

Ranking Member Pat Toomey (R-Pa.)
Opening Statement

Full Committee Hearing: Disaster Recovery Assistance - Authorization of
the Community Development Block Grant – Disaster Recovery Program
December 15, 2021 at 10:00 AM

Mr. Chairman, thank you.

I want to start off by acknowledging the horrific destruction that we witnessed over the weekend in Kentucky. I saw a headline this morning that 12 children were among the 74 killed by the storms. And the death toll is only expected to rise in the coming days. What tragic news.

My heart goes out to the many families experiencing such devastating loss—loss of life and their families. Our thoughts are with them this morning.

Today's hearing is about HUD's Community Development Block Grant – Disaster Recovery Program, or CDBG-DR. Since 1993, Congress has spent nearly \$90 billion through CDBG-DR to support disaster recovery efforts.

Initially, CDBG-DR was used in rare cases when the billions of dollars that Congress spent annually on disaster recovery through other programs was considered insufficient to meet the needs of serious disasters.

Unfortunately, since Superstorm Sandy in 2012, CDBG-DR spending has become routine.

In the past four years alone, we've appropriated almost \$40 billion for CDBG-DR. And we've done this even though billions of dollars of CDBG-DR funds appropriated for prior disasters—including the 9/11 attacks and disasters that occurred more than a decade ago—remain with grantees, sitting unspent.

I worry that making CDBG-DR a permanent program without a more comprehensive review of disaster assistance will only ensure that this wasteful trend continues. In my view, we should be discussing whether such spending through HUD is appropriate in the first place, not making it permanent.

We already have an agency whose sole mission is “to help people before, during and after disasters.” It’s called FEMA.

Through the normal appropriations process, Congress provides billions every year to FEMA and other agencies so that the federal government can provide assistance to support communities struck by disasters. In addition to regular channels, Congress makes emergency supplemental disaster appropriations almost every single year.

Let’s consider some key examples of existing programs. The Army Corps of Engineers and FEMA deploy boots-on-the-ground to help survivors and repair damage to communities. FEMA funds repairs and replacement of homes for displaced families. The Small Business Administration does as well, including replacement of personal property. Given all of this support, why do we also need CDBG-DR?

Theoretically, CDBG-DR is supposed to support longer term recovery needs that aren’t met by other sources. I acknowledge there may be circumstances where it’s useful for the federal government to help meet these needs. But we need to remember that states and local governments are primarily responsible for addressing such needs.

Currently, states and local governments are not lacking for financial resources to do that. In 2020, state and local tax collections set a new record. On top of their record tax collections, Congress sent almost \$900 billion to states and local governments for COVID relief over the course of a year. This included \$5 billion specifically for CDBG, a significant portion of which remains unspent and is available for purposes such as disaster relief. And in November, Congress passed a \$1.2 trillion infrastructure bill that will send billions of dollars to states and local governments.

States are sitting on record budget surpluses and have more money on the way thanks to the recently passed infrastructure bill. Why shouldn’t they plan and save for long-term disaster recovery and mitigation?

We also can’t ignore the fact that CDBG-DR program has long been plagued by waste, fraud, and abuse through the years. Let’s consider some examples of that waste.

Two years after Hurricane Katrina hit, HUD allowed Louisiana to use CDBG-DR funds to pay college professors stipends to stay in the state

post-Katrina because it was an “urgent need activity.” In Mississippi, HUD allowed a county to use \$9.6 million CDBG-DR funds to build a wastewater treatment facility for an undeveloped plot of land—where nobody lived.

As bad as these cases of waste are, the examples of fraud in the CDBG-DR may be even worse. HUD’s Inspector General has repeatedly identified and referred for prosecution cases of fraud and abuse in CDBG-DR, including public corruption, embezzlement, bid-rigging, bribery, and kickback schemes.

Given this track record, it makes one wonder how well does HUD respond to fraud risks in the CDBG-DR program? Well, we know the answer to that.

This year HUD officials admitted to GAO that HUD “does not consider fraud risks in programs managed by grantees to be direct risks to HUD itself.” In other words, HUD’s responsibility to root out fraud ends when it sends CDBG-DR funds to states. That’s concerning since Congress recently appropriated nearly \$20 billion through CDBG-DR to Puerto Rico that the Biden administration has been eager to quickly distribute to a government with rampant fiscal mismanagement.

Today, we will hear from Matt Mayer, a former DHS official and expert on disaster recovery, who has concerns with proposals to permanently authorize the CDBG-DR program. As Mr. Mayer notes, the over-federalization of disaster assistance for virtually every disaster has allowed states to reduce their own emergency management programs knowing that federal taxpayers will be forced to bail them out. He also sensibly notes that Congress should step back and consider whether it should continue to federalize long-term disaster recovery well after the crisis has passed, which is a traditionally inherent state and local function. I look forward to hearing from today’s witnesses about the CDBG-DR program.

I recognize that improvements are needed in how the federal government provides disaster assistance. But for the reasons I’ve mentioned, I’m concerned that creating a permanent authorization for the CDBG-DR program is not the right way to go about that.

As President Reagan wisely noted, government programs are “the nearest thing to eternal life we’ll ever see on this earth.” So we should tread carefully before we create new ones.