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DEPARTMENT OF HOMELAND SECURITY

BEFORE THE
SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS,
PREPAREDNESS and RESPONSE

COMMITTEE ON HOMELAND SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES

AND THE
SUBCOMMITTEE ON DISASTER RECOVERY
COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

July 31, 2008

Good afternoon Chairman Thompson, Chairman Cuellar, Congressman Dent, Chairwoman Landrieu, Senator Stevens and Members of the Subcommittees.

We appreciate the opportunity to represent the Department of Homeland Security's Federal Emergency Management Agency (FEMA) to respond to recent media reports alleging that FEMA improperly disposed of surplus goods, provide you with a full explanation of FEMA's inventory, its disposition, and discuss improvements that FEMA has made to its donations and volunteer management efforts post-Katrina.

FEMA has and continues to incorporate lessons learned from Hurricane Katrina and other disasters to establish better, stronger business practices that will best meet the needs of states in assisting disaster victims quickly and efficiently. As we identify past systems and procedures that plagued FEMA and our partners, we correct them.

Recent media reports accuse FEMA of "giving away" supplies intended for Hurricane Katrina victims. These reports often did not adhere to a standard of fairness or accuracy. We appreciate the opportunity to discuss this issue with you today and report FEMA's side of the story.

Eric Smith, Assistant Administrator for the Logistics Management Directorate will discuss the logistic aspects and Carlos Castillo will discuss ESF#6 efforts to improve our assistance to States in managing donations of goods and supplies.

Historical Perspective

Traditionally, after a disaster, financial donations and donations of goods and services are coordinated at the State and local levels through voluntary and nonprofit organizations that work together with FEMA to identify and address survivors' unmet needs.

Prior to the 2005 Hurricane Season, and as part of FEMA's standard operating procedures for donations and volunteer management, FEMA, through our Voluntary Agency Liaisons, worked closely with Federal, State and local entities to provide addresses of centers receiving donations. As soon as a State's communications were restored, hotline numbers were provided to assist volunteers in assessing where their services and donations were most critically needed. These phone banks were staffed by voluntary agencies, as well as by State and local personnel.

Following Hurricanes Katrina and Rita, the States of Mississippi, Alabama and Louisiana established Katrina Hotlines to coordinate public contributions of money, goods and services for the purpose of assisting victims. These hotlines were staffed by State personnel and supported by FEMA-trained State Donations/Volunteer Coordinators and participating voluntary agencies. FEMA also established a toll-free number to supplement the efforts of the States because their resources were severely taxed.

Offers were channeled down to the affected State Donations Coordination Teams for their consideration. FEMA also made use of the National Emergency Resource Registry developed by the DHS Private Sector Office. While this was an immediate solution to

cataloguing incoming offers of assistance, the system was not constructed to track matches between States and companies offering goods. Its purpose was solely to provide an online resource list of available goods and service.

In addition to domestic offers of assistance, Gulf Coast States received offers of financial and material aid from over 150 nations and international organizations. To coordinate and effectively utilize the assistance offered, FEMA turned to the agency that has diplomatic expertise working with the international community in a disaster context, the U.S. Agency for International Development (USAID) and its Office of Foreign Disaster Assistance (OFDA). FEMA formally tasked USAID/OFDA to manage the logistics and operations of incoming international donations. We also quickly developed a system with our Federal partners, including the Department of State (DOS), which acted as the intermediary for offers of international assistance to the U.S. as was required, at that time, by the National Response Plan (NRP).

FEMA formally tasked USAID/OFDA for multiple reasons. First, as a signatory to the NRP, USAID is committed to the principles underlying the NRP and committed to support DHS/FEMA in responding to incidents of national significance. Second, FEMA has an ongoing working relationship with USAID/OFDA and recognizes USAID/OFDA's excellent logistics capability. Third, FEMA tasked USAID/OFDA because that agency knows the international emergency management community. USAID/OFDA has a good understanding of the kinds of emergency supplies that may be offered by our international partners. USAID/OFDA also works closely with major international relief organizations.

To facilitate operations, some USAID/OFDA staff members were physically co-located at FEMA headquarters. FEMA also asked USAID/OFDA to deploy staff members to the Joint Field Office (JFO) in the affected region. This proved to be invaluable support for the logisticians and response providers at headquarters and in the field.

For all international donations that the U.S. Government received, DHS took responsibility to ensure that they could be distributed in the Gulf Coast and would not place extra burdens on response operations. However, despite our best efforts to quickly put together, with DOS and USAID/OFDA, a mechanism to manage material offers, it was difficult to rapidly integrate such a large quantity of foreign assistance into the ongoing disaster response. Some of these challenges included incidental goods being shipped along with accepted items; lack of specificity in qualifying U.S. Government acceptance; and a lack of understanding of the specifics of the offers.

Nevertheless, the U.S. Government did successfully accept blankets, cots, tents, generators, school supplies, and other materials. Ultimately, USAID/OFDA distributed 143 truckloads of international donations to distribution centers in Louisiana, Alabama, Mississippi, Texas, and Arkansas.

As part of FEMA's after-action review of its disaster-response efforts, we initiated meetings with those Departments and agencies that had participated in the receipt of

international donations following Hurricane Katrina. Our aim was to formalize a system to identify requirements and accept international offers of assistance, so that valuable time would not be spent developing the system in the midst of future disaster responses.

These meetings led to establishment of an interagency workgroup of the Departments and agencies that had participated in Hurricane Katrina's international donations effort. This working group has begun formalizing an international coordination system. Participants have included components of DHS such as FEMA, Customs and Border Protection, Immigration and Customs Enforcement (ICE), Citizenship and Immigration Services (CIS) and other Departments and agencies such as USAID, DOS, Defense, Food and Drug Administration, Agriculture, and the U.S. Army Corps of Engineers, as well as the American Red Cross (ARC). Significant progress has been made in the development of standardized procedures to review and accept or decline international offers of assistance and to respond to international inquiries.

Changes to ESF-#6 Mass Care/Donations and Volunteer Management

As part of the National Response Framework (NRF) review process, in 2007, FEMA and ARC agreed that FEMA would assume Primary Agency responsibilities for the mass care component of Emergency Support Function (ESF) #6, including Donations and Volunteer Management.

As part of the efforts, FEMA has established a donations policy for disasters and provides technical assistance to affected State, local, and tribal governments on management of spontaneous volunteers and unsolicited goods. The procedures, processes and activities are defined in the Volunteer and Donations Management Support Annex of the NRF.

FEMA works in concert with State, local and tribal governments, non-governmental organizations, faith-based organizations, and the private sector in the facilitation of an inclusive multi-agency, community-wide, coordinated response and recovery effort that ensures establishment of a long-term recovery strategy to address unmet needs of individuals and families.

To support these efforts, FEMA's Disaster Assistance Directorate developed a Volunteer and Donations Coordination Team at FEMA Headquarters to provide rapid, coordinated response and provide Federal support to State and local governments. These efforts include warehouse support for housing unsolicited donated goods, coordination of unsolicited private and international donations, and use of Aidmatrix, a web-based application that enables us to record offers of donated goods, services and financial resources.

Challenges of Donation and Volunteer Management

Following a disaster event, even those that do not receive a Presidential disaster declaration, the general public makes many offers of in-kind and financial contributions. Until 2007, there was not a coordinated, effective mechanism to capture the offers and

bring them to the attention of emergency managers for operational use. The challenge of those in the field is getting the “Right Aid to the Right People at the Right Time.”

Uncoordinated shipments of unsolicited donated goods and large numbers of unaffiliated volunteers can cause unnecessary disruption and confusion in the disaster area. This can lead to offers remaining unused or to a waste of valuable resources. State donations management coordinators and others whose job is to manage the public response often are overwhelmed.

FEMA and DHS as a whole saw the need for a secure, user-friendly system to efficiently connect Federal and State/local Governments, the Private Sector, and the Voluntary Sector to match the volume of donation offers of product and volunteers with appropriate nonprofit agencies.

In February 2006, FEMA posted a “Sources Sought” notice in Federal Business Opportunities (FEDBIZOPPS.GOV) for the development of a much-needed web-base application for donation and volunteer management. The Agency evaluated all eight responses received in response to the “Sources Sought” notice against the published requirements and determined that the Aidmatrix Foundation’s technology solution was the only one to meet all the requirements. As mentioned above, FEMA further determined that the expansion of an software package or solution previously developed by the Aid Matrix Foundation with warehouse, call center, and volunteer management capabilities would serve the broad public purpose of helping State and local government and voluntary agencies to ensure that donated goods and services are accepted, acknowledged, and deployed to the areas of greatest need during disaster response and recovery activities.

Moreover, working with the Aid Matrix Foundation enabled the Agency to leverage the good work that had already been taking place in the donation management community. Several of FEMA’s major voluntary agency partners, including the American Red Cross, Adventist Community Service and America’s Second Harvest were using the Aidmatrix Foundation’s Disaster Relief Matrix to support donation warehouse operations in Katrina-impacted states.

The Agency subsequently decided that a Cooperative Agreement was the best vehicle to secure the donation and volunteer management software. The Cooperative Agreement was awarded to Aidmatrix on November 28, 2006. It was determined that the funding used to support the expansion of a software package or solution previously developed by the Aidmatrix Foundation would not be used to directly acquire donation management services or solutions for the Federal government. It was also determined that the direct benefit would be to the State, local and tribal governments, voluntary agencies, and disaster victims in need of assistance that may be available through donations. Finally, a Cooperative Agreement would allow the voluntary agency community and private sector to have greater equity in ensuring the success of the donations management process, while providing FEMA the opportunity to leverage a public private partnership.

Supply Distribution to Gulf Coast

As a result of Hurricanes Katrina and Rita, as well as several other disasters, FEMA received certain goods through donations or made direct government purchases to help support affected individuals and families. These goods were stored locally at sites across the Gulf Coast, and were provided to affected States which, in turn, worked through local volunteer and charitable organizations to quickly and efficiently distribute them to disaster victims.

Throughout the nearly three years since Hurricanes Katrina and Rita, FEMA has provided a significant level of assistance to States, communities, and individual disaster victims, and continues to do so. The FEMA Louisiana Transitional Recovery Office (LA TRO), for example, has assisted temporary housing unit residents with various resources as they relocated to rental units. The LA TRO continues to provide basic household items, both those bought by FEMA and those donated by voluntary agencies, to disaster victims.

As an example, FEMA placed a “living kit” in approximately 90,000 temporary housing units before delivery to disaster victims. These kits included needed items such as bed sheets, blankets, dishes, pots and pans, and cleaning supplies. In addition, during the past several months, as families have transitioned from their FEMA-provided temporary housing units to more suitable, safer, and functional housing, FEMA has provided these families with additional living and kitchen kits (which supply basic kitchen utensils). This effort will continue as additional households transition into a permanent housing solution.

Approaching the 3rd Year Anniversaries of Hurricanes Katrina and Rita, FEMA has distributed more than \$50 billion in the region. This includes \$7.8 billion to individuals and families through Housing and Other Needs Assistance that includes personal property replacement, transportation assistance, health care and other expenses related to moving and storage. Aid continues to flow to residents needing support.

Disposition of Excess Supplies

As the recovery effort progressed in the Gulf Coast and field support sites were closed, remaining supplies were shipped to and stored at FEMA’s Distribution Center in Fort Worth, Texas.

These supplies had accumulated in odd lots and came from the FEMA Regions operating in the Gulf Coast area and other FEMA sites. The materials and supplies held in storage and determined to be excess to the agency’s needs are valued at \$18.5 million, not \$85 million as reported. This change in value was due to an errant manual calculation that has since been corrected.

Even as recovered supplies were warehoused, the Gulf Coast Recovery Office (GCRO) maintained a supply of kits and other commonly requested materials to distribute as appropriate in support of the temporary housing mission. The GCRO continues to do so today. The household items are distributed to eligible temporary housing residents who transition to long-term housing. FEMA continues to work with the Gulf Coast States in supporting those in need of these items. The residents can request the items through their caseworkers. It is important to note that State and local governments coordinate donations of goods through voluntary and nonprofit organizations that work together with FEMA to address disaster victims' needs.

In late 2006, the Fort Worth Distribution Center continued to receive excess supplies from the Gulf Coast, and acquired additional storage space to store the items being received. The supplies covered a warehouse area of over 873,815 square feet at the Fort Worth Distribution Center, which is approximately the size of fifteen football fields.

In accordance with the government-wide Federal Management Regulation, FEMA is not permitted to "give away" excess or surplus property. Section 701 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §5121-5207) gives FEMA the authority to receive donations and distribute them as necessary. In view of the unprecedented amount and manner in which the donations were received after Hurricane Katrina, FEMA was unable to clearly distinguish between the donated items from government-purchased items that were returned to our warehouses. Therefore, we utilized the otherwise applicable Federal Management Regulation process, whereby GSA disposes of surplus property. It is important to note that FEMA legally cannot give away government-purchased items to non-disaster victims in the recovery phase of a Presidentially-declared disaster.

FEMA coordinated disposition of these supplies with GSA, which manages the Surplus Property Disposal process and serves as the disposition agency for Federal civilian agencies. This is the means by which all federal agencies, including FEMA, screen and transfer excess property from one agency to another to ensure that property or inventory of the Government is not wasted. The GSA process helps ensure that supplies and assets are used or donated to eligible recipients.

Under the GSA process, the supplies in question were made available first to DHS, then to other federal agencies, and then to State agencies and non-profit organizations. The items were first made available to the components of DHS for seven days. Next, the items were made available to other federal agencies through GSA for a period of twenty-one days. After federal agencies had the opportunity to screen and request items, GSA followed its prescribed procedures by notifying the established State Agencies for Surplus Property (SASPs) in each State and territory to advise them of the availability of the property.

All States, including Louisiana, were afforded the opportunity to visit the Fort Worth Distribution Center and examine these supplies on February 13-14, 2008. State agencies involved in assisting Hurricane Katrina and other disaster victims, including Louisiana,

Texas, Mississippi, and Alabama were all specifically contacted by GSA to participate in the transfer process through the SASP representative. Fourteen states took advantage of the call from GSA to obtain excess or surplus property. Mississippi, in particular, acquired materials valued at several hundred thousand dollars in addition to the materials FEMA was directly managing in the region.

Also, before we started the screening and disposal process through GSA in 2008, FEMA Voluntary Agency Liaisons notified the National Voluntary Organizations Active in Disaster that excess supplies may become available to non-profit organizations through the GSA disposal process and encouraged their assistance in aiding non-profits application efforts. FEMA Voluntary Agency Liaisons also reached out to SASP state representatives in an attempt to encourage them to reach out to the non-profits in their State and make them aware of the surplus goods that might become available to them through the GSA process.

Current Status of Excess Materials

Currently, the distributed excess materials are beyond the control of either FEMA or any other Federal agency, and cannot be reclaimed and redistributed. Nevertheless, FEMA will coordinate with State and local officials to ensure visibility into the distributed supplies as well as any supplies remaining in storage. We understand that Louisiana has taken this opportunity to make its state agency surplus property program more accessible to eligible non-profit organizations and has identified a lead agency in an effort to better understand the needs of these organizations as they work to fulfill unmet needs of disaster victims. FEMA will support Louisiana in this effort to help meet the continued needs of disaster victims within the scope of its regulations. We will work with Louisiana and the other Gulf Coast states to ensure they are notified, have a full understanding of the surplus disposal process and are given the opportunity to access the property.

I am also pleased to note the actions taken by the State of Texas to make materials available to residents of Louisiana. I believe that this level of State- to- State coordination, spurred by your interest and energy, is the most appropriate course of action.

Lessons Learned and Improvements

FEMA has incorporated lessons learned from Hurricane Katrina and other disasters to establish more effective business practices and processes that will best meet the needs of States in assisting disaster victims quickly and efficiently. The Logistics Management Directorate has strengthened its business practices and processes through enhanced relationships with federal and State governments, non-governmental organizations and the private sector. These partnerships have allowed FEMA to make considerable progress toward the National Logistics Coordinator Concept. This concept allows FEMA to tap into the resources of its partners, minimizing the need for FEMA to maintain large inventory levels of its own and thus minimizes the need to dispose of excess supplies.

During field operations, FEMA logistics sites will require that all donated items received at logistics staging areas be segregated and kept separate from government-purchased initial response resources. When donated goods are received, the staging area manager will immediately notify FEMA's designated representative for disposition instructions for the donated items. Additionally FEMA Logistics is working closer with the non-profit organizations through liaisons with FEMA ESF-6 Mass Care, Voluntary Agency Liaisons and Donations Management.

About The Aidmatrix Foundation

Leveraging leading-edge technologies from the corporate world, the Aidmatrix Foundation created a system which provides a simple but effective means of connecting donors with relief organizations. The system communicates offers and needs up and down the humanitarian relief supply chain, helping to get the right aid where it is needed at the appropriate time.

The basic system was provided grant funding by FEMA/DHS and made available to States at no cost. States are encouraged to set up and be trained on the system before the need arises. Additional customizations can be performed at a reduced cost to the State or their designated foundation. Aidmatrix's training and customization services will be provided at discounted rates. To further reduce costs, States may seek private corporate sponsorships.

FEMA also is providing each State with the standard FEMA design. States also have the option of customizing and branding their website. Basic program functionality is available at no cost to each State's donations management lead agency and its voluntary networks as outlined above. Each State will have autonomy over its installation. Recognizing that connecting to the nonprofits on the ground is critical, the system includes links to the State Voluntary Organizations Active in Disaster (VOAD) member organizations. Customization options allow States to add additional nonprofit organizations, cities, and governmental agencies. Aidmatrix provides onsite user training, documentation, and demo environments. Aidmatrix Network provides several modules that cover a wide range of humanitarian aid relief donations coordination. These features will be phased in over time, and include:

- **In-Kind Donations Management** – The System allows States to establish a call center and national in-kind and State portals via the web.
- **Unaffiliated Volunteer Management** – the tool helps States manage the volunteer response and connects offers to agencies with needs efficiently and effectively. It enables smaller, often overlooked agencies to take advantage of the supply of volunteers and alleviate the pressure on the larger agencies and governments to provide more opportunities to help. (This feature is funded by FEMA in Phase II.)

- **Online Relief Warehouse Management** – Based on nonprofit warehouse management best practices, the tool leverages leading edge technology in a simple, user-friendly way to provide real-time visibility into relief warehouse activity and status for all stakeholders involved in a relief effort.
- **Financial Donations Management** – Allows States to quickly fundraise in response to specific disasters. The tool promotes the offering of financial donations by individuals and educates the general public on the most critical needs. In addition, the tool facilitates workplace and group-based giving campaigns and can easily be customized for rapid response. This component is optional and intended to support a State’s disaster cash donations plan.

Each of these aspects of the Aidmatrix system for donations and volunteer management offers specific advantages to consumers and end users.

In-Kind Donations Management

The system will provide the designated State Donations Management Organization with administrator access and privileges to all information in the State’s system. This will allow visibility to all reporting, all inbound offers, and the ability to offer donations to end relief charities. In times of national disaster, the State will be connected to and receive national offers via the system. In the case of a State-localized disaster, the State can use the solution to respond to a regional event. The system also includes a Call Center Module. A State can use this module to respond to a local or national disaster. The technology is provided by the Federal government and the State is responsible for providing the manpower to staff the Call Center and provide up-to-date messaging.

This functionality is important for both donors and donation managers. Aidmatrix provides an online portal for the public to donate online with messaging on good product donation practices. In addition, corporate donors can be set up in advance with unique logins so they have access to their history, status of donations, etc. These features enhance customer service due to decreased wait time, as it allows donors to can pledge meaningful offers as they have visibility into critical needs.

Donations Management Coordinators now have the capability of routing donation offers to one or more agencies in a short timeframe, and non-profit organizations have the ability to respond real-time and to changes in offers/acceptance and generate reports. This allows for reduced call volume as more offers are taken online instead of via phone, the potential for less waste as offers can be given for specific needs, and enhanced collaboration and communication.

Unaffiliated Volunteer Management

This aspect of the Aidmatrix system, which will become available in Phase II of the Federal Program, provides volunteers with the ability to register their profile for the

selection of volunteer opportunities by local charities, as well as the ability to view charities needs by ZIP code, skill set, etc.

This is effective for States because it gives volunteers the ability to receive e-mail notifications of status, allows voluntary agencies the ability to review offers of help by ZIP Code and skill set, post requests for volunteers, and direct unaffiliated volunteers to this portal in times of overwhelming response.

Improvements to Donation and Volunteer Management

FEMA has made vast improvements in its ability to assist States in managing cash and in-kind donations. Recognizing that many States may not have the resources necessary to implement broad donation management activities, FEMA, through a cooperative agreement with the Aidmatrix Foundation, has been able to facilitate an option that is useful in providing just-in-time support to States during large donations operations. The system has been used to effectively address disasters in California, Alabama, Oklahoma, Missouri, and Arkansas.

To date, FEMA has provided the Aidmatrix Foundation with funding of \$2.3 million to expand its existing web-based donations management network for use during times of disaster. These funds have established the national framework for an integrated, coordinated approach to donations management—by connecting private sector, government and leading nonprofit entities—for relief deployment and also for round-the-clock use. Through this cooperative agreement vehicle, Aidmatrix personnel can rapidly deploy to the State Emergency Operations Center, Joint Field Office, warehouse and Volunteer Reception Centers or other locations where donations coordination is needed.

This system streamlines the way unsolicited donations are offered, accepted, processed, tracked, distributed and acknowledged. The Network's virtual approach allows government and nonprofit users to see in real time the in-kind donations offers available for immediate distribution. The system is designed to support donor intent through directing and allocating aid at the state level so that during a disaster, qualified nonprofit organizations responding to the disaster can get offers more efficiently.

Under the agreement, Aidmatrix also offers State donations management coordinators with software tools to rapidly set up a call center to meet inquiries of the general public wanting to help in the aftermath of a disaster and for corporate constituents positioned to offer unsolicited in-kind products. State-designated portals are the preferred method of use for donation offers. States are encouraged to promote this portal as part of their donations management plan.

Twenty four States, including Alabama, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Indiana, Iowa, Louisiana, Minnesota, Mississippi, Missouri, New Mexico, New York City, North Carolina, Ohio, Oklahoma, Oregon, Puerto Rico, Rhode Island, South Carolina, Texas, and Virginia; have adopted the free tool from FEMA. All States are expected to be on board by the end of calendar year 2008.

Summary

FEMA remains strongly committed to those affected by the disaster and the long term recovery efforts in the Gulf Region. Based on our efforts there, FEMA has developed a national web-based donations management network for national and state use during times of disaster. The network is offered free of charge to states, and is a web-based tool designed to manage the offers of undesignated cash, unsolicited in kind goods and unaffiliated volunteers. The system includes a multi-agency warehouse inventory component that came online June 2008.

Our efforts to date have paid off. During the recent Midwest flooding, the National Donations Management Network was made available to the states affected to allow them to capture offers of donated goods and help them manage their Multi-Agency Warehouses.

Additionally, FEMA Logistics is working closer with States and local governments and internally to ensure visibility within the Logistics Directorate. I can assure you that FEMA Logistics has and continues to make progress in improving its business practices in planning, managing and sustaining the national logistics response and recovery operations.

Thank you for the opportunity to testify. We would be pleased to answer any questions you may have.

