

REPORT BY THE U.S.

# General Accounting Office

## Consolidation Of Federal Assistance Resources Will Enhance The Federal-State Emergency Management Effort

By consolidating the resources of closely related emergency planning and preparedness assistance programs provided to the States into a broader emergency management assistance program, the Federal Emergency Management Agency (FEMA) could promote more effective and coordinated implementation of Federal and State objectives. FEMA's current approach of funding closely related emergency management objectives through separate, narrowly defined categorical funding programs spawns a fragmented piecemeal approach to planning and preparedness activities that sometimes fosters duplication and inhibits the coordinated and effective use of program resources needed to achieve Federal emergency management objectives.

In a promising first step, FEMA began to move to a consolidated assistance framework by developing a single comprehensive funding package which streamlined FEMA and State administration of categorical planning and preparedness assistance programs.

GAO recommends that FEMA take the next step by seeking the legislative and budgetary changes needed to merge the resources of closely related programs into a consolidated assistance program. This, coupled with the adoption of GAO's recommended improvements in FEMA's program oversight, will enable FEMA to hold States accountable for achieving specific Federal objectives while giving States greater flexibility in determining how to achieve these objectives.



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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT  
DIVISION

B-201605

The Honorable Louis O. Giuffrida  
Director, Federal Emergency  
Management Agency

Dear Mr. Giuffrida:

This report discusses the need for consolidation of Federal assistance resources for emergency management. In this context, FEMA's Comprehensive Cooperative Agreement initiative is addressed.

We are pleased with the progress you are making in moving toward a consolidated assistance framework for emergency management and are encouraged by your positive response to our recommendations. We look forward to continuing the cooperative working relationship established during our review and to accomplishing our mutual objective of a more effective Federal-State emergency management partnership.

As you know, 31 U.S.C. §720 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. Our recommendations to you appear on pages 81 and 82.

We are sending copies of this report to key congressional, Office of Management and Budget, and public interest group officials. Copies of this report are also being sent to various officials in your agency as well as to State emergency management directors.

Sincerely,

*W. J. Anderson*

William J. Anderson  
Director

D I G E S T

The Federal Emergency Management Agency (FEMA), established to coordinate Federal emergency management activities, provides assistance for emergency planning and preparedness through a series of closely related categorical programs, each addressing either a particular type of disaster or a different phase of emergency preparedness. Recognizing that the continued use of the categorical system sometimes perpetuates a fragmented piecemeal approach to planning and preparedness, FEMA took the initiative to develop an administrative effort to consolidate and better coordinate some of its categorical programs and requested GAO to evaluate its approach.

GAO's study revealed that a consolidated assistance program can significantly enhance the efficiency and effectiveness of the Federal-State emergency management effort. Further, the consolidated assistance framework can improve State accountability for achieving national objectives if FEMA takes steps to improve its oversight and develops a realistic system to address States' nonperformance.

Because legal constraints limit FEMA's authority to delegate discretion to the States for the more flexible use of resources among closely related Federal programs GAO believes that FEMA should propose legislation which would change its program and budget structure and authorize it to fully implement a consolidated emergency management assistance program.

FEMA'S CATEGORICAL ASSISTANCE  
STRUCTURE REDUCES THE EFFECTIVENESS  
AND EFFICIENCY OF FEDERAL-STATE  
EMERGENCY MANAGEMENT PROGRAMS

The fragmentation spawned by most of FEMA's 15 categorical planning and preparedness programs can frustrate States' full achievement of national emergency management or civil defense goals. (See p. 8.)

These programs are often too narrowly defined to achieve FEMA's programmatic objectives on their own. Rather, the attainment of some FEMA objectives, such as developing acceptable nuclear attack crisis relocation plans, requires States to combine the resources of several separate but interdependent and complementary FEMA programs. Yet, State coordination of these interlocking programs has been frustrated by the various constraints and differing priorities of each program. (See p. 14.)

The full achievement of Federal objectives is also frustrated because States cannot transfer funds among categorical programs when FEMA's separate funding allotments for one program are insufficient to get the job done, while surpluses are accrued in other closely related programs. Even where national objectives are achieved, program effectiveness is hampered because closely related programs are managed in a piecemeal fashion that prevents Federal and State governments alike from realizing the benefits of comprehensive management and effective coordination of federally funded resources. (See p. 20.)

The effectiveness of plans prepared for specific types of emergencies, for example, could be enhanced if the planners are exposed to other aspects of preparedness and response outside of their own specialized areas. One State official told GAO that exposing nuclear attack planners to peacetime disaster planning and actual response activities would enhance their nuclear attack preparedness capabilities. FEMA's categorical constraints, however, have prevented planners receiving funding for one program from being used in other capacities. (See p. 22.)

The fragmented categorical assistance structure also promotes costly and inefficient program administration. Certain preparedness activities, such as establishment of warning systems or identification of shelters, can be done on a common basis for most, if not all, hazards. GAO found, however, that categorical programs encouraged States to perform overlapping planning activities separately for each program and, correspondingly, discouraged comprehensive planning and management improvements by the States. GAO also found that redundant or overlapping Federal emergency

management programs can lead to duplication where various State agencies are separately funded to perform the same or similar emergency management activities. (See p. 24.)

The effect of these constraints has been limited because many States as well as FEMA often took actions which appeared inconsistent with categorical restrictions while administering their programs. States sometimes overcame the categorical restrictions by undertaking a comprehensive and coordinated emergency management effort that better reflected their needs and often improved their ability to implement Federal objectives. Yet, in many cases, these practices and their attendant benefits would have to be curtailed if FEMA requirements were strictly enforced. (See p. 32.)

FEMA's PILOT CONSOLIDATION  
EFFORT IS A PROMISING FIRST  
STEP

Recognizing the constraints that arose from its categorical structure, FEMA took the initiative to provide for a more consolidated and coordinated assistance structure through a Comprehensive Cooperative Agreement. This administrative effort provided several pilot States more flexibility in administering selected FEMA categorical assistance programs. States were expected to achieve FEMA's various programmatic objectives but were given discretion in how these objectives would be achieved. (See p. 44.)

The two States allowed to actually consolidate resources among programs did not encounter the same constraints associated with the categorical approach. For example, one State began crosstraining all State staff to be used interchangeably as the need arises. Also, FEMA authorized this State to reprogram surpluses from one program to another when unfilled needs existed. As a result, these States were able to more comprehensively address their emergency management needs and more efficiently coordinate their Federal and State program resources. (See p. 47.)

The experience of this pilot consolidation effort revealed that FEMA's oversight approach, which limited its ability to hold States accountable for categorical programs,

similarly limited its ability to assure achievement of its objectives under a consolidated framework. Because States used their discretion to divert resources away from some Federal objectives, the move to consolidation makes it more imperative for FEMA to strengthen its oversight process and develop feasible sanctions to better assure that States will be held accountable for achieving the results of these programs. (See p. 67.)

### CONCLUSIONS

GAO believes that a consolidated assistance program that retains State accountability for achieving specific Federal objectives would substantially enhance the effectiveness and efficiency of the Federal-State emergency management effort. Limited Federal oversight resources could be more productively devoted to overseeing results achieved rather than regulating the internal State fiscal and management processes used to accomplish these results. (See p. 77.)

FEMA deserves much credit for initiating its administrative pilot consolidation initiative. Yet, the agency has been hampered in its efforts to extend the consolidation approach due to legal restrictions.

The basic problem with FEMA's approach was that it promised a significant new departure in the way States are held accountable to FEMA before FEMA changed the way it is held accountable to the Congress. In part due to statutory constraints, FEMA budgets its funds separately for each small, narrow program and is significantly limited in its ability to re-program funds budgeted for each program. FEMA is thus held accountable by the Congress for spending appropriated funds in the categorical manner. (See p. 79.)

### RECOMMENDATIONS TO THE DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY

GAO recommends that the Director prepare a legislative proposal to remove statutory restrictions that prevent or complicate the consolidation of related planning and preparedness programs. (See p. 81.)

In the interim, GAO recommends that the Director consolidate to the extent practicable

related programs presently unconstrained by statutory requirements into one budget program element and seek congressional affirmation through the budget and appropriation process. GAO also recommends that the Director seek congressional approval for a relaxation of reprogramming restrictions currently applicable to FEMA's emergency management programs.

GAO also recommends steps the Director should take to promote accountability under a consolidated program and improve coordination with other Federal agencies' emergency management programs. (See p. 82.)

#### AGENCY COMMENTS

In a letter commenting on a draft of this report the Director, FEMA, stated that the report will be of substantial assistance to FEMA as it continues to expand the scope of the Comprehensive Cooperative Agreement to encompass a larger part of its mission in dealing with the States. (See app. II.) He also stated that FEMA was in general agreement with the conclusions and that the recommendations have either been adopted for the current fiscal year's agreement or are being considered for implementation in future years.

The President of the National Emergency Management Association--the organization representing State emergency management directors--also indicated his personal concurrence with the conclusions of the report. (See app. III.)



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ABBREVIATIONS

ACIR	Advisory Commission on Intergovernmental Relations
APAP	Academy Planning and Assistance Program
CCA	Comprehensive Cooperative Agreement
CRP	Crisis Relocation Plans
DCPA	Defense Civil Preparedness Agency
DPIG	Disaster Preparedness Improvement Grant
EMA	Emergency Management Assistance
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
GAO	General Accounting Office
NCP	Nuclear Civil Protection
NGA	National Governors' Association
NRC	Nuclear Regulatory Commission

1

NSS	National Shelter Survey
OMB	Office of Management and Budget
RADEF	Radiological Defense
RDO	Radiological Defense Officer
SAP	State Assistance Program

## CHAPTER 1

### INTRODUCTION

The Federal Emergency Management Agency (FEMA) was created by the President in Reorganization Plan No. 3 of 1978, June 19, 1978. After the plan became effective on March 31, 1979, Presidential Executive Order No. 12148, July 20, 1979, was issued to extensively consolidate emergency management responsibilities in FEMA. The consolidation was aimed at strengthening the United States' ability to deal effectively with emergencies through a comprehensive and coordinated emergency management capability. These actions brought under one organizational rubric the Defense Civil Preparedness Agency, the Federal Disaster Assistance Administration, the Federal Insurance Administration, the United States Fire Prevention and Control Administration, and the Federal Preparedness Agency. Programmatic responsibilities assigned to FEMA include assistance to State and local governments for civil defense planning and preparedness, disaster relief and recovery, earthquake and dam safety, flood insurance and mitigation, fire safety, and coordination of emergency warning and communications.

A principal objective of the reorganization of emergency management responsibilities was to develop stronger bonds of coordination among these disparate Federal financial and technical assistance programs for State and local emergency preparedness and response. FEMA was designed to be a single Federal focal point to provide a "cohesive" approach to preparing and responding to major emergencies. The rationale for FEMA's creation was succinctly summarized in the President's message transmitting Reorganization Plan No. 3 to the Congress: "for the first time, key emergency management and assistance functions would be unified and made directly accountable to the President and the Congress."

The concept of "comprehensive emergency management" has been a cornerstone of FEMA's strategy to deal with emergency management. The comprehensive emergency management approach recognizes that specific emergency management programs are, in fact, part of a seamless web that functions best when the program elements are combined and coordinated with each other within and among the levels of government in our intergovernmental system. Conversely, the effectiveness of the interrelated programs suffers when they are separated or institutionally isolated from each other.

Comprehensive emergency management consists of four interrelated phases

--Mitigation: activities which actually eliminate or reduce the probability of disaster occurrence, e.g.,

floodplain management codes which prevent location of residential structures in floodplain areas.

- Preparedness: to prepare governments and individuals to respond to disasters in a way that minimizes loss of life and property, e.g., forecasting and warning.
- Response: to provide emergency assistance immediately following the onset of a disaster, e.g., provision of temporary housing for displaced families.
- Recovery: activities to return all systems to normal operating levels, e.g., restoring public facilities.

With the creation of FEMA, these four phases of comprehensive emergency management were addressed by a single Federal agency.

Although the creation of FEMA signaled a heightened recognition of Federal responsibilities for helping the Nation to plan and recover from various disasters, the Federal strategy for achieving its program objectives is premised on the inter-governmental nature of comprehensive emergency management.

FEMA substantially relies on State and local government resources to implement its various program initiatives. The Federal Government has recognized that in our federal system of government, States and localities are the principal responders to disasters. States and localities have the primary responsibility to protect the public safety and, through their various emergency service agencies such as police and fire departments, have developed the in-place resources to respond to emergencies, at least initially. The Federal Government generally has attempted to stimulate State and local governments to devote or augment their in-place resources to achieve national emergency management objectives. Financial instruments--grants, cooperative agreements, or contracts--have been used to entice or encourage State and local participation in these national programs.

#### THE CATEGORICAL ASSISTANCE DELIVERY SYSTEM

Although the creation of FEMA established a consolidated Federal organizational framework to address comprehensive emergency management, the agency is implementing its programmatic objectives with State and local governments using the categorical assistance structure inherited from its predecessor agencies.

FEMA currently administers a number of specific categorical programs that fund States and localities to accomplish national emergency management objectives. In the planning and preparedness phase, we identified 15 separate FEMA categorical

programs that fund various aspects of emergency management at the State and local level. (See p. 10.) These 15 programs were funded at over \$83 million for fiscal year 1982 and at over \$90 million in fiscal year 1983.

The categorical approach to delivering assistance to State and local governments has generated much controversy in recent years. As defined by the Advisory Commission on Intergovernmental Relations (ACIR), a categorical grant is Federal financial assistance available to recipients only for a specified program area and limited to narrowly defined activities. Categorical grants can be justified as a way to stimulate State and local governments to achieve national objectives that they would not otherwise achieve on their own. It is argued that limiting program scope to narrowly defined activities provides some assurance that State and local governments will achieve specific national objectives. A broader purpose grant raises the prospect that these governments could use the discretion to divert Federal funds away from target groups or interests that the Congress wants to help.

Yet, it has been argued that the funding of services or activities within the same functional area through a number of closely related programs can ultimately work to reduce the effectiveness and efficiency of the Federal and State programs alike. Federal assistance reform efforts frequently recount that the presence of a multitude of narrowly defined programs serving similar objectives creates a fragmented delivery system which frustrates the ability of State and local governments to implement Federal programs in a coordinated, comprehensive fashion. State and local grantees can be faced with the unenviable dilemma of either breaking Federal rules by combining categorical programs or foregoing the efficiencies and other benefits that coordination brings. One of the costs of inadequate coordination among related programs can be duplication or overlap which wastes public funds.

It has been argued that the most effective way to deal with these problems is through consolidation, or merging, of related categorical grant programs. Consolidation, it is argued, could bring about greater program efficiency, reduce wasteful duplication and administrative costs, and promote more effective, coordinated Federal program efforts.

A number of alternatives have been proposed to achieve grant consolidation. The new block grants enacted in 1981 have been justified as a way to achieve consolidation among related categorical programs. These new block grants not only consolidated programs but also fundamentally reduced the Federal role in defining program objectives and overseeing grantee performance. Yet, grant consolidation need not go as far as block grants. Grant consolidation could conceivably be achieved without basically altering the Federal oversight role or reducing the ability of the Federal Government to define

objectives for recipients. ACIR has identified several program consolidations in the education and health areas that merged categorical programs while retaining a variety of Federal controls over recipient discretion and stringent administrative requirements. Thus, grant consolidation is not necessarily synonymous with block grants and reduced Federal control.

In spite of its benefits, consolidation has often not been politically popular at the Federal level. In the 1970s, Presidents proposed consolidations in a number of areas which were turned down by the Congress. The ACIR explains this phenomenon by noting that categorical programs provide legislators with a "visible program profile" that is eroded when grants are consolidated.

The idea of administrative consolidation of programs has been explored by agencies attempting to achieve better coordination among their categorical programs. FEMA itself has initiated an administrative effort along these lines. Starting in fiscal year 1981, FEMA offered a more comprehensive package of its grants for planning and preparedness to selected States on an experimental basis. For the first time, several related categorical grant programs were packaged together in a comprehensive agreement between these selected States and FEMA. The participating States were also given increased authority to transfer resources among related FEMA categorical programs as long as the objectives of these programs were met. In fiscal year 1982, the consolidation experiment was extended to 14 States, although the ability of States to transfer resources among programs was more circumscribed. The other States were not given any flexibility to transfer resources but were afforded the opportunity to receive funding for seven programs under a simplified and standardized administrative process.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

FEMA invited us to evaluate its administrative approach to grant consolidation, known as the pilot Comprehensive Cooperative Agreements (CCAs). FEMA's consolidation experiment, which began in fiscal year 1981, provided us with a good opportunity to assess changes brought about by the new approach at the time they were occurring and whether or not even more fundamental changes were needed. Therefore, we began an in-depth evaluation of the

- need for consolidation of FEMA's planning and preparedness assistance programs from the perspective of enhancing the efficiency and effectiveness of Federal and State programs;

- efficacy of FEMA's pilot CCA experiment in resolving problems arising from the categorical program structure;
- factors which constrain or limit the scope and effectiveness of administrative consolidation, including legislative mandates; and
- extent to which accountability for achieving Federal objectives can be accomplished, or even enhanced, through consolidation.

To assess the need for comprehensive emergency management program consolidation, we concentrated our study in 12 FEMA headquarters program offices, 6 FEMA regional offices,<sup>1</sup> and 12 States<sup>2</sup>. Our selection was designed to include all FEMA programs providing financial assistance to States and each FEMA regional office and the five States involved in FEMA's fiscal year 1981 pilot CCAs. We also selected seven other States, mostly in the same regions, that were not involved in the initial CCA process for comparative purposes. We conducted detailed interviews with responsible headquarters, regional and State program managers. Using a standardized instrument, we compiled a standardized program data base which enabled us to compare Federal and State perceptions of a universe of 12 FEMA planning and preparedness programs available to State and local governments. We reviewed the management processes and work products of these programs to assess whether the effectiveness of each program's objectives could be enhanced by consolidating program resources. Our review did not encompass FEMA's \$4.2 billion 7-year program for improving U.S. civil defense capabilities because we were reviewing the program separately at the request of the Chairman, HUD-Independent Agencies Subcommittee, Senate Committee on Appropriations.

To determine the efficacy of FEMA's pilot Comprehensive Cooperative Agreement effort, we visited the four FEMA regional offices--Philadelphia, Atlanta, Kansas City, and San Francisco--and five State governments--Arizona, Kansas, North Carolina, South Carolina, and Virginia--involved in the implementation of the fiscal year 1981 experiment. Because our field work was completed in the Spring of 1982 before the 1982 CCAs were fully implemented, we only evaluated the 1982 and 1983 CCAs on a preliminary basis. We examined accountability

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<sup>1</sup>Region III, Philadelphia, Region IV, Atlanta; Region V, Chicago; Region VII, Kansas City, Region IX, San Francisco, Region X, Seattle.

<sup>2</sup>Arizona, California, Florida, Georgia, Kansas, Minnesota, North Carolina, South Carolina, Virginia, Washington, West Virginia, Wisconsin.



and management controls used by FEMA headquarters and regional officials to ensure the achievement of Federal program objectives. We assessed the benefits received from the increased flexibility provided by the CCAs, testing to determine whether these benefits detracted from the accomplishment of intended Federal program objectives.

During the development of this report, we were encouraged by FEMA management to actively participate in FEMA's early efforts to reform and expand its consolidation initiatives. We responded by conducting periodic briefings for key State and FEMA officials on our preliminary findings so that timely adjustment could be made to the evolving program consolidation effort.

To determine the potential for administrative versus legislative consolidation, we examined the reasons for FEMA's current array of categorical assistance programs. We reviewed the legislative history of Civil Defense, Federal Disaster Assistance, Fire Prevention and Control, and Floodplain Management legislation. We interviewed key congressional staff members of the various FEMA authorization and appropriation committees, OMB, and FEMA program officials in order to obtain their views on the purposes of and restrictions within the legislation. To broaden our understanding of FEMA's emergency management programs, we examined FEMA regulations, policy directives, budget structure, financial management guidelines, and specific program guidance.

Finally, we expanded our coverage of the issue of comprehensive emergency management by sampling other Federal agencies' emergency management programs and the opinions of interested organizations. We reviewed program guidance and interviewed the Federal program managers of the Department of Transportation's Highway Safety Program, the Environmental Protection Agency's Superfund Program, and the Department of Commerce's Flash Flood Warning Program. Interviews of others knowledgeable of and involved in emergency management activities included personnel affiliated with the National Governors' Association, National Association of Counties, National Emergency Management Association, and the United States Civil Defense Council.

This audit was performed in accordance with generally accepted government auditing standards.

#### ORGANIZATION OF THE REPORT

Chapter 2 of this report describes the categorical program structure used by FEMA to deliver Federal financial assistance to the States and how this limits the coordinated or comprehensive management of resources necessary to effectively and efficiently achieve Federal objectives.

In Chapter 3, we discuss FEMA's administrative initiative to overcome the effects of its fragmented program structure. Comprehensive Cooperative Agreements (CCAs) were offered to selected States enabling them to transfer a portion of Federal funds from one FEMA categorical program to another FEMA program covered by the agreement. The CCAs also enabled States to crossutilize personnel funded by one FEMA program to help accomplish the objectives of a separate FEMA program covered by the agreement. Chapter 3 also describes various legislative and administrative constraints that limit FEMA's ability to provide the kind of flexibility States need to develop a more comprehensive approach to emergency management. A principal constraint is the appropriations limitation on FEMA's ability to reprogram funds from one categorical program to other programs on a national basis which, in turn, limits the extent to which States may be permitted to transfer funds or resources among the programs.

Chapter 4 discusses how closely related categorical programs discourage accurate fiscal accountability for the expenditure of funds and shows that management weaknesses in FEMA's oversight limit its ability to hold States accountable for achieving Federal program objectives as well. We describe how a consolidated assistance program could enhance fiscal accountability and could be designed and managed to promote States' achievement of Federal objectives.

In Chapter 5, we highlight several alternatives for overcoming the fragmentation arising from the existing categorical approach and we conclude that merging the resources of closely related FEMA programs into a consolidated assistance program would best promote a more efficient and effective Federal-State emergency management effort. The consolidated program we have in mind would, as contrasted with block grants, retain Federal prescription of specific scopes of work and objectives for States to achieve. In this way, States would be held accountable for achieving federally defined results but would have flexibility in determining how to achieve these results. We recommend that the Director, FEMA, seek legislative changes as well as institute changes in FEMA's budget structure to permit such a consolidated assistance program to emerge.

## CHAPTER 2

### FRAGMENTED CATEGORICAL ASSISTANCE

#### REDUCES THE EFFECTIVENESS AND EFFICIENCY

#### OF THE FEDERAL-STATE EMERGENCY MANAGEMENT EFFORT

Although FEMA was established to coordinate the various fragmented Federal emergency management programs, Federal assistance for emergency planning and preparedness continues to be provided by FEMA and other Federal agencies through a series of narrow categorical programs, each addressing either a particular type of disaster or different phases of disaster preparedness. The continued use of separate but closely related categorical programs perpetuates a fragmented piecemeal approach to emergency planning and preparedness which reduces both the efficiency and effectiveness of Federal and State efforts to implement national objectives.

The fragmented nature of the categorical system can frustrate the achievement of Federal objectives. The implementation of Federal emergency management objectives sometimes requires the resources of several FEMA programs to be combined at the operating level, while in other cases achievement of FEMA objectives would be enhanced by better coordination and linkages among the programs. Yet, the various constraints surrounding FEMA's categorical assistance structure which are intended to protect the fiscal and programmatic integrity of each separate program serve to inhibit and, at times, prevent States from crossutilizing or coordinating resources among programs to effectively achieve Federal objectives. In addition, the narrow nature of each program sometimes prevents States from achieving Federal emergency management objectives because States are not given the flexibility to apply excess funds from one FEMA program to compensate for shortfalls in another.

The fragmented approach can also lead to costly or inefficient program administration by both FEMA and the States. FEMA, as well as other Federal agencies, sponsors redundant or overlapping programs which have led to duplication when Federal and State governments fail to adequately coordinate among these programs. Also, the funding of services or activities through narrowly defined categorical programs inhibits more efficient utilization of Federal resources. Because Federal resources must be earmarked or compartmentalized for each FEMA categorical program, States may not productively transfer these resources to other FEMA programs even when they are idle. Finally, excessive administrative costs and burdens are borne by FEMA and the States alike due to the need to account separately for the expenditures and, where applicable, the accomplishments of each program.

The burden of coordinating and integrating these closely related Federal categorical programs is placed primarily on the States. States often overcome the categorical restrictions and barriers by combining or crossutilizing the resources of several categorical programs to achieve Federal and State objectives. These State efforts often lead to more efficient and effective implementation of Federal programs, even though States sometimes knowingly or unknowingly circumvent FEMA regulations or guidance in the process. The efforts of the States to mold Federal categorical programs to the unique circumstances in each State are also hampered, however, by the general absence of an investment of State funds over that which is required to match Federal funds.

A FRAGMENTED CATEGORICAL  
PROGRAM STRUCTURE SUPPORTS  
EMERGENCY MANAGEMENT

Federal categorical assistance for emergency management or civil defense dates back to the passage of the Federal Civil Defense Act of 1950 (Public Law 81-920). FEMA currently administers 15 separate categorical programs which fund State and local governments for emergency planning and preparedness. FEMA assumed responsibilities for most of these programs when it was established in 1979. Several programs are also funded by other Federal agencies.

Overview of the Federal  
planning and preparedness  
categorical assistance structure

The 15 FEMA planning and preparedness programs were funded at over \$83 million in fiscal year 1982 and at over \$90 million in fiscal year 1983. Although several programs can be used to address all hazards on an across-the-board basis, most of the programs are earmarked for specific types of disasters or phases of emergency management.

The following chart depicts the array of categorical programs offered by FEMA during fiscal year 1982.

<u>Programs</u>	<u>Primary Type of Disaster</u>		
	<u>Nuclear Attack</u>	<u>Natural Disasters</u>	<u>Fire Safety</u>
<b>NUCLEAR CIVIL PROTECTION</b>	██████████		
<b>NATIONAL SHELTER SURVEYS</b>	██████████		
<b>RADIOLOGICAL DEFENSE OFFICERS</b>	██████████		
<b>MAINTENANCE AND CALIBRATION</b>	██████████		
<b>DISASTER PREPAREDNESS IMPROVEMENT</b>		██████████	
<b>STATE ASSISTANCE (Floodplain Management)</b>		██████████	
<b>HURRICANE PREPAREDNESS</b>		██████████	
<b>EARTHQUAKE HAZARD REDUCTION</b>		██████████	
<b>NATIONAL FIRE INCIDENCE REPORTING</b>			██████████
<b>ACADEMY PLANNING AND ASSISTANCE (Fire Service Training)</b>			██████████
<b>EMERGENCY MANAGEMENT ASSISTANCE</b>	██		
<b>MAINTENANCE AND SERVICES</b>	██		
<b>SUPPORTING MATERIALS</b>	██		
<b>TRAINING AND EDUCATION</b>	██		
<b>EMERGENCY OPERATING CENTERS</b>	██		

In addition to these specific FEMA categorical grant programs, the Federal Government has undertaken a number of other emergency planning and preparedness initiatives which affect the intergovernmental planning and preparedness effort. First, the Federal Government mandates or encourages, but does not directly fund, State and local governments to achieve certain emergency management objectives. For example, as a result of Nuclear Regulatory Commission (NRC) regulations, States must, with FEMA guidance, prepare evacuation plans for areas surrounding nuclear power plants if those power plants are to be licensed by NRC. In another case, under the aegis of the National Dam Safety Program, FEMA provides technical, but not financial, assistance to the States to develop emergency action plans to protect the population from hazards caused by nonfederally owned dams.

Secondly, FEMA directly performs a number of planning and preparedness activities that do not use State and local governments as implementors, but that nevertheless closely relate to its other program objectives. For example, in addition to providing financial assistance to each State for emergency management training, FEMA regional offices earmark funds to directly train Federal, State, and local officials in specific aspects of emergency management that they deem to be more cost-effective when performed on a regional basis. In another case, FEMA funds State governments to develop Nuclear Attack Crisis Relocation Plans under the Nuclear Civil Protection Program (NCP), but its regional offices directly manage the Shelter Survey Program for 20 States. Shelter surveys provide the primary data base to be used by the federally funded State NCP planners.

Finally, FEMA's reorganization did not encompass all significant Federal emergency management assistance programs for State and local governments. Several other Federal agencies provide assistance for emergency management purposes as well. During our review, we identified several major non-FEMA programs active in this area.

--The Environmental Protection Agency's Superfund Program (established by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, Public Law 96-510) funds States to plan and implement remedial actions to respond to hazardous waste spills and clean up hazardous waste sites.

--The Department of Health and Human Services' Preventive Health and Health Services Block Grant can be used to fund State and local emergency medical service systems. The Emergency Medical Services categorical grant was consolidated under this block grant beginning in fiscal year 1982.

--The Department of Commerce's Flash Flood Warning pilot program provides funds to selected States to establish flash flood warning systems.

--The Department of Transportation's Highway Safety Program allowed States, prior to fiscal year 1982, to use grant funds to plan for hazardous materials accidents; funds are still available for emergency medical services.

### Development of the categorical emergency management structure

The proliferation of separate, overlapping Federal programs for emergency management reflects both organizational fragmentation at the Federal level as well as expanding Federal programmatic interests. The development of these programs was not guided by a comprehensive strategy; rather the programs were often developed separately and administered by FEMA's predecessor or other Federal agencies.

For example, in 1958, a Federal program was initiated which funded up to 50 percent of the salaries and administrative expenses of State and local governments to plan and prepare for nuclear attack. This is currently called the Emergency Management Assistance (EMA) Program. In 1974, another Federal program--now called the Disaster Preparedness Improvement Grant (DPIG)--administered by a separate Federal agency was initiated which funded States to initially prepare natural disaster plans and subsequently to undertake a broad range of other general disaster planning activities. When FEMA was created, both programs were moved under FEMA but operated as separate programs. The FEMA official administering the disaster preparedness grant believed that benefits could be achieved if these two programs were consolidated due to their basic similarity of purpose and eligibility.

In another case, FEMA has established a separate assistance program under which 30 States assumed responsibility for shelter surveys that were previously performed by FEMA's regional offices. Although shelter surveys critically support the NCP planning function, a separate program was established in lieu of merging it with NCP. One FEMA official justified the creation of a separate assistance program, in part, by noting that shelter survey and NCP programs are located in two separate FEMA divisions and that each division was separately accountable for its spending and achievements.

Another reason for the development of separate programs is the perception by Federal agency officials that States, under existing programs, are not devoting enough effort to a particular national need or objective. When this occurs, new categorical grant programs have been created instead of requiring that the objective be met within the scope of existing

programs. For example, since the 1950s, States were authorized and encouraged by DCPA to use what are now EMA funds to hire Radiological Defense Officers (RDOs). RDOs were to develop statewide plans and capacity to use radiological monitoring instruments in case of wartime or peacetime nuclear disasters. Yet, only 19 States chose to use their EMA funds to hire a full-time RDO. Because FEMA felt that a minimal radiological defense capacity in all States was critical to the Nation's defense against nuclear attack, it decided that States should be given an impetus to hire RDOs. Rather than mandate that RDOs be hired with EMA funds, however, it sought and received separate funding to establish a categorical assistance program to pay the salary of one full-time RDO in each State.

In a number of cases, Federal agencies were primarily responsible for initiating and developing the categorical program structure, acting under broad statutory authorization. Several programs, such as RDO and the State Assistance Program (SAP) for floodplain management were begun administratively by FEMA. Most of the other planning and preparedness programs were authorized, but not mandated as discrete programs, by the Congress. For example, the NCP program was first specifically mentioned in statute in 1980, 4 years after its initiation. Further, this statute was permissive in that it only directed the President to "give consideration to" including NCP and some other FEMA programs in a civil defense program structure. In other cases, such as EMA and DPIG, the Congress initiated the programs through substantive authorizing legislation.

Even when programs were administratively created, separate boundaries were reinforced by legislative and administrative constraints that generally prevented States from transferring resources among the programs. These constraints flow from the fact that each of the programs is treated as a separate element in the budget and appropriation process. As long as planned and estimated expenditures for each program are treated separately in the budget and appropriation process, FEMA must obtain approval from the House Appropriations Committee before reprogramming more than \$500,000.

Under the present system of separate and distinct categorical programs, this constraint correspondingly limits the discretion FEMA can give States to combine or transfer resources among the separate categorical programs because the aggregate transfers could exceed the reprogramming threshold. In fact, with the exception of the pilot States in FEMA's Comprehensive Cooperative Agreement (see ch. 3), States generally may not transfer funds among the categorical programs.



THE FRAGMENTED MAZE OF CATE-  
GORICAL PROGRAMS HINDERS  
ACHIEVEMENT OF NATIONAL EMER-  
GENCY MANAGEMENT OBJECTIVES

Although each program was developed to fund a specific activity of national interest, the narrow and fragmented program structure collectively frustrates or inhibits the achievement of broader national emergency management objectives and undermines FEMA's ability to support comprehensive emergency management. The achievement of some important FEMA objectives, such as developing viable nuclear attack crisis relocation plans, is dependent on successful State orchestration or combination of several narrowly defined FEMA programs. Yet, partly because of various FEMA program restrictions, States cannot always successfully coordinate these interdependent resources and thereby are unable to fully achieve FEMA program objectives. Even where national objectives are achieved, program effectiveness is hampered partly because closely related programs are managed in a piecemeal fashion that prevents Federal and State governments alike from realizing the benefits of comprehensive management and effective coordination of federally funded resources.

States are unable to fully attain  
Federal objectives due to the  
fragmented program structure

Some national objectives cannot be achieved unless several narrowly defined but complementary programs are combined at the State level. Yet, because each program has its own categorical restrictions and earmarked resources, State coordination of these separate programs into an interdependent, synchronized effort is inhibited, thereby impeding or frustrating the achievement of Federal objectives. Interrelated categorical programs become difficult to effectively coordinate because program administrators focus more on assuring accountability for each program separately, sometimes at the expense of the broader results to which each could contribute. In other cases, categorical funding restrictions have limited achievement of FEMA objectives because States are unable to transfer surplus funds from one FEMA program to support another program with inadequate funding.

Program administration responsi-  
bilities are fragmented

FEMA's nuclear attack civil preparedness objective offers a good example of how the fragmented categorical assistance structure inhibits State achievement of Federal objectives. To successfully implement their responsibilities to plan and prepare for nuclear attack, States must integrate a number of separate program activities into a viable and comprehensive civil defense program even though some of these activities are

directly administered by FEMA. Yet, various constraints and differing priorities of these programs can frustrate States' ability to develop comprehensive and credible nuclear attack plans.

For example, FEMA's primary strategy for protecting the Nation against nuclear attack is the development of State and local plans for either relocating people from areas at risk of direct attack to host areas over a period of several days or protecting people in place if time does not allow for relocation. FEMA provides NCP funds to the States to hire planners for this purpose. According to FEMA, the existence of data on shelters available to accommodate evacuees provides an essential input for NCP planning. Yet, FEMA generally has not allowed State NCP planners to generate their own shelter data. Instead, they can only verify shelter survey data provided by FEMA regional offices under a separately funded National Shelter Survey Program (NSS).

Although the locations to be surveyed through FEMA's NSS program are to be based on the needs projected by State NCP planners, the NSS program has its own priorities for allocating its limited survey resources which do not necessarily coincide with State NCP planners' needs or schedules. The NSS priorities require that surveys of counterforce areas be done first. Some NCP planners, however, have finished their counterforce area plans, and other States have no counterforce areas. These planners, then, are to direct their efforts at FEMA's next priority--large urban areas--even though shelter surveys are not yet available for these noncounterforce areas. The separate boundaries of these two programs are reinforced by their location in two separate divisions within FEMA's State and Local Programs and Support Directorate.

Because the States had to rely on FEMA's regional offices for shelter survey data, the NCP planning effort had been slowed or disrupted in seven of the nine States we visited that participated in the NCP Program. Kansas, for instance, could not proceed with its planning for a county designated to host populations that would be relocated from risk areas due to delays in obtaining survey data from FEMA. A West Virginia NCP official told us that the State would not be able to prepare nuclear attack crisis relocation plans for some counties because they had not yet been surveyed by FEMA. This State official further said that FEMA has not scheduled new surveys for West Virginia until 1984. When planning proceeds without adequate shelter survey data, the plans themselves may be ineffective. Due to the absence of updated shelter survey data, for example, a crisis relocation plan in Washington listed shelter facilities that were found to no longer exist.

FEMA's Radiological Defense Program (RADEF), funded through two categorical assistance programs, is also an integral part of the nuclear attack civil preparedness effort.

While NCP plans are designed to protect the public against all effects from nuclear weapons, the RADEF Program funds States to minimize the effects of radiation hazards from a nuclear attack. FEMA provides specific RADEF support to the States through two separate categorical programs which fund State RDOs who plan the State's radiological defense system and State technicians who maintain and calibrate radiological monitoring instruments provided by the Federal Government.

Although the NCP and RDO programs are separately budgeted and funded, FEMA recognizes the importance of an effective radiological defense system for State nuclear attack preparedness and encourages close collaboration between staffs of the NCP and RDO assistance programs. A prerequisite for FEMA approval of NCP plans, for example, is the completion of a satisfactory section covering radiological defense. Since RDOs plan for the radiological monitoring capacities of shelters identified through the NCP planning process, NCP planners are directed by FEMA to provide shelter data to RDO staffs.

Yet, this NCP-RADEF linkage is not always successfully completed, in part due to the categorical funding structure. The required RADEF section of State NCP plans has not been developed when States do not participate in FEMA's RDO program. RDOs provide the expertise and staff support necessary to develop this section. Some States have been unable to participate in the RDO program in part because FEMA's categorical funding and personnel constraints prevented States from hiring staff meeting FEMA's personnel requirements. Also, NCP planners have not been able to fill this gap by developing the RADEF sections themselves, partially because FEMA has discouraged them from branching out into radiological defense activities.

Due to FEMA's requirement that a health physicist be hired for the RDO program, for example, Florida could not participate because the FEMA funds available for the RDO program were approximately \$5,000 short of the salary that the State's personnel system determined was required to fulfill FEMA's personnel hiring requirements. Florida may have participated in this program if it could have reprogrammed surplus funds from other FEMA programs to supplement the limited RDO funds provided but was unable to achieve this due to restrictions on transferring funds among related, but separate, categorical programs. Although Florida could have also used its own funds to compensate for the shortfall, it should be noted that FEMA justified funding for this program on a full 100-percent Federal reimbursement basis because States had not widely funded RDOs when they had to match Federal funds from their own resources in the EMA Program. State officials said that the State subsequently hired an RDO but only after FEMA approved a downgrading of the position. The delay in hiring in turn delayed the development of the RADEF portion of the State NCP plan.

In another case, neither West Virginia's State nor county NCP plans have a RADEF section due, in part, to FEMA requirements and, accordingly, cannot be approved by FEMA. According to a State official, FEMA's personnel criteria for the RDO Program prevented the State from hiring a qualified RDO at the relatively low salary authorized under the State's civil service system. Although the State's NCP planner proposed to fill this radiological defense void by obtaining requisite training in radiological defense and doing the RADEF planning himself, he told us that FEMA Region III officials rejected this suggestion indicating that NCP planners were not authorized to prepare the RADEF section even though it is a required part of the NCP plan.

A California official believed that the distinctions separating the RADEF and NCP programs were arbitrary and unrealistic and the programs should therefore be funded as one program. Although coordination between these programs may not be prevented, separate categorical funding can reinforce organizational fragmentation among these programs. Another official felt that consolidation would promote more coordination and a more effective nuclear attack planning effort. One official said that consolidation would enable the State to provide a "team" effort for nuclear attack planning so that FEMA-funded radiological monitoring resources, including instrument maintenance and training, would be performed in concert with the NCP planning effort. In this manner, localities would be provided with fully operational and comprehensive nuclear attack plans, thereby enhancing the credibility of FEMA's national civil defense effort.

Constraints on transferring  
funds among programs frustrate  
full achievement of Federal  
objectives

The full achievement of certain FEMA program objectives sometimes would necessitate States to marshal idle or surplus resources provided under other FEMA programs. However, because States are not allowed to transfer excess funds from one program to compensate for inadequate funding in another FEMA program, States have been unable to fully achieve Federal objectives. FEMA's separate funding allotments to the States for each program sometimes do not correspond with the actual needs of each State or with the ability of both FEMA and the States to expend all of the funds for each program within a given year. As a result, States accrue surpluses in one program, which are returned to FEMA, at the same time that they realize deficits in another program which can prevent them from fully achieving national objectives for this program. In cases where Federal funds are not specifically provided for certain Federal objectives, States could more fully achieve these objectives if they use their own funds or are given flexibility to use the resources of other programs.

In fiscal year 1981 for example, FEMA transferred funds from the radiological Maintenance and Calibration Program. Minnesota, faced with a reduction in FEMA funds for this program, curtailed travel by State technicians who maintained local radiological monitoring instruments. The State was only able to complete 62 percent of FEMA's goal for this program. This shortfall is particularly significant in view of one State official's estimate that one-third of the radiological instruments in the State would be inoperable in the event of a nuclear attack. At the same time, the State had accrued a surplus of over \$7,000 in four other FEMA programs but could not use it to help cover the shortfall in the radiological program.

Virginia, also faced with a fiscal year 1981 shortfall, had to lay off a State technician and curtail the scope of its program. As a result, the State was only able to retrofit 354 instruments instead of the 850 originally planned. At the same time, the State had a \$10,000 surplus in NCP because State legislated personnel ceilings prevented it from filling an additional NCP position. The State asked FEMA for authority to reprogram the NCP surplus to enable it to retain the maintenance and calibration technician, but FEMA denied this request, stating that these funds were for NCP purposes only.

Funding shortfalls for State and local civil defense organizations under EMA also could not be compensated for. Wisconsin officials indicated that a \$111,728 EMA funding shortfall caused the State to reduce the matching share of Federal funds it passed through for local expenses; the State also eliminated funding for local travel. At the same time, the State accrued a \$28,600 surplus in four other FEMA programs. Washington also had to reduce its reimbursement of local EMA costs. Yet, the State returned over \$18,000 in funds for four other FEMA programs. Similarly, a \$96,000 shortfall in EMA funds for Kansas curtailed reimbursement of local civil defense salary and travel expenses. Yet, the State returned over \$44,000 in five other FEMA programs.

In one case, a FEMA assistance award was too small to be used by a State without drawing on other program funds. The \$3,000 allocated by a FEMA formula to Idaho in fiscal year 1981 under the Maintenance and Services Program was not sufficient to fund even the first priority project at the State level, which required at least \$4,290, let alone any local projects. It is possible that the State could have mounted a meaningful program if it were allowed to transfer funds from other programs to supplement the limited funding provided.

FEMA regional officials indicated that categorical funding constraints also limit their ability to better match FEMA's resources with actual State needs. According to one regional official, there was an unmet need of over \$500,000 for EMA and Maintenance and Services funds within Region X.

Further, cutbacks in the Maintenance and Calibration Program curtailed travel by the States under this program. Yet, for four other programs, the region had to return over \$200,000 in fiscal year 1981 funds to FEMA headquarters for various reasons, including FEMA delays in negotiating agreements with the States to begin the new Radiological Defense Officers Program and the late release of funds for the Emergency Operating Center Program. For these two programs, the region was unable to expend \$160,000 in the month remaining in the fiscal year. Similarly, a Region IX official told us that the region was unable to transfer over \$3,000 of NCP money returned by Hawaii to help the State meet its unmet need for warning sirens which presumably would also enhance the State's nuclear preparedness.

FEMA's categorical assistance structure  
inhibits comprehensive emergency  
management and coordination

Due to the close interrelationship of most of FEMA's categorical programs, their effectiveness could be enhanced by maximizing interprogram coordination and crossutilization of the resources provided by each separate program. Indeed, because FEMA was created, in part, to promote greater coordination among the various disaster preparedness programs, a cornerstone of its early strategy has been to encourage a comprehensive approach to emergency management. This approach promotes an integrated planning and response effort among all types and phases of disaster preparedness and response, recognizing that effective response to a specific hazard depends upon full coordination among the various resources available to a State or local jurisdiction. Efficiency can also be promoted when one federally assisted resource is used to benefit more than one objective or purpose.

Yet, the categorical assistance structure used to deliver FEMA's programs to the States inhibits comprehensive and integrated emergency management. Instead, it promotes a fragmented approach which discourages States from undertaking the kind of coordination, joint planning, and crossutilization of program expertise and resources that ultimately could enhance the effectiveness of FEMA's programs. While categorical restrictions attempt to assure that States will devote a certain level of effort to each program, the effectiveness of each program correspondingly suffers when they cannot mutually benefit from the resources and expertise of each other.

Program effectiveness suffers when  
comprehensive management is inhibited

Certain preparedness activities, such as the establishment of warning systems or identification of shelters, undertaken to respond to one type of disaster can be used in responding to other types of disasters. The benefits of this

approach for FEMA are shown in the case of the Federal nuclear attack preparedness effort. Because FEMA's crisis relocation strategy is sometimes unacceptable at the local level, support has been gained by demonstrating the spin-off values of these war-related activities to the more immediate and pressing peacetime disaster preparedness concerns of local officials.

Kansas, for example, encouraged local participation in radiological instrument monitoring by stressing the peacetime applications of radiological instruments. A State official stated that thousands of local people in his State, who otherwise might not have participated in an exclusively wartime focused program, have been certified to operate radiological instruments. Similarly, Wisconsin officials encouraged officials in local jurisdictions, resistant to hosting relocated urban residents in the event of nuclear attack, to participate in FEMA's crisis relocation effort based on the spin-off value of nuclear attack evacuation plans and shelter facilities for peacetime disaster response. Since then, a shelter identified by FEMA to house relocated persons during a nuclear attack was used in one community as a congregate care facility during a 1980 Presidentially declared natural disaster.

Comprehensive and coordinated approaches to emergency management, however, have been inhibited by FEMA's categorical assistance structure, sometimes resulting in a fragmented and less effective planning effort. A Washington official, for example, told us that while the State's entire natural disaster plan needs updating, funds received from FEMA for earthquake planning could only be used to update the earthquake sections of the plan. Because other funds received under FEMA's Disaster Preparedness Improvement Grant Program were inadequate to support a comprehensive update, the State requested FEMA approval to also use the earthquake funds for an across-the-board revision including earthquake, but FEMA rejected this request on the grounds that these funds were earmarked in FEMA's budget for earthquake activities only.

The categorical structure, in conjunction with FEMA's strict interpretation of the constraints imposed by it, also does not readily accommodate and can inhibit States' comprehensive management improvements that could enhance the effectiveness of each program. Wisconsin, for example, used its Disaster Preparedness Improvement Program funds to purchase a computer to store and process large amounts of data that would, in the opinion of State officials, enhance the State's overall preparedness to respond to all disasters. The State was able to use this new data processing system to store and retrieve an inventory of disaster resources, a roster of emergency personnel, and data on available shelter facilities and temporary housing. Because the State did not have funds available to input all the data needed to support the various emergency management programs, it proposed to allocate its data input costs among FEMA's categorical programs on the

basis of their use of the system. Although this system could benefit each of FEMA's programs in Wisconsin, FEMA rejected this request because those costs were not included in that year's agreement, even though the State had funds available in each of these programs. As a result, the State returned funds under these programs at the end of that year and all pertinent information had still not been placed into the computer over 1-1/2 years later.

An effort by Kansas to comprehensively train different types of local emergency officials in hazardous materials planning was jeopardized due to FEMA Training and Education Program guidelines restricting training to emergency management coordinators only. By involving county fire chiefs and sheriffs as well as county emergency management coordinators in hazardous materials training, the State believed that a more coordinated response effort could occur. FEMA's guidance for this program, however, states that because training for fire officials in hazardous materials is the responsibility of FEMA's fire programs, training for these officials cannot be offered under the Training and Education Program. FEMA Region VII initially told Kansas that the fire chiefs and sheriffs were not eligible for training but later indicated that Kansas could proceed with its plans as long as it listed these personnel on its emergency management staff organization chart.

Fragmented categorical programs encourage overlapping activities to be performed separately for each program. Washington officials told us, for example, that the State's natural disaster and nuclear civil protection planning efforts both involve collection of the same basic data in a duplicative manner. Region V officials also believe that FEMA fosters fragmentation by encouraging States to separately develop common baseline information for nuclear civil protection, natural disaster, and offsite nuclear power plant planning.

Further, the effectiveness of FEMA's radiological defense effort was hampered by a 1981 FEMA decision which, unintentionally, further fragmented the radiological defense support effort and caused a reduction in the training of radiological instrument monitors. Specifically, FEMA decided in 1981 to prohibit State radiological instrument maintenance staffs, funded under the Maintenance and Calibration Program, from training local officials in the operation of radiological monitoring instruments, a practice engaged in by many FEMA-funded State staffs during their local visits to maintain the monitoring instruments. Instead, FEMA decided to carry out radiological monitoring training exclusively through a separate training and education program which it felt would promote a more professionalized approach to radiological training. Under the new program, FEMA funded a professionalized training network to train instructors who would, in turn, train local



monitors. Funds for the program were reallocated from the Maintenance and Calibration Program.

As a direct result of this FEMA decision, radiological instrument training was either reduced or totally stopped in four of the States we visited. In Kansas, for example, no instrument monitoring training was done because neither the State nor FEMA Region VII could identify the requisite instructional expertise outside of the State's maintenance and calibration staff. FEMA Region VII attempted to fill this training void through its own regional training and education program by suggesting, ironically, that a member of Kansas' maintenance and calibration staff be the course instructor. This action, however, was never finalized.

Washington, a State that trained 320 people in instrument monitoring in fiscal year 1980, was virtually unable to mount any radiological monitoring training following FEMA's decision. One State official told us that training was done more efficiently under the old approach because one visit by a State Maintenance and Calibration official to a locality accomplished two missions--maintaining instruments and training local officials in their use. One FEMA regional official observed that the FEMA headquarters decision was an "arbitrary separation" of trainers from operators and that the resultant diminution of radiological monitoring training would break a critical link in the RADEF Program chain.

The effectiveness of FEMA's planning programs could also be enhanced if the planners were familiar with operational aspects of disaster response. A Virginia State official noted that the use of nuclear attack planners for peacetime disaster planning and response ultimately promotes preparedness for nuclear attack. He stated that if these people are never tested in a real emergency until a nuclear attack, "they will rust just like equipment not used."

FEMA, however, has generally limited the ability of States to use planners receiving funding under one program in other capacities. NCP planners, for example, while they may participate in exercises testing their NCP plans, are not allowed to be the principal coordinators of these exercises. Although FEMA views exercises as an important test of the quality and ultimate effectiveness of NCP plans, FEMA officials said that extensive NCP planner involvement in exercises would divert the planners' attention away from developing the plans themselves. Arizona's NCP planning chief ignores this restriction and coordinates the exercises because he believes his involvement assures more effective plan development.

Further, FEMA has prohibited States from using planners funded under several nuclear attack related programs, such as NCP, as duty officers on a rotating basis in the States' emergency operating centers. As a result, Florida, for example,

told us that its FEMA-funded planners are not sufficiently familiar with State emergency operations. The unfamiliarity of the categorically earmarked planners with other aspects of disaster planning and response is illustrated by a case in Minnesota. A State NCP planner visiting a rural county for nuclear planning purposes was unable to assist county officials in obtaining Federal and State assistance for response to a flood that occurred during his visit because he was unfamiliar with natural disaster procedures.

The potential for greater  
coordination among FEMA  
programs is not being realized

FEMA's application of the categorical constraints have also prevented EMA--FEMA's largest planning and preparedness program with \$44 million in annual funding--from fully supporting and reinforcing FEMA's other categorical program efforts. In a separate report,<sup>1</sup> we concluded that EMA-funded staffs at the State and local level could potentially provide major support for implementing the objectives of FEMA's other programs. Yet, because FEMA did not hold EMA recipients accountable for achieving national objectives, this capacity was not being fully utilized to benefit FEMA programs. For example, although FEMA tasks State NCP planners and State Radiological Defense Officers to involve local EMA-funded personnel in achieving these program's objectives, FEMA has not yet followed through by requiring local EMA recipients to support these programs.

The potential benefits that could arise from stronger coordination and linkages between EMA and other FEMA programs were illustrated by a Region V attempt to require full-time local EMA recipients to send their radiological monitoring instruments to regional centers within the State for retrofitting and recalibration. This would have minimized the costs incurred by State staff, funded separately under FEMA's Maintenance and Calibration Program, who visited each locality to pick up and subsequently return radiological instruments. Region V also required local EMA recipients to perform operational checks on the instruments to further reduce burdens placed on the FEMA-funded State technicians. Region V officials told us that they rescinded this requirement because it was their understanding that FEMA headquarters did not feel that EMA recipients could be required to support this effort as a condition for funding.

In another case, Region X officials believe that FEMA's shelter survey program could be strengthened if local EMA resources were used. As noted previously, the National Shelter Survey Program's limited resources have not permitted

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<sup>1</sup>"The Emergency Management Assistance Program Should Contribute More Directly To National Civil Defense Objectives" (GAO/GGD-83-5, Nov. 5, 1982).

shelter surveys to be done in noncounterforce areas and have generally prevented FEMA from updating existing but outdated surveys. Region X officials told us that, originally, local EMA recipients were to update FEMA's shelter survey information and send it to FEMA. However, according to these officials, local recipients have generally not performed this task because FEMA has not been willing to require EMA recipients to participate in the Shelter Survey Program.

Similar opportunities for mutual reinforcement among FEMA programs are available in other areas as well. FEMA, for example, administers a State Assistance Program (SAP) which funds States to improve their capacity to assist local communities in implementing sound floodplain management programs. This in turn makes these communities eligible for participation in FEMA's National Flood Insurance Program. In most cases, SAP funds are received by a different State agency than the State emergency management agency which administers the EMA Program. Yet, the network of local emergency management coordinators funded by EMA could be used to help implement floodplain management objectives. Wisconsin's Department of Natural Resources, for example, is the recipient of SAP funds and has its own field offices within the State to work with local communities. An official of this State agency told us that the effectiveness of the floodplain management effort could improve if the network of local emergency management coordinators, funded through the separate EMA Program, could be used.

#### DUPLICATION CAN OCCUR DUE TO OVERLAPPING AND FRAGMENTED CATEGORICAL PROGRAMS

The overlapping nature of some Federal categorical emergency management programs permits duplication to occur. Although some FEMA planning programs actually promote coordination, this coordination was often necessary to assure that Federal programs did not support duplicative activities. When coordination failed, we found that duplication sometimes occurred. Most of the cases we found involved duplication between a FEMA categorical effort and an activity funded by a closely related Federal assistance program sponsored by another Federal agency. In some cases, the effects went beyond duplication in that the programs promoted opposing or inconsistent strategies for emergency response within the State.

The channeling of separate, but similar, Federal emergency management programs to different State agencies presents especially severe problems to States wishing to coordinate their emergency management programs. States are largely left to their own devices to overcome this fragmentation and provide coordinated and integrated program management.

Potential for duplication among  
FEMA's overlapping programs  
is limited by State actions

The extent of overlap within FEMA's own categorical program structure is considerable. Floodplain management planning, for example, could be supported using one or all of at least three FEMA assistance programs EMA, SAP, and the Disaster Preparedness Improvement Grant Program (DPIG). Training activities can be funded under a number of FEMA assistance programs, including Training and Education, DPIG, RDO, and EMA, as well as by FEMA regional offices through regional support contracts.

In some cases, FEMA's programs are so closely related that States and FEMA regional officials have problems allocating costs among the programs. EMA, for example, partially funds the day-to-day administrative expenses of State and local civil defense organizations, while the Maintenance and Services Program funds State and local governments to maintain and repair emergency communications equipment, including maintenance of emergency operating centers. In practice, these distinctions are vague and permit considerable overlap. Washington officials, for example, told us that either Maintenance and Services or EMA could be used to pay for phone lines because telephones could be justified either as an administrative or emergency operating expense. Georgia officials illustrated the overlapping nature of these two programs by noting that the costs of repairing a base station radio would be charged to Maintenance and Services, while the costs of repairing a mobile radio must be charged to EMA. A FEMA Region X official said that such distinctions are difficult to apply and are "probably inappropriate."

The burden of coordinating these separate programs and preventing duplication rests with the States. Generally, States told us they were able to provide the necessary coordination among these programs to assure that their duplication potential was not realized. Even though different State agencies received separate grants from different Federal agencies, State officials told us that formal and informal coordination efforts sometimes enabled them to overcome Federal fragmentation. In Kansas, for example, although FEMA's NCP Program and the Department of Agriculture's Emergency Board both develop food supply plans for national emergencies affecting the State, the Board and State NCP officials meet twice a month to discuss their mutual food supply planning efforts. In another case, Minnesota's State emergency management agency, using FEMA training funds, co-sponsored a flood mitigation training program with the State's Department of Natural Resources, using its FEMA floodplain management funds. According to a State official, this resulted in more people being taught at less cost per student.

Some States told us that FEMA's DPIG Program helped the State emergency management agency to better inventory and coordinate the emergency management activities of various State agencies. FEMA's own reorganization, in which Federal flood and fire programs were housed in the same agency as civil defense and disaster relief programs, provided an impetus for Minnesota's Department of Emergency Services to enhance its coordination with the other State agencies responsible for fire safety and flood mitigation.

Yet, in several cases, States could not overcome the fragmenting tendencies of FEMA's categorical assistance structure. Separate FEMA categorical programs can contribute to fragmented State emergency management programs by separately funding various State agencies for similar emergency management activities. Duplication among these programs can occur when central coordination is not provided at the State level. FEMA's own programs, for example, sometimes do not all pass through the State emergency management agency. FEMA's State Assistance Program (SAP) for flood mitigation planning, for example, funds a different State agency from the State emergency management agency in most States. As a result, the Director of the Kansas emergency management agency did not know whether or not his State received FEMA's flood mitigation grant under SAP.

In another case, FEMA's Academy Planning and Assistance Program (APAP) funds States to plan for the training of fire personnel, while FEMA's separate Training and Education Program funds States to develop and implement training courses for emergency management personnel. The APAP program, however, generally provides funds to a different State agency from the one responsible for the Training and Education Program. The Kansas emergency management agency official responsible for administering FEMA's Training and Education Program did not know which State agency received FEMA's APAP grant even though this person indicated that in the past a fire training program on hazardous materials was funded through FEMA's Fire Administration without his knowledge. The directors of South Carolina's and California's emergency management offices also stated that they did not know whether or not the State was receiving funds under APAP.

The potential for duplication among FEMA programs may be greatest when FEMA and the States both undertake separate programs to support the same or similar activities. In the training area, for example, FEMA's regional offices sponsor their own training programs available to State and local participants through regional support contracts in addition to funding the States for emergency management training courses through a State Cooperative Agreement. In one case, inadequate coordination between the training programs of FEMA Region VII and the Kansas emergency management agency led to a situation where both the State, using its FEMA training funds,

and the FEMA regional office scheduled a radiological defense officer training course on the same day for the same group of potential participants. Since only 20 people in the area were eligible to attend this course, the State cancelled its plans. With regard to fire training, the State's training official asked Region VII for a copy of their regional course schedules but, as of the time of our visit, had not yet received this information.

Significant duplication occurs  
between FEMA programs and  
other Federal agencies' emer-  
gency management programs

The establishment of FEMA did not incorporate all significant Federal assistance to the States for emergency management. Several other Federal agencies were funding States for various aspects of emergency preparedness during the time of our review. Because these programs usually fund different State agencies from the State emergency management agency and because they exist in separate organizations at the Federal level as well, the potential for duplication between these programs and FEMA's emergency management programs is more severe than that for FEMA programs themselves.

Indeed, several significant cases of duplication between these programs came to light during our review. Duplication among Federal assistance programs available for preparing for hazardous materials accidents and spills was significant. While FEMA programs and a Department of Transportation Highway Safety Grant Program were used by the Wisconsin emergency management agency to manage hazardous materials emergencies, the Environmental Protection Agency (EPA) was also separately funding State environmental or natural resources agencies to manage the response to hazardous materials accidents at toxic waste dumps. EPA's Superfund Program further expands the State role to manage the cleanup of hazardous waste dumps. In Wisconsin the State emergency management agency's hazardous materials coordinator indicated that EPA has enhanced the role of the State's Department of Natural Resources in controlling hazardous materials accidents, and this has caused confusion and fragmentation in the planning for and response to hazardous materials accidents.

A number of Federal agencies funded the development of hazardous materials planning guides. In one case, EPA Region IV funded a contract with Florida State University to develop guidelines for local hazardous materials planning. According to an EPA Region IV official, the impetus for this project derived from the 1980 Superfund legislation. EPA did not discuss this effort with Florida's State emergency management agency prior to awarding the contract nor provide the contractor's draft report for review by the State emergency management agency, the agency responsible for providing guidelines

to assist local officials in preparing the hazardous materials contingency plans required by the State. A State emergency management official told us, however, that because the EPA-funded guidelines were inconsistent with the State emergency office's contingency planning requirements, the State emergency management agency would have to prepare its own hazardous materials planning guidelines for local governments. The EPA Region IV official told us that if the contracted study conflicted with State emergency management policy, the Federal funds spent by EPA on this study were wasted.

A similar situation existed in Kansas. Prior to our review, a Kansas emergency management agency official, funded by FEMA's DPIG Program, developed a local assessment guide for hazardous materials vulnerabilities. According to this official, the Department of Transportation at a later date awarded a \$69,000 contract to Kansas State University for the same purpose. Finally, FEMA itself, in 1981, developed its own nationwide planning guide for hazardous materials.

The fragmentation and duplication uncovered during our review supports the conclusion of a 1981 National Academy of Sciences Committee study that "there are too many Federal agencies involved in [hazardous materials] emergency response activities; and therefore, none has effective responsibility for this area."

Duplication occurred in other areas as well. South Carolina's Coastal Council, for example, received a Federal grant from the National Oceanic and Atmospheric Administration to assess hurricane preparedness planning in South Carolina. According to State emergency management officials, they were not involved with this grant. As a result, they stated that the Coastal Council's effort duplicated the State's FEMA-funded planning for hurricane preparedness and provided no new information for planning purposes.

FEMA'S CATEGORICAL FUNDING PROCESS  
CAN CONSTRAIN EFFICIENT MANAGEMENT  
OF FEDERAL ASSISTANCE RESOURCES

FEMA's categorical assistance structure can foster an inefficient use of Federal resources in several ways. First, Federal funded personnel or equipment are earmarked for narrow programs where they may not be fully utilized or occupied. Further, they cannot generally be transferred to or used by another related program where they could be more productively used. When States do achieve efficient program management, they are, in effect, penalized because any savings that accrue from one program generally cannot be applied to the other programs, but must instead be returned to FEMA. Finally, the categorical structure imposes excessive administrative burdens and costs at both Federal and State levels, thereby diverting scarce resources away from direct program

services. Although the administrative burden is partly attributable to the need for separate accountability for each individual program, the application of prescriptive FEMA controls over how States administer FEMA resources also places a burden on State and FEMA officials alike.

The inability to transfer  
resources among related categorical  
programs hampers efficiency

Resources earmarked for one categorical program sometimes are idle or not fully used due to cyclical inactivity in some programs. Yet, these idle resources cannot be productively put to work by the States on other programs needing these resources due to FEMA's categorical restrictions on transferring resources among programs.

In Kentucky, for example, a secretary funded under NCP could not be used for other activities even when she was not busy. West Virginia could not allocate the services of one NCP-funded clerical person to the DPIG Program, which, due to the way limited FEMA funding was used, did not have its own secretary. California's Radiological Defense Officer Program also did not receive enough funding for a secretary. The State's Radiological Defense Officer concluded that consolidation of FEMA programs would provide his program with the needed clerical services by enabling the State to pool secretarial resources among the various FEMA programs.

A Wisconsin official said that, in the past, morale problems were spawned when a staff member funded by one program did not always have work to do but could not help out on other programs. Because this was detrimental to good management, the State now does not follow FEMA's categorical restrictions and places secretaries funded under individual FEMA programs in a secretarial pool. In one case, a secretary fully funded by NCP is used for other activities when she has open time.

Until mid-fiscal year 1981, FEMA provided Wisconsin with a Government car that could only be used by the State's NCP planners. Although other State emergency management staff needed to use the car, FEMA's restrictions prevented this even when the car was not being used by NCP planners. Because the State felt this was inefficient, it returned the car.

State efforts to conserve or make more efficient use of program resources can also be discouraged because program savings cannot be applied to the other FEMA programs but rather must be returned to FEMA. Wisconsin, for example, was required to return surplus Maintenance and Calibration Program funds due to more efficient management. State radiological technicians obtained a van to use for their radiological instrument deliveries to local officials. Since the van carried



four times the number of instruments as the car it replaced, the State was able to combine trips to local jurisdictions, saving travel money as a result.

In another case, Minnesota returned approximately \$7,000 in NCP funds to FEMA because of what the State felt was conservative spending practices which included charging supplies used to the 50-percent federally funded EMA Program instead of the 100-percent federally funded NCP Program.

When State reprogramming of funds among programs is not allowed, States may choose to use surplus funds on low-priority projects within a program rather than return them to FEMA. Although we do not believe that States made unneeded or wasteful purchases with these excess funds, State officials did indicate that the funds could have been better spent on higher priority items in other programs. Minnesota, for example, purchased films and video tape equipment valued at more than \$8,500 to use up its fiscal year 1981 Training and Education Program funds rather than return the money to FEMA. The State's finance officer indicated that, although the films and equipment will meet training needs, these needs were of lesser priority than the unmet needs for funds in the EMA Program. Wisconsin purchased a 10,000 gallon tank for hazardous materials training purposes to use up its surplus Training and Education funds. Although FEMA approved this purchase, one regional official told us that FEMA had to stretch the program guidelines to allow it.

Administrative costs  
under FEMA's categorical  
structure may be high

Because FEMA has to separately account for the expenditures of each separate categorical program, the States are also required to report to FEMA separately for each categorical program they receive. As a result, the scarce time of FEMA regional and State staffs must be devoted to preparing and reviewing separate submissions for each program. In addition, some States indicated that delays in implementing programs are caused by what they believe to be excessive FEMA controls over State management decisions and performance during the program year. Consolidation of program applications and reporting could enable these staffs to spend more time on programmatic matters.

We estimated the percent of awarded funds that the States of Florida, Georgia, Minnesota, South Carolina, and Wisconsin spent in meeting application and reporting requirements in three programs--Nuclear Civil Protection, Disaster Preparedness Improvement, and Training and Education. The five States spent, on the average, the following percent of grant funds for applications and reporting

- Nuclear Civil Protection: 7.9 percent.
- Disaster Preparedness Improvement: 12.5 percent.
- Training and Education: 11.2 percent.

Several of these States estimated that consolidation of these programs could yield savings in administrative costs. Wisconsin, for example, indicated that a 50-percent savings in staff time, representing nearly \$5,000, could be achieved through consolidation. Florida estimated that a savings of 70 staffdays, or over \$4,500, could occur due to consolidation of these three programs.

FEMA also incurs administrative costs in reviewing State submitted applications and reports. For example, FEMA devoted 13 full-time equivalent staff years in fiscal year 1981 to managing the Disaster Preparedness Improvement Grant Program, or approximately 10 percent of the actual fiscal year 1981 appropriation for this program. Although we believe this program is subject to fewer controls and requirements than most FEMA programs, the process established for reviewing State applications and monitoring State performance is nevertheless quite complex and potentially burdensome for FEMA staff. We have identified some 35 separate administrative actions that FEMA must take in the course of administering this grant program for an individual State. It is reasonable to assume that many of these steps could be done on a joint basis if the program were consolidated, enabling FEMA to redirect its staff usage.

A recent FEMA initiative in streamlining and consolidating the administration of the Maintenance and Services Program shows the kind of savings that FEMA could realize. In fiscal year 1982, FEMA discontinued its previous practice of reviewing and approving each local government application itself, and instead funded each State to administer the local grants. FEMA estimated that this action would reduce the number of applications the agency reviews by 1,400, yielding a savings of \$700,000 in staff costs, although State costs could increase as a result. FEMA's Comprehensive Cooperative Agreement initiative--an effort to consolidate and streamline the administration of several FEMA categorical programs--has also yielded administrative savings in several States, as will be discussed in chapter 3.

Although we did not make a judgment on the merits of individual requirements, some of FEMA's controls over State performance and management decisions also can burden the States and cause delays in implementing programs. Once the funds are awarded, certain State actions must receive prior approval from FEMA, such as using planning and preparedness staffs for more than 10 days on a disaster response and State job descriptions for NCP and radiological defense personnel.

FEMA approvals required for State actions under the Training and Education Program are extensive. For example, States must gain FEMA approval for each of the following training activities:

- Plans of instruction.
- Changes in courses or plans of instruction.
- Instructor fees and per diem.
- Student per diem and travel.
- Fees for classroom space.
- Training materials.

As a result of these requirements, the Director of Washington's Department of Emergency Services argued that the State's future participation in the Training and Education Program may be precluded, arguing that "every facet of this 'cooperative' program is controlled by and requires FEMA's prior approval\* \* \*." This State official's criticism is shared by a Region X official who told us that FEMA's detailed reviews of minor State administrative actions do not promote accountability and are a waste of time.

A Washington State official told us he loses 6 weeks per year due to these approval requirements. For example, the State initially proposed to use \$550 of grant funds to purchase materials. FEMA responded that the State needed to more specifically itemize these purchases before approval could be given. Once the information was furnished, FEMA approval was granted nearly 2 months after the State submitted its request. The requirement for advance approval of State purchases under \$10,000 was subsequently eliminated in fiscal year 1982.

STATES AND FEMA CAN SOMETIMES  
MITIGATE CATEGORICAL RESTRICTIONS  
TO OVERCOME FRAGMENTATION

Faced with the categorical restrictions encumbering their use of Federal emergency management funds, States have sometimes overcome them and implemented a comprehensive and coordinated emergency management effort that achieves national objectives and better reflects their needs. Because States generally do not provide their own State revenues over the minimum amount required to match Federal assistance for the emergency management area, their efforts center on more flexibly using FEMA funds of one or more categorical programs to benefit the objectives of another program or programs. In many cases, this State "crossutilization" of Federal categorical resources effectively mitigates the negative effects of

the categorical system previously discussed. As a result, more coordinated and effective achievement of FEMA's objectives and more efficient use of Federal funds were often achieved.

Yet, in many cases, these practices and their attendant benefits would have to be curtailed if FEMA requirements were strictly enforced.

Recognizing the benefits that could be derived from more comprehensive use of personnel, FEMA itself had begun to crossutilize its regional staffs previously assigned to one program or division. In addition to enhancing coordination among the programs, FEMA also hoped to make more efficient use of shrinking staff resources and to enhance their ability to flexibly respond to pressing national priority projects.

State mitigation strategies primarily rely on cross-utilizing resources among categorical programs

The burden of coordinating and integrating the various FEMA categorical programs to achieve both Federal and State objectives rests primarily with the States. To accomplish this task, States used several strategies to overcome the constraints of the categorical system. Because States invest very little of their own funds in emergency management above the minimum amount needed to match Federal dollars, they most often relied on the flexible use of their Federal categorical resources to respond to unique State circumstances or needs and better use interrelated categorical programs to accomplish Federal objectives. In some cases, the States were able to use FEMA's relatively unrestricted EMA funding to fill gaps left by the categorical funding structure. In most cases we identified, however, States used resources from one categorical program, excluding EMA, to benefit another categorical program, a practice we will label "crossutilization." In some cases, more flexible use of categorical funds was specifically supported by FEMA regional officials. In over 48 percent of the 87 cases of crossutilization we identified, however, these State practices appeared inconsistent with FEMA guidance or regulations.

States do not invest significant levels of State funds in emergency management

Although Federal domestic assistance comprised 25 percent of State and local expenditures in the aggregate in fiscal year 1982, Federal assistance for emergency planning and preparedness comprised over 56 percent of total expenditures in 39 States surveyed by the National Governors' Association

(NGA) in 1982. In three of these States, the Federal Government contributed over 70 percent of the emergency management expenditures. In interpreting this data, the NGA concluded that State emergency offices are "almost entirely dependent" on Federal funding from FEMA.

Further, the evidence indicates that the funds that States do commit are generally provided to match Federal assistance funds. The NGA data indicates that only 7 of the 39 States commit State emergency management funds to a program not generated by FEMA. In our fieldwork at 12 States, we identified only 2 States that had an autonomous emergency management program which was not receiving Federal funds or governed by a Federal mandate.

Because States do not generally commit resources beyond the Federal matching requirement, their capability to overcome the restrictions and gaps in coverage of the Federal categorical system is limited. As a result, Washington State's emergency management agency director noted that his State's emergency management efforts have been directed to areas where Federal funds were available. Florida officials recognize that the State would have greater flexibility if it provided more of its own funds for this area. NGA concluded that States have difficulty implementing comprehensive emergency management programs that fully respond to their own priorities and emergency vulnerabilities due to their overdependence on FEMA funds.

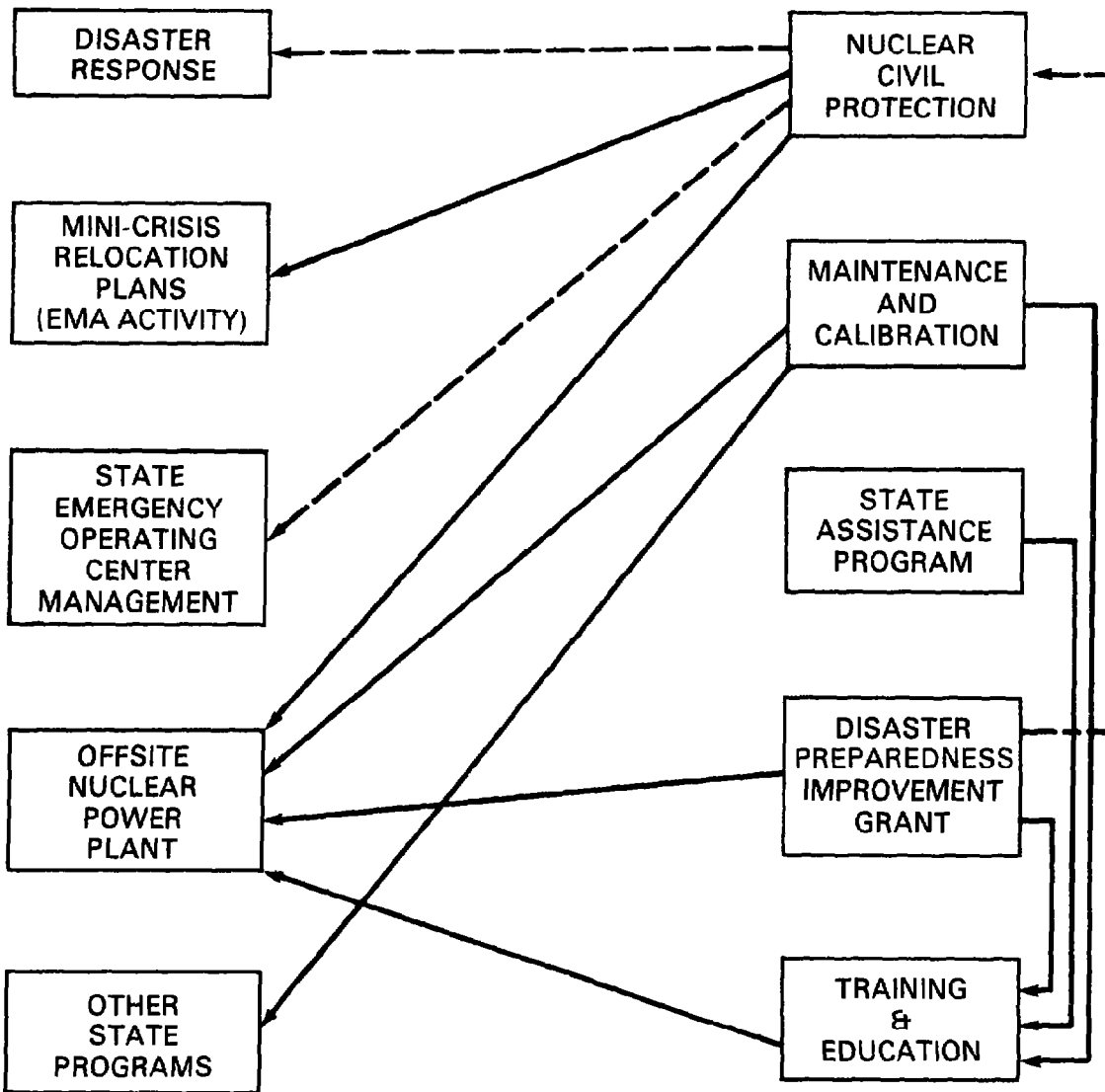
#### Crossutilization of resources among categorical programs

In the absence of significant State funding, the way States overcome categorical funding restrictions is most often through the flexible use of the Federal categorical resources themselves. These practices often appeared inconsistent with FEMA's rules or guidance.

States' flexible approaches frequently involved EMA-funded resources because they can be used for the broad gamut of emergency management or civil defense activities. Due to the more flexible nature of this program, as compared to other programs, EMA staffs sometimes provide slack resources enabling State agencies to fill gaps in the coverage of FEMA's other categorical programs or assist in achieving other program objectives. For example, State EMA staffs in Minnesota and Florida help fulfill the unfunded Federal mandate to develop off-site emergency plans for nuclear power plants. In Virginia, State EMA personnel are used for dam safety and hazardous materials activities. In other cases, State EMA staffs help manage and coordinate the State's overall preparedness effort by, for example, developing standard operating procedures for various types of hazards.

Beyond EMA, the crossutilization of resources among categorical programs was a principal strategy used by the States to overcome categorical restrictions. Excluding EMA, we identified 87 cases in 10 States where categorical resources from one program were either combined with resources from another program or were transferred to benefit one or more other programs. Crossutilization of these resources is sometimes necessary to provide the coordination needed to achieve inter-related emergency management objectives. Some State directors indicated that crossutilizing Federal resources is necessary to achieve their missions and assure that staff are efficiently used to plan for and respond to new hazards arising in the fast-changing emergency management environment. The charts on pages 36 and 37 illustrate how two States we visited crossutilized resources among FEMA-funded programs.

## CROSSUTILIZATION OF FEMA RESOURCES IN MINNESOTA



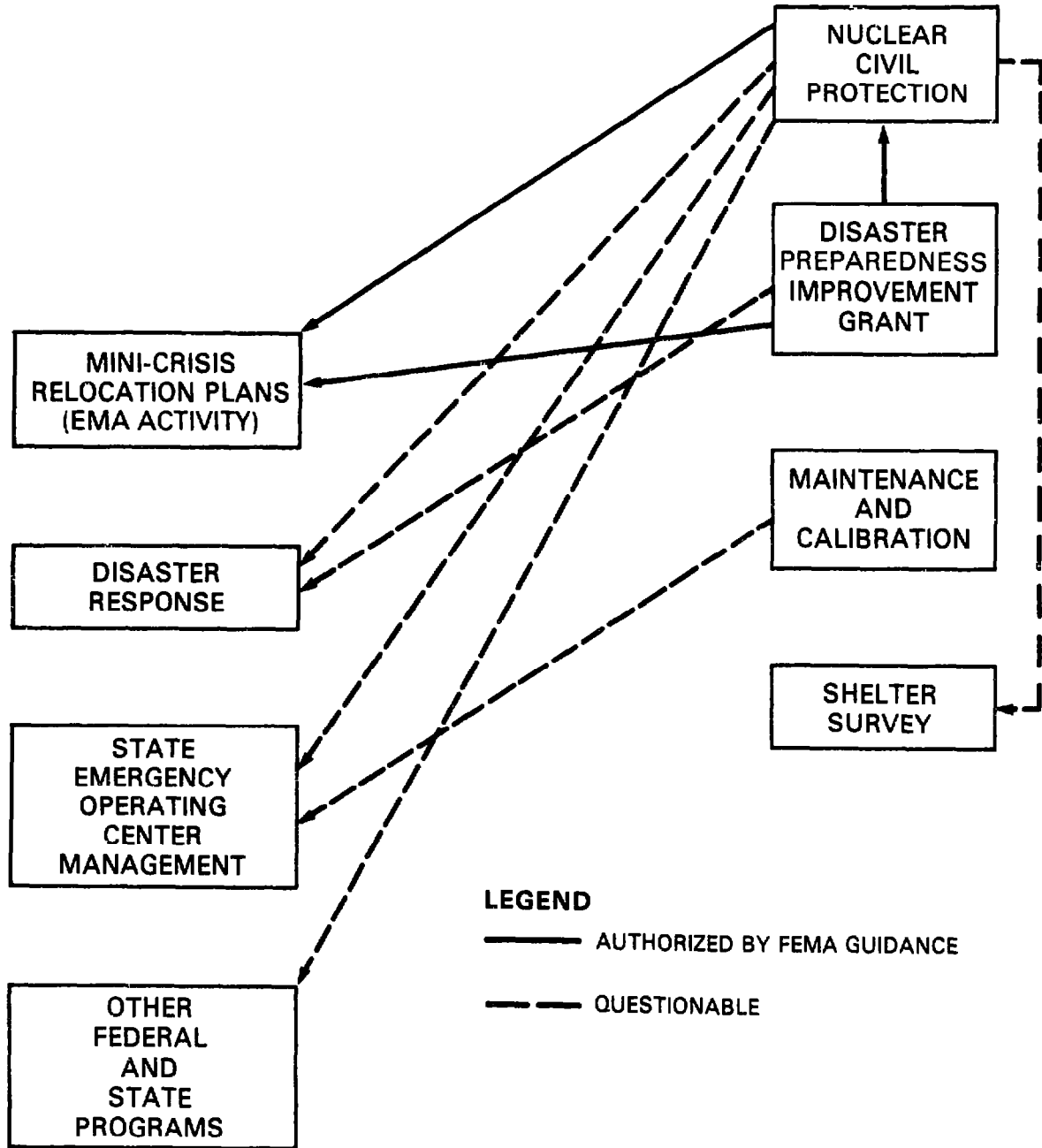
**LEGEND**

———— AUTHORIZED BY FEMA GUIDANCE

- - - - QUESTIONABLE

NOTE EXCLUDES THE USE OF EMA RESOURCES  
TO BENEFIT OTHER PROGRAMS

## CROSSUTILIZATION OF FEMA RESOURCES IN WEST VIRGINIA



NOTE EXCLUDES THE USE OF EMA RESOURCES TO BENEFIT OTHER PROGRAMS



In many cases, crossutilization is permitted by FEMA's guidelines. For example, the principle of "dual use" reaffirmed in a 1981 amendment to the Federal Civil Defense Act of 1950 allows FEMA resources funded for wartime planning and preparedness to also be used for peacetime hazards as long as the peacetime use does not detract from achievement of Federal nuclear attack preparedness objectives. In several cases States were using staff under the radiological Maintenance and Calibration Program to provide support in plan development and instrument monitoring for offsite nuclear power plant planning. Congregate care shelters surveyed for nuclear attack are sometimes also used for peacetime disasters. Other States were using their natural disaster planners funded under FEMA's peacetime-oriented Disaster Preparedness Improvement Grant Program (DPIG) to support the State's nuclear attack planning effort.

Yet, FEMA's rules were not flexible enough to accommodate many State crossutilization practices. In over 48 percent of the 87 cases we identified, State crossutilization practices appeared inconsistent with FEMA's rules or guidance. In some cases, States used personnel or equipment earmarked solely for the NCP or Radiological Defense programs to support other Federal and State objectives. Personnel funded for planning and preparedness were used to respond to disasters without FEMA's permission and were also used as duty officers in State emergency operating centers, contrary to FEMA's guidance. Finally, several States ignored FEMA's 1981 restriction prohibiting local training in radiological monitoring by State Maintenance and Calibration Program staffs.

Crossutilization generally  
enhanced effective and efficient  
State management of FEMA programs

State mitigation of Federal categorical constraints through crossutilization, for the most part, enhanced coordination among these interrelated programs and enabled States to achieve Federal objectives more effectively than if these programs were managed in isolation from each other. In some cases, State combination of the resources of several programs was necessary to achieve certain objectives that could not have been attained by each program on its own due to the overly narrow scope of each program. Further, crossutilization prevented potential duplication and enabled federally funded resources to be used more efficiently. These benefits were achieved both by practices authorized by FEMA as well as by those that appeared inconsistent with FEMA's guidance.

In some cases, crossutilization of resources from one program was necessary to enable another program with insufficient funds or overly narrow program scope to achieve its objectives. States sometimes used their FEMA resources in this manner. Georgia, for example, spent some of its FEMA funds for

communications and warning equipment to complement what it felt was insufficient Maintenance and Services Program funding even though this is not an eligible EMA expense. Wisconsin used its EMA-funded staff to manage the Maintenance and Calibration Program because program funding was insufficient. States also use their EMA-funded staffs to develop and manage training programs funded with FEMA's Training and Education funds because these funds have not been authorized to be used for administration of training programs, but only for student and instructional expenses.

FEMA's other programs were also crossutilized to compensate for gaps or insufficient funds in other programs. Wisconsin used a planner funded under DPIG to write the State's proposal for FEMA's Training and Education Program due to a vacancy in the Training and Education Program. Conversely, Training and Education funds were used to purchase equipment for a public awareness project sponsored under the DPIG program.

In other cases, combining or crossutilizing resources enabled States to achieve objectives more effectively or cover gaps in the coverage of categorical programs. In Minnesota, for example, separate State agencies receiving FEMA's State Assistance Program (SAP) funds for floodplain hazard management and training and education combined their resources to sponsor a flood hazard mitigation training program. SAP funds were used to pay instructors while the other program paid for student travel-related costs. Not only was potential duplication between these two funding sources and State agencies averted, but the training was achieved at less cost as well. According to the director of the State's emergency management agency, if the State agency receiving SAP funds had not provided these resources, his agency would have had to contract for another hydrologist to teach the course.

States crossutilized resources from several Federal programs to enable them to enhance radiological monitoring and hazardous materials programs. First, several States continued training local officials in radiological instrument monitoring by using their radiological defense program staffs in spite of FEMA's rules prohibiting these 100 percent FEMA-funded staffs from performing this activity. As we reported above, several States that discontinued this practice pursuant to FEMA direction were unable to continue to provide radiological instrument monitoring training.

For its hazardous materials training program, Wisconsin used a hazardous response vehicle purchased with Federal Transportation Department funds to pull a 10,000 gallon tank purchased with FEMA's Training and Education funds. In Kansas, a maintenance and calibration official has been used to help prepare State response plans for three hazards not specifically funded by the Federal Government--hazardous

materials accidents, nuclear power plants, and the Titan missile site--in the State because of his widely recognized expertise in these areas. Although this official believes his activities provide important benefits to the State, he recognizes that they are not authorized in terms of the FEMA program that pays his salary.

State crossutilization also promoted internal coordination of State emergency management activities which could further promote more effective State responses to disasters and avert potential duplication among State planning efforts. South Carolina, for example, under its NCP Program, funds the chief of its Nuclear Branch who also manages the State's shelter survey and radiological defense programs. Although State officials are aware that this may technically violate the terms of their NCP award, they believe that better integration of these interrelated nuclear attack planning efforts may occur as a result. In another case, Georgia uses a 100-percent federally funded NCP planner as its Chief Planner to manage both the State's nuclear attack and natural disaster planning preparedness due to the interrelationship in planning for these two types of disasters. Some of the same evacuation routes planned for nuclear attack, for example, are also identified for other peacetime disasters. This State official told us, however, that his supervisory responsibilities do not divert significant time from NCP planning.

Effective disaster response could be promoted if all State emergency management staff could be used when needed, in the view of State officials. For example, during an ice storm, Wisconsin needed to use every one of its staff members to handle the response. This required personnel to be familiar with operational aspects of the State's response system that transcended the boundaries of the particular FEMA program to which they were assigned. To implement similar approaches, 5 of the 10 States in our review required staff funded under one or more FEMA programs to serve as duty officers in the State emergency operating centers on a rotating basis with other State staff even though this practice was generally prohibited in FEMA guidance.

A number of States in our review crossutilized resources to make productive use of personnel or equipment funded under FEMA categorical programs. A Wisconsin official told us that if secretaries funded under various programs were used only for their assigned programs, they would sometimes be idle. Rather, Wisconsin uses its secretaries on a pool basis for general office purposes rather than for only the categorical programs they are funded by. Similarly, Georgia and West Virginia used NCP-funded secretaries at times to support other programs. Georgia also used a car funded under the NCP program to support staff working in all programs. In West Virginia and California, NCP drafters were used for other programs when not busy doing work on NCP.

Coordination of other Federal and State programs through crossutilization is sometimes encouraged by FEMA. Kansas, for example, uses its FEMA-funded radiological defense staff to maintain and calibrate radiological instruments for a number of Federal agencies such as the Corps of Engineers and Postal Service and for State health and transportation agencies. In return, these agencies assist the State emergency management agency in its disaster response mission. For example, the State Department of Transportation provides bulldozers for use in responding to disasters.

By enabling one resource to benefit more than one objective or type of disaster, some State crossutilization practices helped prevent duplication in planning and preparedness activities. South Carolina, for example, used its shelter survey staff funded by FEMA for nuclear attack planning to also survey shelters suitable for use during tornados. If this dual use practice were discontinued, potentially duplicate shelter surveys would have to be done for each of these hazards. Arizona plans to use its State Fire Marshals to perform shelter surveys as part of their fire safety inspections, which could promote more efficient use of resources and limit travel expenses as well. South Carolina views its dual use of warning and communications equipment for both attack and peacetime disaster preparedness as a strategy to prevent duplication.

Although crossutilization generally promoted more effective achievement of Federal emergency management objectives, in several cases State diversion of personnel from their primary FEMA program did cause delays in achieving the scope of work defined by FEMA. On a national basis, one FEMA headquarters official told us that the agency's decision to allow States to use their NCP planners for nine months on off-site nuclear power plant evacuation planning caused widespread diversion of effort from the nuclear attack crisis relocation planning effort. In Wisconsin, the use of NCP planners both for the nuclear power plant planning as well as for guiding local governments in preparing "mini-crisis relocation plans" caused delays in State achievement of nuclear attack planning objectives.

Yet, in other cases, State staffs achieved their scopes of work in a timely manner in spite of their crossutilization. Minnesota, for example, achieved its NCP scope of work even though the State used NCP planners on a periodic basis to serve as duty officers in the State's Emergency Operating Center. The Kansas technician funded by FEMA to maintain and calibrate radiological instruments achieved FEMA's objectives for this program even though he was involved in hazardous materials training, planning for the Titan missile site, and maintaining radiological instruments for a host of other Federal and State agencies.

FEMA'S regional offices also  
crossutilize their staffs

FEMA's regional offices also sought to overcome the fragmentation promoted by FEMA's program structure through cross-utilization of their own staffs. Similar to the States, they hoped to achieve more coordination among related programs, better response to pressing national priorities, and more efficient use of shrinking staff resources to achieve FEMA's objectives.

When FEMA was first established, the concept of comprehensive emergency management became an early organizing principle so that the new agency could better achieve the mission of coordinating its various emergency management activities. In keeping with this strategy, the new Director sought to encourage the use of FEMA staff on a comprehensive and interchangeable basis so that, for example, regional personnel who previously monitored only the NCP program could also be used when needed to oversee floodplain management activities. Accordingly, most regional staffs were reclassified as Emergency Management Specialists and were to be used flexibly to support those FEMA assistance programs where the need was greatest. Although this personnel action has been subsequently reversed for higher level staff, the agency is still encouraging the interchangeable use of regional staff to support comprehensive emergency management.

An additional advantage of this approach according to a regional official was that it enabled the regions to more efficiently use limited staff resources. In fiscal year 1981, a FEMA official told us, 820 full-time equivalent staff years were allocated to the regional offices, while only 681 were allocated in fiscal year 1982. Yet, this official indicated that the missions of these offices have not been reduced.

In 1980, FEMA's Region II made a number of organizational changes to support the comprehensive emergency management concept and overcome what the Regional Director felt were "artificial programmatic barriers and organizational structures." First, FEMA regional staffs from all divisions participated in disaster response. Second, numerous regional staff members were transferred to other divisions for up to 3 months. Task forces were established to utilize personnel from all divisions to respond to special assignments, including oversight of off-site nuclear power plant planning. Steps were also taken to ensure that regional field visits comprehensively addressed all emergency management activities.

Some regions told us that, as a practical matter, they crossutilized personnel to respond to pressing national priorities or promote better coordination among FEMA's programs. FEMA's Region V, for example, estimated that 80 percent of

its Planning and Preparedness staff's time was devoted to monitoring off-site nuclear power plant planning during fiscal year 1981. This reduced the time available to oversee nuclear attack planning and preparedness activities. Because Region V has more nuclear power plants than any other FEMA region, these staffs faced a significant workload in managing the new Federal off-site nuclear power plant evacuation regulations.

Similarly, a Region III official told us that well over 50 percent of the time of many Planning and Preparedness Division staff in this region was devoted to monitoring exercises of off-site nuclear power plant plans in fiscal year 1981, thereby reducing the level of FEMA's monitoring of State civil defense performance in other areas.

Region X staff indicated that extensive coordination is required to effectively manage FEMA's engineering and communications programs. Due to this need as well as limited staff resources, personnel in this region's engineering staff are cross-assigned in the communications area to provide depth of coverage.

## CHAPTER 3

### FEMA'S PILOT CONSOLIDATION EFFORT

#### IS A PROMISING FIRST STEP

Recognizing the problems that arise from the categorical structure, FEMA took the initiative to provide for a more consolidated and coordinated assistance structure through a Comprehensive Cooperative Agreement (CCA). This was an administrative effort to provide several pilot States more flexibility in administering selected FEMA categorical assistance programs. States were expected to achieve FEMA's various programmatic objectives but were given discretion in how these objectives would be achieved. In fiscal year 1981, FEMA simplified paperwork reporting requirements for five States and further enabled two of these States to transfer funds or personnel among a group of related FEMA categorical programs. In fiscal year 1982, 14 States were given discretion to transfer funds among a group of related programs, and all 50 States were offered a simplified package of FEMA assistance programs with standardized reporting and management provisions.

The first year of this administrative consolidation effort showed considerable promise in resolving some of the substantial problems posed by the categorical assistance structure. The benefits conferred, however, varied widely among the five States, reflecting markedly different State and regional interpretations of FEMA headquarters guidance.

For Arizona and North Carolina where actual consolidation or resource transfers among programs were allowed, the States believed the pilot consolidation effort conferred significant benefits. By using the categorical resources in a more flexible manner, these States were able to more comprehensively address their emergency management needs. Because they were allowed to crossutilize personnel among related programs, these States also felt they could more efficiently manage their Federal and State program resources and strengthen the capacity of their State organizations to flexibly respond to disasters or contingencies. Although the pilot consolidation effort enabled these States to use resources more flexibly and develop more comprehensive programs, the record of the first year showed that without effective FEMA oversight, increased State discretion can inhibit the achievement of certain FEMA program objectives.

For the three other States involved in the experiment-- Kansas, South Carolina, and Virginia--the promise of grant consolidation was not realized due to FEMA's reluctance to give them authority to consolidate funding or resources among the programs covered in their agreements. All five States and

FEMA itself, however, experienced a reduction in administrative costs or burdens due to the use of one common administrative instrument to fund a number of separate programs.

Certain transition problems as well as legislative and administrative constraints limited the achievements of this pilot consolidation effort in fiscal year 1981. The initiation of this experiment was constrained by inadequate and conflicting FEMA headquarters direction and guidance resulting in widely varying FEMA regional implementation. Although many of these short-term management problems were resolved in the fiscal year 1982 consolidation, FEMA, due to legal constraints, significantly reduced funding and personnel flexibility for the participating States. As a result, the CCA became primarily an administrative simplification rather than a grant consolidation initiative.

FEMA INITIATED THE PILOT  
CONSOLIDATION TO BETTER  
PROMOTE ITS MISSION

The task of fostering a comprehensive approach to emergency management was only just begun with the creation of FEMA. The agency realized early that the categorical grant structure it inherited from its predecessor agencies was inhibiting its ability to better coordinate and integrate emergency management efforts at both the Federal and State levels. This prompted FEMA, in 1980, to embark on an experimental effort to provide five States with more flexibility in consolidating its various categorical assistance programs. Certain administrative management procedures for these programs were also streamlined and standardized.

By initiating this pilot consolidation, FEMA hoped to:

- Encourage a greater degree of cooperation among FEMA programs in each participating State.
- Provide in a single document a clear enunciation of mutual State and FEMA goals and objectives.
- Build an awareness of belonging to the emergency management community among the diverse State agencies involved in implementing FEMA programs.
- Enhance the productivity and impact of FEMA's assistance programs by reducing administrative costs and mutually reinforcing the goals of the various FEMA program offices.

FEMA also viewed the consolidation experiment as a way to more effectively and efficiently achieve its programmatic objectives. Although the States were to be given more flexibility in managing Federal assistance resources, they were



still required to achieve the objectives negotiated with FEMA for each included program. It was hoped that the focus of Federal accountability would shift from a concern with **how** the resources were used to attain Federal objectives to a concern with **what** was accomplished with the funds. This results-oriented accountability emphasis distinguishes the FEMA consolidation effort from a block grant approach in which States are given even more discretion in deciding both what will be accomplished as well as how the job will be done.

In implementing the experiment, FEMA headquarters issued standardized guidance which was to provide a consistent framework for FEMA's regional offices to negotiate agreements with each of the five States. With regard to consolidation of funding, the guidance provided States with some flexibility to transfer funds among several programs as long as the programs' objectives were met. The guidance also provided for simplified administrative procedures by specifying that one common application, progress report, and letter of credit or voucher would cover all programs included in the agreement.

In spite of the existence of this standardized guidance, the agreements actually negotiated by the regional offices varied widely among these five States both in the number of programs covered as well as State discretion allowed.

First, the comprehensiveness of the agreements differed among the States. North Carolina's agreement was the most comprehensive in that it included each of the 13 FEMA planning and preparedness assistance programs received by the State. Significantly, the North Carolina agreement encompassed FEMA fire safety and flood mitigation programs that had heretofore been awarded to separate State agencies in North Carolina but were now incorporated in a single agreement.

FEMA's delegation of discretion also was markedly different among the States, ranging from Arizona, which was provided substantial discretion in managing resources, to Virginia, which was given no additional flexibility.

Two States--Arizona and North Carolina--entered into agreements that provided for both consolidation of resources among most FEMA programs received as well as administrative simplification of application, reporting, and reprogramming requirements. Arizona was given the most flexibility of all the States. It was allowed to consolidate funds among the eight categorical programs covered in its agreement. FEMA Region IX gave Arizona unlimited authority to transfer funds and personnel among the programs as long as FEMA's programmatic objectives were attained. Procedural restrictions on State use of staff were, in effect, eliminated for Arizona, with the understanding that the State was principally responsible for demonstrating results through performance. For

example, while other States were required to obtain FEMA approval before using planning and preparedness staff in disaster response, Region IX gave Arizona "standing approval." In another case, while Radiological Systems Maintenance staff were generally not allowed to train local officials in radiological monitoring, Arizona was able to continue this practice.

North Carolina also negotiated a very flexible agreement with FEMA Region IV. The State was given maximum flexibility to use personnel interchangeably among the covered programs without obtaining prior FEMA approval. The State was only held accountable for achieving the objectives of the program. State officials, however, did not interpret the agreement to permit any significant reprogramming of funds among programs. Unlike Arizona, the State felt it was constrained by the 5-percent limit on reprogramming contained in the CCA general provisions. Nevertheless, State officials believed that the flexible use of personnel among programs gave them the same management flexibility as fund reprogramming.

The three other States--South Carolina, Kansas, and Virginia--had very limited agreements which allowed no significant increase in State flexibility to crossutilize funds or personnel among the covered programs. The agreements did provide some minimal procedural streamlining in that only one application was required.

THE PILOT CONSOLIDATION ENABLED  
TWO STATES TO OVERCOME PROBLEMS  
ASSOCIATED WITH THE CATEGORICAL  
STRUCTURE

The management improvements realized by the States and FEMA from the fiscal year 1981 experiment were commensurate with the degree of flexibility given to the States for resource utilization. Arizona and North Carolina, as well as their respective FEMA regional offices, realized the greatest advances in coordinating and integrating closely related programs during the first year of consolidation. Because only these States were given authority to actually interchange funds or personnel among programs, their record in the first year provides the only real test to assess the benefits of grant consolidation for emergency management. The other three States did not realize any significant benefits because their agreements were not designed or managed to permit consolidation.

Although the ability to comprehensively manage federally funded resources was enhanced, the increased discretion can affect the States' achievement of FEMA's individual program objectives as well. For example, Kansas was able to transfer surplus funds to a program experiencing a deficit, thereby enabling it to achieve that program's objectives. In another

case, however, Arizona used its discretion to divert resources away from the NCP Program to a greater extent than under the categorical mode, thereby causing the State to fall far short of achieving the NCP scope of work. As discussed in chapter 4, FEMA's management oversight should be improved to better promote accountability for a consolidated program.

To assess whether or not the CCA brought about more comprehensive emergency management as intended by FEMA, we developed an index of 17 possible changes that could be realized in each of the five States ranging from easing administrative burden to improving program efficiency and effectiveness (see app. I). Out of the possible 85 changes that could have occurred in the 5 States, 29 changes, or 36 percent of the potential, were actually realized and were mostly concentrated in Arizona and North Carolina.

On the basis of the record of Arizona and North Carolina, consolidation improved the States' ability to coordinate Federal and State resources, in some cases enhancing program effectiveness as a result. Although these States were to some extent already crossutilizing program resources and realizing many of these benefits under the categorical system, the CCA also served to legitimize these State management practices.

First, by enabling full State management control over federally funded personnel, these States indicated that their organizational capacity and program efficiency were enhanced. Arizona's Emergency Services Director observed that when a major flood occurred in his State several years ago, only 5 of the State agency's 17 staff members were available to help respond to and recover from this disaster; the others were encumbered by Federal categorical restrictions. Now, the State crosstrains all State staff so that personnel can be directed to deal with new hazards that arise in this quickly changing emergency management environment. For example, radiological Maintenance and Calibration Program and Communication Program staffs are trained to be used interchangeably as the need arises. In another case, we noted that a State NCP planner also worked on mitigation, disaster recovery, nuclear power plant protection, and temporary housing. In States operating under the categorical system, NCP planners had to devote full time to developing plans for nuclear attack.

This flexible use of personnel also enabled these States to develop emergency plans that were not funded under the categorical system but nevertheless satisfied important Federal interests. For example, when the safety of areas surrounding Titan missiles based in Arizona became questionable, the State Director established a planning team consisting of NCP, Training and Education, and Disaster Preparedness Improvement staff members to prepare for a possible missile explosion. Under the categorical system, Arizona may not have

received FEMA approval of this management decision. Further, North Carolina was able to use its NCP planner and drafter to participate in a radiological emergency preparedness exercise involving nuclear power plants. Due to the similarities between the radiation hazards posed by nuclear weapons and nuclear power plants, the State felt that the NCP planner was best equipped to deal with this peacetime nuclear problem.

Crossutilization also enabled these States to improve efficiency in managing federally funded resources by pooling support staff. For example, secretaries funded under one program were assigned to support all programs, thereby reducing idleness that previously resulted from restricting their use to one program.

Because Arizona could reprogram funds, it was also in a better position to adjust Federal resources to its particular circumstances and needs. A FEMA Region IX official told us, for example, that other States often had to return Maintenance and Services Program funds at the end of the fiscal year because localities tend to overestimate the funds needed to purchase emergency communications and warning equipment. Through the CCA, Arizona had the authority to reprogram surpluses from one program to another where unfilled needs existed. North Carolina, on the other hand, had more restrictive reprogramming authority and was facing the prospect of losing \$20,000 in NCP funds that were not used because of a temporary position vacancy.

Even though the other three States generally did not realize the benefits of reprogramming, we did note one exception. Because the agreement allowed Kansas the authority to reprogram 5 percent of the funds among its three covered programs, the State did succeed in filling a shortfall in its radiological Maintenance and Calibration Program which was created by a FEMA funding reduction by transferring NCP funds that the State did not spend due to State spending limitations. As a result, the State was able to complete its scope of work negotiated with FEMA by retaining a staff person who would otherwise have been terminated. In contrast, States operating under categorical awards, such as Minnesota and Wisconsin, as well as Virginia, which was not given this flexibility, could not mitigate the impacts of the cuts with surpluses from other programs. Consequently, their programs were cut either by layoffs of technicians or travel reductions.

Finally, North Carolina and Arizona, as well as FEMA itself, realized some benefits from reduced administrative burdens. North Carolina reported administrative savings which it attributes to the streamlining brought about by the CCA, including

- A single letter of credit for all programs, which reduced the paperwork and delays in filing for separate reimbursements.
- Ability to crossutilize personnel without obtaining FEMA approval.
- Elimination of Training and Education Program reporting policies which previously required the State to report the names of all students attending State classes.
- Consolidated and less frequent progress reports for all covered programs.

Arizona also realized administrative cost savings, again due to less frequent and more consolidated reporting. Although quantification of savings is a difficult task, we estimated that Arizona reduced its administrative costs by almost \$8,000, representing over 86 staff days of time that would have been spent in application and reporting for six of the eight covered programs.

Due to the limited nature of their CCA agreements, the other three States--South Carolina, Kansas, and Virginia--realized no appreciable reduction in administrative costs or burden. Although Kansas received one letter of credit for all programs, they still were submitting separate quarterly program reports at the time of our review. Virginia realized no change in administrative procedures. State officials observed that the only change brought about by the CCA was that separate applications were merely stapled together; the programs still had to be justified and administered as separate entities.

FEMA regional officials responsible for the North Carolina and Arizona CCAs indicated that the consolidation eased administrative burdens and promoted more coordination among FEMA staffs. Region V staff noted that the process of negotiating the 1982 CCAs with their States had similarly enhanced coordination among FEMA staff. FEMA Region IV officials noted that the processing and paperwork burdens associated with separately reviewing and monitoring each categorical award were reduced due to consolidation. In addition, an official stated that the CCA has forced FEMA itself to get together more and start discussing the interrelationships among its programs. Region IX staff noted a similar reduction in administrative burdens which they attributed both to eliminating the need to review and approve individual State personnel transfers and streamlining of reporting.

Finally, the States perceived the CCA as legitimizing their previously unreported exercise of flexibility practiced prior to 1981. North Carolina officials noted that since they were already crossutilizing personnel prior to 1981 without

FEMA's knowledge or permission, the principal effect of the 1981 CCA was to make these practices more open and legitimate. Arizona officials also said that the State did not follow some of the categorical restrictions prior to 1981 to promote what they believed to be more efficient, less costly management. For example, States were not allowed by FEMA to use their NCP planners to manage exercises of State and local Crisis Relocation Plans (CRP), on the grounds that this would divert their time away from the generation of CRP plans--their primary function. Arizona was ignoring this rule and using its NCP planners to manage these exercises. Arizona officials claim that their approach reduces costs and promotes critical linkages between plans and their implementation. Under the CCA, Arizona was able to continue this practice legitimately and openly.

LIMITATIONS ON STATE DISCRETION  
CAUSED BY LEGAL CONSTRAINTS AND  
TRANSITORY MANAGEMENT PROBLEMS

In spite of the high expectations surrounding the initiation of the CCA experiment, three of the five participating States experienced no significant change in their discretion over the use of FEMA funds or administrative process. The CCAs were generally managed no differently from categorical grants for these States. Attempts by each of these three States to use the 5-percent reprogramming authority contained in their CCA agreements were either clouded in uncertainty or were rejected by FEMA headquarters.

Legislative and administrative constraints, as well as transitory FEMA management problems, were both responsible for the limitations on State flexibility in these three States. Although these constraints were not well understood or communicated within FEMA, fiscal year 1982 guidance clarified the constraints that FEMA believes limit the degree of reprogramming both FEMA and the States can achieve among related categorical programs. Due to statutory program provisions and administrative decisions, FEMA presents each categorical assistance program as a separate program element in its budget submission. As long as this occurs, both FEMA and the States are accountable for expending budgeted funds for each program and are generally constrained from transferring funds among budgeted programs. Also, certain differences in legislative and administrative requirements as well as administrative management structures among some of the programs serve as obstacles that must be overcome to achieve consolidation.

Because the CCA concept represented a marked departure from the normal process used to administer categorical assistance, certain transition problems were experienced by FEMA's headquarters and regional offices in interpreting the new arrangement. FEMA successfully resolved most of these management problems for the fiscal year 1982 round of pilot CCAs,

which applied to 14 States. Yet, the 1982 CCAs also curtailed the flexibility available to the States. Especially when compared to the 1981 Arizona and North Carolina CCAs, the 1982 CCA can no longer be characterized as a grant consolidation initiative. Rather, it has become essentially a vehicle to simplify and standardize the administration of separate categorical programs.

Legislative and administrative constraints  
on FEMA itself limit State discretion

The effectiveness of an administrative consolidation like the CCA is, in large part, a function of the degree to which the agency is restricted by constraints on its flexibility. In this regard, FEMA faces certain legislative constraints and has adopted administrative policies which limit its own flexibility and, by extension, the flexibility it can delegate to the States to shift resources among its categorical programs. FEMA's fiscal year 1982 CCA guidance spelled out the specific limitations on its flexibility imposed by both appropriations laws as well as several specific statutes authorizing its programs. FEMA also interprets provisions of two OMB Government-wide assistance management circulars as restricting the reprogramming of funds or resources among its categorical programs.

The legislative constraints that largely inhibit the flexible use of resources among FEMA programs arise from the way that the Congress in its authorizing statutes, as well as FEMA itself, defines the program structure for budget presentation purposes. Accordingly, each of the 15 planning and preparedness programs has been presented by FEMA as a separate program element with specific funding levels earmarked for each element.

In some cases, it is apparent from authorizing legislation that the Congress expects FEMA to establish a separate discrete assistance program to accomplish a specific purpose. In the case of one of the 15 programs--Earthquake Preparedness Planning--the Congress directed FEMA to operate a specific program for earthquake planning and preparedness and, further, established statutory restrictions against reprogramming funds between program categories. Although the authorizing statutes for most of the other programs do not clearly register a congressional preference for a separately funded program, the provision of separate program-specific funding ceilings and distribution formulas in the statutes authorizing several FEMA programs could indicate that the Congress did not contemplate funding these programs on a consolidated basis. For example, the EMA, DPIG, fire service training, and earthquake hazards preparedness programs all have separate national ceilings on expenditures that could be exceeded if States were allowed to transfer other funds into these programs. For some programs, such as EMA, DPIG, and Emergency Operating Centers, separate statutory formulas must be used by FEMA for distributing funds

to the States. Administrative consolidation of funding for these programs could undermine the intent of these individual statutory program formulas if State transfers of funds lead them to exceed or fall short of their allocations for these programs.

In other cases, it appears that FEMA itself or its predecessor agencies established assistance programs administratively that were not required by statute to be conducted as discrete funding programs. The NCP, Shelter Survey, State Radiological Defense Officer, and Equipment Maintenance and Calibration programs appear to be amenable to consolidation administratively without statutory change.

Regardless of the origins of these programs, once they are presented in the budget and funded separately, each program must then be operated separately, with discrete funding, by both FEMA and the States due to several constraints established through the appropriations process.

First, funds appropriated for one program may not be transferred to activities incorporated in a separate appropriation account. This is premised on a principle of appropriation law (31 USC 1301) which states that appropriated sums shall be spent solely on the objects in each appropriation account. On the basis of this principle, we have frequently ruled that funds from one appropriation may not be transferred to augment another appropriation. The 15 FEMA categorical programs were presented in three separate appropriations accounts for fiscal year 1983 as follows:

--State and Local Assistance (Account No. 58-0101-0-1-999) (10 programs).

--Emergency Planning and Assistance (Account No. 58-0102-0-1-999) (three programs).

--Disaster Relief (Account No. 11-0039-0-1-453) (two programs).

Thus, for example, because the DPIG and EMA programs are presented in separate appropriation accounts, neither FEMA nor the States may transfer funds between EMA and DPIG.

Secondly, programs listed separately within the same account are subject to reprogramming restrictions placed on FEMA by the Senate and House Appropriations Committees. Specifically, the House Appropriations Committee has directed FEMA to obtain approval for any reprogramming of funds among program elements that exceeds \$500,000. The Senate Appropriations Committee requires notification for any reprogramming that exceeds the lesser of \$250,000, or 10 percent of the appropriation. Because each categorical program is listed as a program element, States that reprogrammed funds among related



categorical programs could trigger a reprogramming action exceeding the established threshold.

Finally, FEMA has interpreted certain OMB Government-wide assistance management policies as precluding grantee reprogramming. Although legislative constraints appear to be binding, it is questionable whether any restrictions imposed by these OMB policies necessarily generate the same types of constraints. In this regard, FEMA cites Attachment K of OMB Circular A-102 (Uniform Administrative Requirements For Grants-in-aid To State and Local Governments) which authorizes agencies to restrict fund transfers among programs when the cumulative amount of such transfers exceed 5 percent of the total budget. Yet, the provision is permissive in that the agency is given the option to impose the reprogramming restriction.

FEMA also cites OMB Circular A-87 (Cost Principles for State and Local Governments), which it has incorporated in its regulations, as a barrier preventing consolidation of funds among programs. Specifically, grantees are required to allocate costs among objectives or programs based on the benefit received by each program. Further, costs benefitting one program should not be shifted to another program or objective.

These cost principles, however, need not prevent administrative consolidation. First, grantees are not to inappropriately transfer costs incurred under one program to another program when the second, or receiving program, does not benefit from these costs. If the costs incurred under the original program, however, benefit another program, then these costs should be allocated to the second, or receiving program. Thus, for example, if an NCP planner is used part-time to benefit the State Assistance Program (SAP) for flood mitigation, the planner's costs must be allocated to the SAP program in proportion to the benefit received by SAP, rather than to the original NCP program.

Second, the cost principles only address the allocation of costs among programs, not the reprogramming of funds among programs to pay for these costs. Reprogramming of funds among programs may, in fact, be necessary to ensure that the receiving program can fully pay for the costs charged to it by other programs or cost centers. The reprogramming of funds or revenues among programs to pay for these allocated costs, although perhaps constrained by the appropriations process, is not affected by the cost principles.

Finally, the problem of allocating costs among related programs disappears if separate grant programs or awards are administratively combined. The OMB official responsible for administering Circular A-87 agreed that the cost principles in no way prevent an agency from administratively combining grants to a State in one award.

Differing administrative requirements complicate consolidation efforts

FEMA planning and preparedness assistance programs have differing administrative requirements which are, in many cases, based on statutes authorizing these programs. Although these differences do not specifically prevent the consolidation of some program resources, they have complicated the development and implementation of the CCAs by sometimes requiring additional reporting and rules over and above the standardized CCA guidance. At one point in the negotiation of Arizona's 1981 CCA, for example, a FEMA legal official argued that the EMA Program, which comprised the largest source of FEMA funding for Arizona, should be excluded from the CCA due to "insurmountable legal problems" involving the program's special matching, accountability, and merit systems requirements. Although this program was ultimately incorporated in Arizona's agreement, special recordkeeping and application instructions were applied.

First, matching rates vary among FEMA's planning and preparedness programs. Of the 12 programs we examined during fiscal year 1982, 5 had legislatively based 50-percent matching requirements; one had an administratively formulated 25-percent non-Federal match, while the 6 others required no non-Federal match. Differing match rates complicate program integration and consolidation due to FEMA's need to ensure that the required match is met by the State. FEMA needs assurances through maintenance of separate audit trails that, when funds are combined, the State does not escape its matching obligation by substituting Federal resources for its own funds.

Secondly, as traditionally interpreted by FEMA, the EMA Program did not require products or objectives to be achieved by recipients, thereby making it incompatible with the results-oriented accountability applied to the other programs. FEMA's legal staff has also referred to the EMA Program's merit system requirement as another factor which could inhibit flexible use of personnel from other programs where merit hiring practices are not required. In recognition of this, the 1982 CCA modified State flexibility to use personnel interchangeably among programs by noting that non-merit system personnel from other programs may not be used on FEMA programs with the merit system requirement.

Different fiscal year carryover provisions among the programs could also complicate FEMA and State accounting for program funds under a consolidated arrangement. Of 12 programs we examined, 8 required States to expend funds in the fiscal year in which they were appropriated while 4 allowed States to carry over unspent funds for expenditure in the following fiscal year. A FEMA official indicated that the principal

rationale for these differences lies in the financial management policies established by each program's predecessor agency.

FEMA programs also differ in their methods of funding allocation. Several programs are project grants involving major construction which FEMA interprets as requiring separate application forms and approval processes. Accordingly, the Emergency Operating Centers and Supporting Materials programs were not included in either the 1981 or 1982 CCAs. While two of these project grants are awarded on a discretionary basis by FEMA, a variety of methods as specified below are still used to allocate funds among the States for the remaining 10 programs, even though nearly all are covered under the 1982 CCAs:

- Statutory fixed sum: Disaster Preparedness Improvement Grant (\$25,000 to each State).
- Formula: Emergency Management Assistance, Maintenance and Services, State Assistance Program.
- Discretionary based on workload and costs: Maintenance and Calibration, Radiological Defense Officers, Nuclear Civil Protection, Academy Planning Assistance.
- Discretionary first and second year, formula third year. National Fire Incidence Reporting System.
- Formula to FEMA regions, discretionary from regions to the States: Training and Education.

Finally, substantial differences exist in the management direction and control relationships between FEMA headquarters and its regional offices. For the 12 assistance programs, we assessed the degree of authority delegated during fiscal year 1982 to FEMA's regional offices for key phases of program approval and financial management. The table below displays considerable variability among the 12 programs.

<u>Assistance Action</u>	<u>Headquarters</u>	<u>Regional</u>
Final approval of State applications	4	8
Withholding funds for State nonperformance	5	7
Reprogram unused funds from one State to another	8	4

Management of the 1982 CCAs  
was improved, but State  
flexibility was more circumscribed

Whenever an agency, especially a newly reorganized agency such as FEMA, undertakes a significant management innovation, a degree of internal conflict and confusion can be expected in implementing a new approach. In that the 1981 CCA experiment represented a marked departure from FEMA's traditional assistance management approach, it is not surprising that confusion and conflict occurred in implementing the pilot consolidation experiment in the first year.

Although this climate did not seem to reduce the flexibility enjoyed by Arizona and North Carolina, it did lead to inconsistent decisions on flexibility in the use of funds for the other three States. Virginia, for example, was given no additional flexibility due to Region III's interpretation of the guidance. Further, FEMA headquarters disapproved Virginia's request to transfer \$10,000 in excess NCP funds to the Maintenance and Calibration Program to avoid a staffing reduction, even though the money in question was well within the 5-percent leeway contained in the general provisions of the CCA guidance. South Carolina made a similar reprogramming request which was initially rejected by Region IV but subsequently approved by headquarters. Kansas' request to reprogram funds was initially approved by the regional office but then questioned by regional officials following the reservations expressed at a June CCA conference. Although the Kansas action was ultimately approved, a FEMA Region VII official told us that the uncertainty arising from the absence of clear headquarters guidance could have been resolved had a conference been held prior to the initiation of the 1981 experiment.

The management of the 1982 CCAs demonstrated a marked improvement over the 1981 process which helped FEMA to more smoothly extend the pilot CCA concept to nine additional States. The 1982 agreements themselves were more comprehensive in program coverage than their 1981 predecessors and made significant advances in standardizing and simplifying administrative requirements as well. The degree of flexibility provided to the States for transferring categorical program resources, however, fell significantly short of the 1981 Arizona and North Carolina agreements.

First, the management of the CCA process at the headquarters level improved considerably. Most of the major problems in guidance and implementation were successfully handled by FEMA in 1982. Unlike 1981, a specific legal memorandum was prepared for the 1982 program setting forth the explicit constraints on State flexibility arising from FEMA's interpretation of its authorizing and appropriation statutes as well as certain Government-wide assistance management policies. In setting forth the constraints, the memorandum also listed

those programs between which States could transfer funds or personnel. On the basis of this memorandum, the 1982 CCAs incorporated an explicit provision enabling the 14 pilot States to reprogram up to 10 percent of the funds budgeted for 4 of the programs covered in the agreement.

The 1982 guidance also clarified the ground rules for crossutilization. States were allowed to use personnel interchangeably among the four programs if their time was charged to the programs they benefited. This policy fully reflected OMB Circular A-87 guidance setting forth Government-wide cost principles for Federal assistance programs.

Although FEMA regions still have final approval authority for the CCAs, FEMA headquarters monitoring has been enhanced. This should forestall some of the confusion and inconsistencies experienced in 1981. The headquarters CCA coordinator now has a staff of four who devote part of their time to working with and monitoring regional actions on the CCAs. Further, a tracking system has been established which documents progress made by the regions in approving CCA applications and obligating funds. This system also provides for distribution of each State's signed agreement to the various headquarters program offices, thereby increasing the potential for improved CCA oversight and better coordination of FEMA's programs.

Finally, unlike 1981, a national CCA conference was convened by FEMA in August 1981, prior to the initiation of the 1982 agreements. Although some regional officials complained that the 1982 guidance was still sent to them too close to the beginning of the new fiscal year, the conference served a useful purpose by bringing together FEMA regional, headquarters, and State officials to discuss the 1982 guidance prior to its finalization.

The 1982 CCA guidance itself represented an improvement over 1981 both in program coverage as well as in simplifying and standardizing assistance management requirements. First, 7 of the 14 planning and preparedness programs were covered as part of the standard package, compared to 3 under the 1981 CCAs. Fourteen States were selected to receive the pilot CCA that enabled them to reprogram up to 10 percent of funds for 4 of the 7 covered programs.

The other 36 non-pilot States were offered the opportunity to participate in a basic CCA, whereby they could apply for and negotiate with FEMA on all 7 of the programs on a combined, package basis. Although these States could not reprogram funds, they could nevertheless receive the other benefits of the CCA arising from the simplified and standardized administrative procedures instituted in the 1982 version. For example, one letter of credit and one quarterly report would generally be used for all seven covered programs. The standardized letter of credit procedure alone should streamline

financial management in comparison to 1981 when, in our analysis of 10 FEMA programs, the reimbursement method was used by 3 programs, advance payment by 5, and letter of credit by only 2.

Similarly, standard rules were issued for the transfer of funds among object class expenditure categories within each program. For four of the seven covered programs, unlimited transfer could occur without FEMA's prior approval. Before 1982, 7 of 11 FEMA programs required prior approval for object class changes exceeding 5 percent of project funds.

By extending the advantages of the CCA to a greater number of States, FEMA felt it had to, as a consequence, reduce the flexibility that could be enjoyed by each State involved. Although 14 States were included in the pilot CCA, their reprogramming authority was restricted to 10 percent of the funds among 4 programs. FEMA did not feel it could extend State reprogramming discretion further, such as was done with Arizona in 1981, due to the danger that the aggregate fund transfers of the larger number of States involved could exceed the \$250,000 reprogramming authority.

Similarly, although States could interchange personnel among the 1982 covered programs, they had to charge personnel salaries proportionately among each program on the basis of the benefits received by the programs. In 1981, FEMA authorized North Carolina to crossutilize its staff among programs without charging each program based on benefits received. Because personnel time was charged to the original program irrespective of how they were actually used, financial reports or billings to FEMA were not accurately accounting for the expenditure of funds among the separately budgeted categorical programs. Although this practice was approved on a pilot basis for North Carolina in 1981, its widespread adoption by all States could seriously inhibit the ability of FEMA to accurately account to the Congress for the actual use of appropriated funds by program.

State officials we talked to seemed optimistic about the 1982 CCAs. Although our detailed fieldwork was completed prior to the signing of the 1982 agreements, preliminary discussions with several State officials indicated that the three States not receiving significant benefits from the 1981 pilot CCAs were more satisfied with the 1982 version. One Virginia official said the State expected to realize significant benefits from consolidated financial reporting and the single letter of credit. Also, the 10 percent reprogramming flexibility represented a significant improvement for this State over the 1981 experience where it was not given any funding flexibility.

South Carolina officials were also optimistic about the 1982 agreement. They told us that in 1981 the reporting

requirements did not change because FEMA Region IV program officials were not involved in negotiating the agreement and continued to expect the same types of reports as before. In 1982, however, the State expected that the involvement of these regional program officials in the early stages of CCA negotiations would produce more consistent FEMA regional implementation of the CCA.

Arizona's State Emergency Services Director, on the other hand, noted that the 1982 CCA is more restrictive for his State than in 1981. While the 1981 CCA gave Arizona substantial flexibility to transfer funds or personnel among programs, the 1982 agreement limited the State's flexibility to 10 percent of the funds among four programs.

For fiscal year 1983, FEMA expanded the CCA coverage to 10 of the 14 planning and preparedness programs and applied the rules and restrictions of the CCA uniformly to all States. With regard to the flexible use of resources by the States, FEMA has terminated the States' authority to reprogram funds among selected FEMA programs--a practice that was allowed for pilot States in fiscal year 1982--and has limited the ability of the States to transfer funds among object class cost categories within each program.

On the other hand, FEMA has added a provision which could further encourage the crossutilization of personnel among covered programs. As was done in the fiscal year 1982 CCAs, FEMA authorized States to crossutilize personnel among covered programs as long as this does not detract from achieving the programs' objectives. Unlike FY 1982, however, the States may use personnel outside of their original program but are not required to charge their salaries to the program actually receiving the benefits of their time.

As will be further discussed in chapter 4, this reflects the manner in which most States actually account for crossutilization under the categorical system. Because States need not engage in transfers of funds to reflect this crossutilization of personnel, FEMA's fiscal year 1983 CCA accounting policy may encourage, or at least ratify, the interprogram sharing of staff resources within the States. At the same time, however, this policy will likely produce fiscal reports on States' expenditures of Federal funds that do not reflect the actual use of resources by FEMA program and, thereby, raises questions on whether fiscal accountability is being achieved.

## CHAPTER 4

### A CONSOLIDATED ASSISTANCE PROGRAM

#### CAN BE DESIGNED TO PROMOTE ACCOUNTABILITY

#### FOR NATIONAL OBJECTIVES

As portrayed in the previous chapters, FEMA's categorical approach to emergency planning and preparedness promotes a fragmented Federal-State emergency management effort. The CCAs brought about some improvements in the pilot States' programs but could not fully overcome the effects of fragmentation and individual constraints associated with narrowly defined, yet closely related, programs.

More importantly, FEMA's funding approach produces neither the fiscal nor program accountability normally associated with the categorical assistance structure. In fact, the separate funding of closely related programs discourages accurate State accounting and reporting of the actual use of Federal funds among these programs, thereby casting doubt on the adequacy of FEMA's fiscal accountability to the Congress for the expenditure of appropriated funds. States generally allocated personnel costs to the program they were originally assigned to regardless of their actual use. As a result, the extensive crossutilization of resources among FEMA programs reported in chapter 2--even in the 52 percent of cases that were authorized by FEMA--was not reflected in State accounting systems or reports to FEMA. Thus, the categorical system itself, defended by some Federal officials as a way to better direct and track the use of Federal funds, is ironically largely responsible for this fiscal accountability problem because States do not have the flexibility to reprogram funds among closely related programs to reflect the actual use of these programs' resources.

In our opinion, fiscal accountability could actually be enhanced by a consolidated assistance program. Because the boundaries of a consolidated program would incorporate the objectives and activities of the previously separate programs, fiscal accountability could be directed at the program as a whole, and States would have more incentive to accurately report the actual use of federally funded resources and better reflect the management and resource allocation decisions States made in accomplishing FEMA specified objectives.

Most importantly, a consolidated program could be designed that holds States accountable for achieving Federal objectives and specified scopes of work but with greater management flexibility in achieving the results desired by the Federal Government. In any event, FEMA needs to improve its



assistance oversight process under the existing or a consolidated assistance framework. Specifically, the quantity and quality of regional monitoring and audits of its planning and preparedness programs are far below levels that FEMA regional officials believe to be necessary to adequately oversee and evaluate State performance. Most importantly, FEMA has been reluctant to penalize States that fail to achieve program objectives, thereby raising questions about the credibility of its sanctions.

FEMA's pilot consolidation effort demonstrated that these same management deficiencies constrain FEMA's ability to hold States accountable under a consolidated program as well. The record of this pilot effort further reveals that the lifting of categorical constraints may encourage more State diversion of resources from politically unpopular Federal objectives. A move to a consolidated program that retains federally specified objectives makes it more imperative for FEMA to strengthen its oversight practices and institute a realistic sanction system to assure State implementation of its objectives.

ACCURATE FISCAL ACCOUNTABILITY  
IS DISCOURAGED BY FEMA'S CATE-  
GORICAL ASSISTANCE SYSTEM

States frequently do not allocate costs among FEMA's assistance programs on the basis of the benefits received by these programs. Accordingly, the States' reports submitted to FEMA and in turn FEMA's reports to the Congress on the use of funds do not accurately reflect the actual costs incurred in implementing each categorical program.

Although FEMA regions do not devote significant oversight attention to reviewing State financial billings and reports, we believe that basic features of FEMA's categorical system--i.e., reprogramming restrictions and the overlapping nature of the programs themselves--discourage both the States and FEMA from accurately reporting and overseeing fiscal accountability. A consolidated assistance program could, if properly designed and managed by FEMA, eliminate these impediments and produce a more accurate representation of the costs incurred to achieve Federal objectives.

The existing assistance system  
does not provide an accurate  
picture of resource utilization

If FEMA is to accurately account for the expenditure of appropriated funds to the Congress, it is necessary for States, in turn, to accurately account for the expenditure of funds for each program itemized in FEMA's budget account structure. OMB Circular A-87, which sets forth principles to be used in determining allowable costs among Federal programs,

provides for the allocation of State or local costs to specific programs on the basis of the benefits actually received by the various grant programs. FEMA's guidance incorporates this principle, and in fiscal year 1982 the agency specifically required States to allocate the costs of personnel used interchangeably among the grant programs on the basis of the actual time spent working on those programs. This basic cost accounting approach would enable FEMA and the Congress to ascertain how much is actually spent to achieve individual program objectives and assure that FEMA's expenditure reporting to the Congress for each program accurately reflects the actual costs incurred to implement each program.

Yet, States are generally not abiding by this principle in their cost accounting or fiscal reporting for FEMA's categorical assistance programs, thereby casting doubt on the ability of FEMA to accurately account for the expenditure of appropriated funds to the Congress. Specifically, 11 of the 12 States we visited did not allocate the costs of personnel or equipment among programs to reflect their actual use. Rather, these States charged the costs of personnel working on more than one grant program to the original program they were assigned to. Accordingly, financial reports as well as program progress reports submitted to FEMA usually did not reflect the crossutilization of personnel among the various programs. For example, in California, a graphic artist hired and paid for by the NCP Program works on other programs but nevertheless charges all of his time to the NCP Program. Although his time sheets appear to reflect the actual distribution of his services, these time sheets are not sent to the State agency's payroll office and, thus, are not linked to the charges made to the Federal program by the State agency.

FEMA regional officials were aware of this fiscal accountability problem but were generally not concerned. Officials in the Inspector General's Office told us that audits done by the prior Defense Civil Preparedness Agency found similar problems in States' expenditure reporting but that no action was taken on the findings. Program officials in five of the six FEMA regional offices were either not concerned about this problem or felt that it was virtually impossible to review and verify the accuracy of State accounting due to the close interrelationship among the programs. A Region V contracting officer, for example, did not disagree with our analysis that State charges to categorical programs do not reflect actual State activities. However, he said that what the region did not know of, or had no evidence of, was not a problem.

Regional officials took a pragmatic view of State accountability and were sometimes willing to overlook apparent noncompliance with FEMA categorical funding constraints when they interfered with getting the job done. A Region X contracting officer, for example, told us that categorical

restrictions do little to assure that staff are used as intended. He assumes that State staffs work together on plans funded by different programs and views detailed FEMA review of State expenditures as a waste of time. Similarly, a Region V official agreed that while Wisconsin's use of an NCP-funded secretary for non-NCP activities was technically not allowed, he did not believe FEMA should question the State's practice as long as the job gets done.

Some regional officials felt that it is virtually impossible for FEMA to review and verify the States' use of and accounting for personnel funded under various categorical programs. A Region X official believed there is no way to track State crossutilization of personnel among programs, and therefore attempts to prevent interchangeable use of resources is an exercise in futility. A Region IX contracting officer also believed that it is impossible to know how States are actually using personnel among related programs.

Some officials in two regions, on the other hand, were unaware that State charges to programs did not reflect actual State activities. A Region III official stated that if this were true, FEMA has only the facade of resource accountability. The Deputy Director of the Region IV Plans and Preparedness Division told us that accountability under the categorical system is not difficult to maintain because expenditures are reported separately for each program. Yet, in Georgia, a State in this region, we found 13 cases of crossutilization, 9 of which appeared inconsistent with FEMA's requirements. (See ch. 3 for a discussion of some of these cases.) Most importantly, State officials told us that crossutilization generally is not reported to FEMA. Its charges to FEMA programs thus do not reflect the actual use of personnel among the programs.

Basic features of FEMA's categorical assistance system discourage effective fiscal accountability

The breach in fiscal accountability for FEMA assistance programs is largely attributable to the nature of the categorical system itself. Specifically, States that accurately charge personnel costs to programs other than the ones they were originally budgeted for would risk creating funding deficits and surpluses among these programs. This funding imbalance cannot be resolved by the States because FEMA generally prohibits them from reprogramming funds among grant programs. Also, the complexity and overlapping nature of the FEMA categorical structure makes it difficult for States to properly allocate costs among overlapping programs.

As we reported in chapters 2 and 3, the fragmented nature of FEMA's categorical program structure requires States to crossutilize or integrate staffs from several programs to

achieve FEMA's objectives and promote effective, coordinated management of Federal funds. Recognizing the interrelated nature of these program, FEMA itself sometimes provides for crossutilization in its program guidance. Yet, partially because each categorical program is treated separately in the budget and appropriation process, congressional constraints generally prevent FEMA, and by extension the States, from reprogramming funds or transferring resources among these separate categorical programs.

These funding restrictions, in turn, discourage accurate State accounting and reporting of resource utilization among these programs. If a State uses a person originally assigned and budgeted for one program to work on a second program, it would most likely not be able to charge this person's costs to the second program without exceeding that program's separate budget allocation. Further, if this person's time were charged to the second program, his original program could accrue a surplus that would have to be returned to FEMA. The following hypothetical example illustrates this point in the context of two FEMA programs, both receiving an allocation from FEMA of \$100,000:

	<u>Program A</u>	<u>Program B</u>
	\$100,000	\$100,000
<u>Original Budget</u>	<u>(4 People)</u>	<u>(4 People)</u>
Actual full-time equivalent staff years devoted to each program	3	5
Surplus or (Deficit) created by charging programs based on actual distribution of staff time	\$ 25,000	(\$ 25,000)

In the above example, the State could charge personnel costs to these programs on the basis of actual work done only if it could reprogram the \$25,000 surplus from program A to program B. Because FEMA's rules prohibit State reprogramming of funds, however, the State is faced with the dilemma of either not crossutilizing personnel or simply not reporting or accounting for the crossutilization that does occur.

The complexity and overlapping nature of the categorical system also hinders accurate accounting for Federal funds by the States. In chapter 2, we reported that certain distinctions between the EMA and Maintenance and Services programs were so vague that several States and one FEMA region had difficulty determining which program to assign equipment costs to. A Wisconsin official told us that allocating mileage, xeroxing, and supply costs among the various programs is difficult and burdensome. In another case, a Region X official told us that since both the EMA and DPIG programs fund State staff to carry out general planning activities, any attempt to

ensure that the funds are not used interchangeably is an exercise in futility.

Finally, even if States accurately charged their costs, the fragmented nature of FEMA's categorical program structure nevertheless would prevent the agency from presenting a complete accounting linking the expenditure of funds with the achievement of objectives. Because several separate programs must be engaged to achieve a broad FEMA objective, e.g., development of nuclear attack crisis relocation plans, the expenditure information for each program does not present a comprehensive picture of the costs of achieving that broader objective.

The EMA program--FEMA's largest planning and preparedness program--funds State and local civil defense staffs to perform any civil defense activity that is needed to support Federal, State, or local objectives. Yet, since the Federal Government only provides 50 percent of the funding for these staffs as opposed to 100 percent for many of its more narrow programs, FEMA officials indicate that these EMA staffs must charge their costs to the EMA program even when they are working to support the higher federally matched programs. Thus, the expenditures reported for these narrower programs are not complete because they do not reflect the services provided by EMA staffs. For example, the funds reported by FEMA for the Civil Preparedness Training and Education Program do not reflect administrative support provided by State EMA staffs for this program. Such support is necessary because the Training and Education Program does not fully fund States to administer the training effort.

In another case, FEMA's fiscal year 1983 budget presentation for the 100-percent funded Radiological Defense Officer Program requests a \$7 million increase for the program to develop a radiological defense system in all States. Yet, the justification does not take note of the fact that some States have already used their EMA funds to hire radiological defense officers. These EMA expenditures are not included in the agency's expenditure reports or requests for funds for this separate program.

#### Fiscal accountability under a consolidated assistance program

A consolidated assistance program, consisting of some or all of FEMA's categorical planning and preparedness programs, could potentially assure better and more accurate fiscal accountability for the expenditure of Federal funds. We believe that if a consolidated program were created which allowed States to more freely transfer funds among objectives as long as the objectives were achieved, the States would no longer be discouraged from accounting for and reporting crossutilization

of staff among objectives. Further, consolidation could ultimately enhance FEMA's ability to accurately report to the Congress the actual expenditures associated with achieving each objective. In order to realize the benefits however, FEMA would have to design and manage the program so that State accounting systems can report expenditures by Federal objectives.

The 1981 CCA experience in Arizona shows, however, that FEMA's oversight and the State's accounting system perpetuated the weaknesses of the categorical system and did not enable a more accurate accounting of the use of the funds in the first year. The Region IX contracting specialist, for example, told us that it was difficult for FEMA to discern how Arizona was using the funds to support those programs in the CCA. She stated that Arizona was not providing reports or expenditures for each program area that would permit the region to ascertain the extent to which funds were reprogrammed and staff crossutilized among the programs. She also believed that it was really impossible for FEMA to know how State staff were being used under categorical grants as well.

On the basis of our analysis, it appears that Arizona was allocating costs among programs like most of the other States in our review. The timecards showing the distribution of staff among specific objectives were apparently not used as a basis for allocating costs among the various FEMA programs. For example, although the timecards for several NCP planners indicated the time they spent on non-NCP objectives, their total salary costs were nevertheless charged to NCP.

Since Arizona's 1981 CCA allowed the State substantial flexibility in using funds from various programs to achieve FEMA's objectives, it could be argued that the State was under no obligation to specify how much was spent for each objective. Nevertheless, it would seem appropriate for FEMA to ascertain how Federal funds were spent by the State in achieving these objectives, even though the State has considerable flexibility in allocating its funds. In this way, the agency would have a basis for assessing the resource levels needed to get the job done.

MANAGEMENT PROBLEMS LIMIT  
EFFECTIVE OVERSIGHT OF  
PROGRAM RESULTS

Substantial management problems exist in FEMA's oversight of State performance in achieving categorical assistance program objectives. FEMA officials told us that staff and travel shortages as well as inadequate evaluation criteria limit FEMA's ability to effectively monitor and evaluate State performance. FEMA's Inspector General does little auditing of FEMA's planning and preparedness programs due to a decision to

allocate limited auditing staff resources primarily to the disaster relief area. Most importantly, the agency has been reluctant to take action against States not achieving the objectives specified in assistance agreements, nor has it developed a system of incentives to reward States that exceed minimum Federal standards. As a result, the agency cannot fully assure that Federal objectives will be achieved by the States.

A consolidated assistance program would be hampered in assuring program accountability by these same management problems. The experience under the 1981 pilot consolidation experiment suggests that FEMA needs to correct these management problems to assure that States will achieve Federal objectives when they are given more discretion in using Federal resources.

#### FEMA's oversight of accountability for results under categorical programs

Of 12 planning and preparedness programs we examined, 9 place ultimate authority to negotiate assistance agreements with FEMA's regional offices. Four of the six offices we visited, however, indicated that they were unable to visit the States as often as they should. Furthermore, headquarters managers of 10 of the 12 programs believed that staff and travel resources were not sufficient to perform adequate site visits for program oversight.

FEMA officials told us that their inability to perform adequate site visits is partially due to staff shortages at the regional level which occurred when FEMA was established. In Region IX, we were told that the regional office of the former Defense Civil Preparedness Agency (DCPA) had a staff complement of 74 itself, while FEMA now has only 62 staff to handle the work formerly done by DCPA and the other Federal agencies merged into FEMA. Similarly, Region X had 72 staff members under DCPA when FEMA was formed, but now have only 50. In Region IX, only two staff members are available to monitor the the civil defense assistance programs in four States and several Insular Areas. Travel fund limitations have restricted the ability of this staff to visit the States as well. One Region IX official told us that States may have no incentive to do a good job because of FEMA's inadequate oversight visits.

In Region III, only two staff members are available to cover the six States in that region. On the average, they make two visits to each State per year, a level that the region feels is inadequate. Region IV officials told us they previously spent 1 month per quarter visiting each State, but in 1981 only 1 week per quarter was spent for visits, a level they felt was insufficient.

Several regional officials contrasted FEMA's current oversight with the approach used in the 1970s by DCPA. This agency initiated an Onsite Assistance Program where interdisciplinary teams of Federal personnel performed extensive field visits at the State and local level to identify deficiencies in civil defense programs and develop action plans to resolve them. Region X officials felt that an interdisciplinary approach to the oversight of all programs was fostered which also promoted accountability for Federal objectives.

With the termination of this program and the general curtailment of the agency's ability to make field visits, one regional official said that FEMA's management oversight takes place at a distance, primarily through phone contacts and by reviewing State reports. Another regional official told us that regional staffs are being transformed into contract administrators and paper processors rather than program managers and overseers. One staff person in Region IX said that he practices management by exception in his oversight of the States. If the State raises concerns, the region will get involved; otherwise State actions are approved. One Region IX official said that the low level of oversight provides little assurance that States and localities are using Federal funds to accomplish the program objectives FEMA sets forth.

Staff and travel shortages only partially explain this passive FEMA regional oversight presence. Several regions indicated that their staffs are burdened in responding to other pressing FEMA priorities, which detracts from their ability to monitor assistance programs. We reported in chapter 2 that two FEMA regions devoted up to 80 percent of the time of their planning and preparedness staffs on monitoring offsite nuclear power plant exercises, which reduced their ability to monitor assistance programs. A Region IX official also told us that one reason why only two staff are available to monitor FEMA's assistance programs is that other FEMA priorities such as offsite nuclear power plant planning and earthquake preparedness encumber four to five full-time staff in the region.

In addition to the diminished quantity of oversight provided, serious questions exist regarding the quality of FEMA's oversight. First, in some programs, criteria for measuring and evaluating State performance are not specific enough to permit oversight. Of the 12 national program managers we interviewed, 4 told us that they had not developed criteria to evaluate the quality of State performance. Of the six regions we visited, officials in five told us that FEMA's criteria for some or all of the programs were not specific or measurable enough to enable the region to assess the work performed by the State. The Region IX Director of Planning and Preparedness stated that the lack of clearly defined objectives for FEMA's programs was the most difficult problem faced by the region. Without this, the region is unable to evaluate State performance. A Region V official responsible for the NCP



Program told us that evaluating the quality of NCP plans was difficult because national criteria are not sufficient to permit judgments on the plans produced for different geographical areas. One regional official told us that he uses his subjective feelings as a basis to assess State progress reports.

FEMA programs vary in the degree of specificity of goals and evaluation criteria. Under the Maintenance and Calibration Program, for example, the number of radiological instruments to be maintained and retrofitted by each State was specified. Yet, other programs do not enable specific evaluation criteria to be developed because the objectives of the program are either unclear or not defined. In a separate report,<sup>1</sup> we concluded that the EMA program did not lend itself to measurement and evaluation because FEMA had not defined national objectives for recipients to achieve.

The lack of adequate technical expertise at the regional level was cited as another factor frustrating effective FEMA oversight. Of the 12 national programs we polled, managers of 5 of these programs stated that FEMA lacked the technical expertise necessary to evaluate State outputs for those programs. For example, although FEMA required the States to hire health physicists for the Radiological Defense Officer (RDO) Program, only 5 of the agency's 10 regions had health physicists to oversee the State RDO activities. As a result, headquarters radiological defense officials believe that there are few technical people in the region qualified to judge State performance in this area.

With regard to audits, officials of FEMA's Inspector General's office told us that very little time is devoted to auditing planning and preparedness programs. For example, according to FEMA, the office devoted 20 percent of its time auditing civil defense programs during fiscal year 1981. There are no more than three auditors located at any of FEMA's regional offices. Region III, which includes Virginia, West Virginia, Delaware, Pennsylvania, and the District of Columbia, has only one auditor to cover all of FEMA's programs for the entire region.

According to Inspector General officials, this limited audit coverage has not always been the case. For example, in past years, FEMA's predecessor agency, the Defense Civil Preparedness Agency, conducted audits of at least 500 local grantees per year. This agency had 15 professional auditor positions for civil defense programs alone. Although FEMA currently has 22 full-time equivalent auditor positions, only

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<sup>1</sup>"The Emergency Management Assistance Program Should Contribute More Directly To National Civil Defense Objectives" (GAO/GGD-83-5, Nov. 5, 1982).

20 percent of their time--or approximately 4 positions--is devoted to civil defense. Because cost recoveries from audits of FEMA's disaster assistance programs are high, the agency devotes approximately 45 percent of the time of its audit staff to this area.

In view of these FEMA oversight problems, it is not surprising that most States indicated that FEMA gave them little or no feedback or guidance on their performance or outputs. Of the 12 States we visited, program officials in 7 States stated that FEMA provided them little or no feedback or evaluation on the outputs they produced. Minnesota and Wisconsin NCP officials told us that they do not even know if FEMA reads the reports and plans they prepare because the agency does not acknowledge receipt of these products. Two States also questioned the ability of FEMA's staff to review State performance. One State said that until FEMA sets long-range goals for itself and can speak with one voice to the State, it can be of no help. Many States want more technical assistance and guidance from FEMA but without additional controls and mandates.

Thus far, we have shown that the quality and quantity of FEMA's oversight of State performance is inadequate and does not enable the agency to ascertain whether or not States are achieving Federal objectives. Even if FEMA had reliable information on State performance, an effective process for assuring accountability would ultimately require FEMA to take action when its oversight reveals that States are not achieving the objectives of the program. Most of FEMA's programs have sanction provisions which could be invoked to penalize State nonperformance, ranging from withholding or recouping Federal funds to reducing subsequent year funds to the State. Yet, the reluctance of FEMA headquarters and regional officials to use these sanctions casts doubt not only on the credibility of the sanctions but, ultimately, on the capacity of FEMA program management to hold States accountable for achieving Federal objectives.

Headquarters officials managing each of the 12 programs we examined indicated that sanctions were rarely used. In fact, in only five of these programs have recipients ever been sanctioned for noncompliance. In the case of the NCP program, for example, the national program manager told us that nothing is done to penalize States that do not prepare the plans they agreed to when they accepted the funds. Since the program began in 1976, eight States had not produced an NCP plan. Yet, these States continued to receive NCP funding during this period and should have produced plans in the view of headquarters NCP officials.

FEMA's reluctance can be explained somewhat by its dependence on States who do not always share Federal goals but are nevertheless needed to produce and implement these plans. If

funds are withheld from States that do not perform, this would assure that no NCP planning would be done in those States. Retaining a fiscal relationship provides some leverage to influence the State's future behavior. One State official told us that if FEMA tried to tightly enforce rules concerning use of NCP staff, he would recommend that the State no longer participate in the NCP Program. Nevertheless, FEMA NCP officials feel that the agency now needs to develop a realistic approach to sanctions so that States will be put on notice that they must achieve Federal objectives when they accept Federal funds.

All six FEMA regional offices we visited indicated that political considerations or the lack of headquarters support prevent them from using sanctions. A Region V official told us that headquarters always gives in to pressure from the States and amends contracts to reflect the work achieved rather than penalize States. This official accordingly did not feel that FEMA would force States to adhere to Federal standards or objectives. One State in this region--Minnesota--told us that there were instances when the authorized scope of work was reduced by FEMA, at the State's request, to match the work actually completed.

Some States in our review agreed that FEMA should penalize them when, without an adequate explanation, they do not complete their scope of work. One State told us, however, that valid reasons exist for staff diversion and failure to achieve objectives, including the onset of disasters or the need to satisfy the Federal offsite nuclear power plant planning mandate.

Some States further believed that funding incentives should be incorporated in FEMA's program to reward exemplary State achievements.

Accountability for program results under a consolidated program

A consolidated assistance program could be designed and managed by FEMA in a manner that could improve the accountability of the States for achieving specific Federal emergency management objectives. The experience of the pilot consolidation indicates that in some cases the lifting of certain categorical restrictions promoted more attention by FEMA and the States to achieving program results. Minnesota officials, for example, told us that they felt more accountable to FEMA for achieving Federal objectives because they believe that FEMA's oversight would be concentrated more on results achieved rather than on assessing State personnel decisions and fiscal effort devoted to each program as is generally the case under the existing categorical system.

Other features of program consolidation could also enhance accountability for results. A Region V official feels that FEMA will have more leverage in assuring State achievement of Federal objectives since not producing in a politically unpopular program like NCP would jeopardize Federal funding for other activities in a consolidated program including those that are important to the States. One factor limiting FEMA's disposition to impose sanctions under the categorical approach is that funding reductions are limited to the program where States have not achieved Federal objectives, possibly because they do not view the program as important. In some cases, a funding cutoff for a particular program might not concern the State as much as it would the Federal Government.

As discussed in chapters 2 and 3, the ability to reprogram funds among categorical programs can also enhance State achievement of Federal objectives. In the 1981 experiment, Kansas used its flexibility under the CCA to reprogram funds, which would have been returned to FEMA, from NCP to the radiological Maintenance and Calibration Program where a shortfall of funds occurred. This action enabled the State to avert a staff reduction and achieve FEMA's scope of work for this program. FEMA Region VII reported that the State generally met or exceeded its objectives in all three programs under its CCA, including NCP.

North Carolina, South Carolina, and Virginia--three other States in the 1981 CCA--also generally met Federal objectives for programs included in the CCA. North Carolina's achievement is especially significant because that State was given unlimited discretion to transfer personnel among nine FEMA programs.

Arizona's 1981 CCA most closely approximated a true consolidation, whereby the State was given full discretion over the use of money and personnel and held accountable primarily for achieving FEMA's objectives. The fact that the State did not achieve NCP Program objectives, however, illustrates that accountability under a consolidation is not self-fulfilling and can suffer from the same FEMA oversight problems that occur under categorical programs. Further, lifting categorical constraints on the level of effort devoted to each program could encourage more State diversion of resources from politically unpopular Federal objectives than already occurs under the categorical system. Under these circumstances, accountability can be promoted through more intensive Federal oversight of State achievements, which would include a system of realistic and credible sanctions that the agency is willing to impose when State performance is unacceptable.

As indicated above, Arizona experienced significant shortfalls in achieving FEMA's NCP objectives. The final report by Region IX noted that, while Arizona's overall performance was excellent, NCP was a major problem area, as demonstrated by a "dearth" of NCP work products generated. FEMA's data indicate that the State failed to complete nine in-place protection plans, two county host plans, and several other planning activities regarding movement of risk area populations, as set forth in the scope of work for 1981.

It appears that the State used its new-found discretion to divert personnel away from the NCP area. NCP planners funded by FEMA were used during fiscal year 1981 to plan for a potential Titan missile accident, developing a satellite communications system for the State, and responding to Federal off-site nuclear power plant directives. One State NCP official told us that while the State was funded for 4 NCP staff years, only 1-1/2 staff years were actually devoted to NCP planning. Further, this official told us that because of staff turnover, personnel that worked on NCP were inexperienced, which caused delays. The State Director defended this crossutilization of staff by noting that, while NCP depth of knowledge may have been limited, the overall capacity of the organization to respond to emergencies was strengthened.

Some of these same problems occurred in Arizona's NCP effort in prior years under the categorical system. For example, the State reported, and FEMA approved, slippages in achieving NCP work objectives in every quarterly report submitted to FEMA in 1979 and 1980. The reasons given included diversion of staff to work on off-site nuclear power plant planning, turnover in personnel necessitating training of new planners, and training performed by NCP staffs. A Region IX official agreed that the State's NCP performance began to slip prior to the 1981 CCA.

Yet, it appears that the discretion afforded to the State in managing resources under the CCA caused more diversion than in previous years. One State NCP official told us that he used the prior categorical constraints to discourage the Director from diverting resources in the past. By removing these categorical controls, the CCA enabled the State to divert even more NCP staff time away from NCP.

This diversion of effort, which may have enhanced the State's overall emergency management capability, need not prevent State accountability for Federal objectives as long as FEMA can effectively hold the State accountable for achieving defined work products or objectives.

Yet, the same management problems that affect FEMA's ability to oversee categorical accountability reappeared in their oversight of the 1981 CCAs and prevented it from acting to prevent the NCP shortfall in Arizona. Specifically, in

Region IX, only 30 percent of one staff person's time was available to monitor the Arizona CCA. This person said that travel limitations and the press of his other duties prevented him from visiting the State often enough to understand what they were doing. As a result, he relied on Arizona's progress reports and felt he had no independent basis for review or evaluation. The reports themselves, according to Region IX officials, did not provide enough detailed information to enable the region to know whether Arizona was achieving Federal objectives. For example, in its second quarter progress report, Arizona claimed that over 50 percent of eight State nuclear planners were devoted to NCP objectives. The region had no basis to question this claim until 3 months after the end of the fiscal year when it concluded that the lack of NCP work products did not substantiate this earlier claim. One Region IX official admitted that the region did not find out about this problem in time to do anything about it.

Further, the region is uncertain about its ability to impose sanctions on States that fail to achieve Federal objectives. Regional officials said that they did not know what to do about Arizona's failure to achieve NCP objectives. The region's CCA monitoring official commented that it would be futile for him to recommend sanctions, since State officials would appeal his decision and probably win on political grounds. He believed that when faced with State appeals, FEMA headquarters invariably gives in. He also felt that, at his level, he did not have the kind of leverage needed to deal with State agency directors.

Region IX was planning to enhance their oversight of the CCAs in 1982. Instead of waiting until the end of the year to evaluate State performance, Region IX performed a mid-year review to assess Arizona's progress and found that the State was still far behind in meeting NCP objectives. Several letters were sent to Arizona implying that action would be taken if performance did not improve. Region V has established periodic milestones for Minnesota to meet during fiscal year 1982 which will be reviewed by the region.

The development of a more realistic and practical sanction system is of utmost importance to assure accountability under a consolidated program. We believe that a consolidated program makes such a system more necessary due to the potential for greater diversion of resources away from Federal objectives.

A consolidation also permits the development of more effective sanctions than can be used under categorical programs. The following three options could, either separately or together, constitute the nucleus of a system that penalizes States without the devastating programmatic effects of a total funding cutoff.

- Varying flexibility: FEMA could place more stringent fiscal and management controls over States that fail to achieve objectives in certain programs. For these programs, FEMA could intensify its oversight and, perhaps, reimpose some of its old categorical approval requirements which constrain State flexibility. Conversely, States making good progress could receive the full benefits of resource consolidation. This option may not be feasible under the existing categorical system since the agency cannot relax its oversight over State fiscal and management processes without violating its accountability obligations to the Congress.
  
- Partial crosscutting penalties: States may have a greater incentive to achieve lower priority objectives if they realized that nonperformance could affect their Federal funds for higher State priority activities. Once all programs are consolidated in one assistance agreement, it would be possible for FEMA, in addition to reimposing approval requirements, to also reduce the State's funding for one or more of the programs funded under the agreement. Furthermore, we believe that marginal penalties will be easier to impose and less devastating programmatically.
  
- Withholding a portion of Federal funding: As it currently does for the Emergency Operating Center Program, FEMA could withhold a predetermined percentage of funds for the entire agreement pending a year-end evaluation of State performance. Again, this would be a partial penalty that might be more easily imposed and could be more effective since State receipt of funds would be contingent on its performance.

Of course, the imposition of sanctions is always a difficult task that provokes Federal-State conflict and political ramifications that may be detrimental to good program management. We believe that some of this conflict could be defused if explicit penalty provisions were included in the consolidated agreements with each State. This provision should specify the circumstances that would provoke imposition of a penalty and, perhaps, enumerate a schedule of penalties that would be imposed. By making the decision to impose penalties less arbitrary and discretionary, the legitimacy of the sanction system could be reinforced because States would be advised prior to signing the agreement of the consequences of specific actions.

## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

The existing assistance approach for emergency management promotes a fragmented, piecemeal delivery system that does not well serve Federal and State interests. When closely related objectives are funded by multiple categorical programs, each separate categorical program does not stand on its own, but rather is one element of an integral system of resources needed to achieve Federal and State emergency management objectives. Yet, the constraints of the categorical assistance system discourage efforts to coordinate Federal resources to more effectively and efficiently achieve these objectives.

A consolidated assistance program that retains State accountability for achieving specific Federal objectives while providing them greater flexibility in using federally funded resources to achieve these objectives would best promote a more effective and efficient Federal-State emergency management effort. The consolidated assistance program we have in mind would thus consolidate the resources of related programs but not their objectives which would be retained as separate, discrete elements for States to achieve.

#### CONSOLIDATION OF FEMA'S ASSISTANCE PROGRAM RESOURCES IS NEEDED

We believe that consolidation of the resources of closely related categorical planning and preparedness programs would substantially enhance the effectiveness and efficiency of the Federal-State emergency management effort. Coordination and mutual reinforcement of individual program activities would be encouraged, thereby assuring more effective implementation of interrelated Federal objectives. Resource levels could be better adjusted to fit the unique circumstances existing in each State. More efficient management of Federal resources would also be promoted. By breaking down the compartmentalization of resources among programs, the potential for duplication will be reduced. States will have greater opportunities and incentives to more productively use personnel if funded by a single assistance instrument. Both FEMA's and the States' administrative burdens and costs could diminish as well.

We believe that resource consolidation will permit more accurate accounting for the use of the funds because States would no longer be discouraged from accounting for the actual use of personnel among objectives. Limited Federal oversight resources could be more productively devoted to overseeing results achieved instead of regulating internal State fiscal and management processes used to accomplish these results. Moreover, a consolidated assistance program could promote



congressional oversight by providing a more accurate accounting of the expenditure of Federal funds and a more comprehensive perspective of the contribution made by individual program elements and their interrelationships in achieving Federal objectives.

These conclusions are supported by our assessment of the first year of FEMA's pilot consolidation effort. Generally, the most significant improvements in program coordination were realized by the two States where actual consolidation of resources was permitted. Furthermore, the Federal interest was often enhanced in the other States that crossutilized resources among FEMA's programs.

While consolidation would clearly enhance the efficient and effective achievement of Federal objectives, legitimate concerns exist about the implications for program accountability. Since States do not necessarily share Federal objectives, it is possible that their new discretion could be used to divert Federal resources away from achieving unpopular Federal objectives, a practice that appeared to be encouraged in Arizona under the pilot consolidation.

This State diversion of effort, however, need not limit accountability for Federal objectives as long as FEMA can effectively hold States accountable for achieving the objectives themselves. The consolidation we have in mind and that FEMA is seeking to implement would, as contrasted with block grants, retain Federal control and prescription over the objectives or results States are to achieve. States would have greater discretion over how to use Federal resources to achieve these objectives, but they would be held accountable by FEMA for achieving specific scopes of work in terms as specific as the objectives are currently set forth in the categorical programs. In this way, the various Federal objectives set forth both by the Congress and FEMA would be retained and enforced. The management problems in achieving effective implementation of these objectives that are caused by categorical funding of closely related objectives could be overcome as States are given the flexibility to use resources in a more coordinated and efficient manner.

We believe that results-oriented accountability can be promoted by FEMA under a consolidated program provided that the agency improves its oversight and sanction processes. Specifically, the agency needs to enhance its regional monitoring capability so that FEMA staffs will be able to independently ascertain and review State performance. More specific and measurable evaluation criteria in some programs, such as EMA, will also facilitate more effective oversight. Development of periodic milestones for each State might also be useful.

Even if oversight is improved, accountability will not be assured unless the agency can take action against States that fail to achieve Federal objectives. Generally, FEMA does not sanction States that are remiss in their performance. The agency is understandably reluctant to impose its major sanction--total cutoff of funds for the program in question--because this assures that nothing will be done for the program in that State and deprives FEMA of any future leverage over State behavior. Further, the States may be indifferent to the loss of funds for lower priority FEMA programs. Thus, it is essential that the agency adopt a more realistic and practical sanction system.

### THE ROAD TO RESOURCE CONSOLIDATION

Several approaches could be defined to overcome the fragmentation described in this report. After consideration of several alternatives, we have concluded that consolidation of related categorical assistance programs into a broader purpose program with specific Federal objectives offers the best choice for improving the Federal-State emergency management delivery system.

#### Alternative 1--Waiver

FEMA could maintain the existing categorical structure but offer States the opportunity to use personnel or money flexibly among closely related programs based on waivers granted by FEMA on a case-by-case basis. The agency, in fact, already uses this approach when States need to use FEMA-funded planning personnel on disaster response activities. Yet, if applied across the board to all instances of crossutilization, a waiver process could prove to be exceedingly burdensome and could lead to delays in implementing programmatic initiatives. Further, we do not believe that it would be necessary or desirable for FEMA to control the States' use of resources in this manner as long as the agency holds States accountable for attaining the Federal objectives or results of these programs. Finally, absent a change in appropriation restrictions and statutory constraints, it may be difficult for FEMA to administratively authorize the kind of flexibility States may need to effectively integrate the resources of the various programs.

#### Alternative 2--FEMA's CCA approach

FEMA deserves much credit for initiating its administrative pilot consolidation initiative. Significant benefits were realized by the States and by FEMA. Yet, the agency has been hampered in its efforts to extend the benefits of resource consolidation to more States due to restrictions on its own flexibility.

The basic problem with FEMA's CCA approach was that it promised a significant new departure in the way States are held accountable to FEMA before FEMA changed the way it is held accountable to the Congress. The agency continues to budget its funds separately for each small, narrow program. For most programs this is a reflection of the constraints in authorizing legislation. Thus, it is held accountable by the Congress for spending appropriated funds in the categorical manner.

Because the Congress does not allow FEMA to significantly deviate from the spending levels budgeted for each program, FEMA is correspondingly limited in its ability to delegate flexibility to the States. Due to these constraints, FEMA had to significantly reduce the flexibility it delegated to the States to transfer resources among programs in the fiscal year 1982 CCA. As a result, the 1982 CCAs no longer provided for significant consolidation of categorically funded resources. Rather, its primary function was to package and simplify the administration of separate categorical programs.

### Alternative 3--Full resource consolidation

We believe that the merging of the resources of closely related FEMA programs into a consolidated assistance program would most effectively overcome the fragmentation and inefficiencies discussed in this report. Since the individual objectives of each categorical program can be implemented and promoted through a consolidated assistance program, we see little benefit to be gained from maintaining these closely related programs as separate entities, each with their own earmarked resources. Far from promoting programmatic or fiscal accountability, this system of categorical funding promotes fragmentation which both hampers the full or effective attainment of Federal objectives and discourages accurate State fiscal reporting on the use of Federal resources among closely related programs.

FEMA's experience with the CCAs indicates that assistance resource consolidation can only fully and legitimately occur when closely related categorical programs are merged into a single consolidated assistance program for budgeting and accounting purposes. To implement a consolidation, FEMA needs to first determine which programs are closely related on the basis of their contribution to a common or series of inter-related Federal objectives. In our opinion, the existing planning and preparedness programs would meet this criteria except for perhaps unrelated discrete activities or programs, such as National Fire Incidence Reporting and the construction of Emergency Operating Centers.

After determining which programs should be consolidated, FEMA needs to develop a legislative and budgetary reform package so that the programs to be consolidated would be grouped

as one budget program element in the same account for appropriations purposes. The categorical programs subsumed in a new budget line item should then be reclassified as objectives and funding provided for the class of objectives without statutory or reprogramming restrictions. Once this occurs, FEMA, and the States in turn, would have flexibility in using this consolidated appropriation for the objectives listed.

Such a change would require FEMA to submit a package of legislative amendments for many programs to remove provisions such as funding ceilings which prevent consolidation or to standardize provisions such as matching requirements which complicate consolidation. In the interim, FEMA can consolidate some programs and change its budget presentation in consultation with OMB and then seek congressional affirmation of such consolidation through the budget and appropriation process. FEMA should also obtain a relaxation of reprogramming restrictions to permit it to expand consolidation opportunities under the CCAs.

Finally, we believe that FEMA should use the consolidation agreement as a vehicle to limit duplication and fragmentation caused by the programs of other Federal agencies. In this regard, it would be helpful to require States to specify in their applications to FEMA for consolidated assistance how FEMA's program relates to other Federal programs. This could encourage States to more comprehensively coordinate all Federal assistance for emergency management.

RECOMMENDATIONS TO THE  
DIRECTOR, FEDERAL EMERGENCY  
MANAGEMENT AGENCY

We recommend that the Director, FEMA, prepare a legislative proposal to remove statutory restrictions which currently prevent or complicate the consolidation of related planning and preparedness programs. We believe that, at a minimum, the consolidation should include those planning and preparedness programs that are deemed to be closely related in achieving Federal objectives. Once this is approved, a consolidated assistance program should be created and presented as one budget program element in a single appropriation account.

Pending preparation and approval of a legislative consolidation proposal, we recommend that the Director, FEMA, reinforce the administrative consolidation initiative by

- seeking congressional approval for a limited exemption from reprogramming restrictions; and
- identifying and, to the extent practicable, consolidating related programs presently unconstrained by statutory requirements into one budget program element.

To further reinforce the administrative consolidation and in preparation for the more fundamental legislative consolidation, we also recommend that the Director, FEMA, enhance the agency's capacity to implement a more results-oriented approach to holding States accountable for achieving Federal objectives by:

- Specifying in measurable terms all program objectives and evaluation criteria.
- Improving monitoring and evaluation of State performance in achieving program objectives.
- Requiring States to report their expenditures by program objectives.
- Developing and communicating to the States a realistic sanction system including one or more of the following elements:
  - Selectively reduce flexibility and increase FEMA controls for objectives not achieved within a given State.
  - Partially reduce funding to those States failing to achieve objectives.
  - Withhold a predetermined percentage of awarded funds pending a year-end FEMA review of State performance.

The Director, FEMA, should also require each State, in its application for consolidated assistance, to specify how Federal emergency management programs funded by other Federal agencies relate to the CCA and, when implemented, the consolidated FEMA program.

#### AGENCY COMMENTS AND OUR EVALUATION

A draft of this report was sent for comment to the Director of FEMA and to the Director of the Illinois Emergency Services and Disaster Agency, who also serves as the President of the National Emergency Management Association--the organization representing State emergency management directors.

The Director of FEMA said that the report will substantially assist FEMA in achieving its mission. (See app. II.) He said FEMA was in general agreement with the report's conclusions and also indicated that our observations of the first 2 years of the CCA experience did not differ substantially from FEMA's own perspective. He noted that FEMA has made progressive changes in the current fiscal year 1983 CCA and hopes to further improve this instrument for fiscal year 1984.

Although our report, dealing with the fiscal year 1981 and 1982 CCAs, does not reflect these changes, he stated that our recommendations have either been incorporated in the current year or are being considered for implementation in future years. We are encouraged that FEMA plans to thoroughly consider and implement, to the extent feasible, our recommended legislative and budgetary actions, for these are the actions that are key to the full realization of a consolidated assistance program.

We incorporated technical corrections to the draft that were communicated separately by FEMA staff members.

In his letter commenting on the draft report, the President of the National Emergency Management Association also indicated his personal concurrence with the overall conclusions of the report. (See app. III.) Although he proposed some specific programmatic integration outside the scope of this report, he agreed that legislative changes are needed to enable FEMA to design and implement a more comprehensive emergency management vehicle. Supporting the need for legislative change, he argued that the existing "confusing, multiple, and inadequate legislative foundation" for emergency management needs to be changed before FEMA can effectively deal with the States.

INDEX OF POTENTIAL CHANGES INDUCED  
BY THE CCAs SUPPORTING COMPREHENSIVE  
EMERGENCY MANAGEMENT

1. Was the scope of work of all programs better defined and integrated?
2. Were State objectives more reflective of State priorities?
3. Did this opportunity cause States to more explicitly define their own goals and objectives better than before?
4. Was the burden of FEMA administrative requirements reduced?
5. Were the programs within the CCA more product oriented than before?
6. Was there less specification of required procedures and more definition of goals to be achieved than before?
7. Did the CCA enable States to use program surpluses to meet deficits in other programs and thus avoid the need to return Federal funds?
8. Did States increase transfers of personnel among programs?
9. Did the States realize more flexibility through the reprogramming of funds?
10. Did States perceive improvements or simplification in financial reporting?
11. Did States perceive improvements or simplification in program reporting?
12. Were billing and payment procedures streamlined or consolidated?
13. Did FEMA monitoring of State program results improve?
14. Was coordination among State program staff enhanced?
15. Was coordination between FEMA and State program staff enhanced?
16. Were State programs' efficiency and effectiveness promoted?
17. Were Federal programs' efficiency and effectiveness promoted?



# Federal Emergency Management Agency

Washington, D C 20472

JUN 2 1984

Mr. J. Dexter Peach  
 Director  
 Resources, Community, and  
 Economic Development Division  
 United States General Accounting Office  
 Washington, D.C. 20548

Dear Mr. Peach.

We were pleased to receive the draft report "Consolidation of Federal Assistance Resources Will Enhance the Federal-State Emergency Management Effort" and look forward to its publication. We are appreciative that the General Accounting Office accepted the invitation of the Federal Emergency Management Agency (FEMA) to study this innovative--and needed--approach to improving our financial assistance for State and local emergency preparedness.

The evolution of the Comprehensive Cooperative Agreement (CCA), the principal vehicle for delivering consolidated assistance, is still underway. Our perspective of the problems and successes of the CCA in its first years, with five States in Fiscal Year 1981 and with all States in 1982, may vary somewhat from that in your report but is not substantially different. (Some technical corrections have been conveyed separately to your staff.) We are, furthermore, in general agreement with your conclusions, which support our CCA objectives of simplicity, flexibility, and comprehensiveness.

Because the study dealt almost entirely with the FY 1981 and 1982 CCAs, it unfortunately does not reflect the progressive changes introduced last year for the 1983 agreements toward those objectives and the further improvements being made at this time for FY 1984. Many of these modifications coincide with your report's recommendations. Other actions you propose will be considered thoroughly and implemented to the extent feasible, either for FY 1984 or as part of our legislative proposals or budget request for FY 1985. Discussions with your staff in the course of the study were also beneficial to our incremental development of the CCA. Our hope is that GAO's interest in this evolving approach will continue.

Further development of consolidated assistance by means of the CCA will be in conjunction with a more recent FEMA innovation, the Integrated Emergency Management System (IEMS), an integrative strategy to ensure that our numerous programs are managed in a cohesive, logical, yet practical manner, both at the Federal level and at the State and local levels, the better to carry out our responsibilities across the whole spectrum of emergencies. As IEMS is implemented, the CCA will become the means of providing assistance and ensuring results.



We are optimistic that FEMA is finally achieving a capability to realize the purpose for its creation. Your report can be of substantial help to us in that regard and possibly also to other agencies with similar diversity of authorities and programs. For that reason, we advocate that it be disseminated broadly, to the Congress, to Executive branch agencies and to others interested in the management of complex programs.

Sincerely,

A handwritten signature in cursive script, appearing to read "L. O. Giuffrida".

Louis O. Giuffrida  
Director



STATE OF ILLINOIS  
**EMERGENCY SERVICES and DISASTER AGENCY**

110 EAST ADAMS STREET  
 SPRINGFIELD ILLINOIS 62706  
 217 782-7860

June 20, 1983

Mr. William J. Anderson, Director  
 United States General Accounting  
 Office  
 Washington, D. C. 20548

Dear Mr. Anderson:

This responds to your request for comments regarding a proposed GAO report entitled, "CONSOLIDATION OF FEDERAL ASSISTANCE RESOURCES WILL ENHANCE THE FEDERAL-STATE EMERGENCY MANAGEMENT EFFORT".

The response below results from my personal review of the proposed report and is not a product of the collective efforts of either individual state director colleagues or members of the National Emergency Management Association.

In general the report makes sense. Much of what is stated repeatedly has been said by the state directors during the recent years.

Clearly, I concur with the GAO statement contained in the digest on page 1: "that a consolidated assistance program can significantly enhance the efficiency and effectiveness of the Federal-State emergency management effort. Further, the consolidated assistance framework can improve State accountability for achieving national objectives if FEMA takes steps to enhance its oversight and develop a realistic system to penalize nonperformance".

It is often asserted that the overall FEMA concept is good, but implementation has left out some key programs and activities, i.e., HazMat work done by Federal & State EPA's. Also, there is little integration whatsoever between the old FDAA and the old DCPA programs.

The primitive CCA helps, but is only an administrative streamlining, a better contractual arrangement between the Federal and State governments. It in no way addresses the basic underlying problems.

These principally include the unpleasant reality that the U S. Congress does not know what programs and activities it wants carried out under the heading "emergency management". That is presumably why The Civil Defense Act of 1950 (PL 81-920) is still in existence.

Mr. Anderson  
June 20, 1983

Page 2

This statute is the main barrier to good emergency management in the U.S. Nothing of consequence in the realm of passive defense can occur until adequate public policy regarding active defense is formulated. Yet active defense continues to be among the most intractable global issue that we face

Outside the charge given to GAO for this investigation is the need to combine the provisions of PL 81-920, PL 93-288 and EX #3 of the Carter Administration to present a fresh mechanism as the bases for enhancement of the federal-state-local emergency management effort on behalf of our constituents

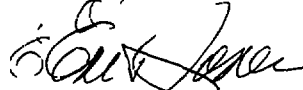
Accepting the premise that a new statutory raison d' être for FEMA would provide a fresh mechanism for addressing a truly all hazard planning and response to protection of our people and their properties, I suggest that an appropriate office of the Congress should initiate required action to draft such legislation

It is probable that until this action by the Congress is taken, FEMA, in its relationships with the States will continue to be less than the effective organization as proposed by the Executive Order and as expected by the Congress because of the present confusing, multiple and inadequate legislative foundation

Perhaps the above, taken with telephone conversations and conferences, will be of some aid to your request for comments on the proposed report

I do appreciate the opportunity to respond

Sincerely,



E Erie Jones  
Director

EEJ rw

26146.

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