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# FEMA'S RESPONSE TO THE 2004 FLORIDA HURRICANES

## HEARING

BEFORE THE

## COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

MAY 18, 2005

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# FEMA'S RESPONSE TO THE 2004 FLORIDA HURRICANES

**WEDNESDAY, MAY 18, 2005**

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

The Subcommittee met, pursuant to notice, at 9:32 a.m., in room SD–562, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Coburn, and Lieberman.

## OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. The Committee will come to order.

Good morning. Today, the Committee examines the integrity of the Federal Emergency Management Agency's Disaster Relief Program. Our focus is on FEMA's response to the series of hurricanes that struck southern States last year and the evidence that has emerged of fraudulent claims, wasteful spending, and inefficient management.

Disaster assistance programs are vital to those who are the true victims of natural disasters. The critical nature of this assistance makes reports of waste, mismanagement, and outright fraud particularly disturbing. We cannot sweep such allegations under the rug. We must face them head on in order to preserve public confidence in this critical program.

Although our focus is on specific events in Florida, this issue has ramifications that are relevant to future disaster relief efforts in all regions of our country. In a span of just 6 weeks in August and September of 2004, Florida was hit by four powerful hurricanes in quick succession. In some parts of Florida, there was tremendous devastation. More than 10 percent of the State's housing stock was damaged or destroyed by the hurricanes, affecting more than 700,000 residents. Property damage exceeded $21 billion, and 117 Floridians lost their lives.

A disaster of this scale required a rapid and substantial response. FEMA responded with more than $2 billion in immediate relief to the State. We expect relief in such dire circumstances to be swift and substantial, but we did not expect what came next: No sooner had the 2004 hurricane season ended than Florida newspapers began reporting erroneous payments and widespread fraud in FEMA claims in Miami-Dade County. Nearly 12,600 residents collected more than $31 million in payments from Hurricane

Frances, even though that Labor Day storm hit 100 miles to the north.

The effect of Frances in Miami-Dade has been described as that of a typical thunderstorm: Some downed trees and power lines. In fact, the Miami-Dade County Office of Emergency Management described the damage from that hurricane as minimal, and the National Weather Service had no reports of flooding. Yet taxpayers bought Miami-Dade residents thousands of television sets, air conditioners and other appliances, from microwave ovens to sewing machines. The taxpayers also bought rooms full of furniture, new wardrobes, and paid to repair or replace nearly 800 cars. It provided rental assistance to people living in undamaged homes.

In response to these and other questionable expenditures, the Department of Homeland Security's Office of Inspector General undertook an audit of FEMA's assistance programs in Miami-Dade County for Hurricane Frances. We will hear about that audit later this morning from the acting inspector general, Rick Skinner, and from Michael Brown, the Under Secretary for Emergency Preparedness and Response. This Committee has also been investigating the process by which individual damage claims are evaluated and verified.

The IG's audit reaches several disturbing conclusions that confirm the Committee's findings. It is often impossible to determine whether the payments FEMA made were based on actual, disaster-related damages. The verifications of many personal property damages were based solely on undocumented verbal statements. No receipts, no proof of ownership, and in some cases, not even the damaged item to inspect.

Similarly, the guidelines for repairing or replacing automobiles were lacking. Rental assistance was provided to applicants who had no apparent need or who had failed to demonstrate eligibility for this assistance.

The IG's report identifies a number of significant control weaknesses that create the potential for widespread fraud, erroneous payments and wasteful practices. One of the most troubling findings by the IG is that FEMA inspectors were allowed to record damage to furniture or appliances even though the item allegedly had been thrown away before the inspector arrived. This system is simply an invitation to fraud.

The audit also finds substantial deficiencies in the rental assistance program. One example is the Expedited Assistance Program, in which FEMA would send one month's rent to anyone in the disaster area who called and answered certain questions. This was done before any inspector was sent to verify the claim. In essence, it was a pay first, ask questions later approach. Initially, FEMA did not even require the individual to represent that there had been damage to the home. Damage or not, FEMA sent each person a check for $726. More than $9 million in total rental assistance was paid to some 5,000 people in Miami-Dade. The auditors found that this money was paid to people whose homes were declared unsafe by FEMA inspectors for unspecified and in many cases dubious reasons. In addition, there is no evidence that claimants actually used this money for the intended purpose; that is, to live elsewhere while their homes were being repaired.

The IG's findings of waste and ineffective controls are supported by the evidence that this Committee has gathered during its own investigation. We have uncovered many instances in which applicants received awards for personal property, rental assistance, or both despite the fact that subsequent quality control inspections showed that there had been no storm-related damage to the home or its contents. For example, last October, FEMA awarded $18,452.37 to a Miami-Dade resident for rental assistance as well as for replacement of clothing, the furnishings in three bedrooms, and a host of appliances. Yet, a subsequent inspection found that the home had suffered no storm-related damage whatsoever.

Other errors were caused by FEMA's efforts to further streamline and accelerate the inspection process. FEMA's decision to introduce these new guidelines while thousands of inspectors were already in the field caused considerable confusion, particularly for the new inspectors and led to numerous errors and overpayments. To cite just one example, FEMA records show that an applicant in Miami-Dade was awarded more than $13,000 in personal property losses through what was called an inspector speed estimating error. The IG's report also raises questions about why FEMA paid for funerals when medical examiners reported no storm-related deaths in Miami-Dade.

No one contests the need for the Federal Government to provide swift and compassionate assistance to the victims of natural disasters, but when scarce resources are wasted, fraudulent claims are paid, and safeguards are ignored, there are new victims: The taxpayers, and it is a false choice to say that we cannot protect the taxpayers while responding effectively to the urgent needs of disaster victims.

[The prepared statement of Senator Collins follows:]

OPENING PREPARED STATEMENT OF SENATOR COLLINS

Today, the Committee examines the integrity of the Federal Emergency Management Agency's disaster-relief program. Our specific focus is on FEMA's response to the series of hurricanes that struck southern states last year and the subsequent evidence that has emerged of fraudulent claims, wasteful spending and ineffective government management. Although our focus is on specific events in the recent past, this issue has ramifications that are relevant to all regions of the country and to all future disaster-relief needs.

In the span of just six weeks in August and September of 2004, Florida was hit by four powerful hurricanes in quick succession: Charley, Frances, Ivan, and Jeanne. More than 10 percent of the state's housing stock was damaged or destroyed by the hurricanes, affecting more than 700,000 residents. Property damage exceeded $21 billion. One hundred seventeen Floridians lost their lives.

A disaster of this scale required a rapid and substantial response. FEMA responded with more than $2 billion in immediate relief to Floridians while they rebuilt their battered state.

We expect relief in such dire circumstances to be swift and substantial. We did not expect what came next.

No sooner had the 2004 hurricane season ended than Florida newspapers began alleging substantial and widespread fraud in FEMA claims based on the fact that nearly 12,600 residents in Miami-Dade County have collected more than $31 million in payments from Hurricane Frances, even though that Labor Day storm hit 100 miles to the north.

The effect of Frances in Miami-Dade has been described as that of a typical thunderstorm: Some downed trees and power lines. In fact, the Miami-Dade County Office of Emergency Management described the damage from the hurricane as "minimal." Yet the American taxpayers bought Miami-Dade residents thousands of television sets, air conditioners and other appliances, from microwave ovens to sewing

machines. The taxpayers also bought rooms full of furniture and new wardrobes, and paid to repair or replace nearly 800 cars.

There are many issues to be explored in this matter, including the extent of fraud and abuse of FEMA's individual assistance program during the 2004 hurricanes. Today our focus will be on a new audit by the Department of Homeland Security's Office of Inspector General. I am pleased that the Acting Inspector General, Rick Skinner, is with us today to discuss this report. We will also be joined by Michael Brown, Under Secretary for Emergency Preparedness and Response, to discuss FEMA's response to this report.

This Committee has been investigating the process by which individual damage claims are evaluated and verified. On this point, the audit makes several disturbing findings. It is often impossible to determine whether the payments FEMA made for individual claims were based on actual disaster-related damages. The verifications of many personal-property damages were based solely on undocumented verbal statements: No receipts, no proof of ownership, in some cases, not even a damaged item to inspect. Similarly, the guidelines for repairing or replacing automobiles and other items were lacking. Rental assistance was provided to applicants who had no apparent need or had failed to demonstrate eligibility for such assistance.

I should note that the purpose of this audit was not to uncover actual incidents of fraud, but to examine whether FEMA has the proper systems in place to prevent and detect fraud. The report identifies a number of significant control weaknesses that create the potential for widespread waste, fraud, and abuse.

One of the most troubling findings by the Inspector General is that FEMA inspectors were allowed to record damage to furniture or appliances even though that item allegedly had been thrown away before the inspector arrived. That is simply an invitation to fraud.

The audit also finds substantial deficiencies in the rental assistance program. One example is the Expedited Assistance Program, in which FEMA would send one month's rent to anyone in the disaster area who called and answered certain questions correctly, before any inspector was sent to verify the claim. Initially, FEMA did not even require the individual to represent that there had been damage to the home. Damage or not, FEMA sent each person a check for $726.

As for the $9 million in total rental assistance paid to some 5,000 people in Miami-Dade, the auditors found that this money was paid to people whose homes were declared unsafe by FEMA inspectors for unspecific, even dubious, reasons. In addition, there is no evidence that these people actually used the money for its intended purpose: That is, to live elsewhere while their homes were repaired.

The OIG's findings of waste and ineffective controls are supported by evidence that this Committee has gathered in its own investigation. We have uncovered many instances in which applicants received awards for personal property, rental assistance, or both, despite the fact that subsequent quality-control inspections showed that there had been no storm-related damage to the home or its contents.

For example, on October 11, 2004, FEMA awarded $18,452.37 to a Miami-Dade resident for rental assistance, as well as for the replacement of clothing, the furnishings in three bedrooms, and a host of appliances. A subsequent inspection found that the home had suffered no damage whatsoever.

Other errors were caused by FEMA's efforts to further streamline, or accelerate, the inspections process. FEMA's decision to introduce these new guidelines while thousands of inspectors were already in the field caused great confusion, particularly for new inspectors, and led to numerous errors and overpayments. To cite just one example, FEMA records show that an applicant in Miami-Dade was awarded $13,002.06 in personal property losses through an "inspector speed estimating error."

Given that no storm-related deaths were reported in Miami-Dade, questions have been raised as to why FEMA paid for several funerals there. The OIG reviewed three cases of funeral payments in Miami-Dade and found that none were disaster-related. In one case FEMA paid for the funeral expenses of a Miami-Dade resident who dies in an automobile accident after Hurricane Frances had passed through the area. Although the crash report said the accident was caused by the victim's excessive speed, FEMA awarded funeral expenses because wet roadways associated with the hurricane "could have" contributed to the accident.

I would like to thank Senator Nelson for his appearance here today. I would also like to thank Representative Mark Foley, who has submitted a written statement but could not be here today. I would note, too, that Senator Martinez wanted to be here today but could not due to an unavoidable conflict. They were among the first to raise alarms about FEMA's disaster-relief program. They have seen first-hand the devastation these storms brought to their home state of Florida.

No one contests the need for the federal government to provide swift and compassionate assistance to the victims of natural disasters. But when scarce resources are wasted, fraudulent claims are paid, and safeguards are ignored, there are new victims: The taxpayers. And it is a false choice to say that we cannot protect taxpayers while responding effectively to the urgent needs of disaster victims.

Chairman COLLINS. I want to recognize the individual who is going to be our first witness today. Senator Bill Nelson has worked very hard on this issue. He was one of the first who raised the alarm about wasteful spending and talked to me about it last year at that time. I told him the Committee would begin its investigation, and I want to recognize his leadership.

I also want to recognize the leadership of Representative Mark Foley, who has submitted a written statement but could not be here today. I would also note that Senator Martinez has expressed a great deal of interest in these hearings, but he also had a conflict which prevented him from testifying. But I look forward to hearing the witnesses' testimony today and particularly that of our lead-off witness, Senator Bill Nelson.

I would now like to turn to the Committee's Ranking Member, my colleague, Senator Lieberman.

**OPENING STATEMENT OF SENATOR LIEBERMAN**

Senator LIEBERMAN. Thank you, Madam Chairman.

Let me join you in welcoming our colleague, Senator Nelson here and to thank him for his leadership on this matter. I know he is concerned about the way in which public money has been distributed in disaster cases and whether it has been distributed appropriately, but I also want to thank you, Madam Chairman, because you responded to his request and that of the other members of the Florida delegation to hold this hearing and to commit significant time of both of our staffs to this investigation. But I do believe it is worthwhile.

This hearing is called to examine whether adequate controls exist to ensure that vital Federal disaster relief is going to where it is supposed to be going. That seems simple enough, but as you have just made clear, Madam Chairman, the Federal Emergency Management Agency paid thousands of residents of Miami-Dade County millions of dollars in disaster relief, despite the fact that the eye of Hurricane Frances hit about 100 miles north of Miami-Dade County.

Many of the people given aid by FEMA neither needed nor deserved the relief. That is not my conclusion; it is the conclusion by the investigation of the Department of Homeland Security's Office of Inspector General. And that circumstance is not only wrong; it is unacceptable. The tradition of Americans helping Americans through their Federal Government in the aftermath of a natural disaster traces back, as far as my staff could find, at least to 1803, when Congress authorized aid to a New Hampshire town that had been devastated by a fire.

But this generous tradition will be jeopardized if the American people or we, their representatives in Congress, conclude that their tax dollars are not being spent fairly, efficiently, and responsibly. Madam Chairman, I am going to ask that some considerable amount of the remainder of my statement be included in the record as if read, because it really overlaps with exactly the case that you

have just laid out and go on and say this: The IG of the Department of Homeland Security concluded that because the procedures used in Miami-Dade were also used throughout the State of Florida and because most of those procedures were also used throughout the Nation, a shadow has been cast on the appropriateness of FEMA's awards of disaster relief, and that is a shadow that we together must remove.

FEMA's mission of responding to natural disasters and providing financial assistance to those harmed by them is an absolutely critical one. None of us question that mission. The question is how the mission is being carried out. In order to fulfill the mission in the best interests of both those hurt by hurricanes, tornadoes, earthquakes, fire, and flood, and those whose taxes support those relief efforts, we have got to make sure that FEMA is following the rules and ensure that relief funds go where they should be going.

Again, unfortunately, the IG's investigation as well as the one conducted by our staff—and I thank the bipartisan staff for the high quality work they did on this investigation—both call into serious doubt whether that is happening, whether FEMA is fulfilling its responsibilities.

Madam Chairman, the hurricane season will soon be upon us once again. According to researchers at the National Oceanographic and Atmospheric Administration and at Colorado State University, this hurricane season could be another active and destructive season. It is important that this Nation's disaster resources, taxpayer dollars, are used where they are truly needed and that no questions regarding fairness, efficiency or responsibility taint those relief efforts.

We can only judge FEMA by how it reacts in emergencies. That is its mandate, its very reason to be, and that is why the investigation that is the topic of this hearing is not only important for what happened in this particular case but it is important overall. Where FEMA is found wanting, we must make changes together with FEMA to ensure that the American people continue to support our tradition of swiftly coming to the aid of our fellow Americans when disaster strikes anywhere in this Nation.

Thank you, Madam Chairman.

[The opening prepared statement of Senator Lieberman follows:]

OPENING PREPARED STATEMENT OF SENATOR LIEBERMAN

Thank you Madam Chairman for calling this hearing today to examine whether adequate controls exist to ensure that vital federal disaster relief is going where it is supposed to be going.

That seems simple enough.

But the question arises over the fact that, last year, the Federal Emergency Management Agency paid thousands of residents of Miami-Dade County, millions of dollars in disaster relief despite the fact that the eye of Hurricane Frances hit about 100 miles North of Miami-Dade County.

Many of the people given aid by FEMA neither needed nor deserved it, according to an investigation by the Department of Homeland Security's Office of Inspector General.

This is wrong.

The tradition of Americans helping Americans in the aftermath of a disaster traces back to 1803, when Congress authorized aid to a New Hampshire town devastated by fire.

But this generous tradition will be jeopardized if Americans come to feel their tax dollars are not being spent fairly, efficiently—and with accountability.

The problems in Miami-Dade County began with FEMA declaring the county eligible for disaster assistance without assessing the storm's impact or documenting reasons for the declaration.

The facts show that the hurricane did not hit Miami-Dade County. Indeed, the IG's investigation determined that the strongest sustained winds were just 47 miles per hour—far below hurricane force—and that the county saw no reports of flooding.

While these conditions undoubtedly caused damage, the IG found that FEMA failed to assess and document whether that damage rose to the level requiring federal assistance.

Thus, the IG concludes that FEMA mishandled the declaration process—one essential tool FEMA must use to safeguard taxpayer dollars.

But by including Miami-Dade County in its disaster declaration, FEMA made millions of people eligible for assistance—stretching its already thin resources even thinner and making its programs "susceptible to waste, fraud and abuse," according to the IG's report.

Some small but telling examples, Madam Chairman:

- FEMA awarded rental assistance to people who apparently weren't in need of shelter. For instance, FEMA gave almost $1,500 in rental assistance to one person whose home had sustained just $93 in damage. In other instances, FEMA awarded rental assistance to people who didn't need to leave their homes. This happened because eligibility criteria in some instances failed to require that an applicant's home actually be damaged in order to receive assistance;
- FEMA, in accordance with its own procedures, spent millions replacing items that the household never had;
- FEMA's contract inspectors conducted thousands of inspections of homes within blocks—once a single block—of their own home, which the IG found raises at least the appearance of a conflict of interest;
- FEMA gave Miami-Dade residents whose vehicle had supposedly been destroyed by Frances $6500 for replacement costs even though their vehicle was worth only a fraction of that.

Unfortunately, Madam Chairman, FEMA's problems in the way it doled out disaster relief do not stop at the boundaries of Miami-Dade County.

The IG concluded that because the procedures used in Miami-Dade County were also used throughout the State of Florida—and because most of those procedures were used throughout the Nation—a shadow is cast on the appropriateness of FEMA's awards of disaster relief to individuals throughout Florida and the rest of the Nation.

FEMA's mission of responding to natural disasters and of providing financial assistance to those harmed by them is an absolutely critical one—and one I completely support. That's not what this hearing is about.

But in order to fulfill that mission in the best interests of both those hurt by hurricanes, tornadoes, earthquakes, fire and floods—and those whose taxes support the relief efforts—we must make sure that FEMA follows the rules and ensures that relief funds go where they should be going.

Unfortunately, the IG's investigation, as well as the one conducted by our staff, call into serious doubt whether that is happening.

The start of the hurricane season is almost upon us. According to researchers at the National Oceanic and Atmospheric Administration and Colorado State University, this season could be another active—and possibly destructive—year.

It's important that our Nation's disaster resources—our taxpayer dollars—are targeted to where they are truly needed and that no questions regarding fairness, efficiency, need or accountability taint our relief efforts.

We can only judge FEMA by how it reacts in emergencies. That is its mandate—its very reason to be.

And where FEMA is found wanting, we must make changes to ensure that Americans continue to support our two-century-old tradition of swiftly coming to the aid of our fellow Americans when disaster strikes anywhere in the Nation.

Thank you Madam Chairman.

Chairman COLLINS. Thank you very much. I appreciate all your work on this issue, and your full statement will be inserted in the record as if read.

Senator Coburn, we are delighted to have you with us today. I know wasteful spending is very high on your radar screen, and we appreciate your joining us.

## OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Thank you, Madam Chairman, and I appreciate both you and the Ranking Member for holding this hearing.

We often hear in Washington that the reason we cannot control our spending is because of mandatory spending, and we are going to have an actual deficit this year of $622 billion. That is the real number. That is not what you will hear most politicians say. But its $622 billion, and this hearing is important because across our government there are ways we can improve spending, we can allocate our resources better, we can more effectively do the jobs that we have been asked to do.

So I look forward to the testimony. I will not be able to be here for the entire hearing, and I thank you, Senator Nelson, for bringing this up as well as Senator Martinez. It is important. If we are going to really help people, then we cannot expend resources on those who do not need our assistance when there are others who truly do. Thank you.

Chairman COLLINS. Thank you.

Senator Nelson, thank you so much for being here today, and I would ask that you proceed with your statement.

## TESTIMONY OF HON. BILL NELSON,[1] A U.S. SENATOR FROM THE STATE OF FLORIDA

Senator NELSON. Madam Chairman, your opening statement was so comprehensive that I can short-circuit a lot of my remarks.

First of all, I want to thank you and Senator Lieberman for taking the initiative to do the investigation. As I came to you with what we were hearing back home, and obviously, something was wrong. You did not hesitate a moment. You first did the investigation by your own staff. It has now augmented, as you have referenced, the IG's report. And thanks to you, you are bringing this into the full light of the sunshine with this hearing.

And what we are seeing is a picture that is not a pretty picture, because we appropriated $8.5 billion just to FEMA for these four storms, most of which would be allocated to Florida, because that is where it got the brunt. And in fact, not only are we experiencing the circumstances that you have outlined where payments have gone into Miami-Dade County that the winds did not get up there, and look at what was said right there by the Miami-Dade Emergency Operations Center: Damage and debris from—you are taking it down, and I am reading it. [Laughter.]

Damage and debris from Frances is minimal. You have pointed that out. You have pointed out the fact that burials, funerals were paid for when, in fact, many more, in excess of 300, were paid for when the officials had said that the deaths accruing directly according to the storms was somewhere in the range of about 125. You have pointed out that in fact, that those payments were made before a damage assessment was in fact made, and so, you have

[1] The prepared statement of Senator Nelson appears in the Appendix on page 35.

laid out in your comments here, I think, the essence of what we ought to be looking at.

Now, there is an additional thing that I would add. First of all, I want to credit FEMA. We learned some serious lessons after the 1992 monster, Hurricane Andrew. One level of government was not talking to another level. It was chaos. FEMA was not ready. And out of those lessons learned, the immediate aftermath of the storms, there was an excellent response. And FEMA in large part should be given the credit. The State of Florida and its Emergency Operations Center working with FEMA and the local governments; they had everybody talking to each other. FEMA had prepositioned things so that you could begin to get supplies in. There was the National Guard that set up a distribution center at the Lakeland Airport and had all of these convoys that were getting supplies in. It really looked like we had our act together and that we were responding to the lessons that we had learned after that monster hurricane.

But then, as time began to wear on, and give credit where credit is due. I mean, who has ever had to respond to four hurricanes in a row within a 6 weeks' period? So FEMA was overwhelmed. But as the time continued to wear on, either there is a problem in a structure of FEMA that the Congress in its oversight capacity should address, or there is poor management, or there is both. And that is my hope, that as a result of the leadership of you two Senators that you are going to be able to help FEMA to help folks like us, because hurricane season is starting on June 1.

Now, I just want to show you the path of the four hurricanes. Madam Chairman, this was extraordinary in 6 weeks. In 6 weeks; this is the first one that came in. This is Charlie. Now, the good news about Charlie is that Charlie was a very tight hurricane. It had winds of 145 miles an hour, but those sustained winds were only about 10 miles wide. If it had been a monster like Andrew that was 40, 50 miles wide, you can imagine.

The other good news was that Charlie, which, by the way, I was tracking Charlie way down south of Cuba as a hurricane hunter in the NOAA, and I want to commend them for your consideration, too, because they have gotten very sophisticated. On this particular one, we were dropping SONS, which is a loaded instrument package that would fall from 42,000 feet all the way to the ocean, and then, the plane collects the data in real time, beams it by satellite back to the National Hurricane Center, and there, they can get, because of all of these incredible measurements, a better estimate of which way it is heading.

Senator LIEBERMAN. Bill, you are the only Member of Congress that I know of who could say at 42,000 feet was not as high as he has been.

Senator NELSON. I tell you, it was not quite as fun, either.

Originally, we thought Charlie was really going to be the next Andrew, because it was scheduled to skirt the Keys and come right up into Tampa Bay. And you can imagine, if the waters from that counter-clockwise had pushed all of the waters up into Tampa Bay, you would have had a major flooding problem. Instead, Charlie is coming up here; suddenly takes a right turn and comes up Char-

lotte Bay and hits ground zero at 145 miles an hour, which was Punta Gorda.

It continued right on up the central core of Florida, exiting at Daytona Beach; massive destruction all the way that was within the narrow diameter of the hurricane. All right; a few weeks later, here comes Frances; third one, Ivan, that just tore up the Panhandle, particularly Pensacola. The Navy base itself had $750 million of damage.

Then, here comes the fourth one, Jeanne, and notice where the three have crossed: This is just south of Lakeland in southeast Polk County. The little rural county to the south of it, Hardy County, has, to date, only 21 percent of its FEMA claims paid. I wanted to bring this to your attention because where three major hurricanes crossed, very near Hardy County, a poor, rural county, you only have 21 percent of their claims paid. This just should not be, and this should be part of the oversight.

And so, Madam Chairman, today, I am going to be filing legislation that is going to be referred to your Committee that I would respectfully suggest are some things that you might want to look at. This legislation is going to require preliminary damage assessment before Federal assistance can be paid out, something we have already talked about. It also tightens the rules so that FEMA inspectors can better identify disaster-related losses of household items and document the verbal accounts that they were getting from storm loss instead of just gathering up people down at the local Hardee's and taking their verbal accounts of what the inspectors never saw.

For example, in Miami-Dade County, almost $100,000 was paid to residents for destroyed cars, and the IG report said that damage to those vehicles was not verified. Well, under this legislation that I am filing, it is going to require proof. This legislation would also limit funeral assistance to disaster-related deaths, and we have already heard about that, and under this legislation, inspectors would not be able to assess the losses of their neighbors or make purchases from the residents whose homes they have reviewed, which is a clear conflict of interest.

This would prevent cases like the one of the FEMA agent who bought an oceanfront home from a 72-year-old woman who sought out agency advice when she became concerned about the mold that was occurring in her home as a result of the storm. It is alleged that she was duped to sell her home for way under the fair market value. This legislation would address that. And this bill toughens penalties for fraud and strengthens the requirements for criminal background checks.

The estimates are, Madam Chairman, that up to 22 percent of FEMA inspectors had criminal records, including rap sheets for serious crimes. This just should not be. So I hope you will consider this legislation as you go about your deliberations as to what you want to do. And I hope that your Committee will look beyond the IG report for other ways to improve our Nation's disaster assistance agency.

Now, Madam Chairman, I can give you a few places to start: For example, I know many officials in Florida that would love to chat with your staff, including John Booth, the Executive Director of the

Palm Beach County Solid Waste Authority, or George Touart, Escambia County Administrator, or Dave Metzger, the Orange County Public Works Director.

What in my judgment you all need to do in your oversight capacity is to give FEMA clear, concise procedures for helping local governments pay for doing such things as removing debris from private roads. They have the ability, according to their own regulations, to do this in the interests of public health and safety.

But how many times did we hear all the way from the Panhandle down to the southwest coast to the southeast coast of Florida that FEMA said that they were not, even under their own discretion, going to allow under the caveat of public health and safety to remove that debris from a private road. I have worked with county after county in our State, and they have pleaded to get needed help. And many of those counties, though cash-strapped, are footing the vast majority of the bill for the essential cleanup.

Madam Chairman, because they are footing the bill for this essential cleanup, their budgets are decimated, and those officials, naturally, are praying that they are going to be spared a hurricane coming in this next hurricane season. So while FEMA needs to do a better job, Congress needs now to act in order to regain the public trust by ensuring that taxpayer money appropriated is spent wisely, Senator Coburn, and that it is spent efficiently to help Americans recover from natural disasters.

We owe this not just to the folks who have suffered so much in my State but to the residents of the other hurricane States that are going to get hit in the future. All along the Gulf Coast and the Atlantic Coast, we are in the paths of hurricanes. This is a part of the lifestyle that we have. But you can look to other States: Look at the Californians, who happen to live on a fault line, or look at the Washingtonians, who happen to live in the shadow of Mount Saint Helens, or look at the rural Americans who happen to live near rivers that swell and city dwellers who have to face the constant threat of the turmoil and the tragedy surrounding terrorists.

And so, I finish where I started, Madam Chairman: This would not be happening without your and Senator Lieberman's leadership, and I thank you from the bottom of my heart that this issue needs, this story needs to be told, and in so telling this story, I believe that we will get things much more ready to adequately handle these kinds of natural disasters in the future. Thank you.

Chairman COLLINS. Thank you very much for your leadership on this issue. We very much appreciate your bringing these concerns to the Committee's attention. Thank you very much for your testimony.

Senator NELSON. Thank you.

Chairman COLLINS. Our next witness today is Richard L. Skinner, the Acting Inspector General of the Department of Homeland Security. Mr. Skinner has vast experience in audit and oversight, which is invaluable to this Committee and to the American people. The audit that Mr. Skinner conducted regarding FEMA's response to the 2004 hurricanes will be the subject of his testimony today.

We welcome you and look forward to your testimony.

**TESTIMONY OF RICHARD L. SKINNER,[1] ACTING INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. SKINNER. Thank you, Madam Chairman.

As the Hon. Nelson pointed out, your statement was very comprehensive, so I hope what I have to say here does not sound redundant or duplicative of what you have already said, but thank you for the opportunity to be here today to discuss our work on FEMA's Individuals and Households Program (IHP), in the Miami-Dade County area following Hurricane Frances.

Our report on this subject is being released to the public today and is included as an attachment to my prepared statement. In 2004, the State of Florida was affected by an unprecedented four hurricanes in 2 months, causing widespread damage and destruction. In addition, during the Florida disasters, FEMA was also delivering aid to individuals and households in 15 other States and two territories.

According to FEMA, the upsurge of the disaster activity during that time period proved well above its standing operational capabilities, necessitating the hiring and training of additional staff and contract personnel. We acknowledge the difficult balance that FEMA must strike between speed and stewardship of taxpayer resources, a balance between the need for adequate documentation and the need to expedite assistance to disaster victims.

Nevertheless, as our audit concludes, there is considerable room for improvement in the manner in which FEMA administers its disaster relief responsibilities. The inclusion of Florida's Miami-Dade County in the declaration for Hurricane Frances and subsequent awards of about $31 million under the IHP has been the subject of considerable public reporting and concern. As a result, we initiated an audit of the IHP in Miami-Dade County to determine, one, whether FEMA had sufficient evidence to support the county's eligibility for IHP assistance, and two, whether adequate program controls existed to ensure that funds were provided only to eligible applicants for eligible purposes.

We found critical shortcomings in both areas. I would like to point out, however, what the audit did not attempt to do. The audit did not attempt to verify claimants' losses or incurred costs, nor did it attempt to determine the extent of fraud in Miami-Dade County. While our audit procedures provided due diligence to situations involving potential fraud, all matters involving fraud are being handled separately by our Office of Investigations in coordination with the U.S. Attorney's office for the Southern District of Florida.

While our audit of IHP at Miami-Dade County may be complete, our investigative efforts are still ongoing. Other than to say we still have an aggressive investigative program within the State of Florida, including Miami-Dade County relative to the four hurricanes that hit the State during 2004, it is our policy not to discuss our fraud detection initiatives or our investigations involving fraudulent claims. To date, 14 individuals have been arrested for making false claims.

Our audit concluded that FEMA designated Miami-Dade County eligible for IHP without a proper preliminary damage assessment

[1] The prepared statement of Mr. Skinner appears in the Appendix on page 37.

(PDA). FEMA contends that such an assessment is not required under its regulations. Instead, FEMA officials advised us that they relied on their best judgment at the time to amend the President's declaration and add 13 counties for disaster relief under the IHP. However, we believe that, notwithstanding the regulations, a PDA was required by the President's declaration, as I will attempt to explain here.

In anticipation of the impact of Hurricane Frances, Florida's Governor submitted a disaster declaration request on September 2, 2004, 2 days before the storm, to FEMA's Region IV, requesting that all 67 counties in the State be declared eligible for public assistance and that 18 counties be declared eligible for the full complement of individual assistance programs, including IHP.

The President's declaration, however, dated September 4, 2004, excluded Miami-Dade and another 12 of the 18 counties recommended by the Governor for IHP and stipulated that FEMA could provide assistance beyond the designated areas subject to completion of PDAs.

Nevertheless, effective September 5, 1 day later, FEMA amended the President's declaration to make IHP available to residents of Miami-Dade County and the other 12 counties that were initially requested by the Governor but excluded in the President's declaration. FEMA made the decision to add those counties based on the path of Hurricane Frances as it made landfall on September 5, 2005. The decision was not supported by a PDA, however, as required by the President.

FEMA notes in its response to our report that a comprehensive door-to-door damage assessment would have unduly delayed FEMA's response efforts. While we believe that a PDA was required to document the impact and magnitude of the hurricane in Miami-Dade, a door-to-door assessment of damages was not necessarily needed nor suggested by our office.

Although there is sufficient evidence today after the fact that the county indeed experienced some damages related to Hurricane Frances, it is still unclear, in our opinion, that the extent of the damages would have warranted the inclusion of the county in the Presidential declaration. A PDA, as required by the President, would have eliminated any doubt whether or not the county qualified for IHP assistance.

As a result of the declaration for Miami-Dade, residents now not severely affected by the hurricane were eligible to apply for assistance. While FEMA says rightfully residents still had to be found eligible in order to receive such assistance, Hurricane Frances, along with the previous and subsequent disasters, strained FEMA's inspection resources, tested program controls and made the IHP more susceptible to potential fraud, waste, and abuse. Further, as I will attempt to explain in this statement, flaws in the IHP, and the absence of certain internal controls increased the likelihood that funds were not always provided to eligible applicants for eligible expenses.

We recommended that for future disasters, FEMA ensure that PDAs are performed to determine the type, extent, and location of disaster-related damages whenever practicable. FEMA asserts that it already does this and that its actions in Miami-Dade were oper-

ationally and situationally defensible. We disagree. We continue to believe that a PDA was required by the President and that a PDA would have been both practicable and justifiable, especially in light of the fact that Hurricane Frances made landfall 100 miles north of Miami-Dade County, produced only moderate tropical force winds, and caused no flooding whatsoever.

Furthermore, we found no evidence to suggest that the county experienced widespread trauma, that is, loss of life, loss of essential utilities, and other essential services or at least not for a duration that would have justified the inclusion of the county in the President's declaration.

I now would like to discuss the major program control weaknesses that we found relative to the IHP itself; first, concerning Other Needs Assistance (ONA). As of February 28, 2005, FEMA provided $18 million in ONA to Miami-Dade County residents in response to Hurricane Frances. We determined that ONA, especially for the repair and replacement of household room items and automobiles, should be more closely aligned to actual losses and that better documentation was needed to support determinations that damages and deaths were directly caused by the storm.

For example, FEMA awarded $10.2 million to repair or replace household room items. However, the procedure used by FEMA to replace household room items allowed for funding of all items in what FEMA constituted as a full room, regardless of the actual loss. In other words, a resident may have had a single bed in a room, which was destroyed by the storm. Yet, FEMA would pay the resident the cost of an 11-piece bedroom suite. We recommended this procedure be changed. FEMA agreed with our recommendations and said it is reviewing the use of the generic room concept. FEMA believes that with today's technology, it can increase the specificity of the inspection without substantially increasing the time required to complete the inspection.

In addition, according to the State's established replacement value for eligible, disaster-damaged vehicles, FEMA provided $6,500 for each automobile destroyed. For 15 of the automobiles, the retail book value, at least in our sample, totaled $56,000. However, FEMA awarded $97,000 for those automobiles. In our opinion, FEMA should work with the States to establish a more reasonable replacement value for destroyed automobiles.

Now, concerning housing, FEMA awarded $13.1 million to Miami-Dade applicants for rental assistance and home repair and replacement. However, the implementation of the housing assistance component of the IHP was hampered by several procedural missions and generally weak guidelines for performing inspections and documenting results. For example, some rental assistance applicants received but may not have had a need for such assistance; while others may simply have not been eligible for the assistance.

Finally, FEMA's oversight of inspection needs improvement. Specifically, contractors were not required to review inspection reports prior to their submission to FEMA for payment. Edit checks for inspection errors were made after payments rather than before, and no provisions existed for inspectors who lived in the areas to recuse themselves from inspections that may present possible conflicts of interest.

The policies, procedures and guidelines used in Miami-Dade for the IHP were also used throughout the State of Florida. Further, according to FEMA officials, most of the procedures were used for disasters in other States, making our findings and recommendations broadly applicable to FEMA's implementation of the IHP nationwide. FEMA acknowledges that our report identifies several legitimate program flaws in the IHP and has agreed to make the necessary improvements.

Madam Chairman, that concludes my prepared remarks. I would be happy to address any questions that you or any of the Members may have.

Chairman COLLINS. Thank you very much, Mr. Skinner, for an excellent presentation.

FEMA comments on the audits. When I was looking through the comments that FEMA officials made on your IG report, I was particularly struck by one statement: "FEMA says we were pleased that the OIG confirmed no widespread or systemic waste or abuse in Miami-Dade County in the wake of Hurricane Frances." I must say I am baffled by that statement. Is that a fair reflection of your conclusions that you found no pattern of or widespread waste or abuse?

Mr. SKINNER. No, not at all. That is not an accurate reflection of our report at all.

There are four things I would like to point out here: One, we found some very serious systemic weaknesses and internal control weaknesses with regard to all parts of the IHP program. This, in turn, has consequences; that is, it does, in fact increase the potential for fraud, waste and abuse.

Second, I would like to point out that the purpose of this audit, in itself, was not to identify fraud, waste, and abuse per se. We were looking at the processes and procedures in place to determine whether they were adequate enough to ensure that payments were proper to eligible applicants for eligible purposes.

Third, we have a very aggressive investigative program that is still ongoing in Miami-Dade. We have already made 14 arrests. It is premature at this time to say that there is no widespread fraud, waste, or abuse while we still have an ongoing investigative program.

And finally, the mere fact that we do not find or prosecute everyone that committed fraud or identify all the waste, does not mean that it does not exist. A lot of the fraud is very de minimis, and it is very hard to prosecute. So it could be widespread, just not prosecutable.

Chairman COLLINS. And in fact, I think a more accurate description of your report would be to say that the internal control weaknesses that you identified were prevalent and create, in fact, a strong potential for abuse, wasteful spending, erroneous payments. Is that a fair statement?

Mr. SKINNER. Absolutely, that is correct, Senator.

Chairman COLLINS. According to the data we have been provided by FEMA, in Miami-Dade, FEMA spent some $17.1 million for personal property awards, $9.3 million for rental assistance, $2.7 million for home repairs and a little more than $1 million for expedited assistance, almost $600,000 for transportation. Did you find

weaknesses in the program controls in each of these areas? I am trying to get at the question of whether there was a problem in only one part of the disaster assistance or whether you found weaknesses in all of the areas.

Mr. SKINNER. The problems that we found were across the board. We found problems in each and every one of the components of the IHP program. For example, funds provided for repairs and replacement of household room items were not based on actual losses. Recipients of rental assistance oftentimes may not have been eligible or may not have even requested rental assistance, but were paid for rental assistance. Guidance and criteria for replacing automobiles and paying for funerals, as you mentioned earlier, were just nonexistent. It was very judgmental. So this was prevalent across all components of the program, the weaknesses that we looked at.

Chairman COLLINS. And that is particularly troubling, because that means that there are systemic weaknesses in FEMA's disaster relief programs that are not unique to what happened in Miami-Dade. The situation there appears to have been worse because there was not an assessment of damages before the designation was made for eligibility, creating all sorts of questions about whether individuals should have been eligible for assistance in the first place. But if these weaknesses are prevalent in all these programs, then, that suggests a potential for similar problems whenever these programs are triggered. Is that fair?

Mr. SKINNER. Yes, that is correct. These are programmatic, systemwide weaknesses that were not applied just in Miami-Dade. They were applied throughout the State of Florida, and for that matter, these are the same policies, procedures, internal controls, and guidelines that are applied for all disasters nationwide. So what we found here, I think, is just indicative or representative of the problems that we may have on a nationwide basis.

Chairman COLLINS. Thank you. Mr. Skinner, as you are aware, the Committee staff has also been investigating the claims in Florida, and there is a black exhibit binder that I think now is on your table before you.

At tabs 6 through 9, you will find that there are four examples of quality control reports performed on claims that were paid by FEMA in Miami-Dade as a result of Hurricane Frances. And I would like to give you a moment to find those, and if we have them on display as well, if we could have those put up.

The four claims total approximately $45,000, but what struck me is in each case, the quality control report found no damage to the home whatsoever: No storm-related damage. FEMA awarded money for such things in these four cases as rental assistance, damage to furniture, clothing, televisions, air conditioners, automobiles, telephones, and appliances. In one case, you will see FEMA awarded hundreds of dollars to pay for the repairs to a dryer, and yet, the inspector indicates that there was no dryer. In another case, payment was made for a washer that the applicant did not even own.

These examples concern me greatly, because they appear to reflect fundamental problems with the inspection process that was used by FEMA. And the inspectors really are the front lines of de-

fense. They are the ones who are supposed to ensure that money is not wasted and that damage really did occur, and yet, we found widespread problems as we started going through the quality control reports that were taking a look at the decisions made by the inspectors.

The Committee staff interviewed several of the quality control inspectors who told us that by and large, these were not close calls, that there was simply no hurricane-related damage. The four examples that I have just discussed and that we have provided to you, are these the types of results that you would expect based on the program control weaknesses that you identified in your audit?

Mr. SKINNER. Yes, it would. Two things I would like to comment on this or maybe three: It looks like the quality control program is working, to identify something as egregious as this. But first, it is very telling on the quality of the inspections themselves. There is something inherently wrong with the way we did our inspections if we can find examples like this through our quality control program.

These inspectors, I believe, who were in Miami-Dade, a good many of them were not only inexperienced, but they were poorly trained and not always adequately supervised. That, coupled with the internal control weaknesses as these inspection reports went through the process, that is, they were not checked before they were sent to FEMA. FEMA's edit checks were done after the payments were made. These issues all contribute to these types of problem cases. So this does not surprise me at all. This is probably somewhat widespread, I would contend.

Chairman COLLINS. It seems to be—based on the separate investigation that the Committee has done. It just is extraordinary that payments were made to individuals who were living in undamaged homes, and in a couple of the cases before you—we are talking about payments of $18,000, $19,000. In addition, these individuals also received rental assistance, and yet, their homes were undamaged. And that is the issue I want to move to next. FEMA paid about $9.3 million in rental assistance to more than 5,000 people in Miami-Dade County; is that correct? Or in the neighborhood?

Mr. SKINNER. Yes, that is correct.

Chairman COLLINS. So that is almost a third of the money went for this rental assistance. In the sample of files that you and your auditors reviewed, was there any evidence at all that the recipients of rental assistance ever actually moved out of their homes?

Mr. SKINNER. No, not at all. We did not find any examples where anyone actually moved out of their homes.

Chairman COLLINS. So, yet, people received rental assistance, and yet, they did not leave their dwellings.

Mr. SKINNER. That is correct.

Chairman COLLINS. And is it your understanding that when FEMA awards rental assistance, it actually has to be spent on rent.

Mr. SKINNER. That is our interpretation. That is why it is called rental assistance.

Chairman COLLINS. That does seem fairly logical.

Mr. SKINNER. Yes.

Chairman COLLINS. So does FEMA ever attempt to determine how many people who received rental assistance actually used it for that purpose?

Mr. SKINNER. As far as I know, no.

Chairman COLLINS. Is this another area where you think that—let me ask you: What do you think needs to be done to tighten up on the rental assistance program?

Mr. SKINNER. For one thing, what we found was that people—FEMA's guidelines were very explicit, FEMA's IHP guidelines for rental assistance. That is, if you receive payment for rental assistance, you are, in fact, to use it for rental assistance, and you must maintain receipts for 3 years to support the fact that in fact you used it for rental assistance.

However, the inspector guidelines that were passed out to the inspectors actually advised the applicants that no, you in fact did not have to use your rental assistance funds for rental assistance; you could use them for home repairs. It appears to us that the right hand does not know what the left hand is doing. The guidelines need to be very explicit, and the inspectors have to understand, or at least FEMA has to provide clearer guidelines to make it perfectly clear that just because you may be eligible for rental assistance does not mean that you should be entitled to rental assistance.

Oftentimes, and this gets back to the quality of the inspections, the inspectors would deem homes unsafe. And oftentimes, many times, we have questioned whether that determination was supportable. But by merely checking that the home was unsafe, these individuals were automatically made eligible for rental assistance and were, in fact, paid for rental assistance, and oftentimes, they did not even ask for rental assistance, but since they were determined eligible by the inspector, they in fact received rental assistance, and I think there is a breakdown in communications, guidelines, and in internal controls.

Chairman COLLINS. So did your inspectors also find that there were cases where homes were declared unsafe when, in fact, they just needed very minor repairs?

Mr. SKINNER. Oh, yes, as we went through the inspectors' reports, we found many cases in which, for example, a window was missing at a cost of $97. It was declared unsafe. Therefore, they qualified for rental assistance and received rental assistance, although they did not move or did not relocate.

Chairman COLLINS. So you may have cases where an individual has very minor repairs, and it is an actual case where the repairs were $97, and yet, the individual could receive $726 in rental assistance, additional payments for repairs; in other words, payments far exceeding what the minor repairs are and yet never moved out of the house.

Mr. SKINNER. That is entirely true. That is entirely accurate, yes.

Chairman COLLINS. Could you explain to us more about how the Expedited Assistance Program works? I understand that is a rarely used process, but it was used in Miami-Dade.

Mr. SKINNER. Yes, it is my understanding as well that it is rarely used. I know it was called something else in other disasters, Fast Track in Northridge and in Andrew. In Miami-Dade, in essence,

they opened a door for expedited assistance for rental assistance, and all that was required was a call-in, and you had to meet three criteria or two or three criteria and answer two or three questions to be made eligible. One, you had to attest to the fact that was your primary residence, and two, you needed essential housing needs or, in fact, you were living somewhere else, and that would automatically qualify you for rental assistance. Once was done; the payments were made, and there was no follow-up or any verification that any of those people, in fact, were eligible or entitled to rental assistance.

Chairman COLLINS. Is this done generally just over the telephone, then?

Mr. SKINNER. Yes.

Chairman COLLINS. Where the applicant calls in, answers a series of questions, but are you telling me there is no verification before the check is sent?

Mr. SKINNER. That is correct.

Chairman COLLINS. So this is the pay first, ask questions later approach; is that fair?

Mr. SKINNER. Yes, pay first, verify later; that is absolutely correct.

Chairman COLLINS. I would like to turn to the issue of payments for automobile repairs and replacement. There were some 800 payments for repairs, or I should say there were payments for repair or replacement of some 800 automobiles in the county. I find this very strange, given the minimal damage; there was not flooding; there were not particularly high winds. But there were also issues about how the payment amount is arrived at. Could you elaborate on that?

Mr. SKINNER. It is my understanding that this is negotiated between the State and FEMA as to what is a fair value for a car. And, in the State of Florida, and I think every State is handled differently, it is not a FEMA standard or a national standard. In the State of Florida, I think they determined that, that is the State, and FEMA accepted their recommendation, that if any cars needed to be replaced that the minimum payment should be around $6,500.

Chairman COLLINS. And is that regardless of what the Blue Book value is for the car?

Mr. SKINNER. That is correct.

Chairman COLLINS. So you could have and indeed found cases where the Blue Book value of the car might have been $2,000, and yet, a payment of more than $6,000 was made?

Mr. SKINNER. Yes, in our sample, we found several cases of that.

Chairman COLLINS. I would also like to look at one of the specific automobile cases that you discuss in your report, because it really stood out to me: In this case, FEMA paid $6,500 for a 1998 Toyota Corolla that was supposedly destroyed by an electrical fire, and you note in the report that the inspector provided no explanation of how a hurricane, particularly one that hit 100 miles north, could have contributed to an electrical fire. Do we know if the inspector ever actually saw this car?

Mr. SKINNER. Well, in this particular case that you are talking about, we did in fact call the former car owner, and that individual

advised us that the car had been towed prior to the inspector's arrival. So, therefore, the inspector had to rely entirely on her verbal representation that yes, I had a car, and yes, it was destroyed through an electrical fire, and yes, it has now been discarded. But that was not reflected in the inspector's report. We obtained that information by, in fact, talking to the individual.

Chairman COLLINS. But what happened in this case was that FEMA paid $6,500 to an individual who claimed to have had a car that was destroyed by an electrical fire that was somehow related to the hurricane, but there was no actual car to inspect; is that accurate?

Mr. SKINNER. That is correct.

Chairman COLLINS. So there is no way to know if there ever was an electrical fire in this car.

Mr. SKINNER. That is right.

Chairman COLLINS. And there is absolutely no way to determine, assuming there was an electrical fire in the car, that it had anything to do with the hurricane.

Mr. SKINNER. That is correct.

Chairman COLLINS. And yet, this payment was made.

Mr. SKINNER. Yes, it was.

Chairman COLLINS. Well, Mr. Skinner, I think you have raised an awful lot of concerns, and I really appreciate all the work that you and your office have done. I want to just end with one final question, and that is in FEMA's response to your report, FEMA suggests that achieving the standards that the IG has said should be achieved to protect the taxpayers is unattainable. That is the word used by FEMA officials.

FEMA officials say we are dealing with an emergency situation. We are dealing with urgent claims, and it is impossible for us to guard against the susceptibility to waste, fraud, and abuse and at the same time serve the victims of natural disasters. What is your comment on that?

Mr. SKINNER. I disagree with that. For one thing, the technology exists today to allow the inspectors to do a better job, technology that did not exist back in the times of Andrew. Second, I think every disaster, every scenario, every situation has to be evaluated on its own. In Punta Gorda, yes, we had clear evidence that the situation was dire so as far as the impact of the storm.

But as you get out away from the eye of the storm and into the marginal counties such as Miami-Dade, the delivery of services, yes, we want it to be timely, but we do not want to sacrifice our responsibility to be good stewards of the Federal dollar, and people were not, in Miami-Dade County, they were not living in tents; they were not living in shelters; they did not experience widespread trauma. They did have water. They did have electricity. I think we could have taken greater caution as we proceeded in providing assistance in that type of an environment.

Chairman COLLINS. Thank you so much for your excellent testimony. I certainly agree. I think it is a false choice to say that we cannot serve the victims of natural disasters effectively, compassionately and swiftly without sacrificing the integrity of this program, and indeed, many of the recommendations that you have made would help put in the kinds of controls that would greatly re-

duce the potential for the kind of erroneous payments, wasteful practices, and indeed, outright fraud that both your auditors and our investigators have documented occurred.

So thank you very much for your testimony, and we look forward to working closely with you.

Mr. SKINNER. Well, thank you, Madam Chairman.

Chairman COLLINS. Thanks. I would now like to call our next witness, Michael D. Brown, the Under Secretary for Emergency Preparedness and Response at the Department of Homeland Security. Secretary Brown is responsible for coordinated Federal disaster relief activities, including the implementation of the Federal Response Plan. Mr. Brown, we very much appreciate your being here today.

**TESTIMONY OF MICHAEL BROWN,[1] UNDER SECRETARY FOR EMERGENCY PREPAREDNESS AND RESPONSE, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. BROWN. Good morning, Senator, and thank you for having me. I certainly do appreciate it.

I think it is important that we have some perspective of what took place that horrible 6 weeks, so in the vernacular, "roll the video."

[Video shown.]

Mr. BROWN. Madam Chairman, that 2004 hurricane season marked the busiest season in FEMA's history. FEMA responded to 68 declared major and emergency disasters in 2004. Within a span of only 6 weeks, four powerful hurricanes struck Florida, producing widespread damage and causing terrible destruction and displacement. In response to hurricanes spanning both the East and Gulf Coasts, FEMA opened and maintained 27 simultaneous disaster field operations in 15 States and two territories.

We registered nearly 1.7 million people for disaster assistance, a record number of open disasters, a record number of registrants. In an average year, just to give you some perspective, FEMA only registers 480,000 people. FEMA quickly expanded our capabilities across the board to meet those challenges. We hired, trained, and fielded thousands of additional phone operators and inspectors as well as thousands of additional community relations workers.

But FEMA does not do its work alone. In each of these disasters, we stood shoulder to shoulder with our State partners, our local partners, and indeed, even with our Federal partners. We are now months removed from the immense and daunting challenges we faced during that unusually cruel season, and I want to remind everyone what an extraordinary period we faced.

FEMA's response to the hurricanes and the tropical storms last year represented the single largest mobilization of emergency response and recovery resources in the history of this country, surpassing even the response to September 11 and the 1994 Northridge earthquake. It was a massive undertaking and a relief operation for which I am exceptionally proud.

It is imperative that we remember and understand the challenges and the complexities that we confronted. In full situational

[1] The prepared statement of Mr. Brown appears in the Appendix on page 45.

context, before anyone attempts to craft new answers and new procedures which may, on their face, seem reasonable but without closer and more studied scrutiny will have unintended negative consequences. We must never lose the sense of urgency that drives our response to victims and communities in need or be forced to sacrifice that urgency in the pursuit of elusive administrative perfection.

Our mission to get help quickly to those who so desperately need it must take priority yet be carefully and always balanced with our obligation to be stewards of the taxpayer dollars. I personally was on the ground in the midst of our response operations, and I was able to judge for myself the urgency of the situation. I can assure you that FEMA was never stampeded into making any decisions. We made informed yet sometimes very difficult choices in order to meet the demands of the extraordinary situations created not just in Florida but all along the Eastern half of the United States. I just want to say publicly that I am proud of FEMA's employees and their accomplishments.

Senator there is always room for improvement. Our processes and procedures are not exceptions to that rule. Many of our programs have been refined and updated over the years. Since 1992, when FEMA was very heavily and I think appropriately criticized for its slow response to the victims of Hurricane Andrew, the men and women of FEMA have pursued and implemented changes, efficiencies, and upgrades through the use of new technologies, faster systems, and clearer procedures. During that same time, we have also seen the implementation of a brand new program, the Individuals and Households Program, enacted by you in 2000 under the Disaster Mitigation Act.

While I look forward to constructively discussing many ideas for these improvements, I want to remind everyone that our processes and procedures have been forged over countless disasters, through years of experience and have consistently weathered and withstood the test of time and repeated trial. We constantly observe and review our responses after every disaster, not only to identify those things that we did well and can be proud of but also to identify and remediate areas that require our improvement.

Four hurricanes impacting 15 States in 6 weeks is an exception to our normal course of business. Those four hurricanes were an anomaly. Yet it is our duty and our mandate to act regardless of the situation. You see, we do not have the luxury of dictating the conditions under which we operate. It is in that very spirit that I look forward to our discussions today. While media and other reports have focused on errors, I would sincerely and respectfully suggest that this hearing, in addition to focusing on the errors, also focus on the hundreds of thousands of people who did receive assistance and on the thousands of inspectors who successfully conducted hundreds of thousands of inspections all across the affected States.

I simply do not listen to those who suggest that we should pay excessive scrutiny to one county or to one group of people affected by a disaster and not to others. These storms do not respect geographical boundaries, nor do they respect socioeconomic demo-

graphics that would justify in some people's mind a higher level of scrutiny.

Unfortunately, I often see competing local agendas. Those with political differences sometimes attempt to cloud our mission to deliver aid and to deliver to those who most need our help. While we and I personally will always strive to strike a proper and defensible balance between timeliness and fiscal surety, you who legislate daily know that these decisions that we make are never black and white. That is why I have tried to provide some necessary post-event context to serve as a setting for continued discussion of the fundamental issues that any large scale event of this type presents.

Perspective seems to have been lost in the public discussion. Early concerns were over reports that Miami-Dade County suffered less severe damage from last season's hurricanes than counties to the north, where the eyes of Hurricanes Frances and Jeanne made landfall, and that somehow Miami-Dade received seemingly disproportionate Federal assistance. In fact, I think that those concerns led to this inquiry. But to give a thorough understanding of FEMA programs and procedures and the differences between our individual programs and our government programs, it will become clear that many of those early concerns were misguided.

Early press reports and even reports in this hearing today that somehow we should engage in county by county comparisons of total outlays will yield faulty results and incorrect conclusions. In addition to levels of damage, many factors influence the distribution of Individuals and Households Program assistance, including the population, the proportion of insured applicants in counties affected by disasters, and even the income levels.

Raw comparisons of the aggregate amounts of disaster assistance delivered in these counties led to starkly skewed comparisons, faulty conclusions and an inaccurate perception. Less than 2.9 percent of the residents in Miami-Dade County received any FEMA aid, an amount that I believe is commensurate with the amount of damage and proportionally much less than the counties at the eye of the hurricanes.

FEMA responded aggressively and proactively to the needs of all affected citizens of the State of Florida who were eligible for assistance. The amount of money spent in one county did not reduce the amount of money available to other counties, nor did the money we spent in one area reduce levels available in other areas.

With all of the good that has been accomplished in Florida, we know that there was some assistance given incorrectly, through errors of data entry, inspections and, unfortunately, even through fraudulent claims. I make no excuse for those errors, Senator. I am proud of actually the few errors that have been surfaced out of the hundreds of thousands of inspections that were conducted.

Our overriding priority in a near-catastrophic incident is to get help quickly to those who need it desperately while continuing to exercise all reasonable diligence over our obligation to continue to be outstanding stewards of taxpayer dollars. That will always be the balance that FEMA strives to meet: The balance between getting aid quickly, effectively to everyone who needs it and balancing the desire to make sure that we are good stewards of taxpayer dollars. That is our mission, Senator.

Again, thank you for having me here today.

Chairman COLLINS. Thank you very much, Mr. Brown, for your statement.

In response to your opening remarks and the video that you played, I want to emphasize to you that the Members of this Committee very much appreciate and recognize the vital role played by FEMA in helping the victims of natural disasters. It is because of our appreciation for that role that we are particularly concerned about what this Committee's investigation has uncovered.

The public is perfectly willing, indeed eager, to help the victims of natural disasters rebuild their lives and their communities, but the public is not willing to see patterns of abuse, wasteful spending, outright fraud, erroneous payments, and that undermines public support for providing that assistance, and that is why this is of great concern to me.

If the public feels that millions of dollars are wasted, they are going to be far less likely to support the appropriation of additional funds to help people in future disasters. And that is why this Committee, which has new oversight responsibility for FEMA, is conducting this investigation.

In your comments, you said that focusing on one county, Miami-Dade in this case, as the Committee's major focus has been, results in faulty results and incorrect conclusions. Yet the Inspector General said that the systemic weaknesses and the lack of controls that his audit identified could be applied beyond Miami-Dade and, in fact, characterized the provision of assistance in general. Do you disagree with that finding?

Mr. BROWN. The extrapolation of things that were found in Miami-Dade to other areas of the State, particularly areas of the State that were particularly hard hit, I think does draw incorrect conclusions. The reason for that is this: It is very easy for an inspector to make a determination when he looks at a home and all that is there is a foundation. It is more difficult for an inspector to make a determination of what has really occurred in those marginal areas where it is more difficult to discern, and you have to use judgment as to exactly what occurred, particularly when you are making those discerning kinds of judgments in housing stock that is old and decrepit and—by our standards, by the standards you and I would want to live in—is certainly substandard.

And so, to draw the conclusions from those kinds of inspections to all of the programs throughout all of the country, and the State in this case, I think is an incorrect extrapolation.

Chairman COLLINS. Well, let me give you a specific example that the Inspector General identified as an inappropriate process that leads to overpayments. He told us that FEMA inspectors, when they are evaluating a spare bedroom, for example, evaluate it as if it has two twin beds, a chest of drawers, a nightstand, a lamp; in other words, as if it is fully furnished, even if that bedroom, in fact, only contained a single bed. If that is being done in general, why does that not produce overpayments everywhere that procedure is applied and not just in Miami-Dade?

Mr. BROWN. That is actually an excellent question, and the reason for it is because in most areas it is safe to assume that in the destroyed home that you see—that is the typical middle class

home—it is easy to make the assumption that yes, there is that property in the structure. It is more difficult to make that judgment—and I agree with you. I think in those marginal areas, we do need to tighten that up. And so, if there is a way that we can do that tightening up so that in the marginal areas that are not as clear-cut as the destroyed typical middle class home, then, I am willing to do that, and I think that we should do that. But to draw the extrapolation that because we found a situation in one county that may have an unusual situation and extrapolate that to all inspections done all across the State, I do think that is incorrect.

Chairman COLLINS. Do you think that FEMA should be paying for furniture that does not exist?

Mr. BROWN. We should not be paying for anything that does not exist.

Chairman COLLINS. Well, is that not what happened?

Mr. BROWN. But Congress told us that we would. But it does in those very marginal cases. And I would like to eliminate those marginal cases.

Chairman COLLINS. If you are using a generic room approach, you are paying for furniture that does not exist.

Mr. BROWN. That is correct, and I do believe we need to tighten that up in those marginal cases. That is the balancing act that I talk about. We should not require an inspector that is in a neighborhood that you and I could look at and say, it is reasonable to assume that there was the typical furniture in that home, and that home is now demolished; I do not think that either one of us want to be in a position where we are going to delay assistance to that individual while they go out and somehow prove to us that they had a nightstand or two nightstands and a king-size bed versus a double bed.

I do not think we want to get into that kind of discriminatory, discerning type of practices. I do agree with you, though, that the other side of the balance is to try to figure out a way where it is in those very marginal cases, how do we in fact do that determination without slowing down the aid so much that that victim who really does need our assistance is now waiting 2, 4, 5, or 7 days for that assistance? That is the balance we are trying to find.

Chairman COLLINS. Do you think FEMA inspectors should be okaying payments for automobiles that have been towed away and cannot be inspected?

Mr. BROWN. I knew you would ask me about that particular example, and that is a tough example. I was not there, and I did not see, I did not talk to that individual like I would talk to you right now and read your body language and check your sincerity and understand the whole totality of circumstances of what that inspector is seeing on the ground.

We have to give the inspectors some latitude to recognize that people's lives have been upended. They are at the worst point in probably their entire lives about how to make a decision. You take a single mother in Miami-Dade County who maybe relied upon that Opel Cadet to get her kids to school or to get to work maybe two or three jobs that she is working. That inspector has to make a judgment call.

Yes, we negotiated with the State under the IHP program before we went into the disaster about what we would pay. Our goal is to get that single mother transportation, not to give her $250 or $450 or $2,000 to meet the Blue Book value of her car but to give her reimbursement for the transportation so she can make the decision, get another vehicle, return to work, get those kids back to school. That is the judgment that those inspectors make in the field.

Chairman COLLINS. Mr. Brown, do you disagree with Florida officials who said that the damage from Hurricane Frances in Miami-Dade County was minimal? Do you disagree with the Weather Service assessment that there was no flooding?

Mr. BROWN. It is not a matter whether I disagree or not. It is what the facts are. The facts are this, Senator: The private insurance companies, who have a vested interest in not paying out claims to the extent that they do not have to have to date paid out $60 million in property damage claims to Miami-Dade County. There was damage in Miami-Dade County. We have also had requests from the County of Miami-Dade for reimbursement of both emergency protective measures and for debris removal. We have paid over $700,000 in Miami-Dade County for debris removal. So all of the premises that so many people have started from that we paid for things in Miami-Dade when the hurricane did not get there, and there was no damage, is just incorrect.

Chairman COLLINS. Well, we all know that insurance claims cover a far broader array of damages than FEMA assistance.

Mr. BROWN. And that is why I focused——

Chairman COLLINS. That is totally different. You can have an insurance claim for minor flooding in your cellar as a result of a thunderstorm. We are talking about a hurricane.

Mr. BROWN. That is correct, and hurricane bands can produce tornadoes. If you are living in substandard housing, sustained winds of 59 miles an hour can make your home uninhabitable. And so, we should not pick on the people of those neighborhoods because they live in unfortunate, substandard housing, and they do not have insurance. We should not pick on them because of that.

In Miami-Dade County, the Governor had already ordered a mandatory evacuation. I tried to get into Miami International Airport. It was closed. There were severe rains. There were severe thunderstorms. Frances was still making landfall. This is one of the slowest hurricanes that we have seen in the history of this country. We did not know which direction she was going to turn or what to do. We made the absolute right call in declaring Miami-Dade, because it is my honest and sincere opinion that had we not added Miami-Dade County on to the President's disaster declaration, I would have been hauled up here and been asked why did I not provide aid to those people and those neighborhoods where those tropical force winds either caused damage or caused them to suffer.

Chairman COLLINS. The Presidential declaration said that a preliminary damage assessment should be done before Miami-Dade County was added. Why was that not done?

Mr. BROWN. If I may, I believe that the Inspector General is just wrong in that regard. The President's letter, and I want to quote

it verbatim—I got the wrong page up. I am sorry. The letter is addressed to me.[1] "You are authorized to provide individual assistance in the designated areas, assistance for debris removal and emergency protective measures (Category A and B) under the Public Assistance Program in all counties in the State and Hazard Mitigation statewide, and any other forms of assistance under the Stafford Act you deem appropriate subject to completion of Preliminary Damage Assessments."

Chairman COLLINS. Subject to the completion of a PDA.

Mr. BROWN. Any other assistance other than Categories A and B, which under the FEMA programs would be Categories C through G. If I wanted to provide any of those categories of assistance, the President said before you add those counties and provide that kind of assistance, you must do PDAs. A and B were the exception. That is the way FEMA has always operated.

Chairman COLLINS. In your written statement, you say, "In normal circumstances, some of the quality control problems we saw in Florida would be unacceptable. Given the context, complexity, and enormity of our operations, their results were far more commendable." I would like to refer you to Exhibit No. 5,[2] in the exhibit book on the table. If we could have the exhibit put up. This exhibit, as you can see, is entitled Errors Found through Quality Control Inspections Conducted by Parsons-Brickerhoff. This chart shows a 37 percent error rate on personal property inspections conducted in Miami-Dade and an 18.5 percent error rate on the home unsafe determinations, a 16 percent error rate on furnishings, 16 percent on clothing and 11.5 on willingness to relocate. Are these the kinds of quality control results that you view as "commendable"?

Mr. BROWN. Yes, and can I explain why?

Chairman COLLINS. Yes, this is very interesting.

Mr. BROWN. We have within our contracts, which are currently under review to renew, an extraordinarily tight quality control process. So within that 37 percent that you see on personal property errors, there is a list of 65 different items that the quality control people go through and actually nitpick, if I can use that word. They are trying to find errors not just substance but in procedure, in the way the inspector actually dealt with the applicant, things such as did the inspector arrive on time, was the inspector friendly.

And so, those kind of things are categorized so that we can take every single one of those 65 items and improve that particular inspector's quality of inspection. So I am not surprised, as long as that 37 percent does not translate into some figure that is an outrageous amount of money that has gone out that should not that we have to now go recoup, that 37 percent figure does not mean anything to me other than that the quality control process was working, and they were doing what they had to do to make that procedure even better.

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[1] The letter referred to appears in the report entitled "Audit of FEMA's Individuals and Households Program in Miami-Dade County, Florida, for Hurricane Frances," Department of Homeland Security, Office of Inspector General, Office of Audits, OIH–05–20, May 2005, on page 34.

[2] Exhibit No. 5, a chart entitled "Errors Found Through Quality Control Inspections Conducted by PB (389 QC Inspections Total)" appears in the Appendix on page 75

I do not think we can take—what I am trying to drive at is that you cannot take that particular figure and drive that percentage to an amount of money that we have to recoup.

Chairman COLLINS. This is a sampling. To me, it is an alarming sampling. Let me show you some of what we found in our investigation. I would like to refer you to Exhibit No. 9 in the book.[1] This is a quality control report. Do you see on the far right, the level of damage done? None? We found this over and over again, and yet, in this, thousands of dollars were paid out to individual claimants. The quality control report points out that there was money provided to repair a dryer. There is no dryer.

And this is not just a single example. We have many examples.

Mr. BROWN. And I recognize that in the course of responding to these disasters which, again, just let me give you a little perspective. Take an average, well, there is no average disaster. I have made it a philosophy of mine when I get asked by the news media, well, how does this compare to where you were 2 days ago, I just do not compare one county to another or one State to another.

But if you take just some of the disasters that FEMA has dealt with during my tenure, let us take the California wildfires, for example. In the California wildfires, we did 23,398 inspections. In Florida, we did—are you ready for this?—885,744 inspections. That is how much we had to ramp up. So there is no question in my mind that this Committee, the press, myself, my staff, all of us can find documents like this that are going to show where errors were made.

That is not acceptable to me. I want to clean that up. I want to fix that process. But to extrapolate from that and say that the quality control process that we have in place which is designed to find these errors is broken I think is incorrect.

Chairman COLLINS. Well, let us talk about the inspection process. FEMA asked each of its contractors to perform 15,000 inspections per day, which is double the maximum number that they were required to perform under the contracts. When FEMA took this step, did you realize that meant that the contractors were going to have to hire thousands of new inspectors?

Mr. BROWN. I did, and if I can describe the choice that I have to make as the leader of this organization, the choice is this: Florida and these other States have been hit with a near catastrophic event. It is not unlike what a terrorist could have done if a terrorist had been trying to do something. So I make the determination that in trying to reach this balance, I can do one of two things: I can either stop all inspections such as was done in the 1994 Northridge earthquake and just pay money out based on ZIP Codes, or I can ramp up, work with the contractors, do everything I can trying to be a good steward of the taxpayer dollars and get eyes on every claim.

My objective was to get eyes on every claim made and not pay things out by ZIP Code. So when you are doing 885,000 inspections, there are going to be errors. I want to clean those up, but I still believe I made the right decision for the taxpayers and the disaster

[1] Exhibit No. 9, "IHP Daily QC Report" appears in the Appendix on page 76.

victims of continuing to get aid out to them but not do it on a blanket basis like was done in 1994 on a ZIP Code basis.

Chairman COLLINS. Are you aware that FEMA's preliminary analysis of inspector error rates for all of the Florida disasters shows that new inspectors have an error rate of more than three times that of experienced inspectors?

Mr. BROWN. I do, and in fact, if you look specifically at Miami-Dade County, which is the impetus for this investigation, you look at the—it is 50-some experienced inspectors had an error rate of something under 2 percent, and the inexperienced inspectors had an error rate somewhere close to 9 percent, 9.8 or something, I believe it was, 9.2.

I think what that shows is of those 2,000 inspectors, additional inspectors that we brought on, some of the companies did an excellent job of training them and educating them and limiting what they were able to do until they gained experience. They had kind of an algorithm built in so that a new inspector would go out with another inspector. They would only allow them to do five inspections, bring them back in, check their work, see if they are ready to go back out again; maybe do some more. So we did make that decision to ramp up the inspections, which we knew would cause a higher error rate, but we knew in the long run, that was still the more prudent thing to do to continue to get assistance out as quickly as possible.

Chairman COLLINS. Are you aware that inspectors were deployed to the field before their background checks were completed?

Mr. BROWN. I am not aware that they were deployed before the background checks were completed. I am aware that background checks are required.

Chairman COLLINS. Are you aware that several of the inspectors had to be removed because they had serious criminal records?

Mr. BROWN. I am aware that there were some that were removed. We found some on our own that we removed for various reasons, and I do not believe that—and while that is not acceptable to me, I mean, I would prefer to have everyone with a perfect background, I think it is also unfortunate that we lump in some of these folks that maybe had a DUI or maybe had a misdemeanor of some sort that have paid their debt to society, went out and conducted the inspections and that we have had, again, almost a million inspections done and no complaints about anyone with a criminal background doing anything improper.

Chairman COLLINS. No complaints, so those inspection forms where the quality control inspector later found that there was absolutely no damage, you do not think that suggests there was a problem with the inspector who did the original assessment?

Mr. BROWN. No complaints from those that received the inspection, no complaints from the victims.

Chairman COLLINS. Well, I am not surprised that the victims did not complain. They got checks even though their homes were undamaged. In fact, there is an amazing document attached to one of the quality control reports where it says the applicant called in to find out what is the check to be used for? This is a case where there was no damage.

Mr. BROWN. Senator, again, with all due respect, that is not acceptable to me. We want to tighten those up, and we want to fix those. We have found examples of that where we tried to fix it. Again, if I put it in the context of what the choice is that we make, we all have choices to make, and in this case, the choice was ramp up the inspections, try to get as many out there so I have eyes on every claim, or just do the blanket ZIP Code. I refuse to do the latter.

Chairman COLLINS. Well, I do not think those are the only choices. I agree with you that you made the right decision in not doing the ZIP Code approach, but I think we could do a lot better. To go back to my generic room example, those problems were first identified back in 1991 by an IG report, and yet, FEMA is still using that approach. I realize that was long before you became head of the agency.

Mr. BROWN. But that report also recognized that while that approach had flaws, the IG report from Hurricane Andrew also told us to continue to try to find the quickest, the most efficient approach that would get the money out the fastest to individuals. That is the competing interest that we still fight.

Chairman COLLINS. See, this is where you and I have a fundamental disagreement. I do not think there is a tradeoff between responsive, swift assistance to those who are truly victims and protecting taxpayers against waste, fraud, and abuse. I think we can do both, and I think we greatly improve the chances of doing both by implementing procedures and safeguards that will ensure that the money is well spent and by having a system of checks and balances and quality control that would greatly reduce the possibility of erroneous payments or outright fraud. And I do not see this tradeoff. I think it is a false choice.

Mr. BROWN. But may I explain? Because I think whatever the exhibit was that showed the graphs with the error rates, that shows that the quality control system does work. And ironically, it works both ways. We have found—we are in the process right now in Florida of recouping money from individuals that through our quality control process, we found should not have gone to those people.

Now, I would like to tighten that up even more so that at some point, we can narrow that down to where we actually know that before the check goes out, granted. But that quality control process also finds people where the inspectors made the error on the side of the taxpayers, where they were actually eligible for more money that we did not get them. So I think that shows that the quality control process gets, and what you and I are discussing is how can we make that quality control process meet both objectives? How can we have a quality control process that allows us to get eligible victims the money that they deserve that you tell us as Congress we have to give them under the law and at the same time do it in a manner that is fast and efficient so that the taxpayers then do not lose confidence in FEMA because getting the assistance to people takes so long to get it to them. That is the balance we are trying to get to.

Chairman COLLINS. Let me give you another very concrete example: FEMA, in the midst of all these hurricanes, which were putting enormous strains on your resources——

Mr. BROWN. Absolutely.

Chairman COLLINS [continuing]. Decided to take steps to expedite inspections by introducing some new guidelines. These guidelines, inspectors have told us, created a great deal of confusion on what the standards were, but they also had another consequence. The change in the guidelines, contractors have told us, forced them to disable their error checking software. So here is a key safeguard built into the system to catch errors, but because of the change in guidelines in the midst of trying to handle all of these hurricanes, that safeguard was taken away.

Mr. BROWN. That troubles me, but again, let me put it in perspective: It was one level of safeguards taken out. It did not take away all of the safeguards. It did not take, for example, the edit check away from the Palm Pilot that the inspector actually used in the field. It was down the road that it took one level out. The other checks remained in place.

Chairman COLLINS. It is yet another example of a safeguard that was not in place. That is the problem.

Mr. BROWN. But what I do not want the public or the taxpayers to take from that statement is that all safeguards were then taken away.

Chairman COLLINS. No, but——

Mr. BROWN. It was one level of safeguard that, yes, did go away.

Chairman COLLINS. That would have picked up some of the errors. And keep in mind some of the mistakes are mistakes. There are errors. We have other examples of outright fraud. We have examples when you were talking about the inspectors. We have examples of inspectors who have been referred to the Office of Inspector General's criminal investigators because they did no inspections. They never showed up at the houses. They just filled out the forms.

Mr. BROWN. And in fact, some of those inspectors were actually found by our own quality check system.

Chairman COLLINS. I would say that is a pretty serious problem with inspectors when you are saying——

Mr. BROWN. Senator, I do not disagree with you. The fact that we have an inspector who goes out to Burger King and tells people to come by and let me fill out the forms while you are sitting in the Burger King is totally unacceptable to me. But in the context of 7,000 inspectors, do we want to get—I do not think we will realistically ever get to the point where there are no inspector errors or there are no inspectors or individuals, for that matter, receiving our assistance who are not going to try to cheat us.

So we have to make certain that we have the right kinds of proper safeguards in place. I think that sometimes, the examples which are egregious, unacceptable to me, they are frankly outrageous; they are just outrageous to me, sometimes causes us to lose sight of those safeguards that are in place that allow my team to actually identify an inspector like that and turn him over to the Inspector General.

Chairman COLLINS. Do the FEMA claim forms have any kind of warning on them to the claimant that false claims will be prosecuted?

Mr. BROWN. Yes, it is no different than many other government forms that require when you do self-verification that you do it under penalty of perjury, that you do it, that you have told the truth; it has all of those things on there.

Chairman COLLINS. I want to turn now to the issue of rental assistance. As I indicated earlier, more than $9 million was spent on rental assistance in Miami-Dade. That is close to a third of the money that was spent. Do you know how much of that money was actually spent to rent alternative accommodations?

Mr. BROWN. We do not, and I think that is one area where we can make some improvement. If you look at the 1992 Inspector General's report, it recognized both the validity and the importance of this rental assistance, particularly when it is in the expedited assistance format, and they recommended that we cut that back to 2 months. In this case, we actually cut it back to 1 month. It is only when we go into the second or third months of that expedited assistance that we actually do the verification of the first month, did you actually spend it on that, and I think that is an area where we need to tighten that up. I do not want to get rid of the expedited assistance program, and I would also like to tighten up the rental assistance programs so we can do more verifications of that.

Chairman COLLINS. The Inspector General points out that some 4,300 applicants who received rental assistance did not indicate any need for shelter at the time that they registered. The IG also told us that he believes rental assistance must actually be spent on rent, as he memorably said, that is why it is called rental assistance.

Mr. BROWN. Right.

Chairman COLLINS. Do you agree with that?

Mr. BROWN. Absolutely, but what is rent? Rent is a motel. It could be a camper-trailer that you found that someone is going to let you live in for awhile. Sometimes, these are dire straits, and they find whatever they can to rent. I do not want that condition, though, to negate the fact that I agree with you: We need to have a better way of verifying that rental assistance while at the same time making sure that people who have the need to be able to get into a motel or an apartment or whatever that they are indeed able to do that.

Chairman COLLINS. The reason I ask is you have said, "seeking other accommodations and residing elsewhere are not eligibility criteria for receiving rental assistance." You can see why that statement would puzzle me.

Mr. BROWN. Right.

Chairman COLLINS. So you do believe that it is supposed to be used for rent.

Mr. BROWN. Yes, but again, not to belabor the point, it can take many forms. It could be that they find some guy who has got four or five camper-trailers, and yes, I know you have lost your home, or you cannot live in your home for whatever reason, and I will rent that to you for awhile. Sure.

Chairman COLLINS. Mr. Brown, let me just ask you one final question, and that is to go back to the declaration process. I want to read you a quote from a memorandum submitted by a FEMA employee. Clay Hale is his name. He said, "the most significant

change that would reduce the amount of inappropriate assistance would be to improve the declaration process." Do you agree with that?

Mr. BROWN. I cannot agree or disagree with that. I do not know in what context he says that, what he means by improving or changing the declaration—I just do not know what he means, Senator, with all due respect.

Chairman COLLINS. Well, I guess, then, my final question to you will be this: What do you think should be done to better administer disaster relief so that we do not have the high incidence of erroneous payments, fraudulent claims, wasteful spending that certainly appears supported by the evidence with regard to Miami-Dade County?

Mr. BROWN. Every year, every single year in every disaster, because we do play this balancing act, FEMA ends up recouping money from individuals who received money that they should not have received or received more money than they should have received.

We also make, through our quality control process, checks where people end up receiving money that they should have received that they did not receive. And so we have to, after every disaster go through and try to find ways that we can tighten up and improve our processes. And to give you just very briefly without going into all the details, because I do not want to bore you with those; we will put those in the record, some of the things that we are doing: We are trying to better define the contract for developing our communications strategy so that county commissioners, for example, better understand what they are getting money for.

We want to standardize the PDA process so that the whole desire of doing PDAs, that we have standardized processes for different ways of doing PDAs. We want to develop clear standard operating procedures for interim shelter and necessary support resources; develop comprehensive new management plans for the direct housing opportunities that we pay for. We want to upgrade our technology. We think that with as fast as technology is improving, there are certainly ways that we can do to speed the amount of information that we get in the field and to verify that information.

We want to develop some threshold matrices to activate the surge registration intake capabilities. In other words, when we have to ramp up to something where we are typically doing 480,000 registrations a year, and suddenly, we have to do 1.2 million to 1.7 million registrations because of an unusual event, we want to develop the protocols in advance for doing that.

We want to take the recommendations the IG had. If you read my response to the IG report, many of those recommendations, we have already started implementing. Some, we want to sit down obviously and have further discussions, but many of those things we are already doing and want to implement.

Chairman COLLINS. I appreciate your testimony here today. It is my conclusion that a great deal of work remains to be done to ensure that in our efforts to deliver swift, compassionate assistance to the disaster victims that we do not compromise the taxpayers' money. I am very concerned about the integrity of this program, and I believe that if we do not take steps to greatly reduce the

kinds of problems that the Inspector General and this Committee's investigations revealed that public support for disaster relief will be diminished, and I know that we share a common goal of making sure that disaster victims are served compassionately and quickly. I hope we also share the common goal of making sure that taxpayers' money is not wasted.

Mr. BROWN. Senator, we share both of those goals. My pledge to you is that we will continue to work with you and the Committee to implement recommendations to find ways that we can meet both of those goals.

Chairman COLLINS. Thank you.

The hearing record will remain open for 15 days. I want to thank all of our witnesses today as well as the staff for their work. This hearing is now adjourned.

[Whereupon, at 11:29 a.m., the Committee adjourned.]

# APPENDIX

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**Statement of**
**The Honorable Bill Nelson**
**Before the**
**Homeland Security and Governmental Affairs Committee**
**U.S. Senate**
**May 18, 2005**

Madam Chairwoman, Sen. Lieberman and members of the committee, I'd like to thank you for responding to my call for an investigation into the Federal Emergency Management Agency's response to the four hurricanes that hit Florida last year. Months ago when I requested this hearing, we heard serious allegations of waste and mismanagement.

And just days ago, the Inspector General of the Department of Homeland Security released a troubling audit of FEMA disaster relief in Miami-Dade County.

For example, we learned the agency opened the flood gates of federal assistance to residents in an area of South Florida that didn't get hit by hurricane-force winds during storm season last year. You can see on this graph that FEMA paid those residents a total of $31 million in disaster relief – almost the same amount given to Martin County, which took direct hits from two hurricanes.

And places like Hardee County - a rural county in the cross hairs of three hurricanes- will only receive 21% - if they are lucky - of their claims for reimbursement. And they have lost two fire stations.

It seems the system - at least in part - has failed. To us in Congress, we too will fail if we don't learn from past problems and reform the system to ensure that relief gets in the hand of the people who need it most.

I believe what NASA flight director Gene Kranz once said: failure is not an option. We owe it to American taxpayers and disaster victims to fix the system.

That's why I'm filing legislation today to address the issues identified in the inspector general's report.

Specifically, it would require a preliminary damage assessment before federal assistance can be paid out. This would prevent counties with minimal storm damage from getting a disproportionate share of FEMA aid.

It also tightens rules so that FEMA inspectors can better identify disaster-related losses of household items and document verbal accounts of storm loss.

In Miami-Dade, almost $100,000 was paid to residents for destroyed cars. The inspector general reported that damage to vehicles wasn't verified as being caused by a hurricane. My legislation would require such proof.

The bill also would limit funeral assistance to disaster-related deaths – reports in Florida say that 315 funerals were covered statewide despite the fact that medical examiners only attributed 123 deaths to the storms.

Under the legislation, inspectors wouldn't be able to assess the losses of their neighbors or make purchases from the residents whose homes they review - clear conflicts of interest. This would prevent cases like the one of a FEMA agent who bought an oceanfront home from a 72-year-old woman who sought out agency advice when she became concerned about storm-related mold. She sold her home for $250,000. Another nearby house damaged by a hurricane was purchased as-is for over $1 million.

The bill also toughens penalties for fraud and strengthens the requirements for criminal background checks because some estimates say up to 22 percent of FEMA inspectors could have criminal records – including rap sheets for serious crimes.

I hope you will support this legislation to make important changes in keeping with the inspector general's recommendations.

And I hope your committee looks beyond the inspector general's report for other ways to improve our nation's disaster assistance agency.

I can give you a few places to start - and I know many officials in Florida will agree, including John Booth, Executive Director of the Palm Beach County Solid Waste Authority; George Touart, Escambia County Administrator; and Dave Metzker, Orange County Public Works Director.

FEMA needs clear, concise procedures for helping local governments pay for removing debris from private roads. They have the ability – according to their own regulations – to do this in the interest of public health and safety. But I've worked with county after county in Florida that have jumped up and down to get needed help. Many, though cash-strapped, are footing the vast majority of the bill for this essential clean-up. Their budgets are decimated and officials are praying they're spared from another storm during the hurricane season that officially begins on June 1.

While FEMA needs to do a better job, Congress needs to act now to regain the public trust by ensuring taxpayer money appropriated is spent wisely and efficiently to help Americans recover from serious disasters.

We owe this not just Floridians and residents from other hurricane-ravaged states, but it's a promise we need to make to Californians, who live on fault lines, and Washingtonians, who live in the shadows of active volcanoes; rural Americans, who live near rivers that swell; and city-dwellers, who live in metropolitan areas that could be targeted by terrorists.

If we in Congress don't act to improve our disaster relief agency, we fail Americans from coast to coast who rely on us when disaster strikes. As I said, I don't think failure is an option. Thank you.

**STATEMENT OF RICHARD SKINNER**

**ACTING INSPECTOR GENERAL**

**U. S. DEPARTMENT OF HOMELAND SECURITY**

**BEFORE THE**

**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**

**UNITED STATES SENATE**

**MAY 18, 2005**

Madam Chairman and Members of the Committee:

Thank you for the opportunity to be here today to discuss our audit of FEMA's Individuals and Households Program (IHP) in the Miami-Dade County area following Hurricane Frances. My remarks will focus entirely on our May 2005 report entitled, "FEMA's Individuals and Households Program in Miami-Dade County, Florida, for Hurricane Frances." The entire report is included with my testimony for the record.

In 2004, the State of Florida was affected by an unprecedented four hurricanes in two months causing widespread damage and destruction. The inclusion of Florida's Miami-Dade County in the declaration for Hurricane Frances and subsequent awards of approximately $31 million by the Federal Emergency Management Agency (FEMA) under the IHP has been the subject of public scrutiny from Federal, State, and local elected officials, and the news media. In particular, they questioned whether conditions in Miami-Dade warranted a Presidential disaster declaration and whether the level and type of IHP assistance provided to Miami-Dade County residents was justified.

The purpose of our audit was to determine whether FEMA had sufficient evidence to support the county's eligibility for IHP assistance and whether adequate program controls existed to ensure that funds were provided only to eligible applicants, for eligible expenses. The audit did not attempt to determine the extent of potential fraud or to pursue any situations to a legal resolution. All matters involving potential fraud are being handled separately by our Office of Investigations in coordination with the U.S. Attorney's office for the Southern District of Florida. Other than to say we still have an ongoing, aggressive investigative program within the State of Florida, including Miami-Dade County, relative to the four hurricanes that hit that State during 2004, it is our policy not to discuss our ongoing fraud detection initiatives or our investigations involving fraudulent claims. As of March 2, 2005, the Office of Investigations, working with the U.S. Attorney's Office for the Southern District of Florida, had arrested 14 individuals for making false claims.

The IHP provides financial and direct assistance to eligible individuals and households who have uninsured expenses or needs and are unable to meet those expenses or needs through other means. For Hurricane Frances, the maximum amount of IHP assistance an individual or household could receive was $25,600.

The IHP consists of two major components: Housing Assistance and Other Needs Assistance (ONA). As of February 28, 2005, residents of Miami-Dade County received approximately $13 million under the Housing Assistance component for temporary rental, home repairs, and home replacement. Under the ONA component, residents received approximately $18 million for personal property items and funeral and medical expenses. FEMA provided the State the option to administer the ONA component of the IHP or to have FEMA administer the program. For Hurricane Frances, the State elected to have FEMA administer the program.

The administration of the IHP has two key control points: (1) the disaster declaration and the related amendment process that is designed to assess damages and losses and determine and document the need for a major disaster declaration and FEMA assistance; and (2) the inspection of damages and verification of losses reported by individuals and households to determine whether the losses are disaster-related and eligible for FEMA assistance. Our review of the IHP in Miami-Dade disclosed shortcomings in both areas.

The policies, procedures, and guidelines used in Miami-Dade County to implement the IHP were also used throughout the State of Florida, casting doubt about the appropriateness of IHP awards made to individuals and households in other counties of the state as a result of the four hurricanes, particularly those counties that had only marginal damage. Further, according to FEMA officials, most of the procedures were used for disasters in other states making the conditions and recommendations broadly applicable to FEMA's implementation of the IHP nationwide.

**Inclusion of Miami-Dade County in the Disaster Declaration**

FEMA designated Miami-Dade County eligible for Individual Assistance programs, which included the IHP, without a documented assessment of damages or analysis of the impact Hurricane Frances had on the area. As a result, individuals and households, not severely affected by the hurricane, were eligible to apply for assistance. This situation, along with the previous and subsequent hurricanes, strained FEMA's inspection resources, tested program controls, and made the IHP more susceptible to potential fraud, waste, and abuse.

While FEMA typically conducts damage assessments before making its recommendation to the President on whether a major disaster declaration under the Stafford Act is warranted, Federal regulation [1] allows Governors to make expedited requests without a damage assessment for catastrophes of unusual severity and magnitude. However, in the case of Miami-Dade, the President's declaration specified that additional assistance would be subject to a damage assessment.

According to available records, the Governor's request, which was made on September 2, 2004, two days prior to landfall, covered Individual Assistance in Miami-Dade County and the other counties based on the anticipated path of the hurricane and projected damages. The National Oceanic and Atmospheric Administration's National Weather Service, reported, however, that Miami-Dade County did not incur any hurricane force winds, tornados, or other adverse weather conditions that would cause widespread damage. Weather data indicated that the strongest sustained winds were 47 miles per hour (mph), which is considered by the National Weather Services to be mild tropical storm force winds.[2] The strongest peak gusts of winds were 59 mph. Additionally, the highest recorded accumulation of rainfall between September 3 and 5, 2004, was 3.77 inches in North Miami Beach. No substantial rainfall accumulation occurred, and the

[1] 44 CFR 206.33(d)

[2] A Category I Hurricane has winds of 74 to 95 mph— Tropical Storm have winds ranging from 39-73 mph.

National Weather Service did not report any flooding for Miami-Dade County during this timeframe.

Although Hurricane Frances did not affect Miami-Dade County as predicted, local residents obviously sustained some degree of damage. As of March 3, 2005, the Florida Office of Insurance Regulation reported 11,807 property claims and payments of $43.5 million in Miami-Dade County as a result of Hurricane Frances. The type of property damage was not available, but the office reported that structural real property damage accounted for 92% of the payments statewide. The State of Florida is currently reviewing those claims and payments to determine their legitimacy. Also, as of March 7, 2005, the U.S. Small Business Administration (SBA) had approved 126 loans totaling $1.3 million for home and business damages.[3]

According to FEMA officials, the affected areas in Miami-Dade County were predominately low-income neighborhoods that contained some of the State's oldest housing stock. These dwellings were not built to more recent State and local building codes established after Hurricane Andrew, which may have made them more susceptible to greater damages from the tropical force winds caused by hurricane Frances.

Although Hurricane Frances caused damage in Miami-Dade County, it is unclear whether the extent of damage warranted federal assistance. Damage assessments document the extent, type, and location of damages and whether the costs of repairs are beyond the capability of State and local governments to warrant federal assistance. In the absence of such a damage assessment, the inclusion of Miami-Dade County in the amended declaration remains questionable.

We recommended that the Director of FEMA's Recovery Division:

- Ensure that, for future declarations, preliminary damage assessments are performed to determine and document the type, extent, and location of disaster related damages whenever possible.

- Develop clearer guidance defining circumstances where complete damage assessments may be unnecessary or infeasible.

FEMA disagreed that damage assessments were required, arguing that the Code of Federal Regulations allows for damage assessments to be skipped in events of such unusual severity and magnitude that field assessments are not required to determine the need for federal assistance. Instead, FEMA officials advised us that they relied on their best judgments at the time to amend the President's declaration and add 12 counties for disaster relief under the IHP. We believe, however, that the President's Declaration was very explicit; that is, FEMA was to conduct damage assessments before adding additional counties to the declaration. Furthermore, we do not believe that the impact of Hurricane Frances on Miami-Dade was such as to warrant skipping damage assessments, especially in light of the fact that the hurricane made landfall 100 miles north of the County,

[3] The SBA may make loans available without a Presidential disaster declaration.

produced only mild tropical force winds, and caused no flooding. We found no evidence to suggest that the residents of Miami-Dade County experienced widespread trauma, that is loss of life, loss of essential utilities – power or water, or other essential services, at least for a duration that would have justified the inclusion of the County in the President's declaration.

Although there is sufficient evidence today, after the fact, that Miami-Dade County had some damages related to Hurricane Frances, it is still unclear, in our opinion, that the extent of the damages would have warranted the inclusion of the County in the President's declaration. A PDA, as required by the President, would have eliminated any doubt whether or not the County qualified for IHP assistance.

**Verification of IHP Disaster Losses for Other Needs Assistance (ONA)**

As of February 28, 2005, FEMA provided $18 million in ONA to Miami-Dade County individuals and households in response to Hurricane Frances. Program controls for the administration of the ONA need to be tightened and accompanied by additional guidelines and criteria to enhance FEMA's overall effectiveness in addressing the disaster-related needs of applicants.

Repairing and Replacing Household Room Items Should be More Closely Aligned to Actual Losses

FEMA awarded $10.2 million to repair or replace household room items for Miami-Dade County residents under the ONA component of the IHP. However, the procedures used by FEMA to award funds for those items does not limit assistance to only disaster-related losses as required by Federal law and regulations.

We recommended that the Director of FEMA's Recovery Division modify FEMA's inspection procedures to identify more accurately disaster-related losses of household items for which applicants should be compensated.

Verification of Personal Property Losses Using Verbal Representations

FEMA awarded $720,403 to 228 applicants for personal property items based upon the applicants' verbal representations of their losses. In situations where personal property items have been discarded, FEMA guidelines permit inspectors to record disaster-related losses if the item lost can be reasonably verified through other means. In those cases, inspectors are required to document the applicant's file with the comment "PP Verbal." However, the guidelines do not require inspectors to document the specific items that were not available for inspection, the verbal representations made, or the evidence used to verify the loss.

We recommended that the Director of FEMA's Recovery Division modify the IHP Inspection Guidelines to require inspectors to specify in the "PP Verbal" file the specific

item(s) that was not available for inspection, the verbal representations made, and the evidence used to verify the loss.

Guidance Needed for Authorizing Assistance to Replace or Repair Automobiles

Contract inspectors were not required to validate how damages to automobiles were disaster-related. Additionally, for the approvals we reviewed, the amount authorized for automobile replacement, particularly for older vehicles, in our opinion, was generally far in excess of the market replacement costs or an amount needed to acquire comparable transportation.

We recommended that the Director of FEMA's Recovery Division:

- Develop eligibility criteria for funding automobile damage that can be tied to damages sustained as a result of a disaster.
- Modify guidelines to require contract inspectors to document verified automobile damages to allow FEMA to justify awards based on disaster-related needs.
- Work with the States to establish a more reasonable replacement value for destroyed automobiles based on the cost to acquire a comparable vehicle.

Eligibility Criteria to Determine When to Pay for Funeral Expenses Need Refinement

FEMA caseworkers authorized payments of $15,743 for three funerals, which we concluded were insufficiently documented to establish the deaths as disaster-related. This occurred because FEMA did not have criteria for determining whether deaths are disaster-related and eligible for funding.

We recommended that the Director of FEMA's Recovery Division:

- Develop criteria and guidelines for determining "disaster-related deaths."
- Require staff to document their analysis of each request for funeral expense assistance in order to support approval or disapproval of such assistance.

Need for Disaster-Related Miscellaneous Items Could be Better Verified

FEMA awarded $192,592 for miscellaneous items to applicants in Miami-Dade County based only upon the verification that such items were purchased—not whether a disaster-related need existed.

We recommended that the Director of FEMA's Recovery Division modify inspection guidelines to require contract inspectors to justify that funding recommendations for miscellaneous items are based upon disaster-related needs.

**Verification of IHP Disaster Losses for Housing Assistance**

As of February 28, 2005, FEMA awarded $13.1 million to Miami-Dade applicants for rental assistance and home repair and replacement. However, the implementation of the Housing Assistance component of the IHP was hampered by several procedural omissions and generally weak guidelines for performing inspections and documenting results.

Expedited Rental Assistance Not Provided Based on Need

FEMA provided $82,764 in expedited assistance to 114 applicants who were not, or may not have been eligible. Those applicants reportedly had insurance, did not report a need for housing, or reported that their homes were not damaged.

We recommended that the Director of FEMA's Recovery Division recoup the $36,300 paid to individuals who did not report a need for rental assistance or damage to their home.

Controls Over Rental Assistance Eligibility Need Improvement

In our opinion, sufficient criteria were not in place to reasonably assure that the $9 million of rental assistance provided to 4,985 Miami-Dade County residents was made to eligible applicants. To prevent this from occurring under future disaster declarations, FEMA needs to improve its guidelines for performing inspections, documenting the basis for unsafe home determinations, and recognizing deferred maintenance conditions.

We recommended that the Director of FEMA's Recovery Division modify its home inspection procedures to require contract inspectors to document (1) the basis for determinations that homes are unsafe, and (2) instances of deferred maintenance, including an evaluation of the severity of such conditions for housing eligibility decisions.

Controls Over Home Repair and Replacement Assistance Need Improvement

FEMA awarded $2.7 million to repair 2,180 homes and $132,556 to replace 20 homes in Miami-Dade County. The need for improved guidance for unsafe home determinations and deferred maintenance are also necessary to ensure proper funding for home repair. In addition, FEMA needs to improve guidance on documenting the reasons for home repair and replacement.

We recommended that the Director of FEMA's Recovery Division modify its inspection guidelines to require inspectors to identify and document the types of disaster damages sustained to justify a decision that homes are destroyed.

**Oversight of Inspections Needs Improvement**

FEMA's contract agreements with inspection services providers did not require the contractors to review inspections results prior to submission to FEMA. Additionally, FEMA's edit checks for inspection errors were made after payments to applicants rather than before. More timely reviews in both these areas may have prevented approximately $24.4 million of ineligible or excessive payments that FEMA has made throughout the United States and its territories from August 2004 to February 2005. Of those funds, $215,214 was provided to applicants in Miami-Dade County.

Also, no provisions in the contract agreements required inspectors to certify their independence and recuse themselves from inspections that may present possible conflicts of interest.

We recommended that the Director of FEMA's Recovery Division:

- Modify, when feasible, inspection contracts to require contractors to review the quality of work of their inspector prior to submitting inspections data to FEMA.

- Modify NEMIS to include an edit review of inspector work for errors prior to processing payments to applicants.

- Modify inspection contracts to require inspectors to certify their independence for each inspection and to recuse themselves from inspections that present a possible conflict of interest.

In conclusion, the policies, procedures, and guidelines used in Miami-Dade County for the IHP were also used throughout the State of Florida, as well as for disasters in other States, making our findings and recommendations broadly applicable to FEMA's implementation of the IHP nationwide. FEMA generally agreed that improved internal controls are needed over the IHP program and plans to take corrective actions. As a general comment, however, FEMA pointed out that the IHP program is designed to provide speedy assistance to victims of disasters and that increased controls would come at the price of slower payments to those in need. We recognize the need to balance speed with proper stewardship. However, we believe that many improvements can be made to guard against waste and abuse, without unduly delaying payments to those who need them.

This concludes my prepared remarks, Madam Chairman. I will be happy to answer any questions you or the members may have.

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**Testimony of**
**Michael D. Brown**
**Under Secretary of Homeland Security**
**Emergency Preparedness and Response**
**Before the**
**Committee on Homeland Security and Governmental Affairs**
**Wednesday, May 18, 2005**

Good morning Chairman Collins, Senator Lieberman and members of the Committee.

I appreciate the opportunity to appear before you today to discuss last fall's unprecedented hurricane season and the tremendous response and recovery efforts of the dedicated men and women at FEMA.

This morning marks our first opportunity to testify before your committee since becoming our new authorizers. I look forward to a productive relationship with your committee. The Committee now has jurisdiction of our larger disaster response and recovery functions and operations, which, on a fundamental level, represent the very heart of our mission. It is a mission that has expanded, and grown more complicated, as we strive to address the grave new terrorism threats that face and shape homeland security. It is a mission, however, we have fulfilled since the Oklahoma City bombing and the 9/11 attacks. It is a mission we are familiar with.

I also want to thank the Members of the Committee on Environment and Public Works, particularly Chairman Inhofe and Senator Voinovich, for their years of support and leadership.

Central to our capability to consistently and effectively tackle our mission is the Robert T. Stafford Disaster Relief and Emergency Assistance Act, a remarkable piece of legislation that we continue to proactively and wisely administer. As this Committee is well aware, the 2004 hurricane season certainly provided us ample opportunity to test and evaluate our capabilities. It is that challenging season that brings us here today.

*2004 Hurricane Season*

The 2004 disaster season marked one of the busiest disaster seasons in FEMA's history. FEMA responded to 68 declared major and emergency disasters in 2004. The tropical storm season alone saw nine named tropical storms make landfall in the United States. Within the space of six weeks, four powerful hurricanes struck Florida, producing widespread damage and causing considerable destruction and displacement. But, while Florida received the lion's share of media attention, it was by no means the only state to require federal assistance. In response to hurricanes spanning both east and gulf coasts, FEMA opened and maintained 27 simultaneous disaster field operations in 15 states and 2 territories and registered nearly 1.7 million people for disaster assistance in 2004. This is a record number of open disasters and a record number of registrants. For an average year, total number of registrations nationwide is approximately 480,000, spanning all disasters; last year the total number of registrations for all disasters was nearly 2 million.

FEMA quickly and proactively expanded our capabilities across the board to address these challenges. We hired, trained, and fielded thousands of additional phone operators and inspectors, as well as thousands of additional community relations workers, whom we deployed throughout devastated areas. It should also be noted that FEMA does not do their work alone. In every disaster, we stood shoulder-to-shoulder with our state and local counterparts and our federal partners, in many cases when subsequent or returning hurricanes continued to inflict more damage.

We are now months removed from the immense and daunting challenges we faced during that unusually cruel season. Recognizing that the feeling of urgency is often dulled in our memory by time and distance, I want to remind everyone what an extraordinary period we faced. FEMA's response to the hurricanes and tropical storms last year represented the single largest mobilization of emergency response and recovery resources in history, surpassing even the responses to the 9/11 terrorist attacks and the 1994 Northridge earthquake. It was truly a massive undertaking, and a relief operation for which I remain exceptionally proud.

It is absolutely imperative that we remember and understand the challenges and complexities we confronted, in full situational context, before we attempt to craft new answers and new procedures which may, on their face, seem reasonable, but without closer and more studied scrutiny, have unintended negative consequences. We must never lose the sense of urgency that drives and guides our response to victims and communities in need, or be forced to sacrifice that urgency in the pursuit of elusive

administrative perfection. Our mission to get help quickly to those who so desperately need it must take priority yet be carefully balanced with our obligation to be stewards of taxpayer dollars.

I was on the ground in the midst of our response operations, and able to judge the urgency of the situation firsthand. I can assure you that FEMA was never stampeded into making any decisions.

We made informed and sometimes difficult choices to meet the demands of the extraordinary situations created not just in Florida, but all along the eastern half of the United States. Nevertheless, I strongly encouraged creative approaches that provided maximum support to victims while preserving and assuring reasonable accountability.

I did not throw away the rulebook. Nor did I ignore my responsibility to provide rapid and effective help to thousands of distressed disaster victims in hundreds of affected communities.

I am proud of our accomplishments. But, I also recognize there is always room for improvement, and that our processes and procedures are no exception. Many of our programs have been refined and updated over the years. Since 1992, when FEMA was heavily criticized for its slow response to the victims of Hurricane Andrew, the men and women at FEMA have pursued and implemented changes, efficiencies, and upgrades through the use of new technologies, faster systems, and clearer procedures. While I look

forward to constructively discussing many ideas for potential improvements, I want to remind everyone that our processes and procedures have been forged over countless disasters, through years of experience, and have consistently weathered and withstood the tests of time and repeated trial. We constantly observe and review our responses after each disaster, not only to identify things we did well, but also to identify and remediate areas that require improvement.

Some may suggest that today's hearing should focus on the 14 cases of alleged fraud in Miami-Dade County, or on the allegedly questionable backgrounds of a few of our housing inspectors. While I am prepared to address both issues head-on, I would sincerely and respectfully suggest that this hearing instead focus on the hundreds of thousands of people who received assistance, or on the thousands of inspectors who successfully conducted hundreds of thousands of inspections across Florida, Alabama, North and South Carolina, Louisiana, Pennsylvania, Ohio, and many other states.

I continue to reflect on that period and on the remarkable accomplishments of those, at every level of government, who heeded the call to help. With each passing day, my respect grows for the staff at FEMA, and for our many federal, state, tribal and local partners that did – and continue, often under fierce scrutiny – to do this incredible work.

Among the many challenges we face when responding to disasters, the most difficult often involves balancing the tradeoff between ensuring a timely and effective response to those in need, and the responsibility to protect the fiscal integrity of the program. It is a

classic competing tension between the provision of immediate disaster assistance and administrative perfection. As you move closer to one, you move farther away from the other.

Most events fit squarely within the framework of administrative safeguards we have in place to ensure the appropriate use of public funds. However, because of the magnitude of these disasters, I had to decide whether accelerating the delivery of desperately needed federal assistance to a potentially immense victim population outweighed the risk of exposing that assistance to the increased potential for abuse by those few who would unfairly take advantage of our system. My conclusion is and remains that we cannot allow those few exceptions to stop us from providing timely and effective assistance to the 99% of Americans that honestly and urgently need our help after being wiped out by Mother Nature.

Unfortunately, you cannot predict who will be dishonest – a lesson I learned after 9/11 and have seen over again in many disasters. Nevertheless, I do not listen to those who suggest we pay excessive scrutiny to one county, or one group of people affected by a disaster and not others. These storms do not respect geographic boundaries, nor do socioeconomic demographics justify a different level of scrutiny. Unfortunately, I often see competing local agendas. Those with political differences attempt to cloud our mission to deliver aid and to deliver it to those who most need our help.

I look forward to discussing the circumstances under which I added counties to the federal disaster declaration. I assure you they were not added in a vacuum. Each

decision was based on a deliberative review process, considering all known facts, while fully recognizing the increasing demands of an ever expanding, and ever more urgent, response and recovery operation.

While we always strive to strike a proper and defensible balance between timeliness and fiscal surety, you, who legislate daily, know that these decisions are never black and white. That is why I have tried to provide some necessary post-event context, to serve as a setting for continued discussion of the fundamental issues that any large-scale event presents.

As you view our recent efforts remember that a fundamental cornerstone of our response and recovery strategy - the Individuals and Households Program (IHP) - is only two years old. Following the Disaster Mitigation Act of 2000, we began implementing the IHP in October 2002, and, as with any new program, have continued to identify and enact refinements after each disaster experience. Many refinements that we were discussing and starting to implement were in place before the hurricanes, and some were not. The magnitude of these events, and of our unprecedented efforts, has in some places served to magnify areas in which we need improvement in our process. It has also highlighted our successes.

We take the opportunity after every major disaster to review and analyze our performance so we can institutionalize best practices, identify issues and concerns, and correct problems, all to face the next disaster better prepared. Four hurricanes impacting

15 states within six weeks is an exception to our normal course of business, yet it is our duty and our mandate to act. Unfortunately, we do not have the luxury of dictating the conditions under which we operate.

It is in this spirit that I look forward to our discussion.

Perspective appears to have been lost in the public discussion. Early concerns were over reports that Miami-Dade County suffered less severe damage from last season's hurricanes than counties to the north, where the eyes of Hurricanes Frances and Jeanne made landfall, and received seemingly disproportionate federal assistance. In fact, those concerns led to your inquiry. But, given a thorough understanding of FEMA programs and procedures, and the differences between our individual and government aid programs, it will become clear that many of those early concerns are misguided.

While it is true that the damage was less severe, the extent of the damage in Miami-Dade County was sufficient to warrant FEMA assistance. The amount of FEMA money distributed was, in fact, proportionally much less but commensurate with the amount of damage suffered.

Early press reports that engaged in county-by-county comparisons of total outlays yielded faulty results and incorrect conclusions. In addition to levels of damage, many factors influence the distribution of IHP assistance, including the population, the proportion of insured applicants in counties affected by disasters, and income levels. As an example,

Martin County Florida, which suffered hurricane force winds, has a population of approximately 127,000 residents. Miami-Dade County, which suffered tropical storm force winds and less severe damage, has an approximate population just over 2.2 million. Raw comparisons of the aggregate amounts of disaster assistance delivered in these counties led to starkly skewed comparisons, faulty conclusions, and an inaccurate perception. A more meaningful comparison would reflect that approximately 61% of all the residents in Martin County received FEMA assistance, in comparison to less than 2.9% of the residents in Miami-Dade. Moreover, strict comparisons of totals between counties, as opposed to individuals, does not take into consideration the multitude of other factors, such as insurance and income levels, which can preclude registrants from receiving FEMA aid.

FEMA responded aggressively and proactively to the needs of *ALL* affected citizens of the state of Florida that were eligible for assistance. Despite poorly researched assertions otherwise, the amount of money spent in one county did not reduce the amount of money available to other counties, nor did the money spent in any one state reduce the levels of money available to the other impacted states.

In order to receive any assistance from FEMA, disaster victims in declared counties must first take the initiative of registering with FEMA, by phone, in person, or over the internet. FEMA does not provide monetary assistance to any individual without first receiving a registration from – and validating the eligibility of – that individual. Once the

initial registration has been received, FEMA then verifies need and eligibility before assistance is offered. The only exception to this is expedited assistance.

Expedited Assistance (EA) is a form of Temporary Housing Assistance provided to applicants to meet their immediate, emergency housing needs. FEMA only offers EA under extraordinary circumstances in which it is determined that housing resources will be scarce, application numbers will be very large, and FEMA inspectors or insurance adjusters may be delayed.

Applicants receive funds equivalent to one month of fair market rent, which may be used toward their disaster related housing needs. EA eligibility determinations are dependent on the responses provided by applicants at the time of registration and can be approved for disbursement shortly after the registration is received.

This type of assistance was provided to just under 95,000 Florida disaster victims. Approximately 1,400 were in Miami-Dade County.

After registration, applicants certify, subject to audit and strict penalties under law, that the information they provide is true and accurate.

To verify damages reported in disaster assistance applications, FEMA conducts individual inspections to verify damage, ownership, and occupancy. FEMA uses inspectors hired in many cases from within the industry, such as home inspectors,

tradesmen, or builders. Each inspector is trained on FEMA standards and policies regarding program eligibility. New inspectors undergo background checks. In most conventional disasters experienced inspectors will accompany new inspectors in the field to ensure that they are meeting FEMA standards before they are allowed to complete inspections on their own. FEMA also ensures the quality of inspections through its incentive and disincentive-based contracts, which penalize the contracting companies for inspector errors and poor performance. The contract also requires the companies to perform random quality control re-inspections on a minimum of three percent of households.

All of these measures are in place to ensure that we have adequate information with which to process applications for disaster assistance while striking a balance between providing expeditious assistance and protecting against abuse. With all of the good that has been accomplished in Florida, we know there was some assistance given incorrectly - perhaps through errors in data entry, inspections, and even through fraudulent claims. While I make no excuses for those errors, I am proud of how *few* errors have surfaced out of the hundreds of thousands of inspections conducted. As I have said, our overriding priority in a near-catastrophic incident environment is to get help quickly to those who so desperately need it, while continuing to exercise all reasonable diligence over our obligation to be outstanding stewards of taxpayer dollars.

I tell people every place I visit, after every disaster, that they may love me then and love what FEMA is doing for them, but I promise they will get frustrated over time, tired, and

angry. Disaster recovery is very often frustrating. But this is the work we do every day. Local government officials frequently become frustrated that they cannot *immediately* accomplish everything their communities, elected leaders, and the media want them to do. They often grow frustrated with the procedures and processes FEMA has in place to ensure proper expenditures of federal money. It can be frustrating, certainly. But the recovery administration process is absolutely necessary.

We are seeing right now in our state and local government assistance programs the same classic competing tension between the desire for speedy assistance and the need for administrative accuracy. News reports criticize FEMA for not paying out enough money quickly enough to local governments, and complain that we spent too much money too quickly on individual victims. Therefore, I caution those listening to our proceedings today against over reliance on media accounts. Media portrayals can be dramatic and compelling, but they can also be inaccurate or incomplete. They should not be considered the only starting point for inquiries or reviews of policies and procedures as they can often be, despite good intentions, misleading, misguided, or flawed.

Months ago, I established multiple policy working groups to explore and develop detailed remedies to some of the most vexing problems we will be discussing today. Let me briefly address a few of the issues that have gained the most prominence in media accounts and in the Inspector General's audit. I will also highlight some issues and accomplishments that we believe deserve far more attention than these problems.

*Preliminary Damage Assessments*

A preliminary damage assessment (PDA), often conducted after conventional storms or events by small teams of federal, state and local officials, is used to look at the damage in an impacted area and produce estimates of damages and average potential program costs. PDA's are a great tool for decision-making after conventional incidents. Governors use them to decide whether they have the capabilities to respond adequately to the needs of their citizens or whether they need to request federal assistance. FEMA can then use the information to inform its recommendations to the President on the appropriateness of offering federal aid.

However, there is no requirement to conduct preliminary damage assessments for events of extraordinary magnitude such as the multiple hurricanes that struck Florida. In this regard, the Office of the Inspector General (OIG) has recommended FEMA ensure that, for future declarations, preliminary damage assessments are performed to determine and document the type, extent, and location of disaster-related damages whenever practicable. The OIG also recommends FEMA develop clearer guidance defining circumstances where complete PDAs may be unnecessary or infeasible.

The OIG apparently does not understand the purpose or usefulness of PDAs. PDAs do not look at every home or even every damaged public facility to determine a precise dollar amount for the damages. Rather, PDAs yield a generalized view of damages to a county that is used, in part, to determine whether federal assistance is warranted.

Not performing PDAs is appropriate and explicitly permitted by FEMA's regulations in cases of unusual severity and magnitude. In Florida, as in any disaster, the designation of additional counties was based on multiple factors, regardless of whether a PDA was conducted. And, those decisions were made *after the state was already overwhelmed in their ability to adequately respond.* Given the extraordinary circumstances, the impact of the previous storms on the state, reported power outages

I strongly disagree with any objection to the inclusion of Miami-Dade County in the Hurricane Frances declaration. Reports indicated that Miami-Dade County, and the twelve other counties added at the same time, were experiencing tropical storm force winds, rain, and power outages. Including the county in the declaration made it possible for affected individuals to call FEMA to register for assistance. Confirmation of Frances related damages after the fact by FEMA inspectors, private insurers, and the Small Business Administration (SBA) substantiate the inclusion. Furthermore, the OIG's decision to unilaterally disregard the findings of damage by thousands of inspections is inexplicable, and detracts from the credibility of the OIG audit process. Inspections are a key control point to ensuring that disaster assistance is paid only to eligible applicants.

In the case of the Hurricane Frances declaration and the 13 county designations immediately following, Tropical Storm Bonnie, Hurricane Charley, and Hurricane Frances the day before had exceeded the State and affected local governments' capabilities for effective response. FEMA's regulations allow for waiver of the PDA to in situations where the event is of such unusual severity and magnitude that it does not

require field assessments to determine the need for Federal assistance. The Florida situation was precisely the type of event envisioned by the regulations. Given the extraordinary circumstances, the impact of the previous storms on the state, reported power outages, and recorded tropical storm force conditions in each of these counties, our actions were more than appropriate.

The mission of FEMA's Individual Assistance program is to meet emergency unmet and uninsured needs of individuals and families and to facilitate their recovery after a disaster. It is important to note that a county designation is not an automatic trigger for assistance. FEMA inspectors verify, with very few exceptions for emergency housing needs, an applicant's housing and personal property damages prior to any provision of assistance.

Although anecdotal, the independent sources that found damage in Miami-Dade County as a result of Hurricane Frances also bolster FEMA's position. As of March 3, 2005, the Florida Office of Insurance Regulation reported 11,807 property claims and payments of $43.5 million to Miami-Dade County residents as a result of Hurricane Frances. The type of property damage was not available, but the office reported that structural real property damage accounted for 92% of the payments statewide and 76 homes in Miami-Dade County were destroyed by Frances. In addition, as of March 7, 2005, the SBA, with its own independent inspection process, had approved 126 loans in Miami-Dade County totaling $1.3 million for home damages.

While Miami-Dade may not have been affected by sustained hurricane force winds, Frances measured several hundred miles across and did in fact bring tropical storm force winds and rain into Miami-Dade County. I would also note that the Saffir-Simpson scale is predicated on *sustained* winds, and does not fully account for the impact of wind gusts that may reach hurricane force, wind-driven rain, and high-velocity tornadic winds that commonly occur in the outer bands of hurricanes. Since the affected areas of Miami-Dade County were predominately low-income neighborhoods that contained much of the State's oldest housing stock, and were not built to more recent State and local building codes, homes there were far more susceptible to damages.

I reject the notion that, despite sustaining tropical storm conditions, Miami-Dade County should have been singled out for additional scrutiny, thus delaying assistance. Miami-Dade County was added to the disaster declaration with 12 other counties, less than 24 hours after impact. A different approach would have unfairly delayed the provision of critical assistance to the citizens of Miami-Dade County, and would have been entirely inconsistent with the agency's proactive disaster response strategy.

Our decision to designate Miami-Dade County for Individual Assistance was not only operationally and situationally defensible, but fully borne out by subsequent independent inspections, assessments, and insurance findings.

Please remember that not performing PDA's for a large disaster event is not unusual. FEMA did not wait for PDA's when Hurricane Isabel battered our area two years ago,

nor in similar situations in the Carolinas in the late 1990's or in several disasters declared in states throughout the nation. In 2001, FEMA declared three disasters where no PDA's were conducted. One in the State of Oklahoma for severe winter ice storms and two in the Commonwealth of Virginia for sever storms and flooding. In 2002, there were three declared disasters where no PDA's were conducted, one in the State of Oklahoma for severe winter ice storms, one in the State of Minnesota for severe storms, flooding and tornadoes, and one in the State of Alaska for the Nisqually Earthquake. In 2003, there were three major disaster declarations declared where no PDA's were conducted, one in the State of Oklahoma for severe storms and tornadoes, and two in Virginia and Delaware for Hurricane Isabel.

*Declarations*

Some have asked why, if the situation called for immediate action, all eighteen requested counties were not declared immediately. Despite the intense atmosphere of anticipation that surrounded these events, I resisted suggestions to make blanket declaration recommendations prior to landfall. Upon landfall, the five counties most clearly facing the impact of the eye of the hurricane were declared so life-saving measures and grants to those individuals could begin immediately. The 13 remaining counties, requested by the Governor, were added to the disaster declaration less than 24 hours later after the actual path of impact could be observed.

*Expedited Assistance*

Switching back for a moment to post declaration recovery work, there has been criticism over the use of our expedited emergency housing assistance program (EA). Historically, FEMA has used EA during two of its largest disasters, Hurricane Andrew in 1992 and the Northridge Earthquake in 1994. This program has successfully helped many in need.

Just last week I received a letter from six members of the Florida congressional delegation, on both sides of the aisle, relaying their concerns for the almost 58,000 individuals and families who still have unsettled hurricane insurance claims. Although insurance is outside of FEMA's control, it was this very concern that contributed to the decision to activate the EA program. Under the extraordinary circumstances that presented themselves, it was determined that housing resources would be scarce, application numbers high, and insurance adjusters and settlements delayed and that FEMA should offer temporary housing assistance to meet immediate, emergency housing needs.

However, there are areas that trouble me and will require assessment as we continue to learn lessons from our analyses and program reviews. For example, after Hurricane Andrew in 1992, the Inspector General conducted a more thorough review of our programs than anyone has yet had the opportunity to do with respect to our efforts last fall. To aid in the recovery from Hurricane Andrew, a similar program referred to as "fast track" assistance was utilized by FEMA. Unlike current EA, the fast track payments were distributed only in certain zip codes and pre-disaster owners received four

months of rental assistance and renters received three months. The Inspector General reached the conclusion that "[p]ayment methods such as Fast-Track have the potential to be an effective tool in the delivery of disaster assistance, with the appropriate controls to detect ineligible grant applications." Because the audit found that 52 percent of the recipients of fast track were potentially ineligible, as compared to 49 percent associated with the then regular process, the level of recoupments necessary was thought undesirable. Thus, the report notes, "rather than immediately paying 3 or 4 months of rent, FEMA could have paid only 1 month of rent pending verification of the loss."

The recommendations flowing from this review called for the development of a method to allow for expedited grant payments to applicants in severely affected areas, with proper controls, and to limit pre-inspection grant payments to one month. In response to the unprecedented and widespread damage in Florida last fall, the lengthy delays expected in insurance adjustments and FEMA inspections, anticipated scarcity in the housing market, and large volumes of applications, FEMA turned on the EA program for three separate intervals and provided only one month of rental assistance per the Inspector General recommendation.

I intend to continue to review the use of this assistance program. Decisions to use and refine the program require information and a balance between immediate emergency needs and administrative efficiency.

*Inspections and Inspection Contracts*

Outside of this smaller emergency program, applicants for most FEMA aid first receive an inspection before any assistance is granted. However, because disaster work is sporadic and unpredictable, it is not a good use of taxpayer dollars to maintain a large staff of federal employees, or the accompanying costs, to perform intermittent disaster inspections. Disasters can differ in magnitude and concentration from less than 200 affected households to the 1.7 million we witnessed last fall. There are temporary arrangements that can be utilized. However, these options also present challenges.

The solution to these problems was put into place over 13 years ago, when FEMA privatized its inspection services requirements under competitive performance based contracts. This solution has provided efficiencies, flexibilities, and solutions to many costly and time consuming problems. Under this arrangement, FEMA provides the guidelines and parameters within which we demand performance and require quality, subject to incentives for good work and disincentives for poor performance. The logistics involved in the management of fluctuating workloads, travel arrangements and expenses, and administrative personnel costs and concerns are born by the companies.

Subject to the terms of our contract, the companies hire subcontracted inspectors, train them using the training models FEMA instructs them to use, and tracks the quality of their performance. The companies are required to provide enough inspectors to not only perform the number of inspections associated with application levels in any given disaster, but also enough to perform quality control re-inspections on a random 3% of

their inspectors' work. Mistakes found and corrected by these companies do not count against their performance requirements. However, errors discovered by FEMA and returned to the companies for correction can result in the loss of incentives or the application of disincentives.

Generally, we see a group of experienced inspectors return time and again to perform inspections under our contract, with high quality results. However, FEMA's response to the extraordinary series of storms that made landfall in a six-week period last fall exceeded any previous operational response FEMA had addressed. As a result, nearly 4,000 contract housing inspectors were deployed. They performed an average of 24,000 applicant visits per day to verify reported disaster-related damages. Over 850,000 homes, in Florida alone, received inspections.

In striving to effectively execute our disaster recovery mission in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA faced several significant challenges. Because of the extraordinary nature of the challenging 2004 hurricane season, FEMA's Recovery Division was simultaneously delivering aid to eligible individuals and households in 27 disaster field operations across 15 States and two territories, from the northeast United States to the Caribbean, to the South Pacific. To meet the disaster recovery needs, FEMA opened multiple Disaster Field Offices and brought 12 additional call centers on-line to augment the four permanent National Processing Service Centers (NPSCs). These centers operated 24 hours a day for several weeks, and received well over 65,000 registration and help line calls per day from

applicants – several times above our standard operating capacity. On September 28, a record 44,800 registrations were taken over a single 24-hour period. Since August 13, 2004 well over 1.2 million registrations were taken in Florida alone – several times the number of households registered following Hurricane Andrew in 1992.

The rapid and dramatic increase of disaster activity from these extraordinary storms eventually exceeded FEMA's standing operational capabilities. To augment the capacity of the National Processing Service Centers (NPSCs) to support the continued timely registration of applicants for disaster assistance, FEMA hired and trained approximately 2,000 additional caller services and case processing staff, and rapidly surged another 1,500 personnel from other Federal agencies and private contractors.

For its field operations, FEMA hired over 3,000 personnel to fill Individual Assistance and Community Relations positions. FEMA also quickly organized a National Individual Assistance Task Force to consolidate these resources.

Interruptions to response operations also contributed to the challenging environment. Multiple powerful storms struck Florida within a short period of time, necessitating the repeated suspension of disaster field operations, and forcing FEMA to evacuate personnel and commodities out of harm's way.

These challenges required our inspection contracting companies to significantly augment their employment roles. New inspectors were hired, many with beneficial experience in

building related trades; some without. The new inspectors were trained and deployed with relative quickness. This resulted in some varying results that we are currently evaluating. In normal circumstances some of the quality control problems we saw in Florida would be unacceptable. Given the context, complexity, and enormity of our operation, their results were far more commendable.

Customer satisfaction surveys, completed at an unusually high rate, indicated applicants were largely satisfied with their inspectors behavior and professionalism. Quality control analyses of inspections seem to indicate errors ranging from small to large, but are slow to reveal multiple significant trends over the entirety of our efforts. Problems isolated to specific geographic areas or specific inspectors can be misleading. There are 65 separate items or areas that we ask inspectors to cover in their inspections. The random quality control re-inspections performed on three percent of the inspections found mistakes or problems with many inspection reports. These errors were in one line item or another, but troubling trends have been less obvious. In this realm, our registration with ISO (International Organization for Standardization) has been very helpful. Using the ISO 9000 standard for Quality Management and Quality Assurance framework, an independent American National Standards Institute (ANSI) auditor validates our initiatives within the inspection process. The auditor verifies our quality initiatives that drive the inspection process and verifies our performance standards to insure our trained workforce is community sensitive, experts in assessment of residential damage, and capable of accomplishing FEMA residential inspections.

Despite these efforts, I do believe improvement is needed. For instance, we need clarification in the application of the guidelines and criteria used to determine a home is unsafe. I would note that although I agree with the OIG conclusion on this issue, I disagree with the OIG premise, which bases the conclusion on the finding, "that 4,308 applicants who received rental assistance did not indicate a need for shelter at the time of registration." For the Florida operations, the only time an applicant's immediate need for shelter was considered for FEMA assistance was during the period when Expedited Assistance was activated. The rental assistance referenced in the OIG report in this regard was awarded under FEMA's regular Housing Assistance Program. Under this program, the decision to provide rental assistance is based on an inspector's verification of disaster damage, not on the applicant's statement during registration.

The OIG also concludes that, "sufficient evidence was not available to support the determinations that those applicants were in need of and were eligible for rental assistance." The OIG is really noting its inability to understand whether field determinations were correct based on the information currently available. This lack of detailed record keeping has presented a problem throughout our analyses and I intend to review ways of keeping more detailed records for more meaningful future review. However, I will approach this goal cautiously so as not to create unnecessary delays in the provision of assistance.

The OIG also concludes that eligibility was suspect because "no evidence indicated that those applicants sought other accommodations or resided elsewhere during the two

months they received rental assistance." However, seeking other accommodations and residing elsewhere are not eligibility criteria for receiving rental assistance. The determining factor for potential eligibility of rental assistance is whether an inspector determines a home unsafe to occupy.

Despite these disagreements in premise, I do agree that improvements to home unsafe determinations are warranted. While the basis for determining if a FEMA inspector considers a home to be "unsafe" is documented in program guidance, I believe there are situational difficulties in applying the guidance and documenting unsafe home determinations, especially for renters.

It seems apparent that inspectors with differing degrees of experience can generally agree on destroyed and moderately damaged homes. This uniformity can break down in the more subjective cases involving less severe damages.

FEMA has started a review of program eligibility as it relates to the determination of a homes being considered "unsafe," and will continue to review and improve its inspection procedures.

*Background Checks*

I would like to briefly address media portrayals of our housing inspectors. FEMA contracts with two companies to perform inspection services. They are required by their FEMA contract to conduct background checks on all prospective inspectors *before*

deployment in the field. The companies utilize an outside source that specializes in background investigations. Almost all of the inspectors referenced by the media had convictions for drunk driving. This did not disqualify them from deployment. One individual reported had more serious convictions in the 1970's and 1980's. However, he did not perform housing inspections. I will look into any other potential problems. FEMA does not condone criminal conduct and we have taken reasonable precautions against putting disaster victims in any additional danger.

*Funeral Costs*

I have also followed the concerns raised over funeral expenses covered under our Other Needs Assistance (ONA) program. It is important to understand that disaster-related deaths are not limited to only those deaths that occur during the actual event. As the Miami-Herald reported, "ambulances arrived too late to save some people because of fallen trees. Oxygen tanks went dark along with the lights. The sick and the frail made fatal decisions to lift limbs and haul debris [and] one man couldn't get dialysis because the clinic had closed for the storm."

Unlike other classes of ONA which are well-suited for rapid processing through FEMA's automated processing systems, funeral cases are manually processed and painstakingly coordinated between Regional offices, disaster field offices, and National Processing Service Center (NPSC) caseworkers, as well as our state, local, and voluntary partners, and family members of the victim. Variations in State medical examiner and coroner procedures have prevented FEMA and the States from establishing a national policy on

disaster related deaths under ONA. As a result, as with other forms of FEMA assistance, States establish award levels for disaster-related funeral expenses in their annual ONA preplanning sessions with FEMA and pay 25 percent of the costs.

Funeral grants constitute a very small percentage of the overall ONA caseload. The 1,385 requests for Funeral Assistance in Florida in the wake of the 2004 hurricane season represented less that 0.1 percent of total applications. Assistance was warranted in just over 300 cases.

FEMA's guidelines are specific about sources to be checked to validate disaster-related deaths, including the deceased family doctor. FEMA caseworkers review funeral claims and investigate details surrounding the death. After research and fact checking, caseworkers certified the satisfaction of eligibility standards required for payment. However, FEMA will continue to research ways to improve its eligibility determination processes, as well as improve the quality of applicants' case file documentation.

*Duplicate Payments*

With respect to reports of duplicate payments of disaster victims, I would like to share the process. Duplicate payments can be outright double payments on claims or duplicate items on claims. Our ongoing review process identifies these situations and our system monitors overpayments. As part of this review, FEMA will recover money given erroneously to an applicant. To date, we have initiated recoupment actions to recover more than $22 million in duplicate payments for all of the Florida disasters. That sum is

derived from approximately 5,150 duplicate payments or overpayments. The total amount of assistance provided to Florida households is close to $1.2 billion

FEMA does the careful work involved in recovering these funds. We first verify that such an overpayment was a mistake so as to avoid needlessly adding to the problems facing disaster victims. If we have verified that an overpayment has occurred we then set about recouping those funds. Individuals that have received an overpayment of funds have been called and notified by letter that the funds must be returned to FEMA. Debtors that do not agree to a repayment plan or repay the debt in full within 120 days are referred to the Department of Treasury, who will take further collection measures. This is the part of the recovery operation that is difficult but necessary in retaining public confidence and trust.

*Expectations*

Our work is intended to provide much needed assistance to people affected by disasters. We balance this assistance against our responsibility to the taxpayer. It is a balancing act. Sometimes our balance is perfect and the victims in need of our help and the agents charged with reviewing our work are satisfied. But there are also times when our balance is criticized.

This was not a fifty or even a hundred year event. A response and recovery operation of this size has never before been required or accomplished. Having a trained staff ready to augment our large operations presents many challenges.

*FEMA-State Partnerships*

The states are our partners in delivering this disaster recovery assistance. That is not boilerplate language but a fact of law and how the program operates on a day-to-day basis. In fact, it is the foundation of emergency management in our nation.

The state is a part of the declaration process as it determines its capabilities and the kind of help it needs. But our partnership actually begins in calmer times.

Our regions work with the states on a constant basis. We do not make decisions on the fly when a disaster occurs. Our regions work with the states in advance – choosing what forms of "other needs assistance" will be eligible in an individual state. We also work with the state in establishing reasonable prices within a state for personal property items. We depend on the states expertise and experience in shaping a program that will be most responsive to its residents in times of crisis.

We are proud of this relationship. We take full responsibility for the decisions we make. But I also believe it is important for the Committee and our citizens to understand that the partnership with the states is not an ad hoc measure for media consumption but a real partnership written into law, developed and refined on a regular time frame, and observed in action during the disaster recovery phase.

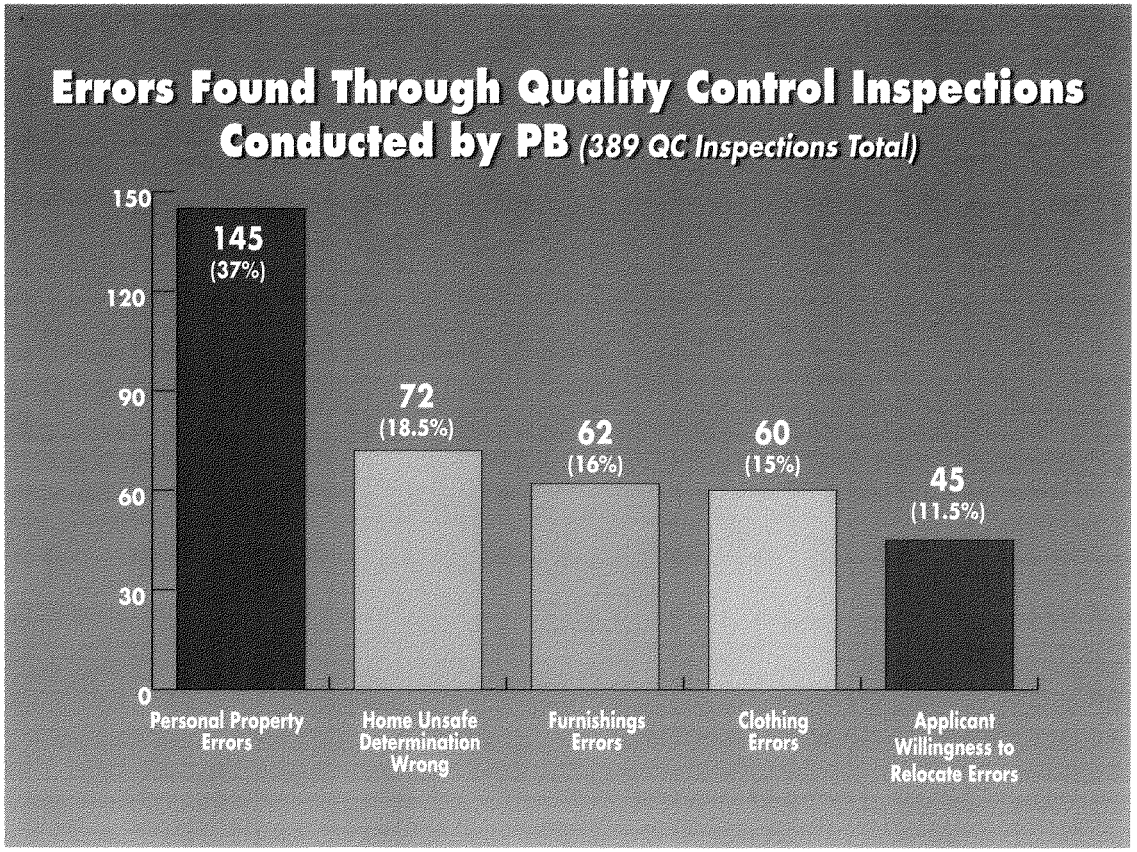
*Conclusion*

As I conclude I would like to come full circle. We look forward to building our working relationship with you. As with our relationship with our state partners and our partners in the charitable and non-profit communities, we want to have these conversations on a regular basis and not just when the disaster events are bearing down on us.

We have a lot of experience – enough to know that we do not have all the answers. We constantly strive to improve our programs and our policies and processes because we appreciate the importance of our work. We talk to our customers; we meet them in their homes and in their communities. Our customers are not theoretical constructs or abstract ideas or numbers on a spreadsheet, they are the flesh and blood folks affected by extraordinary events.

Despite the challenges of the last few months, we at FEMA retain the same optimistic spirit that is a hallmark of our organization. We have been given a great responsibility, but also a great opportunity – to make a positive difference in the lives of our fellow citizens. With your help and support, we will continue to aggressively pursue that important mission.

Thank you for your time and attention. I would be happy to answer any questions you may have.


Errors Found Through Quality Control Inspections Conducted by PB (389 QC Inspections Total)
150
120
90
60
30
0
145 (37%)
72 (18.5%)
62 (16%)
60 (15%)
45 (11.5%)
Personal Property Errors
Home Unsafe Determination Wrong
Furnishings Errors
Clothing Errors
Applicant Willingness to Relocate Errors

#6

0923052900

# IHP Daily QC Report

Homeowner ☐
Renter ☒

PB FEMA

Disaster 1545 | Application Number 9112814 58 | Today's Date

QC InspID 592 | Inspector ID 18266 | 11/02/04

## Damaged Dwelling Major Line Items Missed or *Misused*

**Access/Debris +/-10%**
- 1. Clean & Sanitize, SF ☐
- *2. Fence=safety* ☐
- *3. Debris vs. Tree Remove* ☐
- *4. Retain. Wall=safety/imm. danger* ☐
- 5. Pump Out ☐
- *6. Washout Fill* ☐
- 7. Other ☐

**Electrical +/-10%**
- 1. Main Panel ☐
- 2. All Circuit Breakers ☐
- 3. Generator Replace ☐
- 4. GFI or 220 V Outlets ☐
- 5. Outlets/Switches/Fixtures ☐
- 6. Other ☐

**Floors/Walls/Ceilings +/-10%**
- 1. Floor Covering Replace ☐
- 2. Sheetrock Replace ☐
- 3. Paint ☐
- 4. Insulation ☐
- 5. Other ☐

**Foundation/Masonry +/-10%**
- 1. Masonry Exterior Wall ☐
- 2. Concrete Foundation Wall ☐
- 3. Jack & Shore ☐
- 4. Foundation Footing ☐
- *5. Utility Connect=SC or LS used* ☐
- 6. Jack & Re-level ☐
- 7. Other ☐

**General +/-10%**
- 1. Roof Cover, Sheathing, Framing ☐
- 2. Cabinets ☐
- *3. Residence Rebuild, Correct SF* ☐
- *4. Room Detached=HHM Only-SF* ☐
- 5. Other ☐

**Heating/Cooling +/-10%**
- 1. Furnace &/or A/C ☐
- 2. Furnace = OK (H20 in DD) ☐
- 3. Ductwork C&S or Replace ☐
- 4. Other ☐

**Mobile Home +/- 10%**
- 1. Bottom Board/Insulation Replace ☐
- 2. Block & Level ☐
- 3. Utilities Re-connect ☐
- 4. Roof Metal Renail/Seal ☐
- *5. MH or TT Replace, Correct SF* ☐
- 6. Other ☐

**Plumbing +/-10%**
- 1. Water Heater ☐
- 2. Plumbing Re-install ☐
- 3. Water Heater=OK(H20 in DD) ☐
- 4. Other ☐

**Roads/Bridges +/-15%**
- 1. Road Fill ☐
- 2. Machine Time ☐
- 3. Culvert(s) ☐
- 4. Decking, Abutment &/or Wingwall ☐
- *5. Single vs. Multi-family Items* ☐
- 6. Other ☐

**Utilities +/-10%**
- 1. Well Replace ☐
- 2. Well Pump &/or House Replace ☐
- 3. Septic Drain Field ☐
- 4. Pump Septic Tank ☐
- 5. Septic Tank Lid Replace ☐
- 6. Septic Tank Replace ☐
- 7. Sump Pump Replace ☐
- 8. Well Decontaminate ☐
- 9. Other ☐

**Windows/Doors +/-10%**
- 1. Doors (Int. or Ext.) Replace ☐
- 2. Doors Trim & Refit ☐
- 3. Window Replace ☐
- 4. Glass Replace ☐
- 5. Other ☐

**Speed Estimating +/-10%**
- 1. Exterior Screen used ☐
- 2. Exterior Perimeter Measured ☐
- 3. Heating Complete ☐
- 4. Electrical Complete ☐

**Post Inspection Screen**
- *1. Home Unsafe=immed. following* ☒
- *2. Will Relocate=time of inspection* ☒
- 3. Adequate Home Unsafe items ☐
- *4. Adequate Areas of DM recorded* ☐
- 5. Size of Residence +/-15% ☐

Applicant Signature: [redacted]

Applicant Name: [redacted]

**Corrective Actions**
- Ops Mgr./NPSC ☐
- Fld Mgr./R.A. ☐
- Training ☐
- Inspector was **NOT** Contacted ☐ *Comment Required*

**Other Noted Items**
- Unmet Needs ☐
- Transportation ☐
- Clothing ☒

**Customer Service**
- Not Courteous ☐
- Complaints ☐
- No Postcard ☐
- Not Prompt ☐

**Level of Damage**
- None ☒
- Minimal ☐
- Moderate ☐
- Heavy ☐

## Procedures Missed
- 1. RI Insurance Type &/or Ownership/Occupancy Verified ☐
- 2. B/R's Occupied & H/H Comp. Boarders or Renters not included ☐
- 3. Room function &/or location. Boarder occup. used correctly ☐
- 4. Basement damage properly addressed-Essential vs. Non-rooms ☐
- 5. Trade Minimum only except in F/W/C Category ☐
- 6. HWM reflected damages recorded ☐
- 7. Correct Cause of Damage(s) recorded or selected ☐
- 8. Correct Residence Type ☐
- 9. Addenda ☒

## Comments Missed
- 1. Changes to name, address, &/or phone numbers ☐
- 2. Owner changed to Renter, with completed inspection ☐
- 3. Occupancy Type Changed (Owner/Renter/NPR) ☐
- 4. Verbal Verification (Occupancy, Ownership, PP, etc.) ☐
- 5. Utilities Out/Lump Sum/Not Feasible to Repair ☐
- 6. After selecting OTHER ☐
- 7. After selecting NOT AVAILABLE as Meter Type ☐
- 8. For a destroyed DD ☐

**QC Inspector Comments:** *PP correct, post-it release* ☐

Excessive clothing / move req
Excessive Furnishings / Replace all 3 BED rm.
Excessive PP.

## Personal Property Missed

| | | | |
|---|---|---|---|
| 1. Damaged Furnishings: | 1 room ☐ | 2 rooms ☐ | 3 rooms ☐ |
| 2. Damaged Major Appliances: | 1 item ☐ | 2 items ☐ | 3 items ☐ |
| 3. Damaged Small Appliances: | 1 item ☐ | 2 items ☐ | 3 items ☐ |
| 4. Undamaged Furn./Appl.: | 1 room ☐ | 2 rooms ☒ | 1 item ☐ 2 items ☐ |
| 5. Damaged or Undamaged PP missed affects award: | | | Yes ☒ |

FEMA QA Inspector: [redacted] *No QA Ride Along* ☐

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FEMA

Michael D. Brown
Under Secretary
Emergency Preparedness and Response

Jeb Bush
Governor
State of Florida

National Processing Service Center
P.O. BOX 10055
Hyattsville, MD 20782-7055
**FEMA Disaster Helpline: 1-800-621-FEMA (3362)**
Fax No.: 1-800-827-8112

10/11/2004

FEMA Application No.911281458

Disaster No.1545

HOMESTEAD, FL 33030

Dea.

The Federal Emergency Management Agency (FEMA) and the State of Florida have reviewed your request for disaster help and/or the inspection done on your home. Listed below are the decisions that have been made regarding your request for help. For a full explanation of the decisions, please refer to the section called **"If You Are Not Eligible For Help"** in HELP AFTER A DISASTER, Applicant's Guide to the Individuals & Households Program which was mailed to you after you applied for assistance.

| CATEGORIES | DETERMINATION |
|---|---|
| Personal Property | $15,970.37 |
| Rental Assistance | $2,482.00 |
| ========== | ========= |
| Total Grant Amount: | $18,452.37 |

**PLEASE READ THE NOTICES FOR IMPORTANT INFORMATION**

**Applicants with Insurance:** Your application for assistance may be placed on hold to allow you time to file your insurance claim. Federal law prohibits FEMA or the State from duplicating assistance that may be available from insurance. A $0 amount above does not mean that you are ineligible for assistance. It means FEMA needs to know what your insurance settlement is and what your unmet needs are before we can continue processing your application.

If a decision results in a monetary award, you will soon receive a check (s) at the mailing address you provided when you registered or electronic funds transfer to your bank for the Total Grant Amount listed above.

If you disagree with the decision(s) above, you have the right to appeal within 60 days of the date of this decision letter. If you have any questions about writing an appeal, please read the **Notices** on the back of this letter or call the FEMA Disaster Helpline at **1-800-621-FEMA (3362)** (hearing/speech impaired only, call 1-800-462-7585.

Sincerely,
Individuals and Households Program Officer

15776

15771

NEMIS Human Services

Disaster: 1545 - Florida Hurricane | Process: Applicant Inquiry | Subqueue: | Completed: 0 Queue Size: N/A

Rgsn ID: [redacted] SSN: Current: O/R: Rent Dep: 7 HA: CLOSED OTHER: CLOSED CBRA: No.
Co-Reg: Co-SSN: Alternate: HH: 1 SBA Home: FIT Fld Zn: SC.

Insurance | HA | Other Asst
Overview | App Info | Insp Real Prop | Insp Pers Prop/Misc | Insp Summ | Info Control | Correspondence | Comment | Special

Inspection PP and Misc Summary — Location | Sort | Add | Edit | Select Items

Type: Room

| Room | Inspection | Dmg Type | Degree | Insured | Unit $ | Max | Qty | $ | Award Level |
|---|---|---|---|---|---|---|---|---|---|
| All Furnishings 3 Bedr | Initial | Rail/Rain/Wind Replace | | No | $11,807.61 | 1 | 1 | $11,807.61 | Initial First |

Itemized Award Total: $11,807.61

Inspection Overview

| Inspn | High Water |
|---|---|
| Initial | |

Personal Property and Misc Summary

| Award Type | Level | Working $ | Approved $ |
|---|---|---|---|
| Initial | First | $0.00 | $918.88 |
| Appliance Total: | | $0.00 | $918.88 |
| Initial | First | $0.00 | $3,243.88 |
| Clothing Total: | | $0.00 | $3,243.88 |
| Initial | First | $0.00 | $11,807.61 |
| Room Total: | | $0.00 | $11,807.61 |

IH Summary

| | Working | Approved | Total |
|---|---|---|---|
| Total HA Amt: | $0.00 | $2,482.00 | $2,482.00 |
| Total OTH Amt: | $0.00 | $15,970.37 | $15,970.37 |
| FIP Paid: | $0.00 | $0.00 | $0.00 |
| Total Awards: | $0.00 | $18,452.37 | $18,452.37 |
| Monies Returned: | | ($0.00) | ($0.00) |
| GFIP Returned: | | ($0.00) | ($0.00) |
| Monies Reissued: | | $0.00 | $0.00 |
| Total Fed Funds: | $0.00 | $18,452.37 | $18,452.37 |
| Under IH Max: | | | $7,147.63 |
| Under SBA Decline Max: | | | $5,100.00 |

Help | Next | Search | Home PP | Batch | Rev Cy | To Do | Insp Hist | DR Info | Rental | Prt Reg | RI Hist | Events | EXIT

Connected to: NNM2 | Version: 3.03.25 | 3/19/2005 3:12 PM

Start | NEMIS Version 3.03.01 08... | NEMIS Human Services | scl landscape.doc - Micros... | 15:12

0923052900

# IHP Daily QC Report

Homeowner ☐
Renter ☒ #7

PB

Disaster 1545 | Application Number 9405172208 | Today's Date

QC InspID 592 | Inspector ID 3234 | 11/12/04

## Damaged Dwelling Major Line Items Missed or *Misused*

**Access/Debris +/-10%** ☐
1. Clean & Sanitize, SF ☐
2. *Fence=safety* ☐
3. *Debris vs. Tree Remove* ☐
4. *Retain. Wall=safety/imm. danger* ☐
5. Pump Out ☐
6. *Washout Fill* ☐
7. Other ☐

**Electrical +/-10%** ☐
1. Main Panel ☐
2. All Circuit Breakers ☐
3. Generator Replace ☐
4. GFI or 220 V Outlets ☐
5. Outlets/Switches/Fixtures ☐
6. Other ☐

**Floors/Walls/Ceilings +/-10%** ☐
1. Floor Covering Replace ☐
2. Sheetrock Replace ☐
3. Paint ☐
4. Insulation ☐
5. Other ☐

**Foundation/Masonry +/-10%** ☐
1. Masonry Exterior Wall ☐
2. Concrete Foundation Wall ☐
3. Jack & Shore ☐
4. Foundation Footing ☐
5. *Utility Connect=SC or LS used* ☐
6. Jack & Re-level ☐
7. Other ☐

**General +/-10%** ☐
1. Roof Cover, Sheathing, Framing ☐
2. Cabinets ☐
3. *Residence Rebuild, Correct SF* ☐
4. *Room Detached=HHM Only-SF* ☐
5. Other ☐

**Heating/Cooling +/-10%** ☐
1. Furnace &/or A/C ☐
2. Furnace = OK (H20 in DD) ☐
3. Ductwork C&S or Replace ☐
4. Other ☐

**Mobile Home +/- 10%** ☐
1. Bottom Board/Insulation Replace ☐
2. Block & Level ☐
3. Utilities Re-connect ☐
4. Roof Metal Renail/Seal ☐
5. *MH or TT Replace, Correct SF* ☐
6. Other ☐

**Plumbing +/-10%** ☐
1. Water Heater ☐
2. Plumbing Re-install ☐
3. Water Heater=OK(H20 in DD) ☐
4. Other ☐

**Roads/Bridges +/-15%** ☐
1. Road Fill ☐
2. Machine Time ☐
3. Culvert(s) ☐
4. Decking, Abutment &/or Wingwall ☐
5. *Single vs. Multi-family Items* ☐
6. Other ☐

**Utilities +/-10%** ☐
1. Well Replace ☐
2. Well Pump &/or House Replace ☐
3. Septic Drain Field ☐
4. Pump Septic Tank ☐
5. Septic Tank Lid Replace ☐
6. Septic Tank Replace ☐
7. Sump Pump Replace ☐
8. Well Decontaminate ☐
9. Other ☐

**Windows/Doors +/-10%** ☐
1. Doors (Int. or Ext.) Replace ☐
2. Doors Trim & Refit ☐
3. Window Replace ☐
4. Glass Replace ☐
5. Other ☐

**Speed Estimating +/-10%** ☐
1. Exterior Screen used ☐
2. Exterior Perimeter Measured ☐
3. Heating Complete ☐
4. Electrical Complete ☐

**Post Inspection Screen**
1. *Home Unsafe=immed. following* ☐
2. *Will Relocate=time of Inspection* ☐
3. Adequate Home Unsafe Items ☐
4. *Adequate Areas of DM recorded* ☐
5. Size of Residence +/-15% ☐

Applicant Signature:

Applicant Name:

**Corrective Actions**
Ops Mgr./NPSC ☐
Fld Mgr./R.A. ☐
Training ☐
Inspector was NOT Contacted ☐
*Comment Required*

**Other Noted Items**
Unmet Needs ☐
Transportation ☐
Clothing ☒

**Customer Service**
Not Courteous ☐
Complaints ☐
No Postcard ☐
Not Prompt ☐

**Level of Damage**
None ☒
Minimal ☐
Moderate ☐
Heavy ☐

## Procedures Missed

1. RI Insurance Type &/or Ownership/Occupancy Verified ☐
2. B/R's Occupied & H/H Comp. Boarders or Renters not included ☐
3. Room function &/or location. Boarder occup. used correctly ☐
4. Basement damage properly addressed-Essential vs. Non-rooms ☐
5. Trade Minimum only except in F/W/C Category ☐
6. HWM reflected damages recorded ☐
7. Correct Cause of Damage(s) recorded or selected ☐
8. Correct Residence Type ☐
9. Addenda ☒

## Comments Missed

1. Changes to name, address, &/or phone numbers ☐
2. Owner changed to Renter, with completed inspection ☐
3. Occupancy Type Changed (Owner/Renter/NPR) ☐
4. Verbal Verification (Occupancy, Ownership, PP, etc.) ☐
5. Utilities Out/Lump Sum/Not Feasible to Repair ☐
6. After selecting OTHER ☐
7. After selecting NOT AVAILABLE as Meter Type ☐
8. For a destroyed DD ☐

**QC Inspector Comments:** *PP correct, post-it release* ☐

Clothing not req.
Excessive Furnishings All Y's not Req.
TV, 2 AC, WASHER
PP Replaced not Req = Dryer telephone
ADDENDA = USED All Furnishings Bedroom Approx Y = 3 Bed King.

## Personal Property Missed

| | | | |
|---|---|---|---|
| 1. Damaged Furnishings: | 1 room ☐ | 2 rooms ☐ | 3 rooms ☐ |
| 2. Damaged Major Appliances: | 1 item ☐ | 2 items ☐ | 3 items ☐ |
| 3. Damaged Small Appliances: | 1 item ☐ | 2 items ☐ | 3 items ☐ |
| 4. Undamaged Furn./Appl.: | 1 room ☐ | 2 rooms ☒ | 1 item ☐ 2 items ☐ |
| 5. Damaged or Undamaged PP missed affects award: | | | Yes ☒ |

FEMA QA Inspector: _____ No QA Ride Along ☐

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FEMA

Michael D. Brown
Under Secretary
Emergency Preparedness and Response

National Processing Service Center
P.O. BOX 10055
Hyattsville, MD 20782-7055
**FEMA Disaster Helpline: 1-800-621-FEMA (3362)**
Fax No.: 1-800-827-8112

W. Craig Fugate
Governor's Authorized Representative
State of Florida

01/27/2005

FEMA Application No.: 940517208
**Número de Solicitud de FEMA:940517208**

Disaster No.: 1545
**Número de Desastre: 1545**

Bill For Collection No.: R05B035068
**Número de Cuenta a Cobrar: R05B035068**

MIAMI, FL 33142

Dear Ms. Brown:
**Estimado Solicitante**

FEMA has provided you funds as a result of your application for disaster assistance. These funds were provided based upon the disaster related need that you indicated in your application to FEMA. A further review of your case reveals that some or all of the funds that FEMA provided to you must be returned. These funds must be returned because:
**FEMA le ha otorgado asistencia como resultado de su solicitud de asistencia por desastre. Esta asistencia fue otorgada basada en la necesidad de asistencia relacionada al desastre indicada por usted en su solicitud a FEMA. Luego de una revisión exhaustiva de su solicitud de asistencia por desastre se ha encontrado que parte o toda la cantidad de asistencia otorgada por FEMA debe ser devuelta. Esta asistencia debe ser devuelta por la siguiente razón:**

Per review of your file, you have been overpaid for personal property damages.

Based upon your individual case, it has been determined that you must return $19,430.76. You must return the amount in full within 30 days of the date on this letter or interest and penalty charges will be added.
**Basado en su expediente individual, se ha determinado que usted debe devolver la cantidad de $19,430.76. Usted debe devolver la cantidad total dentro de los próximos 30 días de la fecha de esta carta o se le podrían incluir cargos por intereses y penalidades.**

11954

You have the right to appeal this notification, request information from your file, or contact us to further discuss your case. Instructions are included as to how to proceed in this manner. Even if you choose to appeal, FEMA strongly encourages you to pay the debt now to avoid any interest or penalty charges. If FEMA approves your appeal, all of the money you have repaid will be returned promptly.
**Usted tiene el derecho de apelar, solicitar información de su expediente o de contactarnos para discutir su caso. Adjunto encontrará las instrucciones de como proceder en estos casos. Aún cuando usted decida iniciar un proceso de apelación, FEMA le recomienda que pague esta deuda para evitar cargos por intereses y penalidades. Si FEMA aprueba su apelación, todo el dinero que haya enviado le será devuelto inmediatamente.**

We apologize for any inconvenience this may cause. But, we caution you that you should respond to this letter within 30 days or interest and penalty charges may begin.
**Lamentamos cualquier inconveniente que esta situación pudiera haberle causado. Le recomendamos conteste dentro de los próximos 30 días de la fecha de esta carta o se le podrían incluir cargos por intereses y penalidades.**

This correspondence serves to notify you of a debt owed to the Federal Government. Please respond to this notification or you may be subject to the debt collection measures outlined in this letter.
**Esta carta sirve como una notificación de su deuda con el Gobierno Federal. Favor de contestar a esta notificación o estará sujeto a las medidas de cobro de deudas explicadas en esta carta.**

Filing an Appeal: If you disagree with FEMA's decision, you have the right to an appeal. To file an appeal, you must:
**Iniciar el Proceso de Apelación: Si usted no está de acuerdo con la decisión de FEMA, usted tiene el derecho de apelar. Para solicitar una apelación, usted debe:**

1. Explain in writing why you feel FEMA's decision is wrong.
   Send any new or additional information that you have to show the Appeals Officer that you are eligible for this money. Be sure to include your FEMA Application No., shown at the top of this letter, when you write to FEMA.

   **Explicar por escrito por qué usted entiende que la decisión de FEMA es incorrecta.**
   **Envíe información nueva o adicional para demostrarle al Oficial de Apelaciones que usted es elegible para esta asistencia monetaria. Asegúrese de incluir su Número de Solicitud de FEMA, el mismo aparece en la parte superior de esta carta, en todo documento que nos envíe.**

2. Mail your letter and the documents to:
   FEMA Appeals Officer (RECOUP)
   National Processing Service Center
   P.O. BOX 10055
   Hyattsville, MD 20782-7055

   **Envíe su carta y documentos a:**
   **Oficial de Apelaciones de FEMA (RECOUP)**
   **National Processing Service Center**
   **P.O. BOX 10055**
   **Hyattsville, MD 20782-7055**

**Important:** Your appeal must be postmarked within 60 days of the date of this letter. If someone writes to FEMA on your behalf, you must sign a letter of permission for your file information to be given to this person. Although you have 60 days to file an appeal, interest charges will start from the date of this letter if you do not win the appeal. We encourage you to pay this debt now even if you plan to file an appeal.
**IMPORTANTE: Su apelación debe ser recibida dentro de los 60 días de la fecha de esta carta. Si alguna persona escribe una carta a FEMA actuando como su representante, usted debe escribir una carta de autorización para que la información de su expediente sea compartida con esta persona. A pesar de que**

usted tiene 60 días para apelar, los cargos por interés comenzarán desde la fecha de esta carta, en caso de que su apelación no sea aprobada. Recomendamos el pago de esta deuda, aún si usted decide iniciar el proceso de apelación.

11956

All appeals are reviewed by FEMA. Decisions usually are made within 30 days of receiving the appeal. You will be notified by mail of FEMA's response to your appeal.
**Todas las apelaciones son revisadas por FEMA. Las determinaciones son efectuadas usualmente dentro de los 30 días de haber recibido su solicitud de apelación. Usted será notificado de la decisión de FEMA por escrito.**

Requesting Information from Your File: Before you write your appeal letter, you or your authorized representative may ask FEMA for a copy of the information in your file. This request must be made in writing and sent to:
**Solicitar información de su expediente: Antes de redactar su carta de apelación, usted o su representante autorizado, puede solicitarle a FEMA copia de la información contenida en su expediente. Esta petición deberá ser por escrito y debe ser enviada a:**

FEMA Records Management Chief
National Processing Service Center
P.O. BOX 10055
Hyattsville, MD 20782-7055

Repayment : To re-pay this amount in full, please use the enclosed FEMA DEBT REPAYMENT FORM to either:
**Método de Pago: Para devolver la cantidad en su totalidad, favor de llenar y enviar el FORMULARIO DE PAGO DE DEUDA DE FEMA incluido con esta carta, además de:**

a. Return the U.S. Treasury check(s) sent to you (if the amount of the check is the amount to be returned and has not been cashed or deposited) Or
**Devolver el cheque del Departamento del Tesoro de los Estados Unidos que le fue enviado (si la cantidad del cheque es la cantidad a ser devuelta) o**

b. Mail a personal check or money order in the amount of $19,430.76 made out to FEMA to:
**Enviar un cheque personal o giro postal por la cantidad de $19,430.76 a nombre de FEMA a la siguiente dirección:**

Federal Emergency Management Agency
P.O. Box 198355
Atlanta, GA 30384-8355

If you cannot pay the full amount now, the FEMA Disaster Finance Center will work with you on a repayment plan. To set up a repayment plan, call the FEMA Disaster Finance Center at 1-800-816-1122 between 9: 00 a.m. and 4:00 p.m. EST, Monday through Friday. You will need your FEMA Application Number when you call.
**De usted no poder pagar la cantidad en su totalidad, EL Centro de Finanzas Por Desastre de FEMA podría ayudarlo a establecer un plan de pago. Para acordar un plan de pago, llame al Centro de Finanzas por Desastre de FEMA al 1-800-816-1122 de Lunes a Viernes, de 9:00 AM a 4:00 PM. Favor de tener su Número de Registración disponible al llamar.**

Note: Please be sure to write your name, the FEMA Bill for Collection Number, Disaster and Application number shown at the top of this letter on the enclosed repayment form, and on all correspondence and check(s) you send to FEMA.
**NOTA: Favor de incluir en el Formulario de Pago y en toda correspondencia y/o cheque(s) enviado a FEMA: su nombre, el Número de Cuenta a Cobrar de FEMA, el Número de Desastre y el Número de su Solicitud que aparece en la parte superior de esta carta.**

FEMA Debt Collection Measures: Under law, FEMA must take the following actions and levy the following charges relating to your debt.
**Medidas de cobro de deuda por FEMA: De acuerdo a la ley, FEMA podría tomar las siguientes acciones e imponer los siguientes cargos relacionados a su deuda:**

a. If you fail to pay your debt in full within 30 days of the date of this letter:
Interest on the debt will be charged at the rate of 1% per year starting from the date of this letter,

Administrative fees for the cost of processing and handling the debt will also be charged.
**Si usted no cumple con el pago de la deuda en su totalidad a partir de los 30 días de la fecha de esta carta:**
**Se impondrán cargos al 1% de interés por año comenzando desde la fecha de esta carta. Además se impondrán cargos administrativos por el costo de procesamiento y manejo de la deuda.**

b. If you fail to pay your debt in full or agree to a repayment plan within 90 days of the date of this letter Penalty charges will be added at the rate of 6% per year on the amount of your debt, plus any interest and administrative charges that are due. The penalty charges will be assessed from the date of this letter.
**Si usted no cumple con el pago de la deuda en su totalidad ni se acoge a un plan de pago a partir de 90 días de la fecha de esta carta:**
**Se impondrán cargos por penalidad a la totalidad de su deuda al 6% de interés por año, más cualquier interés o cargo administrativo que estuviesen pendientes. Los cargos por penalidad serán impuestos desde la fecha de esta carta.**

c. If you fail to pay your debt in full or agree to a repayment plan within 120 days of the date of this letter FEMA must refer your debt to the Department of the Treasury. The Treasury may take the following actions to recover the debt

- Through the Treasury Offset Program (TOP), reduce or withhold any of your eligible Federal payments by the amount of your FEMA debt. Federal payments include income tax refunds, Federal and military salary and retirement pay, and certain benefit payments such as Social Security. Additional collection fees will be added to the amount of the debt.

- Refer the debt to national credit bureaus, private collection agencies, and the Department of Justice for litigation.

- Your name and social security number may be subject to computer matching to identify sources to recover this debt through the methods listed above.

**Si usted no cumple con el pago de la deuda en su totalidad ni se acoge a un plan de pago dentro de 120 días de la fecha de esta carta:**
**FEMA tendrá que referir su deuda al Departamento del Tesoro. El Departamento del Tesoro podría tomar las siguientes acciones para cobrar su deuda:**

- **Através del Treasury Offset Program (TOP), se podría reducir o retener cualquier crédito a su favor de alguna agencia Federal por la cantidad de la deuda con FEMA. Los créditos federales podrían incluir reintegro de su planilla por impuestos, salarios federales y/o militares, pensiones de retiro y ciertos beneficios tales como el Seguro Social. Cargos adicionales por cobro serán añadidos a la cantidad total de la deuda.**

- **Referir la deuda al departamento de crédito nacional, agencias privadas de recaudación o al Departamento de Justicia para litigación.**

- **Su nombre y número de seguro de social podrían ser sujeto a verificación por computadora para identificar fuentes y así cobrar la deuda a través de los métodos mencionados anteriormente.**

This letter is about FEMA's Individuals and Households Program only. If you have applied to other disaster relief agencies, they will contact you separately.
**Esta carta es solo en referencia al Programa Individual y Familiar de FEMA. Si usted ha solicitado asistencia de otras agencias de asistencia por desastre, estos se comunicarán con usted individualmente.**

If you have any questions or would like information about other assistance programs, please call the FEMA Helpline at 1-800-621-FEMA (3362) (hearing/speech impaired ONLY, call 1-800-462-7585). If you wish to discuss payment of this debt, please call the Disaster Finance Center at 1-800-816-1122 between 9:00 a.m. and

4:00 p.m. EST, Monday through Friday.
**De usted tener dudas o si interesa obtener información acerca de otros programas de asistencia, favor de comunicarse a FEMA al 1-800-621-FEMA (3362) (para personas con impedimento de audio/habla favor de comunicarse al 1-800-462-7585). Para acordar algún plan de pago para esta deuda, favor de comunicarse al Centro de Financiamiento por Desastre al 1-800-816-1122 de Lunes a Viernes, de 9:00 a.m. a 4:00 p.m.**

Sincerely,

CDH

Housing Officer
Debt Collection Officer

Attachment

11959

3.35

1545 592

Application Number 9307620920

Inspector ID 34393

Renter ☒ #8

Today's Date 11/08/04

Applicant Signature: [redacted]

Applicant Name: [redacted]

**ed Dwelling Major Line Items Missed or *Misused***

- ☐ Clean & Sanitize, SF
- ☐ *Fence=safety*
- ☐ *Debris vs. Tree Remove*
- ☐ *Retain. Wall=safety/imm. danger*
- ☐ Pump Out
- ☐ *Washout Fill*
- ☐ Other

**Electrical +/-10%**
- ☐ Main Panel
- ☐ All Circuit Breakers
- ☐ Generator Replace
- ☐ GFI or 220 V Outlets
- ☐ Outlets/Switches/Fixtures
- ☐ Other

**Floors/Walls/Ceilings +/-10%**
- ☐ Floor Covering Replace
- ☐ Sheetrock Replace
- ☐ Paint
- ☐ Insulation
- ☐ Other

**Foundation/Masonry +/-10%**
- ☐ Masonry Exterior Wall
- ☐ Concrete Foundation Wall
- ☐ Jack & Shore
- ☐ Foundation Footing
- ☐ *Utility Connect=SC or LS used*
- ☐ Jack & Re-level
- ☐ Other

**General +/-10%**
- ☐ 1. Roof Cover, Sheathing, Framing
- ☐ 2. Cabinets
- ☐ *3. Residence Rebuild, Correct SF*
- ☐ *4. Room Detached=HHM Only-SF*
- ☐ 5. Other

**Heating/Cooling +/-10%**
- ☐ 1. Furnace &/or A/C
- ☐ 2. Furnace = OK (H20 in DD)
- ☐ 3. Ductwork C&S or Replace
- ☐ 4. Other

**Mobile Home +/- 10%**
- ☐ 1. Bottom Board/Insulation Replace
- ☐ 2. Block & Level
- ☐ 3. Utilities Re-connect
- ☐ 4. Roof Metal Renail/Seal
- ☐ *5. MH or TT Replace, Correct SF*
- ☐ 6. Other

**Plumbing +/-10%**
- ☐ 1. Water Heater
- ☐ 2. Plumbing Re-install
- ☐ 3. Water Heater=OK(H20 in DD)
- ☐ 4. Other

**Roads/Bridges +/-15%**
- ☐ 1. Road Fill
- ☐ 2. Machine Time
- ☐ 3. Culvert(s)
- ☐ 4. Decking, Abutment &/or Wingwall
- ☐ *5. Single vs. Multi-family Items*
- ☐ 6. Other

**Utilities +/-10%**
- ☐ 1. Well Replace
- ☐ 2. Well Pump &/or House Replace
- ☐ 3. Septic Drain Field
- ☐ 4. Pump Septic Tank
- ☐ 5. Septic Tank Lid Replace
- ☐ 6. Septic Tank Replace
- ☐ 7. Sump Pump Replace
- ☐ 8. Well Decontaminate
- ☐ 9. Other

**Windows/Doors +/-10%**
- ☐ 1. Doors (Int. or Ext.) Replace
- ☐ 2. Doors Trim & Refit
- ☐ 3. Window Replace
- ☐ 4. Glass Replace
- ☐ 5. Other

**Speed Estimating +/-10%**
- ☐ 1. Exterior Screen used
- ☐ 2. Exterior Perimeter Measured
- ☐ 3. Heating Complete
- ☐ 4. Electrical Complete

**Post Inspection Screen**
- ☒ *1. Home Unsafe=Immed. following*
- ☒ *2. Will Relocate=time of inspection*
- ☐ 3. Adequate Home Unsafe Items
- ☐ *4. Adequate Areas of DM recorded*
- ☒ 5. Size of Residence +/-15%

**Corrective Actions**
- Ops Mgr./NPSC ☐
- Fld Mgr./R.A. ☐
- Training ☐
- Inspector was NOT Contacted *Comment Required* ☐

**Other Noted Items**
- Unmet Needs ☒
- Transportation ☐
- Clothing ☒

**Customer Service**
- Not Courteous ☐
- Complaints ☐
- No Postcard ☐
- Not Prompt ☐

**Level of Damage**
- None ☒
- Minimal ☐
- Moderate ☐
- Heavy ☐

**Procedures Missed**
- ☐ 1. RI Insurance Type &/or Ownership/Occupancy Verified
- ☐ 2. B/R's Occupied & H/H Comp. Boarders or Renters not included
- ☐ 3. Room function &/or location. Boarder occup. used correctly
- ☐ 4. Basement damage properly addressed-Essential vs. Non-rooms
- ☐ 5. Trade Minimum only except In F/W/C Category
- ☐ 6. HWM reflected damages recorded
- ☐ 7. Correct Cause of Damage(s) recorded or selected
- ☐ 8. Correct Residence Type
- ☐ 9. Addenda

**Comments Missed**
- ☐ 1. Changes to name, address, &/or phone numbers
- ☐ 2. Owner changed to Renter, with completed Inspection
- ☐ 3. Occupancy Type Changed (Owner/Renter/NPR)
- ☐ 4. Verbal Verification (Occupancy, Ownership, PP, etc.)
- ☐ 5. Utilities Out/Lump Sum/Not Feasible to Repair
- ☐ 6. After selecting OTHER
- ☐ 7. After selecting NOT AVAILABLE as Meter Type
- ☐ 8. For a destroyed DD

**QC Inspector Comments:** *PP correct, post-it release* ☐

50 FT over BY 300$
wet/dry VAC = not Req.
Furnishings = Replace Kitchen/not req.
Relocate/unsafe call wrong.

**Personal Property Missed**

| | | | |
|---|---|---|---|
| 1. Damaged Furnishings: | 1 room ☒ | 2 rooms ☐ | 3 rooms ☐ |
| 2. Damaged Major Appliances: | 1 item ☐ | 2 items ☐ | 3 items ☐ |
| 3. Damaged Small Appliances: | 1 item ☐ | 2 items ☐ | 3 items ☐ |
| 4. Undamaged Furn./Appl.: | 1 room ☐ | 2 rooms ☒ | 1 item ☐ 2 items ☒ |
| 5. Damaged or Undamaged PP missed affects award: | | | Yes ☐ |

FEMA QA Inspector: [redacted] No QA Ride Along ☐

Fire/Crime. Add/Mech = All not Req.

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Michael D. Brown
Under Secretary
Emergency Preparedness and Response

W. Craig Fugate
Governor's Authorized Representative
State of Florida

National Processing Service Center
P.O. BOX 10055
Hyattsville, MD 20782-7055
**FEMA Disaster Helpline: 1-800-621-FEMA (3362)**
Fax No.: 1-800-827-8112

10/12/2004

FEMA Application No.930762020

Disaster No.1545

[redacted]
MIAMI, FL 3314[redacted]

Dea[redacted]

The Federal Emergency Management Agency (FEMA) and the State of Florida have reviewed your request for disaster help and/or the inspection done on your home. Listed below are the decisions that have been made regarding your request for help. For a full explanation of the decisions, please refer to the section called **"If You Are Not Eligible For Help"** in HELP AFTER A DISASTER, Applicant's Guide to the Individuals & Households Program which was mailed to you after you applied for assistance.

| CATEGORIES | DETERMINATION |
|---|---|
| Other | $122.03 |
| Personal Property | $4,712.48 |
| Rental Assistance | $1,452.00 |
| Transportation | IVINS - Vehicle - No Liability Insurance |
| ========== | ========= |
| Total Grant Amount: | $6,286.51 |

Other Assistance Includes: Wet/Dry Vac

**PLEASE READ THE NOTICES FOR IMPORTANT INFORMATION**

**Applicants with Insurance:** Your application for assistance may be placed on hold to allow you time to file your insurance claim. Federal law prohibits FEMA or the State from duplicating assistance that may be available from insurance. A $0 amount above does not mean that you are ineligible for assistance. It means FEMA needs to know what your insurance settlement is and what your unmet needs are before we can continue processing your application.

If a decision results in a monetary award, you will soon receive a check (s) at the mailing address you provided when you registered or electronic funds transfer to your bank for the Total Grant Amount listed above.

If you disagree with the decision(s) above, you have the right to appeal within 60 days of the date of this decision letter. If you have any questions about writing an appeal, please read the **Notices** on the back of this letter or call the FEMA Disaster Helpline at **1-800-621-FEMA (3362)** (hearing/speech impaired only, call 1-800-462-7585.

Sincerely,
Individuals and Households Program Officer

**15820**

NEMIS Human Services

Disaster: 1545 : Florida Hurricane | Process: Applicant Inquiry | Subqueue: | Completed: 0 Queue Size: N/A

Rgsn ID: | SSN: | Current: | O/R: Rent | Dep: 1 | HA: CLOSED | OTHER: CLOSED | CBRA: No

Co-Reg: | Co-SSN: - - | Alternate: | HH: 2 | SBA Home: FIT | Fld Zn: 0 | SC: No

Insurance | HA | Other Asst

Overview | App Info | Insp Real Prop | Insp Pers Prop/Misc | Insp Summ | Info Control | Correspondence | Comment | Special

Inspection PP and Misc Summary — Location | Sort | Add | Edit | Select Items

Type: Appliances/Mechanical Devices

| Item Id | Item Name | Degree | Dmg Type | Inspection | Insured | Unit $ | Max | Obs | Qty | $ | Award Level |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3020 | Washer | Replace | Hail/Rain/Wind | Initial | No | $531.60 | 1 | 1 | 1 | $531.60 | Initial First |
| 3030 | Dryer | Replace | Hail/Rain/Wind | Initial | No | $403.89 | 1 | 1 | 1 | $403.89 | Initial First |
| 3090 | Television | Replace | Hail/Rain/Wind | Initial | No | $347.34 | 1 | 1 | 1 | $347.34 | Initial First |
| 3110 | Telephone | Replace | Hail/Rain/Wind | Initial | No | $90.95 | 1 | 1 | 1 | $90.95 | Initial First |
| 3170 | Microwave | Replace | Hail/Rain/Wind | Initial | No | $181.75 | 1 | 1 | 1 | $181.75 | Initial First |
| 3310 | Twin Bed | Replace | Hail/Rain/Wind | Initial | No | $640.53 | 1 | 1 | 1 | $640.53 | Initial First |

Itemized Award Total: $2,196.06

Inspection Overview

| Inspn | High Water |
|---|---|
| Initial | |

Personal Property and Misc Summary

| Award Type | Level | Working $ | Approved $ |
|---|---|---|---|
| Appliance Total: | | $0.00 | $2,196.06 |
| Initial | First | $0.00 | $810.97 |
| Clothing Total: | | $0.00 | $810.97 |
| Initial | First | $0.00 | $1,205.45 |
| Room Total: | | $0.00 | $1,205.45 |
| Initial | First | $0.00 | $500.00 |

IH Summary

| | Working | Approved | Total |
|---|---|---|---|
| Total HA Amt: | $0.00 | $1,452.00 | $1,452.00 |
| Total OTH Amt: | $0.00 | $4,834.51 | $4,834.51 |
| FIP Paid: | $0.00 | $0.00 | $0.00 |
| Total Awards: | $0.00 | $6,286.51 | $6,286.51 |
| Monies Returned: | | ($0.00) | ($0.00) |
| GFIP Returned: | | ($0.00) | ($0.00) |
| Monies Reissued: | | $0.00 | $0.00 |
| Total Fed Funds: | $0.00 | $6,286.51 | $6,286.51 |
| Under IH Max: | | | $19,313.49 |
| Under SBA Decline Max: | | | $5,100.00 |

Help | Next | Search | New WP | Back | Sort By | To Do | Insp Hist | DR Info | Rental | Prt Reg | RI Hist | Events | Exit

Connected to: NNM2 | Version: 3.03.25 | 3/19/2005 3:16 PM

Start | NEMIS Version 3.03.01 08... | NEMIS Human Services | scr landscape.doc - Micros... | 15:16

15810

0923052900

# IHP Daily QC Report

#9

Homeowner ☐
Renter ☑

PB

Disaster: 1545
Application Number: 93057503
Today's Date: 11/04/04
QC InspID: 00059
Inspector ID: 16461

**Damaged Dwelling Major Line Items Missed or *Misused***

**Access/Debris +/-10%** ☐
1. Clean & Sanitize, SF ☐
2. *Fence=safety* ☐
3. *Debris vs. Tree Remove* ☐
4. *Retain. Wall=safety/imm. danger* ☐
5. Pump Out ☐
6. *Washout Fill* ☐
7. Other ☐

**Electrical +/-10%** ☐
1. Main Panel ☐
2. All Circuit Breakers ☐
3. Generator Replace ☐
4. GFI or 220 V Outlets ☐
5. Outlets/Switches/Fixtures ☐
6. Other ☐

**Floors/Walls/Ceilings +/-10%** ☐
1. Floor Covering Replace ☐
2. Sheetrock Replace ☐
3. Paint ☐
4. Insulation ☐
5. Other ☐

**Foundation/Masonry +/-10%** ☐
1. Masonry Exterior Wall ☐
2. Concrete Foundation Wall ☐
3. Jack & Shore ☐
4. Foundation Footing ☐
5. *Utility Connect=SC or LS used* ☐
6. Jack & Re-level ☐
7. Other ☐

**General +/-10%** ☐
1. Roof Cover, Sheathing, Framing ☐
2. Cabinets ☐
3. *Residence Rebuild, Correct SF* ☐
4. *Room Detached=HHM Only-SF* ☐
5. Other ☐

**Heating/Cooling +/-10%** ☐
1. Furnace &/or A/C ☐
2. Furnace = OK (H20 in DD) ☐
3. Ductwork C&S or Replace ☐
4. Other ☐

**Mobile Home +/- 10%** ☐
1. Bottom Board/Insulation Replace ☐
2. Block & Level ☐
3. Utilities Re-connect ☐
4. Roof Metal Renail/Seal ☐
5. *MH or TT Replace, Correct SF* ☐
6. Other ☐

**Plumbing +/-10%** ☐
1. Water Heater ☐
2. Plumbing Re-install ☐
3. Water Heater=OK(H20 in DD) ☐
4. Other ☐

**Roads/Bridges +/-15%** ☐
1. Road Fill ☐
2. Machine Time ☐
3. Culvert(s) ☐
4. Decking, Abutment &/or Wingwall ☐
5. *Single vs. Multi-family Items* ☐
6. Other ☐

**Utilities +/-10%** ☐
1. Well Replace ☐
2. Well Pump &/or House Replace ☐
3. Septic Drain Field ☐
4. Pump Septic Tank ☐
5. Septic Tank Lid Replace ☐
6. Septic Tank Replace ☐
7. Sump Pump Replace ☐
8. Well Decontaminate ☐
9. Other ☐

**Windows/Doors +/-10%** ☐
1. Doors (Int. or Ext.) Replace ☐
2. Doors Trim & Refit ☐
3. Window Replace ☐
4. Glass Replace ☐
5. Other ☐

**Speed Estimating +/-10%** ☐
1. Exterior Screen used ☐
2. Exterior Perimeter Measured ☐
3. Heating Complete ☐
4. Electrical Complete ☐

**Post Inspection Screen**
1. *Home Unsafe=immed. following* ☑
2. *Will Relocate=time of inspection* ☑
3. Adequate Home Unsafe items ☐
4. *Adequate Areas of DM recorded* ☐
5. Size of Residence +/-15% ☐

**Applicant Signature:** [redacted]

**Applicant Name:** [redacted]

**Corrective Actions**
Ops Mgr./NPSC ☐
Fld Mgr./R.A. ☐
Training ☐
Inspector was NOT Contacted *Comment Required* ☐

**Other Noted Items**
Unmet Needs ☐
Transportation ☑
Clothing ☐

**Customer Service**
Not Courteous ☐
Complaints ☐
No Postcard ☐
Not Prompt ☐

**Level of Damage**
None ☑
Minimal ☐
Moderate ☐
Heavy ☐

**Procedures Missed**
1. RI Insurance Type &/or Ownership/Occupancy Verified ☐
2. B/R's Occupied & H/H Comp. Boarders or Renters not included ☑
3. Room function &/or location. Boarder occup. used correctly ☐
4. Basement damage properly addressed-Essential vs. Non-rooms ☐
5. Trade Minimum only except in F/W/C Category ☐
6. HWM reflected damages recorded ☐
7. Correct Cause of Damage(s) recorded or selected ☑
8. Correct Residence Type ☐
9. Addenda ☐

**Comments Missed**
1. Changes to name, address, &/or phone numbers ☐
2. Owner changed to Renter, with completed inspection ☐
3. Occupancy Type Changed (Owner/Renter/NPR) ☐
4. Verbal Verification (Occupancy, Ownership, PP, etc.) ☐
5. Utilities Out/Lump Sum/Not Feasible to Repair ☐
6. After selecting OTHER ☐
7. After selecting NOT AVAILABLE as Meter Type ☐
8. For a destroyed DD ☐

**QC Inspector Comments:** PP correct, post-it release ☐
HCOMP 4/3 Not 2/1 VEHICLE SHOULD BE REMOVE NOT REPAIRABLE
DRYER REPAIR = NO DRYER
WASHER REPAIR = NOT OWNED BY APP. SAME WITH HERS NO SIGNS OF PRESSURE
WORK THRU WINDOWS ONLY
HOME UNSAFE SHOULD BE NO RELOCATION DAMAGES DON'T JUSTIFY

**Personal Property Missed**
1. Damaged Furnishings: 1 room ☐ 2 rooms ☐ 3 rooms ☐
2. Damaged Major Appliances: 1 item ☐ 2 items ☐ 3 items ☐
3. Damaged Small Appliances: 1 item ☐ 2 items ☐ 3 items ☐
4. Undamaged Furn./Appl.: 1 room ☐ 2 rooms ☐ 1 item ☐ 2 items ☑
5. Damaged or Undamaged PP missed affects award: Yes ☑

FEMA QA Inspector: _____ No QA Ride Along ☑

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FEMA

Michael D. Brown
Under Secretary
Emergency Preparedness and Response

Jeb Bush
Governor
State of Florida

National Processing Service Center
P.O. BOX 10055
Hyattsville, MD 20782-7055
**FEMA Disaster Helpline: 1-800-621-FEMA (3362)**
Fax No.: 1-800-827-8112

09/24/2004

FEMA Application No.930575003

Disaster No.1545

[redacted]
HOMESTEAD, FL 33032[redacted]

Dear[redacted] ___

The Federal Emergency Management Agency (FEMA) and the State of Florida have reviewed your request for disaster help and/or the inspection done on your home. Listed below are the decisions that have been made regarding your request for help. For a full explanation of the decisions, please refer to the section called **"If You Are Not Eligible For Help"** in HELP AFTER A DISASTER, Applicant's Guide to the Individuals & Households Program which was mailed to you after you applied for assistance.

**La Agencia Federal Para el Manejo de Emergencias (FEMA) y su estado local han revisado su solicitud de ayuda. Abajo se le indica las decisiones que se han tomado respecto a su apelación. Para obtener una explicación completa de las decisiones, favor refiérase a la Guía para Solicitantes al Programa para Individuos y Familias - Ayuda Después de un Desastre – bajo la sección titulada "Razones por no ser elegible", el cual se le mandó por correo después de que solicitó ayuda.**

| CATEGORIES<br>CATEGORÍAS | DETERMINATION<br>DETERMINACIONES |
|---|---|
| Personal Property | $558.63 |
| Rental Assistance | $1,452.00 |
| Transportation | $500.00 |
| ========== | ========= |
| Total Grant Amount: | $2,510.63 |

**PLEASE READ THE NOTICES FOR IMPORTANT INFORMATION**
**POR FAVOR LEA LOS AVISOS DE INFORMACION IMPORTANTE**

If a decision results in a monetary award, you will soon receive a check (s) at the mailing address you provided when you registered or electronic funds transfer to your bank for the Total Grant Amount listed above.

**Si la decisión resulta en un otorgamiento monetario, dentro de poco tiempo recibirá un cheque(s) a la dirección que indicó como su dirección postal o una transferencia electrónica de fondos a su banco por el Monto Total de ayuda indicado arriba.**

If you disagree with the decision(s) above, you have the right to appeal within 60 days of the date of this decision letter. If you have any questions about writing an appeal, please read the **Notices** on the back of this letter or call the FEMA Disaster Helpline at **1-800-621-FEMA (3362)** (hearing/speech impaired only, call 1-800-462-7585.

**15875**

FEMA

# Contacts Report

"Official Use Only"

DATE: 01/27/05

Disaster: 1545

Reg. ID:

App. Name:

| Event Date | User | Summary Text | Contact Text |
|---|---|---|---|
| 09/16/04 | | 93 CHECK INQUIRY | APPLICANT CALLED TO FIND OUT WHAT CHECK IS TO BE USED FOR. 14133 |
| 09/20/04 | | 92 LETTER INFO | APP HAS QUIESTION ABOUT THE AMOUNT OF THE AWARD. SHE RECEIVED A COPY OF HER APPLICATION AND THOUGHT THAT THE AMOUNT OF HER ANNUAL INCOME WAS THE AMOUNT OF THE AWARD SHE RECEIVED. SHE WAS WRONG. AMOUNT OF AWARD WAS CORRECT |

CONGRESSMAN MARK FOLEY

Statement for the
Senate Committee on Homeland Security and Governmental Affairs
Hearing on FEMA Response to the 2004 Hurricanes

May 18, 2005

Madam Chairman and Members of the Committee, I would like to thank you for holding this hearing on FEMA's response to the four hurricanes that hit my home state of Florida last year. I believe it is extremely important that we address the problems and concerns that arose in the wake of last year's storms before the 2005 Hurricane season begins.

As you know, last year we experienced the worst hurricane season in recorded history. In 2004, four major hurricanes – three of which made direct landfall in my district – wreaked havoc and destruction throughout much of Florida. There was an unprecedented effort by local, state and federal officials to help Floridians prepare for the storms before they hit and provide assistance after they passed.

According to the National Oceanographic and Atmospheric Administration (NOAA), a four-hurricane season may no longer be the exception. While the 2004 hurricane season demonstrated FEMA's excellent capabilities to respond to multiple storms in a relatively short period of time, it also uncovered problems. With the 2005 hurricane season not too far off, we must act now to evaluate what worked and what didn't work during last season's recovery and response efforts.

To that end, there are three specific problems that I would like to address today: delays in federal payments to local governments; reports of fraudulent payments to individuals; and the most recent news of FEMA investigators with extensive criminal histories.

To date, there are hundreds, if not, thousands of unpaid public assistance claims to local governments. The delay in processing valid claims has continued to plague local governments. Which are now on the verge of bankruptcy.

Individuals and localities have run into FEMA red tape every step of the way. Inconsistent application of regulations coupled with confusing procedures has caused inexcusable delays in disbursing funds rightfully owed to storm victims.

To address this problem, Senator Martinez and I have introduced legislations aimed at speeding up payments for legitimate claims. The Disaster Recovery Act of 2005 would:

1.) require FEMA to pay localities up to 50% of eligible Public Assistance monies no later than 60 days after an eligible claim is filed

2.) require FEMA to reimburse localities for the clearing and removal of debris on all emergency access roads
3.) make debris removal from private lands an eligible claim for federal assistance.

The wait for payments is only frustrated by news of FEMA's payment of questionable claims. This brings me to my second point, the payment of fraudulent claims while legitimate claims are still lost in the system.

Last month, we learned that FEMA paid $1.27 million in funeral expenses for 315 "storm-related" deaths. The Florida medical examiner attributed 123 deaths to last year's hurricanes, less than half of the number of funerals FEMA paid for. FEMA has rebuffed the state medical examiners' requests for the names of the 315 people whom FEMA found to have died as a result of the storms.

While these payments are shocking in themselves, the payment of claims in areas that did not see any hurricane damage is much more disturbing. It is reported that FEMA distributed over $31 million in hurricane relief to people in Miami-Dade which never saw a hurricane force storm last year. The Department of Homeland Security Inspector General's report found that FEMA declared Miami-Dade County eligible for Individual Assistance (IA) without properly documenting the damage assessments or analysis of the impact the storm had on the county.[1] A federal grand jury has indicted 14 Miami-Dade county residents for filing fraudulent claims.

These revelations are clear evidence of FEMA's need to reform its payment process. As a first step, I support the FEMA auditor-proposed reforms that would:

1.) require FEMA to pay actual costs for damaged goods not predetermined prices
2.) tighten oversight on inspectors who control payout amounts
3.) require inspectors to specify the evidence they use to verify losses

The third issue I would like to address concerns the report of FEMA investigators with extensive criminal histories.

FEMA inspectors have been given access to the homes and property of those left most vulnerable by last year's storms. Hurricane victims have trusted and depended on inspectors to help them start the process of rebuilding their lives. However, a recent Florida newspaper published some very disturbing findings about these same inspectors. The paper was able to uncover several FEMA inspectors and managers with extensive criminal histories.

FEMA relies on private firms to supply inspectors who work as independent contractors for the agency. FEMA has refused to provide a list of licensed inspectors and managers that have been used in the recovery effort. We are told that they conduct criminal background checks, but we don't know what crimes disqualify a candidate from being hired.

---

[1] *Audit of FEMA's Individual and Households Program in Miami-Dade County, Florida, for Hurricane Frances*, Department of Homeland Security Office of Inspector General, Report Number OIG-05-02, May 2005

We need answers. What are the contractual agreements between FEMA and the private firms regarding hiring practices and a candidate's criminal past? Who are the licensed inspectors and managers that we have allowed into our homes?

My concerns were only exacerbated by the release of the Inspector General's report. It found a lack of oversight, training and provisions to prevent a possible conflict of interest of inspectors.[2]

FEMA did not require the firms to review the inspector's work before submitting claims to the agency. Once the claim was received by FEMA, there were only checks to make sure everything was complete, nothing to guarantee accuracy. The Inspector General's report cited $215,214 in ineligible or excessive payments to Miami-Dade County that may have been prevented had an adequate review process been in place.

In addition, the firms hired 22 inspectors from Miami-Dade County and they failed to take any steps to avoid the appearance of conflicts of interest when sending inspectors out. The audit found that 5 individuals from Miami-Dade County performed 54 inspections within a 20 block radius of their homes.

Though FEMA has said that it has begun to address the issues raised in the audit, we need answers now – before the hurricane season begins in the next few weeks. We cannot wait any longer to make these changes. Hurricane season begins in a few short weeks. We must take the lessons learned in the aftermath of the 2004 season and implement them immediately.

---

[2] *Audit of FEMA's Individual and Households Program in Miami-Dade County, Florida, for Hurricane Frances*, Department of Homeland Security Office of Inspector General, Report Number OIG-05-02, May 2005

**STATEMENT BY HON. E. CLAY SHAW, JR.**

**UNITED STATES SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS**

**WEDNESDAY, MAY 18, 2005**

Madam Chairman, Senator Lieberman and members of the Committee, first I appreciate the senior Senator from Florida, Mr. Nelson, for including my statement at the conclusion of his oral remarks as part of the official record. I applaud the committee for holding today's hearing. After last year's devastating four consecutive hurricanes to my state of Florida, it is imperative that we take a formal and thorough review of FEMA procedures.

In 2004, the state of Florida experienced four hurricane disasters of historic proportions. The vast majority of residents were impacted directly by at least one of these four storms. Two storms impacted many, and unfortunately a number of residents were affected by three of the four. For millions of Floridians the names Charley, Frances, Ivan and Jeanne will always resemble fear, sadness and a sense of loss.

Led by Florida Governor Jeb Bush, the emergency response was overwhelming. Under-Secretary Michael Brown, Governor Bush, federal and state emergency officials, and a variety of federal, state and local elected officials worked tirelessly to assist Floridians in rebuilding their communities, homes and livelihood. The recovery process continues today. Many Florida communities still face the effects of last year's storms.

As the immediate disaster response began, FEMA launched the largest disaster response since the 1989 California earthquake. Millions of residents sought help through FEMA recovery and relief centers. I applaud FEMA for their timely response as the four hurricanes moved across the state.

Madam Chairman, I fear that the good work by FEMA in the wake of these storms is in danger of being overshadowed by the subject of this morning's hearing.

On October 11, 2004, I read in disbelief when the *South Florida Sun-Sentinel reported* that FEMA egregiously paid out $21.5 million in federal dollars to residents in Miami-Dade County following Hurricane Frances. While other cities in Florida were in the direct path of the Hurricane, weather reports confirm that Miami-Dade County saw nothing more than a bad thunderstorm. Yet, as the *Sun-Sentinel* correctly explained, 19,500 residents in Miami-Dade County applied for assistance and that FEMA approved 9,801 of those claims, with a $21.5 million dollar price tag. Madame Chairman, the extent of the destruction witnessed in Florida was not evident in Miami-Dade County in comparison to areas such as Punta Gorda, Pensacola, Stuart, Port St. Lucie, and many other coastal and inland communities.

That same day, after reading the unsettling news report, I wrote Under-Secretary Michael Brown requesting a top to bottom investigation into the distribution of FEMA dollars to the counties impacted by the hurricanes in the vicinity of my congressional district.

I did not receive a response to my October 11th letter to Mr. Brown until November 24, 2004. The letter was from Mr. Daniel Craig, Director of FEMA's Recovery Division. Mr. Craig explained the funding of FEMA's Individuals and Households Program (IHP) is based on various factors including population and level of insurance in areas impacted by disasters. Mr. Craig also stated that IHP funding may include not only home repair expenses, but also rental assistance, medical and dental expenses, transportation costs and other disaster related needs.

Just a few weeks ago, I became profoundly concerned after reading an article in the *South Florida Sun-Sentinel's* April 24th edition entitled "FEMA's inspectors included criminals." This detailed report states that 30 of 133 independent FEMA inspectors and managers, at the time of their hiring, had criminal history. Alarmingly, the criminal activity ranges from possession of narcotics to criminal sexual content. I found this report remarkably unsettling.

Upon hearing this report, I wrote a letter to Homeland Security Secretary Michael Chertoff requesting a comprehensive explanation detailing the Homeland Security Department's process in hiring independent contractors or FEMA inspectors. According to the *Sun-Sentinel* investigative report, 25 percent of inspectors/managers (i.e. one out of four) had a criminal history, yet still received clearance to assist FEMA in relief and recovery efforts. I am disappointed by this discovery, and I believe it is time for the DHS to assume an exhaustive top to bottom investigation into this matter and provide a thorough report to help answer my questions, those of my colleagues, and the people of Florida.

The Inspector General's report the committee is addressing today has a number of key findings, some in the areas I have outlined in this testimony. I firmly believe that once a county is designated a disaster area, FEMA and state officials should review this declaration once a particular storm passes. I am confident this committee will address these concerns.

Once again, as we prepare for the 2005 Hurricane Season, beginning June 1st, it is critical that Congress take a proactive approach in reviewing the FEMA practices and procedures in preparation of potential future disasters. I thank the committee for allowing me to offer written testimony and I ask unanimous consent to insert various documents as part of my written testimony

**Post-Hearing Questions for the Record**
**Submitted to Acting Inspector General Richard Skinner**
**from Senator Susan Collins**

**"FEMA's Response to the 2004 Florida Hurricanes: A Disaster for Taxpayers?"**

**May 18, 2005**

1. Please elaborate on your statement that technology could aid FEMA inspectors. How can FEMA use technology to expedite disaster assistance while ensuring that assistance is provided to eligible recipients for eligible purposes?

**Answer**. Adding new technology to the FEMA inspection process could reduce inspection errors and help ensure that assistance is provided to eligible recipients for eligible purposes without any significant increase in the time required to complete inspections.

Examples of technology that could increase inspection accuracy without significantly increasing inspection time are as follows:

- Currently inspection palm pads do not contain software that checks inspection results for errors or inconsistencies (i.e. home inaccessible with personal property losses recorded) before the results are transmitted to FEMA. Adding such software would identify and allow for correction of errors before erroneous inspections are processed by FEMA.

- To document a home being unsafe, inspectors use drop down menus in their palm pads that provide only general conditions (windows, floors, etc.) for their determination. The inspection does not explain these conditions nor do they indicate how or why the conditions made the home unsafe. Adding sub-menu drop down choices (such as number, location, and extent of window and floor damages) and narrative data would provide sufficient evidence in support of the inspector's determination and the basis for FEMA's rental and home repair funding assistance.

- Currently personal property assistance can be provided based solely upon verbal statements of the claimant. Inspection palm pads do not provide for recording the specific personal property lost or how such losses were verified. Additional drop down menus could be added to identify the specific property items lost and how such losses were verified.

**Post-Hearing Questions for the Record**
**Submitted to Under Secretary Michael Brown**
**from Senator Susan Collins**

**"FEMA's Response to the 2004 Florida Hurricanes: A Disaster for Taxpayers?"**

**May 18, 2005**

1. You explained in your testimony why a contract inspector might decide to record damages for an automobile allegedly destroyed by a disaster-related electrical fire, even though the automobile was not present at the time of inspection. What guidance, if any, does FEMA provide to inspectors on when they may record disaster-related damages for automobiles without inspection? If an allegedly damaged or destroyed automobile is available at the time of inspection, does FEMA require the inspector to view the car? What steps, if any, is the inspector required to take to verify that an automobile is damaged or destroyed and that its condition is disaster-related ? Is the inspector given any type of training or required to have any background with respect to automobiles? Please provide copies of any written guidance applying to the inspection of automobiles.

2. In your testimony you acknowledged that rental assistance is supposed to be used for rent. Are applicants who receive rental assistance required to keep receipts to show that they spent the money on rent? If not, why not? Does FEMA ever check to see if rental assistance money is used for rent?

3. According to the attached document, contract inspectors inform applicants that they can use rental assistance money to make home repairs. Please explain this document and how it relates to FEMA's position on the use of rental assistance.

4. In FEMA's answer to question #8 posed by Committee staff (see Hearing Exhibit 12), it states that experienced inspectors had a correction rate of 2.9%, while inexperienced inspectors had a correction rate of 9.8%. In a Miami Herald article on May 18, 2005, Dan Craig, the Director of the Recovery Division, was quoted as saying that "Our error rate after disasters typically runs about 50 percent." According to a May 13, 2005 article in the Sun-Herald, FCO Bill Carwile said the error rate is less than 1 percent. According to Hearing Exhibit 10, an internal FEMA email dated December 20, 2004, "[w]e think that overall, there is a 3 to 5 percent error rate on initial inspections."

   Please explain each of the error or correction rates above and identify any other error or correction rates tracked by FEMA or its contractors. For each type of error or correction rate for which FEMA can provide information, state (1) the average rate for disasters overall, (2) the rate for disasters 1539, 1545, 1551 and 1561, and (3) the rate for Miami-Dade County in disaster 1545.

5. Please elaborate on your written testimony in which you stated that "[i]n normal

circumstances some of the quality control problems we saw in Florida would be unacceptable." What were the quality control problems to which you were referring?

6. Has FEMA reviewed, analyzed or reached any conclusions regarding the quality control results in Miami-Dade? How do these results compare with elsewhere in Florida and with typical disasters?

7. With respect to Hearing Exhibit 11, is it not correct that the quality control inspections for Parsons Brinckerhoff in Miami-Dade showed that 37% of the initial inspections had an error with respect to personal property that affected the amount of the award? Does this 37% figure include procedural errors, customer service problems, or other mistakes which do not impact the amount of the personal property award?

8. With respect to the reinspections conducted in Miami-Dade in or around January 2005, please identify, by application number, each of the 32 applicants who were identified for recoupment and state for each applicant the amount of recoupment sought and the reason(s) for recoupment.

9. With respect to the reinspections conducted in Miami-Dade in or around January 2005, please identify, by application number, each of the applicants for which an additional $281, 744.15 in eligibility was identified. For each applicant, state the amount of the additional eligibility, the reason(s) for the additional eligibility, whether the applicant had appealed the initial determination by FEMA, and whether the applicant will be paid the amount of the additional eligibility.

10. With respect to each of the recommendations listed in Hearing Exhibit 10 (bates numbers 22914-22915), state whether you were aware of the recommendation prior to the May 18 hearing, whether FEMA has considered the recommendation, whether it has reached a conclusion on the recommendation (and, if so, what action, if any, it has taken or will take on the recommendation), and your views on the recommendation:

**Post-Hearing Questions for the Record**
**Submitted to Under Secretary Michael Brown**
**from Senator Joseph Lieberman**

**"FEMA's Response to the 2004 Florida Hurricanes: A Disaster for Taxpayers?"**

**May 18, 2005**

1. In the course of the Committee's investigation, FEMA's Director of Recovery admitted that he made initial declaration recommendations and early decisions to add-on counties chiefly on the basis of weather maps. For instance, he admitted that he decided to add-on Miami-Dade to the original declaration – just hours after the President's initial decision to declare only five counties for Individual Assistance – chiefly because a weather map showed that Miami-Dade had received tropical storm force winds. You testified that a preliminary damage assessment wasn't required under the unusual severity and magnitude exception. There's no doubt that some people in Miami-Dade suffered some damage from those winds, but Miami-Dade experienced neither flooding nor hurricane force winds and the Miami-Dade Operations Center reported that damage from Frances was minimal.

- How do you define unusual severity and magnitude?
- How can it be appropriate for FEMA to forgo a required preliminary damage assessment under the unusual severity and magnitude exception given the weather conditions, where the Miami-Dade Emergency Operations Center reported that the damages from Frances were minimal, and where the Committee's investigation shows the decision to declare Miami-Dade was based chiefly on a weather map?
- What is the justification for dispensing with a damage assessment in cases like this where the eye of the storm hit 100 miles away and there was minimal damage?
- Is it appropriate to base an assessment of damage chiefly on what the weather map shows?
- Do you believe that FEMA's decision to forgo a damage assessment was appropriate from a transparency, fairness, and accountability standpoint?

2. In contrast to FEMA's decision not to do a damage assessment for Frances, FEMA did do an assessment in Miami-Dade after Florida was hit by Jeanne – a storm that came after Frances. Jeanne also brought tropical force winds to Miami-Dade, yet when FEMA did its assessment, it found that there wasn't enough damage to justify a declaration. This is of concern both because it seems that FEMA may not have a consistent policy about when to conduct these damage assessments and also because it calls into question whether it was so obvious that Miami-Dade met the requirements that FEMA was right not to do a damage assessment for Frances. In retrospect, does the Jeanne experience – in which a damage assessment showed no basis for a declaration and thus saved the federal taxpayers money – at all make you reconsider whether it was appropriate not to do a damage assessment in Miami-Dade for Frances?

3. In your comments on the Inspector General's report, you stated that the unusual severity and magnitude exception applies in Miami-Dade because Florida and the affected local governments' capabilities to respond to Frances had been exceeded two weeks earlier by Hurricane Charley and Tropical Storm Bonnie. Yet, Miami-Dade wasn't hit by those storms and wasn't declared for them.

- In light of the fact that Miami-Dade was not hit by these storms, was it appropriate to determine that Miami-Dade was overwhelmed by these storms?
- Do you disagree that before federal disaster assistance can be awarded that effective response must be beyond the State and local government's capabilities?

4. According to the Inspector General, in Miami-Dade during Frances, sustained winds were at only 47 mph, rainfall over a three-day period was only around 3 ½ inches, and there was no reported flooding. The Miami-Dade Emergency Operations Center reported that damage from Frances was minimal. FEMA deals constantly with storms much more severe than the one that hit Miami-Dade.

- On what basis did you determine that the damages in Miami-Dade were of unusual severity and magnitude?
- How did FEMA know the storm was of unusual severity and magnitude when it added-on Miami-Dade making the county eligible for disaster relief?

5. The Inspector General recommended that for future declarations FEMA perform preliminary damage assessments whenever possible and that FEMA develop improved guidance for when preliminary damage assessments are not necessary or not feasible.

- Will you follow this recommendation?
- How will you determine when a preliminary damage assessment is necessary?

6. The Inspector General's report criticizes FEMA for awarding $6500 for all destroyed automobiles regardless of their actual value. For instance, the Inspector General documented that FEMA awarded an applicant $6500 for a 1988 Chevrolet Caprice which had a blue book value of only $1000. You defended this practice, saying that the purpose of FEMA's program is not to provide reimbursement, but to give the means to obtain necessary replacement transportation. On what basis did you determine that individuals who previously drove cars valued at substantially less than $6500 could not obtain substitute transportation for less than $6500?

7. The Inspector General looked at three funerals FEMA paid for in Miami-Dade and concluded that payments for all three were contrary to FEMA guidelines because they were not disaster-related.

- Do you agree?
- Your comments on the Inspector General's report did not specifically state how

you plan to address this issue. In what specific ways will you change criteria and guidelines for determining when funeral expenses should be reimbursed?

8. In your comments on the Inspector General's report, you agreed that improvements need to be made to "home unsafe" determination that inspectors make. As the program is currently designed, an inspector must find that a home is unsafe before the applicant is eligible for rental assistance or home repairs. The Committee's investigation also found substantial problems with the application of the home unsafe determination. The quality control inspections for one contractor in Miami-Dade County showed that the inspectors got the home unsafe determination wrong approximately 20 percent of the time. This is significant because an applicant is not eligible for awards for real property damage unless the home is declared unsafe. How do you intend to improve the home unsafe determination?

9. In response to some of the hurricanes that hit Florida in 2004, FEMA awarded expedited rental assistance to telephone applicants who stated that they met certain criteria. FEMA did not require a home inspection in such cases before the award of the rental assistance. Nothing similar to this kind of program had been used since 1994. The Inspector General's report shows that FEMA made significant errors in the registration process for the program– for example, giving awards to those with insurance, those who did not report a need for housing, and those who did not even report that their homes were damaged. Why were Floridians given such a special program, and how did FEMA make such significant errors in administering the program?

10. You testified that your inspection program successfully verifies damages and that you were proud of how few errors had surfaced out of the inspections completed. But the re-inspection of homes that FEMA initiated last January showed that 30 percent of the homes reinspected had received more personal property awards at the initial inspection than they should have. In 13 percent of the cases, too little personal property awards were made. Thirty-two percent of the homes reinspected had received more real property awards at the initial inspection than they should have. In 24 percent of the cases, too little real property damage awards were made.

- Is this a satisfactory error rate?
- Do you think FEMA needs to improve?
- If so, how can FEMA do better?

11. Committee staff reviewed quality control inspections from one of the contractors employed by FEMA to do inspections. The numbers of errors contained in the inspections were significant. In fact, in one example, an inspector made errors determining if the home was unsafe—particularly important because if a person's home is not unsafe they receive no money for damages sustained to the home—on approximately 58 percent of the inspections reviewed. The same inspector erroneously determined damage to personal property approximately 71 percent of the time. The results of the quality control inspections suggest that FEMA provides too little oversight on the inspections process.

- Do you believe FEMA provides sufficient oversight of the inspection process?
- Why don't the results of the quality control inspections, as opposed to just the completion of the quality control inspections, affect performance incentives paid under the contract to the contractor inspection companies?
- The current contract places almost 1/3 of the performance incentive on customer satisfaction and almost 1/3 of the performance incentive on timeliness of the inspections. None of the performance incentive is based on the actual results of the quality control inspections. Why does the contract with the inspection companies place such a large emphasis on making sure applicants are satisfied, and so little on making sure the inspections correctly assess damages in order to protect taxpayer dollars?
- Will FEMA make changes to the contract for inspections that it will be bidding out again in the near future?
- If so, what kinds of changes will FEMA make?

12. You testified that the inspections process is adequate to protect taxpayer dollars. But the Committee's investigation found major problems with this process. For example, inspectors awarding applicants excessive damages for clothing loss was a common problem identified in the quality control inspections in Miami-Dade. The Inspector General reported that Miami-Dade sustained winds of 47 mph and only received about 3 ½ inches rain, with no reported flooding. The quality inspection reports show that most homes inspected through the quality control process experienced minor damage. Yet numerous awards were made so applicants could obtain necessary clothing, and each applicant found to have a need for clothing received over $800. How could numerous applicants have a disaster-related need for necessary clothing under these conditions?

13. FEMA implemented some new inspection streamlining guidelines in the middle of its effort to respond to the hurricane season. In addition to the general confusion these new procedures caused inspectors, the guidelines were incompatible with the error checking software used by the inspectors when doing inspections and contractors had to shut the error checking software off. Committee staff found that the streamlining guidelines and the lack of error checking software caused numerous errors that cost the taxpayers.

- Given the number of new hires with little training and experience, why did FEMA allow contractors to turn off the error checking software?
- Why did FEMA change the inspections process the middle of a disaster?

14. Anyone who hears the Inspector General's testimony and the other information the Committee gathered about these events has got to be confused about why Miami-Dade was declared for Frances and especially why FEMA made that declaration without even determining whether Miami-Dade actually suffered the level of damage that justifies a declaration. There were also some other interesting things that FEMA did in Florida last fall, such as providing

expedited rental assistance based on answers given when applying for assistance by telephone – without requiring an inspection – a type of program that hasn't been used since 1994. The Inspector General determined that as a result of this program, FEMA gave rental assistance to people who had insurance, contrary to the regulation which prohibits duplicate payments, and also gave money to people who didn't report a need for housing, or reported that their homes were not damaged. Frances and the other storms hit Florida barely two months before the very hotly contested presidential election, one in which everyone expected Florida to play an important role. A FEMA contractor, who used to be a FEMA employee, wrote a memo which was sent to some FEMA employees saying that "top level people from FEMA and the White House need to develop a communication strategy and an agreed-upon set of themes and communications objectives. Communication consultants from the President's re-election campaign should be brought in."

- What role did the President's re-election campaign or the upcoming election play in FEMA's decision to declare or otherwise provide disaster assistance to Miami-Dade?

- Did you, Patrick Rhode (your Chief of Staff) or Scott Morris (your Deputy Chief of Staff) have any discussions or written communications with anyone – including the White House or campaign officials – in any way related to FEMA's response to the hurricane season and the presidential campaign or the upcoming election? If so, name those officials and describe the conversation(s) or communication(s).

15. Palm Beach County has expressed concern that FEMA is declining to pay for the removal of storm-related debris from inside gated communities. Is this FEMA's policy, and if so, what is the justification and legal basis for it? Is this a change from previous FEMA policy?

16. The federal and state government share payments of certain types of assistance and the ratio of the cost-share can be adjusted according to 44 CFR §206.47 whenever a disaster is so extraordinary that a certain per capita limit per disaster is met. The President increased the federal government's share of public assistance from 75 percent to 90 percent on October 7, 2004, pursuant to FEMA's recommendation. However, documents obtained in the Committee's investigation show that FEMA knew that the per capita limit per disaster required by federal regulation had not yet been reached, but nonetheless recommended the cost-share adjustment be made immediately because of the extraordinary circumstances and damages resulting from the Florida hurricane season.

- What were the per capita damages, excluding FEMA administrative costs (as construed in 44 CFR §206.47) on October 7, 2004, for each of the hurricanes that hit Florida – Charley, Frances, Ivan, and Jeanne?
- On what basis did FEMA deviate from what the federal regulations appear to require?

- Which FEMA officials or employees were involved in considering whether to increase the federal government's cost-share?
- How many other times has the federal government increased its cost-share under 44 CFR 206.47? Please specify each prior disaster where the federal government's cost-share has been increased.

17. FEMA entered into numerous contracts for the 2004 Hurricane season to provide community relations specialists to distribute FEMA literature and educate the general public on FEMA's assistance programs. Please answer the following questions for each of the locations listed below for the time period of July 2004 - January, 2005:

- How many community relations specialists were sent?
- Were any private companies hired to supply community relations specialists?
- When did the community relations specialists arrive?
- What were FEMA's total expenditures or reimbursements to other agencies for community relations efforts?
- Were billboards used to provide any information at all about FEMA?

Locations for which the above questions should be answered:

- Miami-Dade County
- Florida
- Louisiana
- North Carolina
- Pennsylvania
- South Carolina
- Virginia
- Alabama
- Mississippi
- Georgia
- New Jersey
- New York
- Puerto Rico
- Minnesota
- Ohio
- West Virginia

**Post-Hearing Questions for the Record**
**Submitted to Under Secretary Michael Brown**
**by Senator Joseph Lieberman on behalf of Senator Paul Sarbanes**

**"FEMA's Response to the 2004 Florida Hurricanes: A Disaster for Taxpayers"**

**May 18, 2005**

1. Does FEMA ever sell its travel trailers to disaster victims once they have been in use? If so, how does FEMA determine when to sell such trailers, and at what cost? Were any trailers sold to Marylanders displaced as a result of Hurricane Isabel?

2. Many Marylanders lived in FEMA trailers after Hurricane Isabel. What was done with these trailers once removed from victims' homes?

3. Please provide details regarding payments of rental assistance to Maryland families after Hurricane Isabel. How many families were offered rental assistance? What were the terms and amounts of those payments?

4. In general, how does FEMA make determinations about when rental assistance will be offered to a displaced family?

5. How does FEMA notify families who are eligible for rental assistance that such assistance is available?

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