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

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Introduction

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

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

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

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

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

Immediate Response Operations

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

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

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

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

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

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

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

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

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

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

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

Recovery: Working as a Team

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

Individual Assistance

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

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

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

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

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

Public Assistance

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

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

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

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

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

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

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

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

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

Hazard Mitigation Grant Program and National Flood Insurance Program

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

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

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

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

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

Housing

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

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

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

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

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

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

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

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

National Disaster Recovery Framework

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

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

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

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

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

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

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

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

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

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

Procurement

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

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

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

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

Conclusion

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

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