

# Congress of the United States

Washington, DC 20515

December 17, 2002

The Honorable Mitchell E. Daniels, Jr.  
Director  
The Office of Management and Budget  
725 17th Street, NW  
Washington, D.C. 20503

Dear Director Daniels,

We are writing regarding the federal government's aid package for New York's recovery following the terrorist attacks of September 11, 2001. In keeping with President Bush's personal commitment, made in September 2001, to provide at least \$20 billion in aid for New York, Congress passed and the President signed into law P.L. 107-38, dedicating not less than half the \$40 billion for the recovery efforts of New York, Pennsylvania, and Northern Virginia. As you know, after Congress took that action, there was disagreement about how quickly the full \$20 billion in appropriated funds should be made available to expedite the recovery. While you and others in the administration felt that there was time for the money to be appropriated over a longer period, many of us who live in New York believed that speed was critical due to the impact of 9/11 on New York's economy. Although we understood that any aid package of this size would take time to get to those in need, we felt that having the funds in place would actually help speed the process and get New York the help it needs.

On March 7, 2002, the President revised the administration's policy and announced a total aid package for New York of \$21.4 billion, fulfilling his September promise. This was clearly gratefully received by New Yorkers. However, since that announcement, questions have been raised about the speed of the assistance getting to New Yorkers, including when and whether the entire aid package will actually be provided, and most importantly, given the documented impact to New York of the attacks, whether \$20 billion has become a ceiling, rather than a floor, for the level of help that New York would receive.

Specifically, what has not been documented, even though the statute required reports, is how much assistance has been or will be made available through which specific programs, and what, if any, additional assistance will be necessary to fully repair the damage caused directly by the attacks not only to the physical structures of lower Manhattan, but to New York's economy as well. Additionally, press reports have indicated that the flow of announced assistance has been slow to New York, complicating the recovery efforts.

For example, when the President originally made his announcement on March 7<sup>th</sup>, the White House stated that the estimated value of the Liberty Tax package was \$5.6 billion. Sometime between then and early September, the estimated value of that package was reduced to only \$5 billion. Some assistance programs were, at least initially, not managed in such a way as to be fully responsive to the needs of New Yorkers, including application deadlines that passed before sufficient outreach could inform eligible persons of the availability of the assistance.

In an effort to account for how much of the assistance has been distributed and for what purposes, we contacted the United States General Accounting Office (GAO) and the Congressional Research Service (CRS). GAO and CRS informed our offices that there is no complete accounting of the assistance and that such an accounting of funds is an extremely difficult task.<sup>1</sup> We have been told by GAO staff that they were recently asked a similar question by OMB staff regarding the amount of allocated aid that has actually been received by New York:

Despite the difficulty, such an accounting of funds is extraordinarily important to us and to the entire New York Congressional Delegation, to help us to determine where all of the promised aid has been allocated and spent. Since Senators Clinton and Schumer have repeatedly requested this information and have not yet received it, our staffs compiled the enclosed chart showing the assistance that has been announced and allocated and, using press reports and other documentation, estimated the remaining well-documented but unmet needs.

We recognize that this chart is not complete, because we have had to rely mainly on press releases and media reports as well as documentation provided by federal agencies. We provide the source of each figure in an endnote as well as the original source documentation.

Also attached for your review and comments is a chart that has been prepared by the Fiscal Policy Institute summarizing the “estimates of losses and costs incurred” that have been presented in fourteen reports that have been issued to date about the impact of the attacks on the World Trade Center. The estimated losses and costs are grouped into the following categories: (1) summary data on lost earnings and lost city and state product; (2) human capital and physical property losses; (3) losses by industry categories; (4) tax revenue losses; (5) estimates of total economic impact; (6) immediate response costs; and (7) clean-up and redevelopment costs. The chart also includes the URL for each of the referenced reports and a short description of other relevant information contained in each report.

Mr. Director, we have two requests:

1. In an effort to verify the accuracy of this chart, we ask your office to review the chart, provide comments, and supply any additional information that would assist us in determining how much of the \$21.4 billion has yet to be directed to intended purposes, how much has been dedicated for specific purposes and, most important to us, how many unmet needs remain. If you feel the chart is inadequate or has any deficiencies, we would ask you to provide your own information in a similar format.

2. We ask you to detail what plans, if any, the administration has to meet the remaining unmet needs of New Yorkers. The second chart clearly illustrates the continued gap between what private insurance and federal assistance will provide to New York and the actual costs to

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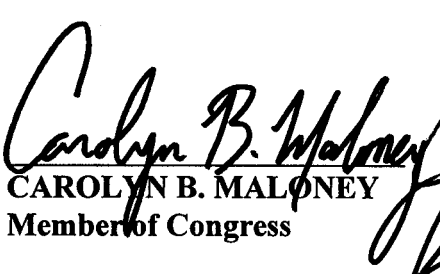
<sup>1</sup> On page 48 of a June 24, 2002 CRS Report: *Congressional Federal Disaster Policies After Terrorists Strike* examines this issue. <http://www.house.gov/maloney/crsreport.pdf>

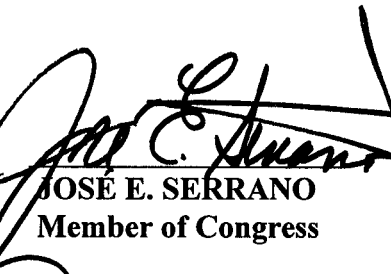
New York's economy.

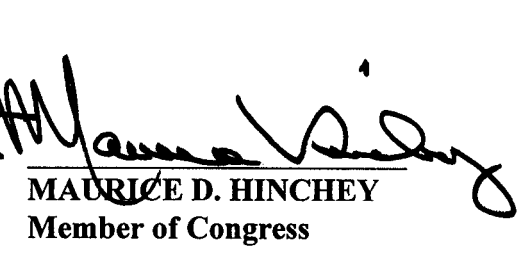
We want to make clear that we sincerely appreciate the help that the President, the Congress, and the country have given to New York to help us recover, but we will continue to work to make sure that New Yorkers do not suffer any more than they already have from this attack. Given the severe budget problems of both our State and City, much of which is a direct result of the loss of revenues due to the attack, we must continue to point out the tremendous problems New Yorkers are still facing.

Thank you in advance for your comments and assistance. Should you have any questions, please contact Benjamin Chevat with Representative Maloney's staff at 202-225-7944.

Sincerely,

  
CAROLYN B. MALONEY  
Member of Congress

  
JOSE E. SERRANO  
Member of Congress

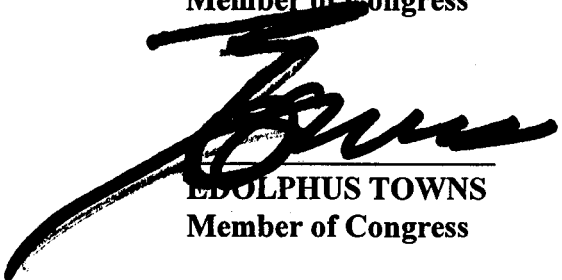
  
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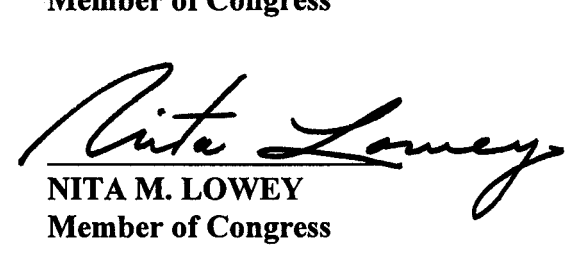
  
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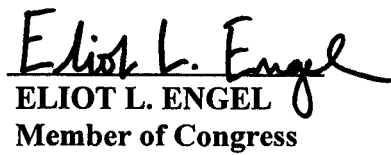
  
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