



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

December 7, 2012

The Honorable John Boehner  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

In late October, Hurricane Sandy made landfall and struck the East Coast from North Carolina to Maine, particularly impacting coastal areas. High winds and storm surge caused widespread flooding, loss of life, displacement of persons, and significant damage to private property, public infrastructure, and Federal Government facilities. A dangerous nor'easter followed nine days later causing additional damage and undermining the recovery effort. As a result of these events, thousands of individuals were displaced, and millions lost power. Thousands of stores and businesses were damaged or closed, and fuel distribution was severely disrupted, further complicating the recovery effort. New York and New Jersey—two of the Nation's most populous States—were especially hard hit by these storms. Recovery efforts continue today throughout the region. All told, although estimates of the total damage of Hurricane Sandy remain in flux, current projections are that Sandy is on track to be the second or third most costly natural disaster in U.S. history, behind Hurricane Katrina (2005) and close to Hurricane Andrew (1992). While much of this damage is covered by insurance, current estimates suggest that a significant amount of damage is not covered.

At the direction of the President, and under the auspices of the National Response and Disaster Recovery Frameworks, numerous Federal agencies contributed resources and personnel to respond to the devastating impacts of the storm. As the impacted region addresses the damage caused by the hurricane, the Administration believes additional Federal resources are necessary to fund response, recovery, and mitigation efforts. This letter and the enclosed materials request the funds necessary to finance a needed recovery effort and to help the region prepare for future challenges, including future severe storms and coastal flooding, as well as impacts associated with a changing climate.

In total, the Administration requests \$60.4 billion in Federal resources for response, recovery and mitigation related to Hurricane Sandy damage in all affected States. This includes efforts to repair damage to homes and public infrastructure and to help affected communities prepare for future storms. Attached is a detailed appendix outlining the specific needs, funding accounts, provisions, and principles that comprise the Administration's request for assistance. Our Nation has an obligation to assist those who suffered losses and who lack adequate resources to rebuild their lives. At the same time, we are committed to ensuring Federal resources are used responsibly and that the recovery effort is a shared undertaking: private insurers must fulfill their commitment to the region; public assistance must be targeted for public benefit; resources must be directed to those in greatest need; and impacted States and localities must contribute, as appropriate, to the costs of rebuilding. Accordingly, consistent with the increased emphasis it has placed on the integrity of all Federal spending activities, the Administration proposes that



controls be put in place to ensure that funds are used appropriately to protect against waste, fraud, and abuse.

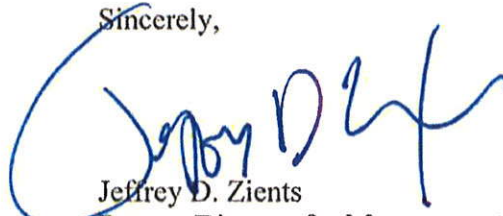
As you know, the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, allows the Congress to designate certain spending for disaster relief, which is not subject to the discretionary caps specified in the statute. Annually, the Office of Management and Budget (OMB) calculates the allowable limit on funding that can be designated for disaster relief and, for fiscal year (FY) 2013, OMB calculated a disaster relief adjustment limit of \$11.8 billion.

Under the Continuing Appropriations Resolution, 2013 (Public Law 112-175), \$6.4 billion in funding enacted in FY 2012 for the Federal Emergency Management Administration Disaster Relief Fund (DRF) counts toward the FY 2013 disaster relief adjustment's allowable limit. No other agencies received funding through the Continuing Resolution that would count toward that limit. The Administration therefore recommends that the Congress provide and designate \$5.4 billion in additional DRF funding for disaster relief, appropriating the remaining funds permitted for the disaster relief adjustment in FY 2013 pursuant to the BBEDCA. If the enacted FY 2013 appropriation for the DRF provides a different level of funding designated for disaster relief than that available pursuant to the Continuing Resolution, the amount remaining under the disaster relief adjustment's allowable limit would be different and the Administration's recommendation would need to be adjusted accordingly.

BBEDCA provides that funding may be designated as an emergency requirement if it is sudden, urgent, unforeseen, and temporary and is for the prevention or mitigation of, or response to, loss of life or property, as defined in sections 250(c)(20) and 250(c)(21). The extraordinary destruction wrought by Hurricane Sandy has created funding needs that meet this definition. In addition to the amounts recommended to be designated for disaster relief, the Administration estimates a remaining \$55.0 billion in budget authority (including additional borrowing authority) in FY 2013 is necessary to respond to, and recover from, the impacts of Hurricane Sandy, and mitigate against future such disasters. The Administration requests that this amount be provided and designated as an emergency requirement pursuant to BBEDCA. An emergency designation pursuant to BBEDCA is not subject to the discretionary caps specified in the statute. Accordingly, this emergency funding can and should be provided without offset.

Thank you for your consideration of these recommendations, additional details for which are included in the enclosure to this letter. The Administration looks forward to working with the Congress to help communities recover and rebuild.

Sincerely,



Jeffrey D. Zients  
Deputy Director for Management

Enclosure

Identical letter sent to The Honorable Harry Reid

## Mitigation Projects

In addition to the funds necessary for recovery and repair of damage caused by Hurricane Sandy, the Administration estimates an additional \$12,970 million is necessary for mitigation projects to reduce the risk of damage from future disasters.

As discussed in the introduction to this document, mitigation projects should be guided by regional response plans that are informed by an assessment of current vulnerabilities to extreme weather events and that effectively mitigate future risks. The rebuilding plan will include input from State, local, and tribal officials, and will be supported by Federal agencies, whose efforts will be coordinated by the Hurricane Sandy Task Force led by Secretary Donovan. The Task Force will facilitate federal, state, and local officials working together with the private sector and non-profit, community and philanthropic organizations to promote recovery in a unified and collaborative manner. Relevant Federal programs receiving mitigation funds should have flexible transfer authority, to enable funding to be channeled through the most appropriate federal programs to accomplish priority activities. For example, funding provided for transportation mitigation could be needed for projects involving multiple modes other than just public transportation.

The table below shows the agencies for which the mitigation funds would be provided, followed by account-level details.

(\$ in millions)		
Agency	Program	Amount
Department of Agriculture	Natural Resources Conservation Service, Watershed and Flood Prevention Operations	\$ 150
Department of Commerce	National Oceanic and Atmospheric Administration, Operations, Research, and Facilities	\$ 360
Department of Commerce	National Oceanic and Atmospheric Administration, Procurement, Acquisition, and Construction	\$ 100
Department of Housing and Urban Development	Community Planning and Development, Community Development Fund	\$ 2,000
Department of the Interior	Fish and Wildlife Service, Resource Management	\$ 400
Department of Transportation	Federal Transit Administration, <u>Public Transportation Emergency Relief Program</u>	\$ 5,500
Corps of Engineers	Investigations	\$ 30
Corps of Engineers	Construction	\$ 3,820
Environmental Protection Agency	State and Tribal Assistance Grants	\$ 610
<b>TOTAL FY 2013 ESTIMATED NEED</b>		<b>\$ 12,970</b>

Agency: CORPS OF ENGINEERS – CIVIL WORKS  
Account: Investigations  
Subcommittee: Energy and Water Development  
FY 2013 Estimated Need: \$30,000,000

The Army Corps of Engineers civil works program would use \$20 million to support an inter-agency planning process in conjunction with State, local, and Tribal officials, and to develop plans to address long-standing challenges and ensure the health and prosperity of the areas affected by Sandy by building for the future, rather than recreating past vulnerabilities. Plans would identify the best way to use not less than one-half of the overall amount identified for mitigation construction for innovative approaches to reduce the future flood risk, in ways that will promote the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks to life associated with large-scale flood and storm events. This would, to the extent possible, incorporate and address the increased risk and vulnerabilities expected as a result of increased extreme weather, sea level rise and coastal flooding. Within the \$30 million total for investigations, \$10 million is for the nationwide Water Resources Priorities Study authorized in section 2032 of the Water Resources Development Act of 2007. The Water Resources Priorities Study will address the critical need to develop a baseline assessment of the Nation's vulnerability to flood damages on both a national and regional scale; examine the effectiveness of existing Federal, State, and local programs; and develop recommendations to improve these programs so as to reduce the economic costs and risks to life associated with large-scale flood and storm events in ways that will also promote the long-term sustainability of communities and ecosystems.

Agency: CORPS OF ENGINEERS – CIVIL WORKS  
Account: Construction  
Subcommittee: Energy and Water Development  
FY 2013 Estimated Need: \$3,820,000,000

The Army Corps of Engineers civil works program would use \$3.8 billion for implementation and construction of projects in areas affected by Hurricane Sandy that reduce the future flood risk, in ways that will promote the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks to life associated with large-scale flood and storm events, and would, to the extent possible, incorporate and address the increased risk and vulnerabilities expected as a result of increased extreme weather, sea level rise, and coastal flooding. Such projects may include, but are not limited to, previously authorized projects designed to reduce flood risk subject to a determination by the Secretary of the Army that such projects incorporate current science and engineering standards and are consistent with the goals of funds provided in this section. For existing authorized, but not constructed projects, and previously constructed projects damaged by Hurricane Sandy that the Secretary determines do not meet these criteria, and projects not currently authorized for construction, language would be provided to authorize the Secretary to implement projects with any modifications that the Secretary determines are necessary to meet the goals of funds provided in this section. Projects constructed with funds provided in this section would be authorized at 90 percent Federal cost share. The Corps would require authority to transfers these funds to other agencies, States or local governments, as necessary, to implement elements of any plans resulting from the study to be completed with funds provided in the Investigations account.

Agency: ENVIRONMENTAL PROTECTION AGENCY  
Account: State and Tribal Assistance Grants  
Subcommittee: Interior and Environment  
FY 2013 Estimated Need: \$610,000,000

The Environmental Protection Agency (EPA) would provide \$600 million in State grants for affected States' clean water and drinking water state revolving funds for mitigation projects for drinking water and wastewater systems that reduce future risks and vulnerabilities, for example from extreme weather events. Legislative language would be necessary to target this assistance. The EPA would also provide \$10 million in State grants to fund wetland restoration and other ecosystem enhancements to assist in environmental mitigation of affected areas by Hurricane Sandy. This funding would support climate adaptation and other flood mitigation.