

**Florida League of Cities**

**ALERT**

**FAST**  
Federal  
Action Strike Team

**Support Federal Legislation to clarify FEMA  
Deobligations/Clawbacks**

**October 28, 2016**

In March 2016, H.R. 1471, the FEMA Disaster Assistance Reform Act passed the U.S. House of Representatives. The bill includes a provision that amends the Stafford Act to change the 3-year statute of limitations under which FEMA can recover payments to local governments. More specifically, the statute of limitations should begin once the Project Worksheet is transmitted, rather than waiting until completion of the final expenditure report for the entire disaster. This change is needed to provide certainty to local governments that receive FEMA disaster assistance funds. Under the provisions of H.R. 1471, once the local government's final expenditure report has been transmitted or "closed out", FEMA could only seek to deobligate funds from the local government within 3 years.

The Florida League of Cities is working with Congresswoman Lois Frankel, the Florida Congressional Delegation and several other stakeholders to get this provision included in the Omnibus spending bill, which will likely be voted on after the November elections.

In the Senate, Senator Bill Nelson has filed **S. 3411**, the Disaster Assistance Improvement Act of 2016 as a standalone bill, which is essentially the same as the Frankel language.

**Background**

Since around 2011, the Department of Homeland Security's Office of Inspector General (OIG) has been auditing previously approved recovery projects in an attempt to recapture or deobligate funds that it asserts should not have been awarded. Many of these audits are from the 2004 and 2005 storms and the moneys received have already been spent on recovery projects. These deobligations have run in the millions of dollars and have impacted the budgets of local governments across the state. Even though there is an appeals process, in many cases the process has resulted in lengthy delays and denials. In many instances, the funds were spent as long as 8 to 10 years ago and neither the relevant documentation nor the appropriate local

government staff remain to accurately appeal these audit findings. This situation has left local governments with no choice but to pay back moneys for recovery projects that, in some instances, were previously identified, developed and determined eligible by FEMA staff.

In a state where the question is not *if* a natural disaster will occur, but rather *when*, the Florida League of Cities believes improvements can be made to the process. FEMA has also acknowledged that there are problems and is currently considering reforms to the process. FLC is working to address the unlimited OIG timeframe for review of recovery projects, FEMA deobligations of previously approved recovery project funding years after the loss event and improvements to streamline the appeals process.

#### **Message for the U.S. House of Representatives**

Please support efforts to include a provision in the Omnibus appropriations bill that would clarify the statute of limitations for when FEMA can deobligate disaster assistance funding. Local governments have limited resources and when/if a disaster hits, there should be a reasonable period of time to do an audit and determine how disaster assistance funding was utilized. Ten years after Florida was hit by the devastating hurricanes in 2004 and 2005, FEMA is deobligating millions of dollars that local governments rightfully used to address the immediate impacts of these storms that ravaged their communities. Please support amending the Stafford Act to clarify a 3-year statute of limitations to deobligate disaster assistance funds.

#### **Message to the U.S. Senate.**

Please consider and support S. 3411, the Disaster Improvement Act of 2016 during the lame duck session after the November elections.