

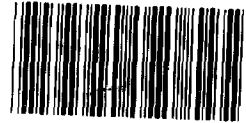
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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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STATEMENT OF
HENRY ESCHWEGE, DIRECTOR
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND REVIEW
OF THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES



115234

ON

[FEDERAL DISASTER ASSISTANCE]

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

WE WELCOME YOUR INVITATION TO BE HERE TODAY TO DISCUSS
THE RESULTS OF SOME OF OUR PAST REVIEWS OF FEDERAL ASSISTANCE
ADMINISTERED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY
(FEMA) UNDER THE DISASTER RELIEF ACT OF 1974 (P.L. 93-288).
ASSISTANCE CAN BE PROVIDED IN THE FORM OF LOANS, GRANTS, AND
INSURANCE FOR LOSSES FROM NATURAL DISASTERS.

GAO INTEREST AND INVOLVEMENT
IN FEDERAL DISASTER ASSISTANCE

IN THE PAST WE HAVE REPORTED ON A WIDE RANGE OF
ACTIVITIES CARRIED OUT BY FEMA AND ITS PREDECESSOR AGENCY,
THE FEDERAL DISASTER ASSISTANCE ADMINISTRATION.

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WE HAVE ALSO EVALUATED AND REPORTED ON THE ACTIVITIES OF OTHER FEDERAL AGENCIES SUCH AS THOSE OF THE SMALL BUSINESS ADMINISTRATION'S DISASTER LOAN PROGRAM, THE FARMERS HOME ADMINISTRATION'S EMERGENCY LOAN PROGRAM, AND THE DEPARTMENT OF AGRICULTURE'S EMERGENCY FOOD STAMP PROGRAM. A LIST OF OUR REPORTS ISSUED SINCE MARCH 1978 IS ATTACHED TO MY STATEMENT. (APPENDIX I)

WE ARE CURRENTLY COMPLETING WORK RELATED TO:

- FEMA'S NATURAL DISASTER DECLARATION PROCESS;
- DISASTER ASSISTANCE PROVIDED TO STATES AND LOCAL COMMUNITIES; AND
- ASSISTANCE PROVIDED IN RESPONSE TO THE MOUNT ST. HELEN'S ERUPTION.

LET ME FIRST HIGHLIGHT OUR FINDINGS FROM FOUR OF OUR RECENT REPORTS RELATED TO:

- POOR CONTROLS OVER FEDERAL EXPENDITURES AFTER THE 1978 MASSACHUSETTS BLIZZARD;
- STATES' PREPAREDNESS TO RESPOND TO DISASTERS;
- FEDERAL SNOW REMOVAL REIMBURSEMENT POLICY; AND
- OUR ANALYSIS OF WHAT FEDERAL DISASTER ASSISTANCE POLICY SHOULD BE.

POOR CONTROLS OVER FEDERAL AID

AT THE REQUEST OF THIS SUBCOMMITTEE, WE ISSUED A REPORT IN JANUARY 1981 ON "POOR CONTROLS OVER FEDERAL AID IN MASSACHUSETTS AFTER THE 1978 BLIZZARD CAUSED QUESTIONABLE BENEFIT PAYMENTS" (CED-81-4). WE FOUND A LACK OF COORDINATION

AMONG THE FEDERAL AGENCIES AS WELL AS OTHER WEAKNESSES IN ADMINISTERING DISASTER ASSISTANCE PROGRAMS. PROGRAMS INCLUDED IN OUR REVIEW WERE SBA'S DISASTER LOAN PROGRAM, FEMA'S INDIVIDUAL AND FAMILY GRANT PROGRAM, AND A DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) ADMINISTERED PROGRAM FOR EMERGENCY REPAIR TO RESIDENCES. RESPONSIBILITY FOR THE HUD PROGRAM WAS SUBSEQUENTLY ASSUMED BY FEMA. AS REQUIRED BY THE ACT, THE STATE OF MASSACHUSETTS ADMINISTERED FEMA'S INDIVIDUAL AND FAMILY GRANT PROGRAM. TO PLACE OUR FINDINGS IN PERSPECTIVE, IT MUST BE RECOGNIZED THAT IN A SEVERE DISASTER SITUATION, TREMENDOUS PRESSURE IS PLACED ON GOVERNMENT AGENCIES TO PROVIDE ASSISTANCE IN A TIMELY MANNER AND THAT A CERTAIN AMOUNT OF DUPLICATIVE OR QUESTIONABLE BENEFITS CAN BE EXPECTED.

DUPLICATE PAYMENTS AND
QUESTIONABLE GRANTS

WE PROJECTED THAT DUPLICATIVE BENEFITS OR QUESTIONABLE GRANTS OCCURRED IN 913 OR 26 PERCENT OF 3,417 CASES IN A UNIVERSE SAMPLED. MOST OF THE DUPLICATION RESULTED FROM A LACK OF COORDINATION BETWEEN HUD'S EMERGENCY REPAIR TO RESIDENCES PROGRAM AND SBA'S DISASTER LOAN PROGRAM. THE TWO PROGRAMS PROVIDED BENEFITS FOR THE SAME LOSSES BECAUSE HUD AND SBA DID NOT EXCHANGE TIMELY INFORMATION. FOR EXAMPLE, AT ONE FAMILY'S RESIDENCE, A NEW BURNER VALUED AT \$482 WAS INSTALLED 11 DAYS AFTER THE STORM UNDER THE EMERGENCY REPAIR PROGRAM AT NO COST TO THE OWNER. FOUR MONTHS LATER, SBA APPROVED A \$14,200 LOAN WHICH INCLUDED \$1,500 TO REPLACE THE SINGLE HEATING SYSTEM IN THIS SAME RESIDENCE. THE FAMILY

USED \$4,476 OF THE LOAN PROCEEDS TO INSTALL ADDITIONAL HEATING SYSTEMS IN ITS SECOND AND THIRD FLOOR APARTMENTS. THIS EXPENDITURE WAS NOT DISASTER RELATED. IN ANOTHER CASE, AN INDIVIDUAL APPLIED SEPARATELY FOR AN SBA LOAN AND A GRANT TO REPLACE A 1967 CADILLAC WHICH HE CLAIMED AS HAVING BEEN DESTROYED DURING THE STORM. HE RECEIVED A \$1,300 LOAN FROM SBA AND A FEMA GRANT FOR \$1,680. BOTH OF THESE CASES DEMONSTRATE A LACK OF COORDINATION BETWEEN THE AGENCIES RESPONSIBLE FOR PROVIDING DISASTER BENEFITS.

WE QUESTIONED THE AWARD OF A NUMBER OF GRANTS BECAUSE OF A LACK OF ADEQUATE EVIDENCE THAT THERE WAS A SERIOUS NEED OR NECESSARY EXPENSE AS REQUIRED BY FEDERAL STATUTE. IN OTHER CASES, WE QUESTIONED THE ELIGIBILITY OF THE GRANT RECIPIENTS. FOR EXAMPLE, A GRANT OF \$5,000 WAS MADE TO REPAIR A SEAWALL ALLEGEDLY DAMAGED DURING THE STORM. THE OFFICIAL WHO INSPECTED THIS PROPERTY TO VERIFY THE LOSS ESTABLISHED THAT NO NEED FOR A GRANT EXISTED. WE COULD NOT DETERMINE THE BASIS FOR PROCEEDING WITH THE GRANT AWARD.

SUBMISSION OF FALSE OR
CONFLICTING INFORMATION

WE ALSO IDENTIFIED CASES WHERE APPLICANTS SUBMITTED FALSE OR CONFLICTING INFORMATION TO SUPPORT CLAIMS.

IN ONE SUCH CASE, A FAMILY RECEIVED A \$9,600 SBA LOAN INCLUDING \$4,475 FOR STRUCTURAL REPAIRS TO THEIR HOME. THE FAMILY ADVISED US THAT A CERTAIN CONTRACTOR HAD MADE THESE REPAIRS. THE CONTRACTOR TOLD US HE GAVE THIS FAMILY A \$5,325 ESTIMATE FOR THE STRUCTURAL REPAIRS, ANNOTATED "PAID

IN FULL." SBA ACCEPTED THE ESTIMATE AS EVIDENCE THAT THE WORK WAS DONE AND MADE A DISBURSEMENT BASED ON THIS EVIDENCE. THE CONTRACTOR INFORMED US THAT HE HAD NOT DONE THE WORK AND THAT THE "PAID IN FULL" NOTATION REFERRED TO HIS RECEIVING \$25 FOR PROVIDING THE ESTIMATE. MOREOVER, THE CONTRACTOR SAID HE HAD GIVEN SIMILAR ESTIMATES TO FROM 15 TO 20 DISASTER VICTIMS BUT HAD ACTUALLY DONE THE REPAIR WORK IN ONLY TWO CASES.

ADMINISTRATION OF THE
INDIVIDUAL AND FAMILY
GRANT PROGRAM

WE IDENTIFIED OTHER PROBLEMS RELATED TO FEMA'S ADMINISTRATION OF THE INDIVIDUAL AND FAMILY GRANT PROGRAM. FOR EXAMPLE, GRANTS WERE AWARDED WHEN APPLICANTS ORALLY DECLARED THAT IF THEY WERE TO RECEIVE A SBA LOAN, THEY WOULD NOT BE ABLE TO REPAY IT. THESE APPLICANTS WERE NOT REQUIRED TO SUBMIT FINANCIAL INFORMATION; THEREFORE, SBA COULD NOT VERIFY THEIR FINANCIAL STATUS. IN ONE OF THESE CASES, AN INDIVIDUAL, AFTER RECEIVING A FEMA GRANT FOR \$4,286 BASED ON AN ORAL DECLARATION OF HIS INABILITY TO REPAY A LOAN, REAPPLIED FOR AND RECEIVED A SBA LOAN.

WE FOUND A NUMBER OF PROBLEMS IN THE AWARD OF TRANSPORTATION GRANTS BY THE STATE OF MASSACHUSETTS UNDER THE INDIVIDUAL AND FAMILY PROGRAM. FOR EXAMPLE, DESPITE THE GENERAL AVAILABILITY OF PUBLIC TRANSPORTATION IN THE DISASTER AREA, GRANTS WERE AWARDED WITHOUT CONSIDERING WHETHER THE APPLICANTS COULD HAVE USED PUBLIC TRANSPORTATION AS REQUIRED BY FEMA REGULATIONS. GRANTS WERE AWARDED ALSO TO REPLACE

VEHICLES CLAIMED TO BE DESTROYED OR MADE UNUSABLE BY THE DISASTER EVEN THOUGH THE VEHICLES WERE BEING USED MONTHS AFTER THE STORM.

FINALLY, WE QUESTIONED FEMA'S POLICY OF AWARDING GRANTS IN AMOUNTS IN EXCESS OF THE VALUE OF THE VEHICLES CLAIMED AS A LOSS.

ACTION TAKEN AS A
RESULT OF OUR REVIEW

BECAUSE OF THE VARIOUS PROBLEMS FOUND, WE REFERRED MANY OF THESE CASES TO FEMA AND SBA FOR FOLLOW-UP ACTION. BECAUSE OF THE FRAUD POTENTIAL, WE REFERRED 33 OF THE CASES TO THE INSPECTOR GENERAL OF SBA OR FEMA. TO DATE, 10 OF THE 33 CASES IN TURN HAVE BEEN REFERRED TO THE OFFICE OF THE U.S. ATTORNEY IN MASSACHUSETTS OR THE MASSACHUSETTS ATTORNEY GENERAL FOR APPROPRIATE ACTION.

BASED ON THE HIGH NUMBER OF QUESTIONABLE BENEFITS PROVIDED TO INDIVIDUALS OR FAMILIES IN OUR SAMPLE, WE RECOMMENDED THAT FEMA AND SBA COLLABORATE AND REVIEW ALL BENEFITS PROVIDED AND IDENTIFY THOSE PERSONS WHO RECEIVED IMPROPER BENEFITS OR SUBMITTED FRAUDULENT CLAIMS. ALTHOUGH THE DEPARTMENT OF JUSTICE AGREED WITH OUR RECOMMENDATION, FEMA AND SBA INITIALLY INFORMED US THAT BECAUSE OF THE COSTS INVOLVED THIS WOULD NOT BE DONE. WE FELT THAT FAILURE TO AGGRESSIVELY FOLLOW UP COULD BE SENDING SIGNALS TO POTENTIAL DISASTER VICTIMS THAT THE FEDERAL GOVERNMENT WILL NOT PURSUE CASES WHERE IMPROPRIETIES MAY HAVE OCCURRED. MORE RECENTLY, WE WERE INFORMED BY FEMA THAT THEY HAVE, IN FACT, STARTED TO REVIEW ALL CASES NOT SAMPLED BY US FOR POSSIBLE DUPLICATIVE BENEFITS.

THE AGENCIES INFORMED US ALSO THAT THEY PLAN TO TAKE CORRECTIVE ACTION CONCERNING SOME OF OUR OTHER RECOMMENDATIONS. FOR EXAMPLE, FEMA AND SBA ARE WORKING TOGETHER TO DEVELOP A NEW PROCEDURE WHICH WILL REQUIRE SBA TO DOCUMENT ALL APPLICANTS' INCOME AND DEBTS BEFORE DECIDING WHETHER A LOAN CAN OR CANNOT BE REPAYED.

ALSO, REGARDING THE AWARDING OF GRANTS TO PURCHASE VEHICLES WITHOUT CONSIDERING THE AVAILABILITY OF PUBLIC TRANSPORTATION, FEMA AGREED TO PROPERLY DOCUMENT ITS DETERMINATION THAT PUBLIC TRANSPORTATION IS INADEQUATE.

STATE PREPAREDNESS

IN MARCH 1980, ALSO AT THIS SUBCOMMITTEE'S REQUEST, WE ISSUED A REPORT ENTITLED "STATES CAN BE BETTER PREPARED TO RESPOND TO DISASTERS" (CED-80-60). SECTION 201 OF THE DISASTER RELIEF ACT OF 1974 PROVIDES EACH STATE A ONE-TIME GRANT OF UP TO \$250,000 FOR DEVELOPING AN EMERGENCY PLAN. THIS GRANT PROGRAM WAS ADMINISTERED BY THE FEDERAL DISASTER ASSISTANCE ADMINISTRATION IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT BEFORE BEING TRANSFERRED TO FEMA IN JULY 1979.

IMPLEMENTING PROCEDURES

OUR REVIEW IN SIX STATES--NEW HAMPSHIRE, CONNECTICUT, GEORGIA, MISSISSIPPI, OKLAHOMA, AND MISSOURI--DISCLOSED THAT STATE EMERGENCY PLANS ASSIGNED STATE AGENCIES RESPONSIBILITY FOR VARIOUS TASKS BUT DID NOT CONTAIN ADEQUATE PROCEDURES FOR CARRYING OUT THE TASKS. ALTHOUGH THE PROCEDURES WERE TO BE DEVELOPED BY STATE AGENCIES, A MAJORITY OF THESE AGENCIES

HAD NOT DEVELOPED SUCH PROCEDURES OR HAD DEVELOPED DOCUMENTS, PURPORTED TO BE PROCEDURES, THAT LACKED THE NECESSARY DETAIL TO ALLOW THE AGENCIES TO FULFILL THEIR RESPONSIBILITIES AT THE TIME OF A DISASTER.

THE DEVELOPMENT OF ADEQUATE IMPLEMENTING PROCEDURES BY STATE AGENCIES IS VITAL TO A STATE'S PREPAREDNESS FOR RESPONDING TO A DISASTER. WITHOUT PROCEDURES, AN AGENCY MAY IMPLEMENT THE TASKS IN AN UNTIMELY, INEFFICIENT MANNER.

LOCAL PLANS

IN FIVE OF THE SIX STATES WE VISITED, EMERGENCY PLANS IN MOST LOCAL COMMUNITIES EITHER NEEDED TO BE REVISED TO CONFORM WITH THE STATE EMERGENCY PLANS OR HAD NOT BEEN REVIEWED BY THE STATES TO DETERMINE THEIR CONFORMANCE WITH STATE PLANS. LOCAL PLANS IN ONE OF THE SIX STATES, OKLAHOMA, WERE SAID TO BE IN CONFORMANCE WITH THE STATE EMERGENCY PLAN.

TRAINING

WE REVIEWED EMERGENCY PREPAREDNESS TRAINING PROVIDED BY THE STATES TO ITS PERSONNEL. SOME STATE AGENCY LIAISON OFFICIALS WHO ARE RESPONSIBLE FOR COORDINATING THEIR AGENCIES' EFFORTS HAD PARTICIPATED IN TRAINING WHEREAS OTHERS HAD NOT. THOSE STATE AGENCY PERSONNEL WHO WOULD BE RESPONSIBLE FOR CARRYING OUT THE TASKS ASSIGNED UNDER THE STATE EMERGENCY PLANS HAD RECEIVED PRACTICALLY NO TRAINING. NONE OF THE SIX STATES WE REVIEWED HAD ESTABLISHED DISASTER TRAINING PROGRAMS WITH MINIMUM STANDARDS FOR STATE LIAISONS OR OTHER AGENCY PERSONNEL.

LOCAL OFFICIALS HAD RECEIVED SOME TRAINING FROM THE STATES UNDER THE \$250,000 GRANT; HOWEVER, NONE OF THE STATES HAD DEVELOPED TRAINING PROGRAMS FOR LOCAL OFFICIALS THAT SET MINIMUM STANDARDS. SOME LOCAL OFFICIALS WERE RECEIVING CIVIL DEFENSE TYPE TRAINING. WE WERE TOLD THAT THIS TRAINING IS SIMILAR TO THAT NEEDED FOR DISASTER EMERGENCIES.

TRAINING FOR DISASTERS IS PARTICULARLY IMPORTANT WHERE THE TASKS ASSIGNED TO STATES AND LOCAL PERSONNEL BY EMERGENCY PLANS DIFFER FROM THEIR REGULAR DUTIES. HOWEVER, FEMA HAD NOT DETERMINED MINIMUM DISASTER TRAINING NEEDED BY STATE AND LOCAL PERSONNEL NOR HAD FEMA PROVIDED STATES WITH TRAINING STANDARDS WHICH WOULD BETTER ASSURE AN ADEQUATE LEVEL OF PERFORMANCE DURING A DISASTER.

AGENCY ACTION

AS WE RECOMMENDED, FEMA PROVIDED EACH STATE GOVERNOR A COPY OF OUR REPORT ALONG WITH A LETTER EMPHASIZING OUR FINDINGS AND RECOMMENDATIONS REGARDING IMPLEMENTING PROCEDURES, LOCAL EMERGENCY PLANS, AND TRAINING.

FEMA ALSO AGREED WITH OUR RECOMMENDATION TO PLACE A HIGH PRIORITY ON STATES USING FEMA GRANT FUNDS TO MONITOR COMPLETION OF:

- THE DEVELOPMENT OF STATE AGENCY PROCEDURES FOR DISASTER TASKS ASSIGNED BY THE STATE EMERGENCY PLAN;
- THE DEVELOPMENT, OR REVISION OF, LOCAL EMERGENCY PLANS TO ASSURE THEIR COMPATIBILITY WITH THE STATE EMERGENCY PLANS; AND

--THE DEVELOPMENT OF TRAINING PROGRAMS FOR STATE AND
LOCAL PERSONNEL.

FEMA ISSUED A STATEMENT OF TRAINING AND EDUCATION REQUIREMENTS
THAT INCLUDES THE SCOPE OF TRAINING NEEDED AND PERFORMANCE
STANDARDS.

FEDERAL SNOW REMOVAL
REIMBURSEMENT POLICIES

IN AUGUST 1979 WE REPORTED (CED-79-97) ON FEMA'S REIM-
BURSEMENT POLICIES FOR SNOW EMERGENCIES. (THE REPORT WAS
ACTUALLY DIRECTED TO THE ADMINISTRATOR OF THE FEDERAL DISASTER
ASSISTANCE ADMINISTRATION, ONE OF FEMA'S PREDECESSOR AGENCIES.)
OUR REVIEW INVOLVED TWO ADJOINING STATES--INDIANA AND ILLINOIS--
THAT WERE AFFECTED BY THE SAME SNOWSTORM, BUT ONLY ILLINOIS
RECEIVED FEDERAL EMERGENCY ASSISTANCE.

WE IDENTIFIED PROBLEMS IN FEMA'S SNOW REMOVAL REIMBURSE-
MENT POLICIES AND MADE SEVERAL RECOMMENDATIONS TO CORRECT
THESE PROBLEMS. FEMA SUBSEQUENTLY REVISED ITS GUIDELINES ON
SNOW EMERGENCIES AND THUS RESOLVED SOME OF THE PROBLEMS WE
HAD IDENTIFIED. I WOULD LIKE TO HIGHLIGHT TWO OF THE PROBLEMS
STILL NOT RESOLVED.

PROVIDING FEDERAL LOANS
RATHER THAN GRANTS

THE FIRST PROBLEM IS CONCERNED WITH GRANTING FEDERAL
ASSISTANCE IN SNOW EMERGENCIES WITHOUT ADEQUATE INFORMATION
AS TO WHETHER STATES AND LOCAL GOVERNMENTS CAN USE THEIR OWN
RESOURCES TO RESPOND. THE DISASTER RELIEF ACT OF 1974
INTENDS THAT FEDERAL FUNDS SHOULD NOT BE DISBURSED TO THE
EXTENT THAT THE STATE CAN USE ITS LEGALLY AVAILABLE FINANCIAL

AND PHYSICAL RESOURCES. YET, TO INSURE THAT A STATE HAS FULFILLED ITS OBLIGATION, A TIME-CONSUMING EXAMINATION OF THE STATE'S FINANCIAL CONDITION IS NECESSARY. TIME MAY NOT BE AVAILABLE FOR SUCH AN EXAMINATION WHEN A STATE REQUESTS FEDERAL ASSISTANCE. THEREFORE, WE RECOMMENDED THAT THE CONGRESS ENACT LEGISLATION TO:

- REQUIRE FUTURE SNOW REMOVAL REIMBURSEMENTS TO BE IN THE FORM OF LOANS RATHER THAN GRANTS, AND
- GIVE FEMA THE AUTHORITY TO FORGIVE EMERGENCY SNOW REMOVAL LOANS TO THE EXTENT THAT A SUBSEQUENT, DETAILED EXAMINATION DISCLOSES THAT A STATE COULD NOT OTHERWISE AFFORD THE COST OF SNOW REMOVAL.

FEMA DISAGREED WITH THE RECOMMENDED CHANGES AND POINTED OUT SEVERAL POTENTIAL PROBLEMS WITH CHANGING THE FORM OF FEDERAL ASSISTANCE AVAILABLE FOR SNOW EMERGENCIES. HOWEVER, WE DID NOT BELIEVE THAT THESE PROBLEMS WERE INSURMOUNTABLE. OUR RECOMMENDATION HAS NOT BEEN ENACTED INTO LAW.

INEQUITIES INHERENT IN THE ACT

ANOTHER PROBLEM IDENTIFIED CONCERNS INEQUITIES IN THE DISASTER RELIEF ACT OF 1974. OUR REPORT RECOGNIZED THAT THE ACT UNFAIRLY PENALIZES OR REWARDS STATES APPLYING FOR FEDERAL SNOW REMOVAL REIMBURSEMENTS BECAUSE OF DIFFERENCES IN STATE LAWS AND STATES' PREPAREDNESS TO DEAL WITH EMERGENCIES. FOR EXAMPLE, IF A STATE'S CONSTITUTION ALLOWS THE USE OF SURPLUS FUNDS FOR A SNOW EMERGENCY, THAT STATE WOULD NOT BE ELIGIBLE FOR FEDERAL ASSISTANCE IF IT HAD ADEQUATE SURPLUSES. HOWEVER, A STATE WHOSE CONSTITUTION RESTRICTS THE USE OF

ITS SURPLUS FUNDS WOULD BE ELIGIBLE FOR FEDERAL ASSISTANCE EVEN THOUGH IT MAINTAINED ADEQUATE SURPLUSES.

WE RECOMMENDED THAT FEMA PREPARE A COMPREHENSIVE ANALYSIS OF THE IMPACT OF THESE POTENTIAL INEQUITIES ON FEDERAL DISASTER ASSISTANCE AND SUBMIT A DETAILED PLAN AND LEGISLATIVE CHANGES TO THE CONGRESS TO CORRECT SUCH WEAKNESSES IN THE ACT.

FEMA AGREED THAT INEQUITIES EXIST IN DISASTER RELIEF BECAUSE OF DIFFERENCES IN STATE LAWS, FISCAL PROCEDURES, AND FLEXIBILITY IN ALLOCATING FUNDS. FEMA AGREED TO CONDUCT A STUDY IF DIRECTED BY THE CONGRESS TO DO SO. THE RECOMMENDED ANALYSIS HAS NOT BEEN UNDERTAKEN TO DATE.

FEDERAL DISASTER ASSISTANCE POLICY

IN JUNE 1980, AT THE REQUEST OF THE SENATE COMMITTEE ON THE BUDGET, WE ISSUED THE REPORT, "FEDERAL DISASTER ASSISTANCE: WHAT SHOULD THE POLICY BE?" (PAD-80-39).

THE REPORT EXAMINES THE THREE GENERIC FORMS OF ASSISTANCE--LOANS, GRANTS, AND INSURANCE--FUNDING NATURAL DISASTER LOSSES. FEDERAL POLICY SHOULD INCLUDE THE NOTION THAT THOSE LOSING--PROPORTIONALLY--THE MOST FROM A NATURAL DISASTER SHOULD RECEIVE THE MOST ASSISTANCE AND THAT THE AVAILABILITY OF ASSISTANCE SHOULD MINIMIZE THE POSSIBILITY OF CONTRIBUTING TO DECISIONS TO LOCATE IN HIGH-RISK AREAS. WE CONCLUDED THAT INSURANCE IS SUPERIOR TO ALTERNATIVE MEANS OF DELIVERING DISASTER ASSISTANCE. THE REPORT DISCUSSES THE ADVANTAGES OF THE INSURANCE OPTION.

NATURAL DISASTER DECLARATIONS
BY THE FEDERAL EMERGENCY
MANAGEMENT AGENCY

WE ARE CURRENTLY REVIEWING FEMA'S DISASTER DECLARATION PROCESS WHICH LEADS UP TO THE PRESIDENT'S DECLARATION OF A MAJOR DISASTER OR EMERGENCY. OUR REVIEW CONCENTRATES ON WHETHER, (1) THE DECLARATION PROCESS UNDER THE DISASTER RELIEF ACT OF 1974 IS BEING PROPERLY IMPLEMENTED, (2) THE INFORMATION OBTAINED BY FEMA FROM STATES IS ADEQUATELY EVALUATED, AND (3) FEMA'S METHODS FOR EVALUATING THE DATA ARE FAIR AND EQUITABLE TO ALL CONCERNED.

OUR WORK TO DATE INDICATES THAT THE SEVERITY AND MAGNITUDE OF A DISASTER ARE REASONABLY DETERMINABLE BY FEMA IN TERMS OF DAMAGES, LOSSES, HARDSHIP, AND SUFFERING. HOWEVER, FEMA'S ABILITY TO DETERMINE WHETHER THE SEVERITY AND LOSS IS BEYOND THE CAPABILITY OF STATE AND LOCAL GOVERNMENTS, AND WHETHER STATE AND LOCAL GOVERNMENTS HAVE MADE A REASONABLE COMMITMENT OF THEIR RESOURCES IS OF PRINCIPAL CONCERN TO US AT THIS TIME.

IN OUR REPORT ON FEMA'S SNOW REMOVAL REIMBURSEMENT POLICY WE FOUND THAT FEMA WAS NOT ADEQUATELY ASSESSING STATES' LEGAL AND FINANCIAL CAPACITY TO RESPOND TO SNOWSTORMS. WE ARE EXAMINING THIS ISSUE MORE BROADLY IN OUR CURRENT REVIEW.

RECENTLY, FEMA ADOPTED A COST-SHARING POLICY OF REQUIRING STATE AND LOCAL GOVERNMENTS TO PAY 25 PERCENT OF ELIGIBLE PUBLIC ASSISTANCE COSTS. A NUMBER OF STATES HAVE EXPRESSED OPPOSITION TO THIS POLICY. HOWEVER, LEGISLATION REQUIRING THIS COST-SHARING POLICY HAS BEEN SUBMITTED BY THE ADMINISTRATION

TO THE CONGRESS. WE ARE ALSO EXAMINING THE ISSUES PERTAINING TO STATE AND LOCAL COMMITMENTS IN OUR CURRENT REVIEW.

REVIEW OF FEDERAL DISASTER ASSISTANCE PROVIDED TO STATE AND LOCAL COMMUNITIES

WE ARE CURRENTLY REVIEWING FEDERAL DISASTER ASSISTANCE PROVIDED TO STATES AND LOCAL COMMUNITIES. OUR REVIEW OBJECTIVES ARE TO (1) DETERMINE THE LEVEL OF ASSISTANCE PROVIDED BY STATE AND LOCAL COMMUNITIES, (2) DETERMINE WHETHER FEMA IS CONSISTENT IN MAKING DECISIONS ON WHAT ITEMS ARE ELIGIBLE FOR FEDERAL REIMBURSEMENT, AND (3) DEMONSTRATE WAYS THAT STATES AND LOCAL COMMUNITIES CAN ASSUME GREATER RESPONSIBILITY IN PLANNING FOR AND RECOVERING FROM NATURAL DISASTERS WITH THE END RESULT BEING LESS FEDERAL FUNDING AND INVOLVEMENT. OUR WORK IS BEING CONDUCTED IN THE STATES OF ALABAMA, MISSISSIPPI, AND CALIFORNIA.

THIS CONCLUDES MY STATEMENT. WE SHALL BE PLEASED TO RESPOND TO YOUR QUESTIONS.

GAO REPORTS ON THE FEDERAL DISASTER
ASSISTANCE ACTIVITIES OF THE
FEDERAL EMERGENCY MANAGEMENT AGENCY
AND OTHER AGENCIES
MARCH 1978 - MAY 1981

<u>Report Title</u>	<u>Issued</u>	<u>Requestor/Recipient</u>
Poor Controls Over Federal Aid in Massachusetts After the 1978 Blizzard Caused Questionable Benefit Payments (CED-81-4)	1-26-81	Subcommittee on Oversight and Review, House Committee on Public Works and Transportation
Federal Disaster Assistance: What Should the Policy Be? (PAD-80-39)	6-18-80	Senate Budget Committee
States Can be Better Prepared to Respond to Disasters (CED-80-60)	3-31-80	Subcommittee on Oversight and Review, House Committee on Public Works and Transportation
Farmers Home Administration Emergency Loan Processing Procedures in Stanislaus County, California (CED-80-64)	3-3-80	Congressman Shumway
Improvements Being Made in Flood Fighting Capabilities in Jackson, Mississippi Area (CED-80-36)	12-18-79	Subcommittee on Limitations of Contracted and Delegated Authority Senate Committee on the Judiciary
Review of Federal Disaster Assistance to Two Libraries in Pennsylvania (CED-80-22)	10-31-79	Congressman Rodino
Farmers Home Administration's and Small Business Administration's Disaster Loan Programs: Budget Implications and Beneficiaries (CED-79-111)	8-6-79	Senate Committee on the Budget
Federal Snow Removal Reimbursement Policy: Improvements Needed (CED-79-97)	8-2-79	Congressman Benjamin

APPENDIX I

APPENDIX I

<u>Report Title</u>	<u>Issued</u>	<u>Requestor/Recipient</u>
Action Needed to Improve the Review of Insurance Coverage of Disaster Victims Receiving Federal Assistance (CED-79-90)	6-18-79	Congressman Jones
Difficulties in Coordinating Farm Assistance Programs Operated by the Farmers Home Administration and Small Business Administration (CED-78-118)	5-25-78	Senate Committee on Agriculture, Nutrition, and Forestry, Senate Select Committee on Small Business
The Johnstown Area Flood of 1977: Case Study for the Future (CED-78-114)	5-5-78	Senator Eagleton
Problems with the Emergency Food Stamp Program	3-31-78	Administrator, Food and Nutrition Service, USDA
Actions Needed to Make the Farmers Home Administration's Emergency Loan Program More Equitable and Efficient (CED-78-136)	3-18-78	Secretary of Agriculture