

# Congress of the United States

Washington, DC 20510

April 26, 2024

The Honorable Tom Cole  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Rosa L. DeLauro  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mark Amodei  
Chairman  
Committee on Appropriations  
Subcommittee on Homeland Security  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Henry Cuellar  
Ranking Member  
Committee on Appropriations  
Subcommittee on Homeland Security  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Cole, Ranking Member DeLauro, Chairman Amodei, and Ranking Member Cuellar:

Due to climate change, we can expect more frequent and severe flooding in the coming years that will have impacts across the country. According to the U.S. Environmental Protection Agency (EPA), increases in global average temperature are linked to “widespread changes in weather patterns,” and scientific studies have shown that climate change caused by humans will likely lead to more frequent and intense extreme weather events.<sup>1</sup> Indeed, nationwide flood-related disasters have resulted in an estimated \$850 billion in damages since 2000,<sup>2</sup> and residential structures alone are projected to experience a 60% increase in annual losses between 2021 and 2051.<sup>3</sup>

The National Flood Insurance Program (NFIP) continues to be the primary source of flood insurance coverage for homeowners, renters, and businesses, covering nearly 5 million policyholders across the country and representing over 90% of all flood insurance policies in force in the U.S. However, the substantial debt that the NFIP has taken on in recent years threatens the program’s solvency and the affordability of the premiums it offers and must be addressed in order to preserve the long-term stability of the program. While Congress designed the NFIP to be largely self-sustaining—funded by insurance premiums and fees paid by policyholders—it was not set up to fund large catastrophic events through policy premiums and fees alone. In keeping with this design, the NFIP was self-supporting from 1986 until 2005, but the program took on substantial debt because of extraordinary losses incurred following hurricanes Katrina, Rita, and Wilma in 2005, and more recently after Superstorm Sandy in 2012, Hurricane Matthew in 2016. Since 2017, Category 4 and 5 hurricanes have hit the U.S. and its territories, including Harvey, Irma, Maria, Florence, Michael, Delta, Ida, Fiona, and Ian. The

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<sup>1</sup> Environmental Protection Agency, *Climate Change Indicators: Weather and Climate* (accessed Apr. 27, 2021).

<sup>2</sup> Pew, *Flood-Prepared Communities* (Accessed on Mar. 1, 2023).

<sup>3</sup> First Street Foundation, *The Cost of Climate America’s Growing Flood Risk* (2021).

current debt represents only a portion of the funds that were expended to pay claims to policyholders who responsibly maintained flood insurance coverage when their homes and businesses were hit by these catastrophic storms.

The NFIP has introduced several increases in fees and rate setting in recent years to build back from these losses, including through Risk Rating 2.0. Although Congress forgave a portion of the NFIP's debt in 2017—totaling \$16 billion under the previous administration—the remaining debt has been ignored. The more than \$20.5 billion<sup>4</sup> in outstanding debt—with \$1 million in interest accruing daily—makes NFIP coverage more expensive, which burdens both existing policyholders and deters new policyholders from joining. Indeed, the program has experienced a decline in policyholders between 2021 and 2023.

The Federal Emergency Management Agency (FEMA) and the Government Accountability Office (GAO) agree that the NFIP is unlikely to be able to repay its current debt, even under the most favorable future conditions, without Congressional intervention. In its latest debt repayment report to Congress, FEMA clearly stated that it would “be unable to pay the debt as interest continues to consume revenue that would otherwise serve to grow the NFIP's ability to pay claims to insured survivors.”<sup>5</sup> In a 2017 report, the GAO also stated that FEMA is “unlikely to be able to repay its current debt.”<sup>6</sup> The longer that Congress ignores the totality of this issue, the longer that FEMA will be stuck paying substantial interest on debt that it will likely never be able to repay, which thwarts its ability to meet other Congressional objectives for the NFIP. FEMA has paid \$5.71 billion in interest alone since Hurricane Katrina in 2005.<sup>7</sup> This is money that the federal government is spending to lend itself money, instead of building up the NFIP's Reserve Fund for future catastrophic loss years.

When catastrophic flooding hits, Congress regularly responds with disaster relief funding to help those who did not have insurance, but when it comes to those who responsibly held coverage and could therefore cover their own losses, Congress is responding by ignoring the NFIP debt, which is increasingly resulting in unaffordable premiums, making it less likely for others to voluntarily obtain coverage. **Accordingly, we respectfully request that you include the following language to cancel the NFIP's debt:**

*Any repayment of amounts due from, and owned by, the Administrator as of the date of enactment of this Act. in connection with the exercise of the authority vested to the Administrator to borrow such sums under section 1309 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4016) and section 15(e) of the Federal Insurance Act of 1956, as amended (42 U.S.C. 2414(e)), including notes or other obligations, interest, including capitalized interest, and any other fees and charges payable in connection with such notes or other obligations is hereby waived. The waived amounts may be treated as a public debt of the United States.”*

Thank you in advance for your consideration of these requests. Please contact Alia Fierro with Ranking Member Waters at [Alia.Fierro@mail.house.gov](mailto:Alia.Fierro@mail.house.gov) with any questions about this letter.

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<sup>4</sup> FEMA, “The Watermark,” FY 2022, 4th Quarter, Vol. 20.

<sup>5</sup> *Id.*

<sup>6</sup> GAO, “Comprehensive Reform Could Improve Solvency and Enhance Resilience,” (Apr. 2017).

<sup>7</sup> *Supra* note 4.

Sincerely,



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Maxine Waters  
Ranking Member, Committee  
on Financial Services



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Steven Horsford  
Member of Congress



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Emanuel Cleaver, II  
Member of Congress



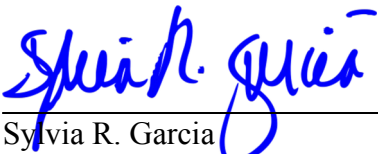
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Vicente Gonzalez  
Member of Congress



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André Carson  
Member of Congress



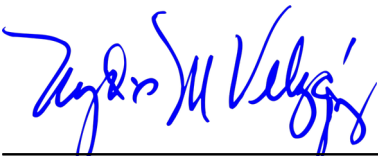
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Member of Congress



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Stacey E. Plaskett  
Member of Congress



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Nydia M. Velázquez  
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Lizzie Fletcher  
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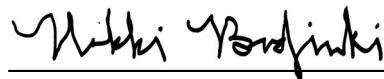
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Josh Gottheimer  
Member of Congress



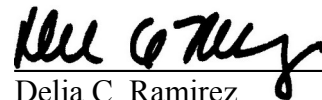
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Nikema Williams  
Member of Congress



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Nikki Budzinski  
Member of Congress



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Delia C. Ramirez  
Member of Congress



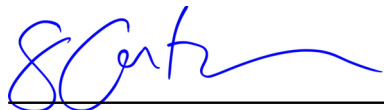
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Robert Garcia  
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Brad Sherman  
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Frank Pallone, Jr.  
Member of Congress