



FEMA comes to the rescue in wake of Sandy -- but will it need saving?

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The Obama administration is committing federal resources to Hurricane Sandy clean-up at a rate that is either impressive or alarming, depending on which disaster matters more -- the storm, or the budget deficit.

For the time being, the Federal Emergency Management Agency is in better shape than in past storms. Administrator Craig Fugate said this week the agency has \$3.6 billion to pay for the federal response. But Fugate said Thursday he's not giving any predictions for what the total bill will be, and the heavy demand could certainly require Congress to consider additional funding during the lame-duck session.

With that in mind, budget hawks were viewing decisions this week with mixed emotions. The deadly storm has left millions without power and thousands in shelters across more than a dozen states - an impact that requires a strong federal response. At the same time, the federal government is already running trillion-dollar deficits and has little to spare without more borrowing.

Tad DeHaven, a budget analyst with the Cato Institute, suggested the Obama administration may be offering to pay for too much out of the gate.

"It's a very sad and emotional time, but these are situations where in my opinion, state and local governments should be paying for disaster cleanup," he said.

The Obama administration most recently approved a request for Washington to cover 100 percent of the costs for emergency public transit and power restoration for New York City and New York state. The offer lasts from Oct. 30 to Nov. 9. Typically, FEMA would be required to pay 75 percent of damages, leaving the rest to state and local governments. The president made an exception for New York. DeHaven suggested New Jersey could be next.

DeHaven said this is not the point in time where the administration wants to appear to be doing too little -- just a few days before a presidential election.

"You can be rest assured that with the election in five days, the last thing the Obama administration wants is the perception that this is George Bush and Brownie and FEMA again," he said.

Still, DeHaven said he doesn't think that's the "chief motivation" at this point. Matt Mayer, a visiting fellow with the conservative Heritage Foundation, also said he wouldn't "second guess" the president on his response.

"It's a pretty big disaster to hit a pretty densely populated area that has national economic implications," he said.

Neither DeHaven nor Mayer could put a figure on how much Sandy might ultimately cost the federal government. It depends on what percentage the administration agrees to pay and on what damages insurance will cover, among other factors.

But the federal government was pulling out the stops to respond to the historic storm. The Defense Department reportedly was flying out 17 aircraft to New York to provide power-generation supplies and crews to help restore power.

According to New Jersey Sens. Frank Lautenberg and Robert Menendez, the Department of Labor agreed to provide emergency funding for their state to hire 1,000 temporary workers to help with clean-up. Those same senators also called on Obama to provide emergency fuel to the state, where they said "constituents are sitting in lines up to a mile long waiting to fuel their vehicles."

Mayer said there is a real concern that the recovery could turn south, suggesting that concern is driving the intensive federal response.

Obama said Wednesday in New Jersey, alongside Gov. Chris Christie, that he's given the directive to his administration that "we are not going to tolerate red tape" and if local officials need something, "we figure out a way to say yes."

But Mayor noted "we've got finite funds" -- arguing that lawmakers should try and find a way to pay for this without adding to the deficit if they have to come back to negotiate a supplemental funding bill.

The storm recovery will not come cheap. The FEMA-administered National Flood Insurance Program is already more than \$17 billion in debt. It's unclear what the volume of claims will be after Sandy, but the program in 2005 alone -- the year of Katrina -- paid out \$17.7 billion.

FEMA also isn't the only agency involved, though they are handling much of the work. Under the president's disaster declarations for states like New York and New Jersey, FEMA helps provide payments for temporary housing, grants for home repairs, grants to replace personal property, loans to farmers and aid to state governments for emergency response. FEMA teams are also working to support search-and-rescue operations. But departments ranging from Defense to Transportation are also involved. Hundreds of Health and Human Services employees are on the ground to help provide medical care and other services. And the Red Cross on Thursday reported having served 165,000 meals to date.