



Highlights of [GAO-04-72](#), a report to congressional requesters

Overview of Federal Disaster Assistance to the New York City Area

Why GAO Did This Study

The federal government has been a key participant in the efforts to provide aid to the New York City area to help it respond to and recover from the September 11 terrorist attacks. The President pledged, and the Congress subsequently authorized, about \$20 billion in federal aid. This federal aid was provided primarily through four sources: the Federal Emergency Management Agency (FEMA), the Department of Housing and Urban Development (HUD), the Department of Transportation (DOT), and the Liberty Zone tax benefits—a set of tax benefits targeted to lower Manhattan. These sources provided 96 percent, or \$19.63 billion, of the committed federal aid to the New York City area.

It has been over 2 years since the attacks occurred, and many efforts have been undertaken to aid the New York City area to cope with the disaster and its many impacts. GAO was asked to describe how much and what type of federal assistance was provided to the New York City area through these four sources and how the federal government’s response to this disaster differed from previous disasters.

We provided a draft of this report to FEMA, DOT, HUD, and Internal Revenue Service (IRS) for their review and comment, and all four agencies generally agreed with the information presented.

www.gao.gov/cgi-bin/getrpt?GAO-04-72.

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

What GAO Found

An estimated \$20 billion of federal assistance has been committed to the New York City area through FEMA, HUD, DOT and the Liberty Zone tax benefits. While plans for use of \$1.16 billion in HUD funds have not been finalized, \$18.47 billion have been committed for the following four purposes:

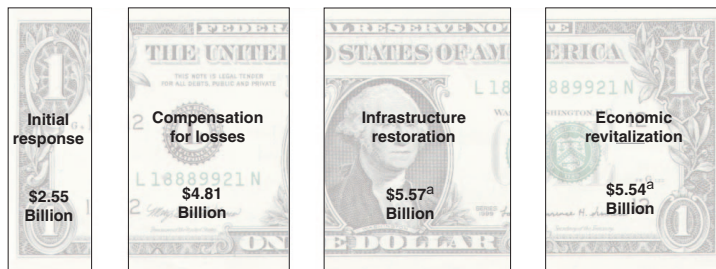
Initial response efforts, which includes search and rescue operations, debris removal, emergency transportation, and utility system repairs, totaled \$2.55 billion. The largest single amount—\$1 billion—has been set aside for the establishment of an insurance company to cover claims resulting from debris removal operations.

Compensation for disaster-related costs and losses, which includes aid to individuals for housing costs, loans to businesses to cover economic losses, and funding to the city and state for disaster-related costs, totaled about \$4.81 billion.

Infrastructure restoration and improvement, which includes restoration and enhancement of the lower Manhattan transportation system and permanent utility repair and improvement, totals \$5.57 billion.

Economic revitalization, which includes the Liberty Zone tax benefits and business attraction and retention programs, is estimated to total \$5.54 billion. The amount of this funding is estimated, and will likely remain so, because the tax benefit amounts are not being tracked.

The designation of \$20 billion to assist the New York City area was the first time in which the amount of federal disaster assistance to be provided was set early in the recovery effort; normally, the level of assistance is determined as needs are assessed against established eligibility criteria. FEMA, in response to the designation of a specific level of funding and enhanced authority from the Congress, changed its traditional approach to administering disaster funds by expanding eligibility guidelines, initiating an early close-out process, and reimbursing New York City and state for nontraditional costs. Further, the designation of a specific level of assistance prompted congressional authorization of numerous forms of nontraditional assistance to be provided.



Total funds committed to specific purposes

Source: GAO analysis of agency-provided data.

^aThe Lower Manhattan Development Corporation’s plans for \$1.16 billion in HUD funds have not been finalized, as of June 30, 2003. These funds are not included in the graphic and, according to HUD, will mostly likely be directed to either infrastructure restoration or economic revitalization.