

# Disaster Relief Fund: Lessons Learned from COVID-19 Could Improve FEMA's Estimates

GAO-24-106676

Q&amp;A Report to Congressional Committees

July 9, 2024

## Why This Matters

On March 13, 2020, the President declared a nationwide emergency for the COVID-19 pandemic, authorizing assistance from the Disaster Relief Fund (DRF)—a key source of federal funding for natural disaster response and recovery. The President subsequently issued 59 major disaster declarations for all 50 states, the District of Columbia, five territories, and three Tribes. This marked the first time the DRF has been used to respond to a nationwide public health emergency. The Federal Emergency Management Agency (FEMA), which manages the DRF, played a leading role in the federal COVID-19 response.

Members of Congress have raised questions about FEMA's COVID-19 assistance and its effects on the DRF. Although the DRF received supplemental appropriations in COVID-19 relief legislation, funding requirements for the DRF threatened to exceed available resources by August 2023. In response, FEMA implemented measures to prioritize response and immediate recovery efforts and to pause new DRF obligations that were not essential for lifesaving and life-sustaining activities.

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2023, includes a provision for us to evaluate various aspects of FEMA's COVID-19 response.<sup>1</sup> This report examines the status of obligations and expenditures related to COVID-19 and how FEMA estimated these costs.

## Key Takeaways

- As of March 2024, FEMA reported obligations of \$125.3 billion from the DRF for COVID-19 assistance, of which \$103.6 billion had been expended. FEMA estimated that obligations would total \$141.3 billion through the end of fiscal year 2024, and \$171.6 billion for the entire disaster.
- FEMA expects to obligate and expend funds through August 10, 2026, for COVID-19 Public Assistance projects completed during the disaster incident period (January 20, 2020, through May 11, 2023). In addition, FEMA continues to accept applications for COVID-19 funeral assistance.
- The amount FEMA has received in appropriations for the DRF has not kept pace with the amount FEMA has expected to obligate for major disasters, including COVID-19, increasing the risk of insufficient funding.
- FEMA has a process to estimate its obligations for COVID-19. However, FEMA underestimated its COVID-19 obligations in fiscal years 2021 and 2022 and generally has not met its own estimation accuracy goal. FEMA officials told us that it was challenging to estimate obligations for the COVID-19 disaster because changes in policies and other factors increased the uncertainty of costs.
- We recommend that FEMA identify and document lessons learned related to estimating obligations for declared catastrophic disasters based on its experience with COVID-19.

## What is FEMA's DRF?

The DRF is the primary source of federal disaster assistance for tribal, state, and territorial governments, as well as individuals and households, when a major disaster is declared. Through the DRF, FEMA can direct, coordinate, manage, and fund eligible response and recovery efforts associated with major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act).<sup>2</sup>

Following a disaster, a tribal chief executive or state or territorial governor may submit a request to the President for a major disaster declaration if the Tribe, state, or territory determines that an effective response is beyond its capabilities. An approved major disaster declaration by the President provides a wide range of federal disaster assistance programs from the DRF to tribal, state, and territorial governments and certain nonprofit organizations, as well as individuals and households.

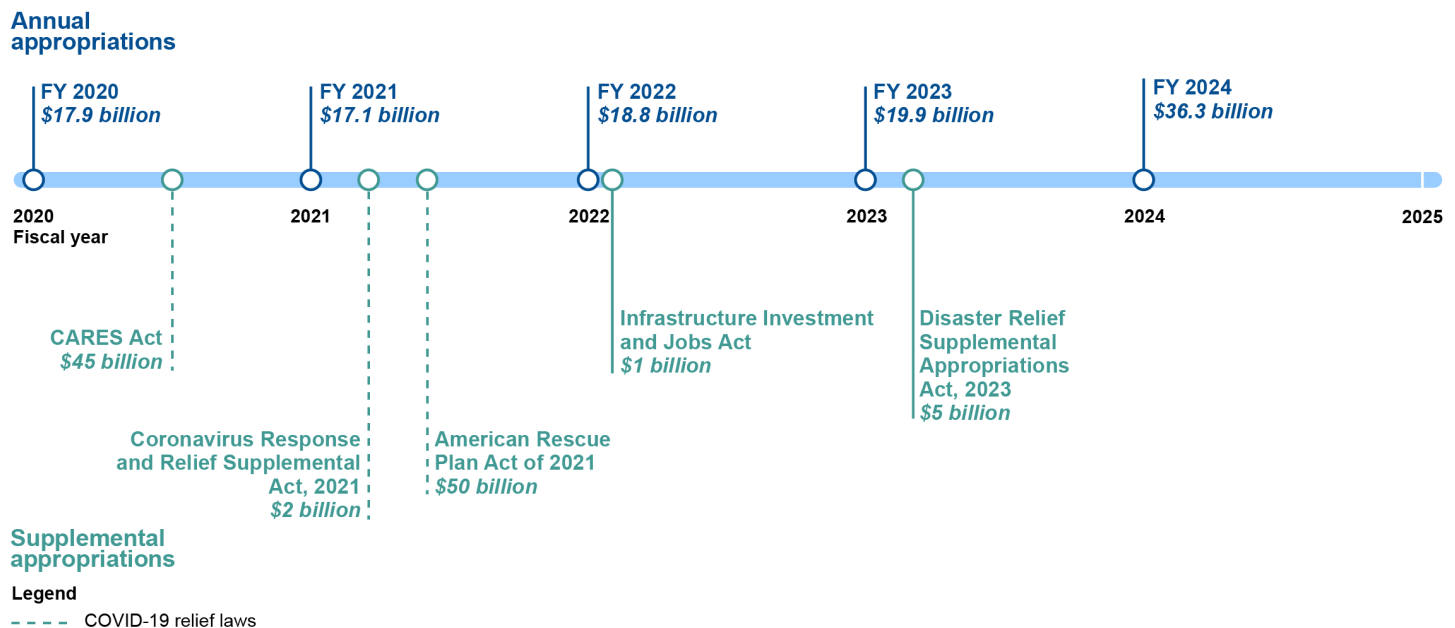
According to the Congressional Research Service, costs incurred for major disaster declarations account for more than 95 percent of DRF obligations.<sup>3</sup> In addition, the DRF supports activities outside of major disaster declarations, such as preparing federal employees and resources prior to a declaration.

## How is the DRF funded?

Congress funds the DRF through a combination of annual and supplemental appropriations. Appropriations to the DRF are generally no-year funding, meaning the funds remain available indefinitely.<sup>4</sup> Appropriations to the DRF are generally not specific to individual disasters or events, including COVID-19.

For fiscal years 2020 through 2024, Congress passed both annual and supplemental appropriations for the DRF. The supplemental appropriations included three COVID-19 relief laws, which provided \$97 billion in total to the DRF (see fig. 1).

**Figure 1: Disaster Relief Fund Appropriations, Fiscal Years (FY) 2020 through 2024**



Source: GAO analysis of COVID-19 relief laws and appropriations acts. | GAO-24-106676

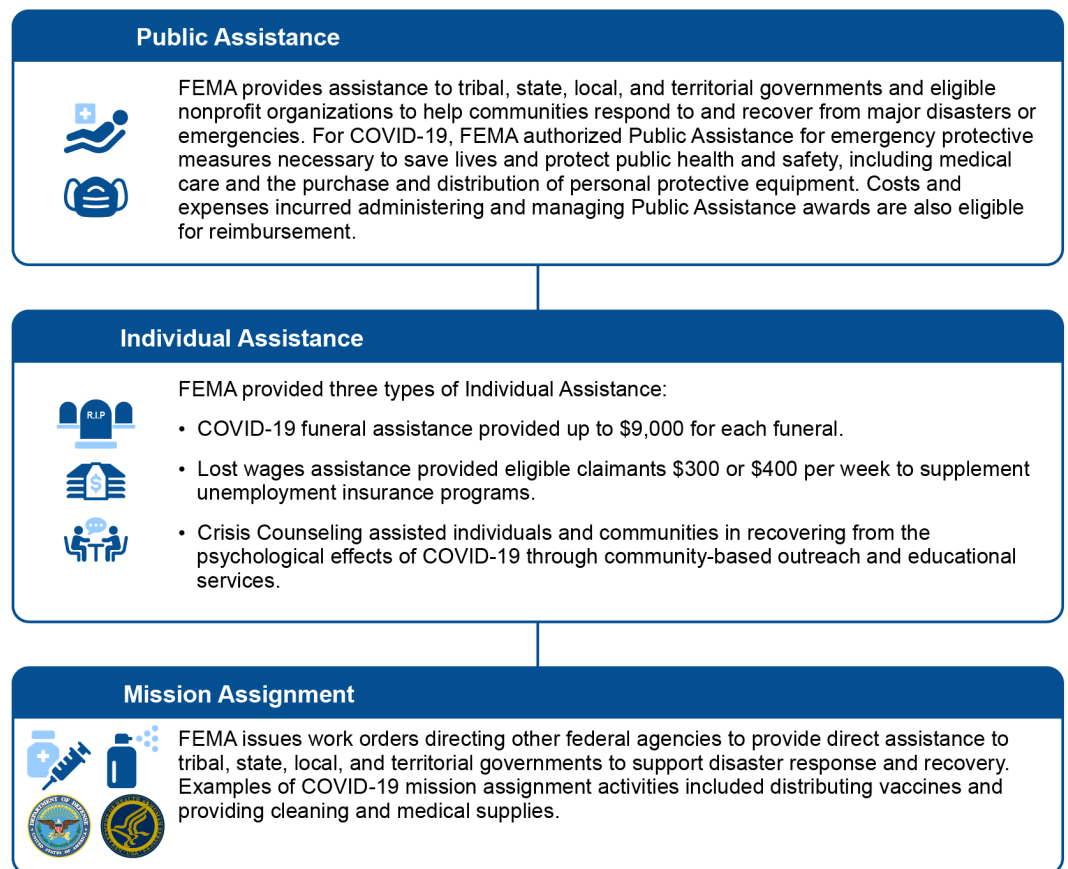
Notes: The Infrastructure Investment and Jobs Act, enacted in November 2021, made supplemental appropriations of \$1 billion for the Disaster Relief Fund (DRF) for the Building Resilient Infrastructure and Communities (BRIC) program for fiscal years 2022 through 2026. Specifically, it made available until expended \$200 million dollars for each fiscal year. Pub. L. No. 117-58, 1335 Stat. 429, 1387 (2021). The Continuing Appropriations Act, 2023, transferred \$2.5 billion from the amount appropriated to the DRF in the CARES Act to carry out the Hermit's Peak/Calf Canyon Fire Assistance Act. Pub. L. No. 117-180, § 136, 136 Stat. 2114, 2122 (2022). In September 2023, the Continuing Appropriations Act, 2024 and Other Extensions Act appropriated \$16 billion to the Federal Emergency Management Agency (FEMA) for the DRF, and in March 2024, the Further Consolidated Appropriations Act, 2024, appropriated \$20.3 billion to FEMA for the DRF. Pub. L. No. 118-15, § 129, 137 Stat. 71, 78 (2023); Pub. L. No. 118-47, 113 Stat. 460.

FEMA officials told us that the amount the President requests for annual appropriations for major disasters is based on a statutory formula. The formula sets the maximum that can be appropriated as part of the disaster relief adjustment to the discretionary spending cap.<sup>5</sup> Further, the request includes a reserve of \$2 billion to ensure that FEMA maintains the ability to fund initial response operations for new significant events. Given the uncertainty of future disasters, FEMA’s annual appropriations requests note the assumption that any new catastrophic events (those costing the federal government more than \$500 million) that occur during the budget year will be funded separately with supplemental appropriations.

## What FEMA programs and activities supported the COVID-19 response?

Three FEMA programs and activities supported the COVID-19 response: (1) Public Assistance, (2) Individual Assistance, and (3) mission assignments.<sup>6</sup> FEMA uses the DRF for each of these programs and activities (see fig. 2).

**Figure 2: FEMA Programs and Activities that Supported the COVID-19 Response**



Source: Federal Emergency Management Agency (FEMA) documentation; loons-Studio/stock.adobe.com (illustrations); agency seals courtesy of respective agencies. | GAO 24-106676

## What was FEMA’s initial estimate for COVID-19 obligations?

Following the COVID-19 major disaster declarations in early 2020, FEMA initially estimated it would obligate a total of \$17.6 billion for COVID-19 assistance, according to FEMA officials. FEMA officials told us that this estimate was “blown out of the water” by actual costs.

The initial estimate is known as the 30-day Life of Disaster estimate. FEMA calculates the estimate 30 days after every major disaster declaration to estimate how much the entire disaster could cost. FEMA then adjusts the Life of Disaster estimate at several intervals as more information on obligations becomes available, including at 6 months and 12 months, when the estimate begins to stabilize and level off, according to officials. For COVID-19, FEMA updated its

estimate to \$63.8 billion at 6 months and \$122 billion at 12 months. As of March 2024, the most current Life of Disaster estimate available was \$171.6 billion.<sup>7</sup>

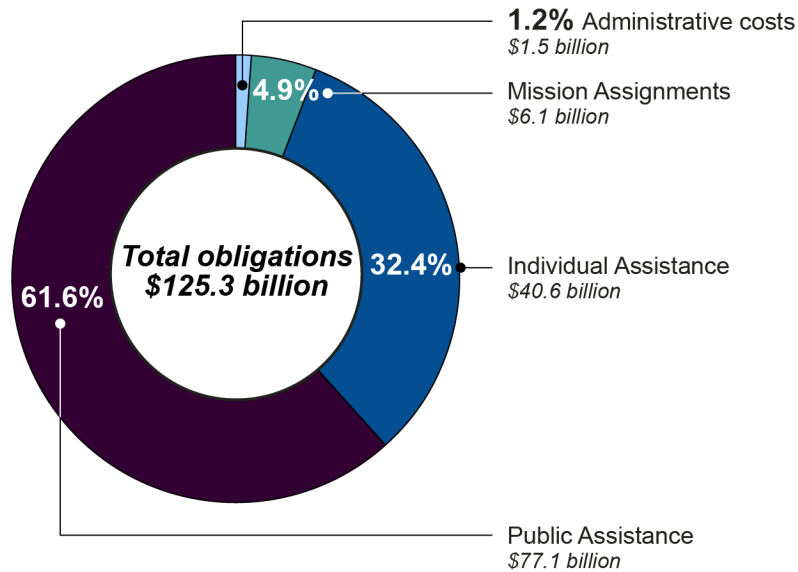
According to officials, due to the unprecedented nature and scale of COVID-19, no one knew initially how much it would cost. FEMA officials said they could not use the same information they typically use for the Life of Disaster estimate after natural disasters, which involves reviewing historical information and assessing physical damages in an affected area. Instead, FEMA officials told us they used a national, top-down estimation process that relied on information such as population data, numbers of COVID-19 cases, and average costs for eligible items.

Further, FEMA officials told us they did not have visibility into what Tribes, states, and territories were spending to respond to COVID-19—and therefore, what FEMA would reimburse—until applicants began submitting Public Assistance projects to FEMA for review and cost determination. This and other factors increased the timeline for developing more accurate spending projections.

### How much has FEMA obligated from the DRF for COVID-19?

As of March 2024, FEMA reported obligations of \$125.3 billion from the DRF to respond to COVID-19.<sup>8</sup> FEMA reported obligating the majority of funds for Public Assistance and Individual Assistance (see fig. 3).

Figure 3: FEMA Obligations for COVID-19 by Program and Activity, as of March 2024



Source: GAO analysis of Federal Emergency Management Agency (FEMA) data. | GAO-24-106676

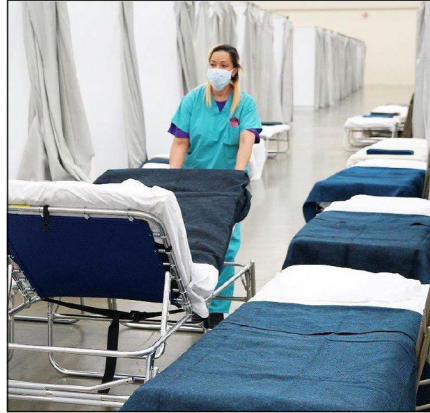
Notes: FEMA incurs administrative costs, which support the delivery of major disaster assistance. For the COVID-19 response, FEMA's obligations for administrative costs included, for example, salaries and benefits for the disaster workforce. Percentages do not add up to 100 percent due to rounding.

FEMA reported that as of March 2024, it has made obligations for about 33,100 projects under the Public Assistance program, with an additional 7,200 projects in the review process. Examples of eligible expenses for Public Assistance projects include COVID-19 vaccination and testing services, alternate care facilities, and personal protective measures such as N95 respirators (see fig. 4).

**Figure 4: Examples of COVID-19 Projects Eligible for FEMA Public Assistance**

**Alternate care facilities**

**Community-based testing sites**

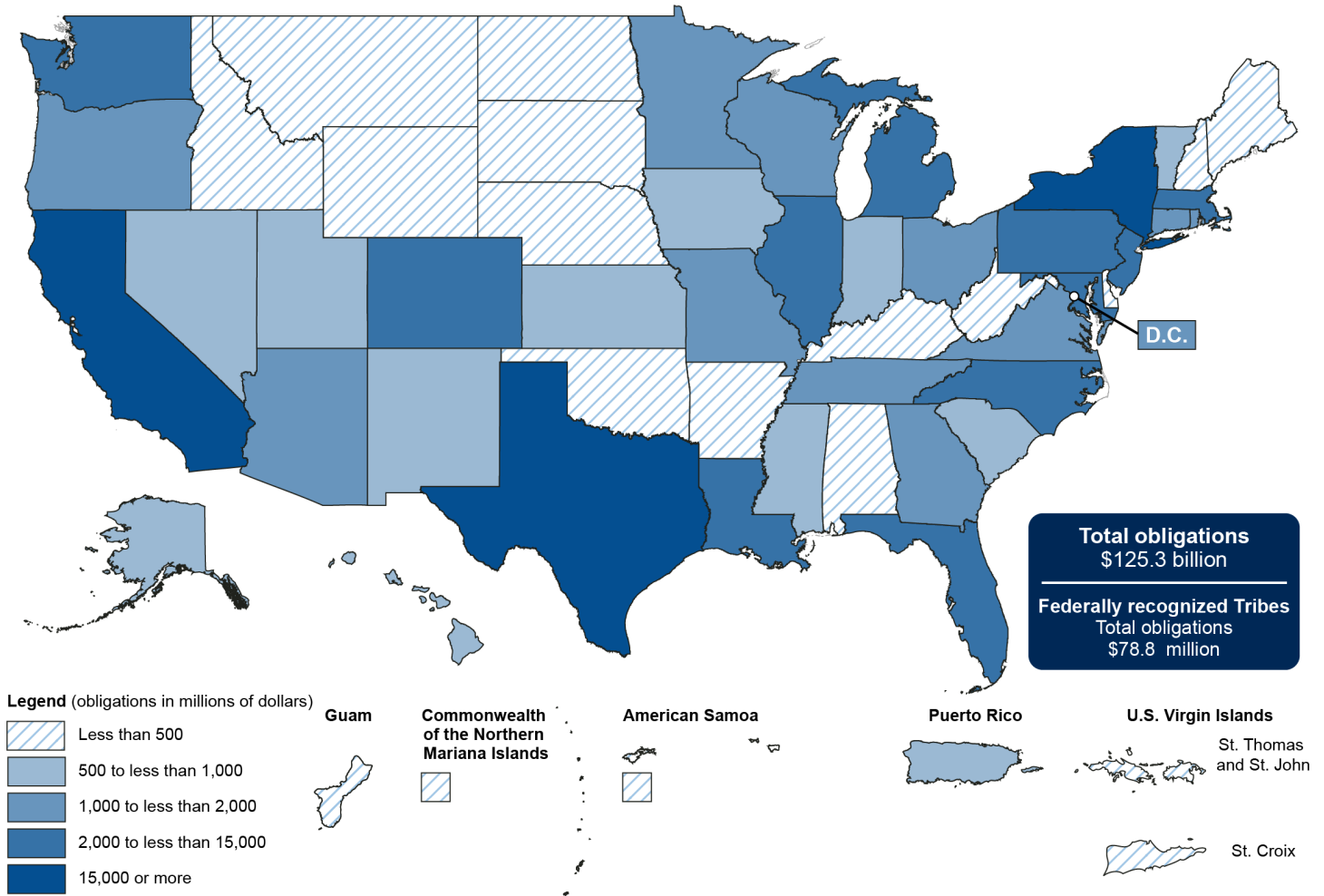


Source: Federal Emergency Management Agency (FEMA) (photos). | GAO-24-106676

Within Individual Assistance, most of the obligations (about \$36.5 billion) were for lost wages assistance, followed by \$3.5 billion for COVID-19 funeral assistance and \$428.6 million for Crisis Counseling, according to FEMA data.

As of March 2024, FEMA's data show that the largest total COVID-19 obligations have been to New York, Texas, and California, with more than \$15 billion each (see fig. 5). In addition, of the total obligations, FEMA has reported obligating approximately \$78.8 million to tribal governments. According to the Congressional Budget Office, hurricanes constitute the largest category of DRF spending. However, GAO previously reported that obligations from the DRF for COVID-19 exceeded obligations for each of the five costliest storms (hurricanes Katrina, Maria, Sandy, Harvey, and Irma).<sup>9</sup>

**Figure 5: Disaster Relief Fund Obligations for COVID-19, as of March 2024**



Source: GAO analysis of Federal Emergency Management Agency (FEMA) data; U.S. Census Bureau (map). | GAO-24-106676

**How much has FEMA expended from the DRF for COVID-19?**

As of March 2024, FEMA reported expenditures of \$103.6 billion of the \$125.3 billion obligated for COVID-19 from the DRF.<sup>10</sup> Of the total expenditures, approximately \$69.2 million went to tribal governments. The remaining unexpended obligations are definite commitments that have not yet been paid to applicants.

According to the Congressional Budget Office, expenditures for COVID-19 assistance accounted for 20 percent of all DRF expenditures between 1992 and 2021 and were the largest amount spent for a single event.<sup>11</sup> Further, expenditures from the DRF in 2020 and 2021—75 percent of which were spent on COVID-19 assistance—accounted for the two highest annual totals in the DRF’s history.

**Have appropriations kept pace with expected obligations for COVID-19?**

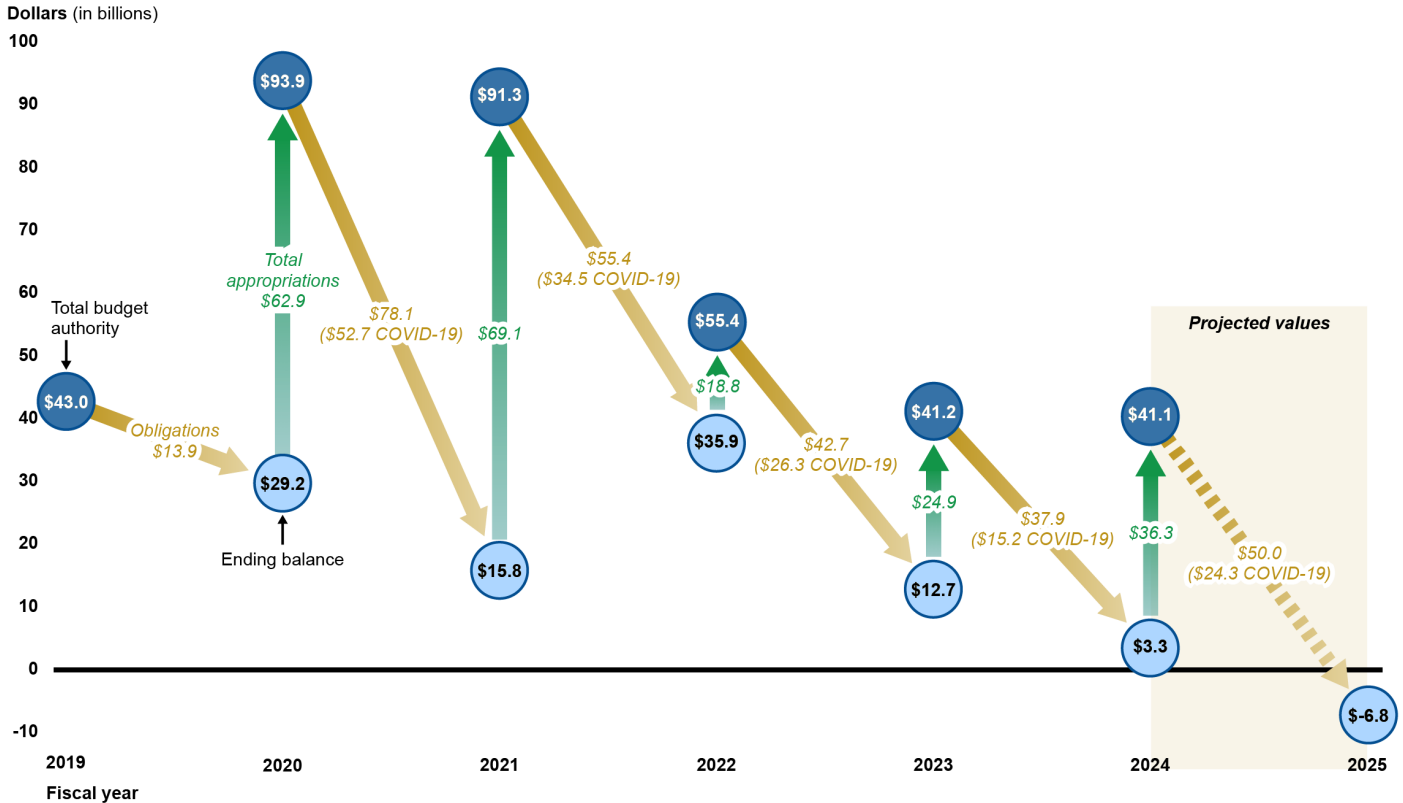
In fiscal years 2023 and 2024, the amount FEMA has received in appropriations for the DRF has not kept pace with the amount FEMA has expected to obligate for major disasters, including COVID-19—increasing the risk of insufficient funding.

Although FEMA received about \$97 billion in total supplemental appropriations in 2020 and 2021 as part of the COVID-19 relief laws, the \$125.3 billion FEMA has obligated for COVID-19 assistance as of March 2024 exceeds that amount. Meanwhile, FEMA has continued to make obligations from the DRF for other

ongoing and new major disasters, such as the 2017 hurricanes and the 2023 wildfires in Hawaii.

For each fiscal year from 2019 through 2024, figure 6 shows the budget authority for the year, obligations from the fund during the year, the ending balance, and appropriations for the next fiscal year (where available).

**Figure 6: Disaster Relief Fund (DRF) Balance, Fiscal Years 2019 through 2024**



Source: GAO analysis of Federal Emergency Management Agency (FEMA) reports to Congress. | GAO-24-106676

Notes: Budget authority includes carryover balance from prior years as well as annual and supplemental appropriations, recoveries, rescissions, and transfers stipulated in law. Obligations are definite commitments that create a legal liability of the government for the payment of goods and services ordered or received. DRF ending balances are those reported in FEMA’s reports to Congress for data as of the end of the fiscal year. Per these reports, amounts were subject to change pending final closeout of the accounting system during October of each year. In addition, obligation amounts shown in the figure were as of the point in time when the data were pulled and were subject to change, for example, due to deobligation or reconciliation when actual project costs were lower than the original estimate. Amounts for fiscal year 2024 are projections through the end of the fiscal year as of March 2024.

In August 2023, due to a low balance in the DRF, FEMA implemented measures to prioritize response and immediate recovery efforts and to pause new obligations that were not essential for lifesaving and life-sustaining activities. As a result, Tribes, states, and territories experienced delays in receiving reimbursement for Public Assistance projects. FEMA lifted these restrictions after receiving appropriations for the DRF in the October 2023 continuing resolution.

As shown in figure 6 above, FEMA is again projecting that expected costs will exceed available DRF funding in fiscal year 2024, which may necessitate either supplemental appropriations or the same measures as fiscal year 2023 to pause new obligations for some projects.

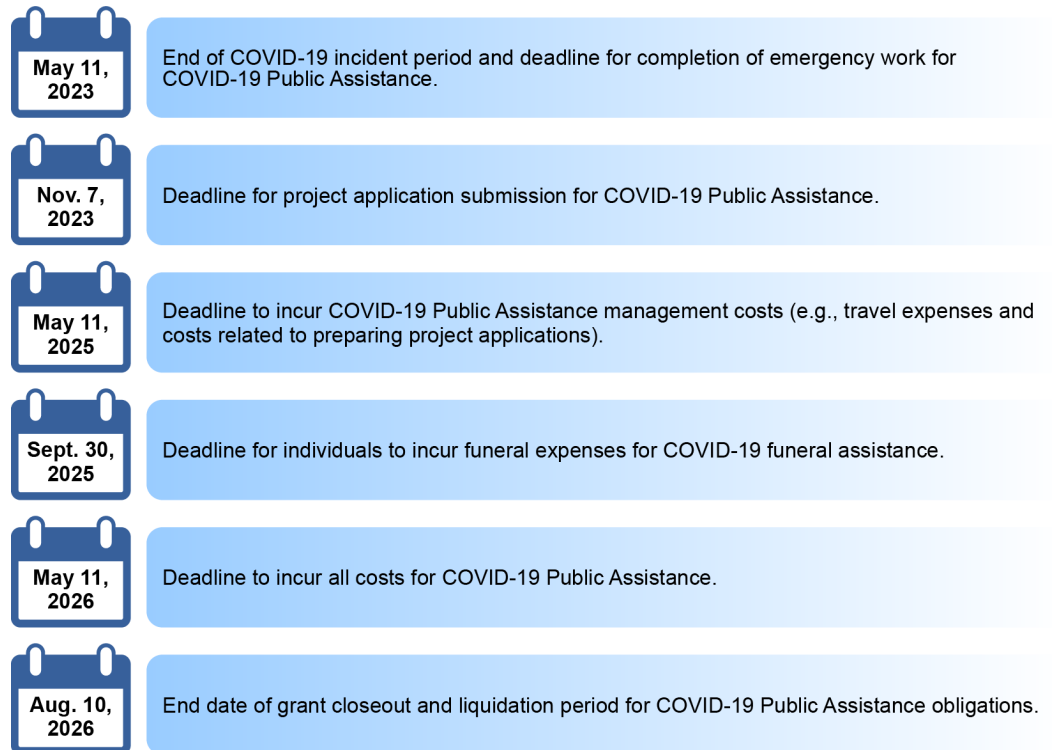
FEMA officials told us that due to the statutory limit on what can be appropriated annually for the DRF, any funding needs above this amount must be sourced through supplemental appropriations. In October 2023, after Congress passed the continuing resolution, the President submitted a request for supplemental appropriations that included an additional \$9 billion for the DRF. As of March 2024, FEMA had not received supplemental appropriations for the DRF in fiscal year 2024.

FEMA provides an annual report to Congress on the DRF's funding requirements, which identifies potential shortfalls that may occur in the budget year. FEMA also provides Congress with monthly reports on the status of the DRF, which include changes to fiscal year budget requirements and the projected end-of-year balance.

## When does FEMA expect to complete its COVID-19 obligations and expenditures?

According to FEMA officials, they expect obligations and expenditures for COVID-19 assistance to continue through August 10, 2026, which FEMA established as the end of the grant closeout period for Public Assistance (see fig. 7).

**Figure 7: Key Dates in Closeout of FEMA's COVID-19 Assistance**



Source: Federal Emergency Management Agency (FEMA) documentation; GAO (illustrations). | GAO-24-106676

Notes: FEMA officials told us that following the May 11, 2023, work completion deadline, any additional costs that applicants incur are most likely to be management costs. The officials further said that applicants may also receive reimbursements due to reconciling actual costs from large projects developed using an estimate, but in general, these reconciled costs should not include additionally incurred costs.

For Public Assistance, FEMA continues to review and make obligations for applications submitted by November 7, 2023, the deadline for project applications. FEMA officials told us that about 67 Public Assistance project applications were approved for extensions beyond this deadline.

For Individual Assistance, FEMA announced it will continue to provide COVID-19 funeral assistance for funeral expenses incurred through September 30, 2025. FEMA has not yet established an application deadline for the program.

Several factors contribute to the time frames for FEMA to complete COVID-19 obligations and expenditures. Compared to other disasters, officials told us the volume of projects for COVID-19 was much greater, considering the disaster spanned 59 declarations over a 3-year incident period. Further, FEMA officials told us they saw a surge in requests for Public Assistance after January 2021, when FEMA's reimbursement rate changed from 75 percent to 100 percent.<sup>12</sup> Officials from one state told us they did not apply for Public Assistance until this point and after they had exhausted other sources of funding.



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## How does FEMA estimate future COVID-19 obligations?

FEMA officials told us they estimate obligations for COVID-19 (as for any major disaster) by adding together the amounts FEMA expects to spend for each program across all affected Tribes, states, and territories, on a monthly and yearly basis.

The process starts in the FEMA regions, where FEMA staff obtain information on projected spending and update the region's spend plan for each COVID-19 declaration (i.e., Tribe, state, or territory). Regional staff review the spend plans on a weekly basis and refine them as additional information becomes available.

FEMA's National Spend Plan team uses the regional spend plans to develop an overall spend plan for COVID-19 each fiscal year, including annual and monthly baseline estimates. FEMA continuously updates the information in the overall spend plan and revises the estimates throughout the year, comparing the updated estimates against the baseline estimates.

- **Public Assistance.** FEMA staff develop "bottom-up" estimates by accounting for (1) the estimated or actual amounts for each known project and (2) the expected timing for obligation of funds. This is based on the time anticipated for FEMA to complete the application review process. FEMA regional officials add these amounts into the region's spend plan along with the predicted date when FEMA is likely to complete the review process and obligate funds for each project.

FEMA provided guidance to regional staff to help them predict when funds would be obligated. However, FEMA officials told us that predicting timing can be challenging due to the many factors that affect how quickly projects move through the process, such as project delays, additional eligibility reviews, and required duplication of benefits reviews for projects involving patient care.<sup>13</sup> One FEMA official referred to relying on a "gut feel" for predicting obligation dates.

- **Individual Assistance.** FEMA headquarters staff developed "top-down" estimates for programs, including COVID-19 funeral assistance and lost wages assistance. According to FEMA officials, they estimated obligations for each state and territory based on factors such as the projected number of recipients, the eligibility rate, and the average payout per applicant, which they then input into the regional spend plans.

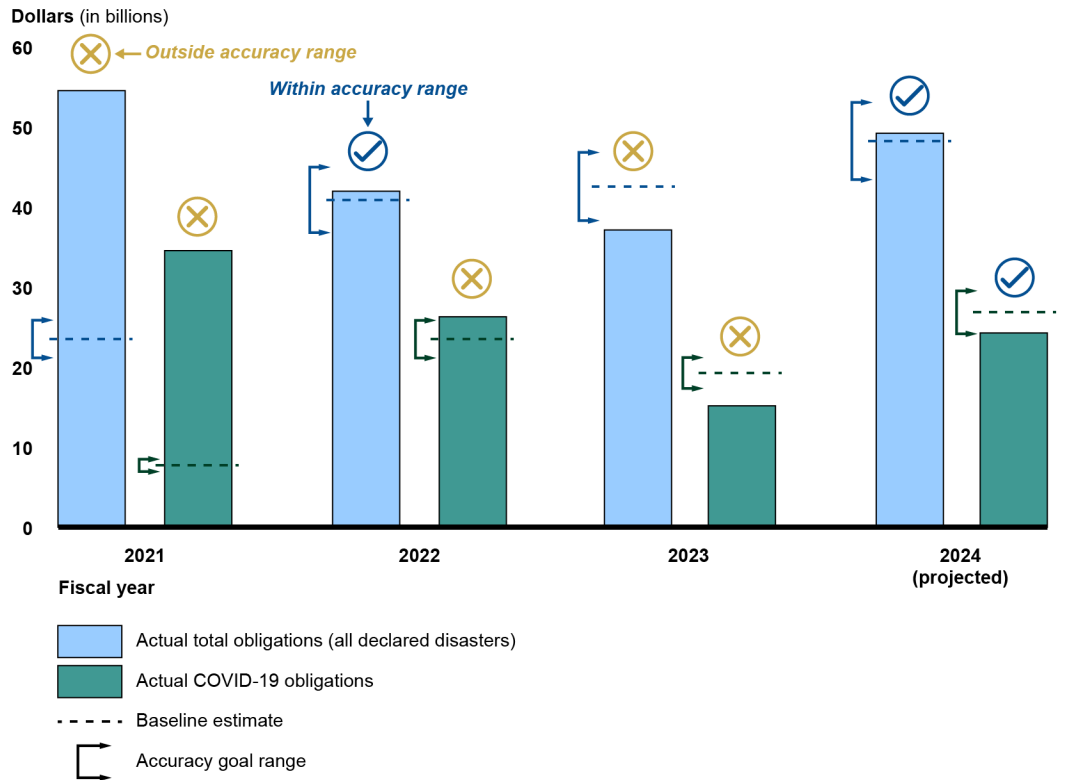
For example, for lost wages assistance, FEMA officials told us they worked with actuaries from the Department of Labor who are knowledgeable about unemployment insurance to develop an estimate. Given that the program had a fixed cap of \$44 billion as directed by the President, FEMA staff then worked with states and territories to determine the total dollar amount that would be available for each jurisdiction.<sup>14</sup>

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## Were FEMA's COVID-19 and overall DRF estimates accurate?

FEMA's COVID-19 estimates were not accurate based on FEMA's accuracy goal. FEMA has a goal for its actual obligations to fall within 10 percent of the baseline estimate by the end of the fiscal year. This is for individual disasters and for the DRF overall. Although the COVID-19 estimates improved over time, FEMA did not meet the accuracy goal in any fiscal year from 2021 through 2023. FEMA is currently on track to meet the goal in fiscal year 2024 (see fig. 8).

**Figure 8: FEMA DRF Baseline Estimates and Actual Obligations, Fiscal Years 2021 through 2024**



Source: GAO analysis of Federal Emergency Management Agency (FEMA) data. | GAO-24-106676

Notes: From August 2023 through September 2023, due to a low balance in the Disaster Relief Fund (DRF), FEMA implemented measures to prioritize response and immediate recovery efforts and to pause new obligations that were not essential for lifesaving and life-sustaining activities. As a result, FEMA delayed obligating funds for some projects until fiscal year 2024 when additional appropriations to the DRF were available.

With regard to FEMA’s estimates for total DRF obligations since the start of COVID-19, FEMA met its accuracy goal in fiscal year 2022 and is on track to meet the goal in fiscal year 2024. FEMA officials told us that they focus on meeting the accuracy goal for the DRF overall, which could mean that FEMA obligates more or less for some disasters than what was reported in the original baseline due to the agency strategically reprioritizing available resources.

**What factors affected the accuracy of the baseline estimates for COVID-19?**

FEMA officials told us that COVID-19-related policy changes and the complexities of COVID-19-related costs affected the accuracy of the baseline estimates for COVID-19.

- **Policy changes post-declaration.** FEMA officials said that frequent changes to available programs and eligibility rules increased FEMA’s funding requirements above the baseline estimates. These changes included, for example, lost wages assistance, for which up to \$44 billion was authorized, and the decision to increase FEMA’s reimbursement rate for Public Assistance projects from 75 to 100 percent. FEMA regional officials told us that COVID-19-related policy changes meant that some work originally determined to be ineligible later became eligible, resulting in rework of previous applications and changes in obligations.
- **Complexities of COVID-19 costs.** Officials from FEMA headquarters and some regions also said that the complexity of COVID-19 costs made the pandemic a challenging disaster for estimating obligations. Factors included duplication of benefits reviews, uncertainty about costs of supplies and how much would be needed, and the variation in approaches by different

jurisdictions. FEMA officials also told us that because Tribes, states, and territories had multiple funding sources, it was not always clear what FEMA would fund versus other federal agencies.

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## Has FEMA identified lessons learned for its estimation processes based on COVID-19?

FEMA officials told us the agency has not identified lessons learned for its estimation processes or methodologies for declared catastrophic disasters based on its experience with COVID-19, nor does it plan to do so. In March 2024, FEMA officials told us that COVID-19 was an unprecedented event for FEMA, with 59 simultaneous disaster declarations across the country and a lack of physical damages to assess—in contrast to most disasters FEMA responds to. The officials said they do not expect another pandemic to occur, therefore the agency does not plan to assess or change the overall estimation process for declared catastrophic disasters based on its experience with COVID-19.

However, FEMA may face challenges responding to catastrophic events in the future that are similar to the challenges posed by COVID-19. For example, FEMA may be faced with responding to another nationwide disaster; another public health emergency that involves patient care and lacks physical damages; another large-scale, long-duration disaster; or multiple large disasters at one time that strain its resources. FEMA documentation shows that the number of disasters it manages per year has risen significantly—from 108 on average in 2012 to 311 in 2022—and that demands on the agency will only increase further.<sup>15</sup> All these scenarios present challenges to FEMA's disaster management, including how it estimates obligations for declared catastrophic disasters from the DRF.

While we agree that the COVID-19 disaster was unprecedented, according to key practices that we and others have identified for project management, it is important to identify and apply lessons learned from events to inform future efforts and limit the chance of recurring challenges.<sup>16</sup> Lessons learned provide a powerful way to share knowledge about improving work processes, quality, safety, and cost effectiveness.

FEMA officials told us that if another pandemic occurs, FEMA can review its estimation processes at that point to identify lessons learned from COVID-19. However, our prior work on the COVID-19 pandemic has stressed that lessons learned should be prepared promptly so that knowledgeable personnel, for example, are available to contribute to the reports; important details are recalled accurately; and there are no delays in the dissemination of lessons learned.<sup>17</sup> Further, federal internal control standards state that in the event of a significant change, management should review relevant policies and procedures in a timely manner to determine that they remain appropriate in light of the change.<sup>18</sup>

In addition, by preparing lessons learned promptly, FEMA may be able to apply the lessons in a timely way to its estimation processes for COVID-19 and other declared catastrophic disasters going forward. As described above, FEMA is projecting that expected costs will exceed available DRF funding in fiscal year 2024. Additional catastrophic disasters during the fiscal year, such as multiple severe hurricanes, could increase the risk of running a low DRF balance. Lessons learned may help FEMA to better anticipate its funding needs and avoid this outcome in the future.

By identifying and documenting lessons learned related to estimating obligations for declared catastrophic disasters based on its experience with COVID-19, FEMA can better position itself to adapt to similar estimation challenges in the future and better ensure it provides Congress with accurate estimates of its funding needs.

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## Conclusions

COVID-19 was an unprecedented event for FEMA, marking the first time it used the DRF to respond to a nationwide public health emergency. FEMA officials told us the agency followed its standard processes for estimating total obligations for major disasters (including catastrophic disasters) but faced several challenges accurately estimating obligations for COVID-19. FEMA could face another catastrophic disaster in the future that poses similar challenges.

However, FEMA has not identified or documented lessons learned regarding estimation processes for declared catastrophic disasters based on its experience with COVID-19, nor does it plan to do so. Identifying and documenting lessons learned would better position FEMA to adapt to challenges related to estimating obligations during future catastrophic disasters that may be similar in scope or duration to COVID-19. Moreover, there are presently numerous concurrent demands on the DRF, including remaining COVID-19 assistance, a significant number of other active disasters in different stages of recovery, and activities to prepare staff and resources for future response needs that are difficult to predict. Having lessons learned for estimating obligations can help FEMA more accurately project its future funding needs and more effectively oversee the DRF.

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## Recommendation for Executive Action

The FEMA Administrator should identify and document lessons learned related to estimating obligations for declared catastrophic disasters based on its experience with COVID-19. (Recommendation 1)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DHS for review and comment. In its written comments, which are reproduced in appendix I, DHS did not concur with our recommendation. DHS also provided technical comments that we incorporated, as appropriate.

In its comments, DHS noted that FEMA had conducted two after-action reviews in 2021 to identify lessons learned based on its operations in response to the pandemic. FEMA provided one of the two after-action reports during our review, and we found that it did not assess FEMA's procedures for estimating obligations to respond to COVID-19. According to DHS's comments, the second after-action report reviewed vaccine mission operations, which similarly would not focus on estimating obligations. Further, these after-action reviews were conducted in 2021, and as such could only capture lessons from early in the COVID-19 incident period.

Additionally, DHS stated that FEMA leadership believes identifying lessons learned for estimating obligations specific to COVID-19 is not justified because FEMA does not anticipate being directed to implement similar forms of assistance in the future. Officials also stated that FEMA previously implemented cost estimation improvements in 2019 after responding to the catastrophic hurricanes Harvey, Irma, and Maria, which represent a hazard type more likely to occur in the future. However, our findings—specifically, that FEMA's COVID-19 estimates were not accurate—indicate that any changes implemented prior to COVID-19 were not sufficient to enable FEMA to accurately estimate costs for COVID-19.

As we noted in this report, while we agree that the COVID-19 disaster was unprecedented, FEMA may face challenges responding to catastrophic events in the future that are similar in scope or duration to the challenges posed by COVID-19. Thus, it is important to identify and apply lessons learned from events to inform future efforts and limit the chance of repeating past missteps. As such, we maintain that our recommendation is warranted. In the event that FEMA is faced with another catastrophic disaster with any characteristics similar to those of COVID-19, such as a nationwide disaster or a public health emergency,

having lessons learned for estimating obligations can better position FEMA to adapt to estimation challenges in the future.

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## How GAO Did This Study

We reviewed relevant laws and FEMA policies, procedures, and guidance related to estimating obligations for COVID-19. We also reviewed documentation for FEMA programs implemented in response to COVID-19, such as eligibility and award closeout deadlines. We conducted interviews with officials at FEMA's headquarters and requested information from FEMA's 10 regional offices on the status of DRF obligations and expenditures for COVID-19 and their experiences estimating for COVID-19 and previous disasters, as well as any lessons learned. Nine of the 10 regional offices provided information.

Further, we interviewed emergency managers in three states—Illinois, South Dakota, and Texas—to understand the recipient's role in estimating project costs. We selected these states to represent a range of experiences with natural disasters and effects from COVID-19 such as numbers of deaths and hospital admissions. The information gathered from these interviews was not generalizable, but it allowed us to gain insights into the similarities and differences in project cost estimation by states.

To describe the status of obligations and expenditures related to COVID-19, we obtained and analyzed data that covered costs incurred for COVID-19 from January 2020 to March 2024 from FEMA's COVID-19 Financial Information Tool report. This report contains data on DRF obligations and expenditures for COVID-19. The COVID-19 Financial Information Tool uses data from FEMA's financial and accounting system, the Integrated Financial Management Information System. To assess the reliability of these data, we reviewed data system documents, interviewed agency officials about the data provided, and tested the data for potential reliability concerns. Further, we compared the data to FEMA's monthly DRF reports to Congress and followed up with FEMA to better understand the data elements. We determined the data were sufficiently reliable for reporting the amount of funds obligated and expended for COVID-19.

To assess how FEMA estimated COVID-19 obligations for the DRF, we analyzed data from FEMA's monthly DRF reports to Congress from September 2021 to March 2024 on COVID-19 baseline estimates and actual obligations to determine if FEMA's actual obligations met FEMA's accuracy goal. To assess the reliability of these data, we reviewed examples of spend plans that are used to compile FEMA COVID-19 estimates, interviewed agency officials about their processes, and reviewed the data for potential reliability concerns such as irregularities. We determined the data were sufficiently reliable for reporting COVID-19 baseline estimates and actual obligations. We compared the information we obtained from FEMA officials about lessons learned to key practices that we and others, such as the Project Management Institute, have identified for project management.

We conducted this performance audit from February 2023 to July 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## List of Addressees

The Honorable Chris Murphy  
Chair  
The Honorable Katie B. Britt  
Ranking Member

Subcommittee on Homeland Security  
Committee on Appropriations  
United States Senate

The Honorable Mark Amodei  
Chairman  
The Honorable Lauren Underwood  
Acting Ranking Member  
Subcommittee on Homeland Security  
Committee on Appropriations  
House of Representatives

We are sending copies of this report to the appropriate congressional committees, the Secretary of Homeland Security, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

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**Staff Acknowledgments:** Alana Finley (Assistant Director), Marissa Esthimer (Analyst-in-Charge), Jennifer Kamara, and Herrica Telus made key contributions to this report. Nasreen Badat, Elizabeth Dretsch, Eric Hauswirth, John Karikari, and Tracey King also contributed.

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June 17, 2024

Chris P. Currie  
Director, Homeland Security and Justice  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Re: Management Response to Draft Report GAO-24-106676, "DISASTER RELIEF  
FUND: Lessons Learned from COVID-19 Could Improve FEMA's Estimates"

Dear Mr. Currie:

Thank you for the opportunity to comment on this draft report. The U.S. Department of Homeland Security (DHS, or the Department) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

DHS leadership is pleased to note GAO's recognition that COVID-19 was an unprecedented event for the Federal Emergency Management Agency (FEMA), with 59 simultaneous disaster declarations across the country and a lack of physical damages to assess, in contrast to most disasters FEMA responds to. The Presidentially-declared nationwide emergency for the COVID-19 pandemic authorized on March 13, 2020, was the first time FEMA used the Disaster Relief Fund (DRF)—a key source of federal funding for natural disaster response and recovery—to respond to a nationwide public health emergency.

As GAO's draft report also highlights, factors that affected the accuracy of estimates for COVID-19 include the complexities of COVID-19-related costs and evolving policy guidance. FEMA continuously updates the information in its overall spend plan and revises estimates throughout the year, comparing updated estimates against the baseline estimates as part of efforts to meet accuracy goals so that funding requirements for the DRF are within available resources, and is on track to meet its accuracy goal in fiscal year 2024. FEMA remains committed to adapting, innovating, and improving its ability to deliver upon its mission.

The draft report contains one recommendation with which the Department non-concurs. Enclosed find our detailed response to the recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for GAO's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

JIM H CRUMPACKER Digitally signed by JIM H CRUMPACKER  
Date: 2024.06.17 06:41:52 -04'00'

JIM H. CRUMPACKER  
Director  
Departmental GAO-OIG Liaison Office

Enclosure



**Enclosure: Management Response to Recommendation  
Contained in GAO-24-106676**

GAO recommended that the FEMA Administrator:

**Recommendation 1:** Identify and document lessons learned related to estimating obligations for declared catastrophic disasters based on its experience with COVID-19.

**Response:** Non-concur. FEMA agrees that lessons learned from disasters must be captured in order to improve future operations and accordingly conducted two nationwide “after action reviews” to capture lessons and define recommendations for improvement. The first review<sup>1</sup> was on the initial operations during the first few months of COVID; and the second<sup>2</sup> focused on the vaccine mission operations for internal learning. These after action reviews describe how legislation passed to fund pandemic operations was unique, as well as the types of assistance that FEMA brought to bear in this nationwide public health emergency, which will prove useful in FEMA’s calculation of estimates to respond to any future catastrophic disasters.

However, senior FEMA leadership does not believe adjusting FEMA disaster estimation procedures beyond the results of these after action reviews is a prudent use of FEMA’s limited resources, as leadership does not anticipate being directed to implement similar forms of COVID-19 assistance again. Further, COVID-19 now provides FEMA with historic actual data on which to base its estimates, which it lacked at the onset of the disaster.

In addition, FEMA already implemented cost estimation improvements in 2019 after the catastrophic Hurricanes of Harvey, Irma, and Maria, which are a far more likely hazard type to be repeated in the future. As such, senior FEMA leadership believes that assigning resources to conduct a COVID-19 specific assessment of estimation procedures is not justified given the minimal potential benefits that may be gained by documenting lessons learned for such a unique event.

We request that GAO consider this recommendation resolved and closed, as implemented.

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<sup>1</sup> “Pandemic Response to Coronavirus Disease 2019 (COVID-19): Initial Assessment Report FEMA Operations January through September 2020,” dated January 2021;

[https://www.fema.gov/sites/default/files/documents/fema\\_covid-19-initial-assessment-report\\_2021.pdf](https://www.fema.gov/sites/default/files/documents/fema_covid-19-initial-assessment-report_2021.pdf)

<sup>2</sup> “COVID-19 Vaccine Mission: FEMA Operations January through June 2021,” dated November 2021.

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## Endnotes

<sup>1</sup>Staff of H. Comm. on Appropriations, 117th Cong., Explanatory Statement on the Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, 136 Stat. 4459 (2022), at 1361 (Comm. Print 2022).

<sup>2</sup>Federal assistance provided pursuant to the Stafford Act supports tribal, state, local, and territorial governments, and certain nonprofit organizations, as well as individuals and households, with response to and recovery from a declared major disaster or emergency. 42 U.S.C. § 5121 et seq.

<sup>3</sup>Congressional Research Service, *The Disaster Relief Fund: Overview and Issues*, R45484 (Washington, D.C.: Jan. 22, 2024).

<sup>4</sup>The American Rescue Plan Act of 2021 appropriated to FEMA \$50 billion for the DRF with a 5-year period of availability, ending on September 30, 2025. Pub. L. No. 117-2, § 4005, 135 Stat. 4, 79 (2021).

<sup>5</sup>See 2 U.S.C. § 901(b)(2)(D). This provision outlines the methodology for calculating the maximum amount that can be appropriated for major disaster assistance for fiscal years 2024 and 2025. The

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methodology is based on three components: the average of major disaster assistance funding over the previous 10 years (excluding the highest and lowest years); 5 percent of supplemental DRF appropriations designated as emergency requirements over the previous 10 years; and the difference between the total adjustment allowed and the enacted appropriations for each year from fiscal year 2018 and after.

<sup>6</sup>In addition to these three programs and activities, in August 2021, the President approved FEMA to spend up to \$3.5 billion from the DRF for the Hazard Mitigation Grant Program in connection with COVID-19. This decision allows all 59 Tribes, states, and territories that received a major disaster declaration for COVID-19 to receive grants of up to 4 percent of their COVID-19 disaster costs for mitigation projects that reduce risks from natural disasters. We do not include the Hazard Mitigation Grant Program in our obligation and expenditure totals because this program does not support the COVID-19 response. As of March 2024, FEMA reported obligating about \$628.7 million for hazard mitigation grants tied to COVID-19 declarations.

<sup>7</sup>This Life of Disaster estimate includes estimated costs for hazard mitigation grants tied to COVID-19 declarations.

<sup>8</sup>An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received.

<sup>9</sup>GAO, *COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*, GAO-21-191 (Washington, D.C.: Nov. 30, 2020).

<sup>10</sup>FEMA defines expenditures as liquidated obligations.

<sup>11</sup>Congressional Budget Office, *FEMA's Disaster Relief Fund: Budgetary History and Projections* (Washington, D.C.: Nov. 2022).

<sup>12</sup>Typically, FEMA's reimbursement rate (the federal cost share) for Public Assistance is 75 percent of eligible costs, with Tribes, states, and territories covering the remaining 25 percent. See 44 C.F.R. § 206.47(a). For COVID-19, the President announced in January 2021 that FEMA would reimburse 100 percent of eligible costs, a cost share that remained in place for costs incurred through July 1, 2022. Subsequently, FEMA reduced its cost share to 90 percent for costs incurred through May 11, 2023, the end of the incident period for COVID-19.

<sup>13</sup>For Public Assistance projects involving COVID-19 patient care revenue, FEMA conducted duplication of benefits reviews that examined whether a reported cost was covered by another source of funding, such as health insurance, which would make the cost ineligible. FEMA uses a risk-based approach for these reviews, considering factors such as project size, work claimed, and work that is billable to patients, according to FEMA documentation.

<sup>14</sup>The presidential memorandum establishing the lost wages program directed that the program would end when \$44 billion had been obligated; the balance of the Disaster Relief Fund reached \$25 billion; on December 27, 2020; or upon the enactment of legislation providing supplemental federal unemployment compensation, whichever would come first. The White House, *Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019* (Aug. 8, 2020).

<sup>15</sup>FEMA, *2022-2026 FEMA Strategic Plan: Building the FEMA our Nation Needs and Deserves* (2022).

<sup>16</sup>GAO, *COVID-19: Pandemic Lessons Highlight Need for Public Health Situational Awareness Network*, GAO-22-104600 (Washington, D.C.: June 23, 2022); GAO, *Federal Hiring: OPM Should Collect and Share COVID-19 Lessons Learned to Inform Hiring during Future Emergencies*, GAO-22-104297 (Washington, D.C.: Oct. 25, 2021); and GAO, *Project Management: DOE and NNSA Should Improve their Lessons-Learned Process for Capital Asset Projects*, GAO-19-25 (Washington, D.C.: Dec. 21, 2018). We also identified lessons learned practices from the Project Management Institute. Project Management Institute, Inc., *The Standard for Project Management and a Guide to the Project Management Body of Knowledge (PMBOK® Guide)*, Seventh Edition (2021).

<sup>17</sup>GAO-22-104600; GAO-22-104297.

<sup>18</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 2014).