

**Statement by Joseph C. Becker
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House Ways and Means Subcommittee on Oversight

Chairman Ramstad, Congressman Lewis, and Members of the Committees, thank you for providing me the opportunity to provide testimony on behalf of the American Red Cross.

By any measure, this was the most significant level of human need the Red Cross has ever faced in its 125-year history, and it was our most challenging operation, too. The organization's capacity to meet the needs of our citizens has never been tested in a magnitude such as that presented by Hurricane Katrina. In fact, it was nearly 20 times larger than anything we had ever faced before.

I thank the Committee for holding this hearing today to address the ways the nonprofit sector responded to Hurricane Katrina. After each major disaster response is concluded, the American Red Cross carefully examines its response retroactively to determine what worked well. More importantly, we always try to identify areas where we could improve our response and operation in the future.

There is much to be learned from this disaster – lessons that will help us improve our response to future disasters. However, I would like to state up front that given the remarkable demands that we faced, the entire nonprofit sector, supported by the incredible generosity of the American public, rose to the occasion and provided care and comfort to millions of people who had no place to turn. As the person responsible for directing the response on behalf of the Red Cross, I am extremely grateful to our sister organizations including the Salvation Army, the United Way, the Southern Baptists, Catholic Charities, the NAACP, the American Psychological Association, and myriad other voluntary agencies, large and small. The American public and our corporate donors were an integral element of our response, along with the more than 200,000 Red Cross volunteers who have given their time and talent so tirelessly. We could not do the work that we perform without all of this support and the support of Congress, and it is with my gratitude that I present this testimony before the Committee today.

About the American Red Cross

For more than 124 years, the mission of the American Red Cross has been to help Americans prevent, prepare for, and respond to emergencies. In 1905, Congress chartered the American Red Cross to provide a system of disaster response and to mitigate suffering caused by disaster. We continue to meet this mandate today. We have a long and proven track record of immediate response to major disasters, both natural and man made. In towns and cities across the United States, the American Red Cross has responded to more than 72,000 disasters in the past year, ranging from residential house fires to the devastating hurricanes that struck the Gulf Coast. At the same time, the Red Cross continues to aggressively prepare for the possibility of another terrorist attack on American soil, the threat of a pandemic flu and, of course, we share the unenviable task faced by all disaster response organizations of standing prepared to respond to

novel and unexpected disasters that we may have never seen or imagined until the moment they strike.

Governed by volunteers and supported by community donations, the Red Cross is a network of more than 800 chapters, eight regional service areas, and 35 Blood Services regions dedicated to saving lives. Comprising more than one million volunteers and more than 30,000 employees, the Red Cross trained nearly 11 million people in lifesaving skills during the past calendar year alone and keeps U.S. military families connected worldwide. The Red Cross is the largest supplier of blood and blood products to more than 3,000 hospitals across the nation and also assists victims of international disasters and conflicts at locations worldwide.

The Red Cross provides a unique community-based network to support all-hazard preparedness in your districts, to your constituents, each and every day. As an integral member of the first response community with expertise in meeting the human needs associated with disasters, we are integrated into state and local government agency disaster planning exercises and response efforts. We partner with local, state, and federal governments to provide emergency shelter, food, and health and mental health services as well as short-term financial assistance to address basic human needs.

In addition, the Red Cross has the unique role of being the only nongovernmental organization assigned Primary Agency responsibilities under the National Response Plan (NRP). Upon activation of the NRP, the Red Cross serves as the Primary Agency under Emergency Support Function (ESF) #6, Mass Care (provision of food, shelter, emergency first aid, disaster welfare information, and bulk distribution of emergency relief items). The Red Cross also serves as a Support Agency to the Department of Health and Human Services for Public Health and Medical Services (ESF #8), providing blood in coordination with the American Association of Blood Banks (AABB) Inter-organizational Task Force on Domestic Disasters and Acts of Terrorism, mental health services, and disaster health services. In addition, we have undertaken an expanded function under the NRP within external affairs (ESF #15) to help disseminate accurate and timely information to those affected during an incident to help better protect themselves. Ultimately, our activities in the NRP focus on meeting the human needs associated with disasters.

Response to Hurricane Katrina

For the American Red Cross, and for the country, Hurricane Katrina is a watershed moment in our history. Hurricane Katrina produced human needs exceeding those presented by all previous natural disasters in this country, including the Johnstown Flood in 1882, the San Francisco Earthquake in 1906, the Spanish Flu epidemic in 1918, Hurricanes Camille and Andrew, or manmade events such as the Oklahoma City Bombings in 1995 and the tragedy of September 11, 2001. The needs created by Hurricane Katrina exceeded even those posed by the four back-to-back hurricanes last year. Each of these are major incidents that tested the organization and served as a benchmark moving forward. Now, Katrina will do the same.

The moment the levees gave way in New Orleans, we knew that this response and recovery operation would test our capacity as an organization. Yet even as the waters rose and more people fled, none of us could have envisioned the sheer scale of the catastrophe.

In order for me to put this in perspective, I want to spend just a moment looking back on Hurricane Season 2004. The state of Florida was slammed with four back-to-back hurricanes. To date, it had been our largest response to a natural disaster. We provided 519,000 shelter nights, gave approximately 73,000 families financial assistance, and provided close to 16.5 million meals and snacks to victims and emergency workers. In the end, the organization spent roughly \$130 million.

Yet, all this pales in comparison to our response efforts for Katrina and Rita. In response to these two storms, the Red Cross has provided 3.42 million overnight stays in nearly 1,100 shelters across 27 states and the District of Columbia. We have given more than 1.2 million families emergency financial assistance. The Red Cross, in coordination with the Southern Baptist Convention, has served more than 27.4 million hot meals and 25.2 million snacks to hurricane survivors to date. The Red Cross will spend in excess of \$2 billion in our response to Hurricanes Katrina and Rita.

But while the challenges were immense, and the circumstances were difficult, the Red Cross persisted, and continues to persist, because of our tireless volunteers. Almost 220,000 trained Red Cross disaster services workers from all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands have given their talents and time to respond to those in need because of Hurricanes Katrina and Rita. This may be the largest mobilization of Americans helping each other in our nation's history. It is because of their selfless work that we have managed to do the work that we do.

Even before Hurricane Katrina made landfall, the American Red Cross was preparing for what proved to be the costliest storm in U.S. history. In addition to strongly urging coastal residents to take action by developing a family communication plan, making plans to evacuate, and preparing a disaster supply kit, the American Red Cross was also launching our largest mobilization effort in the organization's 124-year history.

The American Red Cross mobilized on all fronts and moved before the storm hit. Local Red Cross chapters opened shelters for thousands of residents who heeded evacuation orders. Thousands of Red Cross staff and volunteers were pre-deployed to safe areas, waiting for the storm to pass so they could begin to respond to the needs following the threat. In addition, nearly the entire Red Cross fleet of emergency response vehicles (ERVs) was sent to the Gulf Coast before and just after landfall. We also pre-positioned mobile kitchens prepared to provide 500,000 meals a day, food and supplies, and necessary technology, and we rented 1,000 box trucks to feed and deliver supplies in communities. We knew this was going to be big.

We set up shelters in Louisiana and surrounding states. As those affected were evacuated or fled to virtually every state, we mobilized our entire organization and extended our services across the nation. From California to Maine, our chapters sheltered, fed, counseled, and assisted the tens of thousands of evacuees relocated to distant places and worked with local communities to welcome them and meet their needs.

And while we faced a number of challenges, our basic services were solid. As soon as the storm

passed, we began to set up our feeding kitchens, opened additional shelters, and started to increase the services to provide immediate care for the survivors of Hurricane Katrina. With our partners, the Southern Baptists, we served 300,000 meals on the third day of the response and peaked at 995,000 meals in a single day. The largest number of meals we had ever provided in a single day prior to this was 280,000, which was in response to the four hurricanes last year.

Partnerships

With 824 chapters nationwide, the Red Cross has an infrastructure that allows us to respond quickly to disasters. Similar to former House Speaker Tip O’Neill’s observation of politics, all disasters are local. It is at the community level that victims are sheltered, fed, provided with mental health counseling, and offered emergency financial assistance. However, even in small-scale disasters such as residential house fires, the American Red Cross does not respond alone. Partnerships are tantamount to our meeting our mission, and in chapters across the country, local partnerships help to ensure that those in need receive assistance.

The importance of partnerships in disaster response cannot be overstated. Because of the scale and magnitude of this disaster, the American Red Cross early on called on all of its partners to provide assistance to those in need. The response to Hurricanes Katrina, Rita, and Wilma required collaboration at every level of government, and full engagement of the entire charitable sector, the faith community, and the American public.

There has never been a response that has required as much coordination among the nonprofit sector. From the start, the Red Cross coordinated efforts with other nongovernmental organizations at all levels. At our National Headquarters, a group of national service providers worked together for days to plan service delivery strategy. Red Crossers were busy in county and state emergency operations centers working with our partner organizations to coordinate response, logistics, resources, and staff. And on the ground, our chapters had partnerships in place to ensure that the local communities were responding in a collaborative manner.

We also partnered around fundraising activities. We knew this response was going to involve the entire charitable sector, including the faith community. While the Red Cross does not provide direct funding to other charities, we wanted to do our part to ensure that their messages were received as well. For example, during the first week in October, representatives from the Salvation Army and the United Way joined us for a day-long donor trip in Gulfport and Biloxi led by our Red Cross Chairman, Bonnie McElveen-Hunter. Also participating were representatives from several major foundations, some of whom had requested an opportunity to meet with our nonprofit partners.

One of the significant lessons learned is that partnerships are much more effective when formed well in advance of a disaster. Because of the enormity of the crisis and speed required in response, it is difficult for organizations new to the response environment to be quickly assimilated into county or parish planning and operations in the midst of responding to a disaster. The Red Cross has a number of agreements in place with other organizations that delineate roles and responsibilities when disaster strikes. During Hurricane Katrina, those partnerships worked and worked well. And while we have received some criticism from other NGOs for not coordinating with their organizations after Katrina made landfall, we seek out their partnership

going forward. We are grateful for the work that all organizations did to respond to the millions of people in need, and that is why we recommended that the Federal government provide reimbursement to groups that stepped forward to provide sheltering and feeding operations. There is no ownership here – local charities and the faith community performed vital and necessary work during this disaster.

Diverse Communities

The American Red Cross historically deals with the most vulnerable citizens in our society. Issues of poverty, race, physical and mental disability, and cultural differences are not new to our organization. It is an unfortunate fact that in our society, disasters have the most profound impact on the most vulnerable residents in communities.

In an effort to learn how we can serve more effectively, we have already undergone some evaluation regarding coordination and partnerships, particularly among organizations that represent communities of color and the disabled. While we have made tremendous efforts to reach out to minority and disabled communities for volunteers, staff, and donors, we are acutely aware that there is much work to be done.

Congressional Black Caucus Chairman Mel Watt and other Members of the CBC were among the first group of lawmakers we met with following Katrina's landfall. We have worked with the Caucus in the past and knew how important they would be in keeping vital lines of communication open and guiding us as issues and challenges arose. The weekend following landfall, our President and CEO, Marty Evans, and Board of Governors member Gina Adams hosted a trip to Baton Rouge and Houston for Members of the Caucus to begin to challenge difficult issues. Our partnership with the CBC proved instrumental in easing tensions and addressing needs, and we thank them for their work and leadership through the entire response. We are also grateful to Reverend Jesse Jackson for his help in coordinating with the faith community. We met with Reverend Jackson, CBC leadership, and leaders in the faith community in Memphis to better coordinate efforts. Additionally, Congresswoman Sheila Jackson Lee was of tremendous help in coordinating sheltering efforts in Houston, where an estimated 250,000 hurricane survivors and evacuees were relocated.

Challenges and Criticisms

Hurricane Katrina was a disaster of epic proportions and posed unprecedented challenges. The affected area compares to the size of Great Britain, devastating the lives of among the most vulnerable people in America. Not only were there geographical challenges, there were severe socio-economic challenges. In so many circumstances, we were providing care for those who needed assistance even before they were affected by Katrina.

Although American Red Cross services were available throughout the affected area on an enormous scale, we fell short of being universally present everywhere there was a need. Nevertheless, we moved as rapidly as possible to provide services in those areas that we could not immediately reach or, in some cases, were unaware of.

We knew this was not going to be a traditional response. During traditional responses, the American Red Cross provides direct services, often door-to-door, to disaster victims. Red

Crossers are among the first on the scene, providing shelter, meals, and helping local victims that cannot be reached by their loved ones. Yet this storm, and the response to it, was not traditional.

Given the number of people in need, our response was geared toward places that we knew we could get to immediately and places where we knew people were congregated. It was our goal to reach the greatest number of people with the most possible speed. Throughout this process, Red Crossers endeavored to work with local community-based organizations and faith based groups to reach the most people.

One of the hard truths about Katrina is that our country was not prepared. Of equal concern moving forward is that even with the devastation wrought by Katrina, a recent report released by Professor Paul C. Light of New York University indicates that Americans still do not feel compelled to prepare for disaster. This is a vexing challenge for those of us in disaster services.

While there were many successful partnerships, there were also significant voids that needed to be filled. A large number of spontaneous shelters sprang up. Most were churches that opened their doors to provide shelter for those in need. Early on, we had difficulty learning of and coordinating efforts with these wonderful groups.

There were a number of questions regarding why we did not re-enter the City of New Orleans. The American Red Cross of Southeast Louisiana, located in the City of New Orleans, heeded the evacuation order called for by local authorities. The chapter relocated to the town of Covington, located on the north side of Lake Pontchartrain. Our service delivery in New Orleans differed from that provided to other affected areas in Alabama, Louisiana, and Mississippi. Under the Louisiana State Plan, if a Category 3 or higher storm is headed for Louisiana, 23 parishes, including Orleans Parish, are to begin an evacuation inland. The inland parishes, in cooperation with state agencies and the American Red Cross, are to shelter evacuees from "Risk Area Parishes," as there are no shelter sites that meet hurricane safety criteria within Orleans Parish. In fact, it has been the policy of the Red Cross that there are no safe areas south of the I-10/I-12 corridor for a large scale hurricane. The Louisiana Plan, which makes no reference to the Red Cross operating shelters within the city, enumerates eight distinct shelter types, plus what is described as the "Refuge of Last Resort." The Convention Center and the Superdome served as refuges of last resort. Under state plans, these facilities are to open when local authorities terminate an evacuation due to unsafe driving conditions. These facilities are not operated by the Red Cross. In practice, after the threat has passed, the Red Cross at times staffs shelters of last resort, providing services to people. We do not establish shelters in facilities that do not meet our criteria for safety during landfall.

Consistent with State and local plans, and our practice in previous disasters, we were asked by state and federal officials not to enter New Orleans. While we were in constant communication with local and state authorities, it was not deemed safe for Red Cross personnel to re-enter the city of New Orleans. The Red Cross does not place our client evacuees, staff, volunteers, or resources in harm's way. It is our practice to heed evacuation orders and assist those in need of shelter outside of high-risk areas.

Additionally, it was the goal of local and state officials to fully evacuate the city of New Orleans

after the storm passed. We were instructed by authorities that, in addition to issues of safety, if the Red Cross provided services to survivors within New Orleans, it would discourage people from heeding evacuation orders. At the direction of public officials, we entered New Orleans in a coordinated fashion to provide services at the earliest possible time.

This was a difficult scenario for the Red Cross. Eighty percent of our local Red Cross staff in the Southeast Louisiana Chapter lost their homes to Katrina, yet while they themselves were victims, they desperately wanted to provide support to their neighbors in need, and to this day they continue to do so. We are still engaged in active operations in the city.

Another Herculean challenge was getting financial assistance as quickly as possible to an unprecedented number of people who left their homes with little or nothing and in many cases would have no homes to which they could return. As stated previously, the largest number of families to which the Red Cross had ever provided assistance was approximately 73,000 – those served during the four back-to-back hurricanes in 2004. By contrast, demographic and census information from the area affected by Katrina led us to estimate that more than one million families, most of whom were bereft of all of their traditional social support systems, would need financial assistance.

The challenge of raising enough money to provide assistance to an estimated one million families was, frankly, daunting. Initial disaster assessments and demographic information led us to estimate that, with average assistance of about \$1,000 per family, we were facing financial assistance expenses of approximately \$1 billion. We had to make the difficult determination whether we would – or could – provide this magnitude of financial assistance. Red Cross leadership, together with our Board of Governors, rapidly decided that the tremendous needs of the evacuees demanded that we act. Soon, it became clear that dollars were going out at a fast rate. We had to either suspend our emergency financial assistance or borrow funds. We chose to borrow the money – over \$300 million – with the confidence that the American public would see our efforts as worthy and support the work we were doing. This has proven to be the case.

The mechanisms for getting the financial assistance to the people who needed it without delay posed an additional set of challenges. During traditional responses, trained American Red Cross volunteers and staff, conduct disaster damage assessments, meet with survivors to determine their needs and provide assistance accordingly. We often do home visits to confirm damage and determine necessary assistance. This type of detailed assessment would clearly be impossible for many months after Katrina and Rita. We had to choose between two options: we could attempt to verify damage house by house and thereby delay assistance to those who so urgently needed it, or we could utilize the best information available regarding damaged areas and speed the provision of our assistance. By choosing the latter option, we knew that we ran the risk of putting assistance in the hands of potentially unscrupulous individuals not affected by the hurricanes; we concluded that it was a reasonable business risk and mitigated the risks as possible. We considered the need to help the vast numbers of families in desperate and legitimate need without delay. Using satellite images and fly-over photographs, we determined specific ZIP codes where the devastation was obvious and began to disburse the maximum assistance to these families based on family size. It was our goal to get money in the hands of survivors as quickly as possible. The fact that fraudulent claims for assistance could occur was to be

addressed with an aggressive “no tolerance” fraud enforcement policy which we discussed with federal and state law enforcement authorities.

Another hurdle was the logistics of getting cash into the hands of so many people spread across so many states. Methods used in the past would not accommodate the unique aspects of this epic disaster. We set up an 800 number and call centers around the country and partnered with Western Union to provide immediate cash assistance. A critical moment came when we realized that it could take days and weeks to bring these systems up to a scale that could accommodate the number of families in need of assistance. That left us with another difficult choice: delay assistance to every disaster victim until we had the capacity to effectively serve them all, or proceed with the capacity we had, getting funds into the hands of thousands of families right away and working diligently to add to those numbers as quickly as we could scale up our systems. We chose to help those whom we could without delay, while striving to serve all who needed us. We sincerely regret that there were long lines and a lot of busy signals, but we believe that we made the right choice. In the six weeks following landfall, the Red Cross put over one billion donated dollars into the hands of families who desperately needed it without delay.

Lessons Learned

Hurricane Katrina’s raging winds and engulfing waters laid bare some hard truths. It is now a question of whether the American Red Cross, others in our sector, governments at all levels, and the American people will confront those truths and learn from them. Now, in the cold light of day and with a calmer atmosphere, we have a clearer picture of the impact of such an event on our society, the challenges inherent in a disaster of this magnitude, and the scope of need we must address. Over the course of the next several months we will continue our own top-to-bottom internal review of our practices and our response to Katrina, and we will continue to build upon our lessons learned. However, I want to share with you some big-picture items that are front and center.

First, we need to convene community leaders to expand our reach to respond where needed. Despite tremendous efforts by all, the scale of this disaster left our response uneven in some places. To ensure more effective efforts in the future will require the input and assistance of all organizations locally in communities across the nation now. It will require the diligence of all community stakeholders, including nonprofits, faith-based groups, elected officials, diverse organizations, and individuals to partake in a full assessment of community needs to ensure that every person in every community will be provided for should we confront a disaster like this again.

Second, preparedness – training, planning, and drilling – must become a way of life for every man, woman and child in this country. For communities, particularly those prone to disaster, training operations must take place and, particularly when there is a need, the government must provide adequate funding to ensure that such training and planning operations can be realized.

Third, we must also dedicate our attention to some larger public policy questions. For example, how much should we in the nonprofit sector – and the government – invest in our infrastructure to be ready to respond to the next catastrophic event when current funds are barely adequate for

ongoing needs? How much money should we invest on an annual basis in a core capacity that we may not use for 10 or 15 or 20 years? Systems must be maintained and upgraded over time, and there is a cost for contingent capacity that is not used on a day-to-day basis. How much of this cost can nonprofits bear? Will donors understand that a return on this kind of investment might not be seen for years? Even if they do, how much of this should fall on the backs of the American people who support our response efforts?

Finally, there is the biggest challenge of all: preparedness. If we in America ever thought we were prepared to face a major catastrophic event, we were wrong. We have been operating under the assumption that what we have done in the past – how we respond to smaller disasters – would simply need to be scaled up if we faced a larger one. This is simply not the case.

We need to do a better job engaging our nation's citizens in preparing for disasters big and small. And this is no small feat. As we look back on Hurricane Katrina, I hope that we will do a better job of ensuring that those who live in harm's way of disasters will better prepare their families, individually, for what may come their way. We need to focus our attention on all-hazards preparedness. There are simple steps that every family can take to be safer and to ensure that if separated from their loved ones, they can reconnect. We need to convince every individual and family to make the effort to keep critical documents, medicines, and items they would need immediately in an emergency ready, keeping in mind that, unlike Hurricane Katrina, disasters often provide no warning at all. The American Red Cross has a "Together We Prepare" program that calls for families, schools, or businesses to do five things: (1) Make a Plan, (2) Build a Kit, (3) Get Trained, (4) Volunteer, and (5) Give Blood.

Hurricanes Katrina and Rita are replete with stories of families trapped in attics who survived unimaginably harrowing ordeals because they had water or items on hand. But for each success story, there are also cases where families experienced trauma and loss. In many instances, the very fate of those separated from loved ones was completely unknown. With the existence of a simple emergency communication plan identifying a third party in a remote location for all members to call, the needless anxiety of knowing where their loved ones are could have been avoided by many who experienced this unspeakable anxiety. Preparedness plans work.

Conclusion

I started my presentation today by talking about the tremendous work of the nonprofit sector, our organization, and our staff and volunteers in response to Hurricane Katrina, and I would like to conclude my testimony along those lines as well.

The devastation caused by Hurricane Katrina was worse than any worst-case scenario the Red Cross, or the Federal government, ever prepared for. How can the Red Cross, or any organization, respond successfully on a scale that is at least 20 times greater than it ever faced before?

I think the answer can be found in the compassion, generosity, and commitment of the American people. This is the one consistent resource upon which our organization relies, and the one that enables us to rise to the challenge when needed.

Our mission is to help people -- people who find themselves on the receiving end of nature's most indiscriminate and violent furies along with those impacted by the cruel and calculated actions of terrorists. Then there are the people who volunteer at the more than 800 Red Cross chapters across the country, those who give generously of their time, talents, blood, and money -- including the 200,000 volunteers who put their own lives on hold for weeks this year to help the victims of the unusually severe hurricanes we have endured. There are the American people who time after time, disaster after disaster, sacrifice part of their financial security to provide for those who have lost their own.

At the end of the day, the Red Cross and other charitable organizations, together with the tireless volunteers and donors who support these organizations, responded to the needs of their neighbors in never-before-seen ways. There were challenges, and there are voids that need to be filled and problems that need to be fixed. But the compassion and humanity shown by Americans around this country to open their arms and provide comfort to those in need is unparalleled.

Mr. Chairman, Mr. Lewis, Members of the Committee, I am proud of the work of the American Red Cross -- I am proud of the way Americans came to the aid of their neighbors in need. And while Katrina will go down as the largest natural disaster to hit our American soil to date, she could not break the will and compassion of the American public.

Thank you again for providing me the opportunity to testify today. I would be happy to answer any questions you may have.

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