

Response to New York Times Article
September 20, 2005

The American Red Cross response to Hurricane Katrina has received extremely positive coverage from nearly every major media outlet. However, today's New York Times contained a story that discussed our response and commented on current and past fundraising. Please use the following talking points if asked about the Red Cross response in the context of today's piece. If you are approached by a member of the media, please contact Patrick McCrummen, (202) 303-4288. Following the talking points, we have attached the text of the Times story.

Red Cross fundraising

The Red Cross response to Hurricane Katrina will be the costliest in its history. Our current estimates put this cost at more than \$2 billion.

The Red Cross expects to meet the emergency needs of nearly one million families in three key areas:

Food and Shelter-\$744 million

To date, the Red Cross has provided more than 2.2 million overnight stays in 902 shelters across the country. Nearly 12 million hot meals and 8.2 million snacks have been served. More than 138,000 Red Cross disaster relief workers nationwide are setting up shelters, processing and distributing supplies, and preparing and distributing food and water.

Emergency Financial Assistance to Disaster Survivors-\$1.4 billion

The Red Cross has already provided \$337 million in emergency financial assistance to more than 358,000 families. This emergency assistance helps survivors purchase items that are urgently needed such as food, clothing, and other essentials.

Physical and Mental Health Services-\$78 million

More than 386,000 Hurricane Katrina survivors have received Red Cross disaster mental health services, prescription replacement,

and first-aid services delivered by trained mental health professionals and volunteer nurses.

Because of the magnitude of this disaster, the Red Cross also estimates that the management-related costs associated with this relief effort will likely amount to less than the approximately nine percent for a typical operation. These costs include activities such as volunteer recruitment, administering the financial assistance program, legal and auditing fees, fundraising and communications.

We have no intention of raising a single dollar more than we need for the Katrina response, and will announce when we have raised sufficient funds.

In similar vein, the Red Cross adopted a policy two weeks ago to NOT be the sole beneficiary of any Katrina telethons, instead insisting that they benefit other organizations like the Salvation Army.

In recognition of the immense need left by Hurricane Katrina, the Red Cross has been saying from the start that the survivors will require the engagement of the entire charity sector, community groups and government at every level. Communities must come together to help nearly one million people rebuild their lives. We have raised approximately \$800 million to date. We have spent more than \$500 million on survivors and evacuees so far, and are providing tens of millions of dollars in assistance each day. Official Red Cross policy known as "Donor Direct" ensures that contributions are always restricted to the need specified by the donor.

Red Cross Response

Comparing the number of individuals served, the Red Cross response to Katrina is at least 20 times greater than for all the combined hurricanes of 2004. From top to bottom, Red Cross resources are taxed to the limit and we are using every tool at our disposal to help the survivors.

The enormity of the two events-Katrina itself and the resulting

flooding of New Orleans-covers a geographic area the size of the United Kingdom.

The Red Cross is providing service in every place we can possibly be in the affected area, but not every place we want to be. We are making every attempt given our stretched resources to help everyone we can.

We have tried to do the greatest good for the greatest number of victims. We have provided more than 12 million hot meals and places to sleep for 2.3 million people to date.

We have been truthful, asking the nation for patience as we get financial assistance to victims who are now scattered to nearly every state in the union. We have provided more than 384,000 families with assistance.

More than 131,000 Red Cross workers across the country from all 50 states are working long hours every day doing their best to help Katrina's victims.

September 20, 2005

As Its Coffers Swell, Red Cross Is Criticized on Gulf Coast Response

By STEPHANIE STROM and CAMPBELL ROBERTSON

In New Orleans and the coastal flood plains of Mississippi, many people are complaining that the American Red Cross was missing in their worst hours of need and are worried that its billowing relief fund may bypass them entirely.

The organization did not open shelters in flood-prone areas and was therefore unable to provide food and other necessities to people closest to the coast ravaged by Hurricane Katrina.

"The Red Cross has been my biggest disappointment," said Tim Kellar, the administrator of Hancock County, Miss. "I held it in such high esteem until we were in the time of need. It was nonexistent."

Even some volunteers are disgusted. "I will never, ever wear the Red Cross vest again," said Betty Brunner, who started volunteering in 1969 when Hurricane Camille destroyed her house

but quit last week over the organization's response in Hancock County.

Two days after Hurricane Katrina struck, the Red Cross had only one shelter in the county, and it was far from some of the most populated coastal towns. It had no shelter in New Orleans.

"It's purely a safety issue," said Armond T. Mascelli, vice president for response operations at the Red Cross. "People expect a Red Cross shelter to be safe, not to be at risk of flooding." Frustration over the early absence of the Red Cross is now compounded by the realization that the organization has collected the bulk of public contributions, money that will be spent on emergency rescue and relief, not long-term assistance, and may never get to the coastal areas.

The organization has garnered almost three-quarters of the \$1 billion that Americans have donated to help the hurricane victims, with endorsements from President Bush, corporate America and many nonprofit organizations. Its duty, mandated by Congress, is to provide immediate assistance, a need that is rapidly diminishing as victims leave shelters.

Some people are asking whether the Red Cross can use all its money effectively as its role winds down. "Once we're out of the relief phase, what capacity does the Red Cross have to rebuild communities?" asked George Penick, president of the Foundation of the Mid South. "That's not their core competence."

The Red Cross says it will need every penny, and it just raised its estimated costs for Hurricane Katrina to \$2 billion from \$1.5 billion. "The scope of this is just so huge," said Joe Becker, the Red Cross senior vice president for preparedness and response. "If you took New Orleans out of the equation, Mississippi and Alabama would be a bigger job than we tackled in all four of the storms that hit Florida last year."

But time and again in past disasters, the Red Cross has raised

more money than it has needed for relief. It has also been less than clear in the past about where its money goes, and it has rarely shared its money with other organizations that tackle long-term needs of victims.

So, at a meeting of charity officials last week in Jackson, Miss., Mr. Penick asked whether the Red Cross would share its wealth.

"Especially in rural areas and small towns, the Red Cross was either absent or overwhelmed," Mr. Penick said. "You had churches and nonprofit groups taking care of the evacuees in any way they could with whatever money they could scrape together."

Mr. Penick said that when he asked a Red Cross representative at the meeting whether it would reimburse these organizations, "he said he didn't know."

Responding to the complaints from coastal Mississippi, Winnie Romeril, a spokeswoman for the Red Cross in the disaster area, said the organization was unprepared for the scope of the disaster and initially lacked enough fuel and supplies. She added that the Red Cross had 23 shelters in three of the most affected counties in Mississippi.

The Red Cross decided in the mid-1990's that it was unsafe to maintain shelters in flood plains, a decision that piqued New Orleans officials, said Dr. Bernadine Healy, a former president of the organization.

Dr. Healy said she negotiated with Louisiana officials to support state-operated shelters until the disruptions caused by Sept. 11.

"The obligation of the Red Cross is to oversee the sheltering of people in disasters," she said. "I had been working with the governor to find a compromise so that the Red Cross would be there at the very least to provide supplies for their shelters."

The Red Cross's mission is to provide immediate shelter, medical care, sustenance and small amounts of cash, usually \$800 to \$900, for clothing and other necessities.

It said on Monday that \$1.4 billion of the money it hopes to raise will go to financial assistance, \$744 million for food and shelter, and \$78 million for mental health services. As of Monday, the Red Cross had spent more than \$521 million.

Some victims have complained that the Red Cross is reluctant to dispense cash; the organization maintains that tight control of cash helps foster accountability. Outside a shelter in Baton Rouge, volunteers distributed papers last Thursday with a toll-free number for assistance and pointed to a sign saying that only residents in the shelter would be helped there. Some tried to argue the point, to little avail. "We were just getting the runaround from the Red Cross," said Mia Norflin of Carrollton, La.

Through Friday, the organization had handed out roughly \$225 million in cash assistance to 236,000 people. Its shelters have housed more than 2 million people for at least one night, and, together with the Southern Baptist Convention, it has served more than 12 million hot meals.

About 36,000 people remained in 232 Red Cross shelters on Monday.

In Texas, Charlotte Toney applauded the organization for reuniting her with her husband and three foster children last week. Evacuated from New Orleans early because she had diabetes and was recovering from surgery, she ended up at a hospital in Houston.

"I was so out of it, but when the lady from the Red Cross called and said, 'I found your children,' I was screaming and hollering," Mrs. Toney said.

Mr. Becker said the Red Cross was unlikely to give money to other

groups that might pick up the recovery effort after the relief stage.

"If we feel we have enough money to meet our mission, we'll tell America we have enough money and recommend giving to other organizations," he said.

On Oct. 30, 2001, the Red Cross said it had received \$547 million in Sept. 11 pledges, which would be enough, but the total swelled to twice that amount as donations continued to roll in for victims of the attacks.

Devorah Goldberg, a Red Cross spokeswoman, said that it would take many organizations to address the needs of the hurricane victims and that the Red Cross had told CBS and MTV not to raise money on its behalf and to find other charities. During the broadcast of the Emmy Awards on Sunday by CBS, donations were solicited for Habitat for Humanity.

In some of the nation's biggest disasters, the Red Cross has raised more money than it has needed. As of June, the organization still had roughly \$40 million of the more than \$1 billion it collected for a fund it created after the Sept. 11 attacks.

It raised \$55 million for the 1989 earthquake in San Francisco and spent only \$12 million on direct disaster relief, angering local officials who wanted some money to build a homeless shelter.

It spent about a quarter of the money raised after the attack on the federal building in Oklahoma City in 1995, and the Minnesota attorney general held public hearings to prod it to release \$4 million retained after the Red River flood in 1997.

The Red Cross and other organizations use money generated in response to giant disasters to offset the costs of other, smaller crises. But many donors are insisting that their gifts be used

for a specific disaster.

The Red Cross has always pledged to honor those designations, and it created the special fund for victims of the Sept. 11 attacks. But many people became upset after learning that some of the money would be used to prepare the Red Cross to respond to future attacks.

Dr. Healy resigned, and the Red Cross recommitted to spending all the money on the victims. The special fund swelled to more than \$1 billion.

In his book "After: How America Confronted the September 12 Era," Steven Brill described livery drivers parked in fleets of cars outside a Red Cross facility in lower Manhattan to pick up checks to help make up for lost business.

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