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Waste, lax rules misspend billions of 9/11 aid, newspaper reports

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Knight Ridder News Service

NEW YORK — The Sept. 11 tragedy brought out the best in most Americans — the countless acts of heroism, the passionate outpouring of volunteerism and the unprecedented generosity of a grieving nation.

It turns out that the huge and sudden influx of billions of dollars in federal disaster recovery aid also brought out the worst.

To be sure, the financial assistance given to New York City after the Sept. 11, 2001, terrorist attacks delivered tremendous benefit to countless citizens and businesses, small and large.

But a four-month *New York*

Daily News investigation of the \$21.4 billion disaster recovery package reveals that major elements of the aid process were procedurally flawed — from the determination of how much money was supposedly needed, to how it was distributed, to how it was actually spent and ultimately, to how little oversight there was over the spending. In effect, no one was watch-

ing.

As a result, Sept. 11 recovery aid was used to finance a plethora of projects that taxpayers elsewhere could be forgiven for characterizing as old-fashioned pork-barrel spending:

- Hundreds of millions of dollars were spent on projects that seemingly had nothing to do with 9/11 and Lower Manhattan.

- Programs were plagued with so many loopholes that millions of dollars more ended up being given to recipients who did not fit the full intent of the particular program.

- Still more millions went to help projects already in the works before Sept. 11 or on the drawing board with no previ-

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ous funding source.

- Huge contracts were given to companies and organizations linked to the very officials tasked with deciding how to spend the money — creating, at a minimum, the potential for multiple conflicts of interest.

- Substantial sums were given to companies to stay in Lower Manhattan even though they had no intention of leaving.

- In many cases, original eligibility rules were expanded, and deadlines extended, so that virtually no one was ineligible. Vast numbers of applications were filed during the final weeks of signup periods.

- Rules for some aid programs were so loose and broadly drawn that otherwise honest people grabbed their little piece of the 9/11 money pot — such as the thousands of New Yorkers who took advantage of the Federal Emergency Management Agency by obtaining free air conditioners, air purifiers, air filters and/or high-efficiency vacuum cleaners.

- The gold rush also attracted businesses and organizations that followed all the rules for obtaining relief but didn't necessarily need free money to survive.

- Finally, the *Daily News* found that program after program was designed, then redesigned, with a singular goal: Spend every dime.

For example, in August 2002, the Empire State Development Corp. revised the formula for its Business Recovery Grant program to make the maximum awards available to more companies. Based on the old rules and the spending rate at that point, the recovery grant program never would have spent its full allotment.

Because the amount of money was established before the need was determined, Congress had to guess how to distribute the funds among federal agencies.

Technically, virtually all of the money has been allocated, but significant amounts have yet to be spent.

New York Gov. George Pataki wants to use \$2 billion of unused, expired benefits to help pay for a

rail link connecting Kennedy Airport to Lower Manhattan.

Another chunk of leftover cash, \$125 million in unused workers' compensation funding, has been a lightning rod for a "New York vs. red states" battle.

Republicans had wanted to recoup those funds while the New York delegation has argued that the money is desperately needed to fund medical services for the legions of workers who are plagued with chronic illnesses they say were caused by working at ground zero. A tentative deal has been struck to restore the funds.

Although some police, fire and security projects in the city were paid out of the \$21.4 billion, the federal 9/11 disaster recovery aid did not include New York's share of anti-terrorism legislation that paid for multibillion-dollar improvements in national security.

The federal recovery aid also does not include the \$7 billion paid out by the Victim Compensation Fund. ■

New York Daily News researcher Ellen Locker contributed to this report.

Thousands abused disaster-aid program

Knight Ridder News Service

NEW YORK — New Yorkers by the tens of thousands received free air conditioners, air purifiers and other clean-air devices in such an illogical pattern that, based on their distribution, the toxic plume from the smoldering World Trade Center would have had to travel like a wild tornado, arbitrarily touching down here and there throughout the city.

The size and scope of abuse in the Federal Emergency Management Agency-funded program dwarfs any fraud and misuse allegations that have surfaced in disaster-aid programs for hurricanes in Florida, wildfires in California and floods in Detroit, according to a four-month *New York Daily News* investigation of the federal government's \$21.4 billion program to help New

York recover from the Sept. 11, 2001, terrorist attacks.

The dreadfully flawed program ultimately allowed every New Yorker, if they so desired, to obtain free air conditioners, air purifiers, air filters and vacuum cleaners — up to a total value for an individual of \$1,750.

Many who lived far from ground zero — and also nowhere near the path of the disaster's contaminated airborne residue — took full advantage of the program — from Coney Island to Forest Hills, from Washington Heights to Flushing, according to a *New York Daily News* computer analysis of FEMA data.

The program was designed to replace clean air equipment that had been ruined by Sept. 11 airborne residue and to enable those most affected by a debris

trail to clean up their homes.

Instead, air conditioners and the other devices were awarded to people living in buildings with central air, in buildings where the windows did not open and in locales where scientific evidence shows there was no environmental impact.

FEMA spokesman James McIntyre defended the program, saying it clearly helped those affected by the Trade Center dust. "It showed people will take advantage of a situation if they are put in a position that they can," he said. "We try to do business on good faith. I can't speak to people who made dishonest claims just because their borough was eligible." ■

New York Daily News writers Russ Buettner, Heidi Evans, Robert Gearty, Brian Kates, Greg B. Smith and Richard T. Pieniacik and researcher Ellen Locker contributed to this report.