

## Texas Department of Banking Testimony

---

---

### **Testimony of Gayle L. Griffin, Deputy Commissioner for the Texas Department Of Banking Before the National Drought Policy Commission**

*Date: January 25, 2000*

Thank you for the opportunity to address this committee regarding the creation of an integrated, coordinated Federal policy designed to prepare for and respond to serious drought emergencies. As has been stated in many publications, speeches and testimonies, drought is a complex issue that umbrellas many sectors of the nation's economy. The direct impact of drought such as reduced productivity in crops, rangeland and forests, have indirect results that are far reaching. Lower production typically means less revenue for producers. Less revenue leads to an inability to repay debts, replace equipment and make needed improvements. The ripple will be felt throughout the economy.

In your effort to meet the charge established by The National Drought Policy Act of 1998, you have asked interested parties to respond to a series of issues.

- **What is the best means for informing the public of federal assistance for drought planning and mitigation?**

Coordinated communication and education programs are the keys to addressing this serious issue. Too often, drought is seen as a local issue or as an agriculture issue only. With the vast majority of this country's population being situated in urban and suburban areas, the impact of drought is typically only realized when water rationing is imposed or prices at the supermarket increase. Increased consciousness through education programs in schools and public awareness campaigns must be increased to broaden the level of knowledge of the population in general.

In addition to the general population, education programs for state and local government and business leaders focused upon assistance programs that are available to mitigate the impact of drought are needed. A grass roots knowledge of programs, aid and assistance will increase the likelihood that those needing assistance will receive it in a timely manner.

- **What type of information do you need for responding to the drought?**

As supervisors of state-chartered financial institutions, our direct interest relates to the impact drought will have on the entities we supervise. While this is our direct charge and responsibility, we cannot operate in a vacuum. We realize that our supervisory response will have impact on how lenders respond to their customer's needs. As should all sectors of the economy, we must anticipate, plan and prepare for drought.

Drought response at all levels of the public and private sectors has historically been reactive or "crisis management". It is imperative that public and private sectors take a

proactive approach to dealing with drought. It is never a matter of if, but rather when the next drought will occur. Better preparation usually equates to a better response.

Many state, federal and private organizations currently exist that have tools to monitor everything from weather patterns to commodity supply levels. The coordination and interaction of these resources is critical to successfully respond to the problem. Being armed with information developed by numerous sources and assimilated into a central information repository will allow a variety of interested parties to make informed decisions that not only assist them in their specific areas of responsibility and interest, but will also play into an integrated nation-wide response to drought and its effects.

- **What needs do you or your organization have with respect to addressing drought conditions?**

One of the most significant challenges we face in our organization is obtaining and evaluating sufficient information with which to temper our supervisory response when drought occurs. We realize that our reaction, too much or too little will have an impact on numerous sectors of the economy. We strive to take action that will appropriately address our supervisory concerns without generating unnecessary or undesired consequences. Having access to a central point to obtain information, forecasts and recommendations will help the Texas Department of Banking in developing its regulatory response to lenders that support the agricultural economy.

- **What do you see as the federal role with respect to drought preparedness? Should federal emergency assistance be contingent on advance preparedness?**

While drought at any given time may be regionalized, coordination at the federal level is critical to the success of a comprehensive drought management program. Drought aid and assistance must be prepared for before drought becomes a reality. Drought is just as much a disaster as flood, tornado or hurricane, it just doesn't happen as quickly. This doesn't mean that assistance shouldn't be timely.

Emergency assistance shouldn't be contingent upon advance preparation, because of its nature. However, it is incumbent upon the regional areas to be prepared to facilitate the timely and efficient distribution of assistance.

- **Are there any ways you feel that the federal government could better coordinate with state, regional, tribal and local governments in mitigating or responding to droughts?**

As previously stated many local, state and federal entities exist that focus much of their efforts on drought. Synergy is the key. The whole would be much stronger and more effective than the individual parts. Rather than dismantle or merge, it would be appropriate that representatives of the various entities form a taskforce to serve as a central repository for drought information. Based upon the composite information, recommendations and actions related to drought relief can be coordinated. Drought victims throughout the country need to know where to turn for help and specifically what help is available. A simple yet potentially effective tool would be to establish a toll-free,

nationwide hotline that could refer callers to agencies dedicated to providing drought education and assistance.

Too often emerging problems go unresolved until they have manifested themselves into a full-blown crisis. Early detection/warning coupled with a comprehensive response plan can mitigate the effects. Victims of drought throughout the country need to know where to turn for help and specifically what help is available. Assistance not only needs to be available when a drought is present, but also in planning and preparing for the next inevitable cycle.

- **What lessons have your organization or you learned from past drought experiences that would be beneficial in the creation of a national drought policy?**

The most important lesson we have learned is being prepared. Being prepared is being informed and having options developed to deal with the drought impact before it occurs. The current drought is not the first, nor will it be the last. Collectively, private and governmental entities across the country must work together to develop a comprehensive drought management plan that is proactive and responsive. As with any disaster, organization and promptness will help reduce the impact not only to the economy but also to the people affected.