AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 112–347

THE FEDERAL ROLE IN DISASTER RECOVERY AND RESPONSE

HEARING

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

SPECIAL HEARING

OCTOBER 12, 2011—WASHINGTON, DC

Printed for the use of the Committee on Appropriations

Available via the World Wide Web: http://www.gpo.gov/fdsys/browse/committee.action?chamber=senate&committee=appropriations

U.S. GOVERNMENT PRINTING OFFICE

73–346 PDF WASHINGTON : 2012

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 APPROPRIATIONS

DANIEL K. INOUYE, Hawaii, *Chairman*

PATRICK J. LEAHY, Vermont
TOM HARKIN, Iowa
BARBARA A. MIKULSKI, Maryland
HERB KOHL, Wisconsin
PATTY MURRAY, Washington
DIANNE FEINSTEIN, California
RICHARD J. DURBIN, Illinois
TIM JOHNSON, South Dakota
MARY L. LANDRIEU, Louisiana
JACK REED, Rhode Island
FRANK R. LAUTENBERG, New Jersey
BEN NELSON, Nebraska
MARK PRYOR, Arkansas
JON TESTER, Montana
SHERROD BROWN, Ohio

THAD COCHRAN, Mississippi
MITCH McCONNELL, Kentucky
RICHARD C. SHELBY, Alabama
KAY BAILEY HUTCHISON, Texas
LAMAR ALEXANDER, Tennessee
SUSAN COLLINS, Maine
LISA MURKOWSKI, Alaska
LINDSEY GRAHAM, South Carolina
MARK KIRK, Illinois
DANIEL COATS, Indiana
ROY BLUNT, Missouri
JERRY MORAN, Kansas
JOHN HOEVEN, North Dakota
RON JOHNSON, Wisconsin

CHARLES J. HOUY, *Staff Director*
BRUCE EVANS, *Minority Staff Director*

SUBCOMMITTEE ON THE DEPARTMENT OF HOMELAND SECURITY

MARY L. LANDRIEU, Louisiana, *Chairman*

FRANK R. LAUTENBERG, New Jersey
DANIEL K. INOUYE, Hawaii
PATRICK J. LEAHY, Vermont
PATTY MURRAY, Washington
JON TESTER, Montana

DANIEL COATS, Indiana
THAD COCHRAN, Mississippi
RICHARD C. SHELBY, Alabama
LISA MURKOWSKI, Alaska
JERRY MORAN, Kansas

Professional Staff
CHARLES KIEFFER
CHIP WALGREN
SCOTT NANCE
DRENAN E. DUDLEY
REBECCA DAVIES *(Minority)*
CAROL CRIBBS *(Minority)*

Administrative Support
NORA MARTIN
COURTNEY STEVENS *(Minority)*

CONTENTS

	Page
Opening Statement of Senator Mary L. Landrieu	1
Statement of Hon. Craig Fugate, Administrator, Federal Emergency Management Agency, Department of Homeland Security	6
Prepared Statement of	7
The Disaster Relief Fund	7
Funding the Disaster Relief Fund	7
The Many Roles Played by FEMA's DRF	8
Sound Financial Management Maximizes the Disaster Relief Fund	8
Fiscal Year 2011	8
The Budget Control Act	9
Statement of Hon. Jo-Ellen Darcy, Assistant Secretary of the Army (Civil Works), U.S. Army Corps of Engineers	9
Prepared Statement of	11
Preparedness and Training	12
Response Activities	12
Coordination	12
2011 Operations	12
Damages to Corps of Engineers Projects from Recent Flooding	13
Statement of Senator Daniel Coats	14
Disaster Relief Fund—Funds Spent in Fiscal Year 2011	15
Disaster Relief Fund—Funding for Fiscal Year 2012	15
Disaster Relief Fund—Cost of Putting Projects On Hold	16
Disaster Relief Fund—Estimated Working Balance	16
Disaster Relief Fund—Fiscal Year 2012 Funding	18
Disaster Relief Fund—Funding for Unforecasted Events	18
Disaster Relief Fund—Fiscal Year 2012 Budget	19
Flood Maps	21
Definition of a Major Disaster	27
Disaster Relief Fund—Zero-Balance Projection	27
Statement of Hon. Gregory Nadeau, Deputy Administrator, Federal Highway Administration, Department of Transportation	30
Prepared Statement of	32
The Emergency Relief Program	32
The Emergency Relief for Federally Owned Roads Program	33
Emergency Relief Funds at Work	33
Modeling and Research Activities	35
Statement of Fred Tombar, Senior Advisor for Disaster Programs, Department of Housing and Urban Development	36
Prepared Statement of	37
Office of Community Planning and Development	38
CDBG Supplemental Appropriation for Disaster Recovery	39
Office of Public and Indian Housing	39
Disaster Housing Assistance Program	40
Office of Housing/Federal Housing Administration	40
Office of Policy Development and Research	41
Office of Fair Housing and Equal Opportunity	41
Office of Disaster Management and National Security	42
Inter-Departmental Coordination	42
Statement of James Rivera, Associate Administrator, Small Business Administration	45
Prepared Statement of	46
SBA's Role in Responding to a Disaster	47
SBA's Response to Hurricane Irene and Tropical Storm Lee	47
Fiscal Year 2011 Highlights	47

Page

Preparedness and SBA's Key Improvements to the Disaster Assistance Program 48
Inter-Agency Coordination 48
Statement of Bruce Nelson, Administrator, Farm Service Agency, Department of Agriculture 48
Prepared Statement of 51
Department of Agriculture Disaster Assistance 48
Crop Insurance 49
Farm Service Agency Disaster Programs 49
Statement of Homer Wilkes, Acting Associate Chief, Natural Resources Conservation Service, Department of Agriculture 50
Prepared Statement of 51
Emergency Watershed Program 50
Prepared Statement of David White, Chief, National Resources Conservation Service, Department of Agriculture 51
Crop Insurance and the Noninsured Crop Disaster Assistance Program 51
2008 Farm Bill Disaster Programs 52
Emergency Loans 53
Emergency Conservation Program 53
Emergency Forest Restoration Program 53
Emergency Watershed Protection Program 54
Other USDA Programs 54
Decrease in Community Development Block Grant Funds 55
Potential Statutory Changes 58
Supplemental Revenue Assurance Program 58
Emergency Watershed Program Backlog 59
Rebuilding Schools 60
Additional Committee Questions 62
Questions Submitted to Hon. Craig Fugate 62
Questions Submitted by Senator Mary L. Landrieu 62
Public Assistance Grants 62
Questions Submitted to Hon. Jo-Ellen Darcy 62
Question Submitted by Senator Mary L. Landrieu 62
Question Submitted by Senator Daniel K. Inouye 63
Pacific Ocean Division Regional Integration Team 63
Question Submitted to Fred Tombar 64
Question Submitted by Senator Patrick J. Leahy 64
Question Submitted to James Rivera 65
Question Submitted by Senator Patrick J. Leahy 65
Questions Submitted to Bruce Nelson 67
Questions Submitted by Senator Patrick J. Leahy 67

THE FEDERAL ROLE IN DISASTER RECOVERY AND RESPONSE

WEDNESDAY, OCTOBER 12, 2011

U.S. SENATE,
SUBCOMMITTEE ON HOMELAND SECURITY,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:37 p.m. in room SD–192, Dirksen Senate Office Building, Hon. Mary L. Landrieu (chairman) presiding.

Present: Senators Landrieu, Lautenberg, Leahy, Coats, Cochran, Murkowski, Moran, and Blunt.

OPENING STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Good afternoon, everyone. Let me call the Subcommittee on Homeland Security Appropriations to order for the purpose of conducting a hearing this afternoon on the needs of disaster-stricken communities around the United States, to get a firmer handle on the needs that are before us as a Nation for 2012.

I am very pleased to have two panels of experts and public servants before us today that will testify on this subject. Of course, and I will introduce them all later, but the Federal Emergency Management Agency (FEMA) and the Army Corps of Engineers are on our first panel. And then on our second panel, we will hear from the Department of Transportation (DOT), the Department of Housing and Urban Development (HUD), the Administrator of the Small Business Administration (SBA), and then two Administrators from the Department of Agriculture, because we know it takes more than FEMA to respond to a disaster.

And let's begin with the two primary agencies, but others are involved as well.

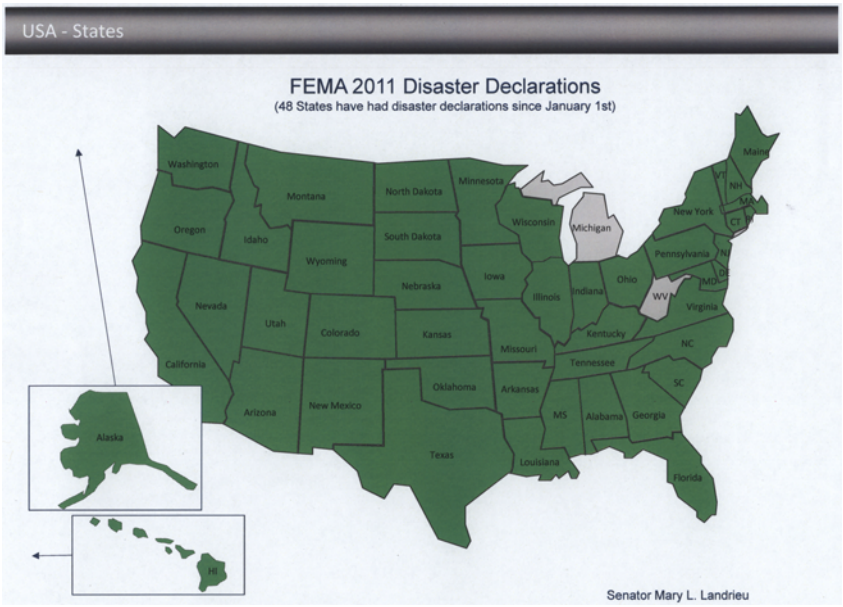
I am going to do a short opening statement and then turn it over to my vice chair. My ranking member is on the way.

This year, as has been widely reported, our country has experienced an unprecedented number of disasters, particularly major disasters, both in number and scope. Two-hundred and twenty-seven disasters have received Presidential declarations in 48 States. Unprecedented.

To put this in perspective, however, there are—as you can see in the chart—almost 48 of all the 50 States with disaster declarations. But to put this in perspective, although 227 disasters is a high number, the last year that we have records, which is complete records for 2009, there were approximately 45,000 disasters in the United States, but those are mostly State and local disasters—

44,600 in 2009 were handled by local governments, only 180 were handled by States, and only 115 qualified for Federal assistance.

[The information follows:]



While we don't have the records for 2010 or 2011, I would venture to say that they are going to follow the same pattern, which I think is important for us to understand, because there is some criticism that the Federal Government is getting involved in every disaster, or maybe our problem is that the Federal Government is trying to do too much.

So I want to be clear about these statistics. In 2009, there were 45,000 disasters in the United States, but only 115 qualified to receive Federal assistance. So as we look forward to 2012, the same will be clear. There will be tens of thousands of disasters, but only a few will receive Federal assistance because they are, in fact, major disasters—defined as disasters unable to be dealt with at the State or local level.

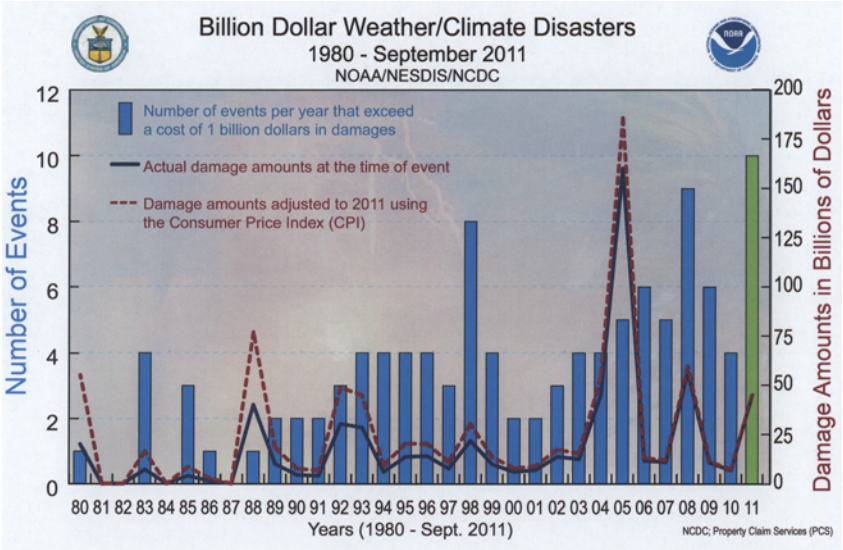
But not only was 2011 a tough year for the number of disasters, but the type of disaster and the scope were alarming as well. We had ice storms. We had tsunamis. We had unprecedented fires, historic floods, unprecedented tornadoes, and very, very powerful hurricanes.

According to the National Oceanic and Atmospheric Administration (NOAA), the United States has sustained 10 disasters this year with overall damage in cost that each exceeded $1 billion.

And I would like to put the chart up to explain why this year is so special and unprecedented, and it is going to take all of our best efforts to meet this challenge. You can see from the chart on the blue bars that only one other year, which was, I think, if I am reading this right, 1998, came up to eight disasters more than $1 billion. In 2012, we had 10 disasters of more than $1 billion. Those

are not the only disasters we had. But that shows you the breadth and depth of the individual incidents that we are trying to respond to that are quite large and quite challenging.

[The information follows:]



That is why I want to spend some extra time on this subject. I think our subcommittee can be helpful.

Let me just go back here—I understand unprecedented disasters very well because my State, Louisiana, and my neighboring State, Mississippi, experienced the most destructive natural disasters in U.S. history in 2005. Ninety-thousand square miles were destroyed, killing more than 1,800 people.

So I think I know that it takes a whole Nation, a broad effort, including many Federal agencies, not just FEMA, with the proper resources and skills and operational tools to respond effectively.

I want to thank the full committee chairman, Chairman Inouye, for permitting this very special subcommittee hearing. Not only are the members of my subcommittee invited, but the chairs of all the Appropriations subcommittees that oversee these agencies have been asked to participate, and I am very, very grateful for their help.

FEMA's role, in partnership with State and local governments, is to ensure that as a Nation we work together to respond and recover from these disasters. The Corps of Engineers maintains, constructs, and builds levees to mitigate flooding, and takes the lead in debris removal and levee repair. They have a very important role to play.

However, so does the Department of Agriculture, which provides funding and technical assistance to rehabilitate damaged farmland and forests. The SBA provides loans. There are efforts underway to see if we can provide those loans on a more favorable rate to the borrowers. The Federal Highway Administration (FHWA) provides funds for repair and reconstruction of Federal-aid highways and

bridges, federally owned roads and bridges that have suffered serious damage as a result of these natural disasters or catastrophic failures.

And HUD can provide, if they have resources, grants to affected areas, and provide crucial seed funding to start the recovery process through mostly the Community Development Block Grant (CDBG) program.

I will note at the time of this hearing, the Senate, on a bipartisan basis, has passed to date, through the Appropriations Committee or through the Senate floor, $9.3 billion in disaster assistance through six Federal agencies.

And if you all will put that chart up?

[The information follows:]

DISASTER RESPONSE AND RECOVERY

Program	Combined Senate action to date
FEMA Disaster Relief Fund	$5,100,000,000
Corps of Engineers	1,348,000,000
Agriculture	266,000,000
SBA Disaster Loan Administrative Expenses	167,000,000
Federal Highway Emergency Relief	1,900,000,000
HUD Community Development Block Grant	400,000,000
Commerce—Economic Development Disaster Grants	135,000,000
Total	9,300,000,000

As we await further action on these measures, this hearing will provide an opportunity for members to get a clearer picture about how these monies might be used to assist disaster-stricken communities throughout the United States, and if more money is needed or less.

On our first panel, as I said, we will hear from Administrator Fugate and then the Army Corps of Engineers, and then we will go on to our second panel.

I would like to turn it over now for opening remarks from our vice chair. As soon as our ranking member gets here, he will offer comments. And any of the other Senators who wish for a brief opening statement, I would be happy to entertain that from you all.

Senator Lautenberg.

Senator LAUTENBERG. Thanks very much, Madam Chair, for your persistence and leadership on trying to repair what Mother Nature occasionally does. And your State and area certainly has got its share. I think it has warmed you up for the fight that you constantly have to make.

When Mother Nature sends our country her worst, the American people are at their best. They rise to the occasion, pull together, and help each other out. The Federal Government also has a responsibility to step up to the plate and extend a helpful hand.

A cardinal principle for America, is that we have to protect the safety of our citizens, and that doesn't just mean from a terrorist attack. It means from attacks whether it is from nature or other accidents that come along.

Since Hurricane Irene tore its destructive path up the east coast last month, several agencies have worked hard to help the victims

recover, rebuild, and restore facilities. In my State of New Jersey, FEMA is helping local governments repair schools, roads, bridges, sewer systems, and power lines.

The SBA, as the chair has noted, and several agencies have to chime in here, even though FEMA is typically the lead. Other agencies are required, and we look to them. The SBA, for instance, provides loans for major damages to homes and businesses, large and small. The DOT helps New Jersey pay for repairs to roadways. And other Federal programs stand ready to join the relief effort, including CDBGs, Economic Development Administration Grants, which provide long-term recovery and support to rebuild local economies.

But they are waiting for the Congress to provide them with the funding they need to really get full bore to work. In the wake of Hurricane Irene this year and other major disasters, the Senate acted swiftly to fund these vital programs.

I was pleased that the Senate approved this emergency funding without harmful offsets. And that is the way the Congress has provided disaster funding in the past. That is why the debt limit provided emergency authority to make sure our country's disaster victims were not left waiting while we fought here over spending cuts.

Now it is time for the House to get on board, work with the Senate to provide the comprehensive, robust response to these devastating natural disasters without playing the political games. Incredibly, some of our Republican friends are still pressing for reckless spending cuts in exchange for disaster relief funding. And it is not a good trade.

We all recognize our country faces serious fiscal challenges, but we can't put a price on human lives. Nothing is more important than protecting our communities, our families, and our economy.

Bottom line is this: A disaster strikes, victims don't want us to reach for the budget acts. They want us to extend a helping hand.

Hurricane Irene and many other natural disasters hit our country this year, causing widespread damage. It is going to require a tremendous rebuilding effort.

So I look forward, Madam Chair, to hearing from our witnesses about the support that they can offer and why the Congress has to act quickly to provide them with the resources that they need to get to work and help America rebuild. But also to let them know, from an emotional, spiritual standpoint, that the country is there behind them. We are going to do what we have to and get rid of this political engagement that so interferes with our getting our work done. We hope that is past.

Senator LANDRIEU. Thank you so much.

I understand that Senator Leahy was here and will come back for questioning to DOT.

Senators Blunt, Moran, and Murkowski, any comments or shall we go right to the panel?

Okay, thank you all so much.

Let's begin with Administrator Fugate. I think we have 5 minutes each, and then we will have a round of questioning.

STATEMENT OF HON. CRAIG FUGATE, ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF HOMELAND SECURITY

Mr. FUGATE. Thank you, Madam Chair Landrieu and Vice Chairman Lautenberg. Unfortunately, we had to visit when your State was being flooded. To the other Senators here, Senator Blunt, obviously the Joplin tornado, not discounting the earlier floods and tornadoes that also hit your State.

It has been a very busy year. And based upon that, I wanted to talk about some of the things that, Madam Chair, you pointed out. In looking at these disasters—both Governors were compelled to request assistance from the President. I think people think that when that request is made, it is automatic. It is not.

Not every declaration is approved. And I have dealt with many calls about why we deny declarations. But it is always based upon the premise that the threshold of that declaration has exceeded the State's capability and local capabilities to manage without Federal assistance. Oftentimes, that is financial; sometimes it is actually in the response phase.

But this year we saw numerous disasters, many of which got national attention because of the severity in the loss of life. And I think it was important to note, as you pointed out, that many disasters are responded to every day by local communities, volunteer agencies, and nongovernmental organizations. Those same organizations were the first response to these catastrophic disasters.

When you have loss of life measured over impacts of tornadoes that we have not seen since the 1950s when we have been keeping an accurate record—loss of life greater than any previous recorded tornado since the 1950s in Joplin—you recognize the response that was done by local responders: mutual aid from surrounding communities; States utilizing mutual aid under Emergency Management System Compact, leveraging resources, much of which has been built through funds under Homeland Security grants; volunteer agencies that came out and helped shelter, feed, and minister to those that were injured and those that had lost their homes or were impacted.

As we work closer together with the private sector, many of them are able to get their resources, get their businesses up and running, allowing us to focus on the hardest hit areas. And again, our role at FEMA is to coordinate—on behalf of the President and on behalf of the Secretary of Homeland Security, Secretary Napolitano—the Federal response to the Governors' requests for assistance.

When we talk about the Disaster Relief Fund (DRF), last year about $7.3 billion was expended in fiscal year 2011, which just ended. That, I think, gives you some example of not only the disasters that we were still recovering from as far back as hurricanes in Florida, Katrina, Rita, Wilma, and numerous other disasters that are still going through the rebuilding phase, but also the impacts this year to individuals, about $1.2 billion provided in individual assistance in this past fiscal year across all of these storms and disasters.

But another part of the DRF that I think gets understated is the money that we have obligation to pay after declarations have been

issued, and those funds go to individuals and families that are eligible; they go to the permanent work in rebuilding communities, as well as the emergency protective measures; and they go to mitigating future losses. The DRF is also about the ability to respond to the next disaster. I think this is one of the key tenets of the DRF that sometimes gets not articulated as well as the amount of money we need for the current disasters.

In an event that we may see coming, such as a hurricane, but more probabilistic, in an event like an earthquake where we don't, our ability to respond quickly in the first days is often dependent upon our ability to bring teams on to Federal status, such as our urban search and rescue teams, to bring staff on and deploy them to the States, and to order up supplies and activate contracts to get critical resources to the States that are needed.

PREPARED STATEMENT

That is not inexpensive. It is not something that can be done without the funds. So as we look at the DRF, and we talk about the cost of the existing disasters, we must also remember the DRF needs to maintain reserve balance to respond to the next disaster, which may not include a forecast and may not allow time for future activities to replenish or provide additional funding to the DRF.

Thank you, Madam Chair.

[The prepared statement follows:]

PREPARED STATEMENT OF HON. CRAIG FUGATE

Chairman Landrieu, Vice Chairman Lautenberg, Ranking Member Coats, and distinguished members of the subcommittee, my name is Craig Fugate and I am the Administrator of the Federal Emergency Management Agency (FEMA). It is an honor to appear before you today on behalf of FEMA to discuss the Disaster Relief Fund (DRF), its uses and how its costs are estimated for budget requests. In my testimony today, I will describe some of the ways that FEMA uses the DRF to support our State and local partners in disaster response, recovery, and mitigation.

THE DISASTER RELIEF FUND

The DRF provides a no-year funding base against which FEMA can direct, coordinate, manage, and fund eligible response and recovery efforts associated with domestic major disasters and emergencies. Through the DRF, FEMA can fund authorized Federal disaster support activities as well as eligible State, territorial, tribal, and local actions, such as providing direct Federal assistance, emergency protective measures such as evacuation and sheltering, and debris removal. The DRF also funds:

—repair and reconstruction of eligible disaster-damaged infrastructure;
—hazard mitigation initiatives;
—financial assistance to eligible disaster survivors; and
—fire management assistance grants.

Following a major disaster declaration from the President, the DRF allows FEMA to reimburse States for lifesaving and life-sustaining costs when their own resources become overwhelmed due to an emergency or disaster.

FUNDING THE DISASTER RELIEF FUND

Disaster relief funds are provided to FEMA through congressional annual and supplemental appropriations. Each fiscal year, the President estimates the amount of funds it projects will be necessary to provide disaster relief in the next fiscal year. This amount is included in the President's appropriations request to the Congress.

When calculating the annual DRF request, we ask for the previous 5 years' average cost to fund FEMA's operational costs to deliver disaster relief and to reimburse Federal, State, and local partners to respond to, recover from, and mitigate future disasters. This 5-year average excludes all catastrophic disasters, that is, disasters costing in excess of $500 million. The rationale is that noncatastrophic events are

more reflective of the historic disaster activity that would be experienced in any given year. On the other hand, catastrophic events like Hurricane Katrina that occur far less frequently are considered "outliers" that should not be factored into the base budget, but addressed separately through the supplemental appropriations process.

Although annual requests attempt to include all of our anticipated costs for non-catastrophic disasters during the year, a large-scale disaster may cause us to exceed our annual estimate, prompting a supplemental request as the administration requested in fiscal year 2010 and fiscal year 2011.

THE MANY ROLES PLAYED BY FEMA'S DRF

FEMA uses the DRF to fund many direct costs in disaster response and recovery, such as personnel, facilities, and other general disaster logistics supplies, including food and water. FEMA also uses the DRF to fund other agency response activities and to reimburse nearly all participants in disaster response and recovery operations.

During an immediate disaster response, FEMA may reimburse State search and rescue teams deployed under the Emergency Management Assistant Compact, or EMAC, from DRF funds. FEMA also reimburses States to shelter disaster survivors as part of initial disaster response efforts including funds for the facility, the commodities, and the employees to manage shelters.

FEMA uses the DRF to fund the work of Federal partners who support disaster response and recovery activities under the Stafford Act. The FEMA mission assignment process is used to task work from Federal partners to support disaster response in three ways:

—Federal support to FEMA or other Federal partners;

—technical assistance to the States;

—and direct Federal assistance.

FEMA also funds many of an affected State's administrative costs from the initial emergency through the multi-year disaster recovery process. FEMA pays for the overtime, per diem, travel, and incidental costs for State employees to participate in preliminary damage assessments. More importantly, as States rebuild their communities with multi-year infrastructure reconstruction projects funded through the Public Assistance Program, FEMA funds or reimburses the State for their direct or indirect administrative costs.

SOUND FINANCIAL MANAGEMENT MAXIMIZES THE DISASTER RELIEF FUND

In light of the current economic climate, FEMA has worked hard to create efficiencies and develop new ways to increase administrative savings and preserve existing DRF funds as long as possible.

One recent initiative includes reducing the costs of field operations. A primary goal was to minimize administrative costs incurred at a Joint Field Office (JFO)—the office space shared by State and Federal personnel used to support a particular disaster recovery effort.

FEMA worked to assess staffing needs for each task in a JFO in order to reduce initial deployments where possible and right-size offices at the earliest opportunity. In some cases, the cost of operating a brick and mortar rented office space is avoided completely if State partners are comfortable running the disaster operation as a "virtual JFO" and coordinating out of the nearest FEMA regional office. FEMA has also capitalized on staff already working in the field by co-locating multiple disaster operations within a single JFO.

FEMA also uses sound financial management practices to manage DRF expenditures. FEMA expends DRF funds at an incremental rate for contracts, inter-agency agreements, and mission assignments as resources are required. FEMA also continually reassesses outgoing obligations and reimbursements held against the DRF balance, such as contract requirements or Public Assistance projects from past disasters to determine if funds can be de-obligated and returned to the DRF. In fact, by de-obligating mission assignments and disaster contracts in 2010 and de-obligating funds from completed projects in 2011, FEMA returned more than $4.7 billion (as of September 30, 2011) to the DRF since the beginning of fiscal year 2010. Throughout this process, we have worked collaboratively with our vendors and our grantees.

FISCAL YEAR 2011

Under normal circumstances, FEMA maintains a reserve in the DRF to manage fluctuations in cash flow and avoid any potential disruption in disaster response services. This year, for the first time, FEMA was in the unusual position of managing the DRF down to a near-zero balance due to a record number of major dis-

aster declarations (124 declarations for 45 States and two territories in fiscal year 2011). In late August, as Hurricane Irene approached, in order to preserve DRF resources, FEMA implemented Immediate Needs Funding (INF)[1] and the administration requested supplemental disaster appropriations.

While the administration awaited congressional action on the supplemental request, FEMA undertook an aggressive strategy to recover any funding possible to preserve the Individual Assistance program, working with the States to expedite recoveries. At the same, additional public assistance projects and disaster recovery activities were put on hold during September in order to continue to fund Individual Assistance. Through these efforts, FEMA managed to preserve the DRF for another 5 days at the end of the fiscal year. All of these activities will require attention and resources in fiscal year 2012.

THE BUDGET CONTROL ACT

We take our fiduciary responsibilities with respect to the DRF as seriously as our statutory mission to reduce the loss of life and property and protect the Nation from all hazards, including natural disasters. We do not, however, control the timing or severity of disasters, and when disaster strikes, we must respond immediately and with full access to necessary resources.

The fact that disasters cannot be anticipated is an ongoing budget challenge for FEMA and an appropriations challenge for the Congress. Forcing FEMA to rely on unscheduled supplemental appropriations requests is not sustainable.

In August 2011, the Congress passed the Budget Control Act, which includes a key provision to address this issue through a separate cap adjustment for discretionary disaster funding that does not require an offset. The cap limits discretionary disaster appropriations to a formula based on total amount of DRF funds obligated to major disasters annually during the previous 10 years. The formula sums all assistance provided more than 10 years but subtracts the 2 outlier years, the single highest and lowest years. According to this formula, the administration submitted a fiscal year 2012 budget amendment for the DRF in September requesting $4.6 billion in additional disaster funding.

CONCLUSION

FEMA recognizes the need to balance fiscal requirements across the Federal Government while maintaining effective responsiveness to the American people following a disaster. Thank you again for the opportunity to appear before you today. I am happy to answer any questions the subcommittee may have.

Senator LANDRIEU. Thank you.

We will go to Jo-Ellen Darcy and then come back for an opening statement from our ranking member.

Just push your buttons. And you have to talk a little bit closely into the mike.

Mr. Fugate, if you would pull your mike closer to you? I think you were heard well enough.

STATEMENT OF HON. JO-ELLEN DARCY, ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS), U.S. ARMY CORPS OF ENGINEERS

Ms. DARCY. Madam Chair and members of the subcommittee, I am Jo-Ellen Darcy, the Assistant Secretary of the Army (Civil Works).

I am pleased to be here today to testify on emergency response requirements and how agencies work together, particularly concerning cooperation and coordination between the Army Corps of Engineers and our other Federal agencies during the natural disasters and the events of 2011.

This year has been extremely challenging. Along with other Federal agencies, tribes, States, and numerous local entities, the Corps has a multitude of response activities underway in an effort to

[1] Under INF restrictions, FEMA discontinues funding for permanent repair and reconstruction projects under the Public Assistance Grant Program. Specifically, FEMA ceases obligating funds for Public Assistance Category C–G projects until such time as the DRF is replenished.

mitigate the public risk and recovery from these severe weather events.

The Corps has authority under Public Law 84–99 for emergency management activities in response to natural disasters. Under this law, the Corps is authorized to undertake activities, including natural disaster preparedness, advance measures, emergency operations, rehabilitation of eligible flood control projects, repair of shore protection projects, and the provision of emergency water assistance due to drought or contaminated sources.

These activities are funded through the Corps' Flood Control and Coastal Emergencies (FCCE) appropriations account.

The Corps also responds to disasters at the direction of FEMA under the Stafford Act. Under the National Response Framework, the Corps is assigned as the coordinator for Emergency Support Function 3, which is Public Works and Engineering.

And during disasters, the Corps is the primary agency for response activities such as ice, water, and temporary power. FEMA can assign Corps missions to assist in the execution of these and other recovery missions to include debris management.

Disaster response activities assigned to the Corps by FEMA are funded by FEMA's DRF. Under Public Law 84–99, the Corps emergency assistance prior to and during a flood event is temporary in nature to meet an immediate threat and may only be undertaken to supplement non-Federal efforts. The assistance is undertaken to mitigate risk to life and public safety by providing protection to critical public infrastructure against floodwaters.

Therefore, Public Law 84–99 is not used to protect private residences or other developments, unless such protection is incidental to protect critical public facilities and infrastructure within the area.

Corps emergency efforts are not intended to provide permanent solutions to flood risks. The Corps coordinates with all Federal, tribal, and State partners, and close coordination occurs with appropriate State emergency management offices.

This year, the Corps used a joint information center to coordinate activities among all response agencies. The Corps has also participated in national and regional exercises held by the Department of Homeland Security (DHS). These exercises provide Federal and non-Federal agencies an opportunity to plan for natural disasters and to learn about partner agency capabilities, their resources, and their responsibilities.

This year, the Corps supplemented State, local, and tribal efforts with more than 37 million sandbags, 342 pumps, 5,500 rolls of poly sheeting, 275,000 linear feet of Hesco barriers, and 1,280 linear feet of rapid response deployment floodwall. The Corps also issued 176 emergency contracts to protect critical infrastructure from flood threats.

My full testimony includes numerous examples of the collaborative work in which the Corps was engaged. Additionally, I personally traveled and toured the damaged areas across the Nation, to include both the Mississippi and the Missouri River basins. I am personally aware of the challenges that many of these local communities are now facing.

The Corps of Engineers continues to assess the extent of damage to Civil Works projects that are eligible for assistance under the Corps' Public Law 84–99 program that are a result of these major flood events this past year. The Corps first used available funds within the FCCE appropriations account for immediate flood fighting in response to the flooding. As the flood events continued, the Corps was unable to respond to the requirements from our available FCCE funds.

Since May of 2011, I have exercised my emergency authority provided under Public Law 84–99 to transfer funds from other appropriation accounts to the FCCE appropriation account to respond to the flooding and to begin addressing repairs from the ongoing disasters.

To date, I have authorized four transfers totaling $212 million. The last transfer, which was $137 million, allowed the Corps to begin addressing a portion of the highest-priority life and safety repair requirements.

In order to develop the best estimates of repair requirements nationwide, local Corps districts working with our non-Federal sponsors are inspecting damaged projects and preparing assessment reports. The Corps has set up a rigorous process at headquarters for technical experts to examine the requirements and to prioritize those requirements based on risks to life and safety, in order to make the best use of our available funds. I may have to authorize the additional transfer of funds to address ongoing emergency needs.

PREPARED STATEMENT

In conclusion, the Corps of Engineers stands ready to respond to, and assist in, recovery from disasters as they occur, both relying on its own authority and funding, and under the Stafford Act in support of FEMA as missions are assigned.

Madam Chair, this concludes my testimony, and I look forward to answering any of your questions.

[The prepared statement follows:]

PREPARED STATEMENT OF HON. JO-ELLEN DARCY

Madam Chairman and members of the subcommittee, I am Jo-Ellen Darcy, Assistant Secretary of the Army (Civil Works). I am pleased to be here today to testify on the matter of emergency response, requirements, and how agencies work together, particularly cooperation and coordination between the U.S. Army Corps of Engineers and other Federal agencies during the natural disasters and events of 2011. The year 2011 has been extremely challenging for the Nation, in terms of tornadoes, flooding, hurricanes, and tropical storms across multi-State areas. Along with other Federal agencies, tribes, States, and numerous local entities, the Corps has a multitude of response activities underway in an effort to mitigate the public risk and recovery from these severe weather events.

The Corps has authority under Public Law 84–99, Flood Control and Coastal Emergencies (FCCE) (33 U.S.C. § 701n), for emergency management activities in response to natural disasters. Under Public Law 84–99, the Chief of Engineers, acting for the Secretary of the Army, is authorized to undertake activities including natural disaster preparedness, advanced measures, emergency operations (flood response and post flood response), rehabilitation of eligible flood control works threatened or destroyed by flood, repair of federally authorized shore protective works threatened or damaged by coastal storms, and provision of emergency water assistance due to drought or contaminated source. The Corps also responds to disasters at the direction of the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Act (42 U.S.C. 5121, et seq.). Under the National Response

Framework, the Corps is assigned as the Coordinator for Emergency Support Function (ESF) #3, "Public Works and Engineering" and, during disasters the Corps is the primary agency for response activities, such as ice, water, and temporary power. FEMA is the primary agency for ESF #3 recovery activities and can assign Corps missions to assist in the execution of these and other recovery missions, to include debris management. Disaster response activities authorized by the Stafford Act, and prescribed by Mission Assignments by FEMA, are funded by FEMA's Disaster Relief Fund.

PREPAREDNESS AND TRAINING

The Flood Control and Coastal Emergencies appropriation account provides funds for preparedness with regard to emergency response to natural disasters, flood fighting and search-and-rescue operations, and rehabilitation of flood control and hurricane protection structures. Disaster preparedness activities include coordination, planning, training, and conducting response exercises with local, State, and Federal agencies. District commanders, tribal liaisons, and emergency management staff meet with Federal, State, and local officials and other interested parties to discuss Corps authorities under Public Law 84–99, share lessons learned from previous flood events, conduct tabletop exercises, review sandbagging techniques, and strengthen the relationship among the Corps, State, and local governments and tribal entities.

RESPONSE ACTIVITIES

Under Public Law 84–99, Corps emergency assistance prior to and during a flood event is temporary in nature to meet an immediate threat and may only be undertaken to supplement non-Federal efforts. The assistance is undertaken to mitigate risk to life and public safety by providing protection to critical public infrastructure against flood waters. Therefore, Public Law 84–99 is not used to protect private residences or other developments unless such protection is incidental to protect critical public facilities and infrastructure within the area. Tribes and States must commit all available resources such as supplies, equipment, funds, and labor as a general condition to receiving Corps assistance. Furthermore, Corps emergency efforts are not intended to provide permanent solutions to flood risks. Therefore, the removal of all flood fight material at the conclusion of a flood event is the responsibility of the respective tribe or State.

COORDINATION

The Corps coordinates with all Federal, tribal, and State partners and close coordination occurs with appropriate State emergency management offices. This year, the Corps used a joint information center to coordinate activities among all response agencies and transparently communicate to all affected parties. The Corps has also participated in national and regional exercises held by the Department of Homeland Security/FEMA. These exercises provide Federal and non-Federal agencies an opportunity to plan for natural disasters, and to learn about partner agency capabilities, resources, and responsibilities. The Corps works closely with other Federal emergency response partners to include:

—the Department of Transportation;
—the United States Coast Guard;
—the National Guard Bureau;
—the Department of Energy;
—the Department of Agriculture; and
—State and local agencies.

The Corps also works closely with the Interior Department's Bureau of Reclamation, which has been an exceptional partner, providing vital resources to support the Corps' surge requirements for quality assurance personnel.

2011 OPERATIONS

This year, the Corps supplemented State, local, and tribal efforts with more than 37 million sandbags, 342 pumps, 5,500 rolls of poly sheeting, 275,000 linear feet of HESCO barriers, and 1,280 linear feet of rapid deployment flood wall; and the Corps also issued 176 emergency contracts to protect critical infrastructure from flood threats. The Corps also was engaged with numerous Federal agencies and provided technical assistance to State governments and tribal organizations for flood response. This experience improved multiple partners understanding the Corps' capabilities and Public Law 84–99 authorities. Some examples follow:

—In March, the winter flooding from rain and snowmelt began with more than 120 personnel engaged in the flood response effort from Illinois to Alabama. Five million dollars of FCCE funds were allocated for this event, during which Corps projects in the Great Lakes and Ohio River Valley Division reached the fourth-highest average flood control reservoir storage level recorded.

—Beginning in April 2011, the Nation witnessed historic flooding along the Mississippi, Missouri, and Souris River basins. During these events, the flood stages exceeded the historical Mississippi River flood stage record set in 1937. The Birds Point-New Madrid Floodway was operated on May 3, 2011 and opening of three additional floodways was synchronized to best manage the flows in the Mississippi River Basin, preventing flooding of more than 9.8 million acres and preventing damages in excess of $60 billion. More than 800 personnel were engaged, with more than $76 million of FCCE funds allocated and more than $59 million in FEMA mission assignments under the Stafford Act.

—Flooding along the Missouri River approximately doubled the historic record for water flows. The combined May through July runoff of 34.3 million acre-feet made 2011 an historic year of record for reservoir water storage along the Missouri River. Flood response efforts engaged more than 400 personnel and $83 million of FCCE funds were allocated.

—On June 24, 2011 more water passed along the Souris River at the Sherwood gage in 1 day than had been recorded in entire year for 45 out of 82 years. During the recovery phase for this event, the Corps received seven FEMA mission assignments focusing on debris removal and temporary housing and worked closely with the Department of Agriculture.

—In late April, tornadoes caused significant destruction in both Alabama and Mississippi. The Corps received 27 FEMA mission assignments focusing on debris removal, power, and critical facilities involving more than 460 personnel, including retired personnel, and activated reserve soldiers for a total of $262 million.

—On May 22, 2011, an EF5 tornado (worst damage category) devastated Joplin, Missouri, destroying homes, schools, fire stations, and hospitals. Debris and temporary housing teams as well as subject matter experts for debris, infrastructure assessment and critical public facilities required deployment of more than 270 Corps personnel for nine FEMA mission assignments totaling $239 million.

—The severe weather continued with Hurricane Irene's path from North Carolina to Vermont, compounded by Tropical Storm Lee. More than 260 personnel were engaged in the Corps support to FEMA in 11 States and Puerto Rico with 83 FEMA mission assignments for more than $33 million (technical assistance, dam safety, commodities, water, power, debris, infrastructure assessment, government liaison, ESF #3 support). The Corps worked closely with the U.S. Coast Guard to determine threats to navigation and navigation closures.

DAMAGES TO CORPS OF ENGINEERS PROJECTS FROM RECENT FLOODING

The Corps of Engineers continues to assess the extent of damages to Civil Works projects and non-Federal projects that are eligible for assistance from the Corps under Public Law 84–99 as a result of the major flood events this past year. The Corps first used $46.6 million of available funds within the FCCE appropriation account for immediate floodfighting and response to the spring flooding. As the flood events continued, the Corps was unable to respond to the requirements from available FCCE funds alone. Since May, 2011, I have exercised my emergency authority provided in Public Law 84–99 to transfer funds from other appropriation accounts to the FCCE appropriation account to respond to the flooding and to begin addressing repairs from the ongoing disasters. To date, I have authorized four transfers totaling $212 million. The last transfer, $137 million, allowed the Corps to begin addressing a portion of the highest-priority life and safety repair requirements.

In order to develop the best estimates of repair requirements nationwide, local Corps districts, working with non-Federal sponsors, are inspecting damaged projects and preparing assessments reports. The Corps has set up a rigorous process at the headquarters level for technical experts to examine the requirements and to prioritize those requirements based on risk to life and safety, among other parameters in order to make the best use of available funds. I may have to authorize the additional transfer of funds from other Corps accounts to the FCCE account to address ongoing emergency needs.

CONCLUSION

In conclusion, the Corps of Engineers stands ready to respond to, and to assist in recovery from, disasters as they occur, both relying on its own authority and funding and under the Stafford Act in support of FEMA as missions are assigned. Madam Chairman, this concludes my testimony. I would be happy to answer any questions you or other members of the subcommittee may have.

Senator LANDRIEU. Thank you. We do have questions.

I am going to turn it to my ranking member for an opening statement.

STATEMENT OF SENATOR DANIEL COATS

Senator COATS. Madam Chair, thank you. And I apologize for being a little bit late.

Director Fugate, I caught you in mid-presentation, but I have read your statement. And I appreciate your leadership during a tough year.

And yours also, Madam Chair.

As I said, this has been a challenging year for Americans across the continent here. My State was hit by floods and some really tough storms this year, not the same magnitude as compared to some of the other States and what they have had to endure. From flooding and hurricanes, tornadoes and other, Mother Nature has not been so kind this year. Hopefully, we won't repeat that cycle next year.

But as has been said, we know the needs will come, just based on the nature of Mother Nature, hopefully not as severe as it has been in the past.

As we delve into this issue, I just want to remind everyone that the need to constrain Federal spending is not just a goal for the Congress, but a requirement, given our dire fiscal state. And this is pertinent, obviously, to today's topic.

As Chairman Landrieu has mentioned before, the Senate Appropriations Committee has marked up 11 of 12 fiscal year 2012 appropriation bills, including a disaster cap adjustment in six of those bills covering seven different agencies. Those cap adjustments will provide $8.1 billion in fiscal year 2012 funding and disaster assistance of various kinds out of a total cap of $11.3 billion for fiscal year 2012.

I hope we will be able to discuss these issues today. I am particularly interested in your letting us know how prepared are we; what level of resources do we have or should we put toward these efforts; and how can we provide the resources needed to prepare for and respond to future disasters in a way that provides efficiency and hopefully will be economically feasible?

It is just a fact of life that we are dealing with constrained resources. And yet, the storms, the hurricanes, the tornadoes, we are not able to communicate that to them, to ease off for a while because we are in bad fiscal straits.

So it is a challenge for all of us, and I commend the chair for calling this hearing and continuing to pursue this with the passion that she has. I look forward to the testimony and your support not only today, in getting us some thoughts about how we go forward, but looking forward in the future because we do look at this on a

5- and 10-year aggregating system, as well as supplementals when needed.

Madam Chair, with that, I thank you for the opportunity to offer this, even though I am a little bit out of turn.

DISASTER RELIEF FUND—FUNDS SPENT IN FISCAL YEAR 2011

Senator LANDRIEU. That is okay. Thank you so much for your partnership on this subcommittee because it is going to take all of us to figure these numbers out because they are very challenging.

I just want, again for the record, to be very clear to start with the number that you just gave, Administrator, that it was $7.3 billion that FEMA used last fiscal year; is that correct?

Mr. FUGATE. Yes, Madam Chair. That is based upon all of our funds that were spent in the DRF, both open disasters, new disasters, as well as all the fire management grants that were issued because of wildfires; in addition to that, all of our administrative costs within the DRF for administering all of those disasters.

Senator LANDRIEU. And that was really for disasters that occurred in 2011 and then prior, correct?

Mr. FUGATE. Yes. This would go all the way back to all open disasters where permanent work is still being done as well as all the recent disasters. It does not include much of the permanent rebuilding costs from the more recent disasters, from, let's say, spring forward. It doesn't include ongoing individual assistance costs that we are paying for in this current fiscal year based upon the most recent disasters.

We have housing missions in multiple States, and we have a lot of folks that are still receiving rental assistance as they are still dealing with the aftermath of recent disasters.

DISASTER RELIEF FUND—FUNDING FOR FISCAL YEAR 2012

Senator LANDRIEU. When do you think those estimates will come in?

Mr. FUGATE. We are working with the Office of Management and Budget (OMB) and the continuing resolution. We are working to get a number, what we believe will be for fiscal year 2012 on October 15. We know that in the original appropriations request and then with the supplemental request, those were based upon numbers not including what we were concerned about, which was the permanent work from Hurricane Irene and the remnants of Tropical Storm Lee. As we get those numbers, we have been working with OMB, and they will be providing an updated number on October 15, as required under the continuing resolution.

Senator LANDRIEU. Is there any chance that the number that we are working on now will go down?

Mr. FUGATE. Not based upon what we have seen. In fact, another issue was we pulled forward some of our projected recoveries from fiscal year 2012 to get the funds to keep the DRF going in fiscal year 2011, so we are also having to factor in a reduction on what we think we will recover from open disasters in fiscal year 2012.

Senator LANDRIEU. Okay, you understand that in the continuing resolution that we are operating on, there is only $2.6 billion for disasters for 2012? Is that number sufficient, to your understanding to date?

Mr. FUGATE. Through the continuing resolution period, yes.

Senator LANDRIEU. But after the continuing resolution?

Mr. FUGATE. After the fiscal year, no. We would have to go back into immediate needs funding to be able to continue providing individual assistance.

DISASTER RELIEF FUND—COST OF PUTTING PROJECTS ON HOLD

Senator LANDRIEU. Okay, I understand that in this last year, to try to stretch the dollars that were appropriated, you had to put on hold approximately $550 million worth of projects. Is that true?

Mr. FUGATE. Yes, ma'am.

Senator LANDRIEU. Do you have any estimates of what it costs to put projects like that on hold? In other words, are there penalties that the Government pays for stopping projects midstream? Are there labor costs that go up? Are there constituencies in these contracts?

And if you have that information, would you submit it? And if not, can you ask your staff to submit that to the subcommittee? We would like to know, because if that has to happen again, we want to factor in, if there are additional costs from stopping projects when the DRF runs low.

Mr. FUGATE. I do not have that number. We will look at that.

Because most of this is reimbursement for permanent work, it will be a question we will have to work with our States to see what the impact is. I know for some it will be the increased costs or the inability to complete work before the winter season. This was a prime concern in our northern tier States because they have a season in which they cannot move forward with road construction, so that window would also have been affected and could drive costs higher if they have to wait until spring.

[The information follows:]

The Federal Emergency Management Agency (FEMA) does not have specific information with regard to costs directly attributable to suspending project funding under Immediate Needs Funding (INF) procedures. FEMA does incur additional administrative costs in tracking and administering projects affected by INF. There may be costs or savings associated with changes in labor rates or contractor scheduling because these rates could go up or down with market fluctuations. These are project- and locality-specific and would most likely not be realized until project closeout, when final actual costs for approved scopes of work are reviewed. In fiscal year 2011, FEMA implemented INF procedures for a limited period of time and, therefore, does not expect substantial impacts on project costs attributable to the delay in obligation of funding.

Senator LANDRIEU. So the bottom line is, when we fail to provide the adequate money to the DRF, you sometimes have to stop projects that are not easily restarted in some States, depending on their weather patterns, winter, et cetera? Is that the essence of your testimony?

Mr. FUGATE. That is correct.

DISASTER RELIEF FUND—ESTIMATED WORKING BALANCE

Senator LANDRIEU. Okay.

You stated in your testimony that you like to have a balance to work with because you cannot ever anticipate what disasters will be. And in a perfect world, without having to stop projects, what is the kind of working balance—what businesses would call their

working capital—that you are comfortable with, really not knowing what is really around the corner? Is it $500 million? Is it $1 billion? What is your comfort level in your experience?

Mr. FUGATE. I can give an example. When we looked at our National Level Exercise issue, which was a New Madrid earthquake, approximately $1.7 billion was either done through mission assignments or would have been done in the exercise in bringing teams up and deploying teams. And that was in the first week.

Senator LANDRIEU. Say that again?

Mr. FUGATE. $1.7 billion.

Senator LANDRIEU. In a week?

Mr. FUGATE. In a week.

Senator LANDRIEU. If we had a major earthquake?

Mr. FUGATE. A major earthquake.

We looked at how we could manage with a lower balance, but again, it comes back to we can only spend the funds that have been appropriated. We cannot defer certain costs such as personnel costs or other things required for the response.

So when that fund balance begins dropping to $1 billion, we have to look at not only the next disaster, but try to ensure we can continue individual assistance, which is our higher priority, if we are funding over permanent work.

Senator LANDRIEU. Okay.

I think it would be very helpful for this subcommittee, and I know this is difficult, but you have in your staff a lot of experience. If you could submit to us exactly what, for a major earthquake, we would spend approximately $1.7 billion a week, in the first week. For a major hurricane, you could pick any one that we have experienced—the Senator from Mississippi and myself—and give us an estimate. What would we spend within the first week or two? You could give us a group of tornadoes, just to help us understand what that balance might need to look like as we struggle with how much money to try to appropriate for disaster relief funding.

[The information follows:]

The estimated costs for disasters are dependent on a variety of factors including the location, severity of the event, population density, and so on, which makes coming up with a specific estimate complex and inexact. Contained in the following table are average funding (allocations and obligations) amounts for several events, which depict funding levels for the first 7 days. Based on the number of Stafford Act disasters and emergencies declared (more than 1,200 since 1989), this type of limited analysis does not follow accepted statistical principles and could lead to spurious conclusions. The allocated amounts shown in the table reflect the funds set aside for the referenced disaster in support of the first 7 days; the obligations shown the amounts that had been drawn down as of the 7th day. The remaining allocations were obligated after the first 7 days.

FIRST 7 DAYS FUNDING ACTIVITY—STRATIFIED SELECTED DISASTER EVENTS

	Data as of	Allocated	Obligations as of day 7
Earthquakes:			
1911DR California—Declared 5/7/2010	5/14/2010	$4,007,900	$195,446
1859DR AmSamoa—Declared 9/29/2009	10/6/2009	42,993,595	34,544,750
1664DR Hawaii—Declared 10/17/2006	10/24/2006	10,868,000	799,944
Average		19,289,832	11,846,713

FIRST 7 DAYS FUNDING ACTIVITY—STRATIFIED SELECTED DISASTER EVENTS—Continued

	Data as of	Allocated	Obligations as of day 7
Tornadoes:			
1994DR Massachusetts—Declared 6/15/2011	6/22/2011	6,349,404	4,695,200
1980DR Missouri—Declared 5/9/2011	5/16/2011	7,341,900	5,898,700
1969DR North Carolina—Declared 4/19/2011	4/26/2011	8,820,900	7,742,659
Average		7,504,068	6,112,186
Hurricanes:			
Irene (multiple declarations)	9/3/2011	143,033,018	63,731,020
Dolly 1780DR Texas—Declared 7/24/2008	7/31/2008	12,718,809	4,788,231
Wilma 1609DR Florida—Declared 10/24/2005	10/31/2005	528,674,800	357,163,404
Average		228,142,209	141,894,218

My time is up. I do have a question for the Corps, and I will reserve my right as chair to come back to that.

But let me turn it over to my ranking member, Senator Coats.

DISASTER RELIEF FUND—FISCAL YEAR 2012 FUNDING

Senator COATS. Madam Chair, thank you.

Director Fugate, the fiscal year 2012 Senate report and bill for DHS includes a total of $6 billion for the DRF. I think the administration's request was $6.4 billion, if I am not wrong on that. Do these numbers reflect the best estimate currently today? Has anything changed since those submittals?

Mr. FUGATE. Yes, sir. Those numbers did not include the permanent work for Hurricane Irene and for the remnants of Tropical Storm Lee, which caused, again, a lot of serious flooding in some of the areas impacted by Hurricane Irene.

We are working with OMB as part of the continuing resolution to update that number as to what we believe it will be for fiscal year 2012—October 15.

The original request had emergency work, but we did not have all the permanent work numbers to project for those storms.

Senator COATS. You don't have that number yet. You are waiting to——

Mr. FUGATE. We are working with OMB, and I believe that the goal there is to have that presented back October 15.

Senator COATS. I assume you expect that number to be adjusted up, based on what you said?

Mr. FUGATE. Yes, sir.

Senator COATS. But that does include all disasters to date, except for the two you mentioned?

Mr. FUGATE. Yes, sir. That would include all of our known disasters and the more recent disasters, as well as what we are projecting would be the permanent work for the most recent storms.

DISASTER RELIEF FUND—FUNDING FOR UNFORECASTED EVENTS

Senator COATS. What advice would you give to us, in terms of going forward? Were you satisfied with the product of the subcommittee—obviously given, not just in terms of numbers, but in

terms of process and given the reality that we have relative to our fiscal situation?

Mr. FUGATE. To be honest, sir, no. I am just very concerned that the balance of the DRF dropped to a level so low that our ability to respond to an unforecasted or no-notice event would compromise our ability to respond.

We were doing everything we can to keep funds going to keep individual assistance because we did not want to stop that most immediate need for people who needed housing. But our balance has gotten to such a point that it was a concern of mine what would have happened if an earthquake or other large-scale event had occurred.

And I would hope that when we look at the DRF, we remember, it is not just for the disasters that have happened. It is also the mechanism by which this country responds to the next disaster, which may be the terrorist attack. It may be the unforeseen, unforecasted earthquake. It could be the hurricane that strikes a populated area.

Senator COATS. I don't disagree with that at all. I guess the question is, is it possible for us to fund that number or determine that number through the normal process, or do we have to rely on going to an emergency supplemental as quickly as we can after the disaster occurs?

Mr. FUGATE. I think the agreements that were made, in looking at the current budget control agreements, will allow us to take a longer-term look at numbers that would be more realistic to project what you can expect by the known disasters.

But you also must factor in what can happen in that fiscal year, and then have mechanisms to address that in a timely fashion, so that we don't impact recovery efforts from previous disasters while we are responding to the next disaster.

Senator COATS. To me, the key word there was "mechanisms". I suppose, would you agree that those mechanisms should include a rainy day fund, so to speak, and may be combined with some mechanisms for very expedited response by the Congress?

Mr. FUGATE. I would think I would, again, leave that to the capable hands of the Congress to determine. But I would recommend that the DRF be seen not only as funding for existing disasters, but a balance of which should not get below a certain level without some sort of mechanism or action to address that, so we don't drop below a level that would minimize or impact our ability to respond to the next disaster.

Senator COATS. Thank you.

Thank you, Madam Chair.

Senator LANDRIEU. Senator Lautenberg.

DISASTER RELIEF FUND—FISCAL YEAR 2012 BUDGET

Senator LAUTENBERG. Yes, thank you.

Administrator Fugate, first of all, a good job is being done by FEMA. And when we add problems to insufficient funding for reserves, we are looking at a point in time which hell could break loose for us. FEMA has requested a total of $6.4 billion for the DRF in 2012. The Senate has already passed a bill to provide this funding.

But the Republican House, forgive me, the House has not acted to give FEMA the funding it needs. What will the impact be on recovery efforts in response to Hurricane Irene if FEMA doesn't receive the additional funding it requested for 2012?

Mr. FUGATE. Mr. Vice Chairman, I think, again, we will work and continue the priority on the immediate response costs, the individual assistance. We will continue to do as much permanent work as we can.

But if the DRF does not receive the additional funds that the administration has asked for—and again, we will be updating that request on October 15—then we may risk having to go back to immediate needs funding and suspending permanent work on all open disasters to ensure we continue the individual assistance and more immediate needs.

Senator LAUTENBERG. Suspending permanent needs to continue on jobs that we already have in process that are not completely restored or rehabilitated?

Mr. FUGATE. Yes, sir.

Senator LAUTENBERG. So you would have to move those funds around to the most serious damage that appears in front of us?

Mr. FUGATE. Yes, sir. And that would be always for us the survivors first, the emergency protective response cost to the State and local jurisdictions. And then we would hopefully not have to stop permanent work under public assistance or hazard mitigation. But we will do that to preserve the funds to continue emergency work and individual assistance, and to ensure we can respond to the next disaster.

Senator LAUTENBERG. The debt-limit deal that was struck in August gave the Congress the authority to respond quickly to natural disasters by not requiring disaster relief funding to be offset, which leads to drawn-out debates over which programs to sacrifice. Yet, the House has repeatedly called for disaster relief funding to be offset, and it stands as an obstacle to us providing timely and efficient forces and sources for getting the job done.

How would a prolonged debate for offsets for disaster relief funding affect FEMA's ability to help disaster relief victims? And I think that you really dealt with that already. It is just not going to be there for you.

The Senate passed a disaster relief bill. It includes funding for the Corps to repair damage projects, but this funding level does not yet account for damages from Hurricane Irene.

And I see it in my own State. I mean, there is a lot of work yet to be done. People are waiting impatiently to see results.

While assessments may not be complete now, how much additional funding do you think the Corps will need for repairs to projects damaged still by Hurricane Irene?

Ms. DARCY. Senator, we currently have ongoing assessments from the impact of Hurricane Irene. Some of those preliminary estimates are combined with our estimates for other disasters, but the number is still in flux, and it is ongoing. I couldn't give you a definite number, but it is going to be well more than $100 million.

Senator LANDRIEU. A hundred what?

Ms. DARCY. Million. Just for Hurricane Irene.

Senator LAUTENBERG. I think, forgive me, but that sounds terribly short, when I see the disaster that is out there just in my own State and nearby States.

The Corps has transferred more than $200 million from projects across the country to other projects deemed higher priority, because it lacks sufficient funding to rebuild flood damage projects.

In short, the Corps is being forced to rob Peter to pay Paul. I think it robs Peter and Paul, as a matter of fact.

If the Corps doesn't receive additional disaster relief funding, how is it going to fund future high-priority needs?

Ms. DARCY. Senator, we are going to have to, if we don't receive additional funds. We will continue to do what we have been doing, which is transfer money from existing projects in the out-years to fund the needs we have right now. As you said, we have transferred $212 million.

Senator LAUTENBERG. Madam Chair, as we stand here, Rome is burning, and we are not ready to put out the fire.

Senator LANDRIEU. Thank you, Senator Lautenberg, for those excellent remarks and questions.

Senator Murkowski.

FLOOD MAPS

Senator MURKOWSKI. Thank you, Madam Chair.

Administrator, I am kind of reaching back to a letter that I had sent to you earlier this year. It was back in June, and this related to flood maps in the State of Alaska, most specifically.

In Juneau, we had received some concerns, some complaints that the process for public comment had been less than adequate, that FEMA had failed to consult with the city in connection with the revision of the flood maps there. There was concern that the maps were inaccurate. And Juneau had requested an opportunity to reopen the process.

You did correspond back with me, letting me know what the community process was. But it really didn't help me answer the people of Juneau's concern about whether or not it is possible to reopen, so that they can have their concerns addressed, so that they can speak to what they believe are clearly inaccuracies in the flood maps.

Since that time, the community of Homer in south-central Alaska has noted the same concerns that there was an issue with failure to consult as they revised the flood maps there.

The question for you this afternoon is how is FEMA addressing the concerns that communities, whether it is Juneau, Homer, or communities across the country, have about these flood maps, the accuracy of them, and what recourse any property owners may have in terms of being able to comment once the period has closed?

So if you can just speak generally to that, I would appreciate it.

Mr. FUGATE. Yes, Senator, in general, this has been a challenge for us any time we have map revisions that adversely affect folks because there are going to be people who find themselves in a special risk area or the area of risk is greater than what had been previously mapped. And we know that that communication is a key part of educating, to make sure people understand the risk. So we continue to work on that.

I am proud to say that most recently we have been able to add a new member to our team, David Miller, who was previously the State director in Iowa who dealt with a lot of flood issues, and who has quite a strong background in this. We are working with Ken Murphy, our regional administrator in region 10, on this issue.

And one of the things that we will continue to work on with you and your staff is to make sure that we can address the communication.

As far as the specifics, I really need to defer to staff. But again, I have recognized this. That is why I have asked David Miller to join the administration, to help us work on flood insurance and mitigation issues. As a past State director, he was a customer of FEMA, so he understands many of the challenges we have on the flood insurance program.

Senator MURKOWSKI. I don't know whether it is Mr. Miller that we would need to discuss it with, or if there is someone else on your staff, but it is my understanding that the issue in Juneau has not yet been resolved. And in terms of inaccuracies, some of what we saw were actually a little bit bizarre, and I think we need to understand fully. And now that this new problem has cropped up in Homer, I would like to know that we have got some follow through with your office, if we may. And I look forward to that.

Mr. FUGATE. Yes, ma'am.

Senator MURKOWSKI. I appreciate it.

Ms. Darcy, I want to ask you again, I am going back to letters here, and this does not relate to flooding issues at all, but it does relate to a bridge, a proposed bridge over the Colville River Delta in Alaska. You have had an opportunity to visit the State, visit the proposal.

As you know, we have been waiting and waiting and waiting for resolve of this issue. We were told earlier this summer that the Corps would address the issue of the appeal, and that a decision was imminent.

When I visited the State with Secretary Salazar in August, we all fully anticipated that a decision would be out from the Corps by then. I have sent you a letter dated September 20, now 3 weeks ago, asking for at least a determination in terms of when we may expect an answer on this.

For those who are not following the issue, this is one where, as a State, as a Nation, we have an opportunity within the National Petroleum Reserve to help address some of our Nation's energy needs, but we cannot get permission to put a bridge over the river. And it is the Corps of Engineers and your department that has mysteriously been silent on this for months. When can we expect a determination?

Ms. DARCY. Senator, I don't have an exact date, but I can give you the status report as I know it, as of today.

Senator MURKOWSKI. I would appreciate that.

Ms. DARCY. As you know, the permit was denied. The permit was elevated to the Division Commander. The Division Commander took that permit and remanded it back to the District Commander, asking him for six additional points of information that he, in working with the local applicant, has come up with.

The applicant has responded to all of those inquiries. It is my expectation that the District Commander will have a final decision soon. I don't want to tell you tomorrow or next week. I want to know from him.

So I will tell you now that I will contact the District Commander and try to get a date as to when we could have a decision.

Senator MURKOWSKI. I do appreciate that because the word "soon" has been used repeatedly for probably at least 4 months now. And there is a little bit of impatience because we are not able to get an answer. So if you can help us with that, it would be appreciated.

Ms. DARCY. I will, Senator.

Senator MURKOWSKI. Thank you.

Thank you, Madam Chair.

Senator LANDRIEU. Thank you.

Senator Blunt.

Senator BLUNT. Thank you, Madam Chair. Thank you, particularly, for your leadership on these issues. You have been vigorous, tough, and determined, as you always are. And for our ranking member, Senator Coats, he has also understood, both from past experience and from watching what has happened around the country this year.

As you mentioned, we have had tornadoes, we have had floods. And the FEMA response has been extraordinary. FEMA is at a level that we have lots of confidence in FEMA.

I am going to ask in a minute, Craig, about the end-of-the-year funding concern that I and many others have.

Before that, I want to talk about a couple of Corps issues.

And, Ms. Darcy, I was in northwest Missouri, Monday of last week. We had 400,000 acres underwater in our State at one time or another this year, a lot of it underwater along the Missouri River for 3 and 4 months.

Normally, a flood is a flood, and then it is gone and you try to recover. But we have had standing water for a long time. We had at least four major Missouri River bridges gone, large pieces of the interstate highway inaccessible and gone.

In one of my visits there with one of the county commissioners, he made what I thought was a pretty succinct point about not just agriculture jobs, but all jobs, and the point was: The factory doesn't open back up until the highway is repaired. And the highway doesn't get repaired until the flood protection is restored. And the flood protection is not restored until the Congress comes up with the money. And he is exactly right.

And so on a couple money questions, even before Hurricane Irene, where Senator Lautenberg has really stepped in to respond to that disaster in a tremendous way, I think the Corps' estimate before Hurricane Irene was that there was at least $1.5 billion worth of disaster requirements that were known, and another $850 million anticipated. And I wondered what your new numbers look like on what you need to get back to where we were a year ago at this time.

Ms. DARCY. The numbers right now, Senator, as of the end of September, are $1.6 billion in known needs, and approximately

$450 million in anticipated needs, so a combined total of about $2 billion.

Senator BLUNT. And that would be since September 1, or that includes everything?

Ms. DARCY. That includes through the end of September.

Senator BLUNT. Through the end of September. Would that include Hurricane Irene or not?

Ms. DARCY. The anticipated estimate is partly Hurricane Irene. It is not a complete assessment at this point, but part of the Hurricane Irene assessment is part of the anticipated $450 million.

Senator BLUNT. Give me those again.

Ms. DARCY. $1.6 billion in known needs, and $450 million in anticipated.

Senator BLUNT. I am going to have to check my numbers because my number said, from the Corps the first week of September, it was $1.5 billion already and $850 million in anticipated.

Ms. DARCY. Yes, sir. Some of the anticipated needs are no longer there.

Senator BLUNT. Because they were——

Ms. DARCY. When the water went down, the damage wasn't as much as we had anticipated, for example. And the known has gone up, because what we had anticipated is now what is actually known. That is the reason for the shift.

Senator BLUNT. We are going to try to get you the resources you need, but we do need to have a good sense of what those resources are and, sort of, how they would be allocated.

One other question I have got. We have a lot of inland ports in our State along the Mississippi River. And they were pretty impacted by the floods. What is going to be the dredging criteria for inland ports, disaster-based?

Ms. DARCY. Disaster-based? We are going to have to look at those. Again, we are looking at the funding for this response on a life safety basis first, so that is how we are going to prioritize.

Within the inland navigation system and those dredging needs, they will have to compete with other needs, including the life safety requirements. We can look into our Operation and Maintenance account, as well as our Mississippi River and Tributaries (MR&T) account, to look at some reprogramming within these accounts in order to address those needs.

But again, we are first spending our money on life safety.

Senator BLUNT. And now that we are in another fiscal year, are you beyond some of the immediate concerns you were having in September on funding or not?

Ms. DARCY. No, sir. As I said earlier, we are taking money from other current pots of money in order to pay for this. We have never had FCCE funding other than from an emergency supplemental.

Senator BLUNT. Right. But right now, you have moved into the——

Ms. DARCY. Transferred money. Money from other accounts.

Senator BLUNT [continuing]. October part of money that you are now reprogramming.

I think I am out of time here. I am going to come back later.

Senator LANDRIEU. Yes.

Senator BLUNT. I do want to ask the question about funding of FEMA, and I am sure Mr. Fugate has an answer. I just want to hear it.

Senator LANDRIEU. I do appreciate the Senator's leadership on the Corps because that is one of the numbers we want to leave this subcommittee with. What are the updated numbers from the Corps?

And I think I heard you. It is $1.6 billion for known, $450 million for anticipated. But I am not sure that includes dredging requirements, and I want to come back to that.

But Senator Cochran is in line now for his questions.

Senator COCHRAN. Thank you, Madam Chair.

Thank you for being here, our witnesses who are submitting testimony in support of budget request needs, and other support that we may have available here on the Hill to meet some of these challenges.

And I was thinking along the same lines as the Senator from Missouri when he asked questions about future requests for funding. My concern is, and I was talking with my staff, have we seen any estimates from anybody as to the extent of the damage that was done by the Mississippi River flooding and the tributaries flooding, although we didn't see the kind of damage that many of us feared alongside the river that was caused by that massive flood, because the system that was in place worked. And it worked so well, it was just amazing that there was no more damage.

But that was just visible. That would have been just visible flooding damage and erosion of embankments or damage to roadways, houses, and businesses, alongside the river.

But what I am told is that there is no indication whatsoever of any assessment being done now of the costs of repairs that will be needed to restore the protection projects, elements of the MR&T protection, to the pre-flood state.

So there is something out there. There are some numbers out there. There are some damages that had to have been done. And from what I hear, the administration has submitted no requests for supplemental funding for this next fiscal year. We are just going on as if that flood hadn't happened. It didn't cause any damages.

Are you troubled by that?

Ms. DARCY. Senator, the numbers that I spoke to earlier do include the repairs for the MR&T system, as well as the entire system both on the Mississippi and on the Missouri. So any damage that was done to our levees, any damage that was done to miter gates, are all considered in that number that I just gave.

So we are looking at the repair of the whole system, to pre-flood conditions.

Senator COCHRAN. What is the number?

Ms. DARCY. $2 billion, sir.

Senator COCHRAN. Okay.

We are very blessed with an ability to come up with funding. I hope that the Congress feels like they are in a generous mood when it comes to time to pay the bills for those damages, because they are Federal projects. The States have contributed in terms of land acquisition, helping to have local cost-share involved in a lot of those situations. But we just hope the Federal Government

doesn't wait around and fail to encourage the appropriations of funds that would certainly be needed in the future, if we were confronted with anything like what we saw in that flooding situation last year.

Thank you, Madam Chair.

Senator LANDRIEU. Senator, I would just like to follow-up with that because the Senator from Mississippi has been a real leader in this effort, literally for decades. And just to be very clear, the flood in 1927 was historic in every proportion and just really shook the politics of this country, as we know from history, literally on its head.

I want the record to show that the Federal Government responded significantly after that flood of 1927. There were 500 lives claimed; 600,000 people were left homeless; and it flooded more than 26,000 square miles.

Now, here we go this year. The first major flood since then, and because we invested $13 billion in fixing the MR&T, which took more than 75 years and billions of dollars, when the flood happened this time, I don't believe we lost one life. And it was a 27-to-1 return on that investment.

I think that is what Senator Cochran, Senator Blunt, I, and others are saying, that after this historic flood, we need to take an assessment of not only how to repair what was damaged in the flood, but what investments we need to continue to make, to make sure that when this flood happens again—I mean, we were lucky not to get a loss of life. But there was tremendous economic damage that we are still experiencing because of a lack of dredging.

I have companies that are light-loading ships. The Mississippi River itself was shut down, which is a huge artery to shut down for several days. I have my captains still complaining they can't get dredging money, which brings me to my next question.

Why have we never had an emergency budget for the Corps? It would seem to me that you need one.

Ms. DARCY. Senator, the account I referenced earlier, the FCCE account, has not been funded in the last 5 years. Any funding we have received has been through an emergency supplemental.

Senator LANDRIEU. This subcommittee may be interested in sending a letter to the administration asking them to rethink that situation because it would seem to me that setting aside some emergency money for the Corps would be a wise way to operate, so we are not taking money from projects that are crucial and necessary.

Ms. DARCY. Senator, the President's budget request has included funding for the FCCE account.

Senator LANDRIEU. How much did it request?

Ms. DARCY. In 2012, I believe it was $30 million.

Senator LANDRIEU. $30 million?

Ms. DARCY. In fiscal year 2012.

Senator LANDRIEU. Okay, but you just testified that you need at least $2 billion——

Ms. DARCY. That is correct.

Senator LANDRIEU [continuing]. For the repair of the emergencies, so we got that number down.

Let me just ask, and then we will go to the second panel, unless you all have other questions.

DEFINITION OF A MAJOR DISASTER

I want the Administrator to explain, when you say, Craig, that there is a level that has to be reached in order for a major disaster. My understanding is that number is $127 per capita. Could you explain that to the subcommittee and for the record?

And is that what you are testifying today to, that when a disaster costs more than $127 per capita, then you can declare an emergency—or you recommend the President declares emergency and then public assistance is supposed to be coming?

Mr. FUGATE. The $127 refers to the extraordinary cost that would be the basis for us recommending to the President to adjust cost share from 75/25 to 90/10.

Senator LANDRIEU. Okay, thank you for correcting that.

So what is the amount that gives you the definition of a major disaster?

Mr. FUGATE. For public assistance, it is based upon the per capita. I believe it is a $1.35 for public assistance.

Individual assistance does not have a numerical value, but we look at historical impacts, the trauma, deaths, other associated factors, unemployment, and the impacted uninsured losses determine for individual assistance. And again, we look at these and factor that into the recommendations to the President.

Senator LANDRIEU. Okay. Are there any other questions before we close this panel out?

Senator Blunt, and then we will get to you Senator Cochran.

DISASTER RELIEF FUND—ZERO-BALANCE PROJECTION

Senator COCHRAN. Okay.

Senator BLUNT. I do have one, Madam Chair. Thank you.

Director Fugate, I sent you a letter on September 30, and I will put a copy of that letter in the record today on this topic. And I would still like a written response to that.

But basically, I would just like to know what happened between your initial request on September 9 and the revised request on September 26. I think it is fair to say it solved a fairly big internal problem here, but I am sure you must have a better answer than that.

Mr. FUGATE. Our projections on the DRF and the possibility that we would hit a zero balance prior to the start of the fiscal year or a continuing resolution was based upon the immediate impacts that we were seeing with Hurricane Irene and the individual assistance registration.

And that again is not a constant number, so we have to project what we see coming in, also what we are able to recover from past disasters. And we projected based upon those expenditure rates that we would get below a zero balance before the end of the fiscal year.

We saw that the individual assistance numbers actually didn't stay at that rate. We had a very high level of registration at the very beginning, and so on some days we had as much as $20 mil-

lion being authorized going out to individuals. That number dropped off.

But when we were making the assessments, it was based upon what we knew at that time, how much we were seeing as going out each day for individual assistance, and how much we were seeing going out on the existing emergency work from all the open disasters, including all the way to Joplin and previous events.

But the other thing was, we had been working with our State partners on open disasters that had open projects in which the work had been completed, but the project had not been reconciled, where we could de-obligate funds to go back into the DRF. And because we were working several different issues without having information to say yes or no, this number was going to stay constant through that period.

We had a couple of factors in our favor. One was a lot of people registered quickly for assistance, and then those numbers trailed off, so we didn't see that high level continue through that period. We also were able to pull some recoveries from what we had planned for in fiscal year 2012, because States were able to tell us that they had completed all the work, they were not going to have any more needs for funds, and we could de-obligate the remaining balance and put that back in the DRF.

These were done in real time, so it was difficult for us to know that, based upon some of those projections, we would end up running out of money. But then we saw that some of those trends did go down, allowing us to get to the end of the fiscal year without having to stop individual assistance.

But literally, we had just about stopped every other discretionary activity we could to either prolong or postpone payments in order to keep funds moving toward the individuals and the most immediate protective measurements measures.

Senator BLUNT. Okay, thank you. And if you could get me that response in writing that I am sure your staff is working on already, that would be fine.

And thank you, Madam Chair.

Senator LANDRIEU. Thank you.

Senator Cochran.

Senator COCHRAN. Madam Chair, I am not going to just keep on talking about the same subject, but the more I look at my notes that staff prepared for me, the more I realize that there is an intentional underestimating syndrome in this agency.

You just look back over the last 3 or 4 years, and you look at the supplementals that have been provided by the Congress to bail out the administration, Republican or Democrat. But this agency continues to request less money than they know is going to be needed——

Senator LANDRIEU. Exactly.

Senator COCHRAN [continuing]. For these accounts. And I just think it is something that needs to be known.

Under current budgeting practices, the DRF, which we have been talking about, will have a $16 billion shortfall by the year 2014.

Senator LANDRIEU. For the Corps? Everybody?

Senator COCHRAN. I think it is. It may just be for the Homeland Security Department's——

Senator LANDRIEU. Or it may be FEMA.

Senator COCHRAN [continuing]. DRF.

Anyway, it is enough to worry you, and I am not saying that anybody is going to intentionally mislead the Congress about what the funding needs are. But when you know there is going to be a $16 billion shortfall under current budgeting practices, the general public needs to know that, the Congress needs to know that. Somebody needs to respond to this situation.

Senator LANDRIEU. And that is why I am going to ask for the numbers to be given to us from both of you all, as past disaster requirements, current disaster requirements, and potential responses, so that we can get a better handle on these numbers. And I think the Senator from Mississippi is absolutely correct.

And my final—and we will move to the panel—Administrator Fugate, we spoke in September about a pending reimbursement problem. This is the Louisiana issue with Livingston Parish.

We have a pretty major bill outstanding with you all of $60 million for debris removal. Can you please give me an update—not now, but in writing, please—about this project?

[The information follows:]

Since Hurricane Gustav, Livingston Parish has received more than $10 million for debris removal and management costs. This included $2.7 million for the removal of 253 hazardous trees (leaners) and 17,653 hazardous limbs (hangers). The applicant requested an additional $13,891,333 for the cost of removing 1,349 hazardous trees and 88,892 hazardous limbs. Based on a review of all of the documentation provided by the applicant's contractor and the applicant's debris monitor, the Federal Emergency Management Agency (FEMA) found that the applicant's contractor performed ineligible work to remove leaners and hangers, such as work on private property, the removal of dead trees, and the removal of unbroken limbs. FEMA subsequently determined the work to be ineligible and denied the request for additional funding. To determine eligibility, FEMA relied upon: photos, load tickets, monitors' daily notes, and two different validations. The applicant's monitoring firm required and took photographs as a standard practice. The applicant supplied approximately 120,000 photographs to FEMA with its initial documentation submittal (many of which depicted ineligible work). The monitoring firm's notes also documented ineligible work. The approved funding of $2.7 million was based on a sample validation conducted on the work. The first sample was conducted by FEMA and was based on a 20 percent sampling of documentation provided by the applicant's debris monitoring contractor, as well as site verification by FEMA staff. FEMA determined that only 34 percent of the leaners and 16 percent of the hangers that the applicant claimed were eligible. A second sample generated by the State resulted in a lower eligibility rate, however funding was based on the first (higher) validation, as it included the best information. Based on a thorough review of the project worksheet, the additional $13,891,333 for removal of hazardous trees and limbs was denied on first and second appeal. The second appeal decision of January 6, 2012, is the agency's final determination in this matter.

Livingston Parish has also submitted a second appeal for funding in the amount of $46 million for waterway debris removal. The first appeal determination denied this funding request because it was found that debris was removed from unimproved property where there was not a threat posed to public health and safety, environmental and historic preservation reviews were not conducted, and necessary permits for the work were not obtained from the U.S. Army Corps of Engineers. The second appeal for these projects is currently pending. The applicant has requested additional information from FEMA as part of this appeal, which is currently under review for release under the Freedom of Information Act. The applicant has indicated it may submit additional information to FEMA once the release of that documentation from FEMA is complete.

Under FEMA regulations, all applicants have the ability to file two appeals on determinations made by FEMA as part of the Public Assistance Program. The first appeal is determined by the FEMA Regional Administrator, and the second by the Assistant Administrator for Recovery at FEMA headquarters. At the request of the parish, FEMA met with representatives of the parish on the second appeal con-

cerning hazardous trees and limbs. The applicant has also requested such a meeting with FEMA regarding the waterways debris removal appeal. At the request of the applicant, this meeting will take place after they submit any additional information once the request for additional documentation from FEMA is completed. The arbitration process that was the subject of congressional action and that is stipulated in FEMA regulations applies only to Hurricanes Katrina and Rita.

We have many dozens of businesses that have been involved with trying to work this out. It has been going on for more than 3 years, and we just need a resolution on that as soon as possible.

Okay, thank you all.

And let's move to the second panel.

Thank you. As they come forward, let me go ahead and introduce the panel, in light of the time. And we are going to try to move through this panel in the next 45 minutes to 1 hour.

I want to welcome them and ask to speak in the following order: Mr. Gregory Nadeau, Deputy Administrator of the Federal Highway Administration (FHWA); Mr. Fred Tombar from the Department of Housing and Urban Development (HUD) and Senior Adviser for Disaster Programs; Mr. James Rivera, Associate Administrator for the Small Business Administration (SBA); Mr. Bruce Nelson, Administrator from the Department of Agriculture Farm Service Agency (FSA); and Mr. Homer Wilkes, Acting Associate Chief for the Department of Agriculture Natural Resource Conservation Service (NRCS).

I would really love if you could limit your statements to 3 or 4 minutes, if you have to, take 5. We are going to move through them very quickly. But this is, to me, a very important part of disaster relief. It is not just FEMA.

And the testimony that you are providing will give us a clearer picture of what really the Federal Government's responsibility is to be a good partner in disasters for the people of all of our States.

Let's start with you from the Transportation Department, Mr. Nadeau.

STATEMENT OF HON. GREGORY NADEAU, DEPUTY ADMINISTRATOR, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. NADEAU. Thank you, Madam Chair Landrieu and Vice Chairman Lautenberg. Thank you for the opportunity to testify today regarding FHWA disaster response activities.

As you are well aware, our country has experienced a number of devastating disasters in the past year, from floods and tornadoes to hurricanes and other severe storms.

Although lives lost from such disasters can never be replaced, programs like the Emergency Relief (ER) program administered by FHWA play a pivotal role in helping communities rebuild critical transportation infrastructure. Restoring vital transportation links in the wake of a disaster requires immediate attention, so people can travel safely and return to their daily routines and activities. It is also critical for the restoration of the flow of commerce.

The ER program is intended to aid Federal, State, and local highway agencies with unusually heavy expenses associated with repairing serious damage to Federal-aid highways, bridges, and roads on Federal lands, as a result of natural disasters or catastrophic failures from an external cause. When a natural disaster

or a catastrophe strikes, the ER program is available to provide assistance to clear a roadway, reopen highways to traffic, and to make permanent repairs to restore a damaged highway facility.

Following Hurricanes Katrina, Rita, and Wilma in 2005, the ER program was instrumental in assisting the gulf coast region with needed efforts to restore critical highway infrastructure. With division offices in each State, FHWA was well-positioned to respond rapidly to the effects of the hurricanes.

FHWA's division offices provided advice to State and local jurisdictions concerning ER program eligibility and engineering and contracting issues, and shared lessons learned from prior emergency situations. State DOTs are the ER program's first responders with their local partners.

In April of this year, strong storms and tornadoes struck the State of Alabama, leaving catastrophic destruction in their wake. In June, Secretary LaHood and Federal Highway Administrator Victor Mendez visited Birmingham to survey the damage and announce an ER allocation of $1.5 million in quick-release funds to assist the recovery and repair efforts of Federal-aid highways damaged by the tornado. These funds provided a down payment to help the State address the initial destruction.

More recently, in August, Hurricane Irene brought substantial rainfall and heavy winds, resulting in damages to Federal-aid highways along the east coast. In Vermont, the heavy rains combined with mountainous terrain created concentrations of runoff that caused washouts of roads and bridges throughout the State. Several bridges were completely destroyed, and temporary bridges will be necessary to restore traffic at those locations.

Just 4 days after the storm, FHWA made $5 million in quick release emergency funds available to the Vermont Agency of Transportation to help repair roads and bridges damaged by floods from Hurricane Irene. VTrans will use these quick-release funds to expedite emergency repairs to roads, highways, and bridges critical to communities across the State.

FHWA has also made quick-release funds available to several other States along the east coast to begin repairs to bridges and roads damaged by Hurricane Irene, including Connecticut, Maine, New Hampshire, New Jersey, and New York.

Those are just a few examples of how ER funds are helping States across the country undertake the massive job of restoring damaged roads and bridges so the public can travel safely and communities and businesses can rebuild. FHWA also intends to explore technologies and other tools to help highway infrastructure better withstand the effects of extreme weather events.

PREPARED STATEMENT

As we continually brace for new natural disasters and catastrophic failures, FHWA remains committed to helping States repair and reconstruct transportation infrastructure damaged by such events.

Madam Chair, thank you for inviting me to testify.

[The prepared statement follows:]

PREPARED STATEMENT OF HON. GREGORY G. NADEAU

Chairman Landrieu, Ranking Member Coats, and members of the subcommittee, thank you for the opportunity to testify today regarding Federal Highway Administration (FHWA) disaster response activities.

Our country has experienced a number of devastating disasters over the past year—from floods and tornadoes to hurricanes and other severe storms. What nature destroys in seconds can take weeks, months, or even years to rebuild.

The Obama administration is committed to helping Americans recover from the damage caused by these natural disasters. Although lives lost from such disasters can never be replaced, programs like the Emergency Relief (ER) program play a pivotal role in helping communities rebuild critical transportation infrastructure. Restoring vital transportation links in the wake of a disaster requires immediate attention so people can travel safely and return to their daily routines and activities.

THE EMERGENCY RELIEF PROGRAM

The ER program provides funding to States for the repair and reconstruction of Federal-aid highways and roads on Federal lands that have suffered serious damage as a result of natural disasters or catastrophic failures from an external cause. Examples of natural disasters include floods, hurricanes, earthquakes, tornadoes, severe storms, and landslides. A catastrophic failure is defined as the sudden and complete failure of a major element or segment of the highway system that causes a disastrous impact on transportation services. In addition, the cause of the catastrophic failure must be determined to be external to the facility. A bridge suddenly collapsing after being struck by a barge is an example of a catastrophic failure from an external cause. Failures due to an inherent flaw in the facility itself do not qualify for assistance under the ER program.

The Congress has funded the ER program through a permanent annual authorization of $100 million since 1972. When ER program needs exceed available funding, the Congress may provide supplemental appropriations to cover the ER program needs. Over the past 12 years, the costs of nationwide ER events, not including large-scale disasters (e.g., Hurricane Katrina) have averaged about $350 million annually.

Eligibility

Two major categories of repair are eligible under the ER program—emergency repairs and permanent repairs. Emergency repairs include repairs needed to restore essential traffic, minimize the extent of damage, or protect the remaining facilities. Emergency repairs can begin immediately following a disaster without prior approval from FHWA. Permanent repairs are those repairs that permanently restore a highway facility to its pre-disaster condition. FHWA approval and authorization is required prior to permanent repairs.

Funding under the ER program is intended to aid Federal, State, and local highway agencies with an unusually heavy expense of repairing serious damage to Federal-aid highways and roads on Federal lands resulting from natural disasters or catastrophic failures from an external cause. The ER program provides for repair and restoration of highway facilities to pre-disaster conditions based on current design standards; ER funds are not intended to replace other Federal-aid, State, or local funds for new construction to increase capacity, correct nondisaster-related deficiencies, or otherwise improve highway facilities.

Generally, all elements of the highway cross section damaged as a direct result of a disaster are eligible for repair under the program. This includes, but is not limited to, elements such as pavement, shoulders, slopes and embankments, guardrail, signs and traffic control devices, bridges, culverts, cribbing or other bank control features, bike and pedestrian paths, fencing, and retaining walls. When a pedestrian or bicycle trail that is within the right-of-way of a Federal-aid highway is damaged, that damage is eligible for ER funding whether or not the roadway itself is damaged. Because ER funds are intended to cover only that repair work which exceeds heavy maintenance, is extraordinary, and will restore pre-disaster service, incidental costs resulting from a disaster, such as project delay costs or lost toll revenues, are not eligible expenses.

Federal Share

Emergency repair work to restore essential traffic, minimize the extent of damage, or protect the remaining facilities, accomplished within the first 180 days after the occurrence of the disaster, may be reimbursed at 100 percent Federal share. For the costs of permanent restoration work, and the cost of all repairs incurred after the first 180 days, the Federal share is based on the type of Federal-aid highway that

is being repaired. For Interstate highways, the Federal share is 90 percent. For all other Federal-aid highways, the Federal share is 80 percent.

Oversight

The Federal-aid highway program is a federally assisted, State-administered partnership between the FHWA and the States. FHWA's Division Offices, located in every State, function as the Agency's focal points in advancing Federal-aid highway projects. The Division Office is available to brief State and local officials on the ER program; offer advice regarding the eligibility of repairs for funding; assist in performing on-site damage surveys and preparing estimates of the costs of repairs; expedite the flow of ER funding and the advancement of projects; provide technical assistance on the design of repair projects; and coordinate damage surveys with other Federal agencies.

FHWA manages ER projects in accordance with normal Federal-aid project requirements. Contracts for both permanent repair work and emergency repairs must incorporate all applicable Federal requirements. ER program project oversight is performed in accordance with the FHWA stewardship agreement with the State.

Release of Funds

The decision to seek ER program assistance rests with the State. Local highway agencies make their applications through the State. The State has the option to determine whether it will seek ER funding for repair of either State-owned or local-agency-owned Federal-aid highways.

The State and local transportation agencies are empowered to begin emergency repairs immediately to restore essential traffic service and to prevent further damage to Federal-aid highway facilities. Properly documented costs are later reimbursed after the State formally requests ER funding, and the FHWA Division Administrator makes a finding of eligibility for ER funds.

There are two methods for developing and processing a State request for ER funding—the "traditional" method and the "quick release" method. The first method is labeled as "traditional" because it follows the normal process used to develop a funding request. The second method, the "quick release" method, is intended to provide an immediate infusion of funds to a State in order to start getting communities back on their feet. Quick release funds act as a down payment on additional ER requests a State will make as it assesses the full extent of damage following a large-scale disaster.

THE EMERGENCY RELIEF FOR FEDERALLY OWNED ROADS PROGRAM

Emergency Relief for Federally Owned Roads (ERFO) is authorized within the ER program to assist Federal agencies with emergency repairs to roads associated with Federal and Tribal lands. The ERFO program is authorized and funded under the ER program, typically receiving approximately 10 percent of the ER program funds, which is the average relative share of needs on Tribal and Federal roads compared to State-administered needs.

Roads eligible for the ERFO program include forest highways, forest development roads and trails, park roads and trails, parkways, public lands highways, public lands development roads and trails, refuge roads and trails, and Indian reservation roads. The Federal share for the ERFO program is 100 percent. FHWA's Federal Lands Highway Office administers the ERFO program.

EMERGENCY RELIEF FUNDS AT WORK

ER program funds are essential to maintaining mobility for the American public. Natural disasters and catastrophes that destroy highways and bridges are unpredictable events and can occur anywhere in the country. When a natural disaster or catastrophe strikes, the ER program is available to provide assistance to clear a roadway and reopen highways to traffic and to make permanent repairs to restore a damaged highway facility.

Following the 2005 gulf coast hurricanes, FHWA employees worked shoulder-to-shoulder with their State and local counterparts to rapidly assess the situation and to shape strategies that would provide the most efficient response. With permanent Division Offices in each State, FHWA was well positioned to respond rapidly to the effects of the hurricanes. FHWA's Division Offices provided advice to State and local jurisdictions concerning ER program eligibility and engineering and contracting issues and shared lessons learned from prior emergency situations. The Congress provided approximately $2.8 billion in ER funds to assist States in the repair and recovery of Federal-aid highways damaged by the hurricanes. These funds were instrumental in assisting the gulf coast region with needed recovery efforts following the devastating impact from Hurricanes Katrina, Rita, and Wilma.

In November 2006, storms across Washington, Oregon, Idaho, and Montana caused damage to the historic Going to the Sun Road in Glacier National Park. Emergency repairs, including the installation of a temporary bridge, began after the snow melted the following spring. FHWA provided $10.4 million in ERFO funds for permanent repairs constructed between 2007 and 2009.

In March 2010, a severe storm resulted in heavy rain across portions of New Jersey. The high winds and extreme runoff and flooding caused damage on the local highway system in the counties of Atlantic, Burlington, Gloucester, Monmouth, Morris, and Somerset. The damage included widespread failure of traffic signs and signals, roadway and culvert damage, erosion, and failure of a retaining wall. In response to this disaster, FHWA provided New Jersey with an ER allocation of $1.7 million in April 2011.

Heavy rainfall in May 2010 resulted in a section of US 87/89 near Belt, Montana experiencing a catastrophic slope failure. The over-saturated subgrade caused movement of an underlying slip plane and resulted in excessive roadway damage. Essential traffic was immediately detoured to allow emergency repairs and maintain public safety. FHWA provided $2.7 million in ER funds in April of this year to assist Montana in the rebuilding of US 87/89.

A significant rain event resulting in more than 300 percent of normal precipitation occurred in parts of western and central Washington in January 2010. This event contributed to landslides, rock falls and washouts, threatening citizens and property in King, Chelan, Okanogan, and Jefferson counties. In April 2011, FHWA provided an ER allocation of $3.1 million to Washington to help repair damaged Federal-aid highways.

Strong storms and tornadoes struck the State of Alabama on April 27, 2011, leaving catastrophic destruction in their wake. A very large and exceptionally destructive tornado struck Tuscaloosa, Pratt City, Pleasant Grove, and the northern suburbs of Birmingham. President Obama declared an emergency that same day. In June, Secretary of Transportation Ray LaHood and Federal Highway Administrator Victor Mendez visited Birmingham to survey the damage and announce an ER allocation of $1.5 million in quick release funds to assist in the recovery and repair efforts of Federal-aid highways damaged by the tornado. These funds provided a down payment to help the State address the initial destruction.

Excessive snow melt from the mountains of Montana and unusually heavy rain throughout the upper Missouri River basin resulted in historic flooding of the Missouri River along the western border of Iowa starting in May 2011. Flood waters remained high in the area for several weeks, closing several major highways. In July, Secretary LaHood announced $2 million in quick release funds available to the Iowa Department of Transportation to reimburse the State for work done on Federal-aid highways immediately following the flooding. These funds will be used to reimburse Iowa for costs of controlling traffic flow; shoring up roads and bridges; and other measures implemented immediately after the flooding to prevent further damage, including strengthening the shoulder sections of the highways, sand bagging, and asphalt overlays.

Beginning on August 26, Hurricane Irene brought substantial rainfall and heavy winds resulting in damages to Federal-aid highways along the east coast. In Vermont, the heavy rains combined with the mountainous terrain created concentrations of runoff that caused washouts of roads and bridges throughout the State. Several bridges were completely destroyed, and temporary bridges will be necessary to restore traffic at those locations. Just 4 days after the storm, the FHWA made $5 million in quick release emergency funds available to the Vermont Department of Transportation (VTrans) to help repair roads and bridges damaged by floods from Hurricane Irene. VTrans will use these quick release funds to expedite emergency repairs to roads, highways and bridges critical to communities throughout the State. VTrans currently estimates that it is possible that overall damages to Federal-aid highways from the floods will exceed $700 million.

Anticipating the effects of Hurricane Irene, FHWA postponed the release of ER funding available to address fiscal year 2011 obligation needs so that immediate needs could be addressed. In addition to allocations made to Vermont, FHWA recently has made quick release funds available to several other States along the east coast to begin repairs to roads and bridges damaged by floods from Hurricane Irene, including Connecticut, Maine, New Hampshire, New Jersey, and New York. FHWA is in the process of surveying all States to assess their current ER obligation needs and plans to allocate a substantial amount of additional ER funds by the end of this month.

MODELING AND RESEARCH ACTIVITIES

In addition to implementing the ER program, FHWA is engaged in several other activities to help minimize the effects of natural disasters and catastrophic events on highway infrastructure. FHWA provides States with access to the Freight Analysis Framework (FAF) modeling tool which can help States prepare for freight traffic shifts resulting from major road closures after natural disasters. The tool works by removing the closed or damaged highway from the network model, rerouting the freight traffic on undamaged highways, and then displaying routes the freight traffic likely would take.

The FAF tool is posted on the FHWA Web site and has been refined and updated over the years to make it more widely available. Knowing the potential changes in regional freight travel patterns in times of crisis helps States to establish detours, prepare alternative routes to handle more traffic, and adjust signals and message signs. It can help ensure traffic continues to flow smoothly and safely for travelers on the highways.

Additionally, FHWA has been engaged in researching, developing, and deploying technologies associated with improving infrastructure resilience in support of disaster response and recovery. These activities address hazard mitigation in the area of windstorms, flooding and scour, earthquakes, and security hazards. FHWA also participates in intergovernmental committees such as the National Science and Technical Council's Subcommittees on Disaster Reduction and Infrastructure that provide advice to the White House Office of Science and Technology Policy and coordinate research and development activities among Federal agencies.

FHWA is conducting research and collecting data to develop technologies that would minimize damage to bridges from wind hazards. The Agency monitors a number of bridges at various field test sites and conducts in-house testing at the aerodynamics laboratory housed at the Turner Fairbank Highway Research Center (TFHRC).

FHWA's Bridge Hydraulics Program focuses on scour, the leading cause of bridge failure, and also studies flooding and other soil erosion problems occurring around bridge supports. This research is conducted in the TFHRC hydraulics laboratory. After Hurricanes Katrina and Rita, FHWA conducted a study to examine the impact of wave forces on bridge decks and developed optimum bridge deck shapes to minimize the type of damage that resulted from these hurricanes.

Under the Seismic Program, FHWA has researched how bridges and other structures perform during large, damaging earthquakes and has developed a number of technologies to improve the design of bridges to better withstand earthquakes.

Since the events of September 11, 2001, FHWA has administered a program to develop technologies that mitigate against terrorist threats. Working together with DHS, the Army Corps of Engineers, and bridge owners, FHWA has developed systems to harden bridge components against blast loadings. FHWA also has contributed to the National Response Plan, the Transportation Sector Specific Plan, and the Critical Infrastructure Protection Research and Development Plan managed by DHS.

CONCLUSION

ER funds are helping States across the country undertake the massive job of restoring damaged roads and bridges so that the public can travel safely and communities can rebuild. FHWA also continues to explore technologies and other tools to help highway infrastructure better withstand the effects of extreme weather events. As we continually brace for new natural disasters and catastrophic failures, FHWA remains committed to helping States repair and reconstruct transportation infrastructure damaged by such events.

I thank you for the opportunity to discuss FHWA's disaster response efforts. I would gladly answer any questions at this time.

Senator LANDRIEU. Thank you. I appreciate that.

I am going to ask you if $100 million is enough, and how many people you have had to tell no to when you ran out of that money.

And I want you all to be very clear about funding levels, not just your general mission about what you do. I think we are all aware of that.

Mr. Tombar.

STATEMENT OF FRED TOMBAR, SENIOR ADVISOR FOR DISASTER PROGRAMS, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. TOMBAR. Thank you. Chairwoman Landrieu, Ranking Member Coats, and members of the subcommittee, thank you for the opportunity to testify regarding HUD's services and resources available to address disaster relief and recovery.

HUD plays a crucial role in disaster recovery, as demonstrated by our response to Hurricane Katrina. When President Obama took office 3½ years after that storm, 40,000 displaced gulf coast families still relied on temporary government housing assistance.

But, Madam Chairwoman, I am proud to say that, working with our partners at FEMA, we have since helped 99.99 percent of those families to move into permanent housing, and we continue to focus on helping the remaining families.

HUD's efforts in disaster recovery continue as we assist many communities that were affected by disasters this year. HUD plays a key role in long-term recovery following disasters. It is important to note that unlike FEMA or SBA, we do not serve as a primary provider of disaster assistance. Instead, affected areas use or reprogram their existing HUD resources to address recovery needs. However, in circumstances involving extraordinary disaster impacts, HUD's role can be expanded significantly, though only through an interagency agreement with FEMA or a specific appropriation.

I would like to briefly outline some of our key disaster recovery programs. HUD's disaster assistance starts with our Office of Community Planning and Development (CPD). Through CPD, the Community Development Block Grant (CDBG) and the HOME Investment Partnerships programs allow grantees to reprogram existing formula funds and direct future grants to address disaster recovery needs. Now, the Secretary is authorized to waive or suspend program requirements in presidentially declared disasters.

The Congress has often used CDBG to provide supplemental disaster recovery assistance in response to extraordinary long-term needs. Supplemental CDBG disaster relief funding has historically provided the Secretary with broad waiver authority, which allowed States and local governments to address their unique needs.

Following a disaster, HUD's Office of Public and Indian Housing (PIH) has a standing contract to assess damage to Public Housing Authority (PHA) properties. Depending on funding, HUD may increase PHA's administrative fees, allow voucher holders to move to higher cost units, and extend obligation and expenditure deadlines. HUD may also subsidize lost income from damaged public housing units while repairs are being made.

PIH's primary disaster recovery programs are the Disaster Housing Assistance Program (DHAP) and a Disaster Voucher Program (DVP). DHAP is dependent on an interagency agreement with FEMA, and DVP can be funded through direct appropriations.

These programs leverage HUD's PHA network across the country to provide temporary rental housing assistance and case management services.

Our Office of Housing, which includes the Federal Housing Administration (FHA), also has resources available for disaster relief and recovery, including mortgages that provide 100 percent financ-

ing for rebuilding or repairing homes destroyed in a disaster, or insurance for the rehabilitation and repair of single-family properties.

FHA has also instituted 90-day moratorium on foreclosures for FHA-insured mortgages in presidentially declared disaster areas. Under FHA's loss mitigation program, special forbearance agreements are available to suspend or reduce mortgage payments, so borrowers have the time they need to recover from damages.

FHA has also recently announced a pilot program in response to tornadoes in Alabama and in Missouri to provide discount sales of HUD real estate-owned properties to public housing agencies. Specifically, an eligible PHA can purchase HUD-owned properties at a 50 percent discount to lease them to disaster victims for a year or sell them to disaster victims at a discount.

In 2010, HUD established an Office of Disaster Management and National Security. This office has played a critical role in the coordination of the Department's response and recovery activities for recent disasters.

HUD has been working closely with FEMA and other Federal agencies on the National Disaster Recovery Framework, and we lead the housing recovery support function under that framework.

PREPARED STATEMENT

In closing, HUD continues to maximize our resources to address community disaster recovery needs. With our mission to create stronger, more sustainable communities, we are positioned to administer Federal disaster recovery funds while helping to build local capacity and promoting building approaches that reduce risk before and after disasters.

Thank you again, Chairwoman Landrieu, for the opportunity to testify, and I welcome any questions.

[The prepared statement follows:]

PREPARED STATEMENT OF FRED TOMBAR

Chairwoman Landrieu, Ranking Member Coats, and members of the subcommittee, my name is Fred Tombar, and I am the Senior Advisor for Disaster Recovery to Secretary Donovan at the Department of Housing and Urban Development (HUD). Thank you for the opportunity to testify today regarding HUD services and resources available to address disaster relief and recovery.

HUD plays a crucial role in disaster recovery, as evidenced by the Department's response to Hurricane Katrina. Hurricane Katrina destroyed more than 200,000 homes in Louisiana alone, including more than 82,000 rental homes. All told, the storm displaced more than 1 million people from the gulf coast, with 600,000 households displaced 1 month after the hurricane. Three-and-a-half years later, nearly 40,000 families who had been displaced by the storms were still relying on government assistance to find housing and more than 30,000 of those families were on the verge of losing housing assistance when HUD's Disaster Housing Assistance Program (DHAP) came to an end.

HUD worked with nearly 350 public housing agencies throughout the country to find permanent housing by extending disaster rental assistance for an additional 6 months, providing comprehensive case management, and providing 12,300 of the most vulnerable families with permanent housing choice vouchers. Today, of the 40,000 families who relied on temporary government housing assistance when President Obama took office, we have helped 99 percent of them move into permanent housing. But we will not rest until we've completed the job for the remaining families.

HUD's efforts in disaster recovery continue as we assist the communities that were affected by the tornadoes earlier this year.

The Department is now working with the Federal Emergency Management Agency (FEMA) and our other partners to assist Vermont following Hurricane Irene. HUD provided $350,000 each to Birmingham and Tuscaloosa, Alabama, and Joplin, Missouri, through the Community Development Block Grant Sanctions Fund, which helps communities to address their long-term recovery needs following the impacts of recent disasters. Part of a successful recovery is planning and smart building before the disaster. In 2010, the Department awarded $311 million from the Disaster Recovery Enhancement Fund helping communities reduce risk from future disasters as they rebuild and recover. HUD is committed to not only rebuilding communities, but rebuilding them stronger, better, and faster.

Consistent with the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all, HUD plays a key role in State and local long-term recovery following disasters. However, unlike FEMA or the Small Business Administration (SBA), the Department is not authorized or funded to serve as the Federal Government's primary provider of assistance following all presidentially declared disasters.

For the vast majority of disasters, HUD works in coordination with its Federal partners to address long-term recovery needs primarily through the flexibility and existing waiver authority of its standing programs and resources. The Department does not receive any dedicated annual funding for disaster recovery purposes, and thus helps individuals and communities by enabling them to use or re-program their existing HUD resources to address recovery needs in an expedited manner.

However, in circumstances involving extraordinary or catastrophic disaster impacts that exceed the ability of existing Federal disaster resources to address, the Congress at times provides HUD with an expanded role. This expanded role is disaster-specific and is made possible through an Inter-Agency Agreement with FEMA (which funds DHAP) and/or a supplemental appropriation (which has provided Community Development Block Grant disaster recovery (CDBG–DR) funds and disaster housing vouchers).

I would like to briefly identify the Department's various resources available for disaster recovery.

OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT (CPD)

CPD utilizes various approaches to assist communities impacted by disasters. Two annual formula-based programs—CDBG and HOME—allow grantees to reprogram existing funds and direct future grants to address disaster recovery needs. Collectively, these two grant programs allow grantees to meet a broad range of needs including housing, economic development, infrastructure, and the provision of public services.

In addition, the Secretary is authorized to waive or suspend the CDBG and HOME program requirements for use of funds in presidentially declared disaster areas except for those related to public notice of funding availability, nondiscrimination, fair housing, labor standards, environmental standards, low-income housing affordability, and requirements that activities benefit persons of low- and moderate-income. In the past, CDBG statutory waivers have included the removal of prohibitions on new housing construction and modifications to expenditure limits for public services.

CDBG regulatory waivers have extended the annual performance report submission deadline for grantees delayed by disaster impacts and have extended the period within which grantees must expend at least 70 percent of their CDBG funds to benefit low- and moderate-income persons.

The HOME program provides funds to States and localities to provide affordable housing to low-income people. Waivers and regulations have been utilized to allow communities to better address housing needs after disasters. For example, section 220(d)(5) of the HOME Investment Partnerships Act permits HUD to reduce the match requirement by up to 100 percent for jurisdictions in presidentially declared disaster areas.

While the CDBG and HOME programs are not designed as disaster recovery programs, they are able to be used to address disaster-related needs. However, in order to re-program funds for disaster recovery purposes, communities must do so at the expense of the previously planned activities for which the funds were initially budgeted. If funding for these programs decreases in fiscal year 2012 communities will have fewer tools and resources to meet their unanticipated disaster recovery needs. As funding decreases, it becomes more likely that what limited funding is received will be dedicated to critical core services and activities, thus creating a challenge to re-programming funds.

CPD's Section 108 Loan Guarantee Program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments.

CPD headquarters and field office staff provide ongoing and direct technical assistance to grantees to leverage their specialized knowledge and skill sets. HUD may provide technical assistance through a cadre of service providers and specialists in which years of professional experience is applied to addressing targeted needs. This coordinated combination of guidance and technical assistance is a key focus of CPD to help build the capacity of local and State jurisdictions so that they can maximize their use of limited public investments.

CDBG SUPPLEMENTAL APPROPRIATION FOR DISASTER RECOVERY (CDBG—DR)

Since 1992, the Congress has elected to use the CDBG program as a vehicle for providing supplemental disaster recovery assistance in response to extraordinary long-term disaster-related impacts. Supplemental CDBG–DR funding is distinguished from regular CDBG funding in that each appropriation has historically provided the Secretary with broad waiver authority (with the exception of requirements related to fair housing, nondiscrimination, labor standards, and the environment). This waiver authority allows State and local governments to address the unique and urgent needs that disaster recovery presents.

CDBG–DR also provides State and local governments with the ability to develop disaster recovery strategies specific to their needs. For example, State grantees are provided greater discretion in developing and implementing targeted disaster recovery strategies by allowing them to directly administer activities.

Since the terrorist attacks of September 11, 2001, nearly $30 billion has been awarded under CDBG–DR to assist communities recovering from disasters in 27 States. These funds may be used for a wide range of recovery activities as long as their use does not duplicate other disaster recovery assistance, such as that from FEMA, the SBA, and private insurance. In order to better leverage Federal investments, CPD routinely coordinates with other Federal agencies funding disaster recovery activities. For example, HUD has worked with SBA and FEMA to develop guidance for local and State grantees that help them be more efficient and effective in preventing duplication of benefits. HUD and SBA are also signing a memorandum of agreement regarding how we will work together on duplication of benefits issues. In addition to FEMA and SBA, CPD has also worked directly with the Department of Health and Human Services regarding community health clinics in New Orleans, the Department of Treasury regarding tax credits, and the Army Corps of Engineers regarding levee construction and flood protection measures.

OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

PIH has modeled a variety of disaster housing programs on the Housing Choice Voucher (HCV) program. The HCV program permits existing voucher-assisted families to move within the original jurisdiction to another area. Challenges following a disaster include:

—the availability of remaining safe housing stock in the affected area,
—the ability of a family to relocate to an area with limited employment opportunities, family support, or social service connections,
—the availability of Public Housing Authorities (PHAs) to subsidize portability moves to higher cost areas, and
—the capacity of impacted PHAs to pay in a timely manner while functioning at reduced staff levels.

Following a disaster, PIH has a standing contract in place to assess damages to PHA properties. Depending on HUD and PHA funding, HUD may:

—approve extraordinary PHA administrative fees;
—allow voucher holders to move to higher cost units;
—extend obligation and expenditure deadlines; and
—waive PHA submission requirements.

HUD may also subsidize lost income from damaged public housing units while repairs are being made. Operating fund allocations are based on prior year utilization, so there may not be sufficient reserve amounts in a particular year to fully subsidize a large number of damaged units.

The HCV program is currently at 99.98 percent budget utilization, which limits the ability of families to move to higher cost areas. If too many families move from a PHA, it can impact the renewal funding and leasing ability of that PHA.

The Public Law 112–10 (Department of Defense and Full-Year Continuing Appropriations Act, 2011, enacted on April 15, 2011) established the methodology for cal-

culating HCV renewal funds and the allocation of funds to a limited set of tenant protection vouchers. To specifically assist disaster-impacted families through the HCV program, HUD would require additional congressional authorization.

Previously, additional congressional funding has enabled PIH to implement a variety of post-disaster housing programs. For example, PIH has implemented 2-year, emergency housing vouchers for families displaced by Hurricane Andrew in 1992 as well as emergency housing certificates for families in the aftermath of the 1994 Northridge, California earthquake. However, PIH's primary disaster recovery programs are the Disaster Housing Assistance Program (DHAP) and the Disaster Voucher Program (DVP). DHAP is dependent on an Inter-Agency Agreement (IAA) with FEMA and DVP is funded by a direct appropriation from the Congress.

Additionally, the Congress passed the Supplemental Appropriations Act for fiscal year 2009 (Public Law 111–32) in June 2009. The act provided $80 million for HCV program funding to PHAs in presidentially declared disaster areas following Hurricanes Katrina and Rita. Priority for voucher funding under this special appropriation was provided to PHAs in the most heavily impacted areas of Alabama, Louisiana, Mississippi, and Texas. Priority was also given to PHAs that agreed to establish a preference for families in FEMA temporary housing units.

DISASTER HOUSING ASSISTANCE PROGRAM (DHAP)

In response to large-scale disasters since 2005, HUD and FEMA currently administer DHAP as a pilot program. It leverages HUD's PHA network to provide temporary rental housing assistance and case management services. As a transitional housing program, it helps eligible families displaced by a disaster to rebuild their lives as they move toward greater self-sufficiency. DHAP is currently funded by FEMA and is facilitated through an IAA. There were two DHAP programs, DHAP-Katrina (ended October 31, 2009) and DHAP-Ike (ended September 30, 2011). Total funding provided by FEMA from the Disaster Relief Fund is more than $1 billion. The use of DHAP to assist families impacted by other disasters would require FEMA authorization and funding through the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

In addition to DHAP, PIH administers the Disaster Voucher Program. DVP is a housing program for families in HUD-assisted housing disaster impacted areas that were displaced by Katrina and Rita.

PIH has maintained a successful and productive working relationship with FEMA through multiple disasters and two iterations of the DHAP program. It is currently collaborating with FEMA on a data sharing agreement and a standard IAA for future disasters. PIH staff is frequently consulted as experts on HUD's disaster programs due to their wealth of institutional knowledge. Staff often coordinate with State and local officials through HUD's existing network of field offices and public housing agencies as well as through onsite technical assistance.

OFFICE OF HOUSING/FEDERAL HOUSING ADMINISTRATION (FHA)

The HUD Office of Single Family Housing has various resources available for disaster relief and recovery. The National Housing Act grants FHA the authority to insure mortgages that assist borrowers in rebuilding, repairing, and rehabilitating homes that have suffered damage in a disaster. Section 203(h) mortgages provide 100 percent financing for rebuilding or repairing homes destroyed in a disaster. Under this section, FHA can insure these mortgages made by qualified lenders to victims of a major disaster who have lost their homes and are in the process of rebuilding or buying another home. In addition, section 203(k) mortgages provide insurance for the rehabilitation and repair of single family properties. These mortgages may be used for disaster relief.

FHA also has processes in place that may provide financial relief to borrowers with FHA-insured mortgages who have been affected by disasters. FHA has instituted an automatic 90-day moratorium on foreclosures associated with FHA-insured mortgages for properties in presidentially declared disaster areas. This provides borrowers additional time to remain in their homes following a disaster. In addition, under FHA's Loss Mitigation Program, type 1 special forbearance agreements are available for eligible borrowers. These agreements suspend or reduce mortgage payments to allow borrowers sufficient time to recover from the cause of default.

Furthermore, in order to provide assistance to individuals displaced by disasters, FHA recently announced a pilot program to provide discount sales of HUD REO properties to eligible PHAs. Under the pilot, an eligible PHA, whose jurisdiction is in a presidentially declared disaster area and that has administered a homeownership program for 2 years, is allowed to purchase HUD-owned properties at a 50 percent discount for the purpose of leasing them to victims of a disaster for 1 year or

selling them to disaster victims at a discounted sales price. Eligible buyers or tenants for these properties include those with income levels at or below 120 percent of median income for the disaster area and/or neighboring area in which they reside. This pilot program was launched in Alabama and Missouri on August 16, 2011 in responses to the tornadoes.

The goal of the HUD Office of Multifamily Housing is to work with the owners of HUD-assisted properties to repair, rehabilitate, or rebuild these affordable housing units and maintain the rental subsidies (if applicable) as quickly as possible after a disaster event.

The Office has developed a handbook chapter that provides guidance and policies solely on addressing mortgage forbearance, priorities for temporary and permanent rental housing, allowing multiple occupants in a unit, leases and rents, Real Estate Assessment Center inspections, use of escrows, and flexibility in occupancy. Immediately after an event, the Office initiates a damage assessment protocol and process for all HUD-assisted properties in the impacted areas. The process includes initial telephone assessments (both of the physical development as well as the status of the residents), followed by physical site visits to the projects receiving moderate and serve damage. This is followed by subsequent meetings (both individual and group) with the owners to discuss repairs, rehabilitation, or rebuilding of the properties as well as the identification of funding resources.

The Office continues to monitor the status of the repairs, rehabilitation, or rebuilding efforts for each property until the work is complete and the project is fully operational. For those projects that have been severely damaged or destroyed, the Department continues to work with the owners to rebuild on site and obtain the necessary financing or move the rental assistance, use agreement, and/or mortgage to alternate sites under existing statutes.

OFFICE OF POLICY DEVELOPMENT AND RESEARCH (PD&R)

The multidisciplinary PD&R staff includes economists, planners, social scientists and engineers. Building on the broad skill set and knowledge of HUD programs, PD&R is able to identify strategies for the response to and recovery from disasters across the entire urban landscape. As part of the Federal team addressing long-term recovery needs, PD&R staff assist in conducting impact assessments and estimating unmet needs. This information is critical to helping agencies at all levels best match limited resources to greatest need.

Through analyzing data provided by others and integrating information to identify areas of particular need, these tools help focus resources on the areas that are most affected. Economists are able to provide tailored analysis in affected areas and engineers can support with technical assistance on innovative building approaches.

OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY (FHEO)

FHEO enforces the Fair Housing Act to ensure all people have equal access to housing of their choice free from discrimination regardless of their race, color, national origin, religion, sex, familial status, or disability. FHEO has the responsibility to ensure that persons affected by disasters are not victimized when searching for new place to call home. Victims of housing discrimination may file a complaint with HUD and FHEO will investigate the complaint free of charge. FHEO services include:

—a housing discrimination hotline where victims may file a complaint;
—investigation of complaints;
—a telephone language interpretation line for persons who are limited English proficient;
—written translation of vital documents for persons who are limited English proficient; and
—conducting education and outreach to disaster survivors and housing providers.

FHEO communicates and collaborates with an array of State and local government agencies and community based organizations to provide multilingual information on fair housing rights, responsibilities, and resources. HUD educates new emergency housing providers on how to comply with the Fair Housing Act and has created new materials for disability-related and other community service groups.

HUD has added Fair Housing tips to the National Housing Locator Service and assisted a network of foreign consulates to reach otherwise hard to contact local residents. Finally, HUD has works with local communities in the rebuilding stages to ensure future plans affirmatively further fair housing.

OFFICE OF DISASTER MANAGEMENT AND NATIONAL SECURITY (DMNS)

HUD is also in the process of standing-up the Office of Disaster Management and National Security to coordinate disaster response and recovery activities across the Department. The Office was established in 2010 to serve as a focal point and improve coordination of the Department's response and recovery activities. The Office has worked closely with key HUD program offices and the affected HUD Regional Offices to coordinate departmental response and recovery activities for recent disasters including the spring 2011 tornadoes, severe summer flooding throughout the Missouri River Basin, Hurricane Irene, and Tropical Storm Lee.

The Office serves as a coordination point with FEMA and other Federal partners at the headquarters level and in the field to help plan and implement response and recovery work. The Office also includes five disaster coordinators who help coordinate disaster response and recovery activities at the regional level, serve as a liaison between HUD and FEMA regions, help plan and implement mission assignments, and work closely with HUD program offices to make the most effective use of existing programs and resources. The Office was established through a change in the Department's operating plan. HUD expects to complete staffing of the Office this fall.

INTER-DEPARTMENTAL COORDINATION

HUD has been working closely with FEMA and other Federal departments and agencies to help develop and implement the new National Disaster Recovery Framework (NDRF). The NDRF serves as a guide to ensure coordination and recovery planning at all levels of government before a disaster, and defines how we will all work together following a disaster. It is built upon existing programs, authorities, and best practices, and was developed in partnership with stakeholders representing local, State, tribal, and Federal governments, private organizations, professional associations, academic experts, and communities recovering from disasters.

The Framework introduces six new recovery support functions that are led by designated Federal coordinating agencies at the national level. HUD's role, in support of FEMA, is to coordinate the Housing Recovery Support Function. The Housing Recovery Support Function is intended to help address pre- and post-disaster housing issues and coordinate and facilitate the delivery of Federal resources and activities to assist local, State, and tribal governments in the rehabilitation and reconstruction of destroyed and damaged housing, whenever feasible, and development of other new accessible, permanent housing options. The primary agencies include our partners at the Department of Homeland Security/FEMA, the Department of Justice, and the Department of Agriculture. The Framework has just recently been released and HUD will be working closely with FEMA and our key housing partners to improve coordination of existing programs to help meet the needs of States and communities.

As previously noted, the Department already undertakes a great deal of interdepartmental coordination in the everyday implementation of its programs. We expect to continue working close together with all of our Federal partners.

CONCLUSION

In closing, while the Department is not funded or authorized as a primary provider of Federal disaster recovery assistance, it continues to maximize its existing programs, tools, staff, and financial resources to address community disaster recovery needs. With its mission to create safer, more affordable, and sustainable communities, it is naturally poised to administer supplemental appropriations of Federal disaster recovery funding when necessary. HUD will continue to serve its everyday role in building local capacity and promoting building approaches that reduce risk from hazards—both in advance of and following disasters.

Senator LANDRIEU. Thank you.

We have been joined by the Senator from Vermont, who was here earlier and is now back. I am happy to take your comments now and questions, Senator. I know your time is limited. Or we can wait through the panel. Whatever is——

Senator LEAHY. I hate to interrupt, Madam Chair. I am hosting, along with the chair of the Intelligence Committee, the discussions——

Senator LANDRIEU. Okay. You have the seniority enough here.

Senator LEAHY. Thank you.

I just had a quick question for Mr. Rivera. The SBA is the only Federal resource that a business that has a disaster can turn to in time of need. I am worried about what they might be doing in Vermont.

This, actually, is a picture I took from a helicopter. That bridge—I have been going across that bridge since I was a little child. I am 71 years old. Maybe you can see, we have numerous others from Hurricane Irene in Vermont.

In my lifetime, I have never seen anything like that. We have been hit far worse than we have ever been hit by anything.

Now the State started moving immediately. Even before any Federal agencies came, people were out cutting temporary roads, getting kids to school, and all that.

But I understand that earlier this week when I was up there, the SBA received requests for applications from more than 1,600 businesses in Vermont. You had in hand 140 completed applications, but you only approved 24. That is around $3 million.

The Vermont Economic Development Authority, which is a very small agency and does not begin to have the resources you do, created a disaster loan program within 48 hours of Hurricane Irene. They made the first loan 5 days later. They have obligated $10 million in loans to more than 150 businesses, including some SBA denied.

I know you have to be careful, but businesses are coming to you because their offices, computers, and everything have been destroyed. It doesn't make them look very creditworthy. That is why it is a disaster loan program, as you know better than all of us.

And finally, weeks later, SBA opened a recovery center in Brattleboro. I think that was yesterday. We have been asking—the State has been asking for weeks.

But then I understand those loans are looked at somewhere in Texas. I don't know what that does in looking at what has happened.

You have a 1.4 percent approval rate. Vermont is fiscally a very conservative State. Vermont is the only State in the Union that does not have a balanced budget amendment, and we are the one that always balances its budget. It has the lowest foreclosure rate, I think, in the country.

I know you have to do these things down in Texas. We are a little bit different, size and everything else.

What is happening?

I may sound a tiny bit perturbed.

Mr. RIVERA. No, I understand. Thank you, Senator Leahy.

Let me update the information that we have. Apparently, the information that you have is very early on.

To date, we have approved 199 loans for about $11.5 million. In the State of Vermont, we are currently——

Senator LEAHY. How many?

Mr. RIVERA. There have been 199 loans.

Senator LEAHY. Okay, out of 1,600 applications. Go ahead.

Mr. RIVERA. Right. And the 1,600 applications, those are ones that are issued. This is for uninsured loss. A lot of times what happens is, individuals don't respond because their local banker can

fulfill their need or they have insurance to fulfill their loss from that perspective.

We have about 102 applications currently in the queue to process. And we are currently at a 47 percent approval rate, which is pretty much in the 5-year average over the last several years. So that is basically what we have from that perspective.

Senator LEAHY. I just want to make sure you understand—I was looking at my numbers here. I am talking about businesses. You had homes in there. I have 167 homes, 24 businesses. Are you talking just businesses?

Mr. RIVERA. No, sir. I was speaking——

Senator LEAHY. Tell me the number just for businesses.

Senator LANDRIEU. He wanted businesses.

You are right, Senator Leahy. This is something I have gone through with them now more than a dozen times. We just want to focus on business loans.

Mr. RIVERA. I will have to get back with you on that. I apologize, Senator Leahy.

Senator LEAHY. Can you get back with me by tomorrow?

Mr. RIVERA. Yes, absolutely.

Senator LEAHY. Please.

Mr. RIVERA. Yes, sir.

Senator LEAHY. I have a listed home phone number and a listed office number. Feel free to call me.

Mr. RIVERA. Okay.

Senator LEAHY. And I mean that seriously.

And I know you are all trying and I appreciate this. I know USDA also has a backlog.

We have been trying to get assistance from HUD. I have been begging HUD to send somebody up there on a permanent basis. I have talked to the Secretary twice.

I will put my other questions in the record.

But having said that, and Madam Chair, I can't thank you enough. For everything from housing to highways, you have been an enormous help.

I will put these questions in the record. I really would like an answer this week. We will expedite with whoever you tell us to do it. But I would like an answer this week.

It is going to be snowing in Vermont, and yes, it is gorgeous. Next week we could have a foot of snow. We are limited in what we can do. We are limited in what we can do.

I live on a dirt road. We weren't hurt. But I know if that road had been wiped out, there would be hell to pay to try and put it back. A lot of other people weren't so lucky.

So thank you. Thank you, Madam Chair.

Senator LANDRIEU. Thank you. And I commit to work with the Senator of Vermont to make this business loan program the very best that it can possibly be.

And I think, personally, from the experience, it has some shortcomings, and we need to work through it, be honest about it.

One of the other shortcomings is that we are lending people money at 6 percent and 7 percent. We call that a low-interest loan. Some people don't think it is low enough. And we want to make

sure that we are giving the best aid that we can as quickly as we can for businesses like this.

I understand there were restaurants there, Senator, correct?

Senator LEAHY. That is right.

Senator LANDRIEU. Along that, there were restaurants or retail establishments, right there next to the bridge.

Senator LEAHY. One of the premier glass-blowing companies, Simon Pearce, is in there. I saw them. I went down and met with all of the family—went down with their kids who were digging out—and saw what they are doing.

I mentioned that dirt road. Senator Cochran has been on that dirt road in Vermont with me. He knows exactly where I live.

Senator LANDRIEU. And these businesses just don't provide jobs. They provide the heart and soul of communities. These are businesses that have been there sometimes for decades, sometimes centuries. And if they come back, it sends a positive signal to the community that they can rebuild. And when they don't come back, because they can't get the right kind of loan, particularly from sort of a lender of last resort, which is us, that is a real problem.

So I thank the Senator.

And let's continue. We will get right to you.

STATEMENT OF JAMES RIVERA, ASSOCIATE ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

Mr. RIVERA. Okay, thank you.

Good afternoon, Madam Chair Landrieu, Vice Chairman Lautenberg, Ranking Member Coats, and distinguished members of the subcommittee. Thank you for inviting me to discuss SBA's role in disaster response and recovery.

The SBA's Office of Disaster Assistance is responsible for providing affordable, timely, and accessible financial assistance following a disaster to businesses of all sizes, homeowners, and renters. This financial assistance is available in the form of low-interest loans. And since SBA's inception in 1953, we have provided more than 1.9 million disaster loans for more than $49.6 billion.

SBA is not a "first responder" agency, even though we are on the ground immediately following a disaster. SBA's primary focus is providing low-interest, long-term loans as part of recovery efforts in coordination with other government partners at the Federal, State, and local levels.

As part of the overall effort to assist survivors to get back on their feet, SBA's disaster home loan of up to $200,000 help those employed in the local community return and rebuild their homes. Moreover, businesses of all sizes and nonprofit organizations are eligible for loans up to $2 million.

Additionally, SBA offers economic injury disaster loans to small businesses, small agriculture cooperatives, and most private nonprofit organizations who have suffered economic injury caused by disaster.

The devastating damage to the east coast from Hurricane Irene and the remnants of Tropical Storm Lee have elicited a strong and proactive response from the SBA. Since the beginning of the devastating storms in September, since September 1, SBA has approved more than $127 million in disaster loans to help more than

129 homeowners, renters, businesses, and nonprofit organizations begin the recovery and rebuilding process in the wake of Hurricane Irene and Tropical Storm Lee.

Of the $127 million in loans to date, $35 million represents loans to disaster survivors located in New Jersey, $32 million in New York, and $21 million in Pennsylvania.

From a workforce perspective, SBA has responded to these disasters by deploying 398 SBA disaster assistance workers to staff 160 disaster recovery centers located throughout the east coast.

SBA is co-located with FEMA in 22 centers in New Jersey with 64 staff on the ground, 24 centers in New York with 83 staff on the ground, 39 centers in Pennsylvania with 91 staff on the ground. At these centers, SBA representatives are meeting one-on-one with disaster survivors, answering questions, explaining SBA's disaster loan program, and helping survivors complete disaster loan applications and close disaster loans.

As of last week, SBA personally met with more than 8,700 disaster survivors.

The agency is prepared to aggressively respond to all disasters large and small. During fiscal year 2011, SBA approved more than 13,640 disaster loans for more than $743 million. Two of SBA's largest Presidential disaster declarations in fiscal year 2011 were the North Dakota floods where the SBA loaned more than $234 million, and in Alabama where the tornado survivors received $101 million in SBA loans.

To ensure overall preparedness in the disaster program, we currently have 1,700 employees in pay status with a reserve force of more than 2,000 employees. From a loan processing perspective, we are currently exceeding our processing goals by approving or declining loan applicant requests within 8 days during fiscal year 2011. Our goal is 14 days for homeowners and 18 days for businesses.

In response to Hurricane Irene and Tropical Storm Lee events, SBA is processing loan applications in less than 10 days on average.

In responding to the disasters, the SBA works closely with our sister agencies. SBA and FEMA have consistently worked together in order to effectively provide assistance to disaster survivors. SBA and FEMA implement internal agency agreements, so that we can continually exchange data electronically.

PREPARED STATEMENT

In closing, I appreciate the opportunity to share with the subcommittee the role SBA plays in small business disaster recovery efforts. We firmly believe that the reforms we have instituted have enabled us to be prepared to efficiently and effectively respond to the needs of our Nation's disaster survivors.

I look forward to answering any questions. Thank you.

[The prepared statement follows:]

PREPARED STATEMENT OF JAMES RIVERA

Good afternoon Chairman Landrieu, Vice Chairman Lautenberg, Ranking Member Coats, and distinguished members of the subcommittee. Thank you for inviting me to discuss SBA's role in disaster response and recovery.

The SBA Office of Disaster Assistance is responsible for providing affordable, timely and accessible financial assistance following a disaster to businesses of all sizes, homeowners, and renters. Many disaster survivors have insurance, which covers part or all of the physical property losses due to a natural disaster, but for disaster losses not covered by insurance, an SBA loan is the primary form of Federal financial assistance. This financial assistance is available in the form of low-interest loans, and since the SBA's inception in 1953, we have provided more than 1.9 million disaster loans for more than $49.6 billion.

SBA'S ROLE IN RESPONDING TO A DISASTER

SBA is not a "first responder" agency even though we are on the ground immediately following a disaster. SBA's primary focus is providing low-interest, long-term loans as part of the recovery effort in coordination with other government partners at the Federal, State, and local levels. In addition to SBA's disaster loan program, we help small businesses recover through our guaranteed lending, technical assistance, and government contracting and business development programs.

Disaster loans are a vital source of economic stimulus in the affected areas following a disaster. As part of an overall effort to assist survivors to get back on their feet, SBA's disaster home loans of up to $200,000 help those employed in the local community return and rebuild their homes. Moreover, businesses of all sizes and nonprofit organizations are eligible for loans of up to $2 million to assist with any uninsured and otherwise uncompensated physical losses sustained during a disaster to repair or replace damaged physical property.

Additionally, SBA offers Economic Injury Disaster Loans (EIDL) to small businesses, small agricultural cooperatives, and most private nonprofit organizations who have suffered economic injury caused by a disaster. If a small business or organization is unable to meet obligations and pay its ordinary and necessary operating expenses, an EIDL loan can help. These loans provide working capital to businesses or organizations. The maximum loan amount is $2 million for physical and economic injuries combined.

SBA'S RESPONSE TO HURRICANE IRENE AND TROPICAL STORM LEE

The devastating damage to the east coast from Hurricane Irene and Tropical Storm Lee has elicited a strong and proactive response from SBA. The agency has undertaken a multifaceted, aggressive approach to the event.

Since the beginning of these devastating storms on September 1, SBA has approved more than $94 million in disaster loans to help more than 2,200 homeowners, renters, businesses, and nonprofit organizations begin the recovery and rebuilding process in the wake of Hurricane Irene and Tropical Storm Lee. Of the $94 million in approvals to date, $29 million represents loans to disaster survivors located in New Jersey, $24 million in New York and $11 million in Pennsylvania.

From a workforce perspective, SBA has responded to these disasters by deploying 398 SBA disaster assistance workers to staff 160 disaster recovery centers located throughout the east coast. SBA is co-located with FEMA in 18 centers in New Jersey with 64 staff on the ground; 28 centers in New York with 90 staff on the ground; and 35 centers in Pennsylvania with 83 staff on the ground. At these centers SBA representatives are meeting one-on-one with disaster survivors, answering questions, explaining SBA's disaster loan program, and helping survivors complete disaster loan applications and close disaster loans. As of last week, SBA had personally met with more than 6,800 disaster survivors. SBA has also responded to more than 45,000 phone calls at its disaster customer service center with a wait time of less than 20 seconds.

FISCAL YEAR 2011 HIGHLIGHTS

The agency is prepared to aggressively respond to all disasters, large and small. During fiscal year 2011, we successfully responded to:

—36 Presidential individual assistance declarations;
—60 agency declarations;
—9 economic injury declarations;
—mailed out more than 306,000 disaster applications within 1 day of a FEMA referral; and
—approved 13,643 disaster loans for more than $739 million.

Two of the largest Presidential declarations in fiscal year 2011 were the North Dakota flooding, where SBA loaned more than $234 million, and in Alabama, where tornado survivors have received more than $101 million in SBA loans. We also successfully responded to smaller disasters (SBA's Administrative Disaster Declaration

authority) in other States like Indiana, where we loaned $326,500 to 10 disaster survivors.

PREPAREDNESS AND SBA'S KEY IMPROVEMENTS TO THE DISASTER ASSISTANCE PROGRAM

To ensure overall preparedness in the disaster program, we maintain 1,850 workstations in the Fort Worth processing and disbursement facility and more than 300 more surge workstations in our Sacramento center. We currently have 1,700 employees in pay status with a reserve force of more than 2,000 employees. Additionally, our office works with local SBA District Directors on the ground along with area small business development centers and other SBA resource partners.

From a loan processing perspective, we are currently exceeding our processing goals by approving or declining loan application requests within 8 days during fiscal year 2011 (our goal is 14 days for homeowners and 18 days for businesses). In response to the Hurricane Irene and Tropical Storm Lee events, SBA is processing loan applications in less than 10 days on average.

In regards to marketing and outreach, SBA has developed an aggressive plan to reach all potential applicants in an area before a disaster strikes. We are concentrating on areas that are vulnerable to recurring disasters by providing expanded outreach efforts before a disaster strikes. Additionally, we have provided all SBA employees with access to an online "disaster tool kit" with detailed information on the agency's role in preparedness, outreach, and disaster assistance.

We have also instituted annual disaster trainings for SBA's Regional Administrators, District Directors, and Disaster Public Information Officers on disaster assistance responsibilities.

INTER-AGENCY COORDINATION

In responding to disasters, the SBA works closely with our sister agencies. For instance, SBA and FEMA have consistently worked together in order to effectively provide assistance to disaster survivors. SBA and FEMA implemented internal agency agreements so SBA and FEMA can continually exchange data electronically. The data exchanges are critical in providing improved disaster assistance to survivors such as accelerating referrals to SBA and providing SBA loan application status updates in "real time."

In closing, I appreciate the opportunity to share with the subcommittee the role SBA plays in small business disaster recovery efforts. We firmly believe that the reforms we have instituted have enabled us to be prepared to efficiently and effectively respond to the needs of our Nation's disaster survivors. I look forward to answering any questions. Thank you.

Senator LANDRIEU. Mr. Nelson.

STATEMENT OF BRUCE NELSON, ADMINISTRATOR, FARM SERVICE AGENCY, DEPARTMENT OF AGRICULTURE

Mr. NELSON. Madam Chairwoman, Ranking Member, and members of the subcommittee, thank you for the opportunity to discuss the U.S. Department of Agriculture's (USDA) efforts to assist Americans affected by natural disaster.

DEPARTMENT OF AGRICULTURE DISASTER ASSISTANCE

USDA delivers help in a variety of ways. My agency, FSA, delivers assistance to farmers who lose crops, livestock, or infrastructure. As you know, many other USDA agencies, including our sister agency NRCS, are also directly involved with disaster assistance, both in small towns and big cities.

Today, I would like to briefly explain how we have been able to help in a record disaster year. Every year carries a significant risk for every farmer and rancher. But as you described, Madam Chairwoman, one only needs to look at the past few months to see that this year was different and touched the lives of many thousands of U.S. farmers and ranchers.

America's farmers and ranchers are the best in the world, and they are resilient. But at the end of the day, the weather is beyond

their control, and safety net programs are critical for producers who need help when events beyond their control occur.

CROP INSURANCE

Crop insurance is the first line of defense. The Risk Management Agency administers the Federal crop insurance program, which provides insurance policies on more than 100 crops. FSA also offers financial assistance for farmers whose crops are not covered by Federal crop insurance. The concept is to be sure every producer can purchase some level of coverage.

FARM SERVICE AGENCY DISASTER PROGRAMS

The next line of defense is five new disaster programs authorized under the 2008 farm bill. These programs provide help for lost crops, livestock deaths, livestock feedlots, and damage to private forests.

Under Secretary Vilsack's leadership, FSA implemented these programs and, since January 2009, has provided more than $3.3 billion in disaster assistance to producers.

All losses to 2011 crops that occurred prior to September 30 will be covered under the five disaster programs. However, the authorization for these programs expired on September 30, and losses for many disasters after that date will not be covered.

To strengthen this support, the administration proposes to extend these programs or similar types of disaster assistance that are of a similar cost for the 2012 to 2016 crop years. FSA also has a number of other programs which supplement the farm bill disaster programs, primarily the Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP), along with the Emergency Loan Program.

ECP offers emergency funding and technical assistance for farmers to rehabilitate farmland damaged by natural disasters. As of September 30, FSA has more than $127 million in outstanding ECP requests from 33 States and one territory. Because all appropriated funding has been obligated for ECP, the outstanding requests would need an additional appropriation from the Congress.

ECP works in concert with EFRP, which addresses restoration of private forestland. A 2010 supplemental appropriation provided $18 million for the EFRP. FSA has obligated virtually all of that funding and currently has $49 million in outstanding EFRP requests generally due to tornadoes. We anticipate the number of both ECP and EFRP requests to increase as damage is assessed from recent disasters.

Finally, FSA makes emergency disaster loans to help producers recover from production and physical losses. Last year, we provided nearly $33 million in emergency loan assistance to about 300 farmers.

Madam Chairwoman, ranking member, and members of the subcommittee, thank you again for the opportunity to share information on FSA disaster programs. I am happy to answer any questions that you might have.

Senator LANDRIEU. Thank you.

Mr. Wilkes.

STATEMENT OF HOMER WILKES, ACTING ASSOCIATE CHIEF, NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. WILKES. Thank you, Madam Chairwoman, ranking member, and members of the subcommittee, for the opportunity to discuss the NRCS effort to assist those——

Senator LANDRIEU. Try to lean into your mike a little bit better. Thank you.

Mr. WILKES [continuing]. Impacted by the natural disasters.

EMERGENCY WATERSHED PROGRAM

NRCS' Emergency Watershed Program (EWP) responds to emergencies caused by natural disasters, it relieves imminent hazards to life and property caused by floods, fires, drought, windstorms, and other natural occurrences.

Unlike ECP, which replaces lost agriculture practices, EWP can prevent imminent hazards to life or property, and this can include removing debris from streams and preventing the loss of bridges. It also includes stream bank stabilization to protect buildings or houses before any structures are actually lost.

EWP requires the involvement of landowners and local sponsors. Contracts are developed with local sponsors who may be a legal subdivision of the State. This includes any city, county, general improvement district, or Native American tribe or organization.

Once determined eligible, NRCS contributes up to 75 percent of the cost share while the sponsor contributes not less than 25 percent that can be either paid in cash or in time.

Once disaster strikes, regardless of whether it is a presidentially declared disaster or local disaster, NRCS field staff are on-site to assess the damages.

One advantage NRCS has is that our structure allows us to respond to emergencies quite quickly, because we have employees located in almost every county in the Nation. Project applications are placed in one of two categories—exigent or nonexigent.

An exigent situation occurs when natural disasters pose an imminent or immediate threat to life and property. Nonexigency situations are still emergency situations but there is no immediate threat to life or property.

In some situations, NRCS also has the authority to use EWP funds to purchase floodplain easements. Due to exigency weather and experience across the country in 2011, NRCS has provided $90.7 million to a wide variety of exigent projects across the country, ranging from spring flooding on the Missouri and Mississippi rivers, to wildfires in Arizona and Texas, to the tsunami waves in Hawaii, to tornadoes in both Mississippi and Alabama, to ice storms in New York and New Jersey, and of course, the Tropical Storm Irene in Vermont.

At this time, NRCS has a balance of roughly $7 million that is remaining in our accounts, and that is available for the rest of exigencies that may happen until we get additional funds.

NRCS is still evaluating the status of the claims out there, but as of October 11, 2011, we have a backlog of $188.2 million worth of projects. And those requests have come up from the States and other places.

PREPARED STATEMENTS

Again, I want to thank you and the rest of the members for the opportunity to provide the status of our EWP.

And I will answer any questions that you may have now.

[The prepared statements follow:]

PREPARED STATEMENTS OF BRUCE NELSON, ADMINISTRATOR, FARM SERVICE AGENCY (USDA); DAVID WHITE, CHIEF, NATIONAL RESOURCES CONSERVATION SERVICE (USDA); AND HOMER WILKES, ACTING ASSOCIATE CHIEF, NATURAL RESOURCES CONSERVATION SERVICE (USDA)

Madam Chairwoman, ranking member and members of the subcommittee, thank you for the opportunity to discuss the U.S. Department of Agriculture's (USDA) efforts to assist those affected by disasters. In times of need, USDA stands ready to provide food, emergency assistance, and other resources to affected areas.

As you probably are aware, net farm income is the highest inflation-adjusted value recorded since 1974. However, the risks that our farmers and ranchers take are significant and many of the tremendous challenges our producers face are beyond their control. This past spring, cool temperatures combined with above normal snowmelt and excessive rainfall delayed and in some cases prevented planting of major crops. Flooding was widespread and devastated substantial amounts of land in the Mississippi, Missouri, and Ohio River valleys. While water receded enough to allow late plantings in certain areas, some prime ground along the Missouri remained flooded the entire summer. More recently, Hurricane Irene and Tropical Storm Lee devastated parts of the east coast and much of the northeast, leaving some farmers without power and crops underwater. At the same time, prolonged and record drought in Texas, Oklahoma, and parts of Kansas, accompanied by severe heat, have left fields parched, crops ruined, and ranchers forced to sell their livestock. The resulting lack of grazing and forage has forced some livestock producers to cut herds and raised their costs. While our farmers and ranchers are resilient, these disasters illustrate the importance of a strong and effective safety net for producers who truly need it when events out of their control occur.

CROP INSURANCE AND THE NONINSURED CROP DISASTER ASSISTANCE PROGRAM

In times of crop loss caused by natural disasters, insurance is the first line of defense. The Risk Management Agency (RMA) administers the Federal crop insurance program, which provides insurance policies on more than 100 crops. Complementing crop insurance, FSA offers the Noninsured Crop Disaster Assistance Program (NAP), which provides financial assistance to eligible producers affected by droughts, floods, hurricanes, or other natural disasters. NAP covers crop losses and prevented planting situations that are not covered by Federal crop insurance.

Both of these programs have existed for many years, and payments to producers have been substantial. For crop year 2011, RMA expects indemnities to exceed any previous payout, largely due to drought in the Great Plains and flooding in the Mississippi River watershed. The previous record for indemnity payments was $8.7 billion in crop year 2008, on a total program liability of about $90 billion and premium volume of approximately $9.9 billion. In comparison, program liability in crop year 2011 is more than $110 billion and premium volume is more than $11.6 billion. Texas is likely to be the largest indemnity recipient in crop year 2011, given the importance of agricultural production in that State and its historic drought. Record indemnity payments are also expected in many other Great Plains States.

The size of the crop insurance program has grown significantly over time. Significant Midwest flooding also occurred in crop year 1993, when large indemnities were paid and the loss ratio reached 2.19. Yet, total indemnities were less than $1.7 billion for that year, as premium volume was less than $800 million—compared to the $11.6 billion noted above for 2011.

Given that crop insurance coverage is offered for major crops across the United States, NAP payments to producers have been far less overall, averaging about $72 million per year over the past 3 years. Historically, top commodities covered by NAP include grass for grazing and forage, which accounts for more than 50 percent of historical payments, and watermelons, cucumbers, alfalfa, and squash (each accounting for less than 4 percent of total payments). In total, more than 150 specialty crops have received NAP payments in recent years.

2008 FARM BILL DISASTER PROGRAMS

The 2008 farm bill authorized five new disaster programs, which cover a wide spectrum of commodities. These programs are all administered by FSA. The most well-known is the Supplemental Revenue Assistance Payments Program (SURE), which provides whole-farm, revenue-based assistance to crop producers in times of natural disasters. To be eligible for SURE, producers must have Federal crop insurance or NAP coverage on all economically significant crops and be located in a county included in the geographic area covered by a natural disaster designation issued by the USDA Secretary. The secretarial disaster designation is not required if a farmer can prove a whole farm loss of more than 50 percent of normal. If a farmer qualifies, his or her payment is based on 60 percent of the difference between a calculated farm revenue guarantee and the farm's realized farm revenue (including government payments) in a given year.

As of October 4, 2011, payments for 2008 and 2009 crop losses total nearly $2.8 billion to date. Texas ($415 million) and North Dakota ($374 million) are by far the largest recipient States. Overall, 28 States have received more than $10 million each since the inception of SURE. Given the extent of natural disasters this year, we anticipate quite substantial SURE payments for 2011 losses as well, which will be made in 2013. This significant payment lag exists due to the calculation of actual farm revenue (a critical element in determining payment availability) specified in the farm bill. Farm revenue depends on season average prices reported by USDA's National Agricultural Statistics Service, which are usually released 13 months after the start of the crop year. It also depends on crop insurance indemnities and farm program payments, which are also not known until well after the time of the loss.

Per the 2008 farm bill, disasters occurring after September 30, 2011 are not covered by SURE. (Disasters occurring after September 30, 2011 also are not covered under the Livestock Indemnity Program (LIP), the Livestock Forage Disaster Program (LFP), the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), and the Tree Assistance Program (TAP), which are discussed immediately below.) At the time of filing a 2011 or 2012 SURE application for payment, the producer is required to certify that the disaster occurred on or before September 30, 2011. Crops are not required to be harvested on or before September 30, 2011, to maintain SURE eligibility. FSA will review the crop's planting and growing period, the asserted disaster event, and any other pertinent information that may be available to assess the validity of the producer's certification.

The 2008 farm bill also authorizes disaster assistance programs for livestock. These include LIP, which provides assistance to producers who lose livestock due to adverse weather; LFP, which compensates livestock producers for grazing losses due to drought and fire on federally managed lands; and ELAP, which provides funds for losses that are not covered by other disaster programs.

About $121 million has been paid out under LIP as of October 4, 2011 for 2008–2011 losses. LIP payments are very timely and allow producers to quickly rebuild herds and undertake other activities. Major LIP recipient States include South Dakota ($32 million over the 4-year horizon) and North Dakota ($21 million). Payments to ranchers in these two States have been particularly helpful in times of animal losses due to blizzards. Texas ranks third in terms of payments, at nearly $10 million over the 4-year horizon.

The LFP has provided $479 million to ranchers affected by 2008–2011 drought events. LFP payments can typically be made within a few weeks of a county qualifying for assistance. Nearly 50 percent of all LFP payments made over the 4-year horizon have been paid to Texas ($178 million) and Oklahoma ($57 million) due to drought losses in 2011. An additional eight States have received more than $10 million to date for 2008–2011 losses.

ELAP provides assistance for those livestock losses that are not covered by LIP or LFP. Funding is limited by statute to $50 million per calendar year. Of the $30 million disbursed to date for 2008–2011 losses, primary recipient States include Florida ($4.6 million), South Dakota ($4.4 million), and California ($3.2 million). ELAP has provided substantial assistance to beekeepers whose bees have suffered from colony collapse disorder.

The 2008 farm bill also authorized TAP, which provides assistance for tree death losses. TAP payments for 2008–2011 losses have totaled $10.7 million, largely to Florida ($5.1 million) and California ($2.9 million) growers. As with the other 2008 farm bill programs discussed above, TAP does not cover losses due to disasters occurring after September 30, 2011.

EMERGENCY LOANS

FSA also makes emergency disaster loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. Emergency loans are available to family farmers that suffered losses in a disaster area and cannot obtain commercial credit as a result. Loans may be used to refinance farm debt, repair or replace damaged or destroyed property, and pay other farm expenses. In fiscal year 2011, FSA provided $32.6 million in emergency loan assistance to 298 farmers, primarily in Arkansas, North Carolina, and Virginia. FSA borrowers that operate in a disaster area may request a disaster set-aside of the next FSA loan installment coming due. In fiscal year 2011, 256 FSA borrowers received a disaster set-aside of their loan installments.

EMERGENCY CONSERVATION PROGRAM

The Emergency Conservation Program (ECP), also administered by FSA, offers emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. The Congress has not appropriated funding for ECP since fiscal year 2008, but provided transfer authority in the 2009 Supplemental Appropriations Act (allowing FSA to transfer unobligated funds from previous appropriations for Hurricane Katrina, California wildfires, and other activities into ECP). Subject to availability of funds, locally elected county FSA committees are authorized to implement ECP. ECP participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices, such as removing debris; restoring fences and conservation structures, and providing water for livestock in drought situations.

County FSA committees determine land eligibility based on on-site inspections, taking into account the type and extent of damage. For land to be eligible, the natural disaster must create new conservation problems that, if untreated, would: impair or endanger the land; materially affect the land's productive capacity; represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and be so costly to repair that Federal assistance is (or will be) required to return the land to productive agricultural use. Conservation problems existing prior to the applicable disaster are ineligible for ECP assistance.

Since 1978, ECP has provided assistance to help between 2,000 and nearly 38,000 farms a year. This wide range in the number of farms served is due to the variation in appropriated amounts available and the considerable annual variation in the extent of natural disasters. Appropriated funds are allocated to States based on projected needs. Since actual usage may be less than the amount allocated to a State, unused funds are periodically reallocated to other States to meet new demands. FSA allocated more than $100 million in carryover funding to address a portion of the needs that have arisen in fiscal year 2011. This amount was allocated to 40 States, with Texas receiving nearly $30 million (to help producers suffering from wildfire and hurricane losses) and Arkansas receiving nearly $16 million (largely for flood and tornado damage).

EMERGENCY FOREST RESTORATION PROGRAM

ECP works in concert with the Emergency Forest Restoration Program (EFRP), which was authorized by the forestry title of the 2008 farm bill. Also administered by FSA, this program addresses restoration of nonindustrial private forestland after a hurricane, tornado, or other natural disaster. EFRP participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by county FSA committees. Funding for EFRP is appropriated by the Congress. In general, forestry practices are much more costly to implement than traditional practices under ECP.

Subject to the availability of funds, locally elected FSA county committees are authorized to implement EFRP. These county committees determine land eligibility using on-site damage inspections that assess the type and extent of damage. To be eligible for EFRP, nonindustrial private forest land must: have existing tree cover (or had tree cover immediately before the natural disaster occurred and be suitable for growing trees), and be owned by any nonindustrial private individual, group, association, corporation, or other private legal entity that has definitive decision-making authority over the land. In addition, the natural disaster must have resulted in damage that, if untreated, would impair or endanger the natural resources on the land and materially affect future use of the land.

To restore eligible land, EFRP program participants may implement emergency forest restoration practices, including emergency measures that are necessary to re-

pair damage caused by a natural disaster to natural resources on nonindustrial private forest land and restore forest health and forest-related resources on the land. Other emergency measures may be authorized by county FSA committees, with approval from State FSA committees and the FSA national office.

The Supplemental Appropriations Act of 2010 provided $18 million in EFRP funding for losses resulting from natural disasters that occurred on or after January 1, 2010. As of September 30, 2011, more than $15 million in funding had been allocated to Alabama, Arkansas, Georgia, Idaho, Minnesota, Mississippi, New Hampshire, Ohio, and Vermont, largely to fund restoration practices associated with tornado-related losses. FSA maintains a reserve of $1 million for errors, omissions, and appeals and has allocated $1.8 million for technical assistance provided by the Forest Service.

EMERGENCY WATERSHED PROTECTION PROGRAM

The Emergency Watershed Protection Program (EWP), administered by USDA's Natural Resources Conservation Service (NRCS), was established to respond to emergencies created by natural disasters. EWP helps conserve natural resources by relieving imminent hazards to life and property caused by floods, fires, drought, windstorms, and other natural occurrences. Although EWP and ECP have similar goals, generally, ECP contracts are developed with the landowner while EWP requires contracting with an outside sponsor. Under EWP, USDA works with States, counties, or other local sponsors to provide financial assistance to address problems caused by natural disasters. Sponsors must provide a share of the resources to support the project. A national emergency declaration is not required for an area to be eligible for assistance.

NRCS may bear up to 75 percent of the construction cost of emergency measures or up to 90 percent in limited resource areas. The remaining cost-share must come from local sources and can be in the form of cash or in-kind services. Examples of conditions qualifying for assistance include:

—debris-clogged stream channels;
—undermined and unstable streambanks;
—jeopardized water control structures and public infrastructures;
—wind-borne debris removal; and
—damaged upland sites stripped of protective vegetation by fire or drought.

Both public and private landowners are eligible for assistance but must be represented by a project sponsor. All emergency projects must be sponsored by a legal subdivision of the States with authority of imminent domain. This includes any city, county, general improvement district, or Native American tribe or tribal organization as defined in section 4 of the Indian Self-Determination and Education Assistance Act.

Project applications for EWP are placed in 1 of 2 categories. Category 1 projects are exigent situations where the natural disaster is posing an imminent or immediate threat to life and property. Category 2 projects are nonexigent cases—while the situation may be an emergency, there is no immediate threat of loss of life and property. Category 1 applications are funded first.

The program can also be used to purchase floodplain easements which do not require a project sponsor for participation. Landowners may voluntarily offer to sell a permanent conservation easement that provides the NRCS with the full authority to restore and enhance a floodplain's functions and values. NRCS provides an easement payment and 100 percent of the restoration costs on any floodplain lands that have been damaged by flooding at least once within the previous calendar year or that have a history of repeated flooding.

In 2011, NRCS has provided $90.7 million in EWP funds to address a wide array of natural disasters ranging from drought and fires in the southern and western States, to tornadoes, to flooding caused by ice packs or extensive snow pack, to the most recent flooding caused by Hurricane Irene. For the spring flooding in the Midwest, NRCS provided $29.5 million in assistance. For flooding caused by Hurricane Irene, NRCS has provided $4.8 million in assistance.

OTHER USDA PROGRAMS

USDA also provides food and housing assistance to those in need. Through the Food and Nutrition Service (FNS), we can supply food to disaster relief organizations such as the Red Cross and the Salvation Army for mass feeding or household distribution. In certain, limited situations, USDA can provide food to State agencies for distribution directly to households. FNS also authorizes States to operate a Disaster Supplemental Nutrition Assistance Program (D–SNAP). Through D–SNAP, FNS is able to quickly offer short-term food assistance benefits to families suffering

in the wake of a disaster. Eligible households receive 1 month of benefits, equivalent to the maximum amount of benefits normally issued to a SNAP household of their size. This spring, FNS provided more than $150 million in D–SNAP benefits to help more than 1.1 million individuals in 471,581 households in 11 States and 220 counties in response to the devastating spring 2011 storms, tornadoes, and floods. In response to the extended power outages and flooding caused by Hurricane Irene and Tropical Storm Lee, and the wildfires in Texas, preliminary reports show that FNS has provided more than $47 million in D–SNAP benefits to almost half-a-million people in more than 225,000 households to help disaster survivors in 6 States and 109 counties. In addition, through the disaster household food distribution program, FNS has provided more than 50,000 food boxes to more than 16,615 families in 13 municipalities in Puerto Rico.

USDA's Rural Development (RD) can also help rebuild communities affected by a disaster and provide relief to existing RD borrowers through payment waivers. The Rural Housing Repair and Rehabilitation Program (section 504) can provide a loan to repair damaged homes for rural families living at or below 50 percent of the area median income for their county. The Rural Rental Housing Program may be able to relocate families displaced by natural disaster into Rural Development financed housing projects. Finally, the Community and Business Program areas have several loans that could be used to repair and rehabilitate community infrastructure and affected businesses. Schools, hospitals, water and wastewater systems, and privately owned businesses—among others—may be eligible for funding.

Madam Chairwoman, ranking member and members of the subcommittee, thank you again for the opportunity to share with you information on USDA's programs available to those affected by disasters. We are happy to answer any questions that you might have.

Senator LANDRIEU. Thank you so much.

I am going to turn the mike over to Senator Lautenberg now for his questions, and then to Senator Cochran, and I am going to go last, because they have been so generous with their time, and I can stay and get a few more things on the record.

So, Senator Lautenberg, go ahead.

Senator LAUTENBERG. Thank you, Madam Chairwoman. I know that all of us have time pressure, including you. But I appreciate the opportunity to move early.

DECREASE IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

Mr. Tombar, the disaster relief bill the Senate passed only included $108 million for CDBG block grants for 48 States that received disaster declarations this year. In contrast, in 2008, more than $6 billion was provided for CDBG funding in 23 States. Now we have 48 States that have gotten disaster declarations. And what is proposed is the Senate has passed only $100 million—in contrast to $6 billion for 23 States.

What can we tell the communities what help we are going to bring them we are talking about that relatively small sum of money?

Mr. TOMBAR. Senator, you make a good point, that the $100 million is way out of balance with what we saw the last time the Congress made a major disaster CDBG appropriation.

And honestly, for HUD, allocating that money would be determined based upon, first, the language the Congress provides us in the appropriation. One of the things that we have found is that those supplemental appropriations vary, the language and how we are supposed to go about making the allocations.

But then also there is a process. We look at unmet needs. We look at data from our friends at the SBA, and from FEMA, in terms of the number of applicants that they have had, the number of applicants that they have been able to serve, and what the needs

are that remain after they have provided their assistance. And then we make a proportional allocation of whatever funding the Congress provides us. So that $100 million would have to be split proportionally to the unmet need that remains subsequently. So the communities that are expecting it, I would——

Senator LAUTENBERG. You will forgive me, Mr. Tombar, but it looks like show and tell, because I can't imagine when you would distribute this to 40-plus States that there is going to be enough to really make a difference.

Mr. TOMBAR. That is the point I was preparing to make, is that the communities that—you asked what can we tell the communities. From $100 million, I would tell them not to expect a lot of money, if we have to do a proportional allocation according to unmet needs.

Senator LAUTENBERG. Mr. Nadeau, the FHWA ER program faced more than $1 billion backlog in projects even before Hurricane Irene struck. The Senate Appropriations Committee provided $1.9 billion in FHWA's disaster relief last month.

Now, what can this do to help transportation systems in the States damaged by Hurricane Irene?

Mr. NADEAU. Senator, the way the program and the Federal-aid highway program work, as you know, it is a reimbursement program. Basically, as we manage the backlog over time——

Senator LANDRIEU. And what is your backlog right now?

Mr. NADEAU. The total backlog is about $2.1 billion.

Senator LANDRIEU. Total backlog of transportation projects to date.

Mr. NADEAU. Including Hurricane Irene.

Senator LANDRIEU. Including Hurricane Irene.

Mr. NADEAU. $1.2 billion of the backlog is pre-Irene, and about $900 million to date is——

Senator LANDRIEU. So it is a $3 billion backlog?

Mr. NADEAU. No, $2.1 billion total.

Senator LANDRIEU. $2.1 billion total, including Hurricane Irene?

Mr. NADEAU. Correct.

Senator LANDRIEU. Okay.

Mr. NADEAU. And as we manage that backlog, we are doing several things to assist the States.

We, at the beginning of each year, survey the States to determine two things: One, what projects they have—ER-eligible projects they have that are ready to obligate. So the funds that we are allocating toward the backlog every year are going toward projects that are ready.

Second, we are determining the extent to which States may have funds that were not obligated that are now available to redistribute.

So in that way, we are trying to address backlog with the annual authorized appropriations of $100 million plus whatever funds we can recover, and allocating those funds to projects that are ready to go.

But if you look back more than 12 years, the average ER demand is about $350 million.

Senator LAUTENBERG. Was that before Hurricane Irene?

Mr. NADEAU. That is right. Not including extraordinary disasters, correct.

So since 2005, during the life of SAFETEA–LU, about $5.3 billion has been provided by the Congress in special appropriations.

So what FHWA attempts to do is take resources that are provided either from our annual allocation or special appropriations and manage the program as efficiently and effectively they can with our State partners.

Essentially, States have a couple of choices. In immediate response to a disaster, we have the quick release funds capability, which is very helpful, particularly these days when States are in such dire straits with respect to cash on hand. But it also enables them to either make a decision based on——

Senator LAUTENBERG. Current need or long-term requirements.

Mr. NADEAU. So they may have the ability to defer certain repairs or permanent repairs associated with a disaster. They may choose to utilize their regular Federal-aid program dollars, which of course will render those funds unavailable for——

Senator LAUTENBERG. These are kind of Hobson's choices, in many ways.

Madam Chair, thank you very much. The one thing that I hope resounds through this body of ours, and that is, you have got serious problems out there. What is being done now hurts the quality of life, the ability of people to get on, because there is so much damage around.

And there is a commercial I have seen lately, and the theme song is, "when will they ever learn?" And when will we ever learn that you have got to pay for your needs, and the public is making demands that are very serious and, frankly, destabilizing in so many ways.

Thank you all very much for your excellent testimony.

Senator LANDRIEU. Thank you, Senator. And it gets back to what Senator Cochran said earlier. I think, unfortunately, we have developed a habit and a pattern of underbudgeting for emergencies that we absolutely know, based on historical records, are going to occur. And it is now caught up with us, I think.

Senator Cochran.

Senator COCHRAN. Madam Chair, first of all, let me join you in thanking our panel of witnesses. I think they have added to our understanding of some of the challenges we face in putting reality into the mix, over and above what we are prone to do sometimes—overpromise in Federal Government programs, or at least the beneficiaries don't get what they are entitled to. They think we have overpromised, but I think that is one of the big challenges in the job.

I know Mr. Nelson and our friend from Mississippi, Homer Wilkes, are familiar with farmers' complaints, and the efforts to comply with Federal regulations. And it is a big challenge for both sides, Government agency representatives, as well as the producers who are trying to participate in programs, be eligible for benefits that the Congress has directed that be made available to them in situations like disasters. And then it takes so long to process the applications, go through the drill of standing in line, in many cases.

I think the purpose of our hearing is to try to figure out how we streamline, modernize, and make user-friendly the programs that we have. Our hearts are in the right place. Yours, too, I am confident of that. And this hearing, I think, will serve the purpose of helping us all realize that we do have a responsibility to the constituents, to the people of this country, to make these Federal Government programs work as they were intended, and to make them make sense, too, in terms of benefits to which a citizen has a right to be entitled in our country today.

I did not know I was going to make a speech. I was going to ask a question.

POTENTIAL STATUTORY CHANGES

One thing was, in your work, Mr. Nelson, as administrator, have you come up with suggestions or could you come up with suggestions to make a part of the hearing record, things that could be changed if there need to be changes in either the letter of the law, the provisions of the statute, or in the regulations that would make it easier but still with the safeguards you need to get benefits that are needed by the people when they need the benefits?

Sometimes it takes 2 years to process things and go through the appeals. I wonder if you or Homer Wilkes, either one, have thoughts on that subject.

You go first, Mr. Nelson.

Mr. NELSON. Senator, I appreciate that question because in addition to being the Administrator of this agency for a few months now, I am also a dryland wheat farmer from Fort Benton, Montana, whose family has participated in these programs over the years. So I understand from a producer point of view as well.

SUPPLEMENTAL REVENUE ASSURANCE PROGRAM

And one program that I mentioned earlier that is part of that package of disaster programs from the 2008 farm bill, the Supplemental Revenue Assurance Program that the administration has recommended that it or a similar program with a similar cost continue in the future, that is one that could use some work, because this is a case where, as you are talking about everybody's intentions are good, but because of the statutory design of the program, and the need to get to the point where we know the national average market price of crops before we can pay benefits to producers, we can't get the darn program out there until at least 13 months after the crop year.

And as we all know, that doesn't help a heck of a lot when you are facing the bills that are inevitably there in one of those down years.

So we would look forward, Senator, to working with you and other Members of Congress on retooling, refining, and reforming that program, so that it could more timely and more effectively meet the needs of producers.

Senator COCHRAN. Thank you.

Senator LANDRIEU. Thank you. I really appreciate those comments, Senator Cochran, as a longtime leader in Agriculture and a longtime member of the Committee on Appropriations, you clearly understand this. And I wanted you to know, I had mentioned to

Madam Chair Stabenow, who is now the chair of Agriculture, she is directing her Committee to look very carefully in the reauthorization of these five disaster programs and how they may be improved, what budget numbers should be attached to them, or funding levels should be attached. So hopefully through the work of our subcommittee and oversight over disasters, and her Committee, we can come up with better ways to help the farmers and the rural areas particularly.

Mr. WILKES. Madam Chair.

Senator COCHRAN. Mr. Wilkes, did you have a comment?

EMERGENCY WATERSHED PROGRAM BACKLOG

Mr. WILKES. Senator Cochran, thank you for the opportunity.

I guess where the NRCS stands, as far as our programs, we have worked over the years with members of this subcommittee to streamline those programs. And for the most part, I think we are doing okay.

But this particular program we are talking about here today, EWP, we have had some flexibility as far as making sure that our dollars were brought back into Washington, where we could actually put them out there in exigency areas. As I said earlier, we have about $7 million that is actually there now. So as disasters occur, we try to put dollars in those places first.

But with the backlog that we actually have, about $188 million, the biggest help that we could use right now is making sure that the funds are actually available, based on those requests that have come from the outlying areas.

So that seems to be the biggest obstacle that we are facing right now, and we are just hopeful that we can field those requests based on what is coming from the countryside.

Senator COCHRAN. Thank you very much for being here and cooperating with our subcommittee.

Senator LANDRIEU. Thank you.

I have a comment, and then just a few questions, and we will wrap up.

But you know, the programs can be used as beautifully and elegantly designed by all of us, but if they are not funded, they don't work. And so we have to do both, design programs efficiently, effectively, and in some ways elegantly, and then fund them. Or, tell the country we can't afford to do it and we are not going to do it. One of the two.

But to have programs that people have hope for and not fund them I think is the cruelest of all. So that is what we are going to attempt.

And getting to that, Mr. Tombar, I personally have found HUD to be extraordinarily helpful in the rebuilding of the Gulf, which is what I am most familiar with. Of course, it is the area that I represent. But I do try to pay attention to things happening around the country.

I think these CDBG funds when applied are extraordinarily powerful tools for rebuilding. I will give you an example.

REBUILDING SCHOOLS

St. Bernard Parish, not Orleans. People have heard a lot about Orleans. And one of the small parishes, but one of the finest school systems in all the country. They used $7 million of CDBG funds that were given after Katrina and Rita to stand up the first school in St. Bernard. Without that money, I am not sure how that school system would have been stood up because the reimbursement process for schools was just not working. And that is one example. I could give you hundreds.

This is my point and my question. It gets back to Senator Lautenberg. After four hurricanes in 2004, this Congress awarded $150 million to Florida in CDBGs. After Katrina and Rita, that number went up to almost $20 billion. That is how bad our storms were.

Then after Ike, Gustav, and the Midwest floods, it went up to almost $7 billion.

Right now, I don't think we have anything—right?—for CDBG? We don't have anything in the House for CDBGs. Zero.

Now it is hard to measure, because this isn't sort of an authorized program, about what the right level is. But I will tell you that if you used just one measurement, which is insured losses, the insured losses for each of the years I mentioned, insured losses ranged from $15 billion to $90 billion. In the first 6 months of 2011, insured losses are already $18 billion. I want to repeat that. In all the years I mentioned, the average is $15 billion to $90 billion; CDBG was allocated different numbers. In the first 6 months of 2011, there are $18 billion in insured losses, and there is not a penny appropriated so far in the House approach.

And is there any in ours? In the Senate, $400 million.

This is going to be a problem, I think.

Let me go back to Mr. Tombar. Do you have a comment?

Mr. TOMBAR. Yes, ma'am.

First of all, thank you for noting the work that HUD has done. As you know, the Secretary is very committed to the work in the gulf coast and Louisiana. And you are right, that the insured losses do sort of portend where there might be great, unmet needs.

And as Senator Lautenberg was pointing out, the amount of money that is being considered thus far would suggest that it would be woefully insufficient in terms of addressing those unmet needs with the amount of money——

Senator LANDRIEU. And some of these communities like Joplin, Missouri, and North Dakota, and others, and parts of Vermont, I think it is going to be extremely difficult even with the array of other programs.

We found in the gulf coast, without these CDBG funds, and actually without GO Zone bonds, Senator Cochran, I think we would have had a very difficult time rebuilding.

But for transportation—and I am going to come to an end—I just want to be clear that you all have budgeted about $100 million you said every year, but your average has been $350 million in your emergency accounts, correct?

Mr. NADEAU. Correct.

Senator LANDRIEU. Is that what you testified to?

Mr. NADEAU. The authorized——

Senator LANDRIEU. And your backlog is how much right now?

Mr. NADEAU. I am sorry?

Senator LANDRIEU. Your backlog is how much?

Mr. NADEAU. About $2.1 billion total, including——

Senator LANDRIEU. $2.1 billion?

Mr. NADEAU. Correct.

Senator LANDRIEU. Okay.

And again, the Senate has at least in the works $1.9 billion to respond to that. The House has zero.

So we are really going to have an issue trying to reconcile these numbers, getting the Senate numbers right, more accurate, and then negotiating with the House and the White House about what this approach needs to be to move forward for this year, 2012.

Also, Senator Cochran, I really want to work with the members to think about better ways to budget for these things in the future and try to get ahead of the situation.

Is there anything anybody else wants to say before we close out? I think the staff has the numbers we need.

Mr. NADEAU. Madam Chair.

Senator LANDRIEU. Go ahead.

Mr. NADEAU. Just one quick clarification on the backlog number for the ER program. In terms of the language in the Senate appropriations proposal, that applies to Stafford events, essentially.

So basically, for the ER backlog, about $1.9 million are backlog items eligible under Stafford. Non-Stafford events would not be eligible, as we read the language.

So the $1.9 million backlog is really what would be applicable with respect to the language proposed in fiscal year 2012——

Senator LANDRIEU. But for disasters that fall under the Stafford Act, DOT has $1.9 billion in backlog. And the addition are emergencies——

Mr. NADEAU. That are non-Stafford Act.

Senator LANDRIEU [continuing]. That are non-Stafford Act. Okay.

Today's hearing has been useful. There is much we still need to do in disaster recovery. One month ago, on a bipartisan basis, I am proud that the Senate adopted a $6.9 billion disaster recovery that included all of your agencies.

I hope that the House will act soon on this important legislation. And I look forward to working with my colleagues in the coming weeks on these issues.

I thank you all for your testimony. It is important work. It means a great deal to people who have lost their homes, schools, churches, and places of business.

And we want to help them to get back up, not only because it is the right thing to do, but economically, it is the smart thing to do because we need jobs and we need income produced in this Nation. And the best way to do it is to help people get back to work.

ADDITIONAL COMMITTEE QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Departments for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. CRAIG FUGATE

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

PUBLIC ASSISTANCE GRANTS

Question.—How many days, on average, does it take to approve a funding application for a Federal Emergency Management Agency (FEMA) public assistance project? How many days does the application spend, on average, at each step of the review process, including the local field office, FEMA regional office, FEMA headquarters, Department of Homeland Security (DHS), and Office of Management and Budget (OMB)?

Answer. In the last 2 years, for 88,801 public assistance subgrantee projects processed, the average number of day between submittal and award was 45.5 days. Review of the projects includes reviews for eligibility (initial and final), insurance, environmental/historic preservation, floodplain management, hazard mitigation, grantee/State review, and million-dollar project notifications. Certain projects may go through other specific reviews as well, depending on the type of project. Pursuant to the notification requirement passed by the Congress, projects more than $1 million (Federal share) are transmitted to FEMA headquarters, and only these projects go through the notification process that includes FEMA headquarters, DHS, and OMB.

Question. How many approved public assistance applications, within the last 10 years, by fiscal year, were not paid within the timeframe of the regulatory deadline? How many days after the deadline, on average, are applications finally approved?

Answer. FEMA regulations at 44 CFR section 206.204 establish timeframes for completion of work but do not include requirements for when funds must be obligated to the State. The completion timeframe for emergency work is 6 months, and permanent work is 18 months from the date of declaration. Under the regulations, the grantee has the ability to extend these deadlines: 6 months for emergency work and 30 months for permanent work. Additionally, the Regional Administrator has the authority to grant further extensions based on requests and justification from the grantee. Once a project is approved, FEMA will obligate funds to the grantee. It is then the role and responsibility of the grantee to make payments to individual applicants for costs they incur for their approved subgrants (project worksheets). The grantee may take additional steps before payments are made to subgrantees.

QUESTIONS SUBMITTED TO HON. JO-ELLEN DARCY

QUESTION SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. Secretary Darcy, you stated that known damages exceed $1.6 billion. Are all of these damages in areas with Presidential disaster declarations? If not, what is the magnitude of damages related to areas without these declarations? If only the items with disaster declarations are funded, how will the Corps of Engineers address these needs?

Answer. Known repair requirements total $1.591 billion, of which $155 million have been funded with project funds or through transfers to the Flood Control and Coastal Emergencies (FCCE) appropriation, leaving $1.436 billion of unfunded repairs. Of the unfunded repairs, $1.197 billion is in areas with Presidential declarations of major disasters, and $239 million is outside those areas. Of the funded repairs, $120 million is in areas with Presidential declarations of major disasters and $35 million is outside those areas. In addition, $259 million of preparedness and response activities have been funded.

The Corps has established a process for evaluating and prioritizing repair requirements throughout the Nation. The Corps has transferred funds to the FCCE account to begin addressing the highest priority needs. If the Congress provided funds to only address damages within areas with Presidential declarations, then the remaining repairs that are outside declared major disaster areas would be evaluated for potential transfers.

QUESTION SUBMITTED BY SENATOR DANIEL K. INOUYE

PACIFIC OCEAN DIVISION REGIONAL INTEGRATION TEAM

Question. I wish to inquire about the status of two Hawaii disaster repair projects—the Hanapepe River Flood Control Project on the Island of Kauai, and the Alii Drive Shoreline Protection Project on the Island of Hawaii (Big Island). Funding for these repair projects are under the Flood Control and Coastal Emergency (FCCE) program.

The Hanapepe River Flood Control Project was first damaged by a storm in February 2008, and again in December 2010. I understand that repairs were underway for the 2008 damages, when the December 2010 storm hit and further damaged the project. The damages include erosion to the earthen levee toe and river embankment. The repair work is eligible for Federal assistance including the rebuilding of the levee toe protection and river embankment in two locations. While I understand that the FCCE funds are being used to address the Mississippi floods and east coast hurricanes, I wish to inquire what the Army Corps plans are for funding repair projects across the Nation, including the Hanapepe River Flood Control Project.

The Alii Drive Shoreline Protection Project was damaged by the March 2011 tsunami. I have been advised that this project was deemed ineligible by your agency to receive Federal repair assistance. At the same time, I understand that the language in your regulations allows for Federal repair of federally constructed and authorized shoreline protection structures. I urge your agency's reconsideration in allowing for Federal repair assistance for the Alii Drive Shoreline Protection Project, which includes filling voids in the project's seawall foundation.

Answer. [Follows:]

Hanapepe River Flood Control Project.—The Army Corps of Engineers has identified damages from a multitude of events across the Nation. The Honolulu District is currently preparing a supplemental analysis to the Project Information Report (PIR) to the Hanapepe River Flood Control Project on the Island of Kauai, Hawaii resulting from the December 2010 storm damages. The supplemental analysis, which is scheduled to be completed by February 2012, will determine if repairs from the additional damages caused by the December 2010 storm are eligible for Federal assistance under the FCCE program.

Alii Drive Shoreline Protection Project.—The Honolulu District prepared a PIR that addressed damages to the Alii Drive Shoreline Protection Project. This project was originally constructed in 2001 under section 14 of the Flood Control Act of 1946, as amended. Section 14 authorizes the Corps to construct small projects for emergency streambank and shoreline protection.

The original project consisted of pumping concrete into geotextile bags that were placed in voids along the ocean side of the existing seawall foundation at a total Federal cost of $240,000. The proposal recommended in the PIR consists of an impermeable curtain of grout that would be installed along the entire length of the land side of the seawall at an estimated Federal cost of $1,602,000. The proposed solution is significantly larger in both scope and cost than repairing the original project.

Public Law 84–99 provides broad authority to the Corps to perform repair or restoration of flood control works threatened or destroyed by flood. Engineer Regulation (ER) 500–1–1 prescribes policies for the Civil Emergency Program of the Army Corps of Engineers, in accordance with authority provided under Public Law 84–99. The regulation specifies that bank protection works, river control structures, or other projects constructed by the Corps, including section 14 projects (under the Continuing Authorities Program) and specifically authorized bank protection projects, are not eligible to receive rehabilitation assistance. Exceptions may be granted by Corps headquarters on a case-by-case basis. Corps headquarters has considered an exception for the Alii Drive project, but determined that an exception for the Alii Drive Shoreline Protection project should not be granted.

Given the substantial demand for Public Law 84–99 funds, ER 500–1–1 provides that use of those funds is limited to emergency measures to repair or restore flood control works to their pre-disaster condition and level of protection. Also, rehabilitation assistance is not provided to modify flood control works to increase their degree of protection or capacity, to provide protection to a larger area, or to otherwise improve upon deficiencies in the project. In the case of Alii Drive, restoration to its pre-storm condition would involve replacing or repairing the original geotextile bags that were placed in voids along the ocean side of the existing seawall foundation for the purpose of preventing erosion. In contrast, the project proposed in the Alli Drive PIR to be constructed with Public Law 84–99 funds consists of an imper-

meable curtain of grout that would be installed along the entire length of the land side of the seawall for the purpose of reducing future erosion.

There are no known previous HQ exceptions for rehabilitation work for a section 14 project under the Public Law 84–99 program. In addition, completed section 14 projects that are subsequently damaged are not considered for rehabilitation funding under the Continuing Authorities Program authority. Where exceptions could be granted to fund repairs of section 14 projects with Public Law 84–99 funds, the scope of the rehabilitation assistance work would be limited to emergency measures to restore the existing project to its pre-disaster condition. The project proposed in the Alii Drive PIR differs from the original pre-disaster project in both scope (geotextile bags versus impermeable grout curtain) and location (oceanside versus landside of the seawall) and therefore, Public Law 84–99 funds cannot be used.

I have reviewed the facts related to Alii Drive Shoreline Protection Project, and I concur with the Corps' assessment that an exception to established policy is not merited.

QUESTION SUBMITTED TO FRED TOMBAR

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Mr. Tombar, thank you for testifying before this subcommittee today. Some of the most devastating damage caused by Hurricane Irene has been to the houses, mobile homes, and apartments where Vermonters have built their lives and made their homes. Entire mobile home developments have been washed away and Vermonters are now turning to the Federal Government and the Department of Housing and Urban Development (HUD) for assistance.

Unfortunately following the devastation of Hurricane Irene to my small State, it has become clear that while HUD is able to offer some minimal assistance through waivers of existing programs or mortgage assistance, HUD's budget does not include emergency funding specifically set aside for programs like the Community Development Block Grant (CDBG) and the HOME Investment Partnership program (HOME) to address the immediate housing and rebuilding needs following a disaster but rather relies on the Congress to appropriate funds for programs through unscheduled supplemental appropriations requests.

The Congress has recognized the critical role CDBG funded as played as part of the Federal response and rebuilding efforts following a natural disaster and has historically responded to such need by appropriating the emergency funds for HUD to administer. From 2005–2010 the Congress appropriated more than $26 billion in emergency CDBG funding to address the unmet in States recovering from disasters after the Federal Emergency Management Agency (FEMA) and insurance provided preliminary assistance. I was pleased to support the inclusion of $400 million for emergency CDBG in the fiscal year 2012 Transportation, Housing and Urban Development Appropriations bill to begin to address the housing needs in disaster areas. However, I am concerned that with major Federal disasters declared in 48 States, $400 million will be woefully insufficient in addressing the needs of the towns and communities around the country expecting assistance from the Federal Government.

What type of need has HUD identified for CDBG emergency funding around the country and will $400 million level of emergency funding be sufficient to adequate address those needs? If not, what level of funding do you estimate would be needed to assist disaster areas around the country?

Answer. HUD allocates funds based on its estimate of the total unmet needs for infrastructure and the unmet needs for severe damage to businesses and housing that remain to be addressed in the most impacted counties after taking into account December 2011 data on insurance, FEMA assistance, and SBA disaster loans. To meet the statutory requirement that the funds be targeted to "the most impacted or distressed areas," this allocation:

—Limits funding to the States and counties with the highest level of severe unmet needs. Specifically, the calculation of unmet housing and business needs is limited only to those homes and businesses that experienced severe damage (see definitions below). That is, it excludes homes and businesses with minor or moderate damage that may have some unmet needs remaining. Further, to target funds to the most impacted or distressed areas, only counties with $10 million[1] or more in severe unmet housing and business needs are used to deter-

[1] For the cut off thresholds used in this formula, minimum county need of $10 million in severe unmet housing and business needs, the $10 million minimum grant for a State (point 4), and the $6 million minimum grant for an entitlement jurisdiction (point 5a), these represent

mine a State's allocation. Thus, funding is provided based on the severe needs of the most impacted counties in each State.

—Factors in disaster-related infrastructure repair costs statewide that are not reimbursed by FEMA Public Assistance. For all of these disasters, this is calculated as the 25 percent State match requirement.

—Funds are allocated based on each State's share of total unmet needs. This is calculated as each State's proportional share of the sum of infrastructure and severe unmet housing and business needs from the most impacted counties.[2]

—Restricts funding only to States that receive a minimum grant of $10 million or more. These funds are limited to only the States with the highest levels of unmet need. As such, funding is limited to States that would receive aggregate funding of $10 million or more based on their total unmet needs. The calculated grant amounts for States that would have received less than $10 million are provided to the States above $10 million through a pro-rata increase.

—Specifies the counties and jurisdictions that are most impacted or distressed by:

  —Providing direct funding to CDBG entitlement jurisdictions (and one non-entitlement city) with significant remaining severe unmet needs. Within a State, if an entitlement jurisdiction accounts for $6 million or more of the funding allocated to a State, it is allocated a direct grant (the $6 million threshold represents a "natural break" in funding among entitlement jurisdictions). Otherwise the funding is provided directly to the State. Due to its extraordinarily high level of localized need, one non-entitlement jurisdiction (Minot, North Dakota) also receives a direct allocation.

  —Directing that a minimum of 80 percent of the total funds allocated within a State, including those allocated directly to the State and to local governments, must be spent on the disaster recovery needs of the communities and individuals in the most impacted and distressed counties (i.e., those counties identified by HUD). The principle behind the 80 percent rule is that each State received its allocation based on the unmet needs in the most impacted counties (those counties with more than $10 million in severe unmet housing and business needs) and thus HUD will require that all grantees within a State direct these limited resources toward those most impacted counties.[3] Nonetheless, HUD recognizes that there are likely circumstances where its data is incomplete, damage is highly localized outside of one of the heavily impacted counties, or recovery would otherwise benefit from expenditures outside of those most impacted counties and thus provides some flexibility to address those needs for State grantees. While local governments receiving direct grant allocations from HUD must spend their total grant within their own jurisdictions, HUD will allow a portion of the State non-entitlement grant to be spent outside of the most impacted counties, in an amount not to exceed that which yields 80 percent of all funding within a State to be spent in the most impacted counties.

QUESTION SUBMITTED TO JAMES RIVERA

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. The Small Business Administration (SBA) often is the only Federal resource a business impacted by a disaster can turn to in its time of need, but I am beginning to worry about the effectiveness of the SBA disaster loan program for businesses in Vermont.

As of October 10, I understand the SBA had received 141 completed applications from businesses in Vermont—yet you had approved only 24 business loans, totaling just $3 million. That seems like a very low success rate to me.

To put the need in perspective, the Vermont Economic Development Authority—our State lending agency—created a disaster loan program within 48 hours of Irene;

"natural breaks" in the distribution. That is, the next county, State, or grantee on the list has a significant separation in need or estimated grant from the last county, State, or grantee included in the list.

[2] When calculating the grants, the internal weight between factors is maintained at the ratio of all severe unmet housing and business needs in all counties to unmet infrastructure needs in all counties.

[3] Each State receives funding based on all of infrastructure needs within a State, minus the infrastructure needs estimated to lie within entitlement jurisdictions receiving direct grants. In addition, each State also receives funding from all severe housing and business needs in the most impacted counties minus the estimated severe housing and business needs within entitlement jurisdictions receiving direct grants.

made its first loan 5 days later; and has since obligated nearly $10 million in loans to more than 150 businesses, including some businesses subsequently denied loans from the SBA.

I understand that the SBA needs reasonable assurances that a business can repay a loan. But following a disaster—when offices, facilities, computers, and equipment are destroyed—no business appears credit worthy. That is why we have the disaster loan program and why there should be a different standard for these applications from the normal SBA process.

I appreciate that the SBA finally opened a recovery center in Brattleboro yesterday, but I understand loan decisions ultimately are made out of a centralized loan processing center in Texas. I worry that this does not enable a loan officer to take an adequate look into the history and importance of a business severely impacted by the disaster.

Why does it seem like the SBA is denying disaster assistance to so many Vermont businesses impacted by Hurricane Irene? As shown in the chart below, 24 out of 141 is only a 17 percent approval rate.

SBA #12784—VERMONT (TROPICAL STORM IRENE)

SBA DISASTER—VT–00021

FEMA—4022—DR

PHYSICAL DEADLINE: 10/31/11

SMALL BUSINESS ADMINISTRATION (SBA) SUMMARY AS OF COB: 10/10/11

Loan applications	Home	Business	Economic injury (EIDL)	Total
Applications issued	3,913	1,682	22	5,617
Number received	539	141	11	691
Number approved	167	24	1	192
Dollars approved	$8,277,700	$3,053,100	$3,100	$11,333,900

In addition, in preparing appropriations legislation fiscal year 2012, the Senate has included an additional $167.3 million for SBA disaster loans. Is this funding sufficient to address the current need? And if not, what does the SBA estimate would be necessary to appropriately fund the SBA disaster program for both home and business loans?

I understand there is a great emphasis on processing time at your Texas facility. Does the SBA risk prematurely denying loan applications due to the focus on processing time?

Answer. The U.S. Small Business Administration Office of Disaster Assistance is responsible for providing affordable, timely, and accessible financial assistance following a disaster to businesses of all sizes, homeowners, and renters. Many disaster survivors have insurance, which covers part or all of the physical property losses due to a natural disaster, but for disaster losses not covered by insurance, an SBA loan is the primary form of Federal financial assistance. This financial assistance is available in the form of low-interest loans, and since the SBA's inception in 1953, we have provided more than 1.9 million disaster loans for more than $49.6 billion.

Below is an updated summary of disaster business loan activity in Vermont through November 3, 2011.

Loan applications	Number of businesses	Dollars approved
Received and accepted	213	
Remaining to be processed	54	
Withdrawals	40	
Approvals	58	$7,657,000
Declines	57	
Approval percentage	50	

As illustrated above, we have approved 50 percent of business loan applications processed (completed processing less withdrawals) to a decision. Because SBA lends taxpayer funds to disaster victims, we have a dual responsibility as both a protector of taxpayer interests and as a provider of disaster assistance. Accordingly, SBA is

permitted to make disaster loans only to those who can demonstrate a reasonable assurance that the loan can and will be repaid. For this reason, we must consider credit worthiness and repayment ability in making our loan decisions.

At this time, the $167.3 million appropriated for fiscal year 2012 for SBA disaster lending is sufficient to cover the current and projected disaster loan activity.

Currently, we have six centers located throughout the Vermont disaster area, with a total of 14 SBA disaster employees on the ground to assist disaster victims through the entire phase of the disaster loan process. Completed applications are processed at SBA's Processing and Disbursement Center in Fort Worth, Texas, which has specialized units that separately manage home and business loans. This specialization allows SBA to process loans more efficiently, because loan officers develop expertise in either home loan or business loan processing. Our Processing and Disbursement Center employs highly skilled business loan officers who understand that all businesses impacted by a disaster deserve every consideration when processing a loan.

Although SBA places a high priority on the timely processing of disaster loan applications, every application receives a thorough review. SBA has an extensive appeal process, which provides declined applicants with multiple opportunities to overcome the reasons for a decline. A declined applicant receives a letter describing each reason for the decline, and may present additional information to overcome the reason(s) for the decline. When an applicant requests reconsideration, the case file is assigned to a new loan officer for processing so that the application information may receive a fresh look. Applicants declined upon reconsideration may then request further reconsideration.

QUESTIONS SUBMITTED TO BRUCE NELSON

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Administrator Nelson, in your testimony you mentioned crop insurance and the Noninsured Crop Disaster Assistance Program (NAP), which helps eligible farmers affected by natural disasters. Both of these programs have existed for many years, but unfortunately as we discovered after Hurricane Irene ravaged many of our river valleys and carried away top soil and the fall harvest, a large number of Vermont's farmers have not enrolled in these programs, especially our specialty crop farmers.

What changes do you think can and should be made to the programs, especially NAP, in order to encourage more farmers to enroll to recover from these sorts of natural disasters?

Answer. We would recommend increasing outreach to the farmers about the risk management tools that would have been available to them after this most recent disaster and explain the benefits they could have realized and show them how the coverage is worth it. This is especially true of NAP, which the farmer would have had to have in order to qualify for the Supplemental Revenue Assistance Payments (SURE) program. The small fee one pays for catastrophic coverage is worth it. I would be happy to provide technical assistance and work with you during upcoming farm bill discussions on any proposed changes to these programs.

Question. Also Administrator Nelson, as we begin to debate the farm bill here in the Senate, many policy proposals are circulating about how to reform the current insurance and agriculture disaster programs, most notably SURE. To date the majority of these reform proposals have focused on whole-farm revenue losses related to reduced yields, quality, and prices—but only for Risk Management Agency (RMA) insurable commodity title crops. In Vermont, Hurricane Irene impacted more than 440 agricultural producers and more than 8,000 acres of farmland, many of those were fruit, vegetable, and hay acres that rely on NAP coverage and unfortunately would not be covered under the proposed shallow loss whole farm program reforms.

How would you propose supporting and protecting our specialty crop and hay producers that face the same disasters uncertainty that the commodity producers do as we move forward with farm bill reforms?

Answer. I would be happy to work with you during the upcoming farm bill discussions on options that will work well for Vermont's farmers and ranchers. The President's budget proposes to extend the 2008 farm bill's mandatory disaster assistance programs, or similar types of disaster assistance that are of a similar cost, for the 2013 to 2017 crops. The SURE program has provided more than $7 million in disaster assistance to 561 Vermont farmers for crop losses in 2008 and 2009. One of the advantages of the SURE program is that it covers all crops including covered commodities, fruits and vegetables, and hay.

CONCLUSION OF HEARING

Senator LANDRIEU. Thank you very much. The subcommittee is recessed.

[Whereupon, at 4:38 p.m., Wednesday, October 12, the hearing was concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

○