Congress as Theatre: How Advocates Use Ambiguity for Political Advantage

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Abstract

Ambiguity—the capacity to have multiple meanings—is endemic to politics. Ambiguity creates political opportunities, structures policy debates, and provides leeway for political entrepreneurs to advance their interests. I use the 2012 passage and 2014 rollback of reforms to the National Flood Insurance Program to show how ambiguity enables political entrepreneurship. In this puzzling case, Congress enacted and rolled back changes that threatened to impose politically unpalatable costs. Using semi-structured interviews and congressional testimony, I show how political entrepreneurs engaged with ambiguity in the buildup to the reforms’ passage. They used information strategically to interpret the problems, rules, and goals of the program and shape legislators’ perceptions of the reforms’ political implications, and they adapted to the policy windows that opened. The case shows that ambiguity facilitates policy reform, but the direction of change depends on the priorities that are salient when a policy window opens and on the interests of powerful political entrepreneurs.

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1 Introduction

Increasing damages from hurricanes and coastal storms have helped focus scholarly and media attention on “policy failures” associated with the National Flood Insurance Program (NFIP) (Jarvis 2017, Strother 2016). Critics argue that, by providing subsidized insurance, the program hides the true cost of development in flood-prone areas, fails in its goal of fostering sustainable development, and promotes moral hazard (Knowles 2014, Kunreuther and Michel-Kerjan 2009). These critiques have merit, but addressing them is complicated because, since its inception, the NFIP has embodied multiple, conflicting goals. It was established to provide affordable flood insurance where no market for it existed, identify and communicate flood risk, and mitigate hazards by encouraging communities to adopt sound floodplain management practices (Pasterick 1998). Ambiguity, which is endemic to politics (Zahariadis 2003, Stone 2011, Mahoney and Thelen 2010), pervades the program, partly due to efforts to resolve these conflicting goals.

Ambiguity shapes policy debates, and it should be a central component for studies of the policy-making process. First, ambiguity is a necessary condition for policy enactment, because it can subdue conflict and enable a diverse winning coalition to form. Competing groups can envision success through varied and often contradictory interpretations of a shared, ambiguously defined goal (Stone 2011). Second, ambiguity provides a pathway for institutional change when advocates promote particular interpretations of institutional rules (Mahoney and Thelen 2010, Sheingate 2007). During these moments of conflict, political advocates with clear interests represent and interpret ambiguous information strategically for decision makers whose preferences are “problematic” (Zahariadis 2003, 2014, Cohen, March, and Olsen 1972, Kingdon 2003). Advocates are not unrestricted in their creative use of ambiguity though. While they enjoy some discretion to interpret information and recombine problems and solutions (Jones and Baumgartner 2005), their strategies are constrained and shaped by elements of the political environment. In particular, with the exception of a few political officials who are poised to create openings for policy change, most advocates must
fit their arguments into the “policy window” (Kingdon 2003) that opens.

In this paper, I draw on multiple streams analysis and historical institutionalism to show how ambiguity guides and constrains the policy-making process. The case—the 2012 passage and 2014 rollback of reforms to the National Flood Insurance Program—highlights the strategic manner in which advocates engage with ambiguity of information and of institutions. I use semi-structured interviews and congressional testimony to show how advocates interpreted problems, program rules, and goals to shape legislators’ perceptions of the reforms’ political implications. I also show how advocates tailored their arguments to a particular policy window. The study is a deep exploration of the concept of ambiguity, which is typically conceptualized as a background variable or an assumption about political context rather than a primary object of study. Foregrounding ambiguity can help explain puzzling instances of policy-making though. The case shows how advocates interpret ambiguous institutional rules to create meaning for legislators, how they strategically use ambiguous information to present favorable policy images, and how the particularities of a policy window shape advocates’ engagement with ambiguity.

The paper proceeds in five sections. First I introduce the case, which presents a puzzling instance of policy reform and reversal. I provide a brief overview of the National Flood Insurance Program and the reform effort that culminated in the 2012 passage of the Biggert-Waters Flood Insurance Reform Act (BW12). Next I introduce theoretical perspectives concerning the role of ambiguity in politics and operationalize concepts around which the empirical case is built. I then describe my data collection and analytical methods. I rely on congressional testimony and interviews with journalists, scholars, congressional staffers, and advocates engaged in designing and passing BW12. Next I present my analysis, in which I use process tracing (Bennett and Checkel 2014) to show how advocates engaged strategically with ambiguity to shape legislators’ perceptions of the problems and policy solutions associated with the NFIP. I conclude with a discussion of the study’s implications for studies of institutional change and public policy.
2 Reforming the National Flood Insurance Program

The NFIP was established in 1968 to provide flood insurance to Americans, identify and communicate flood risk, and mitigate hazards by encouraging communities to manage their floodplains (Pasterick 1998). At the time, a private market for flood insurance did not exist. Insurance companies believed the concentrated nature of flood risk would lead to “adverse selection,” that the catastrophic nature of flood damages would require them to charge insurance premiums that few would be willing or able to pay, and that premiums would not cover catastrophic damages (Michel-Kerjan and Kousky 2010). Hurricane Betsy provided the catalyzing event for the program’s establishment. Congress—responding to the huge outlays in disaster aid following the 1965 storm—created the NFIP to offset direct spending on disaster aid and to provide relief to flood victims (King 2013).

According to congressional staffers involved in the reform process, the 2005 hurricane season put restructuring the NFIP on the congressional agenda. Hurricanes Katrina, Rita, and Wilma left the program roughly 18 billion dollars in debt to the U.S. Treasury, due to claims obligations that the NFIP could not meet. Senate Banking Committee Chairman Richard Shelby (R-AL) began a process to restructure the NFIP, and by spring 2008 both the House and Senate had passed bills to restructure the program. Before the two chambers could reconcile their versions of NFIP reform, the 2008 financial meltdown drew the relevant committees’ attention away from flood insurance reform.

But the NFIP’s operating authority also expired in 2008. Between 2008 and May 2012, Congress passed 17 short-term extensions and allowed the program to lapse four times. Finally, in July 2011, the House passed the reauthorization and reform bill known as the Biggert-Waters Flood Insurance Reform Act by a huge majority. BW12 reauthorized the NFIP for five years and made several changes intended to make the program actuarially sound. The Senate Banking Committee approved a similar bill in December 2011, and a reconciled package passed both chambers and was signed by the President in July 2012 (Biggert-Waters Flood Insurance Reform Act 2012). In early 2014—facing constituent back-
lash over rising premiums–Congress passed and the President signed the Homeowner Flood Insurance Affordability Act, which reversed or delayed many of BW12’s structural changes (Homeowner Flood Insurance Affordability Act 2014).

The rapid rollback of BW12 around household-level affordability concerns raises the puzzling question of whether legislators considered these concerns in the lead-up to BW12’s passage. Political careers depend on legislators’ ability to anticipate their constituents’ “potential preferences:” how a bill could affect constituents, and whether they will link harms or benefits to a legislator’s actions or vote based on this knowledge (Arnold 1992, p. 11). The structural changes contained in BW12 threatened concentrated losses, in the form of rising insurance premiums, to homeowners living in flood-prone areas. The reforms promised diffuse benefits–debt reduction and reduced government spending–to American taxpayers. Theoretically, a policy with this incidence of costs and benefits is unlikely to pass (Wilson 1980, Arnold 1992), and it helps explain the backlash to BW12 (Strother 2016). The puzzle, though, is whether and why legislators did or did not anticipate this backlash in debates leading up to the law’s passage.

The distribution of costs and benefits is not straightforward but instead can be a matter for interpretation. Thus, in this analysis, I explore how advocates interpreted problems, program rules, and goals to shape legislators’ perceptions of the reforms’ political implications and thereby advance their interests. As is typical during policy-making processes, advocates became “meaning suppliers” for legislators (Zahariadis 2003, 2014). They strategically represented and interpreted information to show how policymakers’ interests aligned with their own goals. The bounds of the debate were contained within the program’s rules and history (Mahoney and Thelen 2010, Sheingate 2007), and the particularities of the political context (ie, the policy window) (Kingdon 2003) shaped advocates’ strategies. Ambiguity, as I operationalize it in section 3, is central to advocates’ interpretative task.
3 Ambiguity in Politics

I apply a conceptual framework that draws from historical institutionalism and multiple streams analysis, both of which include ambiguity as a characterizing feature of politics. Both these literatures also feature a class of actors called “political entrepreneurs,” who play the starring role in this analysis. Scholars use this term to refer to individuals who “change the direction and flow of politics” (Schneider and Teske 1992, p. 737). Political entrepreneurs can operate from within or outside of government, and they shape political institutions and public policies by seizing or (sometimes) creating opportunities to advance their desired ends through political venues. Institutional theorists focus on entrepreneurs’ “creative recombination” of rules and other institutional features (Sheingate 2007, p. 15) to better advance their interests. Policy scholars highlight their role in shaping the political agenda. They define problems and policy alternatives (Kingdon 2003, Zahariadis 2003), select venues and windows of opportunity through which to advance proposals (Baumgartner and Jones 1991, Kingdon 2003), and build coalitions to enact them (Arnold 1992). Political entrepreneurs actively engage in politics in ways that shape policy agendas, alternatives, and outcomes. Examples include interest group lobbyists, elected officials who take a particular interest in an issue because of constituency concerns or institutional position, or civil servants who engage in policy-making processes.

Ambiguity is a defining feature of the political contexts within which political entrepreneurs operate, and assessing ambiguity can help to illuminate befuddling policy outcomes. Broadly, ambiguity means that there are “many ways of thinking about the same circumstances or phenomena” (Feldman 1989, p. 5). Drawing from historical institutionalism and multiple streams analysis, I conceptualize ambiguity as interpretability of rules, circumstances, events, and problems. Ambiguity differs from uncertainty, defined as “an inability to accurately predict an event” (Zahariadis 2003, p.3). A key differentiating feature between ambiguity and uncertainty is that obtaining more information may reduce uncertainty, but it does not reduce ambiguity. Even with full information about the causes of a particular problem, the
problem remains ambiguous if there are alternative ways of interpreting its impacts.

Historical institutionalists have argued that ambiguity—defined as “openness in the interpretation and implementation” of rules—is a “permanent feature” of institutions (Mahoney and Thelen 2010, p. 11). From the moment of enactment, formal political institutions often have ambiguous mandates that reflect compromises required to win the support of a coalition of diverse actors (Moe 1989). Each member of a passing coalition expects to gain something from the institution, but these expectations are often rooted in divergent interpretations of rules or expectations for outcomes (Stone 2011, Stokes 2015). Later, institutions develop and change through the accumulation of innovations inspired by competing motives (Mahoney and Thelen 2010, Schickler 2001). The resulting structure provides the source for institutional change, because political entrepreneurs seize opportunities to advance their preferred interpretation of institutional rules (Sheingate 2007, 2010, Mahoney and Thelen 2010).

Some degree of “‘play’ in the interpreted meaning of particular rules or in the way rules are instantiated in practice” is one indicator of the presence of ambiguity (Mahoney and Thelen 2010, p. 11). Institutional rules are “never complete and definitive.” This openness provides leeway for entrepreneurs to “generate their own opportunities by promoting alternative interpretations of the rules and then securing official recognition for their innovations” (Sheingate 2007, p. 18). It follows that if institutional ambiguity is present, political debate will reveal differences in how political actors interpret institutional rules or mandates. Indeed, in an important sense the ambiguity embedded within institutions sets the boundaries of policy debates, during which political entrepreneurs vie to advance their own interpretations of institutional rules and mandates.

In addition to its presence as a feature of institutions, ambiguity also provides leeway for advocates to interpret problems and solutions for policy makers. Scholars of public policy focus on how political advocates operate under conditions of ambiguity, which are defined by “fluid participation,” “problematic preferences,” and “unclear technology” (Cohen, March, and Olsen 1972, Zahariadis 2003, 2014). I focus on the opportunities for entrepreneurship
that arise in response to “problematic preferences.” This quality signifies that decision makers such as legislators do not have clear preferences about every issue, because their attention is limited (Cohen, March, and Olsen 1972, Kingdon 2003, Zahariadis 2003). Political entrepreneurs are assumed to have clear and precise preferences about their specialty issue and often have an information advantage. They become “meaning suppliers and identity providers” for policy makers (Zahariadis 2014, p. 30). In this role they strategically seek to activate certain concerns, emotions, and identities, and, in the process, build support for their preferred interpretations of problems, policy solutions, or (usually) both (Kingdon 2003, Zahariadis 2014).

Information—which is itself ambiguous in that it is “subject to differing interpretations or perspectives” (Jones and Baumgartner 2005, p. 13)—is one key tool that entrepreneurs use to control ambiguity and provide meaning. Ambiguity in problem definition and alternative specification means that there are multiple dimensions of any circumstance, event, or outcome that could attract attention. Advocates use information selectively to highlight some dimensions of a problem or proposed solution while masking other aspects (Entman 1993). They seek to convey “policy images” (Baumgartner and Jones 1993) that will lead policy makers to adopt the advocates’ preferred problem definition and policy solution (Zahariadis 2003). The distribution of costs and benefits is usually a key feature of these policy images. People are more averse to losses than they are enthusiastic about gains (Tversky and Kahneman 1981), and concentrated losses are more powerful as mobilizing forces than are diffuse losses (or gains) (Wilson 1980). Entrepreneurs thus seek to portray problems and solutions strategically such that the perceived incidence of costs and benefits will tilt the political scale in their favor. Moreover, particularly in cases when policy makers lack clear preferences, advocates have leeway to define the point of reference from which losses and gains are perceived to depart (Zahariadis 2003).

We observe ambiguity in the interpretation of problems and alternatives through the rhetorical choices that entrepreneurs make in policy debates. The analytical task is to
assess, first, how advocates use information strategically to frame problems and proposed solutions, and, second, how these portrayals create meaning for legislators. Observing the same actors making arguments at different points in time provides analytical leverage. Over-time variation in actors’ arguments highlights that they intentionally select and interpret information, and analyzing this variation helps reveal the strategy behind their rhetorical choices.

The final component of the framework is the concept of “policy windows,” used by public policy scholars to describe time-bound opportunities for entrepreneurs to define problems, attach them to preferred solutions, and shuttle them through a political decision-making venue (Kingdon 2003). The particularities of a policy window shape entrepreneurs’ strategies. I show how the characteristics of a policy window shapes the choice and tractability of dimensions on which entrepreneurs focus attention. The availability of multiple dimensions stems from the ambiguity inherent to the political world. The particularities of a policy window help to determine which dimensions are highlighted.

In my analysis, I use the concepts operationalized here to show how the ambiguity embedded in the NFIP provided openings for entrepreneurs to advance their interests by (re)interpreting program rules and mandates. I then show how entrepreneurs supplied meaning to legislators. They used information strategically to advance their interpretations of problems, policy solutions, and goals and related these interpretations to legislators’ concerns about the incidence of costs and benefits. Throughout the discussion I address how the particularities of the policy window shaped entrepreneurs’ strategies.

4 Case Selection and Data

The passage and rollback of the 2012 reforms to the National Flood Insurance Program provides a compelling case through which to study advocates’ strategic engagement with ambiguity. First, the case presents a compelling puzzle in its own right. In a Congress
known more for stalemates and shutdowns than for getting things done, both reform and rollback passed with broad support. The sharp backlash based on the threat of concentrated, direct costs raises the question of how the reforms passed in the first place. Second, while it is easy to critique the NFIP as a “policy failure” (Strother 2016, Jarvis 2017), the program may more accurately be characterized as replete with ambiguity. The program thus provides a “typical” case through which to explore the role of ambiguity in politics (Seawright and Gerring 2008). Likewise, the case meets the criterion of “organized anarchy” (Cohen, March, and Olsen 1972), the decision-making setting within which ambiguity is present. In particular, especially at the time the reform was passed, the low profile of the NFIP suggests that the modal member of Congress had “problematic preferences” about the program. This left entrepreneurs with a great deal of leeway for framing arguments and supplying meaning to legislators. Ambiguity might help explain this puzzling instance of congressional backpedaling even as the typical-case design helps to illustrate the role of ambiguity in politics more broadly. Third, the close succession of reform and repeal means that little had changed in the institutional or political setting within which advocates were operating, many of the same actors were involved in both processes, and some of these actors’ arguments changed over time. This helps to isolate the role of ambiguity, and assessing over-time variation provides analytical leverage to explore strategic engagement with ambiguity.

Two main questions guided data collection. First, I identify the main elements—including ideas and actors—in the debate leading to BW12’s passage. Second, I ask how actors used information strategically to shape perceptions of problems with the NFIP and expectations about outcomes from BW12. I focus particular attention on how affordability and costs and benefits more broadly were understood and portrayed. I draw on news accounts, semi-structured interviews, academic and agency reports on the NFIP, and congressional testimony to address these questions. Through my interviews I sought to understand the role of each organization in the policy-making process that led to BW12, each respondent’s perceptions of the program’s goals and problems, and their priorities for the legislation. To this end,
I asked about respondents’ participation in policy design, lobbying, and coalition building; their role in bringing reform and reauthorization to the congressional agenda; the key issues and arguments in the debate; their own priorities; the other actors involved; and differences and similarities between the House and Senate during debate, markup, and passage. I used a semi-structured interview approach (Weiss 1994). This means I used an interview guide to ensure that I covered a core set of topics with each respondent, but I allowed flexibility in the conversation so that respondents could raise concerns and perspectives I may not have asked about. I adapted a template interview guide for each respondent, and this template is included in the appendix.

I used a snowball sampling approach to gather perspectives from the full slate of political entrepreneurs engaged in the policy debate leading to BW12. For my initial interviews I targeted committee and FEMA staff; authors of published reports on BW12; and leaders from interest groups who were mentioned in media reports, published statements, testified to Congress, or otherwise took public positions on BW12. I then contacted additional groups and individuals that my early interview respondents identified as actively engaged in the policy-making process. I validated information relayed to me, either by asking other respondents about the topic of concern or by referring to published documents (including congressional testimony). Still, my interviews serve as a source not of fact but of perspective. They reveal how policy makers and political entrepreneurs portrayed and understood the NFIP, the policy-making process, and BW12’s role in addressing the program’s challenges.

Table 1 shows the organizational affiliations of my 21 interview respondents, at the time of their involvement in the policymaking process this paper addresses. My panel included six representatives from government agencies involved with the legislative process or the administration of the NFIP; four congressional staffers who actively participated in the process; seven leaders from interest groups that testified to or lobbied Congress; and four scholars and journalists with expertise in the NFIP.

[Table 1 here]
The analytical focus on ambiguity emerged through the process of collecting and iteratively coding the interview data. I first transcribed the interviews. Next, a first round of coding reflected the core questions contained in my interview guide, including the key issues on which the debate focused, each respondent’s position and priorities, the interest group coalitions, consensus and conflict around various provisions, how issues were addressed in the debate, similarities and differences between the House and Senate, and advocacy strategies. This round of coding helped me to identify themes, commonalities, and differences between respondents’ portrayals of the debate. One of the major themes to emerge from this first round of coding was how the debate shifted over time and how perceptions, portrayals, and priorities changed between policy windows. Thus, a second round of coding focused more explicitly on ambiguity. Three overarching questions guided this round of coding. First, how is ambiguity present in the NFIP’s structure and in the policy debate about reforming the program? Second, how did political entrepreneurs engage strategically with ambiguity? In particular, how did they interpret rules, use information strategically to portray advantageous policy images, and present particular interpretations of expected outcomes in ways that provided meaning for legislators? Third, how did policy windows guide or constrain rhetorical choices, especially the highlighting of some dimensions and masking of others? In this round of coding, I categorized respondents’ definition of problems; expectations associated with proposed solutions; prioritization between problem dimensions; interpretation of program rules and goals; information they used to support their interpretations; and descriptions of policy windows.

Whereas the interviews helped me ascertain how the entrepreneurs understood the debate and how their priorities and perceptions changed over time, congressional testimony shows how entrepreneurs *publicly* portrayed their interpretations of problems, solutions, goals, and institutional rules. I draw from congressional testimony to scrutinize the claims made during interviews and show how entrepreneurs framed the debate in public. I incorporate testimony delivered during two rounds of congressional hearings to validate information provided by
interview respondents and show how entrepreneurs presented their interpretations for legislators. I draw from testimony delivered to the House Committee on Financial Services Subcommittee on Housing and Community Opportunity in April 2010 and March 2011, and to the Senate Committee on Banking, Housing, and Urban Affairs in September 2010 and May 2012. Combined, congressional testimony and interview data show how political entrepreneurs understood and focused legislators’ attention and interpreted program rules and goals.

Table 2 shows the outside groups that testified in writing or in person before Congress. The analysis focuses on the arguments made by groups with a vested interest in the outcome of the debate. For this reason I exclude testimony from the Government Accountability Office (GAO) in my analysis of advocacy perspectives. However, since the GAO highlights sources of institutional ambiguity that BW12 addressed to varying degrees, I incorporate testimony from the GAO in describing the ambiguity embedded within the NFIP. Each advocacy group that testified expressed overall support for the bill, albeit for different reasons and with qualifications that they emphasized to varying degrees over time. An unlikely coalition of environmental groups, conservative think tanks, housing trade groups, and insurance industry groups supported BW12’s passage.

[Table 2 here]

5 Using Ambiguity for Political Advantage

5.1 Institutional Ambiguity Provided Openings for Entrepreneurial Interpretation

Table 3 summarizes the main elements of the analysis, in which I show how advocates used information to advance their interpretations of rules, problems, policy solutions, and goals. At the most fundamental level, the NFIP embodies two goals, which conflict. The program was “intended to reduce the federal government’s costs for repairing flood damage after
disasters” (Government Accountability Office 2010, p. 4). It achieves this by providing flood insurance to property owners who otherwise would not be able to obtain it, while covering claims and expenses through premiums like a private insurance company. GAO notes that it is impossible to meet these competing goals—providing affordable flood insurance and maintaining fiscal solvency—in high-loss years. This duality of goals at the heart of the program provides an opportunity for political entrepreneurs. Depending on a group’s policy preferences or the policy window that opens, entrepreneurs may invoke either of these goals in interpreting a problem or proposal for legislators.

[Table 3 here]

Over time, efforts to achieve and resolve these goals has led to the development of rules which, in turn, provide openings for interpretation. These include procedures for defining risk and setting insurance rates, discounts, a purchase requirement for properties in flood zones, and accounting for flood-control systems. Some of these rules are intended to keep insurance rates affordable and/or encourage participation in the program. Others are intended to improve the program’s solvency. These rules exemplify how institutions develop in ways that reflect competing mandates that were present from the moment of enactment.

The rules are open for interpretation though, and this ambiguity provides opportunities for entrepreneurial innovation. Table 4 shows the program rules that interview respondents mentioned most often in their recollections of designing, debating, and building a coalition for BW12. The table also shows the various ways in which respondents reinterpreted the rules. My analysis focuses on how advocates built favorable policy images around the rules that changed the premium structure, since these were the ones that eventually faced opposition and were rolled back based on threats of direct, concentrated costs.

[Table 4 here]
5.2 Entrepreneurs Engaged with Ambiguity to Advance Their Interests

The coalition that supported BW12’s passage included diverse groups with a multiplicity of interests. Environmental groups, housing trade groups, the insurance industry, and think tanks promoting fiscal responsibility and market-based solutions all supported BW12’s passage, albeit for different reasons that they emphasized to varying degrees over time. While these groups all supported the bill in its final form, interviews and congressional testimony reveal differences in their preferred policy solutions, problem definitions, and priorities. Broadly, the groups fall into two camps: those who prioritized structural reforms to the program and those who accepted reform mostly as a necessary condition for ensuring the program’s reauthorization. These two camps advanced different interpretations of the NFIP’s goal: reform advocates focused on the program’s mandate to reduce disaster-aid costs, while reauthorization proponents focused on the availability of affordable flood insurance.

The Smarter Safer Coalition (SSC)—which includes environmental advocates, some insurance and reinsurance trade associations, consumer and taxpayer advocates, and conservative think tanks—advocated for the structural reforms at the heart of BW12. Even here groups differed in the specific reforms they cared most about. The Reinsurance Association of America, for example, pushed for a provision explicitly directing FEMA to purchase reinsurance to transfer risk. This was framed as a way to ensure the program’s solvency and served as a nod to “privatization,” which appealed in particular to Tea Party conservatives who formed an important caucus within the House Republican majority. For the reinsurance industry the measure presented an important market opportunity. Some of the other groups went along because it held political appeal without provoking opposition from the insurance industry (which did not want to see the program fully privatized). This exemplifies the way in which different members of a supporting coalition envision success through different expectations for a multidimensional and ambiguous policy proposal (Stokes 2015, Stone 2011). It also shows how entrepreneurs advance their own interpretations of institutional rules. Ad-
vocates for reinsurance argued that the NFIP’s enabling statute already allowed FEMA to use reinsurance (Nutter 2011).

The second group prioritized long-term reauthorization of the program and went along with structural reforms somewhat reluctantly. This group includes trade groups representing the housing, insurance, construction, mortgage, and financial services industries. Notably, interview respondents differed in whether they identified these groups as distinct from the SSC, which strongly advocated for structural reforms to the program. This is one indicator that, at the moment when BW12 passed, conflict was subdued within the supporting coalition. The hushing of conflict also signifies one way in which this group most dramatically illustrates strategic engagement with ambiguity in policy making.

How did these groups engage with ambiguity to portray politically advantageous policy images, and how did the particularities of policy windows shape their strategies and influence their success? The key question is how entrepreneurs promoted policy images that portrayed their policy proposals as either providing concentrated benefits or avoiding concentrated losses. More precisely, how did ambiguity allow for the portrayal of policy images that did not include premium hikes as an identifiable feature?

Advocates of structural reforms focused attention on the problems of the program’s debt and fiscal insolvency, and the impact that restructuring would have on these aggregate-level concerns. In interviews and testimony, entrepreneurs cited the $18 billion debt accrued from the 2005 hurricane season as the primary catalyst for beginning the policy reform process. They promoted the elimination of pre-FIRM discounts and a requirement that FEMA include high-loss years in flood-risk assessments as ways to improve the program’s fiscal solvency and chip away at the debt. An emphasis on fiscal solvency and these and other nods towards privatization resonated during a political moment when the financial collapse had heightened awareness of fiscal vulnerability and led to a strong push to reduce the deficit and cut government spending. Arguments for improving the program’s fiscal structure resonated in particular with the ascendant Tea Party in 2010-2012, who may not
have voted to reauthorize the program without major reforms.

Even in this political context though, a focus on the collective benefit of debt reduction might face opposition in the political arena since diffuse benefits often come with the consequence of concentrated losses. Indeed, NFIP rates were never intended to capture catastrophic risk since this would raise rates significantly (King 2013), and the Department of Housing and Urban Development determined that pre-FIRM discounts were necessary to encourage communities to participate in the program (Pasterick 1998, The National Flood Insurance Act of 1968, as amended, and The Flood Disaster Protection Act of 1973, as amended 1968). Pre-FIRM discounts and FEMA’s method of calculating rates were instituted to avoid the imposition of concentrated losses in the form of high insurance rates.

Entrepreneurs manipulated ambiguity by downplaying the concentrated, individual-level costs that the proposed changes might impose. Specifically, a focus on average discounts softened the perceived impact of eliminating them. Interview respondents recalled that legislators and advocates understood that homeowners with pre-FIRM discounts generally were paying 20-40% below the full-risk rate for their homes’ locations. This understanding was based on information from FEMA, GAO, and the Congressional Budget Office, and congressional testimony supports respondents’ claims. The GAO cited FEMA’s estimate that the average discounted premium rate was 40-45% of the full-risk rate (Brown 2011). National Association of Realtors (NAR) representatives referred to FEMA’s estimates that, if homeowners paying the average discounted policy were moved to full-risk premiums, they would pay an average of 2.5 times the current rates (Veissi 2010, Sullivan 2011). Insurance industry representative David Sampson cited premium discounts of 20 to 50% on average, and 40 to 45% for repetitive-loss and high flood-risk properties (Sampson 2012, p. 2). Consistent with these figures and with FEMA estimates (Hayes and Neal 2011), policy makers generally understood that average pre-FIRM rates amounted to about 40%-45% of full-risk rates, and legislators considered the impact of eliminating this discount to be acceptable.

The problem is that aggregates and averages conceal a great deal of variance within the
pool of premium discounts. A subsidized premium’s discount differs based on a structure’s elevation in comparison with the expected flood depth at its location (Pricewaterhouse Coopers LLC 1999). Figure 1, excerpted from a 1999 study, illustrates the variation in magnitude of premium discounts. The figure shows that insurance discounts increase exponentially the lower a structure sits below the FEMA-designated base flood elevation. Focusing on averages masks this variance, and by extension the large, direct, and proximate costs that removing discounts would impose on some constituents. The realtors did represent this variance in their discussion, noting that some premiums would increase by “four-fold or more” (Veissi 2010, Sullivan 2011), but even this figure understates the variance depicted in Figure 1. This is a poignant example of how ambiguity provides opportunities. There are many ways of interpreting the impact of eliminating the discounts contained within the NFIP, and the interpretation that dominated in debate focused on averages and masked the extreme premium increases that BW12 could cause.

[Figure 1 here]

FEMA, which sets flood insurance rates and premium discounts, commissioned the study from which Figure 1 is drawn. The agency is not unaware of the variance of premium discounts and the affordability concerns that raising premiums would cause. Additionally, the President’s official position from the BW12 debate states, “The Administration looks forward to working with the Congress on additional reforms to strengthen the NFIP and help economically distressed homeowners.” (Executive Office of the President Office of Management and Budget 2012, emphasis mine) This statement, along with the evidence from FEMA’s study conducted a decade prior, suggests that the executive branch did have concerns about affordability associated with BW12. In his testimony, FEMA Administrator Craig Fugate mentioned FEMA’s efforts to address affordability in a study of reform options. But he did not emphasize affordability concerns (Fugate 2010, 2011). Individual-level affordability concerns were not absent from the debate, but they did not receive the same strategic focus as the aggregate-level problem of the program’s debt or the relatively mild magnitude of
costs portrayed by averages.

The entrepreneurs most likely to have highlighted affordability concerns also engaged strategically with ambiguity and shaped their arguments to the policy window that opened. They highlighted the costs imposed by the program’s lapses and “went along” with premium-structure changes as a necessary condition for getting reauthorization approved by conservatives in the House and Senate. Both interview data and congressional testimony indicate that as the debate progressed the housing trade groups quelled their opposition to the reforms. In his 2010 testimony, NAR President Maurice Veissi expressed opposition to phasing in “full-risk’ premiums for non-residential and non-primary residential properties” as well as phasing in full-risk premiums for primary residences at the point of sale (Veissi 2010, p. 4). Even in her 2011 testimony to the House, the NAR’s representative raised concerns about moving pre-FIRM properties other than repetitive-loss properties to full-risk premiums (Sullivan 2011). Instead of strongly opposing the measure outright though, she urged Congress to phase in premium increases by a set percentage each year rather than all at once. By 2012, Veissi did not raise concerns about the costs that would be imposed by premium-structure changes. Instead, he highlighted the need for affordable flood insurance and focused on threats associated with the NFIP’s pending expiration. Veissi emphasized that the nation’s housing markets were feebly recovering from the recession, and highlighted the hindrance to the recovery that short-term extensions and operating lapses had caused. Veissi argued that facilitating real-estate market recovery would boost local economies: “Each sale provides jobs and income to real estate agents, construction workers, mortgage service providers, home inspectors, home appraisers, and many others” (Veissi 2012, p. 5). In choosing to focus on this dimension of the problem, Veissi connected the threat of program lapses to the particularistic concerns of all legislators, since housing is an important economic driver in virtually every legislative district. He became a meaning-maker by effectively linking his self-interested interpretation of the problem to legislators’ concerns about economic growth in their states.
This rhetoric again epitomizes strategic engagement with ambiguity though, since the argument overlooks one highly relevant dimension: low participation in the program. In portraying the market impact of NFIP lapses, Veissi assumed that a program lapse affects all home sales in a Special Flood Hazard Area (SFHA) (Veissi 2012, p. 4). His interpretation assumes perfect compliance with the rule requiring the purchase of flood insurance to obtain federally backed mortgages in flood zones. But studies have found that insurance purchasing rates are low, even among residents of SFHAs to whom the flood insurance requirement applies (Dixon et al. 2006, Kousky 2010, Landry and Jahan-Parvar 2011, King 2013, Michel-Kerjan and Kousky 2010, Government Accountability Office 2006). Would imperfect purchasing rates temper the magnitude of the NFIP’s impact on real-estate markets? BW12’s drafters evidently believed so, since the law raised the penalty from $350 to $2,000 if lenders fail to require insurance (Biggert-Waters Flood Insurance Reform Act 2012, Sec. 100208(1)). If this incentive worked, it would bring many more borrowers into the program, and all of them would pay full-risk premiums. By glossing over this, Veissi understated the reforms’ concentrated impact on households, while overstating the threat posed by program lapses. If BW12’s stricter penalty for noncompliance worked as intended, it would amplify the poorly understood household-level impacts by applying them to more people.

In addition to the housing trade representatives, the witnesses most likely to raise affordability concerns would have been the representatives of local jurisdictions, who might be sensitive to the costs associated with eliminating pre-FIRM discounts, or insurance industry representatives with deep expertise of the nature of flood risk and costs of insuring against it. At the final Senate hearing before BW12 passed though, neither of these groups expressed concern about the concentrated costs associated with eliminating discounts. Instead, a representative from a southeast-Louisiana levee district focused on FEMA’s consideration of levees in risk assessment. A floodplain manager from Montana focused on the need for reauthorization and urged Congress to eliminate subsidies. Two insurance industry witnesses focused on the need for the NFIP’s reauthorization and, again, tailored their arguments
to the policy window (Jensen 2012, Sampson 2012). Property Casualty Insurance Association President and CEO David Sampson reminded senators: “The NFIP is set to expire on May 31—the day before the official start to the Atlantic hurricane season—if Congress does not act. More than 5.6 million American homeowners, renters, and businesses are NFIP policyholders and rely on this program to protect their homes and their financial security” (Sampson 2012, p. 1). Sampson’s choice to focus attention on the coincident timing between the NFIP’s pending expiration and the opening of hurricane season was strategic and self-interested. He could have, for example, highlighted the likelihood that losses incurred during hurricane season might make flood insurance prohibitively expensive under BW12’s provision that FEMA incorporate all years of losses in its rate calculations. Indeed, the catastrophic nature of flood losses is an important reason that the insurance industry has opposed full privatization of the program. Overall, the debate focused on the aggregate benefits of eliminating discounts and the need to reauthorize the program, and those who had initially expressed concerns about concentrated costs had quieted their opposition in order to ensure the program’s continuation.

One alternative explanation merits mention: that BW12’s proponents used a procedural strategy to shuttle the law through in spite of knowledge that it would impose politically unpalatable costs. Procedural strategies played a role but cannot fully explain BW12’s passage. Interview respondents addressed this possibility in their discussions of how and why the bill was rolled into MAP-21, a major transportation-funding bill (Moving Ahead for Progress in the 21st Century Act 2012). Embedding the reforms in the transportation bill could weaken the link between legislators’ choices and policy outcomes, and thereby make it easier for some to vote for a policy that may displease constituents (Arnold 1992). Some respondents did suggest that congressional leaders bundled BW12 with MAP-21 to provide cover for leaders such as Mary Landrieu (D-LA), whose constituents would face major costs as a result of the law. These respondents also pointed out that MAP-21 included the RESTORE Act. RESTORE secured and allocated payouts from the Deepwater Horizon
oil spill for the state of Louisiana and made it virtually impossible for Landrieu to oppose the bill. Bundling may have helped ensure Landrieu’s support, but cannot fully explain the outcome. As evidence for this, respondents pointed to the fact that bills containing BW12’s premium-structure changes had passed both chambers with large majorities in 2007 and 2008. Leaders rolled BW12 into MAP-21 because it needed to move and it had garnered broad support, not because it needed to sneak through.

Early in the implementation of BW12, ambiguity again provided leeway in defining problems. Instead of focusing on averages and aggregates, the advocates of rolling back BW12 focused on extreme anecdotes. Interview respondents noted this rhetorical shift and highlighted its power in light of the ambiguity of the moment. At the time, a National Academy of Sciences panel had begun designing a framework for assessing the NFIP’s affordability challenges (National Academy of Sciences 2015). In the interim, policy makers and advocates remained uncertain about the extent and magnitude of the premium changes BW12 would have imposed, since only part of the law had actually gone into effect and FEMA had not yet released new rate tables. Respondents also noted that nobody—including FEMA—knew exactly how many properties were paying grandfathered rates, or how much grandfathered rates differed from full-risk rates. Meanwhile, the agency was undertaking a remapping process simultaneous to BW12’s passage, and the law eliminated grandfathering such that properties mapped into different flood-hazard areas must pay the rate for their new flood zone. This situation in which (respondents claimed) “nobody knew” that the remapping was happening, and nobody knew how many properties would be affected (or by how much) left ample room for interpretation of the impact of eliminating grandfathering. Moreover, Hurricane Sandy provided a focusing event to highlight the individual-level impacts of rate changes, since BW12 also required FEMA to include high-loss years in its rate calculations.

The only premium increases that went into effect immediately were those triggered by home sales. Thus, the only individuals who directly and immediately experienced the impact were those who wanted to sell their homes and—notably as a mobilizing influence—the housing
trade groups. The NAR served as a powerful instigator, highlighting extreme changes. In his 2013 testimony to the House, Veissi described the experience of two families who purchased homes in floodplains and saw their insurance rates shoot up by over 1,000% because of the “home-sale trigger” (Veissi 2013). This increase far exceeds the 2.5-fold increase projected in the debate preceding BW12; Veissi’s choice to focus on the way in which BW12 affected families departs substantially from his earlier focus on the collective economic benefits that reauthorization would achieve. These arguments were difficult to rebut without more information about the prevalence of grandfathering and the results of the affordability study that was written into BW12. More information would have reduced uncertainty by improving policymakers’ ability to predict the impacts of eliminating grandfathering. Even after reducing the uncertainty though, the problem would have remained ambiguous in that policymakers still faced a choice about whether to focus on the problem of the program’s aggregate impacts or the extreme ends of its individual-level effects. As one respondent noted, discounted properties make up a “small segment of a small segment of a small program. Do I have to set national policy based on what this small group cares about? Would that do the greatest good for people?” Uncertainty provided opponents of the reform a leg up in the debate, but focusing on extreme, individual-level impacts was fundamentally an interpretive choice.

Little had changed in the “political stream:” the same Congress that passed BW12 also enacted its rollback in early 2014. Instead, Hurricane Sandy provided a focusing event that underscored the focus on individual-level affordability concerns that had been understated in the buildup to BW12. Entrepreneurs responded by highlighting the extreme premium increases that could ensue, even before the provisions phasing out pre-FIRM discounts had been implemented. The synecdoche used to emphasize dramatic rate hikes is neither more nor less accurate than the averages emphasized to push BW12 through. Instead, these are rhetorical choices that advance particular interpretations of problems and outcomes.
6 Conclusion

This case demonstrates the importance of ambiguity—the capacity to have multiple meanings—in public policy and institutional change processes. I draw from multiple streams analysis and historical institutionalism to operationalize ambiguity as interpretability of rules, circumstances, events, problems, and goals. I show how groups reinterpret institutional rules, problems, and policies for legislators who may lack clear preferences and full information pertaining to a decision they must make. Ambiguity provides openings for groups to reinterpret institutional rules to better advance particular interests, and it enables groups with diverse interests to envision success through different interpretations of a complex policy. The ambiguous nature of circumstances in the world means that entrepreneurs can highlight certain dimensions of problems and proposals while masking others. Entrepreneurs manipulate ambiguity to portray a favorable incidence of costs and benefits and appeal to concerns that are politically salient during the policy window that opens.

In some ways, rules are sources of rigidity and structure, but, as historical institutionalists have argued, rules also provide openings for change (Mahoney and Thelen 2010, Sheingate 2010, 2007). Several program rules became primary objects of concern during the design, debate, and passage of the Biggert-Waters Flood Insurance Reform Act of 2012. Entrepreneurs promoted their interpretations of these rules, showed how their interpretations fit into legislators’ priorities, and adapted their arguments to the particularities of the policy window that opened. Ambiguity facilitated their rhetorical strategy: entrepreneurs enjoy leeway in selecting the dimensions they highlight to appeal to legislators’ concerns (Entman 1993, Zahariadis 2003, 2014). Entrepreneurs selected information strategically to build politically advantageous policy images (Jones and Baumgartner 2005, Baumgartner and Jones 1993) that would appeal to decision-makers during the policy window that opened (Kingdon 2003). Specifically, they understated the direct, concentrated costs that the changes they advocated might impose and highlighted the reforms’ link to the politically salient concerns of market security and deficit reduction. Ambiguity again provided leeway for interpreting BW12’s
effects after its passage, when groups that had originally expressed but eventually hushed concerns about the reforms advocated for their delay.

Maxine Waters—one of the bill’s original sponsors—claimed after the law’s passage that the dramatic rate hikes that were highlighted during implementation were unintended (Knowles 2014). This might be true: during the “fog of enactment” (Stokes 2015, p. 26), decision-makers may not have anticipated the consequences of the reforms. We cannot ascertain individual legislators’ true beliefs about BW12’s consequences, but the veracity of the claim is less relevant than its plausibility. If a legislator makes a choice that imposes direct, concentrated costs on constituents, the ability to claim unintentionality is useful (Stone 2011, p. 220). Entrepreneurs’ public interpretations—lobbying as theatre—were crucial to the plausibility of claims that consequences were unintentional. Ambiguity provided the necessary leeway for entrepreneurs to interpret problems and solutions for legislators.

Foregrounding ambiguity as a variable advances public policy scholarship in three important ways. First, historical institutionalists have suggested that the ambiguity embedded in institutions provides the source for institutional change (Mahoney and Thelen 2010, Sheingate 2010). I use the empirical example of the NFIP to show how ambiguous institutional rules open opportunities for political entrepreneurship in the policy making process. Second, and relatedly, the case suggests that instances like the rollback of BW12 should not be considered wholesale “failures.” Instead, they are episodes in a trajectory of efforts to resolve the conflicting mandates that are embedded within the institution from its origin. Historical efforts to resolve these conflicts produce ambiguities that provide openings for change. But the direction of change depends crucially on the interests of political entrepreneurs and the priorities that are salient when a policy window opens. Third, the case highlights the power of political entrepreneurs and the importance of ambiguity to their political strategy. One valuable but problematic role for lobbyists is to provide expertise to legislators and otherwise supplement staff activity on issues of interests (Hall and Deardorff 2006). Particularly when decision makers have “problematic preferences” though, entrepreneurs have tremendous lee-
way to advance their interpretations of institutional rules by using information strategically to define problems and outcomes in politically advantageous ways.
1 Zahariadis (2003) argues that if a policy window opens due to a focusing event in the “problem stream,” such as a natural disaster, entrepreneurs will focus attention on the problem first and promote solutions to address it. If a policy window opens in the “politics stream,” following an election for example, policy debate will appear more ideological in that solutions will go in search of problems to resolve. I do not focus on the consequences for political debate when policy windows open in a particular stream of the political system, because a policy window often opens due to changes in more than one of the streams. It is not always possible to assign singular causality to a change in the political or problem stream. Instead, I show more broadly how entrepreneurs activate the concerns that are salient during a given political moment.

2 NFIP has historically charged rates that reflect the “average historical loss year,” not catastrophes (King 2005, p. 14). This structure keeps NFIP rates affordable but well below what private insurers would charge to cover low-frequency, high-loss flood events (Kousky and Shabman 2014). Similarly, instead of building up a reserve fund or purchasing reinsurance, the NFIP “operates on a cash-flow basis” and borrows from the U.S. Treasury to cover high-loss years (Government Accountability Office 2010, p. 5). This also reflects the mandate to keep rates affordable. To encourage communities to participate in the program, FEMA discounts rates for “pre-Flood Insurance Rate Map” (pre-FIRM) properties built before FEMA determined their location’s flood risk. FEMA also uses grandfathering. At the agency’s discretion, existing policyholders may continue paying their previous rate, even if FEMA revises the flood hazard maps and places the property in a different risk category. By keeping insurance affordable and encouraging participation, grandfathering and discounts help to increase the number of flood-prone people buying into the disaster-aid system. But they also undercut the goal of fiscal solvency by keeping insurance prices below the full-risk rates.

3 Examples include a requirement that purchasers of federally backed mortgages for properties in flood-risk zones maintain flood insurance, and programs to mitigate risk on repetitive-loss properties (Government Accountability Office 2010).
Tables and Figures

Table 1: Organizational Affiliations of Interview Respondents

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>6</td>
</tr>
<tr>
<td>Congress (staff)</td>
<td>4</td>
</tr>
<tr>
<td>Interest Group</td>
<td>7</td>
</tr>
<tr>
<td>Academic or Media</td>
<td>4</td>
</tr>
</tbody>
</table>

My interview panel consisted of 21 respondents. I identified these respondents using a snowball sampling technique in order to incorporate the perspectives of all participants in the debate over BW12.

Table 2: Witnesses Providing Testimony in Congressional Hearings

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Testimonies Delivered</th>
<th>Chamber(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Accountability Office</td>
<td>3</td>
<td>House, Senate</td>
</tr>
<tr>
<td>FEMA</td>
<td>2</td>
<td>House</td>
</tr>
<tr>
<td>Insurance industry groups</td>
<td>7</td>
<td>House, Senate</td>
</tr>
<tr>
<td>Conservative advocacy groups</td>
<td>3</td>
<td>House, Senate</td>
</tr>
<tr>
<td>Environmental groups</td>
<td>2</td>
<td>House, Senate</td>
</tr>
<tr>
<td>Real estate and housing trade groups</td>
<td>6</td>
<td>House, Senate</td>
</tr>
<tr>
<td>Floodplain managers</td>
<td>5</td>
<td>House, Senate</td>
</tr>
</tbody>
</table>

I incorporate analysis of testimony delivered at two rounds of congressional hearings addressing the bill that passed as BW12. Hearings were held in 2009 and 2011 in the House, and 2010 and 2012 in the Senate.
Table 3: Program Goals, Ambiguous Rules, Policy Images, and Policy Windows

<table>
<thead>
<tr>
<th>Goals</th>
<th>Rules</th>
<th>Policy Images</th>
<th>Policy Window</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program’s mandates conflict</td>
<td>Rules have been developed to advance the program’s goals and resolve conflict between them</td>
<td>Entrepreneurs reinterpret program rules and select information to portray politically advantageous policy images with regard to their proposals</td>
<td>Their arguments appeal to salient political concerns</td>
</tr>
<tr>
<td>Reduce cost of federal disaster aid</td>
<td>Risk-based rates Mandatory purchase of flood insurance in flood-plains</td>
<td>Focus on problems of debt, insolvency, and average discounts</td>
<td>Understate variance in premium discounts</td>
</tr>
<tr>
<td>Provide affordable flood insurance</td>
<td>Use of discounts and grandfathering Rates based on average historical losses</td>
<td>Focus on real estate market recovery</td>
<td>Mask low uptake of insurance, potentially exacerbated by elimination of discounts</td>
</tr>
<tr>
<td></td>
<td>Borrowing authority to cover high-loss years</td>
<td>Focus on extreme premium hikes</td>
<td>Mask prevalence of grandfathering, aggregate impact of eliminating it</td>
</tr>
</tbody>
</table>

This table outlines the relationships between conflicting institutional mandates, program rules that provide opportunities for entrepreneurial innovations, strategic manipulation of ambiguity in the portrayal of policy images, and the policy windows within which the debate occurred.
Table 4: Ambiguity Embedded Within the NFIP

<table>
<thead>
<tr>
<th>Rule</th>
<th>Status Quo</th>
<th>Proposed reinterpretations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate setting: FEMA sets insurance rates based on a zoned system of flood-risk assessment.</td>
<td>FEMA discounts rates behind levees based on the level of protection they provide.</td>
<td>Eliminate discounts on flood insurance behind levees. Improve process for certifying dams and levees and discount rates behind them. Charge a reduced rate behind dams and levees under construction.</td>
</tr>
<tr>
<td></td>
<td>FEMA produces flood-risk maps and bases insurance rates on the “average historical loss year.”</td>
<td>Include all years of losses in risk assessments. Update flood maps, with guidance from a technical council.</td>
</tr>
<tr>
<td></td>
<td>FEMA discounts rates for structures built before flood-hazard mapping was initiated.</td>
<td>FEMA should eliminate pre-FIRM discounts for repetitive-loss properties, businesses, and second homes. Eliminate all pre-FIRM discounts at the point of home sales. Phase discounts out over a predetermined period of years. Phase discounts out based on a predetermined percentage increase over the prior year’s rate. Eliminate discounts contingent on results of an affordability study.</td>
</tr>
<tr>
<td></td>
<td>Rates cannot increase by more than 10% per year (BW12 raised this to 20%).</td>
<td>Institute a premium fee to build a reserve fund. Cap individual premium increases at 20% per year.</td>
</tr>
<tr>
<td></td>
<td>FEMA uses grandfathering to create an actuarially sound class of properties within which individual property owners’ premiums may not change when flood-hazard maps change.</td>
<td>Collect data about the impact of grandfathering on the NFIP portfolio. Eliminate the use of grandfathering and charge all individuals proportionate to their current risk.</td>
</tr>
<tr>
<td>Purchase requirement: buyers of federally backed mortgages in flood-hazard areas must obtain flood insurance.</td>
<td>Banks generally require homeowners to show that they have purchased a NFIP insurance policy.</td>
<td>Allow homeowners to purchase insurance from private insurance companies, outside the NFIP. Instate automatic policy renewal. Eliminate discounts at the point of home sale. Phase out discounts over a period of several years after home sale.</td>
</tr>
<tr>
<td>Fiscal structure: NFIP borrows funds from the U.S. Treasury to cover high-loss years.</td>
<td>FEMA does not keep a reserve fund or purchase reinsurance.</td>
<td>Forgive NFIP’s debt to the Treasury and authorize a capital-reserve fund. Do not forgive NFIP’s debt, but authorize a reserve fund. Do not authorize a reserve fund. Direct NFIP to purchase reinsurance.</td>
</tr>
</tbody>
</table>

This table shows the program rules that interview respondents mentioned most often in their recollections of designing, debating, and building a coalition for BW12; the status-quo interpretations of the rules; and the various re interpretations that were discussed in the buildup to BW12.
This figure shows the difference between subsidized and actuarial premiums for properties at varying levels of elevation above base flood elevation. The figure shows that premium discounts increase exponentially as a property’s elevation relative to base flood lines decreases.
7 Appendix: Semi-Structured Interview Guide

1. ROLE IN POLICY PROCESS

(a) How were you/your organization involved in the policy process about reforming flood insurance? When did you engage in the policymaking process, how, and for how long? What was your position on the bill, and did that position change over time?

2. SETTING THE AGENDA

(a) How did flood insurance reform get onto the Congressional agenda, and what was your role in putting it there?

(b) How was this issue discussed with relation to other issues, and how did it become a topic of debate?

3. DEFINING THE PROBLEM

(a) Why you/your organization interested in flood insurance reform?

(b) What do you/your organization perceive as the goal and problem with flood insurance?

(c) What were the competing definitions of the problem? (cost to taxpayers, environmental damage, reducing vulnerability, subsidizing wealthy/poor, repeat damages, perverse incentives?)

(d) Why is your constituency/client group interested (or not interested) in flood insurance reform?

(e) Who were the main spokespersons for the problem as it came to be defined in Congress? Who did you see as the most effective spokespersons and why?

4. DEFINING THE SOLUTION
(a) What do you see as the preferred solution for the problem discussed above? How did you try to advance that solution, and how did you succeed or fail at advancing your position?

(b) Who were the main supporters and opponents of your preferred solution and the solutions contained in Biggert-Waters, and why?

(c) What advantages and disadvantages were discussed in association with each of the proposed solutions? What information was emphasized? Why do you think people supported the solutions contained in Biggert-Waters?

(d) How has the debate changed after passage of the law? How have problem definition and evaluation of alternatives changed, and why?

5. STRATEGIES USED

(a) Information—How did you try to convince decision-makers of your position? Who did you try to convince, who did you succeed/fail at convincing, and why?

(b) What strategies did the supporters of Biggert-Waters use to convince decision-makers of their position? What information did they emphasize?

(c) Procedures—How and why did the proponents of the bill use procedural strategies to gain support for the bill (e.g., by attaching the bill as a rider to a popular bill)?

6. OTHER INTERESTED GROUPS/DECISION-MAKERS

(a) Who were the key decision-makers and organized interest groups involved in this debate, and how would you characterize their positions?
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