

Why GAO Did This Study

The growing number of disaster declarations—a record 98 in fiscal year 2011 compared with 65 in 2004—has contributed to increased federal disaster costs. FEMA leads federal efforts to respond to and recover from disasters and makes recommendations to the President, who decides whether to declare a disaster and increase the usual federal cost share of 75 percent. This report addresses (1) the number of declarations requested and approved from fiscal years 2004-2011 and associated DRF obligations; (2) the criteria FEMA used to recommend a declaration for PA, and the extent that FEMA assessed whether an effective response to a disaster was beyond the capabilities of state and local governments; (3) how FEMA determined whether to recommend cost share adjustments, and their costs; and (4) FEMA's administrative cost percentages for declarations. GAO reviewed declaration data for fiscal years 2004-2011 and conducted site visits in 2011 to the two FEMA regions with the highest DRF obligations. The results are not generalizable, but provide insights.

What GAO Recommends

GAO recommends, among other things, that FEMA develop a methodology to more accurately assess a jurisdiction's capability to respond to and recover from a disaster without federal assistance, develop criteria for 100 percent cost adjustments, and implement goals for and track administrative costs. FEMA concurred with the first two, but partially concurred with the third, saying it would conduct a review before taking additional action.

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FEDERAL DISASTER ASSISTANCE

Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own

What GAO Found

During fiscal years 2004-2011, the President received governors' requests for 629 disaster declarations and approved 539, or 86 percent, of which the Federal Emergency Management Agency (FEMA) reported 71 percent were for severe storms. For these 539 declarations, FEMA obligated \$80.3 billion, or an average of about \$10 billion a year, from the Disaster Relief Fund (DRF), as of January 31, 2012. Almost half of the obligations were for Hurricane Katrina; excluding obligations for Hurricane Katrina, FEMA obligated \$40.6 billion, or an average of about \$5 billion a year. As of January 31, 2012, FEMA anticipated that when all 539 declarations are closed, total DRF obligations will be about \$91.5 billion.

GAO's analysis shows that FEMA primarily relied on a single criterion, the per capita damage indicator, to determine whether to recommend to the President that a jurisdiction receive public assistance (PA) funding. However, because FEMA's current per capita indicator, set at \$1 in 1986, does not reflect the rise in (1) per capita personal income since it was created in 1986 or (2) inflation from 1986 to 1999, the indicator is artificially low. The indicator would be \$3.57 in 2011 had it been adjusted for increases in per capita income and \$2.07 in 2012 had it been adjusted for inflation from 1986 to 1999, rather than its current \$1.35. GAO's analysis of FEMA's anticipated obligations for 508 declarations with PA during fiscal years 2004-2011 shows that 44 percent and 25 percent would not have met the indicator if it had been adjusted for increases in personal income and inflation, respectively, since 1986. Further, the per capita indicator does not accurately reflect a jurisdiction's capability to respond to or recover from a disaster without federal assistance. GAO identified other measures of fiscal capacity, such as total taxable resources, that could be more useful in determining a jurisdiction's ability to pay for damages to public structures. Developing a methodology to more comprehensively assess state capabilities and reexamining the basis for the indicator could help FEMA more accurately determine a jurisdiction's capacity to respond without federal assistance.

FEMA recommends raising the usual 75 percent federal share for PA to 90 percent when federal obligations, excluding FEMA administrative costs, meet a qualifying threshold. However, FEMA has no specific criteria for assessing requests to raise the federal share for emergency work to 100 percent, but relies on its professional judgment. For the 539 disaster declarations during fiscal years 2004-2011, governors made 150 requests to adjust the federal cost share to 90 or 100 percent; 109, or 73 percent, were approved or statutorily mandated, mostly for hurricanes. Without specific criteria for 100 percent cost share, FEMA risks making inconsistent or inequitable recommendations to the President.

GAO's analysis of administrative costs for 539 disaster declarations during fiscal years 2004-2011 shows that administrative cost percentages frequently exceeded FEMA's targets, although FEMA does not require that they be met. GAO's analysis of 1,221 disaster declarations shows that average administrative costs doubled from 9 to 18 percent during fiscal years 1989-2011, the time period for which FEMA has data available. FEMA is working on short- and long-term actions to improve efficiencies in delivering disaster assistance, but the agency does not plan to set goals or track performance for administrative costs. Until this happens, it will be difficult for FEMA to ensure assistance is being delivered in an efficient manner.