

January 2007

# BUDGET ISSUES

## FEMA Needs Adequate Data, Plans, and Systems to Effectively Manage Resources for Day-to-Day Operations



Highlights of [GAO-07-139](#), a report to congressional committees

### Why GAO Did This Study

Much of FEMA’s funding is provided in supplemental appropriations when a disaster is declared, but funds to staff, manage, and operate other FEMA programs and underlying support functions—what GAO refers to as its day-to-day operations—compete with other Department of Homeland Security (DHS) and federal priorities for limited resources. In this environment, FEMA must strategically plan for and manage its day-to-day operations to ensure they efficiently and effectively support the agency’s disaster relief mission. To analyze this issue, GAO examined resource trends and management related to FEMA’s day-to-day operations from fiscal year 2001 through fiscal year 2005.

### What GAO Recommends

GAO recommends that FEMA take steps to better manage resources for its day-to-day operations, including collecting data that enables managers to monitor progress and support resource priorities, using leading practices to develop a strategic workforce plan, and developing business continuity plans. In carrying out these recommendations, FEMA should work with Congress to ensure that the information it provides is sufficient for use in oversight activities.

DHS and OMB staff provided technical comments on a draft of this report, which we incorporated where appropriate.

[www.gao.gov/cgi-bin/getrpt?GAO-07-139](http://www.gao.gov/cgi-bin/getrpt?GAO-07-139).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Susan J. Irving, (202) 512-9142, [irvings@gao.gov](mailto:irvings@gao.gov).

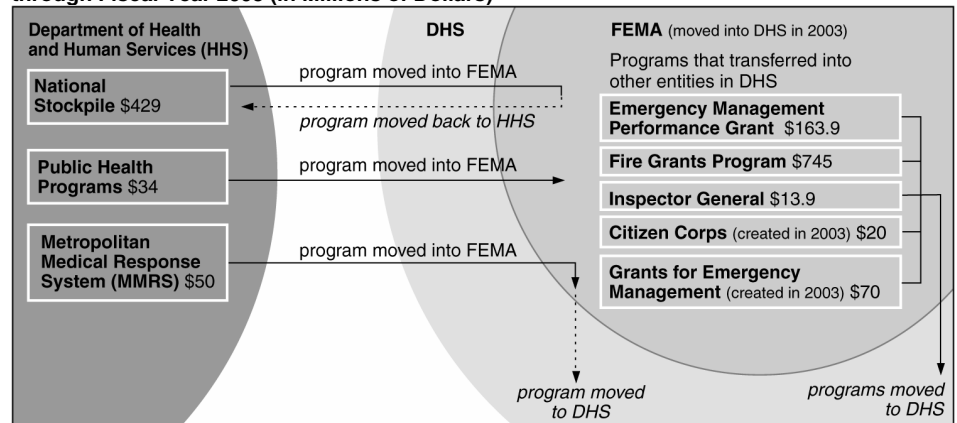
## BUDGET ISSUES

# FEMA Needs Adequate Data, Plans, and Systems to Effectively Manage Resources for Day-to-Day Operations

### What GAO Found

The Federal Emergency Management Agency (FEMA) experienced near-constant organizational change from fiscal years 2001 through 2005 that caused considerable flux in FEMA’s resources. During this period, the most significant change occurred in March 2003 when FEMA transitioned from an independent agency to a component of the newly created DHS. From the beginning of fiscal year 2003 through fiscal year 2005, a significant number of programs and their associated funding moved into and out of FEMA. Although the amounts nearly balanced, the movement was disruptive to operations and created uncertainty about the availability of resources.

**Programs and Associated Funding That Moved into and out of FEMA from March 1, 2003 through Fiscal Year 2005 (in Millions of Dollars)**



Source: GAO analysis of FEMA data.

FEMA also contributed to DHS start-up costs and ongoing expenses, which reduced funds available for FEMA’s operating expenses. Though FEMA would have incurred some of these costs as an independent agency, evidence suggests that FEMA may have been assessed a disproportionate amount relative to several larger DHS entities. While all of this affected resources for FEMA’s day-to-day operations, the extent cannot be fully understood because FEMA does not have adequate information on how resources are aligned with those operations. Such information could be used to improve planning and management and provide greater accountability to Congress and the public.

Although these shifting resources created challenges, the way FEMA managed its existing resources compounded problems. Notably, FEMA lacks a strategic workforce plan and related human capital strategies—such as succession planning or a coordinated training effort—which are integral to managing resources. They enable an agency to define staffing levels, identify the critical skills needed to achieve its mission, and eliminate or mitigate gaps between current and future skills and competencies. FEMA also lacks business continuity plans for its day-to-day operations, which puts support for the disaster-relief mission at increased risk. Even FEMA staff’s strong sense of mission is no substitute for a plan and strategies for action.

---

# Contents

---

<b>Letter</b>		<b>1</b>
	Results in Brief	3
	Background	5
	Organizational Changes Created Uncertainty about the Availability of Resources, but FEMA Lacked Adequate Data to Understand the Effect on Day-to-Day Operations	8
	FEMA's Lack of Strategic Management Tools Compounded Problems It Faced in Coping with Shifting Resources	18
	Conclusions	23
	Recommendations for Executive Action	24
	Agency Comments	25
<b>Appendix I</b>	<b>Analysis of Resources for Day-to-Day Operations</b>	<b>27</b>
<b>Appendix II</b>	<b>GAO Contact and Staff Acknowledgments</b>	<b>33</b>
<b>Tables</b>		
	Table 1: Summary of FEMA's Regular and Supplemental Appropriations for Fiscal Years 2001 to 2005	6
	Table 2: FEMA Organizational Changes, Fiscal Years 2001–2003	8
	Table 3: Illustration of Three Entities' Share of DHS FTEs, Funding, and Assessments for the DHS WCF for Fiscal Year 2005	13
<b>Figures</b>		
	Figure 1: Programs and Associated Funding That Moved into and out of FEMA from March 1, 2003 through Fiscal Year 2005 (in Millions of Dollars)	10
	Figure 2: Trends in Annual Funding for FEMA's Non-DRF Operations, Fiscal Years 2001–2005	28
	Figure 3: Trends in FTEs for FEMA's Non-DRF Operations, Fiscal Years 2001–2005	29
	Figure 4: Estimate of Funding for FEMA's Day-to-Day Operations, Fiscal Years 2001–2005	31
	Figure 5: Estimate of Actual FTEs for FEMA's Day-to-Day Operations, Fiscal Years 2001–2005	32

---

---

## Abbreviations

CORE	Cadre of On-call Response/Recovery Employees
DHS	Department of Homeland Security
DRF	Disaster Relief Fund
DSA	Disaster Support Activity
EP&R	Emergency Preparedness and Response
FEMA	Federal Emergency Management Agency
FTE	full-time equivalent
MMRS	Metropolitan Medical Response System
ODP	Office of Domestic Preparedness
OMB	Office of Management and Budget
ONP	Office of National Preparedness
PFT	permanent full-time
SES	Senior Executive Service
WCF	Working Capital Fund

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



United States Government Accountability Office  
Washington, DC 20548

---

January 19, 2007

The Honorable Robert C. Byrd  
Chairman  
Committee on Appropriations  
United States Senate

The Honorable Judd Gregg  
Ranking Minority Member  
Subcommittee on Homeland Security  
Committee on Appropriations  
United States Senate

The Honorable Joseph I. Lieberman  
Chairman  
The Honorable Susan M. Collins  
Ranking Minority Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable David R. Obey  
Chairman  
Committee on Appropriations  
House of Representatives

The mission of the Federal Emergency Management Agency (FEMA) is to lead the nation in mitigating, responding to, and recovering from major domestic disasters, both natural and man-made, including terrorist incidents. Budgeting for FEMA's mission is inherently difficult because the number, severity, and timing of disasters are unknown. In recognition of this fact, a large portion of FEMA's funding is provided in emergency supplemental appropriations when a disaster is declared, and Congress has provided FEMA with the authority to hire additional nonpermanent staff and to leverage support from other agencies quickly. In contrast, funds to staff, manage, and operate other FEMA programs and underlying support functions—which we refer to in this report as its day-to-day operations—are requested in the President's annual budget and, therefore, compete with other Department of Homeland Security (DHS) and federal

---

priorities for resources.<sup>1</sup> Although there are obvious reasons to distinguish between funding for disasters and for day-to-day operations, it is important to recognize that day-to-day operations affect FEMA's ability to deal effectively and as efficiently as possible with disasters. In this report we examined resources related to FEMA's day-to-day operations from fiscal year 2001 through fiscal year 2005 and asked the following:

1. What were resource trends for FEMA's day-to-day operations?
2. How did FEMA manage its resources for day-to-day operations?

To address these objectives, we reviewed and analyzed fiscal years 2001 to 2005 budgetary and personnel data from the President's budget, FEMA operating plans, FEMA and DHS budget documents, and budget and full-time equivalent (FTE) employee summary tables provided by FEMA. To assess its reliability, we compared FEMA's budget and personnel data with data in the President's budget. However, to make information comparable for the President's fiscal year 2004 budget request, the Office of Management and Budget (OMB) restructured fiscal years 2002 and 2003 budget data to reflect changes that occurred with the creation of DHS in 2003. Because our review called for a more detailed presentation than what was available in the President's budget, we relied on FEMA's data. In addition, we analyzed personnel and training information and reviewed FEMA's workforce planning contract. We determined that FEMA's budgetary and personnel data were sufficiently reliable for purposes of providing background information and showing general trends. We interviewed staff in FEMA's Office of Budget, officials from the Offices of Plans and Programs, Training, and Procurement, as well as program managers and staff from the Mitigation, Response, Recovery, and Human Resources Divisions. We did not interview FEMA regional managers because FEMA headquarters staff had primary responsibility for the resource allocations and programs that we examined. Therefore, we determined that our scope was sufficient and did not materially affect our findings. At DHS we interviewed staff from the DHS Budget Office, the Office of Financial Management, and the Office of the Inspector General. At OMB, we interviewed Resource Management Office staff with budget and oversight responsibilities for DHS and FEMA about the start-up of DHS and the role of OMB's Planning Transition Office for the Department

---

<sup>1</sup>The President's budget request also includes some funding for the Disaster Relief Fund (DRF). This request is based on current DRF balances and estimates of past and future funding requirements for responding to presidentially declared disasters.

---

of Homeland Security. This engagement was conducted under the Comptroller General's authority from November 2005 until October 2006 in accordance with generally accepted government auditing standards.

---

## Results in Brief

Organizational changes caused considerable flux in FEMA's resources from fiscal years 2001 through 2005. However, resource trends for day-to-day operations could not be fully understood from available data. Changes in FEMA's structure and responsibilities occurred multiple times in this period. FEMA underwent several reorganizations in fiscal years 2001 and 2002, but the most significant change occurred in March 2003 when FEMA transitioned from an independent agency to a component of the newly created DHS. From the beginning of fiscal year 2003 through fiscal year 2005, over \$1.3 billion in new or significantly expanded programs came into FEMA, while programs with funding of nearly \$1.5 billion were transferred from FEMA. Although these changes nearly balance in dollar terms, they mask the disruption in operations and uncertainty about the availability of resources that accompanied the nearly constant change. FEMA officials described challenges in responding to these changing responsibilities and shifting resources with roughly the same number of FTE employees.<sup>2</sup> At the same time, as a component of DHS, FEMA contributed to departmental start-up costs and departmental expenses, which reduced funds available for FEMA's operating expenses. Even though some of these costs would have been incurred if FEMA had been an independent agency, DHS billing notifications for fiscal year 2005 indicated that FEMA may have been assessed a disproportionate amount relative to several larger DHS entities. Unquestionably these factors affected resources at FEMA, but the extent to which they affected resources for FEMA's day-to-day operations cannot be fully understood because FEMA lacks adequate information on resources associated with its day-to-day operations. For example, FEMA lacks adequate data on reallocations of resources among programs, projects, and activities, on staffing levels, and, for some grant programs, on how much has been allocated. If FEMA collected such data, it could be used for improved planning and management, and greater accountability to Congress and the public.

---

<sup>2</sup>FTE is a measure of employment used by the federal government to calculate the total number of regular straight-time hours worked by employees divided by the number of compensable hours applicable to each fiscal year.

---

Although shifting resources caused by its transition to DHS created challenges for FEMA, the agency's management of existing resources compounded these problems. FEMA lacks some of the basic management tools that help an agency respond to changing circumstances. Most notably, FEMA lacks a strategic workforce plan and related human capital strategies—such as succession planning or a coordinated training effort. Such tools are integral to managing resources, as they enable an agency to define staffing levels, identify the critical skills needed to achieve its mission, and eliminate or mitigate gaps between current and future skills and competencies. In addition, FEMA lacks business continuity plans for its day-to-day operations. Since FEMA operates somewhat like a volunteer fire department in that all personnel can be called on to respond to disasters and none are assigned exclusively to day-to-day operations, having plans outlining which of these operations are critical and how they will be maintained when the agency is in disaster relief mode becomes much more important. FEMA officials told us that nondisaster programs are maintained on an ad hoc basis when permanent staff are deployed and that the agency does not have provisions for continuing programs when program managers are called into response duties. Without an understanding of who holds a mission-critical position for day-to-day operations and what minimum level of staffing is necessary even during disaster response, business continuity and support for the disaster-relief mission are put at increased risk. Even FEMA staff's strong sense of mission, which was apparent in our interviews, is no substitute for a plan and strategies for action.

In this report, we make a series of recommendations to help FEMA better track its resources for day-to-day operations, identify current and future staffing needs through workforce planning, ensure leadership capacity through training and development, and maintain business continuity when a disaster is declared. We also recommend that the Secretary of Homeland Security direct the Director of FEMA to work with Congress in carrying out these recommendations to help ensure FEMA provides sufficient information to enable Congress to conduct its oversight role.

We requested comments on a draft of this report from the Secretary of Homeland Security. DHS did not provide formal comments on the draft report but did provide technical comments, which we incorporated where appropriate. OMB staff also provided technical comments on an excerpt of the draft that referred to our discussion with OMB; we incorporated these where appropriate.



---

## Background

In response to concerns about the lack of a coordinated federal approach to disaster relief, President Carter established FEMA by Executive Order in 1978 to consolidate and coordinate emergency management functions in one location. FEMA absorbed the Federal Insurance Administration, the National Fire Prevention and Control Administration, the National Weather Service Community Preparedness Program, the Federal Preparedness Agency of the General Services Administration, the Federal Disaster Assistance Administration activities from the Department of Housing and Urban Development, and civil defense responsibilities from the Defense Department's Defense Civil Preparedness Agency. Between 1979 and 2003, FEMA's responsibilities expanded to include emergency management for human-made and technological disasters, such as managing the off-site consequence of accidents at nuclear power plants, hazardous materials emergency management, chemical weapons disposal, and hazardous material disaster mitigation initiatives.

In 2003, FEMA became a component of the Emergency Preparedness and Response (EP&R) Directorate in the newly created DHS. Much like its FEMA predecessor, EP&R's mission was to help the nation to prepare for, mitigate the effects of, respond to, and recover from disasters.<sup>3</sup> While FEMA moved intact to DHS and most of its operations became part of the EP&R Directorate, some of its functions were moved to other organizations within DHS. In addition, functions that were formerly part of other agencies were incorporated into the new EP&R organization. Once in the department, FEMA's preparedness functions were transferred over 2 years to other entities in DHS,<sup>4</sup> reducing its mission responsibilities. However, recent legislation transferred many preparedness functions back to FEMA.<sup>5</sup> Today, once again, FEMA's charge is to lead the nation's efforts to prepare for, protect against, respond to, recover from, and mitigate

---

<sup>3</sup>The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, (Pub. L. No. 93-288), known as the Stafford Act, constitutes the statutory authority for most federal disaster response activities, especially as they pertain to FEMA and FEMA programs. This act authorizes the President to issue a "major disaster" declaration to provide a wide range of federal aid to states determined to be overwhelmed by hurricanes or other disasters. FEMA is tasked with coordinating the response under the Stafford Act.

<sup>4</sup>From enactment of the Homeland Security Act of 2002 in November 2002 to September 2005, 11 preparedness functions or authorities were transferred from FEMA. In October 2005, FEMA's remaining preparedness functions were transferred to DHS's new Preparedness Directorate, which was created to consolidate preparedness assets from across DHS, facilitate grants, and oversee nationwide preparedness efforts.

<sup>5</sup>Post-Katrina Emergency Management Reform Act of 2006, Pub. L. No. 109-295, Title VI.

against the risk of natural disasters, acts of terrorism, and other man-made disasters, including catastrophic incidents.

FEMA funding is provided in both regular and supplemental appropriations. FEMA's Disaster Relief Fund (DRF), which supports a wide range of programs in response to presidentially declared disasters, receives an annual regular appropriation that is based on the 5-year average for direct disaster activity, excluding extraordinary events. Supplemental funding is requested if funds in the regular appropriation are not sufficient to respond to specific presidentially declared disasters. The amount of this funding varies depending on the number and severity of disasters (see table 1 below for a summary of FEMA's regular and supplemental appropriations from fiscal years 2001 to 2005). In its regular annual appropriations FEMA receives not only some funding for its DRF but also funding to provide for day-to-day agency operations, including financial management, human resources, procurement, policy direction, and administration of FEMA programs.<sup>6</sup> Some programs that provide funding, such as grants to state and local governments—and not to FEMA operations—are funded in these appropriations as well.

**Table 1: Summary of FEMA's Regular and Supplemental Appropriations for Fiscal Years 2001 to 2005**

Millions of dollars	Fiscal year				
	2001	2002	2003	2004	2005
Regular Disaster Relief Fund appropriations	\$293.6	\$611.1	\$773.4	\$1,767.5	\$2,042.4
Other regular appropriations	839.8	921.9	2,552.9	1,525.9	1,046.8
Supplemental Disaster Relief Fund appropriations	4,383.1	8,007.6	1,925.3	2,245.0	66,385.0
Other supplemental appropriations	0.0	531.4 <sup>a</sup>	86.3 <sup>b</sup>	0.0	100.0 <sup>c</sup>

Source: GAO presentation of FEMA data.

<sup>a</sup>This supplemental funding was for the following activities: \$210 million for fire grants; \$25 million for preparedness; \$10 million for the Winter Olympics; \$225.4 million for fire grants, the existing national urban search and rescue system, and interoperable communications equipment; and \$61 million for Cerro Grande Fire Claims.

<sup>b</sup>This supplemental funding was for the Liberty Shield.

<sup>c</sup>This supplemental funding was for the National Disaster Medical System.

<sup>6</sup>FEMA administers a mix of programs in the four areas of emergency management—Preparedness (now known as Readiness), Mitigation, Response, and Recovery. These programs include the predisaster mitigation, flood mitigation, map modernization, National Flood Insurance, and public health programs.

---

Similar to FEMA's funding arrangement, most of its employees are hired to perform work related to a specific, presidentially declared disaster. The majority of FEMA's workforce is comprised of nonpermanent employees with various terms (from 120 days to 4 years), who are paid out of the DRF. As with the funding for the DRF, the number of these employees can fluctuate in response to the number and severity of disasters.<sup>7</sup> The remainder of FEMA's workforce is comprised of about 2,100 permanent full-time (PFT) employees, who are paid primarily out of FEMA's nondisaster relief fund accounts. FEMA also uses contractors to administer some of its programs, but FEMA does not track data on the level of contract support it receives.

Certain nonpermanent staff, known as the Cadre of On-call Response/Recovery Employees (CORE), perform functions similar to those performed by PFT employees.<sup>8</sup> Although paid from the DRF account, the CORE work alongside PFT employees in headquarters and the regions in both program offices and support functions, such as human resources and IT, and both CORE and PFT employees can be deployed to respond to disasters.

---

<sup>7</sup>From fiscal years 2001 to 2005, the following numbers of FTE employees were paid out of the DRF: fiscal year 2001 = 2,521; fiscal year 2002 = 2,865; fiscal year 2003 = 3,289; fiscal year 2004 = 3,330; fiscal year 2005 = 5,458.

<sup>8</sup>According to FEMA officials, the CORE was developed in the early 1990s to improve management of administrative overhead in the DRF and to make disaster relief operations more efficient. The number of CORE FTE employees at FEMA from fiscal years 2001 to 2005 was as follows: fiscal year 2001 = 706; fiscal year 2002 = 733; fiscal year 2003 = 732; fiscal year 2004 = 730; fiscal year 2005 = 685.

## Organizational Changes Created Uncertainty about the Availability of Resources, but FEMA Lacked Adequate Data to Understand the Effect on Day-to-Day Operations

To better understand resource trends for FEMA’s day-to-day operations, information about aggregate resource trends should be viewed in the context of organizational changes, priorities, and the movement of resources within FEMA and DHS. However, FEMA lacks adequate information on the resources associated with its day-to-day operations. Without such data, FEMA cannot strategically plan for and invest in these operations, which are necessary for fulfilling its disaster-relief mission. Moreover, it cannot ensure accountability to Congress and the public that these resources were used efficiently, effectively, or for the highest priorities.

## FEMA’s Responsibilities Were in Flux, Which Created Uncertainty about the Availability of Resources

Even prior to its transition to DHS, FEMA was undergoing organizational change. In response to domestic terrorist incidents in the 1990s—such as the bombings of the World Trade Center in New York City in 1993 and the Alfred P. Murrah federal building in Oklahoma City in 1995—federal efforts to focus on preparedness against terrorist attacks increased. This led to the first of several organizational changes between fiscal years 2001 and 2003, as shown in table 2.

**Table 2: FEMA Organizational Changes, Fiscal Years 2001–2003**

2001		2002	2003
Before 9/11	After 9/11		
The President created an Office of National Preparedness within FEMA	FEMA’s new Office of National Preparedness was assigned increased responsibility for working with first responder agencies	FEMA underwent another reorganization that split preparedness functions from readiness and response	FEMA became part of the newly created Department of Homeland Security (DHS)
FEMA underwent an agencywide reorganization to streamline service delivery			

Source: GAO presentation of information from FEMA, the DHS Office of the Inspector General, and past GAO work.

Recognizing a need for greater coordination among federal agencies in responding to a terrorist attack, the President created the Office of National Preparedness (ONP) within FEMA in May 2001 to provide leadership in the coordination and facilitation of all federal efforts to assist state and local emergency management and emergency response organizations. Specifically, FEMA was to assist with planning, training,

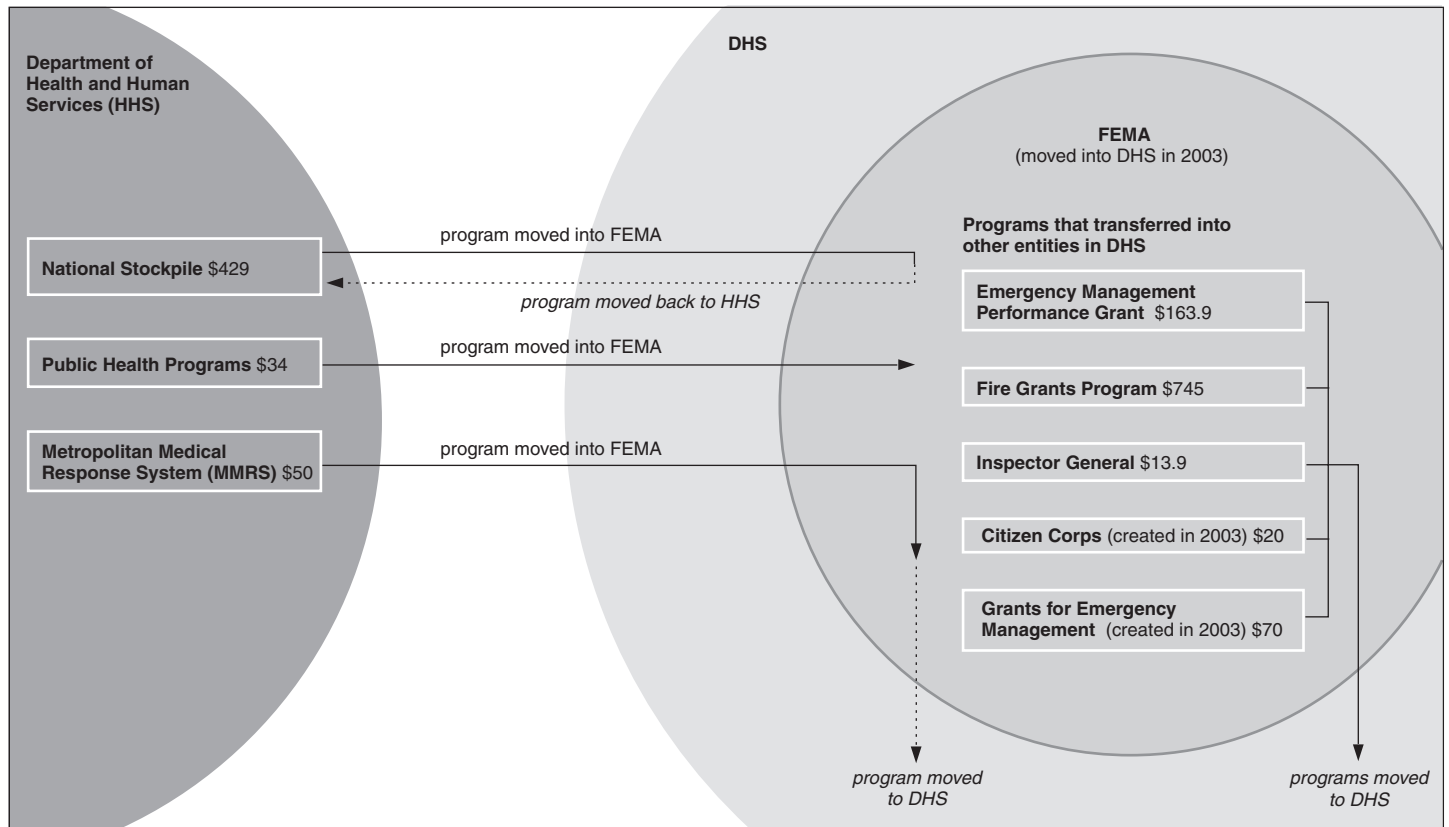
---

equipment, and exercises necessary to build and sustain capability to respond to any emergency or disaster. FEMA also underwent an agencywide reorganization in 2001 to streamline the agency and devote more employee effort to service delivery by bringing together programs that shared complementary missions. FEMA's Preparedness, Training, and Exercises Directorate merged with its Response and Recovery Directorate and became the Readiness, Response, and Recovery Directorate. FEMA also created the External Affairs and Administration and Resource Planning Directorates.

The terrorist attacks of September 11, 2001 prompted additional changes at FEMA. FEMA led the federal response to aid victims of the September 11 attacks and afterward took on a growing role in promoting emergency preparedness, largely focused on preparedness for future terrorist attacks. FEMA's ONP was assigned increased responsibility for working with first responders, such as police, fire, emergency medical, and public health personnel, to ensure that they were trained and equipped to deal with weapons of mass destruction. FEMA underwent another reorganization in fiscal year 2002, when the Readiness, Response, and Recovery Directorate that was created in fiscal year 2001 was split into the National Preparedness Division and the Response and Recovery Division.

In March 2003, FEMA—which had been an independent agency since its inception—became part of the newly created DHS. In accordance with the Homeland Security Act of 2002 and subsequent determination orders issued by OMB, FEMA's assets and responsibilities were transferred to DHS's EP&R Directorate. The Undersecretary of EP&R assumed the responsibilities of the Director of FEMA, and EP&R retained use of the name FEMA. Many of the changes in FEMA's resources from 2003 to 2005 can be attributed to FEMA's transfer to DHS and its shifting organizational responsibilities, as shown in figure 1 below.

**Figure 1: Programs and Associated Funding That Moved into and out of FEMA from March 1, 2003 through Fiscal Year 2005 (in Millions of Dollars)**



Source: GAO analysis of FEMA data.

In total, over \$1.3 billion in funding for new or significantly expanded programs came into FEMA between the beginning of fiscal year 2003 and fiscal year 2004, and nearly \$1.5 billion left FEMA by fiscal year 2005. Although the movement of programs and their associated funding in and out of FEMA nearly balanced in dollar terms, this masks the amount of change and the challenges described by FEMA officials as the organization, with roughly the same number of FTE employees, responded to its increased responsibilities, only in most cases to have them taken away later. In the transition to DHS in fiscal year 2003, for instance, FEMA gained over \$513 million in new programs from HHS. However, by fiscal year 2005, two of these programs and most of the associated funding were transferred out of FEMA: the Strategic National Stockpile was transferred back to HHS and the MMRS was transferred to another component of DHS, leaving in FEMA just \$34 million of the more than \$513 million in

---

public health programs that had been transferred to FEMA less than 2 years before.

FEMA also had most of its terrorism-related programs transferred to DHS. In the transition, nearly \$998.9 million in existing FEMA preparedness programs that were deemed to be terrorism-related were transferred from FEMA to the Office of Domestic Preparedness (ODP) in DHS. Most of what remained in FEMA was not considered homeland security-related,<sup>9</sup> a designation based on the National Strategy for Homeland Security and used by the administration and OMB to evaluate funding priorities.<sup>10</sup> Since the September 11, 2001 terrorist attacks, the administration's guidance for preparation of agency budget submissions has encouraged agencies to hold nonhomeland security, nondefense funding level.<sup>11</sup> For fiscal years 2003 through 2005 the President's budget requests for most of FEMA's programs have been consistent with this policy.

In addition to resource fluctuations associated with its changing responsibilities, some FEMA resources were transferred to establish a departmental structure at DHS. OMB requested that a total of \$125 million be transferred from component entities for DHS start-up costs. Of this \$125 million, FEMA's share was \$32 million. OMB officials involved with the DHS transition said OMB reviewed the relative size of agency budgets and staffing levels, their levels of unobligated balances, and the services they received from their parent departments to get a sense of the components' appropriate relative share of the start-up costs. Yet, according to our analysis of a letter from OMB to the Chairman of the Senate Committee on Appropriations dated December 20, 2002, FEMA paid about the same amount as each of the other three larger contributing agencies, which transferred entities such as the Immigration and

---

<sup>9</sup>Homeland Security encompasses those activities that are focused on combating terrorism and occur within the United States and its territories. According to the *Budget of the U.S. Government*, not all activities carried out by DHS constitute homeland security funding (e.g., response to natural disasters, Coast Guard search and rescue activities).

<sup>10</sup>*The National Strategy for Homeland Security*, which was published by the Office of Homeland Security in July 2002, is available at <http://www.whitehouse.gov/homeland/book/> (downloaded Oct. 4, 2006).

<sup>11</sup>Since 2003, the President's budget requests for discretionary funding for nonhomeland security, nondefense programs have increased an average of 2.82 percent per year, while the President's requests for discretionary funding for Homeland Security and Department of Defense programs have increased an average of 4.62 percent per year.

---

Naturalization Service, Transportation Security Administration, Coast Guard, U.S. Customs Service, and U.S. Secret Service.<sup>12</sup>

After DHS was established, additional payments that FEMA made to support ongoing departmental operations also affected its resources. In the period after Hurricane Katrina, the FEMA director who had served through the storm publicly claimed that FEMA's resources were compromised as a result of being "taxed" by DHS. Although that individual is no longer at FEMA, this claim was repeated by current FEMA officials with whom we spoke.<sup>13</sup> These assessments were actually payments made to DHS's Working Capital Fund (WCF), a type of intragovernmental revolving fund that agencies use to support services that are shared across the agency. The DHS WCF supports a number of activities—including payroll, governmentwide mandated service activities (such as e-government initiatives), and software licensing, many of which FEMA would have had to pay for as an independent agency. In fact, FEMA had a WCF when it was an independent agency before it transferred to DHS. In the transfer, FEMA's WCF became DHS's WCF.

WCF billing notifications for fiscal year 2005—the first year for which sufficient data are available—do indicate that FEMA may have been assessed a disproportionate amount for the WCF compared to several larger entities in DHS. According to the WCF billing notifications and DHS officials, the WCF assessments for that year were based on the number of FTE employees in an entity, the amount of funding that DHS defined as an entity's "discretionary budget,"<sup>14</sup> or how frequently an entity used a particular service. The entity with the largest percentage of FTEs was the Transportation Security Administration. The entity with the largest percentage of DHS discretionary budget was the U.S. Coast Guard. Table 3

---

<sup>12</sup>The Department of Justice was to transfer \$30 million from the Immigration and Naturalization Service; the Department of Transportation was to transfer \$25 million from the Transportation Security Administration and \$3.5 million from the Coast Guard; the Department of the Treasury was to transfer \$30 million from the U.S. Customs Service and \$4.5 million from the U.S. Secret Service.

<sup>13</sup>Although the term "tax" was used by officials, we use assessment to describe charges to DHS organizations for centralized services.

<sup>14</sup>DHS determined what constituted "discretionary budget." This distinction is not synonymous with funding that is considered discretionary based on its distinction as such in an appropriation act. For example, FEMA received \$1,146,800,000 in non-DRF funding (including supplemental funding) for fiscal year 2005, but DHS determined that its discretionary funding for the purposes of WCF assessments was \$480,649,000.



below shows for fiscal year 2005 the share of FEMA, Transportation Security Administration, and U.S. Coast Guard FTEs and discretionary funding relative to DHS as a whole, the percent that each organization was assessed for fiscal year 2005 relative to the total amount assessed by the WCF, and the percent of the organization's discretionary funding that the assessment represented.

**Table 3: Illustration of Three Entities' Share of DHS FTEs, Funding, and Assessments for the DHS WCF for Fiscal Year 2005**

DHS entity	Percent of DHS FTEs used for billing purposes	Percent of DHS discretionary funding used for billing purposes	Percent of total WCF assessment	Percent of WCF assessment relative to entity's discretionary budget
Emergency Preparedness and Response (FEMA)	1.9	2.08	6.19	3.88
Transportation Security Administration	38.2	14.14	6.96	0.64
U.S. Coast Guard	4.8	27.24	5.45	0.26

Source: GAO analysis of DHS data.

As the table shows, FEMA paid more than the entity with the largest percentage of DHS's discretionary budget—the U.S. Coast Guard—and nearly the same amount as the DHS entity with the largest percentage of DHS's FTEs—the Transportation Security Administration. According to our analysis of the WCF billing notifications, items that were based on usage or participation (i.e., are not simply correlated with number of FTEs or amount of discretionary funding) could have accounted for up to \$15.8 million of FEMA's \$18.7 million assessment. However, a closer examination of what DHS labeled algorithms shows that the way usage or participation was factored into the calculations in many cases was not straightforward; it was often based on a combination of unweighted variables, some of which related to the number of FTEs or the amount of funding. This again raises questions about how assessments actually were

---

determined.<sup>15</sup> Because a number of usage charges actually related to FTEs or funding, it is unlikely that an agency with a workforce and budget the size of FEMA's could have used the same amount of resources as its much larger counterparts.

A DHS official acknowledged that finding the "right size" of the different components' assessments has been an ongoing challenge and that the WCF algorithms are being improved to ensure fairness and equity. Several FEMA officials with whom we spoke confirmed that the process has improved and attributed this in part to congressional oversight of the WCF.

FEMA program officials said that FEMA's share of DHS start-up costs and its assessment for the WCF directly affected the level of service they were able to provide from fiscal years 2004 to 2005. Several officials said that the WCF assessments in particular contributed to a hiring freeze. FEMA reported in its *Fiscal Year 2005 Mid-Year Budget Review* report to DHS that it froze hiring for over 500 positions in September 2004 to ensure availability of funding for all onboard staff. DHS clarified that the hiring freeze was temporary—lasting only until January 2005—and was instituted primarily to allow FEMA to complete a baseline staffing review and implement its Position Management program. Nonetheless, nearly all of the FEMA program officials that we spoke with said that this hiring freeze made it difficult to run existing programs or contributed to delays in implementing new programs. In addition, FEMA officials said that the hiring freeze further compounded the effects of the increases in attrition that began after the September 11, 2001 terrorist attacks.

---

<sup>15</sup>For example, the explanation given for the DHS's Chief Procurement Officer's Strategic Sourcing Initiative charge was that it was based on actual usage of several variables. However, the algorithm for that particular charge was stated as: "Average of Component Percentage (of Percentage Share of each of three key measures: # of acquisition personnel, dollar volume, # of transactions) X initiative Amount Required = Contribution per component." The number of acquisition personnel would be constrained by FTEs and the dollar volume of transactions would be constrained by the budget. Furthermore, since the "initiative Amount Required" is not a straightforward number, it is hard to replicate the calculation for any component.

---

## Resource Trends for FEMA's Day-to-Day Operations from Fiscal Year 2001 to 2005 Cannot Be Fully Understood, Because FEMA Lacks Adequate Data

Organizational changes unquestionably affected resources at FEMA, but the extent to which they affected resources for FEMA's day-to-day operations cannot be fully understood because FEMA lacks adequate information on the resources associated with such operations. To ensure that FEMA's day-to-day operations are efficiently and effectively supporting the agency's disaster relief mission, FEMA must strategically plan for and manage these functions. Simply having data about transactions or decisions is not enough; strategic planning and management requires data and tools that would enable FEMA to identify the resources associated with its day-to-day operations. However, FEMA lacks adequate data in a number of areas, including reallocations of resources among programs, projects, and activities, staffing levels, and, in some cases, FEMA appropriations allocated for grant programs. Not only would such data help FEMA better manage its day-to-day resources, but, as we have previously reported,<sup>16</sup> having sufficient information on resource investments, such as budget documents combined with performance data, provides a valuable tool to assist members of Congress in their oversight responsibilities.

Throughout all the organizational changes one thing that remained consistent was that the level of management and oversight of FEMA's resources once appropriations had been enacted was minimal. For example, although reprogramming actions—shifts in resources within an appropriation between offices, divisions, or activities that occur during the fiscal year—affect resource availability, FEMA does not capture data in a way that makes it practical to analyze reprogramming trends. According to FEMA staff, a financial auditing firm had reached the same conclusions when it tried to perform an analysis of reprogramming actions several years earlier. A FEMA official said budget analysts receive between 500 and 1,000 reprogramming requests every year. However, this official said that budget analysts do not assess the appropriateness of a reprogramming request; they simply check requests against FEMA's apportionment to ensure that the funding is available and that the request complies with applicable rules and laws. Once approved, FEMA captures information about reprogramming actions on a transaction-by-transaction basis in its financial management system, which is not equipped to provide trend

---

<sup>16</sup>GAO, *Congressional Oversight: FAA Case Study Shows How Agency Performance, Budgeting, and Financial Information Could Enhance Oversight*, [GAO-06-378](#) (Washington, D.C.: Mar. 8, 2006).

---

information about reprogrammings in the aggregate.<sup>17</sup> Without this information, FEMA cannot know whether reprogramming decisions made during the year have gone for the highest organizational priorities or determine definitively what resources support day-to-day operations. While FEMA is not required by law to aggregate its reprogramming data, nothing prevents FEMA from developing additional aggregations of data for management purposes, particularly in light of its unique operating and funding environment.

FEMA not only lacked useful information on funding changes that occurred during the year, but until fiscal year 2005 it was also unable to produce accurate information on the number of positions it had and where they were located in the organization. Despite improvements in the information that is available, FEMA still uses multiple and disparate systems, managed by different offices, to gather information about its staff levels. The Budget Office maintains FTE data; the Human Resources Division maintains data about the number of “onboard” employees and separations; and the Office of Plans and Programs maintains the “Manpower Database” to track the number of positions and their location in the organization.

Moreover, FEMA does not have a positive definition of which activities constitute its day-to-day operations—FEMA has categorized much of what it does on a day-to-day basis simply as “nondisaster,” even though many of those activities are necessary to support its disaster relief mission. As a result, FEMA could not provide information that was sufficient to allow us to accurately report on the resources associated with its day-to-day operations. When asked by the DHS Office of the Inspector General and later by us to identify the resources associated with its operations, FEMA divided its annual funding and FTE data into three categories—operating

---

<sup>17</sup>FEMA maintains a paper trail on reallocation requests for 3 years, but does not have a process or mechanism for analyzing this information.

---

expenses, other FEMA programs, and DRF.<sup>18</sup> The FEMA Budget Office presented the summary data as: (1) “FEMA without DRF” (the sum of operating expenses and other FEMA programs), (2) DRF, and (3) total. Because DRF funding is primarily available only in response to a specific, presidentially declared disaster, we attempted to use the “FEMA without DRF”—or “non-DRF”—data as a proxy for day-to-day operations. However, the non-DRF category presents an inaccurate picture of FEMA’s day-to-day operations for two reasons. First, it includes some funding, such as for grants, that is not available to FEMA for its day-to-day operations because FEMA distributes it to states and local governments. Neither FEMA’s Budget Office nor the program offices responsible for grants administration were able to separate out the amount of funding allocated for grants from other operating expense funding provided in the same account. In these cases, rather than demonstrating that consideration had been given to how much of the resources available for day-to-day operations should be used instead to fund grants, FEMA could only report on how much had been obligated for grants, subsidies, and other contributions. Second, the non-DRF data leaves out a key component of FEMA’s day-to-day operations—the Disaster Support Activity (DSA). Although part of the DRF, the DSA provides funding for ongoing capabilities, such as training, that are not readily attributable to any one specific declared disaster. FEMA has deemed these support expenditures essential to providing (1) timely disaster response, (2) responsive customer service, and (3) cost-effective program management and delivery. (See app. I for more details.) Without a clear understanding of the resources associated with its day-to-day operations, FEMA lacks the data that would enable it to identify areas that are working well, opportunities for improvement and, ultimately, where best to invest resources.

---

<sup>18</sup>From fiscal year 2001 to fiscal year 2003, FEMA’s operating expenses consisted of funding from its Salaries and Expenses account and its Emergency Management Planning and Assistance account. In fiscal years 2004 and 2005, funding from the following accounts made up FEMA’s operating expenses: Office of the Under Secretary, Preparedness Mitigation Response and Recovery, and Administrative and Regional Operations. In fiscal year 2005, the following accounts composed FEMA’s “other programs”: Pre-Disaster Mitigation, Flood Mitigation Fund, National Flood Insurance Fund, Emergency Food and Shelter, Disaster Assistance Direct Loan Program Account, Public Health Programs, and Flood Map Modernization. FEMA also reported data on its supplemental funding in two categories—DRF and Other. FEMA received supplemental DRF funding every year of our review, while other supplemental funding was provided only in fiscal years 2002, 2003, and 2005.

---

## FEMA's Lack of Strategic Management Tools Compounded Problems It Faced in Coping with Shifting Resources

---

### FEMA Lacks a Strategic Workforce Plan

A strategic workforce plan is integral to defining the appropriate level of staffing, identifying the critical skills needed to achieve the mission, and eliminating gaps to prepare the agency for future needs. Strategic workforce planning, also called human capital planning, helps an organization align its staffing with its current and emerging mission and programmatic goals. This includes developing long-term strategies for acquiring, developing, and retaining an organization's total workforce, including full- and part-time federal staff and contractors. This is especially important in a dynamic environment in which the need for changing technologies and skills are coupled with constrained budgets.

In the wake of Hurricane Katrina, considerable attention was given to the fact that FEMA had been under its authorized staffing level for several years,<sup>19</sup> but FEMA has not developed a strategic workforce plan, and therefore cannot demonstrate that the authorized FTE level and positions are appropriate. FEMA did not have a strategic workforce plan at any time between fiscal years 2001 and 2005 and it did not know until January 2005 how many positions it had or where they were located in the organization. At that time, FEMA inventoried its existing positions and used that information to establish a "baseline" for the number and type of positions in the agency. Although FEMA officials said this baseline represented the organization's staffing needs, in fact it was only the number of positions in the organization at that point in time and did not represent an assessment of the agency's composition and needs. In addition, this baseline does not include any information about the size or composition of its contractor

---

<sup>19</sup>Reports issued by the U.S. Senate, the U.S. House of Representatives, the White House, and the DHS Office of the Inspector General all pointed to staffing shortages at FEMA as affecting the agency's ability to achieve its mission in the wake of Hurricane Katrina. Many of the FEMA officials that we spoke with also pointed to staffing as a primary challenge at the agency.

---

workforce—which FEMA officials said is a growing component of the organization’s total workforce. Furthermore, FEMA’s authorized FTE levels may not be realistic as funding has become more constrained. OMB’s most recent budget formulation guidance directed all federal agencies to review their authorized FTE levels to bring them in line with available funding.

We are not the first to note FEMA’s lack of a strategic workforce plan. In 2001, FEMA received an unsatisfactory rating for Human Capital initiatives in the President’s Management Agenda scorecard, OMB’s assessment of the management of federal agencies. The scorecard results, published in the *Fiscal Year 2003 Budget of the United States Government*, noted that FEMA lacked a strategy for linking human capital to fiscal resources and agency goals and that FEMA needed to develop a workforce-restructuring plan that addressed how the agency will attract and retain personnel with the skills to perform core agency functions including program oversight and analysis. In 2004, OPM recommended that FEMA develop a comprehensive human capital plan, including a thorough workforce analysis that establishes staffing levels aligned with FEMA’s mission, goals, and organizational objectives. Most recently, the Post-Katrina Emergency Reform Act of 2006 included a provision that requires FEMA to develop a strategic workforce plan within 6 months of enactment of the act.

FEMA included workforce planning as a priority in its 2003 to 2008 Strategic Plan and, in September 2005, FEMA awarded a 1-year contract to a consulting firm to help the agency with the technical aspects of developing its workforce plan. However, FEMA’s workforce planning efforts have not been conducted in accordance with leading practices in this area. As we have previously reported, the first step in strategic workforce planning is to set strategic direction,<sup>20</sup> but according to FEMA officials, the workforce planning effort is being conducted without such a perspective. Instead, it is being conducted from the bottom up, division by division. A FEMA official told us that the instability created by FEMA’s frequent reorganizations has made strategic workforce planning difficult.

---

<sup>20</sup>As we reported in *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003), the steps of the strategic workforce planning process are as follows: (1) set strategic direction, (2) conduct a workforce gap analysis, (3) develop workforce strategies to fill the gaps, and (4) evaluate and revise strategies. Throughout the process, it is important to have the involvement of management and employees.

---

Instead of identifying mission-critical needs, the agency began workforce planning in divisions of FEMA that were relatively stable, that is, those that were less likely to be reorganized. FEMA's goal is to complete two divisions per year, with a goal of covering the entire agency by 2009. However, one official speculated that ongoing changes at DHS and FEMA may delay the completion of plans for all divisions. Although this approach may seem pragmatic, it is more likely to result in plans that meet the immediate needs of individual divisions rather than produce an integrated, long-term strategy for the entire agency.

As part of a workforce planning effort, we have noted in previous work that agencies should develop human capital strategies—including succession planning, training, and staff development—to eliminate gaps between the future and current skills and competencies needed for mission success.<sup>21</sup> FEMA, however, lacks a succession plan and does not have a coordinated or strategic approach to employee training or development.

---

## FEMA Has Not Engaged in Succession Planning

Succession planning—a process by which organizations identify, develop, and select their people to ensure an ongoing supply of successors who are the right people, with the right skills, at the right time for leadership and other key positions—is especially important for organizations that are undergoing change.<sup>22</sup> In fact, according to one participant at a GAO forum on mergers and transformation, private sector experience with mergers and acquisitions is that over 40 percent of executives in acquired companies leave within the first year and 75 percent within the first 3 years.<sup>23</sup> Though FEMA's experience was less dramatic, succession planning was described as nonexistent and several officials cited the lack of succession planning as the agency's weakest link. Many FEMA managers described the loss of institutional knowledge when senior employees left in the transition to DHS and how those Senior Executive Service (SES) and other managers that remained often covered vacant

---

<sup>21</sup>See [GAO-04-39](#).

<sup>22</sup>For more information about succession planning, see GAO, *Human Capital: Succession Planning and Management Is Critical Driver of Organizational Transformation*, [GAO-04-127T](#) (Washington, D.C.: Oct. 1, 2003).

<sup>23</sup>GAO, *Highlights of a GAO Forum, Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies*, [GAO-03-293SP](#) (Washington, D.C.: Nov. 14, 2002), p. 9.



---

positions, performing more than one job at a time. From fiscal year 2002—the last year that FEMA was an independent agency—through fiscal year 2005, FEMA lost over 25 percent of its permanent SES employees. As SES employees generally represent the most experienced and senior segment of the federal workforce, they are critical to leadership continuity, institutional knowledge, and expertise. Nor was there an experienced mid-level cadre to mitigate these losses: 16 percent of FEMA’s career GS-15 staff were new to their positions in fiscal year 2004. Although turnover was to be expected, FEMA must recruit key talent to limit the effect of these departures.

In addition to helping FEMA replace people who have left or are leaving in the near term, succession planning is important as a forward-looking exercise to ensure that FEMA can respond to emerging human capital challenges (e.g., the predicted federal retirement wave). Like the rest of the government, FEMA faces the possibility of losing a significant percentage of staff—especially at the managerial and leadership levels—to retirement. About a third of FEMA’s SES and GS-15 leaders were eligible to retire in fiscal year 2005, and OPM data projects that this percentage will increase to over half by the end of fiscal year 2010.<sup>24</sup> This increases the importance of thinking about what knowledge, skills, and abilities are important—simply replacing staff without thought would miss a chance to set direction for the future.

---

## FEMA Does Not Have a Coordinated or Strategic Approach to Employee Training or Development for Its Permanent Full-Time Employees

We have previously reported that agencies need to invest resources, including time and money, to ensure that employees have the information, skills, and competencies they need to work effectively in a rapidly changing and complex environment.<sup>25</sup> However, FEMA’s training and development programs are not designed to ensure this because FEMA does not have a coordinated or strategic approach to training and development programs for its PFT staff. For example, FEMA’s training requirements are not aligned with reported needs. FEMA training officials identified training in human resources management, financial

---

<sup>24</sup>Projected retirement eligibility rates as of the end of fiscal year 2010 assume that everyone onboard at the end of fiscal year 2005 stays employed at FEMA until September 30, 2010. The eligibility rates would drop as eligible staff retired between October 1, 2005 and September 30, 2010.

<sup>25</sup>For additional information on training and development efforts, please see GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, [GAO-04-546G](#) (Washington, D.C.: Mar. 1, 2004).

---

management, and subject matter expertise as the areas of greatest need for the agency, but FEMA's training requirements do not reflect these. In addition, FEMA does not prioritize funding to ensure that the most important training needs are addressed first. We were told that training funds are generally available on a first-come, first-served basis.

Moreover, FEMA does not have an integrated system to track employee training and, therefore, no way of reliably tracking the cost of training, who has received it, or how successful it has been. As a result, it is extremely difficult for the agency to monitor the development of critical skills and competencies in its employees, have accurate and reliable data to document the total costs of training efforts, or assess how training and development efforts contribute to improved performance and greater capacity to meet new and emerging challenges.

---

### FEMA Does Not Have Business Continuity Plans for Its Day-to-Day Operations

FEMA operates much like a volunteer fire department in that all FEMA employees are expected to be on call during disaster response and no FEMA personnel are exclusively assigned to its day-to-day operations. While the volunteer fire department model may work in addressing a short-term incident, FEMA staff can be deployed for weeks or months. This makes planning for business continuity management (e.g., identifying which day-to-day operations must continue and how they will be staffed) a paramount concern.<sup>26</sup> However, FEMA does not have guidelines on what constitutes a mission-critical position and has not conducted an assessment of what minimum level of support is necessary. As a result, it has no guidelines for which personnel either cannot be deployed or can be deployed only if sufficiently trained backups are available—although DHS Office of the Inspector General staff said that payroll and facilities support have been left intact during disasters. FEMA officials told us that nondisaster programs are maintained on an ad hoc basis when permanent staff are deployed and the agency does not have provisions for continuing programs when program managers are called into response duties.

Some FEMA managers told us that the lack of such planning has negatively affected day-to-day operations during disaster response efforts. An official from one program branch told us that the branch has had as

---

<sup>26</sup>The goal of business continuity management is to keep operations running in the event of a disruption to normal business processes. As a program, it includes activities such as planning, risk analysis, providing backup facilities, succession plans, and impact assessments.

---

few as one or two staff members left to run it when 80 percent were called to work on disaster operations in either the field or headquarters. To provide a contingency backup for one program, FEMA established contractor-supported Regional Management Centers in each region. Officials explained they could not have a \$50 million program shut down every time a disaster occurs. However, the existence of these centers does not prevent the slowing down of operations during a disaster since there are functions contractors cannot perform. Only federal employees can set policy, sign contracts, or disburse grant funding. Without an understanding of who holds a mission-critical position for day-to-day operations and an assessment of what minimum level of support is necessary, it is unlikely that managers or employees can be held accountable for day-to-day operations and the probability of failure in providing necessary support for the disaster-relief mission goes up.

---

## Conclusions

Whether FEMA is a part of DHS or an independent entity, more attention needs to be paid to its day-to-day operations. This is an organization that not only has to deal with the repercussions of the prior year's hurricane season and the cumulative workload of other earlier disasters while preparing for future disasters, but also during the period of our review had been reorganized four times in 3 years, assumed significant responsibilities for preparedness activities that were subsequently transferred out, and inherited an assortment of programs from other agencies, some of which were gone within a year. In this environment, anything seen as "nondisaster" was likely to get less attention. Since most of FEMA's day-to-day operations—even those necessary to support disaster relief activities—are considered "nondisaster" by FEMA, day-to-day operations were likely to suffer. Without a vision of what day-to-day operations should be and how they contribute to achieving the disaster-related mission, FEMA is more likely to continue to react rather than manage its way through future changes. Even FEMA staff's strong sense of mission, which was apparent in our interviews, is no substitute for a plan and strategies for action.

FEMA's piecemeal efforts to address the management challenges we highlighted are unlikely to produce desired results. These challenges are not new to FEMA and are not just the result of becoming a component of DHS. In 2001, FEMA was scored as unsatisfactory in all five areas of the President's Management Agenda. To make progress, FEMA is going to have to change the way it does business. In this report we have suggested some first steps. They include developing meaningful management reports that allow FEMA to consider tradeoffs in resources for day-to-day

---

operations, a strategic workforce plan that identifies skills needed now and informs hiring in the future, training guidelines and requirements tailored to critical mission needs, a clear business continuity plan for when staff are deployed, and systems that can help FEMA operate more efficiently and effectively. Implementing such changes will not only improve the information available for planning and management, but they will also provide greater accountability to Congress and the public.

---

## Recommendations for Executive Action

We recommend that the Secretary of Homeland Security direct the Director of FEMA to take the following actions:

- Define what resources—staff and funding—are associated with FEMA’s day-to-day operations, link the investment of these resources to achievement of its disaster relief mission, and collect sufficient data in a way that enables managers to monitor progress and support resource priorities for these operations.
- In responding to the strategic workforce planning requirements included in the Post-Katrina Emergency Reform Act of 2006, Pub. L. No. 109-295 Title VI, apply the key principles of strategic workforce planning discussed in our report on such planning efforts ([GAO-04-39](#)), including
  - establishing strategic direction;
  - assessing the number of employees and critical skills that FEMA needs;
  - conducting succession planning to identify, develop, and select people to ensure an ongoing supply of successors; and
  - establishing training and development requirements and tracking systems to ensure that staff have the necessary training to carry out their day-to-day and disaster response functions.
- Develop business continuity plans for the day-to-day operations to ensure that critical program functions are maintained at a sufficient level when PFT employees are called to respond to a disaster. These plans should include clear guidelines on who holds a mission-critical position at headquarters and, therefore, either cannot be deployed for disaster-relief efforts or needs to have alternates designated to provide backup in their absence. FEMA should consider formally cross-training and preparing ancillary workforce members (e.g., contractors, employees in other job titles/descriptions, retirees) to maintain daily functionality in the presence of anticipated staffing shortages when a disaster strikes.

- 
- In carrying out these recommendations, FEMA should work with Congress to ensure that FEMA has provided Congress with the information necessary to conduct its oversight role. Specifically, FEMA should work with Congress to ensure that its financial information is sufficient for use in the following oversight activities:
    - facilitating an understanding of the agency's operations;
    - informing the development, analysis, and debate of alternative policies;
    - supporting a historical perspective from which to evaluate future plans, budgets, and spending proposals;
    - assessing FEMA's accountability for actual results when compared to budgets; and
    - evaluating program costs.

---

## Agency Comments

We requested comments on a draft of this report from the Secretary of Homeland Security. DHS did not provide formal comments on the draft report but did provide technical comments, which we incorporated where appropriate. OMB staff also provided technical comments on an excerpt of the draft that referred to our discussion with OMB; we incorporated these where appropriate.

---

We are sending copies of this report to the Secretary of Homeland Security, the Director of OMB, the Director of FEMA, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

---

If you or your staff have any questions about this report please contact me at (202) 512-9142 or [irvings@gao.gov](mailto:irvings@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff making key contributions to this report are listed in appendix II.

A handwritten signature in black ink that reads "Susan J. Irving". The signature is written in a cursive style with a large, looped initial "S".

Susan J. Irving  
Director, Federal Budget Issues

---

# Appendix I: Analysis of Resources for Day-to-Day Operations

---

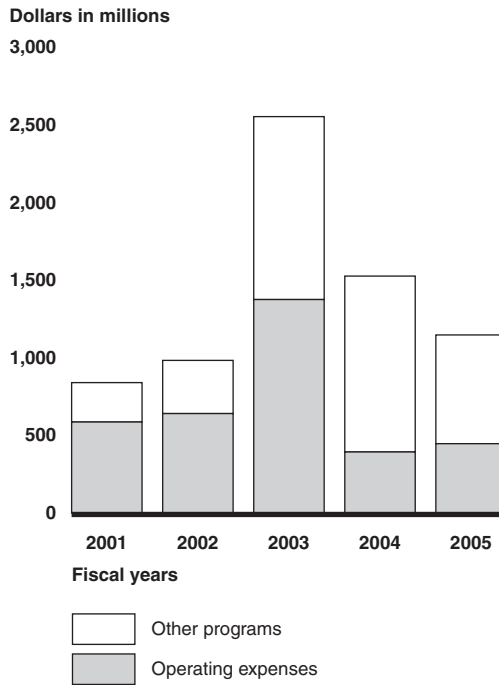
Given its mission, much of what the Federal Emergency Management Agency (FEMA) does is defined by disasters, and FEMA has largely divided its operating world into two categories—disaster and nondisaster. In this division, much of what FEMA does on a day-to-day basis is categorized as “nondisaster.” This masks the fact that many of these operations are essential to preparing the agency to carry out its disaster relief mission. When asked by the Department of Homeland Security (DHS) Office of the Inspector General and later by GAO to identify the resources associated with its operations, FEMA divided its annual funding and full-time equivalent (FTE) data into three categories—operating expenses, other FEMA programs, and Disaster Relief Fund (DRF).<sup>1</sup> The FEMA Budget Office presented the summary data as: (1) “FEMA without DRF” (the sum of operating expenses and other FEMA programs), (2) DRF, and (3) total. Because DRF funding is primarily available only in response to a specific, presidentially declared disaster, we attempted to use the “FEMA without DRF”—or “non-DRF”—data as a proxy for day-to-day operations. However, the non-DRF presents an inaccurate picture of FEMA’s day-to-day operations. Using this data skews FEMA’s resource trends, because resources not associated directly with its operations, such as grants, cannot be disaggregated and resources from the DRF that are associated with its day-to-day operations are not included.

Figure 2 below illustrates this point. If the non-DRF data are used as a measure of day-to-day operations, it appears that FEMA’s funding for these operations rose significantly from fiscal year 2002 to 2003 and declined sharply from fiscal year 2003 to 2004—with the most dramatic decline occurring in operating expenses. Over this same period, as shown in figure 3, corresponding FTEs remained fairly level.

---

<sup>1</sup>From fiscal year 2001 to fiscal year 2003, FEMA’s operating expenses consisted of funding from its Salaries and Expenses account and its Emergency Management Planning and Assistance account. In fiscal years 2004 and 2005, funding from the following accounts made up FEMA’s operating expenses: Office of the Under Secretary, Preparedness Mitigation Response and Recovery, and Administrative and Regional Operations. In fiscal year 2005, the following accounts composed FEMA’s “other programs”: Pre-Disaster Mitigation, Flood Mitigation Fund, National Flood Insurance Fund, Emergency Food and Shelter, Disaster Assistance Direct Loan Program Account, Public Health Programs, and Flood Map Modernization. FEMA also reported data on its supplemental funding in two categories—DRF and Other. FEMA received supplemental DRF funding every year of our review, while other supplemental funding was provided only in fiscal years 2002, 2003, and 2005.

**Figure 2: Trends in Annual Funding for FEMA’s Non-DRF Operations, Fiscal Years 2001–2005**

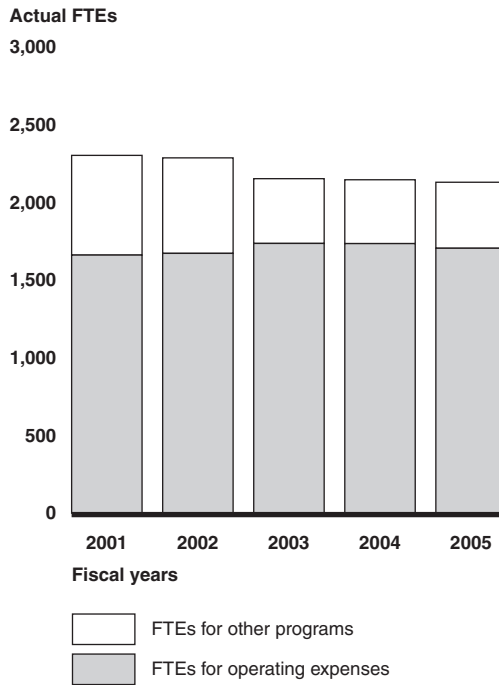


Source: GAO presentation of FEMA data.

Note: FEMA’s summary data for “FEMA without DRF” did not include other supplemental funding or funding for programs that were transferred out of FEMA at any point over this period. However, we added funding for these items back in to their appropriate category to present a more accurate picture of FEMA’s actual funding for “operating expenses” and “other FEMA programs” over this time period.



Figure 3: Trends in FTEs for FEMA's Non-DRF Operations, Fiscal Years 2001–2005



Source: GAO presentation of FEMA data.

Note: FEMA's summary data did not include FTEs from fiscal years 2001 to 2003 for two programs that were transferred out of FEMA in fiscal year 2003—the Inspector General and the Working Capital Fund. However, we added the FTE for these programs back in to the figure to present a more accurate picture of FEMA's actual FTEs for "operating expenses" and "other FEMA programs" over this time period.

The non-DRF funding category presents an inaccurate picture of resources for FEMA's day-to-day operations for two reasons. First, it includes funding, such as grants, that is not available to FEMA for its day-to-day operations because FEMA provides it to states and local governments. Much of the fluctuation seen in figure 2 can actually be attributed to changes in grant programs and associated funding that occurred through organizational changes—rather than funding increases and decreases for the same set of activities. For example, when FEMA's Fire Grants program grew by \$595 million between fiscal years 2002 and 2003, and then left FEMA by fiscal year 2004, under FEMA's categorization this appeared as an increase in operational funds in 2003 and a decrease in 2004. In fact, those resources were passed on in the form of grants, mostly to state and local governments, and, except for the administration of the grants, should have had little—certainly much less than shown—effect on FEMA's resource trends for its day-to-day operations. Second, this presentation

leaves out a key component of FEMA's day-to-day operations—the Disaster Support Activity (DSA). Although part of the DRF, the DSA provides funding for ongoing capabilities, such as training, that are not readily attributable to any one specific declared disaster.<sup>2</sup> FEMA itself has deemed these support expenditures essential to providing (1) timely disaster response, (2) responsive customer service, and (3) cost-effective program management and delivery. Since the non-DRF funding category includes grant resources, which are not spent by FEMA, but excludes funding for DSA, which clearly supports day-to-day functions, this category does not present an accurate picture of FEMA's day-to-day resources.

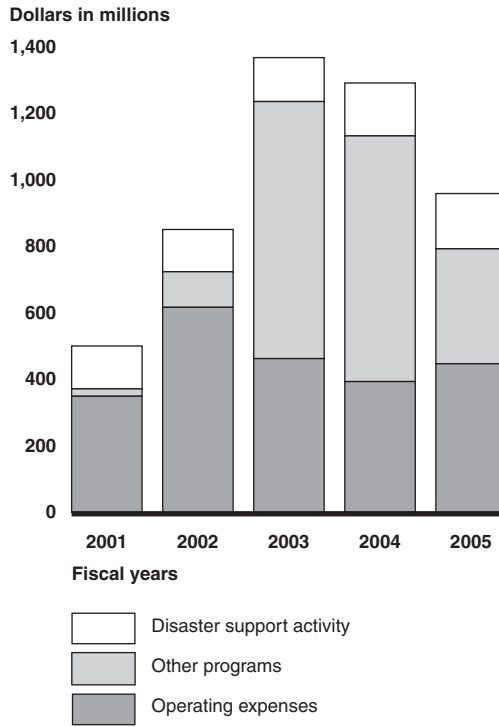
If FEMA were to create a definition of day-to-day operations that addresses these issues, changes in FEMA's resource trends might appear less dramatic. In figure 4 below, we used the non-DRF data provided by FEMA, added funding for DSA, and excluded funding for readily identifiable grants (i.e., those that are authorized in separate appropriation accounts). We were unable to back out grants that were in appropriations accounts that included both grant and other funds, because neither FEMA's Budget Office nor the program offices responsible for grants administration were able to tell us how much funding was allocated for grants separately from other operating expense funding provided in the same account. In these cases, rather than demonstrating that consideration had been given to how much of the resources available for day-to-day operations should be used instead to fund grants, FEMA could only report on how much had been obligated for grants, subsidies, and other contributions.

Using this definition, funding for FEMA's operating expenses and DSA appears fairly constant, while funding for FEMA's other programs rose in fiscal years 2002 and 2003 and declined in fiscal year 2005. During this same period, as shown in figure 5, FEMA's FTEs for those day-to-day operations also remained relatively constant.

---

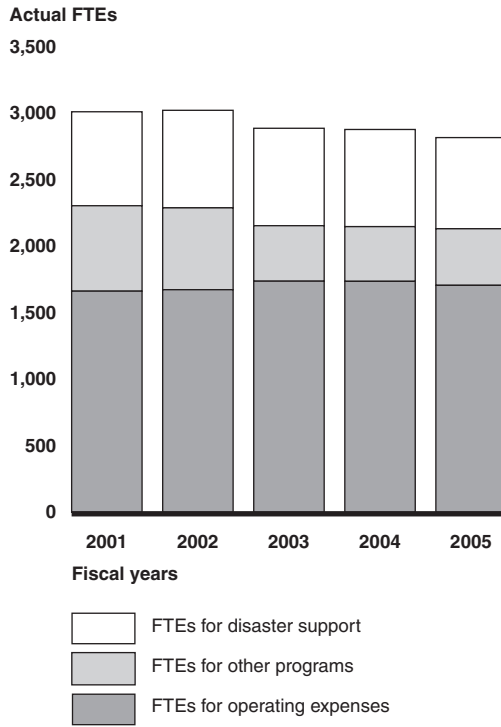
<sup>2</sup>The following activities are part of disaster support: Fixed Processing and Storage; Response Readiness; Recovery and Mitigation; Information Systems; Training; Disaster Support Operations; Disaster Dependent Management.

**Figure 4: Estimate of Funding for FEMA's Day-to-Day Operations, Fiscal Years 2001–2005**



Source: GAO analysis of FEMA data.

**Figure 5: Estimate of Actual FTEs for FEMA's Day-to-Day Operations, Fiscal Years 2001–2005**



Source: GAO analysis of FEMA data.

---

# Appendix II: GAO Contact and Staff Acknowledgments

---

## GAO Contact

Susan J. Irving, (202) 512-9142 or [irvings@gao.gov](mailto:irvings@gao.gov)

---

## Acknowledgments

In addition to the contact named above, Denise Fantone, Tiffany Tanner, Amy Rosewarne, Brian Friedman, and Heather Hill made significant contributions to this report. Thomas Beall, Carlos Diz, William Doherty, Kevin Jackson, Hannah Laufe, John Mingus, and Gregory Wilmoth also provided key assistance.

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site ([www.gao.gov](http://www.gao.gov)). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to [www.gao.gov](http://www.gao.gov) and select "Subscribe to Updates."

---

## Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office  
441 G Street NW, Room LM  
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000  
TDD: (202) 512-2537  
Fax: (202) 512-6061

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: [www.gao.gov/fraudnet/fraudnet.htm](http://www.gao.gov/fraudnet/fraudnet.htm)

E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov)

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Gloria Jarmon, Managing Director, [JarmonG@gao.gov](mailto:JarmonG@gao.gov) (202) 512-4400  
U.S. Government Accountability Office, 441 G Street NW, Room 7125  
Washington, D.C. 20548

---

## Public Affairs

Paul Anderson, Managing Director, [AndersonP1@gao.gov](mailto:AndersonP1@gao.gov) (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, D.C. 20548