



U.S. Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Spending Oversight

Senator Rand Paul, M.D. (Kentucky), Chairman



WASTE REPORT for August 17, 2015

FEMA: Cover this Disaster Twice

Paying for something twice is one of those things that gives you a sinking feeling in the pit of your stomach. **When it comes to disaster recovery, Uncle Sam often unnecessarily pays twice, costing taxpayers over \$50 million in the processes.**

According to more than thirty Department of Homeland Security Inspector General reports, from just the last five years, **taxpayers have spent at least \$35.5 million remediating disaster damage also paid for by outside insurance.**

For example, following Hurricane Sandy, Seaside Heights, NJ, billed FEMA over \$45,000 for vehicle repairs that were also covered by the city's insurance policy.¹ **Palm Beach County or municipalities therein, claimed \$622,596² for a variety of projects also paid for by insurance, including \$20,581 for repairs to a golf course.³**

But that's not all, the FSO Subcommittee also found another **\$17.7 million in double payments for disaster recovery** reported by the Inspector General in just in the last five years. One example included the Port of Tillamook Bay, OR, billing FEMA twice for the same debris-removal totaling a **whopping \$1.4 million overcharge.**

What makes this case interesting (and shocking) is the double billing was caused by Tillamook's alternative use project. What is an alternative use project? Well, storms damaged a little-used rail line that Tillamook decided was not needed anyway. **So, FEMA gave them \$44.6 million (or 90% of the cost to repair the actual storm damage) to be used for an alternative environmental project (which only in part included flood mitigation) in the Tillamook watershed.** Unfortunately, Tillamook billed FEMA for the debris removal under both its traditional disaster recovery award and the alternative environmental project.⁴

It is understandable that in a disaster quick action is needed and some things fall through the cracks, but with longer term projects, particularly those not actually mitigating disaster damage, or lower priority projects like golf course reconstruction, it should not be that hard to figure out if something is covered by insurance or already paid for.

¹ *FEMA Should Recover \$2.75 Million...*, Department of Homeland Security Office of the Inspector General; Washington, DC; May 2015. Report Number OIG-15-90-D

² Aggregated

³ *FEMA Should Recover \$4.9 Million of Public Assistance Grant Funds Awarded to Palm Beach County, Florida – Hurricane Wilma*, Department of Homeland Security Office of the Inspector General; Washington, DC; July 2013. Report Number OIG_DA-13-23

⁴ *FEMA Misapplied the Cost Estimating Format Resulting in an \$8 Million Overfund to the Port of Tillamook Bay, Oregon*; Department of Homeland Security Office of the Inspector General; Washington, DC; May 2015. Report Number OIG-15-89-D