



United States Government Accountability Office
Washington, DC 20548

April 10, 2009

The Honorable Joseph I. Lieberman
Chairman
The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

Subject: *Office of the Federal Coordinator for Gulf Coast Rebuilding: Perspectives and Observations*

In November 2005, the President issued an executive order establishing the Office of the Federal Coordinator for Gulf Coast Rebuilding (OFC) with the broad mission of supporting recovery efforts following Hurricanes Katrina and Rita. Given their vast size and impact, these storms presented unprecedented rebuilding challenges to federal, state, and local officials which, combined with concerns about the lack of coordination in government's initial response to the disaster, precipitated the creation of the Office of the Federal Coordinator.¹ To assist in your ongoing oversight responsibilities of the recovery of the Gulf Coast, you asked us to: (1) describe the functions the Coordinator has performed, (2) obtain stakeholder perspectives regarding the office's operation, and (3) provide observations on issues to be considered for moving forward. We provided your staff with summaries of our findings this past February to answer these questions as well as our observations, including extending the term of OFC. We have since updated some of the information in our briefing (see enclosure I), using information that has subsequently become available including the President's decision to extend the operations of OFC through September 30, 2009. This letter transmits those updated slides.

To conduct our work, we obtained and reviewed key documents from the Office of the Federal Coordinator and conducted interviews with senior officials. In addition, we interviewed officials from other federal agencies with significant roles in the recovery effort, including the Federal Emergency Management Agency, the Army Corps of Engineers, and the Department of Housing and Urban Development. To learn about the experiences and opinions of state, local, and nongovernmental officials regarding the office, we interviewed senior representatives from the Louisiana Recovery Authority, the Louisiana Recovery School District, the Mississippi Governor's Office of Recovery and Renewal, the City of New Orleans Office of Recovery Management, and Catholic Charities-Archdiocese New Orleans. Finally, to provide context and criteria for our review, we examined previous work by GAO and the relevant disaster recovery and organizational management literature. We conducted this performance

¹ OFC was established by Executive Order 13,390, which was set to expire in November 2008. *70 Fed. Reg.* 67,327 (Nov. 1, 2005). The order was amended by Executive Order 13,463 which extended the office through February 28, 2009. *73 Fed. Reg.* 22,047 (Apr. 18, 2008). On February 20, 2009, the President signed Executive Order 13,504 which extended the office through September 30, 2009. *74 Fed. Reg.* 8431.

audit from February 2009 through March 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We provided DHS with a draft of this report on March 26, 2009. In its oral response, DHS indicated that it had no substantive comments. The Office of the Federal Coordinator for Gulf Coast Rebuilding provided us with minor technical clarifications, which we made where appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 10 days from the date of this letter. We will then send copies to the Secretary of Homeland Security, the Federal Coordinator for Gulf Coast Rebuilding, and interested congressional committees. We will make copies available to others on request. In addition, the report will be available on GAO's Web site at <http://www.gao.gov>. If you or your staff have questions regarding this report, please contact me at (202) 512-6806 or by email at czerwinski@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Individuals making key contributions to this report include Peter Del Toro, Assistant Director; Robert Yetvin; and Michael O'Neill.



Stanley J. Czerwinski
Director, Strategic Issues

Enclosure

Enclosure: Briefing Slides



Office of the Federal Coordinator for Gulf Coast Rebuilding: Perspectives and Observations

Briefing to the Senate Committee on
Homeland Security and Governmental Affairs

Purpose of Briefing

- I. Describe the role and key functions carried out by the Office of the Federal Coordinator for Gulf Coast Rebuilding (OFC)
- II. Present perspectives of key stakeholders
- III. Provide observations on issues to be addressed as OFC moves forward

Scope and Methodology

For this work we:

- Analyzed key OFC policy and program documents and interviewed senior OFC officials.
- Interviewed senior officials from agencies and organizations that had significant interactions with OFC during Gulf Coast recovery including:
 - The Federal Emergency Management Agency (FEMA);
 - The Army Corps of Engineers;
 - The Department of Housing and Urban Development (HUD);
 - The Louisiana Recovery Authority;
 - The Louisiana Recovery School District;
 - The Mississippi Governor’s Office of Recovery and Renewal;
 - Office of Recovery Management, City of New Orleans; and
 - Catholic Charities-Archdiocese New Orleans.
- Reviewed past work by GAO and others on practices for effective collaboration and management.

Bottom Line

I. OFC's Functions

- OFC has performed its role through several key functions including 1) addressing recovery obstacles, 2) sharing information, 3) advising top officials, and 4) building networks.

II. Perspectives of Key Stakeholders

- Stakeholders we spoke with told us that coordination among federal agencies was still needed to implement recovery programs. Most believed that OFC should continue to play this coordination role.
- Stakeholders were generally positive about how OFC carried out many of its coordination functions. However, some stakeholders were concerned about OFC's efforts to intervene in issues involving specific recovery programs such as FEMA's Public Assistance (PA) Grant program.
- Stakeholders generally viewed OFC's staff as being hard working and competent, but they noted that the office faced challenges with initially obtaining—and potentially retaining—key knowledge and skills.

III. Observations on Issues to be Addressed Moving Forward

- Federal Coordinator's role and authority
 - Human capital strategies to obtain and retain key staff and preserve knowledge
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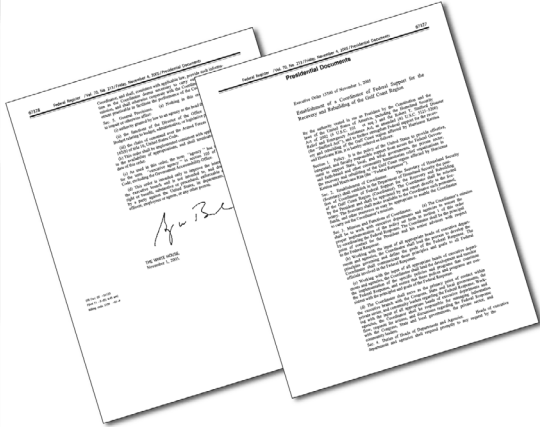
Background

- **Government response to catastrophe:** Concerns about the lack of coordination in government's response to the massive destruction caused by the 2005 Gulf Coast hurricanes preceded the creation of OFC.
 - **Creation of coordination office unusual, but not unprecedented:** Existing federal entities, primarily FEMA, are typically tasked with federal support for long-term disaster recovery. A newly established formal federal coordination entity for disaster recovery was last used after the 1964 Alaska Earthquake.
 - **Decision to focus on priority areas:** In 2007, OFC decided to focus its efforts on four priority areas where it determined the federal government would likely have the greatest impact: 1) levees, 2) temporary housing, 3) public housing, and 4) FEMA's PA program. OFC officials told us that the majority of their time was spent on issues related to FEMA's programs, often at the request of state and local officials.
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Background (con't)

- **Executive order extended and OFC funded through fiscal year 2009:** On February 20, 2009, President Obama signed an executive order extending OFC's authority through September 30, 2009. Congress appropriated \$3 million, \$2.7 million, and \$1.9 million for fiscal years 2007, 2008, and 2009 respectively.
 - **Organization structure and staff:** The overall organizational structure of the office stayed the same despite some changes over time. Total office staff levels ranged from 8 to 26 people after OFC's initial start-up period.
 - **Interagency council also established:** The President also established a cabinet-level Gulf Coast Recovery and Rebuilding Council to review and provide guidance to the President to further recovery efforts. This council never met but its functions were assumed by the National Economic Council (NEC). OFC provided support to the NEC. Officials told us that the functions of the NEC were transferred to the Homeland Security Council in April 2008.
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Background (con't)

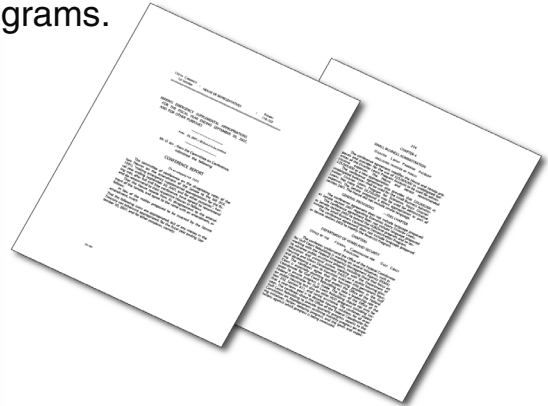


Executive order gave OFC a broad mandate to:

- lead the process of developing principles governing federal recovery efforts,
- serve as principal point of contact within the executive branch with key stakeholders, and
- monitor the implementation of specific recovery policies and programs.

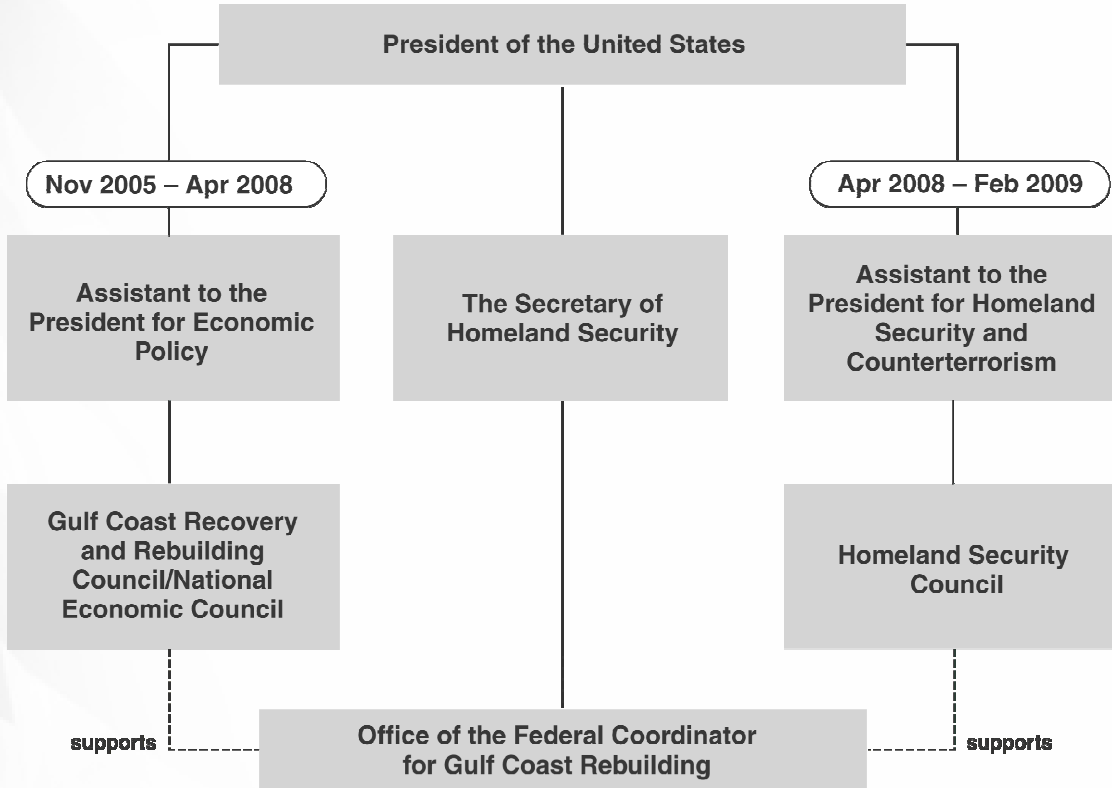
Reporting requirements:

The House Appropriations Committee directed OFC to provide quarterly reports to the Committees on Appropriations outlining monthly progress on ongoing initiatives, factors delaying progress, and the goals and expectations against which progress is being measured.¹ OFC prepared four quarterly reports describing initiatives the office has taken to further the recovery.



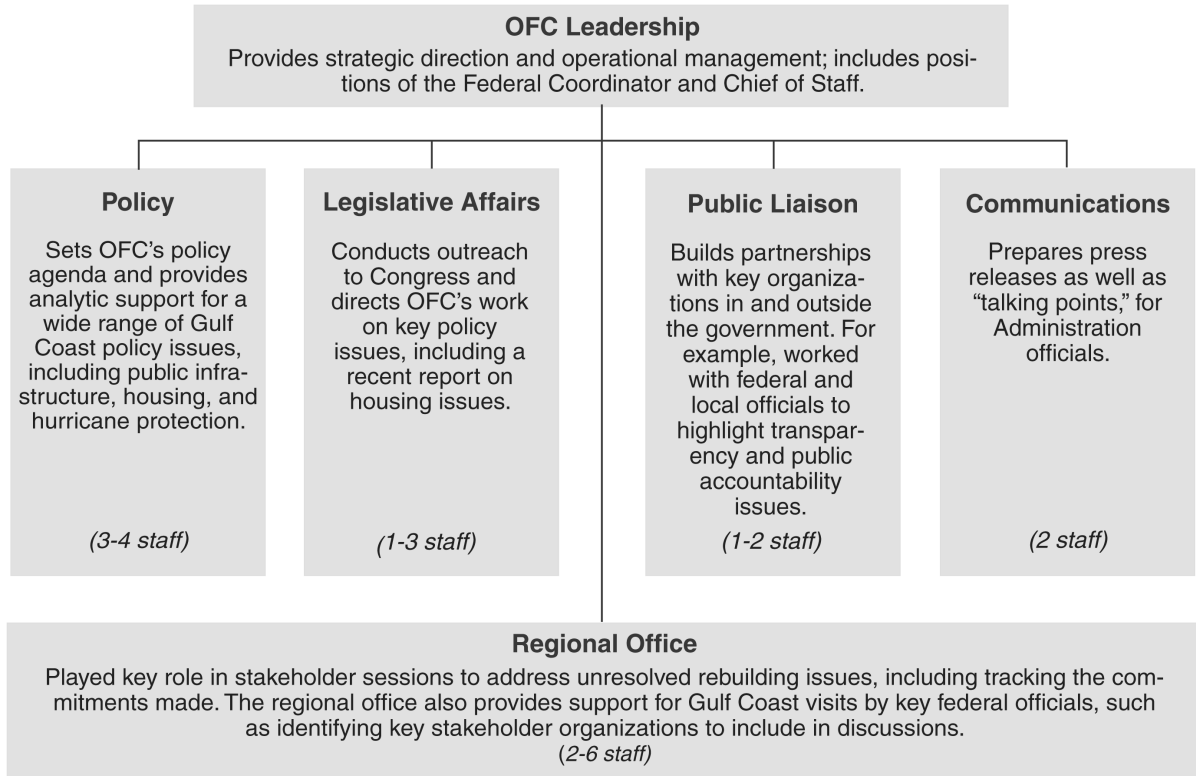
¹ H.R. Rep. No. 110-181, at 25 (2007).

Background: OFC in Context



Source: GAO analysis and Office of the Federal Coordinator for Gulf Coast Rebuilding.

Background: OFC's Organizational Structure



Note: Staff numbers represent ranges during the existence of OFC after its initial start-up period. They include DHS Full Time Equivalents and federal agency detailees.

Source: GAO analysis and Office of the Federal Coordinator for Gulf Coast Rebuilding.

OFC's Key Functions

- To further Gulf Coast recovery, OFC worked with a large number of stakeholders while performing four key functions:
 - Identifying and Addressing Obstacles to Recovery
 - Communicating and Information Sharing
 - Advising and Advocating
 - Building Networks

I. OFC's Key Functions

Identifying and Addressing Obstacles

OFC has sought to remove obstacles to recovery by persuading federal and state stakeholders to make decisions on stalled rebuilding projects. The office does this by both coordinating across agencies and by seeking to intervene in program-specific issues.

Selected examples:

- OFC worked with local governments in hard-hit areas such as New Orleans and Hancock County, Mississippi, to identify the most critical Public Assistance program rebuilding projects with still unresolved funding issues.
- The office organized several “workout sessions” that brought together key federal, state, and local stakeholders to work on resolving specific problems that were stalling recovery projects. After each session, OFC worked with FEMA to develop a detailed matrix of the agreements reached, tasks to be performed, stakeholders responsible for implementation, and target dates for completion.

I. OFC's Key Functions

Communicating and Information Sharing

With a broader view of Gulf Coast recovery issues, OFC has shared information on the status of recovery with key stakeholders in the administration, Congress, and at the state and local levels.

Selected examples:

- OFC both served as a focal point for communicating the administration's position on a wide range of recovery issues and provided information concerning conditions on the ground to top officials including the President and department heads.
- The office provided quarterly status reports to Congress as well as e-mail updates on recovery progress.
- OFC worked closely with FEMA to implement a Transparency Initiative in February 2008, consisting of a Web-based tool that allowed stakeholders and the public to track the status of selected public infrastructure rebuilding projects in the Gulf Coast. Officials told us this has been useful to a wide range of stakeholders, including the general public.

I. OFC's Key Functions

Advising and Advocating

OFC has worked to support Gulf Coast recovery efforts by raising recovery issues to top administration officials and advocating for policies and funding to address needs and challenges throughout the recovery process.

Selected examples:

- OFC advised the senior officials on the President's Homeland Security Council to reverse the latter's initial position regarding repayment terms for Louisiana's share of levee reconstruction costs. The council then recommended, and the President subsequently approved, a 30-year repayment schedule, thereby freeing up critical state funds for current rebuilding needs.
 - The office advocated within the administration and Congress for additional Community Development Block Grant (CDBG) monies to address a critical gap in funding for Louisiana's Road Home program, contributing to supplemental appropriations.
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I. OFC's Key Functions

Building Networks

OFC repeatedly brought a wide range of stakeholders together to talk about issues of concern through forums and roundtables, and thereby helped to foster and expand connections among members of the Gulf Coast recovery community.

Selected examples:

- OFC held roundtable discussions with federal, state, local, and nongovernmental participants to share their experiences and build connections. These included sessions with clinicians and community mental health providers in New Orleans as well as meetings with private-sector leaders on education and public safety.
- The office partnered with the U.S. Attorney and the federal Inspector General Council to connect members of the federal, state, and local accountability communities who sought to engage in an ongoing dialogue about efforts and strategies to deter and combat fraud and corruption.

Perspectives of Key Stakeholders

In our interviews, stakeholders raised the following issues:

- Continuing need for OFC in the near term;
- Concerns about OFC's role in resolving program-specific issues; and
- Concerns with challenges OFC faced with initially obtaining—and potentially retaining—key knowledge and skills.

II. Stakeholder Perspectives

Continuing Need for OFC in Near Term

- Moving forward, the majority of stakeholders we spoke with said that, roughly 3½ years after the storms, the Gulf Coast recovery process continues to require federal coordination.
- Coordination concerning program implementation is likely to demand an increasing proportion of federal attention compared to funding and policy development.
- Most stakeholders believed that OFC, in some form, should continue to perform the functions of federal coordination in the near term.

II. Stakeholder Perspectives

Concerns about OFC's Role in Intervening to Resolve Program-Specific Issues

- For three of the four functions identified above, most stakeholders were positive about OFC's performance. However, stakeholders had concerns when OFC tried to resolve problems by directly intervening in program-specific matters such as FEMA's Public Assistance (PA) program. All levels of government faced extensive rebuilding challenges because of the magnitude of the hurricanes. In this environment, OFC sought to directly resolve problems involving PA funding. According to OFC officials, this was done at the request of state and local officials. Stakeholder concerns largely stemmed from differences in perceptions of OFC's role.
- FEMA viewed OFC's proper role as being responsible for broad cross-agency concerns, such as alleviating inconsistencies across federal programs or looking for program gaps, rather than intervening in specific programs such as the PA program.

II. Stakeholder Perspectives

Concerns about OFC's Role in Intervening to Resolve Program-Specific Issues (con't)

- FEMA officials believed that OFC's actions were outside the scope of a coordination office. FEMA noted that they had their own processes to resolve stalled projects and the expertise on PA program rules.
- For their part, several state and local stakeholders were open to OFC's involvement in program-specific issues because they wanted certain difficulties they were facing to be resolved. However, some stakeholders expressed concerns that because of OFC's lack of decisionmaking authority, the office was sometimes not able to help resolve matters—especially regarding PA program funding issues. Furthermore, some state and local stakeholders claimed that OFC may have unintentionally slowed down problem resolution by increasing the number of meetings and the amount of paperwork involved.

II. Stakeholder Perspectives

Obtaining, and Potentially Retaining, Key Knowledge and Skills

- Stakeholders generally told us that they viewed OFC's staff as being hard working and competent. However, several noted that the office did not have staff with certain needed knowledge and skills early on. For example, stakeholders told us that OFC did not initially have staff with a detailed understanding of key recovery programs such as PA and CDBG. To address this gap, OFC obtained detailees from the agencies that run these programs. A HUD official said that this approach was effective in quickly increasing the knowledge level of the office regarding its CDBG program.
- Some stakeholders identified the recent presidential transition as presenting both challenges and opportunities. Among the challenges are the loss of existing OFC leadership and the possible loss of knowledgeable staff. However, stakeholders also told us that OFC staff have developed many valuable relationships with key players in the recovery process. If these relationships can be maintained, OFC could play a stabilizing role as changes occur in the leadership of many of the other agencies and programs involved in Gulf Coast recovery.

Observations on Issues to be Addressed as OFC Moves Forward

- **Federal Coordinator's role and authorities**

The President's recent decision to issue an executive order extending the current office until September provides a valuable opportunity to assess and clarify the office's role over the coming months. During this time, OFC can work with other federal agencies to clarify and obtain agreement on its role and how it can be most helpful to all involved.

III. Observations

- **Human capital strategies to obtain and retain key staff and preserve knowledge**

In the near term, the Federal Coordinator can take steps to preserve knowledge such as creating mechanisms to retain staff as well as capture and share the knowledge and relationships of departing employees. Should the office not continue beyond September 2009, this activity will facilitate the transfer of coordination functions smoothly to other federal entities.

If the office does continue beyond September 2009, it can develop human capital strategies to obtain and retain key staff given the importance of having staff with knowledge of key recovery programs and effective relationships with stakeholders.

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