

**Hearing before the Ad Hoc Subcommittee on State, Local, and  
Private Sector Preparedness and Integration**

**“The Next Big Disaster: Is the Private Sector Prepared?”**

**March 4, 2010**

**Opening Statement**

I want to welcome our panelists, Ranking Member Ensign, and fellow Subcommittee members, to today’s hearing on new approaches to better prepare America for disasters. I appreciate your taking the time to be here today and call this hearing to order.

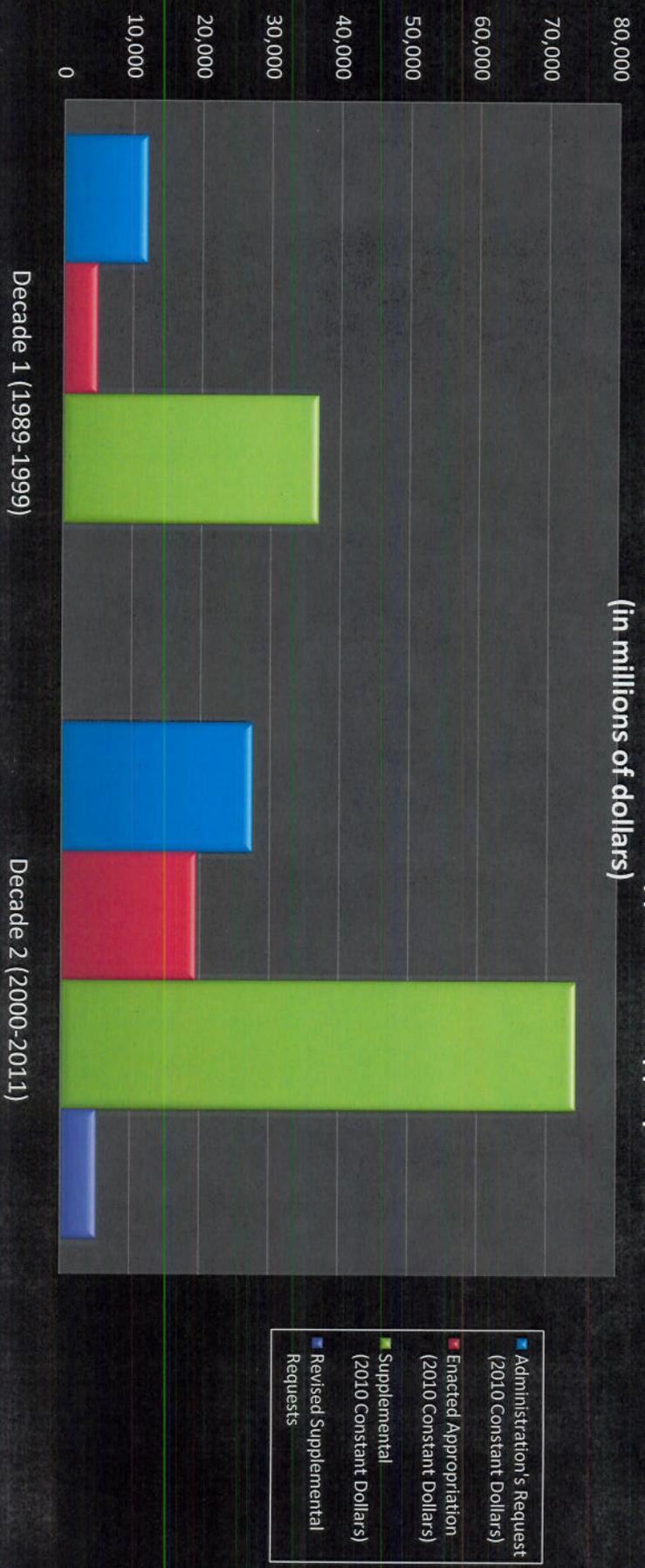
The recent earthquakes in Haiti and Chile are a grim reminder of not only the immediate human impact of disasters but also the long term affect on basic services, job growth, and economic development. It is fair to ask how much better prepared we are for the next big disaster on US soil -- how resilient is America and our economy to the natural disasters we know will happen and the terrorist attacks we fear will happen?

At a time when the US deficit is \$1.5 trillion per year and Federal spending for disasters *after they occur* frequently runs into the billions of dollars, it is also fair to re-evaluate whether our strategy for and billions spent on disaster preparation represents best practice and is cost-effective. We should ask whether we can spend less and get more “bang for the buck”? What new thinking is there about helping communities and the private sector prepare to respond to disasters and bounce back after a disaster occurs?

It is established fact that economic recovery after a disaster depends on how well we are prepared before a disaster occurs. Studies show that a dollar in disaster preparation saves four dollars in response. Every dollar spent in response activities is one dollar less in community improvements. Every corporate dollar donated for relief efforts is one dollar less in business investments. For every small business that is unable to recover from an event, jobs are lost and economic recovery is damaged.

The cost of response and recovery versus preparation is illustrated by the chart you see.

## Disaster Funding 1989-2011 Data Total by Decade (in millions of dollars)



Source : Data derived from database maintained by Congressional Research Service based upon Office of Management and Budget documents and appropriations statutes.

This shows the significant growth of disaster spending between the 1990's and the ten years leading up to today. Not shown by the chart is that the number of presidentially-declared US disasters have increased every decade. President Obama has already declared nine major disasters 2010 one of which occurred in Arkansas.

This chart also does not illustrate the billions of dollars spent on post-disaster assistance by private and non-profits sectors on disaster recovery. After Katrina, 254 different companies made contributions valued at \$1 million or more. Wal-Mart, which is based in my home state, provided over \$1 million in donations and in-kind contributions for Haiti relief efforts and collected an additional \$3 million from its associates and customers.

It makes dollars and sense to better prepare for the unexpected and create resilient infrastructure and communities. We have taken important steps to improve preparedness activities across the country. The Federal government has developed various strategies and guidelines to outline what our efforts should accomplish. Each year FEMA provides grant funding so that state and local governments can improve homeland security activities and all-hazard mitigation. Despite our efforts, we still spend billions in recovery, and I am concerned as to whether or not our preparedness activities are adequate.

Incorporating the private sector into emergency preparedness and response is a crucial first step to improving our resilience to disasters. The private sector employs most individuals and owns most of the country's critical infrastructure. The Department of Homeland Security and FEMA has been instructed to incorporate the private sector in its activities, but we need to focus on really developing public-private partnerships to address preparedness challenges.

Our hearing today will air new ideas to preparing for and responding to national catastrophes while better integrating the private sector in government preparedness activities. It is my hope that we will discover emerging themes in preparedness activities, and the ideas we discuss today will assist this Subcommittee to really improve the way the government prepares for catastrophic events. Our witnesses represent the diverse interests of those wishing to improve the emergency community, and I look forward to hearing their thoughts.