



Redefining Federal Disaster Management

Envisioning a New Office for Federal Disaster Recovery Management

WHITE PAPER

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Background

The declaration by the federal government of a natural disaster or large-scale emergency unleashes a major logistical undertaking of manpower, material and money. These efforts require a sophisticated project management function to ensure that resources are spent as intended and that recovery is as complete and quick as possible. However, the current federal disaster response mechanism has structural limitations that prevent it from fully achieving these goals.

Reznick Government has significant experience working with government agencies during disaster response. Through our disaster management work during Hurricanes Katrina and Rita and a wide range of other natural disasters, we have implemented project management systems and managed the complex series of transactions and controls necessary to ensure that relief funds are distributed accurately and promptly. Drawing upon this experience in minimizing fraud, waste and abuse, this paper discusses the problems of the current system and proposes a new federal office to address its shortcomings.

The Federal Disaster 911

While disasters like Hurricane Katrina grab the headlines, in reality federal disaster response is an ongoing operation. In 2010, 81 federally declared disasters occurred in the United States and its territories—an average of one every 4.5 days.¹ In the minds of many, the Federal Emergency Management Agency (FEMA) is the public face of government disaster response. In point of fact, however, responsibility for disaster response is spread over dozens of federal, state and local entities, as well as nongovernmental organizations such as the Red Cross. This distribution of authority and responsibility is understandable—after all, the effects of disasters cut across housing, transportation, public health, infrastructure and many other government functions, and have an equally broad effect on private enterprise. But this also underscores the need for more comprehensive and effective coordination of response efforts. This need has become more acute in recent years, as the expectations placed on FEMA—not only by the public but by state and local agencies—have outstripped the agency's mandate.

FEMA's primary responsibility is to act as the conduit for federal support to state and local authorities in the immediate aftermath of a federally declared emergency or major disaster. By design, its focus is on first response, when state and local resources may be overwhelmed or insufficient in providing the *immediate* food, water, sanitation and shelter needs of those in distressed areas. It is, in effect, the federal disaster 911.

Today's Structural Limitations

In addition to immediate challenges, disasters unleash significant *long-term* problems that remain well after the flood waters have abated or the hurricane has passed. Schools must be rebuilt, housing stock replenished, infrastructure restored. FEMA itself has noted that it cannot meet these challenges alone. In testifying before Congress regarding post-disaster housing, Craig Fugate, the current FEMA Administrator, said "While FEMA is certainly prepared to provide a large number of temporary housing

¹ http://www.fema.gov/news/disaster_totals_annual.fema.

resources following a disaster, the sheer size, scope, nature, and duration of the sheltering needs after a catastrophic event require us to look at alternatives, and *will require the coordinated involvement of federal agencies, state, local, and tribal governments, the private sector, and voluntary and faith-based groups.*"² Similar sentiments have been echoed by a number of government and industry reports, as well as in Congressional testimony. (See "Many sides of the same problem," below.)

Examining the current arrangement in light of Administrator Fugate's comments, two systemic limitations become clear. The first is the need to **coordinate short-term and long-term responses**, which often spans multiple agencies. For example, while FEMA has responsibility for the immediate shelter needs of disaster victims, *long-term* housing is generally a matter for the Department of Housing and Urban Development (HUD), which has numerous preexisting voucher and assistance programs that could provide the appropriate solutions. There is, however, no overarching body that is able to coordinate with authority the distribution of short-term and long-term responsibility among agencies. While FEMA's mandate includes the coordination of first response, in practice it lacks the authority to *direct* the actions of other agencies, particularly over a longer time frame.

"This system works for small to medium disasters. It does not work so well for large disasters, and it falls apart for a catastrophic disaster."

– Scott Wells, Federal Coordinating Officer, FEMA Joint Field Office, Baton Rouge³

The second structural problem involves the **sharing of information across agencies and jurisdictions**. For example, FEMA provides substantial assistance grants to *qualified* individuals within an affected area. Not only must the eligibility of applicants be verified, but the grant amounts are typically calculated to take into account funds that the individual may have received from other agencies or insurance companies. This prevents duplication of benefits—the key element of Stafford Act compliance—and maximizes the distribution of assistance. But because there is inadequate information sharing among agencies and lack of coordination between banks and insurance companies, the system is vulnerable to both overpayment, leading to millions of dollars in fraud, waste and abuse, or to delay of payment, caused by difficulty in receiving all information necessary to verify eligibility and calculate grant amounts. Providing relief to victims of emergencies thus demands both proper controls *and* fast response; controls that work slowly don't work at all.

Further complicating matters, there are policies that impede information sharing across silos. But even if those policies were remedied, there would be the larger hurdle of lack of interoperability among different information systems. Many entities that need to work together in long-term recovery efforts couldn't do so even if they wanted to.

² Fugate, Craig. "Post-Katrina: What it Takes to Cut the Bureaucracy and Assure a More Rapid Response After a Catastrophic Disaster." House Committee on Transportation and Infrastructure, Subcommittee of Economic Development, Public Buildings and Emergency Management. July 27, 2009. http://www.fema.gov/pdf/about/testimony/072709_fugate.pdf.

³ Senate Homeland Security Committee hearing on FEMA and Hurricane Katrina. December 8, 2005. http://www.semp.us/publications/biot_reader.php?BiotID=303.

Many sides of the same problem

During the last several years, numerous inquiries have highlighted the many inherent challenges in the current method for managing across the disaster recovery timeline. Those challenges—and the observations supporting them—include the following:

Coordination of multiple government agencies

“Federal and state officials acknowledged that they faced difficulties in sharing project information and that documents were sometimes lost during the exchange between their agencies.” Government Accountability Office (GAO) Report #GAO-09-129, December 2008.

Navigating federal and state regulations

“[T]he states are critical because they ultimately set the rules for redevelopment. They apply for and set the programmatic visions for how to spend the federal recovery dollars, such as with CDBG.....Finally, the feds cannot bypass the states and go directly to localities because large-scale disasters hit multiple cities and counties in a state.” Congressional Testimony of Amy Liu, Deputy Director of the Metropolitan Policy Program at the Brookings Institution, March 2009.

Applicant fatigue

“Some applicants in Louisiana told us of the need to repeatedly resubmit key project documents because of the lack of an effective system to share such documentation. This situation was made worse because key federal and state officials responsible for reviewing and approving documentation were not primarily located in the same place.” GAO Report #GAO-09-437T, March 2009.

Coordination of lending and insurance institutions

“Getting a mortgagee or other lender to endorse a claim check so the insured can deposit it and get rebuilding started can be a cumbersome, time-consuming task for the policyholder (delays of 30 days or 60 days are not uncommon). If insurers unilaterally leave off the mortgagee or lender from the claim check, they face the very real possibility of having to pay the claim twice.” American Insurance Association Natural Catastrophe Agenda, July 2006.

Coordination with nonfederal recovery organizations

“State and local agencies providing federally funded disaster case management services faced challenges in obtaining timely and accurate information from the federal agencies overseeing the programs.” GAO Report #GAO-09-561, July 2009.

Evaluating long-term needs

“FEMA’s reactive approach has traditionally encouraged short-term fixes rather than long-term solutions, contributing to the difficulties FEMA has encountered in supporting response and recovery operations.” Matt Jadacki, Deputy Inspector General of DHS, House Subcommittee on Homeland Security, March 2008.

Monitoring and reporting progress

“While FEMA made some efforts to measure its progress, its measures did not provide the information on program results that was needed to assess the agency’s performance in achieving its goal of ‘helping individuals and communities affected by federally declared disasters return to normal functioning quickly and efficiently.’” GAO Report GAO-09-796, August 2009.

These two structural problems set in motion a variety of other challenges. Individuals seeking relief often experience “application fatigue” from the need to repeatedly resubmit the same information to different agencies because there is no central database or information sharing. The lack of overarching coordination also means that there is often difficulty in navigating the array of federal and state regulations—delaying the distribution of aid to the individuals and communities who are the ultimate recipients.

Finally, these structural problems make it difficult to clearly measure and evaluate the overall recovery effort. Because program effectiveness cannot be comprehensively assessed, it is difficult to learn from experience and implement lasting improvements.

A Long-term Solution

Because the problems facing the recovery effort are structural, merely increasing effort or resources will not solve them. The solution, then, is to **redefine federal disaster recovery management to include the entire spectrum of activities between first response and the completion of long-term recovery efforts**. This redefined mandate could be overseen by a new disaster recovery project management office, which would have the authority to coordinate resources and responsibilities for overall disaster recovery, from immediate response to long-term reconstruction. FEMA would still be responsible for coordinating first response, but the new office—which could be part of FEMA, another agency or department, or independent—would then oversee the transfer of responsibility as the immediate challenge of first response gave way to solving longer-term problems.

The proposed office would consist of personnel with extensive experience in long-term disaster recovery and large-scale project management. Its baseline staffing would be minimal, but it would have the capability to deploy quickly and expand as necessary in response to events. The project management office would report to a board composed of representatives from agencies participating in disaster relief efforts, including FEMA, HUD, the Department of Homeland Security, the Department of Agriculture, the Department of Health and Human Services and others. The new office would thus be similar to the successful Defense Logistics Agency, which reports to the agencies whose supply chains it manages.

In addition to the task of real-time coordination, the proposed project management office would be tasked with ongoing investigation of structural roadblocks to collaboration, and proposing and implementing solutions to issues such as information interoperability and the lack of centralized data repositories. Specifically, **the primary responsibilities of the office would be to:**

- Coordinate disaster response and recovery efforts across multiple agencies, ensuring a cooperative and focused approach to shared goals and avoiding duplicative efforts.
- Maintain knowledge and expertise of federal and state regulations to provide program guidance and options to affected areas and speed the delivery of recovery services.

⁴ “Disaster Assistance: Greater Coordination and an Evaluation of Programs’ Outcomes Could Improve Disaster Case Management.” GAO Report. July 2009, pg. 35. <http://www.gao.gov/new.items/d09561.pdf>.

- Combat applicant fatigue by streamlining processes, facilitating data sharing, eliminating redundant processes, increasing outreach efforts, and improving citizen and community participation.
- Strengthen and enhance compliance with the Stafford Act, preventing the duplication of benefits through a centralized office with improved data sharing and communications.
- Establish a register and protocols with lending and insurance institutions that will improve the speed and accuracy of the delivery of recovery benefits. This will eliminate the need for each affected area to individually manage the process of identifying the hundreds of applicable lending and insurance institutions, establishing protocols, and developing communication methodologies.
- Establish relationships and protocols with nonfederal recovery organizations to better coordinate and deliver disaster case management services to those in need.
- Evaluate the affected area's long-term recovery needs and coordinate comprehensive recovery efforts for housing, infrastructure, economic development, environmental protection and so on.
- Establish the reporting standards and monitor and report on the progress of the overall disaster response and recovery effort, to ensure transparency and accountability.
- Establish procedures and protocols to distribute funds in a timely manner while creating safeguards to prevent fraud, waste and abuse of the system.

Given the existing size and complexity of the federal government, one does not recommend the establishment of a new office lightly. At the same time, however, there are clear gaps in the current system that are preventing FEMA and other government entities at the federal, state and local levels from fulfilling their obligations. Redefining federal disaster recovery management so that it accurately reflects the full spectrum of the recovery process—and then establishing the needed coordination and oversight of that process—will make a significant positive impact on a high-profile and critical government function.



Reznick Government

Reznick Government provides accounting, business advisory and financial services to federal, state and local governments, as well as public sector contractors. Our experience includes audit, accounting and financial services, disaster program management, risk assessments, compliance and monitoring, and the design and implementation of technology solutions. We employ a comprehensive project management approach that provides our clients with repeatable and reliable processes and deliver government services accounting insights that help government organizations improve communication, administer fiscal and operational strategies and meet compliance requirements.

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