



Why This Matters

Following Hurricanes Katrina and Rita in 2005, FEMA disbursed to disaster survivors more than \$7 billion in individual assistance payments, some of which were later determined to have been improperly paid to individuals who were ineligible, or received duplicate payments. In 2006, FEMA began recoupment efforts in an attempt to recover the misspent public funds. In 2007, a group of Hurricane Katrina applicants facing recoupment filed a class action lawsuit against FEMA, citing unfair recoupment practices, stopping FEMA from continuing its recoupment activities. In 2008, in light of the injunction and revised DHS debt collection regulations, FEMA terminated its recoupment process. In 2011, FEMA revised their recoupment process, mailing 90,000 Notices of Debt from March through December 2011 and also considered thousands of appeals and requests for payment plans and compromise.

FEMA's Efforts to Recoup Improper Payments in Accordance With the Disaster Assistance Recoupment Fairness Act of 2011

What We Determined

Some members of Congress were concerned about the fairness of FEMA collecting overpayments that had been the result of FEMA error and when a significant amount of time had elapsed before FEMA provided actual notice to the debtors. As a result of these concerns, Congress passed, and the President signed, the Disaster Assistance Recoupment Fairness Act of 2011 (DARFA).

DARFA authorizes the Administrator of FEMA to waive a debt arising from improper payments provided for disasters declared between August 28, 2005, and December 31, 2010, if the excessive payment was based on FEMA error; there was no fault by the debtor; collection of the debt is against equity and good conscience; and the debt does not involve fraud, a false claim, or misrepresentation by the debtor or others with an interest in the claim. FEMA is authorized to grant a waiver to eligible debtors with a 2010 adjusted gross income (AGI) of up to \$90,000 or less; and, subject to certain conditions, only a partial waiver to those with an AGI greater than \$90,000.

This is the first in a series of six Congressional mandated reports that will be issued every 3 months through June 2013. This report does not contain any recommendations. OIG has requested, and FEMA is assembling, information that will enable us to assign costs to its recoupment activities. This information as well as an interim cost-effectiveness assessment will be provided in our future reports.

For Further Information:

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