There's widespread agreement that the 1988 Stafford Act, the primary law that governs the Federal Emergency Management Agency's role in responding to disasters, needs to be overhauled. What's not clear is precisely how the law should be rewritten to give FEMA the latitude it would need to respond successfully to another catastrophe as devastating as Hurricane Katrina.

At a forum on Tuesday for congressional staff and emergency management professionals on Capitol Hill sponsored by New York University's Center for Catastrophe Preparedness and Response, panelists cited numerous examples of how the law thwarted effective response.

To begin with, the Stafford Act was not designed for a catastrophic event that obliterates the infrastructure of an entire region of the country, said Donny Ray Williams, staff director for the Senate Subcommittee on Disaster Recovery, which is chaired by Sen. Mary Landrieu, D-La.

The law, as currently written, establishes two incident levels: emergencies and major disasters. In practice, emergencies tend to be local events that require a limited federal response, while major disasters, such as hurricanes, earthquakes and floods, can affect millions of people. The law makes no distinction for events of even greater magnitude that destroy the capacity of states and cities to respond or wipe out regional communications, as was the case with Katrina's 2005 blow that ravaged 90,000 square miles of Gulf Coast territory.

The subcommittee is in the early stages of drafting legislation that would reform the Stafford Act, Williams said. Senate staffers are working with officials at FEMA and the White House, and House lawmakers. Williams said he hopes the Senate can propose new legislation before Congress recesses this summer.

Mitchell Moss, the Henry Hart Rice Professor of Urban Policy and Planning at New York University and an investigator at the center, said of the Stafford Act, "Despite good intentions, it doesn't work. Congress is always having to work around its limits."

Among the limitations Moss cited, the law caps federal loans to state and local governments to offset lost tax revenue following a disaster at $5 million -- a wholly inadequate figure. In 2002 and 2003, for example, New York City lost nearly $3 billion
in tax revenues following the Sept. 11, 2001, terrorist attacks. After Katrina struck, New Orleans had to lay off almost half of its workforce -- about 3,000 employees -- because the city didn't have enough cash to pay them (the law allowed the federal government to reimburse the city for employee overtime, but not for the salaries themselves).

Not only did the city face overwhelming devastation, but with its tax base destroyed it had no way to pay employees when it needed them most, Moss said.

In addition, the law prohibits federal assistance to utilities except if those utilities are publicly owned or nonprofit. This was an impediment to New Orleans regaining phone service after Katrina because in the lawless interlude that followed, BellSouth could not provide security for employees needed to maintain service, and the federal government was prohibited from assisting, Moss said. Utility workers should be considered "emergency responders" in the aftermath of a disaster or catastrophic event, he added.

More flexibility in providing cash assistance quickly -- particularly in the form of grants to states and localities -- would go a long way toward helping communities rebound from disasters and mitigate the economic fallout, Moss said.

"One of the greatest challenges is to rebuild not to where things were before [a disaster] but to where they should be." It makes no sense to replace decades-old infrastructure with exactly the same thing, yet that is what the law calls for, he noted.

Williams declined to speculate on specific reform measures, but said the law likely would be rewritten to include a new declaration category for catastrophic events, and also would address disaster housing, one of the most pressing problems to result from Katrina's blow to the Gulf Coast.

"It's going to be a long road, wherever we go with [Stafford Act reform]," said Williams.