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2ND DISTRICT, ARKANSAS



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August 27, 2019

The Honorable Pete Gaynor
Acting Administrator
Federal Emergency Management Agency
500 C St SW
Washington, DC 20024

Dear Mr. Gaynor:

I write today to inform you that the Federal Emergency Management Agency (FEMA) is this month's recipient of my Golden Fleece Award for reimbursement mismanagement for the Sheltering and Temporary Essential Program (STEP or the program) in the U.S. Virgin Islands (USVI). The program is a joint effort by the territorial government and FEMA to repair approximately 8,000 homes that were damaged by hurricanes in 2017.

According to a February 27, 2019 article in *The Washington Post*, the subcontractors involved in STEP, along with other firms, are owed \$60 million for work already performed.¹ These unpaid invoices have been untouched for some time, with some as old as a year. According to one subcontractor, these outstanding balances have caused extreme financial hardships for U.S. companies and have, in some cases, caused them to go out of business.

As I understand, the auditing process for payment reimbursement is unnecessarily complex with its five stages of audits requiring approval before payment can be released. Requests for payment and reimbursement get bottlenecked at different stages creating a slow and arduous process, which ultimately only hurts the thousands of victims residing in the territory.

I have been focused on this issue and would like to see a resolution in the near term. In November 2018, I wrote to the Department of the Treasury, with FEMA copied, outlining my concerns. It highlighted potential options for solutions, including creating a regulatory waiver or funding a direct line of credit for USVI. I have been in communication with both the Treasury and FEMA but still have not gotten direct feedback on these ideas.

¹ Craig, Tim. "“Everyone out here is not being paid”: Disgruntled contractors throw government rebuilding program for U.S. Virgin Islands into disarray" *The Washington Post*. February 27, 2019.

https://www.washingtonpost.com/national/everyone-out-here-is-not-being-paid-disgruntled-contractors-throw-government-rebuilding-program-for-us-virgin-islands-into-disarray/2019/02/27/bd8e8daa-3ab0-11e9-a2cd-307b06d0257b_story.html

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Government agencies, like FEMA, need to be able to readily support those affected by natural disasters. I remain committed to finding answers, and I trust we can work together to create solutions to benefit the residents of the USVI. Should you require any additional authority from Congress to address these concerns, I urge you to notify us as soon as possible. Thank you for your consideration, and I look forward to working with you to address this important issue.

Sincerely,

A handwritten signature in blue ink that reads "D. French Hill". The signature is written in a cursive style with a large initial "D" and a period after the first name.

French Hill
Member of Congress