

**Written Statement of**  
**Administrator Craig Fugate**  
**Federal Emergency Management Agency**



**FEMA**

**“The President’s  
Fiscal Year 2013 Budget Request  
For the Federal Emergency  
Management Agency”**

**Before the**  
**U.S. House Committee on Appropriations**  
**Subcommittee on Homeland Security**

**Washington, D.C.**  
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## **I. Introduction**

Good morning Chairman Aderholt, Ranking Member Price, and distinguished Members of the Subcommittee. My name is Craig Fugate, and I am the Administrator of the Federal Emergency Management Agency (FEMA). It is an honor to appear before you today on behalf of FEMA to discuss our Fiscal Year (FY) 2013 budget request.

As you know, FEMA has changed the way we do business over the past several years and we are a much more effective agency today than we were just a few years ago. The FY 2013 President's Budget reflects FEMA's goal of managing resources more effectively across the Federal Government while ensuring the Nation's resilience and emergency preparedness. We will achieve this goal by developing, sustaining, and leveraging our core capabilities across the country by creating a robust national response capacity using a *Whole Community* approach. This approach will focus on cross-jurisdictional and readily deployable State and local assets to support national preparedness and response. In addition, FEMA has re-evaluated its programs in order to focus its resources on those programs that have the most significant impact on the Agency's ability to fulfill its emergency management mission. Moreover, FEMA will continue to streamline current business processes and harness the use of innovative technology.

We especially are pleased to inform the Committee that for the first time in the history of the Disaster Relief Fund, the FY 2013 request includes \$500 million in reserve funding to prevent the DRF from falling to a dangerously low level as it did during September 2011. This budget request exemplifies FEMA's commitment to looking for ways to do our work better, smarter, and faster by identifying and eliminating redundancies and increasing productivity. We also continue to look for new and innovative ways to leverage the capabilities of our partners and stakeholders.

We understand that FEMA, like all agencies across Government, will have to do more with less. For FY 2013, the President's Budget seeks a net discretionary budget authority of approximately \$10.008 billion, which is \$641.5 million dollars, or 6.02 percent, less than FEMA's FY 2012 enacted level.

## **II. Reviewing and Streamlining Programs**

FEMA is reviewing its policies and programs constantly in order to streamline processes and eliminate redundancies in order to make the most of limited resources. Throughout the past year, we implemented many efficiency measures, such as streamlining our financial business practices, implementing outcome-based strategic planning, and improving disaster assistance delivery. These efforts will continue next year and are reflected in the FY 2013 budget request.

### *FEMASat*

In January 2011, FEMA began implementing FEMASat, a management process designed to consistently examine specific outcomes across the Agency in order to ensure alignment with the Administrator's priorities. FEMASat helps us monitor the Agency's readiness posture and

allows leadership to identify developing trends, shape priorities, and seize opportunities to improve performance. The FEMASat process allows managers to recognize performance gaps based on real data then make the decisions necessary to address those gaps.

Since the inception of this new initiative, we have realized many achievements, including:

- the identification of opportunities to build internal expertise and save costs;
- the adoption of regular metrics and milestone-based reviews by specific component, such as the Mission Support Bureau's weekly briefing to senior staff on their performance measures;
- the establishment of the Office of the Chief Procurement Officer (OCPO) as the responsible party for FEMA's acquisitions process, from start to finish. By reorganizing and assigning this role to the OCPO, a single office will track the entire process and identify inefficiencies and bottlenecks along the way; and,
- the refocusing of resources on Individual and Community Preparedness, following discovery that only a small percentage of the preparedness budget had been spent in this area. As a result, I recently directed that funding for individual and community preparedness programs be increased by \$10 million. To build and sustain national preparedness and support existing programs, we are developing a campaign to move members of the public from awareness to action. Elements include a year-round effort to support preparedness through media and outreach and expand youth preparedness technical assistance. Technical assistance will increase the volume of youth preparedness programs nation-wide and enhance the effectiveness and sustainability of those existing. The network of youth and school preparedness will cross ages and sectors, and will benefit from a foundation of collective national partners committed to institutionalizing youth and school preparedness.

Throughout the next fiscal year, we will continue to use FEMASat to review the effectiveness of our activities and to find ways to eliminate identified inefficiencies.

### *Salaries & Expenses*

The Salaries and Expenses (S&E) appropriation, formerly Management and Administration, provides core mission funding for the development and maintenance of an integrated, nationwide capability to prepare for, mitigate against, respond to, and recover from the consequences of major disasters and emergencies. Consistent with Congress' appropriation in FY 2012, the FY 2013 President's Budget has organized the S&E appropriation under the following program/project/activity (PPA) structure: Administrative and Regional Offices, Preparedness and Protection, Response, Recovery, Mitigation, Mission Support, and Centrally Managed Accounts. This structure ensures that the resources are transparent and grouped with like activities.

### *State and Local Programs*

FEMA is reviewing constantly all of the Agency's policies and programs to identify ways to manage its practices and processes more effectively and efficiently. To this end, the Agency proposes in FY 2013 to consolidate its various preparedness grant programs—with the exception of the *Emergency Management Performance Grants* and *Firefighter Assistance Grants*—into a single, comprehensive preparedness grant program called the National Preparedness Grant Program (NPGP).

The NPGP is focused on developing and sustaining core capabilities outlined in the National Preparedness Goal. As described in the budget materials, the NPGP will also focus on creating a robust national response capacity based on cross-jurisdictional and readily deployable State and local assets.

Consolidating the preparedness grant programs will support the recommendations of P.L.111-271, the Redundancy Elimination and Enhanced Performance for Preparedness Grants Act, and will streamline the grant application process. This will enable grantees to focus on how Federal funds can add value to their jurisdiction's unique preparedness needs while contributing to national response capabilities. To further increase the efficiency of the NPGP, FEMA will issue multi-year guidelines, enabling the Agency to focus its efforts on measuring progress towards building and sustaining national capabilities. This consolidation will eliminate administrative redundancies and ensure that all preparedness grants are contributing to the National Preparedness Goal. NPGP also will help to build deployable regional assets and will help State and locals leverage interstate and intrastate mutual aid more effectively and efficiently.

For FY 2013, FEMA is requesting \$1.54 billion for the NPGP. The complete reorganization of preparedness grants will allow for a more targeted grants approach where States build upon the capabilities established with previous grant money.

### *Bottom-up Reviews*

Another way that FEMA identifies opportunities for improvement is by performing programmatic bottom-up reviews (BUR). A BUR is a systematic review of every aspect of an agency program from multiple stakeholder viewpoints and helps to identify ways and methods to improve the program.

In December 2011, FEMA initiated a BUR of the Pre-positioned Equipment Program (PEP) to assess the efficacy of the program based on capital investments versus deployments of the PEP caches. The BUR analysis revealed that PEP resources are redundant capabilities provided by FEMA grant programs and have not been utilized since 2005 for disaster response, and that the desired return on investment for this program has not been realized. In fact, the caches were deployed only to a limited number of events and in each case, the inventory was not used. Based on the BUR analysis, and having given due diligence to the consideration of potential extenuating factors, FEMA proposes to fully eliminate PEP in FY 2013, which will result in a savings of \$6.2 million.

FEMA also is conducting a National Urban Search & Rescue (US&R) BUR to determine whether the US&R Response System, as currently structured, can fulfill the Nation's current and future needs for technical US&R capabilities and to identify strategies to improve the efficiency and effectiveness of the System. In March 2011, an initial report presented dozens of system issues identified through stakeholder interviews. FEMA's Office of Policy and Program Analysis (OPPA) is now in the process of finalizing its report.

The Public Assistance (PA) BUR was kicked off in Spring 2011 and was designed to be a comprehensive review of the PA program's processes, procedures, and policies. The objectives of the PA BUR are to identify ways to improve the efficiency and effectiveness of the PA program, to make it less burdensome for all, and to develop recommendations for program changes to support the rapid recovery of communities affected by disasters. FEMA recently has concluded the review phase, and based on the input received has developed a vision for an improved PA program. FEMA is currently finalizing a course of action to realize this vision, which will include opportunities to gain feedback from our stakeholders on potential enhancements or revisions to the program.

#### *Pre-Disaster Mitigation*

To ensure a maximum return on investment, efficiency, and effectiveness, as well as to reduce redundancy within FEMA grant programs in FY 2013, we propose to eliminate the Pre-disaster Mitigation (PDM) program. The Pre-disaster Mitigation Program has an unexpended balance of \$174.2 million, and FEMA will be working to allocate these amounts in FY 2013 and to recover any unexpended balances.

Since the most costly and frequent natural disaster is flooding, we plan to maximize the use of our flood grant portfolio to assist in managing the risk. FEMA administers four other mitigation grant programs that can fund, or exclusively fund, flood mitigation projects. In addition, PDM funds are used to fund State and local hazard mitigation plans, which is an eligible activity under the Hazard Mitigation Grant Program. FEMA intends to use its sizeable unobligated carryover balance from prior years to close outstanding grants.

### **III. Disaster Relief Fund**

The Disaster Relief Fund (DRF) accounts for a significant portion of FEMA's budget and mission. For FY 2013, FEMA and the Department of Homeland Security are taking prudent steps to ensure that the DRF is funded at the appropriate level to meet the assistance needs of affected communities and disaster survivors following a presidentially declared major disaster or emergency. In addition, FEMA has further refined its accounting methodology to align with the Budget Control Act (BCA) of 2012.

As a matter of practice, FEMA continually reassesses outgoing obligations and reimbursements held against the DRF balance, such as contract requirements or Public Assistance and Hazard Mitigation projects from past disasters. This consistent financial monitoring allows us to

determine if outstanding funds can be deobligated from previous projects and returned to the DRF. By deobligating mission assignments and disaster contracts in 2010, and deobligating funds from completed projects in 2011, FEMA has returned more than \$4.7 billion (as of September 30, 2011) to the DRF since the beginning of FY 2010.

For FY 2013, FEMA requests \$6.09 billion for the DRF, \$5.5 billion of which is designated as being for disaster relief in response to major disasters and is provided through a funding vehicle established in the BCA. Additionally, we estimate that we will be able to deobligate \$1.2 billion of previously appropriated funds during FY 2013 by continuing to enforce standard closeout policies, to establish and track closeout metrics, and to streamline and simplify the closeout process.

FEMA's 2013 request was calculated in accordance with the BCA, and therefore does not account for unexpected catastrophic events (those with expected costs exceeding \$500 million) that may occur in FY 2013. Our request assumes that events costing greater than \$500 million and that occur during FY 2013 will be funded with emergency supplemental funding, as provided for in the BCA. The FY 2013 request, as formulated, accounts for the continuing costs of past large-scale disasters and the expected annual cost of small-scale disasters.

The FY 2013 request also includes a \$500 million reserve to prevent the DRF from falling to the dangerously low level that it did during September 2011. This is especially crucial since the end of the fiscal year coincides with the 2013 Hurricane season. We are also seeking to avoid the implementation of Immediate Needs Funding restrictions, which occurred in FY 2010 and FY 2011 and delayed critical rebuilding projects.

#### **IV. Investments in Our Workforce and Technology**

A key to increasing any agency's efficiency is to make strategic investments in its people and technology. FEMA understands this and already has begun work on key investments that will increase the Agency's capabilities and aid us in accomplishing our mission.

##### *Investing in Our Workforce*

In 2011, the Office of the Chief Human Capital Officer (OCHCO) established a new orientation and training program for newly hired employees. These new training courses teach employees about FEMA, its mission and culture, and how to work with its programs across the organization. OCHCO already has trained more than 450 new hires through this initiative and FEMA will continue to evaluate and improve its onboarding process to ensure that new employees are as productive and prepared as possible.

FEMA is developing several leadership development initiatives to enhance opportunities for growth for our current employees. By investing in leadership programs, we are investing in the future of FEMA and enhancing our ability to perform our mission. In 2011, FEMA launched the Future Leaders program; a one-year program designed to enhance a participant's understanding of leadership at FEMA to build their leadership competencies. After a competitive selection

process, 33 employees were selected for the inaugural year of the new program and since its completion, the group has begun to positively impact FEMA. The Future Leaders have been working to promote the FEMA leadership culture throughout the entire agency, as well as serving as inspiration for other young people to enter into emergency management as a potential career, thereby a “win/win” for the whole community.

Additionally, FEMA recognizes that every employee of our agency is an emergency manager, and we are focusing on improved training and position qualifications to ensure that we can provide the best possible customer service during disaster response and recovery efforts. FEMA recently developed a national credentialing program focused on a government-wide and holistic approach to disaster surge staffing. The new FEMA Qualification System (FQS) will ensure that disaster response and recovery professionals are held to consistent expectations of workforce competency so they can perform the critical actions required to help individuals and communities respond to, recover from, and mitigate against disasters. This unified approach will ensure that FEMA employees are receiving the right training in an organized and efficient manner. We recently held town hall meetings in each of our regional offices, and at our headquarters building here in Washington, to discuss these changes directly with our staff. I personally led the meetings in Regions I, VI, and X, and was incredibly pleased by the productive dialogue and exchange of ideas that we had during the town halls.

#### *IT Automation Modernization*

FEMA is in the process of planning and executing major initiatives in IT automation modernization, streamlining the Agency’s information management systems. Currently, FEMA relies on a time-consuming, manual process to pull data about disaster efforts and funding, as well as other programmatic efforts. With the funding proposed in the FY 2013 budget, FEMA will build on the FY 2012 appropriations and work to modernize its IT systems and apply a comprehensive approach that integrates the preparedness, prevention, response, mitigation, and recovery missions when planning its activities. These improvements will allow the Agency to articulate metrics and outcomes more effectively and efficiently.

#### *Facility Upgrades to Mt. Weather*

Another important investment contained in this budget is for the Mt. Weather Emergency Operations Center (MWEOC). This facility provides the infrastructure necessary to support FEMA’s Continuity of Operations (COOP) activities, Incident Management, classified programs, and other all-hazards activities for multiple Federal Executive Branch Departments/Agencies. MWEOC currently is undergoing a significant infrastructure upgrade to provide modern facilities capable of supporting 21st century technology and today’s Federal Department and Agency requirements. In order to support this initiative, we propose a \$10 million increase in funding in FY 2013.

#### *Modernizing the Emergency Alert System (EAS)*

FEMA is also in the process of modernizing the nation’s Emergency Alert System (EAS). An important aspect of continuity planning is the technology used to communicate with the public.

The Integrated Public Alert and Warning System (IPAWS) program is a modernization and integration of the nation's EAS. IPAWS is designed to improve public safety through the rapid dissemination of emergency messages to as many people as possible over as many communications devices as possible. In November 2011, FEMA conducted the first-ever nationwide EAS test. This national EAS test assessed the capability of the system to communicate emergency information simultaneously across the United States. FEMA now has the information to determine the extent of the EAS successes and opportunities for improvement so that we can move forward to advance the system and its components.

In addition to modernizing the EAS, FEMA is developing two systems for individuals with enabled mobile devices to receive important emergency messages: the PLAN (Personal Localized Alerting Network), and the CMAS (Commercial Mobile Alerting System). These programs will use mobile technology to provide geographically targeted alert messages such as warnings on imminent threats, AMBER alerts, or emergency messages from the President. PLAN/CMAS leverages the extensive work done by the cellular industry and the DHS Science & Technology Directorate (S&T) to deliver these messages while avoiding the delays commonly found in text-message based systems. This new process is a critical capability, as was shown during the moments following the earthquake in this region last August when there were clear delays disseminating text message alerts to the public.

PLAN/CMAS became operational in New York City and Washington, D.C., during this past fall and winter, and we anticipate a nationwide operational capability beginning in April 2012. FEMA is working with the cellular industry and DHS S&T to conduct test and pilots of this capability over the next several months to ensure its success.

## **V. The *Whole Community* Approach: 2011 Accomplishments**

As I have discussed before this Committee previously, it is important to recognize that FEMA's efforts are part of an interconnected plan of action for emergency management. This *Whole Community* approach to emergency management provides the best framework for leveraging the expertise and resources of our stakeholders at all levels, both governmental and non-governmental. Moreover, the *Whole Community* approach is an important efficiency and cost-saving tool since it maximizes our limited funding by leveraging the capabilities of our partners.

In this past year, we have continued to utilize the *Whole Community* approach to better fulfill our mission. During FY 2011, FEMA responded to 98 new presidential major disaster declarations, 26 new presidential emergency declarations, and 112 new fire emergency declarations. In all, the Agency's efforts provided needed assistance to 48 States, the District of Columbia, and one territory in responding to a variety of major disasters, including severe winter storms, devastating tornadoes and flooding, wildfires, Hurricane Irene, and Tropical Storm Lee. Some examples of FEMA working with the *Whole Community* before, during, and after disasters include:

- During the response to Hurricane Irene, Federal officials were embedded in State and local emergency management operation centers and assessment teams were pre-deployed to every state in the storm's path. As a result, leading up to the storm's landfall State and



local officials consistently reported no communication challenges—usually the #1 problem identified in past disaster response.

- In Missouri, FEMA Emergency Support Function #14 provided planning, organizational, and onsite event support for the Joplin Citizen Advisory Recovery Team’s first Open House Workshop. Approximately 300 people attended the open house event, during which residents learned about the recovery planning process and had the opportunity to provide their input to the recovery process.
- In Georgia, FEMA and the Georgia Emergency Management Agency collaborated with the State’s American Bar Association to provide free legal assistance to survivors.
- In Alabama, FEMA partnered with the Alabama Department of Mental Health to activate Project Rebound in the tornado-affected parts of Alabama to provide free crisis counseling for an extended time after the disaster.
- We connected big businesses to small business in the response and recovery efforts to the devastating Joplin Tornado. In response to the tornadoes across the South, we shared data on store locations, available resources, power restoration, and situational awareness with hundreds of private sector organizations.
- In multiple disasters, we coordinated for private sector support at the community level, working with our joint field offices to facilitate mobile phone charging stations, financial guidance, hygiene kits, billboard messaging, hotel information videos, philanthropic efforts, and more.
- On the preparedness side, we increased private sector participation in our National Level Exercise to an historic level of more than 3,000 participants. In support of National Preparedness Month, we also inspired significant gains in private sector coalition members, with more than 1,300 signed members.
- The DHS Center for Faith-based and Neighborhood Partnerships responded to presidentially declared disasters in several states. Working in partnership with FEMA Regional Voluntary Agency Liaisons (VALs), the DHS Center hosted “FEMA 101” sessions for local faith leaders in Alabama to inform them about the FEMA application process and encourage them to assist community members in applying for FEMA assistance. DHS Center supported faith-based and voluntary responses to the Joplin tornado by working with the Volunteer Reception Center established and run by AmeriCorps; the American Red Cross shelter; and Convoy of Hope and Southern Baptist Convention’s Disaster Relief operation centers.

These are just a few of many examples of FEMA’s efforts to partner effectively with the expertise and resources of our stakeholders at every level.

### *National Preparedness Goal and System*

In 2011, FEMA became the Federal lead for the implementation of Presidential Policy Directive 8 (PPD-8) on National Preparedness. PPD-8 requires the development of both a *National Preparedness Goal* and a *National Preparedness System*. The *National Preparedness Goal* establishes core capabilities for prevention, protection, response, recovery, and mitigation that will serve as the basis for preparedness activities within FEMA, throughout the Federal Government, and at the State and local levels. The *National Preparedness System* enhances the *Whole Community* concept by formalizing engagement across all levels of government to

develop and strengthen a consistent preparedness process. Looking ahead, FEMA will continue to organize the implementation of the National Preparedness System in accordance with PPD-8. FEMA also will be working with partners across the emergency management community to integrate activities into a comprehensive campaign to build and sustain preparedness.

#### *National Disaster Recovery Framework (NDRF)*

In 2011, FEMA released the National Disaster Recovery Framework (NDRF). The NDRF—for the first time—clearly defines coordination structures, leadership roles and responsibilities, and guidance for Federal agencies, State and local governments, and other partners involved in disaster recovery planning and implementation. The NDRF reflects input gathered through extensive stakeholder discussions, which included outreach sessions conducted by FEMA and the Department of Housing and Urban Development in each of the 10 FEMA Regions, and forums held in five cities across the country. The final NDRF incorporates comments and recommendations from discussion roundtables held with professional associations, academic experts, and more than 600 stakeholders representing Federal, tribal, State, and local governments, as well as public and private organizations.

In September 2011, FEMA hosted the National Recovery Tabletop Exercise (Recovery TTX). This exercise involved players from the *Whole Community*, with more than 200 participants from Federal, State, local, and nongovernmental organizations. It was the first opportunity to explore the application of the NDRF using a National-Level Exercise large-scale, multi-state, multi-Region catastrophic earthquake scenario. The Recovery TTX was a great opportunity to outline further the scope of each Recovery Support Function (RSF), to identify the necessary linkages between RSFs, and to understand capacities to support the RSFs in all phases of recovery.

#### *Individual Assistance (IA)*

Over the past several years, FEMA has overhauled its recovery capability to provide individual assistance (IA) more quickly and efficiently. In 2005, FEMA had a daily capacity to perform 7,500 home inspections that were used to determine which FEMA repair and replacement grants a disaster survivor may be eligible to receive. Today, FEMA's capacity has increased to 20,000 home inspections daily by the 15<sup>th</sup> day of the disaster.

FEMA also has established Internet registration and applicant intake surge capacity to process up to 200,000 registrations per day during a catastrophic event. Moreover, since the identity of nearly all applicants is authenticated at registration, FEMA is able to strengthen controls against waste, fraud, and abuse. In 2011, web registrations accounted for one-third of all registrations.

In addition to a centralized website, FEMA's National Processing Service Centers have made significant improvements in customer service that have resulted in the ability to serve more customers quickly and efficiently. Through initiation of an Interactive Voice Response system, applicants can now check the status of their applications without agent intervention. This self-service option for disaster applicants also is provided through a comprehensive online capacity. As a result of these new automated options, in calendar year 2011, the Registration Intake and

Helpline achieved an average wait time of just 55 seconds and answered more than 1.7 million calls.

### *Mass Care*

FEMA has improved the way it delivers mass care services by implementing the National Mass Care Strategy. This strategy provides a framework to strengthen and expand resources available to help shelter, feed, and provide other mass care services by pooling expertise and identifying partnership opportunities. The newly created National Mass Care Council was launched in June 2011 and is co-chaired by the American Red Cross, FEMA, and the National Voluntary Organizations Active in Disaster. FEMA is an important part of the emergency management team; however, we have learned that we cannot and should not do it alone. *Whole Community* is a team approach that not only engages our partners at every level, but allows us to maximize available resources by leveraging their assets and abilities.

### *Risk Mapping and Flood Insurance*

This past fiscal year, FEMA initiated 385 Risk Mapping, Assessment, and Planning (Risk MAP) projects affecting 5,100 communities and addressed the highest priority engineering data needs, particularly coastal and levee areas. In addition, the National Flood Insurance Program (NFIP) reduced potential flood losses by an estimated \$1.7 billion and wrote more than 5.5 million flood insurance policies, providing financial protection for more than \$1.25 trillion in property value from flood loss. Moreover, the Unified Hazard Mitigation Assistance (UHMA) program provided up to \$252 million in flood grant funds, which prevented losses of approximately \$502 million. FEMA's mitigation efforts play an essential role in the Agency's mission by increasing the resiliency and reducing the financial impact of disasters.

### *National Level Exercise 2011 (NLE 11)*

FEMA coordinated the National Level Exercise 2011 (NLE 11) in May 2011 and tested response capabilities to a simulated catastrophic earthquake along the New Madrid Seismic Zone (NMSZ).

The main priority for NLE 11 was to validate national, joint, regional, and State operations planning objectives and courses of action in response to an NMSZ earthquake. This exercise also served as an opportunity to test and evaluate the *Whole Community* response methodology to collaborate effectively within the NMSZ catastrophic incident management system. Through this exercise, we identified many strengths as well as some areas of improvement that can be applied to both NMSZ earthquake planning and to other catastrophic planning efforts.

## **VI. Conclusion**

Over the past several years, FEMA has undergone a major overhaul to improve its existing programs and improve customer service to disaster survivors. The successes we have achieved would not have been possible without the resources provided to us by Congress and specifically

Members of this Committee. Still, we understand that we are competing for finite resources within a budgetary climate that requires us to make difficult program choices and to become even more efficient in our efforts.

The Administration's proposed budget reflects the appropriate balance of enabling FEMA to fulfill its mission while reducing spending in several areas and forcing program efficiency and innovative thinking. FEMA will continue to fulfill its most important mission to support our citizens and first responders to ensure that as a Nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.

Thank you again for the opportunity to appear before you today to discuss the proposed FEMA budget for FY 2013.