

Chairman Chaffetz Opening Statement

"Oversight of the Federal Emergency Management Agency's Response to the Baton Rouge Flood Disaster: Part II"

Oversight and Government Reform Committee Chairman Jason Chaffetz (R-UT):



Remarks as Delivered:

We had one of the worst natural disasters in this country happen again in Louisiana. On August 11, 2016 a "no name" storm dropped some 7.1 trillion gallons of rain on the Baton Rouge and Livingston Parish area. Some areas received up to 31 inches of rainfall in just two days. That is so unbelievable, it's hard to imagine how much rain was falling in such a short amount of time. The resulting flood was one of the worst disasters in our history, causing over eight billion dollars of damage and claiming 13 lives.

First responders, friends, and neighbors, including Representative Garret Graves who took his own paddle board out and coordinated to get people help, rescued more than 15,000 people from the floodwaters. And again we appreciate our Representatives from Louisiana being here and participating in this hearing.

There were some 150,000 local residents who applied for assistance. Seven months later, estimates indicate that more than 45,000 flood victims remain displaced and don't yet live at a home. Another 600 families are still living in a hotel. You know, this is one of the things that my colleague here to my right, Elijah Cummings, talks a lot about. We keep saying we're ready, we keep appropriating the money, and they're flat out not ready to deal with it.

Congress responded by to this by appropriating \$1.6 billion to be administered by the state of Louisiana, on top of billions available through other programs. The committee sponsored the

first congressional delegation to the affected areas in the weeks after the flood and held a hearing on September 9, 2016. The committee then returned to the area in February.

Additionally, we reviewed more than 80,000 pages of documents from the Federal Emergency Management Agency, or "FEMA." Through our fieldwork and document review, we discovered significant failures by FEMA.

Among the most egregious examples is FEMA's failure to deploy in a timely manner. These MHUs, again, these mobile housing units, are a housing option of last resort for flood victims. At the time of the September hearing, FEMA had placed only one person in an MHU despite having 70 MHUs locally and sitting on a lot.

I want to show you this graph here - now remember that this disaster happened in August - this is the deployment of the mobile housing units. 22 are out there in September, October 593, but you really don't wrap up until February - February! This thing happened in August.

These are people who are in desperate need of housing and simply had to wait too long. In fact we still have people who are waiting, there's still people in line. It's April and they're still waiting.

Unfortunately, the problems with the mobile housing units are not limited to the abysmal placement or pace of deployment. Let me show you what this, let me put up this slide here if I could. This is from Clayton Homes, okay, we went online, staff did good work, kind of hard to see there but you can go online right now in Louisiana and that top one, it's called the elation. It says it's in stock, they can buy between \$26,000 and \$45,000 right now you could just push the button and order it. And when we talked to the representatives from Clayton Homes this morning in Gonzalez Louisiana near Baton Rouge, they quoted \$3,600 to \$10,000 for delivery and installation and they can start today.

The federal government pays \$150,000 for these units, and you can go online and buy the nicest one they have for \$45,000 and for another \$10,000 you can get it there. \$100,000 premium we're paying and they can't get them to the people that are affected for months and months and months on end? Go online, for goodness sake, and you could do a better job and save the tax payers literally millions of dollars.

It's so frustrating to see these people suffer and hear their horror stories. And by the way, FEMA when they purchase these things at \$150,000 a pop, we found a pattern of serious maintenance issues with them: electrical issues, clogs, leaks, plumbing problems, doors that would not shut or lock, fires and malfunctioning fire suppression systems, HVAC systems that were too hot, too cold, did not work at all, unusable furnishings. On average, average, each unit had more than 1.3 problems with it.

Most concerning is the HVAC and thermostat issues. In October 2016, a faulty MHU overheated and killed an 84-year-old man. In fact, let's put up the slide from The Advocate who had this story that ran. He was baked to death in a FEMA trailer, and we've spent considerable time looking at the suffering that this man went through and ultimately lost his life.

FEMA falsely told our committee staff who was there on the ground at an in-person briefing there had been no deaths due to faulty MHUs, or any efforts to replace a pattern of defective parts. This was absolutely not true. Shortly after the man's gruesome death, FEMA ordered a contractor, Chicago Bridge and Iron Company, to replace approximately 1,500 thermostats.

Sadly, in the midst of recovery efforts, FEMA's priorities were clearly misplaced. In an October 31, 2016 email uncovered by the committee, a FEMA official writes, "We have no way to predict what this news will do to our operation and how the congressional offices will use this prior to the election."

This is not the first time FEMA has placed its own image above aiding citizens in need. Ten years ago, the Committee held a hearing on formaldehyde levels in trailers deployed by FEMA in the Hurricane Katrina. Then-Ranking Member Tom Davis stated, "FEMA's concerns were legal liability and public relations, not health and human services." It doesn't seem as if anything has changed since Hurricane Katrina. FEMA is repeating many of the same mistakes they should have learned from Katrina.

Additionally, we identified pervasive waste in the FEMA funded, state-run Shelter at Home program. This program allows for \$15,000 in temporary repairs to a home so flood victims can remain in their homes while finishing repairs. So a contractor gets \$15,000 - come in, do some temporary repairs, then they can stay in their home. The biggest beneficiaries of this program were the contractors who were allowed to make repairs at costs well beyond value. The state reimbursed contractors for repairs based off negotiated, and I don't know how to talk about bad negotiators, off negotiated, itemized on the list.

So let's look at what we're paying for for basic items. We went to Amazon.com, we figured people know what that is, pay less than \$100 you can get a prime membership and also watch some videos, these are what Shelter at Home program is paying. For the two burner hot plate for \$120, you can go on Amazon buy it for \$22. Microwaves \$113, you see along the way, the AC unit \$985, you can but it for \$249. And guess what, Amazon will deliver it to your door, for free shipping! And if Amazon does it, my guess is every retailer that does it in LA would also do it to help out their friends in need right next door. We're paying ridiculous prices, we're paying \$150,000 a unit and we can't get it to the people.

Contractors were also able to charge up to \$1,500 to quickly inspect HVAC, electrical, and plumbing systems. The committee has questions, though, about the quality and workmanship of these temporary repairs. We met with an elderly woman whose replacement sink was attached to her drywall instead of into the studs. Let me show you what this looks like. This is AFTER the repairs, you can put up that slide. The sink fell on her foot, resulting in a painful and expensive hospital visit.

These are far from the only problems we have identified with the recovery. I don't know if we have that slide there but, it's basically the sink was installed and it just fell right out of the wall and if you just see the surrounding area and what it was looking like, it was absolutely just abysmal, abysmal conditions.

We are concerned with delays in the state's selection of a contractor to manage the \$1.6 billion dollars Congress appropriated in September. So, the disaster happens, Congress appropriates money very, pretty swiftly, and reports indicate that the state bungled the initial award and then restarted the process two weeks ago. It's April, 2017, this happened in August, and they just restarted the process! So it's gone to the bureaucracy instead of getting to the victims. Furthermore, the estimates are that the contractor who gets awarded this is going to get \$250 million to administer this. Now there's costs, I'm not saying there's no cost, but you've got 650 families that are still in hotels.

I can't see a single thing that went right with this, except one thing - the men and women, the families there in Louisiana. They took care of themselves, they helped neighbor to neighbor, they got out there and did what it took to take care of it. But it's an embarrassment for the federal government, FEMA, and those involved at the state level too, that we are here in April and they still haven't solved this problem. And we've got real people suffering, and that's why we're having this hearing today.