

# \$485M overpaid to storm victims

## FEMA struggles to reclaim funds

By Brad Heath  
USA TODAY

The Federal Emergency Management Agency overpaid victims of the Gulf Coast hurricanes by at least \$485 million and is struggling to reclaim the money from tens of thousands of people it says shouldn't have been given aid, a USA TODAY analysis shows.

Agencies such as FEMA routinely seek repayments after disasters, though never before has the government done so on such a massive scale. Disaster aid records show that FEMA has so far recovered \$15.6 million — about 3 cents for every dollar its auditors have identified as being improperly paid.

A federal judge in New Orleans ordered FEMA late Wednesday to stop trying to collect any money until it gives aid recipients better explanations of what they owe. FEMA was reviewing the case Thursday, spokesman Aaron Walker said.

The order follows sharp protests from lawyers, lawmakers and residents still struggling to rebuild nearly two years after Hurricanes Katrina, Rita and Wilma obliterated much of the coast.

"FEMA should aggres-

sively pursue cases of fraud and misuse of funds, but I think they have to keep that effort separate from harassing taxpaying, hardworking storm survivors to pay back money FEMA either put in their hands or encouraged them to take," said Sen. Mary Landrieu, D-La., who heads a disaster recovery subcommittee.

The back-to-back storms triggered \$7 billion in aid for rental housing and property replacement. With so much need, it was a "no-brainer" that FEMA should overpay upfront, said Donna Dannels, who runs FEMA's Individual Assistance program. The alternative, she said, would have been to delay badly needed assistance for months while requests for aid were reviewed.

Federal law requires that FEMA recover any improper payments. Once the money was doled out, the agency reviewed more than 120,000 aid registrations in which auditors concluded people were paid too much money or should not have been paid at all. FEMA also is trying to get back \$64 million from other disasters since 2004, having collected about 15 cents on the dollar.

Reclaiming payments from the 2005 hurricanes will take years, but "we expect to get a lot more money back," said David Garratt, FEMA's assistant administrator for disaster aid.

Audits suggest the overpayments go beyond what FEMA is trying to recover. The Government Accountability Office, Congress' investigative arm, estimated that the improper aid payments may total \$1 billion.

FEMA can turn over collection efforts to the Treasury Department, which has authority to take part of people's tax refunds and Social Security checks.

Crystal Utley, a Mississippi lawyer who coordinates clinics for storm victims, said FEMA should "leave people alone and let them get back on their feet."

### 'I don't have it'

■ Obstacles to repayments, 3A

### Money back

Overpayments to households FEMA seeks to recover following these disasters: (in millions)

#### Hurricane Katrina

La. **\$361**

Miss. **\$45**

#### Hurricane Rita

Texas **\$43**

La. **\$31**

Source: Analysis of FEMA data by Brad Heath

By Julie Snider, USA TODAY