



Katrina Fraud Was An Accountability Breakdown, But Results Should Be Approached With Caution

Public Administration Expert Available To Discuss GAO Findings Of Fraud

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DURHAM, N.H. -- Mel Dubnick, professor of public administration at the University of New Hampshire, and an expert in public accountability and ethics, is available to discuss the Government Accountability Office's findings of fraud in aid following Hurricanes Katrina and Rita.

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The GAO estimates 16 percent of all applications for assistance for victims of Hurricanes Katrina and Rita were fraudulent, potentially a total of nearly \$1.4 billion. The findings were presented today during testimony before the U.S. House Committee on Homeland Security Subcommittee on Investigations.

According to Dubnick, while the GAO testimony – the purchase of diamonds, the meals at Hooters, etc. – makes for good headlines, it needs to be approached with caution. The GAO report, while shocking, needs to be understood in both context and details. The report itself is part of the GAO team's ongoing investigation of FEMA expenditures in response to Hurricanes Katrina and Rita. It is based on a sample of 250 payments from among the 2.5 million made during the emergency response phase between October 2005 and February 2006. Many of the general figures being headlined in the news today (especially the "1.4 billion dollar" figure) are estimations based on the limited information GAO had access to, and the real amount lost to fraud and incompetence might be much more – or even much less. Even GAO notes that the figure might be as low as \$600 million.

"Nevertheless, even if the losses due to fraud are half of what is being reported, this GAO investigation provides substantial support for the charges that FEMA's capacity and ability to control possible waste, fraud and abuse is not sufficient. There is obviously an accounting and management breakdown," Dubnick says.

But there is another side of the Katrina/Rita response effort that the GAO report fails to highlight, he says. In combination, Katrina and Rita were two catastrophic events at an unprecedented scale, and FEMA was faced with significant pressure to get assistance out to as many of the victims as possible as quickly as possible. The pressure to act expeditiously was magnified by the media attention that surrounded the flooding of New Orleans, and especially the focus on FEMA's Michael Brown.

"The actions FEMA took to provide some modicum of immediate, few-questions-asked

assistance to applicants from impacted areas is a standard practice initiated in 1994 by FEMA in its response to the Northridge earthquake. In that case, 350,000 families were provided with immediate assistance at a cost of \$1 billion. The head of FEMA at the time, James Lee Witt, notes this approach was developed in response to complaints that FEMA was too slow to respond to the immediate needs of victims after Hurricane Andrew in 1992. Not surprisingly, Witt and FEMA were criticized at the time for "rushing to 'give away money,'" Dubnick says.

Like other agencies that deal with providing emergency assistance, FEMA faces a situation in which it is "damned if it does, and damned if it doesn't" meet the public's expectations, according to Dubnick. On the one hand, FEMA is expected to provide quick and sufficient assistance to victims of disasters, and over the past decade it has made great strides in applying technologies to expedite aid to those who need it. At the same time it is expected (according to the GAO report) to take steps to "validate the identity of the registrant, the physical location of the damaged address, and ownership and occupancy of all registrants at the time of registration" – all in the face of crisis conditions where most of government's limited resources are being devoted to dealing with the immediate chaos of floods, evacuations, public health threats, and the like.

"The GAO is an auditing agency attached to Congress that has a history of independence and integrity, and one cannot fault the methods used in this forensic investigation of FEMA. Nevertheless, one would expect a more balanced approach that takes into account the dilemmas facing FEMA and the unprecedented nature of the Katrina/Rita disasters. Perhaps the follow-up report in this ongoing investigation will provide that," he says.

Dubnick has been studying and writing about public sector accountability for 25 years and is co-author of a textbook about U.S. politics and government, *American Government*, now in its seventh edition. He is director of the Master of Public Administration Program at UNH; a Fulbright Fellow; an international research fellow at Queen's University in Belfast, Northern Ireland; and a former policy analyst with the U.S. Department of Commerce Office of Regulatory Economics and Policy.