



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

September 26, 2011

THE DIRECTOR

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Senator Reid:

Like you, the President believes that when disaster strikes our fellow Americans, we must come to their aid by making disaster relief funds available in the amount and at the time they are needed. This bipartisan consensus is what has guided the Congress and many Administrations in delivering disaster assistance.

On September 6, I wrote to inform the Congress that the Disaster Relief Fund (DRF) may be unable to meet needs in the remaining weeks of the fiscal year. To avoid that outcome, on September 9, the Administration transmitted to the Congress a budget request for the Federal Emergency Management Agency (FEMA) that included a budget amendment for Fiscal Year (FY) 2012 of \$4.6 billion and a supplemental appropriations request for FY 2011 of \$500 million. Approximately \$200 million of the supplemental request was estimated to address immediate needs related to Hurricane Irene and other storms; \$300 million was allotted as a reserve for potential storms that were forming and could have created additional emergency needs in the remaining weeks of the fiscal year.

Since notifying the Congress of FEMA's need for supplemental appropriations, we have continued to track cash flows of the DRF on a daily basis. As you know, in late August FEMA implemented "immediate needs" funding restrictions that prioritized funding for urgent recovery efforts and delayed funding for longer-term repair, rebuilding and mitigation projects. To date, over \$400 million in public assistance projects have been placed on hold by FEMA because of the immediate needs restrictions stemming from insufficient resources in the DRF.

As we approach the last five days of the fiscal year, it appears that weather systems forming off our shores will not significantly affect the United States. That, in combination with FEMA's rigorous cash management mechanisms, means that -- barring unforeseen circumstances -- the DRF will likely finish the fiscal year exhausted with a de minimis cash flow balance of less than a day's operating expenses.

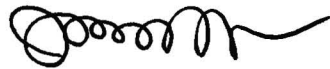
As you know, the Congress is currently considering a FY 2012 Continuing Resolution (CR) that funds the Government through November 18, 2011. The DRF is a no-year account that spends funds on an as-needed basis; its FY 2011 enacted level is \$2.65 billion. If the Congress enacts a CR by October 1, based on historical trends and barring unforeseen disasters,

a \$2.65 billion enacted level for the DRF should provide adequate resources for the entire six-week period of the CR. Under a Continuing Resolution OMB would apportion funds to the DRF to meet disaster needs during the period of the CR, including lifting the “immediate needs” funding restrictions currently in place. If the Congress fails to act by October 1 the DRF will fall into deficiency and FEMA will be required to institute shutdown measures under the law.

We regret that vital reconstruction projects across the country have been delayed because of constraints on the Fund over the past month, and firmly believe the American people deserve the security of knowing their disaster relief needs will be met in a time of crisis. Under normal circumstances we maintain a reserve in the DRF to manage fluctuations in cash flow and avoid any potential disruption in disaster response services. Now, we are well beyond the point of having a normal reserve and are in the position of managing the Fund down to a near-zero balance.

The Congress recognized the need to stabilize disaster relief funding without offsets in the Budget Control Act of 2011 by adjusting discretionary spending limits to accommodate such funding. In order to move forward with funding the Government beyond September 30, I urge the Congress to act promptly to pass a “clean” Continuing Resolution for FY 2012 and turn its attention to providing stable and robust disaster relief funding for FY 2012.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacob J. Lew', with a stylized, cursive flourish extending to the right.

Jacob J. Lew
Director

Identical Letter Sent to The Honorable John Boehner, The Honorable Nancy Pelosi, and
The Honorable Mitch McConnell