



Highlights of [GAO-03-1174T](#), a testimony to the Subcommittee on Clean Air, Climate Change, and Nuclear Safety, Committee on Environment and Public Works, U.S. Senate

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 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. In the period since the federal response and recovery assistance began, a new agency—the Department of Homeland Security—has been created, and FEMA, along with its disaster response responsibilities, has been absorbed into the new department.

GAO was asked to describe the federal government’s response and recovery efforts to the New York City and how the federal government’s response to this disaster differed from previous disasters. Additionally, GAO was asked to describe the management challenges FEMA faces as it integrates into the Department of Homeland Security.

www.gao.gov/cgi-bin/getrpt?GAO-03-1174T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact JayEtta Z. Hecker at (202) 512-8984 or heckerj@gao.gov.

DISASTER ASSISTANCE

Federal Aid to the New York City Area Following the Attacks of September 11th and Challenges Confronting FEMA

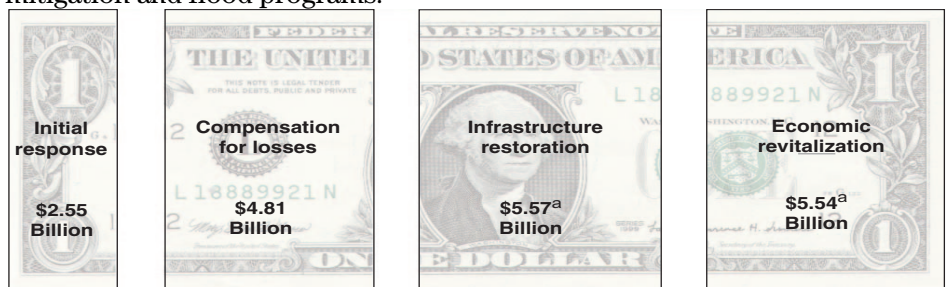
What GAO Found

An estimated \$20 billion of federal assistance has been committed to the New York City area through DOT, FEMA, HUD, 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 directed for the following four purposes.

- **Initial response efforts**, which include search and rescue efforts, debris removal, emergency transportation and utility system repairs, received \$2.55 billion.
- **Compensation for disaster-related costs and losses**, which includes aid to individuals for housing costs and damages, grants and loans to businesses to cover economic losses, and funding to the city and state for disaster-related costs, total about \$4.81 billion.
- **Infrastructure restoration**, 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 include the Liberty Zone tax benefits and business attraction and retention programs, is estimated to total \$5.54 billion.

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 determined early in the response and recovery efforts; normally, the level of assistance is determined as needs are assessed against established eligibility criteria. This designation of the assistance amount changed the traditional approach to administering FEMA disaster funds and prompted Congressional authorization of numerous forms of non-traditional assistance to be provided by other agencies.

FEMA faces ongoing challenges as it and its mission are subsumed into the Department of Homeland Security along with 21 other agencies. Specifically, FEMA is a part of department’s overall management challenge of combining 22 agencies into an effective and collaborative department—a challenge we have designated as high-risk. Further, FEMA will be challenged to (1) ensure effective coordination of preparedness and response efforts, (2) enhance the provision and management of disaster assistance for efficient and effective response, and (3) maintain emphasis on reducing the impact of natural hazards by improving the efficiency of mitigation and flood programs.



Total funds committed to specific projects.

Source: GAO.