



NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

**DECEIT IN DISASTER: LEARNING
AND TENSIONS IN THE POLICYMAKING
PROCESS FOR DISASTER FRAUD**

by

Kyle R. Thomas

March 2023

Co-Advisors:

Christopher Bellavita (contractor)
Kathryn J. Aten

Approved for public release. Distribution is unlimited.

THIS PAGE INTENTIONALLY LEFT BLANK

REPORT DOCUMENTATION PAGE			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC, 20503.				
1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE March 2023	3. REPORT TYPE AND DATES COVERED Master's thesis	
4. TITLE AND SUBTITLE DECEIT IN DISASTER: LEARNING AND TENSIONS IN THE POLICYMAKING PROCESS FOR DISASTER FRAUD			5. FUNDING NUMBERS	
6. AUTHOR(S) Kyle R. Thomas				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A			10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.				
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.			12b. DISTRIBUTION CODE A	
13. ABSTRACT (maximum 200 words) While fraud often follows disaster events, experts in the emerging field of disaster criminology do not concur on the reasons for fraud or the appropriate policy response. Policymakers continue to evaluate what policies may prevent or deter such fraud, but how they learn and engage with the issue remains unclear. What tensions do policymakers encounter while engaging in learning efforts about disaster assistance fraud events? This multi-case study examined the policymaker's learning environment about disaster fraud, and discourse analysis provided insight into recent policy learning. The policy cases included the Federal Emergency Management Agency's (FEMA) Funeral Assistance program, the Small Business Administration's Economic Injury Disaster Loan program, the United Kingdom's fraud doctrine, the Department of Housing and Urban Development's Disaster Recovery program, and FEMA's fraud office and awareness. The study identified three significant tension areas for policymakers—experience, resource allocation, and political opportunity—in examining current policies and gauged the strength of these tensions in each case. This thesis finds that some policymakers fail to consider the reasons for disaster fraud and leverage the politics of fraud for policy outcomes. It concludes that the field of disaster criminology needs further examinations of fraud's causes and uniformity in data and resource approaches.				
14. SUBJECT TERMS policy learning, fraud, disasters, policymakers, issue attention, Congress, discourse			15. NUMBER OF PAGES 135	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU	

NSN 7540-01-280-5500

Standard Form 298 (Rev. 2-89)
Prescribed by ANSI Std. Z39-18

THIS PAGE INTENTIONALLY LEFT BLANK

Approved for public release. Distribution is unlimited.

**DECEIT IN DISASTER: LEARNING AND TENSIONS IN THE
POLICYMAKING PROCESS FOR DISASTER FRAUD**

Kyle R. Thomas
Senate Liaison, FEMA, Department of Homeland Security
BA, James Madison University, 2011

Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(HOMELAND SECURITY AND DEFENSE)**

from the

**NAVAL POSTGRADUATE SCHOOL
March 2023**

Approved by: Christopher Bellavita
Co-Advisor

Kathryn J. Aten
Co-Advisor

Erik J. Dahl
Associate Professor, Department of National Security Affairs

THIS PAGE INTENTIONALLY LEFT BLANK

ABSTRACT

While fraud often follows disaster events, experts in the emerging field of disaster criminology do not concur on the reasons for fraud or the appropriate policy response. Policymakers continue to evaluate what policies may prevent or deter such fraud, but how they learn and engage with the issue remains unclear. What tensions do policymakers encounter while engaging in learning efforts about disaster assistance fraud events? This multi-case study examined the policymaker's learning environment about disaster fraud, and discourse analysis provided insight into recent policy learning. The policy cases included the Federal Emergency Management Agency's (FEMA) Funeral Assistance program, the Small Business Administration's Economic Injury Disaster Loan program, the United Kingdom's fraud doctrine, the Department of Housing and Urban Development's Disaster Recovery program, and FEMA's fraud office and awareness. The study identified three significant tension areas for policymakers—experience, resource allocation, and political opportunity—in examining current policies and gauged the strength of these tensions in each case. This thesis finds that some policymakers fail to consider the reasons for disaster fraud and leverage the politics of fraud for policy outcomes. It concludes that the field of disaster criminology needs further examinations of fraud's causes and uniformity in data and resource approaches.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	BACKGROUND	3
B.	RESEARCH QUESTION	6
C.	LITERATURE REVIEW	7
	1. Explaining Disaster Fraud and Data Limitations.....	7
	2. How Fraud Enters Public Discourse	10
	3. The Transition to Oversight and Policy Reform.....	11
D.	RESEARCH DESIGN: MULTI-CASE ANALYSIS.....	12
	1. Data Collection	12
	2. Data Analysis Approach.....	13
II.	DISASTER FRAUD CASES WITH POLICY CHANGE	15
A.	FEMA’S FUNERAL ASSISTANCE.....	15
	1. FEMA’s Experience with Funeral Assistance.....	17
	2. Resources Dedicated to COVID-19 Funeral Assistance and Fraud Policy	21
	3. Political Opportunities for Funeral Assistance Policy.....	23
B.	THE SMALL BUSINESS ADMINISTRATION’S ECONOMIC INJURY DISASTER LOAN PROGRAM.....	27
	1. The SBA’s Experience with EIDL.....	29
	2. Resources Dedicated to EIDL Fraud	33
	3. Political Opportunities for EIDL Fraud Policies	35
C.	THE UNITED KINGDOM	36
	1. The United Kingdom’s Disaster Fraud Experience.....	39
	2. Resources Dedicated to Disaster Fraud Policy.....	41
	3. Political Opportunities during COVID-19 Fraud.....	43
III.	DISASTER FRAUD CASES WITH NO POLICY CHANGE	47
A.	THE COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY PROGRAM	47
	1. HUD’s Recent Experience with CDBG-DR.....	48
	2. Resources for CDBG-DR Fraud Prevention	52
	3. Political Opportunities for CDBG-DR Policy Change	52
B.	FEMA’S FRAUD OFFICE AND AWARENESS	55
	1. FEMA’s Recent Experience with Fraud.....	57
	2. FEMA’s Resources for Fraud.....	60

3.	Political Opportunities for FEMA’s Fraud Reform	61
IV.	ANALYSIS	63
A.	POLICY LEARNING WITH TENSIONS.....	63
1.	Past Experience with Disaster Fraud against New Fraud Demands.....	65
2.	Existing Dedicated Resources against New Allocation Strain.....	68
3.	Political Opportunity: Defense of Position against Criticism and Gain.....	70
4.	Summary.....	71
B.	ANALYSIS BY EXAMPLE, WITH EVIDENCE FOR EACH TENSION.....	71
1.	FEMA’s COVID-19 Funeral Assistance.....	74
2.	SBA’s EIDL Program for COVID-19	77
3.	UK’s Fraud Policy.....	80
4.	HUD’s CDBG-DR Program.....	82
5.	FEMA’s Fraud Efforts	83
V.	FINDINGS AND RECOMMENDATIONS	87
A.	FINDINGS	87
1.	Past Experience with Disaster Fraud against New Fraud Demands.....	90
2.	Existing Dedicated Resources against New Allocation Strain.....	90
3.	Political Opportunity: Defense of Position against Criticism and Gain.....	91
4.	Overall Learning about Disaster Fraud Policy	91
5.	Lack of Certain Evidence.....	91
B.	RECOMMENDATIONS.....	92
1.	Revisiting Policy Learning for Disaster Fraud	92
2.	Expectations for Disaster Fraud Policy	93
3.	Lack of Fraud Reasons.....	93
4.	Legislative Response to Disaster Fraud Events.....	94
C.	AREAS FOR FUTURE STUDY	95
1.	Application of Cybernetics Theory	96
2.	Non-disaster Assistance Fraud	96
3.	Fraud Investigation Data and Resources.....	96
D.	LIMITATIONS	97
E.	CONCLUSION	98

APPENDIX. GLOSSARY	99
LIST OF REFERENCES	101
INITIAL DISTRIBUTION LIST	113

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF FIGURES

Figure 1.	FEMA’s Normal Disaster Assistance Registration Process.	16
Figure 2.	FEMA’s Funeral Assistance Timeline.....	20
Figure 3.	Screener for FEMA’s Funeral Assistance Program.....	22
Figure 4.	Representative Alexandria Ocasio-Cortez and Senator Chuck Schumer Calling for Funeral Assistance in April 2020.	26
Figure 5.	Representative Ocasio-Cortez and Senator Schumer Announcing FEMA’s Funeral Assistance and Phone Registration in April 2021.	26
Figure 6.	Timeline of EIDL.....	29
Figure 7.	OIG’s Visual Representation of EIDL Duplications.	31
Figure 8.	Evidence Seized by Department of Justice from EIDL Fraud Investigation.....	34
Figure 9.	Principles of Effective Fraud Control.	39
Figure 10.	UK Fraud Policy Timeline.....	41
Figure 11.	CoEx’s Fraud Iceberg.	42
Figure 12.	CoEx at the White House.....	44
Figure 13.	Major Iterations of CDBG-DR and Recent Policy Reform Efforts	49
Figure 14.	Urban Institute’s CDBG-DR Timelines.....	50
Figure 15.	GAO’s Depiction of FEMA’s Fraud Office Hierarchy.	56
Figure 16.	A Recent Timeline of FEMA’s Fraud Office Oversight	58
Figure 17.	Example of FEMA’s Fraud Messaging.	59
Figure 18.	FEMA’s Disaster Assistance Obligations since August 2017.....	60
Figure 19.	A Model for the Policymaking Process after Disaster Fraud Events.....	64
Figure 20.	Visualization of Tension Related to Experience and Demand	66
Figure 21.	Visualization of Tension Related to Resources	68

Figure 22.	Visualization of the Tension of Political Opportunity	70
Figure 23.	Tension Levels with FEMA’s COVID-19 Funeral Assistance.....	88
Figure 24.	Tension Levels with SBA’s COVID-19 EIDL	88
Figure 25.	Tension Levels with UK’s Fraud Principles.....	89
Figure 26.	Tension Levels with HUD’s CDBG-DR	89
Figure 27.	Tension Levels with FEMA’s Fraud Office and Awareness	90

LIST OF TABLES

Table 1.	Birkland's Typical Evidence of Learning in the Policy Process.	13
Table 2.	SBA's EIDL Assistance by Recent Disaster.	30
Table 3.	Summary of Recent Oversight Reports on FEMA's Fraud Awareness Efforts	57
Table 4.	Policy Change by Example and Tension	72
Table 5.	No Policy Change by Example and Tension	73

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF ACRONYMS AND ABBREVIATIONS

CDBG-DR	Community Development Block Grant Disaster Recovery
CoEx	Counter Fraud Centre of Expertise
COVID-19	Coronavirus Disease 2019
DHS	Department of Homeland Security
EIDL	Economic Injury Disaster Loan
FEMA	Federal Emergency Management Agency
FIID	Fraud and Internal Investigations Division
GAO	Government Accountability Office
HSGAC	Homeland Security and Governmental Affairs Committee
HUD	Housing and Urban Development
IHP	Individuals and Households Program
NGO	non-governmental organization
OIG	Office of Inspector General
PPP	Paycheck Protection Program
SBA	Small Business Administration
UK	United Kingdom

THIS PAGE INTENTIONALLY LEFT BLANK

EXECUTIVE SUMMARY

Disasters are occurring with greater frequency and intensity; so are opportunities for bad actors to fraudulently obtain disaster assistance intended for victims and survivors. Following the historic trillions in assistance following COVID-19, policymakers continue to examine and oversee how the government spends the assistance and prevents fraud.¹ This study examines policymaking learning related to disaster assistance fraud across various federal programs. Disaster fraud is part of a growing body of research in the emerging field of disaster criminology. Because there is limited information and studies on fraud causation, there is neither a consensus on why fraud happens following disasters nor an agreement on the appropriate policies to deter such behavior. Still, policymakers may need to revise policies based on various iterations of national issue–attention cycle.² Policymakers who engage in learning efforts and reviews of policy effectiveness after disasters or crises may encounter tensions during this learning and policymaking process.³

This study examined what tensions exist for policymakers in learning about disaster fraud events. The design of this thesis involved a multi-case comparison of examples of policy change and no policy change to determine what tensions pushed and pulled policymakers to achieve policy outcomes. The policy cases included the Federal Emergency Management Agency’s (FEMA) Funeral Assistance program, the Small Business Administration’s Economic Injury Disaster Loan program, the United Kingdom’s fraud doctrine, the Department of Housing and Urban Development’s Disaster Recovery program, and FEMA’s fraud office and awareness program. Across all these cases, three tensions emerged:

¹ Tony Romm, “‘Immense Fraud’ Creates Immense Task for Washington as It Tries to Tighten Scrutiny of \$6 Trillion in Emergency Coronavirus Spending,” *Washington Post*, February 17, 2022, <https://www.washingtonpost.com/us-policy/2022/02/17/stimulus-aid-oversight-fraud/>.

² Anthony Downs, “Up and Down with Ecology—The ‘Issue–Attention’ Cycle,” *Public Interest*, no. 28 (Summer 1972): 38–50, https://www.nationalaffairs.com/public_interest/detail/up-and-down-with-ecologythe-issue-attention-cycle.

³ Arjen Boin et al., *The Politics of Crisis Management: Public Leadership under Pressure*, 2nd ed. (New York: Cambridge University Press, 2017); Thomas A. Birkland, *Lessons of Disaster: Policy Change after Catastrophic Events* (Washington, DC: Georgetown University Press, 2006).

1. Experience: Previous experience against new demands
2. Resources: Existing dedicated resources against new allocation strains
3. Political opportunity: Defense of current positions against political criticism and gain

Each example varied, but patterns emerged for each tension across all cases. These patterns offered further insight into policymakers' learning about disaster assistance fraud.

Throughout all the cases, policymakers rarely considered the reasons for disaster assistance fraud. Instead, the administrative agencies charged with providing the assistance emphasized investigations and prosecutions after the crimes occurred. Moreover, there was no uniformity in data or administrative resources dedicated to fraud, creating inconsistency in how agencies generally engaged with fraud.

This thesis recognizes the need to research the resources required to investigate and learn about fraud, examine how legislative proposals and different modeling may promote learning, and review fraud from other forms of assistance. Absent the change in learning and better information about disaster fraud, future issue–attention cycles will prompt policymakers to continue learning about disaster fraud on an ad hoc basis and without the thorough examination necessary to improve upon current policy to reduce disaster assistance fraud.

ACKNOWLEDGMENTS

This thesis is dedicated to my wife, Kristen, who continues to support me throughout our incredible journey through life, including the unyielding and unique demands of our careers in politics. Our self-assigned task is to bring order to a chaotic and ever-changing world—for the better. I can think of no partner more extraordinary for this task.

This thesis is also dedicated to four people who passed during my time in the Center for Homeland Defense and Security's master's program. These people influenced me immeasurably in my career and journey in public service as family, friends, colleagues, and mentors.

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

Natural disasters bring destruction and damage, and human interaction may lessen or worsen these effects. Disasters and crises prompt many pro-social behaviors, such as charitable donations, volunteer work, and other expressions of support for the affected populations, but they may also bring about anti-social behaviors and reactions, including intentional deceit or fraud. In response, policymakers develop ways to prevent these behaviors and the re-victimization of disaster survivors. How these policies develop requires further examination to help clarify how policymaker learning takes place.

In recent years following major crises, an expanding combination of demands has prompted expeditious disaster assistance, appropriations for fraud prevention efforts, and broad oversight of such assistance. In the recent response to the COVID-19 pandemic, Congress quickly provided approximately \$5 trillion in disaster assistance through legislation.¹ Anticipating fraud, policymakers also provided various oversight authorities, initiatives, and policies, such as the Pandemic Response Accountability Committee, the Initiative on Identity Theft and Public Benefits, and the COVID-19 Fraud Enforcement Task Force.² During the State of the Union address in 2021, President Biden announced a special prosecutor for pandemic assistance fraud. Congress has also convened regular oversight hearings to explore how the federal government protects against criminal fraudsters.

Recent attention to the fraudulent use of Public Assistance and federal government policy builds on decades of government guidance regarding improper assistance payments

¹ Michael E. Horowitz, “Examining Federal Efforts to Prevent, Detect, and Prosecute Pandemic Relief Fraud to Safeguard Funds for All Eligible Americans: Statement before the U.S. House of Representatives, Select Subcommittee on the Coronavirus Crisis” (Washington, DC: Pandemic Response Accountability Committee, 2022), <https://docs.house.gov/meetings/VC/VC00/20220614/114881/HHRG-117-VC00-Wstate-HorowitzM-20220614.pdf>.

² “Attorney General Announces Task Force to Combat COVID-19 Fraud,” Department of Justice, May 17, 2021, <https://www.justice.gov/opa/pr/attorney-general-announces-task-force-combat-covid-19-fraud>; Horowitz, “Pandemic Relief Fraud.”

for the wrong reason, entity, or amount.³ However, the specific programs and procedures that are in place have been tailored to helping disaster survivors. Within these programs, learning about current guidance to prevent and deter fraud takes place among policymakers. The public also expects policymakers to balance supplying expeditious assistance after a disaster with protecting taxpayer dollars against fraud, waste, and abuse. Achieving this balance requires policy decisions by those in charge of administering disaster assistance.

This thesis examines a selection of recent disaster fraud policies to explain how policymakers learned about the fraud involved and how, based on learning, policies were subsequently revised—or not. The literature review provides the current understanding of disaster fraud under the relatively new study of disaster criminology. The review then examines how disaster fraud enters public discourse through the media and transitions into oversight and policy learning. The thesis examines five policy case examples, followed by a discussion of how policymakers learn and what tensions they encounter. The cases cover three examples of policy change—the Federal Emergency Management Agency’s (FEMA) COVID-19 Funeral Assistance program, the Small Business Administration’s (SBA) COVID-19 Economic Impact Disaster Loan program, and the United Kingdom’s Counter Fraud Centre of Expertise fraud principles and public doctrine for emergency management—and two examples of no policy change—the Department of Housing and Urban Development’s Community Development Block Grant Disaster Recovery program and FEMA’s fraud management and awareness. These five recent examples represent a variety of policy learning dynamics in disaster fraud.

Each example uses process tracing to provide insight into policy learning and the decision-making environment that policymakers have recently encountered while examining existing fraud policies. Process tracing relies on analyzing “leaders’ perceptions, judgments, preferences, and choices.”⁴ Each example provides a case study

³ Robert Fairweather, “Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement,” M-21-19 (official memorandum, Washington, DC: Office of Management and Budget, 2021), <https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>.

⁴ Jack S. Levy, “Case Studies: Types, Designs, and Logics of Inference,” *Conflict Management and Peace Science* 25, no. 1 (2008): 11, <https://www.jstor.org/stable/26275102>.

narrative that reviews public discourse about the policy based on three assigned categories—experience with fraud, resources dedicated to fraud, and political opportunity—all of which are further defined. The analysis of these cases suggests that policymakers encounter fraud-specific tensions while engaging in policy learning efforts. While these tensions vary from one example to another, similarities among the cases indicate that certain tensions occur more regularly than others. The findings provide a framework to better understand policy learning for disaster assistance fraud. The resulting recommendations offer further areas of study to promote better fraud policymaking and future iterations of disaster policy cycles for disaster fraud.

A. BACKGROUND

Disasters have occurred with greater intensity, frequency, and costs in recent years than ever before, with 18 disasters costing over \$1 billion in damage per incident in the United States through 2021 alone.⁵ Although most disaster assistance helps survivors and rebuilds damage-affected areas, fraudulent activity often occurs.⁶ In recent years, federal oversight entities, such as the Department of Homeland Security’s Office of Inspector General, estimate fraudulent enterprises received billions of dollars in disaster assistance intended for survivors. During the COVID-19 pandemic, federal oversight authorities estimate that potential fraud across various government programs totaled nearly \$100 billion, as of December 2021.⁷ These reports conclude that current disaster assistance policies and financial controls may leave billions in assistance susceptible to fraudulent

⁵ “U.S. Hit with 18 Billion-Dollar Disasters So Far This Year,” National Oceanic and Atmospheric Administration, October 8, 2021, <https://www.noaa.gov/news/us-hit-with-18-billion-dollar-disasters-so-far-year>.

⁶ Department of Justice, *Disaster Fraud Task Force: Report to the Attorney General for Fiscal Year 2011* (Washington, DC: Department of Justice, 2012), <https://www.justice.gov/archives/criminal-disasters/progress-reports>.

⁷ Department of Labor, Office of Inspector General, *Semiannual Report to Congress* (Washington, DC: Department of Labor, 2021), <https://www.oig.dol.gov/public/semiannuals/86.pdf>; Hannibal “Mike” Ware, “Statement for the Record before the Select Subcommittee on the Coronavirus Crisis, U.S. House of Representatives” (Washington, DC: Small Business Administration, 2021), https://www.sba.gov/sites/default/files/2021-04/Statement%20for%20the%20Record_Final%20SSCC%20508.pdf.

actors and improper or insufficient payments.⁸ Yet such oversight reports may help policymakers engage with and learn about disaster assistance fraud.

After major disasters, the issue–attention cycle prompts policymakers to consider revisions to disaster policies. Often, revisions aim to improve the delivery of assistance to survivors. Conversely, policymakers may also seek better deterrence against fraudulent activity. The attention to the disaster policy and subsequent policy reform efforts depends on public interest, media perception, and political opportunity toward learning outcomes.⁹ In recent years, Congress enacted significant legislative reform following the historic landfalls of Hurricane Katrina in 2005, Hurricane Sandy in 2012, and Hurricanes Harvey, Irma, and Maria in 2017.¹⁰ These disasters generated new iterations of the issue–attention cycle, or the phased process by which the public’s attention focuses on a national-level issue warranting policy reform. Although policymakers continue to provide federal funding to help disaster survivors, various fraudulent actors also attempt to exploit such assistance, as illustrated in the 220,000 disaster fraud complaints to the Department of Justice since 2005.¹¹ While the field of disaster criminology has yet to agree on the underlying causes and reasons for disaster fraud, regular fraudulent activity and subsequent public demand for tax dollar accountability following disasters prompt policymakers to seek greater understanding and consider disaster policy reform.

⁸ Department of Homeland Security, Office of Inspector General, *FEMA Has Made More than \$3 Billion in Improper and Potentially Fraudulent Payments for Home Repair Assistance since 2003*, OIG-20-23 (Washington, DC: Department of Homeland Security, 2020), <https://www.oig.dhs.gov/sites/default/files/assets/2020-04/OIG-20-23-Apr20.pdf>.

⁹ Anthony Downs, “Up and Down with Ecology—The ‘Issue–Attention’ Cycle,” *Public Interest*, no. 28 (Summer 1972): 38–50, https://www.nationalaffairs.com/public_interest/detail/up-and-down-with-ecologythe-issue-attention-cycle.

¹⁰ Post-Katrina Emergency Management Reform Act of 2006, Pub. L. No. 109–295, 120 Stat. 1394 (2006), <https://www.govinfo.gov/content/pkg/PLAW-109publ295/pdf/PLAW-109publ295.pdf>; Department of Homeland Security Appropriations Act, 2007, Pub. L. No. 109–295, 120 Stat. 1355 (2006), <https://www.govinfo.gov/content/pkg/PLAW-109publ295/pdf/PLAW-109publ295.pdf>; Sandy Recovery Improvement Act of 2013, Pub. L. No. 113–2, 127 Stat. 39 (2013), <https://www.govinfo.gov/content/pkg/PLAW-113publ2/pdf/PLAW-113publ2.pdf>; Disaster Recovery Reform Act of 2018, Pub. L. No. 115–254, 132 Stat. 3438 (2018), <https://www.govinfo.gov/content/pkg/PLAW-115publ254/pdf/PLAW-115publ254.pdf>; FAA Reauthorization Act of 2018, Pub. L. No. 115–254, 132 Stat. 3186, <https://www.govinfo.gov/content/pkg/PLAW-115publ254/pdf/PLAW-115publ254.pdf>.

¹¹ “National Center for Disaster Fraud (NCDF),” Department of Justice, accessed March 23, 2022, <https://www.justice.gov/disaster-fraud>.

However, little research has measured what policymakers know and discuss about disaster fraud to determine whether policymakers learn and whether policy change is necessary. Thomas Birkland claims disaster policy domains are sensitive to policy change following disasters.¹² Policymakers should expect increased attention to improving current disaster assistance policies given more frequent, catastrophic disasters, but, as Birkland suggests, increased awareness does not necessarily result in policy learning, whereby political actors and institutions learn from experiences to effect change.¹³ Disaster fraud is a problem in society, particularly for vulnerable populations without the means to access federal disaster assistance. Overall, fraud undermines the government's ability to provide fair access to disaster assistance for those in need. Nevertheless, when fraud affects a disaster event, the fundamental policy learning and conditions that policymakers encounter during policymaking remains unclear.

A better understanding of how disaster fraud occurs and how policymakers learn about it will focus future policymakers' efforts, action, and reform. The media often overemphasizes disaster fraud and criminality at the onset of disaster recovery, combining various crimes that follow disaster in a broad post-disaster phenomenon.¹⁴ The current research provides limited information about how policymakers learn from disaster assistance fraud and enact policy change or how policy learning occurs. Although Birkland has investigated how policy learning occurs following disaster events, research has not explicitly examined how policymakers learn about disaster fraud. In addition to Birkland's work on policymaker learning, Boin et al. provide insight into the policymaking process in their book *The Politics of Crisis Management: Public Leadership under Pressure*. Their primary claim is "that the capacity of governments to learn and change is constrained by fundamental tensions between the imperatives of political crisis management and the

¹² Thomas A. Birkland, *Lessons of Disaster: Policy Change after Catastrophic Events* (Washington, DC: Georgetown University Press, 2006), 7, 11.

¹³ Birkland, 7–11.

¹⁴ Neil T. Gavin, "Below the Radar: A U.K. Benefit Fraud Media Coverage Tsunami—Impact, Ideology, and Society," *British Journal of Sociology* 72, no. 3 (June 2021): 707–24, <https://doi.org/10.1111/1468-4446.12809>.

conditions for effective reform.”¹⁵ Ambiguity surrounding the impact of tensions on policy learning makes it challenging to determine how current or improved policies might help disaster survivors navigate and access federal assistance more efficiently while maintaining a balance against fraud.

Recent scholarly efforts have attempted to broadly explain disaster fraud and disaster criminality’s motivations and phenomena through social theory application. Some theories explain disaster fraud as opportunities of circumstance; others suggest fraud reflects pre-existing criminal and anti-social behaviors in areas before a disaster occurs.¹⁶ Recent studies also emphasize the role of media reports in exaggerating criminality following disasters.¹⁷ Additionally, little academic work investigates how fraud perceptions shape policy decision-making, a problem noted internationally.¹⁸

Although disaster criminology recently evolved to better understand the reasons for disaster crime, disaster fraud and its indicators present a unique challenge for policymakers who must enact policies based on limited information about its causes. By acknowledging the limits of academic research, scholars may admit that such disagreement on causation hinders policymakers. However, even if the reasons for fraud and the study of disaster criminology remain ill-defined, certain aspects of disaster fraud learning may influence policymakers to different degrees.

B. RESEARCH QUESTION

What tensions do policymakers encounter while engaging in learning efforts about disaster assistance fraud events?

¹⁵ Arjen Boin et al., *The Politics of Crisis Management: Public Leadership under Pressure*, 2nd ed. (New York: Cambridge University Press, 2017), 127.

¹⁶ Kelly Frailing and Dee Wood Harper, *Toward a Criminology of Disaster: What We Know and What We Need to Find Out* (New York: Palgrave Macmillan, 2017), 130.

¹⁷ Claude Berrebi, Ariel Karlinsky, and Hanan Yonah, “Individual and Community Behavioral Responses to Natural Disasters,” *Natural Hazards* 105, no. 2 (January 2021): 1542, 1554, 1565, <https://doi.org/10.1007/s11069-020-04365-2>.

¹⁸ David Sanderson et al., “Corruption and Disasters in the Built Environment: A Literature Review,” *Disasters* 46, no. 4, (October 2022): 13–15, <https://doi.org/10.1111/disa.12500>.

C. LITERATURE REVIEW

This literature review defines the current understanding of disaster criminality and fraud upon which policy learning develops. The academic literature on disaster fraud is relatively new, limited in data, and filled with conflicting views on its root causes. As a subcategory of disaster criminology, disaster fraud poses other limitations in its scope and quality of information. However, some social theories offer insight into the reasons for fraud. Moreover, research on media coverage of disasters highlights the ability of media reporting to create misconceptions and set agendas for disaster assistance.¹⁹ The transition from the fraudulent act to its reporting may influence the public's and policymakers' perceptions of disaster fraud and affect the subsequent political will to enact policy changes following disaster activity. These limitations underscore the need for further information and insight. This literature review begins by explaining disaster fraud and data limitations, explores how such fraud enters public discourse, and concludes with fraud's impact on oversight and policy reform.

1. Explaining Disaster Fraud and Data Limitations

Within the study of disaster fraud, academics look to various social theories to explain the criminal activity, but conflicting views in the field hinder policymakers' efforts to address the root causes through policy. The limitation of data on fraud prosecutions is part of a larger problem with the empirical research on disaster crime. Most disaster criminology research suggests the need for additional data to provide insight into disaster fraud across geographical limitations, prosecutions, and phases of criminality. The explanation of disaster fraud and data limits complicates the process even before the event enters public discourse.

Scholars offer many reasons for disaster fraud through social theories. Frailing and Harper's work, *Toward a Criminology of Disaster*, is a primary resource for understanding criminology within disaster as an emerging field of study. Frailing and Harper argue that several social theories can explain crime after a disaster, including social disorganization

¹⁹ Gavin, "Below the Radar," 719–20.

theory, rational choice theory, routine activity theory, and general strain theory.²⁰ This work complements other recent academic research from the University of Michigan, which broadly applies different social theories but specifies no single explanation of social motives for disaster fraud.²¹ Another consideration for disaster fraud crime involves in-group and out-group dynamics. Combined with in-group learning of crime as a social learning and binding mechanism during initial disaster recovery, bad actors may lose self-control and act criminally as a form of social interaction.²² Although understanding requires more research, applying various social theories to the reasons behind disaster fraud may clarify which aspects of disaster recovery need revision in fraud detection and deterrence policies.

Much of the current academic literature also focuses on broad disaster crimes, including looting, burglaries, corruption, and violence. Fraud overlaps with other activities like unintentional overpayments, corruption, and mismanagement.²³ Also within the literature are perspectives that broadly characterize mismanagement and a lack of fiscal oversight as criminal elements in disaster recovery; however, those topics are outside the scope of primary disaster assistance fraud considerations.

Although researchers differ on the causes of disaster fraud and crime, they agree and acknowledge limitations in available data, usually focused on disaster-prone areas. However, disagreement among researchers about the existing criminal element in areas before a disaster also points to data limitations. Some of the most prolific researchers are notably from hurricane-prone states like Louisiana or Texas. The work of academics in Texas covers only crime analysis without comparisons to other disasters or associations

²⁰ Frailing and Harper, *Toward a Criminology of Disaster*, 11–20.

²¹ Szu-Yun Lin, Sherif El-Tawil, and Benigno E. Aguirre, “Computational Simulation of Benefit Fraud and Community Resilience in the Wake of Disaster,” *Natural Hazards Review* 21, no. 4 (November 2020), [https://doi.org/10.1061/\(ASCE\)NH.1527-6996.0000407](https://doi.org/10.1061/(ASCE)NH.1527-6996.0000407).

²² Alessandra Jerolleman, *Deserving Victims and Post-Disaster Fraud* (Cham, Switzerland: Palgrave Pivot, 2019), 27–43.

²³ Sanderson et al., “Corruption and Disasters in the Built Environment,” 2–4, 9.

with similar activities in pre-disaster and post-disaster crime.²⁴ Other notable studies of disaster criminality and fraud emerge from various international researchers and perspectives, reinforcing the notion of disaster criminology as a global policy concern. Researchers also note the prevalence of anecdotal evidence as an additional gap within current academic work. This gap may also drive scholars' disagreement on disaster fraud, the lack of detection and prosecution, and the overall motivation for fraud.²⁵ As with criminology overall, the crimes that catch law enforcement's attention and end in prosecution provide some insight into a smaller percentage and subset of disaster fraud activity. Researchers concur that the limitation of prosecution statistics is another factor that may impact public discourse.²⁶

Incomplete data also lead to disagreement over the phases of criminality following a disaster or the sequence of criminal activity during disaster phases. Frailing and Harper and others argue that the post-disaster recovery phase occurs when conditions are ripe for fraud, such diminished policing authorities in the affected area, which allow would-be fraudsters to exploit it, combined with the public's demand for or the policy to deliver rapid assistance.²⁷ Other researchers claim disaster phases need further review and revision as some data point to crime at the onset of a disaster, which is earlier than previously thought.²⁸

While the timeline for disaster recovery ranges from days to weeks to months, the demands for expeditious assistance to disaster survivors provide an opportunity for fraudulent activity. For example, the 9/11 Victims Fund, established two weeks after 9/11, led to several fraud prosecutions. Also, funds for Hurricane Katrina, made available within days with minimal documentation required, have provided historical context for

²⁴ Daniel Augusto, "Change-Point Analysis of Houston Crime during Hurricane Harvey," *Journal of Applied Security Research* 16, no. 1 (2021): 1–18, <https://doi.org/10.1080/19361610.2020.1857170>.

²⁵ Frailing and Harper, *Toward a Criminology of Disaster*, 126.

²⁶ Frailing and Harper, 117.

²⁷ Frailing and Harper, 114–16.

²⁸ Benigno E. Aguirre and David Lane, "Fraud in Disaster: Rethinking the Phases," *International Journal of Disaster Risk Reduction* 39 (2019): 1–9, <https://doi.org/10.1016/j.ijdrr.2019.101232>.

researchers on disaster fraud activity and the need for policy considerations and revisions.²⁹ Aguirre and Lane, who call for more academic attention to disaster criminology, have used Department of Justice statistics and data to draw conclusions about increased crime and fraud in the earlier disaster response and recovery phases.³⁰ Disasters across different locations and community profiles require further investigation into the causes of disaster crime with a focus on disaster response and recovery phases.

2. How Fraud Enters Public Discourse

Although fraud studies explain the reasons for fraud and the distinctions between assistance and policy, media portrayals offer a biased view of post-disaster fraud. These portrayals help drive a narrative about misunderstood and historically complex crime-prone regions.³¹ Such depictions create national in-group and out-group distinctions of those outside the disaster areas witnessing media portrayals of the victims in the disaster zone. Much of the current academic literature focuses on how broad disaster crimes reported in the media, such as looting in Louisiana after Hurricane Katrina, reinforce preconceived notions about populations associated with geographically defined crime trends.

Media misrepresentation affects not only the public but policymakers as well. Berrebi, Karlinsky, and Yonah argue that looting and other reports of criminality do not accurately reflect the limited data available. However, reports of looting appear widely through traditional and social media networks almost immediately after disaster strikes.³² These researchers also suggest that looting and other crimes decrease or are statistically insignificant compared to the media's depiction thereof.³³ In the continued study of the

²⁹ Frailing and Harper, *Toward a Criminology of Disaster*, 115–16.

³⁰ Aguirre and Lane, “Fraud in Disaster.”

³¹ Gavin, “Below the Radar,” 707–24.

³² Brian Monahan and Matthew Ettinger, “News Media and Disasters: Navigating Old Challenges and New Opportunities in the Digital Age,” in *Handbook of Disaster Research*, ed. Havidán Rodríguez, William Donner, and Joseph E. Trainor (Cham: Springer International Publishing, 2018), 492, http://link.springer.com/10.1007/978-3-319-63254-4_23.

³³ Berrebi, Karlinsky, and Yonah, “Behavioral Responses to Natural Disasters,” 1565–66.

effect of such reporting, researchers such as Jerolleman contend that widespread fraud reporting drives narratives of mistrust and corruption on a national scale.³⁴ As these flawed disaster fraud and crime reports enter public discourse through media reporting, the oversight entities that follow the reports inform policymakers' agendas.

In transitioning from disaster event fraud to public discourse and policy learning, conflicting reasons, data, and narratives for fraud send mixed signals to policymakers, oversight entities, and disaster survivors. Emerging homeland security research suggests these indistinct academic areas need further inquiry while the national issue–attention cycle wanes.³⁵ These opposing efforts may further complicate policymakers' learning and ability to solve policy issues with limited information.

3. The Transition to Oversight and Policy Reform

Eller and Wandt's work complements the evolving academic body of disaster criminology and policy, noting that research in the relatively broad yet immature disciplines of homeland security policy could explore new approaches.³⁶ Kimrey's work predicts the timeframes of congressional attention and action after significant homeland security events to further an understanding of reactionary policy decisions. Defining and refining disaster criminology require understanding how policymakers learn about disaster assistance fraud at semi-regular intervals.

Academic work related to disaster criminology demonstrates a need for further analysis and study to inform disaster fraud policy decisions. How policymakers perceive and learn about disasters and associated fraud activity, which reports drive them to act or react, and how to improve disaster assistance policy and delivery to survivors—regardless of the underlying causes of disaster assistance fraud—all require attention. Disasters will recur, and policymakers will continue to oversee federal disaster assistance policy. The

³⁴ Jerolleman, *Deserving Victims and Post-Disaster Fraud*, 34, 40.

³⁵ Christopher M. Kimrey, "Opportunities in Crisis and Catastrophe: The Issue–Attention Cycle and Political Reality," *Homeland Security Affairs* 12 (May 2016): 9–10, <https://www.hsaj.org/articles/10541>.

³⁶ Warren S. Eller and Adam S. Wandt, "Contemporary Policy Challenges in Protecting the Homeland," *Policy Studies Journal* 48, no. S1 (2020): S33–46, <https://doi.org/10.1111/psj.12386>; Kimrey, "Opportunities in Crisis and Catastrophe."

correlation between fraud causation and reporting may help inform how policymakers react to new disasters and subsequent fraudulent activity to understand the flow of disaster activity to policy.

D. RESEARCH DESIGN: MULTI-CASE ANALYSIS

To answer the research question—What tensions do policymakers encounter while engaging in learning efforts about disaster assistance fraud events?—this thesis analyzes the public discourse on recent disaster fraud events, evidence of learning during this discourse, and the subsequent decision to change or not to change disaster fraud policy.

This research design draws on Birkland’s model to investigate how policymakers learn about disaster assistance fraud. The research identifies disaster fraud events followed by policy changes and disaster fraud events not followed by policy changes. The selected disaster fraud events serve as case examples for a comparative analysis of the learning that resulted in change or no change in policy. The research also identifies possible patterns and characteristics of the public-facing forum of parties outlined by Birkland, including news media, interest groups, Congress, and regulatory and implementing agencies at the federal level.

1. Data Collection

I began this research by identifying fraud events covered in news media outlets through a search of Lexis Nexis. I then identified two to four fraud events followed by a policy change, changes in law or administrative policy or regulation, and two to four fraud events not followed by a policy change. I selected events to represent key ideas in the literature. I collected documents related to fraud events and discussions of the events on social media. Although Hurricane Katrina sparked great interest in event fraud, as evidenced by the formation of the National Center for Disaster Fraud and other reform legislation, this research focused on more recent disaster activity and fraud policy efforts from the last five years to June 2022, generally.

2. Data Analysis Approach

Birkland's table outlining the different categories of policy learning evidence initially guided data gathering and analysis (see Table 1).³⁷ I organized the data into categories of news media, interest groups, federal legislatures, and implementing agencies. I further assigned official government oversight agencies to regulatory agencies for this research. I then traced the initial discussions and responses for analysis and characterized the discussions by identifying potential concepts from the literature and noting evidence of learning. I compared the discussions followed by policy change and learning with those where no change or learning occurred. This method outlined how policymakers learn about disaster fraud and characterize the discussions during policy learning.

Table 1. Birkland's Typical Evidence of Learning in the Policy Process.³⁸

<i>Organization or Institution</i>	<i>Evidence of Learning</i>
News media	Stories about the problem Changes in the nature of news coverage (people quoted, substance of news coverage)
Interest groups	Change in appearances at congressional hearings Increased attention from news media (generated by the group)
Congress	Legislative change Change in the substance of debate Change in the topic areas of hearings
Regulatory and implementing agencies	Issuance of new and proposed regulations Change in the nature and substance of the regulations being issued Change in procedures and in the interpre- tation and implementation of statutes and regulations.

The outcome of this research design identified and provided data on which accounts of disaster fraud impact policymaker learning.

³⁷ Birkland, *Lessons of Disaster*, 21.

³⁸ Source: Birkland, 21.

THIS PAGE INTENTIONALLY LEFT BLANK

II. DISASTER FRAUD CASES WITH POLICY CHANGE

This chapter examines three cases of policy change following disaster assistance fraud. The first is FEMA's Funeral Assistance program, and the second is the SBA's Economic Injury Disaster Loan program, both related to COVID-19. The third comprises the United Kingdom's fraud principles in emergency management, distinguishing fraud as an international policy issue as well as contrasting fraud policy in the United States. Each example comprises three sub-sections: experience with fraud, resources for fraud, and political opportunity.

A. FEMA'S FUNERAL ASSISTANCE

This section examines FEMA's policy decision to modify its existing disaster assistance application process for the COVID-19 Funeral Assistance program. The section summarizes this policy change by examining FEMA's experience with previous iterations of the program, existing policy, and the reasons for change; the resources available to implement COVID-19 Funeral Assistance with the new policy change; and the political opportunities, notably in Congress, to change and implement fraud policy. In sum, this section explores the environment in which policymakers learned about and decided to implement a new policy for disaster assistance.

FEMA's implementation of the Funeral Assistance program for COVID-19 presented several considerations for policymakers. The agency's recent experience with the program provided some existing policy but not a policy designed for the unprecedented scale of assistance needed for COVID-19 deaths. Congress considered resources for the program through debate and deliberation, and the agency determined how best to apply resources once Congress authorized them. In deliberations, policymakers recognized and sought political opportunities for new policies. Each of these areas affected policy learning by enacting a policy that would lessen potential fraud while providing needed assistance to those suffering loss from COVID-19.

As of June 2022, FEMA has provided over \$2.6 billion in funeral assistance to families for deaths attributable to COVID-19. This iteration of aid has been the agency's

most considerable sum of Individual Assistance to date.³⁹ While FEMA’s normal disaster survivor application process allowed for three modes of submission—via an online portal, a mobile app, or the telephone—for COVID-19 Funeral Assistance, policymakers at FEMA required phone-only registration to deter would-be fraudulent applications and criminals (see Figure 1). This policy change for COVID-19 Funeral Assistance illustrates how policymakers at FEMA and Congress considered the possibility of fraud and adapted its policy accordingly.



Figure 1. FEMA’s Normal Disaster Assistance Registration Process.⁴⁰

³⁹ “FEMA Tops \$2 Billion of COVID-19 Funeral Assistance, Announces New Campaign to Increase Program Awareness,” Federal Emergency Management Agency, March 15, 2022, <https://www.fema.gov/press-release/20220315/fema-tops-2-billion-covid-19-funeral-assistance-announces-new-campaign>.

⁴⁰ Source: “3 Ways to Apply for Assistance Graphics,” Federal Emergency Management Agency, October 3, 2022, <https://www.fema.gov/node/3-ways-apply-assistance-graphics>.

1. FEMA’s Experience with Funeral Assistance

Funeral Assistance exists under Other Needs Assistance within FEMA’s Individuals and Households Program (IHP). The Funeral Assistance program aids those who paid for a funeral from a death caused by disaster under specific eligible parameters. The Recovery Directorate administers this program within FEMA’s Office of Response and Recovery. It typically requires authorization by the president under a major disaster declaration for an affected state, territory, or tribe.⁴¹ Following Hurricanes Harvey, Irma, and Maria, all of which occurred before COVID-19, the agency averaged \$2,600 in assistance for eligible applications for over 3,000 deaths from all three hurricanes combined.⁴² This number includes households that attributed multiple decedents to a single disaster.

While FEMA has experience with prior iterations of the Funeral Assistance program and issue–attention cycles of funeral assistance fraud, how Congress authorized the program was atypical.⁴³ Shortly after the COVID-19 pandemic gained national attention and claimed many lives in major metropolitan areas in early 2020, policymakers initiated conversations about applying FEMA’s Funeral Assistance program nationwide. These conversations came in the form of requests from the State of New York, media articles justifying the assistance, and statements from elected officials, particularly

⁴¹ “How a Disaster Gets Declared,” Federal Emergency Management Agency, January 4, 2022, <https://www.fema.gov/disaster/how-declared>.

⁴² Chris P. Currie, *Federal Assistance and Selected States and Territory Efforts to Identify Deaths from 2017 Hurricanes*, GAO-19-486 (Washington, DC: Government Accountability Office, 2019), 2, <https://www.gao.gov/assets/gao-19-486.pdf>.

⁴³ Chris Strohm, “Senate Panel to Probe Allegations of FEMA Fraud,” Government Executive, January 7, 2005, <https://www.govexec.com/defense/2005/01/senate-panel-to-probe-allegations-of-fema-fraud/18318/>.

members of Congress from New York making demands of the sitting administration.⁴⁴ Absent explicit presidential action and authorization, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, as part of the Consolidated Appropriations Act of 2021, was passed by Congress in late December and signed by the president. This legislation provided the authorization and appropriations for FEMA to provide funeral assistance to those who incurred eligible funeral expenses due to COVID-19.⁴⁵ Given the unprecedented scope of COVID-19 deaths and congressional authorization of the Funeral Assistance program, FEMA faced a challenge from the public and Congress to deliver assistance expeditiously to families of decedents. At the same time, the agency received calls from oversight entities to ensure adequate protections against a potential wave of fraudulent applications.

FEMA's previous experience with Funeral Assistance differed significantly from the newly authorized COVID-19 program. Before COVID-19, Funeral Assistance had been authorized jointly with the IHP, which includes a variety of assistance programs. Absent such an umbrella authorization, FEMA lacked the mechanisms for Funeral Assistance registration, screening, processing, and delivery. Thus, FEMA considered policy solutions and significant changes to existing policies, technological systems, and business processes in ways it had never done before. It determined that the conditions of the COVID-19 Funeral Assistance program warranted a policy change in processing applications that required initial phone registration only, as outlined in FEMA's *COVID-*

⁴⁴ Yeganeh Torbati, "Trump Hasn't Released Funds That Help Families of COVID-19 Victims Pay for Burials. Members of Congress Want to Change That," ProPublica, May 4, 2020, <https://www.propublica.org/article/trump-hasnt-released-funds-that-help-families-of-covid-19-victims-pay-for-burials-members-of-congress-want-to-change-that?token=uoYT3QQC93fqm0Bw2XM2uFPVTHBJBAML>; John Katko, "Katko, Brindisi Lead New York Congressional Delegation in Urging President Trump to Support Major Disaster Declaration in New York," Official website of Congressman John Katko, March 18, 2020, <https://katko.house.gov/media-center/press-releases/katko-brindisi-lead-new-york-congressional-delegation-urging-president>; Andrew Cuomo to Donald Trump, "Request for Presidential Disaster Declaration Major Disaster," March 16, 2020, Department of Homeland Security Archives, https://www.dhs.gov/sites/default/files/publications/2020-hqfo-01096_records.pdf.

⁴⁵ Financial Assistance to Address Other Needs, 44 C.F.R. 206.119 (2002), <https://www.govinfo.gov/app/details/CFR-2002-title44-vol1/CFR-2002-title44-vol1-sec206-119>; Federal Emergency Management Agency, *Individual Assistance Program and Policy Guide*, FP 104-009-03 (Washington, DC: Federal Emergency Management Agency, 2021), 145, https://www.fema.gov/sites/default/files/documents/fema_iappg-1.1.pdf.

19 Funeral Assistance Individuals and Households Program Policy: “Registrations for Funeral Assistance will be completed via FEMA’s telephone or teletypewriter call-center capabilities. No online registrations will be accepted.”⁴⁶ This deviation from previous policy and the creation of a new policy related to the media’s concerns over potential fraud.⁴⁷

Another difference from FEMA’s earlier efforts to administer Funeral Assistance involved expanded documentation requirements to prove eligibility. During Puerto Rico’s recovery from Hurricane Maria, FEMA had expanded and accepted non-traditional forms of documentation to verify funeral expense applicability.⁴⁸ Nevertheless, this policy change allowing for expanded documentation acceptability was less significant than that for COVID-19 Funeral Assistance, which required death certificates showing a cause of death directly attributable to the pandemic. In December 2020, shortly after COVID-19 Funeral Assistance was authorized, pandemic-related deaths surpassed 300,000.⁴⁹ This total far outweighed any previous death toll and presented new opportunities for fraudulent actors to apply for assistance.

Another atypical experience for FEMA in this iteration of Funeral Assistance depended on time. Many of the deaths at the onset of COVID-19 occurred in March and April 2020. FEMA eventually opened registration for assistance to cover funeral expenses across the entire pandemic, nearly a year after the first deaths occurred. In other disasters, the incident period, or time during which deaths attributable to a disaster are eligible, ranges from days to weeks. Additionally, the need to address COVID-19 as an attributable cause of death—especially early deaths when a medical diagnosis was difficult to determine or distinguish—complicated the decision-making effort for FEMA. Making

⁴⁶ Federal Emergency Management Agency, *COVID-19 Funeral Assistance Individuals and Households Program Policy*, Interim, Version 2, 104–21-0001 (Washington, DC: Federal Emergency Management Agency, 2021), 2, https://www.fema.gov/sites/default/files/documents/fema_covid-19-funeral-assistance-interim-policy-version-2_06-29-2021.pdf.

⁴⁷ Erin Banco, “Fraud Fears and Messy Data Stall FEMA Program for Covid Victims,” POLITICO, February 25, 2021, <https://www.politico.com/news/2021/02/25/fema-funeral-aid-coronavirus-471533>.

⁴⁸ Currie, *Efforts to Identify Deaths from 2017 Hurricanes*, 37.

⁴⁹ “CDC Museum COVID-19 Timeline,” Centers for Disease Control and Prevention, August 16, 2022, <https://www.cdc.gov/museum/timeline/covid19.html>.

reasonable accommodations and amending death certificates became a subset issue in preventing fraud.⁵⁰

While there was a demonstrable experience for FEMA in administering Funeral Assistance, policymakers authorized the program with different dynamics and a scope beyond the normal parameters of the program expected by the agency. The authorization also applied nationally instead of on a case-by-case basis for each state, tribe, or territory. The magnitude of COVID-19 assistance posed unprecedented challenges for FEMA. See Figure 2 for FEMA’s Funeral Assistance timeline.

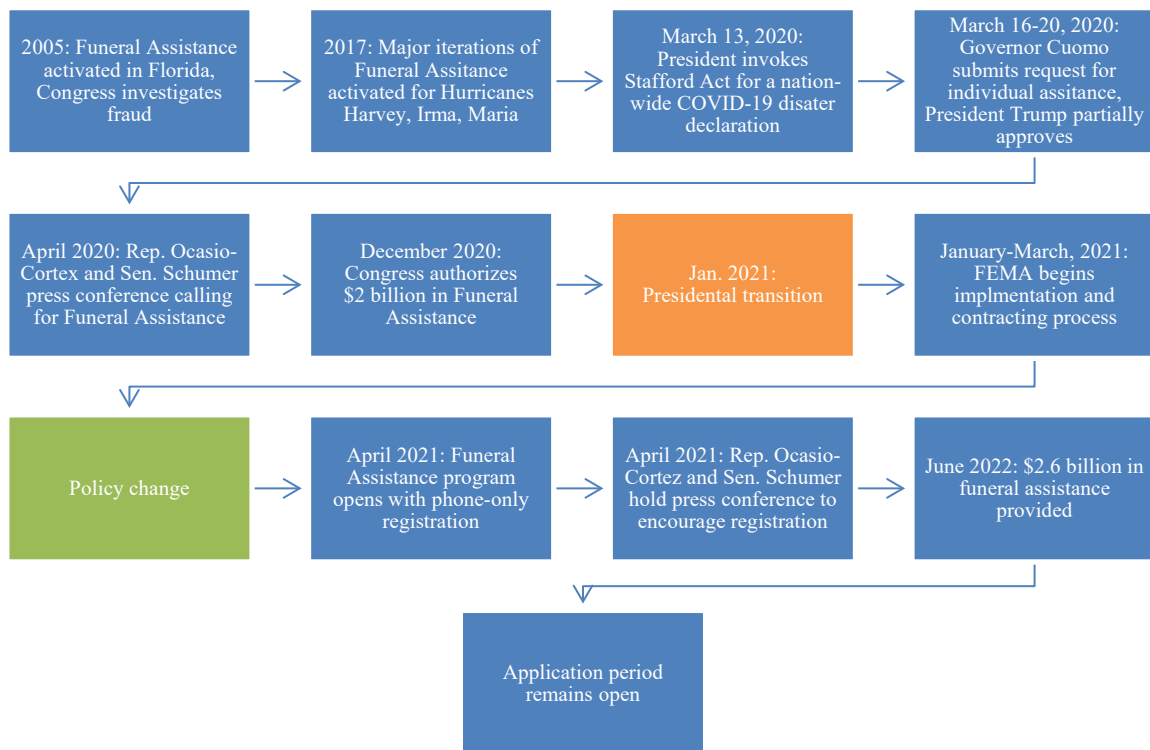


Figure 2. FEMA’s Funeral Assistance Timeline

⁵⁰ “FEMA Amends COVID-19 Funeral Assistance Policy,” Federal Emergency Management Agency, June 29, 2021, <https://www.fema.gov/press-release/20210629/fema-amends-covid-19-funeral-assistance-policy>.

2. Resources Dedicated to COVID-19 Funeral Assistance and Fraud Policy

To administer the assistance program to individuals, FEMA considered additional resource obstacles for implementation. Secondary changes to coordinate with states, convert technology infrastructure modules for applications, determine the types of documentation needed from applicants, and assign internal staffing all presented FEMA policymakers with choices.

For funding, Congress provided an initial \$2 billion and then allowed disbursements from FEMA's Disaster Relief Fund, a funding stream dedicated to all major disaster activity and appropriated by Congress on an annual, and occasionally supplemental, basis.⁵¹ With nearly unrestricted access to billions of dollars, wholly funded by the federal government and provided directly to applicants, the Funeral Assistance program faced unknown implementation obstacles.

To support the expected volume of applications, FEMA acquired contractors to assist with call centers and train intake callers in early 2021.⁵² The agency also adapted existing disaster standard operating procedures to applicant registration. Media attention, specifically from the *Washington Post*, detailed the struggles of screeners and callers in adopting this approach.⁵³ As framed by these media reports, the revised instructions and infeasibility of applying IHP procedures to the new Funeral Assistance program caused confusion and angst among the applicants and those processing applications.⁵⁴ Reporting further framed those administering the program as struggling to communicate through written and visual media. In one example, a report presents a photo of an intake caller as

⁵¹ Federal Emergency Management Agency, "Disaster Relief Fund: Monthly Report," October 2022, https://www.fema.gov/sites/default/files/documents/fema_disaster-relief-fund-report_102022.pdf.

⁵² Hannah Dreier, "'Assistance Not Approved,'" *Washington Post*, April 25, 2021, https://www.washingtonpost.com/nation/2021/04/25/fema-disaster-assistance-denied/?tid=usw_passupdatepg.

⁵³ Hannah Dreier, "'My Sincere Condolences': Inside the Struggles and Heartaches of FEMA's Massive Covid Funeral Assistance Program," *Washington Post*, December 21, 2021, <https://www.washingtonpost.com/nation/2021/12/21/fema-covid-funeral-assistance/>.

⁵⁴ Dreier, "Assistance Not Approved."

though in darkness, both literally and figuratively (see Figure 3).⁵⁵ Other reporters directly tied fraud opportunities to the program.⁵⁶



Figure 3. Screener for FEMA’s Funeral Assistance Program.⁵⁷

Moreover, overlapping resources and time also complicated FEMA’s role. Before explicit congressional action to authorize the Funeral Assistance program, historic amounts of federal assistance for COVID-19 were available from different agencies.⁵⁸ Such assistance included the Department of Health and Human Services’ Children and Families

⁵⁵ Dreier, “My Sincere Condolences.”

⁵⁶ Michelle Singletary, “A New FEMA Program Offers Up to \$9,000 to Help with Covid-19 Funerals. Scammers See an Opportunity,” *Washington Post*, April 16, 2021, <https://www.washingtonpost.com/business/2021/04/16/fema-covid-funeral-program-fraud-faq/>.

⁵⁷ Source: Dreier, “My Sincere Condolences.” Photograph attributed to Rachel Woolf for the *Washington Post*.

⁵⁸ “Resource Roadmaps,” Federal Emergency Management Agency, accessed April 1, 2022, <https://www.fema.gov/disaster/coronavirus/economic/resource-roadmaps>.

programs, such as Community Services Block Grants. Prior Funeral Assistance from FEMA had typically been subject to non-federal cost share, a burden to the states that experienced the disaster, but for the COVID-19 version of the program, Congress incorporated a cost-share waiver into the legislation. This waiver freed up money for states to pursue other resources for COVID-19, such as economic assistance or medical equipment.⁵⁹ FEMA also needed time for significant changes to policy, technological systems, and business processes. Although Congress authorized the program in December 2020, registrations started in April 2021, after significant resources and funding streams had already been provided by Congress in response to the COVID-19 pandemic.

Federal oversight entities such as the Department of Homeland Security's (DHS) Office of Inspector General also reviewed the program's implementation and resources. In congressional testimony before the House Appropriations Committee, Inspector General Joseph Cuffari stated, "With respect to FEMA's funeral assistance program, DHS Office of Inspector General (OIG) special agents are actively and independently collaborating with FEMA to facilitate early detection of fraud."⁶⁰ This shift of focus to early detection, instead of a referral, was a demonstrable policy reaction to disaster fraud.

3. Political Opportunities for Funeral Assistance Policy

Several political and external efforts, outside FEMA and the Trump and Biden administrations, applied pressure for authorization and eventual implementation of the Funeral Assistance program. Politicians who successfully called for the program then transitioned to learning about obstacles to implementation and embracing a new registration process while communicating the same process to as many applicants as possible. This duality played out notably in New York City, where members of Congress called for and embraced the new funeral registration process oriented toward fraud prevention. This outreach included partnerships with non-governmental organizations

⁵⁹ Federal Emergency Management Agency.

⁶⁰ Joseph V. Cuffari, "FY 2023 Budget Request: Testimony before the Subcommittee on Homeland Security, Committee on Appropriations, House of Representatives" (Washington, DC: Department of Homeland Security, Office of Inspector General, 2022), 5, <https://docs.house.gov/meetings/AP/AP15/20220406/114605/HHRG-117-AP15-20220406-SD001.pdf>.

(NGOs), such as the National Funeral Directors Association, and others.⁶¹ These organizations, in turn, disseminated fraud prevention information.⁶²

The overall approval of disaster declarations for COVID-19 nationwide by state also highlighted the political efforts of federally elected officials to provide resources rapidly and in new ways, both broadly and specifically for funeral assistance. Just three days after President Trump invoked the Stafford Act to declare a nationwide emergency, on March 16, 2020, New York Governor Cuomo requested a major disaster declaration for the State of New York due to COVID-19.⁶³ In his request, Cuomo asked that numerous assistance programs be authorized, including the IHP, with the expectation of some assistance related to funeral costs.⁶⁴ On March 20, 2020, President Trump declared a major disaster for New York, with Individual Assistance limited to the Crisis Counseling program and other categories of assistance requested, not including funeral assistance. This request represented the earliest state-specific declaration and partial fulfillment of assistance, yet the lack of funeral assistance was partially detrimental to New York City—the initial epicenter of COVID-19-related deaths. The partial granting of IHP also highlighted the political tension of not providing every category of assistance requested by the governor.

New York lawmakers seized on the need for funeral assistance as a criticism of the Trump administration. Senate majority leader Chuck Schumer and Representative Alexandra Ocasio-Cortez held press briefings to call on the Trump administration to authorize Funeral Assistance, noting the vast number of deaths attributable to COVID-

⁶¹“The FEMA COVID-19 Funeral Assistance Program Explained,” National Association of Funeral Directors, April 8, 2021, <https://nfda.org/news/in-the-news/nfda-news/id/5820/the-fema-covid-19-funeral-assistance-program-explained>.

⁶² “Did You Get a Call from FEMA?,” National Funeral Directors Association, May 13, 2021, <https://nfda.org/news/in-the-news/nfda-news/id/5878/did-you-get-a-call-from-fema>.

⁶³ Approving a disaster declaration request is entirely at the discretion of the president.

⁶⁴ Cuomo to Trump, “Request for Presidential Disaster Declaration Major Disaster.”

19.⁶⁵ Despite continuous calls to authorize the Funeral Assistance program in 2020, the Trump administration would not authorize it, prompting Congress to do so as the death toll continued to climb.⁶⁶ Other policymakers joined Senator Schumer and Representative Ocasio-Cortez in echoing the need for FEMA to provide funeral assistance, especially as deaths mounted.

Absent presidential action, vocal members of Congress drafted and a provision in the overall annual government spending bill, the Consolidated Appropriations Act of 2021, to authorize the program. The desire for policymakers to deliver the program also came with initial, then additional, dedicated resources from the Disaster Relief Fund, the source of FEMA's funding for general disaster activity.

After Congress successfully authorized the resources for Funeral Assistance in the final month of the Trump administration, members of Congress actively encouraged its implementation. Majority leader Schumer and Representative Ocasio-Cortez consistently touted the program's authorization and expectations for its initial implementation. As the presidential administration transitioned in January 2021, Congress continued to oversee FEMA's implementation of the Funeral Assistance program under acting Administrator Bob Fenton. Just three months into the new administration, FEMA opened the application period in April 2021. Regardless of previous criticisms, the most vocal supporters of the program embraced the agency's determination to use a phone registration system as a tradeoff for the delivery of assistance (see Figures 4 and 5).⁶⁷

⁶⁵ "Schumer & Rep. Ocasio-Cortez Announce: FEMA Funeral Assistance Program Launches Today; Hotline Is 'Live' for Families to File Claims; Senator & Congresswoman Pushed to Increase Assistance to \$9K per Funeral & Urge Ny'ers to Gather Their Paperwork, Make the Call & Secure Their Relief," Official website of Senator Charles E. Schumer, April 12, 2021, https://www.schumer.senate.gov/newsroom/press-releases/schumer-and-rep-ocasio-cortez-announce-fema-funeral-assistance-program-launches-today-hotline-is-live-for-families-to-file-claims-senator_congresswoman-pushed-to-increase-assistance-to-9k-per-funeral-urge-nyers-to-gather-their-paperwork-make-the-call--secure-their-relief.

⁶⁶ Centers for Disease Control and Prevention, "CDC Museum COVID-19 Timeline."

⁶⁷ However, policymakers demonstrated a degree of flexibility in certifying the cause of death in the policy and amending death certificates, as noted previously in amended guidance.



Figure 4. Representative Alexandria Ocasio-Cortez and Senator Chuck Schumer Calling for Funeral Assistance in April 2020.⁶⁸



Figure 5. Representative Ocasio-Cortez and Senator Schumer Announcing FEMA's Funeral Assistance and Phone Registration in April 2021.⁶⁹

Combined with recent experience, resources, and political opportunities, policymakers in New York and Congress, as well as oversight entities, the media, non-governmental organizations, FEMA, and different presidential administrations, played a role in the deliberative process of proceeding with Funeral Assistance for COVID-19 and

⁶⁸ Source: Marina Pitofsky, "Ocasio-Cortez, Schumer Announce Federal COVID-19 Fund to Help Families Pay for Funerals," *Hill*, February 8, 2021, <https://thehill.com/policy/healthcare/537889-ocasio-cortez-schumer-announce-federal-covid-19-fund-to-help-families-pay-for/>.

⁶⁹ Source: Christina Santucci, "Schumer, AOC Launch COVID-19 Funeral Fund, Hotline Gets 1 Million Calls on First Day," *Brooklyn Post*, April 13, 2021, <https://brooklynpost.com/schumer-aoc-launch-covid-19-funeral-fund-hotline-gets-1-million-calls-on-first-day>.

approaching concerns related to fraud. How these policymakers engaged one another while balancing the expectation of prompt funeral assistance with the potential of fraud required policy change. Even though the new application process limited the means of applying, the policymakers involved eventually embraced change.

B. THE SMALL BUSINESS ADMINISTRATION'S ECONOMIC INJURY DISASTER LOAN PROGRAM

This section examines the SBA's policy decision to change administrative procedures related to fraud in the Economic Injury Disaster Loan (EIDL) program. It summarizes policy changes after Congress provided a historic amount of assistance for the program, reviews the experience and resources available to SBA leadership to determine appropriate fraud policy actions and efforts, and examines political opportunities related to the fraud capabilities of the SBA in providing disaster assistance.

The SBA faced an expectation to deliver assistance to businesses impacted by social-distancing measures during the COVID-19 pandemic. Based on Congress's desire to provide billions of dollars in assistance, the SBA considered implementation obstacles in providing the funds to businesses in need and not to criminal fraudsters. Disaster assistance for these businesses significantly outweighed the administration's recent experience and resources with the program. The pace of policymakers' learning about fraud also brought political opportunities for those charged with administering the program. Then, oversight entities monitored whether eligible businesses in need received this assistance. Finally, policymakers embraced the policy change for the SBA's COVID-19 disaster loan program.

Following experiences with COVID-19, policymakers at the SBA determined that changes were needed in its EIDL program. As of summer 2022, the SBA's EIDL program for COVID-19 distributed more than \$351 billion to nearly four million applicants.⁷⁰ In

⁷⁰ "SBA Administrator Guzman Announces Key Policy Change: Existing COVID Economic Injury Disaster Loan Program Borrowers to Receive an Additional Deferment," Small Business Administration, March 15, 2022, <https://www.sba.gov/article/2022/mar/15/sba-administrator-guzman-announces-key-policy-change-existing-covid-economic-injury-disaster-loan#:~:text=Key%20changes%20announced%20included%3A,equipment%2C%20and%20paying%20off%20debt>.

addition to an unprecedented amount of assistance, in September 2021, the SBA announced general policies related to EIDL, listed on its website, including additional application screening personnel and collaboration with the SBA inspector general.⁷¹ Then, on April 1, 2022, SBA Administrator Guzman announced new significant fraud policies and the creation of a Fraud Risk Management Board (see Figure 6). Before these policy changes, the SBA's EIDL policies appear to have offered minimal fraud prevention measures. The new oversight followed revelations about the SBA's non-existent fraud policies in various congressional hearings and other public exchanges.

Congress provided unprecedented assistance to the EIDL program through the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act, passed in early 2020.⁷² According to the SBA, the amount of assistance prompted the agency to “swiftly and dramatically” make fraud-oriented policy changes to process more applications to the COVID-19 EIDL program, a revised version of the standard EIDL program that provides federal assistance to businesses affected by disasters.⁷³ The SBA encountered several factors related to policy learning, including prior experience with the program, dedicated resources for fraud (or lack thereof), and the political dynamics prompted by media attention and Congress (see Figure 6).

⁷¹ “Administrator Guzman Announces Expanded Efforts to Aggressively Crack Down on Bad Actors and Prevent Fraud in Programs,” Small Business Administration, April 1, 2022, <https://www.sba.gov/article/2022/apr/01/administrator-guzman-announces-expanded-efforts-aggressively-crack-down-bad-actors-prevent-fraud>.

⁷² Jeff Drew, “COVID-19 Relief Bill Addresses Key PPP Issues,” *Journal of Accountancy*, December 21, 2020, <https://www.journalofaccountancy.com/news/2020/dec/covid-19-relief-bill-addresses-key-ppp-issues.html>.

⁷³ Small Business Administration, “Administrator Guzman Announces Expanded Efforts.”

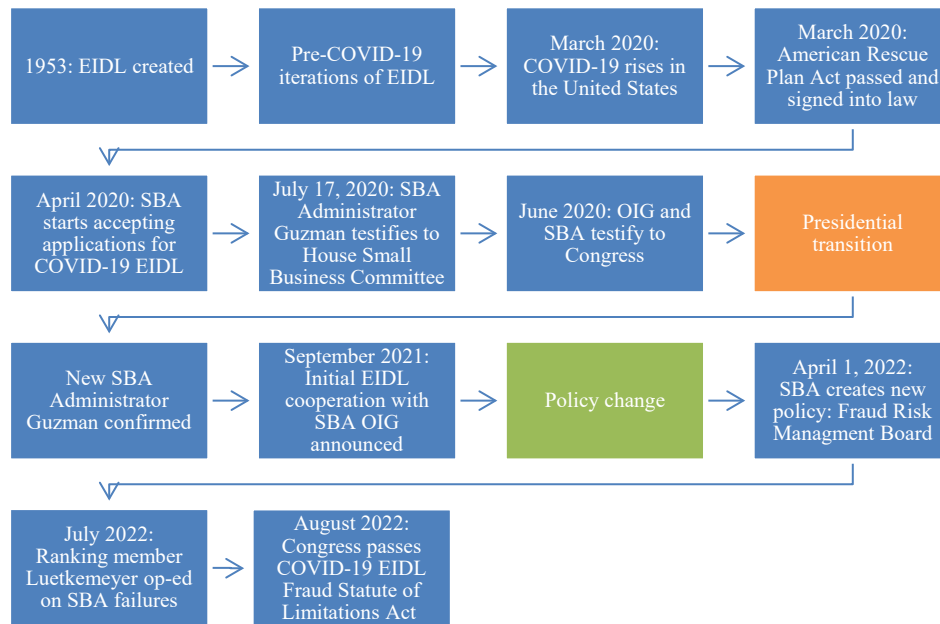


Figure 6. Timeline of EIDL

1. The SBA's Experience with EIDL

The SBA's administration of the EIDL program before COVID-19 routinely aligned with major disasters. After Congress granted the SBA the authority to provide EIDL for COVID-19, the program ballooned beyond anything the administration had experienced before (see Table 2). The SBA OIG testified before Congress that the SBA had provided more assistance under the EIDL program for COVID-19 than it had over the combined history of the program, dating back to the administration's founding in 1953. Before COVID-19, the agency had processed 2.2 million loans to provide \$66.7 billion in assistance combined.⁷⁴

⁷⁴ Small Business Administration, Office of Inspector General, *Inspection of Small Business Administration's Initial Disaster Assistance Response to the Coronavirus Pandemic*, Report No. 21-02 (Washington, DC: Small Business Administration, Office of Inspector General, 2020), 3, <https://www.sba.gov/sites/default/files/2020-10/SBA%20OIG%20Report%2021-02.pdf>.

Table 2. SBA’s EIDL Assistance by Recent Disaster.⁷⁵

Recent Disasters	SBA Loans Approved	Assistance
Hurricanes Katrina, Rita, Wilma	160,845	\$11 billion
Superstorm Sandy	38,094	\$2.6 billion
Hurricanes Harvey, Irma, and Maria	145,636	\$7.4 billion
Hurricanes Florence and Michael	25,991	\$1.16 billion
COVID-19	3,900,000	\$351 billion

The OIG’s testimony to Congress also provided insight into resources dedicated by the SBA. The OIG testified that before June 26, 2020, the SBA had only one fraud team and the OIG liaison team.⁷⁶ In October 2020, the SBA Office of Inspector General also reported in the initial evaluation of the newest iteration of EIDL that the SBA “relaxed internal controls” of the program, exposing \$78.1 billion to possible fraudulent activity.⁷⁷ According to the OIG, such relaxed controls include failure to monitor application information such as bank accounts, emails, and duplicative addresses (see Figure 7).

⁷⁵ Adapted from Small Business Administration, Office of Inspector General, *Initial Disaster Assistance Response to the Coronavirus Pandemic*, 3; Small Business Administration, “Guzman Announces Key Policy Change.”

⁷⁶ Small Business Administration, Office of Inspector General, *SBA’s Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program*, Report No. 21–15 (Washington, DC: Small Business Administration, Office of Inspector General, 2021), 6, <https://www.sba.gov/sites/default/files/2021-05/SBA%20OIG%20%20Report%2021-15.pdf>.

⁷⁷ Hannibal “Mike” Ware, “Statement for the Record before the Committee on Small Business, U.S House of Representatives” (Washington, DC: Small Business Administration, Office of Inspector General, 2022), <https://www.sba.gov/sites/default/files/2022-01/Hannibal%20Ware%20Statement%20for%20the%20Record%2001-12-2022%20508.pdf>.

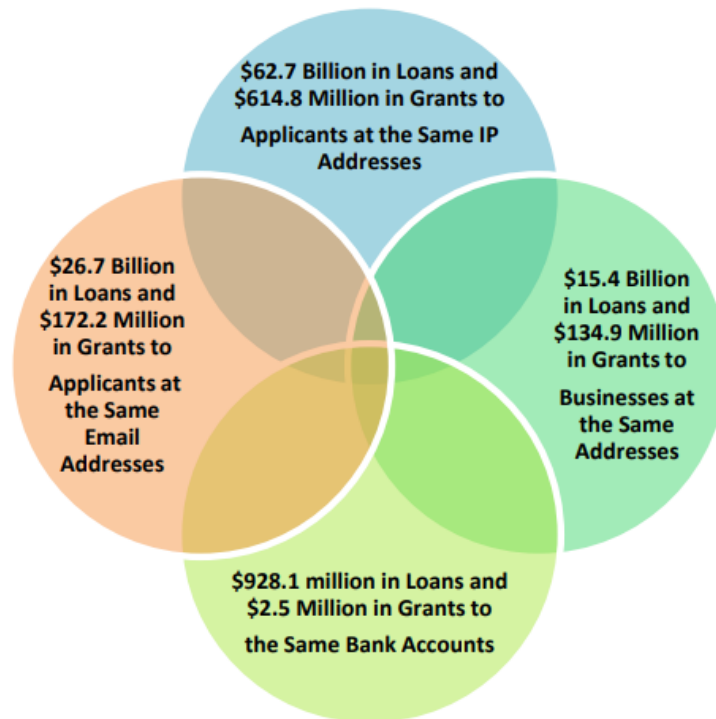


Figure 7. OIG’s Visual Representation of EIDL Duplications.⁷⁸

Congressional testimony further highlighted the non-existent oversight controls for administering the program and accepting the assistance of oversight entities. The SBA had not been tracking identity theft, nor could it cut off funds. During a congressional oversight hearing on March 17, 2022, Gene Dodaro, comptroller general of the United States and head of the Government Accountability Office (GAO), testified,

SBA also resisted overtures that I made early on in the pandemic to help them. . . . SBA didn’t heed any of our recommendations. We even had difficulty getting information out of SBA on who was getting the loans initially. I had to go to the Congress and try to get support from the Congress to get basic information out of them. I’ve talked to every administrator that’s been there. It’s better now than it had been, but in the beginning, they needed to accept some help. And they needed help, but they rebuffed it. So, I think the lesson to me out of this thing is that it’s better if Congress in legislating future emergency spending, make it very clear about how the agency has to accept recommendations from the oversight community and

⁷⁸ Source: Small Business Administration, Office of Inspector General, *Initial Disaster Assistance Response*, 20.

get some help because we all have, collectively, lots of experience. We could have helped them avoid a lot of these pitfalls, and they need to aggressively implement and deal with these fundamental management weaknesses ahead of time.⁷⁹

This GAO’s critical characterization highlights the perception that the SBA could not administer the program effectively nor work with oversight entities.

The SBA’s inability to stop payments compounded the policy gaps in the program to prevent identity theft. Since the SBA did not have a policy to stop known identity theft before COVID-19, it lacked data to compare historical fraud with that from the new program. According to the SBA OIG, 845,000 COVID-19 EIDL applications were referred to it for suspected identity theft while the administration actively disbursed \$6.2 billion in loan funds and \$468 million in advance grants to these same applicants.⁸⁰ The *Washington Post* amplified this concern, highlighting that many policies had not been in place to deal with the amount of possible fraud.⁸¹ Testimony from the SBA OIG summarizes the administration’s experience with COVID-19-specific data:

Managing COVID-19 stimulus lending is the greatest overall challenge facing SBA, and it may likely continue to be for many years as the agency grapples with fraud in the programs, particularly in the COVID Economic Injury Disaster Loan (EIDL) Program, and the process of Paycheck Protection Program (PPP) loan forgiveness. . . . OIG’s EIDL and PPP oversight and investigative work resulted in 366 indictments, 294 arrests, and 142 convictions related to PPP or EIDL by December 2021, with associated amounts totaling more than \$460 million. Additionally, OIG collaboration with SBA and the U.S. Secret Service has resulted in the seizure of more than \$1 billion stolen by fraudsters in the EIDL program. We also played a key role in assisting financial institutions in the return of another \$3.1 billion to the SBA’s EIDL program.⁸²

⁷⁹ “Full Committee Hearing: Pandemic Response and Accountability: Reducing Fraud and Expanding Access to Covid-19 Relief through Effective Oversight,” March 17, 2022, Senate Committee on Homeland Security and Government Affairs, video, 2:18:59, <https://www.hsgac.senate.gov/hearings/pandemic-response-and-accountability-reducing-fraud-and-expanding-access-to-covid-19-relief-through-effective-oversight/>.

⁸⁰ Small Business Administration, Office of Inspector General, *SBA’s Handling of Identity Theft*.

⁸¹ Tony Romm, “Fraud in Coronavirus Relief a Big Problem for Oversight,” *Washington Post*, February 22, 2022, ProQuest.

⁸² Ware, “Statement for the Record before the Committee on Small Business,” 1–2.

This insight and recent data from the OIG highlighted the prevalence of fraud in the EIDL program and the extent of collaboration with other agencies and financial institutions tracking the funds. The SBA’s experience with the COVID-19 EIDL program, compared to that of EIDL’s entire history, exposed several policy inefficiencies.

2. Resources Dedicated to EIDL Fraud

The SBA claims the COVID-19 EIDL program allocated upwards of \$351 billion in disaster assistance to 3.9 million borrowers.⁸³ Such extensive aid required more resources to administer the program and protect against fraud than before COVID-19. Sparsely reported data and examples of historic EIDL fraud are inconsistent, but policymakers found ample evidence of disaster assistance fraud related to COVID-19. Watchdog panels presented five dozen SBA cases attributable to fraud, often with staggering examples of criminals using the funds to make extreme purchases. One example of egregious spending involved a person who had falsely claimed a business and multiple employees who did not exist. He used the EIDL funds to purchase numerous items, including a collectible Pokémon card—from a popular children’s game—for over \$57,000 (see Figure 8).⁸⁴

⁸³ Small Business Administration, “SBA Administrator Guzman Announces Key Policy Change.”

⁸⁴ “Georgia Man Who Used COVID Relief Funds to Buy Pokemon Card Sentenced to Prison,” U.S. Attorney’s Office, Southern District of Georgia, March 7, 2022, <https://www.justice.gov/usao-sdga/pr/georgia-man-who-used-covid-relief-funds-buy-pokemon-card-sentenced-prison>.



Figure 8. Evidence Seized by Department of Justice from EIDL Fraud Investigation.⁸⁵

The SBA and OIG had insufficient internal financial resources and personnel to manage fraud efforts. In his testimony before the Small Business Committee, Inspector General Mike Ware acknowledged the causes of fraud but focused on the need for resources. Specifically, Ware argued that while the OIG had identified savings and recovered more than \$4.2 billion for pandemic assistance efforts, Congress provided only an additional \$50 million to the OIG budget for fraud-related efforts. Ware also offered insight into the data challenges for the administration in tracking information from applicants and the lack of historic investment in information technology that may have otherwise helped or alleviated resources.⁸⁶ According to the OIG, a lack of resources and personnel at the administrative and oversight levels only exacerbated the SBA's policy gaps.

⁸⁵ Source: Neil Vigdor, "He Spent \$57,000 in Covid Relief on a Pokémon Card. Now the U.S. Owns It," *New York Times*, March 8, 2022, <https://www.nytimes.com/2022/03/08/us/covid-fraud-pokemon-card-charizard.html>.

⁸⁶ Ware, "Statement for the Record before the Committee on Small Business."

In a May 2021 OIG report, Ware emphasized the SBA’s inability to process COVID-19 applications with existing resources. The OIG had found that the SBA used a subcontractor to administer many of the functions for processing COVID-19 EIDL applications.⁸⁷ The GAO also criticized the administration’s communications with applicants, regarding documentation requirements and compliance. It went a step further in testifying that the SBA had ignored the requirements for collecting and safeguarding data. Senator Jacky Rosen, a member of the Senate Homeland Security and Governmental Affairs Committee (HSGAC), seized on these comments as evidence that the SBA needed better data collection and technology modernization.⁸⁸ In the wake of historic assistance to applicants during the pandemic, the combination of lacking policy, resources, data, and structure to process fraudulent applications provided policymakers with insight into policy gaps not recognized previously.

3. Political Opportunities for EIDL Fraud Policies

The political dynamic spurring policy change derived from criticism of the SBA’s ability to oversee EIDL for COVID-19 across two presidential administrations. From 2020 through the first half of 2022, some in Congress highlighted the SBA’s inefficiencies and called for the Biden administration to reform the administration. Notably, Representative Blaine Luetkemeyer, ranking member of the Small Business Committee, sent a letter to the SBA administrator and posted it on his website, stating, “The SBA has shown an inability to effectively operate a direct lending program over its lifetime and has failed to impose effective guardrails for these programs, including its Disaster Loan Program and Economic Injury Disaster Loans (EIDL), which were activated to assist small businesses as COVID-19 swept across America.”⁸⁹ As expressed in an October 2021 op-ed,

⁸⁷ Hannibal “Mike” Ware, “Statement for the Record before the Select Subcommittee on the Coronavirus Crisis, U.S. House of Representatives” (Washington, DC: Small Business Administration, 2022), <https://www.sba.gov/sites/default/files/2022-06/Statement%20for%20the%20Record%20Final%206-14-2022%20Final%20508.pdf>.

⁸⁸ Senate Committee on Homeland Security and Government Affairs, “Pandemic Response and Accountability.”

⁸⁹ Blaine Luetkemeyer and French Hill to Isabella Casillas Guzman, November 17, 2021, Official website of Senator Blaine Luetkemeyer, 1, https://luetkemeyer.house.gov/uploadedfiles/11.17.21_luetkemeyer-hill_letter_to_sba_direct_lending.pdf.

Luetkemeyer criticized both the COVID-19 and historical administration of EIDL and suggested a nearly 30 percent fraud rate in the program.⁹⁰

Republican members of Congress promoted congressional oversight often during the EIDL COVID-19 program. For instance, Republicans on the House Committee on Oversight and Reform raised concern over the SBA.⁹¹ The Senate also received testimony expressing the same concerns. During a hearing on pandemic spending oversight before HSGAC on March 17, 2022, ranking member Rob Portman summarized the concerns:

Money that was supposed to be used to employ American workers instead funded organized crime, purchased luxury cars and mansions for criminals. . . . Specifically, we need to understand how the fraud occurred; what we can do to get the money back (some of it has been recovered) . . . and most importantly, how can we prevent this from happening in the future. If we're going to spend billions more, let's figure out how to try to avoid this fraud being perpetrated on American taxpayers.⁹²

These statements criticized the Biden administration's inability to prevent fraud even when the SBA changed its policy. Nevertheless, after the fraud-control policies changed, Congress went a step further to ensure the prosecution of fraudsters not initially detected: the COVID-19 EIDL Fraud Statute of Limitation Act of 2022 extended a 10-year statute of limitations for criminal charges and civil enforcement against borrowers who engaged in fraud to receive COVID-19 EIDL funds. Notably, Representative Luetkemeyer introduced and sponsored the legislation.

C. THE UNITED KINGDOM

This section explores an international example of policy change: the United Kingdom's revised disaster assistance fraud policy. This policy planning document was designed for government agencies in emergency management but has been made available

⁹⁰ Blaine Luetkemeyer, "Op-Ed: It's Time for the Government to Get Out of the Direct Lending Business," CNBC, October 1, 2021, <https://www.cnbc.com/2021/10/01/government-must-stop-direct-lending-gop-rep-luetkemeyer-says.html>.

⁹¹ Blaine Luetkemeyer, "Biden's SBA Continues to Fail Small Businesses with Fraud, Delays, and Mismanagement," House Committee on Small Business, July 12, 2022, <https://republicans-smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=404227>.

⁹² Senate Committee on Homeland Security and Government Affairs, "Pandemic Response and Accountability," 29:09.

to the public. This section reviews the process by which the policy builds on previous experience in the United Kingdom related to fraud; the implementation, dedication of resources, and presentation of the fraud planning document to the public; and the political arena's reception of it relative to the COVID-19 pandemic.

The United Kingdom describes its overall approach to fraud, specifically disaster assistance fraud, in public policy doctrine titled *Fraud in Emergency Management and Recovery: Principles for Effective Fraud Control*, which was published in March 2020.⁹³ As described by its authors, this public document promotes new government thinking and approaches for disaster assistance fraud prevention, detection, and deterrence.⁹⁴ This document is the result of collaboration among the Cabinet Office's Counter Fraud Centre of Expertise (CoEx), the Commonwealth Fraud Prevention Centre, and the International Public Sector Fraud Forum—the collective contributors and authors of the document. *Principles for Effective Fraud Control* is the latest iteration of the UK disaster fraud policy and public-facing doctrine for emergency management, intended to change and build on the government's approach to disaster assistance fraud and associated planning.⁹⁵ This document outlines five policy principles to control fraud:

- Accept that there is an inherently high risk of fraud, and it is very likely to happen.
- Integrate fraud control resources (personnel) into the policy and process design to build awareness of fraud risks.
- The business and fraud control should work together to implement low friction counter measures to prevent fraud risk where possible.
- Carry out targeted post-event assurance to look for fraud, ensuring access to fraud investigation resources.

⁹³ International Public Sector Fraud Forum, *Fraud in Emergency Management and Recovery: Principles for Effective Fraud Control* (London: International Public Sector Fraud Forum, 2020), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864310/Fraud_in_Emergency_Management_and_Recovery_10Feb.pdf.

⁹⁴ Mark Cheeseman, "Fighting Fraud at Home and Abroad," *Civil Service Quarterly* (blog), February 13, 2020, <https://quarterly.blog.gov.uk/2020/02/13/fighting-fraud-at-home-and-abroad/>.

⁹⁵ Cabinet Office, *Cross-Government Fraud Landscape: Annual Report 2019* (London: Cabinet Office, 2020), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864268/Cross-Government_Fraud_Landscape_Annual_Report_2019_WA__1_.pdf.

- Be mindful of the shift from emergency payments into longer term services and revisit the control framework—especially where large sums are invested.⁹⁶

Mark Cheeseman, deputy director of CoEx, argues that the government and the public need a revised approach for thinking about and engaging with fraud policy. Aligned with the principles of the policy, he suggests “finding fraud is a good thing” and provides a simplified visualization of the policy principles (see Figure 9).⁹⁷ In a blog post preceding the publication of *Principles for Effective Fraud Control*, Cheeseman clarifies his argument for this policy by identifying the need for low-friction, multilayered disaster assistance policies that meet the public’s expectation of timely and accessible government assistance in times of need. CoEx’s policy publication argues that the public and governmental agencies charged with fraud in emergency and disaster relief must consider how to plan for fraud in disaster policy.

⁹⁶ International Public Sector Fraud Forum, *Fraud in Emergency Management and Recovery*, 5.

⁹⁷ Cheeseman, “Fighting Fraud at Home and Abroad.”



Figure 9. Principles of Effective Fraud Control.⁹⁸

1. The United Kingdom's Disaster Fraud Experience

A brief review of the United Kingdom's historical experience with fraud offers additional insight into and context for the government's revised policy toward disaster fraud. *Principles for Effective Fraud Control* is a subset of fraud policy doctrine related to a government-wide effort across several decades. After a series of significant financial fraud incidents in the United Kingdom in the 1970s, the government formed the Fraud Trials Committee in 1983 to restore public trust in the government's ability to prevent and manage fraud.⁹⁹ This effort was part of a major review of the government's fraud policy, and years later, Parliament passed the Criminal Justice Act of 1987 based on the committee's findings. The Serious Fraud Office, created and stood up the following year,

⁹⁸ Source: International Public Sector Fraud Forum, *Fraud in Emergency Management and Recovery*, 5.

⁹⁹ Law Commission, *Fraud: Report on a Reference under Section 3(1)(e) of the Law Commissions Act 1965*, LAW COM, No 276 (London: Law Commission, 2002), https://www.lawcom.gov.uk/app/uploads/2015/03/lc276_Fraud.pdf; "SFO Historical Background and Powers," Serious Fraud Office, accessed July 16, 2022, <https://www.sfo.gov.uk/publications/corporate-information/sfo-historical-background-powers/>.

was tasked with government-wide anti-fraud policy creation and granted the legal authority to investigate and prosecute such crimes.

In the first two decades of the 21st century, Lord Peter Goldsmith, the UK attorney general, led additional efforts to shape the government's position on fraud during his tenure. In 2006, Goldsmith released the *Fraud Review*, which detailed several revelations about the government's ineffectiveness at creating and enforcing fraud policy vis-à-vis the public's expectations. The 2006 Fraud Advisory Panel concluded the government had failed to protect citizens from fraud—the most commonly experienced crime in the United Kingdom. As summarized in its report, the reasons for such failure ranged from a poor understanding of the harm of fraud, to a lack of national authority and policy, to limited resources, to a weak judiciary, with penalties so insignificant they could not deter would-be fraudsters.¹⁰⁰

Lord Goldsmith made claims about the government's inability to deal with fraud as justification for policy change. He argued there were too many gaps in fraud authorities, and trials were too long. Goldsmith also highlighted that because fraud investigations were not a performance indicator for policing authorities, they were not a priority, adding that fraud cases were expensive for law enforcement to process alone.¹⁰¹ When asked about the intent of the *Fraud Review* a decade after its publication, he stated it was “no knee-jerk reaction” but an evidence-based document intended to highlight the need for reform.¹⁰² Shortly after the *Fraud Review* was published, the United Kingdom passed the 2006 Fraud Act, establishing various mechanisms and authorities for fraud prevention, notably the National Fraud Strategic Authority and National Fraud Intelligence Bureau. Parliament's passage of the Bribery Act in 2010 provided additional and revised fraud authorities. These policymaker actions, which preceded the *Principles for Effective Fraud Control*, served as

¹⁰⁰ Fraud Act 2006, c. 35 (Gr. Brit.), <https://www.legislation.gov.uk/ukpga/2006/35/notes>.

¹⁰¹ Fraud Advisory Panel, *The Fraud Review Ten Years On* (London: Fraud Advisory Panel, 2016), <https://www.fraudadvisorypanel.org/wp-content/uploads/2016/06/The-Fraud-Review-Ten-Years-On-WEB.pdf>.

¹⁰² Fraud Advisory Panel, 2–3.

reference points in the iterative approach toward improving national fraud policy in the United Kingdom (see Figure 10).

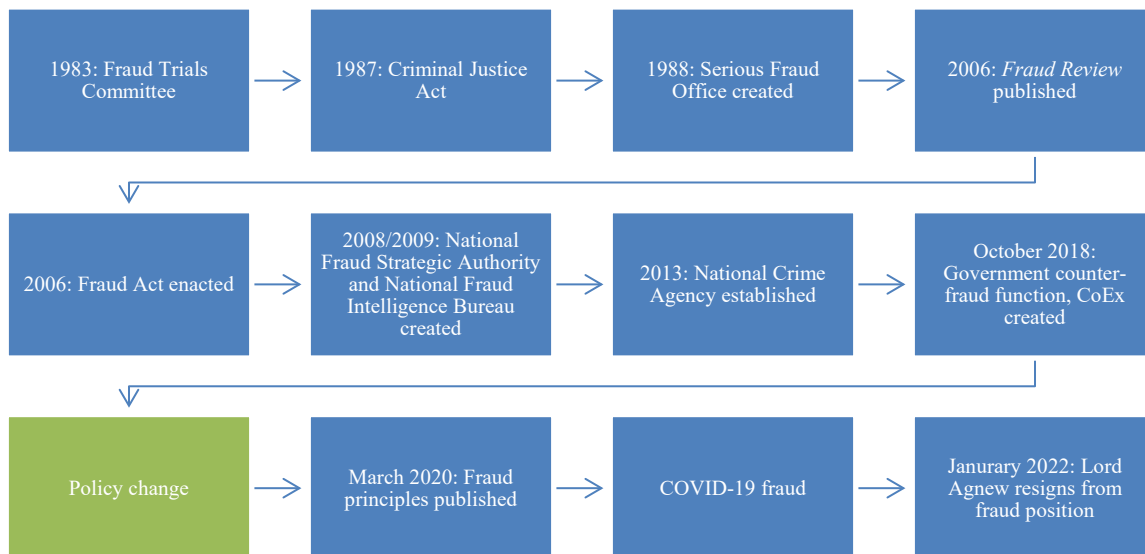


Figure 10. UK Fraud Policy Timeline

2. Resources Dedicated to Disaster Fraud Policy

The authors of *Principles for Effective Fraud Control* maintain that successful implementation to combat disaster assistance fraud requires specific resources and planning considerations, with expectations that fraud will arise in the delivery of federal assistance programs. Highlighting the growth of CoEx from four to 40 counter-fraud specialists from 2012 to 2018, Deputy Director Cheeseman sees evidence of the dedicated resources outlined in the policy doctrine and the government's willingness to further the office and national fraud policy. While increased staffing may not be the sole reason for successful anti-fraud efforts, Cheeseman convinced policymakers to dedicate more resources, specifically personnel, to fraud prevention.

Cheeseman also advocates improving data collection methods, another primary consideration for disaster assistance fraud commonly referenced in disaster criminology

studies.¹⁰³ Nonetheless, CoEx compares fraud estimates to an iceberg, highlighting this policy gap through illustration (see Figure 11). This graphic conveys the elusiveness of fraud, as only a portion of known fraud and associated data is readily detected and reported. The Fraud Advisory Panel also cited the need for centralized data by the government related to COVID-19 fraud in a letter addressed to senior Treasury leadership.¹⁰⁴ Such Fraud Advisory Panel concerns echo those expressed in disaster fraud studies, recognizing legitimate gaps in data and information that once addressed may improve the basic understanding of disaster assistance fraud.¹⁰⁵

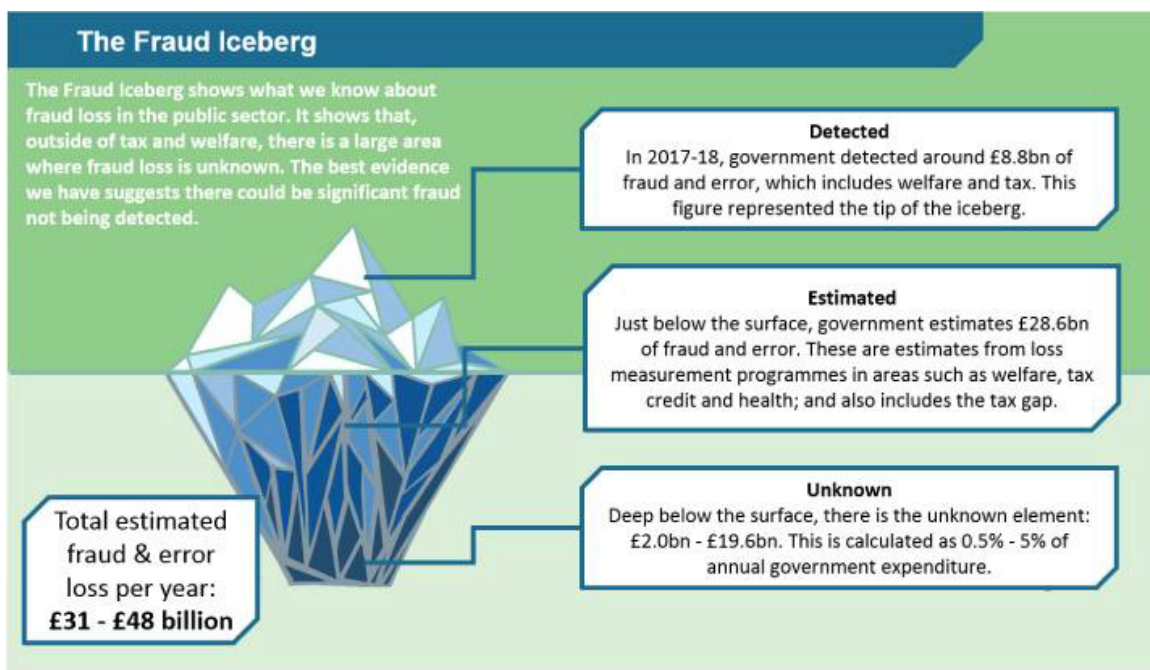


Figure 11. CoEx's Fraud Iceberg.¹⁰⁶

¹⁰³ Augusto, "Houston Crime During Hurricane Harvey."

¹⁰⁴ David M. Clarke to Rishi Sunak, "COVID-19 Fraud: Ongoing Concern about a Weakness in the Banking System and the Need for a Centralised Data Repository," February 22, 2021, Fraud Advisory Panel Archives, <https://www.fraudadvisorypanel.org/wp-content/uploads/2021/03/Letter-to-the-Chancellor-of-Exchequer-COVID19-Fraud-WEB-22Feb21.pdf>.

¹⁰⁵ Aguirre and Lane, "Fraud in Disaster," 1–9.

¹⁰⁶ Source: Cheeseman, "Fighting Fraud at Home and Abroad."

Additional government publications laud the ability to capture fraud data accurately. The Police Foundation in a 2018 report, *More than Just a Number: Improving the Police Response to Victims of Fraud*, admits that despite the ubiquity of fraud, police do not regularly prioritize this crime for enforcement. The same report concludes that while fraud awareness training for public servants is needed, the approach to collecting data is decentralized.¹⁰⁷ CoEx and other fraud experts point to the threat that computers and information technology pose to assistance programs, yet government authorities might leverage artificial intelligence broadly against potential criminality. While artificial intelligence is currently limited in assisting with government detection and deterring fraudulent applications, UK experts concur on the potential of such technology.¹⁰⁸

3. Political Opportunities during COVID-19 Fraud

For a positive reception in the political arena, the authors of *Principles for Effective Fraud Control* balance the public's expectation of efficient assistance with the government's need to protect against fraud. Deputy Directory Cheeseman recognizes that the media often reports on fraud as a significant issue—another common theme from disaster assistance criminology.¹⁰⁹ In turn, media attention increases the public's interaction with the subject, given its established familiarity from current events. Nonetheless, Cheeseman has accepted the Home Office ministers' challenge to improve government-wide efforts to counter fraud domestically and abroad.¹¹⁰ Notably, contributors to *Principles for Effective Fraud Control* include the International Public Sector Fraud Forum, comprising representatives from the United Kingdom, Canada, New Zealand, Australia, and the United States—commonly referred to as the “five eyes.”¹¹¹

¹⁰⁷ Michael Skidmore et al., *More than Just a Number: Improving the Police Response to Victims of Fraud* (London: Police Foundation, 2018), 4, 10, https://www.police-foundation.org.uk/2017/wp-content/uploads/2010/10/more_than_just_a_number_exec_summary.pdf.

¹⁰⁸ Seth Guikema, “Artificial Intelligence for Natural Hazards Risk Analysis: Potential, Challenges, and Research Needs,” *Risk Analysis* 40, no. 6 (2020): 1117–23, <https://doi.org/10.1111/risa.13476>.

¹⁰⁹ Gavin, “Below the Radar,” 707–24.

¹¹⁰ Cheeseman, “Fighting Fraud at Home and Abroad.”

¹¹¹ Cabinet Office, *Cross-Government Fraud Landscape*.

While some U.S. government officials participate in the United Kingdom’s anti-fraud efforts, few among public-facing emergency management agencies in the United States recognize this relationship.¹¹² Irrespective of participation abroad, CoEx promotes its involvement in American politics on its website, with members shown at the White House (see Figure 12). This public display of connection with the highest levels of American government may prompt speculation about equivalent levels of participation in counter-fraud strategy within U.S. emergency management.



Figure 12. CoEx at the White House.¹¹³

However, in the United Kingdom, the domestic political acceptance of the *Principles* was different from that portrayed by its authors. Recent media reports suggest, based on information provided by the National Crime Agency, that up to £16 billion in COVID-19 assistance provided by the UK government may have been exposed to

¹¹² “New International Guide to Pressure Testing,” Commonwealth Fraud Prevention Centre, March 3, 2022, <https://www.counterfraud.gov.au/news/general-news/new-international-guide-pressure-testing>.

¹¹³ Source: Cheeseman, “Fighting Fraud at Home and Abroad.”

fraudulent actors.¹¹⁴ This framing may have been interpreted by some policymakers, especially in minority parties, to mean that the UK government failed to plan for and provide safeguards against fraud for vast COVID-19 assistance made available in mid-2020.

As media reports prompted public discourse on possible fraud from COVID-19 assistance, Parliament established a committee to evaluate fraud oversight efforts. This committee was tasked with overseeing policy creation and considering evidence of fund mismanagement or proper fraud controls. In its oversight efforts, the committee found, through written evidence from the Fraud Advisory Panel, that “despite the availability of such guidance [fraud principles], it seems that the basic principles of effective proactive fraud control were not applied to some of the early government support schemes . . . which has put significant taxpayer money at risk.”¹¹⁵ By its own admission, the Fraud Advisory Panel recognized that UK agencies outright ignored the principles and work of the Fraud Advisory Panel and others intended to address the problem of fraud in disaster assistance programs. These vulnerabilities are consistent with the 2018 Police Foundation report, several years before the pandemic, that warned policymakers had not prioritized anti-fraud efforts nationally with significant effect.

This disconnect between the government’s understanding and its application of new fraud policy principles presented consequences and opportunities from the government’s apparent failure. Lord Theodore Agnew, Treasury and Cabinet Office minister, resigned. In his resignation speech, he cited apparent government ineptitude and mishandling of COVID-19 assistance fraud in early 2022.¹¹⁶ Labour member of Parliament Rachel Reeves, of the opposing party, seized the opportunity to cast the “damning indictment of

¹¹⁴ Jasper Jolly, “UK Lost up to £16bn Due to Fraud and Error in Covid Loans Schemes,” *Guardian*, February 22, 2022, <https://www.theguardian.com/world/2022/feb/23/uk-lost-up-to-16bn-due-to-and-error-in-covid-loans-schemes>.

¹¹⁵ “Fraud Advisory Panel Representation: Public Accounts Committee Enquiry on Fraud and Error,” Fraud Advisory Panel, accessed June 6, 2022, para. 11, <https://committees.parliament.uk/writtenevidence/26077/html/>.

¹¹⁶ “Lord Agnew—2022 Resignation Statement in the House of Lords over Coronavirus Fraud,” UK Political Speech Archive, January 25, 2022, <https://www.ukpol.co.uk/lord-agnew-2022-resignation-statement-in-the-house-of-lords-over-coronavirus-fraud/>.

the chancellor and the government's failures on fraud.”¹¹⁷ Her initial remarks following Agnew's resignation describe the money lost to fraud as “taxpayer cash gifted to criminals,” directly critiquing the government's handling of unprecedented spending in the face of predictable opportunities for fraud.¹¹⁸ The resignation of a top government official in charge of COVID-19 assistance oversight, followed by criticism from members of Parliament opposite the party in power, created a public display of blame on the government. The political dynamics surrounding the United Kingdom's fraud policy before and after oversight of the unprecedented assistance show attempts to tout the policy abroad and admit failure and to accept blame in failing to apply those principles domestically.

The United Kingdom's experience, resources, and political opportunity contributed to policy learning in developing fraud policy. Based on many reforms and efforts, the societal history and familiarity with fraud provided an understanding of disaster assistance fraud. The resources, based on personnel and organizations with fraud functions in a centralized structure, also allowed policymakers to learn and argue for more resources. Nevertheless, on the heels of COVID-19, a political opportunity presented policymakers with the chance to indict the government's perceived policy failures. Political opportunity for the document's authors manifested in touting their work with international partners, particularly in the United States. This international case presents notable contrasts to the dynamics of the two American cases in this chapter.

¹¹⁷ Jessica Elgot, Peter Walker, and Rupert Neate, “Minister Quits in Lords over Government Handling of Covid Loans Fraud,” *Guardian*, January 24, 2022, <https://www.theguardian.com/politics/2022/jan/24/minister-resigns-in-protest-at-handling-of-fraudulent-covid-loans>.

¹¹⁸ Elgot, Walker, and Neate.

III. DISASTER FRAUD CASES WITH NO POLICY CHANGE

This chapter summarizes two examples of fraud policy learning efforts with no significant policy change. The first is the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) program, which provides long-term housing for disaster survivors. The second is FEMA's fraud management and awareness, which impact the agency's ability to investigate and prevent fraud. Each case examines recent experience, dedicated resources, and political opportunities related to fraud.

Unlike the policy change cases in Chapter II, the cases with no change compare differences in policy learning efforts for fraud through different examples and contexts. In the first example, fraud policy is an element of HUD's long-term disaster recovery program that has yet to be authorized in perpetuity, despite calls for such permanency. For FEMA's fraud management and awareness, oversight recommendations from the GAO and OIG have yet to prompt policymakers to embrace significant changes in fraud policy. These cases illustrate different environments in which policy learning flounders and policy remains unchanged.

A. THE COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY PROGRAM

This section examines the lack of fraud policy change for a significant disaster recovery program administered by HUD. It reviews the program's current authorities, the recent history of the program in relation to fraud and resources, and political discourse in favor and opposition to policy change. This case shows that inconsistent experience and resources impact policy learning about the need for fraud policy change, even with political opportunities and calls for such reform.

The CDBG-DR program is a long-term disaster assistance program without permanent statutory authorization or consistent fraud policy. The CDBG-DR program is a significant disaster assistance program intended to help transition disaster survivors from temporary disaster assistance to permanent community recovery. Although managed by

HUD, the CDBG-DR program has no permanent standing authority or administration, unlike many HUD programs, including the regular and non-disaster CDBG program. Instead, Congress authorizes and activates the CDBG program on an ad hoc basis. In recent years, prompted by disaster-affected communities' calling for additional disaster assistance, Congress has activated this program as it deems necessary. Congress has occasionally authorized the program for several disasters together, such as following Hurricanes Harvey, Irma, and Maria in 2017.¹¹⁹ In addition to need-based activation, policymakers in Congress have provided permanent statutory authorities for this disaster assistance program. The status quo, however, has been to abstain from permanently authorizing the program or improving fraud controls. Significant changes to the fraud policy cannot occur until the law changes to make the CDBG-DR program permanent.

1. HUD's Recent Experience with CDBG-DR

The lack of permanent authority to administer the CDBG-DR program is not a new phenomenon. At times, Congress has provided supplemental assistance to the CDBG program—related to disasters and in different iterations since the 1990s—tied explicitly to presidentially declared major disasters. The Congressional Research Service speculates that the combined impermanence of the CDBG and customized iterations across activations complicate the program for policymakers and administrators.¹²⁰ Various factors may worsen these difficulties, including the variability of supplemental funding, obligation amounts, and specific authorities such as non-federal cost-share thresholds and environmental review requirements. Each new iteration of the CDBG-DR program requires resources that typically exceed the assistance provided under the non-disaster version of the program.¹²¹ Phrased another way, the assistance available under CDBG-DR

¹¹⁹ “Highlights of the Third Emergency Supplemental,” Democratic Staff of the Senate Appropriations Committee, February 7, 2018, <https://www.appropriations.senate.gov/imo/media/doc/02.07.18--Third%20Disaster%20Supp--Highlights-Summary.pdf>.

¹²⁰ Joseph V. Jaroscak, *The Community Development Block Grant's Disaster Recovery (CDBG-DR) Component: Background and Issues*, CRS Report No. R46475 (Washington, DC: Congressional Research Service, 2020), <https://crsreports.congress.gov/product/pdf/R/R46475>.

¹²¹ Jaroscak, 6.

varies significantly and often requires HUD to consider a wide range of variables not regularly encountered (see Figure 13).

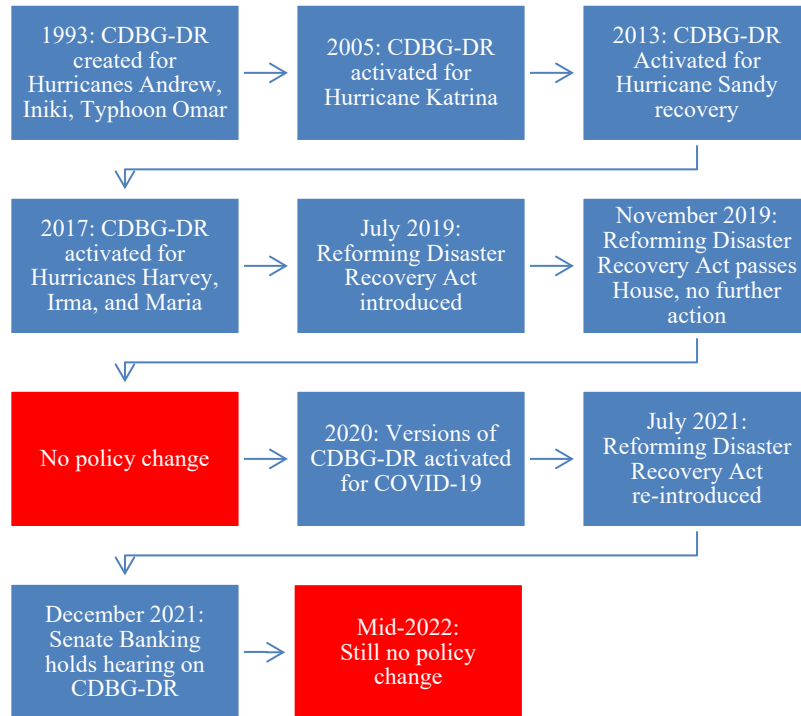


Figure 13. Major Iterations of CDBG-DR and Recent Policy Reform Efforts

Oversight entities and nonprofit organizations with housing interests suggest fraud opportunities are abundant considering the lack of permanent statutory authority, coupled with the life cycle and delay in distribution of the funds. The GAO has recommended that HUD assess risks with the program.¹²² While FEMA’s Disaster Relief Fund provides comparably quicker access to federal aid upon approval of a major disaster declaration by the president, HUD’s funding usually follows legislative proposals and debate from Congress and then presidential approval at irregular intervals. The time delay from discussion to authorization, to obligation, to disbursement of funds is an area of concern

¹²² Rebecca Shea, *Disaster Recovery: HUD Should Take Additional Action to Assess Community Development Block Grant Fraud Risks*, GAO-21-177 (Washington, DC: Government Accountability Office, 2021), 1, <https://www.gao.gov/assets/gao-21-177.pdf>.

for recipients and NGOs, such as the National Low Income Housing Coalition.¹²³ The lag between authorization and funding disbursement to the communities in need is a concern for the Urban Institute.¹²⁴ Its depiction shows how the timeline for receiving disaster assistance varies, with final funds reaching the intended recipients years after the initial disaster (see Figure 14).

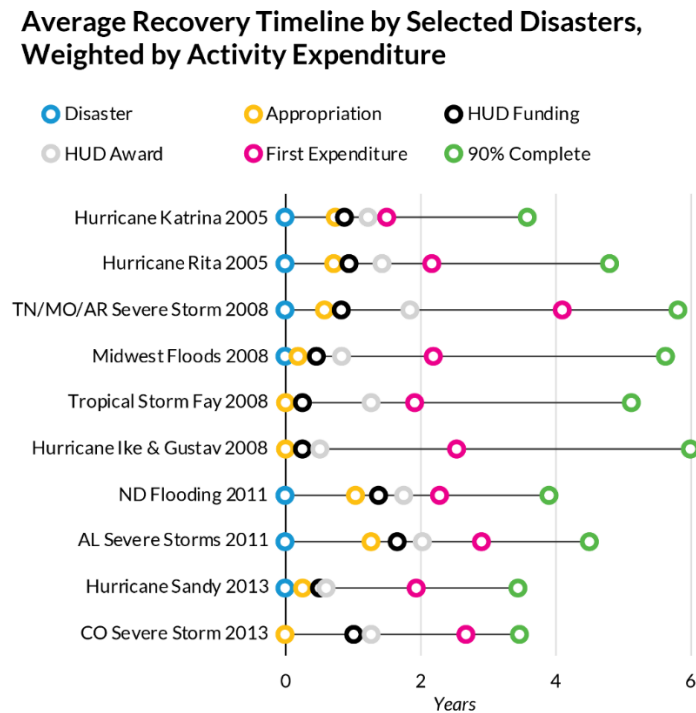


Figure 14. Urban Institute’s CDBG-DR Timelines.¹²⁵

The need for permanent statutory authorization is another factor policymakers claim would help lessen fraud. In July 2019, Representative Al Green and Senator Brian Schatz introduced the Reforming Disaster Recovery Reform Act of 2019, which would

¹²³ “Memo to Members: Disaster Recovery Timelines Are Shortening, but Challenges Remain for the CDBG-DR Program,” National Low Income Housing Coalition, February 1, 2021, <https://nlihc.org/resource/disaster-recovery-timelines-are-shortening-challenges-remain-cdbg-dr-program>.

¹²⁴ Daniel Teles and Carlos Martin, “Why Does Disaster Recovery Take So Long? Five Facts about Federal Housing Aid after Disasters,” Urban Institute, January 25, 2021, <https://www.urban.org/urban-wire/why-does-disaster-recovery-take-so-long-five-facts-about-federal-housing-aid-after-disasters>.

¹²⁵ Source: Teles and Martin.

provide permanent authorization for the CDBG-DR program.¹²⁶ David Woll, HUD’s principal deputy assistant secretary for community planning and development, confirmed in his October 2019 testimony before the House Committee on Appropriations that permanent authorization would help lessen the potential for fraud and would be a better alternative “to building from scratch.”¹²⁷ Shortly after Woll’s testimony, the House passed the legislation, but the Senate took no further action, and the 116th Congress expired. The legislation was re-introduced in the 117th Congress—though the bill has yet to pass.

The unique characteristics of lawmakers’ policy jurisdiction for the CDBG-DR program may also contribute to policy stagnation. The policymakers with general oversight of the program are familiar with more extensive policy work related to other federal permanent housing programs. The policymakers granted authority over disaster housing are also substantially different from other jurisdictions. The housing committees in the Senate and House have primary jurisdiction over the CDBG-DR and comprise an entirely different set of committees and jurisdictions from other disaster assistance programs. However, there is some overlap of oversight committees with primary jurisdiction over FEMA and DHS. The various jurisdictions and actors may view the policy work related to improving the Disaster Recovery program through the lens of housing solutions for low-income and improvised areas.¹²⁸ During a December 2021 hearing on the Disaster Recovery Reform Act, the top Republican on the committee suggested the authorities for the program already resided under FEMA’s purview.¹²⁹ These opposing views show inconsistency among policymakers.

¹²⁶ Reforming Disaster Recovery Act of 2019, H.R. 3702, 116th Cong. (2019), <https://www.congress.gov/bill/116th-congress/house-bill/3702>.

¹²⁷ *The Department of Housing and Urban Development’s Community Development Block Grant-Disaster Recovery Program: Hearing before the Committee on Appropriations, House of Representatives*, 116th Cong. (2019) (statement of David Woll, deputy assistant secretary for community planning and development, Department of Housing and Urban Development).

¹²⁸ “Congressional Relations,” Department of Housing and Urban Development, accessed October 12, 2022, https://www.hud.gov/program_offices/gov_relations/circongr.

¹²⁹ Pat Toomey, “Opening Statement: Disaster Recovery Assistance—Authorization of the Community Development Block Grant–Disaster Recovery Program,” U.S. Senate, December 15, 2021, <https://www.banking.senate.gov/imo/media/doc/Toomey%20Statement%202012-15-21.pdf>.

2. Resources for CDBG-DR Fraud Prevention

Since activations and iterations of the CDBG-DR program start only through new direction and resources from Congress, the program must begin anew with fresh personnel, policies, and limited data. In May 2021, the GAO recognized the need for more data to combat fraud within the program and a lack of access to such data.¹³⁰ The GAO also noted HUD’s noncompliance with the Payment Integrity Information Act in identifying fraud vulnerabilities, with HUD reporting zero deficiencies, zero dollars toward improper payments, and no corrective actions.¹³¹ The GAO also commented on the need to provide fraud prevention training for grantees, sub-recipients, and contractors. During an examination of the report during a congressional oversight hearing, HUD’s inspector general affirmed many of the findings but revealed the department’s combined training efforts with the National Center for Disaster Fraud, the Department of Justice, and the HUD Disaster Recovery Special Issues Division, noting that over 1,900 individuals attended nine training events from 2019 through 2021.¹³² While this data point demonstrates progress for HUD’s fraud posture, the overall testimony affirms the gaps in and need to improve fraud policy in HUD’s CDBG-DR program. Going further, HUD also invested in artificial intelligence to detect and deter fraud, yet significant progress in fraud prevention is lacking.¹³³ The resource challenges due to the program’s impermanence continue to affect HUD’s ability to manage long-term disaster recovery efforts.

3. Political Opportunities for CDBG-DR Policy Change

At the onset of each activation of the CDBG-DR program, different community needs and dynamics lend political opportunities. Some federal policymakers continue to

¹³⁰ Shea, *Disaster Recovery*, 11.

¹³¹ Shea, 12.

¹³² *Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples: An Examination of GAO’s Findings on the CDBG-DR Program: Virtual Hearing before the Subcommittee on Oversight and Investigations of the Committee on Financial Services, House of Representatives*, 117th Cong., 2nd sess. (2022), 13, <https://www.congress.gov/117/chr/CHRG-117hhrg47103/CHRG-117hhrg47103.pdf>.

¹³³ NMOGHAL, “HUD Rolls Out AI Risk Management Platform to Fight Fraud in . . .,” *Machine Learning*, September 23, 2021, <https://machinelearning.piyasaa.com/hud-rolls-out-ai-risk-management-platform-to-fight-fraud-in/>.

introduce proposals to authorize the program permanently. Senator Schatz, the lead sponsor of the Reforming Disaster Recovery Act, has argued legislation is needed to address the known problems from the lack of statutory authorization. The senator summarizes the need for legislation: “Right now, the law mandates that communities in crisis wait for Congress to pass a disaster funding bill before they can even apply for help from HUD. This bill changes the law, so they no longer have to wait. As soon as a disaster strikes, HUD can help communities begin the process of recovery.”¹³⁴ The argument for reform contrasts the history of intermittent authorization of the program.

Additionally, non-government support for permanent authorization is notable. Shortly after the introduction of the Reform Disaster Recovery Act, nearly four dozen organizations sent a letter of support for the legislation to congressional leadership. Prominent signatories included the National Low Income Housing Coalition, the National Association of Counties, and the National League of Cities, among the claimed 850 organizations in support.¹³⁵ The extensive NGO external support of policy reform likely placed pressure among Congress to enact the legislation.

HUD appears not to have challenged outright criticism by oversight entities. For instance, after the GAO assessed the program’s fraud risks and provided recommendations for a comprehensive review, HUD made minimal comments. Specifically, HUD neither agreed nor disagreed with the GAO’s assessment but offered several administrative actions currently in practice to prevent fraud in response to the GAO. While the agency maintains it conducts an agency-wide Front-End Fraud Risk Assessment, such an appraisal is not a specific policy action for the CDBG-DR.

Former government officials have provided further calls for action. The Bipartisan Policy Center, a DC-based think tank, sent a letter to HUD noting that while it tracks proposals for permanent authorization, the group does not expect such proposals to pass;

¹³⁴ “Schatz, Collins, Young, Leahy, Cassidy Introduce Bipartisan Legislation to Reform Disaster Recovery,” Official website of Senator Brian Schatz, July 22, 2021, <https://www.schatz.senate.gov/news/press-releases/schatz-collins-young-leahy-cassidy-introduce-bipartisan-legislation-to-reform-disaster-recovery>.

¹³⁵ Americans for Financial Reform to Chuck Schumer et al., January 25, 2022, <https://ourfinancialsecurity.org/2022/01/letters-to-congress-letter-in-support-of-the-reforming-disaster-recovery-act/>.

instead, it could offer advice on helpful administrative actions. Notably, a member of the task force is Governor Hailey Barbour.¹³⁶ Barbour's insight is especially relevant considering his prior experience as governor of Mississippi. Shortly after Hurricane Katrina in 2005, then-Governor Barbour detailed his navigation of HUD's CDBG-DR program at the federal level, providing for a special fraud investigation office through the state instead of solely through the federal government.¹³⁷ This historical experience and action to initiate fraud efforts at the state level, thereby complementing CDBG-DR, may be evidence of historical policy learning applicable to more recent policy learning about the same program.

However, resistance to the program presents challenges to reform efforts. Ranking member Pat Toomey opposes permanent authorization of the program, citing that FEMA's mission and authorities are better suited to this program.¹³⁸ In the senator's opening statement before Congress, he offers, "We already have an agency whose sole mission is 'to help people before, during and after disasters.' It's called FEMA. . . . Given all of this support, why do we also need CDBG-DR?"¹³⁹ Such opposition to the program generally contrasts support from Democratic committee members looking to authorize it.

Policymaker learning efforts in the CDBG-DR program have not yet resulted in any substantial change to the program, nor change for fraud policy. Policymakers have a seemingly sporadic history of administering and evaluating the program with limited resources and disagreeing on how to reform the program. Absent policy change, criminal fraudsters have ample opportunity to take advantage of this program.

¹³⁶ Bipartisan Policy Center to James Arthur Jemison II, November 9, 2021, <https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/11/Letter-to-HUD-on-CDBG-DR-Program-.pdf>. See also Haley Barbour, Jere Nash, and Ricky Mathews, *America's Great Storm: Leading through Hurricane Katrina* (Jackson: University Press of Mississippi, 2015), 178. Noting a personal friendship with the then-HUD secretary, Barbour discusses leveraging public opinion on his background as a lobbyist-turned-governor to navigate political dynamics. His leadership during the Hurricane Katrina recovery effort is also the subject of a Naval Postgraduate School thesis: Lee Wallace Smithson, "Meta-leadership in a Mega Disaster: A Case Study of Governor Haley Barbour's Leadership during Hurricane Katrina" (master's thesis, Naval Postgraduate School, 2014), <http://hdl.handle.net/10945/44673>.

¹³⁷ Barbour, Nash, and Mathews, *America's Great Storm*, 184.

¹³⁸ Toomey, "Opening Statement."

¹³⁹ Toomey, 2.

B. FEMA'S FRAUD OFFICE AND AWARENESS

This section examines FEMA's fraud investigation policy's organizational alignment. Despite explicit recommendations from various federal oversight entities, the agency has yet to elevate its fraud office or substantially improve its culture of fraud prevention awareness. This section explores the current alignment of the agency's fraud function—where it is and how previous experience, resources, and political opportunities have affected policymaker learning and decision-making about FEMA's fraud approach.

FEMA generally provides federal assistance related to disasters while ensuring those eligible receive the resources needed and promoting fraud prevention efforts within the agency. According to FEMA's lead doctrine, the agency "provides financial support and direct services to individuals, communities, governments, and nonprofit organizations to aid in their recovery."¹⁴⁰ The DHS OIG summarizes the task placed on FEMA to provide assistance and balance against fraud: "Given the pressure to distribute vast amounts of funds quickly, FEMA's disaster assistance programs are susceptible to fraud, waste, and abuse."¹⁴¹ Oversight entities and policymakers constantly weigh the effects of this pressure on the agency through various reports and congressional testimony.

FEMA's Fraud and Internal Investigations Division (FIID) is charged with monitoring, deterring, and investigating fraud within FEMA's overall programs.¹⁴² This division currently resides within the Mission Support Directorate of the agency, several tiers below FEMA's administrator (see Figure 15). The division has operated since 2007, created after Hurricane Katrina in a series of government reforms.¹⁴³ Issued in August 2014, *Fraud Prevention and Investigation*, Directive 121–6, outlines the division's policy

¹⁴⁰ Federal Emergency Management Agency, *We Are FEMA: Helping People before, during, and after Disasters*, FEMA No. FP112-01 (Washington, DC: Federal Emergency Management Agency, 2019), 43, https://www.fema.gov/sites/default/files/2020-03/publication-one_english_2019.pdf.

¹⁴¹ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps to Demonstrate the Importance of Fraud Prevention and Awareness in FEMA Disaster Assistance Programs*, OIG-19-55 (Washington, DC: Department of Homeland Security, Office of Inspector General, 2019), 2, <https://www.oig.dhs.gov/sites/default/files/assets/2019-07/OIG-19-55-Jul19.pdf>.

¹⁴² Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*.

¹⁴³ Department of Homeland Security, Office of Inspector General, 2.

doctrine and process.¹⁴⁴ The position of the division, coupled with its administrative duties, appears to be minimized, according to the GAO.

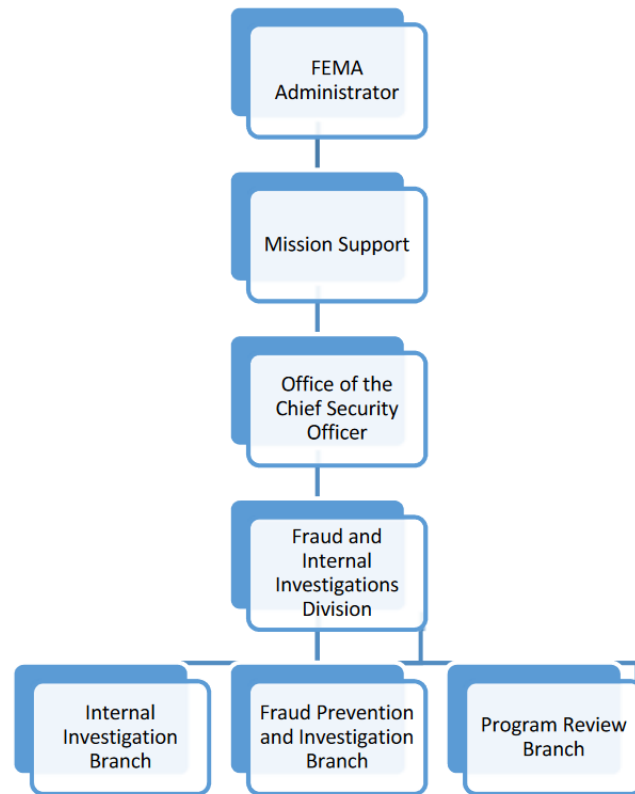


Figure 15. GAO's Depiction of FEMA's Fraud Office Hierarchy.¹⁴⁵

Government oversight entities, specifically the GAO and DHS OIG, have cited the need for FEMA to elevate this office and fraud awareness efforts across the agency. Referencing FEMA's participation in an interagency Fraud Working Group, a 2019 OIG report states, "Despite our recommendation and even after conducting its organizational assessment, FEMA determined it would not realign the Fraud Prevention and Investigation Branch to a higher and more visible level in its structural hierarchy."¹⁴⁶ Furthermore, as

¹⁴⁴ Department of Homeland Security, Office of Inspector General, 4.

¹⁴⁵ Source: Department of Homeland Security, Office of Inspector General, 2.

¹⁴⁶ Department of Homeland Security, Office of Inspector General, 4.

the GAO points out, the agency does not comply with basic internal control standards utilized across the entire federal government.¹⁴⁷ Three recent oversight publications with fraud recommendations for FEMA appear in Table 3.

Table 3. Summary of Recent Oversight Reports on FEMA’s Fraud Awareness Efforts

Oversight Entity	Year	Report Title
Department of Homeland Security, Office of Inspector General	2019	<i>FEMA Must Take Additional Steps to Demonstrate the Importance of Fraud Prevention and Awareness in FEMA Disaster Assistance Programs</i>
Government Accountability Office	2020	<i>FEMA Should Take Additional Actions to Strengthen Fraud Risk Management for Public Assistance Emergency Work Grants</i>
Department of Homeland Security, Office of Inspector General	2021	<i>Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities</i>

1. FEMA’s Recent Experience with Fraud

FEMA’s efforts to promote fraud prevention and awareness appear insufficient. A considerable aspect of FEMA’s fraud policy relates to awareness among its employees. The GAO reported that employees of the agency did not complete basic training on fraud: “FEMA’s culture does not emphasize fraud awareness.”¹⁴⁸ In the 2019 OIG examination of the agency’s fraud posture—an update to a 2011 report—the OIG found a slight improvement in the agency’s fraud awareness and culture (see Figure 16). Through surveys, the OIG found evidence of an insufficient culture of awareness, noting that 93 percent of FEMA employees had failed to complete basic fraud training in the previous year, and noncompliance was even more pronounced among FEMA’s senior management,

¹⁴⁷ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 5. This report references the following GAO report: Steven J. Sebastian et al., *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, DC: Government Accountability Office, 2014), 45, § 10.03, <https://www.gao.gov/assets/gao-14-704g.pdf>.

¹⁴⁸ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 8.

at 96 percent.¹⁴⁹ The OIG also noted a lack of consequences for failure to complete fraud training.

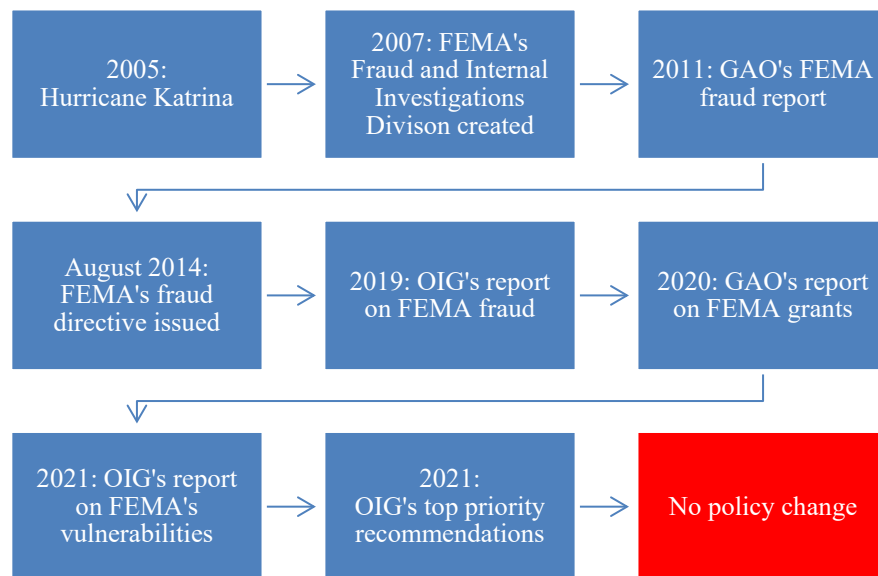


Figure 16. A Recent Timeline of FEMA's Fraud Office Oversight

FEMA-specific messaging on fraud for external audiences has also been found lacking. The DHS OIG reported that it had visited disaster recovery centers—designated offices for disaster survivors to apply for assistance in person—and noted a lack of fraud education materials created by FEMA.¹⁵⁰ As of mid-2022, it appears FEMA partially rectified this lack of material through a fraud awareness campaign (see Figure 17).

¹⁴⁹ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 7. From April 30, 2017, to May 1, 2018, 18,555 of 19,981 (93 percent) FEMA employees failed to complete the mandatory fraud training.

¹⁵⁰ Rebecca Shea, *Disaster Assistance: FEMA Should Take Additional Actions to Strengthen Fraud Risk Management for Public Assistance Emergency Work Grants*, GAO-20-604 (Washington, DC: Government Accountability Office, 2020), 9, <https://www.gao.gov/assets/gao-20-604.pdf>.



Figure 17. Example of FEMA’s Fraud Messaging.¹⁵¹

FEMA’s fraud division has limited authority in criminal fraud cases, which may also impact the agency’s policy efforts. The division may only refer suspected fraudulent claims to the National Disaster Fraud Task Force or the DHS OIG. When the 2002 Homeland Security Act passed, Congress reassigned the OIG from FEMA and its components to the newly established DHS.¹⁵² All recommendations and referrals from FEMA to the DHS OIG compete with referrals and interests from DHS’s other component agencies. Notably, on average, the OIG accepts only 6 percent of referrals from FEMA.¹⁵³ This multi-step and layered removal of FEMA from the prosecution of nefarious actors suggests that many impostors can defraud disaster assistance programs with little to no consequence.

While FIID leads FEMA’s overall fraud prevention efforts in all forms of assistance—including the enormous suite of preparedness grants, mitigation, flood claims, and disaster response and recovery funding—according to the OIG, FIID’s top priority is

¹⁵¹ Source: “Beware of Fraud and Scams Graphics,” Federal Emergency Management Agency, December 16, 2022, <https://www.fema.gov/node/beware-fraud-and-scams-graphics>.

¹⁵² Homeland Security Act of 2002, Pub. L. No. 107–296, § 812, 116 Stat. 2135 (2002), https://www.dhs.gov/xlibrary/assets/hr_5005_enr.pdf.

¹⁵³ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 3.

Individual Assistance programs, comprising an estimated 90 percent of the division’s workload for investigators.¹⁵⁴ This effort is notable considering all the disasters declared between August 2017 and June 2022, and the amount of Individual Assistance is comparatively minimal (see Figure 18).

Disaster Expenses Obligated Since August 2017

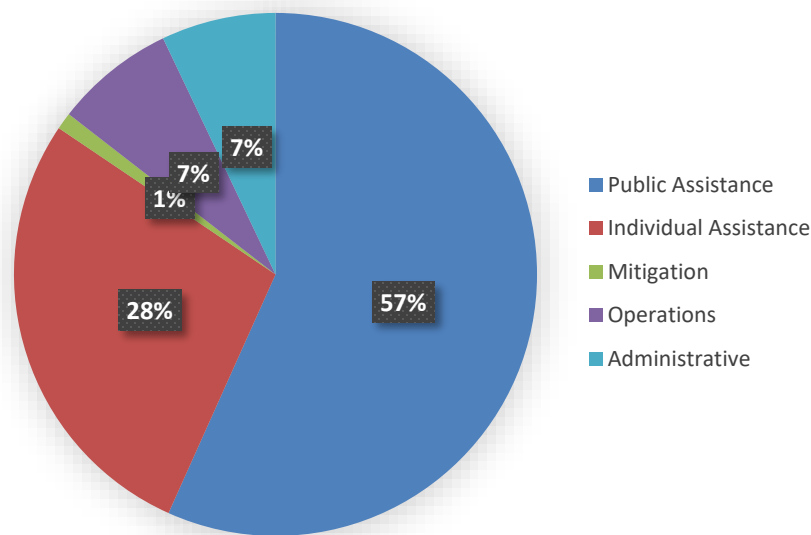


Figure 18. FEMA’s Disaster Assistance Obligations since August 2017.¹⁵⁵

2. FEMA’s Resources for Fraud

FEMA also has several resource limitations based on processes, staffing, and data. FEMA’s approach to fraud with the interagency appears cooperative instead of centralized. Regarding fraud process and awareness, the OIG revealed in its 2019 findings that many employees have reported inconsistent or incorrect fraud reporting emails, phone numbers, and guidance documents.¹⁵⁶ Moreover, the GAO evaluated the need for reliable and

¹⁵⁴ Department of Homeland Security, Office of Inspector General, 6.

¹⁵⁵ Adapted from Federal Emergency Management Agency, *Disaster Relief Fund*, 14.

¹⁵⁶ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 8.

improved data for the agency.¹⁵⁷ These government watchdogs further the argument that FEMA’s approach to disaster assistance fraud requires more resources to staff FIID, considering its caseload and special investigations.

3. Political Opportunities for FEMA’s Fraud Reform

Oversight reports from the OIG and DHS outline FEMA’s challenges in preventing and investigating fraud that cast the agency in a negative light. In a notable quote from its 2019 report, the OIG states, “By not detecting and reporting potential fraud in a systematic and timely manner, FEMA will continue to risk losing taxpayers’ money.”¹⁵⁸ The OIG also speculates this risk will continue until it is addressed. In a subsequent report, the OIG reaffirmed concerns about the agency’s fraud challenges: “Without corrective actions to adequately staff its fraud unit, train its workforce in fraud prevention and awareness, and a continued commitment to safeguarding against the exposure of survivors’ personally identifiable information, FEMA will likely continue to struggle to detect and prevent fraud.”¹⁵⁹

However, members of Congress have expressed little interest in disaster fraud in recent years. In a May 2021 letter, top congressional officials questioned the agency’s ability to assist disaster survivors swiftly and eligible applicants favorably. Of the numerous questions listed in the letter, only a few lines related to fraud: “What tools does FEMA use to deter and detect fraud and abuse from applicants? Does FEMA rely upon initial denials or ineligibility determinations as a mechanism to deter fraud and abuse?”¹⁶⁰ These questions seem to express curiosity rather than criticism of the agency.

¹⁵⁷ Shea, *Disaster Assistance*, 73.

¹⁵⁸ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 5.

¹⁵⁹ Department of Homeland Security, Office of Inspector General, *Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities*, OIG-21-25 (Washington, DC: Department of Homeland Security, Office of Inspector General, 2021), 6, <https://www.oig.dhs.gov/sites/default/files/assets/2021-03/OIG-21-25-Mar21.pdf>.

¹⁶⁰ Peter DeFazio et al. to Deanne Criswell, May 13, 2021, House Committee on Transportation and Infrastructure, 3–4, https://transportation.house.gov/uploadedfiles/2021-05-13_letter_to_fema_re_ihp_denials.pdf. See also “Committee Leaders Question FEMA after Approvals for Disaster Survivor Aid Program Falls to All-Time Low,” House Committee on Transportation and Infrastructure, May 17, 2021, <https://transportation.house.gov/news/documentsingle.aspx?DocumentID=405402>.

In its semi-regular assessment of still outstanding recommendations for various federal agencies, the GAO rates the top 500 open recommendations of nearly 4,700.¹⁶¹ One of the 500 is for a centralized fraud office within FEMA to notably manage fraud associated with the Public Assistance program. This recommendation may suggest that the current alignment of FIID is inadequate. In response to the GAO's recommendation, FEMA noted that different elements of the agency are charged with fraud efforts—a reply that conflicts with the agency's fraud directive. Despite these recommendations and public discourse, FEMA generally accepts the GAO's and OIG's findings but has yet to elevate its fraud office. The retention of the fraud office in the current organizational structure and the overall fraud awareness in the agency have so far avoided any significant legislative interference or reform efforts. Lacking public-facing evidence of congressional interest may be a factor for further consideration in FEMA's stagnant policy reform.

FEMA's fraud management and awareness efforts appear to have fallen short of any significant policy change. Although the GAO and OIG regularly evaluate the shortcomings of the agency in providing dedicated resources, training, and recognition of fraud in the organizational structure, there has yet to be significant policy change. While oversight policymakers continue to call for change, others, such as senior management at FEMA and members of Congress, appear unmotivated to enact reform—as yet. This case has shown stagnation where experience with fraud exists because few resources and minimal political opportunity have impacted policy learning.

¹⁶¹ Gene L. Dodaro to Alejandro Mayorkas, "Priority Open Recommendations: Department of Homeland Security," July 15, 2022, Government Accountability Office, <https://www.gao.gov/assets/gao-22-105702.pdf>.

IV. ANALYSIS

This chapter describes how policy learning about disaster fraud occurs in an environment filled with tensions, some of which affect policy learning. Based on insights from the five selected cases, this chapter first introduces and explains the three major tensions identified, accompanied by visual models that depict the role of these tensions in the policymaking process. Second, these tensions are defined conceptually to better explain how their varying levels emerged in the cases. Third, citing evidence from Chapters II and III, this chapter applies the three tensions to each case. The analysis in this chapter sets the stage for comparisons between the cases in Chapter V.

A. POLICY LEARNING WITH TENSIONS

When disasters occur, they may prompt issue–attention cycles related to fraud, signaling to policymakers the need to consider and determine policy changes, if any. Chapter I explained how the policymaking process starts after disasters. According to Downs, after the alarming discovery phase, whereby the general public and policymakers are made aware of a problem, the cycle moves to weighing the costs of problem-solving and reform.¹⁶² This intentional examination can result in learning, defined by Boin et al. as “purposeful efforts to (re)examine, (re)assess, and (re)calibrate existing and proposed beliefs, policies, and institutional arrangements.”¹⁶³ These policy learning efforts occur in an environment full of tensions, or opposing forces that push and pull on others to sway specific policy outcomes.

The primary question in this thesis asks what tensions policymakers encounter while learning about disaster assistance fraud events. Based on an analysis of the five cases, the primary claim of this thesis is that policymakers encounter specific tensions while learning about disaster fraud events: past experience with disaster fraud against new fraud

¹⁶² Downs, “Up and Down with Ecology.”

¹⁶³ Boin et al., *The Politics of Crisis Management*, 127–28.

demands; existing dedicated resources against new allocation strain; and political opportunity, the defense of position against criticism and gain.

These proposed tensions further define the argument from Boin et al., who note that tensions exist but do not fully define or describe them.¹⁶⁴ The tensions identified and presented in this thesis provide additional ways to measure and evaluate policy learning, in turn providing insight into policymaking about fraud. This insight helps clarify how policymakers learn about disaster fraud. Each case provided evidence of each tension, whereby opposing forces pushed and pulled on one another to sway a policy outcome through policy change or no policy change (see Figure 19).

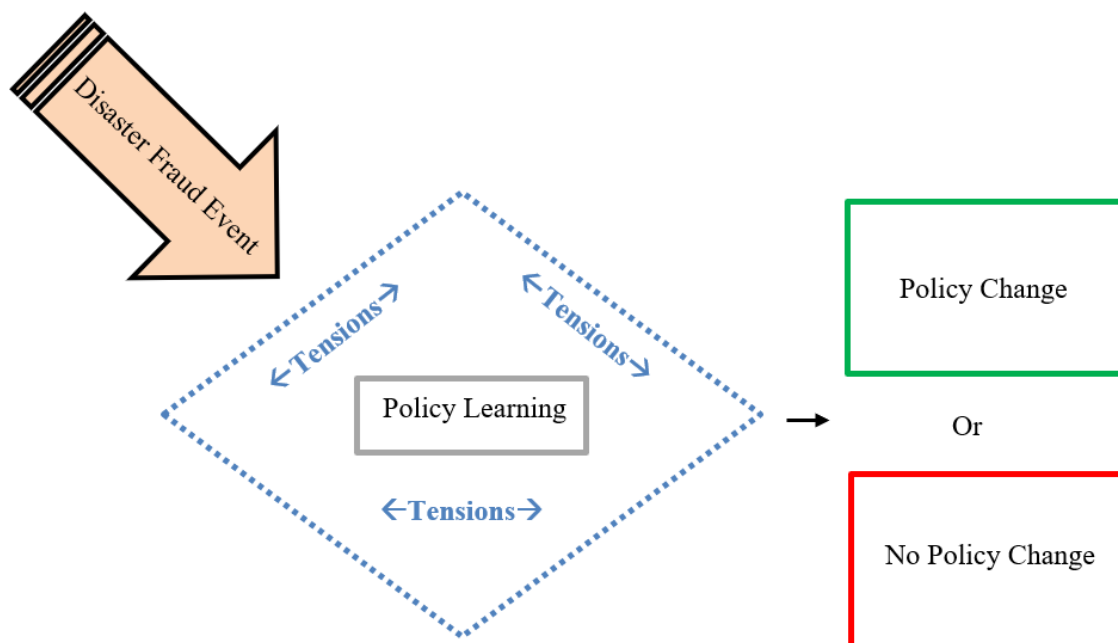


Figure 19. A Model for the Policymaking Process after Disaster Fraud Events

While there is no one attributable impetus for disaster fraud policy change or stasis—just as there is no single known reason for disaster fraud—the cases provide

¹⁶⁴ The primary claim of Boin et al. is “that the capacity of governments to learn and change is constrained by fundamental tensions between the imperatives of political crisis management and the conditions for effective reform.” Boin et al., 127.

additional insight into the tensions, which may help policymakers understand their dynamics. As discussed in Chapter I, ambiguity surrounds policymakers' learning process for disaster fraud policymaking. A further examination of the cases through this model shows how policymakers navigated the policymaking process and encountered these tensions and how the tensions influenced learning.

1. Past Experience with Disaster Fraud against New Fraud Demands

Policymakers at all levels and across different categories bring different experiences to the problem of fraud, which illustrate how such experience holds up against the demands of new disaster fraud events. In this thesis, policymaker experience is defined as the relative frequency and historical familiarity with which one debates, administers, and reforms a particular policy issue. Such experiences are unique to each policymaker at the individual level and policymakers at the institutional level. An individual member of Congress has a unique level of experience when dealing with fraud policy, as does a reporter for a major newspaper, an investigator for a government watchdog, or an agency executive. At the institutional level, collective experience varies among members of the 117th Congress, the *Washington Post*, the Urban Institute, the GAO, and FEMA. These individuals or organizations encounter fraud policies at different scales, scopes, frequencies, and media. But when new demands for fraud policy not previously considered or discovered arise, previous experience presents a tension with its applicability to new situations (see Figure 20).



Figure 20. Visualization of Tension Related to Experience and Demand

Policymakers, especially federally elected officials such as those in Congress and Parliament, and politically appointed officials in executive roles bring experiences that contribute to new policy decision-making efforts. Heads of agencies regularly change after an election and transition from one administration to another. In contrast, some oversight heads have decades of experience in their current positions as career officials. Intervals of serving as acting agency heads until permanent managers arrive through nomination and confirmation are also a consideration. Moreover, agencies or departments may be relatively new, such as DHS in 2002, in contrast to their veteran counterparts, such as the Department of Justice, formed in 1870.¹⁶⁵ Other stakeholders, such as reporters who help set agendas by framing fraud, may have little to no experience with disaster fraud specifically but extensive investigative journalism experience in other policy areas or work at a newspaper. This comparative variability in experience among different policymakers presents a tension positioning individuals and institutions with different knowledge in middle of policy learning that leverages prior experience in new iterations of disaster policy reform.

Legislative jurisdiction is another area of experience that affects policy learning. For instance, HSGAC holds the primary legislative jurisdiction and oversight authority

¹⁶⁵ "History of the Department of Justice," Department of Justice, accessed November 16, 2022, <https://www.justice.gov/history>; "Creation of the Department of Homeland Security," Department of Homeland Security, accessed November 16, 2022, <https://www.dhs.gov/creation-department-homeland-security>.

over FEMA. However, HSGAC retains only a small portion of legislative and oversight jurisdiction over HUD and the SBA. Only two senators on HSGAC also belong to the Senate Banking, Housing, and Urban Affairs Committee, which retains primary legislative jurisdiction and oversight of HUD.¹⁶⁶ In sum, the policymakers on these committees do not overlap much.

The legislative experience among policymakers in disaster assistance fraud also varies greatly. Some of these policymakers have conducted in-depth policy work related to disaster policy issues while others have no such experience. This jurisdictional challenge may lead to different efforts and understanding of oversight, responsiveness, and policy proposals within the limitations of specific committees. The cases reviewed in this thesis serve as reminders that in excess of 90 congressional committees claim jurisdiction over DHS in some form.¹⁶⁷ Legislative experience is also apparent in the various proposals re-introduced year after year without being signed into law. Given the different levels of policymaker experience, submission of these proposals depends greatly on which policymaker and which committee that policymaker is assigned.

Experiences outside government, such as through nonprofit organizations, advocacy groups, or media, may influence policymaker considerations for disaster fraud policy. These groups offer different experiences that contrast those in government. The groups also provide intentional and deliberative agenda-setting by framing fraud in specific ways. Reporters write their agendas into stories on select issues, provoking public reactions and prompting discussions about policy change, even if the reporting co-mingles mismanagement or corruption with fraud.¹⁶⁸ The policymakers' experience in regularly encountering fraud combined with other negative aspects of disaster recovery other than fraud may impact their perception of a problem and subsequent policy learning.

¹⁶⁶ "Membership," Senate Committee on Banking, Housing, and Urban Affairs, accessed June 3, 2022, <https://www.banking.senate.gov/about/membership>.

¹⁶⁷ Scott Welder, Christine Kwon, and Jennifer Dresden, "There's Just One Department of Homeland Security. So Why Does It Have So Many Bosses in Congress?," *Washington Post*, October 21, 2021, <https://www.washingtonpost.com/politics/2021/10/21/theres-just-one-department-homeland-security-so-why-does-it-have-so-many-bosses-congress/>.

¹⁶⁸ Sanderson et al., "Corruption and Disasters in the Built Environment," 2–4, 9; Jerolleman, *Deserving Victims and Post-Disaster Fraud*, 34, 40.

2. Existing Dedicated Resources against New Allocation Strain

The second tension presented in the cases shows how existing resources are applied to fraud and stand up to new demands. This thesis defines resources as the availability of means to administer policy, such as administrative funding, personnel, procedures, or combinations thereof. All the selected cases demonstrate varying degrees of resources, including publicly available policies, data, and information on administrative resources such as personnel or funding. Tension arose when policymakers' previous application of resources to fraud prevention weighed against the strain of additional resource allocations based on new disaster fraud (see Figure 21). The allocation of resources to fraud prevention before and after disaster fraud events presents policymakers with an obstacle in determining how best to apply them.



Figure 21. Visualization of Tension Related to Resources

Across all examples, the administrative agencies providing disaster assistance allocated resources differently before and after disaster fraud events. Commonly, the personnel dedicated to fraud prevention are few, but after disaster events, policymakers allocate additional personnel, even outside contractors, to the fraud prevention effort. How fraud is investigated and referred for criminal prosecution also varies.

A varying degree of data and publicly available information affects how policymakers apply resources. Limited fraud data were available in all the cases. Although this point has been mentioned in various testimony and statements, it bears repeating that the total number of reports, investigations, and prosecutions related to fraud is lacking. As

acknowledged by Frailing and Harper (see Chapter I), data on how much fraud takes place do not regularly appear in official reports. The cases indicate that inconsistent data are a limiting factor in informing policymakers, at least publicly. Academics, oversight entities, and NGOs consistently advocate collecting and providing data for earlier fraud detection.¹⁶⁹ Despite this data limitation, policymakers still face decisions about how best to allocate existing resources.

Time may also affect which policymakers are given decision-making authority, especially in the short-term and long-term phases following a disaster fraud event. For example, a presidential transition occurred during several cases with ongoing disasters. Another consideration for time is the point at which assistance becomes available, regardless of whether the president declares a disaster or Congress acts. Then, the various intervals of fraud activity may be detected, investigated, referred, prosecuted, and reported in the media. Such a time lag over an extended period may see different sets of policymakers altogether. Policymakers may encounter fraud policy learning over days, months, or years. Transitions and lag in attention to disaster fraud may also impact how policymakers seek better conditions for reform, either with new government administrations or different legislative bodies.

The allocation of resources entails several considerations in how funding, personnel, structures, and time are all used by policymakers and applied against new allocation strains. Some resources may be abundant while others may be scarce, or policymakers may argue for more resources and better use of them, especially through oversight. This tension impacts policymakers by challenging existing resources with the task of improving current fraud efforts. A focal point for learning and debate involves striking a balance between current resources and desired ones when a disaster prompts a shift.

¹⁶⁹ Aguirre and Lane, “Fraud in Disaster,” 1–9.

3. Political Opportunity: Defense of Position against Criticism and Gain

Political opportunity is another tension that appears in all the cases. This thesis defines political opportunity as moments that policymakers may take advantage of for political gain, often leveraging criticism of a particular power dynamic in government to influence policy outcomes or perceptions. In all the cases, policymakers had to defend policy decisions against criticisms from other policymakers seeking to gain more power and influence (see Figure 22). This tension is the most volatile, and it offsets the others to some degree.

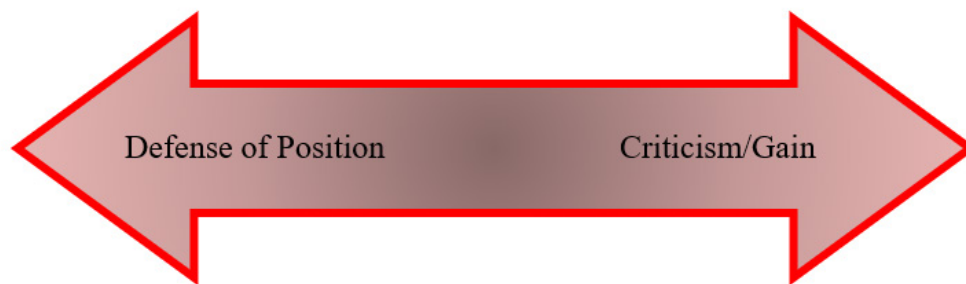


Figure 22. Visualization of the Tension of Political Opportunity

In each case, the policymakers directly involved in public office experienced opposition, criticism, or advantageous conditions from other policymakers. Political actors appear to use any perceived failures or inaction to critique or criticize the ruling party, or even members of the same party, depending on the allure of the opportunity presented. Such action resembles a morality play whereby political leadership must atone for perceived failures or “sins” on the political stage, and the period following disasters presents significant political opportunities.¹⁷⁰ Alternatively, politicians may criticize one another by offering different opinions and calls for policy reform and legislation. Politicians on the receiving end of such efforts may reaffirm policy positions, deflect opinions, or oppose legislation generally. While such tactics appeared throughout each case relating to fraud, policymakers have unlimited tactics to leverage political opportunities.

¹⁷⁰ Boin et al., *The Politics of Crisis Management*, 14, 133.

The period following disaster events tests current government policy and the ability of those in power to stabilize and instate order. During this period of uncertainty, political opportunities manifest in many ways, including immediate calls for change, criticism, and proposals to improve disaster fraud policy. Political opportunities arise as a means to hold current policymakers accountable for failures and as evidence of a need for policymaker change or a policy change that allows parties to take credit for and authority in assisting those in need. Political opportunities for fraud policy present moments for shaping policy aimed at balancing the government's role in quickly providing disaster assistance with ensuring assistance does not go to bad actors.

4. Summary

Based on the evidence presented and reviewed, policymakers encounter the three main tensions proposed in this chapter while learning about disaster fraud policy and deciding to revise it. While there is no single attributable reason for disaster fraud or subsequent disaster policy, these cases may provide insight for policymakers in learning about fraud. During learning efforts, these tensions impact policymaker perceptions and evaluations of fraud, oriented toward new policy proposals, defense of positions, or significant reform. This analysis articulates how policymakers may encounter an environment in which the policymaking process improves and reacts to disaster assistance fraud.

B. ANALYSIS BY EXAMPLE, WITH EVIDENCE FOR EACH TENSION

This section applies the three tensions to each case and provides evidence to support each rating. This rating shows variability among the examples and patterns, which align with the evaluation and recommendations proposed in Chapter V (see Tables 4 and 5).

Table 4. Policy Change by Example and Tension

Example	Experience	Resources	Political Opportunity
Funeral Assistance	- Previously, the agency had authorized Funeral Assistance only a handful of times, with an average of \$2,600 for about 4,800 recipients in the 2017 hurricane season. - For COVID-19 Funeral Assistance, there was \$2.7 billion for 431,000 eligible recipients. - The Funeral Assistance application process existed before but never on its own. - The prior application process allowed for online, in-person, and telephone registration.	- Congress provided an initial \$2 billion, then as much as necessary from the Disaster Relief Fund. - FEMA contracted an intake center, outside of the existing personnel and procedures. - Data were found lacking.	- The Republican administration did not authorize Funeral Assistance. - Leaders of the Democratic Party called for and eventually legislated authorization for the program. - The same Democratic leaders embraced the phone only registration change for fraud, including with press releases and conferences. - This period saw a new administration and transition.
SBA EIDL	- More money was provided for COVID-19 EIDL than the combined total of the program's history. - SBA maintained no fraud controls or data. - There was no mechanism to stop suspected bad actors from continuing to collect assistance.	- The program had only the prior limited number of personnel dedicated to fraud prevention. - SBA sought subcontractors to assist with the processing and fraudulent detection.	- Congress provided assistance expected to go to businesses quickly. - GAO/OIG expressed evidence of impediments early on. - After the administration transition, Republicans sent letters on oversight of fraud. - Congress passed additional legislation after policy change.
UK Fraud	- UK had a history of fraud from the 1970s. - Prior reforms included a series of laws that evolved into iterative commissions and action, as well as new organizations and structures aligned with efforts to plan and prevent fraud in emergency management. - Fraud is the most common crime in the UK.	- The UK has dedicated organizational entities, reports, personnel, and centralization of a fraud prevention function. - Policy authors argued additional personnel and resources were needed.	- Policy authors touted international relationships. - Following COVID-19 fraud, Lord Agnew resigned. - Vocal criticism arose from opposition party of government's handling of such fraud.

Table 5. No Policy Change by Example and Tension

Example	Experience	Resources	Political Opportunity
CDBG-DR	• Prior program was activated by Congress based on disasters. • Each authorization has been a new attempt at programmatic and fraud control. • The program had experience with large and small iterations in disaster areas. • Legislative jurisdiction limited other disaster oversight committees.	• Assistance was disbursed at various and unpredictable intervals with no permanency nor scalable staff. • Oversight entities argued that if the program were made permanent, there would be better fraud protection.	• Some policymakers have proposed permanence and introduced legislation for the program. • Other policymakers claim FEMA already has the necessary authorities for the program. • Outside observers doubt proposals for permanency.
FEMA's Fraud Office	• FEMA has prior history of fraud and national-level issue–attention cycles since Hurricane Katrina. • FEMA's OIG was transferred to DHS. • The organizational position of the fraud office is low. • FEMA's employees fail to comply with fraud awareness and training.	• Of the fraud investigation caseload, 90 percent of resources are dedicated to 1 percent of overall expenditures. • IT and the lack of data are not enough resources for FEMA's fraud prevention efforts.	• GAO has repeatedly called out this outstanding priority for fraud improvement. • Policymakers have yet to react in the form of proposed legislation or to public criticism expressed in letters or investigations.

1. FEMA's COVID-19 Funeral Assistance

The policy learning and decision to change disaster applications by telephone registration only for the COVID-19 Funeral Assistance program reflect various policymaker tensions. The prior Funeral Assistance experience for the agency paled in comparison to the scale of deaths attributable to COVID-19. However, Congress provided enormous financial resources for the agency to implement a new program iteration. As members of Congress saw the political opportunity to authorize Funeral Assistance, they also seized on the opportunity to embrace phone registration. These tensions combined impacted policymaker learning, leading to a significant deviation from the agency's standard policy in an effort to prevent fraud.

FEMA's prior experience with the Funeral Assistance program was significantly limited in scale and structure. The agency faced new decisions about the performance and operability of the program that pressed on prior iterations. Previously, the agency had only authorized Funeral Assistance a handful of times but also encountered previous congressional oversight of disaster assistance fraud. Although FEMA had previous experience with the Funeral Assistance program, its experience involved assisting just one state, territory, or tribe at a time. For example, Funeral Assistance following the 2017 hurricane season—where the average assistance was roughly \$2,600 for nearly 4,800 Funeral Assistance recipients—saw the highest number of recipients for any disaster season. This number contrasts starkly with the rough average of \$6,300 for 430,000 eligible recipients related to COVID-19 Funeral Assistance.¹⁷¹ The number of eligible recipients for COVID-19, as of August 2022, was nearly 90 times greater than the combined deaths from Hurricanes Harvey, Irma, and Maria and will continue to grow as the number of deaths attributable to COVID-19 increases.

Such a disproportional scope also impacted FEMA's administrative procedures in ways never before attempted. This overwhelming scale is evidenced in the agency's

¹⁷¹ "FEMA COVID-19 Funeral Assistance State-by-State Breakdown," Federal Emergency Management Agency, August 1, 2022, <https://www.fema.gov/press-release/20220801/fema-covid-19-funeral-assistance-state-state-breakdown>.

decision to contract an applicant call center, which presented difficulties in translating prior experience to the standard structure of the program. Funeral Assistance had never been authorized solely under the Individual and Household program, which provides an entire suite of Individual Assistance programs. An article in the *Washington Post* explained the difficulty in delivering revised and interim instruction documents for call-center intaking meant for the suite of disaster assistance programs.¹⁷² The screening process for applicants over the phone was a departure from the regular intake process and standard operating procedure typically used by FEMA. Such a departure from normal operations created challenges in registering applicants. Thus, although the Funeral Assistance program existed before COVID-19, the pandemic required deviations from previous experience administering the program.

Additionally, FEMA's policy change to require human interaction over the telephone and to deviate from typical registration shows the tension of prior experience applicable to a new process. Specifically, FEMA's experience and concerns about previous fraud exploitation through online portals outweighed concerns about making the program more accessible by using the normal registration process. Stated differently, FEMA decided to limit the ways one could apply for Funeral Assistance based on the potential for fraud. In contrast, the regular registration process was more accessible, through online portal, in-person, and telephone applications.

To administer the Funeral Assistance program and prevent fraud, FEMA received enormous financial resources and support from outside parties. Initially, Congress authorized the program and provided up to \$2 billion from the Disaster Relief Fund for the agency to implement the program through legislation. Subsequent legislation made additional funding available as needed.¹⁷³ Although the agency had existing resources and a programmatic structure within the Recovery Directorate, the agency had the monetary means to seek outside assistance to administer COVID-19 Funeral Assistance, thereby helping preserve existing resources for the agency. External assistance from the DHS OIG,

¹⁷² Dreier, "Assistance Not Approved."

¹⁷³ American Rescue Plan Act of 2021, H.R. 1319, 117th Cong. (2021), <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>.

expressed in testimony, helped to shift the focus to early fraud detection. Shifting fraud attention by cooperating with oversight entities was a more proactive use of resources than relying on old processes that relied on DHS OIG to investigate criminal fraud cases referred by FEMA.

The authorization and implementation of the Funeral Assistance program provided considerable political opportunities, especially to force and then embrace executive action. Given the number of initial deaths resulting from COVID-19 in New York City, elected officials and policymakers at both the state and federal levels requested federal funeral assistance from the early onset of the pandemic. Absent executive activation of the program, the U.S. Congress acted. Since the Funeral Assistance program is usually subject to the president's discretion, legislative action represented a notable departure and capitalization of political opportunity. At the end of 2020, Congress enacted legislation to authorize and provide funding for the program, as the Trump administration took no action to approve Funeral Assistance. The legislative decision to authorize the program may have been further evidence of New York Senator Chuck Schumer's ability to force the program through Congress. The Senate majority leader, by position, is an assumed lead negotiator of congressional bills and, at the time, represented the party opposing the executive branch. This political dynamic enabled opposing policy preferences. Additionally, during the transition from the Trump to the Biden administration, subsequent legislation expanded eligible assistance for the program. Meanwhile, the initial implementation of Funeral Assistance for COVID-19 also took place during interim agency leadership, ahead of the eventual Senate confirmation of Deanne Criswell as FEMA administrator in April 2021.

Political opportunity also extended to media reporters of COVID-19 Funeral Assistance. Hannah Drier, a writer for the *Washington Post*, authored a series of reports on FEMA's overall policies starting in April 2021, just as the newly confirmed administrator settled into her role. Although Hannah had authored no prior reports on FEMA, this series was critical of FEMA's policies, including those about implementing Funeral

Assistance.¹⁷⁴ These reports helped to set an agenda for FEMA’s assistance programs, with the reports starting in April 2021 at the beginning of a new administration. This effort led to recognition for her work, touted in her transition to the *New York Times*: “Her reporting is both fearless and compassionate, changing laws and policies by telling the stories of the people they affect.”¹⁷⁵ This political opportunity through journalism provides insight into framing disaster assistance fraud and intentionally setting the agenda during a new administration.

The political opportunity for implementing Funeral Assistance presented a chance for policymakers, especially vocal politicians like Senator Schumer and Representative Ocasio-Cortez, to embrace the program and the decision to require phone registration. Such acceptance may be attributable to policymakers’ overall desire to expedite assistance delivery, but vocal members of Congress also publicly embraced FEMA’s change to fraud policy and further amplified the agency’s messaging and registration material through press conferences. Although some media articles portrayed the phone intake policy negatively, members of Congress have not yet imposed administrative changes on the agency nor criticized the new process.¹⁷⁶ As this assistance continues and death tolls from the pandemic mount, policymakers may revisit the management of the program and overall fraud deterrence improvements.

2. SBA’s EIDL Program for COVID-19

The SBA changed its processes and created a Fraud Risk Management Board after learning from its disaster assistance program during COVID-19. The tensions in fraud policy learning for the SBA’s EIDL program primarily involved political opportunity while experience and resources seemed to have minimal impact. These tensions included policymakers’ prior experience administering the program, the recognized need for more personnel and authorities, and public outcry echoed by elected officials and oversight

¹⁷⁴ “Profile: Hannah Dreier,” *Washington Post*, accessed November 17, 2022, <https://www.washingtonpost.com/people/hannah-dreier/>.

¹⁷⁵ “Hannah Dreier to Join the *Times*,” New York Times Company, March 2, 2022, <https://www.nytc.com/press/hannah-dreier-to-join-the-times/>.

¹⁷⁶ Singletary, “Help with Covid-19 Funerals.”

watchdogs. The influence of these tensions was manifest in the SBA’s decision to change policy through a timely, “multi-prong approach” that included providing additional resources, improving applicant vetting, and sampling applicants randomly for further scrutiny.¹⁷⁷ This policy change occurred while a significant political opportunity presented itself to Congress and others for reform.

The SBA faced challenges in administering the EIDL for COVID-19 because of the enormous demand compared to its previous experience providing such assistance. For COVID-19, the SBA processed more claims for one version of EIDL during 2020–2021 than it had for the entire program dating back to 1953. This scale helped to expose the weaknesses in its fraud policies and its significant vulnerabilities to fraud. As described in testimony by the GAO, even if the SBA had known fraud was happening, the administration had no mechanisms to stop suspected bad actors from taking assistance.

COVID-19 exposed that the SBA had virtually no fraud controls, indicating a general lack of experience with fraud. The SBA could not stop known bad actors actively committing fraud from accessing funds, nor could reporting mechanisms accurately reflect the extent of fraud.¹⁷⁸ Although some evidence suggests that the SBA had previously mishandled fraud policies for EIDL, for the COVID-19 iteration, there is not enough evidence to determine whether policy changes have been effective. Thus, virtually no historical experience informs policymakers’ learning about the SBA’s existing policies vis-à-vis its disaster assistance for COVID-19.

The SBA’s authorities and administrative resources related to fraud were limited. The SBA appeared to lack the authorities necessary to prevent fraud, as the GAO noted the SBA had not tracked identity theft, nor did it have the administrative structure to stop fraudulent payments. The SBA OIG testified that although the SBA referred some applicants for further criminal investigation, assistance upwards of \$468 million in advance grants continued for those same bad actors.¹⁷⁹ For administrative resources, few personnel

¹⁷⁷ Small Business Administration. “SBA Administrator Guzman Announces Key Policy Change.”

¹⁷⁸ Ware, “Statement for the Record before the Committee on Small Business.”

¹⁷⁹ Small Business Administration, Office of Inspector General, *SBA’s Handling of Identity Theft*.

were dedicated to fraud efforts within the agency. However, SBA leadership continually justified the policy decision to devote more resources, specifically more teams, to handle fraud processing for the COVID-19 EIDL. The SBA also used subcontractors to assist with the processing and fraudulent detection of COVID-19 EIDL programs, suggesting there were neither enough personnel nor enough flexibility to shift personnel quickly.

At the onset of the COVID-19 EIDL program, Congress expected rapid assistance to small businesses in need, but the prevalence of fraud created many political opportunities through oversight, criticism, and transition. Policymaker input abounded in congressional oversight hearings with the GAO and SBA's OIG, criticizing the absent controls and the SBA's refusal to work with oversight entities for improvement. Public reports of prevalent and egregious spending on sports cars and collector items also provided evidence of political opportunity. Such reports likely provoked additional public outrage as not only were bad actors cheating the system, but they also flaunted their disregard for assistance with such purchases. Related to transition, although fraud oversight hearings took place in 2020, significant policy change did not take hold until the following year, after the presidential administrations changed and the confirmation of a new SBA administrator followed. The incoming SBA administrator's press releases and statements reflect a political need to satisfy fraud concerns and repeatedly note "swift and dramatic" actions to prevent fraud.¹⁸⁰

After the transition, Republican Congressman Luetkemeyer also started sending oversight letters to the SBA and drafted opinion pieces in newspapers criticizing the ability of the SBA, now under the Biden administration, to protect against fraud in the program. His criticism of the program also chastised the SBA for ineffective administration of the program from its inception. After the SBA changed its policies, Congress went a step further in enacting the COVID-19 EIDL Fraud Statute of Limitations Act. The latter move seems to have satisfied the need to both prosecute fraud actors and validate Congressman Luetkemeyer, as the primary sponsor of the legislation, through his oversight of the SBA.

¹⁸⁰ Small Business Administration, "SBA Administrator Guzman Announces Key Policy Change."

3. UK's Fraud Policy

The United Kingdom's publication *Fraud in Emergency Management and Recovery: Principles for Effective Fraud Control* articulates policy learning based on experience and resources dedicated to fraud. This policy change also builds on previous political opportunities that appear lessened by the scale of COVID-19 assistance fraud. This publication also demonstrates iterative policy learning related to fraud.

The United Kingdom's experience with fraud, specifically disaster assistance fraud, is vast as it is the most commonly reported crime in the country. The United Kingdom's experience with significant financial fraud in the 1970s influenced its public policy and revisiting of fraud policies over decades, based on many changes in the law oriented toward fraud policy.¹⁸¹ These reforms included a series of laws that provided the authority for iterative commissions and action, as well as new organizations and structures aligned with efforts to plan and prevent fraud in emergency management. These entities provided administrative experience over decades with disaster fraud. The public-facing *Principles for Effective Fraud Control* is accessible to the general public and specific to emergency management. There is no equivalent public-facing document among the other comparative cases. However, the availability of this document may be evidence of the maturity of policy learning, with a slight distinction between what is available and unavailable to the general public related to fraud policy. While fraud is the most commonly experienced crime in the United Kingdom, the *Principles for Effective Fraud Control* offers insight and dialogue for public consumption in an emergency management context instead of providing only fraud awareness materials for reporting the crime.

The United Kingdom has provided dedicated resources based on the *Principles for Effective Fraud Control* in the form of personnel and organizational structure. The report is a product created across different organizational entities in a centralized structure of fraud prevention within the UK government. Just before publication, the fraud prevention entities in the UK convinced policymakers to dedicate more resources and personnel to

¹⁸¹ Criminal Justice Act of 1987, c. 38 (Eng.), <https://www.legislation.gov.uk/ukpga/1987/38/contents>.

preventing and processing fraud. As a primary author of the publication, Deputy Director Cheeseman argued that changing the culture toward identifying fraud might empower policymakers to identify fraud more adeptly and deter such activities, despite a history of critique.¹⁸² This argument, coupled with administrative entities such as the Fraud Advisory Panel, CoEx, and the Serious Fraud Office, provides evidence of the United Kingdom's dedicating more resources to fraud, even if the government had been criticized for doing so in the past. The lack of data in this case is also a common condition that entices fraud, making it difficult to determine the extent of fraud, thus justifying policymakers' data collection efforts to under the reasons behind fraud.¹⁸³ The report's authors acknowledge the lack of resources for fraud and support dedicating more to the cause.

The United Kingdom's fraud policy offered a political opportunity to improve government services but also address recent critiques of the government. Before its publication, discussions of disaster fraud presented an opportunity for policymakers to evaluate the government's existing fraud policies. Lord Goldsmith's fraud review efforts provided insight that helped inform changes for fraud reform. At CoEx, the publication of *Principles for Effective Fraud Control* was the catalyst for a trip to meet members of the U.S. government and capture a picture of CoEx members in front of the White House. But shortly after reports of COVID-19 fraud in the United Kingdom, members of Parliament seized the opportunity to criticize the government's handling of COVID-19 assistance fraud. After Lord Agnew's resignation as Treasury and Cabinet Office minister, members of Parliament in the ruling minority suggested the resignation had validated their claims of government failure. When placed under the stress of unprecedented assistance to the public during COVID-19, the UK government's fraud approach was dismissed almost entirely by policymakers. During a parliamentary investigation of fraud by the Public Accounts Committee in 2021, even the creators of the *Principles for Effective Fraud Control* submitted another publication as evidence of the government's failure in response to the crisis.¹⁸⁴ The United Kingdom's extensive, well-documented fraud doctrine, when placed

¹⁸² Cheeseman, "Fighting Fraud at Home and Abroad."

¹⁸³ Aguirre and Lane, "Fraud in Disaster," 7.

¹⁸⁴ Fraud Advisory Panel, "Public Accounts Committee Enquiry on Fraud and Error."

under the stress of substantial COVID-19 assistance to the public, was also dismissed almost entirely by those charged with delivery of the aid. Despite the new policy made available in the *Principles for Effective Fraud Control*, political opportunities manifested in blaming government entities for failing to prevent fraud with the new policy.

4. HUD's CDBG-DR Program

HUD's policy learning for the CDBG-DR program exhibits the tensions of minimal and inconsistent experience and resources, as well as political opportunity for a possible policy change that has yet to manifest.

HUD's experience in delivering the CDBG-DR program and fraud prevention is limited based on the iterative authorizations of the program and the legislative jurisdiction. There are only a handful of times when Congress authorized the programs, usually tied to large-scale disasters. Each iteration, as described by HUD and oversight entities, is a new attempt at the program and a recent attempt at preventing fraud. Indeed, testimony before Congress has admitted that each iteration of the CDBG-DR is distinct from the previous one. For legislative jurisdiction—or the congressional committee assigned primary responsibility over an agency or department—the Senate Banking, Housing, and Urban Affairs Committee has primary authority over HUD. This committee is different from HSGAC, which typically retains disaster jurisdiction over FEMA and partially over HUD. Only two senators on HSGAC also belong to the Banking, Housing, and Urban Affairs Committee.¹⁸⁵ Having little working knowledge of other disaster assistance programs creates a gap in legislating policy reform.

Although the monetary resources provided to the CDBG-DR program are often significant, the authorities are temporary. Thus, policymakers note that if the program were permanent, there would be better fraud protection.¹⁸⁶ Under the Office of Disaster Recovery at HUD, not enough personnel support activations of the program, as evidenced

¹⁸⁵ Senate Committee on Banking, Housing, and Urban Affairs, “Membership”; “About,” Senate Committee on Homeland Security and Government Affairs, accessed September 2, 2022, <https://www.hsgac.senate.gov/about/>.

¹⁸⁶ H.R., *Community Development Block Grant-Disaster Recovery Program*.

by the need for contracting. This irregularity and insufficient personnel at each iteration contribute to HUD's inability to implement CDBG-DR uniformly. This lack of personnel and nonstandard implementation may present opportunities for fraudulent actors to leverage the inconsistent policy.

The CDBG-DR program's stagnation presents a political opportunity both in favor and against the policy change. Policymakers such as Senator Schatz continue to introduce legislation and express support to no avail. The policy change arguments for authorization of the program come with the claim that permanence would make deterring fraud easier. Although this argument is broad, watchdogs presenting this argument suggest that if Congress acts, HUD will implement permanent fraud policies. However, anti-fraud efforts could overlap with other aspects of the program, not solely fraud prevention. Proposals for the program also present an opportunity to shift responsibility to another organization, as Senator Toomey suggested the intent of the CDBG-DR program already resided with FEMA's mission and authorities.¹⁸⁷ Such a shift highlights jurisdictional limitations but also means some policymakers may oppose an idea with which they are less familiar and see an opportunity to remove CDBG-DR proposals from the congressional agenda.

The apparent threshold of attention to CDBG-DR fraud has not been met to capture the public's interest. Absent broad public interest, policymakers in Congress will have difficulty learning about such policy reform efforts. Congress continues to grapple with whether the program should be episodic based on need or permanent and able to meet new demands from unpredictable disaster activity.

5. FEMA's Fraud Efforts

The final example of no policy change for FEMA's fraud efforts provides compelling evidence of tensions from oversight entities calling for, and FEMA not acting on, the elevation of the agency's fraud awareness and organizational structure. Presumably, FEMA has the most experience with disaster assistance fraud, yet this case exhibits tensions related to the fraud investigation and referral process. For existing resources,

¹⁸⁷ Toomey, "Opening Statement."

FEMA's attention to different categories of assistance and alignment of current efforts for fraud appear mismatched. The political opportunity for FEMA's fraud efforts remains static, despite the GAO's prioritizing the agency's improvement and organizational management for fraud among its core recommendations. These combined tensions provide insight into possible policy learning even when no policy change occurs.

Given FEMA's role, the agency has a significant history of disaster assistance fraud. However, the recent history and organizational structuring of its fraud prevention efforts, combined with low fraud awareness across the agency, provide for no policy learning. Currently, the organizational management of FEMA's fraud component relies on referrals to the DHS OIG, which works with the Department of Justice to prosecute criminal referrals across all federal departments. This policy change is attributable to the U.S. response following Hurricane Katrina and the widespread failure of disaster response policy, including fraud referenced in the earlier example case for FEMA, which played out nationally. Policymakers reformed FEMA and created the National Disaster Fraud Task Force at the Department of Justice to prosecute fraud crimes. FEMA's FIID is an investigative authority within the agency that works with these external structures to prosecute criminal fraud cases. As noted in its oversight reporting, the OIG accepts only 6 percent of the fraud referrals from FEMA. While FEMA's fraud division has policy directives and mechanisms for investigations and referrals to OIG, it retains no oversight of referrals processing due to this organizational limitation within the agency and overall department.

Regarding fraud awareness, the failure of 93 percent of FEMA's employees to take basic fraud training presents a significant revelation.¹⁸⁸ FEMA's mission is to provide disaster assistance to survivors, yet the overwhelming majority of the agency, at the time of the report, had almost no appropriate fraud awareness training. This disparity may highlight to policymakers FEMA's inconsistency in applying fraud experience to its employees. These organizational limitations of referring fraud for prosecution, combined

¹⁸⁸ Department of Homeland Security, Office of Inspector General, *FEMA Must Take Additional Steps*, 7.

with lacking fraud awareness training, provide insight into the tension of FEMA's significant experience with disaster assistance fraud.

The resources dedicated to FEMA's fraud investigation administration include caseload management and data. From 2017 to 2022, FIID focused most of its investigative efforts on Individual Assistance, even though this category accounted for only 28 percent of total disaster relief spending, thus dedicating the remainder of its investigation resources—a mere 10 percent—to the bulk of disaster relief spending.¹⁸⁹ Public Assistance represents the bulk of FEMA's disaster assistance spending but receive little attention and investigative effort. These negative trends may serve as evidence that cheating the system at the individual level incites a greater reaction than cheating to assist public institutions and administration.¹⁹⁰ Nevertheless, there is little data to show how much Public Assistance fraud exists because FEMA allocates minimal effort to investigating such possible fraud. The lack of data for FEMA's fraud prevention efforts, as recognized in the GAO's assessment and FEMA's concurrence, further suggests a limited ability to investigate and report fraud.

The political opportunity related to FEMA's current fraud awareness efforts appears minimal. Despite the GAO's and OIG's oversight, FEMA has neither changed nor elevated the fraud prevention office within the agency and has made no major organizational realignments. The only publicly visible and tangible update from the GAO's recommendations for fraud improvement comes from the agency's production of fraud prevention infographics and posters.¹⁹¹ Given FEMA's experience with disaster fraud, prioritizing this division, developing administrative procedures, and improving training completion rates appear to be worthy goals for the agency. In its publications, the GAO has repeatedly emphasized recommendations for FEMA as top-level government priorities. While these recommendations regularly appear in oversight reports and testimony from government watchdogs, there have been few policymaker reactions in the form of proposed

¹⁸⁹ Department of Homeland Security, Office of Inspector General, 6.

¹⁹⁰ Jerolleman, *Deserving Victims and Post-Disaster Fraud*.

¹⁹¹ Federal Emergency Management Agency, "Beware of Fraud and Scams Graphics."

legislation or public criticism expressed in letters or investigations. This apparent lack of congressional interest suggests there may be little political opportunity to pursue policy reform outside of executive action. The GAO also argues that one of DHS's top priorities in 2022 remains improving FEMA's fraud prevention efforts, but as of mid-2022, no significant policy change has occurred.¹⁹²

¹⁹² "Recommendations Database," Government Accountability Office, accessed October 12, 2022, <https://www.gao.gov/reports-testimonies/recommendations-database>.

V. FINDINGS AND RECOMMENDATIONS

This chapter provides findings and recommendations for the five cases and considerations for future disaster assistance fraud and policy learning. In the findings section, tensions for each case are depicted in charts using a scale from 1 to 10, which help to detail trends and draw conclusions. Then, this chapter offers recommendations for policymakers regarding policy actions and areas of future study in disaster assistance fraud. It ends with a note on limitations followed by a conclusion to the thesis.

A. FINDINGS

The findings in the first half of this chapter provide comparative scales, based on the evidence presented in previous chapters, of all tensions in the cases. The cases with policy change from Chapter II and no policy change from Chapter III are stacked for comparison, underscoring patterns and trends across the five programs. This visual analysis offers insight into the tensions proposed in Chapter IV, as well as policy learning and its absence in the cases. These findings clarify which tensions policymakers encountered during the policymaking process and the strength of these tensions, thus impacting the policymaking process differently.

Each example case is divided by tension category and then ranked for further comparison and insight. Applying a scale from 1 to 10 shows how the tensions occurred, where efforts occurred at opposite ends of the spectrums, or how efforts “pushed” or “pulled” during policy learning. How each tension pushed and pulled against policy learning offers a new way to measure policy learning and debate, which helps to explain how policymakers learn about and proceed with fraud policy. The ranking of each tension aligns with the intensity of policymaker activity as learning efforts, defined by Boin et al. and Birkland, as described in Chapter I. These values help distinguish the variability of tensions in the policy learning process (see Figures 23–27).

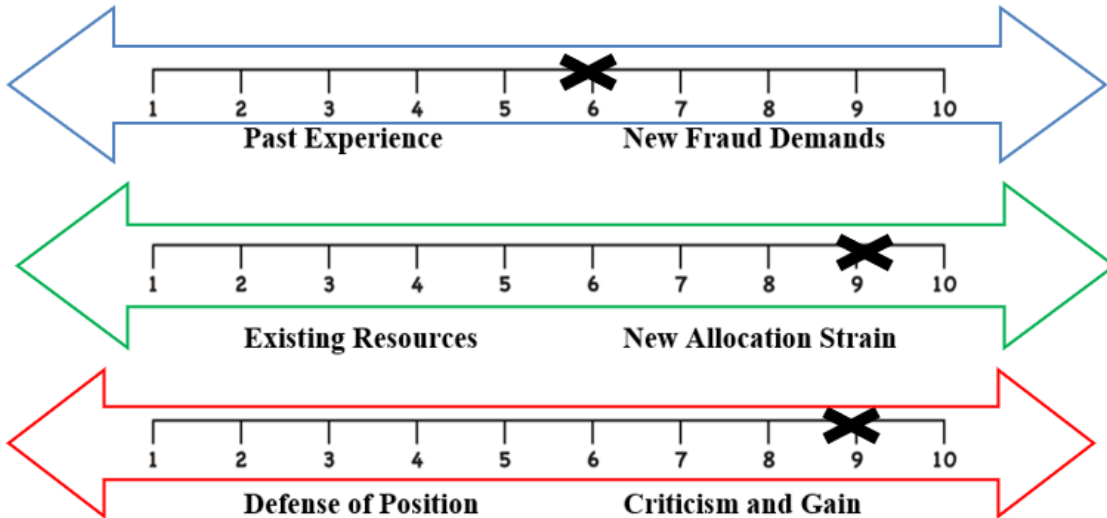


Figure 23. Tension Levels with FEMA's COVID-19 Funeral Assistance

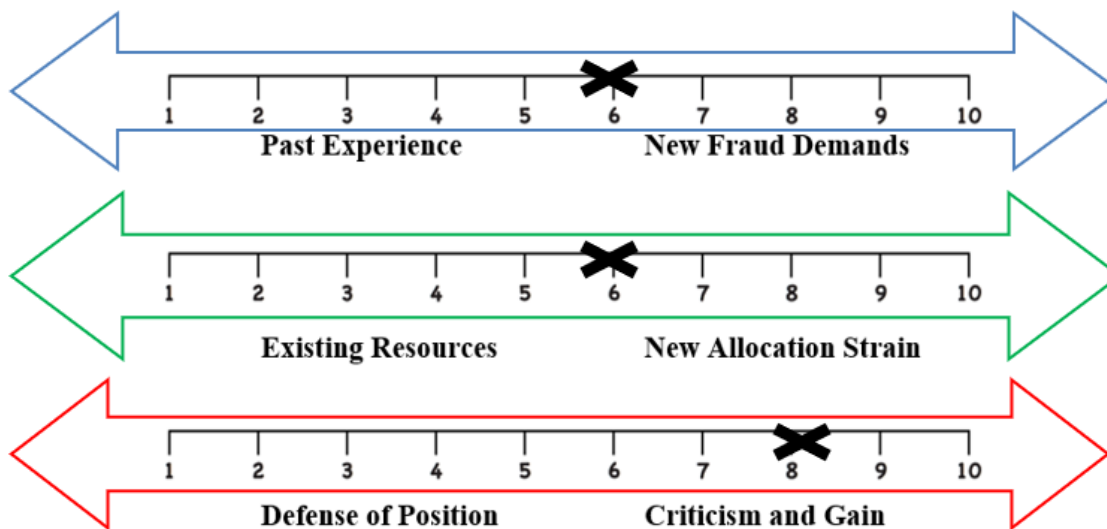


Figure 24. Tension Levels with SBA's COVID-19 EIDL

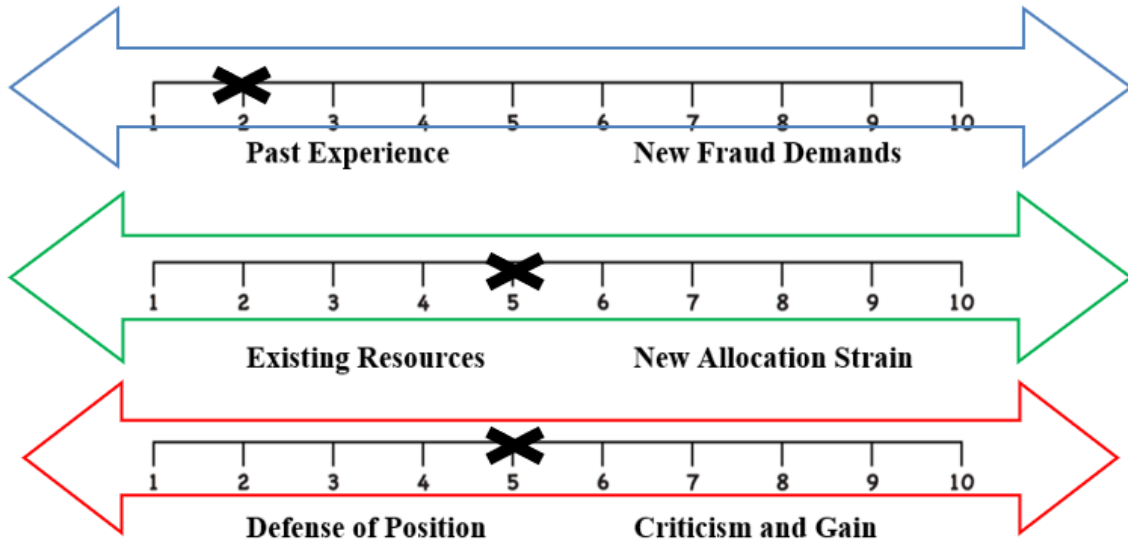


Figure 25. Tension Levels with UK's Fraud Principles

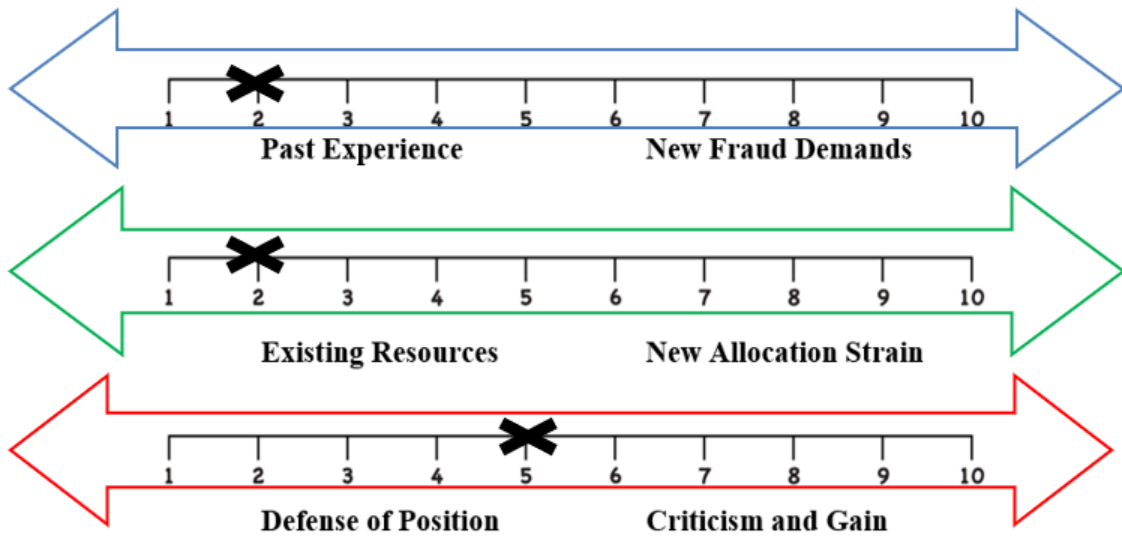


Figure 26. Tension Levels with HUD's CDBG-DR



Figure 27. Tension Levels with FEMA's Fraud Office and Awareness

1. Past Experience with Disaster Fraud against New Fraud Demands

Policymakers encounter tension related to experience at varying levels. For the policy change examples, the push and pull of new experiences against new demands show medium learning efforts for FEMA and SBA. In contrast, the United Kingdom gravitates toward learning efforts based on past experiences. In the no-policy-change cases, learning effort relies on past experience, and learning efforts do not appear to be based on new demands. These examples suggest that major, atypical disasters, such as COVID-19, initiate learning efforts based on new demands. Policymakers may have familiarity and prior experiences (even over decades) at the personal and institutional levels, as was the case with the United Kingdom and FEMA's fraud awareness, but absent an issue–attention cycle, policy learning efforts orient toward previous experience. Observers should conclude that experience does not necessarily lead to new learning or changes in policy.

2. Existing Dedicated Resources against New Allocation Strain

In three of the five examples, policymakers' learning about resources occurred more closely with new allocation strain. In the examples for FEMA, the SBA, and the UK, the new policies correlate with learning efforts dedicated to policymakers' re-orienting resources to accommodate disaster events. In the two cases of no policy change, the

evidence shows that policy learning efforts relied on existing resources. Compared to new demands during policymaking, the tension of resources applied to fraud appears to impact the ability to learn and change policy.

3. Political Opportunity: Defense of Position against Criticism and Gain

The tension of political opportunities trends with criticism and gain, based on three of the five cases, and policy change. For FEMA's Funeral Assistance and the SBA's economic assistance program, there is evidence of high political criticism and gain based on the efforts of politicians. In the no-policy-change cases, the low levels of learning efforts to defend current positions result in no changes to policy. Based solely on these examples, when fraud policy presents a political opportunity, especially at high levels, it offers a likelihood of policy learning.

4. Overall Learning about Disaster Fraud Policy

In all examples, learning generally occurs when the collective categories have higher overall rankings. Lower values appear in the no-policy-change cases, and lower levels are typically associated with no learning. These value rankings vary, showing that each tension category may impact policy learning and that no precise combination of tensions yields the same outcome. These rankings show inconsistency among all three tensions—they always vary. This lack of uniformity signals that in encountering various learning efforts and tensions, policymakers cannot attribute a single reason for policy change or the lack thereof. Nonetheless, policymakers can surmise that policy learning is more likely to occur when the tensions they encounter are heightened.

5. Lack of Certain Evidence

Of all the selected cases, there was no evidence of discussions among policymakers about why disaster fraud takes place. Instead, discussions and policy examinations involved enforcement and fraud prosecution after disaster fraud events occurred. If no evidence of learning about why fraud takes place is found throughout the policymaking process, there might be a missing perspective for policy solutions and proposals that could offset the three tensions.

This latter finding partially confirms the claim of Boin et al. that learning occurs within the political arena and under appropriate conditions for reform. However, consistency in evaluating what political opportunities exist generally related to fraud policy may provide insight about the ideal conditions for policymakers' policy learning. Based on intensity, political opportunity occurs at higher levels and impacts the policy learning process more than the other two significant tensions do. Political opportunity aligns with policy learning and should be an area of focus for policymakers seeking to address disaster assistance fraud through policy. Overall, how these tensions play out following a disaster fraud event either frustrates or helps policy change. Based on the cases presented, this thesis offers new insight into policy learning for disaster fraud.

B. RECOMMENDATIONS

This section describes recommendations based on the findings for disaster fraud, including expectations for fraud policy learning, different tensions, and ongoing discourse about fraud. These recommendations can help policymakers discern the environment they encounter and pursue learning efforts, including talking about fraud and seeking changes, as well as provide direction for quickly balancing the expectation of supplying disaster aid with the need to suppress fraudulent actors.

1. Revisiting Policy Learning for Disaster Fraud

Overall, policymaking efforts in the wake of disaster assistance fraud occur at regular and irregular intervals based on various issue–attention cycles. At the point of public and policymaker attention, policy learning about the need for reform can occur. Given the increase in disasters, policymakers should expect to provide additional assistance to those who need it while considering how best to protect against fraud. Policymakers will need a better understanding of why disaster fraud occurs and what policy learning takes place afterward than what currently exists in academic studies. The insights gained from this thesis provide a perspective on evaluating and measuring policy learning for disaster assistance fraud; however, disaster criminology continues to expand and shows the need for more research. Policies are needed for federal government agencies to assist disaster survivors with or without an understanding of disaster assistance fraud. The tensions

identified that affect policy learning provide a way to understand further how policymakers evaluate the issue of fraud and the appropriate policy response based on learning.

Another consideration for such policy learning is whether it can advance without a triggering event in the issue–attention cycle. Time is a determining factor—from the fraud event to the public’s or policymakers’ awareness and in the extent to which they engage and learn from new disaster assistance fraud or rely on previous models of engagements. While these cases highlight episodes of oversight entities or media initiating policymakers’ attention, time is one determining factor in fraud’s re-entering political discourse.

2. Expectations for Disaster Fraud Policy

If policymakers have experience with fraud, that experience should be reviewed to consider if it is appropriate and flexible to new challenges and demands. The scale and scope of COVID-19 disaster assistance tested policymakers in new ways. If experience with fraud at both the institutional and individual level is desired for administering disaster assistance, then Congress should consider fraud experience for agency leadership positions, or agencies should review their experience with fraud institutionally and supply data on such expertise to provide a standard for review. Such a standard for fraud competency may help to determine whether individuals can learn about policy improvements for fraud and enact policy changes based on such learning.

3. Lack of Fraud Reasons

In the evidence collected and reviewed, there appears to be little reference to policymakers exploring the reasons for disaster assistance fraud. All cases lacked any substantive discussion of the reasons for it. Policymakers should discuss the reasons to better inform policy change proposals. Currently, policymaker discourse pertains to broad policies for deterrence and post-fraud investigations. One allusion to the reasons for fraud came from Senator Jacky Rosen during a Senate oversight hearing with the GAO. During the exchange, Rosen remarked that people will “try to game the system, whatever the

system is.”¹⁹³ This brief exchange offers that regardless of the policy, the nature of bad actors is to gain access to a system with barriers. Congress should consider hearings that examine the root causes of fraud instead of reactionary hearings and legislative efforts whereby political opportunities manifest in criticizing current political leadership in both the legislative and executive branches. Doing so will add a new dimension to fraud policy learning not encountered to date.

Much of the evolving disaster criminology literature struggles to explain the reasons for disaster fraud but speculates on various social theories. Policymakers seem to focus more on the reporting and investigation elements of disaster assistance fraud than on its causes. Policymakers should consider engaging with and discussing the issue of fraud beyond planning for it but also investigating the associated anti-social and criminal behaviors that lead to fraud. As disaster criminology is a developing area of study, policymakers should look to broad criminology and associated legislative reforms for inspiration on fraud more generally. Congress should seek to bring in leading experts on disaster criminology and fraud with witnesses who have fraud experience in other policy domains outside of emergency management, such as financial fraud in banking services. Congress should also consider extending meetings and opportunities for public discourse with policymakers from the United Kingdom, specifically the contributors to the *Principles for Effective Fraud Control* examined in this thesis. More policymaker discussions about why fraud occurs is needed to inform ways to prevent it.

4. Legislative Response to Disaster Fraud Events

Policymakers may continue to expect proposals and calls for legislation related to fraud policy generally but also explicitly per case when there has yet to be policy change. If there is more political opportunity, based on the selected cases, policymakers should increase the ways to highlight legislative proposals and oversight activity. Those in Congress should call attention to the desired policy change by dedicating efforts where there is a political opportunity. Federal lawmakers should increase this attention on fraud

¹⁹³ Senate Committee on Homeland Security and Government Affairs, “Pandemic Response and Accountability.”

publicly, such as through critical questions during oversight hearings, letters to agency heads, appearances on news platforms, roundtable discussions with NGOs, or other visible events. Some policymakers may also look to authoring op-ed pieces in the media to generate and sustain the discussion of fraud.

In all of the examples, except for FEMA's fraud office and awareness, legislation was required or played a significant role in the discourse about fraud. Congress may need to consider what an appropriate legislative response would entail if administrative inaction continued for FEMA's fraud office and awareness. For instance, based on the GAO's recommendations, Congress may propose legislation that requires that FIID be elevated in FEMA's hierarchy and then, if it is enacted, propose improving current fraud efforts, considering the agency's caseload resourcing disparities and current referral process. Congress may consider additional resources or statutory changes for investigative resources and the extent to which FEMA's referral process should change. Congress may also consider elevating criticisms against the executive branch by questioning FEMA's officials during oversight hearings and other efforts that criticize the agency's current posture.

C. AREAS FOR FUTURE STUDY

Future researchers should consider alternative ways of measuring and evaluating disaster fraud policy learning. Additional methods could help provide insights and ways to gauge the presence or relevance of disaster assistance. Applying cybernetics to the three tensions could add more sensemaking to policy learning by showing more causal relationships. Future research should also evaluate other categories of assistance intended for preparedness. There are also opportunities to study and assess the current resources applied to fraud and the application of international models to American disaster fraud policy. There are many areas for future research, and the following are just some of the possibilities.

1. Application of Cybernetics Theory

Future studies should apply cybernetics to disaster assistance fraud cases based on the identified tensions.¹⁹⁴ Cybernetic loops can help distinguish the systems that policymakers encounter. By adding the positive and negative effects of the tensions on one other, researchers can provide another measure of policy learning. In such research, values of each tension category may shift based on positive or negative qualities, thus providing an entirely new perspective on policymaking and policy learning. Such results may challenge the findings presented in this thesis and encourage further study.

2. Non-disaster Assistance Fraud

Another recommendation involves expanding studies to non-disaster grants that are aligned generally with grant efforts for homeland security and discerning to what extent fraud policy learning is applicable. However, Congress provides grant funding annually for disaster preparedness, such as the Urban Area Security Initiative, the State Homeland Security Program, Operation Stonegarden, and the Nonprofit Security Grant Program, among others. Combined, these programs represent billions in federal assistance.¹⁹⁵ Because these grant programs are not explicitly tied to disaster activity, they may change considerations for the type of fraud.

3. Fraud Investigation Data and Resources

Given the current academic literature's limitations in resources and data related to fraud, coupled with the evidence presented in this thesis, more research is needed about fraud data and appropriate resources. If more resources are dedicated to fraud, some might assume that fraud occurs less frequently, yet correlations between resources, policy change, and policy learning are uncertain. Further research into disaster assistance fraud may also look into the resources needed to prevent fraud in disasters at earlier phases and the data needed to distinguish the phases. The existing literature suggests that the money spent for

¹⁹⁴ John D. Steinbruner, *The Cybernetic Theory of Decision: New Dimensions of Political Analysis* (Princeton: Princeton University Press, 1974), <https://doi.org/10.2307/j.ctv1nxctxf>.

¹⁹⁵ "Preparedness Grants," Federal Emergency Management Agency, accessed November 1, 2022, <https://www.fema.gov/grants/preparedness>.

deterrence may exceed the loss from fraud.¹⁹⁶ Also, while several articles suggest artificial intelligence might help prevent disaster assistance fraud, particularly in fraud screening and detection, there appears to be no standard practice—despite arguments about its potential value. The insight gained into resource levels will help policymakers determine or provide a minimal standard for staffing and policy.

Another area of study is clarification on the extent that the United Kingdom is actively collaborating with the United States and others and the possibility of the United States adopting a similar public-facing policy. Instead of typical administrative resources, the United States could devise best practices and planning based on the United Kingdom's *Principles for Effective Fraud Control*, as no such equivalent exists publicly in U.S. domestic emergency management but would provide additional insight for policymakers.

D. LIMITATIONS

There were limitations to this thesis, as there are in policymaking generally. The evidence presented in this thesis comes almost entirely from public-facing documentation, commentary, and open-source media. There was no publicly available evidence of any pre-decisional debate, draft policies, or internal determination memos used by policymakers at all levels. Principal decision-makers within the government also rely on professional staff to research, develop, and analyze policy decisions. These staff also bring their own experiences and framing to the discourse, especially in highly visible public engagements such as congressional oversight hearings. What happens behind closed doors, primarily related to fraud and criminality, may be limited for public consumption and study.

This thesis did not assess the effectiveness of the policies selected here. Instead, it considered how policy learning efforts occur due to environmental factors with tensions, some of which were not examined in this thesis. There are also many policy models that could have provided additional insight. Although this thesis did not evaluate the effectiveness of a policy change or retention of an existing policy, this analysis examined

¹⁹⁶ Jerolleman, *Deserving Victims and Post-Disaster Fraud*, 30–31.

how this policy learning process takes place and the environment in which decisions are formed.

The proposal of the three major tensions in this thesis did not fully consider additional tensions or alternative models of policy change. There might have been more specific policy models that could have provided an alternative to distinguishing which characteristics of fraud are more tangible in enacting policy change. Alternatively, there might have been some tensions not previewed here that apply more broadly to societal reactions to fraud. Finally, there might be other tensions related to agenda-setting and desensitization of fraud as just one issue, among many others of more importance to policymakers.

E. CONCLUSION

Unsurprisingly, disaster assistance fraud is not a new policy issue. Disaster assistance fraud and the associated policy response regularly prompt new efforts to learn and revisit existing policies or propose solutions. Within this policy process, learning occurs where a change in the proposals, debate, framing, and new interpretations happens. Still, the intersection of disaster criminology and policymaking is an emerging field. Policymakers are currently focused on re-examining fraud policy without questioning why fraud happens or how to improve learning about such fraud.

Throughout the policymaking process, tensions related to disaster fraud events either frustrate or help policy learning. This study selected cases in which recent disaster assistance fraud spurred policy change or led to policy stagnation, despite proposals for such change. The cases presented and reviewed in this thesis offer insight into the tensions that influence policymaker learning for disaster fraud and the prevalence of these tensions.

These recent cases offer a preview of relevant tensions based on the evidence of learning and learning efforts. However, given the scope of government assistance, fraud, and disaster assistance, policymakers can look to these cases and the environment where the policymaking process, filled with tensions, presents opportunities for learning and responding to disaster assistance fraud.

APPENDIX. GLOSSARY

Experience: The relative frequency and historical familiarity with which policymakers debate, administer, and reform a particular policy issue.

Policy Learning: “Purposeful efforts to (re)examine, (re)assess, and (re)calibrate existing and proposed beliefs, policies, and institutional arrangements.”¹⁹⁷

Political Opportunity: Moments that policymakers may take advantage of for political gain, often leveraging criticism of a particular power dynamic in government to influence policy outcomes or perceptions.

Resources: The availability of means to administer policy often entailing administrative funding, personnel, procedures, or a combination thereof.

Tensions: Opposing forces that push and pull on policymakers to sway an outcome, no matter their effect on policy change. Tensions pull decision-making in opposing directions.

¹⁹⁷ Boin et al., *The Politics of Crisis Management*, 127–28.

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF REFERENCES

- Aguirre, Benigno E., and David Lane. "Fraud in Disaster: Rethinking the Phases." *International Journal of Disaster Risk Reduction* 39 (2019): 101232. <https://doi.org/10.1016/j.ijdrr.2019.101232>.
- Americans for Financial Reform. Americans for Financial Reform to Chuck Schumer, Mitch McConnell, Nancy Pelosi, and Kevin McCarthy, January 25, 2022. <https://ourfinancialsecurity.org/2022/01/letters-to-congress-letter-in-support-of-the-reforming-disaster-recovery-act/>.
- Augusto, Daniel. "Change-Point Analysis of Houston Crime during Hurricane Harvey." *Journal of Applied Security Research* 16, no. 1 (2021): 1–18. <https://doi.org/10.1080/19361610.2020.1857170>.
- Banco, Erin. "Fraud Fears and Messy Data Stall FEMA Program for Covid Victims." POLITICO, February 25, 2021. <https://www.politico.com/news/2021/02/25/fema-funeral-aid-coronavirus-471533>.
- Barbour, Haley, Jere Nash, and Ricky Mathews. *America's Great Storm: Leading through Hurricane Katrina*. Jackson: University Press of Mississippi, 2015.
- Berrebi, Claude, Ariel Karlinsky, and Hanan Yonah. "Individual and Community Behavioral Responses to Natural Disasters." *Natural Hazards* 105, no. 2 (January 2021): 1541–69. <https://doi.org/10.1007/s11069-020-04365-2>.
- Bipartisan Policy Center. Bipartisan Policy Center to James Arthur Jemison II, November 9, 2021. <https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/11/Letter-to-HUD-on-CDBG-DR-Program-.pdf>.
- Birkland, Thomas A. *Lessons of Disaster: Policy Change after Catastrophic Events*. Washington, DC: Georgetown University Press, 2006.
- Boin, Arjen, Paul 't Hart, Eric Stern, and Bengt Sundelius. *The Politics of Crisis Management: Public Leadership under Pressure*. 2nd ed. New York: Cambridge University Press, 2017.
- Cabinet Office. *Cross-Government Fraud Landscape: Annual Report 2019*. London: Cabinet Office, 2020. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864268/Cross-Government_Fraud_Landscape_Annual_Report_2019_WA__1_.pdf.
- Centers for Disease Control and Prevention. "CDC Museum COVID-19 Timeline." August 16, 2022. <https://www.cdc.gov/museum/timeline/covid19.html>.

- Cheeseman, Mark. "Fighting Fraud at Home and Abroad." *Civil Service Quarterly* (blog), February 13, 2020. <https://quarterly.blog.gov.uk/2020/02/13/fighting-fraud-at-home-and-abroad/>.
- Clarke, David M. David M. Clarke to Rishi Sunak. "COVID-19 Fraud: Ongoing Concern about a Weakness in the Banking System and the Need for a Centralised Data Repository." February 22, 2021. Fraud Advisory Panel Archives. <https://www.fraudadvisorypanel.org/wp-content/uploads/2021/03/Letter-to-the-Chancellor-of-Exchequer-COVID19-Fraud-WEB-22Feb21.pdf>.
- Commonwealth Fraud Prevention Centre. "New International Guide to Pressure Testing." March 3, 2022. <https://www.counterfraud.gov.au/news/general-news/new-international-guide-pressure-testing>.
- Cuffari, Joseph V. "FY 2023 Budget Request: Testimony before the Subcommittee on Homeland Security, Committee on Appropriations, House of Representatives." Washington, DC: Department of Homeland Security, Office of Inspector General, 2022. <https://docs.house.gov/meetings/AP/AP15/20220406/114605/HHRG-117-AP15-20220406-SD001.pdf>.
- Cuomo, Andrew. "Request for Presidential Disaster Declaration Major Disaster." March 16, 2020. Department of Homeland Security Archives. https://www.dhs.gov/sites/default/files/publications/2020-hqfo-01096_records.pdf.
- Currie, Chris P. *Federal Assistance and Selected States and Territory Efforts to Identify Deaths from 2017 Hurricanes*. GAO-19-486. Washington, DC: Government Accountability Office, 2019. <https://www.gao.gov/assets/gao-19-486.pdf>.
- DeFazio, Peter, Sam Graves, Dina Titus, and Daniel Webster. Peter DeFazio, Sam Graves, Dina Titus, and Daniel Webster to Deanne Criswell, May 13, 2021. House Committee on Transportation and Infrastructure. https://transportation.house.gov/uploadedfiles/2021-05-13_letter_to_fema_re_ihp_denials.pdf.
- Department of Homeland Security. "Creation of the Department of Homeland Security." Accessed November 16, 2022. <https://www.dhs.gov/creation-department-homeland-security>.
- Department of Homeland Security, Office of Inspector General. *FEMA Has Made More than \$3 Billion in Improper and Potentially Fraudulent Payments for Home Repair Assistance since 2003*. OIG-20-23. Washington, DC: Department of Homeland Security, 2020. <https://www.oig.dhs.gov/sites/default/files/assets/2020-04/OIG-20-23-Apr20.pdf>.

- . *FEMA Must Take Additional Steps to Demonstrate the Importance of Fraud Prevention and Awareness in FEMA Disaster Assistance Programs*. OIG-19-55. Washington, DC: Department of Homeland Security, Office of Inspector General, 2019. <https://www.oig.dhs.gov/sites/default/files/assets/2019-07/OIG-19-55-Jul19.pdf>.
- . *Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities*. OIG-21-25. Washington, DC: Department of Homeland Security, Office of Inspector General, 2021. <https://www.oig.dhs.gov/sites/default/files/assets/2021-03/OIG-21-25-Mar21.pdf>.
- Department of Housing and Urban Development. “Congressional Relations.” Accessed October 12, 2022. https://www.hud.gov/program_offices/gov_relations/circongr.
- Department of Justice. “Attorney General Announces Task Force to Combat COVID-19 Fraud.” May 17, 2021. <https://www.justice.gov/opa/pr/attorney-general-announces-task-force-combat-covid-19-fraud>.
- . *Disaster Fraud Task Force: Report to the Attorney General for Fiscal Year 2011*. Washington, DC: Department of Justice, 2012. <https://www.justice.gov/archives/criminal-disasters/progress-reports>.
- . “History of the Department of Justice.” Accessed November 16, 2022. <https://www.justice.gov/history>.
- . “National Center for Disaster Fraud (NCDF).” Accessed March 23, 2022. <https://www.justice.gov/disaster-fraud>.
- Department of Labor, Office of Inspector General. *Semiannual Report to Congress*. Washington, DC: Department of Labor, 2021. <https://www.oig.dol.gov/public/semiannuals/86.pdf>.
- Dodaro, Gene L. Gene L. Dodaro to Alejandro Mayorkas. “Priority Open Recommendations: Department of Homeland Security.” July 15, 2022. Government Accountability Office. <https://www.gao.gov/assets/gao-22-105702.pdf>.
- Downs, Anthony. “Up and Down with Ecology—The ‘Issue–Attention’ Cycle.” *Public Interest*, no. 28 (Summer 1972): 38–50. https://www.nationalaffairs.com/public_interest/detail/up-and-down-with-ecologythe-issue-attention-cycle.
- Dreier, Hannah. “‘Assistance Not Approved.’” *Washington Post*, April 25, 2021. https://www.washingtonpost.com/nation/2021/04/25/fema-disaster-assistance-denied/?tid=usw_passupdatepg.

- . “‘My Sincere Condolences’: Inside the Struggles and Heartaches of FEMA’s Massive Covid Funeral Assistance Program.” *Washington Post*, December 21, 2021. <https://www.washingtonpost.com/nation/2021/12/21/fema-covid-funeral-assistance/>.
- Drew, Jeff. “COVID-19 Relief Bill Addresses Key PPP Issues.” *Journal of Accountancy*, December 21, 2020. <https://www.journalofaccountancy.com/news/2020/dec/covid-19-relief-bill-addresses-key-ppp-issues.html>.
- Elgot, Jessica, Peter Walker, and Rupert Neate. “Minister Quits in Lords over Government Handling of Covid Loans Fraud.” *Guardian*, January 24, 2022. <https://www.theguardian.com/politics/2022/jan/24/minister-resigns-in-protest-at-handling-of-fraudulent-covid-loans>.
- Eller, Warren S., and Adam S. Wandt. “Contemporary Policy Challenges in Protecting the Homeland.” *Policy Studies Journal* 48, no. S1 (2020): S33–46. <https://doi.org/10.1111/psj.12386>.
- Fairweather, Robert. “Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement.” M-21-19. Official memorandum. Washington, DC: Office of Management and Budget, 2021. <https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>.
- Federal Emergency Management Agency. “Beware of Fraud and Scams Graphics.” December 16, 2022. <https://www.fema.gov/node/beware-fraud-and-scams-graphics>.
- . *COVID-19 Funeral Assistance Individuals and Households Program Policy*. Interim. Version 2. 104–21-0001. Washington, DC: Federal Emergency Management Agency, 2021. https://www.fema.gov/sites/default/files/documents/fema_covid-19-funeral-assistance-interim-policy-version-2_06-29-2021.pdf.
- . *Disaster Relief Fund: Monthly Report as of September 20, 2022*. Washington, DC: Department of Homeland Security, October 2022. https://www.fema.gov/sites/default/files/documents/fema_disaster-relief-fund-report_102022.pdf.
- . “FEMA Amends COVID-19 Funeral Assistance Policy.” June 29, 2021. <https://www.fema.gov/press-release/20210629/fema-amends-covid-19-funeral-assistance-policy>.
- . “FEMA COVID-19 Funeral Assistance State-by-State Breakdown.” August 1, 2022. <https://www.fema.gov/press-release/20220801/fema-covid-19-funeral-assistance-state-state-breakdown>.

- . “FEMA Tops \$2 Billion of COVID-19 Funeral Assistance, Announces New Campaign to Increase Program Awareness.” March 15, 2022. <https://www.fema.gov/press-release/20220315/fema-tops-2-billion-covid-19-funeral-assistance-announces-new-campaign>.
- . “How a Disaster Gets Declared.” January 4, 2022. <https://www.fema.gov/disaster/how-declared>.
- . *Individual Assistance Program and Policy Guide*. FP 104–009-03. Washington, DC: Federal Emergency Management Agency, 2021. https://www.fema.gov/sites/default/files/documents/fema_iappg-1.1.pdf.
- . “Preparedness Grants.” Accessed November 1, 2022. <https://www.fema.gov/grants/preparedness>.
- . “Resource Roadmaps.” Accessed April 1, 2022. <https://www.fema.gov/disaster/coronavirus/economic/resource-roadmaps>.
- . “3 Ways to Apply for Assistance Graphics.” October 3, 2022. <https://www.fema.gov/node/3-ways-apply-assistance-graphics>.
- . *We Are FEMA: Helping People before, during, and after Disasters*. FEMA No. FP112-01. Washington, DC: Federal Emergency Management Agency, 2019. https://www.fema.gov/sites/default/files/2020-03/publication-one_english_2019.pdf.
- Frailing, Kelly, and Dee Wood Harper. *Toward a Criminology of Disaster: What We Know and What We Need to Find Out*. New York: Palgrave Macmillan, 2017.
- Fraud Advisory Panel. “Fraud Advisory Panel Representation: Public Accounts Committee Enquiry on Fraud and Error.” Accessed June 6, 2022. <https://committees.parliament.uk/writtenevidence/26077/html/>.
- . *The Fraud Review Ten Years On*. London: Fraud Advisory Panel, 2016. <https://www.fraudadvisorypanel.org/wp-content/uploads/2016/06/The-Fraud-Review-Ten-Years-On-WEB.pdf>.
- Gavin, Neil T. “Below the Radar: A U.K. Benefit Fraud Media Coverage Tsunami—Impact, Ideology, and Society.” *British Journal of Sociology* 72, no. 3 (June 2021): 707–24. <https://doi.org/10.1111/1468-4446.12809>.
- Government Accountability Office. “Recommendations Database.” Accessed October 12, 2022. <https://www.gao.gov/reports-testimonies/recommendations-database>.
- Guikema, Seth. “Artificial Intelligence for Natural Hazards Risk Analysis: Potential, Challenges, and Research Needs.” *Risk Analysis* 40, no. (2020): 1117–23. <https://doi.org/10.1111/risa.13476>.

- Horowitz, Michael E. “Examining Federal Efforts to Prevent, Detect, and Prosecute Pandemic Relief Fraud to Safeguard Funds for All Eligible Americans: Statement before the U.S. House of Representatives, Select Subcommittee on the Coronavirus Crisis.” Washington, DC: Pandemic Response Accountability Committee, 2022. <https://docs.house.gov/meetings/VC/VC00/20220614/114881/HHRG-117-VC00-Wstate-HorowitzM-20220614.pdf>.
- International Public Sector Fraud Forum. *Fraud in Emergency Management and Recovery: Principles for Effective Fraud Control*. London: International Public Sector Fraud Forum, 2020. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864310/Fraud_in_Emergency_Management_and_Recovery_10Feb.pdf.
- Jaroscak, Joseph V. *The Community Development Block Grant’s Disaster Recovery (CDBG-DR) Component: Background and Issues*. CRS Report No. R46475. Washington, DC: Congressional Research Service, 2020. <https://crsreports.congress.gov/product/pdf/R/R46475>.
- Jerolleman, Alessandra. *Deserving Victims and Post-Disaster Fraud*. Cham, Switzerland: Palgrave Pivot, 2019.
- Jolly, Jasper. “UK Lost up to £16bn Due to Fraud and Error in Covid Loans Schemes.” *Guardian*, February 22, 2022. <https://www.theguardian.com/world/2022/feb/23/uk-lost-up-to-16bn-due-to-and-error-in-covid-loans-schemes>.
- Katko, John. “Katko, Brindisi Lead New York Congressional Delegation in Urging President Trump to Support Major Disaster Declaration in New York.” Official website of Congressman John Katko, March 18, 2020. <https://katko.house.gov/media-center/press-releases/katko-brindisi-lead-new-york-congressional-delegation-urging-president>.
- Kimrey, Christopher M. “Opportunities in Crisis and Catastrophe: The Issue–Attention Cycle and Political Reality.” *Homeland Security Affairs* 12 (May 2016): 1. <https://www.hsaj.org/articles/10541>.
- Law Commission. *Fraud: Report on a Reference under Section 3(1)(e) of the Law Commissions Act 1965*. LAW COM, No 276. London: Law Commission, 2002. https://www.lawcom.gov.uk/app/uploads/2015/03/lc276_Fraud.pdf.
- Levy, Jack S. “Case Studies: Types, Designs, and Logics of Inference.” *Conflict Management and Peace Science* 25, no. 1 (2008): 1–18. <https://www.jstor.org/stable/26275102>.
- Lin, Szu-Yun, Sherif El-Tawil, and Benigno E. Aguirre. “Computational Simulation of Benefit Fraud and Community Resilience in the Wake of Disaster.” *Natural Hazards Review* 21, no. 4 (November 2020): 04020039. [https://doi.org/10.1061/\(ASCE\)NH.1527-6996.0000407](https://doi.org/10.1061/(ASCE)NH.1527-6996.0000407).

- Luetkemeyer, Blaine. “Biden’s SBA Continues to Fail Small Businesses with Fraud, Delays, and Mismanagement.” House Committee on Small Business, July 12, 2022. <https://republicans-smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=404227>.
- . “Op-Ed: It’s Time for the Government to Get Out of the Direct Lending Business.” CNBC, October 1, 2021. <https://www.cnbc.com/2021/10/01/government-must-stop-direct-lending-gop-rep-luetkemeyer-says.html>.
- Luetkemeyer, Blaine, and French Hill. Blaine Luetkemeyer and French Hill to Isabella Casillas Guzman, November 17, 2021. Official website of Senator Blain Luetkemeyer. https://luetkemeyer.house.gov/uploadedfiles/11.17.21_luetkemeyer-hill_letter_to_sba_direct_lending.pdf.
- Monahan, Brian, and Matthew Ettinger. “News Media and Disasters: Navigating Old Challenges and New Opportunities in the Digital Age.” In *Handbook of Disaster Research*, edited by Havidán Rodríguez, William Donner, and Joseph E. Trainor, 479–95. Cham: Springer International Publishing, 2018. http://link.springer.com/10.1007/978-3-319-63254-4_23.
- National Association of Funeral Directors. “Did You Get a Call from FEMA?” May 13, 2021. <https://nfda.org/news/in-the-news/nfda-news/id/5878/did-you-get-a-call-from-fema>.
- . “The FEMA COVID-19 Funeral Assistance Program Explained.” April 8, 2021. <https://nfda.org/news/in-the-news/nfda-news/id/5820/the-fema-covid-19-funeral-assistance-program-explained>.
- National Low Income Housing Coalition. “Memo to Members: Disaster Recovery Timelines Are Shortening, but Challenges Remain for the CDBG-DR Program.” February 1, 2021. <https://nlihc.org/resource/disaster-recovery-timelines-are-shortening-challenges-remain-cdbg-dr-program>.
- National Oceanic and Atmospheric Administration. “U.S. Hit with 18 Billion-Dollar Disasters So Far This Year.” October 8, 2021. <https://www.noaa.gov/news/us-hit-with-18-billion-dollar-disasters-so-far-year>.
- New York Times Company. “Hannah Dreier to Join the *Times*.” March 2, 2022. <https://www.nytc.com/press/hannah-dreier-to-join-the-times/>.
- NMOGHAL. “HUD Rolls Out AI Risk Management Platform to Fight Fraud in . . .” Machine Learning, September 23, 2021. <https://machinelearning.piyasaa.com/hud-rolls-out-ai-risk-management-platform-to-fight-fraud-in/>.

- Official website of Senator Brian Schatz. “Schatz, Collins, Young, Leahy, Cassidy Introduce Bipartisan Legislation to Reform Disaster Recovery.” July 22, 2021. <https://www.schatz.senate.gov/news/press-releases/schatz-collins-young-leahy-cassidy-introduce-bipartisan-legislation-to-reform-disaster-recovery>.
- Official website of Senator Charles E. Schumer. “Schumer & Rep. Ocasio-Cortez Announce: FEMA Funeral Assistance Program Launches Today; Hotline Is ‘Live’ for Families to File Claims; Senator & Congresswoman Pushed to Increase Assistance to \$9K per Funeral & Urge Ny’ers to Gather Their Paperwork, Make the Call & Secure Their Relief.” April 12, 2021. https://www.schumer.senate.gov/newsroom/press-releases/schumer-and-rep-ocasio-cortez-announce-fema-funeral-assistance-program-launches-today-hotline-is-live-for-families-to-file-claims-senator_congresswoman-pushed-to-increase-assistance-to-9k-per-funeral--urge-nyers-to-gather-their-paperwork-make-the-call--secure-their-relief.
- Pitofsky, Marina. “Ocasio-Cortez, Schumer Announce Federal COVID-19 Fund to Help Families Pay for Funerals.” *Hill*, February 8, 2021. <https://thehill.com/policy/healthcare/537889-ocasio-cortez-schumer-announce-federal-covid-19-fund-to-help-families-pay-for/>.
- Romm, Tony. “Fraud in Coronavirus Relief a Big Problem for Oversight.” *Washington Post*, February 22, 2022. ProQuest.
- . “‘Immense Fraud’ Creates Immense Task for Washington as It Tries to Tighten Scrutiny of \$6 Trillion in Emergency Coronavirus Spending.” *Washington Post*, February 17, 2022. <https://www.washingtonpost.com/us-policy/2022/02/17/stimulus-aid-oversight-fraud/>.
- Sanderson, David, Sonny S. Patel, Martin Loosemore, Anshu Sharma, Kelsy Greenwald, and Ronak Patel. “Corruption and Disasters in the Built Environment: A Literature Review.” *Disasters* 46, no. 4, (October 2022). <https://doi.org/10.1111/disa.12500>.
- Santucci, Christina. “Schumer, AOC Launch COVID-19 Funeral Fund, Hotline Gets 1 Million Calls on First Day.” *Brooklyn Post*, April 13, 2021. <https://brooklynpost.com/schumer-aoc-launch-covid-19-funeral-fund-hotline-gets-1-million-calls-on-first-day>.
- Sebastian, Steven J., James R. Dalkin, Robert F. Dacey, Jacquelyn N. Hamilton, Kristen A. Kociolek, Grant L. Simmons, and Christie A. Pugnetti. *Standards for Internal Control in the Federal Government*. GAO-14-704G. Washington, DC: Government Accountability Office, 2014. <https://www.gao.gov/assets/gao-14-704g.pdf>.
- Serious Fraud Office. “SFO Historical Background and Powers.” Accessed July 16, 2022. <https://www.sfo.gov.uk/publications/corporate-information/sfo-historical-background-powers/>.

Shea, Rebecca. *Disaster Assistance: FEMA Should Take Additional Actions to Strengthen Fraud Risk Management for Public Assistance Emergency Work Grants*. GAO-20-604. Washington, DC: Government Accountability Office, 2020. <https://www.gao.gov/assets/gao-20-604.pdf>.

———. *Disaster Recovery: HUD Should Take Additional Action to Assess Community Development Block Grant Fraud Risks*. GAO-21-177. Washington, DC: Government Accountability Office, 2021. <https://www.gao.gov/assets/gao-21-177.pdf>.

Singletary, Michelle. “A New FEMA Program Offers Up to \$9,000 to Help with Covid-19 Funerals. Scammers See an Opportunity.” *Washington Post*, April 16, 2021. <https://www.washingtonpost.com/business/2021/04/16/fema-covid-funeral-program-fraud-faq/>.

Skidmore, Michael, Josephine Ramm, Janice Goldstraw-White, Clare Barrett, Sabina Barleaza, Rick Muir, and Martin Gill. *More than Just a Number: Improving the Police Response to Victims of Fraud*. London: Police Foundation, 2018. https://www.police-foundation.org.uk/2017/wp-content/uploads/2010/10/more_than_just_a_number_exec_summary.pdf.

Small Business Administration. “Administrator Guzman Announces Expanded Efforts to Aggressively Crack Down on Bad Actors and Prevent Fraud in Programs.” April 1, 2022. <https://www.sba.gov/article/2022/apr/01/administrator-guzman-announces-expanded-efforts-aggressively-crack-down-bad-actors-prevent-fraud>.

———. “SBA Administrator Guzman Announces Key Policy Change: Existing COVID Economic Injury Disaster Loan Program Borrowers to Receive an Additional Deferment.” March 15, 2022. <https://www.sba.gov/article/2022/mar/15/sba-administrator-guzman-announces-key-policy-change-existing-covid-economic-injury-disaster-loan#:~:text=Key%20changes%20announced%20included%3A,equipment%2C%20and%20paying%20off%20debt>.

Small Business Administration, Office of Inspector General. *Inspection of Small Business Administration’s Initial Disaster Assistance Response to the Coronavirus Pandemic*. Report No. 21–02. Washington, DC: Small Business Administration, Office of Inspector General, 2020. <https://www.sba.gov/sites/default/files/2020-10/SBA%20OIG%20Report%2021-02.pdf>.

———. *SBA’s Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program*. Report No. 21–15. Washington, DC: Small Business Administration, Office of Inspector General, 2021. <https://www.sba.gov/sites/default/files/2021-05/SBA%20OIG%20%20Report%2021-15.pdf>.

Smithson, Lee Wallace. “Meta-leadership in a Mega Disaster: A Case Study of Governor Haley Barbour’s Leadership during Hurricane Katrina.” Master’s thesis, Naval Postgraduate School, 2014. <http://hdl.handle.net/10945/44673>.

- Steinbruner, John D. *The Cybernetic Theory of Decision: New Dimensions of Political Analysis*. Princeton: Princeton University Press, 1974. <https://doi.org/10.2307/j.ctv1nxctxf>.
- Strohm, Chris. “Senate Panel to Probe Allegations of FEMA Fraud.” *Government Executive*, January 7, 2005. <https://www.govexec.com/defense/2005/01/senate-panel-to-probe-allegations-of-fema-fraud/18318/>.
- Teles, Daniel, and Carlos Martin. “Why Does Disaster Recovery Take So Long? Five Facts about Federal Housing Aid after Disasters.” *Urban Institute*, January 25, 2021. <https://www.urban.org/urban-wire/why-does-disaster-recovery-take-so-long-five-facts-about-federal-housing-aid-after-disasters>.
- Toomey, Pat. “Opening Statement: Disaster Recovery Assistance—Authorization of the Community Development Block Grant–Disaster Recovery Program.” U.S. Senate, December 15, 2021. <https://www.banking.senate.gov/imo/media/doc/Toomey%20Statement%2012-15-21.pdf>.
- Torbati, Yeganeh. “Trump Hasn’t Released Funds That Help Families of COVID-19 Victims Pay for Burials. Members of Congress Want to Change That.” *ProPublica*, May 4, 2020. <https://www.propublica.org/article/trump-hasnt-released-funds-that-help-families-of-covid-19-victims-pay-for-burials-members-of-congress-want-to-change-that?token=uoYT3QQC93fqm0Bw2XM2uFPVTHBJBAML>.
- UK Political Speech Archive. “Lord Agnew—2022 Resignation Statement in the House of Lords over Coronavirus Fraud.” January 25, 2022. <https://www.ukpol.co.uk/lord-agnew-2022-resignation-statement-in-the-house-of-lords-over-coronavirus-fraud/>.
- U.S. Attorney’s Office, Southern District of Georgia. “Georgia Man Who Used COVID Relief Funds to Buy Pokemon Card Sentenced to Prison.” March 7, 2022. <https://www.justice.gov/usao-sdga/pr/georgia-man-who-used-covid-relief-funds-buy-pokemon-card-sentenced-prison>.
- U.S. Congress. Democratic Staff of the Senate Appropriations Committee. “Highlights of the Third Emergency Supplemental.” February 7, 2018. <https://www.appropriations.senate.gov/imo/media/doc/02.07.18--Third%20Disaster%20Supp--Highlights-Summary.pdf>.
- U.S. Congress. House Committee on Transportation and Infrastructure. “Committee Leaders Question FEMA after Approvals for Disaster Survivor Aid Program Falls to All-Time Low.” May 17, 2021. <https://transportation.house.gov/news/documentsingle.aspx?DocumentID=405402>.

- U.S. Congress. Senate Committee on Banking, Housing, and Urban Affairs. "Membership." Accessed June 3, 2022. <https://www.banking.senate.gov/about/membership>.
- U.S. Congress. Senate Committee on Homeland Security and Government Affairs. "About." Accessed September 2, 2022. <https://www.hsgac.senate.gov/about/>.
- . "Full Committee Hearing: Pandemic Response and Accountability: Reducing Fraud and Expanding Access to Covid-19 Relief through Effective Oversight." March 17, 2022. Video, 2:18:59. <https://www.hsgac.senate.gov/hearings/pandemic-response-and-accountability-reducing-fraud-and-expanding-access-to-covid-19-relief-through-effective-oversight/>.
- Vigdor, Neil. "He Spent \$57,000 in Covid Relief on a Pokémon Card. Now the U.S. Owns It." *New York Times*, March 8, 2022. <https://www.nytimes.com/2022/03/08/us/covid-fraud-pokemon-card-charizard.html>.
- Ware, Hannibal "Mike." "Statement for the Record before the Committee on Small Business, U.S House of Representatives." Washington, DC: Small Business Administration, Office of Inspector General, 2022. <https://www.sba.gov/sites/default/files/2022-01/Hannibal%20Ware%20Statement%20for%20the%20Record%2001-12-2022%20508.pdf>.
- . "Statement for the Record before the Select Subcommittee on the Coronavirus Crisis, U.S. House of Representatives." Washington, DC: Small Business Administration, 2021. https://www.sba.gov/sites/default/files/2021-04/Statement%20for%20the%20Record_Final%20SSCC%20508.pdf.
- . "Statement for the Record before the Select Subcommittee on the Coronavirus Crisis, U.S. House of Representatives." Washington, DC: Small Business Administration, 2022. <https://www.sba.gov/sites/default/files/2022-06/Statement%20for%20the%20Record%20Final%2006-14-2022%20Final%20508.pdf>.
- Washington Post*. "Profile: Hannah Dreier." Accessed November 17, 2022. <https://www.washingtonpost.com/people/hannah-dreier/>.
- Welder, Scott, Christine Kwon, and Jennifer Dresden. "There's Just One Department of Homeland Security. So Why Does It Have So Many Bosses in Congress?" *Washington Post*, October 21, 2021. <https://www.washingtonpost.com/politics/2021/10/21/theres-just-one-department-homeland-security-so-why-does-it-have-so-many-bosses-congress/>.

THIS PAGE INTENTIONALLY LEFT BLANK

INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center
Ft. Belvoir, Virginia
2. Dudley Knox Library
Naval Postgraduate School
Monterey, California



DUDLEY KNOX LIBRARY

NAVAL POSTGRADUATE SCHOOL

WWW.NPS.EDU

WHERE SCIENCE MEETS THE ART OF WARFARE