



Statement before the U.S Senate Committee on Banking, Housing,
and Urban Development

The Continuing Federalization of Disaster Programs Leads to Redundancy, Funding Supplantation, and “Peter Robbing Paul” Subsidization Concerns

Matt A. Mayer

President

Opportunity Ohio

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My name is Matt Mayer. I am the President of Opportunity Ohio. From 2007 to 2016, I served as a Visiting Fellow at the American Enterprise Institute and The Heritage Foundation where I focused on national security issues, including disaster preparedness, response, and recovery. I also served as the Counselor to the Deputy Secretary and the Acting Executive Director of the Office of State and Local Government Coordination and Preparedness (SLGCP) (formerly the Office for Domestic Preparedness) at the U.S. Department of Homeland Security (DHS) under President George W. Bush.

My time at DHS included the Department's response and recovery to the four successive hurricanes (Cat 4 Charley, Cat 2 Frances, Cat 3 Ivan, and Cat 3 Jeanne) that struck Florida in August and September 2004 and Cat 5 Hurricane Katrina in 2005. Finally, I oversaw the TOPOFF3 full-scale national exercise that occurred in New London, Connecticut, and Newark, New Jersey, which tested several issues including the overlap in authority among federal departments and agencies. In 2009, my book, *Homeland Security and Federalism: Protecting America from Outside the Beltway*, was released by the publisher. The second edition of that book came out in 2016. My experience at DHS and my years of research provide me with insights I'd like to share with the committee.

Thank you for the opportunity to appear before the committee today. At no time have I received funding from any federal, state, local, or tribal department, agency, or office on matters covered by this hearing. In lieu of restating the research I've done over the last fifteen years and from my book, I would respectfully direct you to my research publicly available at the websites of the American Enterprise Institute and The Heritage Foundation. Should any Members want a copy of my book, I'd be happy to provide that Member with a copy. I'd rather spend my brief time framing the issues I see with the proposed legislation and answer any questions you might have during our time together.

My largest concern with the proposed legislation is that it continues the federalization of natural disasters that started in 1993 and has accelerated each decade, as more natural disasters that used to be considered inherently state and local disasters have received federal declarations and, therefore, federal funding. As noted below, this federalization has led to supplanting state and local funds, an underinvestment in mitigation and preparedness by states and localities, and a forced subsidization of a minority of disaster-prone states by the majority of "safer" states.

It doesn't appear Congress ever steps back for a moment and considers whether it "should" federalize a traditional inherent state and local function. With the national debt surpassing \$30 trillion and the flood of federal funds that have been appropriated over the last two years in response to the pandemic, it may be time for Congress to pause and reprioritize federal spending. Of course, states will "want" the "free" federal funds given most states are restricted by balance budget amendments, so must prioritize spending annually. As we've seen in the last year, the significant flow of federal spending executed by the printing of money is driving inflation to record highs. Failure to restrain spending going forward will only make taming that

inflation more painful for the men and women in the communities you are intending to help due to higher prices on everything they buy.

Secondarily, it creates a permanent program, including permanent staff and regulatory control, outside of the Federal Emergency Management Agency (FEMA) to deal with elements following a natural disaster. In theory, the interagency process and cohesiveness between federal departments, including data sharing, should “work,” but theory rarely becomes the reality in practice. My experience both inside of the federal government and as a policy “expert” outside of government is that the creation of a program results in the political and career personnel in that program seeing it as an opportunity to grow their importance and roles. As a result, fiefdoms arise that inhibit rather than encourage interagency coordination.

Following Hurricane Katrina, Congress intentionally consolidated preparedness, response, and recovery functions in FEMA due to the failures revealed in the response to that historical natural disaster. Prior to that consolidation, several departments had roles in disaster response that didn’t necessarily require coordination with FEMA. My former office, SLGCP, controlled several billion dollars-worth of homeland security grants, as well as training and exercise programs. In the years and months leading up to Hurricane Katrina, we spent countless hours in conflict with FEMA personnel, including with Administrator Mike Brown, as FEMA wanted to control the grants. Our concern with FEMA having control over the grants centered on the likelihood that a natural disaster focus would overwhelm the goal of the grants to strengthen America for a terrorist attack (i.e., given how many natural disasters strike America in a given year, the inclination at FEMA would be to focus on those incidents instead of terrorism).

Similar “territorial” squabbles occurred within DHS with other entities over FEMA’s role and across the interagency. Even FEMA circumvented DHS when it wanted to by cutting out the Secretary and going directly to White House staffers or simply ignoring information requests to keep the Secretary in the dark.

The post-Hurricane Katrina legislation that consolidated everything under FEMA appears to have been successful at enhancing the federal response and decreasing interagency tension. Given the existence of various FEMA programs aimed at housing and community redevelopment, including its Individual and Households Program and its Public Assistance Program, I’m unclear of why what exists today at FEMA is not sufficient to address the concerns of Congress to ensure post-disaster needs are met as efficiently and as effectively as possible. If concerns exist, then it seems to me the more efficient and effective approach would be to fix what isn’t working at FEMA versus creating a permanent separate, siloed program elsewhere.

Obviously, the U.S. Department of Housing and Urban Development (HUD) should work closely with FEMA to provide its expertise on housing and community redevelopment issues, but granting it permanent powers and funding outside of FEMA likely will lead to territorial issues down the road and run the risk of vital aspects falling through the cracks that inherently exist when authorities and responsibilities exist with two or more entities. Perhaps the wiser course of action at this inflection point is to build upon the post-Hurricane Katrina reforms that

consolidated disaster activities within FEMA and consider moving the Community Development Block Grant-Disaster Recovery (CDBG-DR) program from HUD to FEMA.

As Senator Collins may recall from our time together with former Senator Joe Lieberman during TOPOFF3 in 2005, one of the core issues we discovered during that full-scale national exercise was which federal entity decided how clean was clean enough following a mustard gas release at a pier. Both the U.S. Coast Guard and the Environmental Protection Agency had roles and standards on that issue. The respective standards on “clean enough” differed and both agencies insisted they had the primary role. As a result, having multiple fiefdoms created issues when it came to the federal response.

Moreover, research has shown that multiple programs focused on the same area result in benefit duplication and delay, including with CDBG-DR. As someone who worked closely with states, localities, and tribal areas on grants, the reality is many jurisdictions lack the personnel, expertise, and bandwidth to deal with numerous federal agencies on issues. Given that disasters are inherently unpredictable as to timing and location, most state, local, and tribal areas won’t have existing staff available to deal with the influx of a multi-headed federal bureaucracy. Thus, consolidating CDBG-DR in FEMA will allow the federal government to streamline the various threads dealing with housing and community redevelopment under one roof and leverage the existing emergency management personnel existing in state, local, and tribal areas, with assistance from whatever local housing and community redevelopment expertise exists.

In the rollout of DHS, some within it argued for the creation of “fusion centers” in which DHS grant funds would support the creation and operation of state and local intel centers. Already existing performing much of the same function were Joint Terrorism Task Forces (JTTF). DHS didn’t like JTTFs because those entities were controlled by the U.S. Department of Justice/Federal Bureau of Investigation. This federal territorial scrum forced states and locals to try to staff both entities, which they simply lacked the personnel to do effectively. Unfortunately, this bifurcated effort still exists, which may partially explain some of the failures our domestic intelligence system has experienced in connecting the dots to detect and stop attacks (i.e., items fall through the cracks or don’t get shared between the fusion centers and JTTFs). Having two federal entities involved in funding housing and community redevelopment after a disaster simply may results in similar mistakes, such as delays, duplication, and waste.

Next, while I understand there may be housing and community redevelopment issues after historically significant natural disasters like Hurricane Katrina and the Northridge earthquake, I haven’t been successful in locating data showing that there are broader issues existing pre-disaster that is destroyed or rendered unusable after natural disaster strike. In any given year, certain locations deal with flooding, other locations cope with tornadoes, coastal areas handle hurricanes, western states fight wildland fires, and California must remain ever vigilant regarding earthquakes. The regularity of these occurrences tended to result in most communities being adept at handling housing and redevelopment issues.

FEMA continues to provide assistance and, in some cases, housing to victims of natural disasters while their homes and apartments are re-built or fixed. FEMA also is heavily involved in larger community development activities. Thus, what is missing in FEMA's portfolio that justifies a permanent federal program elsewhere? Is the goal to pre-build affordable housing in safer locations that would remain uninhabited unless a natural disaster struck? With poverty largely located in urban centers and rural areas where few large-scale natural disasters actually occur – most natural disasters that can destroy large amounts of housing impact tourist zones along coasts, such an approach would be highly inefficient and difficult to “get right.”

Moreover, it also would warp the private market for land, materials, and housing. We analyzed such an approach during TOPOFF3 in regards to the healthcare elements that would be needed after a mass terrorist attack. The elements included more hospitals, more supplies, more nurses, more doctors, and more pharmaceuticals. As I recall, the price tag for adding this post-disaster capacity that would remain in reserve was in the tens of billions and deemed grossly inefficient given the other pressing funding needs of the federal government.

Another concern is that my research has shown that federal funds tend to supplant rather than supplement state and local funds. Following the influx of homeland security grants, states and localities moved funds from their preparedness and emergency management programs to other more pressing needs and replaced those funds with the federal homeland security grants. Thus, there wasn't a net increase in funding, but a wash in funding in many cases. To stop this supplanting, I strongly pushed for a hard matching requirement so that states and localities maintain skin in the game.

Should you proceed with this legislation, I would strongly urge you to include a matching element that cannot be waived. After all, housing and community redevelopment are inherently state and local functions. I also would urge measures are added to more effectively deal with waste, fraud, and abuse and to shorten the time in which funds must be used to a period of time consistent with the recovery operations following a natural disaster. Lastly, I would urge greater restrictions on when waivers can be granted, as experience from FEMA shows the exceptions unfortunately become the rules.

Keep in mind, states and localities are (or will be) already flush with federal funds from the COVID pandemic and the infrastructure package recently passed, as well as their own strong tax receipts. If there is such a need as you envision, this new program will only disincite states and localities from stepping up and meeting the needs of their communities. With the infrastructure funds recently approved, states and localities should have sufficient funds to deal with whatever issues they face or could face after a natural disaster.

Finally, you must keep in mind that America is an enormous country physically. Natural disasters don't happen uniformly across the country. My research analyzing decades of natural disasters shows that most non-routine natural disasters (i.e., Category 3 or higher hurricanes and 7.0 or higher Richter Scale earthquakes) occur along the southern Atlantic coast, the Gulf Coast, and in California. Yes, the states in the Great Plains, Mountain West, Midwest, and New

England experience natural disasters, but those disasters typically are routine and well-planned for given the regularity of flooding, snowstorms, wildland fires, and tornadoes in those communities year-after-year. Obviously, the Mayfield, Kentucky, tornado is an exception, especially given its timing and ferocity on the Enhanced Fujita scale.

As a result of these well-established patterns, the vast majority of states end up subsidizing the states where the bulk of FEMA/HUD funding flows. An occasional flood in Findlay, Ohio, is about all that happens in my state that triggers FEMA funding, but, as the seventh largest state in America, the proportion of federal taxes Ohioans pay to support FEMA end up subsidizing Floridians, Texans, and Californians. The same goes for taxpayers in Pennsylvania, Rhode Island, New Jersey, Idaho, Montana, Virginia, Maryland, Nevada, Tennessee, Minnesota, Wyoming, Arizona, Kansas, North Dakota, and Montana, as well as the other subsidizing states that aren't represented on this committee. Why should Ohioans be forced to subsidize Floridians even more through another permanent federal disaster program?

As my testimony indicates, there are several concerns this legislation creates that don't appear to be justified by the size of the problem attempting to be solved and by the continued federalization of natural disasters. If there is a need for what this legislation aims to meet, fix it within FEMA or create it within FEMA so it is aligned with FEMA's decades of experiences and programs related to housing and community redevelopment issues post-disaster. Any legislation should ensure that federal funds aren't supplanting state, local, and tribal area funds and that those entities have "skin in the game." From a pure equity position, Congress should ensure that states in which few Stafford Act-eligible natural disasters occur aren't forced to subsidize those states where big events occur regularly.

Thank you for the opportunity to testify to this committee. Please let me know if there is anything else I can do as you debate the proposed legislation.

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