



CLC Payment Solutions

CASE STUDY

Key CLC Strengths:

- Experience developing customer-centric, rules-based payment-processing solutions
- Proprietary systems processing millions of transactions
- Rapid application development
- Integrated, 24 x 7 communications
- Web-based, real time customer and vendor interfaces

**Numbers for the cost of trailers are derived from a story in the August 9, 2006 edition of The Washington Post. FEMA awarded \$3.4 billion in contracts to purchase 150,000 trailers, and \$3.6 billion in contracts for maintenance and future dismantling, for a total of \$7 billion. \$7 billion for 150,000 households = \$47,000 per household, or \$127 per household per day.*

The FEMA Short-Term Lodging Program, administered by CLC, averaged \$89 per household per day and the FEMA Landlord Direct Payment Plan, also administered by CLC, averaged \$21 per household per day.

Federal Emergency Management Agency

Through its unique rules-based payment processing system, CLC Payment Solutions administered more than \$80 million in individual rental assistance payments to 7,000 landlords for 30,000 apartments housing hurricane Katrina and Rita evacuees. CLC developed a customized payment solution that integrated evacuee qualification data, HUD Fair Market Rent restrictions, landlord verification rules, and extensive landlord support systems while enabling FEMA to save taxpayers hundreds of millions of dollars over the costs of other temporary housing options.

The Client

The Federal Emergency Management Agency provided and funded emergency services for victims of hurricanes Katrina and Rita.

The Challenge

In August and September 2005, hurricanes Katrina and Rita struck the Gulf Coast, leaving nearly a million people homeless. Searching for short-term housing solutions for this disaster, FEMA placed evacuees in trailers while the American Red Cross housed others in hotels.

Under a third program, utilizing apartment and rental property nationwide, FEMA reimbursed city and state governmental entities to establish payment agreements and channel rental payments to landlords that housed evacuees. While the \$25 million per month program put a roof over evacuees' heads, it was administered by a web of state governments, local municipalities, housing authorities and charitable organizations. While well-meaning, these governmental entities lacked the payment processing expertise to pay landlords on a timely basis, collect adequate data to track the program and implement audit procedures to prevent fraud. FEMA, in charge of managing over a million evacuee cases, found itself without an immediate, efficient and detailed data collection and payment-processing system.

In March 2006, FEMA determined it needed help. The agency turned to CLC.

The Solution

CLC was experienced in implementing and managing large-scale, rules-based payment programs. In addition to the company's decades of serving corporations' lodging program needs, CLC managed FEMA's Short-Term Lodging Program for evacuees of hurricanes Katrina and Rita

(previously the American Red Cross Special Transient Accommodations Program). Through this program, CLC processed over four million room night transactions for over 700,000 evacuees placed in hotels nationwide.

Under the Landlord Direct Payment Plan, the role of payment processor was moved from municipalities to CLC. CLC verified and executed payment agreements with landlords, administered payment rules based on constantly updated evacuee qualification data and HUD Fair Market Rental Rates, supported landlords by phone, fax, Internet and e-mail, developed metrics and reporting systems and transitioned the program from dozens of governmental entities.

CLC's custom application development and robust payment-processing engine allowed landlords to determine applicant eligibility, execute a payment agreement, register leases, pass through independent verification to prevent fraud and receive payment within days.

The Benefits

CLC made payments under a complex set of rules governing everything from tenant qualification to maximum rental rates. FEMA was able to focus on evacuee assistance while CLC administered the program. Landlords were paid quickly and were able to access CLC's Landlord Support Center to resolve problems. Through regular and ad hoc reports drawing from CLC's extensive database, FEMA was able to easily track progress, accurately project costs and respond quickly to congressional, media and investigative requests.

The Landlord Direct Payment Plan also proved to be a cost-effective solution for evacuee housing: The cost to house a family in an apartment or rental unit averaged \$21 per day; compared to \$89 per day in a hotel and \$127 per day* for a trailer.



FEMA