Testimony
Before the Subcommittee on Oversight, Committee on Ways and Means, House of Representatives

HURRICANES KATRINA AND RITA

Provision of Charitable Assistance

Statement of Cynthia Fagnoni, Managing Director, Education, Workforce and Income Security Issues
HURRICANES KATRINA AND RITA

Provision of Charitable Assistance

What GAO Found

Following September 11, 2001, GAO reported lessons learned that could help charities enhance their response to future disasters. These included easing access to aid for eligible individuals, enhancing coordination among charities and between charities and the Federal Emergency Management Agency (FEMA), increasing attention to public education, and planning for future events. GAO also recommended that FEMA convene a working group of charities to coordinate lessons learned following September 11. Following the GAO report, seven disaster response charities partnering with FEMA formed the Coordinated Assistance Network to improve collaboration and facilitate data sharing.

Following the Gulf Coast hurricanes, charities raised more than $2.5 billion dollars, according to Indiana University’s Center of Philanthropy, with more than half of these funds going to the American Red Cross. GAO’s preliminary work shows that these charities have taken steps to improve coordination of relief efforts by sharing information through daily conference calls and electronic databases. Despite these efforts, charities faced some challenges in coordinating service delivery. For example, some charities reported that their volunteers needed additional training to use the databases.

GAO teams that visited the Gulf Coast region in October 2005 observed that in areas where the American Red Cross did not provide services, the Salvation Army and smaller organizations—often local churches—were able to meet many of the charitable needs of hard-to-reach communities. The American Red Cross’s efforts to protect service providers may have prohibited it from operating in some of the harder-to-reach areas. Additionally, some concerns were raised about smaller charities’ abilities to provide adequate disaster relief services.

Charitable distribution center in Harrison County, Mississippi

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia Fagnoni at (202) 512-7215 or fagnonic@gao.gov.
Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the role of charitable services in response to recent Gulf Coast hurricanes. Hurricanes Katrina and Rita caused massive destruction and large-scale disruption of lives in Alabama, Louisiana, Mississippi, and Texas. In response to this destruction, we have witnessed heroic efforts by public, private, and nonprofit organizations and volunteers. My testimony today will present some of our observations regarding the performance of charities in response to these hurricanes. These natural disasters have placed strengthening the nation’s emergency response efforts at the top of the national agenda. Comptroller General Walker has stated that GAO will provide support to Congress through analysis and evaluation of coordination efforts among federal agencies, and between federal agencies and the state, local, private, and nonprofit sectors. GAO has conducted several previous reviews of federal actions following national disasters, including Hurricane Andrew in 1992 and the terrorist attacks of September 11, 2001, that will be helpful in evaluating the nation’s response to recent hurricanes. We plan to conduct all Katrina-related work under the Comptroller General’s authority since it is an issue of interest to the entire Congress and numerous committees in both houses.

Charities have addressed many short- and long-term needs of the victims of recent hurricanes in the Gulf Coast region. Their efforts represent the largest disaster response effort in United States history by charitable organizations. As charities collect donations to address these needs, questions have been raised about how the money will be used and how charitable relief efforts will be coordinated. This testimony will discuss progress to date in incorporating lessons learned from our review of charitable coordination following September 11, and preliminary observations about the coordination of charities after the recent hurricanes. This testimony is based upon published GAO reports; ongoing work; relevant interviews with federal, state, and local government officials in states affected by the hurricanes; interviews with charitable officials and national experts; and data on total hurricane-related donations to charities from Indiana University’s Center on Philanthropy.

In summary, we learned from our work following the September 11 attacks that charities could take steps to make it easier for survivors of disasters to get the help they need, improve coordination among charities and the Federal Emergency Management Agency (FEMA), better educate the public about charities’ roles in disaster recovery, and plan for responding to future disasters. Following our report, seven charities formed a network to share information electronically about aid recipients.
and services provided, improve coordination, and ease access to aid. The group worked in partnership with FEMA to develop a database to share information between agencies. In a little more than 3 months, charities have raised more than $2.5 billion to assist in hurricane relief and recovery efforts. In addition, charities have taken other steps to improve coordination following the Gulf Coast hurricanes. Charities shared information through meetings at the American Red Cross headquarters, daily conference calls, and electronic databases that allowed multiple organizations to access information about services provided to hurricane victims. Despite these efforts, some charities raised concerns about the usefulness of the conference calls and electronic databases for sharing information. For example, some charities said that daily conference calls after Katrina included too many organizations and did not provide the information they needed. There were also problems with providing charitable services to victims in some hard-to-reach areas. GAO teams in the field reported that the American Red Cross did not provide relief in certain areas because of safety policies. In areas where the American Red Cross did not operate, GAO teams observed that other charities, such as the Salvation Army and smaller charities—often local churches—provided relief services. Although smaller organizations provided needed charitable services in the Gulf Coast region, some concerns have been raised about their ability to provide adequate services to victims. We will be reviewing this issue in more detail over the next several months. GAO is currently engaged in ongoing work on the coordination of charitable efforts in response to Hurricanes Katrina and Rita and will further examine how effectively charities coordinated their responses to recent hurricanes.

Background
Charities are organizations established to serve broad public purposes, such as the needs of the poor or distressed and other social welfare issues. The Internal Revenue Service reported that for 2002, 501(c)(3) organizations, which include charities, had total assets of over $1.7 trillion. In 2004, the Internal Revenue Service (IRS) recognized 820,000 charities, accounting for about 90 percent of 501(c)(3) organizations.¹ Charities can include organizations with missions such as helping the poor, advancing religion, educating the public, or providing disaster relief services. Although the federal government indirectly subsidizes charities through their tax-exempt status and by allowing individuals to deduct charitable contributions from their income taxes, the federal government has a fairly

¹ This estimate based on data from the IRS, with modifications by the National Center for Charitable Statistics (NCCS) at the Urban Institute. NCCS excluded foreign and governmental organizations from the data.
limited role in monitoring charities. States provide the primary oversight of charities through their attorneys general and charity offices.

Charities’ Response to National Disasters

Charities have historically played a large role in the nation’s response to disasters. For example, after the September 11 attacks, 35 of the nation’s larger charities—including the American Red Cross and the Salvation Army—collected almost $2.7 billion to provide food, shelter, mental health services, and other types of aid.

Charities’ roles in responding to disasters can vary. Some charities, including the American Red Cross and the Salvation Army, are equipped to arrive at a disaster scene and provide immediate mass care, including food, shelter, and clothing, and in some circumstances, emergency financial assistance to affected persons. Other charities focus on providing longer-term assistance, such as job training, scholarships, or mental health counseling. In addition, new charities may form after disasters to address specific needs, such as the charities established after the September 11 attacks to serve survivors of restaurant workers and firefighters.

National Response Plan

The U.S. government’s National Response Plan provides a single, comprehensive framework for the federal response to domestic incidents, such as natural disasters and terrorist attacks. The plan provides the structure and mechanisms for the coordination of federal support to states and localities. Major cabinet and other federal agencies are signatories to the plan, along with the American Red Cross and the National Voluntary Organizations Active in Disaster (National VOAD), a national charity umbrella organization. The American Red Cross and National VOAD are the only nongovernmental organizations that signed the Plan. In December 2004, the Department of Homeland Security released the plan, which was developed at the request of President Bush. The plan incorporates and replaces several previous plans for disaster management, including the Federal Response Plan, which was originally signed in 1992. One of the ways the plan changed the Federal Response Plan was by not naming charities active in disaster relief other than the American Red Cross, but instead incorporating them under the umbrella organization, National VOAD.

The plan designates 15 Emergency Support Functions, each identifying a specific disaster response need as well as organizations that have key roles in helping meet those needs. The sixth Emergency Support Function, the function most relevant to charities involved in disaster relief, creates a
working group of key federal agencies and charitable organizations to address

- mass care, including sheltering, feeding, and emergency first aid;
- housing, both short- and long-term; and
- human services, such as counseling, processing of benefits, and identifying support for persons with special needs.

As a direct service provider, the American Red Cross feeds and shelters victims of disasters. In addition to fulfilling this role, the American Red Cross is responsible for coordinating federal efforts to address mass care, housing, and human services under Emergency Support Function 6 with FEMA. The American Red Cross is the only charity to serve as a primary agency under any Emergency Support Function. The plan gives the American Red Cross responsibility for coordinating federal mass care assistance in support of state and local efforts. The American Red Cross also has responsibilities under other Emergency Support Functions, such as providing counseling services and working with the federal government to distribute ice and water. FEMA’s responsibilities include convening regular meetings with key agencies and coordinating the transition of service delivery from mass care operations to long-term recovery activities, among other responsibilities.

National VOAD, a membership organization composed of approximately 40 charities that provide services following disasters, is designated as a support agency under Emergency Support Function 6, but it does not provide direct services to victims. Rather, National VOAD is responsible for sharing information with its member organizations regarding the severity of the disaster, needs identified, and actions taken to address these needs.

---

2 For a list of National VOAD members, see appendix I.
Following September 11, GAO reported several lessons learned that could help charities enhance their response to future disasters. These included easing access to aid for eligible individuals, enhancing coordination among charities and between charities and FEMA, increasing attention to public education, and planning for future events. Further, GAO recommended that FEMA convene a working group to encourage charities involved in disaster response to integrate these lessons learned from the September 11 attacks. Following our report, seven of the largest disaster response charities, in partnership with FEMA, formed the Coordinated Assistance Network (CAN) to ease collaboration and facilitate data sharing. While the network databases are still largely in a pilot phase, both government and charity representatives have praised the potential of the network’s databases to improve collaboration.

Lessons Learned from September 11 Could Improve Charities’ Response to Future Disasters

- **Easing access to aid for those eligible:** We reported that charities could help survivors find out what assistance is available and ease their access to that aid through a central, easy-to-access clearinghouse of public and private assistance. We also suggested offering eligible survivors a case manager, as was done in New York City and in Washington, D.C., following September 11 to help to identify gaps in service and provide assistance over the long term.

- **Enhancing coordination among charities and with FEMA:** We also found that private and public agencies could improve service delivery by coordinating, collaborating, sharing information with each other, and understanding each other’s roles and responsibilities. Collaborative working relationships are critical to the success of other strategies to ease access to aid or identify service gaps, such as creating a streamlined application process or a database of families of those killed and injured.

- **Increasing attention to public education:** After September 11, we reported that charities could better educate the public about the disaster recovery services they provide and ensure accountability by more fully informing the public about how they are using donations. Charities could improve transparency by taking steps when collecting funds to more clearly specify the purposes of the funds raised, the different categories of people they plan to assist, the services they plan to provide, and how long the charity plans to provide assistance.

- **Planning for future events:** Further, we reported that planning for how charities will respond to future disasters could aid the recovery

---

process for individuals and communities. Although each disaster situation is unique, it could be useful for charities to develop an assistance plan to inform the public and guide the charities’ fundraising efforts. In addition, state and local emergency preparedness efforts could explicitly address the role of charities and charitable aid in future events.

Charities Formed National Network to Improve Coordination

GAO recommended that FEMA convene a working group to encourage charities involved in disaster response to integrate lessons learned from the September 11 attacks. After our report, FEMA encouraged charities to form a working group to share information following disasters, which became the Coordinated Assistance Network. The seven charities that formed CAN are the Alliance of Information and Referral Services, the American Red Cross, National VOAD, the Salvation Army, 9/11 United Services Group, Safe Horizon, and the United Way of America. The group worked in partnership with FEMA to develop a database to share information between agencies.

The CAN network addressed several of the lessons learned that GAO identified. To ease access to aid for those eligible, the network is designed to share client data, such as previous addresses, employment information, and FEMA identification numbers, between charities. CAN is intended to ensure that victims need only explain their circumstances once, rather than repeatedly to different service providers. To enhance coordination among charities and with FEMA, the CAN network is designed to make charities more aware of the services provided by one another and identify any gaps or redundancies in services. Last, to plan for future events, the CAN network intends to build partnerships or working relationships among disaster response charities before disasters strike. While the CAN network databases are still largely in pilot phase, both government and charity representatives have praised the database’s potential to improve collaboration and noted that it functioned well following the disasters, considering that it was not fully developed.
Following the hurricanes, charities have raised more than $2.5 billion to assist in hurricane relief and recovery efforts. Many of the charities responding to the disaster have taken steps to coordinate with one another and with FEMA and other government agencies. For example, charities have shared information through daily conference calls and through electronic databases that allowed multiple organizations to access information about services provided to hurricane victims. Some charity representatives we spoke with praised the potential of these systems for sharing information, but also raised concerns that using these systems could be difficult at times. Charities also experienced problems in providing services to victims in some hard-to-reach areas. GAO teams that visited the Gulf Coast region in October 2005 observed that in areas where the American Red Cross did not operate, other charities, such as the Salvation Army and smaller charities—often local churches—provided relief services. Although smaller organizations helped fill the gaps in charitable services in the Gulf Coast region, some concerns have been raised about their ability to provide adequate services to victims.

Charities have raised more than $2.5 billion in cash donations in response to the Gulf Coast hurricanes, according to the Center on Philanthropy at Indiana University. The center notes that this number is a low estimate, since it does not include direct giving to individuals, giving to smaller charities, or in-kind donations. As of November 18, the American Red Cross had raised more than $1.5 billion, more than half of all dollars raised. The Salvation Army raised the second-highest amount, $270 million, about 18 percent of the amount raised by the American Red Cross. The Bush-Clinton Katrina Fund and Catholic Charities were the next-largest fund raisers, each raising about $100 million.

Charities operating in the Gulf Coast region following the hurricanes coordinated services through the convening of major national disaster relief organizations at the American Red Cross headquarters, daily conference calls organized by National VOAD, and databases established by CAN. The usefulness of the daily conference calls, as well as the CAN databases, was questioned by some charity representatives.

In the weeks following Hurricane Katrina, the American Red Cross organized a national operations center with representatives from FEMA.

---

4 This sum is as of November 18, 2005.
and several major national charities, including the Southern Baptist Convention and the Salvation Army, at its headquarters in Washington, D.C. Because of the scale of the hurricane disaster and the large response needed, this was the first time the American Red Cross coordinated this type of national operations center following a disaster. This working group helped the major charities coordinate services on the ground by allowing for face-to-face interaction and ongoing communication, according to charity representatives and FEMA officials.

To help fulfill its information-sharing role under Emergency Support Function 6, National VOAD organized daily conference calls with FEMA and other federal government representatives and its member organizations operating in the Gulf Coast region. National VOAD also invited nonmember charitable organizations that were providing relief to hurricane victims to participate in these calls, which sometimes included more than 40 organizations at once. During these calls, both the federal government and charities were able to provide information and answer questions about services provided, needs identified, and the organizations’ abilities to meet these needs. Representatives from charitable organizations told us that these calls were an effective way to coordinate the delivery of supplies among charities and help identify those regions that were most in need of charitable services.

Charities were also able to share information through CAN databases. Following the hurricane disasters, CAN created a Web-based shelter registry that provided information about emergency shelters operating in the Gulf Coast region, including their capacity and operating status. CAN also activated the database of victim information, which at the time was being tested in six pilot communities. More than 40 charities—all of whom must sign CAN participation agreements, including the American Red Cross, the Salvation Army, and the United Way of America—were able to access this database and input information about the services they provided to individual clients, according to CAN representatives. Charities could share information about these clients, who were required to sign privacy releases, through the Web-based database, thus reducing service duplication and the need for victims to give the same information to multiple organizations.

Although charity representatives we interviewed reinforced the importance of the conference calls and the CAN databases, they also raised concerns about the usefulness of these systems. For example, some representatives were concerned the conference calls had too many participants. Because 40 or more charities might be participating in any one call, the calls often ran long or dealt with issues that may not have
been of interest to the whole group, according to some charity officials. Additionally, charity representatives told us that call participants sometimes provided information that turned out to be inaccurate.

Charity officials we spoke with were supportive of CAN and its mission, but they raised several concerns about the usefulness of its databases following the hurricane disasters. One concern that we heard from a few charities was that the CAN case management system is still in its developmental stages and was therefore not ready to be activated on such a large scale. Many volunteers had not received sufficient training on the system, and some of the technological glitches had not been completely resolved, according to charity representatives. In addition, representatives told us that the shelter database, which was developed soon after the hurricanes and had not been previously tested, may not have been ready for widespread use. In addition, some officials said that after Katrina there was neither electricity nor Internet access in certain locations, and as a result, the CAN databases could not always be used. Some officials stated that they needed to collect information in writing at the time of the disaster and then input the data into the system once they had Internet access—a task that was time-consuming and diverted resources from other needed areas. CAN officials responded that the CAN databases were created primarily for long-term recovery efforts, which would take place after electricity and Internet access were restored, rather than for short-term relief.

Charity representatives also told us that daily conference calls and electronic databases helped with coordination efforts, but these systems were not as important to coordination efforts as pre-existing relationships. Several of the charities we spoke with stated that in order for charities to function efficiently following a disaster, they must have some sort of established working relationship with the other charities involved in disaster relief efforts. One charity representative told us that it is difficult to make introductions in the chaos of a disaster. He stressed that charities that operate in disasters should have memorandums of understanding signed before a disaster strikes—a practice used by many charities—so that they can immediately coordinate efforts in a disaster situation.

Charities Struggled to Balance Access to Services with Concerns Regarding Safety of Service Providers and Victims

GAO teams that visited the Gulf Coast in October 2005 observed that the American Red Cross did not provide relief in certain areas because of safety policies; and thus, other charities, such as the Salvation Army and smaller charities, often helped to meet the needs of those areas. The American Red Cross told us that with the American Society for Civil Engineers and FEMA, it had previously developed policies intended to
protect the safety of service providers and victims following a disaster. These policies include not establishing shelters in areas that may become flooded during a disaster or in structures that strong winds may compromise. However, victims remained in areas where the American Red Cross would not establish shelters. Further, where the American Red Cross was able to establish shelters, the needs of victims sometimes exceeded the capacity of the American Red Cross, as this represented the largest response effort in American Red Cross history. GAO teams in Mississippi observed that the Salvation Army and smaller charities, such as local church organizations, filled many of the needs for volunteer services that the American Red Cross did not meet. Additionally, GAO teams estimated that in the Birmingham, Alabama, area, a significant portion of the approximately 7,000 evacuees were being cared for and sometimes being housed by local churches and their members.

Although smaller organizations provided needed charitable services in the Gulf Coast region, some concerns have been raised about the organizations’ abilities to provide adequate services to victims. Some officials told us that the smaller organizations helped meet important needs, but many of the organizations had never operated in a disaster situation and may not have completely understood the situation. For example, officials told us that some of the small charities that placed children who were separated from their parents in homes did not retain sufficient information about which children were placed where. This made it difficult to locate missing children. Other officials told us that some of the smaller organizations that tried to establish “tent cities” to house evacuees were not prepared to provide the water, sanitation, and electricity these types of shelters require.

In closing, the devastation of Hurricanes Katrina and Rita once again challenged federal, state, and local governments and charitable organizations’ abilities to provide large-scale aid to hundreds of thousands of survivors. It also provided a critical opportunity to assess how the nation’s charities have incorporated lessons learned from responding to the September 11 tragedy.

Our report on charitable organizations’ contributions after September 11 identified several lessons learned and made important recommendations for improving the delivery of charitable services after disasters. GAO’s ongoing work on the coordination of charitable efforts in response to Hurricanes Katrina and Rita will examine how these recommendations have been implemented and how effectively charities coordinated in response to recent hurricanes. Specifically, this upcoming report will address questions regarding the amount of money charities have raised to
assist people affected by the hurricanes and how these funds have been used, how well charities are meeting their responsibilities under the National Response Plan, how well charities are coordinating their relief efforts, how people affected by the hurricanes have accessed charitable services and relief supplies and the challenges they encountered in dealing with charities, and what charities are doing to guard against fraud and abuse. This report will be released next year.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions that you or other members of the subcommittee may have at this time.

Cindy Fagnoni (202)512-7215, fagnonic@gao.gov.

Individuals making key contributions to this testimony included Andrew Sherrill, Tamara Fucile, Mallory Barg Bulman, Scott Spicer, Rachael Valliere, Walter Vance, Richard Burkard, Bill Jenkins, and Norm Rabkin.
Appendix I

Members of National Voluntary Organizations Active in Disaster
Adventist Community Services
America’s Second Harvest
American Baptist Men
American Radio Relay League
American Red Cross
Ananda Marga Universal Relief Team
Catholic Charities USA
Center for International Disaster Information
Christian Disaster Response International
Christian Reformed World Relief Committee
Church of the Brethren
Church World Service
Convoy of Hope
Disaster Psychiatry Outreach
Episcopal Relief and Development
Friends Disaster Service, Inc.
The Humane Society of the United States
International Aid
International Critical Incident Stress Foundation
International Relief Friendship Foundation
Lutheran Disaster Response
Mennonite Disaster Service
Mercy Medical Airlift
National Emergency Response Teams
National Organization for Victim Assistance
Nazarene Disaster Response
Northwest Medical Teams International
The Points of Light Foundation
Presbyterian Church (U.S.A.)
REACT International, Inc.
The Salvation Army
Society of St. Vincent de Paul
Southern Baptist Convention
United Church of Christ
United Jewish Communities
United Methodist Committee on Relief
United Way of America
Volunteers of America
World Vision
GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select “Subscribe to Updates.”

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are $2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Gloria Jarmon, Managing Director, JarmonG@gao.gov (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, D.C. 20548

Public Affairs

Paul Anderson, Managing Director, AndersonP1@gao.gov (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, D.C. 20548