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Fact Sheet

DHS Inspector General Finds That FEMA's Flood Map Program Is Underfunded and Inadequate

Today, the Department of Homeland Security's Inspector General is releasing a report entitled *Challenges in FEMA's Flood Map Modernization Program*.¹ The report raises serious questions about the adequacy of program funding and warns that inaccurate, outdated, and obsolete flood maps may place homeowners and residents at physical and financial risk. The report is also highly critical of FEMA's management of the \$1.5 billion program and the contractor's performance, which have resulted in significant delays and cost overruns.

These findings raise serious questions about FEMA's capacity to manage activities within its core responsibilities and call further into question the agency's ability to oversee the spending of billions of dollars in the response to Hurricanes Katrina and Rita.

Background on Flood Map Modernization Program

As the IG report recognizes, floods are "among the most frequent and costly of all natural disasters."² Since 1978, FEMA has been charged with producing maps that detail geographic areas at risk of flooding. These maps are used not only to identify where flood insurance is needed, but also to determine where communities should locate critical facilities, such as emergency operations centers, fire and police stations, hazardous waste sites, and hospitals.

FEMA maintains an inventory of over 90,000 flood maps. As the IG report warns, however, "the majority of FEMA's maps are outdated."³ According to the report, "70 percent of the maps are more than 10 years old," many "were hand-drawn and are difficult to update," and subsequent construction and development "has generally rendered the maps inaccurate and obsolete."⁴

Inaccurate flood maps may cause property owners to be mistakenly identified as floodplain residents, which could place significant regulatory restrictions on their properties. Conversely, other property owners and emergency facilities may be incorrectly omitted from floodplain maps, placing them at substantial risk without their knowledge.

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To remedy these deficiencies, FEMA embarked in 2003 on a six-year program to modernize its flood mapping program. The two primary goals of the program are: (1) to update and correct FEMA's existing flood maps; and (2) to digitize them so they can be accessed and updated via the Internet. The budget for this program is approximately \$1.5 billion.⁵

Inadequate Program Funding

The IG report concludes that the "proposed budgets are insufficient" for FEMA's flood map modernization program.⁶ As part of this program, FEMA requested that each state develop a "business plan" to identify the costs of map modernization based on a needs assessment. Now, after having reviewed these state business plans, the IG reports widespread concern that the proposed budgets "are inadequate to meet nationwide requirements for map modernization."⁷

Specifically, the IG finds that the amounts FEMA is allocating to various states for map modernization efforts are far lower than the amounts identified by states as necessary to achieve the goals of the program. For example, the IG reports that Ohio identified \$41 million in mapping requirement needs, but is being allocated between \$13 and \$15 million by FEMA. Similarly, Massachusetts identified \$34 million in mapping needs, but is being allocated \$7 million. And New York identified \$106 million in mapping needs, but is being allocated \$43 million.⁸

In each case, the state business plan "reflects the minimum requirement to produce accurate maps for areas that already have serious flood hazard problems."⁹ They are not "high-end 'wish-lists,'" according to state flood managers, but "minimum requirements for conducting detailed studies in high priority areas alone."¹⁰

A separate analysis conducted by the Association of State Flood Plain Managers (ASFPM) in August 2005 estimated that FEMA's total map modernization budget of \$1.5 billion is less than half of the amount actually needed. Calculations by ASFPM indicates that "the state-projected cost of updating the flood maps was typically two to three times the funding allocated to the state in FEMA's mapping plan." ASFPM asserts that FEMA's map modernization program should be "a \$2-3 billion program."¹¹

Because of these funding shortfalls, the IG concludes that FEMA may have to sacrifice its first goal of improving the quality of its maps, settling instead for just the digitization of its existing, inaccurate maps. State officials report to the IG that FEMA's existing funding "would be so thinly spread that it would only cover digitizing existing maps — not conducting new studies to produce accurate maps."¹² FEMA's approach is "counterproductive," according to state officials, and "ultimately will result in substandard maps, as they would only be able to digitize existing, poor quality maps."¹³

Inadequate Program Management and Oversight

In addition to identifying major funding shortfalls, the IG report is highly critical of FEMA's mismanagement of the map modernization program. According to the IG, "FEMA has not provided the performance management and oversight needed to ensure successful accomplishment of the map modernization program."¹⁴

In March 2004, FEMA awarded a five-year prime contract worth \$750 million for executing the map modernization program.¹⁵ The task order for the first year of the contract was worth \$120 million.¹⁶ Under this contract, the prime contractor is responsible for "providing architectural and engineering services, program management, IT systems development and support, data collection activities, customer assistance, and outreach services."¹⁷ The company hired by FEMA is Michael Baker Jr., Inc., the engineering unit of the Michael Baker Corporation. Under its "performance based" contract, the company retained the services of IBM Business Consulting Services and more than two dozen other subcontractors.¹⁸

An example of poor program management highlighted by the IG is FEMA's struggling effort to oversee the contractor's development of a web-based technology to share digitized maps. According to the IG report:

[P]rogress has been limited because the system development approach is not well executed. Specifically, a lack of clear contractor expectations, underestimation of the scope and complexity of the project, an overly aggressive development schedule, poorly defined system requirements, and an ineffective system development approach have led to significant development and implementation delays as well as cost overruns.¹⁹

As a direct result of these problems, the IG reports that "the contractor has not met several deadlines and the platform is significantly over budget."²⁰ In November 2004, according to the IG, "FEMA rejected the deliverables," concluding that "the tools did not satisfy the requirements."²¹

Inadequate Contractor Performance

FEMA's inadequate management of the map modernization program has enabled the contractor hired to execute the program to incur significant cost overruns and to repeatedly delay implementation schedules. The IG reports: "FEMA oversight of the contractor's project management and procurement activities has not been adequate to control the costs and schedule for the map modernization program."²²

In particular, the IG finds that "FEMA managers lack a consistent means of evaluating contractor performance."²³ According to the IG report, the indicators FEMA uses to score contractor performance "do not provide a sound basis for evaluating the contractor's overall program

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management accomplishments.”²⁴ The IG report states bluntly that FEMA’s “performance measures are not adequate.”²⁵

To illustrate this problem, the IG describes one instance in which the contractor’s performance scores “were in complete contradiction” with a FEMA evaluation letter that “discussed cost and schedule overruns and criticized the contractor for poor leadership performance.”²⁶ FEMA officials interviewed by the IG “questioned the agency’s approach to collecting, tracking, and analyzing data used to score contractor performance,” stating that “no one is quite sure how such information is tracked and documented so there is no reliable means of verifying the performance measures and scores assigned.”²⁷

In other instances, work begun by FEMA has deteriorated after being turned over to the contractor. For example, the IG report describes FEMA’s initial efforts to draft an “overarching policy for coordinating geospatial data.” When the contractor took over this work and submitted its draft to FEMA, “the agency responded with a discrepancy report indicating that the contractor’s product was ‘significantly worse than the original draft.’”²⁸

The IG also identifies significant contractor cost overruns. For example, as the IG report states, “FEMA did not have adequate procedures in place to control the contractor’s IT expenditures.” As a result, the IG “identified a cost overrun of approximately \$1.1 million,” which FEMA officials attributed in part to “contractor purchases of IT equipment that they had not pre-authorized.”²⁹

A FEMA manager also reported to the IG that, “without his knowledge, the contractor had added tasks and costs to his contract area of oversight, distorting the original baseline against which to assess work performed.”³⁰ In addition, the IG finds that “the contractor’s monthly reports to FEMA ... lacked specificity” and “failed to capture key information, such as delays experienced by the contractor.”³¹ As a result, the IG concludes that FEMA “has not effectively controlled costs and schedules to ensure that the contractor is accomplishing the overall program within established budgets and timeframes.”³²

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Endnotes

¹ Office of Inspector General, Department of Homeland Security, *Challenges in FEMA's Flood Map Modernization Program* (Report No. OIG-05-44) (Sept. 2005) (hereinafter DHS IG Report).

² *Id.* at 1.

³ *Id.*

⁴ *Id.* at 2.

⁵ *Id.* at 4.

⁶ *Id.* at 7.

⁷ *Id.* at 7-8.

⁸ *Id.* at 8.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Testimony of the Association of State Floodplain Managers, Inc. before the House Committee on Financial Services (Aug. 17, 2005).

¹² DHS IG Report, at 8.

¹³ *Id.*

¹⁴ *Id.* at 15.

¹⁵ Michael Baker Corp., *Press Release: Baker Completes Negotiations with FEMA for Management of MHFMM Program* (Mar. 11, 2004) (online at www.mbakercorp.com/baker/newsroom/view.cfm?DPC_ID=548).

¹⁶ *Id.*

¹⁷ DHS IG Report, at 5.

¹⁸ Michael Baker Corp., *Press Release: Baker Completes Negotiations with FEMA for Management of MHFMM Program* (Mar. 11, 2004) (online at www.mbakercorp.com/baker/newsroom/view.cfm?DPC_ID=548).

¹⁹ DHS IG Report, at 28.

²⁰ *Id.* at 30.

²¹ *Id.*

²² *Id.* at 12.

²³ *Id.* at 13.

²⁴ *Id.* at 16.

²⁵ *Id.* at 15.

²⁶ *Id.* at 16.

²⁷ *Id.*

²⁸ *Id.* at 21.

²⁹ *Id.* at 14.

³⁰ *Id.* at 13.

³¹ *Id.*

³² *Id.* at 12.