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RECOVERING AFTER HURRICANE KATRINA: ENSURING THAT THE FEDERAL EMERGENCY MANAGEMENT AGENCY IS UP TO THE TASK

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HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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RECOVERING AFTER HURRICANE KATRINA: ENSURING THAT FEMA IS UP TO THE TASK

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND, INFRASTRUCTURE, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT, WASHINGTON, D.C.

The committee met, pursuant to call, at 11:00 a.m. in room 2167, Rayburn House Office Building, Hon. Bill Shuster [chairman of the committee] presiding.

Mr. SHUSTER. The Subcommittee will come to order.

Before we begin, I would like to ask unanimous consent that members of the full Committee not assigned to the Subcommittee be allowed to sit with the Subcommittee today, make statements and ask questions. Without objection, so ordered.

We are meeting this morning to begin a series of hearings on the recovery effort in New Orleans and the Gulf region. I just returned from touring Louisiana, Mississippi and Alabama with ten other members of the Committee. I would like to make two observations.

First, I would like to say something about the hard-working FEMA State and local employees I saw on this trip. I was very impressed with their professionalism, dedication and determination to get the job done under very difficult conditions. People are literally working around the clock for weeks on end. I hope you will let your colleagues know that we are extremely proud and appreciative of your efforts. Thank you.

My second observation is that never before has this agency, FEMA, in any form been faced with a challenge as extensive as the one created by Hurricane Katrina. With over 90,000 square miles of disaster area, hundreds of thousands of people displaced, tens of thousands of buildings damaged or destroyed and a potential health crisis that has been left behind, FEMA is being tested like it has never been before.

The hearing today will focus on ensuring the recovery happens in a timely and effective manner. Billions of dollars are going to be spent on the recovery and there are many questions to be answered, such as, do FEMA and its State and local partners have the capacity to manage these dollars? How will we ensure that waste, fraud and abuse are limited? How can we streamline red tape, build projects and reimburse local governments quickly? And what are the major obstacles to a successful recovery?

In the wake of the hurricanes of 2004, there was a significant amount of criticism leveled against FEMA for a process that was at times very efficient but also at times slow and in some instances, stalled. That effort will seem like a walk in the park compared with what lies ahead of us. We are here today to ensure that

FEMA will be up to the mammoth task that lies ahead. I am confident that FEMA has the expertise to manage the recovery, but I am concerned you may not have the capacity to do the job well. This one is simply bigger than anything FEMA has faced.

As I mentioned in the memo, sent to all members last Friday, and which is in the folder before you, there are a range of issues we will be discussing today, including the adequacy of FEMA's recovery staff, the efficiency of the process, the types of assistance that may be provided and to whom, and several specific issues, including debris removal, housing and delivery of money to cash-starved governments.

It is this last issue, the question of cash flow at the local level, that I am particularly concerned about. It presents a difficult policy question and has the greatest likelihood of hampering the recovery effort. If local governments are unable to pay their bills, both disaster and non-disaster related, their recovery will come to a grinding halt.

During the recovery from the 2004 hurricane season in Florida, which we are still in, many counties in Florida complained about delayed approval and payments from FEMA on project worksheets. I am told that some of these approvals and payments are still outstanding. I am not going to dictate from here what is an appropriate amount of time, but we are going to closely examine this process to ensure that it does not continue to take a year, which I know is too long.

One of the things I would like to examine at today's hearing that I believe contributes to this problem, and I hope the witnesses will be able to address, is the issue of staffing within FEMA. It is my understanding that the recovery division within FEMA started the fiscal year with just 72 full-time staffers on board. Is this enough permanent staff? Will the temporary staff that is brought in have the expertise and training sufficient to meet this huge task ahead of us?

I hope that we will be able to address these as well as many other staffing issues that arose in Florida to prevent such problems in the future as we deal with Katrina.

While we are not the first subcommittee to hold hearings to discuss the aftermath of Katrina, I want to ensure my colleagues that this will not be the last hearing this Committee holds. We have already scheduled a joint hearing with our Water Resources Subcommittee and we are discussing the possibility of holding a hearing over two dozen Katrina-related bills that have been introduced thus far.

As the Subcommittee with primary jurisdiction, and I would add, the broadest jurisdiction, over emergency management, I expect that we will play a central role in any legislative package that goes forward. During this process, I expect the members of this Subcommittee and our full Committee will play an active role and I look forward to working closely with all of you, Republican and Democrat.

With that, I would now like to yield to Mr. Blumenauer for an opening statement, if he has one.

Mr. BLUMENAUER. Thank you, Mr. Chairman.

I do appreciate your focusing the key role that this Subcommittee can play. I am pleased that you have indicated that you are looking at a variety of initiatives. I am looking forward to the joint hearing with the Water Resources Subcommittee. Being able to both have the appropriate response to the disaster in the Katrina-ravaged region and to make sure that we have Federal policies in place that are going to do the job for the future is going to take all our efforts. I appreciate your leadership and your commitment.

We have to learn, not only is there a problem now, and we are going to be hearing about that, but there is going to be a next time. Rita was the 18th storm of this season. I have seen some estimates that indicate that we have already seen more death and destruction this hurricane season than in the last 35 seasons combined.

We are also facing a problem where, at least until recently, more and more Americans have been flocking to coastal areas that have been termed hurricane alleys. We have, though there are some who remain skeptical, the overwhelming consensus of the scientific community that global warming is a reality and that we are witnessing rising sea levels that are going to make hurricanes and other storm incidents more frequent and more severe.

Of course, as our friends from Louisiana know all too painfully, rising sea levels combined with the fact that the land area here is subsiding could create a two to five foot difference by the end of this century.

I too am looking forward to hearing from FEMA. It has been an agency that I have been working with for the last eight years, most recently on flood insurance reform. I think this Subcommittee can play a critical role in evaluating what changes need to be made with the agency structurally and in terms of resources and our own policies.

I hope, Mr. Chairman, that in the course of your working to determine an outline for the Committee, that we can focus quickly on the notion of temporary housing. I know people on both sides of the aisle are appalled at the notion of spending billions on temporary trailer parks that I hear from my colleagues in North Carolina and in Florida have an appalling habit of becoming permanent, especially when there are hundreds of thousands of vacant rental units in the region at reasonable rental rates. We have a very effective Section 8 policy that can be embraced by conservatives and liberals alike.

I would hope that as we move forward, we think about long-term efforts. I will not take the time now, Mr. Chairman, to go into them, but I will enter into the record seven principles that I hope will guide our efforts in terms of recovery to make sure we are not putting people back into harm's way; that we are assuring that citizens are directly engaged in the work of disaster recovery and mitigation; that we clarify with a hearing like this today the Federal Government's disaster prevention, mitigation and relief efforts; that we make the recovery process a model of transparency and accountability. I hope that you will consider a hearing where we can talk about how we put into these contracts post-contract analysis and accountability provisions, so they get more value for the dollar.

I hope that we are looking at more responsibility at the local level to prevent disaster, for mitigation and recovery, that we look

at prevention and mitigation as a long-term element to any federally-funded restoration and that we employ natural solutions, wherever possible, to blunt the destructive force of nature. I deeply appreciate the Subcommittee's work and your willingness to let some of us outsiders to hang around with you, because we are going to be working together. I look forward to a productive hearing.

Mr. SHUSTER. Thank you, Mr. Blumenauer. I look forward to working with you. Many of the topics you discussed we have plans to hold hearings on those, and then today with the IG, talk about some accountability. It is good to have somebody with your background. I know you have some municipal background, so with your expertise I am sure we can lean on you for some of that expertise as we go forward.

Thank you for being here today.

We are going to go in order of the way people showed up to the hearing this morning. I am also going to strictly enforce the five minute rule, so be prepared to hear the gavel come down at five minutes.

I would now like to recognize my colleague from Louisiana, Mr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman.

I want to commend you for holding this hearing and starting this process. Much has been said about FEMA over the past several weeks, particularly about its position in the Department of Homeland Security. But I think we have many more issues to discuss, such as FEMA's role in working with local communities and local officials, looking at accountability issues, how money is spent.

And coming from Louisiana, I look forward to the testimony and hope to be able to question the witnesses about a number of issues with regard to how FEMA interacts with the local communities, how can we make it a better organization, regardless of whether it is in within Homeland Security or as an independent agency accountable directly to the President. How can we get it to be the effective organization that it really needs to be to deal with these types of disasters?

We face unprecedented challenges in this recovery, many of which we don't have adequate answers yet. So as we move forward, I hope that we can address some of those challenges as well as work with how will we make this organization, how will we make FEMA a more effective organization to deal with the problems that we will have in the future.

Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Mr. Boustany.

I would now like to recognize Ms. Johnson.

Ms. JOHNSON. Thank you, Mr. Chairman, and thank you for holding the hearing. I appreciated the opportunity to visit on Tuesday.

Let me quickly compliment FEMA for what they have done. There are still a lot of questions, but in my area of Dallas, where we have thousands of people that have come for either temporary or permanent housing, once FEMA arrived, we have no complaints. Long time coming, but once they got there, we worked very well with them.

I will have questions later concerning 90 percent of the contracts being let to people outside the area. That is a real concern for people in the area, so I want to do that when the time comes. Thank you very much.

Mr. SHUSTER. Thank you, Ms. Johnson.

Next I would like to recognize the gentleman from Pennsylvania, Mr. Dent.

Mr. DENT. Thank you, Mr. Chairman. I too want to commend you for holding this hearing.

I really don't have anything prepared this morning to say. I will save most of my questions and comments for the question and answer period. But I believe it is critical that we get to the bottom of the issue of FEMA, how prepared it was for this devastating event. I just believe it is important that we move forward and I look forward to hearing the witnesses. Thank you.

Mr. SHUSTER. I would now like to recognize the Chairman of the House Administration Committee, Mr. Ney.

Mr. NEY. Thank you, Mr. Chairman. I want to thank you for allowing me to participate in this important hearing today. I will be brief.

In addition to being a member of the Transportation Committee, I also chair the Subcommittee on Housing and Community Opportunity for Financial Services. Both committees have different oversight responsibilities for various aspects of FEMA. Of course, we have been working with FEMA and HUD on the current situation down in the Gulf.

As we examine some of the past problems and problems currently facing FEMA, I think we need to ensure that we treat all natural disasters in a consistent manner. It is a terrible thing that has happened in the Gulf. In my district, we have suffered severe damages and worked with FEMA quite a lot. In fact, we had an evacuation of 7,000 people last year, 7,000 out of a county of 70,000.

As we talk about reforms, I think the one important thing, and I am convening a summit in the district of a lot of different people involved in this, is that we have to ensure that some of the past things that have worked not be changed, and some of the problems that we have that need to be expedited or changed, should be considered. I know Washington can't solve all the problems. We have to work together with local and State authorities to ensure any future changes made to FEMA and other related Federal programs don't adversely affect the plans that they have in place already in the State and local levels and other jurisdictions.

Again, I know it has been a tough job, but I think having this hearing will bring a lot of things to light and as there are reformation bills, we want to look at the process. I want to also close by recognizing someone that is no stranger to floods. I see former Congressman Bob Wise across the river in Wheeling, West Virginia, from where I live. He knows the flooding situation and has been very active to help people down there.

Thank you.

Mr. SHUSTER. I will take this opportunity to recognize the Ranking Member, Ms. Norton, for an opening statement.

Ms. NORTON. Thank you very much, Mr. Chairman. I apologize, I was the lead witness in the Senate on a matter affecting the District of Columbia before its own D.C. Subcommittee. I appreciate your indulgence.

I particularly thank you, Mr. Chairman, for calling this first in a series of hearings. You are being very careful, because you have studied what should be studied and you have indicated that there are a whole series of matters affecting FEMA that you intend to look into.

I fully agree with your purpose today to move from assigning blame, acknowledging that there were failures, at every level of government, but instead to concentrate on our responsibility, to focus on FEMA, which reports to this Subcommittee, with the goal of ensuring that the ongoing response of FEMA is efficient, effective and responsive to the needs of the Gulf region and other regions of our Country.

Under your predecessors as Chair, this Subcommittee had five FEMA hearings or markups on the Homeland Security Act of 2002 that transferred all of the statutory functions of the Stafford Act from the Director of FEMA to the Secretary of the Department of Homeland Security, further delegated to the Undersecretary for Emergency Preparedness and Response. Although I am a member of the Homeland Security Committee who was a strong advocate of the creation of the Department, I have reluctantly become an original co-sponsor of a bill to move FEMA from DHS to help enable it to once again become the professional quick recovery agency it became in the 1990s.

At our September 24th, 2003 markup, I cautioned about challenges to hazard mitigation activities. Those are the activities that State and local governments engage in before the hazard occurs. Because those challenges were already quite clear then. State and local officials were complaining that the increased emphasis on terrorism that kept them so busy trying to keep up with the security alerts, overtime costs and the myriad of terrorism-related grant programs that hazard mitigation, that we now know might have led to a better response to Katrina, was in steep decline.

Yet the Administration in its fiscal year 2003 budget request had proposed the elimination of the hazard mitigation program, and the fiscal year 2003 Omnibus Appropriation Bill, over the objections of our Committee and various stakeholders, reduced the mandated percentage of hazard mitigation funds from 15 percent to 7.5 percent, cutting it in half. The reduction so inhibited the ability of the State and local governments to effectively carry out preparation for hazards and so dramatically increases the cost of natural disasters that we, this Subcommittee, restored funding levels back to 15 percent at that markup.

In May of 2004, we were very concerned that the President's 2005 budget proposal reduced funding for the Emergency Management Performance Grant program, even though the Congress had indicated its strong support of State and local personnel in planning when it included specific language in the fiscal year 2004 DHS appropriations bill, stating, "Emergency planning is the backbone of the Nation's emergency management system ... now more than ever, the planning activities carried out in this program are

of the utmost importance." The result of this short-sighted shift of funding from FEMA is clear in the aftermath of Katrina.

Presently, almost one million people in the Gulf region have registered with FEMA for individual assistance, but only 72 full-time employees are in the Recovery Division. This division is responsible for reviewing the paperwork which is the basis for reimbursement by FEMA for eligible activities, including debris removal, housing assistance and reconstructing public buildings and infrastructure. Although FEMA has a vast network of disaster assistance employees and other reserve employees that it can call upon, the Agency internally obviously lacks the management talent to adequately respond completely to Katrina's victims.

The District of Columbia was among the first local jurisdictions to reach out to Katrina victims and 300 were cared for here and given the full bevy of services. Like the District, many State and local governments have laid out millions of dollars up front without payment as yet from FEMA.

However, my concern is for the more than 75,000 people still in shelters and thousands of others away from family and friends. Is today's FEMA capable of assisting victims of disaster through the direct provisions of housing or through temporary housing solutions? Is FEMA capable of addressing the needs of over 300,000 people who have requested rental housing assistance? Is FEMA prepared for the long haul that Katrina recovery necessitates?

This much is clear: FEMA has suffered rather than benefitted from its absorption into DHS. Although the exact numbers are disputed, the Agency's core budget for disaster preparedness has been cut every year since it went into DHS. Its staff has been reduced by 500 positions. Hurricanes, floods, tornadoes and other natural disasters come on cue every year, but three out of ever four local preparedness and first responder grants have gone for terrorism-related activities.

The GAO reports that 75 percent of next year's grants are similarly targeted to terrorism, despite local officials' complaints that the most urgent need now is for natural disasters and accidents. FEMA has suffered rather than benefitted from its submersion into DHS.

Some considerable direction or redirection of funding to terrorist activities was fully justified after 9/11, but we now know that billions of dollars were not distributed on a risk basis. The recent Homeland Security reauthorization requires risk-based funding and strategies. We also know, not only from Katrina but also from the way FEMA was overwhelmed by four hurricanes in Florida in 2004 that all hazards has become a bureaucratic slogan, and that the evidence that FEMA was in complete disarray was already unmistakably clear from the Florida experience last year.

FEMA has apparently regressed to the state James Lee Witt, the first career disaster specialist to head FEMA, found it in 1993 when he reorganized and energized the Agency and was praised for FEMA's recovery response to the earthquake in Northridge, California, and to the Mississippi River flooding. This Subcommittee cannot alone return FEMA to those halcyon days of praiseworthiness. But with the series of oversight hearings you begin today, Mr. Chairman, we can pledge the oversight the Agency will need to as-

sure the improvement that the public expects after the lessons taught by Katrina.

Thank you very much again for this hearing, Mr. Chairman.

Mr. SHUSTER. Thank you, Ms. Norton.

I would like to remind my colleagues, I think we have the clock back up and running, so we are going to adhere strictly to the five minute rule.

I would like to recognize Mr. Poe for an opening statement.

Mr. POE. Thank you, Mr. Chairman.

I appreciate this hearing this morning. I have a very strong interest in FEMA. My Congressional district is located across the Sabine River from Louisiana, Mr. Boustany's district. We have a couple of issues that we are having to deal with, two ladies of the Gulf. When Hurricane Katrina hit New Orleans and Louisiana, a lot of those folks from Louisiana came across into Texas. We still had 15,000 of them in Jefferson County, Texas before Rita hit. Several other hundreds of thousands came into Texas and are dispersed all over the Country.

We felt those repercussions, and the folks in Jefferson County started working and trying to help those dispersed individuals. But not long after that, Rita hit my Congressional district. In fact, I just got off the phone with the mayors of my Congressional district. Half my Congressional district is still without power and water, and Katrina evacuees had to leave with Rita evacuees to parts all over the Country again.

So we are very concerned about the aftermath of both of these hurricanes, and I will be very blunt: the number one question I get from regular folks citizens, mayors and other elected officials is issues regarding FEMA. They ask me, where's FEMA, what are they doing. I think that this hearing is important to address those specific issues.

The number one concern I would mention and have to deal with is communication. I think FEMA, based on these two hurricanes that impacted directly in my Congressional district, does a poor job of communicating. At least that is the way it comes across to the average person that is sitting out there in the swamp without a roof on their barn or their home. So I think that is a work that needs to be done.

And I asked three questions that FEMA probably ought to be able to answer to people that are concerned about Federal response: what can FEMA do in a particular situation; what will they do, and what are they specifically doing at the time. Those are really the three questions that I get, and it all has to do with communication.

So I look forward to the testimony this morning, because I get to talk to all those mayors again tomorrow morning. Thank you.

Mr. SHUSTER. Thank you, Mr. Poe.

I would now like to recognize Mr. Taylor, if he has an opening statement.

Mr. TAYLOR. Mr. Chairman, I just want to thank you and my colleagues for coming down to Mississippi earlier this week. I know the presentations in Mississippi were brief, because your eyes told you everything you needed to see, one bridge two miles long completely destroyed, another bridge a mile and a half long completely

destroyed. Highway 90 along the beach running to Harrison County gone, for all practical purposes. Tens of thousands of homes just leveled.

And we have obviously got some challenges. Prior to the storm, our local communities had requested about $250 million of infrastructure for people who don't have a central water system, who don't have a central sewer system. It has obviously been complicated by those larger cities that have now been to a certain extent destroyed and the need to rebuild that infrastructure.

So we are certainly glad to have the FEMA folks here today, and again, I am personally grateful that you and so many other of my colleagues took the time to visit south Mississippi earlier this week.

Mr. SHUSTER. Thank you, Mr. Taylor. We certainly appreciate your efforts. I have been down there twice now and I keep hearing the stories about how Congressman Taylor has been literally in the mud pulling people out and helping people. He is one of these people that were affected, lost his house. So our thoughts and prayers are certainly with you and your family, Gene.

I would now like to recognize Mr. Bachus for an opening statement.

Mr. BACHUS. I thank the Chairman.

Gentlemen, I have actually been in Louisiana and Mississippi with Gene Taylor and others the day before yesterday. I would like to thank you for the recovery efforts that are going on there and some of the mitigation that is going on.

I do have a question, just as a thought or question about the overall. What Americans saw on their TV screens as that category 5 hurricane approached New Orleans, I think that we all made assumptions that turned out not to be true. The assumption I think most Americans had made is that somebody was in charge and responsible for preparing for those hurricanes. I think as it turned out we weren't very prepared as a Nation.

Now, I don't know whose responsibility that is, and still, there are a lot of questions whether it is local, State or Federal. Now, FEMA was created to consolidate and coordinate the Federal effort to prepare for and respond to disasters. Part of that definition is to prepare for disasters. Anybody that saw what went on in New Orleans knows we weren't prepared.

Now, my question is, who was supposed to do what? More importantly, not because of a blame game, but if it happens again, are all those things that went wrong in New Orleans, are they going to go wrong again?

One thing that, after this storm, that I became more aware of, now, before this storm there were all these predictions what a real catastrophe it could be that if New Orleans had a direct hit from a hurricane. We heard that a year before, six months before. In 2001, in 2001, four years before this hurricane hit, FEMA did a study. That study said that a major hurricane, category 3 plus, directly hitting New Orleans, is one of the three likeliest most catastrophic disasters in our future.

In other words, FEMA itself said of the three major catastrophes most likely to happen in the future, one of them is a direct hit on New Orleans. So it was likely to happen.

With that in mind, why, for instance, I mean, who came up with taking people into the Superdome and telling them to provide five days worth of water and food for themselves as opposed to getting them out of the city? Who was responsible when Amtrak offered a train for 1,000 people to get out of New Orleans, what was the Federal role there? Was there any role?

And the city had a preparedness plan, and part of it said that people would bring their own food into the Superdome. It was predictable that the sanitation and the lights would go out there.

Was there anybody at the Federal level that said, you know, this won't work? Because those are my questions. In preparing, what are your authorities? What do you do when you look over these plans which turned out to be not very much of a plan at all in New Orleans? Did you bless, for instance, the mayor when he said, everybody that can get out, get out, but provided no transportation for those who didn't have transportation?

Four years before, you predicted that this event—and I am not talking about you personally, but the Agency predicted this event may happen. If it happens again, what is your role? Those are basically my questions. And I know you are here to testify today about your recovery efforts and what you are doing with things like debris removal.

But as far as psychological, the debris removal that I think American citizens are still dealing with is those images in our mind of people trapped for five days without water and food. That is really my remark.

Mr. SHUSTER. I thank the gentleman.

And I just want to remind my colleagues that I think Mr. Bachus just said it, this hearing is focusing on recovery efforts. I know we have the chief operating officer of FEMA here, and obviously if members ask questions, we certainly want you to respond to them. But again, the focus of this is recovery efforts. That is why the Speaker set up the Katrina Committee. We are dealing with those questions of the five days before and the five days after.

Mr. BACHUS. I would say, just as a subcommittee chairman, this Subcommittee has jurisdiction over FEMA. Part of the charge is preparing recovery. Part of the recovery effort depends on how well we were prepared.

Mr. SHUSTER. Absolutely.

Mr. BACHUS. Part of what went on with recovery was because we weren't prepared and there were things we had to do after the hurricane which we are looking at today because someone didn't so something before the hurricane.

Mr. SHUSTER. Yes, the gentleman is absolutely correct in that analysis. We are going to look into those aspects of it. But as I said today, we really want to focus on those recovery efforts, as you mentioned, as we move forward.

I know members have, there are 535 members of Congress that have those exact same types of questions, and we are going to sift through it all and figure that out and get to those answers.

We have three panels of witnesses appearing before us today. The first will be comprised of two witnesses from the Department of Homeland Security, Mr. Ken Burris, who is the Deputy Undersecretary for Emergency Preparedness and Response, and Mr.

Richard Skinner, the Department of Homeland Security's Inspector General.

These witnesses are being called to discuss what the Department is doing to manage this massive recovery effort; what additional resources are required to ensure it works efficiently; and what systems or processes are required to make sure it is not abused. I want to welcome you both here today.

Our second panel is going to consist of our colleague from Louisiana and a member of this Committee, Richard Baker. While he normally would testify first, he was not able to join us now, and he will be here around noon and we will have him testify after the first panel.

And the third panel will be witnesses representing State and local officials who have worked or are working with FEMA on the recovery effort. We hope to hear from them how the system works or doesn't work for the end users.

I would like to now ask unanimous consent that all our witnesses' full statements be included in the record. Without objection, so ordered.

For each panel, we will hear all the witnesses' statements and then ask questions of the entire panel. Since your written testimony has been made part of the record, the Subcommittee will request that you limit your testimony to five minutes. With that, the first panel, Mr. Burris, you may proceed.

TESTIMONY OF KENNETH BURRIS, ACTING CHIEF OF OPERATIONS, FEDERAL EMERGENCY MANAGEMENT AGENCY; AND RICHARD L. SKINNER, INSPECTOR GENERAL, UNITED STATES DEPARTMENT OF HOMELAND SECURITY

Mr. BURRIS. Thank you, Mr. Chairman, Representative Norton and members of the Subcommittee. I am Ken Burris, I am the Acting Director of Operations at the Federal Emergency Management Agency within the Department of Homeland Security. I serve in the role as the Chief Operating Officer.

As the response efforts for immediate lifesaving and life-sustaining efforts end a long and immensely challenging recovery effort is already well underway. To date, FEMA has registered over 2 million victims for assistance to provide housing assistance or direct assistance, and has provided direct assistance to 390,000 displaced individuals and families.

At this point, there were more than 300,000 evacuees from Hurricane Katrina sheltered in congregate care spread out around 48 different States in our Country. Today, that shelter population in congregate shelter care is down to 57,000. We have a little more work to do to get that to zero.

Our first and foremost priority is to address the housing needs of those that are displaced. This will be a partnership with State and local leaders that play a central role in determining the nature and the shape of this type of planning and rebuilding process. We will support and supplement State and local efforts through our processes, while continuing to assist the individual disaster victim.

Our goal is to move all Katrina evacuees out of congregate care by the middle of October. In Louisiana, Mississippi, Texas and Alabama as well, there were hundreds of thousands of homes that

were destroyed in one of America's largest natural disasters. The housing stock in the most impacted areas in the southern parishes of Louisiana and the counties of Mississippi, there is an estimated short and mid term housing requirement for 600,000 households.

Some of these households are still in congregate care, while many of those are displaced in hotels or motels, or are living with family and friends. These individuals too will require that type of long term housing assistance. The Federal Government is committed to helping the citizens of the Gulf Coast overcome the disaster and rebuild these devastated communities.

Our strategy is based on the single premise that assistance of victims of Hurricane Katrina is to reestablish a normal living environment as quickly as possible in the towns and communities where they want to live, so as long as the local infrastructure can support that type of long term living. In reaching these goals, we apply three basic methodologies.

The first methodology is to provide direct to families and individuals assistance that allows them to choose for themselves the best housing options where they can best find a job, fit into the community and decide for themselves how they can best move forward. The Federal Government's disaster assistance is not and does not take the place of insurance. None of our programs are that comprehensive or provide that comprehensive coverage. But we can help and we will help where eligible families are available to have housing assistance for temporary housing up to 18 months.

Last month, we announced a comprehensive housing assistance program to meet the immediate needs of individuals and families displaced by Katrina. DHS and the Department of Housing and Urban Development announced measures that provided transitional housing assistance to evacuees, to cut through red tape and to provide the flexibility, the choice and the portability needed to remove themselves from congregate care and temporary shelters to more stable housing.

We also expedited aid to evacuees with immediate housing needs. Because of Katrina's unprecedented scope and widespread dispersion of the evacuee population, FEMA accelerated the assistance to individuals and households program to provide housing assistance to homeowners and renters. To reduce the up front paperwork and provide immediate need, households will receive an initial lump sum payment of $2,358 to cover three months of household needs. This payment represents a national average of the fair market rent for a two bedroom unit. Those who qualify for further benefits may be extended assistance up to 18 months, for a total of $26,200.

HUD is also providing specialized housing assistance through a program that is called the HUD's Katrina Disaster Housing Assistance Program. While many and most of these evacuees will receive FEMA assistance, others will be eligible for the HUD assistance.

We have instituted the Disaster Unemployment Assistance Program and at this point, we have distributed $48 million to the Department of Labor for unemployment benefits for those who qualify.

The second method in assisting the States that have been encumbered by the increased demands on their limited resources, it is apparent that many of these States welcomed the evacuee population

into their States. Through that, there has been impact on their local services. We have agreed to commit to reimbursing the States for the increased shelter costs of this, as well as the increased cost to the educational system where States have experienced an insurgence of students within their school systems.

As always, we stand ready to help in rebuilding communities in a safer, less vulnerable situation for future loss of life and property. We do this through our public assistance program. I know we want to talk about some of our other contracting methods, but our public assistance program, let me say that the States will be paid a portion of this through the grants process. We enter into a lot of awarding through public works process, through the grants process. Through that process, we will try to assist as well as we can in the rebuilding efforts in these areas to make these communities safer and stronger.

That concludes my oral statement. I will be glad to answer any questions you may have.

Mr. SHUSTER. Thank you, Mr. Burris.

We will now hear from Mr. Skinner. You may proceed.

Mr. SKINNER. Thank you, Mr. Chairman, Ranking Member Norton, members of the Subcommittee and others.

Today I would just like to summarize a couple of points from my prepared statement which I have submitted for the record. First, concerning OIG community oversight. Through the PCIE, that is the President's Council on Integrity and Efficiency, their homeland security roundtable, which I chair, the Inspector General community has been working together to coordinate our respective oversight efforts from the beginning. Collectively, we have prepared plans to provide oversight for 99 percent of the $63 billion already appropriated to date for Hurricane Katrina relief efforts.

As with all presidentially-declared disasters, FEMA establishes or coordinates the Federal Government's relief efforts. To do this, they administer some of the funds directly. But the bulk of the funds are distributed to other Federal departments through mission assignments, or State agencies through grants. As of October 4th, FEMA has made grants to Katrina-affected States totaling about $1 billion and mission assignments totaling about $7 billion, of which about $6 billion went to the Department of Defense.

The overriding objectives of the OIG plans are to ensure accountability, promote efficiencies and to detect and prevent, and I emphasize prevent, fraud, waste and abuse. Insofar as a large portion of the funds obligated to date have been or will be spent for contractor support, the OIG's current plans will naturally focus on contract management. This includes performing internal control assessments or risk assessments of procurement systems, monitoring contract operations and reviewing the award and management of all major contracts, particularly no-bid or limited competition contracts.

In this regard, the OIGs are looking at the evidence to support the no-bid selection or decision, the criteria used to select one contractor over another, the reasonableness of the costs associated with the service or product to be delivered, the qualifications of the contractor selected, and the support for the payments made to the contractor.

Notwithstanding our best efforts, however, to prevent problems through an aggressive oversight program, history has shown that there are some who will try to beat the system through fraudulent means. Accordingly, the OIGs will be working closely with the newly established hurricane fraud task force, which is chaired by the assistant attorney general of the Criminal Division in the Department of Justice.

The task force is designed to investigate and prosecute disaster-related crimes. It will track referrals of potential cases, coordinate with law enforcement agencies such as the IGs to initiative investigations, match referrals with the appropriate U.S. attorney offices in the affected States, and ensure timely prosecution of cases. In this regard, an OIG hurricane relief fraud hot line has been established and has been widely publicized throughout the Gulf Coast.

As a result of these efforts, we have already made eight arrests and expect to make many more in the days and weeks to come. To date, the OIGs have committed a total of over 350 auditors, investigators and inspectors in this combined effort.

Now with respect to our office, the DHS OIG oversight responsibilities. Based on my experiences as a deputy inspector general at FEMA, I recognize that a disaster of this magnitude will require long term commitment. Accordingly, to ensure that we remain focused, not just on short term response operations, but also on long term recovery initiatives, which require our involvement for the next three, five, seven, maybe even ten years, I have created an office to focus solely on Hurricane Katrina relief activities.

I just recently hired an assistant inspector general to manage this effort on a full-time basis. Sixty employees have already been assigned to this effort, and over 30 more will be added within the next 3 months. We are prepared to add even more resources, provided funding is made available as the need arises.

We have had personnel monitoring FEMA operations since the hurricane struck September 1st, and currently have auditors and investigators assigned to the joint field offices in Baton Rouge, Montgomery, Alabama, Jackson, Mississippi and Austin, Texas. Our auditors will provide oversight of the entire spectrum of FEMA programs: individual assistance, temporary housing, public assistance and mitigation when it comes online.

Finally, we have initiated a review that will focus on FEMA's preparedness for an response to the devastation caused by Hurricane Katrina. This review will be done in close coordination with GAO.

In conclusion, I would like to say that collectively, the OIG community is uniquely qualified and in position to provide the most timely and effective oversight of Hurricane Katrina and Hurricane Rita activities. You can be sure that the OIG community stands united in its efforts to ensure that taxpayer dollars are spent wisely today and in the years to come as the communities and victims of the Gulf Coast region get back to normal.

Mr. Chairman, that concludes my statement. I will be pleased to answer any questions.

Mr. SHUSTER. Thank you, Mr. Skinner.

We are going to go into the question rounds, and again, I want to remind my colleagues we are going to stay to five minutes. I am

sure everybody has many questions. But we will keep it to five minutes, and I am going to enforce that strictly.

As I mentioned in my opening statement, I have a great concern about some of these not only in New Orleans, but the smaller communities that we traveled to. I know Hancock County, a small, rural county, we talked to the city manager of Biloxi and in New Orleans, they are running out of cash. The mayor of New Orleans just laid off, 20 minutes after he left a briefing with us, he laid off 3,000 workers out of the 7,000 workers in New Orleans. They just don't have cash.

The Stafford Act, it does not make, well, let me back up. The interpretation of the Stafford Act says that the FEMA can only pay for overtime, but in reviewing the Stafford Act, nowhere does it say overtime or straight time in there. I wanted to know what your view is. Can the President order cash to flow to those affected areas to pay for straight time? You can both comment on it, if you wish.

Mr. BURRIS. I guess Rick is going to let me go first, since I am the policy guy and he is the legal guy. On a policy basis, we have had a longstanding policy that the straight appropriated funds, that jurisdiction would be applied to their services, are the responsibility of that jurisdiction. We pick up the overage over the normal appropriated funds.

Mr. SHUSTER. But on the legal side, it doesn't say specifically in the Stafford Act, your policy and interpretation has been that in the past, I understand that. But we are facing a situation right now where people just don't have the cash to pay the straight time. So is it your view, I guess what I am looking for is, do we need to correct it legislatively, or can you go back and the President can reevaluate and say, we have to get them some cash, let's just move forward?

Mr. BURRIS. I am aware of efforts, we also administer the disaster loan program that currently has a cap on it of $5 million. That is currently being revisited to raise that cap to allow loans from that to happen.

Mr. SHUSTER. Also I understand that you want to make it really a loan program, because in the past it has turned into just a grant program, which I think is wise.

Mr. BURRIS. That is correct. In the past, it was, most of those lower than $5 million were just forgiven.

Mr. SHUSTER. Right. I think we may even be trying to correct that legislatively this week with the CDL program.

Mr. BURRIS. I read that this morning.

Mr. SHUSTER. But back to, is that something you are willing to go back and take it up to the highest levels?

Mr. BURRIS. Yes, sir.

Mr. SHUSTER. We talked to Biloxi yesterday, and their city manager said 80 percent of their revenue is gone. They just don't have the cash, everybody is cash-starved. So the CDL is one way, but looking at the Stafford Act paying for emergency personnel is what we are looking at, the police, the firemen, getting them paid so they are on the job.

The second question I have is, does FEMA have the manpower to manage this recovery, which I believe Mr. Skinner said, this is

a long term project. We are talking three years probably, or maybe longer. As I look at some of the statistics, the IG's office has 90 inspectors and FEMA has 70 program managers. We have 20 more inspectors than we do managers. It seems to me, especially at this point, we are going to need a lot more managers. What is your view on that, Mr. Burris?

Mr. BURRIS. The Stafford Act allows us the availability to search and have employees come on board in FEMA that are direct charge to the disaster. We have done that. We are in the process of hiring additional employees to staff up our recovery efforts.

But we also rely heavily upon our technical assistance contractors, in which we have, private industry goes out, provides engineering assistance, provides technical types of assistance to local jurisdictions to help them through the process. Currently there are around 3,000 of those in the affected areas.

So we have the ability to hire term employees that are charged specifically to the disaster. We do that regularly. We still have employees on our rolls that are term employees from the Northridge earthquake. We had Andrew employees on our employees for 10 years. So it is a long term effort that goes on in a recovery. The Stafford Act provides us the flexibility to staff up and do that.

Mr. SHUSTER. Are these people going to be high level, they are going to be able to make decisions? What it sounds to me like is, you sort of have the workers out there, and it would seem that with 70 programs you need more people that can make decisions. The concern is, where do they come from and how long do they take to train?

Mr. BURRIS. On the policy decision front, especially in our recovery division, they have put together a task force to address policies as they come along. I can say I have to deal with a policy decision several times a day to adjust things. The debris removal policy was one of them that we streamlined to make it work specifically for this event.

So the intent and purpose is to provide workers in theater, and then we also provide senior level managers through that method in the field that have the ability to make limited policy. But policy that affects disaster response on a nationwide basis has to come up to Washington to be reviewed.

Mr. SHUSTER. That is a great concern of mine, and your answer is concerning me, that we seem to be doing business as usual. This is enormous. We need decision makers. I know the process, I saw the process in Florida. It goes up the line, it comes to Washington and the next thing you know, the facts aren't the same as they were when it started out.

I would encourage you, let's do some things differently. Let's push those decisions out into the field. We are going to make mistakes, there is no doubt, no matter how we do it. But getting the relief to these people, and this is, as I said, and you know it, it is huge, it is different than anything we have faced. I think we ought to be looking at it differently.

I see the clock has expired, so I am going to live by the five minute rule and die by the five minute rule. Next I would like to recognize Ms. Norton.

Ms. NORTON. Well, if the Chairman lives and dies by it, you see the message he is sending to the rest of us.

[Laughter.]

Ms. NORTON. I would like to ask Mr. Skinner a question about this sole source notion, because it is very easy to criticize Government for sole source, of course, if there is no other way to do it. You say, get us somebody here that does what needs to be done.

This Committee has jurisdiction over GSA. What I am familiar with is the GSA schedule. That doesn't have to do with emergencies. What it means is that people have pre-competed so that you don't have to think about sole source, because in fact you know who is qualified, you go to a set of qualified people, you get a low bid just like that, because they are all qualified. It has been a competition.

Is there anything of the kind like the GSA schedule that FEMA uses or should use?

Mr. SKINNER. They in fact do use the GSA schedule where they can. In this particular disaster, however, I think the scope of the work that was required required FEMA to think outside the box, go beyond what was on that GSA schedule.

Ms. NORTON. What items, for example, were unanticipated, were not on the schedule?

Mr. SKINNER. The need for, in going with the Corps of Engineers, for example, in the debris removal.

Ms. NORTON. I'm sorry?

Mr. SKINNER. The Corps of Engineers, who FEMA tasked to lead our debris removal efforts.

Ms. NORTON. And the Corps of Engineers alone does the debris removal after these hurricanes and earthquakes? They are contractors who are on your schedule who do that?

Mr. SKINNER. Yes. They are the primary agency tasked to lead our debris removal efforts, I believe. The States also, I think, have the option to do their own debris removal.

Ms. NORTON. Well, there was no State option here, obviously. What I am trying to find out is, are you solely dependent upon the Corps of Engineers, or were there contractors on the GSA schedule or on some other schedule that could have or should have been called to that task, for example, since it is perfectly foreseeable?

Mr. BURRIS. When you are talking about solely dependent on the Army Corps of Engineers, in the debris removal, in this particular disaster there is direct Federal assistance for the first 60 days. That means that the Federal Government is going to pick up the cost for that direct Federal assistance.

We turn to the Corps for debris removal. Now, the Corps, in and of itself, does not themselves do all this debris removal. They go through a contracting process where they contract to local contractors or national contractors to assist them in the debris removal process.

Ms. NORTON. So why weren't there contractors—and since I was cited by Mr. Skinner now, I asked for an example, he said debris removal, he said that was something that was unforeseen. I am trying to find out why that was unforeseen since that obviously is necessitated whenever there is a natural disaster.

Even if there was a scope of it, the Country is crawling with debris removal people. Do we need to have the GSA schedule expanded, there just weren't enough people on it, the Corps doesn't have enough companies on it? Why was it necessary to do sole sourcing debris removal?

Mr. SKINNER. Congresswoman, we are looking at that as we speak, at all the contracting activities that took place immediately following this disaster, from day one. One of the issues that is high on our priority list is the debris removal issue. What we have learned today is that the Corps of Engineers does in fact have pre-existing contracts for contractors to come in and remove debris.

However, the extent of the devastation here was so great that they had to—we absorbed all the available resources that were available under those pre-existing contracts. They had to go outside of the pre-existing contracts, outside the GSA schedule and look for other contractors. That is what we are observing right now.

A lot of that was done on a sole source basis. We are looking at that to ensure that although it was sole source, you still have to act in a very reasonable manner when you negotiate these contracts.

At the same time, you have your States and you have your local governments, many of whom chose to take charge of their own debris. In Alabama, for example, I believe 90 percent of the debris removal operations is not being handled by the Corps, but being handled by the State in itself. In the State of Mississippi, 50 percent of the debris removal operations, based on our assessments right now, are being handled by the Corps, whereas the State and the local counties have chosen to handle their own.

All of these people, most of these people, we are not complete in our assessment, but it looks like about 90 percent of those contracts that were entered into were on a sole source basis. I am not suggesting there is anything improper about that. We were in the middle of a battle, the debris had to be removed off the major arteries, the ambulances, police, law enforcement and also to allow people to come in to clean up. But we are in fact looking at that, and that is generally what we are seeing.

In Louisiana, I believe the Corps is the predominant lead for the debris removal operations in that State.

Ms. NORTON. So we have one reform that you think is underway already, and that is to expand the list of contractors, so that sole source would not be necessary, given what we have learned from Katrina?

Mr. SKINNER. I am not aware of anything underway to expand that ability, but at this point—

Ms. NORTON. Mr. Burris, is there anything under—that is what you are being criticized for as much as anything. I am just trying to get an answer, if we have learned anything and if we have, whether or not we are contemplating dealing with those things. We didn't do it after Florida, I am trying to find out if lessons can be learned and attended to.

Mr. BURRIS. Let me clarify this Corps of Engineers thing. Corps of Engineers was mission assigned. They were not a sole source contract.

Ms. NORTON. I know the Corps of Engineers was not—look, I didn't get—I will leave that there. That was given to me by Mr. Skinner as an example. I didn't accuse anybody. And let me just go on to—

Mr. SHUSTER. The gentlelady's time has expired. We know everybody has a lot of questions here, we want to be fair to everybody. Maybe that is something we can offer in writing to you, a question, and you can give us back detail. I think it is a detailed answer to it, and we want to make sure we get the answers. But I now want to move on to Mr. Dent for five minutes.

Mr. DENT. Thank you, Mr. Chairman. My question will be for Mr. Skinner.

I read recently in a series of articles by the Tribune Services, you might have seen those articles about clear cases of fraud, waste and abuse with respect to the FEMA recovery effort for previous disasters. It identified specifically situations in Florida and also in Detroit, Michigan. Some of the things they pointed out in those stories really were quite alarming.

For example, States declared counties disaster areas where the counties themselves had not asked to be added to that State disaster list. It was submitted to the Federal Government. There were cases of many people, far too many people, who were not impacted by the disasters in Florida and Detroit, people in alarming numbers, they had received checks from FEMA.

I am just deeply concerned that your Agency is going to be up to the task in the Gulf Coast, where we have so many real victims of these disasters. We want to make sure we get them all the support that they need. But given the abuse that occurred in previous hurricanes, what specifically can you do to make sure that we don't see that same kind of recurrence of events that we saw in these previous situations?

Mr. SKINNER. Thank you, Congressman. First, let me assure you, we are up to the task. We also are working very, very closely with the other IGs in the community to provide oversight of their respective programs.

For example, SBA IG is looking at the SBA loan programs. The Department of Labor IG is looking at the unemployment programs, or the grants that were made to the States for unemployment. The Department of Agriculture is looking at the food stamp distribution program for the disaster victims.

With regards to providing oversight in making references to what we found in Florida and Detroit, one of the lessons learned, I think, from the Florida hurricanes, is the fact that—in other words, we are not experiencing the same problems in Florida that we observed last year. That is, FEMA was very careful to go to the individual counties and do preliminary damage assessments for those outlying counties to ensure that the damage was sufficient to justify a declaration. That was not always done after the Florida disasters, and as a result, some marginal counties may have been declared unnecessarily.

In this case here, it is pretty obvious, those counties that have both PA and IA declarations are most certainly in need. Those outlying counties, FEMA has done preliminary damage assessments. I just returned from there last night myself, in visiting Alabama,

Mississippi and Louisiana, and looked at those counties that are on the marginal line. Many have not been declared, not every county in the State has been declared a disaster in Mississippi and Alabama, for example. So that in itself will help solve some of the problems.

Now we just need to focus on those that were declared, those counties that are in need of assistance. Unfortunately, there are going to be people in those counties and people outside those counties that are going to come in and try to take advantage of the situation. We are working very closely with the Department of Justice and their task force.

Mr. DENT. How quickly can you recognize this type of fraud when it occurs, and how quickly can FEMA de-obligate those funds if you do witness this fraud?

Mr. SKINNER. Our attempt here is preventive. We are trying to get to them before the check is actually delivered. That is what we have done to date. As a matter of fact, we have met many of these culprits, we have made several arrests already. We just met them at the post office when they come to collect their check.

So we try to do it up front. We have a lot of partners that are helping us do that. One of the biggest partners is the post office. For example, in Louisiana, someone applied for, a couple applied as Mr. and Mrs. John and Jane Doe. The postal employee that delivers the mail recognized that John Doe did not live there, nor was there any damage to their home, nor did they need disaster assistance. They immediately contacted the task force, we investigated and made an arrest.

So we are trying to catch them right up front. We have many partners that are helping us with this. We are doing it through hot line complaints as well. We are advertising our hot line number down there through public service announcements, on TV, radio and the local governments there.

Mr. DENT. Thank you. I would like to ask Mr. Burris a quick question, just keeping in mind those difficulties from Florida last year, and even in Pennsylvania, we had Hurricane Ivan. I still have a lot of problems up there with people getting reimbursed, and of course our situation was much more limited than what we have seen here in the Gulf Coast.

Do you feel that FEMA recovery division has the current capacity to handle the recovery of such a large scale disaster? How much additional staffing are you going to require and resources to ensure timely action to help those people who have been the victims of this terrible disaster in the Gulf Coast?

Mr. BURRIS. We definitely require additional resources to handle the magnitude of what has happened in the Gulf Coast. We are doing that through the Stafford Act hiring authorities that allow us to bring on, into the Federal Government or through contracting, employees that are charged directly to a disaster. They are on a term limited basis.

Mr. DENT. Okay, no further questions.

Mr. SHUSTER. The gentleman's time has expired.

I yield five minutes to Mr. Taylor for questions.

Mr. TAYLOR. Mr. Skinner, I found your talks about trying to cut down on the fraud interesting in light of a case that I know to be

true, and that is that my daughter and son-in-law, because of bad communications, both filed for a FEMA claim. They happen to have been residing in New Orleans.

Both checks come in, my son-in-law calls FEMA and says, look, you all screwed up, we screwed up, we ordered two checks, we are only due one, what do we do with it? He said the folks at FEMA started laughing on the phone and said, this is the first person to ever call in and do that. So I am hearing that you are going after fraud, but they basically said, do what you feel like with it. I am quoting my son-in-law, there is no reason for him, he knows what my job is, there is no reason for him to try to pull a fast one.

But that is certainly contrary to the tone of what you are saying today. So I would hope that you would instruct your folks that when people realize they have made an honest mistake and try to do the honest thing to reward them for that and say yes, this is the process that you do. I found it interesting, in one of the publications I read just yesterday that now you are going after Floridians about a year after the fact who got too much money. I think it is much more important to catch it up front, right?

Mr. SKINNER. Yes.

Mr. TAYLOR. Than a year later.

Second thing, again, I am hearing a lot of hearsay about the abuse of the system. So I would like a clarification. In Mississippi we have an excellent State law preventing conflicts of interest. It is just airtight. You can't even be a member of a board that does business with yourself, you can't exclude yourself from the vote, you just can't be on a board that does business.

What are the rules as far as FEMA? Because I am hearing some disturbing accusations. Could a county or a State elected official in one of the three affected States turn around and start a business to do business with FEMA, either in disaster cleanup, a site for waste disposal, since that seems to be a hot ticket, or any of these other things? What are your rules, and does that need to be approached, since to a certain extent, particularly if you are dealing directly with a county, that person is in a position that they might or may not have been steering business his own way?

Mr. SKINNER. First of all, I will just make a comment on the remark on the telephone call. Those people do not work for the OIG. We are embedding people up at the NPSI, the place that receives those calls, so that we can monitor their activities as well.

Mr. TAYLOR. Well, you need to monitor them a bit more closely.

Mr. SKINNER. Yes. I really encourage you, that remark was definitely inappropriate, and had we been made aware of it, we would have taken action.

Mr. TAYLOR. It is even worse, she actually called for her supervisor, and the supervisor started laughing.

Mr. SKINNER. That is very, very inappropriate. We are going to embed people up there in that operation this week, as well as at the payment center in Mount Weather to track that whole process and learn more.

In response to your second question, I think Ken might be more equipped to answer this, but from a prosecution standpoint, we rely on the laws of the State. I know Mississippi has very tight conflict of interest laws. Louisiana has laws that allow you to invest up to,

I think it is 4.999 percent without disclosure. So if someone does have a vested interest in a company that is doing business, that is totally legal, it is not prosecutable.

However, if that individual provides any information that may mislead or have an influence, adverse influence on the decision to approve a contract or a financial relationship, then we can factor that in for prosecution. So there is no Federal law, per se, that will override any of the State laws.

Mr. TAYLOR. So you are using your authority to enforce State laws?

Mr. SKINNER. Yes. In essence. We do have to, there is no Federal law that would override the State laws in that regard.

Mr. TAYLOR. Since the majority of the work is going to take place in the three coastal counties and that average is anywhere from about 150 miles from the State capital of Jackson, I am curious why you are putting your Inspector General 150 miles away from 90 percent of the work.

Mr. SKINNER. No, we are not.

Mr. TAYLOR. I heard you say Jackson.

Mr. SKINNER. Yes. We have an operation there, because that is where the joint field office is. That is where all of the applications are screened, that is where the accounting is done, that is where the contracting is done and the awards are made.

We have a sub-office as we speak in Biloxi, and we are working out of Biloxi as well. Our biggest problem right now is housing, not only a place to sleep, but a place to secure our work papers and our documents as we go through our investigations and audits. But we are in fact in Biloxi itself.

Mr. TAYLOR. Mr. Burris, some of the best work that I saw done in the aftermath of the storm was performed by the Army National Guard and the Navy Seabees. One of the things they just took upon themselves is, we are going to make thing right, we are going to open up these streets and we will ask for permission later.

In the immediate aftermath of the storm, that really was the right attitude to take, it was the only attitude to take. I was there at ground zero.

One of the things we are running into now is we still have desperate need for housing. At this point, people would welcome a tent to live in as opposed to a little dome shelter that may or may not have been looted from the local Wal-Mart or K-Mart. I am being told that the Navy construction battalion has been stopped on at least one occasion from erecting large tents to provide temporary housing because a local contractor objected.

It would seem to me that it would be in the best interests of our Nation to have some sort of a 60 to 90 day window where the military can just step in and do what needs to be done without a contractor being able to object. These are desperate times. I am of the opinion this is not the last horrible hurricane or natural disaster this Nation is ever going to see and there is certainly the threat of terrorism out there.

If the military has the capability, I understand that at some point, when life gets back to normal, the contractors ought to be able to say, hey, I can do that job. But for the foreseeable future, 30 days after the storm, 60 days after the storm, even 90 days after

a storm, when you have people who are living in their cars, living in a pup tent in what used to be their front yard, and the military has the availability of building tents, I would sure hope FEMA would rethink that whole law that allows just one contractor to stop this from happening. I would like to hear your thoughts on that.

And apparently, this apparently is happening as we speak near Pass Christian, Mississippi.

Mr. BURRIS. Where again, sir?

Mr. TAYLOR. Pass Christian. I guess you guys would say Christian.

Mr. BURRIS. Yes, sir. I am not aware of that incident. I am aware that military commander have the ability to implement whatever program they deem necessary to implement for the health, safety and well-being of the civilian population around their post. I will have to check into this particular one. I don't see that a contractor would have the authority to tell a military commander no, he could not do something like that.

Mr. TAYLOR. Since we are blessed to have the Seabees down there, and they do a lot of good works, as they are training to deploy. The rule traditionally has been that they could come in and help a county clear a field for a soccer field, even do some sewage treatment work, build a pier for recreational purposes for a city or for a county, as long as a local contractor did not object. That has worked pretty well during peace time.

What we are finding now is that in this time of true emergency that still, a veto by a local contractor is still on the books. It is really preventing a great asset from being used to its fullest extent.

The county supervisor who brought it to my attention happens to be in town today. Is there any chance I can get him with you to walk you through that?

Mr. BURRIS. Yes, sir.

Mr. TAYLOR. Would you get with me?

Mr. BURRIS. Right after this.

Mr. TAYLOR. Thank you very much. Thank you, Mr. Chairman.

Mr. BURRIS. Could I answer a question regarding the integrity of our contracting?

Mr. SHUSTER. Sure.

Mr. BURRIS. We do applicant contract, applicant briefings with local government and State government to have everyone that gets Federal dollars to understand what the requirements are to use those Federal dollars in contracting. This, because we have been delayed in our public works projects, we worked with the IG's office to put together a program to be more proactive in that. Instead of doing it during the applicant briefings, we worked with our JFOs in each State to get that on the ground up front, so that the local officials, who are managing Federal funds, know exactly what the requirements for the use of Federal funds are and the penalties for violating the Procurement Integrity Act.

Mr. SHUSTER. Thank you, Mr. Burris. I certainly would like to hear back as to if we were able to resolve that problem. I appreciate that.

Next I would like to recognize Mrs. Kelly.

Mrs. KELLY. Thank you, Mr. Chairman.

I have to say that, being from New York, we experienced a man-made disaster on 9/11/01. FEMA had a great response. They were there for us and they worked hard. I really do thank FEMA. There are still some loose ends. We had a couple of hurricanes that hit my district, forest fires and storms, and FEMA has been in and helped my district a great deal and I do thank you.

But five years later, Mr. Burris, I represent a district that holds Indian Point Nuclear Facilities, power plants that are just north of New York City. The soundness of the emergency preparedness plans for the area surrounding the plant has always been a top level concern in my district. I am sorry to say that the confidence in the plans is not nearly as strong as it should be, and with good reason.

Governor Pataki commissioned a report that found a lot of problems with the emergency preparedness in 2003 and now in the aftermath of Katrina, there are some very serious concerns in my district. In some towns, officials have gone so far as to begin mapping escape routes, because we all saw the traffic jams coming out of Louisiana. And sir, we have a lot of people living in that area within very close proximity, a ten mile proximity to that plant.

Due to those inadequacies that were exposed by Katrina, I want to know if we can expect FEMA to conduct another review of the evacuation plan for the area surrounding Indian Point.

Mr. BURRIS. I will take your concerns back to our REP program, our radiological emergency preparedness program, and to the director to bring that to their attention.

Mrs. KELLY. I wish you would, sir.

Mr. BURRIS. I will do that.

Mrs. KELLY. Because earlier this month, the DHS, the Nuclear Regulatory Commission, FEMA and the FBI conducted what they considered a comprehensive review of Indian Point. They went out publicly and told our local officials and other people there about the conditions of the plant. They painted a very rosy picture of safety and security.

The following week we found out that these same people had neglected to mention a leak in the spent fuel pool. It was a radioactive leak. And it was a fact that they just neglected to share, after going out and painting this rosy picture.

Mr. Burris, I don't think that we can expect people to have confidence in the Federal Government's ability to evacuate them in the event of any kind of an emergency, let alone a radiologic emergency which is what we are worried about here. If you can't be counted on to share some basic information on safety levels at this plant, it has been five years and we still don't have an adequate plan.

After what happened in Louisiana and Mississippi, we know we need your help. But we need honest help, sir. We need something that tells us the real facts.

I am also concerned that Indian Point currently does not maintain a backup electricity source for their independent, that is independent, for their energy grid and its emergency sirens. FEMA met with the county officials on July 6th, and in that meeting they agreed with county officials that there was cause for concern after they evaluated the siren notification system.

FEMA officials at that meeting agreed to issue a formal written report to the NRC on the findings of their evaluation. But in fact, they have said that report would be to us by the end of September. It is now October. No county, none of the five counties that I represent, has received anything. I would like to know what the status of that report is.

Now, I know you did not come here to talk about Indian Point, sir, and I understand you are not able, maybe, to answer my questions. That doesn't change the fact that I have a lot of constituents who are demanding answers. We are worried. We live there. The nuclear plant is within 50 miles of New York City. What I want to do by my questions to you right now is make my colleagues aware of some of the FEMA problems that we, who have experienced a man-made disaster, have found.

There is a delay. The record needs to be better for Louisiana and Mississippi and definitely and definitely needs to be cleaned up in New York with regard to your responding to these emergencies. And sir, I would caution you, please do not stand again and give us a rosy picture of evacuation plans and how this plant is running unless it is absolutely true.

Thank you.

Mr. SHUSTER. Thank you. I would like to now yield five minutes to Ms. Johnson.

Ms. JOHNSON. Thank you very much, Mr. Chairman.

Mr. Skinner, are you satisfied that there is true accountability for the money and transparency in dealing with the contracts and the money?

Mr. SKINNER. No, I think there most certainly is room for improvement. There is no question. This is a very large disaster. There is a lot of activity spread across four to five States. Actually even 48 States, when you look at the dispersion of the evacuees. We are working on that, that is what our job is, to review how well we are accounting for the funds, how well we are contracting and how well we are providing oversight in ensuring that we receive the products and goods that we buy.

I am very cautions or concerned about the amount of monitoring we are doing right now, after we award these grants to the States for debris removal, as an example, and for that matter, how well we are monitoring the contracts that we have awarded to ensure that we are getting our money's worth. As time goes on, I am sure that will improve. But at this point in time, I think that there is room for improvement.

Ms. JOHNSON. Thank you. I am from Dallas, Texas, and we have up in the thousands of people from the more flood-prone area of Louisiana, primarily. No money has flowed in our direction. But it is needed. There are so many evacuees that need to placed in housing. There are so many organizations that need to find out how to be reimbursed for some of the things that they have done. Because it has basically been furnished by public service of non-profit organizations and money that the local officials have raised. So I would appreciate some attention to that.

Mr. Burris, when I was in Louisiana the other day, I asked a gentleman who has a contract for removing debris if he had hired any local people. He is from Georgia. He said, a few. What kind of

outreach effort is in place to attempt to hire people that are from New Orleans, somewhere in those areas where they could get the benefit of making some kind of wage? There is no income there for the city or the State or anything. Unless some of these people get jobs and some of the local people get contracts, there won't be any. It is going to take a long time to get through where they are.

But I want to know what kind of outreach efforts are going on to try to get some of those people back into those jobs.

Mr. BURRIS. We have outreach efforts to do local hiring when we hire, first of all, let me talk about the Federal Government, when we hire we make it a practice to hire locally there, to ensure that the impacted area has the opportunity to have those jobs. Secondly, in our contracting process, the Stafford Act says to the extent possible that the contractors will use local contracting and local hires to do that.

Our contracts also carry the clauses that 40 percent of the contracts have to go to small and disadvantaged businesses, and we monitor that very closely. I feel comfortable that we are meeting our obligation to utilize local contracting when and wherever possible.

Ms. JOHNSON. Well, according to the newspaper and what people are saying, 90 percent of the contracts have gone to large firms outside the State. The biggest complaints that I have are small businesses and some of the local people can't even get in touch with anyone to see whether they can do some subcontracting or something. What I would like to do is have you give me a name that I could contact directly to assist.

Mr. BURRIS. I will do that. We are actually having a—

Ms. JOHNSON. Where I can get through. Lines are busy all the time. But I really would like a number where there will be an answer.

Mr. BURRIS. I will do that. We are actually hosting tomorrow a small contracting seminar in New Orleans, in the area, in Louisiana, to assist small contractors. So we are going to be replicating that around the different States where our senior procurement officials are on the ground with the Small Business Administration, hosting these seminars so people understand that. That kicks off tomorrow.

Ms. JOHNSON. How have you posted it?

Mr. BURRIS. It has been, to my knowledge, distributed through our joint field offices in Louisiana to where the seminar is being hosted.

Ms. JOHNSON. Most of those people have been displaced. So some of them, a whole lot of them are in Texas. I have not seen any opportunity listed for any small business to try to get any business. They are all calling my office. It is jamming our phones and we need some help and relief.

Mr. BURRIS. I will make sure you get the information.

Ms. JOHNSON. Thank you. Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Ms. Johnson.

I now want to yield five minutes to Mr. Bachus for questions.

Mr. BACHUS. Thank you.

Mr. Skinner, you have 90 inspectors inspecting for fraud and abuse, is that correct?

Mr. SKINNER. We had about, when we transferred FEMA's IG office to the DHS IG, we transferred approximately 200 positions from FEMA, approximately, I would believe, between 90 and 110 that had extensive disaster response and recovery audit investigative capability.

Mr. BACHUS. Yes. That is what I have been supplied with, a figure of about 90 some odd inspectors.

Mr. SKINNER. Yes, that is about correct.

Mr. BACHUS. What type of fraud and abuse are they finding?

Mr. SKINNER. Right now, we are focusing on two things. One is contractor fraud. The big contracts right now that we are looking at deal with debris removal. I am not at liberty to talk about where we are on those investigations, but we do have ongoing investigations of debris removal contractors.

The second area that we are focusing on right now deals with the individual assistance and temporary housing program. The way this program is evolving, it started with the response, and that was a big contracting frenzy, so to speak, for debris removal. We then shifted into, within a week or so, into the individual assistance temporary housing program. So we are investigating that as well.

We have not started anything on the reconstruction, of course, because that has not started. But we are doing a lot of pre-applicant briefings, alerting them to what they do not want to do to get themselves into trouble. We are finding the individual assistance fraud, the fraudulent applications, we have already made eight arrests within the past week. We have at least 21 additional cases ongoing in Louisiana. We have several ongoing in Mississippi. There will be many, many arrests coming in the very next few days and weeks.

Mr. BACHUS. Is there a 1-800 number where people can report fraud and abuse, or what they consider mismanagement?

Mr. SKINNER. Yes, and I did not bring it with me. But we publish what we have done. Since there are 26 IGs involved here and they all have some oversight responsibility, SBA for loans, Labor for unemployment, what we have done is collectively come together and we have created one hurricane fraud hot line number.

Mr. BACHUS. Are you making an attempt with the local media to put that number out?

Mr. SKINNER. Yes, we have. I have done public service announcements for the radio, which have been satellited up, I believe this week. Tomorrow, we have done television public service announcements. Those will be distributed tomorrow to the local media in not just the four or five States that were affected, but the surrounding States as well, because many of the culprits reside in these outlying areas.

Mr. BACHUS. I know sometimes you contract, but more often than not it is the local government that contracts for debris removal and you reimburse those. Do you review those contracts also?

Mr. SKINNER. Yes, we are.

Mr. BACHUS. Your inspector, when he recognizes what he believes is waste or fraud in a contract, once you recognize that, how quickly can you respond to that?

Mr. SKINNER. Within hours. Once we open a case, what we want to do is develop certain facts so that we know that there is in fact a crime being committed. Within hours of opening that case, we immediately start coordinating with the local U.S. attorney to get that on their docket, so we can get prosecution.

Mr. BACHUS. And those have happened?

Mr. SKINNER. Oh, yes. All the cases I just referred to, the 8 arrests we have already made, the 21 investigations that are ongoing.

Mr. BACHUS. With contractors?

Mr. SKINNER. No, these are mostly individual assistance right now.

Mr. BACHUS. Let me deal with the contract. Debris removal is predictable, I think I have read in the press where a hurricane generates as much as seven years of municipal waste within a few hours. So you know you are always going to have debris removal.

Now, those contracts, do you have a standard where you say, we are going to pay $10 a cubic yard or $15 a cubic yard?

Mr. SKINNER. That is done competitively. Yes, in those cases as well, before we even open a case, we go to the U.S. Attorney to ensure that it can be prosecuted. As far as the rates, they vary by region. They are let competitively, they can be anywhere from $6 per cubic yard in remote areas of Alabama to as much as $25 a cubic yard down in New Orleans.

Mr. BACHUS. It is my understanding that a lot of them weren't let competitively right after the storm, is that correct?

Mr. SKINNER. Yes, there were many sole source let. That is one of the things we are looking at, as to why was it let sole source. I think there is an explanation for that. Then the second question is, why did you choose this contractor over contractor B. The third question, and a very important question is, is the pricing fair.

Mr. BACHUS. Is there a guideline for local governments in letting, say, you always know there is going to be debris removal. Is there may be a one or two page guideline saying, this is what we want you to do?

Mr. SKINNER. I believe there is.

Mr. BACHUS. Could I get a copy of that?

Mr. SKINNER. Absolutely.

Mr. BACHUS. You are looking at these contracts to see whether that was done?

Mr. SKINNER. Yes, we are.

Mr. BACHUS. Do you de-obligate funds when you find it was not done?

Mr. SKINNER. Yes, we do. If the contract is active, we will immediately go to the contracting officer and make a recommendation, there his something amiss here, freeze the contract, freeze payment, stop work. If it is determined that that contract should not proceed, yes, FEMA will de-obligate. But in addition to that, if they in fact did so something irregular or improper or illegal, we either go after those monies through the courts or we will make an administrative recommendation to FEMA that they go out administratively.

Mr. BACHUS. I have one more question. The special needs shelter that the City of New Orleans emergency plan set up at the Super-

dome, it said it was for elderly and sick patients. It instructed them to bring five days of water and food.

Mr. Burris, number one, was that practical for the sick and elderly to bring five days of water and food? Were you aware of that plan? What provisions did you make anticipating that, to bring water and food in?

Mr. BURRIS. To my knowledge, the Superdome had been designated, like you say, as a special needs shelter for critical patients that needed special needs. We had an MDMS team deployed to the site to take care of that.

New Orleans' decision to ask their citizens to bring five days—

Mr. BACHUS. Could you pull the mic a little closer?

Mr. BURRIS. I said, the decision to have the citizens bring five days worth of food and water, that is a local decision.

Mr. BACHUS. Is it reviewable?

Mr. BURRIS. Is it reviewable? I am sure every decision that has been made in this incident will be reviewed.

Mr. BACHUS. No, I mean is it reviewable prior to the case?

Mr. BURRIS. By the Federal Government?

Mr. BACHUS. Yes.

Mr. BURRIS. No.

Mr. BACHUS. Okay. Do you have the statutory authority to review that and say, that is not practical?

Mr. BURRIS. No.

Mr. BACHUS. Okay, if you review it and you see that they are supposed to bring that, did you all anticipate that they would not bring five days of food and water?

Mr. BURRIS. No, I can't say we anticipated what an individual's actions would be. I can say that the State of Louisiana requested that we provide food and water to that facility for 10,000 people for 3 days, of which we did on Sunday.

Mr. BACHUS. Oh, you did just—so the water and food were—

Mr. BURRIS. On Sunday at 5:00 o'clock.

Mr. SHUSTER. The gentleman's time is expired, contrary to the green light there. We have a malfunctioning lighting system. It is making clock management even more difficult.

I know those questions that you are asking, Mr. Bachus, are things that we are on the Select Committee on Katrina, we are going through a series of those types of questions. We have not got to that point yet, but I know we are going to be asking many of those same kinds of questions.

Mr. BACHUS. That is part of the recovery and rescue efforts, which I thought were part of this hearing.

Mr. SHUSTER. There will be more focus on those things as we move down the road.

At this time, I would like to recognize the Ranking Member, Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman.

I would say to the gentleman from Alabama, Mr. Bachus, in reviewing my notes from our Tuesday trip, I found that at Gulfport, Mississippi, the Corps testified or told us that their cost of removal includes costs within a 15 mile transportation radius of the site. That included all costs. But beyond that, it was not clear just what would be covered in costs.

As to the magnitude of the problem, I recall, I wrote to one of the cleanup teams, said, "We did the cleanup in New York City after 9/11. I can tell you, this is worse. The water damage makes it worse." Further, there were 40 million cubic yards of debris in Mississippi after Hurricane Andrew, I mean 20 million after Hurricane Andrew, 40 million cubic yards estimated of debris after Katrina.

Clearly, the scope, the depth of the Katrina-Rita disasters, to be fully appreciated, have to be observed in person. Mr. Chairman, you did that a couple of weeks ago, and I commend you for taking the time to observe first-hand. Then on Tuesday, with Chairman Duncan and you, Mr. Chairman, and other members of our committee, we toured Louisiana, Mississippi, Alabama in that order, had on the ground briefings, we saw from close-up helicopter oversight the scope, the depth, the magnitude, the pain of this disaster.

But even before the disaster struck, and as Congress was creating the Department of Homeland Security, I cautioned, as did Chairman Young, against including both the Coast Guard and FEMA in this new Department. I argued against it in committee, together Mr. Young and I went to the Select Committee on creating the Department and argued against including FEMA. When the bill that came to the House floor did nonetheless include FEMA, I offered an amendment to strike it and restore FEMA.

After seeing my worst fears realized on the screens of television coverage of the disaster, I have drafted a bill which I will, one I have introduced already, but it is an enhanced version, which I will soon introduce, to restore FEMA as a cabinet level independent agency with a director who reports directly to the President, to establish qualifications for that director, requiring experience in emergency management and response, recovery, preparedness, mitigation, acts of terrorism, to set a five year term for the director as we do for the administrator of the Federal Aviation Administration, the legislation that I sponsored back in the 1980s.

To establish a deputy director who will be a liaison to the Department of Homeland Security to deal with terrorism issues, to reauthorize the pre-disaster hazard mitigation program for another five years. Our Committee last year reported out that legislation, brought it to the House floor. It passed the House, nothing happened in the other body.

To allow FEMA to provide additional household repair assistance greater than the $5,000 cap. We heard time and again testimony in our review on Tuesday about this limitation and the problems it creates for people. To authorize FEMA to provide grants to State and local governments to buy emergency interoperable communications equipment. That was the great lesson of September 11th, 2001. Police couldn't communicate with each other, fire units couldn't communicate with each other, police and fire couldn't communicate with each other. The great lesson learned of September 11th was to have interoperable equipment and mobile emergency power equipment. FEMA didn't do that in the aftermath of September 11th and wasn't prepared in Katrina.

To assure that State and local governments will take into account the needs of families with household pets and service animals, time and again we heard the stories of people who wouldn't

leave their home because they didn't know what would happen to their pet, they weren't assured it would be taken care of. We should deal with that. People should not be forced to stay behind to take care of a pet.

And restore the Davis-Bacon requirements for work being done in the recovery effort. We shouldn't punish people, making them work for less than the going wage in the area in order to save money. And if you are going to do that, then at least for heaven's sakes put a cap on the amount of profit that corporations can earn in servicing disasters and extend disaster unemployment assistance to a maximum of 52 weeks.

Those are elements of the bill that I will be circulating and I ask members to take a look at it to join in sponsoring this legislation. I am very hopeful that our Committee will respond and move the legislation in an expeditious manner.

Mr. SHUSTER. I thank the Ranking Member.

Now I would like to give five minutes for questions to Mr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman.

Gentlemen, thank you for being here with us. We appreciate your testimony and appreciate the hard work you are doing. I represent Louisiana's Seventh Congressional District. It was devastated by Rita, significant challenges posed by Katrina with evacuees. So we have been living through all of this, along with my colleague from Mississippi and others.

A couple of questions. One, I have been contacted by the Louisiana Procurement Technical Assistance Center. They are part of a Federal-State partnership partnering with our local State university. It is a program to help businesses do contracting work with the Federal Government. They basically help businesses through the process. In my district, they are well underway in completing a profile of all the businesses that are hoping to provide work in this effort.

So they are very concerned right now that FEMA is simply not utilizing this resource. Instead, other Federal employees and agencies have been brought into the process. It seems to be getting things started from scratch, as opposed to utilizing this resource. Do you know this to be the case, or do you know of contact with this entity?

Mr. BURRIS. No, sir, I don't know that entity specifically. But we do try to leverage all local resources that we are aware of. We worked with the State of Louisiana to secure their minority business list. We distributed that minority business list to all of the people that were doing contracting in our field offices to ensure that they had access to that type of information. If you will give me the name one more time, I will take it back and make sure that we have that one as well.

Mr. BOUSTANY. It is the Louisiana Procurement Technical Assistance Center. My office can probably get you contact numbers, if you like.

Mr. BURRIS. Thank you.

Mr. BOUSTANY. Does the recovery division selection and training of temporary hires with each disaster hinder the efficiency of project approval and reimbursement process? Do we reinvent the

wheel each time with a disaster. I want to dig into this issue of temporary hires a little bit with you.

Mr. BURRIS. I don't know that we reinvent the wheel each time. We keep on our rolls around 5,000 disaster assistance employees that we can call to provide assistance. Within that, they are divided up into cadres that have public works technical knowledge or they have individual assistance knowledge. They go through training at the emergency management institute. We provide internet training as well.

So we try to keep this cadre up to speed. It serves us well during our normal disaster activities. In this particular disaster, we are having to move forward in hiring many more temporary employees than we had before, so we are having a challenge in bringing those employees up to speed. That is the reason we have our technical assistance contracts as well. We rely on the private sector to provide that type of assistance.

Mr. BOUSTANY. As I have traveled around my district, I have seen a large degree of variation in the capability of those working with FEMA, either temporary hires or permanent hires. Some have the ability to make decisions that communicate well, and in other areas we are finding deficiencies. It is creating problems.

It is amazing, in some communities, everybody says, FEMA is doing a great job, we are very happy. I go to another community 20 miles down the road and hear just the opposite. So I am just looking for ways, how can we improve this process? Do you feel comfortable with the training program? I understand the challenge you have now of trying to really ramp up with temporaries under difficult circumstances.

Mr. BURRIS. I feel comfortable with our training programs, but what happens a lot in the field is that you will have an individual that has a particular knowledge set, whether it is a community relations knowledge set that is out there trying to assist, that gets pulled into a public works debate, in which they do not have that particular knowledge.

Unfortunately sometimes instead of extracting themselves from those debates, they go ahead and interject what they believe their thoughts to be, which automatically becomes FEMA's position in a public works arena, made by somebody in the field that wasn't down there for that. So we have those challenges as we try to get people moved forward. Every FEMA employee does not have the skill sets, knowledge, skills and abilities over the broad range of our programs.

Mr. BOUSTANY. That is exactly the case I have seen. I talked to one FEMA employee who was part of a communication response team who was then put in a position of having to deal with some of the other issues. That was his complaint, he said, please pass it on to the top that we need to correct his problem.

In general, I know we have talked about FEMA as being under DHS versus being an independent agency and so forth. Let's just focus on FEMA for a minute, regardless of where it sits in the chain. What does it need to be ready to deal with the challenges that we are now faced with, and future challenges of a similar magnitude? Because obviously we do have some deficiencies.

What is it going to take? I understand money, personnel. But what do you see for the future with FEMA as an organization?

Mr. BURRIS. First, I think it is going to take our collective wisdom to make a decision as to what type of response this Country wants and in what time frame do they want it. Once that decision has been made, then you can move forward to create an organization that can meet that expectation.

Our organization was created to provide Federal assistance within a 72 hour time frame after an event has happened and to provide limited assistance in a lot of different areas. We are being asked to do way beyond what we were created to do in some forms or fashions. That in itself is the first decision, what is that we believe in our Country is a measure for success, and then we can build toward that.

I have to say that I believe that our Agency has done incredible work in trying to coordinate the rescue of hundreds of thousands of people, the distribution of a population of around 2.4 million across 48 different States, provided 28 million meals and all of that done in a 5 day time period. We were not created, we didn't have the assets to be what people want to believe is successful. I believe that to be successful, given how we are structured.

If all of that effort should have taken place in a 48 hour time frame, instead of our 2 day time frame, then fine, then we have to redesign what we are doing.

Mr. BOUSTANY. I agree. The public expectation of what FEMA can and can't do was certainly out of tune with what you have been able to do and so forth. Do you envision a closer collaborative effort between FEMA and Coast Guard in the first response in dealing with these disasters? Coast Guard did an outstanding job. I think FEMA certainly, I thought, fit within its role. But Coast Guard has a logistical support and capabilities. Do you see a larger role in Coast Guard working in collaboration with FEMA?

Mr. BURRIS. I am sure those will be discussions that we will get into as we evaluate all the decisions and actions that were taken during our response.

Mr. SHUSTER. The gentleman's time has expired, but we are going to do an abbreviated second round here if you have further questions, Mr. Boustany.

I would now like to recognize Ms. Carson.

Ms. CARSON. Thank you very much, Mr. Chairman.

To Mr. Burris and Mr. Skinner, thank you very much for being here.

I have a question that you might have answered even before I came. I had a disruption in terms of coming.

Can either of you explain how the $236 million Carnival Cruise housing contract was awarded, and what guidelines were in place to ensure that this and other contracts are responsible, fair and in the best interests of those who were affected, who needed housing and the taxpayers? While we had three cruise ships, none were at capacity by any means. Whose authorization was it to secure those contracts, and whether or not they were bid and whether or not you bid contracts of that magnitude ordinarily?

Mr. BURRIS. Yes, ma'am, I can speak to that. I was involved in that one personally. The cruise ships are part of an all-encompass-

ing housing situation when you have a mass displaced populace. That particular contract was not sole sourced. It was competed. We did not have what I considered the technical ability to procure ships, that is something that we had not done before. We turned to the Navy to ask for their assistance in doing such. They provided the procurement assistance in securing the contract.

Carnival was a bidder in the contract. Originally that contract started out to be one that was more sole source and limited competition. After we put it into the Navy's hands and they executed a competition, the cost of those cruise ships came down somewhat significantly.

The cost of keeping an individual on that cruise ship is $168 a day. They provide meals, they provide security. We closed, all the things that people think go on on a cruise ship are not going on on those cruise ships. There are no bars on those cruise ships, there is no gambling on those cruise ships. It is specifically for housing and feeding only.

And they have turned out to be an effective method in which to do that. And they were competed, that contract was competed.

Ms. CARSON. You had other bidders for the contract, you say?

Mr. BURRIS. Ma'am?

Ms. CARSON. You had other bidders?

Mr. BURRIS. Yes, ma'am.

Ms. CARSON. For the contract?

Mr. BURRIS. Yes, ma'am.

Ms. CARSON. So why did you award it to that group?

Mr. BURRIS. Because they were the lowest bid for what we were asking for.

Ms. CARSON. No negotiation to try to get the costs down?

Mr. BURRIS. Yes, ma'am. There was quite a bit of negotiation on that, to the extent that those contracts originally carried some clauses in them that wanted different things to happen that we would not agree to. So there was negotiation back and forth on those contracts.

Ms. CARSON. You canceled the contracts?

Mr. BURRIS. Yes, ma'am, we can cancel the contracts at the convenience of the Government. All of our contracts carry that clause.

Ms. CARSON. Didn't Greece offer us cruise ships for free?

Mr. BURRIS. Yes, ma'am, the country of Greece did offer cruise ships. Unfortunately, those ships could not pass the inspection certifications to operate within the U.S. territorial waters, nor could they, it was my understanding, they could not arrive in a timely manner had they been able to do so.

Ms. CARSON. Could you explain for me, I don't want to belabor the point, could you explain for me the difference between a competitive contract and a non-competitive? Is there a cost involved in terms of making that decision?

Mr. BURRIS. Well, the non-competitive contract would be a sole source contract where you went to a particular company because they either could provide the services that you needed and were unique in providing those services.

Most of them are contracts that are expedited or limited competition contracts, in which we get contractors from the GSA schedule

and we do a limited contract in order to expedite the services. We do very few sole source contracts.

Ms. CARSON. So what happens now that you have canceled out the contracts? Where do the people go?

Mr. BURRIS. Ma'am, we have not canceled the contract on the cruise ship. I thought you asked me could we. We can.

Ms. CARSON. I heard that you had done it. You did not cancel Carnival's contract?

Mr. BURRIS. No, ma'am, I am not aware of canceling the contract.

Ms. CARSON. Do you intend to?

Mr. BURRIS. Not at this particular point. Where they are being utilized, they are being utilized to house workers that are in areas where there is just not any housing to house them in. They have some evacuees on them. But right now, I believe while people want to characterize them as expensive and maybe not the appropriate thing to do, they are providing their purpose, which is providing a facility right there where a lot of this work has to happen and a methodology to house a lot of the people that are doing just that, as well as evacuees.

Ms. CARSON. Okay, I am going to stop here, but there is no rationale between if I went up and wanted a cruise, $600, if the Government, FEMA goes up, it is $2,000 or $4,000 per, is there any reason why that discrepancy occurs in terms of its costs?

Mr. BURRIS. I am not aware of those numbers. I am aware that what happens is, when those cruise ships are fully occupied that it costs $168 per person. Now, until they reach a level of being fully occupied, which my understanding is it should have been at that level this week, then you could extrapolate up and down that the cost of the cruise ship would be $600 or $800 per person as opposed to being fully occupied at $168. I could see where those numbers could happen.

Ms. CARSON. So you measure the cost on the occupancy numbers?

Mr. BURRIS. Yes, ma'am.

Ms. CARSON. Thank you, Mr. Chairman. I yield back.

Mr. SHUSTER. Thank you, Ms. Carson. Mr. Blumenauer, five minutes for questions.

Mr. BLUMENAUER. Thank you very much.

I am interested in how we can incentivize under these contracts, so people will be paid for performance, not necessarily for volume of activity. I am curious if any of these contracts have provisions where we are reimbursing for costs, and if they have incentives for performance that are built in, how will they make their money? Most of their profit is by having superior performance. And the better they perform, the more money they get, as opposed to just units of work.

Are these provisions incorporated into contracts currently? Are there performance indicators that are wired in?

Mr. BURRIS. We have performance measures in some of our contracts. I can't characterize that all of our contracts have them in there, but we do have them in many of our contracts.

Mr. BLUMENAUER. But I am saying, in terms of how people are paid, under how many of the contracts do people get more money based on performance and are penalized if they don't perform?

Mr. BURRIS. I don't have an exact number of that. I could get that.

Mr. BLUMENAUER. Mr. Chairman, this is something that I am personally keenly interested in, because we are going to be in this business for a significant period of time and everybody wants this to be done right. Having contracts that are written so that people get their costs back but then performance drives how much they make—

Mr. SHUSTER. If the gentleman will yield for one second, that has been very successful the highway portion of it, both punitive and reward. We learned down there there is a highway contractor who got his project done 10 days earlier and gets a million dollar bonus for getting it done, so I agree with you.

Mr. BLUMENAUER. I am curious about the extent to which these can be utilized on a widespread basis.

My second question deals with end of project reports. Oftentimes it seems that we really don't have good information about how well particular contractors performed specifically. I am hopeful, Mr. Chairman, our Committee might encourage or in fact advance legislation so that part of what we are paying for is an actual report, so it is not something that is shortchanged or is an after-thought, but that there is an end of project report that is given to FEMA, that is given to Congress, that is given to the actors and actresses on the ground.

I wondered, Mr. Skinner, if you could comment on an end of project report mechanisms I think you know where I am going on this: the way that they are being applied now or changes that we need to make so that we have good information about who is doing what, so that we can be informed for the next round of activities.

Mr. SKINNER. To my knowledge, I am not aware of us doing after-action reports on the performance of our contractors. But that is most certainly a very good idea, especially those contractors that we know that we are going to have a continuing relationship with. Not only would it help FEMA, it would help others that may want to use these particular contractors for similar work outside the disaster response area. That is something that I would probably have to give a lot of thought to as to how you would go about doing that so it is fair, and also so it is recorded for the record, not just for FEMA use but for Government use.

Mr. BLUMENAUER. Mr. Skinner, if it would be possible, I appreciate you don't have everything on top of your head and you are dealing with a wide range of concerns here from the Committee, but if it would be possible to do a little examination to find out if there are after-action or end of project reports. I am interested if there are any that have been incorporated. I would hope that they would and if not, that is good to know.

Mr. SKINNER. I will certainly look into that.

Mr. BLUMENAUER. And Mr. Chairman, if it is possible to work to find a way that the Committee can start offering up advice to our friends, both in the Administration and other appropriate committees, if we think it is a good idea and we know what is going on with performance from various contractors, we see what works and what does not, and people have a track record.

One of the concerns I will say is not with FEMA and Katrina, but a problem with the Federal Government having a short memory in terms of who performs and who does not. Periodically we get people back in the mix who did not do a stellar job. Institutionalizing this sort of information and feedback seems to me something that would be valuable for us to advance.

Mr. SHUSTER. I agree in your assessment. In the business world, as the saying goes, that which gets measured gets done. That is what you are talking about, what is the performance, let's measure it and invite those people back to do business again with the Government.

That is what is happening down in New Orleans. There was a firm from Tennessee that did such a great job and came in under budget on the contract bid that they have been asked to come back again. Those are the kinds of things, those are the kinds of companies we need to be engaging in these types of projects. So I agree with you and look forward to working with you on that.

Mr. BLUMENAUER. Thank you.

Mr. SHUSTER. There are several members that want to go for another round of questions. We are going to do two minutes of questions. I am going to have a swift gavel. We have other folks here that have traveled up from the Gulf Coast to testify here today, so we are going to go with another round of questions.

I want to start first with a question to Mr. Burris. On the Corps and the cadre of on-call reserve employees and the disaster assistance employees, are we utilizing those folks? I met with the former FEMA, in the last Administration, who led me to believe he didn't think they were being utilized to their full capacity. I wonder if you could comment on that.

Mr. BURRIS. Eighty percent of our cadre is deployed into the field.

Mr. SHUSTER. They are? Eighty percent of Corps or both?

Mr. BURRIS. All of them. They are all Stafford Act employees. Within the Stafford Act, you have Corps employees, DAEs, disaster term hires, there are many different classifications under the Stafford Act. We have employed many of our employees down there from all categories. I am sure that the Representative's problem with that REP report not being back is that our REP employees are in the field as well.

Mr. SHUSTER. What employees?

Mr. BURRIS. REP, radiological emergency preparedness employees. This is an all hands on deck disaster for us.

Mr. SHUSTER. What are those numbers of the Corps and the Rep and the DAE—

Mr. BURRIS. We have approximately 800 Corps employees and around 4,000 or so DAEs on our rolls. That has been greatly expanded at this point that we have around 10,000 currently that have been hired, all total, combination against this disaster.

Mr. SHUSTER. For Katrina?

Mr. BURRIS. Yes.

Mr. SHUSTER. How does that compare with pre-9/11/01? Do we have less people overall? Do we have more?

Mr. BURRIS. There is a cap on the number of cadres, employees you can have. We have not exceeded that cap in years.

Mr. SHUSTER. Is that something you think we ought to increase, that cap? These are part-time folks, right?

Mr. BURRIS. Yes, but it costs money to have them on the rolls. You have to pay the National Finance Center to keep their employee records, whether they are deployed or not. There is a certain amount of dollars that goes to per employee, whether they ever deployed. That is the reason for the cap.

Mr. SHUSTER. Thank you. I now yield to Ms. Norton two minutes.

Ms. NORTON. Mr. Chairman, I ask unanimous consent that all members of this Committee have an opportunity to submit additional questions for the record.

Mr. SHUSTER. Without objection, so ordered.

Ms. NORTON. And I hope that will not be included in my time.

Mr. Burris, you know that the main problem facing the Mississippi towns and Louisiana is to get a tax base back. I learned that the usual low interest loans that many small businesses can't afford to take because they don't want and can't absorb more debt was not all that was available after 9/11 in New York, that there were some small business grants to small business.

Will small business grants be available to small businesses in the Gulf region?

Mr. BURRIS. Through FEMA or through the Small Business Administration? I don't know the Small Business Administration's programs.

Ms. NORTON. You don't know whether they—a member from New York informed me that the grants were available. I don't know through whom. You do not know if grants were made in New York after 9/11 as opposed to the usual FEMA low-interest loans? That is why I asked the question.

Mr. BURRIS. I am not aware.

Ms. NORTON. Okay, let me go on. If you are not aware, this is very important, it seems to me, for the Committee to bear in mind.

Two, I believe it was you, Mr. Burris, that mentioned something called specialized housing assistance. Specialized housing assistance for evacuees. I would like to know what that entails. We have seen very troubling reports of these trailer parks. In good faith, you put trailer parks up. And you are doing it again. I need to know who polices these trailer parks. Why is it that some communities don't even want them because of the experience in Florida and elsewhere?

Mr. BURRIS. The policing and services are the responsibility of the local government, for which we reimburse. There is—

Ms. NORTON. Would that include hiring extra police, if necessary, to make sure that the problems that you have had in trailer parks in Florida and elsewhere do not arise again?

Mr. BURRIS. That would be correct, yes, ma'am.

Ms. NORTON. Let me ask you about a very interesting proposal of the President for homestead, the old homestead notion, where in order to draw back residents and to promote ownership and entrepreneurship. As I heard him, he said, Federal land would be available. So I have to ask, what land? Are we talking about land in New Orleans or Mississippi or Alabama? Are we talking only about Federal land? Are we talking about the Federal Government buy-

ing land and then homesteading it out to residents of Alabama, Mississippi and Louisiana?

Mr. BURRIS. I am not aware of that program.

Ms. NORTON. Would you respond to the questions I have just asked by written response, then? We need to know what may be possible here.

Mr. BURRIS. Yes, ma'am.

Ms. NORTON. One final—yes, I'm sorry?

Mr. BURRIS. Yes, ma'am.

Ms. NORTON. One final question. It seems unlikely that anybody is going to rebuild without insurance, near or not so near to where the flooding and hurricane took place. I am not sure whether most of these people were included in the National Flood Insurance Program, and what FEMA is doing to facilitate the insurance contact with victims. Could you tell us something about that?

Mr. BURRIS. Yes. We are working to expedite the insurance claims process and the flood insurance program. Our flood insurance administrator has met with all of our underwriting companies that do that to ensure that these, that we move forward.

Ms. NORTON. Is anybody paying claims, Mr. Burris?

Mr. BURRIS. Are we paying them?

Ms. NORTON. Is anybody paying claims?

Mr. BURRIS. Yes. We are paying claims on a daily basis. To my knowledge, we have already paid, let's see, 178,000 claims have been paid for a total of $172 million.

Ms. NORTON. In what jurisdictions?

Mr. BURRIS. That is in all, for Hurricane Katrina.

Ms. NORTON. Would you please get that information to the Chairman so we can know in what jurisdictions insurance claims have been paid.

Mr. SHUSTER. The gentlelady's time has expired, and I know that is a big problem. I know we talked about that in Mississippi. There are some hold-ups down there with insurance. That is going to be a huge question as we move down the road, how we address that problem.

With that, I yield, Mr. Bachus is up, two minutes, Mr. Bachus.

Mr. BACHUS. Thank you. The President has proposed a 5,000 individual recovery account for child care and job training. When are we going to receive the legislative proposal on this?

Mr. BURRIS. We haven't received the language on the bill yet. But we will take that back and I will make sure we forward that as soon as we can.

Mr. BACHUS. Because it will require legislation, I guess, under the Stafford Act.

Mr. BURRIS. That is correct.

Mr. BACHUS. And also the new housing plan for disaster victims, it is my understanding that may require legislation. I am also on Financial Services. I guess my question there, will you be requesting legislative changes for that?

Mr. BURRIS. We are evaluating legislative changes currently.

Mr. BACHUS. Okay. There is a cruise ship, the Holiday, in Mobile. It was part of our cruise ship industry that brought in probably 2,000 tourists a week. It was an important source of revenue.

As you know, Mobile was flooded during the hurricane and incurred a great deal of cost.

Before you all contracted to pull that ship out of Mobile, which did create tremendous hardships, it is actually still in Mobile, but it is not doing cruise business because it is waiting on the docks to be repaired in Gulfport. But it is tied up for the next six months out of service to the cruise industry.

Did you all create with the local folks back in Mobile about the impact that would have on their local economy?

Mr. BURRIS. No, sir.

Mr. BACHUS. Do you think that in the future it would be wise to consult with the local authorities before you pull that type of cruise ship out? Was that factored into your equation?

Mr. BURRIS. That wasn't factored into our decision, no, sir.

Mr. BACHUS. Are you aware, have you heard complaints that it is causing a financial hardship?

Mr. BURRIS. Yes, sir, I have heard complaints to that effect.

Mr. BACHUS. Is there any consideration, since that ship is not being used, and may not be used, is there any consideration for releasing it back?

Mr. BURRIS. To my knowledge, that ship is being used and—

Mr. BACHUS. Presently, there are less than 300 people on it. It is a ship for 1,500.

Mr. BURRIS. I will check into it. But again, the information I have is it is being used.

Mr. BACHUS. If the city could come up with better housing for those 300 people that may be in it, would you at least review that and consider it?

Mr. BURRIS. Yes, sir.

Mr. BACHUS. Thank you.

The cell phones went out right after this hurricane. Of course, the internet did, and radio communications. In the future, have you all made any changes in your recovery program or your relief program to account for the communications system going down?

Mr. BURRIS. In our recovery program, we provide disaster recovery centers. We try to put them out into areas that utilize our communications system, which is satellite based and powered under its own power. Part of the communications problem at the local level is that that type of technology is not down at the local level, the kind of Federal technology that we utilize.

So we try to make it easily available to access communications through the DRCs.

Mr. BACHUS. I understand. I guess what I am saying, the whole communications system went down, cell phones and everything. Are you all factoring that into future events of this nature?

Mr. BURRIS. We are factoring it into future planning for the purposes of emergency communications, yes, sir.

Mr. BACHUS. You are aware of all the reports of the fundamental breakdown of communication.

Mr. BURRIS. Yes, sir.

Mr. SHUSTER. The gentleman's time has expired. Mr. Burris, the question on those cruise ships, what I have been reading us, it is a pretty good deal if you have full capacity.

Mr. BURRIS. If it is full capacity, yes, sir.

Mr. BACHUS. But people decided they didn't want to stay on a cruise ship for that long.

Mr. BURRIS. There have been several different—you can't just—in the Texas incident originally, early on, people didn't want to get on it, rightfully so. They had been evacuated and they were afraid they were going to lose their spot in the shelter if they had gotten on. Since that time, we have completely reevaluated how we use those. We let those ships, a couple of those ships, we said, okay, this city, you can use it and you direct all that.

It is now being directed at the Federal level as to who gets to use those cruise ships, not at the local level. I feel comfortable we will be at capacity if we are not there already this week.

Mr. BACHUS. As of last week, there were, actually I was down there on Tuesday. As of Tuesday, it was less than a fifth occupied.

Mr. BURRIS. The problem with that particular cruise ship is that ship is supposed to be over in the Mississippi area—

Mr. BACHUS. Gulfport.

Mr. BURRIS. Right. They are trying to dredge the canals to get it into the port. We have been trying to get Mississippi residents to come over and get on the ship. We have done a little bit of that and—

Mr. BACHUS. No, no, no. I guess you are missing my point. I understand all that, and really it is going to be months before it can be moved because of the dredging and the port facilities getting ready, or weeks anyway. But what I guess I am saying, before it was taken out of line, was there any consideration for letting it continue to operate at Mobile? In fact, that is the main source of their airport, because of that. Their main traffic in and out of that airport is destination traffic.

This is actually the county in Alabama which took the biggest hit. And you took away its biggest source of revenue. And it is not being utilized. That is what I am saying. And I am just saying, if you could talk to these people and see if other arrangements could be made. What they are telling me is, we will go out and get a hotel, we will go out and get a motel, we will find better accommodations for these people, better accommodations at far less the price if you can get that ship released.

Mr. BURRIS. I will have it evaluated.

Mr. SHUSTER. Maybe we can get back in writing as to his question.

Mr. Oberstar, two minutes for questions.

Mr. OBERSTAR. Thank you, Mr. Chairman.

Just one question. Are you familiar with the Jones Act waivers issued in the course of the aftermath of Katrina?

Mr. BURRIS. No, sir.

Mr. OBERSTAR. There were waivers from the Jones Act issued by the Department and approved by the White House on claim of requirement for capacity to move goods among U.S. ports. But since those waivers were issued, we have learned that there is substantial U.S. flag capacity to accommodate whatever goods and people movement may have been necessary or may still be necessary. I would like to have a report from FEMA on the causation of the Jones Act waivers and action to engage foreign ownership vessels in the aftermath of those waivers.

Mr. BURRIS. Yes, sir.

Mr. SHUSTER. Thank you, Mr. Oberstar.

Two minutes to Mr. Blumenauer.

Mr. BLUMENAUER. Thank you. And I apologize that I had a meeting that I could not reschedule if I am plowing ground that has already been covered by the Committee. I am curious if there is an overall plan under which the spending and the recovery is taking place.

Mr. BURRIS. Let me characterize what I think an overall plan would be, I guess. We have an ESF-14, which is a long term recovery planning effort, that is mostly State-centric to the States, where we have our partners from the Commerce Department and other departments assist in the evaluation of when we make decisions on projects that will affect the economic development of an impacted area and how do those projects interact with that.

FEMA is not in the business of economic development and providing grants for economic development. Our grant program is for the restoration of the public infrastructure. However, in doing that, we certainly recognize that that does have an impact on the future economic development of an area. And because of that, we have this planning group.

Mr. BLUMENAUER. Mr. Chairman, part of what was interesting to me as I interviewed some of our senior members on the Appropriations Committee, to whom the $62.5 billion request went and flowed out, was that they made the same inquiry. They indicated to the best of their knowledge they were not aware of an overall plan under which we could see where the money was going, what it was actually for.

I am interested in getting a sense from somebody if, and I appreciate you don't do particular economic development planning, that is not FEMA's job, when we are spending $10 million an hour or more, do we have an overall plan about prioritization, how the money flows, what we expect to receive for what. I don't want to put you on the spot now, but if you can help us understand as soon as possible what would be the closest approximation to a plan that would tell us how the $62.5 billion has been allocated, obligated and spent, would be of great interest.

Mr. SHUSTER. I thank the gentleman. Some of that answer I think came from Admiral Allen on Tuesday when he talked about his three priorities are housing, debris removal and assistance to folks. That is where the bulk of it I think is going right now. There are some estimates out there that debris removal alone could be $50 billion, $40 billion to $50 billion.

Mr. BLUMENAUER. Which is why having a couple of objectives, important objectives that we can all agree on, does not translate into a plan.

Mr. SHUSTER. Right.

Mr. BLUMENAUER. I have had a group of people from my community who have gone down with a proposal to recycle building materials, something that I saw happen in the tsunami region. Two weeks after the tsunami, 20,000 people were at work. We have historic things in New Orleans, for example, that have great value that shouldn't be lost. Preserving them would be very labor intensive and would be part of a plan for recovery. If we are just going

in and doing massive demolition and removal, for instance, there is no way to get hold of things like that.

Mr. SHUSTER. Right. Thank you.

Mr. Taylor.

Mr. TAYLOR. Thank you, gentlemen, for sticking around. Three quick ones, and I am sure you are going to have to get back to me.

At what point can you and will FEMA recompete the debris removal contracts? I do understand the need to act immediately after the storm to get the roads cleared. I am not busting your chops about that. But we are getting a bit more normal and some people still think that $16 a yard is too much to be paying one month after the fact.

Second thing, what is the target date for fulfilling the requirement for trailers for peoples' housing? Again, I am told that we have requested 20,000 just for south Mississippi, that about 2,000 of that has been fulfilled. That leaves 18,000. So what is your target date for fulfilling that 20,000 requirement?

The third thing is, when you went out for the request for proposals for the cruise ships, did that include American flag vessels, like the Delta Queen, the Mississippi Queen? Did you bother to speak with the Maritime Administration and see if they had anything? For example, a couple coastal cruisers were repossessed in the wake of 9/11 that became part of the Federal Maritime Administration's fleet. Did you look there?

Interestingly enough, the 3rd August edition of Boats and Harbors, which is a trade publication, advertised a 900 person floating barracks barge in the last weeks of August. Did anyone bother to look and to see its availability and its cost compared to the cruise ship contract?

Mr. BURRIS. Let me answer number one, which is, all of our contracts that were "non-competed" or were expedited are going to be re-bid.

Mr. TAYLOR. When, sir?

Mr. BURRIS. That process is currently underway with some of our larger technical assistance contracts. I will have to get with my senior procurement official to see what the schedule of that is.

Mr. TAYLOR. But you will get back to me on that?

Mr. BURRIS. Yes, sir.

Mr. TAYLOR. Thank you.

Mr. BURRIS. But all of those will be re-bid.

As far as the target date for the trailers, I will have to get hold of our field offices in Mississippi and determine what they believe that target date is and get back with you on that.

Before I answer the last question, I would like to characterize a little bit what our agency is up against. It has been characterized here and alluded to that somehow we don't watch after the Federal dollars like we should. Let me say that while expedited assistance and providing funds in an expedited manner is not not compatible with keeping our fiduciary responsibilities with the Federal tax dollars, there is a lot of tension in there over following what everybody believes to be—

Mr. TAYLOR. Mr. Burris, I am sorry to interrupt. I am not busting your chops.

Mr. BURRIS. I understand that.

Mr. TAYLOR. I was down there, I saw the immediate need to do something. I am just asking that, in your capacity, did you ever call the Maritime Administration and ask them what they had available already within the Government for fulfilling this need?

Mr. BURRIS. I can say that I didn't feel like we had the expertise to execute a ship contract. We asked the Navy to do that for us. The Navy contracted—

Mr. TAYLOR. Did you contact the Maritime Administration?

Mr. BURRIS. I don't know whether the Navy contacted them or not, but I didn't. We asked the Navy to do that procurement for us.

Mr. TAYLOR. All right.

Mr. BURRIS. Let me finish my statement here on that. The men and women that work in my procurement divisions and our financial divisions take their responsibility seriously.

They also understand that we have to get in there, get it done and do it quickly. We have not had a standoffish relationship with our IG's office. We have invited them in as a partner on this thing, when we saw we were dealing with billions of dollars up front. We have created strike teams to go out and address these things. We are being as proactive as we can to stop waste, fraud and abuse in any of these programs.

But there is this tension of, I have to act on somebody's request by 6:00 o'clock in the evening and so—

Mr. TAYLOR. Cutting to a quick end. If members of this Committee, members of the general public can show you in any of these instances a better way to do something, can you reassure me that you are not locked into contracts?

Mr. BURRIS. I can assure you that we are not locked into the contracts that we currently have.

Mr. TAYLOR. In each instance, be it trailers, be it the ships?

Mr. BURRIS. Yes, sir.

Mr. TAYLOR. Be it debris removal?

Mr. BURRIS. That is correct.

Mr. TAYLOR. Okay, thank you.

Mr. SHUSTER. Thank you, Mr. Taylor. One final question, and you don't have to answer it now. But I hear there was a report that firemen from Phoenix tried to get into New Orleans, and they were accompanied by Federal marshals, and they were rejected from coming in because they had, the Federal marshals had sidearms, and the Phoenix fire department was bringing them in with them. Is that a fact?

Mr. BURRIS. That is not exactly accurate.

Mr. SHUSTER. It was reported on the national television. So I understand that it may be not be accurate.

If you could give to me some time later, if you can get somebody to call us.

Mr. BURRIS. I can give you all the details on that, yes, sir.

Mr. SHUSTER. Okay. We can do that at a later point. I want to move on. I want to again thank you very much for coming in today. You have been here for two and a half hours or so. I appreciate your taking the time. I would encourage you, as Mr. Taylor has said, there are other ideas out there, there are other ways of getting things done that may be more effective, more efficient.

I would encourage you to streamline things, push those decisions down to the people in the field to let them make those decision. I think we can do as good or better a job of getting some of these problems handled earlier, instead of going through the gyrations that we sometimes have to.

So again, thank you very much. You are excused.

Next up we will hear from our esteemed colleague from Louisiana, Congressman Richard Baker. We appreciate his accompanying us yesterday in New Orleans.

I just want to make a quick comment. I talked to the media after that, and my comments were carried quite widely that I think I stated the obvious, we certainly want to go about the rebuilding of New Orleans using common sense. If there are places below sea level, I think it is only right to question whether we should be spending Federal dollars to rebuild.

One thing they did not carry is I also said if someone gives me any compelling argument, that I would rethink a lot of that. I think you were one of those people that yesterday, or two days ago, they carried this comment, that there are parts of New Orleans that are absolutely essential to our national economy, shipping grain out of the port, the energy sector, those types of things.

So I just wanted to say publicly that I am looking for that compelling argument. But I certainly know that my constituents and constituents in 430 or so other Congressional districts want to make sure we go about this in the right way and don't do things that don't follow a line of common sense, or try to just disrupt the laws of physics or nature.

So with that, I would recognize my colleague from Louisiana for a statement.

TESTIMONY OF THE HONORABLE RICHARD BAKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. BAKER. Mr. Chairman, I thank you for this courtesy that you have extended. I also thank you and the members of the Subcommittee who ventured to Louisiana, Mississippi and Alabama this past week to view with your own eyes the consequences of these terrible storms.

I also want to respond to your kind comment and say that we of the Louisiana delegation have visited frequently and talked a great deal about the need for accountability. On all occasions, when expressing our appreciation to this Congress and to the great people of this Country for their extraordinary generosity, that we owe it and we understand we owe it to be fully accountable and transparent in whatever steps that are taken going forward, and that we also have to balance that accountability to you and the taxpayer with our appropriate responsibilities to those victims of Katrina and Rita to ensure to the best of our abilities this circumstance does not occur again.

There are some things that I have observed in the course of the aftermath that I thought would be helpful for the Committee to hear in addition to those points made at the Committee's last meeting in Baton Rouge. FEMA is by its nature an emergency response organization. It is not a permanent rebuilding organization, as Mr.

Blumenauer's questions were pointed as to the overall costs, for example, of just debris removal. I am hopeful that we get to a point where we have an overall plan for the entire recovery that makes sense over time, not merely moving to the question of getting the trees off the power lines or getting the roads cleared to travel, but getting communities in a position with their own resources and hard work to begin the important business of functioning.

Secondly, it is important to recognize that for the criticisms I may make of FEMA, FEMA's mission is ultimately defined by this Congress. We have the obligation to examine the manner by which they function, to look at the statutory constraints under which they operate and make clear we certainly want quick and responsible assistance for people in need, but we also need to look at it from the bottom line perspective as well.

I will give just an example of some of the concerns that have come about in the aftermath. Much pressure has been applied to get emergency housing as quickly as is possible to anyone who is found to be a qualified victim of the disaster. Certainly that is a laudable goal.

In the case of Baker, Louisiana, and I have no familial relation with the city of Baker, that is another story. But in the case of Baker, Louisiana, there is now on the ground a very nice, professionally accomplished project of about 250 trailers which people will begin to occupy probably this week. The project life is anticipated to be about two years for the stay of the evacuees at that location.

The typical price per unit for trailers is running from $22,000 to $25,000 per unit in very large acquisitions. There is a cost to locate those trailers on the site, either by long term lease or by purchase of the land outright. In some cases, necessary adjustments to infrastructure, whether water, sewer or other utilities, may need to be implemented to facilitate the location of the trailers. Operationally, there is cost associated with security on-site, as well as other services which may be deemed appropriate.

In the case of the Baker site, it is located away from the city by some distance. It is not walking distance to local services. There will be the need to deploy buses in order to move personnel from the site to get essential services and return. There is not job training located on the site for those wanting to go back and help rebuild their communities.

If you were to take the total cost per trailer and divide it by the 24 months to get a per-month operating cost, it would certainly exceed $1,000 a month. In some cases, $1,500, $1,600 per month.

It would seem logical to me, as an alternative strategy, knowing that the rental market in the community is full, that with the emergency FEMA assistance of $2,000, and by the way, FEMA also has the authority to pay relocation costs, they could fly a family of four to Wyoming, for example, if they had family there. But with the $2,000 emergency money, the FEMA relocation money, which has already been deployed, you could find rental opportunities for families somewhere in this Country that would be close to services or perhaps close to job training or perhaps even the miracle of a job for $1,000 a month or less.

So in examining the deployment of resources to date, it starts, Mr. Chairman, with a contract, I believe, for $237 million with one vendor for trailers, all the way down the line to Uncle Bob's, where we might be just buying five, because that's all he has. But we are buying every trailer that will roll anywhere in America and deploying them into regions where we do not yet know where we will have sites that are adequate to meet FEMA's needs.

FEMA's needs, however, are not the needs I reflect: job training, job opportunity. They are site-specific needs, and will the site accommodate the number of trailers being acquired and do they have the resources there to meet local codes in providing customary sewer, water and utilities.

It may not be possible in all cases to match every evacuee with a temporary home in close proximity to work. But it has to be possible for some. The Port of Orleans is critical. We are now into the Nation's grain harvest in the midwest. One of the limiting factors in an efficient working port is that we don't have the employees. I know they have to be out there somewhere. But perhaps we could train people in the interim, move them into trailers in proximity to their employment, and let that family earn some money.

I have determined that money really helps families be mobile, not mobile homes. So if our goal is to get people on their feet and get them back into the working economy, we need to train them and employ them.

Among the folks I speak to at the evacuation centers, they are desperate to go back home, and they are desperate to get their jobs back, or any job. No one enjoys living in an evacuation center. I suspect after folks are in these trailers for a few months, they are going to be just as anxious to get out of there, with nowhere to go. We really need to think carefully through the deployment of taxpayer money in creating trailer cities which don't have the logistical ability to get people back working and on their feet.

There is another example of concern that I was personally involved with, relating to the activities of a local sheriff's department. The morning after the event occurred, many local officials were deploying resources out for search and rescue which was maintained for about a four day period. The morning after, the sheriff of the Ascension Parish sheriff's office operated a facility known as Lamar Dixon, which became an unofficial staging area for about 70 different law enforcement entities to come together, where they were fed, geared up and deployed with boats down into the flooded areas. This happened on a daily basis.

The second morning the sheriff came to me and said, we need to do this work, but I want to make sure I do not get in any legal difficulty with my constituents by spending money today in this emergency search and rescue for which I am not going to be reimbursed. I said, I will find out. There appeared to be some confusion, but I was ultimately told, yes, this could be a reimbursable event.

I should have known better. I am a Louisiana politician, and you parse your words carefully. The sheriff then called and said, okay, where do I send my bill to, speaking to FEMA, and was told, that is not a reimbursable item. The sheriff called me back and said, I thought you told me that this was reimbursable. Sheriff, I was told

it could be reimbursable. And then we hit on it, the word could. It didn't mean it would be, just meant it could be.

Then we found out that for the sheriff to get recovery, he shouldn't bill FEMA, he had to bill each jurisdiction into which his personnel went when they did the search and rescue. As for example, if they were searching and rescuing in the Parish of Orleans, they had to send the bill to the city of parish of Orleans to be reimbursed.

Well, the problem with that in this case is the Mayor just laid off 3,000 non-essential personnel last week. That is all the accountants and the mail openers. I am told if we don't get them some help, the Mayor is likely to announce the dismissal of the other 3,000 essential employees next week and the city will be without municipal government.

Now, I have to ask the question. How likely is it the sheriff of Ascension is going to get reimbursed from the Parish of Orleans or the city when we are in such financial duress? The sheriff acted in good faith. He raised the issue in a timely manner. He was told by FEMA at a personal meeting with me and a FEMA official that he would be reimbursed. To date, to my knowledge, the sheriff is still looking for reimbursement.

This can be replicated in many, many governmental locality relationships with this disaster, people acting in good faith to do what they thought was their appropriate duty and finding at the end of the day there are liabilities which will appear to go unpaid.

As to the steps that this Committee might take in analyzing and redirecting FEMA's emergency role, I will simply say, there must be a responder of a nature like FEMA. And I cannot sing too highly the praises of the men and women of the National Guard, some 46,000 strong at one point in Louisiana, did remarkable work. That military command and control at the outset would have made it a great deal easier for our first responders to have engaged in work in a safe and responsible manner.

But there still must be an entity, FEMA-like. I don't care what you call it. But it needs to be given clear authority and responsibility to act in times of national disaster and bring critical needed assistance to people in the most reasonable manner possible.

However, moving beyond FEMA, I believe there is going to be a long term need for a permanent reconstruction, which is not the role of the FEMA organization. I and the members of the Louisiana delegation will introduce this week the likelihood of a bill that reaches out beyond the current need of FEMA and looks at a more appropriate, longer term structure to help and assist with the long term rebuilding.

It will start, Mr. Chairman, with the reconstruction of a stable and secure levee system built to a category 5 storm. It will deal with the environmental remediation now necessary to get large tracts of property available for commercial use. It will require at some point, once made available, the sale of large assets to the private sector for redevelopment, so the taxpayers can see some money being returned to them at the end of the day.

I will discuss in more detail the recommended plan, but would urge the Committee members to take a careful look and would certainly ask for your support.

Finally, I have been working with Mr. Ney, Chairman of House Administration, to establish a House intranet, the purpose of which is to allow members who have resources or capabilities that they would like to see deployed into the disaster area be able to post those on that web page, and for those of us in the affected areas, to match up those volunteer efforts with local officials who may need assistance. Mr. Radanovich, for example, wrote me and said he had a number of mayors in his communities that wanted to donate surplus equipment, fire trucks, police cards, anything that would be functional and of some use to these small towns which have literally nothing left.

Under the House Ethics Rules, there is a concern that utilization of official resources for charitable solicitations would be in violation. I have been requested in moving this resolution forward to ask members on both sides of the aisle, in and out of the affected area, to sign on to a letter that I will present to the leadership asking for immediate consideration of this resolution.

I have had any number of members, and again let me say thank you to each of you, it has really been quite something to have as many people come up to you and say, I have this and I would like to help, how can I do it. The B part of that has been, we have offered it through the formal process, either FEMA or some other mechanism and we have been unable to get closure on how to make this donation.

I think we as policy leaders ought to be able to get this worked out where we can just communicate directly with each other. I will be happy to give the names, phone numbers and addresses of the mayors, the police jurors, the sheriffs and let the professionals work out a transaction that will be ultimately very helpful to people at very little cost.

So my last ask, Mr. Chairman, is that the Committee consider going on to this letter of request that would enable us to waive the House ethics provisions that would constrain these charitable activities from being engaged on an official site of the House. With that, Mr. Chairman, I appreciate the courtesy of the time extended.

Mr. SHUSTER. Thank you. And as always, you have some great observations and ideas. The trailer cities, I think we know that it is best, communities are best served if their folks can get close to home and start to get back to some normalcy in their life, not that they are going to be normal, but starting to. The situation with your sheriff, I have witnessed that first hand over in Escambia County in Pensacola, the Ivan hurricane, where people were told things and then two days later, two weeks later, the story changed. I think that comes down to a lack of trained personnel with FEMA. We have to do something to make sure we have people that know what the rules are, so we are giving sheriffs and local emergency folks the right answers.

On your final point there, with an intranet system, I know we have tried to go through FEMA to figure out what folks in my district could do. We ended up talking to Mr. Boustany and he and I coordinated and we were able to get a truckload or so of items down there. But it was through that contact that we were able to do that. So that makes a lot of sense.

You bring the Country all together right here in Washington, we ought to be able to do those things. It doesn't make any sense in a situation like this, the ethics process isn't clear anyway to many of us. So that is something I would look forward to working with you on.

I don't have any questions, I don't know if Mr. Blumenauer has any questions.

Mr. BLUMENAUER. I appreciate your bringing it home in a very practical way. It is very useful and I share our Chair's indication that it would be great to sign up on your letter internally, and then all roll up our sleeves and look at the big picture.

Mr. BAKER. Terrific. Thank you, sir.

Mr. SHUSTER. Mr. Bachus.

Mr. BACHUS. Congressman, you have gone into some detailed example, the sheriff in getting reimbursement. As you know, New Orleans, Gulfport, Biloxi, Waveland, all along the Mississippi coast, these communities, they have lost much of their tax base. A lot of it will not be coming back this year or even next. Their revenue streams, various revenue streams are gone.

Do you see the need for any legislation or changes in FEMA procedures on reimbursing cities and towns that really just cannot employ their police and their fire? I know under the Stafford Act they can get reimbursed for overtime. But that is not going to begin to do it. Do you have any suggestions?

Mr. BAKER. Thanks for the question, and thanks for being there in the district on Tuesday as well.

Yes, I don't know how to streamline it. I am sure there are people on the Committee that could come up with a methodology that would make some sense. But the processes which you must go through today, and frankly whether it is HUD, FEMA, just generally the bureaucratic process of making application, tends to be a 30 day cycle at best, 45, logically, 60 days is not uncustomary.

I understand it in the normal course of business where you are really not sure what the person may be asking for, you are not really sure what they are going to do with the money. We have a responsibility to do our due diligence to protect the taxpayers' money.

In this case, you could answer those questions with a short helicopter trip. Send down a team of all the agencies, let them fly over, do a damage assessment, do it by mapping, maybe with GPS, draw up a map and if you are located in area code XYZ, and you are the mayor of that community and you write in and say, here is my operating budget from last year, we raised and we spent, we need 30 days of that at least to get by, that ought to be out the door. That ought not be necessary if it is a public official using publicly reported income to ask for one-twelfth of that year's income to hold his government together.

During that 30, maybe make it 60 days, teams could come down and do a further assessment. I am running into that problem now with various bills we are trying to move through the process. I have actually had folks ask, well, why do you need this money and where is it going. I understand that is the normal way we do things, is to ask those questions. But when your mayor is on the evening news laying off half his employees this week and announc-

ing he is laying off all his employees next week, and the city has no revenue stream period, it would seem that would be sufficient justification for extraordinary assistance.

So I think the current constraints of the statutory provisions and the concerns that any person in the bureaucracy would have of automatically sending money out without doing what is required, they have legal liabilities attached to that. But there ought to be something, whether it is a FEMA-administered program or some other mechanism where a local government official, maybe as a result of a presidential disaster declaration, with a mappable confirmation and you know the community has lost 50 percent of its housing and maybe all of its jobs, something out to go out the door.

I regret to tell the Committee that we have any number of communities, I mean a large number of communities, that will be some years before they get to where they used to be. That is saying a lot. I think it may have been your discussion, Mr. Bachus, I overheard someone talking about the cost of debris removal and how it varied from $6 to $26. The last count in tonnage, which has been updated as of the end of last week, was 77 million cubic yards of debris. That is enough to fill 250 football fields 50 feet deep. Now, we don't know where we are going to put it quite yet.

The second part of the observation is that people haven't started tearing out the insides of the flooded homes and putting the refrigerators—there are thousands of automobiles. All that has to be disposed of.

Now, all that has to be taken care of before you can really restore normal public function. So we are talking about a long time. So we are going to be around here for a long time asking for a whole lot of help. I hope we don't wear out our welcome. Thank you.

Mr. BACHUS. As you say, if you lay off the accounting department in a city or county, at the very time when the demands on them are actually—

Mr. BAKER. Yes, my sheriff can mail the letter, but I am not sure exactly who is going to write the check.

Mr. BACHUS. I believe in the case of some of these cities, Camden, Louisiana and others, we have to act immediately. Even a loan has to be paid back with interest. I think, Congressman Baker, you mentioned that New Orleans and Louisiana may have been placed on credit watch.

Mr. BAKER. Yes. Standard and Poors, Moody's and Fitch have all put Louisiana, the State, Orleans Parish, on a negative credit watch. It would make our ability to raise funds much more difficult. At least we would have to go into the debt markets at a much higher price than customary. The debt load of the State already was significant.

So these are not developments that are helping us to help ourselves. Let me add that point, and emphasize it, we want to do this as best we can on our own. We are not trying to avert our own obligations. We are not asking folks to give us money and walk away. We need to get our jobs back so we can pay those taxes and support our government. We know the long term future of Louisiana will come only when we have rebuilt properly, with a secure levee system and evacuation routes that get us out of harm's way when these storms eventually do come.

But we are accustomed to and expect accountability. Any oversight this Committee or the Congress chooses to place on any assistance granted is absolutely understood.

Mr. BACHUS. I appreciate it. I want to commend you for your package of financial service legislation that you have authored in respect to this to try to keep our financial institutions viable, to allow customers who have lost their homes some consideration.

Mr. BAKER. And thank you for your courtesies in helping on Financial Services and moving this critical legislation through the process. Thank you, sir.

Mr. SHUSTER. We need to wrap up. We have some locals here that are worrying about flights.

I just want to say two updates to you about the Stafford Act. This Committee believes that the President, actually FEMA stated here today that the straight time versus the overtime situation, that is not written into the Stafford Act. That is a policy that they have adopted over the years.

So that can be changed. The President, FEMA can change that, and we are urging them to do that to help with those bills, with the emergency pay for straight time instead of just overtime.

Second, we are trying to work out a deal with the appropriators as we speak on the community disaster loan program, lift the cap and get that money out to them. So we are working on that.

Mr. BAKER. Yes, sir, I was just in the anteroom talking to the Appropriations Committee staff about it. We are not there yet, but we hope to get it across the line. Thank you very much, sir.

Mr. SHUSTER. Thank you. We appreciate your being here today.

With that, we will get our third panel up. Governor Wise, why don't you get in the first chair. Governor Wise, Mr. Rodriguez, Mr. Buckley, Ms. Kilgore and Mr. Ashwood. We appreciate all of your being here today.

We will start with Governor Wise. I first want to welcome Governor Wise here. He is no stranger to this room. He served in the House of Representatives for 18 years, he served on this Committee and he was the Chairman of this Subcommittee at one point. So it is great to welcome you back and we look forward to hearing your testimony. We will get started with you, Governor Wise, and you can excuse yourself whenever you see fit.

TESTIMONY OF THE HONORABLE BOB WISE, PRESIDENT, ALLIANCE FOR EXCELLENT EDUCATION; HENRY "JUNIOR" RODRIGUEZ, PRESIDENT, ST. BERNARD PARISH; KENT W. BUCKLEY, DIRECTOR, BOLIVAR COUNTY EMERGENCY MANAGEMENT AGENCY, BOLIVAR COUNTY, MISSISSIPPI; JANICE R. KILGORE, CEM, DIRECTOR, DEPARTMENT OF PUBLIC SAFETY, ESCAMBIA COUNTY, FLORIDA; ALBERT ASHWOOD, VICE PRESIDENT, NATIONAL EMERGENCY MANAGEMENT ASSOCIATION AND DIRECTOR, OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT

Mr. WISE. Mr. Chairman, thank you, and it is a very important hearing.

I also want to thank you for this panel, because I feel it is a privilege to be here with each of these people. Because they are the ones who make it happen. Whatever the structure of FEMA is,

whatever the Federal emergency response structure is, it is the men and women that this table represents to my left that make it happen. That is why it is so important.

They are the ones who will be in the four-wheel drive vehicle filled with coffee cups, they are the ones who are going to have the bleary eyes, they are the ones who are going to coordinate the volunteer fire departments and the firefighters and the State police and all those who come in. I learned that through 10 federally-declared disasters in my State while I was Governor and 31 State state of emergencies that were declared.

Mr. Chairman, I will submit my testimony for the record. I have just a few notes to make, not about the specifics necessarily of what is taking place on the Gulf Coast, but I think it relates to that. Rather than talk about FEMA as it currently is and some of its limitations, I would like to make some recommendations about the way it should be.

In responding to natural disasters, FEMA does best in the most independent capacity it can. I worked, Mr. Chairman, with two FEMA administrators, the first when I was in the House of Representatives on this Committee with James Lee Witt. I think during those times, FEMA gained a reputation as an organization probably one of the most effective in the Federal Government.

I worked with another excellent administrator after I became Governor and President Bush became the President, and that was Joe Albaugh. Both those people, while they had different personalities, had similar traits. The traits were that they one, knew what they were doing because they had been at the State and local level for many years, they knew emergency services, they knew what everyone from the local emergency administrator needed to what the Governor needed, and they had direct contact to the President of the United States and the White House. They were in effect, both James Lee Witt and in my observation, Joe Albaugh, they were both in effect unofficial Cabinet officers and they carried the same weight.

That direct relationship to the White House is crucial. I think it also has been borne out in the Katrina experience. Because if FEMA is truly to coordinate planning and response to natural disasters, all the other Federal agencies must know that the FEMA director and the President communicate directly, that there isn't anyone between them.

Numerous Federal, in West Virginia, when we had to activate our emergency services network, there were a number of Federal agencies that would be routinely involved. You have talked about many of them today: Small Business, HUD, VA, EPA, Department of Agriculture, Department of Labor, Army Corps of Engineers. That just starts the list. Then most times you have to bring in somebody that you didn't expect to. It is very important that that FEMA director can go and cut through all the levels of bureaucracy to get to the person that it needs to be, and that the other Cabinet officials treat the FEMA director with the respect that is so important.

I attached to my statement a copy of the—and let me just say that had I sat where you sit now, Mr. Chairman, and any member of this Committee, I would have voted for the DHS structure fol-

lowing 9/11. But having said that, I now recognize that what looked good on paper doesn't necessarily work out in practice in terms of FEMA. Because if you look at the Department of Homeland Security organizational chart, and it took me two tries to find where FEMA is. If it takes me that long, then it is going to take the FEMA director that long to get through when he or she absolutely needs to.

I knew that when I had a problem, I could go to Joe Albaugh, and he, if he felt it was worthwhile, would immediately cut through and get to the White House. I did not have to spend long days trying to figure out my end run to the White House, through a Congressional delegation, through people I knew, whatever it would be. The FEMA director could do it if they thought it was worthwhile.

And admittedly, even after FEMA moved under DHS in March of 2003, I still felt I had a direct connection to the highest decision makers. I think I know why now, even though FEMA was farther removed. It is because the first DHS Secretary was Tom Ridge. You know Governor Ridge, Secretary Ridge, formerly Governor Ridge, was well-respected by Governors and he had certainly been through this drill, the natural disaster drill, many times.

He met with Governors regularly. He knew and understood our needs in dealing with natural disasters, and at the same time, we were all learning to deal with terrorism. Once again, through Tom Ridge, we knew that we had a direct line to someone who understood our problems at the local level and also who had a direct line to the White House.

With respect to the present Secretary of DHS, I do not question his credentials in any way to coordinate anti-terrorist activities. Indeed, the fact that there has not been a major terrorist incident since 9/11 indicates to me that people are doing the job that they need to do. Understandably, his top priority is preventing terrorist attacks.

But I look at his resume, at least on the web, and I don't see any indication of past work in natural disasters. I don't see any work at the local level. So now the major, the main natural disaster response agency is removed from direct communication to the White House, and the top of the organizational chart has no real experience or sensitivity to dealing with disasters.

Another reason to look at some way of giving FEMA back its independent status is the need to be able to present and argue for its budget and programmatic needs, based on disaster prevention and recovery in the States and not have to fight within the existing DHS bureaucracy for that. FEMA used to apply directly to OMB, of course, but the White House, for its budget. Now it has to do it in conjunction with DHS and it has to square off against the other legitimate needs that are there.

Some of the recent cuts, I would suggest, indicate either a shift of priorities, and I can't argue with the shift in preparing for terrorist attacks, I can't argue about the result. Or in ignorance of what is needed to respond, or the lack of awareness of the importance of preventive activities. I think it is interesting that former FEMA Director Brown indicated in recent Congressional testimony that budget cuts had restricted his Agency's response capability.

We made good use in our State of the hazard prevention funds under both the previous Administration and the Administration of President Bush. That actually saved millions of dollars for the Federal Government, because when we had the same areas flood again, they weren't affected in the same way.

Likewise, FEMA must be free to consider, propose and consider innovative interagency recovery programs. The hazard mitigation program we have talked about. I know that in Congressman Rahall's district, my first presidentially declared disaster wiped out an entire rural mountain town, a couple of thousand people. We realized that existing recovery programs would not be sufficient.

So at the State level, they couldn't take any more SBA, even with the SBA, they couldn't take low interest loans. They were out of reach.

So we at the State came up with a $20,000 forgivable loan that said, if you stay in business for five years, then that loan is forgiven at 20 percent a year. We also offered at the State level a $15,000 very low interest loan, and then we worked with SBA so that when they did their counseling, they put our loan in front, so that these people could get started.

I am happy to tell you today that we have a lot more taxpayers in that community when originally it looked like we would have tax consumers for a long time, and a lot of small businesses are back in operation.

It is going to take innovative approaches on the Gulf Coast, and FEMA needs to be free to present those and to have them considered.

A couple of quick points. The differences between FEMA in responding to natural disasters and terrorist or enemy attack. I have come to believe that they are not necessarily the same all the time. For natural disasters, there are often several days of warning. You know it is coming, in the case of hurricanes and floods and major rain storms, massive weather surges, such as snow. Even brief warnings precede fires and tornadoes.

But for terrorist attacks, there usually is no warning and no preparation time for the community. The immediate response is performed under different conditions as well. With natural disasters, the event typically occurs and then is gone, the flood moves through, permitting the immediate search and rescue to take place with no other considerations.

But with a terrorist attack, however, you must conduct it with an eye to watching out for subsequent attacks and also apprehending the perpetrators. There may be other items of priority as well, such as protecting vital assets. With natural disasters, the immediate response is usually straightforward, with no need for specialized activities. Responding to a terrorist attack may require highly trained personnel in specialized areas.

With our DHS money, we put together regional response teams, moon suits, whether it is an anthrax attack, biomedical, whatever it is.

So that is another reason I think FEMA needs to get the recognition that in natural disasters, it has a unique role. And also planning for natural disasters differs significantly from attacks on the homeland. Since natural disasters usually can't be prevented, the

planning is about mitigation or responding to the aftermath. In the case of floods, we knew we couldn't stop the rain, but we could do something with it once it got there. It is not often the case in terrorist attacks.

In conclusion, let me also note that FEMA needs the ability to think, particularly in the Gulf Coast, outside the box. Simply restoring things to the way they were won't always work. I am in education now. Simply restoring Orleans Parish schools to the condition they were isn't fair to the kids of Orleans, just like you don't want to restore the levees to the condition they were. They have to be strengthened.

It is not a FEMA responsibility to do that. But it is, I hope, a FEMA responsibility to be a partner to the State and locals. When that happens, we build back stronger.

Thank you, Mr. Chairman, and let me just say that I have the greatest respect for FEMA. I am one of FEMA's biggest fans. We need to let FEMA do the job that FEMA is quite capable of doing.

Mr. SHUSTER. Thank you, Governor. I know you have to leave shortly, so I want to ask you a question before you do, because you have very interesting perspective, I think, being here for 18 years and then having to go out and be chief executive of a State and deal with FEMA at both levels.

If you had a magic wand and you could wave it, what would FEMA look like to you?

Mr. WISE. Well, I would put Joe Albaugh back, first of all.

[Laughter.]

Mr. WISE. Or I would put somebody like him, assuming that Congress will not be able to change the structure of FEMA for a while. If it could, though, working with the President, recognize the need for the FEMA director to establish a unique relationship, particularly once it is already in an existing agency, with the White House. That is number one.

If I could wave the magic wand, I would also restore some of the hazard mitigation funds, the money that went into prevention. And of course, so that FEMA can get back up and running and in the way that it was.

Those are the two main things I can think of. I guess I would urge, though, and I understand there is some move to even break FEMA up as it already is further. I would just urge against that, because former Director Brown made an interesting point in his testimony recently. He pointed out that while he had been the Director, there had been 150 federally-declared disasters, some of them were on my watch, in West Virginia. Because of the effective work of DHS, there had been no terrorist incidents.

But while that was going on, we still had 150 natural disasters. That tells me that there is still such a great need for FEMA to do the job that it has over several administrations built itself up to do.

Mr. SHUSTER. Do you think that FEMA can operate like you say within the DHS structure, or do you feel as though it should be taken out and operate as it did with your experience prior to 2001?

Mr. WISE. In 2001, I knew how to get to the White House. And I knew I didn't need to go to the White House, because when I talked to Joe Albaugh, I was at the White House.

Mr. SHUSTER. But we can't always be assured that we have James Lee Witt or Joe Albaugh in that position. So would it be your position that, as a former Governor and a former member of this Committee that FEMA is better outside that DHS box?

Mr. WISE. Yes, sir, it definitely is. Because my guess is that whoever is in there is going to be someone that the President directly knows and directly appoints, because of the importance of that position. The second thing is that if FEMA needs to respond to a terrorist incident, I don't see why you couldn't use the old model of the Coast Guard, which, when necessary to activate it, the President put it under the control of the Navy. There are ways we can work that.

But FEMA, I would urge you over time to look at making independent again.

Mr. SHUSTER. Thank you, Governor, and I know, you can excuse yourself whenever you need to.

Mr. WISE. Thank you, and thank you for the Committee's indulgence.

Mr. SHUSTER. We appreciate your being here. Thank you.

We will move on in the panel to Mr. Henry Rodriguez, who is the President of St. Bernard Parish, which is, I believe it was the hardest hit parish in the New Orleans area. I know also from my experience two weeks ago that Mr. Rodriguez is a plain-spoken gentleman that says what he means and means what he says.

So with that, Mr. Rodriguez, you can proceed.

Mr. RODRIGUEZ. Thank you, Mr. Chairman. I appreciate the opportunity to be here today.

I also appreciate the fact that you came down to St. Bernard and not only St. Bernard, but the entire area, and you saw what it was all about. It is hard to explain and describe what it is like. My parish has been, I think it is the hardest hit area there is.

If you were to come in my parish today, you would not find one business place open. You could not stay overnight in but one house that I know of. There is not a light bulb that is lit in my parish. We are beginning to get our water together, because that is a local concern. The gas, we have no gas. We have none of the utilities.

Our parish is totally destroyed. If you would come look at it, you would think a bomb hit St. Bernard Parish from one end to the other. I have never seen anything like it, not in my life, not anything.

Our tax base is totally depleted. We depend on ad valorem taxes, we depend on sales taxes. We have none of that.

Our sheriff's office depends on the fact that we have this revenue source, because he gets a certain percentage for collecting the taxes. So when St. Bernard goes down, so does our enforcement division, Sheriff Stevens, who runs our sheriff's department.

When I left yesterday, he was laying another 100 people off. They simply can't get the money to us. We need it. But somehow or another, the money is not getting where i should get in a timely fashion.

The problem that I saw with FEMA is, it finally got to us after about five days. Five seems to be the magic number in every community. I don't know what happened. But for five days, St. Bernard

Parish existed without any outside help whatsoever, no communications.

But you know what I will tell you? And you can figure this out for yourself, we had Canadian police that came down on the third day, walked into my office and said, what can we do? A self-contained unit, 50 people from Vancouver, Canada.

Now, how did those 50 guys get from Vancouver, Canada, and they were there on the third day? You tell me. Because we were surrounded by water, we had no ingress or egress, and they got there. My own State government and Federal Government couldn't get to St. Bernard Parish.

The issue that was brought before you and that you have been talking about concerning the trailer issue, St. Bernard Parish is in favor of the trailers. But what I found out the other day after a meeting at the Governor's office is all the temporary housing that they have been telling people and assuring people that they will have is in fact not there. There is not enough trailers in the United States to supply what is needed for this catastrophe that we have today.

Our thoughts on trailers were a little bit different. We liked the idea of a trailer city, but what we were going to do, is as a person comes into a subdivision and he wants to rebuild his home or he wants to build a new one, that that trailer would be placed on his property until he was through building his home. That way we figured we wouldn't use as many trailers, and it wouldn't be no big issue at the end of 18 months to close these trailer cities down.

Also, I think one of the things that people have to look at these trailer things is, there are existing trailer parks, and there are existing trailer parks in my area that will house at least 800 or 900 trailers, and we intend to look at that.

One of the problems that I have found with this situation was communications. It just didn't seem that the left hand knew what the right hand was doing. You asked a question, and if you asked one person, and I think the gentleman before me kind of stated that, if you asked for an opinion on whether you could get reimbursed on something, one would tell you yes, and the next one would tell you no. It was kind of a nightmare when you get to that situation. So I think communications and education is something that needs to be taken care of.

The other issue, and I kind of feel that number one, I don't think they have the proper staff. I don't think FEMA has the proper staff. To be totally honest with you, I think everybody was overwhelmed at the vastness of this situation. I know at local government we were. And I know State government was. And I am assuming from what I saw, Federal Government was. They weren't prepared for this. They simply weren't.

The problems also arose with us is that people that represent FEMA, you will get a representative, like we had a representative that served us for almost three weeks, a little over two weeks, almost three weeks. That gentleman was replaced. The guy was really, he knew his business, so obviously I feel that he was, I know he was a full-time FEMA representative.

The next person that came in obviously came out of a pool that could be used. I think he was a representative from NASA or some-

where. Nice gentleman, but he just couldn't give us any answers to any of our questions. So basically, we are back down to zero. We are climbing the ladder, but we keep going up and then we go back. Whenever you get in that point, in a situation we're in right now, you have to keep going or you are going to drown in this thing.

St. Bernard is, we are going to come back and we are going to come back better. We are determined.

But one of the FEMA problems that has us at the present time is the inability for FEMA, and that is with regard to the Stafford Act, to take care of the base pay. We simply don't have the funds. We don't have any funds coming in at the present time. Normally this is the time of year when it is always tough on local governments, because you get your ad valorem monies in the beginning of the year, and you stretch them. When you get to the end of the year, then that stretching gets pretty thin. And you are depending on your sales tax from your holidays, and there is not going to be any sales tax at St. Bernard for holidays.

Gentleman, that is basically, I think that is all I can help you on. We need some help. I will be totally honest with you, the next time I come to Washington, I am probably going to the Chinese embassy and apply for foreign aid.

[Laughter.]

Mr. SHUSTER. Well, there are some things we are doing that we will address. But we are going to go through the Committee, then I will have some questions I would like to ask you and everybody. But we will proceed.

Next is Mr. Kent Buckley, who is the Director of Emergency Management from Bolivar County, Mississippi. Where is Bolivar? I was in Mississippi, I was in Hancock County.

Mr. BUCKLEY. Bolivar County is in the Mississippi Delta. It is about 330 miles north of the coast, but I was deployed to Hancock County.

Mr. SHUSTER. All right. Please proceed.

Mr. BUCKLEY. Chairman Shuster and distinguished members of the Subcommittee, I would like to thank you for inviting me here to provide this testimony on our Nation's worst natural disaster and the recovery operations that are going to be part of our lives in Mississippi for many years to come.

I am Kent Buckley, Director of Bolivar County Emergency Management Agency in Cleveland, Mississippi. It is an office of two people, charged with maintaining our county emergency plan and coordinating response of all emergency departments, bringing to the table Delta State University, the hospital, nursing homes, 15 municipalities, industry, private sector and so forth. We conduct preparedness programs with the public just like we have done in the old civil defense days.

I am President of the Mississippi Civil Defense Emergency Management Association, MCDEMA, made up mostly of local emergency management directors and staff. Our membership is about 280. I am also a member of the International Association of Emergency Managers, with a membership of about 2,800.

We just experienced a new disaster standard with Katrina in Mississippi. The old standard was Hurricane Camille, that came in about 40 years ago, August, 1969. Katrina has left tens of thou-

sands homeless with losses of jobs and critical infrastructure. It is going to take months to deal with the debris and years to close this disaster out.

My county was not affect nearly as bad as much of the coast. I was deployed to Hancock County under our statewide mutual aid compact, and plus the EMA director in Hancock County asked for me. Hancock County was ground zero for Mississippi.

Chairman Shuster, we very much appreciate the fact that you and some others of the Committee got a first-hand look at the massive damage last weekend. Hancock County was thrown into third world conditions. Officials in emergency management fought the water coming into the building at one point in Hancock County, and they passed out life jackets among themselves and wrote numbers on their arms with permanent magic markers. Then they placed vital personal information and so forth in the ceiling area, so in case the water got up and they didn't make it somebody might be able to find that information and get to them. They didn't know if they were going to make it or not.

Much infrastructure was totally destroyed. This is going to be a huge burden on the towns and counties when the funds there have been drained while they are trying to meet payroll and they are continuing the recovery efforts.

We need redundant communications like a nationwide satellite radio system. We only had one of those in Hancock County for days. FEMA is assisting with housing, which is a huge logistics matter. It is going to be a huge logistics matter later on also, when the trailers have to be removed. We still need those trailers, since many are still living in their front yards. We need a better handle on logistics and tracking resources in the emergency management field.

FEMA representatives in our counties did a good job, according to our county emergency management directors. I called a number of them before I flew to Washington, D.C. However, we need to work on getting a means of registering the affected people. It is kind of hard to do when you don't have phone lines, cell phones, you don't have internet and you don't have computers. And when you don't even have a building to use, well, then, maybe FEMA needs to bring a building with it.

Response and capability has to be built from the ground up. That means local programs need better support from the Emergency Management Performance Grant, that's EMPG. This is a 50/50 matching grant program that is the backbone of emergency management in the United States. We have a $264 million shortfall in that program.

Congress will have to decide what level of preparedness it is willing to pay for that translates into emergency management response capabilities dependent upon EMPG funding. Emergency managers in Mississippi believe that FEMA should be restored to an independent agency and its director restored to Cabinet level status. You can't dismantle an agency and expect it to respond like it used to, and preparedness needs to be restored in FEMA.

Homeland Security can have a preparedness program, National Weather Service has one, Red Cross has one, others have them. But all hazards preparedness needs to stay in FEMA. Preparedness

response, recovery and mitigation is the emergency management program across this Nation.

I would like to thank you for this opportunity to visit our Nation's Congress and to provide you with this testimony. I will be happy to answer any questions that you may have.

Mr. SHUSTER. Thank you very much, Mr. Buckley.

Now I would like to recognize Janice Kilgore, who is the Emergency Management Manager for Escambia County. Welcome. I was in Escambia County over a year ago, and your wonderful Congressman Jeff Miller, I know he works hard and works well with you folks down there.

So please proceed.

Ms. KILGORE. Thank you, Mr. Chairman, members of the Committee. It is an honor to be here today.

I have served Escambia County in public safety and emergency management for the past 32 years. I offer some of the comments today based on those experiences.

We have heard a lot in different testimony about issues associated with how you communicate, coordinate, consistency or lack thereof, and also being able to timely deploy these resources. Those are things we feel like that we have to look at in an adequate emergency management program.

Emergency management does begin at the local level, but we must have help from State and local governments to make that happen. A year ago, September 16th, 2004, Hurricane Ivan made landfall at the Alabama-Florida line as a category 3 hurricane. Nowhere does it compare to what our neighbors in Mississippi and Louisiana saw with Hurricane Katrina.

But we still had a lot of devastation, a lot of damage in our county, in Escambia County and Pensacola. We had better than half of our homes with some type of damage there. As a result of that, we had people that needed supplies. I will say that in less than 48 hours, we had ice, water, and MREs being distributed to the citizens in our county. So it can be done in a timely manner.

Many agencies came to help us after Hurricane Ivan. So when Katrina went into the Mississippi Gulf Coast, it was our turn to go over and offer assistance. On August 30th, the afternoon after Katrina went in, we sent a multidisciplined team to Harrison County, Mississippi. They came home for the last time on September 29th, so there were there just about a month.

Early reports from our team told of all the devastation that they saw and all the basic needs that they had, the supplies, just tetanus information, being able to put band-aids on people that had scrapes and cuts. The food and water that they took with them they actually passed out to people in the community because they couldn't find anything else. They were using their own supplies for that. Day after day, they would call back in, telling us of different communities that really needed assistance.

Katrina caused catastrophic damage and any community would have a hard time dealing with something of that magnitude. They can't do it by themselves. They have got to have assistance. And the greater the population you have, the more assistance you are going to need.

I have already talked about communications and coordination being extremely important as it relates to any disaster. The old saying that you hear, you play like you practice, local governments have got to have adequate plans and make sure that those things come together. Thankfully, we have groups like our churches and businesses and individuals that step up during times of disaster and don't necessarily wait for the Government to ask them to come in and help. Because they were a big help to us after Ivan, and we saw those same things in the couple of times that I visited the Mississippi Gulf Coast in the last month.

We talked about the consistency or inconsistency. Like the other people said, you would get one story on how to fill a form out, only to get told two or three different times by other FEMA representatives, no, you have to do it this way. So you spend a lot of time and effort spinning your wheels. So I really hope that something will come out of this on consistency for being able to get the word all the way down to the people that are on the streets giving that information. There has to be proper training for all the people that are employed during these events.

The other thing that I will mention is the status of the emergency Preparedness funds, the emergency management funding that comes down from the Federal Government to the local levels. Last year, the fiscal year that just ended, Escambia County received $47,222 for this pass-through money for our emergency management program. That was actually $43 less than the prior year and $82 less than the year before that.

I really think that the funding levels should be increasing, not decreasing, if we are going to have adequate response to emergency management and disasters in this county.

FEMA has been a vital part of response and recovery activities in the past. I think if they would have a renewed emphasis on having qualified, trained people respond to the disaster locations, consistent instruction and information provided, as well as improved coordination before disasters, then FEMA should be able to effectively carry out the mission that it has been given to perform.

Again, thank you very much for allowing me to participate in this hearing.

Mr. SHUSTER. Thank you, Ms. Kilgore.

Next, Mr. Albert Ashwood, who is the Vice President of the National Emergency Management Association. Thank you for being here and please proceed.

Mr. ASHWOOD. Thank you very much, Mr. Chairman, members of the Committee. I appreciate the opportunity to provide testimony on FEMA's ability to lead the recovery mission after Hurricane Katrina. I am representing the National Emergency Management Association, whose members are the State directors of emergency management. I am also the State Director of Emergency Management in Oklahoma.

Today, you have asked me to speak to the question of FEMA's capacity and capability to direct the long term recovery mission along the Gulf Coast. I appreciate the opportunity to address this issue. However, I must first ask which FEMA we are discussing. Are we talking about the FEMA who responded to and led recovery efforts in the Oklahoma City bombing, Hurricane Floyd, the

Northridge earthquake and the tragedies of September 11th? Or are we talking about the current FEMA, with depleted manpower and funding, who is strained to respond to everyday disasters, much less the catastrophic damages caused by Hurricane Katrina.

The post-9/11 FEMA is a shell of its former self. Over the past weeks, we have talked at great length about leadership qualifications, organizational structure and statutory responsibilities. Yet if all we do is talk, we should not be surprised when history repeats itself in future disasters.

When I entered this profession 17 years ago, FEMA and emergency management in general were little more than a quasi-military entity, spending all of its time figuring out where a nuclear attack was going to take place and how to relocate the Nation's citizens from one population target to a host community down the road. We worked extremely hard to stay in our cubicles and make sure as little attention as possible was directed toward our profession.

In 1989, a disaster called Hurricane Hugo hit the Carolinas. Then-Senator Ernest Hollings of South Carolina made a statement to the media which I remember today. As he was standing in line at a disaster assistance center with his constituents, he simply said that FEMA was the biggest bunch of bureaucratic jackasses he had ever met in Federal Government.

The reason I remember this quote is because it was accurate. He was correct, but things were about to change. In 1992, Hurricane Andrew hit southern Florida. It was the most catastrophic disaster FEMA had responded to since its inception. Mistakes were made. Many of the same issues that we have talked about with Katrina were issues in Andrew.

With Andrew on everyone's mind, the new Administration felt the need to elevate the importance of FEMA and the emergency management profession in the Federal Government. Changes came rapidly and FEMA adopted a motto of people helping people and lived up to that mantra through their partnerships with State and local government.

Large disasters continued to occur: the Northridge earthquake, the Midwest floods, and yes, even the Oklahoma City bombing, a disaster which I was deeply involved in. I can promise you that the FEMA that responded to these disasters is the FEMA you want and every American citizen deserves.

Unfortunately, we live in a reactionary country, and following the tragedies of September 11th, we all agreed that something had to be done to prevent future terrorist incidents. What was originally discussed as a coordinated effort of intelligence gathering between the FBI and CIA eventually evolved into the Department of Homeland Security, comprised of 22 Federal agencies, including FEMA. An agency of this size must utilize and distribute its resources to best meet its needs: preventing and preparing to respond to acts of terrorism.

Unfortunately, during the organization of DHS and future reorganizations, FEMA has gotten lost in the shuffle. Not only do they lack the manpower and financial resources they possessed in the mid to late 1990s, but they lack the authority and the position in the overall chain of command.

I don't want anyone on the Committee to think I disagree with the mission of the Department of Homeland Security. In today's environment, it is essential that we expend all resources necessary to prevent and prepare for the next act of terrorism in this Country. However, we need not do it through the degradation of an existing success story. If you ask me if FEMA is the right Government agency to lead the long term recovery efforts concerning Katrina and Rita, I say they are the only agency with the knowledge and statutory authority capable of doing so.

But we must give them the resources necessary to not only do their job, but to do their job the right way. It will take years for the Gulf Coast to return to the level of prosperity it had prior to Katrina. It is essential that the Gulf Coast is rebuilt with mitigation efforts in mind. If not, we are simply spending money to apply a band-aid to a region as it awaits the next Katrina.

A fully staffed and funded FEMA must be there to not only accomplish that mission, but to prepare for and respond to future disasters. Personally, I have a few recommendations to succeed in this long term recovery mission. First, remove FEMA from the Department of Homeland Security and make it a standalone agency answering to the President of the United States.

The emergency management mission, simply put, is one of coordination and support. It is a basic Wal-Mart at all levels of Government, where one stop shopping for resources and disaster assistance can be obtained. You cannot expect this and then establish a coordinator of the coordinator.

Second, FEMA's funding and manpower must be returned to pre-DHS levels. It is asinine to think an agency can effectively respond and recover from disasters without a preparedness effort to accomplish this task.

Third, the Federal Government is only as strong as its base, and regardless of what anyone tells you, disasters are local. If you want a strong FEMA, we need to have a strong State emergency management and a strong local emergency management. Funding for the emergency management performance grants has remained virtually stagnant for the last 15 years. The grant is currently funded at $180 million and is the only grant that funds emergency management on the local and State level.

And it is a 50/50 matching grant. It requires local investment. This is quite different than the $2.3 billion of Homeland Security grants funded 100 percent federally and given to locals and States.

In conclusion, FEMA is the right agency to meet the long term needs of the citizens of the Gulf Coast. I have many friends who work for FEMA who have been working 12 hour shifts, 7 days a week for the last month only to wake up each morning and read about how inept their agency is and their leadership has become. Many of these people have been doing the same job for the past 20 plus years, and quite frankly, they do a good job. But we have to give them the support they need to do their job and to meet the expectations of the American citizens.

Mr. SHUSTER. Thank you very much, Mr. Ashwood.

I think you have all made yourself pretty clear on the macro question of FEMA and where you believe i should be. But I still

want to go into sort of the micro question first, and then perhaps some other questions, since Mr. Taylor is here and Mr. Dent.

First, I wish Mr. Rodriguez, I wish he could have stayed with us. One of the things that he said, and I guess really Mr. Buckley, to get your view of this and Ms. Kilgore's on the proper staff that came in, and again, Mr. Rodriguez isn't here to answer that. But in your experience on Katrina, in the aftermath here in the last couple of weeks, do you feel that the staff that came in from FEMA was knowledgeable, that they knew what they were doing? Can you give me generally what your sense of that was?

Mr. BUCKLEY. Well, in what I was doing in Hancock County, I didn't see anybody from FEMA the first several days. There may have been somebody there, but I never did see them. And we were having a hard time trying to find some place to work out of. The emergency operations center had been flooded, and after several days, mold and so forth, we were having to try to find some other place to move to. We moved to trailers in the alley and eventually to Stennis Airport, which was about some 12 miles inland.

Mr. SHUSTER. Ms. Kilgore, in Ivan, what would your comment be on the staff that came in from FEMA? Do you know if it was the permanent or the temporary staff that you were dealing with?

Ms. KILGORE. It varied, as we heard earlier, where some of the ones that came in were very knowledgeable, and then others, you would get used to dealing with one and then they would be rotated out. So I guess they are part of their temporary pool that they had.

Mr. SHUSTER. Did you know who you were dealing with, if you were dealing with a permanent or a temporary?

Ms. KILGORE. Sometimes we did. Sometimes they just had the FEMA credentialing, so you weren't sure if they were 100 percent a FEMA employee or if they were one of their disaster employees.

Mr. SHUSTER. Right.

Ms. KILGORE. But even some of the disaster employees they have are very, very knowledgeable in what they do, because they go and deal with the disasters a lot. It just depends on the individual and the instruction that they are getting and the consistency.

Mr. SHUSTER. Experience.

Ms. KILGORE. Exactly.

Mr. SHUSTER. Even a temporary person can have tremendous experience. Yes, Mr. Buckley.

Mr. BUCKLEY. There was a FEMA representative in the EOC early on. His name was Eric, I don't remember his last name. But I thought you might have been talking about FEMA people that were coming in to help people to register and so forth like that. I thought that is what you were talking about.

But early on, there was one person, his name was Eric.

Mr. SHUSTER. I believe I met Eric, I was at Stennis Airport two weeks ago. Eric Gentry.

Ms. KILGORE. He was in Pensacola.

Mr. SHUSTER. Okay. One of the things we are looking at doing, and I just want to get all three of you to comment on it, is to lift the cap on the community disaster loan program from $5 million to unlimited. What are your thoughts? How important is that to a community, to be able to get those low income disaster loans?

Mr. ASHWOOD. I think I can answer part of that. Having worked numerous disasters, there are very few items in the FEMA bag of tricks that are going to get a community back to the way economically it was prior to the disaster. We can rebuild the infrastructure, we can help out the individual victims. But as happened in Oklahoma in 1999, we had a community that was wiped out by a tornado and its three top employers all left town. There was nothing I could do to make sure that there was any prosperity for that community after that.

The community loan program that you allude to is the one item that can be used to help that community through more of a long term process. Now, they will also work with the Department of Commerce to do everything that they can to make sure that the economic impact is lessened as greatly as possible. But that is the real issue. That is the one thing you can utilize.

Mr. SHUSTER. Do you know that the community you are talking about, did it actually pay back that disaster loan? Because there are some communities that, based on their financial picture, those things are forgiven.

Mr. ASHWOOD. Actually, in their case, they decided not to apply for that loan, because they had no idea whether they could pay it back or not. We did stress that most of those loans were forgiven, but at the same time, it was their city council's decision not to go that route.

Mr. SHUSTER. Ms. Kilgore?

Ms. KILGORE. Well, as you know, with Hurricane Ivan, we lost a good bit of our tax base. Quite frankly, we are still recovering from Hurricane Ivan over a year later. We estimate it will be at least another year before we even start getting up close to the area. Most people have not even started rebuilding.

And now with Mississippi and Louisiana in that same area, contractors are really going to be at a premium. So I think local governments should have the ability to go after something that can keep them, to sustain them, to pay the bills and do the things that they need to do for their citizens, especially when you know it is going to be a three or four year process.

Mr. SHUSTER. Do you know if Escambia County applied for that community disaster loan?

Ms. KILGORE. Personally, I do not, but we can certainly find out for you.

Mr. SHUSTER. Mr. Buckley, would you care to comment on that community disaster loan?

Mr. BUCKLEY. On infrastructure, with these municipalities and so forth trying to build back, the rule has generally been, well, you build it back to the way it was. But if the way it was is not what is going to get you through the recovery or if the way it was is not adequate, it may fall short of standards, or maybe it was borderline, well, then, maybe you should think about improving it a little bit.

For instance, the levees in New Orleans, they are going to, my understanding from the news this morning was they are going to rebuild those sections back to the way they were. Well, this would be a prime opportunity to build them better than they were, at

least in those sections. Then later on, they will have something to build onto.

The infrastructure in these towns with sewage treatment and water systems and communications and things like that, if what you had before was not adequate, then don't penalize them for trying to put some increased capacity in there. Because this recovery process is going to be a long thing.

Mr. SHUSTER. Right. And a final question on the macro question of FEMA, where do you see it, where does it belong. But before I let you answer that question, I just want to make sure of the experience I am dealing with here. Ms. Kilgore, did you say for 30 years—

Ms. KILGORE. Thirty-two.

Mr. SHUSTER. Thirty-two years. And Mr. Ashwood, how long have you been in emergency management?

Mr. ASHWOOD. Seventeen years.

Mr. SHUSTER. And Mr. Buckley?

Mr. BUCKLEY. Sixteen.

Mr. SHUSTER. Sixteen years. So I have a pretty experienced crew here I'm talking to.

The same question I posed to Governor Wise, if you had a magic wand and you could wave it, what would FEMA look like to each of you? Inside DHS? Outside DHS?

Mr. BUCKLEY. Outside DHS and back to the way it was before it was pretty much thrown in the gutter and then kicked when it couldn't respond.

Mr. SHUSTER. And in the 16 years you have been in emergency management, now versus 4 or 5 years ago?

Mr. BUCKLEY. After Hurricane Andrew, it was fixed pretty good. It was a very responsive and user-friendly agency.

Mr. SHUSTER. Not perfect, though?

Mr. BUCKLEY. No, not perfect. We all have things we need to work on.

Mr. SHUSTER. I want to make sure we are painting the right picture here.

Mr. BUCKLEY. Sure.

Mr. SHUSTER. Ms. Kilgore, your thoughts on FEMA, inside, outside?

Ms. KILGORE. I think being separate again like it was would make a difference to those of us that deal with emergency management. I do think that preparedness and mitigation still need to play a very major role, as well as response and recovery, and that we need to make sure that that coordination is there through all levels of government.

Mr. SHUSTER. And in your experience, did you see a marked difference in FEMA last year versus before?

Ms. KILGORE. Yes, I have.

Mr. SHUSTER. I just want to make sure I clarify. I thought I was in Escambia County a year ago. It was only eight months ago. Time flies.

Mr. Ashwood, your views?

Mr. ASHWOOD. I think I made it clear. I think that FEMA needs to be outside DHS, similar to the way it was in the mid to late 1990s. One of the things we keep talking about, we talk about a

lack of funding and a lack of manpower. But one of the things that FEMA lost over this entire transformation is a great deal of institutional knowledge. There were a lot of people at FEMA who had worked there a very long time.

When we started working through the terrorism, DHS standpoint, there was a lot of money that went out to private industries and is still going out to private industries, that needed that expertise base. So a lot of people who worked for FEMA back in the mid to late 1990s are now working in private industry as consultants and we have lost a great deal of institutional knowledge that was in FEMA previously.

Mr. SHUSTER. Thank you. I yield to Mr. Taylor, if you have any questions.

Mr. TAYLOR. Thank you, Mr. Chairman. Let me begin by thanking Mr. Buckley for coming to south Mississippi and my home county in particular. And Ms. Kilgore, I also want to thank the Floridians. The help that was provided from outside, from Bolivar County, from Florida was really well received, there was a lot of expertise.

What Ms. Kilgore failed to mention, and I think that Mr. Brown completely missed last week in his testimony, obviously the first responders, the local first responders are extremely important. But FEMA ought to have a plan for when the first responders literally have their legs cut out from underneath them, as happened in Hancock County, when the vehicles were parked in a place that had never flooded before, and you had every police car, every fire engine, most of the emergency management equipment, went underwater in a flood that just simply was unimaginable.

So we are very, very grateful for the outside help that we received.

Mr. Buckley, I would like you to comment, because I think it is worth hearing, if you would tell the Committee what kinds of communications you saw for the first four days in Hancock County, how many radios were available to you?

Mr. BUCKLEY. It was completely third world. The only thing that we were able to use, we brought a communications bus. We have an agreement with Delta State University, we have an agreement for the bus with them. We installed communications equipment in that bus, and we hurried up to finish it so that we could go to Hancock County. When we arrived, we pretty much had the only communications with us that was in Hancock County.

Mr. TAYLOR. What day was that?

Mr. BUCKLEY. That was the Tuesday after the storm. That Tuesday night, we had to wait for the roads to get cleared so that we could make it down there. So that was Tuesday night.

Mr. TAYLOR. So that was over 24 hours since the storm. Prior to that, again, all I can do is ask you to confirm this, that there was one satellite phone.

Mr. BUCKLEY. And it was on my bus.

Mr. TAYLOR. And it was owned by the National Guard. That was the total communications.

Mr. BUCKLEY. Oh, I am sorry, if the Guard had one, that would have been another one. But I had one in my bus. That doubled it.

Mr. TAYLOR. What kind of sanitation did you see when you got there?

Mr. BUCKLEY. For several days there were no Port-A-Lets. I think they were brought in, I can't remember, I can't remember now what day it was. It had to be at least Thursday or Friday before Port-A-Lets arrived. It was probably on Friday. We were able to respond, my group, we were able to respond and be self-sustaining. But that was a problem.

Mr. TAYLOR. What did you see in the way of food?

Mr. BUCKLEY. We brought food with us. But as far as what was available for the first responders, again, they had lost their vehicles, many of them had lost their houses. But they were on the job, trying to do their job as best they could.

Mr. TAYLOR. What were the first responders eating?

Mr. BUCKLEY. Most of the food that I saw around there was food that first responders, people responding like my group brought in with us. I didn't see any outside food. If it was there, I didn't see it.

Mr. TAYLOR. Okay. What you missed then was that the first responders had looted the Wal-Mart and the Sav-A-Center in order to feed themselves. If you remember the guy they referred to as Boss Hogg, the stuff Boss Hogg was cooking had been looted from the Wal-Mart.

Mr. BUCKLEY. I remember Boss. Right. I seem to remember something about that now. I also brought him a pickup truck load of food myself, a week later, because he was running out of food. He came real close to running out of food several times.

Mr. TAYLOR. One of the things that I found really frustrating in dealing with FEMA, and again, I want to hear your observation on this, that as, when the questions would be asked, when is the water coming, when are the MREs coming, the answer I kept getting is, it's in the pipeline. Then when you try to narrow it down, okay, is that pipeline in Alaska, is it in Arkansas, is it in North Mississippi, is it 100 miles from here, the answer is, we don't know.

Was that your observation as well, that there was really poor coordination from FEMA as to what was coming, when it was going to arrive, and what the follow-on was going to be? Because I always found it was impossible to ration what you don't know you have, and even harder to ration what you don't know what you're getting.

Mr. BUCKLEY. That is right. We need a better tracking system. GPS I think would be great. Satellite communications in all those trucks, maybe we can work toward something like that. But the tracking system needs to be greatly improved.

We ran into the same thing with fuel. Law enforcement was running out of fuel. At one time, I sent a message over to law enforcement that if a fuel tanker came into the county, you escort it in.

Mr. TAYLOR. Again, Mr. Chairman, as you know, there is another hearing going on upstairs. I want to thank all of you for being here today and in particular, Kent, I want to thank you for coming down and helping out in south Mississippi.

Mr. BUCKLEY. I would describe it as a heartbreaking pleasure.

Mr. TAYLOR. I really do want to thank all the Floridians. I promise never to say a bad thing about Florida again.

[Laughter.]

Mr. SHUSTER. I have heard you say good things about Florida. Escambia County, too, Pensacola.

With that, Mr. Dent, five minutes for questions.

Mr. DENT. Thank you, Mr. Chairman. Mr. Ashwood, I have a question for you. In your testimony, you have made some remarks about federalizing a disaster could be extremely difficult with so many agencies lending support to disaster.

We have heard a lot of discussion since Katrina about what the role of the Federal Government should be, specifically the military, in the event of these types of catastrophic events that you have experienced down in the Gulf Coast. I would just like to hear you expand on that a little bit more. As you know, we have this layered system of response, local, State and Federal, FEMA.

Mr. ASHWOOD. Yes, sir. And here again, I have to provide a caveat that I was not in the Gulf Coast responding to these disasters. So we all have to realize that this is something we have not experienced before in emergency management or in response, just by the enormity of it all.

In disasters that I have worked, and I have worked numerous disasters, Oklahoma is no stranger to disaster, all disasters are local. I still stand by that statement. Because the first line of defense are your first responders. You have emergency medical, fire and law enforcement who are all there, the first ones in. Of course, the State is right there to help them out if they need additional resources, and the Federal Government is right behind that to make sure that the quickest response and the most efficient response is made as possible.

With the Federal Government comes a defense coordinating officer. Any time there is an emergency declared or a major disaster declared under the Stafford Act, the Federal coordinating officer can ask the Defense coordinating officer to stand right next to him. If there is anything the Department of Defense has that can be applied to that response, it is immediately available.

I have concerns just hearing, as you have, the reports on television and everything saying that the Federal Government was waiting for the State to ask for this, or the State was asking for the local government to ask for this. I know it was chaotic. But the fact of the matter is, in disasters I have worked, those people were all basically talking to each other in the same room.

So it is not like somebody was sitting behind a desk waiting for somebody to ask me for help before I am going to do anything. I don't understand that statement. How it is supposed to work is basically as Mr. Brown pointed out in his testimony that it works from the bottom up, from local to State to Federal and the needs are met. But they are not done in a such a way that is disjointed, they are done working in cooperation and partnership together.

So I don't know what happened in this disaster, but that is the way it has always worked in the past.

Mr. DENT. Another question I had, all of you have indicated you would like to see FEMA as a standalone agency, direct report to the President. Other than having that direct ear of the President, what are the other principal reasons why you would like to see FEMA as a standalone?

Mr. ASHWOOD. I will start that off. I guess I think it goes back to the all hazards approach. We have been preaching and planning all hazards for years now, that we don't need to have a hurricane plan and a tornado plan and a flood plan, because if you plan for all hazards you can take in the different aspects of all of those types of disasters.

When the Department of Homeland Security started, we basically started saying, we need to plan for terrorism, and oh, by the way, the underwritten philosophy is that if we can plan for a terrorist event, then we are prepared for any event that the Country might face. I don't agree with that perspective. There are different incidents there.

We used to have, prior to DHS, authorities were divided up between crisis management and consequence management. That made perfect sense to me. You have crisis management, which takes it on the front end. If we can catch the bad guy and keep the event from happening, by all means, let's do that. We all agree with that.

But we have to be prepared for consequence management if we don't catch the bad guy. And that is where FEMA came in, because they were the experts in consequence management. They could come in and respond to the event that already happened, to make sure the resources were there, to make sure that the most effective response could be made.

I never quite understood why that was a bad idea, this crisis management and consequence management. But it seemed like when DHS was initiated, we had to get rid of those two terms and make sure that it was all together in one department. So I think there are a lot of growing pains as to how that actually works out. Because a lot of things that DHS talks about are not really of interest to me as the State emergency manager for Oklahoma when it comes to terrorist intelligence and where we might get hit next.

While it is very interesting to listen to, there is not a whole lot I can do to effectively respond until the event actually happens. Some will tell you that you need to pre-position resources. Well, we do pre-position resources. FEMA pre-positions resources across the Nation for different types of disasters that could occur.

But at the same time, you are not going to give me 72 hours to pre-position resources within my State because this is where the terrorist event might occur. We have to be prepared long before that.

So I will pass that on and you can answer to that.

Ms. KILGORE. Most of the things that I was going to mention he talked about, when he talked about the resources and the other things that were available to local governments. Having them in different areas is certainly important. I think what's happened with the Department of Homeland Security, in my opinion, is there has been a lot of money, a great deal of money that has gone out through State and local, and in some cases local government, more importantly probably in the State and regional areas.

But it has more been on equipment and types of things to put in these stockpile areas, and as a result, there has not been a lot of emphasis on people but yet there has been a lot of direction coming down to the local area as to what each local emergency man-

agement agency has to accomplish as it relates to this plan or that plan or the other plan. But again, there are no dollars associated with that for us to keep up with everything that keeps coming down the tubes.

Mr. BUCKLEY. I agree with all of that. Homeland Security really does not understand the emergency management discipline as far as the all hazards approach and then the types of plans that we have had in the past. They are law enforcement focused, most of them, and they deal with intel and investigations and that sort of thing. Even in the State of Mississippi I had one of our highest homeland security persons in the homeland security office talk about, well, they need a separate plan, they need their own plan.

Well, you need to plan for all hazards and that needs to be part of it. You don't need to start having 15 different plans for everything that could happen. We learned that lesson time and again.

So FEMA needs to be a separate agency, and emergency management is a little different from some of these other disciplines, in that emergency management is a coordinating agency and a resource agency and is not focused just on fire service and law enforcement and emergency medical, but we coordinate with all those people. And it is a little different.

Mr. DENT. Thank you.

Mr. SHUSTER. I think that is one of the big lessons of Katrina, is a lack of coordination. I think you are absolutely right, I had somebody, it was actually former FEMA Director Brown, I think it was him, that said we need to have less engineers at FEMA and more coordinating type people, contract administrators, because that is what you folks do in your business and your world.

I want to thank you very much for coming here today. I can't tell you how important it is that folks like you come and testify before the Committee. Because the only way that we can gain the knowledge from folks like you that are in the field, first-hand knowledge, I have emergency responders in my district I talk to, but to be able to get a perspective from around the Country and those different experiences is essential to those of us on this Committee and in Congress to be able to hopefully make wise decisions.

Sometimes we make knee-jerk decisions, but we want to try to protect against that with the information that you folks provide. You do that, so I thank you all very, very much for being here. I appreciate it.

And I would ask unanimous consent that the record of today's hearing remain open until all witnesses have provided answers to questions submitted to them in writing, and unanimous consent that during such time as the record remains open, additional comments offered by individuals or groups may be included in the record of today's hearing. Without objection, so ordered.

And again, thank you very much. The Committee stands adjourned.

[Whereupon, at 3:10 p.m., the Subcommittee was adjourned.]

ALBERT ASHWOOD
VICE-PRESIDENT, NATIONAL EMERGENCY MANAGEMENT ASSOCIATION
AND DIRECTOR, OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT

TESTIMONY
BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

ON

RECOVERING AFTER KATRINA: ENSURING THAT FEMA IS UP TO THE TASK

THE UNITED STATES HOUSE OF REPRESENTATIVES

OCTOBER 6, 2005

Introduction
Thank you Chairman Shuster, Ranking Member Norton, and distinguished members of the Committee for allowing me the opportunity to provide you with a statement for the record on FEMA's ability to lead the recovery mission after Hurricane Katrina. I am Albert Ashwood, the Director of the Oklahoma Department of Emergency Management. In my statement, I am representing the National Emergency Management Association (NEMA), whose members are the state directors of emergency management in the states, territories, and the District of Columbia. Currently, I am the Vice-President of NEMA and have also served several years as the Chairman of NEMA's Response and Recovery Committee. I bring over 17 years of experience in emergency management and I understand how emergency management is intended to work. NEMA's members are responsible to their governors for emergency preparedness, mitigation, response, and recovery activities for natural, man-made, and terrorist caused disasters.

Current Status of FEMA
Today, you have asked me to speak to the question of, "Is FEMA up to the task?" In the coming months and years, the recovery task before the nation is immense and requires significant resources and attention in order for emergency management to succeed at the task. It is essential that we clarify which FEMA it is that we are talking about here today. This is the tale of two agencies, with the first agency having the ability to successfully respond to terrorism incidents and natural disasters including the terrorism attacks of September 11, 2001 and the Oklahoma City Murrah Federal Building Bombing. This was also the FEMA that responded to the Cerro Grande Fire, Hurricanes Floyd, Dennis and Georges, and this was also the FEMA that addressed the Loma Prieta and Northridge earthquakes. This was a FEMA who garnered the respect to become the most sought after place to work in the federal government after the 2000 elections. This was the FEMA that built the public trust in the federal government to respond to disasters.

The other FEMA is today's agency where we have arrived at post-9/11. The FEMA director serves in a bureaucratic chain of command which reports through the structures of the Department of Homeland Security, which delays response and recovery functions. Grant programs addressing traditional all-hazards preparedness missions like the Emergency Management Performance Grants (EMPG) and the Fire Grants have been transferred out of FEMA and into a shop that specializes in domestic preparedness. FEMA's state and local coordination unit was severed to stand up DHS's Office of State and Local Coordination and other functions in FEMA have been consolidated into DHS. This is a FEMA, where $77.9 million of valuable Preparedness, Mitigation, Response, and Recovery program funding was reprogrammed and transferred to the new Department to stand up operations and finance the new Transportation Security Administration. The Congress authorized this transfer in a continuing resolution for FY 2003.

We are also talking about an agency who is faced with fulfilling their mission post 9/11 while operating with $63 million less for programmatic Preparedness, Mitigation, Response and Recovery funding in FY 2006 compared to FY 2000 as authorized by the Congress in Appropriations legislation. This is a FEMA that cannot compete with outside private sector companies eager for emergency management expertise, and thus loses critical expertise and knowledge in the response and recovery field time and time again in an age when the majority of their workforce is reaching retirement age. This same agency was forced to freeze hiring in the last few years, under a mandate from DHS.

Staffing Issues

The mutual aid assistance provided during these hurricanes vividly exposes the interdependencies of the nation's emergency management system. For Hurricane Katrina and Rita, the Emergency Management Assistance Compact (EMAC) has currently fulfilled over 1500 missions with 44 states, the District of Columbia and Puerto Rico providing assistance in the form of more than 50,000 civilian and military personnel and equipment assets to support the impacted states. The estimated costs of this assistance may exceed $600 million. The missions and request for aid continue and are expected to continue for the next several months.

FEMA is vastly understaffed at both the headquarters and regional offices. Currently, 9 of the 10 regional offices are led by Acting-Directors, rather than the politically appointed directors. The constant strain of placing civil service employees in an acting capacity takes away from the work-load in the office, since decisions have to be made about what tasks to put aside because of staffing shortages. I would estimate that, regional offices are staffed to about 70 percent of the level that they were three years ago. This increased strain, with a more significant work load, has made it difficult to retain employees. Regional offices are the direct line of communication for state and local governments to tap into federal resources and need to have adequate personnel to assist with all stages of emergency management from preparedness, to response and recovery, and mitigation from the next disaster.

FEMA must be adequately staffed at both the headquarters and regional levels to be able to fulfill their congressionally mandated mission. Outside of EMAC, NEMA received several requests from representatives of the Principal Federal Official in the response to Hurricane Katrina and Rita to provide direct support to the federal government for their own work-force to respond to the disasters. FEMA was seeking state and local personnel versed in Stafford Act assistance programs like individual assistance and public assistance to serve as FEMA employees in the response to the disaster

on a temporary basis. They were also seeking state personnel to replace ERT (Emergency Response Team)-A team members in the field who needed rest before the next hurricane. More and more, FEMA is forced to rely on state and local governments to support their own activities because they just do not have the volume of personnel and institutional knowledge within the agency anymore. One suggestion that may go a long way to resolving these issues is to allow FEMA to create an institutional immersion program led by former employees and experts who now reside outside the agency. These experts could lead comprehensive training before disasters, thus developing a knowledge base within the agency.

FEMA Must lead the Task

Unfortunately, the Administration, Congress, and all of us have stood by and watched as FEMA has become a shell of its former self. We are at the same point as the nation was after Hurricane Andrew in 1992, questioning organizational structures, leadership, the roles of federal, state, and local government, and even citizen preparedness. We cannot afford to repeat history with the opportunities we have before us today to fix emergency management at the federal level. A Congressionally requested report published in 1993 by the National Academy of Public Administration (NAPA) entitled "Coping with Catastrophe: Building an Emergency Management System to Meet the People's Needs in A Natural and Manmade Disaster" cites the following that you must consider in the all-hazards context:

> "Americans have never seemed to value long-range planning and training. Although they have come to accept the necessity of these things in the military in order to protect citizens from threats abroad, they have not yet developed an appreciation for the need in protecting citizens from hazards that can befall them "at home." As a result, emergency management agencies are generally under funded for planning, training, and exercises even those these activities are every bit as essential for their effectiveness as they are for military organizations."

This rings true today as most federal funding is dedicated to domestic terrorism, versus preparing for all hazards and the hazards that we truly face on a daily basis.

Yet, no one is more qualified structurally and statutorily to help our nation respond to and recover from disasters. FEMA has the direct line relationships with state and local governments because of the grant programs and the disaster relief programs operated through the Stafford Act. FEMA is the **only** federal agency authorized under the Robert T. Stafford Disaster Relief and Emergency Relief Act (42 U.S.C. 5121 et seq.) to carry out duties on behalf of the President. The 1978 Reorganization Plan 3, which created FEMA, also gives FEMA the responsibility for all of the functions of emergency preparedness and response. The plan states:

> "This reorganization rests on several fundamental principles. First, Federal authorities to anticipate, prepare for, and respond to major civil emergencies should be supervised by one official responsible to the President and given attention by other officials at the highest levels. The new agency would be in this position."

FEMA is and should be the agency of choice to coordinate the functions of the federal government in response to disasters, regardless of their cause.

FEMA has the ability to tap into the emergency responder community to build relationships through training and exercises. FEMA also has the skills to work cooperatively with state and local elected and appointed officials to work cooperatively to look at comprehensive recovery. FEMA has the coordinating function in the federal government and should have the ability to tap all the resources at

the federal level to respond to a disaster. However, all these areas need to be strengthened with an all-hazards focus to ensure that federal, state, and local governments are building relationships before a disaster and understand how to work together cohesively. Leadership is not a matter of one person in the agency, but requires systematic understanding and vision on how to assist state and local government undertake the recovery process.

NEMA recommends that state and local governments remain in control of their own disaster response with federal support and unified command structures. Even in extreme circumstances, we need to continue to use and follow the plans and systems that are in place. State and local governments must have buy-in for the response and recovery of their communities. Federalizing a disaster could be extremely difficult with so many federal agencies lending support to a disaster. No disaster has been federalized in the past 30 years. Hurricane Camille in 1969 was the last time emergency management can recall a declaration of martial law with the military placed in charge. We cannot afford to return to the Civil Defense era of the 1950s and avoid all the lessons we have learned with catastrophic disasters over the last 30 years. This is why FEMA is the appropriate agency to do the job, we just have to give them the resources and attention they need to be successful as soon as possible.

The time to stop the cycle of degradation of emergency management functions by reorganization after reorganization is now and we must systematically improve our nation's emergency response system through verified lessons learned and not reactionary decisions. We hope that Congress will partner with NEMA as they move forward to consider changes to DHS organizational functions and the role of FEMA.

As Congress and the media consider the use of contract employees to support the response and recovery effort in the Gulf Coast, we must thoughtfully implement this assistance. My personal opinion is that we can contract support for missions, but ultimately the government provides a service to protect the national security and that includes response and recovery from all disasters. I'm not against privatizing or utilizing the resources out there, but there is a point in which the federal government must accept some responsibility for ensuring that functions exist to respond and recover for whatever the disaster "du jour" may be.

Response and Recovery Issues

NEMA's Response and Recovery Committee has been actively working with FEMA to remedy issues that impede the speed and the clarity in which FEMA issues guidance or provides assistance to states during a disaster. After 9/11, our Response and Recovery Committee looked very closely at issues impacting catastrophic disasters including:

- Uniform, written, national guidance in a clear, timely and meaningful manner that does not vary from region to region;
- Providing ongoing and timely training to field personnel on guidance and policies;
- Implementing a process to approve state management cost funding within 60 days of a request;
- Developing clear concise guidance on submission content and evaluation criteria specific to management costs;

- Following federal law regarding the statutory administrative allowance for the public assistance program;
- Administering the Other Needs Assistance Program to address ethnic and cultural diversity issues in accordance with the approved state plan for Other Needs Assistance;
- Utilizing the State disaster Mental Health plans as the basis for approving the immediate services grant; and
- Including state emergency management representatives on the FEMA Individual Assistance Steering Committee, which is influential in directing interim policy decisions.

Many of these issues have yet to be implemented, but as you can see significant need exists for streamlining and simplifying national policy decisions on response and recovery. These policy decisions must be made by educated and enlightened federal experts in a timely manner during the response and recovery phases and such expertise needs to be built and maintained at the federal level in support of the state and local activities for recovery.

Further, there are issues that Congress must address to simplify the response and recovery process for this disaster and future disasters:

- Fix the cap on disaster home repair for the Individual Assistance Program to $25,000 and allow that for both repair or replacement for lost or damaged personal property;
- Allow for rental assistance to be paid up to a maximum of 18 months at the Fair Market Value of the jurisdiction affected, and give FEMA the ability to administratively extend this period as necessary; and
- Reinstate the FEMA Mortgage and Rental Assistance Program to the pre-Disaster Mitigation Act of 2000 status.

This is not the first time that NEMA has raised these issues with Congress. The time is now to address these critical policy and legislative issues, and we need to fix them once and for all.

Additionally, the opportunities that mitigation provides to protect property and limit the loss of life have largely gone ignored by the federal government in recent years. As a member of the state and local team that provided input to the National Response Plan and the National Incident Management System, we had to really push hard to get mitigation included in the final drafts and even now mitigation is an after-thought for the federal government. Mitigation must receive greater focus in the recovery and reconstruction effort for Hurricane Katrina. Every state has a federally approved plan on the books to address their mitigation priorities as mandated by the Disaster Mitigation Act of 2000 and these plans must be followed as the Gulf Coast undertakes their recovery plans. As a nation, we should not rebuild without considering all of the mitigation measures that are necessary to prevent this type of loss from happening in the future.

Second Stage Review

NEMA is extremely troubled about the state of the Federal Emergency Management Agency and how FEMA's ability to respond to disasters has been degraded in the last five years. NEMA articulated this grave concern in a July 27, 2005 letter to the Department of Homeland Security regarding the Second Stage Review (2SR) creating a Preparedness Directorate that would be primarily focused on terrorism. The letter to Congress highlighted the lack of the Department's focus on natural-hazards preparedness

and the inability to connect response and recovery operations to preparedness functions, as any unnecessary separation of these functions could result in a disjointed response and adversely impact the effectiveness of Departmental operations. Nevertheless, we understand that the 2SR is moving ahead even in the aftermath of the recent catastrophic hurricanes.

CONCLUSION

Congress must look at innovative ways to address FEMA's needs in this post-9/11 environment. The nation's reactionary nature has left FEMA emaciated and anemic. We must immediately influx the system with support and innovation in order to face the challenges of the day. Federal, State and local governments must have adequate funding for baseline emergency preparedness so exercises and training can ensure that plans and systems are effective before a disaster. I thank you for the opportunity to testify on behalf of NEMA and appreciate your partnership. I hope we can work together to implement the lessons of Hurricane Katrina and Rita and ensure that the nation is adequately prepared for any disaster, regardless of cause.

EARL BLUMENAUER
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addendum to Committee statement for Mr. Blumenauer

Principles for Katrina Recovery

1. **The federal government must not use taxpayer dollars to put people, places and property in harm's way.**
   - Protect public infrastructure by rebuilding it to a higher standard.
   - Provide financial incentives to rebuild homes with safer construction in less hazardous areas.

2. **Citizens should be directly engaged in the work of disaster recovery and mitigation.**
   - Involve local citizens at every level, including a review of what happened, long term recovery planning and the cleanup and restoration process.
   - Use local citizens to perform vital clean-up tasks, modeled after the successful "cash for work" program created by Mercy Corps and other relief agencies in Southeast Asia after the tsunami. We could be putting thousands to work, with federally-supplied health benefits, tomorrow. For example, the Portland ReBuilding Center is working with officials in New Orleans to train affected citizens in salvaging and recycling priceless building materials and artifacts, helping them to restore their heritage as they rebuild.

3. **Clarify the role of the federal government in disaster prevention, mitigation and relief.**
   - Restore FEMA's independence by taking it out of the Department of Homeland Security. Require the head of FEMA to report directly to the President.
   - Modernize the Corps of Engineers by updating the Corps' Principles and Guidelines and setting up a "BRAC"-like process to prioritize Corps projects.

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- Fix the budget process to resolve the ironic situation where it is technically "cheaper" from an appropriations standpoint to spend billions of dollars on disaster relief rather than millions of dollars on disaster prevention.

4. **Make the recovery process a model of transparency and accountability.**
   - This is about more than just clear objectives and process.
   - Accountability is the minimum price we should be paying for the burden of recovery we're putting on America's taxpayers and the patience of the victims.

5. **Congress should encourage and support state and local responsibility for disaster prevention, mitigation and recovery.**
   - Pass the bipartisan "Safe Communities Act" (H.R. 3524) to provide grants to communities to incorporate disaster planning and mitigation into their comprehensive land use plans.
   - Provide incentives for communities to do a better job of investing their own resources to disaster-proof homes and businesses
   - Restore Project Impact, an innovative program that created partnerships with all levels of government plus the private sector, non-profits, businesses and individuals to make communities more resilient.

6. **Incorporate long term prevention and mitigation as a key element of any federally funded restoration.**
   - Include funding for mitigation as part of any restoration funding.
   - Fully fund the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (P.L. 108-264), which reauthorized and reformed the National Flood Insurance Program to provide a disincentive to property owners to live in repetitively flooded areas. Rather than continue to rebuild, the program would provide repeatedly flooded homeowners assistance in either elevating or moving their homes away from flood waters.

7. **Employ natural solutions wherever possible.**
   - We should use the protective forces of nature to protect us from the destructive power of nature.

- Restore natural floodplains in the region. Green infrastructure is often cheaper and more effective than pipes and concrete.
- Resist temptations to weaken building standards and environmental protections. The sustainable future of the region demands the protection of public health and natural resources.
- Create a protected park as a memorial to Katrina's victims and a safety net for future residents. Congress should fund a multi-state coastal risk assessment to determine if there are areas of the coast that can no longer sustain communities and infrastructure. Limiting development on land that can no longer safely sustain communities and infrastructure will create a buffer zone against future storms and protect communities that resettle by absorbing floodwaters. What better way to honor Katrina's victims than to create a memorial that will protect future residents?

For more information on these principles, contact James Koski or Janine Benner at 202-225-4811.

TESTIMONY

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U. S HOUSE OF REPRESENTATIVES

ON THE
OVERSITE HEARING "RECOVERING AFTER KATRINA: ENSURING THAT FEMA IS UP TO THE TASK."

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Chairman Shuster, Ranking Member Norton, and distinguished members of the Subcommittee, I thank you for inviting me here to provide testimony on our nation's worst disaster and the recovery operations that will continue to be part of our lives in Mississippi for many months to come.

I am Kent Buckley, Director of the Bolivar County Emergency Management Agency, Cleveland, MS, an office established in 1960. I have held this position since June 1989. Emergency Managers have the role of coordinating all local emergency plans, preparedness, response, disaster drills, recovery, and mitigation with all emergency and non emergency disciplines. We bring everyone to the table from fire, law, medical, volunteers and the private sector. Much of what we can accomplish depends on staffing level and funding. A key source of funds for building capacity at the state and local level is the Emergency Management Performance Grant (EMPG), a program which was in FEMA but is now in the Office of

Domestic Preparedness. EMPG is a matching grant program and is the only source of our funding which can be used for personnel and is for all hazards. As Director I supervise our Emergency Management Program and coordinate with our volunteer non profit Emergency Operations Response Team of about 40 members. This team serves as a land and water search and rescue team and conducts vital storm tracking through the delta area. I coordinate with our non profit Delta K-9 Search and Rescue Unit that responds nearly state wide and has about 16 members. In addition, I have served as our county fire chief since 1988. I have also served as the Homeland Security Coordinator for Bolivar County since 2001.

I am a member of the International Association of Emergency Managers, which has over 2800 members including emergency management professionals at the state and local government levels, the military, private business and the nonprofit sector in the United States and other countries. I am serving an unprecedented third term as President of the Mississippi Civil Defense/Emergency Management Association (MCDEMA) and have served on the Board of Directors of the association for over ten years. I am a Mississippi Certified Emergency Manager. The Mississippi Civil Defense/Emergency Management Association is made up of mostly local Emergency Management/Civil Defense directors and staff along with some members from the Mississippi Emergency Management Agency (MEMA). . MCDEMA was incorporated as a non profit in 1962 and promotes training and professionalism in our field. We conduct two conferences per year and have had attendance from other neighboring states and FEMA. We coordinate training, response and other matters with MEMA.

We have just experienced a new "Disaster Standard" in Mississippi. The old standard was Hurricane Camille that landed with 220 plus mile per hour winds and a storm surge of around 12 feet. Katrina was about three times larger and took up most of the Gulf while packing winds of around 145 miles per hour. To make matters worse she carried a storm surge of 28 to 30 feet. In Hancock County, "ground zero" for Mississippi, we found 28 foot water marks six miles inland at the I-10 and highway 603 bridge and 31 foot marks on the Jordan River bridge on I-10.

There are huge problems with trying to rebuild infrastructure. Hancock County where I responded was thrown into third world conditions. No infrastructure was there to build on or repair quickly. There was no power,

no water, no sewer, no phones, or emergency radio communications. No police cars in the city of Waveland where the storm surge came in and the policemen and women had to swim for their lives. The entire Gulf Coast was devastated with homes and businesses gone. There is no where for thousands to live and no tax base or income to the local citizens or governments. The big tax base in Biloxi and Gulfport was gone along with the beach and the area south of the railroad. In Gulfport homes and businesses were completely gone for about 2 blocks inland. In Waveland the difference was everything was gone for a mile inland. It looked like a windswept landfill. At the Hancock Emergency Operations Center the staff would not abandon their posts. The water rose 1 to 2 feet inside the building as they fought to keep it out. At one point they passed out life jackets and wrote numbers on their arms with permanent markers. They placed corresponding vital information and identification high in the ceiling just in case they did not survive. Soon after that the water stopped rising and they had a sigh of relief while they shared a few hugs and shared some tears. Many of them lost their homes and cars. And they lost some friends that would not evacuate.

I could go on about the response and there would be many interesting stories, but we are here today to talk beyond response into recovery. I felt you needed a picture of the event to be able to comprehend the massive amounts of debris and the total destruction of our infrastructure and tax base. The pictures on T.V. and the pictures I took do not do justice to the destruction. You will find your mouth open if you fly across the area as I did. Only then will you really understand just how massive it is.

One of the County supervisor districts in Hancock County comprises the Coastal area from Pearlington near Louisiana East to Waveland. He has virtually no structures left in his district.

The size and scope of Katrina warranted the decision to include debris removal from private property and commercial property. In most areas you can't tell which is which anyway. And the debris removal fees will fluctuate because of hazardous materials mixed in with much of the debris.

It's a shame that the brick and mortar debris may not be used to build breaks or to shore up the levee system in New Orleans.

With tax base and infrastructure gone it will be a terrible burden, especially on smaller towns and less populated counties to try to meet payroll much less bear up front costs for contracts and purchases. Advance payments to local governments will be vital to recovery. Many of these counties and municipalities are rebuilding infrastructure better than it was before to be able to facilitate the long term recovery process and make a smooth transition, eventually, from recovery to more normal operations. It would be ridiculous to build infrastructure back the way it was if it was inadequate before the storm.

FEMA assists with housing and this will be one of the biggest logistics problems that FEMA or anyone has ever dealt with. There are not enough trailers existing right now that meet the needs and the requirements. One coastal county has received about 850 trailers and the county has a need for about 10,000.

We still have many people in Hancock County living in their yards because they don't want to leave what little they have left. Donations have been pouring in from all over the U.S. and the many parts of the world. Some tents were sent from England and were distributed to those living in their yards so they could have some cover until something better could be arranged. The trailers are coming in and will be for some time. It will be a massive effort to get them delivered and set up. And later it will be a massive effort to move them out.

The FEMA organization overall has done many things well in Mississippi. We all have room for improvement. Getting Disaster Assistance Centers opened earlier would be a great improvement. Since there were virtually no buildings in Hancock County South of I-10, trailers or tents should have been brought in within the first five days after the storm. When you have no phone lines, no power, no computer, to internet, no cell phone, you have no means of registering with FEMA or Red Cross. Third world conditions warrant a non technical response for registration. A satellite phone bank might have helped. Even if you got a call out of your area you were faced with constant busy signals.

Logistics and tracking with FEMA have been mentioned in Mississippi. We need to find better ways of tracking our resources from orders to delivery. We need to work on that same thing with our state and locals, too.

I contacted a number of officials along the coast and some inland and we all agree that you can't run a Cadillac agency on a Volkswagen chassis and get a satisfactory response to one of the worst disasters in our history. In short, FEMA needs to be an independent agency out from under the Department of Homeland Security and its director should be restored to a cabinet level status. FEMA should be decentralized and decisions made at the supervisor level with full authority for this type disaster. Bureaucracy takes too long when suffering is in the balance. FEMA can't lose 500 employees, many with years of experience and knowledge, have its funds stripped by DHS for other purposes and now be further dismantled and diminished by transferring one of the four integral functions, preparedness, and be expected to respond like it used to. Homeland Security can have a preparedness program. The National Weather Service has one as does the Red Cross. But all hazards preparedness needs to stay with FEMA. We have to stop fixing things that aren't broken.

If we want to fix something that is broken, let's address Emergency Management Performance Grant (EMPG) funding. The Emergency Management Performance Grant is the only source of funding for all hazards that keeps Emergency Management afloat on the state and local levels. Emergency managers create the framework by which local governments respond to disaster situations. All politics is local and all responses are local and our emergency management officers who have the vital role of planning, preparedness, drills, and coordination of services are seriously understaffed. The only means of sustaining our local capability is through EMPG.

Every year the International Association of Emergency Managers and the National Emergency Management Association testify about the EMPG short fall which is now at $264 million a year. Every year a delegation of emergency managers from Mississippi and many other states make the pilgrimage to Washington to plead for increases for this vital program. It is the very backbone of emergency management in America-- the local people now on the coast working 18 hour days trying to get things back to normal. Other contacts we make are emails, phone calls, and faxes. The stack of them for the last ten years just from Mississippi would be about 6 inches high on this table. And every year it goes to the wire on trying to get the funding increased. You have to build your response capability from the locals up. They are the ones on the scene for hours until state resources can get there. Then it is days before the federal resources can get there.

FEMA's response, in most cases, is only as good as the local emergency management program. The FY 06 appropriation for EMPG in the Department of Homeland Security Budget is $185 million, a five million dollar increase over last year. This will probably mean about $100,000 to Mississippi which means about $1,000 to my county. The shortfall is at $264 million. We have to do better by the things that work and the things that work best are strong local programs depending on EMPG and a cabinet level FEMA Director with decentralized decision making.

I sincerely thank you for giving me this opportunity to visit our nation's Congress to provide this testimony and will be happy to answer any questions you may have.

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Additional Questions for Mr. Kent Buckley
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Hearing on "Recovering after Katrina: Ensuring that FEMA Is Up to the Task."
October 6, 2005

1. **What types of infrastructure are critical for initial recovery operations in Mississippi?**

   Many services are critical for recovery including adequate law enforcement, fire, EMS/medical, and public works. But above all else we have to have good normal communications that are redundant. And we need a good comprehensive satellite radio/phone system in place for any type emergency or disaster. Initially we were faced with no communications with emergency services or with the public.

2. **You mentioned that only 850 of the 10,000 needed trailers for Hancock County have arrived. What is delaying the delivery of these housing units?**

   Those figures were actually taken from those given by Jackson County, but we have over 10,647 occupied trailers in MS with nearly 28,000 people in them and it only took 10 days to get the program rolling in Mississippi. It took 8 weeks to get the first one in Florida last year. It's going well considering the number of available units and the process of getting them delivered and properly set up and inspected for life safety issues. Sites have to have land power available.

3. **What do you need to expedite set up and delivery of these trailers to provide housing for families still living in tents?**

   We need more available trailers. It is my understanding the factories are running at capacity. The delivery depends on the ability of the site to handle electricity and sewer and crew to get it done. Right now the site has to be inspected, the trailer delivered, electricity and sewer hooked up, inspected again then the keys are given to the family.

4. **What can FEMA do to further improve the temporary housing situation?**

   In the short term, is Congress willing to pay for trailers to sit waiting on a disaster? In the long term, we may need a more robust surge capacity for housing. Some trailers may have to be identified and staged. Allow FEMA officials authority to work locally to set up temporary housing when it is available.

5. Are basic needs beyond housing being provided to the disaster survivors?

Yes. The basics are being met down to medical care. However, in Pearl River County many people are moving into trailers with no sheets, pillows, blankets, etc. Those needs were not being met by Red Cross and Salvation Army.

6. With tax base wiped out, is fast reimbursement of upfront costs sufficient for recovery or is more needed?

No. In the end upfront money is not going to replace lost tax base. We need a program to help the recovery long term. There are loan programs but no means to pay them back with no sales tax or property taxes coming into local coffers.

7. What is needed to keep the local governments afloat?

They need dollars coming into their coffers in the form of taxes that are not there for months. Grants would be their only hope to survive until recovery is established.

8. Have you been satisfied with FEMA's coordination and communication efforts in the preliminary recovery?

MEMA has but local counties may have a different idea about what they expect. It has been a good effort but has been slow in that FEMA doesn't have that many knowledgeable workers on immediate staff. You can't recruit new people and throw them into a disaster and expect good results. FEMA has been cut every year regardless of contrary testimony.

9. Has FEMA responded in a timely and organized manner to requests and inquiries?

The logistics system is broken and we need to figure out how to fix it. They do follow up on inquiries pretty fast.

10. Have initial project approval and reimbursement with FEMA been successful?

It has been slow but they don't have enough Public Assistance Coordinators (PACs) in the field. Project approvals have been good but reimbursement has been slow.

11. How has the debris removal operation limited other recovery efforts?

Debris on private property causes delay in moving in trailers. The debris has also caused traffic congestion, traffic accidents and is causing repeat power outages.

12. What can FEMA do to further assist and simplify the recovery operation?

By assigning FEMA representatives in each county with approval authority so requests do not have to be pushed up the system then back down. This will only work well with experienced field employees.

13. Is it feasible to upgrade the infrastructure to mitigate damage from future storms?

Yes and can be a huge help with future storms and events. Putting power underground where feasible will help ensure power getting back on fast but this will be a long term mitigation project. Mitigation funds would have to be made available to power providers to improve power service by moving it underground within a mile of the coast line. This could be encouraged in new subdivisions and in areas that have to be completely rebuilt. Generators at critical infrastructure and stronger buildings for Emergency Operations Centers would help ensure a more organized response and recovery effort.

14. What additional resources could FEMA provide the state and local governments to make this recovery as efficient and smooth as possible?

Assist state and locals with more experienced and trained staff, predetermined locations for food, water and ice. Also, help us with pre-contracts for emergency fuel supplies for evacuation, response and recovery operations.

In addition strengthening the predisaster preparedness effort carried out at the state and local level through the FEMA regions would be very helpful. The FEMA regions are a valuable resource which we hope can be strengthened and not weakened in the DHS reorganization.

15. **What effect would increased funding of Emergency Performance Grant have on current recovery and future emergency management operations?**

A fully funded grant will help increase local and state staffing, communications capability, updated equipment and many other preparedness actions. All functions of preparedness, response, recovery and mitigation are done on the local

level. More funding could possibly bring in cities to expand their capabilities to cooperate with county programs.

Within the disaster area, immediate EMPG increases will go a long way to ensure that the vital state and local coordination is not lost due to lack of local funding because of the economic impact of the disaster. Also increases in EMPG are essential throughout the nation since it is imperative that there are strong, professional, experienced emergency managers from outside who can come in and be immediately effective in assisting the affected jurisdictions. Without adequate Federal funding of an emergency management system at all government levels, there may be no one prepared to come and help. EMPG is an investment.

16. How have current staffing levels of FEMA limited the Mississippi Emergency Management Agency and Bolivar County from performing their recovery functions?

Not having enough staff hinders local capability to carry out response and recovery operations. Locals are on their own for hours before the state can assist and days before the federal resources arrive in any emergency or disaster. The depletion and demoralization of FEMA personnel over the past few years has contributed to the lack of enough trained, experienced FEMA representatives 'on the ground". In catastrophic events such as Katrina, FEMA must recruit from outside the agency either through EMAC or direct recruitment. If there is not a reserve of highly qualified state and local emergency managers from which to recruit, the effectiveness of the coordination suffers severely.

17. Would it be helpful to lift the $5 million cap on the Community Disaster Loan Program?

Absolutely under certain circumstances like major disaster and it needs a "forgiveness clause" for a case by case basis. In many cases near the Mississippi Coast the counties are broke and have no means to pay back a loan. The tax base is gone and will take years to build it back.

18. Would it be helpful if the federal government paid the interest on local communities' commercial loans?

In a catastrophic event locals may not be able to repay SBA loans when they have prior loans also, especially those with little or no equity in their business or property.

19. Should we allow for FEMA reimbursement of the straight line salaries of essential response and recovery personnel?

Yes, this would be very beneficial and essential to affected local governments. But, this will need to be controlled and have close accountability to prevent cheating the system during the recovery process.

Notes: FEMA is not a response agency but is responsible for getting assets

We need closer pre-staging of generators and equipment for impending disasters.

We need one good tracking system with a number for every request for each county.

Do not put FEMA shirts on out of state Fire and Rescue personnel because the public will expect them to be able to answer questions.

Testimony of Kenneth Burris
Acting Chief of Operations, Federal Emergency Management Agency, before the House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management
Thursday, October 6, 2005, 11:00 a.m.

Good morning Chairman Shuster, Representative Norton, and members of the Subcommittee. I am Ken Burris, the Acting Chief of Operations of the Federal Emergency Management Agency (FEMA), within the Department of Homeland Security. I appreciate the opportunity to come before you today to discuss our ongoing relief efforts along the Gulf Coast and throughout the nation.

Over time, we look forward to working with Congress to evaluate and address the lessons we have learned and continue to learn from this catastrophic event. I appreciate the attention and focus Congress is bringing to these important issues and I look forward to working with you in the coming months. However, that is not why I am here today. Today I am here to report on our ongoing relief operations which, as you would rightly imagine, are occupying all of our time and energy.

Recovery Operations in Brief

I would like to provide the Committee with a brief report on our ongoing relief operations. As response efforts involving immediate life saving and life sustaining efforts end, a long and immensely challenging recovery effort is already well underway.

FEMA coordinated the rescue of more than 100,000 victims from the greater New Orleans area by the National Guard, other Department of Defense entities, the Coast Guard, U.S. Department of Transportation, State and local officials, and our Urban Search and Rescue teams. Our Disaster Medical Assistance Teams treated well over 100,000 patients. As of October 3, 2005, we have delivered in the combined Katrina and Rita effort over 84,780,000 liters of water, 40,119,342 meals, and 175,880,000 pounds of ice. There are 84 Disaster Recovery Centers open in Texas, Louisiana, Mississippi, and Alabama. These numbers represent a significant increase in the amounts provided for the four hurricanes in Florida in FY 2004.

Families have been separated, lives have been turned upside down, and many have lost everything. FEMA, our Federal partners, the governors, mayors, parish presidents, county officials, emergency workers and planners, private industry, as well as our partner charitable and faith based organizations have a great deal of work ahead of us. This will require a team effort. We will work side by side with all our partners; united not divided. This is going to take hard work, but together we can get the job done.

To date, FEMA has registered over 1.7 million victims for disaster assistance and provided housing assistance in the form of money or direct housing to over 390,000 displaced individuals and families. At one point, there were more than 300,000 evacuees from Hurricane Katrina sheltered in congregate shelters spread throughout more than 40 States. Hurricane Rita added to this shelter population. Though today, fewer than 68,000 remain, we still have work to do.

Comprehensive Approach to Housing Assistance

The first and foremost priority in our efforts is to address housing needs of those displaced, while respecting individual autonomy as well as the impact on affected communities and States . State and local leaders will play a central role in determining the nature and shape of a long and arduous planning and rebuilding process. We will support and supplement these State and local efforts throughout the process while continuing to assist the individual victims of these disasters.

Our goal is to move all Katrina evacuees out of congregate shelters by the middle of October. In Louisiana, Mississippi, Texas and Alabama, hundreds of thousands of homes have been damaged or destroyed in one of America's largest natural disasters. The housing stock lost in the southern most impacted parishes and counties in Louisiana and Mississippi alone has created the need for short and mid-term housing for an estimated 600,000 households. Some are still in congregate shelters. Many of the displaced found their own temporary accommodations, such as hotels or motels, or with friends and family. They too will require assistance to get back on their feet. These families also will need to find longer-term housing. The Federal government is committed to helping the citizens of the Gulf Coast overcome this disaster and rebuild their devastated communities. The simple fact is the storm and subsequent flood were so devastating that a significant portion of the housing stock was completely destroyed. And, now we are faced with the challenge that housing demand outstrips housing supply.

Our recovery strategy is based on a single premise: Assist the victims of Hurricane Katrina in re-establishing a normal living environment as quickly as possible, in the towns and communities where they want to live so long that the local infrastructure can support them in the long-term. In reaching these goals, we will apply three basic assistance methods.

The first method is to provide assistance directly to individuals and families, allowing them to take ownership of their lives, choose for themselves the best housing options, , where they can best fit into the job market, and how best to move forward. The Federal government's disaster assistance does not take the place of insurance, nor can its programs provide such comprehensive coverage. But we can help and will help. Each eligible family can receive assistance for temporary housing for up to 18 months. Homeowners can receive home repair and replacement assistance and grants or loans for personal property and other immediate needs.

An individual whose unemployment or loss of self-employment is caused by a major disaster, like Hurricane Katrina, and who is not eligible for regular unemployment compensation, may be eligible for the Disaster Unemployment Assistance Program. Unemployment that is caused by a major disaster includes situations where the individual is unable to reach the place of employment or was scheduled to begin work but is unable to do so, as a direct result of the major disaster, and also includes situations where the

individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of the major disaster.

To date, FEMA has provided $48.8 million to the U.S. Department of Labor for unemployment benefits and state administrative expenses under the Disaster Unemployment Assistance Program.

The second way is to provide assistance to State and local governments that are now encumbered by the increased demands on their limited resources. While many host States have welcomed thousands of displaced evacuees into their communities, churches and schools, they nevertheless face difficult challenges supporting the new population of evacuees. Their infrastructures, community services, and housing stocks are being strained, and the Federal government recognizes the urgent situation. Accordingly, we are committed to reimbursing States for many of these increased shelter-related costs through FEMA's public assistance program.

In areas directly impacted by Hurricane Katrina, we will provide funding to repair damaged schools and rebuild those that were destroyed, as appropriate, including funding for equipment, furniture and supplies. And we will build them in accordance with State and local codes. In host States that received a large number of displaced students, we will fund temporary classrooms in those schools where additional funding capacity is needed to accommodate the increase in the number of enrolled students. In

addition, if more busses are needed to transport the students to school, we will fund those additional costs.

The third way is helping to rebuild the Gulf Coast in ways that make communities stronger, safer and less vulnerable to future loss of life and property. FEMA's public assistance programs and direct contracting authority will pay for much of this work. The States will pay for a portion of these efforts as well. Some of the remaining costs will be paid through flood insurance settlements administered by the FEMA National Flood Insurance Program (NFIP), and through mitigation grants, private insurance, Small Business Administration loans, Federal tax incentives, and the private sector. Hurricane Katrina has resulted in an unprecedented level of flood damage insured through the NFIP – there have been more claims from this one event than have ever been experienced in any prior year's worth of multiple events. We are working with our participating insurers to implement new claims handling procedures in order to expedite settlements and speed policyholder recovery. We are also providing NFIP guidance and advisory information to state and local governments in order to make use of the best available data in the rebuilding process to reduce future losses. The Administration plans to work closely with Congress to ensure a proper level of borrowing authority is available so that the NFIP can seamlessly meet its obligations to its insured policyholders. I also want to mention that we will work with Congress in the coming weeks on important program changes that will ensure the NFIP's long-term financial soundness as well as its continued progress towards meeting floodplain management and mitigation goals.

Also during the recovery process, FEMA awards grants under the Hazard Mitigation Grant Program (HMGP), as authorized by the Stafford Act, to assist State, local and tribal governments rebuild their communities in a way that will reduce vulnerability to future hazard events. As they assess their risks, communities will need to consider adopting and enforcing disaster resistant building codes and standards, as well as making decisions about removing structures from the floodplain or elevating structures to create safer homes, businesses and infrastructures. HMGP provides grant funds to implement these mitigation measures.

The recovery process for Hurricane Katrina will be neither fast nor easy. I am confident that we will get there, but only by working together.

On September 23, 2005, the Federal government announced a comprehensive housing assistance program to meet the immediate needs of individuals and families displaced by Hurricane Katrina. DHS and the Department of Housing & Urban Development (HUD) announced measures to provide transitional housing assistance to evacuees that cut through red tape to provide evacuees the flexibility, choice, and portability they need to move from temporary shelters to more stable housing.

We also are expediting aid to evacuees with immediate housing needs. Because of Hurricane Katrina's unprecedented scope and the widespread dispersion of evacuees, FEMA is accelerating the Assistance to Individuals and Households Program, which provides housing assistance to homeowners and renters

To reduce up-front paperwork and provide immediate aid, households will receive an initial lump sum rental assistance payment of $2,358 to cover three months of housing needs. This payment represents a national average of the fair market rent for a two-bedroom unit. Because rental assistance is being delivered in an expedited fashion, it may be necessary to re-evaluate eligibility and to adjust payments to families after the first three months. Those who qualify for further benefits may be extended assistance for up to 18 months, or a total of $26,200.

HUD also is providing specialized housing assistance to evacuees. While the majority of evacuees will receive assistance through FEMA, others will be eligible for comparable benefits under HUD's Katrina Disaster Housing Assistance Program. Housing vouchers will be given to evacuees who were previously in HUD-assisted housing programs or were homeless. These vouchers give evacuees the choice and flexibility they need to find housing for up to 18 months.

Through these programs, displaced families will have the opportunity to relocate to areas where housing availability and job markets will meet their immediate needs.

Contracting

As we also focus on the long-term rebuilding of the Gulf Coast region, many are asking how the Federal contracting process works and are rightfully concerned about the costs.

Members of Congress also have inquired on behalf of their constituent business owners about how they can match their resources with the extraordinary demand in the impacted region.

There are three basic ways by which we will arrange and pay for the Federal recovery efforts.

In some cases, FEMA directly contracts for goods and services in accordance with Federal procurement regulations. FEMA also can issue mission assignments to other Federal departments and agencies to perform necessary work and reimburse them for their costs. In many cases, however, FEMA will reimburse State and local governments in the declared emergency areas for eligible activities through grants.

For example, FEMA issued a mission assignment to the United States Army Corps of Engineers to conduct large scale debris removal efforts in some of the most decimated areas of Mississippi and Louisiana. The Corps acquires services or supplies for these efforts through its contracting process. Companies interested in assisting in the debris removal efforts should contact local officials or go to the U.S. Army Corps of Engineers web site for guidance.

Similarly, last week, DHS placed on its website a list of companies with whom FEMA has contracted and posted a link that should be helpful for businesses interested in directly contracting with FEMA or in examining subcontracting opportunities.

Businesses in your constituent States that wish to pursue contracting opportunities should go to www.dhs.gov and click on "Working with DHS."

As I have said, much of FEMA's spending will be to State governments in the form of grants. FEMA awards grants to assist State, local and tribal governments and certain private nonprofit entities with their respective responses to and recovery from disasters. Specifically, FEMA provides assistance for debris removal, implementation of emergency protective measures, and permanent restoration of infrastructure. While FEMA is not a party to contracts awarded by the State or their county sub-applicants, we will nevertheless not tolerate discriminatory contracting practices. Under the Stafford Act and its implementing regulations, local businesses or workers are to be given preference wherever practicable, and under various Federal laws and FEMA's regulations, minority- and women-owned businesses should be given a fair opportunity to compete for contracts.

Conclusion

Governments, whether local, State, or Federal, cannot compel any citizen to move back to the disaster affected region, nor should they. However, we must work with our State and local partners to develop opportunities that will facilitate their return, and provide help to those who choose to do so. We must promote ownership, entrepreneurship, hard work and dedication. Over time, and with encouragement, the good people of the Gulf

Coast will return and make the region better, safer, and less vulnerable if disaster strikes again.

These States are suffering tremendously. It will take years to truly recover, and there will be countless hurdles to be overcome along the way. But the spirit and essence of this region, even amidst such tragedy, remains vibrant and strong, and all of us remain committed to the restoration of this important part of our great nation.

Working together, we will get through this.

Janice R. Kilgore, CEM
Director

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TO: United State House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings and Emergency Management

FROM: Janice R. Kilgore, CEM, Director,
Department of Public Safety
Escambia County, Florida

RE: Hearing October 6, 2005, entitled: "Recovering after Katrina: Ensuring that FEMA is up to the task."

Mr. Chairman and Committee Members it is an honor to be with you today.

I have served in the areas of public safety and emergency management in Escambia County, (Pensacola) Florida, for the past 32 years and offer the following comments based on recent experiences.

Disaster response may begin at the local government level but it requires a commitment from all levels of government as well as private and non-profit agencies to adequately recover from these events. FEMA, as the lead agency for federal assistance, must be able to:

- provide resources in a timely manner
- communicate effectively with response agencies
- provide consistent direction
- improve annual funding of emergency management programs

On September 16, 2004, Hurricane Ivan came ashore near the Alabama-Florida line as a category 3 hurricane. This was the 3rd storm to affect the State of Florida in just over one month. Though resources were already stretched thin, in less than 48 hours of landfall, citizens in our County were receiving food, water and MREs. Many agencies came to our aid, including representatives from Gulfport (Harrison County), Mississippi. When Katrina recently made landfall along the Mississippi Gulf Coast, it was our turn to help.

On August 30th, the afternoon following Katrina's landfall, a multi-discipline team from Escambia County responded to Gulfport to assist our Mississippi neighbors. We maintained this presence until September 29, 2005. Early reports from our team were of the extreme devastation and the tremendous need for basic supplies and assistance. There were immediate requests for tetanus and first aid supplies. We located over 700 units of tetanus and sent boxes of bandaids, antibiotic ointment and peroxide to the area. Escambia County personnel distributed food and water from their own supplies to people in the community who had nothing. Over the next several days, our employees discovered community after community in need of assistance.

Katrina caused catastrophic damage and any community would be overwhelmed after such a disaster. That is why FEMA must be poised to provide a quick response following major disasters. The larger the event and the greater the population affected, the more immediate the need will be to provide basic supplies, personnel and equipment.

Communication and coordination with response and recovery agencies before a disaster strikes is crucial. The old saying "you play like you practice" rings true during activations of Emergency Operations Centers. Local governments do all they can when a major disaster occurs but they are victims and in need of immediate assistance. This is not a time for politics or turf wars. Thankfully, churches, businesses and individuals provide help until government resources arrive.

Consistency is so important. After Hurricane Ivan, the Public Safety Resource Manager had to revise FEMA forms three different times because of conflicting instructions received from different FEMA representatives. It was not uncommon to receive approval on a project from one FEMA employee, only to have it rejected by another FEMA employee. FEMA must improve consistency. All FEMA employees and reservists must be properly trained before being deployed.

We receive advance warning before a hurricane, but that is not true of other disasters. Local governments must develop plans, conduct training and provide initial response to all disasters. To assist in this effort, State and Federal governments should increase funding specific to emergency management activities. In the fiscal year that just ended (04/05) Escambia County's share of FEMA's emergency management funding was only $47,222. This was $43.00 less than the prior year (03/04) and $82.00 less than the year before that (02/03). Funding levels should be increasing not decreasing if we are going to build an adequate emergency management response in this Country.

In summary, FEMA has been a vital part of response and recovery activities for many years. With a renewed emphasis on qualified and trained personnel, consistent instruction, and improved coordination; FEMA should be able to effectively carry out the mission it was created to perform.

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Janice R. Kilgore, CEM
Director

October 26, 2005

The Honorable Bill Shuster
Chairman, Subcommittee on Economic Development, Public Buildings and Emergency Management
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Shuster,

I am enclosing a response to the additional questions submitted for the record. The response was also faxed as specified in your letter of October 11, 2005. As noted, Bob McLaughlin, Assistant County Administrator and Jean Kassab, Director, Administrative Services provided most of the comments, since they were more directly involved in many of the areas identified in the questions.

Again, thank you for the opportunity to participate. If we can provide any additional information, please do not hesitate to contact me.

Sincerely,

Janice R. Kilgore

c: Bob McLaughlin, Assistant County Administrator
Jean Kassab, Director, Administrative Services

Additional Questions for Ms. Janice Kilgore

Hearing on "Recovering after Katrina: Ensuring that FEMA is up to the task."
October 6, 2005

The following responses are compiled from information submitted by Bob McLaughlin, Assistant County Administrator and/or Jean Kassab, Director of Administrative Services, Escambia County, Florida. Mr. McLaughlin and Mrs. Kassab were very involved in the entire process and more directly involved with FEMA in some of the areas noted in the questions.

1. Last year we were alerted to the consequences of FEMA's limited capacity to handle financial coordination with state and local entities. Having witnessed first hand the ongoing and tenuous efforts in Florida's recovery, do you feel that FEMA is capable of offering a more responsive effort to the recovery of larger, more widespread disasters, including Katrina?

   FEMA could be more responsive. A couple of suggestions:
   (1)Eliminate the additional congressional approval for million dollar project worksheets. It delays the funding to the local government by several weeks and is not needed as the projects have already been reviewed by about seven layers of FEMA representatives as well as State
   (2) Reduce the layers of review by FEMA for worksheets.
   (3) Require a periodic customer service questionnaire response from the local government to identify problems and areas for improvement.
   (4) Work to eliminate or reduce the need to rotate staff.
   (5) FEMA always shows up wanting more detail on public damage than I have had time to assemble. I need at least two days to get this from the staff after a hurricane.
   (6) I suggest that if the rules and processes have not changed since the last briefing that we are allowed to pass on having one. Kassab

   FEMA has the resources to be more responsive especially in the recovery of larger and more widespread disasters such as Katrina. FEMA must establish a local presence and delegate all necessary authority to that level. FEMA's recovery effort in Florida especially in the Panhandle was to centralize efforts in Orlando and Washington, DC. FEMA established an Area Field Office to coordinate the recovery effort in a ten county area ie the Panhandle. That office and its staff had initial authority and responsibility to assist in that effort. But the Disaster Field Office (DFO) in Orlando centralized all effort especially debris removal at their level. Its rationale was that it needed to be consistent throughout the state. Debris removal literally stalled in November 2004 when a PA debris staff that did not report to the area office director wrote all project worksheets for debris removal. This staff did not even coordinate those PWs with the local government. This directive created a more cumbersome, totally unresponsive and extremely bureaucratic recovery effort. It frustrated both state and local governments. It even frustrated FEMA personnel who were trying to assist in us in a more rapid recovery. Mclaughlin

2. During the recovery following last year's hurricanes, did FEMA's performance improve over time?

FEMA's project offices located in Pensacola worked very closely with the County to ensure that project worksheets were fair and timely. The major issue is debris and mitigation handled out of the Orlando Office. It all boils down to a complete lack of consistency in direction from FEMA. Projects that were written for mitigation would change with each rotation of the staff with no regard to the previous decisions and the work that the County was bidding based on that decision. The problems with debris are too numerous to describe in a brief response. Too many people making decisions without regard to the practical difficulties involved. Stumps are a good example. We issued contracts for debris prime contractors after Ivan with FEMA in attendance during the process. After the fact, two months later, we are informed that FEMA will not pay for stumps less than 24 inches. We have the lowest cubic yard rate for debris around at $9.26, but the County was not given the opportunity to re-price the rate with the change in the stump issue. As a result we are out millions of dollars. Kassab

FEMA's recovery effort did improve over time. That improvement was directly attributable to staffing the local recovery office with good competent key staff, ie, director; IA, HA and PA chiefs and critical staff in each area. We initially had a good competent staff from Region VII. When FEMA HQ and Region IV started to centralize all operations in Orlando, they became frustrated and basically moved home to Kansas City. We lost a truly professional and responsive group. The DFO then staffed the debris effort with incompetent people and for the next five months the debris effort and the PA effort stalled. Mclaughlin

3. What do you believe could be done to improve on FEMA's recovery process to eliminate the difficulties experienced in Florida's recovery?

FEMA needs to implement a more decentralized operation. It must divide the impacted area or state into manageable areas and staff it with proven veterans. The area director should be given a reasonable level of authority to approve projects (PW) and expenditures that insure smooth operations. The agency can implement this NOW if Washington, DC and regional offices are told to stay out of the way. Mclaughlin

4. Do you believe the FEMA Recovery Division staff had the capacity to handle the recovery process for Florida's recovery?

Yes, but the process needs to be streamlined and a better accounting should be given for project work status in the Orlando Office. Work disappeared for months without a clue as to the status and no good explanation for why it was not in NEMIS. The Pensacola Office did a good job by offering weekly meetings and an update report on their portion of the work for all project worksheets. Kassab

FEMA Recovery Division had the staff and capacity to handle the recovery process for Florida and for the Panhandle. The complicating factor was FEMA HQ and Region IV HQ meddled and then centralized all authority in Orlando, FL. Panhandle recovery literally

ceased in mid November through March. We continue today to correct the policies, directives and decisions that emanated from this practice. They even restricted the FCO. Mclaughlin

5. Were Florida projects held up due to lack of adequate cash flow from FEMA?

Projects were not held up because of inadequate cash flow. The county borrowed funds and even hired debris contractors that could pay while we waited for funds to flow. Is there a better way? Of course. In the area of debris FEMA, state and local government should develop a good initial estimate on the types and quantity of debris, write the PW that supports that estimate, approve it ASAP and then forward the funds. The state also needs to streamline its system to insure that the funds flow in a very timely manner. The analogy I use is that today with electronic transfer why does it literally take 8 weeks for the county to receive funds. FEMA moves it in about 2 weeks and the state takes more than 6 weeks. The reason simply is that everyone needs to "touch" it. No good reasons. That is the way we always do business. Mclaughin

6. What effects did the lack of adequate cash flow have on the ability of state and local entities to carry out its recovery operations?

Again it would have been nice to have much of the funds earlier but the county took steps to work through the cash flow process. With one massive debris PW and then future versions to refine it would be a much better methodology. Mclaughin

7. After your experiences with the Hurricane season in 2004, what can FEMA do to provide more consistent guidance to state and local entities during the project and approval and reimbursement process?

Provide approved sample contracts or scope for debris and collection work and rapid advance funding for the first 30 days costs. Kassab

FEMA needs to be consistent at the very beginning. If you are going to consider reimbursing counties for tree stumps as cubic yard of debris versus the size of the stump then say so at the beginning. Do not start making decisions that have a financial impact on counties during the recovery process. Mclaughin

a. Do they need more and better trained employees?

FEMA has competent professional personnel at all levels now. Their system to staff up during response and recovery is a good proven system. What they need to do is literally "weed out" the bad ones. They need to develop a system that insures you do not rehire or utilize person(s) who create or have created problems. Mclaughin

8. You discussed the need for increased annual federal funding for state and local emergency management programs. How would increased funding at the state and local levels benefit the recovery effort of this and future disasters?

Increased funding should go toward establishing a hardened infrastructure that can withstand a minimum of a Category 3 hurricane. Communications is the first priority. Shelters and essential infrastructure such as potable water and sanitary sewage. Local governments need to submit for FEMA approval good common sense plans for distribution of key essential items such as food, water and ice. This plan needs to be exercised on a small scale basis every year. Mclaughlin

The annual funding we get from FEMA has been in place for many years. It was part of the old Civil Defense funding that was to reimburse for up to 50% of the salaries of Civil Defense Staff. Unfortunately, it has never provided 50% of the funding and now we get less than we did before. With the increased requirements of Homeland Security and FEMA on training requirements, planning requirements, etc., there should be money provided to pay for adequate staffing to carry out these mandates. Much of the funding now is very restricted on what it can be used for. I realize that some of these requirements are from the State but FEMA and Homeland Security should ensure that the locals are getting the most funding since we are the first to respond and handle these disasters. It seems to be working in reverse. Kilgore

9. Would it be helpful to lift the $5 million cap on the Community Disaster Loan Program?

Federal government should lift all caps. Mclaughlin

10. Would it be helpful if the federal government paid the interest on local communities' commercial loans?

Federal government should not pay the interest on local community commercial loans. That should be left to the state and local governments to coordinate. Mclaughlin

Interest should be eligible if FEMA does not consider the advance loan or reduce the time it is taking to get eligible work into NEMIS. Kassab

11. Should we allow FEMA reimbursement of the straight-line salaries of essential response and recovery personnel?

FEMA needs to reimburse the salaries for essential response and recovery personnel. Mclaughlin

I agree that FEMA should reimburse salaries for essential personnel. In many cases these individuals are reassigned to duties they would not be performing had it not been for the disaster. Kilgore

Remarks of Ranking Member, Eleanor Holmes Norton
Subcommittee on Economic Development, Public Buildings and Emergency Management

Hearing on "Recovering after Katrina: Ensuring that FEMA is up to the Task."

October 6, 2005

Thank you, Mr. Chairman for calling this first hearing in a series to examine the recovery process in the aftermath of Hurricane Katrina. I fully agree with your purpose today to move from assigning blame, acknowledging there were failures at every level of government, but instead to concentrate on our responsibility to focus on FEMA, which reports to this subcommittee, with the goal of ensuring that the ongoing response of FEMA is efficient, effective and responsive to the needs of the people of the Gulf Region and other regions of the country. Under your predecessor as chair, this subcommittee had five FEMA hearings or markups after the FEMA Homeland Security Act of 2002 transferred all of the statutory functions of the Stafford Act from the Director of FEMA to the Secretary of the Department of Homeland Security (DHS), further delegated to the Undersecretary for Emergency Preparedness and Response (EP&R). Although I am a member of the Homeland Security Committee who was a strong advocate of the creation of the Department, I have reluctantly become an original co-sponsor of a bill to remove FEMA from DHS to help enable it to once again become the professional, quick recovery agency it became in the 1990s.

At our September 24, 2003 markup, I cautioned about challenges to hazard mitigation or prevention activities that were clear then. States and local officials were complaining that the increased emphasis on terrorism had kept them so busy trying to keep up with security alerts, overtime costs, and the myriad of terrorism-related grant programs that hazard mitigation which we now know might have led to a better response to Katrina was in steep decline. Yet the Administration in its FY 2003 budget request had proposed

the elimination of the Hazard Mitigation Grant Program (HMGP) and the FY 2003 Ominbus Appropriation Bill, over the objections of our committee and various stakeholders, reduced the mandated percentage of HMGP funds from 15 percent to 7.5 percent. The reduction so inhibited the ability of the state and local governments to effectively carry out preparations for hazards and so dramatically increased the cost of natural disasters that we restored funding levels back to 15 percent at our markup.

In May 2004, we were very concerned that the President's FY 2005 budget proposal reduced funding for the Emergency Management Performance Grant program (EMPG), even though Congress had strongly supported state and local personnel planning when it included specific language in the FY 2004 DHS appropriations bill stating, "EMPG is the backbone of the nation's emergency management system...Now more than ever, the planning activities carried out in this program are of the utmost importance..."

The result of short sighted shift of funding from FEMA is clear in the aftermath of Katrina. Presently, almost one million people in the Gulf Region have registered with FEMA for individual assistance, but only 72 full time employees are in the Recovery Division. This division is responsible for reviewing the paperwork which is the basis for reimbursement by FEMA for eligible activities, including debris removal, housing assistance and reconstructing public buildings and infrastructure. Although FEMA has a vast network of disaster assistance and other reserve employees it can call upon, the agency internally clearly lacks the management talent to adequately respond to Katrina's victims.

The District of Columbia was among the first local jurisdictions to reach out to Katrina victims, and 300 were cared for here and given the full bevy of services. Like the District, many of the states and local governments have laid out millions of dollars upfront without payment as yet from FEMA.

However, my concern is for the more than 75,000 people still in shelters and thousands of others away from family and friends. Is today's FEMA capable of assisting these victims of disaster through the direct

provision of housing or through temporary housing solutions? Is FEMA capable of addressing the needs of over 300,000 people who have requested rental housing assistance? Is FEMA prepared for the "long haul" that Katrina recovery necessitates?

This much is clear. FEMA has suffered rather than benefited from its absorption into DHS. Although the exact numbers are disputed, the agency's core budget for disaster preparedness has been cut every year since it went into DHS. Its staff has been reduced by 500 positions. Hurricanes, floods, tornadoes, and other natural disasters come on cue every year yet three of every four local preparedness and first responder grants have gone for terrorism-related activities. The GAO reports that 75% of next year's grants are similarly targeted to terrorism despite many local official complaints that the most urgent need is for natural disasters and accidents. Some considerable direction of funding to terrorist prevention was fully justified after 9/11, but we now know that billions of dollars were not distributed on a risk basis. The recent House Homeland Security reauthorization requires risk-based funding and strategies but awaits Senate action. We also know, not only from Katrina but also from the way FEMA was overwhelmed by four hurricanes in Florida in 2004, that "all hazards" has become a bureaucratic slogan. And we have known from that FEMA was in complete disarray at least since the Florida experience last year.

FEMA has apparently regressed to the hapless and inefficient agency it was before James Lee Witt, the first career disaster specialist to head FEMA in 1993, reorganized and energized the agency and was praised for FEMA's recovery response to the earthquake in Northridge, California and to the Mississippi River flooding. This subcommittee cannot alone return FEMA to those halcyon days of praise and worthiness, but with the series of oversight hearings you begin today, Mr. Chairman, we can pledge the oversight the agency will need to assure the improvement that the public expects after the lessons taught by Katrina.

STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT
HEARING ON "RECOVERING AFTER HURRICANE KATRINA: ENSURING THAT FEMA IS UP TO THE TASK."
October 6, 2005

Chairman Shuster and Democratic Ranking Member Norton thank you for calling for this hearing ~~on "Recovering after Katrina: Ensuring that FEMA is up to the task."~~ at the outset ~~Before I begin~~, I would like to give a special welcome to our former colleague, Governor Bob Wise, who has had a great deal of experience dealing with FEMA as a Member of Congress and as Governor of West Virginia, and we all look forward to his testimony.

On Tuesday, Chairman Duncan led a delegation of T & I Comm. ittee members, ~~[illegible]~~ in which I participated, to view ~~Two days ago, I along with several of my colleagues toured the~~ devastation in the first hand, Louisiana, Mississippi and Alabama in the aftermath of Hurricane Katrina and Rita.* We visited those areas to learn first-hand about the status of the response and recovery and how Congress can assist in making it more effective, efficient and tailored to meet the needs of the people in the Gulf Region. In other words, "We came to find fact~~,~~s not fault."

The response and recovery effort has been massive and there is still a lot of work to be done. Approximately 6.9 million cubic ~~tons~~ yards of 42 million tons of debris ~~has~~ have been moved with assistance of the Army Corps of Engineers and private contractors. FEMA

* I congratulate you, Mr. Chm., for joining us and for preceding us by two weeks in a review of the effects and the recovery efforts in the Katrina-Rita disaster area.

has shipped more commodities like, tarps, ice and water, in the first week of Katrina relief than in all four Florida hurricanes in 2004. The Coast Guard evacuated and saved the lives of 33,544 people.

Recovery will take a long term commitment form the federal government, in partnership with the state and local governments and the private sector. This Committee has played and will continue to play a key role in these efforts, as we exercise oversight of FEMA, the Coast Guard, the EPA and the Army Corps of Engineers. During the recovery, these agencies will have to work together to assist the state and local governments with their vision for the Gulf Region.

This ~~hearing~~ is the first in a series of hearings that our ~~this~~ Committee will hold in the aftermath of Hurricane Katrina. There are undoubtedly numerous issues that we will explore in the coming weeks, but there are factors ~~areas~~ that we could begin to improve now. That is why I am circulating a draft bill to my colleagues today to address issues ~~on areas~~ that I believe are necessary -- not only to address the needs after Katrina and Rita – but also to improve our Nation's emergency preparedness, response and recovery system. I am hopeful that we can work together in our customary ~~a~~ bipartisan practice ~~manner~~ to enact ~~effectuate~~ these needed changes.

In brief, the bill I am circulating does the following:

- Restores FEMA as an independent, cabinet-level agency with a Director ~~that~~ who reports directly to the President;
- Establishes qualifications for the Director of FEMA as someone with extensive experience in emergency preparedness, response, recovery and mitigation for all hazards, including major disasters; acts of terrorism and other emergencies;
- Sets ~~forth~~ a term of 5 years for the Director, as we have done for the F.A.A. Administrator;
- Establishes a Deputy Director who will act as a liaison to the Department of Homeland Security in the event of a terrorist attack;
- Reauthorizes the predisaster hazard mitigation program for another 5 years;
- Allows FEMA to provide additional household repair assistance to individuals in amounts greater than the current $5000 cap;
- Authorizes FEMA to provide grants to States and local governments to purchase emergency interoperable communications equipment and mobile emergency power equipment;
- Ensures that states and local governments take into account the needs of individuals with household pets and service animals when developing their emergency preparedness plans;
- Reinstates the requirements of the Davis Bacon Act for work being done in the recovery effort; and
- Extends disaster unemployment assistance benefits for individuals left unemployed by Hurricanes Katrina and Rita from 26 weeks to 52 weeks.

This Committee has tried to advance many of these ideas before. In fact, ~~last~~ in the 108th Congress, the Committee reported and the House passed H.R. 3181, the Predisaster

Mitigation Program Reauthorization Act of 2003, which made some of these very changes.

Moreover, some of these solutions will take money. I am concerned that the FY2006 Department of Homeland Security Appropriations Act includes only a $5 million increase for the Emergency Management Grant Program (EMPG) (total funding $185 million). In many localities, this program is the only source of funding for all-hazards personnel, who plan and coordinate and create the framework by which local governments respond to disasters. I will ~~hope to~~ address the issue of funding in this bill.

Undoubtedly, there are other areas that we will need to investigate and explore. For example, FEMA provides disaster victims with housing through temporary housing and the direct provision of housing for up to 18 months. Over 330,000 people have requested rental assistance and FEMA intends to provide 125,000 mobile homes and trailers. We need to start thinking about some more permanent housing solutions, including ways to partner with organizations like Habitat for Humanity and others to assist people displaced from the hurricanes with home ownership, job creation and economic development.

Mr. Chairman, I look forward to hearing from the witnesses.

STATEMENT OF RICHARD L. SKINNER

INSPECTOR GENERAL

U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

U.S. HOUSE OF REPRESENTATIVES

OCTOBER 6, 2005

Good afternoon, Mr. Chairman and Members of the Subcommittee. Thank you for the opportunity to be here today to discuss the plans of the Inspectors General to guard against fraud, waste, and abuse in post-hurricane disaster relief and recovery.

Overview Of OIG Hurricane Oversight in the Gulf States

On August 29, 2005, Hurricane Katrina hit the Gulf Coast states of Louisiana, Mississippi, and Alabama with Category IV winds and torrential rains. To compound matters, Hurricane Rita hit the Gulf Coast again on September 24, 2005, causing further damage to the State of Louisiana and parts of Texas. By September 9, 2005 and shortly after Hurricane Katrina, Congress passed legislation that provided over $63 billion to the Department of Homeland Security (DHS) for disaster relief, including $15 million for the DHS Office of Inspector General (OIG) to oversee the management and expenditure of those funds. Although the Federal Emergency Management Agency (FEMA) is responsible for coordinating response and recovery efforts, it will take the combined efforts of many federal, state, and local government entities to restore the Gulf Coast. Therefore, the oversight task encompasses more than just the DHS OIG. The circumstances created by Hurricane Katrina provided an unprecedented opportunity for fraud and mismanagement, and some estimate that the cost to recover from the storm and rebuild the affected areas could reach $200 billion and more.

In addition to its own activities related to Hurricanes Katrina and Rita, FEMA tasked other federal departments and agencies through Mission Assignments. Most recent data indicate that FEMA has made public assistance grants to three states[1] totaling $963 million[2], contracts to the private sector to assist in the cleanup effort totaling $1.6 billion[3], and has made mission assignments totaling just over $7.4 billion[4], with $2.2 billion for the Department of Defense (DOD) and $3.5 billion for the United States Army Corps of Engineers (COE). Departments use mission assignment funds to award contracts or provide direct support for response efforts. In addition, some departments and agencies, including DOD, received direct appropriations for Hurricane Katrina activities. We expect more disaster relief funds and direct appropriations for Katrina relief in the weeks and months ahead.

To answer the call for oversight in the face of these unprecedented disasters, my office and other Inspectors General have been working together to coordinate our efforts from the beginning. We are collectively focused on our departments' and agencies' response and recovery efforts and the related disaster assistance spending.

It is important to note the distinction between management's responsibility for planning and operational control of the funds, and the independent IGs' oversight responsibilities. The overriding objective of the OIGs' oversight plan is to ensure accountability and

[1] Alabama, Mississippi and Louisiana.

[2] As of October 4, 2005.
[3] As of September 29, 2005.
[4] As of September 30, 2005.

prevent problems before they occur. Our plans focus heavily on prevention, including reviewing internal controls; monitoring and advising department officials on precedent setting decisions, contracts, grants, and purchase transactions before they are finalized; and meeting with applicants, contractors, and grantees to advise them of their fiduciary responsibilities and assess their capability to account for the funds. The plans also encompass an aggressive and ongoing audit and investigative effort designed to ensure that disaster relief funds are being spent wisely and to identify fraud, waste, and abuse as early as possible.

The OIGs are currently coordinating their oversight initiatives through the President's Council on Integrity and Efficiency (PCIE), Homeland Security Round Table, and the overall effort will be coordinated with the General Accountability Office (GAO).

Plan Coordination

DHS OIG has developed a plan for oversight of the funds to be spent directly by DHS components. The OIGs of the departments and agencies who account for the vast majority of the initial FEMA mission assignment allocations have also developed plans for the oversight of their respective agency's Katrina spending. To date, the OIGs, collectively, have committed more than 350 auditors, investigators, and inspectors to this combined effort. For example, DHS OIG has already assigned 60 auditors, investigators, and inspectors, and will be hiring over 30 more over the next three months. Over the next several months, the total DHS OIG staff assigned to this effort will most likely increase to approximately 150 staff, as we aggressively hire additional auditors and investigators under limited term appointments.

Many of DHS OIG's personnel are already on the ground at FEMA Headquarters and at the Joint Field Offices (JFO) in Louisiana, Mississippi, and Alabama. In addition, we will be leveraging the OIGs' efforts with those of the state and local audit organizations in the three states plus Florida, which Katrina hit on August 25, 2005. Already, Louisiana's Legislative Auditor and Inspector General have dedicated 36 auditors to review transactions flowing through the state's Office of Emergency Preparedness.

The other OIGs and the GAO also plan to have personnel on site as necessary to conduct their oversight and investigative activities and these efforts will be closely coordinated. For example, the DOD OIG, the Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, the Defense Contract Audit Agency, and the defense criminal investigative organizations will employ a cadre of well over 145 auditors, investigators, and inspectors who will provide oversight of DOD contracts, grants, and operations related to Hurricane Katrina relief efforts.

I do not believe that additional authorities are needed to allow appropriate coordination of these efforts. However, it is clear that additional resources will be needed and I will be preparing appropriate requests for supplemental appropriations.

DHS OIG Activities

Within days of Katrina's Gulf Coast landfall, the DHS OIG had a presence onsite at FEMA Headquarters to monitor operations. We quickly increased this staffing level so that we could have a larger presence and monitor operations at FEMA's Emergency Operations Center on a near-continuous basis. Through this presence, we stay current on all disaster relief operations and provide on-the-spot advice on internal controls and precedent setting decisions. Auditors also closely monitor FEMA's assignment of responsibilities and funding to other federal organizations under mission assignments. This effort will be coordinated with the respective agency OIG reviews and will continue through project execution to identify questionable activities early, and thus decrease the risk of misspending while ensuring compliance with federal laws and regulations.

During September, we established offices with auditors and investigators at the Joint Field Offices (JFO) in Baton Rouge, Louisiana; Montgomery, Alabama; and Jackson, Mississippi. The auditors will provide advice and perform proactive procedures related to the JFOs' internal activities to ensure the appropriate control and use of FEMA funds. The emphasis will be to provide a visible OIG presence to prevent misspending on questionable contracts and grants. In particular, the auditors will perform the following functions:

- Oversee contract and grant activities as requirements and awards are developed, an effort that has already resulted in FEMA deobligating $2.7 million that was erroneously granted to a local sheriff's office;
- Participate in FEMA applicant briefings and kickoff meetings;
- Provide advice on applicants' accounting systems and sub-grant administrative policies, procedures, and practices;
- Oversee FEMA property management to ensure that property and equipment acquired for use at the JFOs are safeguarded against loss and pilferage; and
- Perform audits, as necessary, of contracts and grants awarded by FEMA.

The investigators will coordinate with the respective federal, state, and local law enforcement agencies and prosecutors as part of their "fraud awareness" initiatives. They will also handle allegations received through a single, government-wide, Hurricane Relief Fraud "Hotline." To date, working through the Attorney General's Hurricane Fraud Task Force, we have arrested eight individuals for filing false claims for disaster relief assistance.

Further, I have just selected an Assistant Inspector General for Katrina Oversight with extensive FEMA and OIG experience to manage the overall effort on a full time basis.

Auditing Contracting and Procurement Activities

We plan to maintain proactive and aggressive audit oversight of contracting activities resulting from Hurricane Katrina. Our objectives will be to determine the extent: (1) federal acquisition regulations are being adhered to, (2) effective contracting practices are

being used on these procurements, and (3) the expenditures are necessary and reasonable. Auditors will review the award and administration of all major contracts, including those made in the first two weeks. Particular emphasis will be placed on no-bid and limited competition contracts. Furthermore, each department's implementation of expanded micro purchase authority will be closely monitored to ensure that appropriate federal acquisition regulations and guidelines are being adhered to, and expenditures are necessary and reasonable. Data mining techniques will provide continuous oversight of purchase card transactions to identify spending anomalies for further review.

Monitoring Financial Controls

We will provide oversight of the financial control environment, financial and operational processes, and the effectiveness of internal controls to identify financial reporting issues early at each JFO. Under this effort, where material, auditors will identify, document, and test key internal controls for operating effectiveness to ensure that federal funds are being spent wisely.

Oversight of Public Assistance Projects and other Grants

We are closely monitoring FEMA's Individuals and Households Program (IHP) and, in coordination with HUD OIG, the Temporary Housing Program. Particular attention will be paid to identifying flaws in the application receipt, review and award processes to ensure that only those eligible applicants received public assistance grants. We will also monitor and, as necessary, audit Public Assistance projects and Mitigation projects approved by the States and FEMA. Reviews will start early in project execution and remain ongoing to identify questionable activities early, prevent misspending, and ensure compliance with federal laws and regulations. We will be leveraging our resources by working in partnership with state and local audit organizations. Other OIGs overseeing grant operations will follow similar procedures. For example, DOJ-OIG will be reviewing $5 million in grants to be awarded by the Office of Justice Programs.

Review of FEMA's Disaster Management Activities in Response to Katrina

DHS OIG has initiated an assessment of FEMA's performance as it conducted its disaster management responsibilities in response to Hurricane Katrina. It will focus on FEMA's preparedness and response capabilities when Katrina struck, as well as some Emergency Support Functions within the National Response Plan for which FEMA has the lead responsibility: Emergency Management; Mass Care, Housing, and Human Services; Urban Search and Rescue; Long-term Community Recovery and Mitigation; and External Affairs. We will coordinate closely with GAO to avoid duplication to the extent possible.

Operating the "Hurricane Relief Fraud" HOTLINE

While each of the OIGs has its own HOTLINE for receiving allegations of fraud, waste, and abuse, a single Hurricane Relief Fraud HOTLINE has been established and is being

widely publicized to avoid confusion and allow for effective screening and follow-up. The DOD-OIG will operate the HOTLINE on behalf of the entire OIG community.

Reporting OIG Progress and Results

Each OIG will be reporting their progress to me, and my office, in turn, will prepare consolidated status reports, which will be posted regularly on our website. Each IG will also be issuing individual reports as weaknesses or problem areas needing attention are identified. "Flash reports" will be prepared and distributed by each OIG when issues and problems that need attention are identified, and more extensive audit and inspection reports will be issued as completed.

Briefings will be provided as and when requested.

I believe that, collectively, the Inspectors General are uniquely qualified and positioned to provide the most timely and effective oversight of Hurricane Relief activities in the Gulf Coast region. Working together, the OIG community will ensure that taxpayers' dollars are managed and used wisely, and that the affected communities and people receive the full benefit of the funds to be spent on response and recovery.

Mr. Chairman, that concludes my prepared statement. I would be happy to answer any questions you or the Members may have.

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Statement by Bob Wise
Former Governor of West Virginia, 2001-2005

TESTIMONY BEFORE THE TRANSPORTATION AND INSFRASTRUCTURE SUBCOMMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT
TO THE HEARING ON RECOVERING AFTER KATRINA: ENSURING THAT FEMA IS UP TO THE TASK
11:00A.M. October 6, 2005
2167 Rayburn House Office Building

Good morning Mr. Chairman and Ranking Member. My name is Bob Wise, President of the Alliance for Excellent Education and former Governor of West Virginia, from 2001-2005. It is good to be back with this committee again, where I spent 18 years as a Member.

While a Member of this Committee, I spent a great deal of time on FEMA oversight and authorization issues, both as a result of my subcommittee assignments and also because my state was prone to frequent natural disasters–usually flooding–that involved obtaining a federal natural disaster declaration and working closely with FEMA. However, after leaving the Congress and serving as Governor of West Virginia, I found myself working very closely with FEMA as a direct partner and consumer of services. It is in that capacity that I appear today, as a Governor who personally was involved in leading the disaster recovery in 10 federally declared natural disasters, as well as declaring many more state of emergencies.

I should note that I appear here as a private citizen, now working in Washington, D.C., and my testimony is not made on behalf of the State of West Virginia or the nonprofit educational organization I now head.

Many times I have triggered our state's emergency services process, including activating our state's incredible National Guard. I have spent long hours in the state's emergency command center preparing for a major storm; I have been in communities as they were flooding; I have walked through towns and communities that were almost totally destroyed; and I have worked with our Legislature to devise new ways to rebuild devastated areas where there were no existing tools in the toolbox.

Rather than talk about FEMA as it currently is—and its limitations, illustrated by the recent experiences on the Gulf Coast—I prefer to make recommendations about the way it should be.

1. In responding to natural disasters, FEMA does best as an independent agency. Most agree that FEMA gained enhanced status as an effective and responsive agency under the team of President Clinton and FEMA Administrator James Lee Witt. As governor, all of the disasters I encountered were during President Bush's first term, during which I found FEMA Administrator, Joe Allbaugh, to be equally responsive. There was a common element to both Administrators—they were personally close to the President and White House that appointed them and they, in effect, functioned at the same level as cabinet officers. Additionally, they both had extensive experience working in state and local government. They knew what a governor or emergency services officer was going through, and they had the ability to respond quickly.

2. A direct relationship to the White House is crucial. If FEMA is truly to coordinate planning and response to natural disasters, the other federal agencies must know that the FEMA director and the President communicate directly. Numerous federal agencies, such as the Small Business Administration, HUD, VA, EPA, Agriculture, Labor, and the Army Corps of Engineers must immediately coordinate in order to get disaster victims back on their feet as soon as possible. Often times, additional agencies not usually associated with disaster recovery need to be brought in. Under the previous independent structure, there was never any question of who the other Cabinet secretaries and assistant secretaries responded to; under the present structure, I truly have trouble believing that the present FEMA head, whoever it is, can command the same respect in the vast federal bureaucracy. Take a look at the current DHS organizational chart—it took me two tries to find FEMA in the structure.

   The FEMA director needs the immediate ear of the President to command the respect of the many state and local officials he must work with. If I had an urgent problem, I knew I could go to Joe Allbaugh and I was plugged in as directly as I could be. I did not have to spend long days trying to devise an end run to the White House.

   Admittedly, even after FEMA initially moved under DHS in March of 2003, I felt I still had a direct connection to the highest decision makers. In retrospect, I believe that is because the first DHS Secretary, former Pennsylvania Governor Tom Ridge, was well respected by governors. He met with us regularly, and we knew that he understood our needs in dealing with natural disasters, at the same time we were all learning how to deal with terrorism. Once again, I knew that I had a direct line to someone who understood and also someone who had a direct line to the White House.

   With respect to the present Secretary of DHS, I do not question his credentials to coordinate anti-terrorist activities. Indeed, the fact that there have been no major terrorist incidents may indicate his ability in this area. And understandably, his top priority is preventing terrorist attacks. His resume, however, indicates no experience in natural disasters. So now the main natural disaster response agency

is removed from direct communication to the White House and the top of the organizational chart has no real sensitivity to dealing with natural disasters.

3. Another reason to restore independent status is that FEMA needs to be able to present and argue for its budgetary and programmatic needs based on disaster prevention and recovery in the states and not the overall spending issues under the guise of Homeland Security. Some of the recent cuts indicate either a shift of priorities to preparing for terrorist attacks, an ignorance of what is needed to respond and the importance of preventive activities, or achieving budget constraints at the expense of FEMA. Former FEMA director Brown indicated in recent congressional testimony that budget cuts had restricted the agency's response capability.

One area that needs to have increased attention is Prevention and Hazard Mitigation. My state made excellent use of the 15 percent of recovery funds that were made available to prevent future mishaps. In areas that flooded repeatedly, we were able to buy out landowners, elevate homes or take other flood prevention measures to prevent recurring damage. The money invested often saved many times the amount in future damage.

Likewise, FEMA must be free to consider, propose, and coordinate innovative interagency recovery programs. For instance, this Committee worked to establish the mitigation program I have referenced. Following my first presidentially-declared disaster where an entire rural mountain town was wiped out, we realized that existing recovery programs would not be sufficient. For small business owners already saddled with debt, even a low interest SBA loan was out of reach. So the State offered a $20,000 "Forgivable Loan" that was completely forgiven if the business continued for five years. We coupled that with a $15,000 extremely low interest loan. We worked with SBA to have that as part of the overall package businesses were offered. Just as this led to the rejuvenation of the devastated town, measures like this will clearly be needed along the Gulf Coast. Once again, I question the ability of this type of proposal to work its way up the chain of command of the Department of Homeland Security, focused mainly of preventing terrorist attacks.

For all the above reasons, FEMA needs to be an independent agency. Where FEMA resources are needed in a terrorist situation, the President can quickly order the agency to fall under the DHS command in the same manner that the traditionally civilian Coast Guard could come under military command.

From my vantage points, I have come to realize that there is not just one type of emergency response to every situation. There are crucial differences in responding to a natural disaster and a terrorist or enemy attack. For natural disasters, there are often several days of warning and time to prepare. Hurricanes, floods, massive weather surges, such as snow have increasingly more preparation time. Even brief warnings can precede

fires and tornadoes. For terrorist attacks, presumably there is no warning and no preparation time.

And the immediate response is performed under different conditions. With natural disasters, the event typically occurs and then is gone, permitting the immediate search and rescue to take place with no other considerations. A terrorist attack, however, must be conducted with an eye to watching out for subsequent attacks and also apprehending the perpetrators. Preventing future attacks or protecting vital assets may take priority over immediate rescue efforts. With natural disasters, the immediate response is usually straightforward with no need for specialized activities. Responding to a terrorist attack may require highly trained bomb squads or moon-suited specialists skilled in dealing with biological or chemical agents.

The response will be different in the days after the incident. Natural disasters increasingly require civilian agency involvement to assist victims in regaining their personal and economic lives. A terrorist aftermath, while grappling with some similar issues, will also require different skills. Once again, where the long-term response to a terrorist attack requires civilian agency attention, FEMA can be directed by the President to fulfill this role.

Also, planning for natural disasters differs significantly from preparing for attacks on the homeland. Since natural disasters usually cannot be prevented, the planning is about mitigation or responding to the aftermath. In the case of floods, I realized that we could not prevent the heavy rain from falling, but we could affect what happened once it hit the ground. In the case of homeland security, the first priority is actually preventing the event from happening. This requires two different mindsets and approaches.

When FEMA has operated effectively, it is because it has focused on planning, assisting to prevent or mitigate damage and coordinating the long-term recovery. Its effectiveness has also come when the public feels confident that the agency is directly connected to the President.

I would make one observation about disaster recovery that will be extremely important in the Hurricane Katrina and Rita recovery efforts. There is often a policy, both official and unofficial, that the federal government should not pay to do anymore than restore what previously existed. After one West Virginia flood where a community's abysmally inadequate sewer system was destroyed, federal officials resisted paying for anymore than restoring the old system, even though it had previously been cited for significant environmental shortcomings. *There are times when the federal government must accept putting things back the way they should be, not the way they were. And in the long run, this investment will save money.*

Clearly, the federal government does not bear the total responsibility for determining what would improve the previous infrastructure of economic situation in a devastated area. This must be done in partnership with state and local authorities. But the federal policy should not restrict planning for improvement with overly-limited participation

requirements. When the state, local, and federal governments can agree on how to restore an area to a stronger condition than before the disaster, everyone gains.

For example, the New Orleans public school system was clearly suffering before Hurricane Katrina. Forty-seven percent of its schools failed to make Adequate Yearly Progress (AYP) under No Child Left Behind. About one-third failed to graduate, and many more students graduated without the skills they needed to succeed in modern society. There had been a rapidly revolving door of superintendents. The state of Louisiana had recently taken over certain functions of the failing school system.

Levees, public utilities and infrastructure will need to be restored to a higher standard than what previously existed; so simply rehabilitating flooded school buildings and putting children back into the same inadequate education system is certainly bad policy and, ultimately, bad economics. The basic responsibility for redesigning the public school system in Orleans Parish is on the state and local governments, but the federal government should be open to assisting in this important restoration effort.

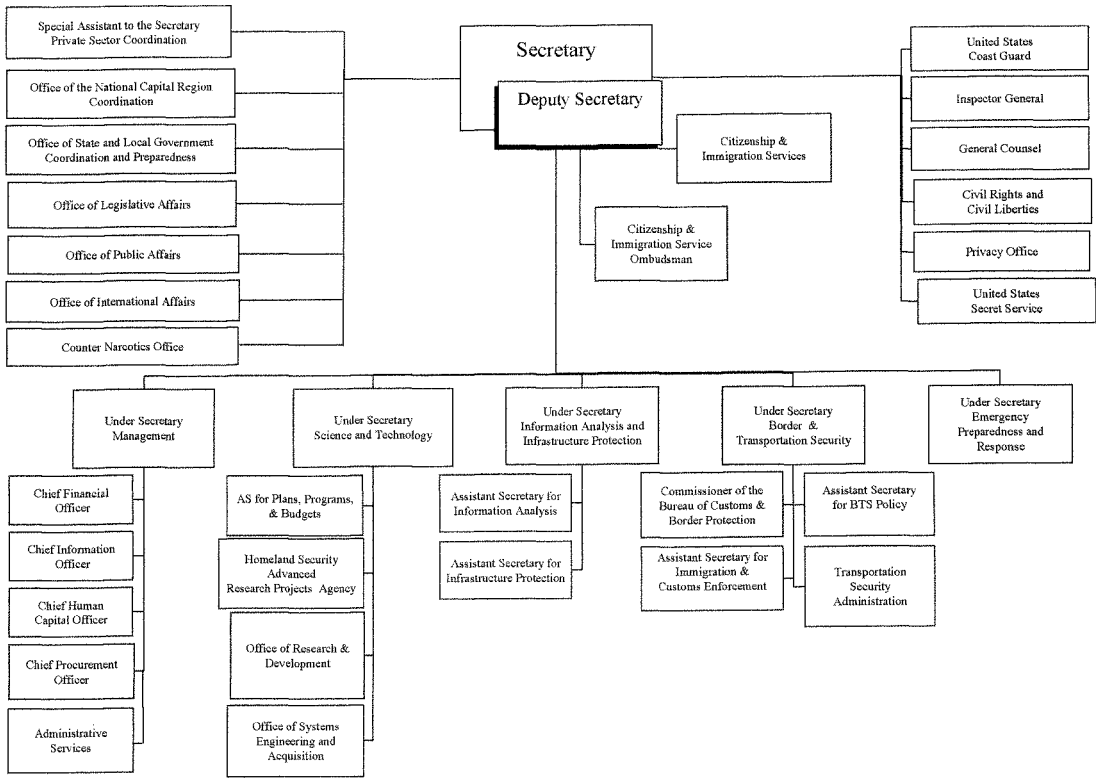
A final note: There have been some proposals to put overall disaster planning, response, and recovery under military authority. I have the greatest respect for the commitment of this nation's soldiers. But this is not a job they are trained for, nor will they be effective. Disaster response and recovery requires great experience and preparation. Military units that are rotated overseas and back will never be able to develop the expertise. Nor are the federal military units likely to be as familiar with a locality as that state's National Guard.

There are occasionally important roles for the active duty military, especially in preserving social order and performing the engineering work associated with cleaning up after a disaster. But the overall recovery programs are administered by civilian agencies. And I question how well outside military structures will mesh with the state and local civilian authorities.

While I was in office, FEMA worked to develop long-term relationships with local authorities. Will the military have the time or inclination to do this?

In closing, while in Congress, I became very impressed with the commitment and responsiveness of the men and women who worked with FEMA. As a state's chief executive during the first years of the Bush Administration and on the front lines of natural disasters, that respect only deepened. For FEMA to be effective, certain conditions have to exist. This requires an effective FEMA that can truly respond to the frequent disasters that will affect much of the nation. As Michael Brown noted recently, during his term in office, there had been 150 presidentially-declared disasters. During the same period, effective anti-terrorism efforts meant there have been no major terrorist attacks since September 11, 2001. Clearly this shows the need for an independent FEMA with a strong administrator that can respond to the disasters that Americans are most likely to experience.

Department of Homeland Security



Bob Wise
Governor of West Virginia, 2001-2005

ALLIANCE FOR
EXCELLENT EDUCATION
Every Child A Graduate

October 28, 2005

U.S. House of Representatives
Subcommittee on Economic Development, Public Buildings and Emergency Management
591 Ford House Office Building
Washington, D.C. 20515-6260

Dear Chairman Shuster:

Thank you for the opportunity to testify before the Subcommittee on Economic Development, Public Buildings and Emergency Management regarding "Recovering after Katrina: Ensuring that FEMA is up to the task." It is my hope that my comments to the subcommittee, along with the many talented professionals who testified before you in October, were able to provide some semblance of understanding regarding the operational and functional integrity of FEMA. Improvement is possible and I look forward to seeing FEMA restored to a status that will allow the agency to perform to the best of its ability, and provide quality disaster relief and mitigation for our nation.

I have enclosed additional comments to be included for the record. Please feel free to contact me with any questions at (202) 261-9858. I look forward to working with you again in the future.

Sincerely,

Bob Wise

Bob Wise
President

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Additional Questions for Mr. Bob Wise

Hearing on "Recovering after Katrina: Ensuring that FEMA is up to the task."
October 6, 2005

1. **Last year we were alerted to the consequences of FEMA's limited capacity to handle financial coordination with state and local entities. Having witnessed first hand the ongoing and tenuous efforts in Florida's recovery, do you feel that FEMA is capable of offering a more responsive effort to the recovery of larger, more widespread disasters, including Katrina?**

2. **During the recovery following last year's hurricanes, did FEMA's performance improve over time?**

3. **What do you believe could be done to improve on FEMA's recovery process to eliminate the difficulties experienced in Florida's recovery?**

4. **Do you believe FEMA can operate as it once did while under Department of Homeland Security?**

5. **Other than the 'direct ear of the President' are there any other benefits for FEMA being restored to independent agency status?**

6. **Is FEMA lacking in its capacity to perform its statutory duties?**

7. **As Governor of West Virginia, did you ever experience problems or delays with project approval and reimbursement from FEMA?**

8. **For disasters of this magnitude, should more 'no interest' or 'low interest' loans be available or do current programs suffice?**

9. **Did you observe a decline during your term as Governor in the quality and quantity of FEMA staff and their ability to manage disaster recovery?**

10. Since many events that require FEMA action cover multiple states, is it imperative that FEMA have direct coordination with the President?

11. Is it adequate for FEMA to restore the infrastructure to pre-disaster levels, or should recovery also include the ability of the state and local entity to invest in improvements and provide a higher level of public building?

12. Do you have any suggestions for making it easier to include mitigation measures during the repair or reconstruction of damages facilities?

1. There is no doubt that the unprecedented enormity of Katrina would challenge any response agency. However, I have seen FEMA handle a number of simultaneous disasters effectively. The key is maintaining an appropriate number of staff; having staff and assets prepositioned and ready to move; developing strong working relationships with state and local officials prior to the disaster; and keeping a direct line of communication to the White House so every federal and state agency knows the FEMA Director truly speaks to and fro the President.

2. Since I was not present, I am not qualified to answer.

3. Since I was not present, I am not qualified to answer.

4. I find it hard to believe FEMA can operate under Homeland Security as it did as an independent agency, for the following reasons:

   a) FEMA Director Joe Allbaugh and his predecessor, James Lee Witt, were successful because they had cabinet level status. At every level, it was understood they spoke for the President. As a subsidiary for Homeland Security, FEMA must report through the traditional chain of command. The FEMA Director no longer carries the same authority. And the Homeland Security Secretary is likely not to have an appreciation nor understanding of what is necessary to respond to a natural disaster.

   b) As an independent agency, FEMA was able to prepare its budget and make its case directly to OMB and the White House. As part of the Department of Homeland Security (DHS), it must first compete with the other DHS agencies in the internal budgeting process. Once the budget decisions are made by the DHS Secretary, there is little recourse for FEMA to make its own case to obtain what is needed.

   c) Before being part of DHS, FEMA had the necessary components for its mission in one agency. Increasingly, DHS is spreading the various functions out so there is not one coordinated approach. Not only does this lose the benefits of maximum coordination, but the components are now also expected to incorporate terrorism response to their activities. The result is diffused missions and diffused implementation—a guarantee for ineffective response.

5. No, for the reasons discussed in response number 4.

6. While note directly involved with the agency for the last year, my observation is that appropriation cuts and spreading out the duties make FEMA increasingly less capable of performing its statutory duties.

7. While Governor, from 2001-2005, I did not experience problems or delays with FEMA. During much of my term, FEMA operated in its traditional manner. Joe Allbaugh was a hands-on FEMA Administrator with a direct relationship with the

White House. This continued with former Governor Tom Ridge when he became the DHS Secretary. He had been a governor with good relationships with many other governors. He also understood the challenges presented by natural disasters. And he also had the ear of the President. During my last six months as governor, I sensed FEMA becoming a more distant agency. Apparent reductions in budget and authority made the agency less effective in its response as well.

8. The current programs will not be sufficient for disasters of this magnitude. When entire communities are washed away, Small Business Administration (SBA) 10W interest loans will not be sufficient for many small businesses that are already heavily in debt. In West Virginia, we instituted a "forgivable loan" that became a grant if the business continued functioning for five years. By keeping businesses operating, the business owners soon became tax payers rather than tax consumers.

9. See question number 7.

10. Yes, it is essential that FEMA have direct coordination with the President. This also permits greater cooperation of other federal agencies when their top officials understand that the FEMA Director speaks for the Chief Executive.

11. FEMA should have the flexibility to work with state and local officials to invest in improvements where appropriate. Restoring inadequate infrastructure serves no public interest.

12. No.

October 21, 2005

Via Facsimile (202-643-3930)

Mr. Kenneth Burris
Acting Chief of Operations
Federal Emergency Management Agency
500 C Street, SW
Washington, DC 20472-0001

Dear Mr. Burris,

Several questions raised at the hearing held by the House Committee on Transportation and Infrastructure on October 6, 2005 did not receive complete answers. First among my concerns, was the decision to use cruise ships as a temporary housing solution following Hurricane Katrina. As I reminded you over two weeks ago, everyday that goes by without appropriate consideration could mean a waste of congressional appropriations and a blow to the region's economy. You assured me that your office would promptly get back to me. Now, fifteen days later, my office has still not been contacted.

You will recall my interest in the various contracts being awarded by FEMA, in particular the $236 million one given to Carnival Cruise Lines to house evacuees and recovery workers on three cruise ships for the next six months. One of these ships, the *Holiday,* is based in Mobile and is a mainstay of the local economy. In your testimony you indicated that the adverse effects on the local economy as a result of commandeering a ship that drew two thousand tourists per week to the city were never a consideration by your agency. Yet this was the hardest hit county in Alabama and this decision is compounding the hardships already visited on the region's economy. Among those losing revenue include the city's airport, the cruise ship's parking deck, the ship's wharf, all suppliers to the ship, not to mention the restaurant industry and other predictable tourist attractions. Ultimately, this one decision has resulted in a substantial economic loss.

What is more, all three ships to my knowledge, but especially the *Holiday* are operating at significantly less than full capacity. I have been on the ground and spoken with local officials who have highlighted the wasteful and inefficient policies being implemented by FEMA. Reports indicate that the Government is paying nearly $1,300 per week to house an individual aboard a Carnival ship, roughly twice the cost of an average week-long cruise ticket. You promised me that FEMA would review the

feasibility of this contract within a week. I am sorry to say that I have still not heard back from you.

As a member of Congress, I hope to do as much as possible to restore the Gulf Coast, while ensuring that substantial emergency appropriations bills are not squandered by inefficient and irresponsible spending. The American taxpayer's patience can run thin far too soon when waste and inefficiency are suspected. As you already assured me you would, I urge you to rethink these contracts in a more effective and fiscally responsible manner, including considering whether the contracts can be cancelled. I ask specifically that you please update me on the current ship capacities and alternative housing initiatives. As I also requested in the hearing, please include a status update on the President's legislative proposal of individual recovery accounts for child care and job training.

I know we are on the same page in ensuring that mistakes like this are learned from and not repeated. Thank you for your attention to this matter.

Sincerely,

Spencer Bachus
Member of Congress

STB/WB
cc: Secretary Michael Chertoff
cc: Senator Richard Shelby
cc: Senator Jeff Sessions
cc: Representative Jo Bonner

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