

GAO Highlights

Highlights of [GAO-15-65](#), a report to congressional requesters

Why GAO Did This Study

FEMA leads federal efforts to respond to and recover from disasters, and provides grants to states and localities through the DRF. For each major disaster, funds can be obligated from the DRF to cover administrative costs—the costs of providing and managing disaster assistance—for FEMA, states, tribes, localities, and certain nonprofits, among others. GAO was asked to review these administrative costs along with FEMA policy changes.

This report addresses the extent to which DRF funds were obligated to cover (1) FEMA’s administrative costs for major disasters during fiscal years 2004 through 2013, and the steps FEMA has taken to control these costs, and (2) Grantee and subgrantee administrative costs for PA grants, and the impact FEMA’s 2007 policy changes had on PA program administrative costs reimbursements. GAO analyzed FEMA’s administrative costs data and policies and PA guidance for administrative cost reimbursements; and interviewed FEMA, state, and local officials.

What GAO Recommends

GAO recommends that FEMA (1) develop an integrated plan to better control and reduce its administrative costs for major disasters, (2) assess the costs versus the benefits of tracking FEMA administrative costs by DRF program, and (3) clarify the agency’s guidance and minimum documentation requirements for direct administrative costs. FEMA agreed with the report and its recommendations.

View [GAO-15-65](#). For more information, contact Chris Currie at (404) 679-1875 or curriec@gao.gov.

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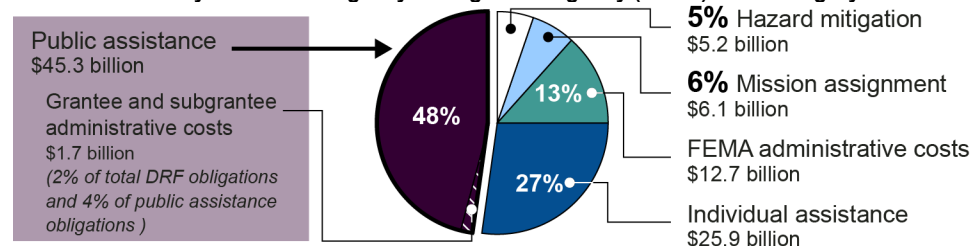
FEDERAL EMERGENCY MANAGEMENT AGENCY

Opportunities Exist to Strengthen Oversight of Administrative Costs for Major Disasters

What GAO Found

The Federal Emergency Management Agency (FEMA) obligated \$12.7 billion from the Disaster Relief Fund (DRF) for its administrative costs from fiscal years 2004 through 2013 and has taken some steps to reduce and better control these costs. This \$12.7 billion represents 13 percent of the \$95.2 billion obligated from the DRF for the 650 major disasters declared during this time frame. FEMA’s average administrative cost percentages for major disasters during the 10 fiscal years 2004 to 2013 doubled the average during the 10 fiscal years 1989 to 1998. FEMA recognized that administrative costs have increased and has taken steps intended to better control and reduce these costs, such as setting a goal in its recent strategic plan to lower these costs, and creating administrative cost targets. However, FEMA does not require these targets be met, and GAO found that had FEMA met its targets, administrative costs could have been reduced by hundreds of millions of dollars. GAO also found that FEMA lacks an integrated plan with time frames and milestones to hold senior officials accountable for achieving its goals to reduce and more effectively control costs. Such a plan could help FEMA to better oversee and control these costs. In addition, GAO found that FEMA does not track administrative costs by major disaster program, such as Individual or Public Assistance, and has not assessed the costs versus the benefits of tracking such information. Doing so could provide FEMA with better information to manage these costs.

Total Disaster Relief Fund (DRF) Obligations for 650 Major Disasters Declared during Fiscal Years 2004-2013 by Federal Emergency Management Agency (FEMA) Cost Category



Source: GAO analysis of FEMA data. | GAO-15-65

Note: Percentages in the figure do not total 100 percent due to rounding.

From fiscal years 2004 through 2013, FEMA obligated \$1.7 billion to reimburse grantees (states) and subgrantees (localities) for administrative costs related to Public Assistance (PA) grants, and its 2007 policy change has led to additional complexity and workload for FEMA and its grantees. FEMA’s 2007 rule was intended to simplify and clarify the method FEMA uses to reimburse grantees and subgrantees for certain costs incurred for administering PA grants. However, according to FEMA, the 2007 rule led to an unexpectedly high rate of claims for direct administrative costs. Grantee, subgrantee, and FEMA officials told GAO that FEMA policies and guidance do not adequately specify the requirements for determining reasonableness, eligibility, and supporting documentation to support reimbursement of direct administrative costs. Clarifying the agency’s guidance and minimum documentation requirements would help grantees and subgrantees submit, and FEMA review requests for administrative costs reimbursement.