Program (PSGP) risk methodology was developed jointly by FEMA and the U.S. Coast Guard. The formula is based on a common Risk construct of Threat, Vulnerability and Consequence. The basic construct of the PSGP risk formula is derived from standard risk theory — namely, risk is the probability of attack (threat) multiplied by the probability of success given a launched attack (vulnerability) multiplied by the expected value of the consequence if that event were to occur. For the purposes of allocating PSGP grant funding, the risk formula allows us to determine the relative risk of one eligible entity compared with other eligible entities. FEMA does not calculate the absolute quantity of risk since it is not practicable and does not suit the needs of PSGP.

Rather, final grant allocation decisions are risk-informed based on the relative risk of one entity to another. Final allocation decisions are made at the discretion of the Secretary of Homeland Security and are informed by the results of the risk. When deciding to allocate a finite amount of grant funding, a relative risk formula is important to determine how much of the relative portion of the overall PSGP funding will be awarded to each eligible port area.

MSRAM is the U.S. Coast Guard's terrorism risk analysis and management tool and supporting process. MSRAM enables Coast Guard analysts to conduct a detailed risk analysis of significant targets/assets operating within their area of responsibility (AOR) across a spectrum of defined attack modes (i.e., boat bomb; truck bomb; passenger improvised explosive device [IED]; and swimmer/diver IED).

The MSRAM risk analysis methodology is scenario-focused and is based on an assessment of threat, vulnerability, and consequence factors for potential terrorist attack modes against specific targets in the U.S. maritime domain. *Threat* data is supplied by the USCG Intelligence Coordination Center (ICC) and is based on an assessment of terrorists groups' intents and capabilities to conduct specific attack modes against specific types of maritime targets. MSRAM *vulnerability* data is the probability of a

<b>Question#:</b>	13
<b>Topic:</b>	MSRAM
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Tom A. Coburn
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

successful attack. It is assessed using a number of factors including the innate difficulty of the attack, the protections offered by the owner/operator, local law enforcement, the USCG, and the ability of the target to withstand the attack. MSRAM *consequence* data is the estimated impacts of a successful attack and is characterized across a spectrum of impact types: impacts to people; property damage; the environments; national security; symbolic impacts; and the effects on the local and national economies. MSRAM applies the aforementioned threat, vulnerability, and consequence factors to generate relative risk scores in units of Risk Index Numbers (RIN).

MSRAM and the DHS PSGP Risk Allocation Methodology are distinct and separate and are designed to meet the different agency's requirements. While both methodologies employ a T\*V\*C risk formula, each model uses different factors to account for their threat, vulnerability, and consequence data to meet each program's unique needs. MSRAM is an asset-based/scenario-focused risk analysis methodology. Its principal purpose is to provide field commanders with an understanding of high risk targets and scenarios within their area of responsibility, giving them the ability to more efficiently use their resources based on risk. This model directly supports the Coast Guard's Ports, Waterways, and Coast Security (PWCS) Mission and Maritime Security Response Operations.

The FEMA PSGP Risk Allocation Methodology is a strategic overview designed for allocating grant dollars to high risk port areas.

*The two risk methodologies do not need to be consolidated, as MSRAM data already accounts for National Infrastructure Index of the PSGP risk formula. A percentage of high risk assets (those meeting certain MSRAM risk threshold and criteria) in a grant port area is provided each year to FEMA for inclusion in the PSGP risk formula. The Coast Guard and FEMA have been successfully working together with this approach since 2002.*

**Post-Hearing Questions for the Record  
Submitted to the Honorable W. Craig Fugate  
From Senator Ron Johnson**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”  
March 20, 2013**

<b>Question#:</b>	14
<b>Topic:</b>	independent estimates
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Ron Johnson
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** Independent estimates of the total cost of Hurricane Katrina range from approximately \$80 billion to over \$100 billion.

Please provide FEMA’s estimate on the total cost of Hurricane Katrina.

Please breakdown this cost in terms of how much of the total amount was borne by (1) the federal government, (2) state government, (3) local governments, and (4) private insurers.

**Response:** According to the Disaster Financial Status Report, Hurricane Katrina is projected to cost FEMA \$44,003,370,009. This total does not include flood insurance claims paid by FEMA, which total \$16,273,771,640 for Hurricane Katrina claims. Additionally, FEMA projects additional expenditures of \$30M for principle and interest repayments and \$3.5M in administrative expenses for community disaster loans.

FEMA does not have visibility over state/ local government or private insurers’ expenditures.

<b>Question#:</b>	15
<b>Topic:</b>	flood map regulations
<b>Hearing:</b>	Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation
<b>Primary:</b>	The Honorable Ron Johnson
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** You testified that, in order for homeowners to comply with FEMA flood map regulations, it is incumbent on local governments to adopt FEMA flood maps as ordinances.

Please estimate the number of jurisdictions in the U.S. who have not adopted these gaps.

**Response:** As a condition of participating in the National Flood Insurance Program (NFIP), communities are required to adopt and enforce minimum NFIP standards. The minimum standards include adopting the latest flood map within six months after FEMA has issued a Final Letter of Determination regarding the community's new floodplain data. Currently, there are approximately 21,900 communities that have adopted maps and floodplain management regulations and participate in the NFIP. Only 2,000 communities nationwide have received a flood map, but have not adopted regulations referencing the new map, and thus are ineligible to participate in the NFIP.

**Post-Hearing Questions for the Record  
Submitted to the Honorable Shaun L. S. Donovan  
From Senator Thomas R. Carper**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”**

1. With electricity lines destroyed and many of power plants down, even simple tasks without electricity seemed to be impossible as a result of Hurricane Sandy. However, it is my understanding that the hospitals and communities that made investments in on-site energy generation—such as fuel cells, renewables and combined heat-and-power—were better able to handle the impact of the storm.

- If that is true, should we make it a priority to have these types of on-site generation at our critical infrastructure? Should we take a harder look at investing in fuel cells, solar panels or other portable on-site generation options that could be brought to emergency-critical sites? Will the task force make recommendations regarding on-site generation and energy security in its report?

**Answer:**

Each situation is different, but the need for reliable power to critical infrastructure, especially those assets which provide fire and life safety support is clearly a high priority in any disaster. There are many possible approaches to this issue. Off grid supply from technologies such as combined heat and power, use of renewables, or other types of distributed generation make sense in many cases but may not be economically or technically feasible in others. The Task Force is looking at this issue in two ways. First, how do we ensure that critical systems are resilient so we do not lose power at these facilities. Second, how do we create a sustainable and economically viable market for these technologies to ensure the broadest implementation of resilience in this sector.

2. Broadly speaking, what needs to be done to encourage and support state and local governments, individuals, and businesses to adopt mitigation measures, such as adopting updated building codes, in the rebuilding process after Sandy?

**Answer:**

Education is likely the best lever to ensure that government at all levels as well as the private sector invest in resilience. Understanding the risks we face and the tools we have to mitigate those risks allows people and communities to make better decisions on how to protect themselves from future disasters. The Task Force is addressing this need in several ways. We are working directly with state and local governments to ensure they have access to information and technical assistance to make these decisions. Further, we are looking closely at the need for and process by which we can support capacity building within states and local communities to make better informed decisions about resilience and mitigation of risks.

3. More specifically, there are several programs within several agencies that support mitigation activities. What steps are you taking to ensure that all of these mitigation activities are well-coordinated so that we aren't leaving areas unprotected on one hand, and we aren't duplicating efforts on the other?

**Answer:**

This is a key effort of the Task Force. Our approach is to work with all Federal agencies to ensure we understand the scope and detail of each proposed mitigation and then work across the programs to see how we can create economies of scale and other types of leverage.

For example, while coastal protection may be funded by the Army Corps, water and wastewater restoration projects along the coast are funded by FEMA or through the states using other Federal funds.

The coordination of these efforts is key because design for the protection of critical infrastructure should be informed by the work done to protect the area in which it is located. States operate differently as do the local communities within them, so we have recognized that fact and designed our organization to address it.

For regional coordination, we have taken a matrix approach. We have staff in DC who are focused on specific types of issues such as housing and infrastructure and in the regional offices we have people focused on the specific issues and needs of the state and local stakeholders. These staff work together to ensure that issues are looked at both broadly across the entire impacted zone as well as understand the local issues that may require a different approach in different areas. This also allows us to share lessons learned across the states and communities.

As we have seen with respect to previous disasters, such CDBG funding offers important flexibility and effectiveness in responding to disasters. Previous uses of CDBG disaster funding have included, for example the State of Indiana budgeted approximately \$40 million in CDBG-DR funds to rebuild and mitigate damaged infrastructure following 2008 flooding. As a result, water and wastewater facilities in the town of Hope were rebuilt safer and stronger, and the facilities have continued operation without disruption despite subsequent severe storms.

Additionally, throughout the CDBG-DR Sandy Notice, HUD incorporates guidance regarding mitigation:

- First, the needs assessment must take into account the costs of incorporating mitigation and resiliency measures to protect against future hazards.
- Second, in its Action Plan, the grantee must describe how it will encourage mitigation of hazard risk and how repair, rehabilitation, reconstruction, and new construction are designed (where possible) to incorporate principles of sustainability, including mitigating the impact of future disasters.
- As part of its Action Plan, the grantee must also identify how it will address the mitigation needs of each impacted Public Housing Authority (PHA) within its jurisdiction.

4. Delaware is very vulnerable to future storms like Hurricane Sandy. While a state like Delaware is not likely to need HUD's Community Development Block Grant funding for home repairs or other recovery activities due to Sandy, some lower-income communities in a state like ours would certainly benefit from this funding to protect them in the future. What steps is HUD taking to ensure that CDBG funding is distributed for mitigation activities in vulnerable states such as Delaware?

**Answer:**

The Disaster Relief Appropriations Act, 2013 (the Act) provides HUD with \$16 billion in Community Development Block Grant disaster recovery (CDBG DR) funding to address long-term recovery needs associated with Hurricane Sandy as well as other qualifying events that occurred in 2011, 2012 and, prospectively, 2013. On February 6, 2013, the Department allocated \$5.4 billion in CDBG DR to six jurisdictions for purposes of Hurricane Sandy relief.

Delaware did not receive an allocation as part of this initial effort because this allocation was based on data obtained from the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) that focused on unmet housing and business recovery needs. Since Delaware did not receive a FEMA individual assistance (IA) designation in the wake of Hurricane Sandy, there was no data available to HUD to evaluate the state's needs on the same basis as the six jurisdictions that did receive allocations.

Please be assured that HUD will carefully evaluate the state's infrastructure needs when making additional allocations in response to Hurricane Sandy later this year. These allocations will take infrastructure needs into account as FEMA public assistance (PA) estimates are better refined and the Hurricane Sandy Rebuilding Task Force, chaired by Secretary Donovan, issues its rebuilding strategy this summer.

5. In past disasters, HUD has in some cases permitted CDBG disaster funds to be used to support the disaster recovery efforts of privately owned utilities. The March 5, 2013 *Federal Register* notice stated that the \$5.4 billion in CDBG-DR funds made available in response to Hurricane Sandy could not be used to assist a privately-owned utility for any purpose.

- Why did HUD decide not to allow assistance to be directed to privately-owned utilities in this instance?
- Will this continue to be the case for later allocations?

**Answer:**

In the case of Hurricane Sandy, the private utilities in each state have a regulatory process under which they are seeking the ability to recover some or all of the funds spent or planned to be spent on resilience. Action by HUD prior to the resolution of these rate cases, might prejudice the regulatory process. Following the resolution of the regulatory process, should the grantees desire to allocate CDBG-DR funds to private utilities, they may request HUD issues for a waiver. The Secretary will consider those requests for waivers on a case-by-case basis. Future tranches of

CDBG-DR funds have not be allocated, but HUD will look at this issue as it decides on the language for those allocations.

It should also be noted that CDBG-DR funds have only been used to support private utilities in two cases: Hurricane Katrina and 9/11. In the first case, the scope of the damage was so great that it called into question the financial viability of the utility. In the second case, the cause and scope of damage was not predictable.

**Post-Hearing Questions for the Record  
Submitted to the Honorable Shaun L. S. Donovan  
From Senator Tom Coburn**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”  
March 20, 2013**

- 1) To date, how many total staff are working on the Task Force? For each staff position, please provide the title, General Schedule salary level, and a description of the job duties.

**Answer #1:** As of May 10, 2013, the Task Force has 48 staff members, which includes 20 detailees from federal agencies.

Staff Positions (General Schedule salary level)/Job Description:

- **Executive Director (SES/\$179,000):** represents the Task Force to the public, sets and communicates the vision and strategy for the Task Force and defines the Task Force processes while also leading high-level coordination between state and federal agencies.
- **Chief Operating Officer (GS-15/5; detailee: base salary paid by home agency):** supervises the budget, legal and policy task force staff; leads implementation of Task Force policies and procedures; and supervises Project Management Office.
- **Senior Special Advisor for Federal Emergency Management Agency (FEMA)(GS-15; detailee: base salary paid by home agency):** provides guidance and counsel to Task Force staff on existing FEMA programs and procedures; assists with development of policy initiatives to ensure consistency with FEMA statutory authority.
- **Special Advisor to Federal Emergency Management Agency (FEMA)(GS-13; detailee: base salary paid by home agency):** provides guidance and counsel to Task Force staff on existing FEMA programs and procedures; assists with development of policy initiatives to ensure consistency with FEMA statutory authority.
- **Confidential Assistant to Executive Director (GS-11/2):** provides administrative support to the executive director in support of the Task Force’s goals and objectives.
- **Chief of Staff (GS-15/5):** advises and supports the Executive Director, acting as lead project manager according to Executive Director’s agenda, strategy and direction; serves as point of contact for principals and designees; supports the ED in setting organizational direction.
- **New Jersey State Director (GS-15/10):** works closely with Executive Director to develop Rebuilding Strategy; coordinate Task Force staff engagement with state and local elected officials and stakeholders to process regional needs and recommendations.

- **New York Deputy Director (GS-15/10):** coordinates with New York State Director to assess policy proposals; assists with Task Force staff engagement with state and local elected officials and stakeholders; works with Federal Disaster Recovery Coordinators to coordinate efforts.
- **New Jersey Deputy Director (GS-13/5):** coordinates with New Jersey State Director to assess policy proposals; assists with Task Force staff engagement with state and local elected officials and stakeholders; works with Federal Disaster Recovery Coordinators to coordinate efforts.
- **Policy Advisor (Science) (GS-14/5; detailee: base salary paid by home agency):** provides subject-matter expertise on climate and environmental issues to the Task Force staff and Task Force member designees; assists with policy development.
- **Special Projects Analyst (Policy) (GS-11/1; detailee: base salary paid by home agency):** leads development of initiatives – federal and state – that arise to meet emerging issues and bottlenecks; convene stakeholders from state and local government and other experts (as needed) on the issue.
- **Special Projects Analyst (COO) (GS-14/3; detailee: base salary paid by home agency):** leads development of operational initiatives to meet emerging issues and bottlenecks that arise within Task Force; convene Task Force senior leadership and other experts (as needed) on relevant process issues.
- **Director of Philanthropic and International Partnerships (GS-14/5; detailee: base salary paid by home agency):** manages Task Force external relationships with philanthropic entities and partnerships with international partners.
- **Assistant Director of Philanthropic and International Partnerships (GS-14/5; detailee: base salary paid by home agency):** assist with management of Task Force external relationships with philanthropic entities and partnerships with international partners.
- **Senior Policy Advisor (GS-15/3; detailee: base salary paid by home agency):** coordinates development of major policy priorities of the Task Force with Task Force staff and Task Force member designees.
- **Senior Advisor for Small Business (GS-15/10):** coordinates development of small business policy initiatives of the Task Force with Task Force staff and Task Force member designees.
- **Strategy Policy Director (GS-13/5):** lead writing of overall strategy document; develop process for policy leads to submit reports; manage roll-out of report with existing stakeholders; assists with other policy needs as required.
- **Senior Advisor for Infrastructure Policy (GS-15/10):** coordinates development of infrastructure policy initiatives of the Task Force with Task Force staff and Task Force member designees.
- **Senior Advisor for Housing Policy (SES; detailee: base salary paid by home agency):** coordinates development of housing policy initiatives of the Task Force with Task Force staff and Task Force member designees.
- **Senior Advisor for Health Policy (SES; detailee: base salary paid by home agency):** coordinates development of health policy initiatives of the Task Force with Task Force staff and Task Force member designees.

- **Senior Advisor for Federal Review (GS-15/6):** coordinates the streamlining of federal review and recommends necessary procedures for the Task Force with Task Force staff and Task Force member designees.
- **Director of Intergovernmental Affairs (GS-15/10; detailee: base salary paid by home agency):** manages interactions and engagement with state and local elected officials, including tracking and responding to requests by elected officials; communicates regularly with federal, state and local agencies to address pressing issues.
- **Congressional Relations Director/Office of Public Engagement (GS-14/2):** manages interactions and engagement with federal elected officials, including tracking and responding to requests by elected officials; communicates regularly with federal, state and local agencies to address pressing issues.
- **Congressional Relations Analyst (GS-14/1):** assists with the interactions and engagement with federal elected officials, including tracking and responding to requests by elected officials
- **Congressional Team Staff Assistant (GS-8/1):** assists the congressional/intergovernmental team with their mission of seamless communication and interaction with elected officials.
- **Director of Communications (GS-15/4):** leads development, production and coordination of TF's communication strategy; responsible for developing and building relationships with strategic media contacts; provides logistical support for state directors of community outreach.
- **Press Secretary (GS-10/2):** assist the Director of Communications with developing, producing and coordinating the TF's communications strategy and dissemination of pertinent information to the media.
- **Staff Assistant (Travel) (GS-9/9; detailee: base salary paid by home agency):** provides administrative support to the Task Force in support of the Task Force goals and objectives.
- **Budget Officer (GS-15/4; detailee: base salary paid by home agency):** develop, manage and track Task Force budget and expenditures.
- **Budget Analyst (GS-14/4; detailee: base salary paid by home agency):** assist with the development, management and tracking of Task Force budget and expenditures.
- **Legal Counsel (GS-15/10):** provides legal counsel to Task Force; advise Task Force staff on legal and regulatory issues; issues Task Force guidance as required.
- **Assistant Counsel (GS-13/2; detailee: base salary paid by home agency):** provides legal counsel to Task Force; advise Task Force staff on legal and regulatory issues; issues Task Force guidance as required.
- **Project Management Office Director (GS-14/2; detailee: base salary paid by home agency):** coordinates the work of the relevant agencies to plan for implementation of OMB guidance; track agency programs and impact; communicate progress and promote transparency; and ensure compliance and monitor risk of agency programs. Creating standard, regular reports for agency IGs and RATB.

- **Project Management Office Analyst (GS-11/1):** track agency programs and impact; communicate progress and promote transparency; and ensure compliance and monitor risk of agency programs.
- **Project Management Office Analyst (GS-9/3; detailee: base salary paid by home agency):** track agency programs and impact; communicate progress and promote transparency; and ensure compliance and monitor risk of agency programs.
- **Project Management Office Analyst (GS-12/1; detailee: base salary paid by home agency):** track agency programs and impact; communicate progress and promote transparency; and ensure compliance and monitor risk of agency programs.
- **Project Management Office Analyst (GS-13/1):** track agency programs and impact; communicate progress and promote transparency; and ensure compliance and monitor risk of agency programs.
- **Executive Assistant (GS-11/2):** provides administrative support to the COO in support of the Task Force goals and objectives.
- **Office Assistant (GS-9/3):** provides administrative support to Senior Leadership in support of Task Force goals and objectives.
- **New York State Policy Analyst (GS-9/1):** assist with development of state recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New York State Senior Policy Analyst (GS-15/10; detailee: base salary paid by home agency):** lead development of state recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New York State Policy Analyst (GS-12/1):** assist with development of state recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New York State Senior Policy Analyst (GS-15/10):** lead development of state recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New Jersey State Policy Analyst (GS-10/1):** assist with development of state health recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New Jersey State Policy Analyst (GS-15/10):** lead with development of state infrastructure recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New Jersey State Policy Analyst (GS-15/10):** lead development of state housing, economic development and natural and culture resources recovery strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New Jersey State Policy Analyst (GS-11/6):** assist with development of state mitigation strategies; develop operational-level relationships with local communities; draw-in technical experts to support policy development.
- **New Jersey Director of Community Engagement (GS-12/2):** develop relationships with key local, state and federal stakeholders to better understand

needs, concerns and priorities of the region; identify significant public engagement issues that can be leveraged to support the Task Force's work, and create and implement plans to utilize them.

- a. Please provide an itemized list of Task Force expenditures to date.

**Answer #1a:** See attachment for Task Force expenditures.

- b. Provide the total number of meetings that have occurred between Task Force staff and state and local officials, along with a description of the meeting purpose.

**Answer #1b:** The Task Force has worked closely with state and local officials in the region to promote recovery and support the rebuilding efforts on the ground. The regional task force staff has worked with state and local stakeholders to identify challenges and opportunities, to discuss long-term rebuilding plans, facilitate conversations on national policy recommendation, and regional coordination. There have been several dozen meetings with the Task Force staff and state and local elected officials.

- 2) In your written testimony you stated that "the Task Force is working to identify and remove obstacles to effective rebuilding efforts and reduce regulatory burdens."
  - a. Provide examples of the Task Force "reducing regulatory burdens" to ensure a speedy recovery. Please explain each of these examples in detail.
  - b. How many complaints has the Task Force received regarding "obstacles" or "regulatory burdens" from State and Local officials? What actions has the Task Force taken to rectify these problems?

**Answer #2:** In an effort to cut red tape, HUD worked directly with the Hurricane Sandy grantees in developing their CDBG-DR action plans to more quickly expedite the commitment of funds to various recovery projects. Additionally, CDBG-DR funding was allocated by HUD faster than ever before - eight days following enactment of the Hurricane Sandy supplemental legislation. Long-term recovery and redevelopment efforts start immediately following a disaster, and it is important for the Federal Government to take a coordinated regional approach to delivery of assistance. That's why the President established the Task Force - to have a group focused solely on long-term region-wide rebuilding and delivering cabinet-wide coordination and engagement on recovery - even as response activities continue. Additionally, the Task Force will produce a rebuilding strategy document that will include administrative and regulatory recommendations to guide future federal, state and local engagement in disaster recovery and rebuilding efforts. The Hurricane Sandy Rebuilding Task Force has also convened an Advisory Group of the most impacted elected officials at the state and local level so that they can provide the Federal agencies with direct and routine input regarding CDBG-DR or other program recovery issues.

- 3) During the hearing, you stated that the Task Force worked closely with FEMA to provide Advisory Base Flood Elevations to communities affected by the storm. What has the Task Force's role been in communicating information about changes in flood maps to communities?

**Answer #3:** The Task Force has been working with state and local leaders in conjunction with FEMA as they provided ABFEs to communities impacted by Superstorm Sandy. The Task Force and FEMA have worked to ensure a federal standard of “best available information” – the ABFE, or other FEMA product if there were no ABFE - plus one foot for rebuilding homes damaged by Superstorm Sandy until final maps are adopted. FEMA will be working to release preliminary maps to communities in NJ and NY over the next several months and communities will consider the adoption of those maps as they plan rebuilding to the newly assessed risk.

4) In your January 2, 2013, blog post, you said that the Task Force will “manage the flow of federal recovery funds” and that it has the “ability to monitor funds.”

a. How will the Task Force accomplish this when it is only supposed to exist for 180 days?

**Answer #4a:** At the end of the 180-day process the Task Force will issue a comprehensive, locally driven regional rebuilding strategy – one that will share best practices of rebuilding communities and reflect their visions for rebuilding. The strategy will focus on helping communities rebuild in a way that makes them more resilient and economically sustainable – and will address the common policy challenges communities across the region face as they rebuild and also prepare for long-term future impacts from climate change. The strategy will also include an implementation and succession plan, likely relying on the Recovery Support Function structure, to ensure functions carried out by the Task Force (including those of the Program Management Office (PMO)) are continued.

b. Describe how the Task Force will develop a plan for monitoring progress in rebuilding efforts.

**Answer #4b:** Over the life of the Task Force, we will track financial metrics for each program, such as obligations and disbursements, as part of our Program Management Office (PMO). As described above, the transition plan for the PMO work will include recommendations on where the tracking function should be administratively housed, and which additional metrics and work streams should be tracked in the future to both effectively monitor the progress of the recovery as well as to best inform future disaster recovery policy formulation.

c. Describe how the Task Force’s plan for monitoring progress is different from the mission of the Recovery, Accountability, and Transparency Board (RATB)?

**Answer #4c:** The Task Force PMO and the RATB have related but distinct roles. While the RATB is focused specifically on providing analytic support to agency Inspectors General to enhance their investigations of waste, fraud and abuse, the PMO is instead focused on tracking federal financial management and performance management. That said, the Task Force PMO works closely with the RATB to both provide information about the programs funded in the supplemental, but also to coordinate data and information collection from agencies.

5) Explain how the Task Force will handle allegations of waste, fraud and abuse of federal recovery funds?

**Answer #5:** The Task Force PMO plays a supporting role in terms of investigating waste, fraud and abuse. Any allegations of such activities will be forwarded to relevant agency IGs and the RATB.

6) HUD received nearly \$16 billion in funding. Most of these funds will be awarded through HUDs CDBG-DR program.

- a. What safeguards has HUD put in place to ensure that CDBG-DR funds are used for legitimate rebuilding or mitigation projects and not lost to waste, fraud and abuse?

**Answer #6a:** See HUD's Internal Control plan (delivered to Congress on 3/31/13). Due to its extensive experience with high-risk grants, the Department has adopted several management tools and implemented various oversight practices to assist in identifying and mitigating the risks for supplemental disaster appropriations. Examples of these management tools include a Front-End Risk Assessment (FERA) and a Funds Control Plan (FCP) developed specifically for the funding appropriated under the Act. Though more broadly scoped than what is required in the Internal Control Plan, these documents were used to assist in the identification of potential risks to grantees which may exceed previous experiences. The Department takes a proactive approach to the identification of risk and programmatic challenges, including increasing the frequency and scope of monitoring for disaster recovery grants, requiring quarterly reporting in the Disaster Recovery Grant Reporting (DRGR) system, and conducting regular financial and performance analyses to gauge grantees' progress.

- b. To date, has HUD referred any allegations of waste, fraud and abuse to either the HUD Office of Inspector General or the RATB? Please explain in detail.

**Answer #6b:** To date, HUD has not referred any Sandy supplemental related allegations of waste, fraud and abuse to OIG or the RATB.

- c. Explain how HUD plans to work with the HUD Office of Inspector General to combat waste, fraud and abuse in the CDBG-DR program?

**Answer #6c:** The Department is actively engaged with the HUD OIG community on the identification of fraud, waste and abuse, including their participation in programmatic training events for grantees and regular meetings between HUD OIG and Office of Block Grant Assistance (OBGA) staff. Moreover, \$9.5 million is available to the OIG for the costs of overseeing and auditing funds under this Act.

7) As of February 6, 2013, HUD has allocated a total of \$5.4 billion to five states and the City of New York. The breakdown of this allocation is:

- New York City - \$1.77 billion
- State of New York - \$1.71 billion
- New Jersey - \$1.83 billion
- Connecticut - \$71.8 million

Maryland - \$8.6 million  
 Rhode Island - \$3.2 million

- a. Approximately how much additional CDBG-DR funding does HUD expect to award each of these states/cities listed above, and what will the timeframe be for obligating that funding?
- b. Will any of the CDBG-DR funding be awarded directly to public housing authorities (PHAs)? If so, please explain how HUD determines the amount of that funding.
- c. Is HUD aware of how many PHAs were directly affected by Hurricane Sandy? Please provide a list of those PHAs that suffered damage.
- d. Has HUD requested a list of damages at each PHA? Is HUD Field Offices going out to PHAs to survey the damage?
- e. What is the estimated total dollar amount of damage that occurred at PHAs?
- f. How many PHAs, who may receive CDBG-DR funding, are designated as "Troubled?"
- g. What safeguards is HUD employing to guarantee that CDBG-DR funds to "Troubled" PHAs are being used appropriately? Please explain in detail.

**Answer #7:** CDBG-DR funding will not be awarded directly to PHAs as the supplemental appropriations law (Public Law 113-2) limits eligible grantees: "Provided, that funds shall be awarded directly to the State or unit of general local government as a grantee at the discretion of the Secretary of Housing and Urban Development..." The CDBG Notice (at 78 Federal Register page 14334) requires grantees to set aside funds to address, among other categories, unmet disaster recovery needs of impacted public housing authorities. PHAs may be subrecipients of these funds from the states or NYC.

The list below includes PHAs that reported unit and or non-residential or systems damage, however not all of the PHAs listed will be requesting funds from their respective CDBG-DR grantees, and other PHAs that did not sustain damage may be applying for funds for mitigation generally or specific to revisions of flood plain maps based on their respective CDBG-DR grantee's plans.

PHAs that reported unit and/or non-residential or systems damage:

Housing Authority of Crisfield, MD	Town of Hempstead Housing Authority, NY
Housing Authority of the City of Bridgeport, CT	Village of Kiryas Joel Housing Authority, NY
Housing Authority of the City of Norwalk, CT	Atlantic City Housing Authority, NJ
Housing Authority of the City of Danbury, CT	Hoboken Housing Authority, NJ

New Canaan Housing Authority, CT	Ocean City Housing Authority, NJ
West Haven Housing Authority, CT	Carteret Housing Authority, NJ
New York City Housing Authority, NY	Housing Authority of Jersey City, NJ
Housing Authority of Long Beach, NY	New Brunswick Housing Authority, NJ
Freeport Housing Authority, NY	

HUD received initial damage estimates from the impacted PHAs and has continued to support these PHAs as they work to recover. In order to access the CDBG-DR funds to meet their unmet needs, PHAs must work with their respective CDBG-DR grantees (the States of NY, NJ, MD and CT, as well as the City of New York). The PHAs will work with their respective CDBG-DR grantees to receive assistance in order to meet their recovery needs.

HUD went on a number of site visits to review the damage sustained by our PHAs. PHAs have all worked with insurance adjustors, FEMA and local emergency management staff, PHA staff and other parties to assess damage and generate cost estimates. However, as noted above, PHAs will be working with their respective CDBG-DR grantees to receive assistance to address their recovery needs.

HUD did receive preliminary cost estimates from the PHAs, which in some cases included mitigation needs, as well as their overall needs for those that had not yet received FEMA or insurance proceeds. Over the months since Sandy, PHAs have continued to develop estimates and work to seek insurance proceeds and FEMA funds as applicable. The PHA needs range at specific PHAs anywhere from \$1 million to over \$1 billion, and cover repair and replacement of units, as well as a wide range of mitigation activities. PHAs are in various stages of working to receive insurance proceeds and FEMA funds, and to then identify the unmet needs necessary to repair and mitigate the public housing properties and other site and systems damage.

Only one of the PHAs that sustained damage and may receive CDBG-DR funding is designated as troubled.

The responsibility for ensuring that the CDBG-DR funds are used appropriately will rest with both the CDBG-DR grantees that will be providing the funds to the PHAs in their jurisdiction and HUD. Troubled PHAs, like any other high risk sub recipient, will receive a higher level of

oversight from HUD. HUD will conduct multiple periodic on-site reviews of each of the grantees receiving CDBG-DR funds and will include a review of the grantees oversight of all disaster recovery projects, including public housing investments, to ensure grantees have assisted public housing authorities and met recovery needs.

- 8) During the hearing, you stated that “there has been about \$170 million dollars that has already been obligated and about \$50 million dollars from the supplemental that has been disbursed already.”
- a. Who has the \$170 million being obligated to, and what will that funding be used for?
  - b. Who received the first disbursement of \$50 million from the supplemental and what will that funding be used for?

**Answer #8:** Over \$170 million has been obligated, and over \$50 million has been disbursed. The Small Business Administration has disbursed nearly \$30 million for the Disaster Loan Program and the Department of Transportation has disbursed nearly \$20 million for the Federal Highways Emergency Relief Program.

- 9) On March 29<sup>th</sup>, the HUD Inspector General released a report that found that 24,042 homeowners under Louisiana’s Road Home Elevation Incentive Program, which utilized CDBG-DR funding following Hurricane Katrina and Rita to help elevate homes, were noncompliant with the program and did not elevate their homes, were nonresponsive, or did not provide sufficient supporting documentation. According to this report, “the State did not have conclusive evidence that the \$698.5 million in CDBG-DR funds had been used to elevate homes.” You have indicated that CDBG-DR funding related to Sandy will also be used to elevate homes.
- a. What specific steps is HUD taking to ensure that those people who receive money to elevate homes will actually do so?
  - b. Will HUD require that specific proof of how the funds were used be provided either to the appropriate State officials, or directly to HUD? If not, why not?

**Answer #9:** HUD works closely with states when it distributes disaster assistance, and the recipient states are responsible for verifying that homeowners who received elevation grants used these taxpayer dollars responsibly.

If the State determines that some homeowners did not use these resources as intended, the State is responsible for seeking repayment from the homeowner or repaying these taxpayer dollars from non-federal funds.

In the years since Hurricane Katrina, HUD has already implemented a number of the recommendations made by the Inspector General, including additional controls to ensure recovery funds are used appropriately.

Additionally, the Administration fought for explicit language to be included in the Hurricane Sandy supplemental that would require enhanced reviews and internal controls on all funds made

available by HUD and other agencies for Sandy relief and recovery, making sure that these needed funds are provided to the right people and for the right purposes.

- 10) When questioned about the amount of federal funds NYCHA currently is sitting on, you testified that, “We have actually been looking at this issue of the \$1 billion dollars that you’re talking about, the vast majority of that is committed to particular projects that are underway.”
- a. What are the specific projects that NYCHA currently has underway that this funding is to be used for? Please provide a list of these projects and the total cost for each project.
  - b. When does HUD expect these NYCHA projects to be finished?
  - c. Do these NYCHA projects consume the roughly \$900 million that NYCHA was sitting on? If not, will HUD make NYCHA spend unobligated federal funds to do Hurricane Sandy repairs before the use of CDBG-DR funds?
  - d. Has the City of New York provided a plan on how they will spend the CDBG-DR funding? If so, how much funding will NYCHA receive?
  - e. Explain what actions HUD is taking to guarantee CDBG-DR funding to NYCHA will be used in an efficient and timely matter, and to prevent fraud, waste, and abuse of these funds.

On May 10, 2013 HUD announced its approval of the City of New York’s Action Plan for Disaster Recovery, which budgets \$1,772,820,000 for recovery activities. Of this \$1.7 billion, \$108 million has been set aside for public housing rehabilitation and resiliency projects. Every CDBG disaster recovery grantee must identify and address disaster recovery needs that are *unmet* by any other known program or resource. These CDBG disaster recovery resources may not be used for any cost already covered by another disaster recovery program or by private insurance.

HUD in coordination with OMB, are taking additional steps to ensure this money is used as intended. The task force has established a Program Management Office (PMO) to track spending and provide information to the relevant inspectors general and to the Recovery Accountability and Transparency Board (RATB), which is providing additional oversight. HUD is working with OMB to help ensure that federal financial policy is consistently applied across the programs, and that agency internal controls meet the requirements in the law. The Task Force is also working with the RATB to develop a streamlined approach to agency data collection, and to ensure that we are fully supporting them in their oversight mission.

- 11) Regarding CDBG-DR funding to other presidentially declared disaster areas, you testified that “the vast majority of the \$16 billion will go to the Sandy affected areas but there will be a substantial allocation I would expect less than billion dollars toward those other places.”
- a. Please identify the additional presidentially declared disasters for which these additional funds will be allocated, the intended recipients of these funds, and a description of the specific projects and activities these funds will be used to support.

**Answer #11a:** On March 27, 2013, HUD announced \$514 million in CDBG-DR allocations from the Disaster Relief Appropriations Act in response to qualifying major disasters that occurred in 2011 and 2012. Below is the list of jurisdictions and allocations in response to these events.

Jurisdiction	CDBG-DR Allocation from PL 113-2
State of Alabama	\$ 49,157,000
Tuscaloosa, AL	\$ 43,932,000
Birmingham, AL	\$ 17,497,000
Jefferson County, AL	\$ 9,142,000
State of Louisiana	\$ 66,398,000
Jefferson Parish, LA	\$ 16,453,000
New Orleans, LA	\$ 15,031,000
St. Tammany Parish, LA	\$ 8,896,000
Commonwealth of Massachusetts	\$ 7,210,000
Springfield, MA	\$ 21,896,000
State of Missouri	\$ 11,844,000
Joplin, MO	\$113,276,000
State of North Dakota	\$ 6,576,000
Minot, ND	\$ 35,056,000
Commonwealth of Pennsylvania	\$ 29,986,000
Luzerne County, PA	\$ 9,763,000

Dauphin County, PA	\$ 7,632,000
	\$
State of Tennessee	13,810,000
Shelby County, TN	\$ 7,464,000
	\$
State of Texas	5,061,000
	\$
State of Vermont	17,932,000
<b>TOTAL</b>	<b>\$514,012,000</b>

- b. Will HUD withhold funding provided under the Sandy supplemental for future presidentially declared disasters for the remainder of 2013?

**Answer #11b:** HUD has not made any determination with respect to amounts to be reserved for qualifying events that may occur in 2013. HUD will closely monitor FEMA's major disaster declarations to ensure that CDBG-DR are allocated consistent with the statutory directive to provide assistance to the "most impacted and distressed areas" as a result of major disasters that may occur in 2013.

**Sandy Task Force Monthly Salary and Benefits  
Financial Status**

As of: March 1, 2013  
Includes Payroll for PPE: 2-9-13

SITF IAA # HSFEB0-13-X-0035	FY 2013 Budget	FY 2013 Unliquidated Obligations	FY 2013 Disbursements Expenditures
BOC-1100-Salary & Benefits	\$ 3,530,000	\$ -	\$ 19,026
BOC-1157-Overtime	\$ 500,000	\$ -	\$ 7,131
BOC-2100-Travel	\$ 281,000	\$ 8,857	\$ 5,547
BOC-2300 Communication-Rent Utility	\$ -	\$ -	\$ -
BOC-2400 Printing	\$ 25,000	\$ 1	\$ 89
BOC-2500 Contract Services	\$ 3,315,000	\$ 10,653	\$ 3,455
Boc-2589 Transfer to Working Capital For IT Equipment	\$ 267,000	\$ 250,000	\$ -
Boc-2600 Supplies	\$ 50,000	\$ 951	\$ 2,665
BOC-3100 Non IT Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 7,968,000</b>	<b>\$ 270,462</b>	<b>\$ 37,912</b>

**Post-Hearing Questions for the Record  
Submitted to the Honorable Shaun L. S. Donovan  
From Senator Heidi Heitkamp**

**“Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation”  
March 20, 2013**

**The Disaster Relief Appropriations Act (PL 113-2) provided \$16 billion in disaster Community Development Block Grant (CDBG) funding to respond to not only damage from Hurricane Sandy but to other disasters in 2011, 2012 and 2013 as well.**

**Q - Will HUD be allocating a portion of the funds provided in the disaster relief act to address unmet needs from disasters in 2011? If so, how much do you anticipate allocating? What is the timeline for making a decision on allocations for disasters in 2011?**

A – On March 27, 2013, HUD announced \$514 million in CDBG-DR allocations from the Disaster Relief Appropriations Act in response qualifying major disasters that occurred in 2011 and 2012. Below is the list of jurisdictions and allocations in response to these events.

Jurisdiction	CDBG-DR Allocation from PL 113-2
State of Alabama	\$ 49,157,000
Tuscaloosa, AL	\$ 43,932,000
Birmingham, AL	\$ 17,497,000
Jefferson County, AL	\$ 9,142,000
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Commonwealth of Massachusetts	\$ 7,210,000
Springfield, MA	\$ 21,896,000
State of Missouri	\$ 11,844,000
Joplin, MO	\$113,276,000
State of North Dakota	\$ 6,576,000
Minot, ND	\$ 35,056,000
Commonwealth of Pennsylvania	\$ 29,986,000
Luzerne County, PA	\$ 9,763,000
Dauphin County, PA	\$ 7,632,000
State of Tennessee	\$ 13,810,000
Shelby County, TN	\$ 7,464,000
State of Texas	\$ 5,061,000
State of Vermont	\$ 17,932,000
<b>TOTAL</b>	<b>\$514,012,000</b>

**Based on HUD's own analysis, Ward County, where the city of Minot is located, had more than \$158 million in severe and major unmet housing and business needs resulting from the 2011 flood. In addition, the city of Minot conducted an assessment that identified more than \$220 million in remaining unmet needs regarding rehabilitation and reconstruction of flooded properties, downtown revitalization, and affordable housing development.**

**Q - What process is HUD using to identify remaining unmet needs from disasters in 2011 when determining how to allocate the funds provided under the recent disaster supplemental?**

A – The following is the methodology HUD used for calculating unmet needs and making CDBG-DR allocations under PL 113-2 with respect to qualifying events that occurred in 2011 and 2012. This methodology will be published in a forthcoming Federal Register Notice governing the use of these CDBG-DR funds.

PL 113-2 specifies that the CDBG-DR funds are to be used “for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster” and further specifies that the funds are not to be used for activities reimbursable by or for which funds are made available by FEMA or the Corps of Engineers.

The language also calls for HUD to use “best available” data to make its allocation. For this allocation, similar to prior allocations, HUD made a determination of unmet needs by estimating unmet needs related to the main intended uses of the funds:

- “restoration of ... housing”. HUD made an estimate with best available data on the amount of housing damage not likely to be covered by insurance, SBA disaster loans, or FEMA housing assistance. To target the “most impacted and distressed areas”, the calculation limits the need calculation only to homes with high levels of individual damage (see below) in counties and parishes with severe housing and business needs of \$10 million or greater.
- “economic revitalization”. HUD made an estimate with best available data on the amount of damage to businesses declined for an SBA loan, usually because of inadequate credit or income to support the needed loan amount.
- “restoration of infrastructure”. HUD calculated infrastructure need as the match required to address the FEMA estimates for repair of permanent infrastructure in the FEMA Public Assistance program (categories C to G).
- “in the most impacted and distressed areas”. To target the funds to the most impacted and distressed areas, HUD limited its calculation to “severe needs in areas of concentrated damage”:
  - Severe Needs: Only homes and businesses categorized as severe or major-high damage were included in the calculation (see below).
  - Concentration: Only counties and parishes with greater than \$10 million in severe housing and business needs were included for the calculation. The \$10 million threshold was established looking at a “natural break” in the distribution of impacted counties or parishes when ordered from most to least severe needs. Note, if a county or parish had been designated as “most impacted” in the 2012 allocation, it is included even if the adjusted methodology calculated a lower amount with the new data.
  - Overall size of the need: Again using the concept of a natural break, HUD established an aggregate of \$25 million or more of severe unmet housing, business, and infrastructure needs in counties and parishes with over \$10 million in severe housing and business needs to be eligible to receive a grant.

*Available Data*

The “best available” data HUD staff identified as being available to calculate unmet needs at this time for the targeted disasters come from the following data sources:

- FEMA Individual Assistance program data on housing unit damage;
- SBA for management of its disaster assistance loan program for housing repair and replacement;
- SBA for management of its disaster assistance loan program for business real estate repair and replacement as well as content loss; and
- FEMA Public Assistance program data on public infrastructure damage;

*Calculating Unmet Housing Needs*

The core data on housing damage for both the unmet housing needs calculation and the concentrated damage are based on home inspection data for FEMA’s Individual Assistance program. For unmet housing needs, the FEMA data are supplemented by Small Business Administration data from its Disaster Loan Program. HUD calculated “unmet housing needs” as the number of housing units with unmet needs times the estimated cost to repair those units less repair funds already provided by FEMA, where:

- Each of the FEMA inspected owner units were categorized by HUD into one of five categories:
  - Minor-Low: Less than \$3,000 of FEMA inspected *real property* damage
  - Minor-High: \$3,000 to \$7,999 of FEMA inspected *real property* damage
  - Major-Low: \$8,000 to \$14,999 of FEMA inspected *real property* damage
  - Major-High: \$15,000 to \$28,800 of FEMA inspected *real property* damage and/or 4 to 6 feet of flooding on the first floor.
  - Severe: Greater than \$28,800 of FEMA inspected *real property* damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

To ensure funds are used in “most impacted” areas as required by statute, homes were included in the calculation if they were categorized as having sustained “major-high” or “severe” damage. That is, they have a real property FEMA inspected damage of \$15,000 or flooding over 4 foot. Furthermore, for purposes of this calculation, a homeowner is assumed to have unmet needs if they have received a FEMA grant to make home repairs. For homeowners with a FEMA grant and insurance for the covered event, HUD assumed an unmet need “gap” of 20 percent of the difference between total damage and the FEMA grant.

- FEMA does not inspect rental units for real property damage so personal property damage was used as a proxy for unit damage. Each of the FEMA inspected renter units were categorized by HUD into one of five categories:
  - Minor-Low: Less than \$1,000 of FEMA inspected *personal property* damage
  - Minor-High: \$1,000 to \$1,999 of FEMA inspected *personal property* damage
  - Major-Low: \$2,000 to \$3,499 of FEMA inspected *personal property* damage
  - Major-High: \$3,500 to \$7,499 of FEMA inspected *personal property* damage or 4 to 6 feet of flooding on the first floor.
  - Severe: Greater than \$7,500 of FEMA inspected *personal property* damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

For rental properties, to ensure funds are allocated to “most impacted” areas as required by statute, homes were included in the calculation if they were categorized as having sustained “major-high” or “severe” damage. That is, they received a FEMA personal property damage assessment of \$3,400 or

greater or flooding over 4 feet. Furthermore, landlords were presumed to have adequate insurance coverage unless the unit was occupied by a renter with income of \$30,000 or less. Units occupied by a tenant with income less than \$30,000 were used to calculate likely unmet needs for affordable rental housing. For those units occupied by tenants with incomes under \$30,000, HUD estimated unmet needs as 75 percent of the estimated repair cost.

- The average cost to fully repair a home for a specific disaster within each of the damage categories noted above is calculated using the average real property damage repair costs determined by the Small Business Administration for its disaster loan program for the subset of homes inspected by both SBA and FEMA. Because SBA inspects for full repair costs, HUD presumed that SBA assessments reflect the full cost to repair the home. SBA estimates generally exceed the FEMA estimates of the cost to make the home habitable. If fewer than 100 SBA inspections were made for homes within a FEMA damage category, HUD applied a cap to the estimated damage amount in the category for that disaster at the 75th percentile of all damaged units for that category for all disasters and applied a floor at the 25th percentile.

#### *Calculating Unmet Infrastructure Needs*

- To best proxy unmet infrastructure needs, HUD used data from FEMA's Public Assistance program on the state match requirement (usually 25 percent of the estimated public assistance needs). This allocation methodology used only a subset of the Public Assistance damage estimates reflecting the categories of activities most likely to require CDBG funding above the Public Assistance and state match requirement. Those activities are categories: C-Roads and Bridges; D-Water Control Facilities; E-Public Buildings; F-Public Utilities; and G-Recreational-Other. Categories A (Debris Removal) and B (Protective Measures) are largely expended immediately after a disaster and reflect interim recovery measures rather than the long-term recovery measures for which CDBG funds are generally used. Because Public Assistance damage estimates are available only statewide (and not at the county or parish level), estimates of unmet infrastructure needs were sub-allocated to counties, parishes, and local jurisdictions based on each jurisdiction's proportion of unmet housing and business needs.

#### *Calculating Economic Revitalization Needs*

- Based on SBA disaster loans to businesses, HUD used the sum of real property and real content loss of small businesses not receiving an SBA disaster loan. This was adjusted upward by the proportion of applications that were received for a disaster for which SBA did not calculate content and real property loss because the applicant had inadequate credit or income. For example, if a state had 160 applications for assistance, 150 had calculated needs and 10 were denied in the pre-processing stage for not enough income or poor credit, the estimated unmet need calculation would be increased as  $(1 + 10/160) * \text{calculated unmet real content loss}$ .
- Because applications denied for poor credit or income are a likely indication of applicants requiring the type of assistance available with CDBG recovery funds, the calculated unmet business needs for each state were adjusted upwards by the proportion of total applications that were denied at the pre-process stage because of poor credit or inability to show repayment ability. Similar to housing, estimated damage was used to determine what unmet needs would be used to identify most impacted areas. Only properties with total real estate and content loss in excess of \$65,000 are categorized as having sustained severe damage and counted for purposes of identifying the most impacted areas.
  - Category 1: real estate + content loss = below 12,000
  - Category 2 : real estate + content loss = 12,000 – 30,000

- Category 3: real estate + content loss = 30,000 – 65,000
  - Category 4 : real estate + content loss = 65,000 – 150,000
  - Category 5 : real estate + content loss = above 150,000
- To obtain unmet business needs, the amount for approved SBA loans is subtracted out of the total estimated damage. Since SBA business needs are best measured at the county or parish level, HUD estimates the distribution of needs to local entitlement jurisdictions based on the distribution of all unmet housing needs.

**Q- Is HUD limiting its analysis to those states that previously received disaster CDBG funds, or are you considering the unmet needs in other states which had disasters in 2011 but did not receive any disaster CDBG funds previously?**

A – For purposes of allocating PL 113-2 funds to qualifying events that occurred in 2011 and 2012, HUD did not limit the analysis solely to jurisdictions that received some portion of the \$400 million in CDBG-DR funding that was appropriated in FY 2012. Four jurisdictions (Massachusetts, Springfield, MA, Tennessee and Shelby County, TN) that did not previously receive CDBG-DR allocations in response to events occurring in 2011 are receiving allocations under PL 113-2. Additionally, Louisiana and three jurisdictions within the state are receiving CDBG-DR allocations under PL 113-2 in response to Hurricane Isaac which struck the state in August 2012.

**Q -The Disaster Relief Appropriations Act allows the disaster CDBG funds to be used to respond to disasters in 2013. How much of the disaster CDBG funds will HUD be reserving for disasters in 2013 which have not yet occurred?**

A – HUD has not made any determination with respect to amounts to be reserved for qualifying events that may occur in 2013. HUD will closely monitor FEMA’s major disaster declarations to ensure that CDBG-DR are allocated consistent with the statutory directive to provide assistance to the “most impacted and distressed areas” as a result of major disasters that may occur in 2013.

**Q - How is sequestration impacting the disaster CDBG funds provided under the Disaster Relief Appropriations Act?**

A – A five percent cut amounts to a cut of about \$2.5 billion from the Sandy Supplemental passed by Congress, taking away funding for repair and recovery concerning housing, transportation, and other areas. For example, \$800 million in funding that would be cut from CDBG could help make necessary repairs to thousands of homes and small businesses. Funding for the first round of allocations would not be impacted as that has already been allocated– instead, HUD would have to reduce the amount made available in future grants.

CHARRTS No.: SHSGAC-01-001  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Carper  
Question: #1

Question. Broadly speaking, what needs to be done to encourage and support state and local governments, individuals, and businesses to adopt mitigation measures, such as adopting updated building codes, in the rebuilding process after Sandy?

Answer. The U.S. Army Corps of Engineers, in collaboration with its federal partners, provides information at all levels of the risks inherent with living in or operating a business in a flood prone environment whether it is along the coastline or inland in a designated floodplain. By communicating this risk and the potential consequences of decisions made and actions taken by all parties, these stakeholders have the opportunity to mitigate residual risk by making informed and responsible decisions prior to and after an event. The process of informing the citizenry about the consequences of decisions and actions taken should also result in the provision of assistance in understanding the most appropriate steps, such as adopting updated building codes or zoning regulations that should be taken by the local community in order to manage their residual risk.

Incentivizing governments, businesses, and individuals to adopt mitigation measures is one way to attain positive change. Examples include the recent decision by the Administration to require home and business owners to rebuild properties one foot above existing FEMA advisory base flood elevations in order to receive federal Sandy recovery funds; if elevation isn't possible, then to relocate or flood-proof structures and utilities to the same standard. Having a footprint outside the floodplain or coastal hazard area through acquisition of properties in hazardous locations, within the confines of a FEMA accredited levee, or elevating structures to meet the new federal standard, are mitigation measures that may result in more affordable flood insurance rates and reduced risk within the community. Additionally, under the Corps Public Law (P.L.) 84-99 program, communities with flood control works (levees) enrolled in the program and federally authorized hurricane and storm damage reduction projects are eligible for repair to pre-storm conditions if the project sponsor maintains the project to established standards. Though actions incentivized through P.L. 84-99 are typically focused on the project rather than mitigation within the community, this is one example of how a federal program has successfully encouraged communities to take action to reduce their flood risk. Another program that has been very successful in motivating communities to take additional actions to reduce and manage their flood risk is FEMA's National Flood Insurance Program Community Rating System, which provides discounted flood insurance to residents within communities that take a number of actions to manage and reduce their flood risk.

CHARRTS No.: SHSGAC-01-002  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Carper  
Question: #2

Question. More specifically, there are several programs within several agencies that support mitigation activities. What steps are you taking to ensure that all of these mitigation activities are well-coordinated so that we aren't leaving areas unprotected on one hand, and we aren't duplicating efforts on the other?

Answer. The Corps is engaged at many levels ensuring recovery efforts are fully coordinated and meet the needs of the public. At the national level, the Corps is a principal member of the Hurricane Sandy Recovery Task Force and has dedicated personnel who participate in meetings and assist in the development of the Task Force Recovery Strategy. Under the National Disaster Recovery Framework, the Corps is the coordinating agency for Infrastructure Systems, one of six Recovery Support Functions. In this capacity, the Corps integrates the capabilities of the federal government, nonprofit, and private sector partners in a unified and collaborative manner to support state, local, and tribal governments, and other infrastructure owners and operators. The goal is to ensure infrastructure systems are restored, sustainable, and more resilient to future hazards. The Corps has a national Infrastructure Systems Recovery Support Function (IS-RSF) coordinator who works out of FEMA headquarters, working closely with field IS-RSF coordinators who are part of the team working in the FEMA Joint Field Offices (JFO) in New York and New Jersey. At the JFO level, the Corps led IS-RSF team collaborates with federal, nonprofit, and private sector partners, but focus primarily on state and local needs; coordination with state and local agencies, businesses, and other stakeholders is continuous. Both the New York and New Jersey IS-RSF teams are developing a recovery support strategy (RSS) to support community recovery. The collaboration at all levels ensures that all available financial and technical assistance is provided while avoiding both redundancy and gaps.

Another potential resource to aid in community recovery post-Sandy and ensure activities are well-coordinated is the Silver Jackets program. A grass-roots state-focused effort, the Silver Jackets teams work closely with state and local hazard mitigation offices. The Silver Jackets teams include representatives from the Corps, FEMA, and other federal agencies, as well as state agencies, working to leverage federal resources and programs to meet state and local requirements pre- and post-event. Much of the work involves mitigation efforts to prevent or reduce the risks associated with future hazards. Technical expertise, planning assistance, and mitigation grants are just some of the tools available.

CHARRTS No.: SHSGAC-01-003  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #3

Question. The Army Corps of Engineers currently relies on a contract with ECC for debris removal in New York. ECC, in turn, subcontracts debris removal work to other companies. How many tiers of subcontractors exist between the Corps and the people who actually haul the debris? a. How do the Stafford Act's requirements regarding usage of local firms impact or contribute to subcontractor tiers? b. Aside from the Stafford Act's requirements for using local firms, what other factors contribute to subcontractor tiers? c. What changes do you recommend to reduce subcontractor tiers and excessive management costs?

Answer.

RESPONSE: ECC, the contractor for this work, has a policy limiting subcontractors to two tiers.

- a. How do the Stafford Act's requirements regarding usage of local firms impact or contribute to subcontractor tiers?

RESPONSE: The Stafford Act generally requires, that as soon as practicable after a disaster, that the Corps' Contracting Officers move from our Advanced Contracting Initiative Indefinite Delivery Indefinite Quantity Contracts and award stand alone, "C" type contracts giving preference to local (within the general disaster area) contractors. Where the Corps contracts with prime contractors located outside of the disaster area, such as the Advance Contractor Initiative (ACI) Debris Management Service IDIQ contractor, the Corps requires its contractors to give preference to local area subcontractors. The Stafford Act does not add to subcontractor tiers.

- b. Aside from the Stafford Act's requirements for using local firms, what other factors contribute to subcontractor tiers?

RESPONSE: In general, no single company has the capability to perform all of the work under a typical disaster recovery contract without subcontracting. Factors that contribute to subcontractor tiers include the need for specialized equipment, resources and personnel.

- c. What changes do you recommend to reduce subcontractor tiers and excessive management costs?

RESPONSE: The Corps of Engineers conducts After Action Reviews and develops lessons learned with FEMA after every disaster event in order to develop future best practices to address issues such as subcontractor tiers and the management of costs. The Corps will be working to ensure that any appropriate improvements be implemented to address future disasters.

CHARRTS No.: SHSGAC-01-004  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #4

Question. At the hearing, I described the disparity between what the Corps paid primary contractors for post-Katrina debris removal and what those who were actually hauling the debris were paid. Does a similar disparity exist for post-Sandy debris removal in New York? a. What price is the Corps paying (per cubic yard or on a similar basis) for debris removal? b. What are those who are actually hauling debris paid (on the same basis as above) for debris removal? c. What steps does the Corps take to assess whether contract costs are reasonable?

Answer.

**RESPONSE:** Differences in payments to prime and subcontractors under a single contract may be due to differences in the scope of the work the prime and subcontractors are performing. Another reason may be that prime contractors provide services that subcontractors are not required to provide, such as: management services, including safety, environmental compliance, fiscal and data management (including the Automated Debris Management Services); overall project management, and other more general services such as public/customer relations.

What price is the Corps paying (per cubic yard or on a similar basis) for debris removal?

**RESPONSE:** Costs structure changed during debris recovery with the highest rates paid early in debris recovery and lower rates paid as debris recovery continued. Costs structure changed during debris recovery with the highest rates paid early in debris recovery and lower rates paid as debris recovery continued. Early on, the debris recovery rates ranged between approximately \$80-\$140/cubic yard (cy) for curbside debris recovery while later in the recovery the rates reduced to approximately \$50-\$75. Early on, transportation and disposal prices ranged from approximately \$200-\$500/ton while later in the debris recovery prices reduced to \$125-\$275/ton. The specific prices that contractors have charged the Government for debris removal are proprietary. The Corps may not legally disclose contractor proprietary data to outside parties without obtaining prior contractor agreement to the release.

a. What are those who are actually hauling debris paid (on the same basis as above) for debris removal?

**RESPONSE:** In general, the task order is subject to the Service Contract Act (SCA) of 1965 and therefore, the contractor is required to abide by the Department of Labor Wage Rates for Services Contracts. The specific prices that contractors have charged the Government for debris removal are proprietary. The Corps may not legally disclose contractor proprietary data to outside parties, without obtaining prior contractor agreement to the release.

b. What steps does the Corps take to assess whether contract costs are reasonable?

RESPONSE: Generally, the Corps develops an "independent government estimate" (IGE) for each task order issued to the contractor. Contractor pricing is negotiated using the IGE as a basis for negotiation. Government estimators price the work based on local market conditions. Additionally, in accordance with Defense Federal Regulations Supplement (DFARS) 210.001, agencies conduct and document market research, which is used in conjunction with the IGE to negotiate pricing and other conditions. Further, a contracting officer must ensure pricing is considered fair and reasonable based on a comparative analysis (to the base prices) and competition of prices when the indefinite delivery / indefinite quantities contract was awarded. In the case of the task order written for this particular debris removal, cost realism analysis would be required.

CHARRTS No.: SHSGAC-01-005  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #5

Question. To what extent do the prices negotiated in the pre-positioned contract with ECC reflect the prices negotiated in each of the task orders covering debris removal in New York?

Answer. The prices negotiated with ECC under the task orders followed the pre-negotiated base IDIQ rates however they also included additional cost differentials to reflect overtime, 24/7 operations, limited access, and geographical constraints. Not every major disaster event is the same therefore the IDIQ was written in a manner that would allow additional flexibilities.

CHARRTS No.: SHSGAC-01-006  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #6

Question. Why has the Army Corps sent debris to landfills hundreds of miles from New York City, like the Seneca Meadows Landfill in Waterloo, NY? a. What was the total cost of sending debris to landfills more than 150 miles from New York City? b. What other landfills were considered, and what were the associated costs of using them compared with Seneca Meadows?

Answer.

RESPONSE: There were a limited number of licensed landfills in New York and the surrounding states, which could legally receive the debris streams originating from Hurricane Sandy aftermath. The New York State Department of Environmental Conservation (NYDEC) regulates its state's solid waste landfills and dictated which landfills the Corps' contractors could utilize during Hurricane Sandy debris removal activities. The Corps's contractors used NYDEC-approved landfills within New York, and New Jersey's approved landfills for debris removal work in that state.

- a. What was the total cost of sending debris to landfills more than 150 miles from New York City?

RESPONSE: Costs structure changed during debris recovery with the highest rates paid early in debris recovery and lower rates paid as debris recovery continued. This was true in the transportation costs as well. The specific prices that contractors have charged the Government for debris removal are proprietary. The Corps may not legally disclose contractor proprietary data to outside parties without obtaining prior contractor agreement to the release.

- b. What other landfills were considered, and what were the associated costs of using them compared with Seneca Meadows?

RESPONSE: The landfills that were determined to be compliant with the NYDEC and provided the greatest value include: Seneca Meadows Landfill, Grows Landfill in Pennsylvania, and Colonie Landfill. The Corps used all three at various times.

CHARRTS No.: SHSGAC-01-007  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #7

Question. What specific decisions related to debris removal operations, including the choice of landfills, were made by either the State or city of New York?

Answer. The State of New York provides lists of appropriately licensed landfills for use and identifies landfills that are in good regulatory standing. The Corps does not have information as to specific decisions that were made by either the State or City of New York when developing this list.

CHARRTS No.: SHSGAC-01-008  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #8

Question. Please provide some examples of environmental regulations with which the Corps has had to comply during debris removal operations. Has compliance with those regulations increased the cost of debris removal? If so, by how much?

Answer. New York has exercised emergency authorizations to lessen solid waste, environmental standards, and other requirements to facilitate debris recovery. The types of authorizations are, and have been, consistent with what other states have exercised to perform this work. Thus, costs to perform debris recovery have been commensurate in New York when compared to other states in which debris recovery has taken place. For example - Endangered Species: The removal activities occurred in locations within the range of Piping Plover and Sea Beach Amaranth and within suitable habitat for these species. FEMA, as the lead federal agency, determined that the removal activities would have no effect on these species until April 1, 2013. Right-of-way debris removal was completed before April 1, but private property debris removal was not. FEMA, in consultation with the U.S Fish and Wildlife Service, determined that removal activities after April 1, may affect, but was not likely to adversely affect, these species provided a set of conservation measures were implemented by the Corps. Because of the nature of the remaining work, which was confined to private properties and did not require work on the open beach, these conservation measures had no effect on the mission either in terms of cost or timing.

CHARRTS No.: SHSGAC-01-009  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #9

Question. With regard to debris removal on Fire Island, why did the Corps ultimately decide to award the work to ECC, rather than to any of the previous bidders? a. Why did the cost of debris removal on Fire Island go from \$8.8 million when the contract was first awarded to \$10.1 million when it was awarded to ECC? b. How much of the work on Fire Island will be performed by ECC and how much will be performed by subcontractors?

Answer. RESPONSE: Debris removal work on Fire Island needed to be completed by March 31, 2013 due to environmental restrictions on human activities related to protecting the nesting activities of the piping plover, an endangered species. A GAO protest required the Corps to revisit the original contract award. As the result of that review, another award was made, but this award was also protested. In order to commence with the work in the timeliest manner possible, the Corps awarded a contract to ECC to perform debris recovery on Fire Island.

- a. Why did the cost of debris removal on Fire Island go from \$8.8 million when the contract was first awarded to \$10.1 million when it was awarded to ECC?

RESPONSE: Debris removal work on Fire Island needed to be completed by March 31, 2013 due to environmental restrictions on human activities related to protecting the nesting activities of the piping plover, an endangered species. A GAO protest required the Corps to revisit the original contract award. As the result of that review, another award was made, but this award was also protested. In order to commence with the work in the timeliest manner possible, the Corps awarded a contract to ECC to perform debris recovery on Fire Island. The Corps obtained the best price available at the end of the protest resolution process.

- b. How much of the work on Fire Island will be performed by ECC and how much will be performed by subcontractors?

RESPONSE: The contract with ECC requires 80% of the subcontracting to be performed by local and small business.

CHARRTS No.: SHSGAC-01-010  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #10

Question. What recommendations do you have for improving the cost effectiveness of debris removal, while ensuring the work is completed quickly to facilitate recovery after a major disaster?

Answer. In all situations where local governments have the capability to accomplish the debris management requirements (such as Fire Island), it makes sense for them to perform that mission. In large catastrophic events where local governments are overwhelmed and the requirements are beyond their capabilities the Corps, under FEMA mission assignment can activate the ACI contractors to provide debris management services. The Corps competes the ACE contracts and vigorously negotiates the price to ensure that they are the most competitive as is practicable.

CHARRTS No.: SHSGAC-01-011  
 Senate Committee on Governmental Affairs  
 Hearing Date: March 20, 2013  
 Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
 Witness: ASCW Darcy  
 Senator: Senator Coburn  
 Question: #11

Question. Regarding the Disaster Relief Appropriations Act of 2013, the Construction appropriation in the Act provides that "completion of ongoing construction projects" using Construction account funds will be at full federal expense. The Corps' First Interim Report (2013) defines that to include any "authorized Corps project that received Construction account funds over the previous three fiscal years, for which the authorized construction period has not yet elapsed."a. Will there be any such projects that were previously subject to cost-sharing and that will now, under this provision, become 100% federally funded?b. Please specify which projects, the total cost of each, and the previous federal cost share of each.c. Many Corps projects require regular maintenance, for example re-nourishment of beach replenishment projects every several years. If a Corps project's initial construction or repair is 100% federally funded as "completion of an ongoing construction project," will subsequent maintenance of that project also be completed at full federal expense?

Answer.

- a. Will there be any such projects that were previously subject to cost-sharing and that will now, under this provision, become 100% federally funded?

RESPONSE: Yes. There are projects that were, prior to Hurricane Sandy, subject to cost-sharing and are eligible for construction at full federal expense based on the definition of "ongoing construction." Full federal funding of construction activity is limited to funds appropriated by P.L. 113-2 for projects affected by Hurricane Sandy within the North Atlantic Division of the Corps of Engineers that received Construction funds in one of the previous three fiscal years, for which the authorized construction period has not yet elapsed. A list of projects that fall into this category are included in the first interim report, required by P.L. 113-2.

- b. Please specify which projects, the total cost of each, and the previous federal cost share of each.

RESPONSE: The Total Project Cost is the Rough Order of Magnitude. The previous cost sharing ratio for initial construction and the nourishment cycle is also provided.

Project	ROM	Previous Cost Share Ratio
Delaware Bay Coastline, Broadkill Beach, DE & NJ	\$13M	Initial Construction 65%/35% and Re-nourishment 50%/50%
Barnegat Inlet to Little Egg Harbor Inlet (Long Beach Island), NJ	\$50M	Initial Construction 65%/35% and Re-nourishment 65%/35%
Brigantine Inlet to Great Egg Harbor Inlet (Absecon Island), NJ	\$70M	Initial Construction 65%/35% and Re-nourishment 65%/35%
Raritan Bay to Sandy Hook Bay, Port Monmouth	\$110M	Initial Construction 65%/35% and Re-nourishment 50%/50%
Sandy Hook to Barnegat Inlet, NJ (Seabright to Ocean Township and Asbury Park to Manasquan Inlet)	\$75M	Initial Construction 65%/35% and Re-nourishment 50%/50%
Atlantic Coast of New York City, Rockaway Inlet to Norton Point (Coney Island)	\$30M	Initial Construction 65%/35% and Re-nourishment 50%/50%
East Rockaway Inlet to Rockaway Inlet, NY	\$150M	Initial Construction 65%/35% and Re-nourishment 50%/50%
Fire Island to Montauk Point	\$700M	Initial Construction 65%/35% and Re-nourishment 50%/50%
Long Beach, NY	\$200M	Initial Construction 65%/35% and Re-nourishment 50%/50%

- c. Many Corps projects require regular maintenance; for example re-nourishment of beach replenishment projects every several years. If a Corps project's initial construction or repair is 100% federally funded as "completion of an ongoing construction project," will subsequent maintenance of that project also be completed at full federal expense?

RESPONSE: Unless otherwise authorized in future legislation, future nourishment activities

typically funded using construction funds will be cost shared in accordance with standard project cost-share requirements.

CHARRTS No.: SHSGAC-01-012  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness:  
Senator: Senator Coburn  
Question: #12

Question. How will the Corps determine which projects it will fund using the Construction funds appropriated in the Act? a. If appropriations will be based in part on the comprehensive study due two years from enactment of the Act, how will the Corps determine which projects to fund in the interim? b. What percentage of the Construction funds allocated in the Act will be used for beach replenishment projects?

Answer. When determining how to move forward in implementing project-specific measures in accordance with the funding and direction in the Act, the Corps will perform an expedited limited re-evaluation that addresses resiliency, economics, risks, environmental compliance, and long-term sustainability and will enter into a Project Partnership Agreement (PPA) or PPA Amendment with the non-federal partner that, among other things, includes the requirement for an updated flood plan management plan. This approach will enable the Corps, working with its federal and local partners, to take a broad, long-term conceptual examination of the best approaches to reduce future vulnerability in a manner that is sustainable over time.

- a. If appropriations will be based in part on the comprehensive study due two years from enactment of the Act, how will the Corps determine which projects to fund in the interim?

RESPONSE: While the comprehensive study will be ongoing for several years, there are likely projects/activities that will be consistent with any future plan. The Administration is currently looking at all eligible work, to determine those activities that would be consistent and will determine if completing that work in the interim is a wise use of Federal funds.

- b. What percentage of the Construction funds allocated in the Act will be used for beach replenishment projects?

RESPONSE: The Construction funds in the Act will be used for authorized projects, or projects under study that address flooding in the areas of the Northeast (within the boundaries of the North Atlantic Division). None of the Construction funds allocated in the Act will be used for periodic renourishment or replenishment. Flood Control and Coastal Emergencies may be used, as provided in the Act, for restoring projects impacted by Hurricane Sandy in the North Atlantic Division of the Corps to design profiles of the authorized projects.

CHARRTS No.: SHSGAC-01-013  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Coburn  
Question: #13

Question. The Act requires that the Corps complete several reports and studies, including monthly reports to the Senate and House Committees on Appropriations detailing the allocation and obligation of funds from the Investigations, Construction, Operations and Maintenance, Flood Control and Coastal Emergencies, and Expenses accounts. Will the Corps continue to make reports required under the Act available to the Homeland Security and Governmental Affairs Committee as well?

Answer. The Army provides the monthly allocations to the Senate and House Committees on Appropriations and it would be appropriate to request those reports from the Committees.

CHARRTS No.: SHSGAC-01-014  
Senate Committee on Governmental Affairs  
Hearing Date: March 20, 2013  
Subject: Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation  
Witness: ASCW Darcy  
Senator: Senator Heitkamp  
Question: #14

Question. Ms. Darcy, as you know, in 2011 there was significant flooding along the Missouri River. Releases from Garrison Dam in North Dakota reached 150,000 cfs and for the first time in its history, the spillway gates were opened on the dam to release flood waters. The flood caused severe erosion around Lake Sakakawea and downstream, south of the cities of Bismarck and Mandan. Some residents in the Mahto Bay area around Lake Sakakawea have filed claims against the U.S. Army Corps of Engineers and, while the Corps has recognized that losses have occurred, my constituents have not been compensated. Additionally, there are some homeowners south of Bismarck who experienced severe erosion that now threatens their properties. The Corps has completed an engineering assessment and a cost estimate has been prepared to stabilize the river bank. In addition, I understand that a bid for appraisal on these properties is out; however, the Corps has indicated it does not have any funds to undertake the work or help these individuals with their loss. What steps is the Corps currently taking to address these outstanding flood impacts from 2011, and when can we expect these situations to be fully addressed?

Answer. The 2011 Disaster Relief Appropriations Act (DRAA) funds were provided to address the costs for repairs caused by the 2011 floods along the Missouri River, Mississippi River, and other presidentially declared areas. As the flood waters receded, the initial cost estimates were found to be significantly underestimated, resulting in a national shortage of Operation and Maintenance funds. In order to determine which projects would receive funding, a steering committee was established to nationally prioritize all eligible projects and activities. The projects were prioritized, with protection of life and property the highest priority. The Corps determined that the flood effects around the Lake Sakakawea and downstream of the cities of Bismarck and Mandan were not life safety projects. The projects will be considered and accomplished as funding becomes available.

The Corps has received claims from landowners regarding the 2011 Missouri River Flooding, and is currently reviewing those claims under both a tort and a takings theory. The Corps expects to settle or deny those claims.