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FEMA Miscalculation Costs Taxpayers \$12 Million

Federal Emergency Management Agency (FEMA) officials did not follow their own disaster relief guidelines in response to 2008 flooding in Cedar Rapids, IA, resulting in a loss to taxpayers of more than \$12 million, according to a new report by the Office of Inspector General (OIG), Department of Homeland Security.

OIG auditors determined that officials did not correctly follow FEMA's "50 Percent Rule" in determining that four flood-damaged structures in Cedar Rapids be replaced, rather than repaired. The rule states that Federal funds can be used to replace damaged structures only when the cost of repairs meets or exceeds 50 percent of the repair costs. The OIG found that none of the four structures – the Main Library, two animal control facilities and a park maintenance shop – met the 50 percent threshold and could have been repaired for a total of \$8.57 million. FEMA granted the city more than \$20.6 million to replace the buildings.

"FEMA needs to improve and refine its calculations in regard to repairing or replacing damaged facilities," said Inspector General John Roth. "We have made several recommendations that will assist FEMA in that process and hopefully prevent misspending on disaster relief."

Report: OIG 14-145-D FEMA's Incorrect Decisions to Replace Rather than Repair Facilities in Cedar Rapids, Iowa Cost Taxpayers Over \$12 Million.

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