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NOMINATION OF JOE M. ALLBAUGH

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HEARING

before the

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON THE

NOMINATION OF JOE M. ALLBAUGH TO BE DIRECTOR OF THE FEDERAL EMERGENCY
MANAGEMENT AGENCY (FEMA)

FEBRUARY 13, 2001

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NOMINATION OF JOE M. ALLBAUGH TO BE DIRECTOR OF THE FEDERAL EMERGENCY
MANAGEMENT AGENCY (FEMA)

TUESDAY, FEBRUARY 13, 2001

U.S. Senate,
Committee on Governmental Affairs,
Washington, DC.

The Committee met, pursuant to notice, at 10:35 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Fred Thompson, Chairman of the Committee, presiding.

Present: Senators Thompson, Voinovich, Cochran, Domenici, Lieberman, Akaka, and Carnahan.

OPENING STATEMENT OF CHAIRMAN THOMPSON

Chairman Thompson. The Committee will be in order, please. This morning, we are holding a hearing to consider the nomination of Joe Allbaugh to be Director of the Federal Emergency Management Agency (FEMA). We recognize Senator Gramm and Senator Hutchison of Texas.

The Director of FEMA is one of the most important positions in government and is extremely important to the safety of the public. FEMA is the central Federal agency for emergency planning, preparedness, mitigation, response, and recovery. It works closely with State and local governments by deploying Federal resources when disaster occurs, funding emergency programs, and offering technical guidance and training to

communities nationwide.

FEMA has coordinated the expenditure of upwards of \$2.8 billion in a single year for disaster relief. Because of the nature of FEMA's mission, the Director will need to assure that we have invested in adequate capacity and resources and then manage them effectively in order to serve the expected emergency needs of the country. The agency faces a number of management challenges, such as creating a performance-based culture, strengthening internal control deficiencies, performing cost-benefit analysis of information technology investments, and better managing disaster grants. With strong leadership, I believe this agency will represent what the Federal Government does best, facilitate and coordinate assistance to communities in need of support after a natural disaster.

Mr. Allbaugh has filed responses to a biographical and financial questionnaire, answered pre-hearing questions submitted by the Committee, has had his financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made a part of the hearing record, with the exception of the financial data, which is on file and available for public inspection in the Committee's offices.

Our Committee's rules require that all witnesses at nomination hearings give their testimony under oath, so Mr. Allbaugh, would you please stand and raise your right hand.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. Allbaugh. I do.

Chairman Thompson. Thank you very much. Please be seated.

At this point, I would like to give Mr. Allbaugh an opportunity to introduce any family members that may be in the audience this morning.

Mr. Allbaugh. Thank you, Mr. Chairman and Members. I am honored today to have my bride with me of umpteen years, 16 years. I am lucky that she is here.

Senator Carnahan. You are already in trouble.

Mr. Allbaugh. I know. I am always in trouble. [Laughter.]

But Diane is at my side almost every day, every hour, and I am blessed to have her a part of my family and I am blessed to be a part of her family, as well as our kids. We are very fortunate. Thank you, sir.

Chairman Thompson. Well, thank you very much. We welcome all of you here this morning, both family and friends.

I will call on Senator Lieberman now for any opening remarks. I understand, however, that Senator Gramm has another hearing that he must attend, so we will try to get to you.

Senator Lieberman. Do you want to go ahead, Senator Gramm?

Senator Gramm. Thank you very much, Senator.

Chairman Thompson. He is the senior Senator.

Senator Lieberman. If you do, you owe me a big one.

Senator Gramm. Well, listen, I have already paid. I am introducing the man that helped keep you in the Senate. [Laughter.]

A higher and better use of your talents.

Senator Lieberman. I knew I should not have let you go forward. You have stolen my opening line.

TESTIMONY OF HON. PHIL GRAMM, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator Gramm. Mr. Chairman, I will be brief. Thank you. As you know, the Banking Committee has Alan Greenspan downstairs and everybody always wants to speak for him and what he says is sort of like the Bible.

To make a long story short, I have known Joe Allbaugh for a very long time. He is highly respected by everybody in Texas who has worked for him. As you all know, he has been our

governor's right-hand man on numerous issues, including disaster relief in Texas. The thing that has always impressed me about Joe is that when we have had disasters in Texas--as the governor's chief of staff, he has been the point man in dealing with disasters in our State--Joe has always cared enough to go out where the disaster occurred, look people in the face, and ask them what he and the governor and the State could do to help.

He is a very effective administrator: He follows up, he gets the details right. He is exactly the right person for this job, in my opinion. He is what we call in my State a ``top hand.'' He is the kind of guy you want on your side when you have something important to do, and it seems to me that this is an important function.

So I am very happy to be here and commend Joe to you. I just cannot imagine anybody who would have been a better appointment by our new President. Thank you, Mr. Chairman.

Chairman Thompson. Thank you very much. Get down there and make sure Mr. Greenspan does not change his mind.

We will now call on Senator Hutchison.

TESTIMONY OF HON. KAY BAILEY HUTCHISON, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator Hutchison. Thank you very much. I appreciate the Committee allowing us to go forward, because I think it is important to note that both Senators are here because we know Joe Allbaugh personally. We have worked with him on many issues and he brings the right experience to this job. Because of his role as the Chief of Staff for the Governor of Texas, he managed and monitored the State's responses to disasters and emergencies in Texas, and, of course, that was working very closely with FEMA. So he knows what the States need and what people need in a disaster.

I think his management skills are very well known and well regarded, and I would say that in his tenure as Chief of Staff for Governor Bush, he presided over 18 disasters. In Texas, we seem to have them all, floods, tornadoes, and hurricanes. So he has the kind of experience that I think will not only help him coordinate these emergencies, but relate to the governor's offices that are the first line of knowledge and defense for the constituents in any State.

I, too, have known him for a long time. There is not a time when I called Joe Allbaugh on something important to Texas that I did not get an immediate response and all of the information that I needed to do my job to represent my State. I think that he is totally equipped to handle this job and I think this should be one of the easiest confirmations that we have this year. Thank you, Mr. Chairman.

Chairman Thompson. Thank you very much, Senator Hutchison. I appreciate your being here, and I know you have other business, so thank you for being here with us.

Senator Lieberman.

OPENING STATEMENT OF SENATOR LIEBERMAN

Senator Lieberman. Thanks, Mr. Chairman. Good morning, Mr. Allbaugh, and congratulations on your nomination to direct FEMA. I would just repeat by reference the gratitude that Senator Gramm expressed on my behalf to you for returning me to this job that I love so much.

As you know, the Federal Emergency Management Agency is there for people when they need assistance the most, to help them prepare for and recover from major disasters that destroy their property and disrupt their lives. As such, it is one of the government's most important front-line agencies.

For the last 8 years, FEMA has been in the hands of an

extremely capable and experienced emergency manager. James Lee Witt overhauled the entire agency in its operations. He heightened FEMA's response capabilities, and in doing so, I think improved the agency's public image overall. I hope, if confirmed, that you will build on Mr. Witt's successes and also tackle some of the issues that remain.

For example, FEMA has rightly put pre-disaster prevention and preparedness at the top of its priority list, but attention now needs to be directed toward ensuring these prevention programs are accomplishing what they are meant to accomplish. The modernization of flood insurance rate maps is another important project, but here, too, funding has been a problem. Last year's modifications to FEMA's authorizing act, which put more emphasis on mitigation and require changes in FEMA's response and recovery programs, must now be properly implemented. I will say that within my own State of Connecticut, where we have had our share of flood and hurricane damage, we have called on FEMA for help and, generally speaking, the help has been there and been very important.

I do want to report to you as you begin this work that my office in Hartford has heard some complaints from constituents who were dissatisfied with the service they received from some of the claims adjustors with which FEMA has contracted. I do not know whether this is a local experience or whether it is more national, but I would urge you to take a look at it. Obviously, the destruction of home and property strikes at the heart of an individual's world, and I am sure you will agree that when disaster hits, those caught in the way need quick, efficient, and, indeed, compassionate help to put the pieces of their lives back together again.

I want to add, finally, that a number of communities in Connecticut, including Westport and Easthaven, have been selected by FEMA to participate in Project Impact, which as I am sure you know now is a pre-disaster mitigation program designed to reduce losses through preparedness. It is too early to pass judgment on this project, but I am pleased that towns in my State have been included in the effort and we look forward to working with them.

Mr. Allbaugh, I appreciate your responses to the Committee's pre-hearing questions. If confirmed, your background in State Government will be an asset as you fulfill your duty to coordinate FEMA's activities with State and local governments. I look forward to your testimony and to getting to know you better. Thank you.

Chairman Thompson. Thank you very much.

Senator Voinovich, do you have any opening comments.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator Voinovich. Thank you, Mr. Chairman. I would like to welcome you, Joe Allbaugh, to this hearing. I enjoyed our meeting together. It is always good to have someone working in the Federal Government that has got some local and State experience. As chief of staff, you had to deal with many of the emergencies that you had in the State of Texas. I think that is going to serve you in good stead because you really have had an opportunity to observe the relationship between FEMA and State agencies.

One of the things that I hope you are going to look at carefully is the emergency response capacities of the States in terms of how well they are organized. I remember when I became governor that one of the first things we did was to look and see if the counties in our State had their own emergency management capacities, and it was interesting that the ones that did when we had the floods and other things that occurred, they were able to deal with them responsibly and create partners with us and with the Federal Government.

I will never forget one that I had where no one seemed to know what was going on and we finally turned it over to the State Highway Patrol captain who was on the scene who seemed to know more about what was going on than others. So I think that is a big challenge for you to see how well these States are organized to interface with FEMA.

The other thing that we talked about was the issue of human capital, and again underscoring the fact that we know that by 2004 at least one-third of the people in your shop will be eligible to retire and another 22 percent will be eligible for early retirement. Unfortunately, you really have no time to prepare for that because you never know when you are going to get hit. It could happen tomorrow, then you are going to have to respond. So that is an issue that I know you are looking at.

As we talked earlier, you are fortunate in that of all these new applicants seeking jobs in the administration over the Internet, 10 percent of them would like to work in your agency. So it says a lot for that agency and what Mr. Witt did there and I feel very good about the fact that you are willing to come to Washington and take on this major responsibility and we look forward to working with you. Thank you, sir.

Chairman Thompson. Thank you very much.

Senator Akaka, do you have any opening comments?

OPENING STATEMENT OF SENATOR AKAKA

Senator Akaka. Thank you very much, Mr. Chairman. I want to join my colleagues in welcoming you to the Senate, Mr. Allbaugh, and also your wife, Diane.

Mr. Allbaugh. Thank you.

Senator Akaka. I also want to tell you that it was a pleasure to meet with you and to discuss your vision for FEMA.

Mr. Allbaugh. Thank you.

Senator Akaka. No one needs to remind you that you will be following the footsteps of a big man, as was mentioned. However, it is no joke when I say that your predecessor, James Witt, transformed FEMA into a top-notch organization that won the praise of those it serves, the people of America. I also, in that light, mention that we look upon you, also, as a big man coming into the job.

As you know, I represent a State that is celebrated for untold natural beauty resulting from its geographical location and geological makeup. Even so, Hawaii is vulnerable to many natural disasters--hurricanes, volcanic eruptions, tsunamis or tidal waves, torrential rains and flooding, earthquakes, and even wildfires.

FEMA has done a tremendous job in responding to Hawaii's disasters, most recently helping residents in the wake of a November storm that left some areas with over three feet of rain in a 24-hour period on the Island of Hawaii. FEMA personnel were there to help the Big Island residents cope with the \$40 million worth of damages to homes, bridges, and roads.

Helping the folks in Hawaii is just one example of FEMA's responsibilities in supporting the Nation in responding to natural disasters. FEMA also works with the States in preparing for homeland attacks and is the lead agency for disaster mitigation. As such, I urge FEMA to be in the forefront of cross-utilization of existing and emerging technologies. I commend the inter-agency cooperation, that exists and which was very clear in Hawaii's last disaster. FEMA has demonstrated through Project Impact, both of which utilize NASA satellite imaging data to help predict natural hazards and modify floodplain maps.

Along the same line, I believe it would be beneficial to the Nation if FEMA joined with the U.S. Geological Survey and the Department of the Interior in working with DoD on the Hazard Support System. This program monitors wildfires,

volcanic activity, using existing environmental and ballistic missile warning satellites. I look forward to working with you, Mr. Allbaugh, and FEMA on these issues that I believe hold so much promise for all of us.

Again, thank you for being with us this morning and I wish you well.

Mr. Allbaugh. Thank you, Senator. I appreciate it.

Chairman Thompson. Thank you very much.

Senator Cochran.

OPENING STATEMENT OF SENATOR COCHRAN

Senator Cochran. Mr. Chairman, I am glad to join others in welcoming Joe Allbaugh to our hearing this morning and congratulating him on his nomination for this job for which he is obviously very well qualified. I look forward to working closely with him as he directs this important agency in our government.

Chairman Thompson. Thank you, Senator. Thank you very much.

Senator Carnahan, I do not believe I have had the opportunity to welcome you to the Committee yet, so welcome. We are delighted to have you. Do you have any preliminary comments.

OPENING STATEMENT OF SENATOR CARNAHAN

Senator Carnahan. Thank you,, Mr. Chairman. Mr. Allbaugh, I want to welcome you to this Committee. As you know, Missourians are not unfamiliar with natural disasters. Just 8 years ago, in 1993, we experienced one of the worst natural disasters in Missouri history. Flood waters ravaged nearly every corner of our State and many hundreds of Missourians were left homeless. Countless businesses were shut down temporarily, and unfortunately, some of them for good. Damage estimates exceeded the \$1 billion mark and it took years to recover.

I can still remember watching from our residence at the governor's mansion as the water was rising day by day, breaking through the strong levees on the Missouri River, creeping over pasture land, and covering all but the rooftops of the hangars at our local airport. Ripping up the only highway into town, and spreading like an ocean onto the bluffs a couple miles away. The visual impact was overwhelming, but the hardest thing to deal with was the personal loss, the human suffering. The pain was so real and so deep.

But Missourians are a resilient and resourceful people and communities came together, first to respond and then to rebuild. Our governments at the local, State, and Federal levels worked seamlessly to provide assistance during the crisis, and then to recover for the long term. Families moved back when it was safe to do so or they moved on to higher ground when it was not. The water subsided and life did, indeed, go on.

I took so much with me from that experience. Far too much to share with you today during this hearing. But in the context of considering your nomination to head up this critical agency, the key lesson that I learned was the importance of inter-governmental cooperation. Without question, the cooperation between the various levels of government made a dramatic difference in our ability to respond. Communication was streamlined, resources flowed relatively quickly, and most important, we provided comfort to the victims who were scared and needed assurance that they would receive help.

In Missouri, we benefitted from a talented and decisive director of our State Emergency Management Agency. We also benefitted from the leadership of James Lee Witt at the Federal level. I give his tenure at FEMA high marks from the strong relationship he maintained with State directors to his focus,

mitigating the effects of disasters, and his reform of the agency. Given your background and commitment, I have every reason to believe that you will continue that same high standard.

It has been my experience that people are often critical of government, and sometimes rightly so. But in times of crisis, people naturally turn to our government for the assistance that only governments are equipped to provide. And they expect our government to respond quickly and effectively and compassionately. Your job, therefore, is extremely important. Not only will your actions impact the lives of thousands of Americans who have suffered through great tragedy, but it will also play a large role in determining the confidence and the faith that citizens have in our government.

I would like to leave with you the words of Oliver Goldsmith, who said, ``The greatest object in the universe is a good person struggling with adversity. Yet, there is still a greater one, and that is the good person who comes to relieve it.'' My best wishes to you.

Chairman Thompson. Thank you, ma'am.

Senator Domenici.

OPENING STATEMENT OF SENATOR DOMENICI

Senator Domenici. Mr. Chairman, first of all, I want to thank you for expediting these hearings. I think it is imperative that we get Joe Allbaugh in that position as quickly as possible and your hearings are going to accommodate that.

I am presiding over a Budget Committee hearing and will not be able to stay, but I would, with your concurrence, Mr. Chairman, I want to just do two things. I want to welcome you and tell you that my review of your record and my talk with you in my office would indicate to me that the President has chosen wisely. I wish you well.

Chairman Thompson. Thank you.

Senator Domenici. It is a very tough job, no question about it.

And second, everybody talks about problems they have in their State and I just want to tell you that this Congress was extremely generous and appropriated over \$600 million in extraordinary special relief to the County of Los Alamos, New Mexico, after the big fire that burned down 400 homes and did untold amount of damage to businesses and burned down a lot of our forest, etc. We did an extraordinary thing. We passed a bill certain for them. We are giving all of them damages because the Federal Government started this fire. It was a fire started by somebody running a park adjacent to Los Alamos. It was a controlled burn and done according to everyone that looked at it, improperly and it burned down about \$700 million worth of assets, homes and the like.

I am not very happy about what is happening to that project under FEMA right now. Maybe it is because James Lee Witt is gone and it is not under control, but I would ask you if you would particularly look at that from the standpoint of whether we are spending too much money on administration, whether the delays are justified in terms of coming up with the conclusions required by law. We required certain things of the agency and they have not been done yet and they only have a couple of weeks to do them, and I am kind of wondering why.

So I guess, generally, I am going to ask you or lay before you that you take a look at that with your best people in order to expedite it and see that fairness and the statutory desires and the statutory goals are met. I am sure you will do that, and it is good for me to have an opportunity to tell you about it publicly. After you are in there for a while, I would appreciate hearing from you with reference to this issue.

Mr. Allbaugh. I will be happy to do that, Senator.

Senator Domenici. And I will have a signed letter on your desk when you become the head man. It will be waiting for you there. Thank you very much.

Mr. Allbaugh. Thank you, sir.

Chairman Thompson. Thank you very much.

Mr. Allbaugh, do you have a statement that you would like to make?

TESTIMONY OF JOE M. ALLBAUGH\1\ TO BE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

Mr. Allbaugh. Mr. Chairman and Members, I do have a statement, but in the interest of time and not running the risk of wanting to offend anybody, I would prefer not to read it to you and just have it submitted, without objection, for the record.

\1\ The prepared statement of Mr. Allbaugh appears in the Appendix on page 21.

Biographical and financial information appear in the Appendix on page 24.

Pre-hearing questions and responses appear in the Appendix on pages 33

Post-hearing questions and responses appear in the Appendix on pages 47.

Chairman Thompson. It will be part of the record.

Mr. Allbaugh. I would like to make a few comments, though, if you do not mind. First, I would like to thank Senators Gramm and Hutchison. Texas could not be represented by two finer individuals. I am honored that they came this morning to introduce me.

Second, the President nominated me to this position because of our close relationship over the last 7 years. Then-Governor Bush and I, his chief of staff, worked diligently in handling nine Presidential disaster declarations during that time period. I know firsthand that it is very important for State Governments as well as the Federal Government to act swiftly, as Senator Carnahan said, with the full resources that are available at our disposal.

Based upon our relationship and knowing exactly the kind of information that the President will need to make disaster decisions, I believe I am well suited for this job. It is a good fit. I am a doer. I consider the agency a doing agency and I am honored to have been nominated.

Many people have alluded to James Lee Witt this morning. I was very fortunate to get to know James Lee Witt when I was the Chief of Staff for Governor Bush. He was the FEMA Director, as you know, and he did an outstanding job. I think the country owes him a debt of gratitude for his service over the last 8 years.

Last, I would like to thank the Committee, also, for making time for me to appear this morning, and for your staff's work in preparation for this hearing. I would be happy to entertain any questions, should you have any.

Chairman Thompson. All right. Thank you very much. As I indicated earlier, the Committee submitted some substantive pre-hearing questions to the nominee and the nominee has also met with Committee staff to discuss a variety of issues of Congressional interest regarding FEMA. Your written responses to the questions will be made a part of the record

I will start my questioning with questions we ask of all nominees. Is there anything that you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. Allbaugh. No, sir.

Chairman Thompson. Do you know of anything personal or

otherwise that would in any way prevent you from fully and honorably discharging the responsibilities as the Director of FEMA?

Mr. Allbaugh. No, sir.

Chairman Thompson. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted Committee of Congress if you are confirmed?

Mr. Allbaugh. I do.

Chairman Thompson. All right. Thank you very much.

I think that you can see from the fact that we have several Senators here this morning at your confirmation hearing, which is not always the case, your area is where we really live, so many of us. I was noticing Tennessee has had five tornados during the last 6 years, in addition to other problems. So many of us know that at one time or another we are going to have to work with you. That may not be good news for you, but it is important to us, and I am sure several people will have questions concerning those activities.

I want to concentrate on something a little bit different regarding this Committee's responsibility which has to do with some of the management issues that we face. On the Results Act issue, have you become somewhat familiar with the Results Act--

--

Mr. Allbaugh. Somewhat, sir.

Chairman Thompson [continuing]. And the fact that what we are trying to do nowadays is try to get departments and agencies to plan for results, to plan for outputs instead of just inputs, and to figure out ways in which we can measure those things and report them every year. FEMA has received high marks recently for its renewed emphasis on management. In a recent report, the Mercada Center wrote that, ``the experience of the Federal Emergency Management Agency confirms that it is possible for a Federal agency to achieve major improvements in both performance and cost effectiveness. Such achievements resulted not from a single silver bullet but from a collection of management actions that transformed a bureaucratic process-driven organization into a responsive result-driven organization.''

The Mercada Center attributes this change largely to the performance-based management that is now in place at FEMA. I take it that you plan to sustain this management improvement and maintain the organization's role as a model for other agencies. We spend an awful lot of time criticizing an awful lot of agencies--the high-risk list and failure to comply with the Results Act and so forth. FEMA is one of the few bright spots, frankly, that I have seen lately. But again, that is mixed news to you. You have something that you have to live up to and then build on, and I take it that you understand that and plan to renew the commitment to the implementation of the Results Act.

Mr. Allbaugh. I do, indeed. It is my understanding that FEMA in recent years has made great strides in the area of accountability. I am one that is a stickler for accountability. I like to align responsibility with authority, and quite frankly, the person that I would hold most responsible for that right off the bat would be myself. I will measure up or muster out, as they say. I know that the agency has come a great distance and has received high marks and I would like to review that act and continue that policy.

Chairman Thompson. I think the key to good results, as proven by other agencies, too, is accountability--you put somebody on it who is primarily responsible for it under you who is good at it and that you hold them accountable and that you become accountable yourself.

There is another area where the news is not quite as good. As you know, FEMA relies heavily on information technology to

meet its operational goals. In fact, all agencies, of course, rely more and more on it. Earlier this year, we conducted a review of Federal agency compliance with the Clinger-Cohen Act and found that many agencies were not complying with the law and were not conducting cost-benefit analysis before investing in computer systems, and as you know, FEMA relies heavily upon computers to provide services to disaster victims. Yet FEMA sometimes seems to be making less than a full attempt to comply with this information technology law.

In fact, the report that we commissioned found that FEMA does not have a capital planning and investment process in place, which is required by the Clinger-Cohen, and, therefore, it is not conducting cost-benefit analysis before investing in its computer systems. Will you take a look at that and make a renewed commitment? This is an area where you can show, I think, marked improvement.

Mr. Allbaugh. I will be happy to take a look at it. I am not familiar with the specifics, but I know IT all across the world is an important component of our survival these days and I will report back to you as soon as I can.

Chairman Thompson. All right. I would appreciate that, because we are a little behind the curve in that area.

Finally, more than 28 government agencies are involved in some aspect of the response and recovery phases of disaster response recovery. Some of those include the Department of Treasury, Department of Health and Human Services, Department of Housing and Urban Development, and others. Many times, the coordination between and among these agencies is not efficient or effective. Everybody looks to FEMA, but as you know, there are a lot of cooks in the kitchen sometimes.

How would you characterize the inter-agency coordination as you see it and are there phases--as you know, there are basically four phases, preparedness, response, recovery, and mitigation--for which you believe the need for coordination is more significant?

Mr. Allbaugh. I would imagine that there is always room for improvement from top to bottom and across the lines of authority among all the agencies. I would take the initiative myself to reach out to those agencies and make sure that there is a two-way dialogue and ongoing constant communication among those agencies so there would be in time of need close cooperation for those resources that we will call upon.

I am not particularly familiar with how the structure works right at the moment, but I can assure you I will get my teeth right into it as soon as I have the ability to get over there and I will also report back on that coordination.

Chairman Thompson. I appreciate that.

Senator Lieberman.

Senator Lieberman. Thanks, Mr. Chairman.

Mr. Allbaugh, let me indicate that two of my colleagues who are unable to be here this morning, Senator Levin and Senator Torricelli, will have post-hearing questions for you. Senator Levin has already given his to me and we will convey them to the folks who are working with you. Senator Torricelli said that he would have his this afternoon and we will get those to you as quickly as possible.

Mr. Allbaugh. Yes, sir.

Senator Lieberman. I would appreciate as quick a response as you can.

Mr. Allbaugh. You bet.

Senator Lieberman. Mr. Allbaugh, I think you know that there is a lawsuit in Texas which has raised some controversy and questions which some have directed toward your nomination and I wanted to ask you some questions about it here. I know the Committee has asked you some before the hearing, and I appreciate your cooperation in answering those, but I think it is important to get some questions and answers on the record.

For the record, as I am sure you know, a lawsuit is pending in Texas regarding an investigation by the Texas Funeral Services Commission into the activities of a major funeral home corporation called Service Corporation International, SCI. The lawsuit alleges that the Executive Director of the Funeral Commission, Ms. Eliza May, was wrongfully terminated because of her role in the investigation of SCI, the funeral corporation. Some of the allegations in this lawsuit involve incidents that occurred during meetings and conversations in which you were involved as Governor Bush's Chief of Staff.

I want to ask you a few questions about that now and I am going to be as direct as possible. Did you ever try, as is alleged, to stop the Funeral Service Commission investigation of SCI and its related entities from going forward?

Mr. Allbaugh. No, sir, I did not.

Senator Lieberman. If you want to add any more as we go on, I invite that, but I will go through the questions. Did you ever limit or try to limit the scope of the records or other materials that the Texas Funeral Services Commission was seeking from SCI or its related entities as part of this investigation?

Mr. Allbaugh. No, sir, I did not.

Senator Lieberman. Did you ever speak to Ms. May about this investigation or related events in a threatening manner?

Mr. Allbaugh. No, sir, I did not. I invited her to my office, as I did with a lot of executive directors as a part of my role as chief of staff and we had a conversation, albeit a brief conversation, but I would not do any such thing.

Senator Lieberman. Have your actions in this matter ever been the subject of any ethics, criminal, or similar type of investigation?

Mr. Allbaugh. No, sir, they have not.

Senator Lieberman. And I understand that though you were mentioned in the lawsuit, you are not a named defendant in the lawsuit, is that correct?

Mr. Allbaugh. That is my understanding, as well.

Senator Lieberman. Let me ask you, finally, having asked those specific questions, if you would now, just for the record, to the best of your recollection, state the nature of your involvement in the situation in the case that is the basis for the lawsuit that I have mentioned.

Mr. Allbaugh. I was asked by a State Senator from Houston to facilitate a meeting, actually, attend a meeting he was having on a Friday, I believe, about 3 years ago. He had invited representatives from the Texas Funeral Commission and SCI to be in attendance. I told him I could not be in attendance. In another part of the building, I was due to do some things with Governor Bush and I could not leave. But I offered up my office as a place to host the meeting. Everyone congregated. I turned to Senator Whitmire, who was the Senator who asked for the meeting, and I basically said, the show is yours.

Senator Lieberman. Let me interrupt just for a moment. Do I understand correctly that Senator Whitmire asked for the meeting because he was concerned about the way in which the Funeral Services Commission was going after SCI?

Mr. Allbaugh. The way he explained it to me was that there were numerous documents that the Texas Funeral Service Commission was after, and his constituents, SCI, were curious in trying to figure out exactly what documents the Texas Funeral Commission were after. That was the purpose of the meeting, to try to bring some conclusion and finality as to what they were after. I saw my role, quite frankly, no more than a facilitator, which is something I did with great regularity as the chief of staff when there were two parties that had differing opinions about things.

Senator Lieberman. And what happened at the meeting?

Mr. Allbaugh. Probably 10, 12, or 15 people showed up. It seemed like forever, and I brought the meeting to closure by asking the Chairman of the Funeral Services Commission, who was present, Dick McNeil, and his staff to ultimately provide a list of materials that they were interested in obtaining from SCI. They agreed to do that. They provided that later in the afternoon after the meeting adjourned and that was the end of it.

Senator Lieberman. Did you have any further contact with the matter after that?

Mr. Allbaugh. I called the executive director, which was normal course of business for me, to set up a meeting. I noticed in the larger meeting with everyone present, she was not really participating and it was a clear signal to me that there might be something that this office needed to know about, the governor's office. So I asked for a private meeting. She came over and there was not really anything that she shared with me. That was the end of the meeting and that was the last time I spoke with her.

Senator Lieberman. And the tenor, the mood of that meeting was business-like and----

Mr. Allbaugh. It was business-like, short, sweet, to the point. Actually, she was non-participatory in any questions that I asked except that she alluded to the fact that there were several death threats against members of the commission and I suggested to her that we needed that information as quickly as possible to turn it over to the proper authorities, the Texas Public Safety Department, and the Texas Rangers----

Senator Lieberman. Based on this case, she said----

Mr. Allbaugh. I beg your pardon?

Senator Lieberman. In her opinion, the death threats were related to the investigation of SCI?

Mr. Allbaugh. That was her opinion, and I needed that information to turn over to the proper authorities, the Texas Rangers, for investigation.

Senator Lieberman. Did she ever provide you with that information?

Mr. Allbaugh. Sir, she did not.

Senator Lieberman. And that was Ms. May, I gather?

Mr. Allbaugh. Yes, sir.

Senator Lieberman. And after that meeting, did you have further involvement in this matter?

Mr. Allbaugh. Only one additional meeting. Chairman Dick McNeil dropped by at his request to bring me an update as to the status of things and that was my last involvement with this entire issue.

Senator Lieberman. To the best of your recollection, what was the nature of the investigation and how did it conclude?

Mr. Allbaugh. I believe there was a fine involved, which has been appealed, and I really do not know that it has been brought to closure, quite frankly.

Senator Lieberman. But the basic nature of the investigation, presumably, was that there had been complaints against the funeral home or the----

Mr. Allbaugh. As I understand it, there were complaints against SCI for some type of educational practices. I really do not know any more than that, and the basis for the investigation by the Texas Funeral Commission was to get at the core of those complaints.

Senator Lieberman. Is it a fact, to the best of your knowledge, that Ms. May was sometime thereafter terminated as Executive Director of the Funeral Services Commission?

Mr. Allbaugh. That is my understanding. I read about it in the Austin American Statesman.

Senator Lieberman. Right. I am tempted to ask you whether you believe everything you read in the Austin American Statesman.

Mr. Allbaugh. Parts.

Senator Lieberman. Do you remember how soon after, generally speaking, this series of events regarding SCI that Ms. May was terminated?

Mr. Allbaugh. I want to say 5 or 6 months. I do not exactly know. My meeting with Ms. May was in August 1998 and I think she was terminated in early 1999.

Senator Lieberman. Did you have any involvement in the commission's decisions that led to her termination?

Mr. Allbaugh. None whatsoever.

Senator Lieberman. So that what you are testifying today is that the first time you heard about it was, to the best of your recollection, when you read about it in the newspaper?

Mr. Allbaugh. That is exactly what I would say. The first time I ever heard about her dismissal was reading about it in the newspaper.

Senator Lieberman. Fine. Thanks, Mr. Allbaugh. I do not have any further questions about that. I believe some of my colleagues in some of the post-hearing questions may.

Mr. Allbaugh. Sure.

Senator Lieberman. Let me step back now from that and ask you an open-ended question about the position for which you have been nominated, and I understand that you have had experience with FEMA from the State level. Coming in, what would you say are the biggest challenges that are facing FEMA today? What kind of priorities do you have as you contemplate beginning this work?

Mr. Allbaugh. I think the biggest challenge is proper training. There is nothing in the world that can replace experience other than experience. Being prepared is probably its most important goal at FEMA, to handle disasters as they arise. An ongoing, aggressive training program, not only at the national level but at the State level, would be one of my top priorities. I know there is close coordination right now, but I believe there probably needs to be a little more attention paid to training.

Senator Lieberman. OK. The State emergency management directors in the Northeast have raised a concern regarding the costs that State and local jurisdictions incur in conducting rescue and recovery operations after a major rail or aircraft disaster is what they are thinking of here. A number of these accidents have occurred in recent years, such as the TWA Flight 800 and Egyptian Air Flight 990, and while the Federal Government has eventually reimbursed those expenses, this repayment has usually only come months later through a special Congressional appropriation. There is no regularized process under which disaster assistance is provided to States or municipalities handling these accidents. I am sure you are aware of that. Unfortunately, this can be a real burden for a small government that counts on that money to pay local expenses.

I note that FEMA's jurisdiction does not now include rail or aircraft accidents as major disasters, which would allow States to apply for this assistance. I do not know if you have ever given this any thought, but I wonder, if you are confirmed, would you be open to working with the States and local governments to finding a solution to this problem either through an expansion of FEMA's jurisdiction or some other means?

Mr. Allbaugh. I am not familiar with any particular rail or air disaster, Senator, but I would be happy to take a look at the issue, if confirmed and when confirmed, and report back to you as soon as I could and see what we might be able to work out insofar as expanding FEMA's focus, if necessary.

Senator Lieberman. Fine. The final question is really one that I would bring to your attention, and I doubt that you have had a chance to think about it, but it may be coming in your

direction. If you have any first reactions to it, I would welcome them.

A few weeks ago, a blue ribbon panel chaired by former Senators Gary Hart and Warren Rudman issued a draft final report, and this was about national security threats we are going to face and how to best deal with them. I want to quote from one of their findings. ``The combination of unconventional weapons proliferation with the persistence of international terrorism will end the relative invulnerability of the American homeland to catastrophic attack. A direct attack against American citizens on American soil is likely over the next quarter century,' ' from the Hart-Rudman Commission.

The report raises the concern that our Nation has no coherent or integrated governmental structures to prepare for the possibility of such an attack and suggests the formation of a new agency that would have responsibility for planning, coordinating, and protecting our citizens and our critical infrastructure. Now, naturally, some of these concerns are not dissimilar to what FEMA does now, although FEMA's work is, of course, related to natural disasters.

I wonder if you have any first thoughts on the commission's alarm, and if not, I understand, of course, and I urge you to think about it and, if you are confirmed, get involved in the governmental response to this concern because I think it is real.

Mr. Allbaugh. The only thoughts I would have is that I am familiar with the report, the Hart-Rudman report, as well as the Gilmore Commission reports, and I share your concern as well as many others on the threat of domestic terrorism. There has to be an apparatus where there is an authority, an entity that is ultimately responsible for implementation at the appropriate time and I would love to have some time to review those reports and respond back to you, Senator.

Senator Lieberman. I would appreciate that. Thank you very much.

Mr. Allbaugh. Thank you.

Senator Lieberman. Thank you, Mr. Chairman.

Chairman Thompson. Thank you. Senator Cochran.

Senator Cochran. Mr. Allbaugh, I noticed when you mentioned one of your high priorities would be improved training of personnel at FEMA, and I applaud you for that because if some experiences that we have had in my State between the Federal staff of FEMA and local officials. There have been misunderstandings. Some local officials have reported that depending on who they talked with at the Federal agency, conflicting information about the assistance FEMA would provide for the repair of damaged structures, public buildings, and roads and bridges--following a federally-approved disaster--was given.

I hope that you will follow through with that priority because I think there can be improvements made in the way the Federal staff interact with local officials to try to keep misunderstandings to a minimum. I know there are bound to be some, and human error is going to happen from time to time. But this has been a problem that I have had brought to my attention in my State and wonder how you plan to go about trying to minimize that difficulty in the future.

Mr. Allbaugh. Well, I agree with you, Senator. There will always be mistakes made and the name of the game is to minimize mistakes. So the best way to keep those misinformation items to a minimum is a two-way dialogue between the States and FEMA, whether it is at the regional office or at the national office, and I would work hard to achieve that.

Senator Cochran. One thing that has been created is a new program, the Firefighters Assistance Grant Program, that would provide some Federal assistance for local governments and communities for emergency equipment and vehicles, firefighting

equipment in particular, and the funding is going to be made available, as I understand the new law and new appropriations language, through the U.S. Fire Administration. I noticed in your opening statement, which we have accepted for the record, you mentioned improving the administrative strength of the U.S. Fire Administration. Is this an agency that comes directly under FEMA? How would you interact with that agency?

Mr. Allbaugh. It is my understanding it does.

Senator Cochran. One of the things that we hope will be done is that those communities that would like to have the benefit of this program can look forward to early action by the administration to make available these new items of equipment for firefighting and, through training and response programs, help communities prepare to minimize the damage from natural disasters., I commend you for your making a point to emphasize the enhancement of the capabilities of the U.S. Fire Administration. I wish you well in that.

Mr. Allbaugh. Thank you, sir.

Senator Cochran. And if you need any additional funds for that, let us know about that. I hear that OMB is going through the budget request and making it pretty hard on anyone looking for additional funds, and may be looking to rescind some funds that have been previously appropriated. I hope you will weigh in real hard to try to keep any cuts from occurring in the U.S. Fire Administration's program that would benefit local communities.

Mr. Allbaugh. I will be happy to look into that.

Senator Cochran. My last question has to do with flood zones and mapping. FEMA has a special responsibility in this area, maintaining and updating flood maps to identify areas and communities that are in a flood zone which would require certain flood insurance protection of local owners of property. This program has generally been beneficial in our State, but some have been put at a disadvantage financially when they buy a house, for example, that was not in a flood zone but then the new map comes out and it shows that it is in a flood zone and the property values decline. The requirements for insurance purchases impose new financial obligations.

The reason I bring this up is because there is still a lot of mapping that is yet to be done and completed, and in a lot of areas of the country, this has been slow in being finalized. So I hope that you will be able, as the new administrator, to give a higher priority to completing these flood maps so that people who are worried about what their future is and how their property values are going to be affected will get some expeditious attention and we can see that program completed at an early date.

Mr. Allbaugh. The program will be a high priority for me.

Senator Cochran. Thank you very much. Thanks, Mr. Chairman. Chairman Thompson. Thank you. Senator Akaka.

Senator Akaka. Thank you very much, Mr. Chairman.

Before I go on with my questions, I want to thank you, Mr. Allbaugh, for your responses to questions regarding the Texas State Funeral Commission.

As Senator Lieberman mentioned, there have been many recent proposals to reorganize the Federal agencies with respect to national preparedness and terrorism response. These include establishing a new executive office for combatting terrorism and creating a special assistant for homeland issues on the staff of the Vice President or a new cabinet-level position.

The Hart-Rudman Commission proposes building a National Homeland Security Agency upon the capabilities of FEMA, an agency they recognize as performing well in recent years, especially in response to national disasters. The new agency would retain and strengthen FEMA as a core element of its organizational structure. Finally, to fully complement the different activities that a National Homeland Security Agency

would need to perform, the commission recommends transferring the Customs Service, Border Patrol, and Coast Guard to the new agency while preserving them as distinct entities.

How do you think that such a restructuring would take place and potentially affect FEMA as a whole, especially the non-national preparedness activities of FEMA, such as flood plain mapping and national hazards research?

Mr. Allbaugh. I am not sure that I know enough to comment intelligently about the creation of a new agency, Senator. I would love to get my arms around that particular subject and study Hart-Rudman a little bit longer, quite frankly, before I respond to you, but I would be happy to get back to you as soon as I do that.

Senator Akaka. Thank you. We would certainly like to hear from you on that.

I would like to discuss biological threats in a little more detail because of the special issues they present. Unlike other terrorist attacks, a biological weapon threat is not finite or overt. It may take days or weeks before the health care community realizes that there is a problem and even longer before the source of the event, whether natural epidemic or bioweapon, is known.

FEMA's Rapid Response Information System is a good start in getting Federal, State, and local emergency responders prepared for responding to a weapon of mass destruction event. However, attending physicians and nurses are not typical emergency respondents. According to a presentation at a recent bioterrorism conference, there are too few doctors aware of the bioweapons threat and fewer hospital administrators willing to implement programs to prepare for what they perceive to be a very unlikely event.

My question to you is, how can FEMA improve awareness among these health care providers?

Mr. Allbaugh. Senator, there is an opportunity to reach out to the professionals who know this area better than anyone else and I would look to include them in an ongoing dialogue with FEMA if I am confirmed. Additionally, you should know, I spoke with Senator Mikulski earlier in the week about this particular subject. It is a high priority for her, as well, and I would like to be in a position to respond to both you and Senator Mikulski at the appropriate time on this subject.

Senator Akaka. Thank you very much, Mr. Chairman. Thank you, Mr. Allbaugh.

Chairman Thompson. Thank you very much.

As Senator Lieberman said, there will be written questions submitted. Perhaps we can get those in by the end of the day. Senator Lieberman, do you think that is a possibility?

Senator Lieberman. That is my hope, Mr. Chairman. I have Senator Levin's now and Senator Torricelli has indicated he would have his in to us by this afternoon. We will get them right to you.

Chairman Thompson. The quicker you turn that around, the quicker we can operate.

Senator Lieberman, do you have any further questions?

Senator Lieberman. I do not, Mr. Chairman. I thank the witness.

Chairman Thompson. I thank the witness. I appreciate the hearing today. We will move on your nomination as soon as we can, and good luck to you.

Mr. Allbaugh. Thank you, Mr. Chairman. Thank you, Senators. I look forward to working with all of you.

Senator Lieberman. Thank you.

Chairman Thompson. Thank you very much. We are adjourned.

[Whereupon, at 11:35 a.m., the Committee was adjourned.]

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