



Highlights of [GAO-07-245](#), a report to congressional addressees

Why GAO Did This Study

Since 1972, Congress has authorized \$100 million a year for highway disaster recovery needs through the Federal Highway Administration's (FHWA) Emergency Relief (ER) program. Increasingly, the program's actual costs have exceeded this amount, and Congress has provided additional funding. Because of this fiscal imbalance between program funding and program needs, we reviewed ER under the Comptroller General's authority to determine the (1) total funding, distribution of funds among the states, and disaster events funded; (2) sources of funding provided and financial challenges facing the program; and (3) scope of activities eligible for funding and how the scope of eligible activities has changed in recent years. GAO's study is based on financial data, document analysis, stakeholder interviews, and site visits, among other methods.

What GAO Recommends

To place the ER program on a sustainable financial footing, Congress should reexamine the level and source of funds for future demands and consider tightening eligibility standards. FHWA should, within its authority, tighten eligibility standards, recapture unused funds, and seek rescission of unneeded funds. DOT generally agreed with the facts presented and took no position on our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-245.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kate Siggerud at (202) 512-2834 or siggerudk@gao.gov.

HIGHWAY EMERGENCY RELIEF

Reexamination Needed to Address Fiscal Imbalance and Long-term Sustainability

What GAO Found

During the 10-year period of 1997 to 2006, ER provided about \$8 billion to states, the District of Columbia, Puerto Rico, American territories, and federal agencies, a total of 56 states and other jurisdictions. About 70 percent of these funds has gone to 5 states—California, Florida, Louisiana, Mississippi, and New York—that have been especially affected by major disaster events, such as Hurricane Katrina.

Since 1990, 86 percent of the ER program has been funded through supplemental appropriations as the program's annual demands have exceeded the \$100 million annual authorization. Even excluding extraordinary disasters, those exceeding \$100 million in eligible damage per event, the program still needed \$271 million per year for smaller eligible events. Meanwhile, the program has been authorized at a constant \$100 million level since 1972, resulting in the current authorization being worth about one-fourth the authorization level of 1972. Until Hurricane Katrina, Congress funded extraordinary disasters through the Highway Trust Fund, but with Trust Fund balances dwindling, in 2005, Congress designated the General Fund as the source of future ER supplemental funding. But the nation faces a pending fiscal crisis, raising concerns about future use of the General Fund and financial sustainability of the ER program. Despite funding concerns, FHWA does not routinely recapture unused program funds by reviewing the program's state balances to identify potentially unneeded funds. GAO also identified \$62 million in potentially unneeded statutory allocations from past disasters that could be recaptured.

Activities eligible for ER funding include the repair or reconstruction of highways and roads that are supported by the Federal-aid Highway program, and of roads on federal lands that have suffered serious damage from natural disasters or catastrophic failures due to external causes. ER funds are not intended to replace other federal-aid, state, or local funds to increase capacity, correct nondisaster-related deficiencies, or make other improvements. However, contributing to future financial sustainability concerns is the fact that the scope of eligible activities funded by the ER program has expanded in recent years with congressional or FHWA waivers of eligibility criteria or changes in definitions. As a result, some projects have been funded that go beyond repairing or restoring highways to predisaster conditions—such as the \$441 million Devil's Slide project and \$811 million I-880 project in California—projects that grew in scope and cost to address environmental and community concerns. Also, Congress and FHWA have expanded eligibility to allow additional types of work, such as a gradual flooding of a lake basin, to be funded. Congress has also directed that in some cases the program fully fund projects rather than requiring a state match. Finally, varying interpretations of what constitutes a damage site have led to inconsistencies across states in FHWA's application of ER eligibility standards.