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# Delivery of Benefits in an Emergency: Lessons from Hurricane Katrina

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Executive Brief

## Overview

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- Katrina Overwhelmed Existing Emergency Benefits Systems
- Elements of an Effective Emergency Benefits Delivery System
- Promising Practices in Building an Effective Emergency Benefits System
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## Key points

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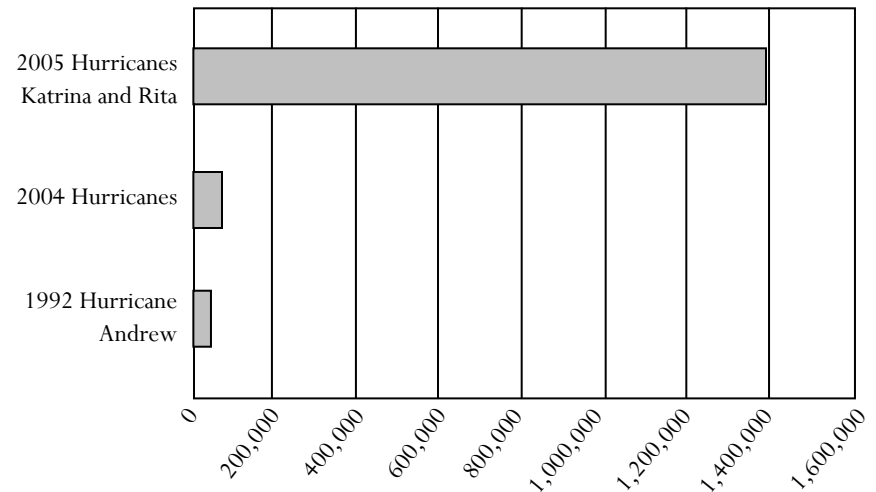
- This report focuses on the delivery of emergency financial benefits, like:
  - Disaster-related emergency food stamps, unemployment insurance, and emergency cash assistance
  - Ongoing pensions, Social Security, Temporary Assistance for Needy Families
  
- Based on the experiences of Katrina, the report found:
  - promising practices and positive models exist
  - the elements of an effective electronic benefits delivery system are available today
  - Electronically-delivered benefits can effectively ensure program integrity
  
- The report describes the elements of an effective electronic benefit delivery system and provides guidelines to ensure program integrity.
  
- The report offers recommendations to the federal government to put in place an effective delivery system in advance of any new catastrophe.

After every catastrophic event, emergency commodities are vital, and cash is “king.”

## Katrina overwhelmed existing emergency benefit systems

- Hurricanes Katrina and Rita dramatically affected the lives of over 4 million people across the Gulf Coast region, causing over 1,500 deaths, more than \$88 billion in damage, and displaced some 600,000 families.
- Virtually all relief systems were overtaxed by the sheer magnitude of the disaster.
- Many displaced people lacked basic identification or cards that could give them access to their bank accounts or other sources of funds.
- Some relief efforts were remarkably successful. Usually, these were built on existing infrastructure.
  - USDA used its existing Electronic Benefits Transfer (EBT) infrastructure to deliver \$907 million in emergency food stamp benefits to 2.3 million households, in partnership with state governments and private EBT vendors.
  - The American Red Cross provided some \$1.5 billion of cash, checks, and electronic benefits to meet food, housing, and other need of over 4 million hurricane survivors.
- The Katrina disaster provides an important set of lessons to cope with future large-scale disasters.

**Number of Treasury Department Sponsored Debit Card Assistance Cases in the Aftermath of Recent Hurricanes in the United States**



**Source:** *Best Practices in the Worst of Times*, U.S. Debit Card Agency Forum, Financial Management Service, U.S. Treasury Department, March 2, 2006.

## Elements of an effective emergency benefits delivery system

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Effective response to a disaster calls for different activities at each stage. The stages of response for emergency benefits delivery include:

- Creating an effective electronic payment system before a disaster strikes
- Using a collaborative network of stakeholders to deliver emergency benefits in the immediate aftermath, using inter-operable systems
- Restoring benefit payment services, such as banks, after a disaster.
- Monitoring payment integrity
- Learning lessons for the next time

## Promising Practices in building an effective emergency benefits network in advance

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The report describes a number of promising practices and next steps, including:

- **Expand statutory waiver authority.**
  - Practice: food stamp program can grant waivers to streamline intake process
  - Next step: review other benefit programs and enact similar laws
- **Encourage interstate cooperation**
  - Practice: framework of mutual aid agreements exists among states
  - Next step: states need to train relevant officials on how to share between program and staff officials
- **Expand use of debit cards and EBT cards**
  - Practice: multiple approaches exist to pay benefits electronically, such as the existing state-administered Electronic Benefit Transfer (EBT) system
  - Next step: create a national debit card to deploy in emergencies, which can receive payments from multiple federal programs
- **Improve intake systems**
  - Practice: Florida has an paperless, web-based intake system
  - Next step: expand such a system to other states
  - Practice: the Coordinated Assistance Network permits non-profits, such as the Red Cross, to collect information on applicants
  - Next step: expand to other non-profits and link to government providers

## Conclusions

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- To mitigate the consequences of a future large-scale disasters, an effective emergency benefits system must be developed and maintained.
- Basic components for an effective system already exist.
- The existing organizational structure is not bringing together the disparate efforts of multiple federal, state, and local government agencies, nonprofit organizations, and private firms.
- Leadership is critically needed for the effective creation and operation of an emergency benefits network.
- Leadership must come from the federal government.

In the management and organization of delivering emergency benefits, positive models already exist.

## Recommendations

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- 1. Leadership.** The federal Office of Management and Budget (OMB) should take the lead in creating the legal, organizational and other preconditions for the effective delivery of emergency benefits.
- 2. Collaboration.** OMB should encourage the formation of a new council, composed of federal, state and local agencies, nonprofits and private businesses, that would collaborate in creating a broad-based approach to emergency benefits delivery.
- 3. Dual-track approach.** This new council should consider building a two-track system:
  - one track would build on the success of the existing Electronic Benefits and Services Council, which fostered the multi-state electronic food stamp network.
  - the other would be a complementary federal emergency benefits system, operating through federally-issued branded debit cards and backed by federal systems, in the event that state systems become overwhelmed.
- 4. Update legal structure.** The legal and regulatory infrastructure needs to allow waivers of program regulations and encourage mutual aid agreements among states.

## Resources and Contact Info

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- For copies of the report, visit the IBM Center for The Business of Government Website:
  - [www.businessofgovernment.org](http://www.businessofgovernment.org)
  
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