

RECOVERY: THE FINANCIAL IMPACT OF THE OKLAHOMA CITY BOMBING

Buildings, property, and medical services can all be assigned value; but, there is no way to put a value on the loss of human life. The pain and sorrow is immeasurable. However, Oklahomans vowed never to forget those lost in the Oklahoma City bombing or succumb to the fear of terrorism. With that promise and unyielding perseverance, along with local, state and federal support, Oklahoma City has become a stronger, more resilient, community. Oklahoma City continues to benefit from funds provided for restoration following the bombing.

At 9:02 a.m. on April 19, 1995, a bomb exploded on the north side of the Alfred P. Murrah Federal Building in Oklahoma City, destroying one-third of the building and killing 168 men, women and children. Over 300 buildings were destroyed or damaged and shattered glass covered a ten-block radius. Cities as far as 50 miles away felt and heard the explosion. People initially thought there had been a natural gas explosion. It soon became clear that this tragedy was not from natural causes, but an act of terrorism.

Within minutes, fire, police, and medical personnel were on site. They were joined by civilians, as well as workers from the affected buildings. The Incident Command System was immediately set up by the Oklahoma City Fire Department to organize the search and rescue efforts. The police were responsible for securing the site, while the Federal Bureau of Investigation (FBI) conducted the criminal investigation. Recognizing the severity of the incident, the Oklahoma Department of Emergency Management quickly started the coordination of services between state and federal agencies, including the Federal Emergency Management Agency (FEMA). As the government agency responsible for managing and coordinating the federal response and recovery from emergencies and disasters, FEMA played a critical role in the rescue and recovery phases.⁽¹⁾



Federal Declarations and Funding

Due to the gravity of the situation, Governor Frank Keating declared a “state of emergency” at 9:45 a.m., instantly activating the state’s emergency plan. President Clinton signed an Emergency Declaration later that day, giving the federal government the primary responsibility to respond to the disaster as established by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Even though the federal government had the authority to lead the search and rescue efforts, the Oklahoma City Fire Department stayed in command.⁽²⁾

Federal funds associated with Emergency Declarations are restricted to saving lives and preventing further damage. Only costs related to direct response efforts are eligible for reimbursement. The State Office of Civil Emergency Management submitted applications to FEMA, asking for \$3 million in reimbursement for Oklahoma City and other cities and counties that participated in the response phase. Within a year, over \$2.8 million in legitimate expenditures were disbursed to the various departments.⁽³⁾

Emergency Declaration funds do not extend to cover the costs of rebuilding or permanent repairs. Therefore, the Governor made a request for a Major Disaster Declaration in order to receive federal assistance with long-term recovery and restoration programs. President Clinton granted the request and signed the Major Disaster Declaration on April 26, 1995.⁽⁴⁾



To comply with the conditions of the Declaration of Major Disaster, it was necessary to get a preliminary estimate of the total costs incurred from the bombing and what would be covered by local and state resources. The Governor worked with the Office of State Finance and established the Governor’s Task Force for Damage Assessment for this purpose. On May 18, 1995, the Task Force submitted an estimate of \$651,594,000 in total losses. This total included \$426,594,000 in non-federal losses (i.e. losses to buildings and property, medical services, lost income, sales and taxes) and \$225,000,000 in federal losses.⁽⁵⁾

After an emergency or disaster, state and local relief programs and insurance are the first sources of major funding. Of the \$426,594,000 in non-federal losses, it was estimated that \$164,046,000 would come from these sources. FEMA and non-FEMA federal programs, businesses, individuals, and charities would be necessary to fund the remainder of the costs.⁽⁶⁾

Community Assistance

The generosity of people after the incident was incredible. Donations of food, clothing, supplies, money and whatever else was needed or requested was provided. People wanted to help in any way they could, which became known as the Oklahoma Standard. More than 9,000 volunteers signed up to help the Red Cross provide relief services, including serving more than 193,300 meals to rescue workers.⁽⁷⁾ In less than a year, the United Way of Metro Oklahoma City reported that \$49 million had been donated to various agencies to assist those affected by the bombing.⁽⁸⁾



To cover the needs of all those who had been affected, it was vital to coordinate the services from the numerous charities that received donations. To address this issue the Oklahoma City Community Foundation volunteered to work with the United Way and other agencies at the request of Governor Keating. Within 15 days, the United Way of Metro Oklahoma City created a computer database system to track and provide information to those affected by the bombing. The system helped provide assistance to those in need and avoid duplication of services and fraud by linking federal, state and non-profit agencies.

The Oklahoma City Chamber of Commerce joined the Community Network Database to assist businesses affected by the bombing to relocate or rebuild.⁽⁹⁾

Individuals in the database were assigned a case manager to present his/her case in front of the Resource Coordinating Committee, which was comprised of representatives from the various funding agencies. This process helped individuals receive the best possible services without having to visit each agency on their own. The Committee heard cases for five years following the bombing.⁽¹⁰⁾

More than 200 children lost a parent in the bombing and 30 children were orphaned. Individuals wanted to support these children in their future educational pursuits, thus the Survivors’ Education Fund was established by the Oklahoma City Community Foundation. Governor Keating provided the largest gift of \$5 million from the

Governor's Victims and Families Relief Fund. The program will be in effect through 2017, when the youngest eligible child completes his/her education.⁽¹¹⁾

Update on Scholarship Program *(as of June 30, 2012)*

Of the 213 eligible students

169	Attended one or more semesters of college or technical training
11	Earned an associate's degree or technical certificate
50	Earned a bachelor's degree
28	Earned a graduate degree or professional certification
6	Children are not yet eligible

**information provided by the Oklahoma City Community Foundation*

The Murrah Building housed federal agencies as well as the Federal Employees Credit Union (FECU) and America's Kids Child Development Center. The FECU was located on the third floor. Although 18 of a staff of 33 were killed in the explosion, they were able to open for business within 48 hours. In addition to other factors, community assistance contributed to this remarkable feat.



First, the Credit Union had a disaster recovery plan. As part of this plan, backups of records and data were kept at an off-site location and could be retrieved. Second, recovery experts and local and state credit unions volunteered their services and Tinker Credit Union, which serves Oklahoma's Tinker Air Force Base, offered space in their new corporate headquarters until FECU could be relocated to a new location.⁽¹²⁾

Over 90% of the FECU members worked in the Murrah Building. This caused panic among survivors and family members who thought their money might be lost or that they might not have access to their accounts. There were also concerns from businesses that FECU checks would not be honored. These fears were alleviated through press releases, radio announcements and newspaper advertisements. These announcements reassured the public that the money was secure and also notified members of the status of the credit union's reopening.⁽¹³⁾

Mental Health Services

It was readily apparent that there would be an urgent need for mental health services after the bombing. Project Heartland was created and led by the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) to meet the pressing needs for crisis counseling for individuals affected by the bombing. They also provided crisis intervention, support groups as well as outreach services. By May 9, 1995, FEMA provided \$754,053 in an Immediate Services Grant to support Project Heartland. Beginning November 1, 1995 through February 28, 1998, FEMA awarded ODMHSAS a Crisis Counseling Regular Services Grant of \$4,092,909. Project Heartland provided support services to 8,868 individuals from June 1, 1995 to February 28, 1998.⁽¹⁴⁾

Safe Havens were established in both Oklahoma City and Denver to meet the anticipated emotional needs of family members, survivors and rescue workers either attending the trials set in Denver, Colorado or watching it via closed circuit broadcast in Oklahoma City. FEMA guidelines prohibit funding of long-term mental health services outside of the federally declared disaster area. Consequently, on March 11, 1997, the Office for Victims of Crime (OVC) provided \$234,930 to Project Heartland to ensure those at the Safe Havens would receive the mental health support they needed. On February 28, 1998, the OVC awarded an additional \$264,000.⁽¹⁵⁾

The OVC also provided a grant of \$200,000 to the U.S. Attorney's Office for travel expenses for those individuals who wanted to attend the trials in Denver. This was in addition to money raised in a Victims' and Survivors' Travel Service Fund established and administered by the United Way in February 1996.⁽¹⁶⁾

Early on it was noted that mental health services would need to be available long-term. The Red Cross, which ultimately received donations totaling \$16 million, continues to this day to assist those affected by the bombing. The Oklahoma City Community Foundation also continues to provide services.⁽¹⁷⁾

The Cost of Justice

The 1995 bombing was the first time there was a federal disaster declaration and a crime scene simultaneously, which significantly increased the total costs incurred by the bombing. Reports indicate that the federal government spent \$82.5 million dollars investigating the bombing and for trying Timothy McVeigh and Terry Nichols. The defense of McVeigh cost \$15 million, while the defense of Nichols' cost \$6.3 million, paid for by the U.S. taxpayers.⁽¹⁸⁾

In their federal trials, McVeigh and Nichols were only charged with the murder of the eight federal agents killed in the bombing. McVeigh received a death sentence, while Nichols received life in prison. The fact that they were not being held accountable for the other 160 individuals killed angered many. The state of Oklahoma decided to hold them responsible by charging Nichols for the 160 individual deaths not included in the federal indictment. Since McVeigh was near his execution date, the state decided to wait and see the outcome before charging him. McVeigh was put to death on June 11, 2001, with no state charges filed.



Since Nichols will never be released from prison, many people believed it was not necessary or worth the cost to Oklahoma to try him. To provide justice for the other 160 victims, however, Nichols was ultimately tried and convicted in Oklahoma and given another life sentence. His defense in the state case cost \$4.12 million.⁽¹⁹⁾

The Cost of Terrorism

The bombing brought the issue of domestic terrorism to the forefront and local and state governments soon began writing and receiving federal grants for domestic preparedness support. The state of Oklahoma used these grants provided by the Department of Justice to purchase \$7,383,000 worth of security equipment from 1999-2002.⁽²⁰⁾

The September 11, 2001, terrorist attacks, made it evident that increased funding for homeland security was necessary to keep our nation safe, thus in October 2001, the White House established the Office of Homeland Security. They were tasked with the responsibility to develop and organize the implementation of strategies to protect the United States against any future terrorist threats or attacks. In 2002, the Homeland Security Act established the new Department of Homeland Security (DHS), which took 22 Federal Agencies that were previously involved with homeland security and put them under the authority of one agency.⁽²¹⁾

In 2003, the Department of Homeland Security tried to alleviate fears of the American people and demonstrate its commitment to ensuring a more secure world by investing \$37.7 billion in its initial budget.⁽²²⁾ This was almost double the amount spent on homeland security in 2002. The proposed DHS budget for 2013 is \$59 billion.⁽²³⁾

The formation of the Oklahoma Office of Homeland Security (OKOHS) began in February 2002. By May 2004, the OKOHS was established in Oklahoma statute; however, earlier that year, the OKOHS was designated as the State Administering Agency that would carry out all federal homeland security training, equipment funding and technical



assistance. Increased federal funding for terrorism prevention and emergency response programs began in 2003, when the state received \$30.3 million. Over the years, the funds have declined as the threat level has decreased in our state. Grants provided in 2011 were \$6,846,637 and fell to \$2,801,316 in 2012. Since 1999, the state has received \$216,172,924 in federal funds to assist in protecting our state.⁽²⁴⁾

Oklahomans have proven that terrorists will never win and that good will always prevail. The successful revitalization of Oklahoma City would not have been possible without the dedication of individuals and the support from local, state and federal government. More importantly, the vow to never forget those lost is evident through the more than six million people from 97 countries that have toured the Outdoor Symbolic Memorial and the two million visitors who have experienced the Museum since their opening. Through tragedy there is always hope.

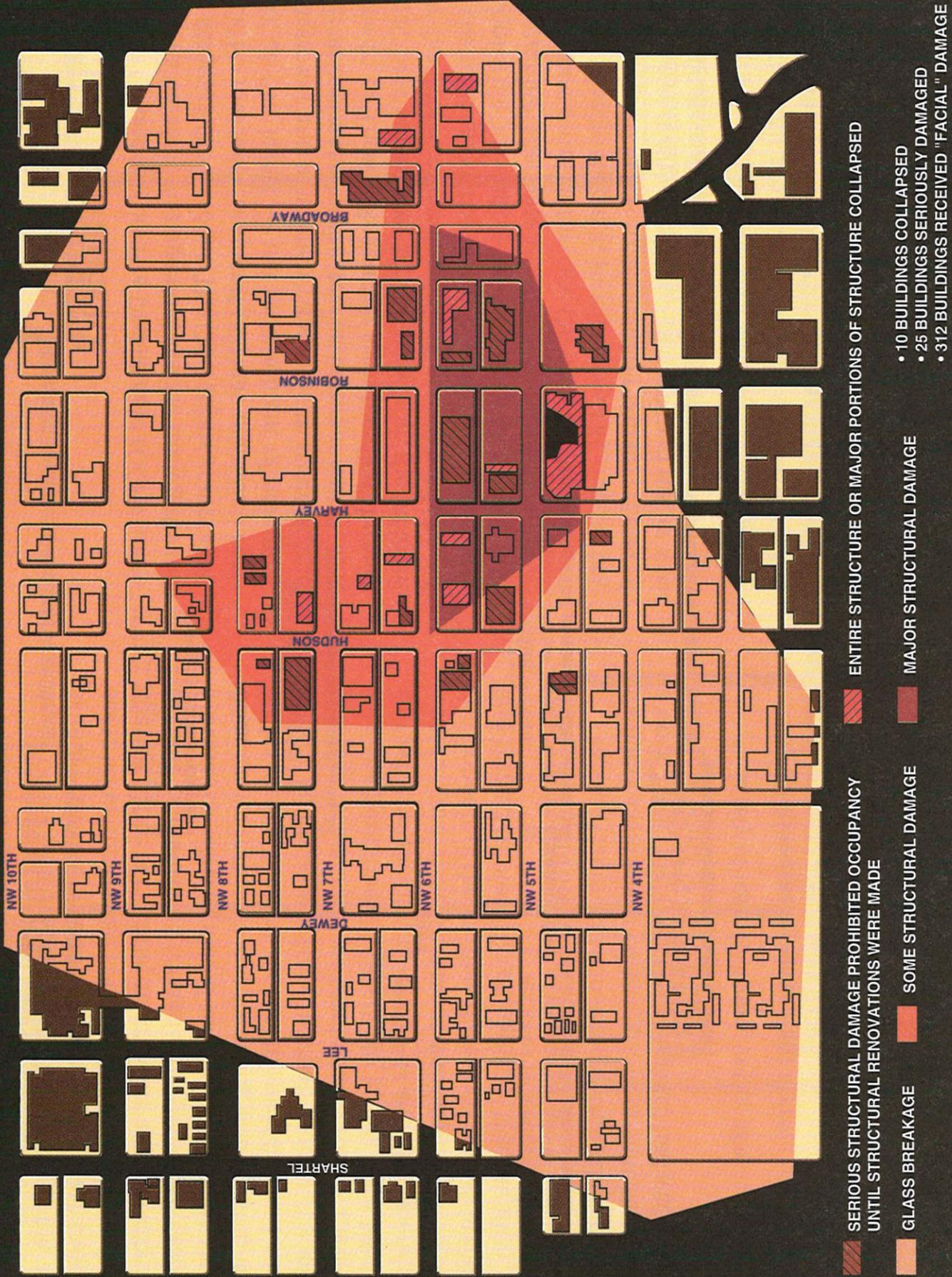
Questions to Consider

1. The Oklahoma City National Memorial & Museum brings in an estimated \$49.7 million a year to the greater Oklahoma City area, while the Memorial Marathon brings in an additional \$4.8 million annually. Is there a major industry or tourist attraction that financially impacts your city significantly? What is the direct, indirect and induced effect of that industry or attraction and what would happen if it were to close?
2. Police, fire, and emergency medical services were critical in the aftermath of the bombing. These services, as well as other services that keep cities functional are supported through state sales tax. Departments such as the Oklahoma Department of Emergency, FEMA, and Homeland Security are also funded through state or federal taxes. Why is it important to pay taxes? If individuals failed to pay taxes, what would be the effect locally, statewide or nationwide?
3. Within a year, over \$49 million dollars were donated to assist those affected by the bombing. These funds helped a tremendous amount of survivors, family members and rescue workers. However, some individuals may not have requested help or received all the funds they needed, thus faced financial hardship. Why is it so important to budget for emergencies? What local, state or federal agencies offer financial assistance after disasters?
4. In the Constitution, Amendment VI guarantees the right to defense counsel if an individual can not afford one. The federal trials of Timothy McVeigh and Terry Nichols collectively cost taxpayers \$21.3 million. Do you think it is fair for taxpayers to pay for the defense of terrorists? Why or why not?
5. Millions of dollars are spent annually on homeland security. Do you think this is a wise use of our tax dollars? Do you think we should continue supporting homeland security efforts? Why or why not?
6. Much credit for the revitalization of the Murrah District and Oklahoma City is due to the low-interest loans offered by the city. What effect does the rate of interest have on loans? Do you think the rates made a difference in revitalizing the Murrah District?

Endnotes

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4. The City of Oklahoma City Document Management Team. Final Report Alfred P. Murrah Federal Building. Oklahoma City: Fire Protection Publications, 1996.
5. KPMG Peat Marwick LLP, Adjusters International Inc., and Barrett Consulting Group. "The Estimate of The Governor's Task Force for Damage Assessment for The Oklahoma City Bombing of April 19, 1995." May 18, 1995.
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21. Homeland Security National Preparedness Task Force. "Civil Defense and Homeland Security: A Short History of National Preparedness Efforts." September 2006. www.iaem.com/about/documents/DHSCivilDefense-HSShortHistory.pdf
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Figure Two: Damage Area



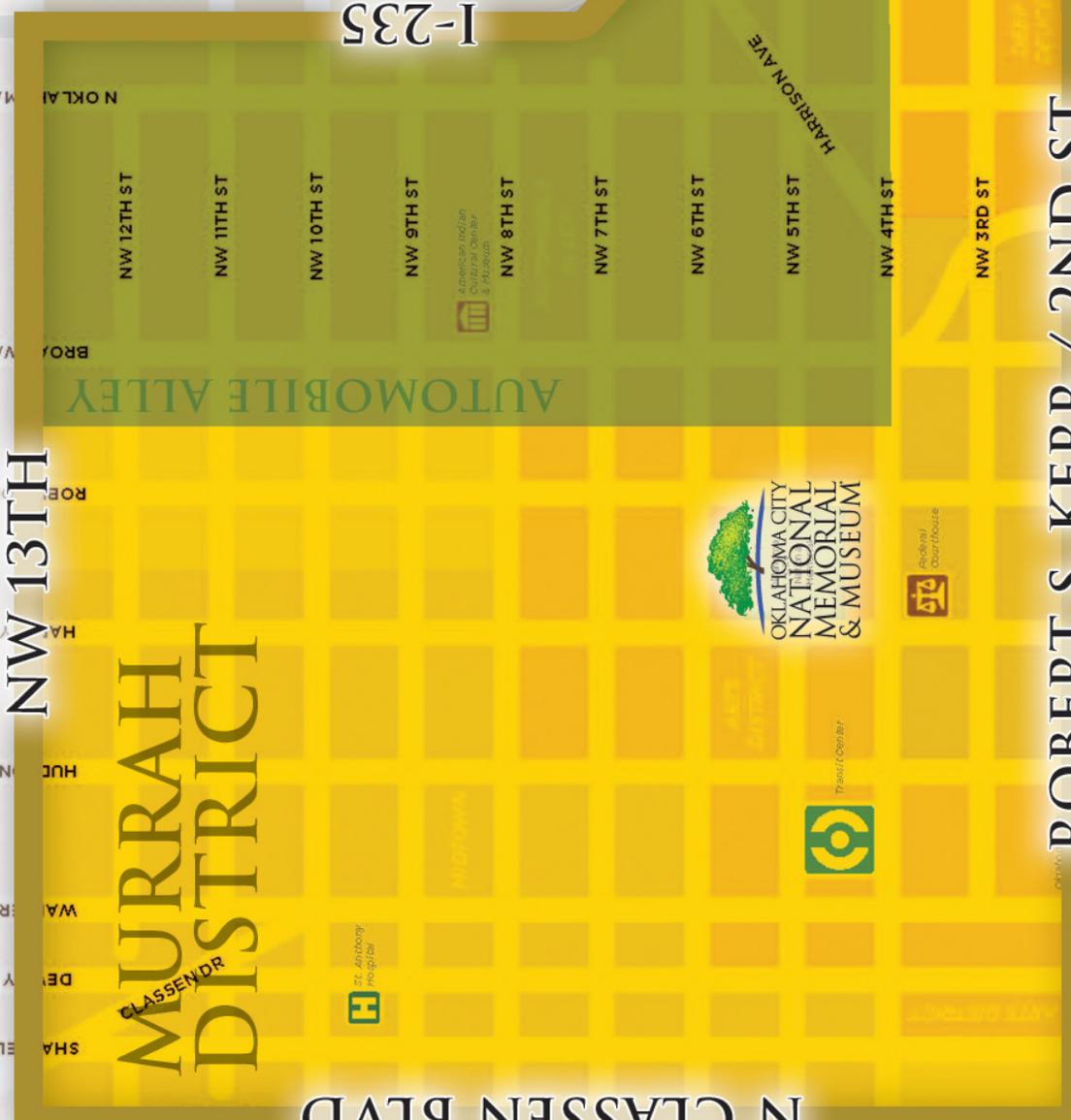
MURRAH DISTRICT

NW 13TH

N CLASSEN BLVD

ROBERT S. KERR / 2ND ST

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FINANCIAL RECAP OF DOLLARS SPENT/COMMITTED

(includes only amounts that could be verified to date)

March 28, 1996

American Lung Association	\$363.79
American Red Cross	9,400,000.00
Areawide Aging Agency	30,000.00
Associated Catholic Charities	421,186.32
Camp Fire Boys and Girls	20,206.40
Community Counseling Center	391,080.00
CONTACT	2,000.00
Daily Living Center	1,401.08
Eldercare	1,284.40
Goodwill	2,100.00
John Keys Speech and Hearing	2,700.00
Mental Health Association	66,068.00
Moore Youth & Family Services.....	16,975.00
Neighborhood Services Organization	250.00
Salvation Army.....	2,950,000.00
Sunbeam Family Services	26,500.00
Travelers Aid	79,308.08
Urban League of Greater OKC.....	3,345.00
United Way of Metro Oklahoma City.....	<u>1,830,389.81</u>
United Way and Partner Agencies.....	\$15,245,157.88
Oklahoma City Community Foundation.....	\$10,377,187.49
Feed the Children.....	\$2,405,183.00
Other Funds Listed with the Community Network.....	\$2,384,799.75
Total from Non-Profit and Private Funds	\$30,412,328.12
FEMA.....	\$11,315,084.90
Small Business Administration Loans.....	\$7,273,300.00
Total from Federal and State Organizations.....	<u>\$18,588,384.90</u>
Grand Total	\$49,000,713.02

United Way of Metro Oklahoma City. "Special Disaster Report to Governor Frank Keating." Oklahoma City, OK. (April 15, 1996).