

**FEMA'S GULF COAST REBUILDING EFFORTS:
THE PATH FORWARD**

HEARING

BEFORE THE

**SUBCOMMITTEE ON EMERGENCY
COMMUNICATIONS, PREPAREDNESS,
AND RESPONSE**

OF THE

**COMMITTEE ON HOMELAND SECURITY
HOUSE OF REPRESENTATIVES**

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MARCH 3, 2009

Serial No. 111-2

Printed for the use of the Committee on Homeland Security



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>

U.S. GOVERNMENT PRINTING OFFICE

54-472 PDF

WASHINGTON : 2010

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON HOMELAND SECURITY

BENNIE G. THOMPSON, Mississippi, *Chairman*

LORETTA SANCHEZ, California	PETER T. KING, New York
JANE HARMAN, California	LAMAR S. SMITH, Texas
PETER A. DeFAZIO, Oregon	MARK E. SOUDER, Indiana
ELEANOR HOLMES NORTON, District of Columbia	DANIEL E. LUNGREN, California
ZOE LOFGREN, California	MIKE ROGERS, Alabama
SHEILA JACKSON-LEE, Texas	MICHAEL T. McCAUL, Texas
HENRY CUELLAR, Texas	CHARLES W. DENT, Pennsylvania
CHRISTOPHER P. CARNEY, Pennsylvania	GUS M. BILIRAKIS, Florida
YVETTE D. CLARKE, New York	PAUL C. BROUN, Georgia
LAURA RICHARDSON, California	CANDICE S. MILLER, Mississippi
ANN KIRKPATRICK, Arizona	PETE OLSON, Texas
BEN RAY LUJAN, New Mexico	ANH "JOSEPH" CAO, Louisiana
BILL PASCARELL, JR., New Jersey	STEVE AUSTRIA, Ohio
EMMANUEL CLEAVER, Missouri	
AL GREEN, Texas	
JAMES A. HIMES, Connecticut	
MARY JO KILROY, Ohio	
ERIE J.J. MASSA, New York	
DINA TITUS, Nevada	
VACANCY	

I. LANIER AVANT, *Staff Director*
Rosaline Cohen, *Chief Counsel*
Michael Twinchek, *Chief Clerk*
Robert O'Conner, *Minority Staff Director*

SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS,
PREPAREDNESS, AND RESPONSE

HENRY CUELLAR, Texas, *Chairman*

ELEANOR HOLMES NORTON, District of Columbia	MIKE ROGERS, Alabama
LAURA RICHARDSON, California	PETE OLSON, Texas
BILL PASCARELL, JR., New Jersey	ANH "JOSEPH" CAO, Louisiana
EMMANUEL CLEAVER, Missouri	MICHAEL T. McCAUL, Texas
DINA TITUS, Nevada	PETER T. KING, New York (<i>ex officio</i>)
VACANCY	
BENNIE G. THOMPSON, Mississippi, (<i>ex officio</i>)	

VÉRONIQUE PLUVIOSE-FENTON, *Staff Director*
STEPHEN VINÁ, *Staff Director*
DANIEL WILKINS, *Clerk*
AMANDA HALPERN, *Minority Subcommittee Lead*

(II)

CONTENTS

	Page
STATEMENTS	
The Honorable Henry Cuellar, a Representative in Congress from the State of Texas, and Chairman, Subcommittee on Emergency Communications, Preparedness, and Response	1
The Honorable Mike Rogers, a Representative in Congress from the State of Alabama, and Ranking Member, Subcommittee on Emergency Communications, Preparedness, and Response	3
The Honorable Bennie G. Thompson, a Representative in Congress from the State of Mississippi, Chairman, Committee on Homeland Security	4
The Honorable Anh "Joseph" Cao, a Representative in Congress from the State of Louisiana	44
The Honorable Emmanuel Cleaver, a Representative in Congress from the State of Missouri:	
Oral Statement	42
Prepared Opening Statement	42
The Honorable Jackson-Lee, a Representative in Congress from the State of Texas	50
The Honorable Pete Olson, a Representative in Congress from the State of Texas:	
Oral Statement	40
Prepared Opening Statement	40
The Honorable Laura Richardson, a Representative in Congress from the State of California	46
The Honorable Dina Titus, a Representative in Congress from the State of Nevada	49
WITNESSES	
Mr. David Garratt, Acting Deputy Administrator, FEMA's Disaster Assistance Directorate, U.S. Department of Homeland Security	
Oral Statement	6
Joint Prepared Statement	8
<i>Accompanied by,</i>	
<i>Mr. James Walke, Acting Assistant Administrator, FEMA's Disaster Assistance Directorate, U.S. Department of Homeland Security:</i>	
Oral Statement	34
Mr. Stanley J. Czerwinski, Director, Strategic Issues, U.S. Government Accountability Office:	
Oral Statement	11
Prepared Statement	13
Ms. Amy Liu, Deputy Director, Brookings Metropolitan Policy Program, Brookings Institute:	
Oral Statement	26
Prepared Statement	29
Ms. Lyda Ann Tomas, Mayor, City of Galveston:	
Oral Statement	19
Prepared Statement	21

FEMA'S GULF COAST REBUILDING EFFORTS: THE PATH FORWARD

Tuesday, March 3, 2009

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS,
PREPAREDNESS AND RESPONSE,
COMMITTEE ON HOMELAND SECURITY,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:02 a.m., in room 311, Cannon, Hon. Henry Cuellar [chairman of the subcommittee] presiding.

Present: Representatives Cuellar, Thompson, Norton, Richardson, Cleaver, Titus, Rogers, Olson, and Cao.

Also present: Representative Jackson-Lee.

Mr. CUELLAR. [Presiding.] The Subcommittee on Emergency Communications, Preparedness and Response will come to order.

The subcommittee is meeting today to receive testimony regarding "FEMA's Gulf Coast Rebuilding Efforts: The Path Forward."

Good morning, on behalf of the committee, on behalf of the members of this subcommittee. Let me welcome the witnesses from the Government Accountability Office, the GAO; the Federal Emergency Management Agency, FEMA; the city of Galveston, mayor; the Brookings Institution, also.

And please let me note from the very beginning, members, that David Garratt, FEMA's acting deputy administrator, will testify in the place of James Stark of the FEMA's Gulf Coast Recovery Office. This is in light of an investigation into the recent allegations of fraud, nepotism and sexual abuse at FEMA's Recovery Office in Louisiana.

Mr. Garratt is accompanied by Mr. James Walke, FEMA's acting assistant administrator of the Disaster Assistant Directory.

I have been also made aware of the troubling allegations of keen interest to one of our newest members of the subcommittee, Mr. Cao—I believe he is on the way—weather-related—like we have other members, also. Mr. Cao—we know that the allegations are disturbing to all of us. And we can tell that to Mr. Cao—to all of us, and the members of the subcommittee and the full committee, also.

As such, I will inform the committee staff—is looking into this matter. Furthermore, Secretary Napolitano committed at last week's full-committee hearing, to the chairman, that she was looking into the matter and will report back to the committee on the department's finding.

Now, on to the matter of the day. Today's hearing is entitled "FEMA's Gulf Coast Rebuilding Efforts: The Path Forward." It is an opportunity to examine how the lessons learned from the past incidents can be leveraged to help state and local governments navigate the Federal maze to enhance our capacity to recover from future large-scale incidents.

On August 29, 2005, Hurricane Katrina barreled toward the Gulf Coast in Louisiana, Mississippi and Alabama, and resulted in one of the largest natural-disaster relief-and-recovery operations in United States history.

The public-health concerns, the environmental challenges, and communications failure have been well documented. But what is more seared in our minds, of the public, was the lack of preparation and response to assist the survivors of Hurricane Katrina, and the slowness of the recovery.

Less than 1 month later, on September 24, 2005, Hurricane Rita slammed through parts of Louisiana and southeast Texas, and destroyed some coastal communities, and cost more than \$10 billion in damages, while leaving more than 2 million people without power and electricity. Several tornadoes on the Hurricane Rita's outer bands also damaged the state of Mississippi.

More than 3 years after the 2005 hurricanes, the Gulf Coast embarked upon another recovery effort in the wake of the 2008 Hurricane Gustav and Ike.

With all of the storms, President George W. Bush issued a "major disaster" declaration in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistant Act, triggering assistance from the Federal Government.

Today's hearing will provide members the opportunity to learn about the importance of the following: One, the need for creating a clear, implementable and timely recovery plan. Two, the application of public assistance to enhance state and local government capacity. Three, the benefit of implementing strategies for business recover. And, four, the importance of adopting a comprehensive approach to combating fraud, waste and abuse.

Let me welcome Mr. Stanley Czerwinski, director of the Strategic Issues at GAO, who will explain how his examination of six of these major incidents, from 1989 through 2005—ranging from Loma Prieta earthquake in northern California to Hurricanes Katrina and Rita, in the Gulf Coast—offer recovery lessons for the Gulf Coast region affected by Hurricane Ike and Gustav, and future disasters, in general.

Next, the subcommittee will hear from Mr. David Garratt, acting deputy administrator of FEMA. Mr. Garratt will explain the public-assistance process, specifically as it relates to recent storms that have impacted the Gulf Coast. FEMA will also discuss how and why states differ in their drawing-down of public-assistance funds. And I believe there is a handout, members. You all should have a handout about the different states and how they are drawn down from those public-assistance funds.

FEMA will also discuss the possible impediments, as well as opportunities for improvement in the recovery process.

Our third witness is Ms. Lyda Ann Thomas, the mayor of the city of Galveston, in Texas. Mayor Thomas will detail to this committee

the lessons that her city learned from the Hurricanes Katrina and Rita, as it struggles to recover from the Hurricanes Ike and Gustav.

She will offer her experience with the public-assistance process, and her recommendations to FEMA and other jurisdictions which may face the major disaster in the future.

Our final witness is Ms. Amy Liu, the deputy director of the Metropolitan Policy Program at the Brookings Institute. As someone who has been avidly monitoring the recovery of the Gulf Coast in the aftermath of Hurricane Katrina, Ms. Liu will explain what she learned from her assessment of the Katrina recovery process and the lessons they hold for other jurisdictions.

As the committee receives testimony from the panel, I want to note that I am very much looking forward for the proposal from the witnesses that will help to eliminate the culture of “us versus them,” and it is something we have been emphasizing. It all goes together. But there is—in the past, it has seemed it is us versus them. And we want to make sure that we eliminate that culture and work together as a team.

The reality is that the impact of a terrorist attack or a major disaster is felt by all, regardless of one’s political party, or whatever you are—a Federal official versus a state or local official. It is one team together.

Therefore, I look forward to the testimony of our witnesses that highlight how we can work together—work together—I emphasize—to improve the recovery process, not finger-pointing.

The people of the Gulf Coast region have been badly served. We can do better. I know there has been instances how we have served well. But we can do better as a team. We should not allow the inefficiency, the bureaucracy or the scandals to further deprive the people of this region from a timely and effective recovery process.

With that, I want to thank the witnesses for coming here today. And I look forward to a robust discussion centered on sound governance that promotes creative solutions and coordinated planning to rebuild the resilient Gulf Coast.

The chair now recognizes the ranking member of the Subcommittee of the Emergency Communications, Preparedness and Response, the gentleman from Alabama, Mr. Rogers, for an opening statement.

Mr. ROGERS. Thank you, Mr. Chairman.

And, first, I would like to thank all the witnesses for taking the time out of your schedules to be with us today. It is very helpful and important, and it is very much appreciated by us.

As the chairman said, the hearing is being held today to discuss FEMA’s efforts to facilitate Gulf Coast recovery and rebuilding after Hurricanes Katrina and Rita and the need to continue applying lessons learned from them, as well as Ike and Gustav, to future recovery efforts.

I look forward to testimony from David Garratt, from the Office of Gulf Coast Recover, as well as Stan Czerwinski, from the GAO. I hope you will discuss the progress that FEMA has made in developing a strong Emergency Management System, particularly in the areas of disaster recovery and mitigation.

We also look forward to hearing from Ms. Liu and Mayor Thomas, who can provide insight into the details of recovery underway, as well as the need to strengthen information sharing and coordination between FEMA and state and local governments.

After Hurricanes Katrina and Rita struck the Gulf Coast, emergency-management officials in my home state of Alabama helped Alabama residents and displaced victims from Louisiana and Mississippi find emergency housing.

Hurricanes Katrina and Rita, and more recently, Ike and Gustav, have taught us all to appreciate the state and local partnerships that become crucial during times of disaster response and recovery.

I feel strongly that while more work remains to be done, FEMA has made significant progress in the last 2 years and would lose valuable resources and suffer a major setback if it was pulled out of DHS.

We all know that this nation cannot afford to be distracted or unprepared to respond when a natural disaster or terrorist attack occurs on our soil. This hearing presents an opportunity to look at what should be done to improve response and recovery efforts in going forward.

And I yield back, Mr. Chairman.

Mr. CUELLAR. OK, Mr. Rogers.

And, again, just for the record, Mr. Rogers and I have sat down before. And we have talked about how we can work this committee in a bipartisan way. And I appreciate his input—his vast input, working with our committee staff, also.

At this time, the chair now recognizes the chairman of the Committee of Homeland Security, the gentlemen from Mississippi, Mr. Thompson, for an opening statement.

Mr. Chairman?

Mr. THOMPSON. Thank you very much, Chairman Cuellar.

First, let me thank our panel for being here today. We all are aware of the destructions caused by Hurricane Katrina and Rita in 2005, and Gustav and Ike in 2008. What we need to understand, though, is how we move ahead with the recovery process.

As you know, I have been very vocal with my displeasure with the pace in which the Gulf States are drawing down and spending disaster-relief funds provided by FEMA and other Federal agencies. In particular, I am bothered by the lethargic pace that FEMA, Mississippi and Louisiana are spending the public-assistance grants from Katrina and Rita. These funds, which are intended to restore critical infrastructure in the region, are vital to a full recovery.¹

We cannot afford to fail in effectively leveraging these funds. Mississippi has been awarded \$2.9 billion by FEMA. But about \$1.3 billion of these funds still have not been spent. Louisiana was awarded \$7.5 billion, but the state has yet to disperse \$3.4 billion.

We are 3½ years removed from the 2005 hurricanes, and we still have nearly \$5 billion sitting there, waiting to be used. Meanwhile, as of February 1st, Texas has roughly 85 percent of the funds FEMA has obligated to them as a result of 2005 and 2008 hurricanes.

¹See committee file.

And I am concerned that the governors of Mississippi and Louisiana are going to develop a reputation for being poor stewards of taxpayers' money. Let me be clear, though. I don't think it is entirely a problem with the states.

FEMA's inflexible funding structure and a lack of quick resolution during disputes is also delaying the speed of recovery. I hope we can get someone here today to agree on what the problems are and hopefully start a conversation that will help streamline these funds to get them to the people who need them.

At a full-committee hearing last week, Homeland Security Secretary Napolitano agreed that post-disaster funds need to be streamlined. However, I was concerned to find out that Mr. Garratt was testifying at the same time, before another committee, that the public-assistance appeal process is meant to be a thoughtful, deliberative process, not a quick resolution.

I understand Mr. Garratt's position of protecting taxpayers' funds from fraud, waste and abuse. But I am convinced that we can improve accountability of the funds and streamlines to build credit where it is safe.

It is important that FEMA and the states work together to find a quick and effective way to distribute these funds. Unfortunately, most of the stories we are hearing are about disagreements between FEMA and the states.

For example, after Katrina, New Orleans claimed that the majority of damage to the city's sewer system was from the storm, but FEMA claimed that most of the damage was due to poor maintenance. Because of this dispute, FEMA did not even begin an in-depth damage assessment of the sewer system until July 2007, nearly 2 years after the storm—just an example of the “us versus them” mentality that has greatly hampered the recovery in the Gulf.

I am hoping today that we can find common ground, that we can put the “us versus them” mentality behind us and find a way for all parties to work together toward the common goals of a complete recovery in the Gulf.

To accomplish this, we must identify and learn from our past mistakes. I look forward to your testimony. And, again, thank you for being here.void

Mr. CUELLAR. Thank you. Thank you, Mr. Chairman. Thank you.

All the members of the subcommittee are reminded that under the committee rules, opening statements may—may be submitted for the record.

At this time, we will go ahead and move on to the witnesses' statements. Again, I certainly want to welcome the panels and, again, members. I have given you the names of the first witnesses.

Our first witness will be Mr. Stanley Czerwinski, the director of Strategic Issues of the U.S. Government Accountability Office. Our second witness will be Mr. David Garratt, who is the acting deputy administrator of the Federal Emergency Management Agency.

Our third witness is Ms. Lyda Ann Thomas, the mayor of Galveston, Texas. And our final witness is Amy Liu, from the Brookings Institute—deputy director there.

Again, we appreciate it. And without objection, the witnesses' full statements will be inserted into the record. And I will ask each wit-

ness to summarize his or her statement for 5 minutes, beginning with Mr. Garratt.

Members—I am sorry. Before we get started—I handed a copy to members. They should be in your notebook—hand it over—that has the assistance. And the grants have gone down to the poor states—and what has been obligated, what has been drawn down. So that will give you an idea of the overall picture, per state.

So at this time, we can start off with the first witness.

STATEMENT OF DAVID GARRATT, ACTING DEPUTY ADMINISTRATOR, FEMA'S DISASTER ASSISTANCE DIRECTORATE, DEPARTMENT OF HOMELAND SECURITY

Mr. GARRATT. Thank you, and good morning, Chairman Cuellar, Ranking Member Rogers and other distinguished members of the committee.

It is a privilege to appear before you today on behalf of the Department of Homeland Security and the Federal Emergency Management Agency. As always, we welcome your interest in, and appreciate your continued support of the challenging Emergency Management mission.

I am joined at the table today by James Walke, the acting assistant administrator of the Disaster Assistance Directorate at FEMA. Mr. Walke is the agency's premier authority on public assistance. And we look forward to some productive dialogue on the subject.

FEMA's public-assistance program is, with rare exceptions, a fundamentally critical element of any major disaster recovery. Through public assistance, grants are provided to states, local governments, and certain private nonprofits to reimburse for the removal of debris, for emergency protective measures and temporary relocation of certain services or functions, and the repair and replacement of infrastructure damaged or destroyed by a disaster event.

The repair or replacement of infrastructure can include public roads, bridges, drainage structures, water-control facilities, public buildings, public utilities, parks and other facilities.

Though funded through FEMA, the public-assistance program is administered and managed by states. Local governments and other eligible applicants receive their funding through the states. The state controls the pace of such disbursements.

Federal regulations authorize states to disperse funds for small projects up-front, if state regulations allow such payment. For large projects, Federal regulations authorize states to disperse funds to applicants on a reimbursable basis. However, in an effort to meet the financial challenges of local applicants, the states of Louisiana and Mississippi have both established policies to provide advanced funding to begin design work and construction.

To date, the Louisiana Governor's Office of Homeland Security and Emergency Preparedness has dispersed \$4.1 billion of the \$7.5 billion FEMA has obligated to applicants.

The Mississippi Emergency Management Agency has dispersed \$1.6 billion of the \$2.9 billion FEMA has obligated to applicants.

There are, sometimes, disagreements between FEMA and applicants about the extent of disaster-related damages to facilities that were not well maintained prior to the disaster. The Stafford Act

authorizes FEMA to reimburse applicants to repair disaster-related damages, but not damage attributed to deferred maintenance, neglect or other causes.

Applicants who disagree with the FEMA determination have the right to appeal, and have 60 days from the written determination to file a first appeal with the appropriate FEMA regional office. If the regional administrator denies the first appeal, the applicant has 60 days to file a second appeal to FEMA headquarters.

The recently enacted American Recovery and Reinvestment Act of 2009 contains a provision that directs the president to establish an arbitration panel to expedite recover efforts in the Gulf Coast for Hurricanes Katrina and Rita, and FEMA and the department are developing procedures to implement this new requirement.

In the meantime, FEMA will continue to work with the states and applicants to resolve disputes.

Recognizing that the scale of devastation demanded maximum flexibility within the public-assistance program, FEMA developed a number of innovative strategies consistent with the authorities of the Stafford Act, and designed to address some of the unique challenges of recovering from Hurricanes Katrina and Rita.

FEMA will continue to adapt its policies wherever possible to expedite the recovery process.

We have made, I believe, significant progress in promoting recovery in the Gulf Coast. To date, FEMA has obligated over \$10.5 billion in public-assistance funding to the Gulf Coast states. FEMA has taken aggressive steps to speed the provision of funds to the states, and to encourage the states to provide funds to local applicants.

While FEMA has obligated the majority of public-assistance funds to the states, it is important to recognize that the approval of projects and the obligation of funds is just the beginning of the rebuilding process. Local jurisdictions continue to confront a lengthy and challenging rebuilding period.

Nevertheless, FEMA will remain on the ground, shoulder-to-shoulder with our state and local partners, as they undertake these major repair and construction projects to the roads, bridges, schools, utilities and other public facilities.

As brick-and-mortar projects are begun, we will continue to identify additional eligible work as it emerges or is identified, and continue to reimburse actual costs for any eligible work.

Repairing and rebuilding damaged and destroyed infrastructure has been, and will continue to be, a challenge. But FEMA's public-assistance presence and support can be counted on until that challenge is met.

Thank you. We are prepared to address any questions you may have.

[The joint statement of Mr. Garratt and Mr. Walke follows:]

Statement of
David Garratt
Acting Deputy Administrator
and
James Walke
Acting Assistant Administrator
Disaster Assistance Directorate
Federal Emergency Management Agency
Department of Homeland Security
**“FEMA’s Gulf Coast Rebuilding Efforts:
The Path Forward”**

Before the House Committee on Homeland Security’s Subcommittee on
Emergency Communications, Preparedness and Response
U.S. House of Representatives
Washington, DC
March 3, 2009

Introduction

Good morning, Chairman Cuellar, Ranking Member Rogers and other distinguished members of the Committee. It is a privilege to appear before you today on behalf of the Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA). As always, we appreciate your interest in, and continued support of emergency management, specifically FEMA’s response and recovery efforts in the wake of disaster events.

I am joined today by James Walke, Acting Assistant Administrator for the Disaster Assistance Directorate at FEMA. We are pleased to be here with you today to update you on our Public Assistance (PA) efforts from hurricanes Katrina and Rita throughout the Gulf Coast.

Public Assistance Overview

FEMA’s PA program is a vital and visible part of the recovery process. FEMA has been extremely active in working with the States and local governments to repair, restore, or rebuild public services and facilities. FEMA’s PA program provides grants to States, local governments and certain private non-profits to reimburse for the removal of debris, for emergency protective measures and temporary relocation of certain services or functions, and the repair and replacement of infrastructure damaged or destroyed by a disaster event. The repair or replacement of infrastructure can include public roads, bridges, drainage structures, water control facilities, public buildings, public utilities, parks and other facilities.

Though funded by FEMA, the State administers the PA program. Local governments and other eligible applicants receive their funding through the States. When State and local governments identify eligible projects, FEMA, along with the State and applicant, prepares a project worksheet to document the disaster damage to the facility and estimate the cost to repair the damage. FEMA enters the completed project worksheet into NEMIS, our management information system, to begin the funding process. A project worksheet has been prepared for every project that the State and local governments have identified to FEMA. There are occasions when the PW has to amend an obligated project worksheet to adjust the eligible scope of work or cost estimate for a project to ensure that funding is provided to eligible applicants, for eligible work and for eligible costs.

FEMA staff works very closely with the State and the eligible applicant to complete the project worksheets and obligate the federal share of assistance. FEMA, State and public/private nonprofit applicants jointly prepare project worksheets.

Preparing project worksheets and reaching agreement on the eligible scope of work and cost estimates is a collaborative process that takes time to complete.

Once FEMA approves and obligates a project worksheet, the State receives the funds to disburse to the applicant. As of February 20, 2009, FEMA has obligated over \$10.5 billion in public assistance funding to the Gulf Coast states (including \$7.5 billion to Louisiana and \$2.9 billion to Mississippi).

The State controls the pace of such disbursements. Federal regulations authorize States to disburse funds for small projects (projects that cost less than \$55,500) to applicants up front, if state regulations allow such payment. For large projects (projects that cost more than \$55,500), Federal regulations authorize States to disburse funds to applicants on a reimbursement basis. In other words, applicants must have incurred costs before they can request funds from the State. However, in an effort to meet the financial challenges of local applicants, the States of Louisiana and Mississippi have both established policies to provide advance funding to begin design work and construction. To date, the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has disbursed \$4.1 billion of the \$7.5 billion FEMA has obligated to applicants. The Mississippi Emergency Management Agency (MEMA) has disbursed \$1.6 billion of the \$2.9 billion FEMA has obligated to applicants.

In some cases, FEMA must amend or prepare an alternate version of a PW to revise the scope of work to reflect newly identified damage, or revise the cost estimate after the applicant finalizes design of the project or awards construction contracts. FEMA estimates that approximately 1,400 project worksheets in Louisiana may require an amendment or version update. While we have had many challenges, we believe that FEMA and the State of Louisiana have developed a process to systematically and efficiently evaluate applicants' requests to amend project worksheets.

In Mississippi, there have been significantly fewer requests to amend or prepare alternate versions to obligated project worksheets. Typically, FEMA has amended or prepared versions of project worksheets after the applicant completes the work and FEMA and the State reconcile project costs.

There are sometimes disagreements between FEMA and applicants about the extent of disaster-related damages to facilities that were not well-maintained prior to the disaster. The Stafford Act authorizes FEMA to reimburse applicants to repair disaster-related damages. Based on assessments by FEMA Public Assistance staff, some of the facilities damaged by Katrina and Rita also suffered from deferred maintenance. Although FEMA has prepared project worksheets to document what we believe to be the disaster-related damages, applicants have not initiated repairs to the facilities or submitted formal appeals. If an applicant does not agree with a scope of work in an approved PW, FEMA regulations (44 CFR 206.206) provide an applicant 60 days to file a first appeal with the appropriate FEMA regional office. If the Regional Administrator denies the first appeal, the applicant has 60 days to file a second appeal with the Assistant Administrator at FEMA Headquarters.

The American Recovery and Reinvestment Act of 2009 contains a provision that directs the President to establish an arbitration panel to expedite recovery efforts in the Gulf Coast for Hurricanes Katrina and Rita. The Administration is developing procedures to implement this new requirement. In the meantime, FEMA will continue to work with the States and applicants to resolve disputes.

Public Assistance Innovations

We have made, I believe, significant progress in promoting recovery in the Gulf Coast. As of February 13, 2009, FEMA has obligated over \$10.5 billion in public assistance funding to the Gulf Coast states (Louisiana and Mississippi). In recognition of the extraordinary level of devastation to the area, FEMA developed innovative strategies, within the authorities of the Stafford Act, to help Louisiana deal with the challenges of recovering from Hurricanes Katrina and Rita. These innovations included:

- **Alternative arrangements:** All FEMA funded projects must comply with the National Environmental Policy Act. Traditionally, FEMA would assess the environmental impact of each new facility. To accelerate the environmental review process, FEMA developed a process to evaluate environmental impacts that decreases the amount of time usually required for environmental reviews, approvals, and comment periods, but still meets the requirements of the National Environmental Policy Act. This has allowed us to approve and obligate funds for new projects quicker.
- **Building contents:** Traditionally, FEMA requires applicants to use their reimbursements to replace damaged contents on a piece-by-piece basis. Following Hurricanes Katrina and Rita, FEMA provided applicants with the flexibility to

combine all of their grant monies for contents into one grant and use that money toward broad contents categories, such as furniture, publications, and information technology. This flexibility allows applicants to maximize their funding and adjust it to their specific content needs instead of forcing them to purchase pencil-for-pencil or book-for-book.

Consolidation projects: FEMA has allowed applicants the option of combining multiple facilities and their functions into one facility or multiple facilities at one location without a reduction in eligible funding. This initiative is called project consolidation. This allows applicants the flexibility to use monies to rebuild smarter in implementing their recovery plans. For example, a county/parish may decide it needs fewer fire stations in one area but bigger fire stations in another area to best serve population shifts. The county/parish can make that decision without losing any FEMA funding.

- **Project management fees:** Applicants have the option to receive project management fees upfront and lumped together in one project worksheet for all of their projects, so they can use those funds to employ architectural and engineering (A&E) firms to begin designs for facility repair/rebuilding. This allows applicants the flexibility to begin work on priority projects and funnel monies toward the design of those projects so rebuilding can begin.

- **Vehicle replacement:** Traditionally, FEMA reimburses an applicant for each damaged or destroyed vehicle and require applicants to replace them in-kind. FEMA has adjusted its policy for the replacement of vehicles. Applicants have the flexibility to take funds for the replacement of storm-damaged vehicles and use them to purchase a smaller number of alternate vehicles with the same function.

FEMA continues to adapt its policies, where possible, on other issues that will expedite the recovery process.

Public Assistance Challenges

While progress has been made in streamlining and expediting funds to the State and local governments, a number of unique and significant hurdles remain facing the State and local governments.

- Grant funds are limited to actual costs and applicants are struggling with funding shortfalls as they address real needs in repairing and replacing facilities. These issues include both cash flow problems and the applicants' efforts to address non-disaster related improvements and expansions not eligible for PA funding.

- Louisiana and Mississippi still have not made decisions regarding accepting the current level of funding proposed by FEMA, and subsequently, this has hindered decisions regarding what building projects they intend to repair, rebuild, consolidate or relocate. This is reflected in the small number of construction projects actually underway. This indecision on the part of the States has not hindered FEMA, however, from obligating these funds to the State to begin work on these projects. Additionally, because states have not drawn down these funds, and not filed formal appeals to request additional funding, funds remain unspent in the State's account.

- FEMA accommodated the State of Louisiana's request to create updated project worksheet versions each time a significant change was made to the scope of work, costs, etc, during the life of the project. However, this accommodation has significantly increased the number of project worksheet versions in Louisiana and disputes.

FEMA anticipates working closely with State and local governments to resolve these issues.

Looking Ahead

FEMA has taken aggressive steps to speed the provision of funds to the States and to encourage the States to provide funds to local applicants. While FEMA has obligated the majority of public assistance funds to the States, it is important to recognize that the approval of projects and the obligation of funds is just the beginning of the rebuilding process. Local jurisdictions are now entering what will be a lengthy and challenging rebuilding effort. A construction project for just one school is a significant undertaking for a local community—the repair and rebuilding of entire communities will continue to challenge and stretch local capabilities.

FEMA will remain on the ground, committed to supporting our State and local partners, as they undertake major repair and construction projects to their roads, bridges, schools, utilities, and other public facilities. As the brick and mortar projects are executed, we will continue to identify additional eligible work that was not originally anticipated. The PA program is a reimbursements program and FEMA will pay actual costs for eligible work.

Conclusion

Throughout the Gulf Coast, we have piloted many new initiatives that have contributed not only to the recovery of the Gulf Coast but have also contributed to the retooling and improvement of FEMA. These initiatives and our lessons learned will help to improve the effectiveness of FEMA's programs in future disasters.

While repairing damaged and destroyed infrastructure has been, and will continue to be a challenge, FEMA remains committed to providing and coordinating continued assistance to the victims of hurricanes Katrina and Rita.

Thank you again. We are prepared to address any questions you may have.

Mr. CUELLAR. Mr. James Walke, who is FEMA's acting assistant administrator for the Disaster Assistant Director, is also present to answer any particular questions that you all might have.

At this time, I would like to recognize Mr. Czerwinski to summarize his statement for 5 minutes.

**STATEMENT OF STANLEY J. CZERWINSKI, DIRECTOR,
STRATEGIC ISSUES, U.S. GOVERNMENT ACCOUNTABILITY
OFFICE**

Mr. CZERWINSKI. Mr. Chairman, members of the subcommittee, thank you for inviting us here today to testify on lessons about better rebuilding after disasters, particularly in the Gulf Coast.

And I need to thank you, Mr. Chairman, because you actually summarized part of my statement, including my overriding message. And that is, "We are all in it together—Federal, state and local governments." And they have to be partners for this to work.

And as Mr. Garratt pointed out, in the Stafford Act, the primary responsibility for doing the rebuilding is at the state and local level—at—but the money, the paper building, is from the Federal Government.

And this works best when the state and local governments are empowered and capable to do the work, and the Federal Government delivers the funds as simply as possible.

As you know, there are several phases to disaster assistance. There is preparedness. There is responding to the emergency needs and immediate aftermath, and there are rebuilding after disasters.

Frankly, the disaster community tends to focus on the preparedness and on the immediate response. You have exercises to enhance capacity, to be prepared. You have a national response plan that has been around for years that lays out detailed roles and responsibilities for the Federal, state and local level.

We don't have the structure for rebuilding. So in the wake of hurricanes Katrina, Ivan and Gustav, and the Midwest floods, we felt that—that state and local governments, and the Federal Government, could benefit from some lessons that we learned from looking at past disasters.

And as you mentioned, Mr. Chairman, we went back and visited sites and talked to people involved in the response and the rebuilding, from Katrina and Rita in the Gulf Coast, Andrew, in Florida, the Red River floods in North Dakota and Minnesota, the earthquakes in California—both Northridge and Loma Prieta—and we even sent a team to Japan to look at how they did things after Kobe.

And we also did a review of the public-assistance program. And, as Mr. Garratt points out, public assistance is a very procedural-

process intensive program. And we have some ideas about how it might go better.

Today, I want to share a few simple lessons for you. And we got these from our examples. The first lesson that we have is you have got to have a plan, and you have to have that plan as soon as possible. I will give you an example.

After Loma Prieta, in northern California, there were two communities that were nearby, similarly affected—Santa Cruz and Watsonville. And in Santa Cruz, they had a vision. They had a strategy for what they wanted to do. They wanted to maintain their local businesses.

In the immediate aftermath of disaster, they set up pavilions where their businesses, right next to downtown, were able to reconstitute. They kept their businesses open. The Loma Prieta earthquake was in late October. It was going into the Christmas season—Vital to small businesses. These people stayed in business. And they went through the holiday season. And when they rebuilt, they were back in Santa Cruz.

Watsonville did not have a plan. It did not have a strategy. And their businesses went. They went out to the strip malls around the area. They never did come back.

And, today, if you look at Santa Cruz, they have a thriving downtown. If you look at Watsonville, just about 10–15 miles away, they are struggling with unemployment, and they have a stagnant economy that goes beyond the current recession.

The second lesson that I want to talk about is that it takes money to spend money. And a good example of that is that the FEMA public-assistance program requires state and local governments to front the money for their projects.

There is a reason for this. The idea is if they wanted to stay—go—they have to have skin in the game. They want to have some accountability—that we are not going to projects that are too expensive, or that we don't want to do. It also has a choking effect.

You are talking about local governments and state governments that have been devastated—just had a disaster. Their infrastructure has been torn apart. Their lives have been torn apart. And on top of that, their finances are decimated.

They don't have the revenue streams. They don't have the economic basis. And, yet, they have to come up with the up-front money.

There have been some creative ways that we have seen to handle this. One was in Mississippi. The state went out and quoted a \$200 billion—a \$200 million—and in this current environment today, with the stimulus, we could have millions and billions all mixed up. This is \$200 million bond issue.

This was, then, used for the three Gulf Coast communities to provide the money up front. And downside to not having the money up front is that it does two things to local governments. And I am sure the mayor can talk about this much better than I can.

But it inhibits the ability to do the up-front planning and the up-front design work that you need for your projects. What it also does is it limits who you can contract with. You can only contract with contractors who can wait to be paid. And if you are waiting to be paid, well, that is going to close on a lot of the smaller businesses.

What it is also going to do is it puts the contractor in the position of strength in the negotiation, because they know you need them. And they will wait for the money. And, believe me, there will be a carrying cost when that contract is actually consummated.

The final lesson that I want to talk a little bit about—and this is the GAO—we wouldn't be here if we didn't talk about fraud, waste and abuse—and that is there is a vulnerability that is inherent in a disaster area after it occurs. And it is a vulnerability to fraud, waste and abuse.

There is a lot of money flowing in. There are people in need. And sometimes the people in need don't know who the good contractors are and who the bad contractors are.

We saw a really good example of how to deal with this up in—after the Red River floods in North Dakota. The city of Grand Forks brought together what they called the “one-stop shopping” credentialing operation.

Any contractor who wanted to do business there had to go in there. And they were covered by the Bureau of Licensing, the Criminal Investigations inside their state. They did background checks. They did criminal checks. They did financial checks.

They, then, looked at bonding and licensing, and issued photo IDs that these contractors had to carry with them. Therefore, if you were a homeowner and looking to have your home rebuilt, if that contractor did not have that kind of licensing approval, you didn't want to deal with them.

So that was as simple idea. And what we saw was after the recent Midwest floods, the city of Cedar Rapids, Iowa adopted that same idea.

With that, what I would like to do is just close off by saying there is a lot of other lessons that we have learned. And we would be happy to talk to you about them during the question-and-answer, if you are interested.

That concludes my statement, Mr. Chairman. Thanks for asking us to testify.

[The statement of Mr. Czerwinski follows:]

PREPARED STATEMENT OF STANLEY J. CZERWINSKI

Mr. Chairman and Members of the Subcommittee:

Recovery from major disasters is a complex undertaking that involves the combined efforts of all levels of government in order to succeed. While the federal government provides a significant amount of financial and technical assistance for recovery, state and local jurisdictions work closely with federal agencies to secure and make use of those resources. With this in mind and as requested, my testimony today describes a number of lessons and insights that we have identified from our work on past disasters that may be useful to inform the actions of federal, state, and local government as they work to meet the challenging process of recovering after Hurricanes Ike and Gustav as well as other disasters yet to come.

My statement is primarily based on two recently released reports that are part of a body of work GAO has developed regarding disaster recovery.¹ In September 2008, we identified lessons from the experiences of communities that have recovered from previous major disasters in order to help inform recovery efforts in the wake

¹See app. I of GAO, *Disaster Recovery: Past Experiences Offer Insights for Recovering from Hurricanes Ike and Gustav and Other Recent Natural Disasters*, GAO-08-1120 (Washington, D.C.: Sept. 26, 2008) for a partial listing of GAO products on disaster recovery.

of Hurricanes Ike and Gustav as well as the 2008 Midwest floods.² This past December, we examined the implementation of the Federal Emergency Management Agency's (FEMA) Public Assistance grant program after the 2005 Gulf Coast hurricanes³ and identified several actions that the Department of Homeland Security can take to improve the operations of the program.⁴ In commenting on a draft of that report, the department generally agreed with our recommendations.

We conducted our reviews in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Past Disasters Offer Recovery Insights for State and Local Governments

While the federal government provides significant financial assistance after major disasters, state and local governments play the lead role in disaster recovery. Experiences from past disasters can provide states and local communities with potential good practices to consider. These practices are creating a recovery plan; building state and local capacity to use federal disaster assistance programs; supporting business recovery; and combating fraud, waste, and abuse of government programs. Because each disaster is distinctive and the resources and capacities of every community differ, each jurisdiction will need to consider whether and how to apply these insights to its own specific circumstances.

Create a Clear, Implementable, and Timely Recovery Plan

A recovery plan can provide state and local governments with a valuable tool to document and communicate recovery goals, decisions, and priorities—in effect, they can provide a roadmap for the recovery process. Just as important, the very process of developing these plans provides an opportunity for recovering jurisdictions to involve the community in identifying recovery goals and priorities. In our review of recovery plans created after past disasters, we have identified certain characteristics that facilitated the recovery process.

Identify clear goals for recovery. A plan containing clear goals can provide direction and specific objectives for a recovering community to focus on and strive for. Clear goals can also help state and local governments prioritize projects, allocate resources, and establish a basis for subsequent evaluations about the recovery. After the 1995 earthquake in Kobe, Japan, jurisdictions identified specific recovery goals in their plans, such as the rebuilding of all damaged housing units in 3 years and removing all temporary housing within 5 years. These goals were critical for helping to coordinate the wide range of participants involved in recovery. Additionally, these goals allowed the government to communicate its recovery progress with the public. Each month, information on progress made toward achieving those goals was provided to the public online and to the media at press conferences. Finally, these goals provided a basis for evaluations conducted by local governments, which enabled policymakers to measure the region's progress toward recovery, identify needed changes to existing policies, and learn lessons for future disasters.

Include detailed information to facilitate implementation. Including detailed implementation information in recovery plans can help communities realize recovery goals. Implementable recovery plans specify objectives and tasks, clarify roles and responsibilities, and identify potential funding sources. Accordingly, the recovery plan created by the City of Grand Forks, North Dakota, after the 1997 Red River flood contained these elements. First, the plan outlined broad recovery goals, which were linked to a number of objectives and tasks that would help to realize those broad goals. The plan also identified a target completion date for each task so the city could better manage related activities. Second, Grand Fork's plan assigned personnel to each task to carry out that activity. By clarifying the roles and responsibilities for those who would be involved in accomplishing specific tasks, the plan provided detailed information to facilitate implementation. Third, the Grand Forks plan identified funding sources for each recovery task. It also included a financing matrix, which presented various funding sources for each task along with

²See GAO-08-1120. For this review, we examined recovery experiences following these six major disaster events: (1) the 1989 Loma Prieta earthquake in northern California; (2) Hurricane Andrew, which struck southern Florida in 1992; (3) the 1994 Northridge earthquake in Los Angeles, California; (4) the 1995 Kobe earthquake in Japan; (5) the 1997 Grand Forks/Red River flood in North Dakota and Minnesota; and (6) the 2005 Gulf Coast hurricanes.

³For the purposes of this testimony, "2005 Gulf Coast hurricanes" refers to Hurricanes Katrina and Rita and is treated collectively as a single disaster event.

⁴GAO, *Disaster Recovery: FEMA's Public Assistance Grant Program Experienced Challenges with Gulf Coast Rebuilding*, GAO-09-129 (Washington, D.C.: Dec. 18, 2008).

target completion dates. A city evaluation found that these plan characteristics allowed the city to conceive and formulate projects in collaboration with the city council and other governmental representatives. It also helped Grand Forks meet its recovery goals as well as adhere to federal and state disaster assistance funding laws and regulations.

Establish plans in a timely manner. The prompt completion of recovery plans help to facilitate the ensuing recovery process by providing a clear framework early on. Creating plans in a timely manner can be a challenge after disasters, as was the case in New Orleans after the 2005 hurricanes. However, jurisdictions affected by the Kobe earthquake devised a strategy to ensure that recovery plans were finalized promptly after the 1995 earthquake. These local jurisdictions had a relatively short amount of time in which to submit proposals for the national budget that would be considered for the coming year. Facing this deadline, officials developed a two-phase planning strategy. First, they completed a plan within 2 months of the earthquake that identified broad recovery goals to provide a basis for budget requests. Second, six months after the earthquake, local Japanese officials collaborated with citizens to develop more detailed recovery plans. This two-phase planning process enabled the jurisdictions to meet their tight national budget submission deadline while allowing additional time for communities to develop specific recovery strategies.

Build State and Local Capacity for Implementing Federal Disaster Programs

Given the lead role that state and local governments play in disaster recovery, their ability to act effectively directly affects recovery after a major disaster. While the federal government plays a key supporting role by providing financial assistance through a range of programs, state and local governments may need certain capacities—such as having financial resources and technical know-how—to effectively take advantage of that assistance.

Enhance financial capacity. The widespread destruction caused by major disasters can impose significant financial burdens on the state and local governments, such as creating unbudgeted expenses while at the same time decimating the local tax base. In addition, federal disaster programs often require state and local governments to match a portion of the assistance they receive. In the past, affected jurisdictions have used loans from a variety of sources to enhance local financial capacity. For example, after the 1997 Red River flood, the Bank of North Dakota provided a line of credit of over \$44 million to the City of Grand Forks. The city used this loan to meet FEMA matching requirements, provide cash flow for the city government's operating expenses, and fund recovery projects that commenced before the arrival of financial assistance.

Strengthen technical capacity. State and local governments face the challenge of implementing the wide range of federal disaster programs. Some of these federal programs require a certain amount of technical know-how to navigate. For example, FEMA's Public Assistance grant program has complicated paperwork requirements and multistage application processes that can place considerable demands on applicants. To strengthen their technical capacity to implement this program after the 2005 Gulf Coast hurricanes, FEMA and Mississippi state officials used federal funding to obtain an online accounting system that tracked and facilitated the sharing of operational documents. In doing so, FEMA and the state reduced the burden on applicants of meeting Public Assistance grant program requirements, gained immediate access to key documents that helped officials make project approvals, and relieved the documentation and resulting human capital responsibilities that applicants faced during project development.

Implement Strategies for Business Recovery

Business recovery is a key element of a community's recovery after a major disaster. Small businesses are vital to a community's economic health, yet are especially vulnerable to disasters because they often lack resources to sustain financial loss and have less capacity to withstand market changes. Federal, state, and local governments have developed strategies to facilitate business recovery, including several targeted at small businesses.

Provide technical assistance to help businesses adapt to postdisaster market conditions. Major disasters can change communities in ways that require businesses to adapt. The ability of business owners to recognize change and adapt to the postdisaster market for goods and services can help those firms attain long-term viability after a disaster. Recognizing this after the 1994 Northridge earthquake, Los Angeles officials assisted neighborhood businesses in adapting to short- and long-term changes, using a combination of federal, state, and local funds. Specifically, a local nonprofit provided direct technical assistance to affected businesses

such as counseling them on how to obtain government assistance and providing strategies for how to adapt to the changed business environment. This information was disseminated through door-to-door canvassing in affected areas to reach out to business owners and conferences to teach owners how to market their businesses given the changed demographics.

Create strategies to minimize business relocation and the loss of customer base. Widespread business relocations after a disaster can hinder recovery. Local governments have devised strategies to retain businesses after past disasters. For example, after the Red River flood, the City of Grand Forks used the Department of Housing and Urban Development's Community Development Block Grant funds to provide \$1.75 million in loans to businesses. A feature of this program was that it forgave 40 percent of the loan principle of businesses that were still operating in the community for 3 years. According to a local official, over 70 percent of businesses that received this loan stayed in Grand Forks for 3 years. Another local strategy taken to minimize business relocation was implemented after the 1989 Loma Prieta earthquake. The City of Santa Cruz constructed large aluminum and fabric pavilions where local businesses that suffered damage relocated. City officials stated that these pavilions helped to mitigate the impact of the earthquake on small businesses by enabling them to continue operations and thereby maintain their customer base.

Adopt a Comprehensive Approach to Combating Fraud, Waste, and Abuse

A persistent challenge facing government at all levels is the risk of fraud, waste, and abuse of funds targeted for disaster assistance. The influx of financial assistance available after a major disaster provides increased opportunities for such activities. Both disaster victims and public funds are at risk. We identified two actions that state and local governments can take after major disasters to combat the issue of fraud, waste, and abuse.

Create credentialing program to minimize instances of contractor fraud. Many disaster victims hire contractors to repair or rebuild their homes using government assistance. Residents are potential targets for fraud by unscrupulous contractors. To help protect its residents from contractor fraud after the 1997 Red River flood, the City of Grand Forks established a required credentialing program for contractors. This included a "one-stop shop" that served as a mandatory clearinghouse for contractors that wanted to do business with recovering residents. State and local officials staffing the clearinghouse carried out a variety of functions, including checking that contractors had appropriate licenses and insurance and did not have criminal records. After passing these checks and completing all the required applications, contractors were issued photo identification cards that they were required to carry at all times while working within city limits. In about 2 months, the city issued approximately 500 new contractor licenses and 2,000 contractor identification cards through the one-stop shop. During that same period, officials arrested more than 20 individuals who had outstanding warrants. In an effort to minimize instances of contractor fraud after the 2008 Midwest floods, the City of Cedar Rapids, Iowa created a similar contractor certification program modeled after Grand Forks' program.

Create comprehensive state framework to minimize fraud, waste, and abuse of federal programs. The need to quickly provide assistance to victims puts assistance payments at risk to fraudulent applicants who try to obtain benefits they are not entitled to. Our prior work on FEMA's Individuals and Households Program (IHP) payments and the Department of Homeland Security's purchase card program showed significant instances of fraud, waste, and abuse in the wake of the 2005 hurricanes. We previously estimated improper and potentially fraudulent payments related to the IHP application process to be approximately \$1 billion of the first \$6 billion provided. Additionally, FEMA provided nearly \$20 million in duplicate payments to individuals who registered and received assistance twice by using the same Social Security numbers and addresses.⁵ Because of the role state governments play in distributing and allocating this federal assistance, these known vulnerabilities call for states to establish effective controls to minimize opportunities for individual to defraud the government. We have previously testified on the need for fraud prevention controls, fraud detection, monitoring adherence to controls throughout the entire program life, collection of improper payments, and aggressive prosecution of individuals committing fraud.⁶ Without the creation of such a fraud protection framework—especially the adoption of fraud prevention controls—federal programs

⁵GAO *Hurricanes Katrina and Rita Disaster Relief: Prevention Is the Key to Minimizing Fraud, Waste, and Abuse in Recovery Efforts*, GAO-07-418T (Washington, D.C.: Jan. 29, 2007).

⁶GAO-07-418T.

can end up losing millions or potentially billions of dollars to fraud, waste, and abuse.

Challenges with FEMA's Public Assistance Grant Program After the 2005 Gulf Coast Hurricanes Provide Potential Lessons

The Public Assistance grant program, administered by FEMA, is one of two key programs the federal government has used to provide federal rebuilding assistance to Gulf Coast states after the 2005 Gulf Coast hurricanes. Under this program the federal government provides funds on a project-by-project basis. We have previously reported that federal, state, and local officials reported experiencing a wide range of operational challenges, many of which were magnified because of the large number of rebuilding projects following the 2005 Gulf Coast hurricanes. Today, I would like to focus on two broad challenges we identified in that report—those associated with developing Public Assistance projects and those involving information sharing.

Challenges Experienced in Developing Public Assistance Projects

In our recent review of the Public Assistance grant program, we identified several challenges involving the process of developing projects that at times contributed to delays and increased costs, particularly for many large permanent work projects. These included using program flexibilities to rebuild to the postdisaster needs of grant applicants and determining the scope of projects.

Limitations in using Public Assistance to rebuild to the postdisaster needs of grant applicants. Localities experienced difficulties using the Public Assistance grant program to rebuild in a way that met their postdisaster needs and conditions. This is because the program typically provides funds to restore buildings, equipment, or infrastructure back to the way they were before the disaster.⁷ For example when a community that was in the process of making infrastructure upgrades prior to the storms wanted to rebuild according to its updated plans, it experienced challenges using the program. Prior to the 2005 Gulf Coast hurricanes, local officials in St. Bernard Parish were beginning the process of consolidating the jurisdiction's seven separate wastewater and sewer treatment plants into a single facility in order to meet EPA compliance rules, among other things. The parish had already begun construction of the consolidated facilities and had issued a \$50 million bond to fund the project. However, the storms flooded the entire sewer system and destroyed equipment in all seven treatment plants. When parish officials applied for Public Assistance funding to repair the facilities, they sought to structure the project to accomplish their previous construction goals rather than building a system that they planned to decommission. These officials reported experiencing challenges obtaining agreement from FEMA to build their project as a consolidated wastewater treatment plant instead of seven separate facilities. This challenge, along with other challenges in obtaining agreement on the scope and cost of the project, led to over 2 years of delays in starting rebuilding. During that time, heavy trucks were used to pump and haul sewage as an interim measure, resulting in a considerable cost as well as damage to the parish's roads. According to St. Bernard Parish officials, the temporary measures have cost the federal government more than \$60 million. These officials estimated that had they been able to move ahead with their original plans, it would have taken about 1½ years for the new consolidated facility to become operational. However, more than 2 years after the project was proposed, rebuilding had not yet begun.

Local governments in the Gulf Coast also needed flexibility in rebuilding to address postdisaster needs when the population of their neighborhoods changed significantly from pre-Katrina levels. Consequently, it was important for their rebuilding projects to take into account new conditions. For example, in light of postdisaster population changes, Louisiana's Recovery School District sought flexibility in the size and location of the schools to be rebuilt. However, they experienced challenges with using the Public Assistance grant program to do this because the program is designed to restore infrastructure back to the condition, location, and function that existed before the disaster. FEMA and school district officials ultimately were able to work together to resolve their differences by moving toward a more flexible approach to rebuilding.

Difficulties in accurately determining scope of projects. Federal, state, and local officials also experienced challenges with developing the scope of work of Gulf Coast recovery projects. During the process of developing the scope of Gulf Coast projects, officials had difficulty determining which damage was disaster related and therefore potentially eligible for coverage under the program. For example, in St. Bernard Parish, roughly 2 years passed before FEMA and parish field inspection

⁷The program contains provisions—through the use of alternate or improved projects—that allow some changes, but this typically results in restrictions in funding.

teams completed identification of eligible damage to approximately 2,500 blocks of local streets. The parish had no records to document the condition of its streets prior to the 2005 Gulf Coast hurricanes, so according to state officials, FEMA conducted inspections of each street in an attempt to distinguish predisaster damage from what was caused directly as a result of the hurricanes. In contrast, nearby Jefferson Parish did not encounter similar challenges with distinguishing predisaster damage from damage directly related to the hurricanes. This is because the parish maintained a road repair-management information system (including a road-maintenance plan) prior to the disaster that enabled the parish to identify preexisting road conditions to FEMA officials, thereby helping to expedite its road-repair projects.

FEMA plans to incorporate some project development flexibilities into its regular practices. For example, FEMA's Public Assistance Catastrophic Disaster Recovery Concept Plan, finalized in May 2008, recognizes the need for regulations to allow applicants to more easily tailor projects to meet postdisaster needs. In September 2008, FEMA officials informed us that policies to address this issue as well as a range of other initiatives related to the plan are in development and are expected to be complete by March 2009.

Challenges with, and Lessons for, Information Sharing

Because the Public Assistance grant program is complex and requires collaboration among federal, state, and local officials, effective sharing of project information is especially important. We identified challenges to sharing project information among intergovernmental participants during project development. Federal, state, and local officials involved in the program in Louisiana reported facing challenges in effectively sharing critical operational information about projects including documents used to support scope and cost estimates, such as receipts, invoices, and facility assessments. For example, some applicants in Louisiana told us of the need to repeatedly resubmit key project documents because of the lack of an effective system to share such documentation. This situation was made worse because key federal and state officials responsible for reviewing and approving documentation were not primarily located in the same place. Although FEMA typically colocates with state grantees in order to facilitate information sharing, FEMA and Louisiana state officials conducted their work primarily from different cities—approximately 80 miles away.

In Mississippi, federal, state, and local officials adopted strategies that helped to facilitate the sharing of project information. For example, following the disaster, FEMA's Mississippi Transitional Recovery Office and the state grantee were located in the same office complex in Biloxi, Mississippi, and officials from these agencies were also positioned together throughout the state. They told us that this colocation had multiple benefits for information sharing and exchange, including the timely sharing of critical documents and facilitation of daily meetings on project-development issues. Further, as previously mentioned, FEMA and Mississippi state officials used Public Assistance funding to secure an online accounting system that made operational documents associated with projects readily available to all parties. As a result, FEMA and the state had immediate access to key documents that helped them to make project approval decisions and relieve the documentation and resulting human capital burdens that applicants faced during project development.

To help the Department of Homeland Security improve the operation of the Public Assistance grant program and build on some of the actions it has taken, our December 2008 report contained a number of recommendations, including that FEMA improve collaboration and information sharing within the Public Assistance process by identifying and disseminating practices that facilitate more effective communication among federal, state, and local entities communicating and tracking project information.⁸ In commenting on a draft of our report, the department generally agreed with our recommendations and noted that FEMA is making efforts to improve collaboration and information sharing within the Public Assistance process.

Conclusions

The insights and lessons gained from the recovery experiences of past major disasters provide a potentially valuable source to all levels of government as they seek to meet the many challenges and complexities of recovering from a major disaster. While there is no one right way for state and local jurisdictions to manage recovery, the practices I have presented today provide a basic set of considerations and approaches for communities recovering from Hurricanes Ike and Gustav as well as disasters yet to come. For its part, the federal government has been an active partner in disaster recovery, spending tens of billions of dollars on efforts to recover from

⁸ GAO-09-129.

disasters over the last several years. Our work on one key federal recovery program—FEMA’s Public Assistance grant program—has identified several specific actions that can be taken to address the operational challenges that the program faced in the wake of the 2005 hurricanes. Opportunities exist for the federal government to take steps in the future to continue to refine this program to better address these challenges that could be faced again by Gulf Coast states recovering from Hurricanes Ike and Gustav, and in advance of future disasters.

Mr. Chairman and members of the subcommittee, this concludes my statement. I would be happy to respond to any questions you may have at this time.

Mr. CUELLAR. Let me ask you before I move on: Could you provide us a little checklist of the lessons learned? I am sure you have got a report—

Mr. CZERWINSKI. Oh, sure.

Mr. CUELLAR. —but if we could have a checklist, we would appreciate it.

Mr. CZERWINSKI. We would be delighted to.

Mr. CUELLAR. Thank you.

All right; thanks again for your testimony.

At this time, I would like to recognize Mayor Thomas to summarize her statement for 5 minutes.

STATEMENT OF LYDA ANN THOMAS, MAYOR, CITY OF GALVESTON, TEXAS

Ms. THOMAS. Thank you—the subject of the hearing is “FEMA’s Gulf Coast Rebuilding Efforts: The Path Forward.”

Response and recovery from a devastating—the most devastating a hurricane as Ike, with its catastrophic 12 to 20-foot surge—has presented not only challenges, but opportunities for positive changes as Galveston rebuilds and moves into the future.

Galveston was as prepared as we could be for Ike. We had Katrina and Rita in our rear-view mirror, and the state and FEMA by our side. Using our own resources, having built a reserve to support city operations for 3 months out, partnering with the state to care for our citizens through pre-conditioned contracts and inter-local agreements, securing legislation and enabling the cities to borrow emergency funds, and arranging that with local banks, partnering with the University of Texas Medical Branch to swiftly and safely evacuate citizens dependent on medical assistance and public transportation, the city was prepared.

So was the business community, having arranged, in advance, for loan capacity for our businesses. Had it not been for our sea wall, Galveston would have looked, after Ike, like it did after the 1900 storm, which killed 8,000 Galvestonians.

Ike flooded over 75 percent of our homes and businesses, displaced and dispossessed an estimated 15,000 to 20,000 of our residents, reducing our population almost a third. Galveston was in shambles.

We, literally, looked to FEMA as our lifeline. FEMA personnel were positive and helpful, meeting high standards of performance.

However, the blanket practice of reassigning personnel every 4 to 6 weeks is disconcerting and discouraging for our city staff, our citizens, as well as myself. From top to bottom, and all sections in between, there often seems to be a willingness, but an inability to act positively.

Precious time is lost as inquiries flow up all the way to Washington, and wait for instructions to flow down. This can take weeks. Deadlines for assistance and temporary housing were set and then routinely changed at the last minute.

As much as FEMA made itself available to the public, the inherent difficulties met within the application process for assistance were then compounded by requirements for citizens to reapply for their housing vouchers every 2 weeks. A month to 90 days would be far more humane, considering the upheaval in people's lives.

A sense of urgency must continue to motivate as weeks stretch into months and months stretch into years. FEMA must reevaluate the funding process. We need to have pre-assessment tools and personnel, as well as advanced funding mechanisms that the state can activate as soon as the governor and the city declare a major disaster.

For pre-qualified cities, 100 percent reimbursement, or 50 percent prepayment is not out of the question. I definitely think that FEMA's path forward leaves through Galveston; that lessons learned and experience shared along the way from New Orleans to my historic city should be heeded, and recommendations implemented where possible, as soon as possible.

Some changes may take time. But the time to start is now.

My greatest hope is shoreline protection for my city, our entire Gulf Coast region, including the ports of Galveston, Houston, Texas City, Freeport, Port Arthur, the Houston Ship Channel, Galveston Bay, the Intracoastal Waterway; a region embracing major fishing, petrochemical industries, ecologically significant wetlands and millions of people, representing a healthy chunk of the gross national product.

My request is a personal response to the legacy left by my grandfather, Isaac H. Kempner, called "Ike," when he helped Galveston recover from the 1900 storm, and led in funding for the sea wall to protect the island from future storms.

Certainly, I, his granddaughter, in response to a hurricane ironically called Ike, could do no less than seek to save our city and distinguished institutions as the University of Texas Medical Branch and Shriners' Burns Hospital for Children, by asking Congress and FEMA to begin this long-term solution to an age-old problem.

I ask FEMA, working with other Federal and state agencies, to take the necessary steps to build a front line of defense, behind which an entire region can move forward with greater confidence.

FEMA is efficient when it comes to supplying generators and heavy equipment. Its PODs did help people boost their morale. But they are gone. And, soon, the hotels will be empty of our citizens. And Galveston will need to find homes on the island for them. And we will need to find jobs so they can feed their families.

The path forward, ladies and gentlemen, may not be rosy. But with FEMA's assistance and your help, and that of the Congress, Galveston and all communities that have been destroyed by these horrific events, will reclaim their future.

Thank you very much.

[The statement of Ms. Thomas follows:]

PREPARED STATEMENT OF MAYOR LYDA ANN THOMAS

City of Galveston Finance and Cash Flow Challenges

Immediately after Hurricane Ike hit Galveston, revenues to operate the city plummeted. Citizens were not on the island and therefore water consumption dropped dramatically. Five months after the storm water consumption has somewhat stabilized to a level that is 40% less than pre-storm levels, a level that could remain relatively constant for many years. Additionally, almost every business in town was closed, and 5 months after the storm only 35% of the businesses have reopened. Sales tax revenue took a significant dive. Although sales tax has rebounded with the rebuilding effort, long term our projections are for such revenues to remain at far less than pre-storm levels for an extended period of time.

Despite these challenges, the city must continue meeting payroll and operational expenses after the storm. On top of that we are expected to pay in advance for the clean up, response and repairs of all our systems and then seek reimbursement from FEMA that will not come for many months, and as experience has taught us in the past it can sometimes be years.

The City has to cover the 25% non-federal cost-share for FEMA assistance. Unto themselves these cost-share expenses are far greater than our normal annual operating budget, at a time when revenues are significantly depressed and both workload and other expenses that must be borne by the City are far greater than before the storm. The City of Galveston was very well prepared financially going into this storm with all of our reserves above target levels as well as a pre-negotiated loan agreement in place. We have reduced our budget by 15% which included reducing salary's to every employee as well. We have lost about 10% of the workforce and are still faced with having to layoff employees at a time when we need their help. These financial challenges, and the loss of critical personnel that result, threaten the pace and success of our recovery.

Recommendations:

FEMA needs to develop a funding mechanism based upon a community's fiscal responsibility and typical operating budget and advance an appropriate level of funding to help to carry them for a sustained period of time to allow for adequate recovery and rebuilding. Galveston was the only community to receive a cash advance for debris only, which was appreciated but only scratches the surface of what is needed.

FEMA should also work with Congress to develop the ability to provide upward adjustments for cost-share for catastrophically-impacted areas like Galveston, irrespective of the situation and resources available elsewhere in the state. For areas hurt as badly as Galveston, the normal rules for recovery are often insufficient, and the resource needs that can be absorbed by communities experiencing "garden variety" disasters can cripple a catastrophically-impacted jurisdiction like ours.

Extensions of Funding Assistance Challenges

Category A (Debris) 100% funding was extended in advance through October 26, 2008. It was not until a few weeks after the expiration of 100% Category A funding that the City received an extension through April 26, 2009. This time of uncertainty of whether we could get 100% reimbursement or just 75% reimbursement caused the City to have a great deal of stress due to the extreme cost of debris removal relative to our city's budget. We appreciate the extension of Category A at 100% through April 26th; however, we need another extension, and we need to know whether we will get it or not, sooner rather than later.

Unlike essentially every other storm we have studied, Category B (Emergency Protective Measures) 100% funding has not been extended and we have only been assured of 75% reimbursement for the bulk of our recovery. We need extension of Category B work at 100% to be granted and to be extended as requested for Category A. We are experiencing continual latent defects in our infrastructure that require continual expansion of Category B work.

Recommendation:

Categories A and B should be set for an extended period of time immediately after the storm based upon the severity of the event. Every community should have enough time to properly recover without having to worry about these two most critical areas of recovery. Again, this should be somehow codified in the Stafford Act or in regulation, to provide communities like Galveston predictability and surety of resources for their recovery.

Additional After Storm Assistance Challenges

The FEMA first responders did very well in their assistance to us. Where we could have used additional help is from FEMA Public Assistance Staff immediately after the storm to proactively assist the city is making certain the paperwork the

city is creating to substantiate its reimbursement claims will be satisfactory months later, rather than have to argue with staff members regarding documentation exceptions. FEMA rules indicate that if another Federal Agency has funding responsibility for a particular item, a city must work with that agency for assistance. In many instances, the other agency has a totally separate set of rules and timelines for assistance, and may not even have any funding available under the responsible program to fund the project. An example is traffic signals. Of our 116 traffic signals, it turns out that FEMA can only assist us with 1. The Federal Highway Administration must assist with the other 115.

Recommendations:

Provide more public assistance help immediately after the storm so that we are ahead of the game, instead of behind.

FEMA's Rule of Other Federal Agencies funding first needs modification to be more inclusive. An integrated approach through FEMA would be helpful and would lessen the confusion. It would be helpful if FEMA could fund the repair effort when another agency's programs have insufficient funding or cannot provide the assistance within normal recovery timelines, and then seek reimbursement from the responsible agency as appropriate.

Sheltering and Transitional Housing Challenges

More than 75% of the housing stock in the City of Galveston sustained damages resulting from hurricane Ike. Residents either evacuated prior to the storm or were evacuated after the storm. In order for citizens to return to their jobs, check on their uninhabitable homes, cleanout their houses, pack their belongings, and meet with FEMA representatives and/or insurance agents, citizens needed to be able to stay close to the City. Hotel accommodations were scarce and where there were accommodations, they were often filled with Red Cross, Salvation Army, or FEMA representatives.

As much as FEMA made itself available to the public, the difficulties met with in the application process for assistance were compounded by requirements for citizens to reapply for their vouchers every two weeks.

Also, FEMA's rule that prohibits the placement of temporary housing in coastal V-zones has made it nearly impossible to place sufficient housing stock to meet community and business needs.

Recommendations:

It would be helpful if these major national entities came with self contained living accommodations, or committed to stay in housing and hotels away from catastrophically impacted areas like Galveston, in the immediate aftermath of a disaster until such time sufficient housing is available to serve both displaced residents and others.

Vouchers should be issued for no less than 30 days.

FEMA should consider providing waivers to their policies related to the placement of temporary housing in V-zones when there are insufficient options available to get people back to their communities. Said housing, however, should be engineered to withstand strong winds and elevated on temporary foundations, to better protect from loss in future events, and require evacuation planning (and resident commitments to evacuate when orders are given) in the event another hurricane approaches during the temporary housing period.

Shelter Operations Challenges

The City has a contract with the Red Cross to operate a shelter following a disaster. However, the Red Cross came prepared only to operate a shelter in one of several schools. There were no undamaged schools that could house a shelter. There was confusion between FEMA and the Red Cross as to who could authorize a tent shelter. After a week of debate, the Red Cross hired the contractor then was told by FEMA that they would not be reimbursed and that the City needed to contract with the Vendor. In the end, the City signed the agreement with the Vendor after the vendor had been here for six weeks. The vendor took all directions from the Red Cross who were operating the shelter. However, the City holds a bill for \$3 million with supporting documentation held by the Red Cross and no clear solution as to how to get this bill paid.

Recommendation:

That the Red Cross negotiate with vendors in advance, so that when this type of facility is required and that FEMA reimburse the Red Cross directly. Further, FEMA should utilize the flexibility it has in the Stafford Act to address unique situations like this quickly and to simply pay the bill because it was necessary, is allowable and is the right thing to do.

FEMA Program for Homeowners vs. Renters Challenges

Galveston has a large (over 60%) population of renters. FEMA has very good programs set up for homeowners with adequate insurance and also for homeowners with no insurance. Although the process is very tedious, if you follow all the steps the program works. However, there is minimal assistance for renters. It would be helpful, if there were assistance for owners of rental property to get them back in operation. In addition, when apartments were placed back in operation, FEMA set a rental rate which created an increase in the cost of living for renters. FEMA rental rates were in many cases 10—30% higher than was being charged for the same property prior to the storm.

When insufficient housing exists to handle displaced residents, the pace of recovery for rental properties directly impacts how quickly people can return to Galveston and support both their personal as well as community recovery efforts. This creates a public-sector imperative to assist rental property owners, so that people can get out of FEMA trailers and government-provided housing and back into their communities.

Recommendation:

Develop FEMA's pilot program that assists apartment owners to fix their property for the purpose of housing displaced homeowners and renters. Look at variable rental rate schedule. Not a flat rate based on the number in the household.

Volunteer Housing Challenges

We had many faith based volunteer groups and also many civic groups from around the country that came to assist with the cleanup of community. There were no churches in Galveston able to house volunteers after the storm since most had been seriously damaged. We finally arranged to use a vacant school to house volunteers, however, the city was asked on numerous occasions to assist with operating costs and also staffing costs of the facility which is being run by volunteers. We were told on several occasions that there was funding available through FEMA for this type of operation. However, by going through the chain of command that was necessary, none of the intermediary levels knew anything about the program. Volunteer efforts have been and will continue to be a key to clean up the community and also to restore homeowner property to its pre-IKE state. This is particularly true with senior citizens, handicapped, and single parent families many of whom were underinsured or had no insurance.

Recommendation:

Develop or make available through FEMA some type of funding for volunteer housing, as was done in Louisiana after Hurricane Katrina. The availability of this assistance should be codified, so that delays and disagreements do not impact communities impacted by future disasters.

Individual Assistance/Federal Assistance Challenges

FEMA assessments process leaves homeowners in limbo. Despite repeated requests by the City, the FEMA Assessment Team did not come to the City until 4 to 6 weeks after Ike, causing citizens to pay rent and mortgages, simultaneously when they could have been in their homes. Assessment Team members were poorly trained, inexperienced and inconsistent in their assessments. Homeowners did not know for weeks whether their homes had to be demolished, rehabilitated or elevated. Some are still waiting for a final decision. FEMA seems to have an unwritten policy that a large number of people are initially turned down and then told to re-apply or appeal, not once but two or three times.

The Residential Substantial Damage Estimate (RSDE) process (determination of 50% or more damage, triggering elevation of structures) is an entirely separate process from the National Flood Insurance Program estimates of damage through Flood Insurance. In several instances, this yielded very different results to the property owner's detriment. An example would be a situation where the RSDE process caused a home to be considered substantially damaged; where the NFIP process indicated it was not. This split process does not make much sense to the homeowner.

Similarly, the estimates of whether a structure that's eligible for assistance under the Public Assistance Program is 50% or more damaged (and thus eligible for replacement) is not done consistently with substantial damage determinations under the NFIP. This again can result in serious problems, with some buildings being required to be elevated under NFIP (thus increasing reconstruction costs dramatically), but those costs are not considered when determining whether the damages are sufficient to allow for building replacement.

Recommendations:

Federal Assistance needs a more integrated approach through FEMA as the overall coordinator.

This entire program needs to be revamped so that FEMA can come in immediately after the storm with a much simpler, less cumbersome program that will give citizens and communities answers to their personnel situation so that they can determine what they should do. Consistency should be the goal for determining damage estimates or in the evaluation of whether the 50% threshold is met.

In addition, RSDE teams that are trained in advance, in adequate numbers to handle a regional disaster, should be pre-positioned.

FEMA VOAID Program Challenges

The FEMA VOAID representative was only authorized to communicate with public service agencies. Unfortunately, the local public service agencies—Salvation Army, Red Cross, Food Bank, Catholic Charities, Family Services, and local agencies were unable to function after the storm due to loss of facilities, lack of communication, and undefined roles. The City took on this operation because of the large number of volunteers coming into the area and also the amount of donations. The City was coordinating volunteers, donations, and citizen concerns with assistance from Americorp volunteers who were under the direction of the FEMA VOAID.

Recommendation:

The City would have willingly released the responsibility for these programs to another agency; however, there was none. It would have been helpful if the VOAID had been a little more flexible to recognize all parties participating in the process to initiate recovery of the community.

Hazard Mitigation Grant Program (HMGP) Funds (Section 404) Challenges for Coastal Communities:

The rules for use of HMGP funds typically require the calculation of a benefit/cost analysis in strict accordance with FEMA guidelines. One available program is for buying homes. The guidelines are such as to promote the removal of homes from river or creek floodplains and floodways, and actually provide a waiver of the need for benefit/cost calculation if the home is determined through the RSDE process to be Substantially Damaged. Such a waiver does not exist in coastal communities such as Galveston, which have coastal floodplains and not riverine floodplains, and have no floodways at all.

Given the high costs to coastal communities nationwide from severe storms and hurricanes, this makes no sense. The only way to break the cycle of damage is to encourage the elevation of homes along the coast when future storms are predicted, as in the case of Galveston.

Unfortunately, the normal benefit-cost calculations do not help a community like Galveston, which faces significant future risk but which has experienced few storms of any consequence over the past 50+ years. Because of the extremely limited flooding history during that period, coastal community homes that are Substantially Damaged need to be elevated but cannot meet the b/c calculation. In our case, none of our Substantially Damaged neighborhood homes qualify for elevation, which has left over 1,000 of our homes ineligible for funding under this program. The City was left with a choice of assisting the individual citizen with the buyout and destroying the neighborhood, or by refusing the individual citizen access to a program that would relieve their burden.

Recommendations:

Modify the HMGP program so that it will benefit coastal communities, in light of their actual risk. Past losses can certainly be a good indicator of risk, but it is not the only one. Coastal V zone properties should be included in the FEMA waiver of benefit/cost analysis, in recognition of their significant risk.

FEMA Operational Challenges following a catastrophic event

Continual staff changes (every 4–6 weeks) create an unstable arena in which local planners, elected officials and residents constantly have to re-explain their situation. Also, institutional learning is lost on the processes.

Recovery resources need to be developed which are consistently applied from one event to another and from one geographic area to another. Frustration grows when one area learns that the rules are not the same or that other areas received greater benefit than theirs.

Similarly, every time staff rotates in or out, many decisions and directions already agreed-to by prior FEMA staff are re-evaluated, and new decisions are made related to project eligibility, funding, and policy interpretation. This causes significant confusion and delays, resulting in a delayed recovery.

Recommendation:

Provide consistent, stable and long-term very knowledgeable staff, especially the key personnel, to help guide the community out of the disaster and through the recovery process. And if personnel do change, increased efforts should be made to ensure adequate transition time to avoid the confusion, delays, re-evaluation of prior decisions and problem resolutions, and loss of documentation that has characterized the recovery efforts in Galveston when personnel rotated out.

Business support Challenges following a catastrophic event

There is no clear direction on the role of FEMA and the Small Business Administration as it relates to the private sector in recovery/rebuilding stages. There are too many different stories and rumors relating to what the private sector hears on how to do business with FEMA and SBA, how to become a part of the rebuilding process and what assistance might be available to the business community, and not enough answers that can be relied upon. This lack of transparency and inability to get reliable information has confused and lengthened the recovery period, and causes many businesses to not seek or obtain help available to them.

Recommendation:

Do a better job of communicating with the business community, both directly and by leveraging local resources (communities, chambers of commerce, business leaders, elected officials, media, and others). In addition, information provided should be in writing, be more comprehensive, and by be reliable—statements by inadequately or incompletely trained FEMA program staff, Community Relations personnel, and tell-registration staff is not sufficient.

Galveston Public Housing Challenges

Public housing is essential. Four large project units were so heavily damaged they need to be replaced. Keeping track of our displaced citizens and assisting them with proper documentation to fulfill eligibility requirements for FEMA assistance has been a challenge.

Recommendations:

There needs to be a pre-existing IAA (Inter Agency Agreement) between FEMA and HUD. HUD is the appropriate federal government entity with its sub-contracting Housing Authorities to respond to Public Housing Issues after a disaster. FEMA/HUD needs to have the local housing data, population data ahead of time or at the time of the storm to respond to a disaster. FEMA/HUD must explore options to deal with the tenants and landlords rather than dealing with just the landlords after a disaster.

FEMA's Rental Repair PILOT program worked well after hurricane IKE and this needs to be part of the housing solution after a disaster. This is a program in which FEMA works with the landlord directly to fix their damaged units in exchange for landlords to allow eligible families to live in those units after a disaster. This program should be expanded, however, to also include assistance for owners of single-family rental properties when other housing resources are insufficient, to further enhance the pace of restoration of housing after a disaster occurs.

FEMA must explore pre-fabricated housing options to replace some of the housing stock as part of the long-term housing solution.

FEMA needs to have better operating procedure to educate the local media and publish its own newsletters to better provide proper news rather than fabrication of stories by the local media and misinformation.

FEMA needs to re-evaluate its policy to only allow temporary housing outside of coastal V zones when there is insufficient ability to place needed easily be used for temporary housing (including some with infrastructure in place), and options to elevate said units above anticipated flood levels and protect them against high winds exist, but FEMA's policy interpretations won't allow them to place such housing on Galveston Island due to the V-zone problem.

Closing Summary: The Need for Cooperative Pre-planning and Long-term Continuity for Business/Community Recovery

Currently programs are initiated only following a catastrophic event. In areas like Galveston where Hurricanes are likely to occur, it would be beneficial if communities/businesses could be pre-planning or proactively working with FEMA to improve contingency planning efforts, application forms, contact information, pre-event educational outreach, etc. . In addition, if federal policy following a natural disaster came in post-event with a longer time-frame for planning and response activities, and included up-front funding to support local efforts so that seriously impacted communities can assume greater responsibility and leadership in their own recovery planning and implementation efforts, this would be most helpful. The con-

tinual rush for a pre-set time line, of which the deadlines continue being extended, is frustrating and psychologically exhausting for residents and those affected on a routine basis.

Recommendation:

Our nation's emergency management system needs to place greater value, and dedicate greater resourcing, to the encouragement of pre-event planning for response and recovery efforts. A grant program for states, designated to support community efforts in this regard, would be critical to making this happen, as would increased development of planning tools and guidance that can be used in support of the expenditure of said funds. In addition, in the post-disaster environment, it is not enough for the federal government to provide a handful of technicians to support long-term recovery planning and implementation efforts. Particularly for catastrophically-impacted communities like the City of Galveston, resourcing is needed to allow the community to take ownership for its recovery and lead its own recovery planning process. And that planning process (to include both funding and technical support) should not be arbitrarily limited to impossibly short timelines; they should be provided for a duration deemed appropriate given the magnitude of the disaster in question, as determined in consultation with State and local officials. Lastly, shoreline protection is the long-range answer to coastal security.

Mr. CUELLAR. Thank you, mayor.

At this time, I will recognize Ms. Amy Liu, to summarize her statement for 5 minutes.

**STATEMENT OF AMY LIU, DEPUTY DIRECTOR, BROOKINGS
METROPOLITAN POLICY PROGRAM, BROOKINGS INSTITUTE**

Ms. LIU. Good morning, chairman and members of the committee. I am pleased to appear before you this morning, and very much appreciate your invitation.

I do want to preface my remarks by saying that I am not an expert on FEMA or emergency preparedness, as are some of my colleagues here today. I am primarily an expert on the role of the Federal, state and local governments' play to create healthy and prosperous cities in metropolitan areas large and small. And I hope that unique perspective will be of value to you today.

In general, I have three observations. But before I do that, I want to affirm what you started off by saying today, which is that any post-disaster recovery effort requires a well-greased Federal, state and local partnership, with the stress on "partner," or, as you said, "team."

Hurricane Katrina brought into sharp focus the reality that there is no one single level of government that has the resources and know-how to address the scale of post-disaster recovery alone. If any one of those levels of government is not performing their role well in rebuilding impacted communities, the whole system is ineffective.

But in this Federalist system, it is incumbent for the Federal Government to not simply push massive amounts of money out the door, and then adopt a wait-and-see mode with states and localities, or even over-regulate with distrust.

Instead, the Federal Government has a shared stake in recovery success, and must be a proactive partner with states and localities, by giving the tools and the flexibilities to succeed, which brings me to my three main points.

First is after a mega-disaster, I do think that the Federal Government needs to get its own house in order by creating a White House-based office in disaster recovery that is focused on results.

Many state and local leaders have certainly praised the current Office of the Federal Coordinator for Gulf Coast Rebuilding, which is situated in the Department of Homeland Security. In practice, though, the office does not have the independence or sufficient authorities to deliver optimal impact on the ground.

In short, what we need is a lean White House-based, outcome-oriented operation. It should be placed in the White House, with direct report to the president to demonstrate that long-term recovery success is a priority, and, then, to effectively mediate conflicts between two Federal agencies that are stifling state and local implementation, such as the conflicts that we are seeing between the use of FEMA and CDBG funds on a single project.

But most importantly, such an office should be given the mandate to identify explicit goals and outcomes for post-disaster recovery, working with state and local leaders. What does this mean?

For instance, this office should set such critical goals and targets such as showing 100 percent spend-down of fiscal year 2006 and 2007 Federal appropriations at the end of a date certain; for instance, ensuring on-time quality delivery of federally led initiatives, such as the public-housing redevelopment and levee modernization; and, in showing that, by a date certain, all dislocated families will be in safe, affordable, longer-term housing.

The office should then be given the authorities and the accountability to work across these key Federal agencies to meet these goals and benchmarks. It is not sufficient to merely coordinate. Instead, the situation we have today is that we are not organized around goals and we are not organized to deliver results. And if there are goals, they are certainly buried within a sea of other goals in each of the different agencies.

Second, the Federal leaders should then, in turn, reward state and local leaders for achieving a clear set of recovery outcomes, not just critique them on slow spend-down or only play "gotcha" with regulations of fraud and prevention.

Now, most philanthropists ask their grantees today, "What are your indicators of success?" Most private investors ask, "What is my return on investment?"

When it comes to Gulf Coast recovery, I think far too often, Federal leaders, and even the media, tend to ask, "How fast is the money going out the door, and how responsibly are you spending those funds?"

Now, don't doubt it is important to spend down funds efficiently. And we all certainly applaud efforts to prevent fraud, waste and abuse. However, at the end of the day, when people ask me, "Is New Orleans coming back?" the question about speed and responsible spending does not answer that question.

Imagine what we could have accomplished if the Federal Government, instead, helped and rewarded state and local leaders for achieving explicit recovery goals with benchmarks. For instance, that, "In 2 years, we will restore 75 percent of the jobs lost in the city of New Orleans; in 2 years, we will repair or replace 20 percent of all the damaged small-unit apartment rentals in the Gulf Coast; that we will ensure that at least 20 percent of existing residents will benefit from new-skills training from the jobs that are being

created by all the housing repairs and reconstruction in the region.”

By doing this, we will ensure that taxpayers are getting a return on their investment by, in the case of New Orleans, not replicating the same city and metropolitan area as before, but ensuring that our taxpayer funds are helping create a New Orleans that rebounds as a better version of itself.

To do this, the Federal Government can consider providing planning grants to states and localities to develop unified plans with community goals and concrete performance outcomes, so that will help guide and prioritize Federal spending and activities.

It can also help evaluate the impact of fraud prevention and increased economy goals to make sure they don't hamper state and local achievements of these goals and outcomes.

And, then, finally, the Federal Government needs to provide better data and transparency to help Federal, state, and local leaders track recovery progress and get these key goals and outcomes.

To hold each level of government accountable for outcomes assumes that we can quantify and keep track of these outcomes. It is not true.

Since the fall of 2005, the Brookings Institute Metropolitan Policy Program has been tracking over 40 indicators of trends in New Orleans and in Louisiana called—in the New Orleans Index. Despite all the data, we do not know the following: If our goal is to ensure that New Orleans remains a diverse city, homes, and many original residents, we don't know—home to many original residents—we don't know how many residents today are returning, how many are newcomers, and their characteristics.

We don't even know the status and location of all the city's former federally assisted housing residents.

If a goal is to save the small mom-and-pop shops that are at the heart of many tourist communities and others in the Gulf Coast, there is no good data on the health and vitality of small businesses. Even if the goal is to help accelerate the spend-down of existing funds, we don't have the status of Federal spending by state, by parish or county, in the aggregate, or by spending type, beyond the FEMA public assistance and temporary housing assistance. And, as we know, we get a lot of questions about spending and where it is going.

So, for future mega-disasters, I think the Federal Government should consider mandating the reporting of all Federal short and long-term recovery spending across the agencies at the project and at the geography level. We should set aside appropriations and staffing for the center's bureau to conduct special population and housing estimates for disaster-impacted areas.

And we should create a Federal one-stop shop for all the population, labor, economic and housing statistics for disaster-impacted areas, for easy access for reporters, for decision-makers and researchers, so that we can make sure that we are reaching the kind of outcomes we need in the Gulf Coast.

Thank you very much. And I very much appreciate any—I welcome any questions that I can help you with.

[The statement of Ms. Liu follows:]

PREPARED STATEMENT OF AMY LIU

Chairman Thompson and members of the Committee, I am pleased to appear before you this morning and very much appreciate your invitation.

The purpose of my testimony today will be to provide you with some observations about the Gulf Coast recovery efforts and how that can help inform future approaches to the way the federal government works with state and local governments to rebuild in the aftermath of a major catastrophe.

In general, I have four observations:

1. Any short-and long-term post-disaster recovery effort requires a well-greased federal-state-local partnership, with the federal government actively providing tools and flexibilities to states and localities to succeed.
2. In a major disaster like Hurricane Katrina, the federal government needs to get its own house in order by creating an independent "office of disaster recovery," that has the authority to promote integrated approaches, facilitate state and local implementation, and achieve results.
3. Federal leaders should then reward state and local leaders for achieving a clear set of recovery outcomes that go beyond just speed and fraud prevention to goals of sustainability, inclusion, and economic prosperity.
4. Finally, the federal government needs to provide better data and transparency to help federal, state and local leaders track recovery progress against key goals and outcomes.

I do want to preface that I am not an expert on FEMA or emergency preparedness, as are some my colleagues here at this hearing. I have also spent the bulk of my work on tracking the post-Katrina recovery of greater New Orleans and unfortunately have spent less time in Texas, Mississippi, and Alabama. Finally, I am primarily an expert on ways to create healthy and prosperous cities and metropolitan areas, large and small, and the role that federal, state, and local governments play in that, with their private sector and nonprofit partners. There is nothing like a massive, unprecedented natural disaster to test what one knows about the effectiveness of the federal-state-local relationship in rebuilding communities. I hope it is that broader perspective that can bring some unique value to you today.

Let me walk through each of these observations.

1. Any short-and long-term post-disaster recovery effort requires a well-greased federal-state-local partnership, with the federal government actively providing tools and flexibilities to states and localities to succeed.

Hurricane Katrina brought into sharp focus the reality that no one single level of government has the resources and knowledge to address the scale of post-disaster recovery alone. We live in a federalist democracy. To restore the physical, economic, social, and civic fabric of New Orleans, Biloxi, and other Gulf Coast communities requires effective federal-state-local partnerships—and public-private sector collaborations. And each level of government has a unique role to play in post-disaster recovery.

The federal government needs to take the lead right after a major disaster because, as we witnessed with Hurricane Katrina, states and localities are often completely incapacitated with no resources or capacity to respond to the disaster. Three years after Hurricane Katrina, the federal government remains the primary agent for funding and facilitating recovery, with many of those dollars still requiring federal approval and oversight. For instance, the federal government has awarded \$17 billion in supplemental Community Development Block Grant (CDBG) funds to each of the impacted Gulf States to primarily rebuild housing and support other community redevelopment. Nearly \$20 billion is specifically dedicated to state and local infrastructure repairs, the rebuilding of the levees, and coastal restoration. And another \$13.8 billion in tax credits and tax relief have been provided in the Gulf Opportunity Zone (Go Zone) for businesses, housing, and economic development.

Meanwhile, the states are critical because they ultimately set the rules for redevelopment. They apply for and set the programmatic vision for how to spend the federal recovery dollars, such as with CDBG. By their very nature, states also govern how funds are spent on transportation, land use planning, economic development, higher education, and the system of levees, wetlands and the overall coastal restoration. Further, states can leverage or match federal dollars with their own funds, which they often do. Finally, the feds cannot bypass the states and go directly to localities because large-scale disasters hit multiple cities and counties in a state.

Finally, local leadership is absolutely critical. Cities or counties are the largest champions for articulating a vision and priorities for state and federal funds. And there recovery responsibilities that are wholly local, such as addressing blight and vacant properties, zoning and land use to accommodate future growth and housing,

and providing key public service delivery, such as schools, public safety/crime, code enforcement and issuing a smooth permit process for accelerating housing renovations.

As much as the media have tried, there is not a single level of government to blame for a lack of progress in the Gulf Coast. The federal government, states, and localities are inextricably linked and if any one of those is not performing well, the whole system is ineffective. For their success, communities in Mississippi want Washington to streamline regulations to speed up the pace of spending in FEMA public assistance and CDBG funds. For their part, Washington needs local leaders to be strategic yet responsible with their dollars and not succumb to wasteful, fraudulent spending. Local homeowners in Louisiana want a state to develop a well-conceived housing repair program. As a nation, we need all three levels of government—federal, state, and local—to be capable, coordinated, and accountable to the successful recovery of a region.

Finally, it is incumbent for the federal government to be an active partner to states and localities in this federalist system. It is not enough to push massive amounts of monies out the door and then merely hold states and localities accountable for their spending, as President Obama recently declared before governors and mayors regarding the economic recovery plan. Instead, the federal government must give states and localities the tools and flexibilities to succeed.

Which brings me to the next point.

2. In a major disaster like Hurricane Katrina, the federal government needs to get its own house in order by creating an independent “office of disaster recovery,” that has the authority to promote integrated approaches, facilitate state and local implementation, and achieve results.

Many state and local leaders have praised the Office of the Federal Coordinator for Gulf Coast Rebuilding, which is situated in the Department of Homeland Security (DHS). In practice, the office did not have the independence or sufficient authorities to deliver optimal impacts on the ground.

First, such an office should ideally be placed in the White House with direct report to the president. This is important for state and local leaders for several reasons: (1) it demonstrates that long-term recovery is a priority; (2) it removes a direct report to a cabinet secretary (e.g. the Department of Homeland Security), facilitating decision-making; (3) it better enables the true cross-agency vision and collaboration that is needed to facilitate short-and long-term recovery, especially between FEMA/DHS, HUD, HHS, Education, and DOJ; and (4) it allows a neutral, independent ability to mediate issues that arise between two agencies that stifle state and local implementation. For instance, if rebuilding a specific piece of state or local infrastructure is delayed due to conflicting regulations between the use of FEMA funds and CDBG funds, then there is a concern that, under the current model, FEMA would always fare better in such disputes.

Second, such an office should identify explicit goals and outcomes for post-disaster recovery and then be given the powers and authorities to help realize those outcomes. It is not sufficient to merely “coordinate.” Such an office should be given the mandate to work with key federal agencies to identify a unified set of goals and benchmarks for Gulf Coast recovery, that reflect shared objectives with state and local leaders in the region. The office should then be given the leadership and broad authorities to ensure that key federal agencies are working independently and collectively to meet these goals and benchmarks. Such authorities could include the powers to lead, convene, and manage interagency initiatives, help guide and facilitate specific Gulf Coast-related decisions and activities at individual agencies, and review and approve (or “certify”) the budgets of select agencies prior to their submission to OMB. As of now, the federal coordinator is merely a coordinator, with the force of personality and the reliance of good relationships to bring about results. To be sure, these are important qualities, but the coordinator should also have the structural support to ensure that FEMA, HUD, SBA, the Army Corps of Engineers and other agencies work towards a shared plan and vision for bringing about results in the Gulf Coast, rather than be individually caught in the whims of other priorities within their federal “silos.”

What would be such outcomes? For instance, this office could set such critical goals and targets as: (1) ensuring 100 percent spend-down of existing federal dollars at the end of a date certain; (2) ensuring on-time delivery of federally-led initiatives, such as public housing redevelopments and levee modernization; and (3) increasing the capacity of local governments, nonprofits, and private actors so they can implement key parts of long-term recovery, such as housing, public school reform, health care reform, and economic development. As such, this office should also work with state and local officials to identify other quantifiable objectives that ensure that

New Orleans and other Gulf Coast communities emerge as more competitive, inclusive, and sustainable communities.

By having a powerful, outcome-oriented partner, states and localities would benefit from collaborating with a more effective, unified, rather than fragmented, federal government.

Finally, the office should be charged with collecting “lessons learned” to continually inform the laws, regulations, policies and approaches regarding future disaster recovery responses.

3. Federal leaders should then reward state and local leaders for achieving a clear set of recovery outcomes that go beyond just speed and fraud prevention to goals of sustainability, inclusion, and economic prosperity.

Most philanthropists today ask their grantees: What are your indicators of success? Most private investors ask: What is my return on investment?

When it comes to Gulf Coast recovery, federal leaders tend to hold state and local leaders accountable for two outcomes: how fast they are spending down existing monies (regardless of whether those funds are spent wisely or strategically) and how responsibly they are in spending those funds?

No doubt, it is important to spend down existing funds before one seeks new funds. And we all want to prevent fraud, waste, and abuse.

But, imagine what we could accomplish if federal, state, and local leaders worked together on mutually determined, grounds-up indicators of success in a post-disaster context? The Army Corp of Engineer has set a goal to rebuild a 100-year flood protection levee system in the Gulf Coast by 2011. Imagine identifying other social and economic goals:

- In two years, all dislocated homeowners will be in safe, affordable more long-term housing so they can have the platform for family stability, job security, and stronger mental health.
- In two years, repair or replace 20 percent of all of the damaged small-unit rental apartments in the Gulf Coast.
- Twenty percent of new jobs from housing repairs, reconstruction, landscaping and other housing-related occupations will be set-aside to train and upgrade the skills of existing residents

As we all know, prior to the storm, New Orleans was plagued with high concentrations of poverty, a stagnant economy with a weak workforce, and a region that was growing in unsustainable ways.

No doubt, the city had enormous assets. But federal investments, taxpayer dollars, and even philanthropic dollars must not replicate the same city and metro area as before. These efforts must help greater New Orleans rebound from Katrina as a better version of itself: safe, economically robust, with opportunities for all.

To do this, the federal government can consider providing planning grants to states or localities to develop unified plans with community goals and concrete performance outcomes that help guide and prioritize federal and state spending.

It can evaluate the impact of fraud prevention and increased accountability rules and policies on state and local achievement of their programmatic and larger outcomes.

The bottom line: Federal rules and regulations need to move beyond a “gotcha” mentality on states and localities, and instead help state and local leaders affirmatively create a more prosperous community for the nation in the long-run.

4. Finally, the federal government needs to provide better data and transparency to help federal, state and local leaders track recovery progress against key goals and outcomes.

The best federal-state-local partnership is one that supports outcome-oriented decision-making. To hold each level of government accountable for outcomes assumes that we can quantify and keep track of those outcomes.

Not really.

Since the fall of 2005, the Brookings Institution Metropolitan Policy Program has been tracking the recovery trends in New Orleans and Louisiana, as well as related federal, state and local policy developments.

The main resource we provided was a publication called *The Katrina Index*, which relied on 40 indicators to track the population, housing, and economic recovery of the New Orleans region. For two years, we issued *The Katrina Index* on a monthly basis to members of the media, key decision makers, nonprofit and private sector groups, and researchers. The *Index* served as an independent, fact-based, one-stop resource to monitor and evaluate the progress of on-the-ground recovery in New Orleans, Louisiana and some of Mississippi.

In 2007, *The Katrina Index* was renamed *The New Orleans Index* and is now a joint collaboration between the Greater New Orleans Community Data Center and

the Brookings Institution in order to bring an even better, more tailored assessment of recovery of the New Orleans region.

The value of the New Orleans Index is that it helps decision-makers understand the progress of recovery and help identify where the outstanding needs are and thus policy priorities. For instance, the last New Orleans Index, released in January 2009, found that:

- the population of New Orleans is climbing up again after months of stagnation;
- the New Orleans region gained jobs this past quarter while the nation continued to shed them;
- there are approximately 79,000 blighted and abandoned properties in the city of New Orleans; and
- rent prices continued to climb, now reaching 52 percent higher than before the storm.

Despite all of our data, which are primarily collected at the state and local level, we do not know the following:

If a goal is to ensure that New Orleans remains a diverse city, home to many original residents, we don't know how many residents today are returnees and how many are newcomers and their characteristics. We don't even have the status and location of all former federally-assisted housing residents in the city.

If a goal is to help accelerate the spend-down of existing funds, we don't have the status of federal spending by state, parish or county, in the aggregate or by funding type, beyond the FEMA public assistance dollars and temporary housing assistance.

If a goal is to help save the small mom and pop stores that are at the heart of many tourist communities and others in the Gulf Coast, there is no good data on small businesses (opening, closures, etc.)

Finally, federal population estimates are often more difficult to obtain at smaller geographies, which hampers the ability to track trends or progress in low-population density communities such as Mississippi, where the best data we can get is at the metro area level (e.g., Gulfport-Biloxi) rather than at the county or city level.

The Department of Homeland Security has made important inroads in making federal spending of FEMA funds transparent at the local level. However, as data become more available, so should transparency initiatives.

For future mega-disasters, the federal government should consider:

- Mandating the reporting of all federal short-and long-term recovery spending across the agencies at the project and geographic level
- Setting aside appropriations and staffing for the Census Bureau to do special population or housing estimate counts for disaster-impacted areas (for instance, the American Housing Survey, which is conducted every two years, has not been done for New Orleans since before the storm, and we need critical assessment of housing market, housing quality, and demographics there).
- Creating a federal one-stop shop of all population, labor, economic, and housing statistics for disaster-impacted areas for easy access for reporters, researchers, and decision-makers

In short, I believe that the three years since Hurricane Katrina has taught us the importance of a strong and sustained federal-state-local partnership in post-disaster recovery. We remain at the beginning of a long-term rebuilding effort and I believe there is still time to apply more concrete goals and outcomes in the Gulf Coast such that three years from now, New Orleans and other Gulf communities will be on a stronger path towards lasting prosperity.

I very much appreciate the opportunity to appear before you, and would be pleased to answer any questions you might have.

Mr. CUELLAR. Thank you again, to you, Ms. Liu, and to all the witnesses for your testimony. I remind each member that he or she will have 5 minutes to question the panel.

I, now, will recognize myself for questions.

Let me do a "what if?" scenario. What if I would ask each of you all to get together? Because I think all of you all had some good points. Could I ask you, Mr. Czerwinski, to take the lead on this—with all due respect to FEMA—with everybody else—ask you to come up with a plan on—tell us what we are doing for preparedness?

We spend a lot of time on preparedness. Tell us what we do for the immediate response, because we spend a lot of time. I think the

weakness here is the long-term recovery. You know, what are we prepared—what are we doing, what are the goals, what are the measurements that we are looking at?

I would ask you to take the leap—and I am going to ask Mr. Rogers if you can assign one of your staff persons along with our committee clerk, also, to work with you—within 2 weeks—and, Mr. Garratt, you—I don't want to hear, with all due respect, that you have got to get that cleared up with some of the folks.

But I think that we are asking you to work with us to get a plan on adding the measurements, the results, the ideas that the mayor had, that Ms. Liu had, Mr. Czerwinski—the plans that we talked about—and Mr. Walke—I will ask you to work with us on this, and just ask as a put-it plan.

And you can consult with anybody else. Ask anybody else you want to bring in. That said—but I want it within 2 weeks. Tell us what we are doing on the preparedness part. I think we know what the stats—strengths and weaknesses in the immediate response. But more importantly, of course, is the recovery, which we are emphasizing right now. What are the weaknesses? What are the strengths? What do we need to do to make this work better?

Because, apparently, there are some disconnects here. Mr. Chairman, I think, you know, when we talk to our constituents—I think the bottom line is they don't want to know about process. They just want to know, “When are we going to get our assistance?” You know, “When are we going to get”—and if we started explaining the processes, frankly, they are just not interested in that. They want to know when they are going to get the assistance—as soon as possible.

Does everybody know what the assignment is?

Mr. CZERWINSKI. Yes, Mr. Cuellar.

And, of course, as far as asking us to do that, we work for you. So we don't—you don't have to——

Mr. CUELLAR. Yes, and I am—and, Mr. Garratt, I just want to make sure—I want you to tell us if there is a problem with you getting involved in this.

Mr. GARRATT. I don't think there is a problem, Chairman Cuellar.

The timeline might be a little aggressive in terms of pulling together the sort of comprehensive plan, if what you are looking for is a plan as opposed to an outline—that you are asking for. But we will throw our whole support behind this effort.

Mr. CUELLAR. Why don't we do this? Thirty days from today—that should be more than sufficient time to get a comprehensive—tell us what we need to do to improve this.

And, Ms. Liu, definitely get involved, because I do want to see some of the results-oriented outcomes there. And, again, it is not trying to “got you,” here. We are just trying to say, “How do we make this work better?”

And, again, I am—Mr. Rogers will assign one of his staff persons. We will assign our clerk also. She will be the lead, working with Mr. Czerwinski. And if there is a problem, would you let us know way before, not afterwards. I just want to make sure we are all in agreement. I just want to see this comprehensive—because, I

mean, there is a lot of ideas. And we want to come up with this meeting with something concrete that we can work with.

And if there is any legislative solutions, then, you know, the chairman, here, will take the lead on any changes that we need to make. But tell us if there is anything structural, because, I mean, if it is people problems, then we need to replace people. But if it is a structural issue, a deficiency, then we need to know what the structural issue is there.

So, Ms. Liu, can you do that?

Ms. LIU. I would be happy to participate.

Mr. CUELLAR. Mayor Thomas?

Ms. THOMAS. Yes.

Mr. CUELLAR. Mr. Czerwinski?

Mr. CZERWINSKI. Oh, absolutely.

Mr. CUELLAR. Mr. Walke?

Mr. WALKE. Yes, sir.

Mr. CUELLAR. Mr. Garratt, no issues. We are not going to hear that there is a problem later on?

Mr. GARRATT. We are right with you, sir.

Mr. CUELLAR. OK, all right.

At this time, I will recognize Mr. Rogers, for his 5 minutes of questions.

Mr. ROGERS. Thank you, Mr. Chairman.

Last week, we had Secretary Napolitano with our committee. And I brought to her attention my concern that there has been some discussion that FEMA may be pulled out of the department. And I am adamantly opposed to that.

I think that we have gone through a growing phase at the department over the last several years that is starting to—we are starting to see some synergies and some coordination. And I think FEMA is a perfect example.

The last couple of years, we have seen FEMA perform exceptionally well in several incidents, in concert with the department.

But for Mr. Garratt, I would like to know, if FEMA were pulled out of the department, what do you think would be the kind of impact that you would anticipate?

Mr. GARRATT. Sir, I would like to think that FEMA, regardless of where we are located, is going to continue to press ahead and do our job as well and as successfully as we can.

I know there has been a lot of discussion about this subject. I suspect if you asked any Federal agency if they would like to be a direct report to the president, the answer is very likely going to be, "Yes."

But, quite frankly, where we sit in an organizational chart should, in no way, affect our ability to be successful. So I think FEMA would be successful either way. And I think FEMA will be successful either way.

Mr. ROGERS. Do you not believe—or do you believe—I guess a better way—I won't be leading in my question. Do you believe that there would be some adverse consequences to FEMA being able—prepared to respond to a natural or manmade disaster, while undergoing another major reorganization?

Mr. GARRATT. Sir, I believe that a reorganization is likely to have some disruptive impacts on FEMA—or would likely have some dis-

ruptive impacts on FEMA during that transitional period. So it is entirely possible that there could be some adverse effects from separation.

Mr. ROGERS. Are there some resources that you currently, as a department, have available to you as a member of the DHS department or team, that you would—that just jump to mind, that are beneficial, that you would lose, were you to put away and be a stand-alone department?

Mr. GARRATT. No, sir. Under the Stafford Act, the president is authorized to direct any Federal agency, with or without reimbursement—to provide any form of assistance necessary to support state and local governments. That authority is delegated to the secretary to FEMA. So we have that authority, under the Stafford Act.

Mr. ROGERS. Thank you.

I want to go to Mayor Thomas.

Mayor, you made reference a little while ago about the slowness with which you found FEMA able to respond to your inquiries. Has that been a consistency? Have you seen any improvement over time?

Ms. THOMAS. In the beginning, after the storm, they were—the answers came very quickly. But after about 30 days, the whole system slowed down.

I can speak to you, for instance—just to give you an example, FEMA's rule is that after a catastrophic event, a school would be opened as a Red Cross shelter. However, there were no schools that we could open in Galveston. They all went under water. The Red Cross, then, had to hire a vendor to come and put up tents and supply those tents with food and blankets and bedding and so on.

We are 6 months out, and FEMA is still questioning whether or not it should pay the vendor or the city of Galveston. And it is about a \$3 million price tag.

Mr. ROGERS. Because Galveston, obviously, is in a position where they have been through these natural disasters in the past—there has been no coordination between your city and FEMA, and your state agencies, as to pre-positioning of resources and contracting for services, to anticipate these kind of decisions that had to be made?

Ms. THOMAS. The state has done a good job of pre-positioning things, because of Rita and Katrina—pre-positioning high-water vehicles and supplies. The state has done that in various locations around the state.

The slowness is when those—and that has all been done, and a lot of it came in. But the argument continues as to who is going to pay for these pre-position materials, and when they are going to get paid. When are the vendors going to get paid? When are the contractors going to get paid, because FEMA has a difficulty, and decided who owes what to whom?

On the other hand, the states and the cities go forward as quickly as they can in restoration and recovery, feeling secure that FEMA will pay the bill, but FEMA does not pay the bill in a timely manner.

Mr. ROGERS. Thank you, Mayor. And I look forward to my next round of questions so I can ask Mr. Garratt and Mr. Walke to respond as to why that has happened.

Thank you, Mr. Chairman. I yield back.

Mr. CUELLAR. Yes, sir.

The chair now will recognize other members for questions that they may wish to ask the witnesses. In accordance with our committee rules and practice, I will recognize the members who were present at the start of the hearing, based on seniority on the subcommittee, alternating between the majority and the minority.

Those members coming in later will be recognized in the order of their arrival.

The chair now recognizes, for 5 minutes, the gentlemen from Mississippi, Mr. Thompson, Chairman Thompson.

Mr. THOMPSON. Thank you, Chairman Cuellar.

Let me pronounce that—indicate that the men and women of FEMA respond heroically to all the natural disasters that we have suffered with. One of the issues that we now face is: How do we provide an orderly recovery process? And that is still one of the reasons for this hearing.

Mayor, I am going to try to help you on two issues today. I was a mayor in the 1970's, and I understand, clearly, what you are going through. Your phone rings constantly.

Mr. Walke, are you familiar with that reimbursement issue that the mayor just outlined?

Mr. WALKE. I am not, sir.

Mr. THOMPSON. All right. I am going to ask you, as your responsibility, that, if, in fact, the school was nonexistent, that whatever the regulation is—if the school is not there, and if we can show pictures of the tents, and prove within a reasonable doubt, that this activity did occur, can we get that vendor paid?

Mr. WALKE. We will look into that, sir, and report back on the situation. But—

Mr. THOMPSON. How much time do you need?

Mr. WALKE. Well, I can make a call this afternoon.

Mr. THOMPSON. I will give you until Thursday.

Mr. WALKE. Fair enough.

Mr. THOMPSON. Mayor, you happy with that?

Ms. THOMAS. You bet. Yes, sir.

Mr. WALKE. I will need to get more specifics from the mayor on that so I can—

Ms. THOMAS. I will be glad to give them to you.

Mr. THOMPSON. Let us talk a little bit more, because part of the recovery process is the city is either having difficulty with FEMA or the state, or what have you.

You have a sea wall in Galveston that you have had some difficulty—I want you to tell me a little bit about the sea wall. And I am going to try to help you with the sea wall, too.

Ms. THOMAS. Well, after the 1900 storm and—the sea wall—money was found by the leadership of the city, using their own personal good names and credit to go to New York and other places in order to secure bond money to pay for the sea wall.

It was designed by the Dutch. It is about 15 miles long. It is 17 feet high. It was completed in 1904. And it has withstood every storm since.

Now—

Mr. THOMPSON. What is your problem right now?

Ms. THOMAS. The problem is that the island of Galveston is 32 miles long. Because of the surge that was caused by Ike, the water came very close to coming over the sea wall. It rose about 15 feet. And you have some documentation and some pictures in front of you that show the waves in part of the—coming over that sea wall during Ike.

The island is not totally protected by the sea wall, and it needs to have that protection, as I explained in my narration.

Mr. THOMPSON. What has FEMA said?

Ms. THOMAS. We have not formally talked to FEMA. The city hasn't. There is a committee getting ready to go to FEMA. We hope that there will be Corps of Engineer money and hazard-mitigation money that can be used to protect our shoreline all the way to Sabine Pass.

Mr. THOMPSON. Mr. Garratt, are you aware of mitigation efforts that have been utilized in the past for similar kinds of issues the mayor is talking about now?

Mr. GARRATT. Negative, sir.

Mr. THOMPSON. Well, I am going to ask you, Mr. Walke, since you are the expert.

Do we consider mitigation as a fundable issue, with respect to the—what we are talking about?

Mr. WALKE. Sir, FEMA funds two types of mitigation: One under the 406 program, which is a public-assistance program, and one under the 404, which is a stand-alone program.

Under our program, the public assistance, we have not funded sea walls as a mitigation measure, because our mitigation is limited to repairing the damaged facility into better shape than it was before.

Mr. THOMPSON. So to say that if you put it back in the present form, even though all the research says that it is just a matter of time before something worse happens, if you don't do something else—

Mr. WALKE. Again, the statute authorizes us, under the P.A. program—and I want to be clear what I am talking about.

Under the program, we pay for damaged structures. Now, the mayor is requesting funding to repair—or to construct—a sea wall for the remaining 15 miles or so. Under the public-assistance program, we would not fund that.

Now, under the—

Mr. THOMPSON. Thank you very much. And we will work with the mayor.

If I might, Mr. Chairman, I have one other question.

Mr. Czerwinski, you have—and Ms. Liu—both talked about the need for coordination. And did you give—did you look at why Texas is doing such a good job at spending public-assistance money, and Louisiana and Mississippi is not?

Mr. CZERWINSKI. We didn't look, specifically, at the comparison of Texas and Louisiana, although we did look at characteristics, in general, in the public-assistance program.

One of the things to think about is the scope of the projects and the overall scale of the disaster. And the spend-out rates will be quicker in the smaller devastation. I think Texas is around about

\$1 billion. Whereas, you are talking about a lot more money, a lot bigger projects, in Louisiana and Mississippi.

And given the nature of the public-assistance program, which is very procedural, it is iterative. There is a lot of cost estimating. What that does—it magnifies the difficulties in handling the larger projects.

Mr. THOMPSON. Thank you.

Mr. Walke, if a community has a dispute with the reimbursement, like we have heard before, who is the final arbiter in this issue?

Mr. WALKE. Sir, may I add to his response on your previous question?

First, you talked about the payout versus Texas versus Louisiana. I think there is a fundamental difference for the rate of payout. When you look at Texas and Ike, 80 percent of the funding there is for debris removal and emergency protective measures. And these are costs that the states and local communities already incurred.

If you look at Louisiana, we are looking at, perhaps, about 35 percent or 40 percent of a cost in debris removal and emergency protective measures.

So in communities that have a large share of permanent rebuilding, then that process is much slower, as evidenced by the situation in Louisiana versus Texas.

Now, to your question about who the final arbiter on the P.A. projects—well, there are several levels. Initially, we have a P.A. manager in the joint field office, near the disaster site, who makes a decision on a particular project.

If, in fact, there is a dispute at that point, then there is a first-level appeal to the region administrator, who has the authority. And then, subsequently to that, if there is a second appeal submitted, then it comes up to our office, and the assistant administrator for disaster assistance make the decision.

Mr. Thompson. So it is strictly within the department? There is no independent judge or some—it is a FEMA employee who makes the final decision?

Mr. WALKE. It is a FEMA employee who has not been previously involved in the determination, sir. But, you are right. It is—

Mr. Thompson. It is a FEMA employee that settles the dispute.

Mr. WALKE. That is correct.

Mr. GARRATT. Sir, I would like to pipe in on this one.

In fact, it is a FEMA employee who makes the final decision on the appeals process. And there has been concern in the field that, perhaps, they are not going to get a fair shake from FEMA because, in fact, FEMA continues to render appeals on decisions in the field.

But I would like to point out that, in fact, across the Gulf Coast, for Mississippi and Louisiana, the rate of success of appeal is approaching 50 percent for those states, combined.

In other words, of the appeals that they have submitted, close to 50 percent of those appeals are being found in favor of the appellant, either in whole or in part.

And I think that speaks volumes about how objective and flexible the appeals process is.

Mr. Thompson. Well, if you are on the positive side of the appeal, it does. But if you are on the short end of the appeal, then those individuals would say, "Well, the same people turned me down at the final appeal who rendered the decision. They are all FEMA employees."

What I am talking is—we, probably, as a committee, Mr. Chair, ought to look at some independent entity to settle disputes when FEMA and local governments are at odds with each other.

The last item—and I apologize for this—I have heard so much from mayors and other elected officials that we rotate employees too many times during recovery efforts.

Mr. Garratt, do we require any written transfer of data to that next employee coming in, so that the continuity of information and everything flows?

Mr. GARRATT. Yes, sir. That is a standard part of a transitional process—is that the incoming employee—or, excuse me—the employee that is going to be replaced is required to do a full transition briefing, transition-management overview, with the incoming employee.

And, typically, they will spend at least a week together, managing that transfer of information and corporate understanding of what has transpired to that point—standard operating procedure, sir.

Mr. Thompson. OK.

Well, then, I wonder why Mr. Czerwinski would say just the opposite in his report—"developing protocols to improve the information in documenting—sharing among FEMA staff, such as requiring that staff maintain a record of project decisions to share with rotating staff."

Now, Mr. Czerwinski, can you help me out on that?

Mr. CZERWINSKI. Yes, Mr. Chair.

I think there is actually two things that go on here. One, in terms of rebuilding, it takes a long time. And it is not reasonable to keep the staff there that time. So, then, you have to build in a system where you have the transfer of information.

And when we looked at examples in the Gulf Coast, we found that was not happening the way we wanted. And that is where our recommendation came from. And, frankly, this goes back to your other point about the appeals process.

This problem was exacerbating the appeals process, and—with FEMA decisions—where a subsequent employee would come in and give a different determination.

And the way the process is set up, all the burden is on the state and local government. So even if FEMA approved something up front, and later on changed it, that is not FEMA's responsibility. That is the state's responsibility.

And what the state and local officials told us is this ham-strung them from some things they wanted to do, because they weren't sure how it would play out.

Mr. Thompson. Thank you.

And then I would ask you, on that comprehensive plan, if you can add the point that the chairman asked about—"What happens if there is a, you know, dispute?" And, I mean, how long do we

have to wait, and what is the procedure? What is the time tables involved?

If you all can add that point also, so we can follow up on that also, Mr. Czerwinski.

At this time, I would ask for unanimous consent from Ms. Jackson-Lee, who is a member of the full committee of the Homeland Security, permission to sit and to question at today's hearing.

At this time, I would like to recognize the gentlemen from Texas, Mr. Olson, for 5 minutes of questions.

Mr. OLSON. Thank you, Mr. Chairman. And I would like to thank you and the ranking member for putting this important hearing together.

I would like to welcome all the witnesses.

A special welcome to Mayor Thomas, coming up from Galveston, and my good friend, Doug Matthews, in the back, from the University of Texas Medical Branch.

Thank you all so much for coming up.

My questions, today, are for you, Mr. Garratt, and Mr. Walke. And however you want to handle them, that is—I will leave that between you.

But my questions focus on Hurricane Ike recovery. And from what I have heard from local officials—and Mayor Thomas echoed that today—FEMA's support on the ground has been much improved. And one of the lingering problems we are having in Texas are some discrepancies that exist between victims of Hurricanes Katrina and victims of Hurricane Ike.

As all of you know, Ike was the third most expensive hurricane to hit our country in U.S. history. And so I have a couple questions on that.

As I mentioned earlier, the University of Texas Medical Branch in Galveston was hit hard by the storm. It has been nationally recognized as one of the finest medical schools and medical facilities in the country. It suffered \$670 million in capital damages.

But unlike Hurricane Katrina victims, Ike victims can only get 75 percent from FEMA for their capital damages and mitigation. As a result, they have been forced to turn to state and local agencies for millions of dollars that those agencies simply don't have.

And my question to you is: Why is Texas victims of Hurricane Ike not been treated like the victims of Hurricane Katrina in receiving FEMA reimbursements at the 100 percent rate for capital damages and mitigation?

[The statement of Mr. Olson follows:]

PREPARED OPENING STATEMENT OF PETE OLSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS

Thank you Mr. chairman and thank you for holding this hearing.

I am pleased that the first hearing of this subcommittee is one on the subject of FEMA and Gulf Coast recovery. Indeed, this subject is first on the minds of my constituents and it is one of my biggest priorities as a member of Congress.

I thank Mr. Garratt and Mr. Walke for representing FEMA today but I want to extend a special welcome to the Mayor of Galveston, Texas, Ms. Lyda Ann Thomas. It is wonderful to have you in Washington today and we all look forward to your testimony.

Months after Hurricane IKE ravaged the Gulf Coast of Texas, communities still struggle to return to the way they were and much work remains to be done. From what I have heard from state and local officials, the assistance they have received from the FEMA officials on the ground has been much improved. The problem

seems to lie in some decisions made on the federal level and some unfortunate discrepancies that exist between the victims of Hurricane IKE and Hurricane IKE and Hurricane Katrina.

For instance, the University of Texas Medical Branch in Galveston, nationally recognized as one of the finest medical schools and medical facilities in the country, suffered \$670 million in capital damages. Unlike Katrina victims, however, they can only get 75% reimbursement from FEMA for capital damages and mitigation. As a result, they are forced to turn to state and local agencies for millions of dollars they simply do not have.

In addition, Louisiana and the City of New Orleans received many full reimbursement deadline extensions that stretched over a period of years when it came to expenses for debris removal and Emergency Protective Measures. However, for IKE victims, the deadlines have either passed or are fast approaching. These cities and towns are just now beginning to recover from this storm and they desperately need a deadline extension.

I hope in the coming weeks and months FEMA and the Department of Homeland Security will remedy these inequities and we can proceed with our recovery efforts in a fair and efficient manner.

I thank the witnesses for their time today and I yield back the balance of my time.

Mr. GARRATT. Sir, the determination of the cost share that a state receives following a disaster is made by the president. The president is authorized by the Stafford Act to provide no less than 75 percent Federal support.

Under the regulations that FEMA operates by when we make a recommendation for above 75 percent, is a requirement that a state meet a certain per-capita threshold. When a state reaches that threshold, FEMA is required to make a recommendation to the president to increase the cost share to 90 percent.

And Texas has not reached the threshold that would—Texas has not reached that threshold yet. And, therefore, FEMA has not recommended a 90 percent cost-share bump-up as a result of that.

Mr. OLSON. OK. Thank you.

Do you know if Texas made that threshold when Hurricane Rita hit in 2005?

Mr. GARRATT. I do not know if they made that threshold when Hurricane Rita hit. However, for Hurricanes Katrina and Rita, I believe that Congress, per legislation, directed that those states affected by Katrina and Rita receive 100 percent funding for those disasters.

Mr. OLSON. OK. Thank you very much.

And one more question, if I have time. And it looks like I do.

And I am not—this is not to be interpreted as anything against my fellow colleagues from Louisiana and Mississippi. We are just looking for some equitable treatment here, in Texas, as my colleagues from Texas know.

But Louisiana and the city of New Orleans received full-reimbursement deadline extensions that stretched over a period of years, when it came to Category-A and Category-B expenses. However, Ike victims—the deadline for Category-B reimbursement passed last October. And the Category-A deadline is rapidly approaching.

Cities and towns are just now beginning to hit their strides on their path to recovery from Hurricane Ike, and they desperately need a deadline extension. And why is FEMA not—hasn't authorized—or refusing to extend the deadlines, like it did for our fellow citizens in New Orleans?

Mr. WALKE. The state of Texas had requested an extensive 100 percent funding. And a decision was made that—the president made the decision that, for Category A—that would be extended through April. And, at the time, given the pace of—or debris removal—there was a consensus that that would allow a sufficient time for most of the communities to remove mostly all of their debris. And that is the decision that—the reason that decision was made.

Conversely, the decided was to extend the 100 percent for Category B until whatever the date was. I think it was 44 dates from the date of declaration, at which time, I think most of the Category-B cost would have been incurred by the local governments.

Mr. OLSON. OK. Well, thank you for that answer.

And I appreciate your time today.

Thank you, Mr. Chairman.

Mr. CUELLAR. Thank you, Mr. Olson.

At this time, I would like to recognize the gentleman from Missouri, Mr. Cleaver, for his 5 minutes of questions.

Mr. CLEAVER. Chairman Cuellar, Chairman Thompson, and Ranking Member Rogers, thank you for this opportunity.

[The opening statement of Mr. Cleaver follows:]

PREPARED OPENING STATEMENT

U.S. Representative Emanuel Cleaver, II

5th District—Missouri

Statement

House Subcommittee on Emergency Communications, Preparedness, and Response

“FEMA’s Gulf Coast Rebuilding Efforts: The Path Forward.”

Subcommittee Hearing—March 3, 2009

Chairman Cuellar, Ranking Member Rogers; I am looking forward to hearing testimony today on FEMA’s Gulf Coast Rebuilding Effort. In 2005, Hurricane Katrina devastated the lives of nearly half a million people in three states on our Gulf Coast. Just one month later, Hurricane Rita hit Texas and Louisiana, ruining lives, and causing billions of dollars in damage. Three years later, Hurricanes Gustav and Ike made landfall in the Gulf Coast, causing yet more damage and disarray.

In the wake of these disasters, President George W. Bush issued a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, thereby allowing federal funds to flow into these areas of catastrophe. It is our job today to assess various aspects of the federal response to these disasters, including the effectiveness of the Public Assistance grant program, which provides states and localities with funding for the removal of debris and the replacement of critical infrastructure destroyed in a disaster.

Billions of dollars in federal funds have been obligated in Public Assistance grants, yet recovery has been slow. States have not drawn down on the full amount of funding that has been obligated to them, and challenges to the Public Assistance program have limited recovery efforts. As a member of this subcommittee, I am hopeful to hear testimony today on why the recovery has been so slow, and anxious to hear recommendations that FEMA can implement to remedy inefficiencies of the past.

Mr. CLEAVER. I want to kind of see—lean on some things that have already been raised and, perhaps, take them a little further.

Mr. Garratt—you or Mr. Walke—who appoints the FCO?

Mr. GARRATT. FCO is appointed by the president.

Mr. CLEAVER. Now, is the FCO an FCO-in-waiting? Or is he or she appointed after the event?

Mr. GARRATT. FCO acts—both. Our FCOs are part of a cadre of FCOs that FEMA maintains in—either in advance of an event or after an event, when a declaration is made—emergency or major-disaster declaration. At that time, the FCO is named and appointed by the president, who will be responsible for that particular emergency or disaster.

Mr. CLEAVER. OK. I raise the question because the GAO report speaks about inexperienced staff. They talk about the inability of the staff sent into these areas to be in sufficient numbers.

So I am wondering how much expectation there is, and what preparation is made, realizing that there will be another event. I mean, if the FCO is appointed after the event, then it stands to reason that the staff is, then, assembled after the event. Am I right about that?

Mr. GARRATT. Depends on how much notice we have for that event, sir.

In fact, if we see an event coming, we will begin assembling the staff to support that event before it hits. In addition, we can send out one of our incident-management assistance teams, who are also led by an experienced FCO. They, typically, are designed to arrive and provide that initial assistance to the state.

Mr. CLEAVER. OK. Thank you.

Now, I only have 5 minutes, so I have to—then, that is a trained staff available and ready to go, as soon as the event occurs?

Mr. GARRATT. We have teams, incident-management assistance teams, who are on active alert around the clock, that Congress mandated. We stand up these teams, and we have done that. Yes, sir, we do.

Mr. CLEAVER. OK, Ms. Liu—excuse me. Thank you.

Ms. Liu, the GAO report talked about “inexperienced,” and staff shortages. Is that something that you have also concluded—that we have insufficient staff and—

Ms. LIU. I apologize, but I have not reviewed FEMA staffing capacity in the work that I have.

Mr. CLEAVER. Mayor, was that something you recognized after the event?

Ms. THOMAS. Could you clarify your question?

Mr. CLEAVER. Well, after the hurricane hit, did you experience that FEMA had sufficient staff, and—in terms of numbers and people who were knowledgeable, who were able to come into Galveston immediately?

Ms. THOMAS. They did have sufficient numbers. And they were very well trained, very experienced.

Mr. CLEAVER. Is there a simulation that goes on in terms of the training, Mr. Walke?

Mr. WALKE. Sir, regarding the public assistance, we do have contractors at our disposal. We have a reserve for folks who are experienced in managing the public-assistance program.

But when one has a disaster the size of Katrina, for example, that required us to supply about 1,500 public-assistance employees, that requires bringing in folks who have technical knowledge, but, perhaps, may not be as well versed in public-assistance doctrine.

And that is what we experienced in Katrina; to some lesser extent, in Texas. So there is a requirement for counselor training once we deploy people to the field.

Mr. CLEAVER. OK.

Let us chance direction for just a minute.

I have some concern about the lack of spending the dollars. I know you don't just spend it because you have it. But, you know, we borrowed that money. And we owe China, give or take, \$1.9 trillion. And, Japan, we owe more.

And the third leading expenditure in the U.S. budget is the interest on the debt—the interest, not the principle—the interest on the debt. And so when we see money laying around like that, I am not sure the taxpayers are going to be very happy.

Look, when I go home, if somebody raises that question, what should I tell them that makes sense and won't force them to curse me out?

Mr. WALKE. I am not a—

Mr. CLEAVER. That won't curse me out, now.

Mr. WALKE. No, no, no. I am not a budgeteer, but I said I don't think the money is just lying there. I mean we actually obligate monies to the state, which really is just a bill—I know. The money is there, and it is not really put on the books until they draw it down.

So—

Mr. CLEAVER. So it is just laying there?

Mr. WALKE. No, no. The promise to pay is there. The money is not in the bank. When the states submit their request—

Mr. CLEAVER. Well, that makes it even worse.

Mr. WALKE. Well, let me—

Mr. CLEAVER. That makes it even worse.

Mr. WALKE. How so?

Mr. CLEAVER. You wouldn't have money under your mattress? I mean, you would want to put it some place. Right now, probably only thing is Treasury notes. But, I mean, I want it to trouble you that we are in a financial crisis, and we have money that was appropriated for a crisis, and that it is not doing anything. And the third-leading expenditure in the U.S. budget is interest.

Your answer would have got me cursed out.

Mr. Garratt?

Mr. GARRATT. I think the point Mr. Walke was trying to make is that this funding comes from the disaster-relief fund. Once we obligate funding, take a chunk of that money and provide it to the state, what we do is notify the state, now, that "You are eligible to begin pulling this money."

So that money is not sitting in the bank at the state. What the state knows is that, "We can now draw that money down to support this approved project."

Mr. CLEAVER. OK. Thank you.

Thank you, Mr. Chairman.

Mr. CUELLAR. Thank you.

At this time, I would like to recognize, for 5 minutes, the gentleman from Louisiana, Mr. Cao.

Mr. CAO. Thank you, Mr. Chairman, and the ranking member, for holding this meeting.

And, first of all, I would just like to express my appreciation and gratitude to the FEMA personnel who are working in New Orleans, because we all owe a great debt of gratitude to them.

With respect to Mr. Garratt and Mr. Walke, I have two questions, but, possibly, three. First and foremost, the criteria for the loan—Community Loan Forgiveness Program—is already late. When do you expect those criteria to come out?

Mr. WALKE. We have prepared regulations to implement that providing of the law that contains the forgiveness provision. And that is working its way through the process.

I don't have a date determinative that I can share with you as to when it is coming out, other than the fact that it is in process.

I would add, though, that the loans for those communities don't become due until 2010. And we should have these regulations in place well before then.

Mr. CAO. And then, with respect to the arbitration language in the stimulus bill, and based on the report of Mr. Garratt that you are developing procedures to implement this new requirement, when do you expect these procedures to be finished? And whether or not we could look into—I believe that we spoke several times before about a possible lump-sum settlement—whether or not we could work on a lump-sum settlement through this arbitration process.

Mr. GARRATT. Sir, I don't recall a discussion on the lump-sum settlement. However, I can assure you that the work to develop that arbitration protocol is under way. In fact, we worked over that, back and forth, over the weekend.

I don't know when we are going to have a final version of that. I do know that our secretary is very committed and very interested in fielding that protocol as soon as possible. And I can, again, assure you that it will be fielded very soon.

Mr. CAO. And with respect to money that had been obligated versus the money that has been drawn down, is it the reason why the money has not been drawn out—is because of this space between FEMA versus state and local government with respect to damage evaluations?

Is that one of the problems why the money has not been—they have been drawn down?

Mr. WALKE. That could very well be, sir. But I don't have any stats on that.

The project worksheets that the state has said the communities are not happy with the scope of work and estimates on those. Perhaps that is a subset of the money that has already been obligated.

Mr. CAO. The money already obligated cannot be drawn down unless FEMA approves of the amount that is being drawn. Is that correct?

Mr. WALKE. The mere fact that FEMA has obligated the project worksheet is, in fact, an approval for that scope of work. So if the applicant plans to accomplish the scope of work that we approve, they can draw the money down.

Mr. CAO. So, basically, based on the amount you have given, the \$7.5 billion—that has already been obligated in response to all the projects that FEMA has already approved?

Mr. WALKE. That is correct.

Mr. CAO. OK.

And I have one last question to Ms. Liu.

You said that the goals are—I am sorry. This whole Federal, state and local process is not organized around goals and objectives. What do you see, presently, as the organization? Is there any organization around FEMA, state and the local governments?

Ms. LIU. Well, I think what is—well, I tend to look at long-term recovery efforts from the ground up. And I know that, as a local leader—and the folks who have been working very hard in New Orleans to recover—and for many of the communities in the Gulf Coast—it isn't just FEMA.

What they need is the levees to be repaired, the housing recovery to happen. All kinds of aid is important. And so it cuts across multiple Federal agencies. And at this point, when you wake up every day, there is not one single person in the Federal apparatus who has made the recovery a priority in terms of unifying and accelerating the efforts of the independent agencies.

And at the same time, I—this is not just a Federal issue. The fact that it is taking—I still ask folks locally if there is a plan in New Orleans that governs Federal and state spending, “How are you prioritizing? What are your goals?”

You know, the Federal Government should respond in service of local and state priorities and goals. And there has, obviously, been three different planning efforts, at least in the New Orleans area.

When you talk to folks who implement recovery, they don't really—there isn't a path forward, except for at the project—individual project level—making sure that individual paper project gets funded.

So I think it is not—I think the hard part is that these are not efforts that are unified towards a direction. They are being leveraged with private-sector funding. We are not scaling up the Federal investment in a way that could be optimized. It is a lot of very small, independent efforts that I think are—represent a lot of missed opportunities.

Mr. CAO. Thank you very much.

Mr. CUELLAR. But, Ms. Liu, you are going to get an opportunity to put that path forward.

Thank you, Mr. Cao.

At this time, I would like to recognize the gentlewoman from California, Ms. Richardson, for 5 minutes.

Ms. RICHARDSON. Thank you, Mr. Chairman.

I am going to be as brief as I can in asking the questions. And I am going to ask that you do the same in answering, because we have got less than 5 minutes to get them through.

I am going to focus my questions on Hurricane Katrina and the impact in New Orleans and Louisiana, because we have heard much discussion, so far, about Texas.

How many current staff members are located in New Orleans with FEMA?

Mr. GARRATT. Approximately 800, total, in Louisiana.

Ms. RICHARDSON. OK.

And do these folks actually go out into the lower Ninth Ward, St. Bernard Parish, et cetera? Are they walking around, or are they just in an office, doing paperwork?

Mr. GARRATT. Both, Congresswoman. In fact, we have teams that do nothing except specialize in interacting with their counterparts at the jurisdictional and local level.

Ms. RICHARDSON. OK.

I participated in a congressional trip with Majority Whip, Mr. Clyburn, and Speaker Pelosi, that—July 19th through the 22nd. So I personally went there and observed some of the progress and some of the lack of progress.

So, therefore, my questions are—I had an opportunity—I went into—one person—they were currently renovating their home. They were living in a trailer—about eight people in one trailer. They were clearly, I would say, 75 percent—80 percent done. And, yet, even though they were almost done, FEMA was saying, “Hey, you got to get out of this trailer, you know, Sunday.”

And there was a clear—had someone just walked out there and seen this situation, as opposed to pushing paper and accepting and denying, they would have clearly seen that by giving them another, you know, 2 weeks, 30 days, whatever, it could have resolved the issue.

Do you have a process in place to actually talk to people, where people can come in and talk to someone once their request has been denied?

Mr. GARRATT. Yes, ma’am, we certainly do.

And I would like to just explore this issue. Was this a trailer that was on somebody’s private property—

Ms. RICHARDSON. Yes.

Mr. GARRATT. —of a home that they were repairing?

Ms. RICHARDSON. Yes.

Mr. GARRATT. FEMA has not required that anyone turn in their trailers. What may have happened is that a local jurisdiction has an ordinance in place that they are enforcing which requires those trailers to be removed. But FEMA has not required, to this point, that anybody’s trailer on private property be removed.

Ms. RICHARDSON. OK. I will get you the contact of the individual. Because it is my understanding it is FEMA.

My next question is: It seems quite clear that people say time and time again that FEMA is underestimating and undervaluing the damages of what has occurred to people’s homes. Is there any process in place to have someone look at that process and the inspectors who are doing the job?

Mr. GARRATT. Any applicant who believes that their home was not accurately valued, or it was undervalued, can appeal that decision, and can get another inspector to come out and reevaluate their home.

Ms. RICHARDSON. But, again, as our chairman said, if you have the same group of people who are all working together, and Suzie said, “Oh, you know, the value was only \$50,000,” and then Johnny goes out—Johnny doesn’t want to make Suzie angry by going in and saying, “You know what? Suzie was wrong. It is actually \$200,000.” So you have got the fox watching the hen, and it is not working.

So have you thought of a process, or are you doing something in place, based upon what the chairman said, to possibly reconsider that maybe that system is not working?

Mr. GARRATT. I would challenge that that system, in fact, is not working.

And what I have, in fact, seen, is that, on a routine basis, when a housing evaluation is challenged, and we send in another inspector who doesn't know the other inspector to go in and revisit that, they will very often find that there are additional damages, and that they will write that up.

So we have not seen, at least from my perspective—

Ms. RICHARDSON. Excuse me one—

Mr. GARRATT. —any systemic problem is this regard.

Ms. RICHARDSON. Excuse me. Excuse me. I have only got 50 seconds.

We have a mayor here who is chomping at the bit, I think.

Would you like to join in, and assist me in this?

Ms. THOMAS. The issue is the change in personnel. One inspector puts the house at a certain value. Another one comes and changes it by appeal. And another appeal can take place.

And what we are talking about is time. People are out of their houses. They are renting off the island or out of their cities. They are paying mortgages and rent. And FEMA takes too much time to make the assessments. They should be done immediately. We are still in the assessment stage 6 months after the hurricane in Galveston.

Ms. RICHARDSON. OK.

So, Mr. Garratt, I am going to—I am new on the committee, so I am looking forward to working with all of you. And I am going to supply you with some information that I think might, hopefully cause you, as well as what the chairman has said, maybe reevaluate and reconsider.

My last question—housing supplement in New Orleans—what is the status? I know of folks who have been paying \$1,300 a month on their own, with no assistance from FEMA. And, you know, although we had tremendous goals of how quickly we wanted to resolve things, it wasn't quite as easy as, maybe, we had hoped it would be.

So what is the status?

Mr. GARRATT. I am sorry, ma'am.

Ms. RICHARDSON. Is there no longer any housing supplement for folks who were impacted by Hurricane Katrina?

Mr. GARRATT. No. In fact, HUD is extending—what they are doing is transitioning from DHAP, which ended at the beginning of March, to a additional assistance period. And they are providing continued assistance until June 1st to DHAP participants.

And those individuals who were in the Disaster Housing Assistance Program that HUD is managing are either being transitioned into the Housing Choice Voucher program, or they are being transitioned into Section-8 programs, or they—if they are eligible or able to take care of themselves—are being transitioned out of the program.

Ms. RICHARDSON. OK.

If you could supply my office and the committee some of that information, it would be helpful.

And, as I close, Ms. Liu, it would just like to say, in your statements, you said, “We need not to focus so much on how much has been expended, but, in fact, what are the goals.”

With all due respect, ma’am, what I would say to you is we just passed a recovery act of over \$700 billion. And you know why some of these areas didn’t get more money? It is because some of what they already have has not been spent.

So when you make those comments, you may want to keep that in mind, because others would argue that we could use not only the money that we have, but more. Thank you.

Mr. CLEAVER. [Presiding.] The chair recognizes the gentlelady from Nevada, Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman. I just want to change direction a little bit. I would address this question to Mr. Czerwinski, and ask the two representatives from FEMA to also comment.

My district includes parts of Las Vegas. So you can imagine that it is very important to us, for business, to be able to recover after a disaster, which is not likely to be a hurricane, but could be equally catastrophic.

But as I look at the suggestions that you offer—and they would be good to help our small businesses. You talk about technical assistance and relocation and a tent where businesses can operate. That is really not going to apply to us very much, because we have several things in place that are very different.

I mean, if you look at it, our major business is tied to tourists, not to local patrons. And so being able to get in and out of the city—those transportation routes are going to be what is very, very important.

You talk about coordination among the different levels of government. We also have an incredible private security system in place, with all the major hotels, with manpower and technology, that probably should be part of this coordination, because I think they can offer some valuable services.

We can’t relocate the MGM Grand into a tent somewhere and let it keep operating. And, finally, there is a certain bias against gaming when it comes to the use of public dollars, to help it, even though that is a source of many jobs, and the kind of golden goose of the state’s economy.

So I worry about what I am hearing. And it seems to be kind of a one-size-fits-all when it comes to setting priorities, drawing up plans, determining who is eligible for grants and loans. So I would ask you, is there any room for flexibility here? And how can we design some things that would accommodate more tourist industry, or some things like Las Vegas might have?

Mr. CZERWINSKI. Sure. You make very good points.

And the key that we want to talk about is the importance of considering the business sector in whatever rebuilding plans you develop.

Ms. TITUS. I agree with that.

Mr. CZERWINSKI. Particularly, small business, because they are the most vulnerable, and they can also provide good start-up.

So what we would suggest is exactly what you are saying. It is not a one-size-fits-all. It is actually tailoring the business recovery plan to the specifics of that disaster, and of that area.

And the two areas that we think that do cover anything, regardless of what the specifics are, are the idea of financial and technical assistance. But they would play out very differently in very different circumstances.

You would want your businesses to be given the assistance they need in terms of the money they need to keep operating. But, also, it is a changing environment.

There is an example that we had from Los Angeles, where there was a fish market that was in business. And the whole landscape of their neighborhood changed. And the business got money. They came back. But they were selling the exact same kind of product. But their whole clientele had changed.

So that points at your idea about being flexible. By putting a one-size, one idea out there, it no longer worked in the new environment. So we would agree 100 percent what you are saying.

Ms. TITUS. Gentlemen?

Mr. GARRATT. We would also agree.

One of the things I would like to do is follow on on the remarks of Ms. Liu and the gentleman at my left. And that is to talk a little bit about the Emergency Support Function 14.

Emergency Support Function 14 is long-term community recovery. It is a relatively young emergency support function. It first appeared with the National Response Plan. It was developed a couple of years ago. The purpose of that function is to facilitate a comprehensive recovery strategy at the community level.

They are designed to bring in Federal, state, local, private sector, voluntary agencies—into the discussion, and into helping develop what is a comprehensive approach for that community's recovery.

In many respects, that function is designed to help facilitate the sorts of things that we are talking about here. Can they do that better? Yes, they can. It requires everyone to come aboard, everyone to be willing to play. But that function is designed to help kick-start that process, and help move that process forward.

Ms. TITUS. I yield back my time. Thank you, Mr. Chairman.

Mr. CUELLAR. [Presiding.] Thank you, Ms. Titus.

At this time, I would like to recognize Ms. Jackson-Lee, gentlewoman from Texas, for 5—I mean, for 5 minutes of questions.

Ms. JACKSON-LEE. Thank you very much, Mr. Chairman. Might I thank you and the ranking member for your indulgence and your kindness, which speaks to the collaboration of this committee—the Homeland Security Committee—and the committee chairs?

I look forward to joining with Chairman Cuellar for a hearing in the region. And I am very grateful for his—or the acquiescence, rather—for this idea. And we look forward to doing so, where we can reflect on what happened, but then, also, look forward to the hurricane season.

We are about 3 months away from the hurricane season. And I want to thank the chairman and the ranking member for a very vital hearing, and their indulgence, again.

Let me also add my appreciation, overall, to the hardworking FEMA employees who leave their families in the cold of winter or the heat of summer, to come to give aid to those who are suffering. I have experienced their great and diligent work. Those are the

ones that are on the ground, that are sleeping on the ground, that are sleeping in tents through Hurricane Katrina and Rita.

As a member of this committee, I have been in places as the winds have lifted. I was in east Texas as we were trying to get water trucks and ice trucks in to the region, as we were speaking to county commissioners who were living in conditions much less desirable than they would want to have.

I visited Mayor Thomas, who has a long legacy of philanthropic work, in a building that was—days of sewage. I am aware of her work—that she did not cease throughout the storm.

As we met with the president of the United States, the sewage seeped into our meeting. Mayor Thomas continued her work. And I think we owe a great deal of debt of gratitude to local leaders, such as herself.

Mr. Garratt, let me try to be quick. And I need to have you be quick as well.

Are you familiar with UTMB? Have you heard of that?

Mr. GARRATT. Yes, ma'am.

Ms. JACKSON-LEE. All right.

I would like a full report as the amount of money that is either in the hands of FEMA or in the state, and the status and position of FEMA with respect to UTMB. I want an urgency put on that. I would prefer it at the end of the day.

But if tomorrow morning is necessary—I want you to tell me: What are the obstacles for the full, complete operation of UTMB? I know the mayor may have some answers, but I am really going to direct this to FEMA.

I have spoken to the state legislature in Texas. I am aware of their attempt and efforts to turn around what had been a dastardly decision to close it. This reminds me of the charity hospital in Galveston that is not closed—so, a full report on UTMB.

The second is that there is a contract—there is a funding for disaster housing that I helped secure in Texas 3 years ago. The contractor is Heston House. Could you give me a full report as to why houses are not on the ground with respect to that contract?

I visited, over the weekend, a warehouse full of modular homes, ready to go; 60, in fact. And they are being stalled by FEMA dilatory tactics. And I would like to know when we will get that housing on the ground, including the housing in Houston, Texas.

I also need to ask you—and I would like an answer on this—there are 30,000 cases that social workers are dealing with, between a contract—because of Hurricane Ike and a contract between Texas and HHS. There are nonprofits who are ready with their caseworkers to work on these cases; 16,000 of them in Harris County.

FEMA will not engage in a contract until April. These agencies are now laying off workers, quite contrary to the president's intent. And by the way, I want to thank the president for his commitment to Homeland Security. And they are not able to do their work because FEMA will not even indicate to them, "We will reimburse you for those cases that are tied to Hurricane Ike."

Can you tell me why FEMA is still standing in the way of Hurricane Ike victims getting relief?

Mr. GARRATT. Ma'am, first thing—I need a clarification. And that is the second issue that you mentioned that is regarding the Heston Homes. Are you referring to the contract that was—or the competitive grant that was awarded to Texas as part of the Alternative Housing Pilot Project?

Ms. JACKSON-LEE. Yes, because those are the houses that they are now using to help east Texas, and also Harris County.

Mr. GARRATT. OK.

Ms. JACKSON-LEE. Yes, sir.

Mr. GARRATT. In terms of our commitment to the citizens and residents of Texas, I think we are very committed to that. And I think we have demonstrated that.

Regarding the issue, specifically, of case management—we have a couple of case-management efforts under way in Texas. One of them is being managed by HUD under the DHAP-Ike program that they manage in their case-managing—the individuals and households that are part of that.

We have another case-management program that, as you indicated, is part of a pilot effort that we are working with the Department of Health and Human Services.

Ms. JACKSON-LEE. And can I stop you a moment, sir? And I do appreciate you. The time runs on members, and I am asking for—if chairman could yield me an additional 3 minutes.

I ask unanimous consent. I have been yielded an additional 3 minutes to pursue the questioning.

I think what will be helpful is—and I understand the DHAP program. This is specifically the HHS. And it is a specific question. And what I am asking you to do is to pull it out of the ashes.

The question is: FEMA indicated that they will not engage in a contract until April. The question is: You have social workers that are being laid off. You have cases that are not being handled. And the answer that I would hope, as you review it—that you would expedite either the contract, or that you would engage with the social-work agencies that you have already confirmed—that they could continue their work and be reimbursed.

What I am saying is you have people who are not being helped, waiting and languishing because FEMA is not engaging in a contract. That money is already in place. So I think that requires you to go and investigate, and to give me an answer as to how we can work together to jump-start that contract. That is the HHS one.

Mr. GARRATT. I would agree with that.

Ms. JACKSON-LEE. All right, sir.

And I thank you very much.

I am sorry. Did you want to finish? No. All right, so I will be back in touch with you.

Ms. Liu, let me thank you for your recommendations. But what I would like to get on the record is the difficulty of doing anything with FEMA, with an antiquated Stafford Act. Would you agree that we need to either overhaul or have an extensive review of a Stafford Act that provides the match—that does not take into consideration Mayor Thomas' predicament of having, literally, no income?

She is celebrating the fact that 65 percent of businesses are in. But I know her economy; 35 percent businesses out hurts Galveston. Can you assess that through your further studies—the re-

view of the Stafford Act as antiquated and needing some revisions and-or total reconstruction?

Ms. LIU?

Ms. LIU. I agree with that. And I believe there have been a lot of really good studies and reports done, including those by GAO, that reviewed and makes recommendations to the Stafford Act. I think that the most important thing at this point, because we know that disasters are going to continue to happen, and happen in a more frequent rate—is that we need to—not only do we need to streamline the emergency response and find a much more human way of dealing with the emergency response, but we don't really have a policy on longer-term recovery.

And I know that there are concerns and recommendations about whether or not longer-term recovery is really the providence of FEMA. And in the past, historically, FEMA does short-term emergency response. The longer-term recovery is done by others.

And when I think about, again, from the ground up, what is needed for longer-term recovery, FEMA has really good systems in place—

Ms. JACKSON-LEE. Right.

Ms. LIU. —for emergency response. But they are not waking up every day, thinking about community development, economic development, the mental health of the people who are there. That is a different set of responsibilities; requires a different kind of inter-agency response. And, in fact, it is a different kind of set of outcomes.

So I do think that those are things that need to be visited, certainly, by this committee.

I wanted to even respond a little bit, when—to some of Congressman Richardson's comment about case management and—

Ms. JACKSON-LEE. Well, I will yield to you. So that means I will have—

Ms. LIU. I am sorry.

Ms. JACKSON-LEE. —just a little bit more time.

I will let you answer—

Ms. LIU. Oh, I am sorry.

Ms. JACKSON-LEE. —that question.

Mr. Chairman?

Ms. LIU. I was going to say—respond a little bit to your question about FEMA—

Ms. JACKSON-LEE. No, that is all right. I am yield to you—and respond to that question.

Ms. LIU. Thank you very much.

I do think there is certainly case management on all kinds of temporary housing, whether it is the DHAP vouchers or the trailers—families in trailers.

I think that if we went back and talked about outcomes, there are certainly concerns raised by me that the case management that is being done right now is mostly about collecting people's income, data, demographics, characteristics. But the goal of case management isn't to make sure that they have a place to live at the end of the term of expired assistance—not like the way we do case management for welfare reform or TANF, where we actually ac-

tively work to find placement of jobs; even temporary jobs. That is a Federal mandate on TANF recipients.

So I think that, again, when we think about temporary housing and the people who get temporary housing—we should not treat them as paperwork, but as humans. And there should be a case-management process that really thinks about, “what are the different kinds of services, whether it is mental health or housing assistance or employment assistance?” and get them into stable situations.

Ms. JACKSON-LEE. Let me thank you for that answer.

And, Mr. Chairman, if I could have the last question to Mayor Thomas—I think you have made a very valid point.

Mayor Thomas, I have studied your statement. And I want to thank your city manager and others, who are here. And I would like to ask on the record, Mr. Garratt, if you would—I realize the work. And your deputy, who is here, Mr. Walke—would you take the memorandum, or the statement, of Mayor Thomas?

She has 14 recommendations. I know those answers cannot come to me tomorrow. But I want to engage you. I am going to use that document. I want to engage you. I would like to have you in my office. But I would like a response to those 14 recommendations that she is given.

I, frankly, believe that they are a peephole into hurricanes to come.

Let me ask Mayor Thomas: What was the most difficult aspect of dealing with FEMA? I would argue that the Stafford Act needs to be completely overhauled. I think there are instances where money should come directly to the jurisdiction, where there is a crisis, as long as capacity is there. If the city fathers and mothers are no longer there, the devastation is so bad that everybody has completely left the area, then that is a different story.

But if there are local governments trying to function—if they are trying to deal with renters, which you have indicated is a big issue—they are trying to deal with public housing. And I, frankly, believe those dollars should come directly to the local jurisdiction.

Would you comment? And you might also comment on how north Galveston is doing. I will also mention Harris County. I think all these things impact the Hurricane Ike victims all over. And they also speak to Hurricane Rita and Katrina victims. We are not leaving them out.

It is a complete continuity, because these people are still suffering as well.

Mayor?

Ms. THOMAS. Yes, ma'am. I would be happy to answer.

Number one, our most difficult issue was and is housing. As far as FEMA is concerned, regarding housing, Galveston is an island. FEMA has a rule that no FEMA trailer or modular house will be built on land that is not—I think it is six feet above sea level. So we have been—again, 6 months out, and finally getting some temporary housing.

I also feel that Galveston has a very clean record of dealing with Federal money, because of the millions of CDBG money that we have had since 1974. And I would ask that FEMA pay in advance certain millions of dollars to the local communities on the ground,

who can get our people into temporary housing. And they don't have to wait 6 and 7 months, as we are now doing that.

So housing is a huge problem. And it is further complicated by the delays—by the requests for leases, for insurance, for school records, for medical records that have been drowned in the flood. And our residents—nor could they in New Orleans—come up with these unending requests for paperwork.

The people who live in Galveston know who their people are. And we know whether they had been a resident in Federal housing, or whether they are renters. And we can get them under cover if we have the funds in advance to do it.

The other issue, Mr. Chairman, that I would like to just remind this group of—and it has to do with shoreline protection. It has to do with the fact that Galveston Bay rose.

So when we talk about funding for shoreline protection, we want our fair share, as has been given to New Orleans. New Orleans had to rebuild its levees. We need to build levees on the north side of town, which is a side of town that we are talking about, here, that went under water first. And that is where our low-to-moderate-income population is.

So we need levee protection—the same kind of reimbursement, the same kind of 100 percent funding that has been given to New Orleans, Louisiana and Mississippi. And we need to cut out the unending paperwork that FEMA requires for our folks, our people, to get shelter. Those are our main concerns—housing, too much paperwork, shoreline protection for an entire region.

Ms. JACKSON-LEE. Thank you, Mr. Chairman.

If I may speak to the chairman—I would hope that the FEMA witness could give a response to those questions that the mayor has asked, because they are now still in the midst of fighting the battle of recovery. And I would hope that it would not be perceived as a Hurricane Ike gift; that we could begin to look at how we relate, overall, to hurricanes.

Because I do believe the money trail is stalled when it goes to the state. And I do believe the Stafford Act is an obstruction to long-term recovery. And I believe this committee, with your leadership, and this full committee, can, during this term, really look at how we help those who are suffering and experiencing disasters.

I thank you, Mr. Chairman, for your indulgence.

Mr. CUELLAR. Thank you again.

And I just want to just clarify—the materials and the questions—or the responses—that have been requested by Congresswoman Jackson-Lee and, of course, going also to the mayors—I would ask that you send the originals to us, to the committee, so they can become part of the record, copied to Ms. JACKSON-LEE. But just make sure they come to our committee.

Also, I would like to ask unanimous consent to insert the following document from Mayor Thomas, that includes a pictorial description of the city damages,¹ an index of Hurricane Ike orders from the city of Galveston, Hurricane Ike response-and-recovery

¹See committee file, "Focusing on the Future", Mayor Lyda Ann Thomas, City of Galveston, U.S. House Committee on Homeland Security Subcommittee on Emergency Communications, Preparedness and Response, Washington, DC, March 3, 2009.

statewide-activity report, and, of course, FEMA's rental repair pilot program—ask that to be part of the record also.

Mr. CUELLAR. Before we close, I would ask also the witnesses, before you take off—ask you to meet with Denton Herring—gentleman right here—before you leave, so you can organize the report on the recovery recommendations that I asked for.

The only thing is—I was telling Denton that one of the things that I want is—I don't want to have five different—or five reports—should I say “four different reports.” I just want to have one, which means that you all have to sit down and talk about it on that.

And if there is a difference on one recommendation, just add, “And this recommendation was not agreed upon.” But I really would like to have consensus as much as possible on the one report, not four different reports.

So before you leave, I would ask you to sit down and take note. I know I have had—a couple members have asked me that they want their committee staffs to be involved. So any committee member that wants to get involved with their staff on the reports—and the first report will be this Friday at 12 noon.

I have asked for every—at least a status report, not the full report—a status report. Everybody, 12 noon—you will all be talking to Mr. Herring, here, to give us a report on this, because I don't want to be surprised at the end of 30 days—and, “Guess what? We haven't even got started on it.”

So I would ask you to go ahead and do that. Make sure you all share phone numbers, get to know who is who here, because you are going to be spending a little bit of time together for the next 30 days.

Any questions from anybody?

Ms. THOMAS. Mr. Chairman, I want to be sure that when you say that we are going to work together every Friday, you are talking about by conference?

Mr. CUELLAR. Yes. It is up to you.

Ms. THOMAS. I mean, I don't think I can come to Washington—

Mr. CUELLAR. No, no, I am not—I know. I am not asking that.

Ms. THOMAS. —especially when it is this cold.

Mr. CUELLAR. Yes. No. If I had my way, we would be going down to Galveston. I was asking the chairwoman—“We will go down to Galveston, but make sure it is warm when we go down there.”

Ms. THOMAS. And so when we meet today, after this, because we all have other places to go, it is simply to exchange information.

Mr. CUELLAR. Yes.

Ms. THOMAS. And then Mr. Czerwinski will set up conference calls in order to pursue your request? Is that—

Mr. CUELLAR. Right, under the direction of the committee.

And I think you all met the committee staff person who will be in charge.

If you want to, wave and make sure everybody sees you.

Just make sure that it will be under the committee staff. The lead person will be Mr. Czerwinski, but they will be under the committee supervision.

Ms. THOMAS. Thank you.

Mr. CUELLAR. OK.

All right, I thank all the witnesses for their valuable testimony, and the members for their questions. The members of the subcommittee may have additional questions for the witnesses, and we ask you to respond to those as soon as possible, in writing, to those questions.

Hearing no further business, the hearing is adjourned. Thank you.

[Whereupon, at 11:59 a.m., the subcommittee was adjourned.]

