



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.

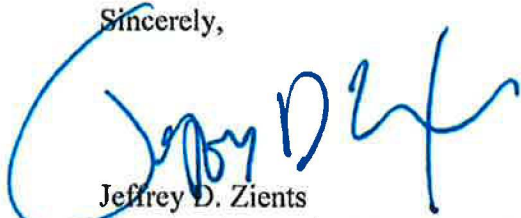
As you know, the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, allows the Congress to designate certain spending for disaster relief, which is not subject to the discretionary caps specified in the statute. Annually, the Office of Management 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