AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

FEMA'S FISCAL YEAR 2011 PRIORITIES AND BEYOND: ALIGNING BUDGET, MISSION, AND VISION

HEARING

BEFORE THE

SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS, PREPAREDNESS, AND RESPONSE

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

APRIL 27, 2010

Serial No. 111–64

Printed for the use of the Committee on Homeland Security

Available via the World Wide Web: http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PRINTING OFFICE

62–541 PDF WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON HOMELAND SECURITY

BENNIE G. THOMPSON, Mississippi, *Chairman*

LORETTA SANCHEZ, California
JANE HARMAN, California
PETER A. DEFAZIO, Oregon
ELEANOR HOLMES NORTON, District of Columbia
ZOE LOFGREN, California
SHEILA JACKSON LEE, Texas
HENRY CUELLAR, Texas
CHRISTOPHER P. CARNEY, Pennsylvania
YVETTE D. CLARKE, New York
LAURA RICHARDSON, California
ANN KIRKPATRICK, Arizona
BEN RAY LUJÁN, New Mexico
WILLIAM L. OWENS, New York
BILL PASCRELL, JR., New Jersey
EMANUEL CLEAVER, Missouri
AL GREEN, Texas
JAMES A. HIMES, Connecticut
MARY JO KILROY, Ohio
DINA TITUS, Nevada
VACANCY

PETER T. KING, New York
LAMAR SMITH, Texas
MARK E. SOUDER, Indiana
DANIEL E. LUNGREN, California
MIKE ROGERS, Alabama
MICHAEL T. MCCAUL, Texas
CHARLES W. DENT, Pennsylvania
GUS M. BILIRAKIS, Florida
PAUL C. BROUN, Georgia
CANDICE S. MILLER, Michigan
PETE OLSON, Texas
ANH "JOSEPH" CAO, Louisiana
STEVE AUSTRIA, Ohio

I. LANIER AVANT, *Staff Director*
ROSALINE COHEN, *Chief Counsel*
MICHAEL TWINCHEK, *Chief Clerk*
ROBERT O'CONNOR, *Minority Staff Director*

SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS, PREPAREDNESS, AND RESPONSE

LAURA RICHARDSON, California, *Chairwoman*

ELEANOR HOLMES NORTON, District of Columbia
HENRY CUELLAR, Texas
WILLIAM L. OWENS, New York
BILL PASCRELL, JR., New Jersey
EMMANUEL CLEAVER, Missouri
DINA TITUS, Nevada
BENNIE G. THOMPSON, Mississippi *(ex officio)*

MIKE ROGERS, Alabama
PETE OLSON, Texas
ANH "JOSEPH" CAO, Louisiana
MICHAEL T. MCCAUL, Texas
PETER T. KING, New York *(ex officio)*

STEPHEN VINA, *Staff Director*
RYAN CALDWELL, *Clerk*
AMANDA HALPERN, *Minority Subcommittee Lead*

CONTENTS

Page

STATEMENTS

The Honorable Laura Richardson, a Representative in Congress From the State of California, and Chairwoman, Subcommittee on Emergency Communications, Preparedness, and Response 1
The Honorable Mike Rogers, a Representative in Congress From the State of Alabama, and Ranking Member, Subcommittee on Emergency Communications, Preparedness, and Response 3
The Honorable Bennie G. Thompson, a Representative in Congress From the State of Mississippi, and Chairman, Committee on Homeland Security .. 4

WITNESSES

Mr. W. Craig Fugate, Administrator, Federal Emergency Management Agency, Department of Homeland Security:
Oral Statement 6
Prepared Statement 6

APPENDIX

Questions From Chairwoman Laura Richardson 35
Questions From Chairman Bennie G. Thompson 39
Questions From Ranking Member Peter T. King 41
Questions From Honorable William L. Owens 44

FEMA'S FISCAL YEAR 2011 PRIORITIES AND BEYOND: ALIGNING BUDGET, MISSION, AND VISION

Tuesday, April 27, 2010

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS,
PREPAREDNESS, AND RESPONSE,
Washington, DC.

The subcommittee met, pursuant to call, at 2:04 p.m., in Room 311, Cannon House Office Building, Hon. Laura Richardson [Chairwoman of the subcommittee] presiding.

Present: Representatives Richardson, Thompson, Cuellar, Pascrell, Cleaver, Titus, Rogers, Olson, and Cao.

Ms. RICHARDSON [presiding]. The Subcommittee on Emergency Communications, Preparedness, and Response will come to order.

The subcommittee is meeting today to receive testimony on "FEMA's 2011 Priorities and Beyond: Aligning the Budget, Mission, and Vision." I will now recognize myself for an opening statement.

I would urge both myself and all my colleagues—my understanding from staff, we might have votes coming up somewhere around the 3 o'clock hour, so if we can try and get through as much as possible, I think Mr. Fugate would appreciate that, as well.

Good afternoon. I want to welcome our witness to today's hearing, the Honorable Craig Fugate, administrator of FEMA. I would like to thank the administrator for working with us to reschedule this hearing in light of some of the weather and other issues that we had here in Washington. You were very kind to work with us and to come and discuss the budget request before us today for FEMA.

My colleagues and I on this subcommittee look forward to working with you.

Before we get started, I would like to take a moment to pass along my sincerest condolences to the good people of Mississippi, including many in the Chairman's district, and the neighboring States that were impacted by last weekend's tornado. My thoughts and prayers go out to all the families affected by the devastating storms, and we will make sure that we get them and you all the help that you absolutely need.

Given the current economic environment, I was pleased to see the administration requested $10.5 billion for FEMA in full year 2011, an increase of $168 million for the full year 2010 enacted level.

Over the last several months, we have witnessed the destruction caused by some of the most powerful earthquakes to hit our neighbors to the south. Not only do these disasters serve as humbling reminders of the massive responsibilities that come with your job, they require us to ask whether FEMA has the resources to carry out its mission here at home today.

While I am—excuse me—while I am supportive of the overall proposed budget increase for FEMA, I do have several concerns.

First, the budget processes—when you consider about a 4 percent reduction for State and local grants, training, and technical assistance, is an issue. In particular, the budget request includes a $200 million cut to vital firefighter grant programs, much of which I have heard many of my colleagues express in our own appropriations meetings here on the Hill.

Collectively, these two programs are often the last lifeline for fire departments struggling to sustain their capabilities in this economic downturn. I would like to hear from you why—of all the grant programs, especially given your background—that FEMA manages, these two programs would be singled out to be cut to such a large degree.

I am also extremely concerned about the proposal to consolidate several freestanding grant programs, such as the Citizen Corps, the Interoperable Emergency Communications within the State Homeland Security Grant Program.

I saw first-hand the devastation in American Samoa after the tsunamis last fall, and we must ensure that our citizens are just as equally prepared for a serious disaster. Programs like Citizens Corps are key to this effort and must remain adequately funded.

The same holds true for interoperability grants. I believe lumping these grants into State Homeland Security Grant Programs might only dilute the amount of funding for the integration of the State and local emergency communication systems.

I am also troubled by the elimination of the separate funding for emergency operation centers. I understand that it is an eligible expense under the Emergency Management Performance Grants, but, again, I am concerned that these centers will lose critical funding by being combined.

The budget is a very good indication of your vision for the upcoming year, Administrator Fugate, but we also know you have taken many other steps in your first year to build a stronger FEMA for years to come. I was pleased to review your administrator's intent for fiscal years 2012 and 2016. I think it speaks to your background and you knowing what is really needed in this organization.

This document outlines critical FEMA priorities, such as community resilience and performance metrics, but the overarching principle of the administrator's intent memo is the regional office empowerment. I support this overall strategy; however, questions do remain about how FEMA intends to provide the regions with the resources necessary to fulfill their duties, especially in light of that you didn't request any additional FTEs for this section.

The subcommittee did not get a lot of answers from FEMA last month, so I hope it is something you can address today.

I also know your vision for FEMA includes a shift away from "Government-centric" disaster management to a more multi-sector

collaborative approach. While there is certainly some strength in this strategy, I caution that FEMA must not shy away from its leadership role in disaster management.

For instance, I was very disappointed that FEMA's role was not more clearly defined in the draft National Disaster Recovery Framework, and I expect that the final version to emphasize FEMA's leadership capacity.

As we approach your 1-year anniversary as administrator—and I think you should be happy you got through being appointed before some of the other folks are still waiting—I believe FEMA has a long way to go under your leadership, but I am sure you will agree that that work is doable that lies ahead.

The recent $3.9 million contract to Partnership for Temporary Housing to build only anywhere between 8 and 15 homes in American Samoa is just one example of the challenges that I expect you to address immediately. This contract is not justified in my opinion, and there must be accountability, starting from the top.

I look forward to hearing how you will address this matter and my concerns with the budget. Thank you again for being here today, and I also want to give a good kudos to our staff, who have done an amazing job preparing for this.

With that, I would now like to recognize the Ranking Member of the Subcommittee on Emergency Communications, Preparedness, and Response, the gentleman from Alabama, Mr. Rogers, for his opening statement.

Mr. ROGERS. I would like to thank the Chairwoman for holding the hearing.

I want to thank Administrator Fugate for his time and being here and your preparation. I also want to let you know how much we appreciate your flexibility, given the inconvenience of canceling last month's hearing. It was—I know it was not easy for you to rearrange things, so I appreciate you doing that.

A year has passed since Mr. Fugate began as the administrator of FEMA. Over the past year, this agency has made good progress in strengthening its capabilities and improving its performance. I would like to thank Mr. Fugate for his on-going dedication and service.

This hearing provides an opportunity to examine the current and future direction of FEMA and to address whether the agency has the resources and support it needs to carry out its mission.

Recently, the administrator expressed his intent to utilize performance and implementation plans to drive the FEMA budgeting process in order to ensure that the budget request is in line with FEMA's overarching strategic plan. I look forward to hearing more about the administrator's intent and his vision for achieving the agency's priorities and improving its operations.

FEMA's budget request for fiscal year 2011 shows a continued effort to strengthen preparedness and response and to implement the reforms in Post-Katrina Emergency Management Reform Act. I am glad to see that the budget includes $62.5 million for the Center for Domestic Preparedness, for example, and the additional funds for CDP's facility repairs and capital improvements. Those were long overdue, so I appreciate that.

That being said, there are some areas of FEMA's budget, as well as some policy decisions being made which raise serious concerns with me. For example, the significant cuts to State and local homeland security grant programs in my view are unjustified. These cuts present a major challenge to State and local governments as they work toward establishing and maintaining critical security capabilities, as well as fostering a prepared citizenry.

This is also the second year in a row that this administration has requested a major cut to the assistance to firefighters grant program. This cut is just indefensible, particularly when fire departments are hard-pressed to find the money in this difficult economic climate to pay for necessary equipment and training.

The budget also acknowledges FEMA's plan to reform the National Exercise Program, but it is lacking any detail on what this will look like. Exercises are a key proponent to preparedness, and so more information is needed on FEMA's long-term vision and commitment to exercises.

It is essential the FEMA start to produce faster and more useful after-action assessments of these exercises and continuously build on the lessons learned. We are all mindful of the important mission that FEMA is charged with, and we want to ensure the agency is allocating resources efficiently and effectively.

I look forward to the witness's testimony, and I yield back.

Ms. RICHARDSON. The Chairwoman now recognizes the Chairman of the Committee on Homeland Security, the gentleman from Mississippi, Mr. Thompson, for an opening statement.

Mr. THOMPSON. Thank you very much, Chairwoman Richardson, for convening such an important hearing this afternoon. Excuse me. Let me also thank you for your comments about the good people in my State who had significant damage done by a tornado this Saturday.

Mr. Fugate, I appreciate your call. It meant a lot to me.

But I also thank you for coming today to talk about FEMA's fiscal year 2011 budget priorities and beyond. You bring a wealth of on-the-ground emergency management experience to FEMA, which is critically important to understanding the needs of first responders and communities.

Let me also add that there are many demands on FEMA's scarce resources. Many of these demands can be a matter of life and death to Americans who live in every corner of the country.

On Saturday, as I indicated, I saw firsthand the devastation caused by a string of tornadoes. Scores of my constituents will need the help of your agency, and I look forward to your leadership.

I believe this budget request reflects your vast experience, and I am pleased to see that FEMA received more than a 2 percent increase in net discretionary spending. With roughly $10.5 billion in total budget authority, FEMA should be able to adequately carry out its mission.

I was particularly pleased to see the $23 million request for the regional facility construction. I know these funds will help you carry out your vision for empowering the regions. However, these new facilities will provide little benefit if FEMA does not have strong policies in place or adequate staff with the right expertise.

Last month, I was dismayed to learn that FEMA still does not have a robust 5-year human capital plan. I urge you to complete that strategic plan and send it to this committee as soon as possible.

Despite the overall increase in FEMA's budget, I do have serious concerns about some of your vital programs. Like the Chairwoman, I am concerned about cuts to the firefighter grants and the consolidation of several freestanding grants into the State Homeland Security Grants Program.

I am also, as a matter of fact, alarmed by the 14 percent cut in the Urban Search and Rescue Program. We saw several examples of this team performing heroically in Haiti, and they deserve our Nation's support.

In addition to this request, the administration is asking $5.1 billion in supplemental funding to the Disaster Relief Fund. These monies will be used to fund previous disasters, including very valuable arbitration claims from Hurricane Katrina, and I urge the Senate to move quickly to restore these vital funds. As the committee will remember, we passed H.R. 4899 in the House just before the Easter recess.

Mr. Fugate, there are a number of issues outstanding. One that concerns me greatly is that we have failed to close out nearly 800 disasters in FEMA since 1989. I understand that there are some $16 billion attached to those closeout figures because we have not closed them out. I urge you to do whatever you can to close the ledgers on those situations.

In today's paper, we have the NextGen contract, which is in itself a real problem. Hopefully you can explain a little bit of that, because all of us are getting calls from people talking about their flood insurance going up. If we wasted several million dollars on a program we didn't even use, it doesn't speak well for us.

So there are a lot of things we can work at. I know the Chairwoman is interested in the Samoan housing situation. I look forward to getting the information on that.

I am not certain that we can afford a $400,000 three-bedroom house. I just think that is a bit much. Hopefully you can provide us the explanation we need to say what the real costs are. If that is the cost, then perhaps we need to do something else. I just don't think we can justify those kind of numbers in this day and time.

I yield back, Madam Chairwoman.

Ms. RICHARDSON. Other Members of the subcommittee are reminded that, under the committee rules, opening statements may be submitted for the record.

I welcome our sole witness today, the Honorable Craig Fugate, the administrator of FEMA.

Mr. Fugate began serving in the position as administrator of FEMA in May 2009. Prior to coming to FEMA, Mr. Fugate served as director of the Florida Division of Emergency Management. Mr. Fugate began his emergency management career as a volunteer firefighter and emergency paramedic and spent 10 years as the emergency manager for this county. We thank the administrator—not this one, Alachua County.

We thank the administrator for his service and for being with us today.

Without objection, the administrator's—Fugate's statement, full statement, will be inserted into the record, and I now ask the administrator to summarize his statement for 5 minutes.

STATEMENT OF W. CRAIG FUGATE, ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF HOMELAND SECURITY

Mr. FUGATE. Well, thank you, Chairwoman Richardson and Ranking Member Rogers, and also Chairman Thompson, and the other Members of the committee. It is a great honor to serve in this role.

I have this opening statement. To be honest with you, Madam Chairwoman, I think it is better just to get to your questions, and I am not sure how you want to do this, because there was a list of them.

But let me just caveat the administration's request this way. We work under the premise that, in going forward in this fiscal year, there were tremendous pressures to look at expenditures. It was the direction to submit a request based upon last year's request. I realize that is not what was appropriated, but that was what the goal was in looking at our program, just looking at the request from last year, and that was what we submitted in most cases.

It does reflect that those numbers were less than what was ultimately appropriated, but in looking at the fiscal constraints we had, that was the decision that was made to submit based upon the request last year, and it did not factor in the appropriation amounts, and that would be—again, as you point out—one of the areas that you want me to address.

But in all, I appreciate the opportunity to be here. Again, I will defer, Madam Chairwoman. Do you want to do these questions one at a time by different Members or try to go back to the list? Or how would you like me to do that?

[The statement of Mr. Fugate follows:]

PREPARED STATEMENT OF W. CRAIG FUGATE

APRIL 27, 2010

INTRODUCTION

Chairwoman Richardson, Ranking Member Rogers and Distinguished Members of the committee, it is a privilege to appear before you today on behalf of the Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA) to discuss the agency and our fiscal year 2011 budget request. The budget the President has proposed acknowledges the austere budget climate in which we find ourselves, and recognizes that FEMA also must be a good steward of taxpayer funds. In the development of our budget, we have considered the challenges faced by our State and local partners, and the reality that the Federal Government must meet its responsibilities while staying within its means.

The agency's fiscal year 2011 budget requests $7.294 billion in net discretionary budget authority, which is an increase of $186 million above the fiscal year 2010 enacted level. This budget will help ensure that FEMA can continue to:

- Empower and strengthen local communities and individuals;
- Invest in our human capital and facilities;
- Mitigate against hazards;
- Enhance the preparedness of our Nation;
- Provide effective emergency response; and
- Assist communities in recovering rapidly from disasters.

EMPOWERING AND STRENGTHENING LOCAL COMMUNITIES AND INDIVIDUALS

FEMA's budget request builds on a core principle that I believe is critical to not only FEMA's success, but also the success of our Nation in managing disasters: FEMA is only part of the emergency management team; we are not the entire team. We need to move away from the mindset that Federal and State governments are always in the lead, and build upon the strengths of our local communities and, more importantly, our citizens. We must treat individuals and communities as key assets rather than liabilities. This principle drives our agency's priorities, programs, policies, and budget. The principle was also reflected in the first ever Quadrennial Homeland Security Review (QHSR), which defines the future direction of homeland security in the United States.

The QHSR, which was recently released by the Department, recognizes that despite our best efforts to protect this country and our citizens, disasters, accidents, and even deliberate attacks are inevitable. Our collective challenge is to build our National capacity to be resilient in the face of disasters at all jurisdictional levels, beginning at the local level with our citizens.

As Secretary Napolitano and I have repeatedly said, citizens often play a far larger role in disasters than is typically recognized. Family members, friends, co-workers, and neighbors help with evacuations, search and rescue, food, water, shelter, and medical care, and undertake many other critical response functions well before professional emergency responders arrive. Partnerships that reflect this reality are fundamental to achieving resilience. These partnerships must be formally recognized and strengthened before an incident occurs, to help ensure that we are maximizing our combined strengths and have the capacity to reach those in need of assistance.

FEMA will foster an approach to emergency management Nationally that is built upon a foundation of proactive engagement with neighborhood associations, businesses, schools, faith-based community groups, trade groups, fraternal organizations, and other civic-minded organizations that can mobilize their networks to build community resilience and support local emergency management needs.

INVESTING IN OUR HUMAN CAPITAL AND FACILITIES

The administration's fiscal year 2011 request includes an increased Management and Administration (M&A) appropriation budget that will help FEMA invest in both our employees and our facilities. Our employees are our most valuable resource, and we need to ensure FEMA has the institutional knowledge and expertise needed to fulfill our mission.

The M&A appropriation provides core mission funding across all FEMA organizations at both the regional and headquarters levels. In the wake of Hurricane Katrina, FEMA expanded its temporary workforce known as the Cadre of On-Call Response Employees (CORE) to support new and expanded mission requirements, including programs supporting logistics management, individual assistance to disaster survivors, mitigation, disaster telecommunications, as well as business support functions across the workforce. These temporary but full-time employees have been paid through the Disaster Relief Fund (DRF) appropriation both for direct charge disaster and non-disaster specific allocations. Those that are essential to FEMA's ability to execute its daily mission requirements are proposed to be funded in the M&A appropriation, which supports all of FEMA's mission areas. FEMA is currently in the process of moving these essential full-time temporary CORE positions to full-time permanent Federal positions and we will complete these moves in fiscal year 2010. After this action is completed, FEMA will no longer use its temporary CORE workforce for base FEMA programs. In our fiscal year 2011 request, only the CORE employees charged directly to specific disasters will remain funded by the DRF.

We have also proposed a modest increase of $23.3 million in our fiscal year 2011 M&A appropriation request for improvements to support neglected facilities. By 2011, FEMA will reach the point where our facilities will be unable to continue to absorb projected and necessary staffing increases and mission responsibilities. FEMA also faces a critical need for adequate resources to maintain and repair our aging and deteriorating facilities. To address these needs, FEMA has developed a 5-year capital plan. $23.3 million is required in fiscal year 2011 to begin critical regional facility acquisitions and repairs, as well as to support critical and long-overdue capital improvements. Of this amount, $11.4 million would be allocated for additional facilities to provide adequate space for our workforce and the remaining $11.9 million would be allocated to facility repairs and capital improvements for existing facilities.

To support all M&A activities, FEMA requests $902.9 million, which represents a net increase of $105.3 million or 13.2 percent. This request will annualize the

$105.6 million that was transferred in fiscal year 2010 from the DRF into the M&A account and will fully fund all M&A employees within the M&A account, eliminating the need to seek a transfer authority as has been necessary in the past.

MITIGATING AGAINST HAZARDS

Although some disasters are inevitable, we can and must take steps to reduce their impact. Achieving this goal requires a thorough assessment of risks and robust efforts to reduce vulnerabilities. Mitigation provides a critical foundation to reduce loss of life and property by avoiding or lessening the impact of a disaster, and seeks to break out of the cycle of disaster damage, reconstruction, and repeated damage. Mitigating vulnerabilities reduces both the direct consequences and the response and recovery requirements of disasters.

The Pre-Disaster Mitigation (PDM) Fund provides technical assistance and Federal funding to State, local, and Tribal governments to support the development and enhancement of hazard mitigation plans aimed at instituting policies and practices, and mitigation projects that involve physical measures to avoid or reduce damage from natural disasters. Operating independently of the DRF, which provides post-disaster Hazard Mitigation Grant Program (HMGP) funding, the PDM Fund offers an annual source for qualified mitigation activities that are not dependent upon a Presidential disaster declaration. The 2007 report from the Congressional Budget Office found that for every dollar invested prior to a disaster, $3 in future losses to taxpayers are avoided, based on an analysis by CBO of mitigation investments. In addition, the Multihazard Mitigation Council of the National Institute of Building Sciences did a Congressionally mandated study and found that every dollar spent on disaster mitigation saves society an average of $4. Mitigation helps to save lives and reduce property damage.

In fiscal year 2011, FEMA seeks to incorporate pre-disaster mitigation and sustainability principles into both the PDM program and the Department of Housing and Urban Development's (HUD) Sustainable Communities Initiative through a partnership with HUD. This will help support strategic local approaches to sustainable development by coupling hazard mitigation with related community development goals and activities that reduce risks while protecting life, property, and the environment. In support of this effort, the administration requests $100 million in fiscal year 2011 for the PDM Fund, the same amount enacted in fiscal year 2010.

The Flood Hazard Mapping and Risk Analysis Program addresses flood hazard data update needs and builds upon the successful Flood Map Modernization program. This effort began in 2004 as a Federally funded initiative to improve and modernize the process for updating, maintaining, storing, and distributing the flood hazard and risk information portrayed on Flood Insurance Rate Maps (FIRMs). Federal statutory requirements direct FEMA to review the flood hazards maps on a 5-year cycle and address flood hazard data update needs.

To meet this requirement, FEMA requests $194 million in fiscal year 2011 for the Flood Hazard Mapping and Risk Analysis Program, a net decrease of $26 million from the level enacted in fiscal year 2010. However, this reduction will be offset by fees collected through the National Flood Insurance Program (NFIP) and efficiencies created through the implementation of Risk Mapping, Assessment and Planning (Risk MAP) and through FEMA's use of digital rather than paper maps.

The National Flood Insurance Fund (NFIF) is a premium revenue and fee-generated fund that supports the NFIP. The NFIP provides flood insurance on a National basis to owners of properties located in vulnerable areas. Currently the NFIP insures more than 5.6 million residential and commercial policyholders, totaling approximately $1.1 trillion in insurance coverage. By supporting the flood hazard reduction grant programs and floodplain management efforts, the NFIP estimates that more than $1.2 billion in flood-related losses are avoided annually.

FEMA requests $169 million in fee authority in fiscal year 2011 for the discretionary NFIF funding which is a $23 million increase from the fiscal year 2010 enacted level, based on estimated fee collections resulting from increases in policy fees that will go into effect by May 1, 2010.

FEMA also requests $3.0 billion in fee authority in fiscal year 2011 for mandatory NFIP funding, which is a $50.5 million increase over the fiscal year 2010 enacted level based on estimated policy rate increases effective in October 2009 and October 2010. The mandatory NFIP fee authority will fund the Flood Mitigation Assistance and Repetitive Flood Claims programs, in addition to the NFIP operating expenses.

ENHANCING THE PREPAREDNESS OF OUR NATION

Active participation by all segments of society in planning, training, organizing, and heightening awareness is an essential component of National preparedness. Al-

though efforts have traditionally focused on preparedness of the Government and official first responders, we must start with our citizens. The preparedness of our citizens, and the enhancement of their ability to care for themselves and assist their neighbors in emergencies, is critical to response and recovery success. When safely provided, neighbor-to-neighbor assistance decreases the burden on emergency responders. Our citizens should be seen as force multipliers who can offer specialized knowledge and skills, and allow emergency responders to focus on the most vulnerable segments of society.

After neighbors, law enforcement, emergency services, and fire personnel are the first to respond to an incident, and are usually the first to identify and commence preparation for an emerging event. We must continue to ensure that these organizations and personnel are properly trained, and fully supported.

Through grants, training, exercises, and other support, the State and Local Programs (SLP) appropriation enables FEMA to fulfill its role as the principal component of DHS responsible for assisting State and local governments in the prevention of, protection against, response to, and recovery from natural and man-made disasters.

FEMA requests $4 billion in fiscal year 2011 for the SLP appropriation, which is a decrease of $164.61 million from the fiscal year 2010 enacted level. The request also proposes to consolidate several current grant programs into a larger State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI). This consolidation gives States and urban areas the flexibility to spend grants funds through SHSP and UASI according to their identified priorities, rather than tailoring their needs to "fit" the multiple grant programs that currently exist. State, local, and Tribal partners have stated that they would like to see some consolidation of similar grant programs, in order to reduce the administrative and application burdens. This budget is responsive to this important stakeholder feedback.

Proposed funding levels within the SLP appropriation are as follows:

- *State and Regional Preparedness Program*.—This program includes four grant programs—the SHSP; the Emergency Management Performance Grants (EMPG); the Regional Catastrophic Preparedness Grants Program (RCPGP); and the Firefighter Assistance Grants Program. The Firefighter Assistance Grants Program actually consists of three individual programs: the Assistance to Firefighter Grants (AFG) program, the Staffing for Adequate Fire and Emergency Response (SAFER) program, and the Fire Prevention and Safety (FP&S) program. In fiscal year 2011, FEMA requests $2.04 billion for the State and Regional Preparedness Program, which is the same amount as requested in fiscal year 2010, but is a decrease of $313.7 million from the fiscal year 2010 enacted level. The administration also proposes to realign the Firefighter Assistance Grants and the Emergency Management Performance Grants into the SLP appropriation.
- *Metropolitan Statistical Area (MSA) Preparedness Program*.—The proposal for this program includes four grant programs—the Urban Areas Security Initiative (UASI); the Buffer Zone Protection Program (BZPP); the Port Security Grant Program (PSGP); and the Transit Security Grant Program (TSGP). In fiscal year 2011, FEMA requests $1.75 billion for the MSA Preparedness Program, which includes an increase of $201 million from the fiscal year 2010 enacted level.
- *Training Measurement and Exercise Program*.—This program funds the National Exercise Program, the Continuing Training Grant Programs, the National Domestic Preparedness Consortium, and the Technical Assistance and Evaluation and Assessment Program. In fiscal year 2011, FEMA requests $210.59 million for the Training Measurement and Exercise Program, which is the same amount as requested in fiscal year 2010.
- *Management and Administration*.—Funding for this activity includes traditional operational and program management support resources for the Grants Program and National Preparedness offices. This funding supports the salaries and benefits for headquarters and regional staff, travel, rent, printing and supplies, related preparedness activities, and the business processes and systems necessary for all stages of grants management. The proposal is for program management and administration costs not to exceed 4.7 percent of the total funding of the State and Local Programs (including the Firefighter Assistance Grants and Emergency Management Performance Grants). In addition, we are also proposing that funding for Grants Program and National Preparedness management and administration be transferred to the FEMA M&A appropriation account after enactment.

The mission of the United States Fire Administration (USFA) is to provide National leadership to foster a solid foundation for fire and emergency services stake-

holders for prevention, protection, preparedness, and response. USFA prepares the Nation's emergency responders through on-going and, when necessary, expedited training, to help evaluate and minimize community risk, improve protection of critical infrastructure, and better prepare to react to all types of emergencies. USFA coordinates with other Federal, State, and local emergency service agencies, the private sector, and with colleges, universities, and other DHS educational consortium participants.

To continue to build these preparedness capabilities, FEMA requests $45.93 million for USFA in fiscal year 2011, which is an increase of $342,000 for pay inflation, as compared to the fiscal year 2010 enacted level.

The Radiological Emergency Preparedness Program (REPP) assists State, local, and Tribal governments in the development of off-site radiological emergency preparedness plans within the emergency planning zones of Nuclear Regulatory Commission (NRC) licensees of commercial nuclear power facilities. The REPP fund is financed from user fees assessed and collected from NRC licensees to cover budgeted costs for radiological emergency planning, preparedness, and response activities in the following year.

FEMA requests $33 million in fee authority for REPP in fiscal year 2011, which is an increase of $361,000 for pay inflation, as compared to the fiscal year 2010 enacted level.

PROVIDING EFFECTIVE EMERGENCY RESPONSE

Because it is impossible to eliminate all risks, a resilient nation must have a robust capacity to respond when disaster strikes. This response must be grounded in the basic elements of incident management. When an incident occurs that is beyond local response capabilities, communities must be able to obtain assistance from neighboring jurisdictions and regional partners quickly, making a robust regional capacity vital to effective emergency response.

Strong FEMA Regions are critical to our ability to maintain and sustain robust partnerships with our stakeholders within the public and private sector that will help ensure the most efficient leveraging of National expertise, resources, and capabilities in future responses to all-hazard events. FEMA will continue to further empower our regional offices to improve quality and consistency in all aspects of disaster preparedness and management, including disaster response. Regional situational awareness of operations must be used to properly shape policy and planning.

The FEMA team has continued to improve coordination and connectivity with interagency, military, and DHS partners through upgrades to our network of operation centers, including the National Response Coordination Center, Regional Response Coordination Centers, the Response Watches, and the FEMA Operations Center.

FEMA's Operational Teams—the Incident Management Assistance Teams (IMAT), the Urban Search and Rescue (US&R) Task Forces and Mobile Emergency Response Support (MERS) teams—continue to be deployed in support of disasters and National Security Special Events.

The IMAT can rapidly deploy to an incident or incident-threatened venue, provide leadership in the identification and provision of Federal assistance, and coordinate and integrate inter-jurisdictional response in support of affected State(s), Tribe(s) or U.S. territory(s). IMAT teams support efforts to meet emergent needs, provide initial situational awareness for Federal decision-makers, and support the initial establishment of a unified command. Moreover, the IMAT can establish an effective Federal presence within 12 hours of notification and are self-sufficient for a minimum of 48 hours to augment potentially scarce local resources.

The US&R system is comprised of 28 Task Forces that provide a coordinated, National, all-risk capability for locating, extricating, and stabilizing victims of structural collapse incidents resulting from natural or manmade causes, including terrorism and weapons of mass destruction. These Task Forces are highly trained and possess the necessary expertise to provide medical treatment to victims in heavy rescue situations. FEMA distributes readiness grants to each of the US&R Task Forces to provide the US&R system crucial funding for equipment and training.

Within the FEMA M&A appropriation, there is funding for the US&R Task Forces. FEMA requests $28 million for the US&R Task Forces in fiscal year 2011, which is the same amount as requested in fiscal year 2010.

HELPING COMMUNITIES RECOVER RAPIDLY FROM DISASTERS

The Robert T. Stafford Act Disaster Relief and Emergency Assistance Act authorizes the President to provide Federal assistance to supplement State and local governments' disaster response, recovery, readiness, and mitigation efforts. Under the

Homeland Security Act, as amended by the Post Katrina Emergency Management Reform Act, the FEMA Administrator has been delegated the responsibility for administering the Stafford Act's Federal assistance program. Through the DRF, FEMA can fund authorized Federal disaster support activities as well as eligible State, territorial, Tribal, and local actions, such as providing emergency protection and debris removal. The DRF also funds:

- The repair and rebuilding of qualifying disaster-damaged infrastructure;
- Post-disaster hazard mitigation initiatives;
- Financial assistance to eligible disaster survivors; and
- Fire Management Assistance Grants for qualifying large wildfires.

Major disasters and emergencies may be the result of natural or man-made hazards, and are normally declared by the President in response to gubernatorial requests for assistance. States request Federal assistance to supplement their available resources and certify that a given disaster is beyond their capacity or capability to respond.

FEMA requests $1.95 billion for the DRF in fiscal year 2011, which is a net increase of $350 million from the fiscal year 2010 enacted level to support the 5-year average obligation level for non-catastrophic disaster activity.

The administration is submitting, concurrent with the fiscal year 2011 request, a $5.1 billion supplemental request for the DRF. These funds are needed due to continuing obligations associated with previous disasters including hurricanes Katrina, Rita, and Wilma in 2005 and 2006, the 2007 California wildfires, and hurricanes Gustav and Ike in 2008, among others. These supplemental funds are needed immediately to allow us to continue our response and recovery efforts from these large catastrophic events.

The Emergency Food and Shelter Program provides grants to nonprofit and faith-based organizations at the local level through a National Board to supplement their programs for emergency food and shelter. Nearly 12,000 nonprofit and local government agencies in over 2,500 cities and counties across the United States receive grant awards. Emergency Food and Shelter funds are used to supplement food, shelter, rent, mortgage, and utility assistance for people with non-disaster related emergencies. FEMA requests $100 million for the Emergency Food and Shelter Program in fiscal year 2011. This is the same amount as requested in fiscal year 2010.

Working with partners and stakeholders, FEMA, together with our Federal partners, will continue to support recovery programs that more seamlessly support affected communities and balance the assistance needs of the States, communities, and individuals with the agency's need to serve as a good steward of taxpayers' funds. In the coming year, FEMA will build upon the results of the Catastrophic Event Preparedness effort and the direction provided by the Long Term Disaster Recovery Working Group, the National Disaster Recovery Framework, the National Disaster Housing Task Force and other related taskforces and workgroups to implement a more robust, efficient and cost-effective Federal program to meet the needs of survivors.

CONCLUSION

Madam Chairwoman, I believe that the administration's fiscal year 2011 budget proposal represents a thoughtful, responsible approach to improving our Nation's resilience to all hazards. The budget proposal will enable the entire emergency management team to achieve our strategic goals to mitigate hazards, enhance our Nation's preparedness, ensure an effective emergency response capability and assist those communities that do experience disasters to rapidly recover.

But more importantly, our budget will help us empower and strengthen communities and individuals. As I noted at the outset, Madam Chairwoman, FEMA is not the entire team. We are only part of the team—a team that includes all Americans. The more that we can do to ensure that each individual and family is prepared for disasters, the better prepared we will all be as a Nation. I look forward to working with you, distinguished Members of this subcommittee, and other Members of Congress to communicate this message to the American people so that we can become a more resilient Nation.

This concludes my testimony today. I am prepared to answer any questions the committee may have.

Ms. RICHARDSON. We do have a process, and we will follow the normal process that we have.

In light of that, my script says here I will thank you for your testimony, although it be brief. I will remind each Member that he or

she will have 5 minutes to question the witness, and I will now recognize myself for questions.

So, Mr. Fugate, in light of what you just said, without those restrictions, how would you have presented your budget differently?

Mr. FUGATE. Well, I have never been given a situation where I was given unlimited funds. So I am not sure what the appropriate response would be other than, we based our request upon what this administration had done. I believe prior to this, the administration budget request had not even factored in many of these programs.

We at least are trying to recognize the importance of these programs and make recommendations upon base-level funding, but we did not—looking at this year—feel that the recommendation above the President's previous request was warranted, given our current fiscal situations.

Ms. RICHARDSON. Mr. Fugate, some committees might agree with that general response. However, with being in charge of FEMA, you have a unique responsibility. Our entire homeland security—and when you look at the entire homeland's response—is sitting on your shoulders.

So I think in your particular assignment, we really want to hear from you of what you need. I think dependent upon what you need are the recommendations that we should be making.

Mr. FUGATE. Well, the President's recommendation is what I agree we need to go forward with. There is an interesting question here in the firefighting grants, particularly SAFER. That is, are we trying to address in the short term the difficulties that we are having at the local level versus long-term funding?

I don't think that I know what that answer is. I think that this is—as you go through an economic crisis that some say may be abating—at what level do we need to continue to fund that support and for how long? This was a recommendation based upon what we had previously requested, but I am not sure how to answer that question on what is the proper balance between local funds versus Federal dollars, given the current economic cycle.

Ms. RICHARDSON. Well, I would say to you, since the local funds are not in abundance, us relying upon the short term to have their contribution is probably not effective. In light of your first—the thing you just alluded to, the SAFER grants, what I would say to you, one of my biggest concerns is why we would have a cut in the SAFER grants, and yet you would have an increase of $200 million for terrorist training.

Mr. FUGATE. Again, these were factored as far as looking at previous recommendations, previous funding, and looking at where we saw our needs at. In looking at the Federal mission—not State and local response—those were areas we looked at.

Ms. RICHARDSON. So how many terrorist trainings have you already had?

Mr. FUGATE. I would have to get a list for you and provide that in writing. I would not have on the top of my head that number.

Ms. RICHARDSON. Okay. I would venture to say to you, I can at least speak for my own personal opinion that if this is a couple more terrorist trainings versus the actual response of our first responders being able to help us in the event something were to happen, my $200 million would be for the SAFER grant program or

the firefighter grant program and not the one that you have recommended.

My next question would be, the budget eliminates several standalone grant programs and lumps them in with the homeland security grant program. I do not support the elimination of any of these programs, but I am especially troubled by the decision to eliminate the Citizens Corps grant, also—and some of the others, particularly with the emergency operations communications.

Last month, FEMA told us that they still did not have a strategy for promoting community awareness. Without a blueprint or a dedicated grant program to support Citizens Corps councils, how does FEMA expect to promote individual community preparedness?

In terms of interoperability grants, how will you ensure that the Interoperable Emergency Communications Grant Program remains adequately funded and a priority if it is consolidated within the homeland security grant program?

Mr. FUGATE. The answer is, this was not the intention, to eliminate these grant programs. It was to reduce the paperwork in applying for these grant programs.

The money is still there. It is just being combined into one grant application process and giving local and State officials, particularly the State administrative agency, more flexibility in administering these grants. So the intention was not to eliminate the funds, but I understand the concern that, in doing that, it also loses the identity as singled out as a grant program, not as a merged pot of money.

Ms. RICHARDSON. So are you prepared to commit that the current funds that those various grant programs have, that they will stay remained in the new consolidated program? For example, I think the interoperable was $50 million to $60 million. Are you prepared to commit that those funds stay allocated in those sections?

Mr. FUGATE. It is the intent to provide flexibility, so before I would commit to what State and local governments may do, it is the intention to give them more flexibility in these funds, but that is something that we would take under advisement.

Ms. RICHARDSON. For the next round of questions, I will go there, but I will tell you, Mr. Fugate, those two don't add up. You either—you said you are not intending to cut the funding, and yet you are saying, well, it will be in a flexible pot and they can do what they want. You can't have both apples. It just won't work.

Mr. Rogers.

Mr. ROGERS. I thank the Chairwoman.

Mr. Fugate, last time you testified before this committee, I submitted a question to you about disaster declarations and the lack of transparency. You told me you were going to review that and see if you thought maybe there was some more information that should be passed along to the States to make sure that they feel comfortable, they understand the process.

Can you tell me what your review has yielded, if you have made any changes in the way you disseminate information?

Mr. FUGATE. That one turns out that, in doing it, we have been doing more briefings. We brought in declaration folks to sit down with States and go over the process.

But I think part of the challenge we have had in some of the requests that we see from States is, their information—as we demonstrated one time, we had to go back and get more information, and that sometimes slows down the process. Ultimately we make a recommendation. That recommendation is then something the President acts on. Then at the end of that process, we can then release the information.

We have responsibility after so many days after that to report back to Congress, but in doing that, it is, I think, still—for the State perspective—a lot of questions. We are currently working with White House staff to try to clarify some of that. But it is a work in progress, and it is—in my opinion, it is moving in the direction we want to go to, but we are not there yet.

Mr. ROGERS. Do you have a time line that you think you will have resolved these problems?

Mr. FUGATE. Well, I think in the area of individual assistance, this is one area we are working with the White House on, because in declarations requiring that there is no threshold, but you have to demonstrate how much of an impact that has that would exceed the capability of State and local governments to manage.

We have examples in the CFR, but they don't always correlate into clear delineations of what would be the threshold, since there is no set threshold. It is actually prohibited under the Stafford Act to have an arbitrary number as the determining threshold for individual citizens.

So we are looking at, how do we clarify? What are the factors that we are looking at, such as the impacts, incomes on employment, disadvantaged community, uninsured losses, as giving a better understanding of what reasonably you could expect if you were making that request?

On the State side, when I was a State director, it is pretty difficult to know what is the exact threshold for individual assistance. Public assistance tends to be more driven by the type of damage that was eligible—the capability of State and local governments, but individual assistance is much more difficult to quantify.

Mr. ROGERS. Well, I understand it is complicated. I am really more interested in knowing when you think you will have resolved these problems and have, you know, some clear resolution with the States. Will it be 6 months from now, a year from now, 3 months?

Mr. FUGATE. Probably on individual assistance, we are looking at when the next—it depends upon the conversations we are currently having with the States and also working back with the White House, but I think that will be the first one that will have additional guidance, and that may be as early as 3 months to 6 months.

Public assistance, I think we are still looking at, is—will probably come up with some questions. Snow policy and other areas we are having to look at again after this recent round of snow events, so that may take longer.

Mr. ROGERS. Okay. I want to talk to you about the Center for Domestic Preparedness. Last week, we had weapons of mass destruction commissioners in here testifying about their review, and one of the things they emphasized was that it is very likely that we are going to have a WMD attack in this country by 2013.

In light of that prediction, is there something that you are doing to be proactive in that field to prepare for the consequences of an attack such as that?

Mr. FUGATE. Yes, sir. We put more emphasis on our weapons of mass destruction activities at the headquarters level and also at the region levels. Part of this goes back to an area that has been pointed out in these reports is, how do we do public preparedness and public messaging? That is an area that we are looking at now based upon those reports.

We have done more exercises. We are doing more training. We have teams that are a part of multi-agency, Federal agency teams that would respond in the event of this threat. Many of those teams go through the Center for Domestic Preparedness for their training.

Mr. ROGERS. Well, and I am glad you mentioned that, because you are right. I am wondering what we can do to expand that. But more importantly, as you know, I represent a very rural Congressional district. We have some mobile training that can go out to these rural first responders. Can you do something to enhance that role at the CDP?

Mr. FUGATE. I will take that back to Tim Manning, the administrator over those areas, and ask him to take a look at that and report back.

Mr. ROGERS. Great, thank you.

I yield back.

Ms. RICHARDSON. Chairman Thompson.

Mr. THOMPSON. Thank you very much, Madam Chairwoman.

Mr. Fugate, I referenced the NextGen contract. Inspector general basically has indicated that, after $7.5 million invested in an IT system for National flood insurance, it did not meet security or technical requirements. Is that your understanding?

Mr. FUGATE. Yes, sir.

Mr. THOMPSON. What have you done in light of that?

Mr. FUGATE. I was the one that requested the IG review in the first place. This was one of the situations I found upon my arrival at FEMA that initial reports did not convey to me that, (A) we had a good understanding of what we were trying to do, and (B), I was concerned about the fact that many of the people working on this project were actually former employees and had actually switched from a contractor role into a Federal role.

I felt at that point that any attempt on our part to determine what had happened would not be credible, and I requested the IG to come in and do that audit.

The other thing that I found at that time was we did not have strong internal management controls for these types of projects and had no oversight from our chief financial officer or chief procurement officer or our IT infrastructure, which you would have thought would have been a natural fit for a project of this size within the mitigation directorate.

We are taking all of the IG findings seriously. We are in the process of implementing them. We are going to probably at this point move that project from out from underneath the mitigation staff which do not have the IT or technical background for man-

aging that type of system and have our management directorate with the IT oversight to manage this project.

Mr. THOMPSON. Can you briefly tell us whether or not the ethical conflicts that the IG raised in the—in the report, whether or not you will take action, have taken action?

Mr. FUGATE. The COTARs that were involved in this project were taken off of this project. We tried to provide separation between those staff that previously had potential conflicts of interest out of this process.

But, Mr. Chairman, that was exactly why, when I started reading this, I said, there is no credible way I can deal with this problem given the fact that I have immediate conflict of interest just from reading the documents I saw. So I felt the only way to get a good feedback on what needed to be done was to have outside counsel—in this case, IG—provide that oversight.

Mr. THOMPSON. Well, I would say—look at who put the COTARs on the contract. That is your problem. So I—and I am sure you will do that. Do you nod, say you will, or——

Mr. FUGATE. Mr. Chairman, we are going to fully take advantage of the IG findings to ensure that this is addressed.

Mr. THOMPSON. Thank you. Thank you.

The human capital plan, you have talked about pushing more authority down to the regional office level. Can you tell us when we can expect that 5-year human capital plan?

Mr. FUGATE. Mr. Chairman, I can tell you where we are at in this process. We have finished our reviews within homeland security to go back to OMB for final approval before we transmit.

We were, I think, in our last budget given funds to bring in the Homeland Security Institute to help us work this issue and put together what the staffing plans would look like. Part of this was looking at what scenarios we would respond to based upon our existing response structures using Katrina and staffing for Katrina as an example of a catastrophic disaster response. So we are in the process of pouring that model.

I am not sure I can give you an exact time frame, but I would say in months we should have this back to Congress based upon where we are at in submitting this through OMB.

Mr. THOMPSON. The problem I think some of us have is we are moving toward a new business model, but yet still we are not sure who the drivers and other people will be. So I think it would help you if you had that human capital plan in front of you geared toward the new business model.

Mr. FUGATE. I would agree, Mr. Chairman, but as we noted, we did not have new FTEs in this budget. But we do have some that are being converted from contractors.

We also had in this previous year a lot of assistance from this body helping us move temporary positions—what we call core positions—and convert those to full-time that were doing full-time work, that we had some bad habits, to be honest. We were doing a lot of things using the disaster recovery fund for continuation of business, not tied to a disaster.

So part of this was already being done, was looking at where we had positions that were being funded out of the DRF, the disaster recovery fund, that were not tied to a specific disaster. This body—

as well as the Senate—agreed to help fund those positions to convert them to full-time equivalents.

Mr. THOMPSON. Can you tell us how you plan to close out over 800 disasters?

Mr. FUGATE. That process has already begun. To a certain degree, we are already seeing the success of that.

We brought in through the acquisition coordination of our budget shop to look at, how many current mission assignments did we have that had not been closed out? These are mission assignments to other Federal agencies, some of which as you point out were open for a long period of time.

We have been able to recover and de-obligate over $400 million in the past month of these open disasters. We also are looking at a lot of these disasters that may have residual amounts left in mission assignments that have not been closed out, making determinations of how to close those out.

So it is our goal to reduce the backlog of closing out disasters, de-obligate those funds that can go back and replenish the DRF, and move to the closure on many of these older disasters that do not have any complicated issues or on-going recovery activities, but just have not been closed out due to lack of effort.

Mr. THOMPSON. If you have put together a plan to close it out or whatever is presently underway, can you provide the committee with that document?

Mr. FUGATE. Yes, sir, Mr. Chairman. That would come from our chief financial officer, who took the lead on this, and we can provide that.

Mr. THOMPSON. Thank you very much.

Madam Chairwoman, one more question.

FEMA awarded very recently a major risk map production and technical services contract, P&TS, to a joint venture, BakerAECOM, LLC, about a $600 million contract. That is—that is a lot of money.

I understand, in light of the President's announcement yesterday on opportunities for small businesses, this is a good example of a contract that could have gone to a lot of small businesses that some of us think got bundled and it cut out a lot of good, hardworking folk.

Can you assure us that, in light of the President's Executive Order yesterday, that FEMA will look closer at giving small businesses a shot at some of this work?

Mr. FUGATE. Mr. Chairman, and I know that other Members of this committee have tasked or asked that we do very similar things. To the best of our ability, I have asked my acquisition shop to embrace a philosophy of buy local, hire local, that both in our disaster and our contracting, to try to look at purchasing the needed goods or services in the area we are working.

I think that we are too leveraged to these larger contracts that are National in scope. In some cases, there are very valid reasons. But when there is not a valid reason and opportunity, I think that, in the name of efficiency, we oftentimes will aggregate up large contracts and maybe miss the opportunity to get good work done locally by a local provider.

Mr. THOMPSON. Well, I will tell you what we hear. If the person gets paid for managing one contract, why should he go out and put 8 or 10 on the street, and we pay them the same thing?

Now, that is how we end up with a $600 million contract, because you have one contract. I think it is the mindset that we have to change within our agencies to look at the backbone of this country is small businesses. If we are going to cut them out like we do, it really goes against the grain.

For the work that is being done, I don't think it is so technical that we don't have small businesses who can do it.

Mr. FUGATE. Mr. Chairman, I would appreciate any help we can get in this area, because I think you hit upon the crux of it. We have looked for efficiencies in doing our contracting for so long, trying to change that dynamic and look at contracting so that it is more based upon where we are doing the work and getting to the issue of: Is it always in the best interests of the country to have the most efficient administration of the grant or provide opportunity for smaller businesses that would not normally be competitive on a National level?

Mr. THOMPSON. Thank you.

Thank you for being so patient, Madam Chairwoman. I yield back.

Ms. RICHARDSON. The Chairwoman now recognizes other Members for questions they may wish to ask the witness. In accordance with our committee rules and practices, I will recognize Members who were present at the start of the hearing based on seniority on the subcommittee, alternating between the Majority and Minority. Those Members coming in later will be recognized in the order of their arrival.

The Chairwoman now recognizes for 5 minutes the gentleman from Louisiana, Mr. Cao.

Mr. CAO. Thank you very much, Madam Chairwoman.

Mr. Fugate, I am one of the few Members who probably plays FEMA every time I see the group working in the New Orleans area. I believe that you have assembled a very responsible, a very competent team in the Second District, and we have made great strides in the past year-and-a-half in dealing with the many recovery issues that we have down there.

But I still have one very serious concern with respect to FEMA in regards to the community disaster loans. Before FEMA issued the regulation, you all requested comments, and we held a roundtable in which we gathered comments and submitted them to FEMA.

It seems to me that many of those comments were not considered, so that there are potential problems for many of the entities in requesting for community disaster forgiveness, especially in areas—with respect to Jefferson Parish, with respect to St. Tammany.

I spoke to, for instance, Sheriff Newell Norman of Jefferson Parish who conveyed to me that his concern with respect to the 3-year requirement, which is not only problematic for the sheriff, but also problematic for New Orleans school board, problematic for Jefferson, problematic for St. Tammany, because right after Hurricane Katrina, there was a tremendous influx of population into Jefferson

Parish from the people moving into the parish from New Orleans, so that there was a spike in revenue, and then that spike quickly disappeared after people began to move back to New Orleans.

So that is one of my concerns, and I have asked the Secretary to address the issue. I just want to know whether or not FEMA will submit revised regulations to address the issue of the CDL. That is one issue in connection with the community disaster loans.

The other one in regards to the special CDL, which I have asked FEMA to look into for over a year now, and I have not received a response, or at least not an accurate response, in connection with Osner's request for a special CDL. It seems to me that reading their letters, reading their memorandum that they submit to you, that they conform to the law and that under the law they would be eligible for special CDL.

So far, I believe that FEMA either denied or have not provided them with a special CDL. Can you address those two questions?

Mr. FUGATE. I will start with Osner. I know that that one was one that we had a lot of difficulty with. I don't know if there has been a final determination. I think there was, but I will have the administrator for region VI, Tony Russell, confirm that.

As far as the community disaster loan forgiveness that the rules were designed to help, we are looking at that at the Secretary's direction. We are seeing as to the unintended consequences of that rapid population growth and what that means to the actual intent of the rule. So we are continuing to work that issue.

Mr. CAO. Can you give me a time line with respect to when any revised rules would be issued?

Mr. FUGATE. At this time, we have not begun any revised rules. I think we are looking at the applications to actually go through the applications to see where we are going to have the problems versus acting before that.

So as we go through that, we are going to see how many of the communities will go through that process and what those outcomes are and then determine from there what additional steps we would have to take.

Mr. CAO. Okay. Have you at least in the past year—what plans or what reforms have you implemented in order to better prepare FEMA for recovery, to better effectively and efficiently work with local—with State and local municipalities in rebuilding, because as you can see from the arbitration panel's decisions on charity and other projects that were submitted or were delayed by FEMA, they were able to make the decision in a span of 2 to 3 weeks, while it took FEMA years to make any kind of decision whether or not they made a decision.

Have you made any kind of plans to reform FEMA in those regards?

Mr. FUGATE. Yes, sir, and part of it was—I believe in all of the arbitration hearings, the only ones that I know of that have gone in favor of FEMA have actually been on technicalities. Almost all of the other ones were, again, if we had followed our procedures, we would not have reached that point.

So it reaffirmed that, in many cases, FEMA had the authority. It was the application of the Stafford Act and the CFR. So part of what we were able to do, when Tony Russell was managing the

Louisiana recovery office, was to move a lot of projects through that had previously been backlogged that would have otherwise been in arbitration.

I think the ones that were in arbitration were so far along—one of which, we actually, I believe with Jefferson Parish, came back on roads and we settled, because after reviewing it, we were asking, why were we even challenging this? This is something we could do. Why hadn't we done it?

So part of it is coming back and making sure that we are actually applying the Stafford Act and the CFR in the manner it was intended and getting past some of the challenges we saw in the Katrina response.

Ms. RICHARDSON. The gentleman's time is expired.

The Chairwoman now recognizes the gentleman, Mr. Cleaver, from Missouri, for 5 minutes.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Mr. Fugate, I want to return somewhat to the beginning of the questions that came from Chairwoman Richardson with regard to the Citizens Corps. Actually, I tend to think that standalone emphasizes the significance of an entity. In your budget, you talked about the importance of the Citizens Corps program.

I am on Financial Services. I am one of the proponents of a stand-alone financial consumer protection agency, because I think it says to the consumers, this is—you are important, and we wake up every morning and this is our job, to protect you.

So with regard to the Citizens Corps program, do you—is it your belief that this program is important enough, significant enough that the public will understand that you intend to engage citizens in preparation for natural disasters at the highest level possible, No. 1?

I am—if it is—if it is ranked so highly, as you have ranked it, I don't understand how it could then lose its stand-alone status. Can you help me a little, please, with that?

Mr. FUGATE. Yes, sir, again, it was not the intention to demote programs, but to consolidate the grant application and grant management of those programs. That was the intention. The intention wasn't to demote programs.

Mr. CLEAVER. Okay. Does that enhance the program if you consolidate the grant process? I am trying to—I mean, I want to be supportive of what you are doing, but it doesn't register.

Mr. FUGATE. Well, as a State, when I was a State administrative agent, each one of these grants would be a separate grant application. It would be my same staff. We would literally go through and submit for all of these grants the same type of documentation, but for each different category. The intention is not to demote or to end up in a situation where we are taking away from programs, but to streamline the grant application process, rolling them together.

As the Chairwoman points out, that does, though, carry the caveat that they lose their identity. There is some flexibility for the States. That may not be the intention of Congress in a stand-alone funding.

But the intention was not to demote them. It was to reduce the amount of grant applications and the grant management for each one of those grants separately.

Mr. CLEAVER. But how are we going to increase citizen participation with less emphasis on the Citizens Corps?

Mr. FUGATE. Well, again, sir, I don't think it was our intention that less emphasis. It was more on the grant process.

Mr. CLEAVER. So are you saying that we are going to have optimum emphasis and that the only recognizable change will be on the grant application?

Mr. FUGATE. That is the intention of doing this, this way. It is not my intention that we would somehow not put emphasis on these programs.

Mr. CLEAVER. I am sorry. I didn't mean to—can you understand, you know, how this might not come across that it is as important as it once was?

Mr. FUGATE. Absolutely. Having been on the other side, I have also shared concerns when programs were merged together with a grant guidance equally described the programs that were being merged, and would they continue their role? It is a balancing act.

Again, it is a recommendation to reduce the number of grant applications, but it is also—as you were pointing out—a balancing act between the intent of the program and the funds and not losing that clarity and trying to combine the grant application process.

Mr. CLEAVER. Okay. I am still not really happy, because, I mean, if you consolidate me and Ms. Titus on this committee, one of us is not necessary. You know, I mean—I just—my fear is that this program is maybe unintentionally de-emphasized. Maybe we can talk about this later.

I yield back, Madam Chairwoman, the balance of my time.

Ms. RICHARDSON. The Chairwoman now recognizes Mr. Olson from Texas.

Mr. OLSON. Thank you, Madam Chairwoman.

Thank you for coming today, Mr. Fugate. Good to see you again.

Quick question for you, sir. My question concerns an interest of mine in the Shoreacres town that was affected by Hurricane Ike about a year-and-a-half ago. They have recently been notified that they are going to have to be charged rent for the FEMA trailers that they are occupying and they have been occupying since the storm.

This is only six families in these trailers, so it is not a big part of the community, but it is a small little community. Unfortunately, they have gotten caught in this pickle. Right now, HUD has yet to release the second round of CDBG funds. So, because of that, they can't rebuild their homes and move out of the trailers, and they are stuck in the trailers right now.

The controlling CFR states that FEMA may charge rent after 18 months. As I read it, it doesn't say that they must charge rent, but unfortunately, that is the way it has been interpreted. They are looking at the situation right now. They are going to have to be charged rent.

They are going to be paying rent that they really don't have and shouldn't be—shouldn't have it imposed upon them, because we have heard from interest in—that were affected by Katrina in New Orleans in particular. They are still living in some FEMA trailers, you know, 4 years after the fact.

I just wanted to get your opinion or get the commitment to you to look into this situation and treat these people—because, again, it is a small group of six people, but very—six families, I should say—but very important to them that they get this interpreted—as I read it, you know, FEMA may charge for rent, but, again, what we are hearing from the people within the region that they must charge rent.

Again, any help I can get to alleviate this financial burden until they get the CDBG funds, I would greatly appreciate that.

Mr. FUGATE. I will ask staff to work with your staff. The intention is to begin after a certain time frame, start moving to a rent-based process. As you point out, that is something we did, but I will ask staff to work back with you on this particular case with these six families.

Mr. OLSON. Great. I thank you very much for that commitment. I ask you to expedite that to the greatest extent you can, because their rent is going to be due next week, from what I understand, and they have gone through a lot. We don't need to pose an additional financial burden on them, especially when other people in the country are getting a deal that they are not getting.

Thank you so much. I yield back the balance of my time, Madam Chairwoman.

Ms. RICHARDSON. The Chairwoman now recognizes for 5 minutes the gentleman from New Jersey, Mr. Pascrell.

Mr. PASCRELL. Thank you.

Mr. Fugate, before I get to the main subject of my questions today on contracting, I need to respond to a couple of the answers that you provided the Chair, as well as the Ranking Member, on the fire grants in the SAFER grants.

Your response was to the latter that this could be in response since the economy is getting better. The SAFER Act was enacted before the recession. The 9/11 legislation—excuse me, the Fire Act became law before 9/11.

So when we look at how many applications—because I am very familiar with both of these; I wrote both of them. Now, if you understand how many applications—and I know you do—come in for both of those, we can only fund a small percentage.

Unless I was to conclude that there is a huge charade going on in our fire departments about what they really need, but knowing quite well what the needs were—what was requested back in the year 2000, I can assure you that these are very concrete needs, and the administration does not know what it is talking about. I don't know how else I can say it.

Mr. FUGATE. Understood.

Mr. PASCRELL. Now, I want to say this about FEMA. We just had a pretty big disaster up in my neck of the woods, in north Jersey. We suffered the worst flooding we have had in God knows when.

The President made an expedited declaration—we thank him for that—on April 2, which will allow the victims to make claims for Federal aid.

I want to express my sincere appreciation to you and to the team that came into our areas. I was with them. I walked the streets. They were professional. You know when people say nice things

about the Federal Government now, you take note, because you don't hear it too frequently, Mr. Fugate, correct?

Mr. FUGATE. Yes, sir.

Mr. PASCRELL. But I want to tell you, they did a great job, and they are doing a great job in responding to what is a very difficult situation. I hope we can count on being able to work with your office to help resolve some of the problems that have occurred.

Now, Administrator Fugate, the issue I want to bring to your attention is the way in which FEMA has been handling the contracting of flood mapping. We have talked about this before. It is essential to the way that floods are anticipated, handled, and the way in which aid is disbursed.

I have one letter here which was sent on April 22. It was signed by 65 Members of Congress, including myself and full committee Chairperson Thompson, which expresses a litany of concern with how the flood map modernization program is being handled.

I also have here letter two from March 12 of this year sent by Chairman Thompson to you expressing concern with how the award for the Risk MAP production and technical services was decided by FEMA, which seems to favor very large National firms, while pushing out more local firms, small contractors.

On March 16, the record will show that David Garratt, associate administrator for FEMA, testified in this subcommittee on your initiative to delegate authorities from FEMA headquarters to the 10 FEMA regional offices. I support that. In fact, I asked him specifically on my belief that FEMA National should be giving regional offices greater control over choosing local contractors for regional projects.

His response—and I am quoting from the transcript—"I think it is a great idea, Mr. Pascrell." He went on to say that there is "a plan to put an individual in each region who would be part of an essentially collective team, but located in each region, which would be local business engagement personnel for the right purpose of reaching out to and engaging local contractors in a way that we haven't necessarily done before." He concluded by saying, "We think that is a terrific idea."

So my question to you is this: Do you agree with the associate administrator's assessment of the proposal regarding the selection of local contractors? Don't you believe that local FEMA people on the ground better understand what is needed than decision-makers in Washington, DC?

Mr. FUGATE. Yes, sir, I gave him that direction.

Mr. PASCRELL. So, therefore, we can hope that this is going to be implemented, is being implemented?

Mr. FUGATE. Yes, sir.

Mr. PASCRELL. When?

Mr. FUGATE. I will have the time line on that—one of the things we are working on is identifying existing open positions within FEMA that do the contracting work that could be certified as a certified contracting officer, reallocate those positions to each one of the FEMA regions, and then hire a position into that that would be under the acquisition office and would be certified to do acquisitions within the regions.

Mr. PASCRELL. Well, if you do that, Mr. Fugate, that is going to be revolutionary, and I wish you the best, and I thank you for keeping your word.

Mr. FUGATE. Yes, sir.

Ms. RICHARDSON. The Chairwoman now recognizes for 5 minutes the gentlewoman from Nevada, Ms. Titus.

Ms. TITUS. Thank you, Madam Chairwoman.

Thank you, Mr. Fugate, for being back with us. I have two issues I would like to raise with you. One is at last year's budget hearing I brought up the point that the massive size of Region IX, which is where Nevada fits, causes some problems. Not only is it so large, but it is also very diverse. You noted that it would be worthwhile to revisit this regional structure.

It seems to me that the response has been now to give more authority to the regional offices, which I certainly support, but I wonder if that alone does address the size problem, and if you are now over that, or you have done all you are going to do, or if that is still something that we can look at or how you think maybe these power changes will counterbalance the massive size.

Then the second thing I would ask you to address is that this year's National level exercise was scheduled to be conducted in Las Vegas, and it was canceled for a lot of reasons, both political and policy. I wrote to the Secretary at the time to voice some of the concerns of my constituents.

You know, many leaders in the tourism industry just didn't think the timing was quite right, when we were trying to get that industry back up on its feet to have something that was going to kind of be billed as DHS prepares for a nuclear attack on the Las Vegas strip.

So it was moved, but I wonder if, as you look at having these tests in the future—which I think are very valuable. We have got to be sure our communities are protected—if you learned anything about what happened last year that dealing with unintended consequences and how you plan to incorporate what you learned into future plans for these tests?

Mr. FUGATE. Well, ma'am, I will go to the first question, which was on the regions. That is actually something that we are addressing within DHS as part of our bottom-up review process. So rather than FEMA look at this individually, we are looking across all of the DHS components.

Many of our regions are based upon our mission with the Coast Guard and Customs and Borders. Others are geographical regions that were established previously. FEMA's regions were established in 1979 when FEMA was formed, so we are looking at two issues.

One is, can we realign regions within DHS? The second thing we are looking at is, if we cannot do that, can we align any of the headquarter elements?

So we are not going to address this as a FEMA-specific issue, but as part of the bottom-up review within DHS and take a look at our regional structures and looking at that across all of the DHS components.

As far as the National level exercise, not only was it the change in venue, but it was also the scope and the intention of these exercises. One of the things that Secretary Napolitano was concerned

about when she interviewed me in our first meeting was the very essence of these exercises. How well are they doing their job? After-action reports that take too long to get into the hands of the participants. Also, what was the objective of these exercises? Was it just to do, you know, everything is going to happen, or are we really trying to test the system?

We have looked at this year's exercise. We have adjusted it based upon the guidance. We have had change. But we have also submitted the Secretary a way forward that, upon her approval, we would be happy to share with the committee on how we are going to look at our National level exercise program and do a better job of integrating that with State and locals, as well as the private sector and the public.

Ms. TITUS. The unintended consequences, like the impact on the local economy? Is that going to be part of the consideration?

Mr. FUGATE. Yes, ma'am. Again, it comes back to if the—what are we trying to do with the exercise? What are we testing in this exercise? Then how does that impact the communities?

Next year's exercise will be an earthquake scenario based upon the New Madrid earthquake. So, again, we have to factor in, from the standpoint of Governors team, what they see as their issues, their concerns, and, again, in doing these, putting the focus back on the participation that these are not just a DHS-generated exercise. It actually impacts local and State governments when we do these exercises.

Ms. TITUS. I appreciate that.

Thank you. I would yield back.

Ms. RICHARDSON. Thank you very much.

Mr. Fugate, let me come back to my first two points, and then I have several others. It looks like we are going to have time for other Members to chime in, as well.

Let's go back to the SAFER grants, as well as the firefighting grant. You mentioned that, you know, in considering local funding versus long-term Federal funding, I think it is no hidden secret that currently when you look at State and local governments, some of the biggest areas that are under tremendous pressure are the possibility of laying off firefighters, teachers, and so on.

So in light of that, are you prepared to reconsider the recommendation of cutting by $200 million, since when we know these States and the local governments do not have the money in this short-term perspective to fund adequately these programs that are needed?

No. 2, I want to re-clarify again that the question I asked you was to provide us with the number of terrorist trainings that had already occurred, and the (B) part of that would be to let us know if any of the new plans—new terrorist trainings that you are planning, have they already been done someplace else?

Mr. FUGATE. Back to the first question, we are committed to the President's request for the amount of funds that R&D requests of the President's budget. As to the second part, we will provide that information based upon your clarification of what has occurred, what is occurring, and what would have been done elsewhere, and we will get that information to you.

Ms. RICHARDSON. So in your opinion, are you saying it is more important to do the $200 million terrorist trainings, even though you can't tell me right now how many you have already done, than providing funding for our local first responders?

Mr. FUGATE. I will submit the questions as you have asked for the numbers; I don't have those. But we are, again, based upon the President's recommendation, that is our recommendations for the budget.

Ms. RICHARDSON. Okay. My second question is, let's get back to the consolidation of the homeland security grant program, building upon what I said, Chairman Thompson, and Mr. Cleaver, as well.

You have said a couple times now that it is not your intention to demote the programs, and yet I will come back to my question to you. If your intention is not to demote the programs themselves, are you prepared to commit to ensure that those programs still receive the funding that they have had in the past?

According to my notes, it is $13 million for the Citizens Corps, $41 million for medical response, $50 million for interoperable emergency communications, and $50 million for driver's license security grants.

Mr. FUGATE. I would have to go back and make sure that those numbers add up to our current request before I could commit to that.

Ms. RICHARDSON. I am sorry. Could you repeat that? I was talking to Mr. Rogers.

Mr. FUGATE. I would have to add those numbers up and make sure that those numbers reflect the actual request that the administration had for the consolidated grants, but that ratio sounds like the right ratio.

Ms. RICHARDSON. Okay. Do you—if it is possible, staff, this is pretty important, because for many of us here—I don't know. I see some of your staff that is here present, and I think the number was a difference of 6 million, is the notes that we have.

It gets to the core of the question. If, in fact, what you are saying is all you are intending upon is to make the grant application process run smoother, less duplication, and all that, I think from what I have heard of the comments so far, people are supportive of that.

However, if it means eliminating programs, eliminating the focus, and reducing the funding, the commitment of the funding of what those programs will have, I don't think you are going to have support of every Member here, and maybe Members on the floor, as well. So the question is very basic and it is very important.

Mr. FUGATE. As soon as we can add the numbers up, I would not have a problem with that. I just want to make sure that the numbers add up to the total request.

Ms. RICHARDSON. Okay, Mr. Fugate, I would like to, if possible, this committee to have the information tomorrow morning. The reason why we don't have a lot of time here, as you know, the appropriations is before all these committees, and we have to make decisions, and we can't wait.

I do think—I would push back—I think it is something your staff that is right behind you could do right now, if you chose.

My next question has to do with the budget decreases for FEMA's urban search-and-rescue teams, which have done a heroic

job. Most recently we saw what they did in Haiti. Why has the administration chosen to cut funding for this program, when we know how valuable they are to the rescue mission? Also, can you state for the record whether States will continue to be allowed to use homeland security grants to maintain and strengthen their USR teams' operational readiness?

Mr. FUGATE. The request for funding for the urban search-and-rescue teams is concurrent with the request the administration made last year. To the commitment of using homeland security dollars, we continue to do that, and that will be one of the areas that we continue to support as one of the things that is eligible under urban security, as well as for State homeland security grants.

Many States have additional teams that go beyond the existing urban search-and-rescue teams, and many of those actually deploy in both the Alabama and Mississippi tornado touchdowns.

Ms. RICHARDSON. Mr. Rogers. Mr. Rogers is asking the question that I was asking regarding the consolidated. Were they intended to be cut? My understanding—and Mr. Fugate can clarify—it is not that they were being cut. What he is saying is, of the—I think it is $160 million—they were going to put it in another bucket in the overall category of the homeland grants.

But the problem is that, by putting it in that overall category, that would give the State then the discretion to say, I am not going to do any Citizens Corps. I am only going to do driver's license. That is the problem, and that is at the heart of what the question is.

Mr. Rogers.

Mr. ROGERS. Thank you very much.

In looking at your written testimony, Administrator Fugate, you talk a lot about the important role that individuals play in disasters, and I fully agree with that. However, it is difficult to see how your budget actually prioritizes individual preparedness. The RITI campaign budget is cut and only requests three FTEs. The Citizens Corps grant program is eliminated. FEMA hasn't developed a workable strategy for community preparedness.

How do you recognize those shortfalls with your No. 1 objective?

Mr. FUGATE. Again, working within the budget that we have and looking at what we are requesting, we are trying to work in a fiscally austere environment and make recommendations based upon where we need to invest our dollars. The investment strategy is not always going to reflect putting money in all these programs.

We have to make some decisions about where we are going to make—reductions. Unfortunately, that was what we faced this year.

Mr. ROGERS. Let me ask this, then. What can you point—money in individual preparedness?

Mr. FUGATE. In the overall budget, that is not going to show up. We put our money this year for the first time in our infrastructure for the Federal facilities that were not being maintained, and we didn't have growth then.

Mr. ROGERS. So individual preparedness is no longer your No. 1 stated goal?

Mr. FUGATE. No, sir.

Mr. ROGERS. Okay. How can we help with that? I want to help you get to your No. 1 stated goal. What could this committee do to help you? The Chairwoman has already talked to you about her desire to do it. I want to do the same.

Mr. FUGATE. Again, I see your guidance on the grant programs. If it is the intention that—and the consolidation reduces visibility, and you keep it in individual funding pots, that is certainly something that this committee could recommend. We will administer it as it is appropriated.

Mr. ROGERS. Okay.

Mr. FUGATE. But I understand the desire to keep funds available and to be able to track what dollars are going where. Again, we had to make recommendations based upon guidance that suggested that we were not going to be able to fund everything at levels that had been appropriated and stay within recommendations for the request from last year as our guidance.

Mr. ROGERS. You know, that surprises me to hear you—and I don't doubt that that is true. I am just surprised, because the President has said earlier this year that, while there is going to be austere cuts made, defense, homeland security, and veterans affairs were going to be left alone because of the unique challenges we face as a nation right now in this dangerous world.

So I am surprised to hear that you are being directed from the White House, when the President has said homeland security is off the wagon, as far as those cuts.

Mr. FUGATE. Well, considering where my counterparts are at the State level, I think we were very fortunate, and we are very much appreciative of the recommendations that we did get to go forward with. Again, it is a situation where we have the funding request before you. We will seek the approved budget. We will operate within our budget.

Mr. ROGERS. Well, I think you have told me what I need to know. We need to help you help yourself, right?

Mr. FUGATE. The system and the process of building budgets is, we make the recommendations, but it is ultimately the Congress that makes the decision and the appropriations that we will then follow.

Mr. ROGERS. Understood. Thank you for the good job you do, Mr. Fugate.

Ms. RICHARDSON. Mr. Cleaver is recognized for 5 minutes.

Mr. CLEAVER. Again, thank you. I just have one final question, Mr. Fugate, and thank you for being here today. I appreciate it.

I have been on the subcommittee for two field hearings in Louisiana and Mississippi as a result of Katrina and Rita. It turns out that minority communities and, in some cases, new or poorly speaking English communities end up getting the worst of it, and there are probably a lot of sociological and even political reasons for it.

But I am wondering whether or not you have plans or are working on plans on how to address the unique problems caused by a natural disaster and its impact on minority communities and non-English-speaking communities?

Mr. FUGATE. The first step we have been engaging in is more outreach to constituency groups through the White House. We have

several opportunities to speak to different constituency groups about these issues.

Philosophically, the way I approach this is this way. We have this tendency to plan for disasters based upon certain assumptions. If you fit those assumptions, our plans work very well.

What I keep finding is, we are planning for generally middle-class, high school or higher education, English as the primary language, and they have enough resources that generally the Federal programs can help augment that.

But that is not the targeted population that we are most concerned about. Our most vulnerable citizens tend to be those that have the fewer resources, they're poor, they have language challenges, they maybe are children, they may be elderly, they may be people with disabilities.

So in doing our planning, what we have historically done is, after a disaster, we will write an annex to our plan to deal with that at-risk population. I am trying to change that dynamic and go, well, that is who we should be planning for it in the first place.

When I talk about people need to get a plan and be responsible for themselves, it is getting at the crux of that. If 80 percent of us should have taken care of ourselves, the 20 percent that didn't have a chance—and that is just an arbitrary number, because it depends upon the community you are in—why should they compete with me for resources when I should have taken care of myself, if I am able to?

This goes back to looking at and planning for the whole community, not just what is easily seen, not just is what is presented in a disaster. You oftentimes have to actually go out and find folks that may have been overlooked in that disaster.

But if I am in a situation, we are working with State and local governments, so many people who didn't get ready in the first place are now competing with that population, it is very difficult to get to them in time.

Mr. CLEAVER. Well, you are—I agree with everything you said, 100 percent. So are we going to see some—are you going to internally deal with this issue or try to figure out how to address it?

In New Orleans, for example, all the public housing just wiped out, just gone. I guess, is there an internal group that is working on how we address those problems?

Mr. FUGATE. Yes, sir, the first group we—right after I got in, one of the things that came out of the Katrina response was the fact that most of the programs in our delivery were not designed for infants and children. We weren't meeting their needs.

The request from the children's commission was to actually go out and write a new plan to add to our existing plans on dealing with children issues. I suggested, why don't we come back and work this into our program itself, instead of writing a separate plan? There was not a lot of confidence that that could be done, because they wanted to have that issue identified in a way that would present these challenges.

I said, well, my history tells me, though, that for local and State government, every time they have to write another annex to the plan, they don't get to it. But if they do it on the front end and they build it into their plan, it gets done.

So we took the issue of children, building that into our planning guidance so that children—or in our grants. It was like supplies for shelters. We and Red Cross will provide supplies for shelters. Well, the commission for children actually came up with a list of things from bassinets to bathtubs that we are building into our contracts for shelter supplies that the Red Cross is using so that if we have to provide supplies to a State, we actually have supplies for children.

So we are trying to address it in that way and recognize that, if we are not working through constituency groups and identifying that Government entities may not have all the information in a disaster area, we may not get to the most vulnerable.

Ms. RICHARDSON. Thank you, Mr. Cleaver.

Mr. Fugate, I am going to—let me first ask the general question. Has any work been done so far looking at cuts in terms of waste, fraud, and abuse amongst contracts and outside services that are being done in FEMA?

Mr. FUGATE. There are, I believe, some—as you saw with one of the examples with the National Flood Insurance Program, where we specifically asked for an IG report on that. There are several others that are looking at those various things.

Internally what we found was that we did not have—as much as we are trying to empower our regions, that within the various programs of FEMA, we did not have any centralized management structures to oversee complex projects. IT infrastructure, chief financial officer acquisitions and management was actually being done in many of the various pieces of FEMA without any coordination across FEMA.

So we took the recommendations from the IG, and one of the steps we took was to form at FEMA headquarters a management council that has responsibility for overseeing projects of a certain size to eliminate one duplication within FEMA, but also to make sure that they had the right institutional controls, whether they be fiscal, whether they be IT, and that they conform to Federal regulations and DHS policy and guidance.

That was not occurring. It has started to show some results. Where we can find savings and we can eliminate duplication, we are trying to use those funds to put them back into the system.

One example is we have very few training dollars for our staff. Well, one of the things that had happened in looking at some of our efficiencies—and this isn't so much fraud and waste. It is just bad business.

We would turn on numerous cell phones. We would put in IT lines for disasters that after the disaster nobody turned off. So we went through a process of just shutting down—this goes all the way back to Hurricane Isabel, back, I think, you know, around 2003, that we had IT, you know, T1 phone lines installed that nobody had turned off. We kept paying the bill, because the bill came in, because the acquisition folks got a bill. It was—it looked good. They paid it. But the operational folks that had put in that phone line or that T1 line had never turned it off.

That alone saved us millions of dollars which we took $3 million to put that back into training for our staff, because we didn't have enough money for our training staffs.

So it is looking at not only waste or looking at fraud, but really looking at, just how are we running these disasters and making sure that, when we close a disaster out, it isn't just we are done physically, we actually recover our property, we actually turn off things, we recover cell phones. When we can't recover the cell phones, we turn them off.

These were things that we were not doing consistently. Just coming in and looking at this, we have already seen—and these are millions of dollars—the only unintended consequence was I turned off my deputy administrator's cell phone twice, but it is working again.

But in some cases, we actually got to the point where nobody would take ownership of a certain IT infrastructure, so we just turned it off. Surprisingly, nobody claimed it, and it was being paid for year after year after year because nobody questioned it.

Ms. RICHARDSON. So, Mr. Fugate, I think I recall reading somewhere in the maps material that we had that you did have a slight increase for management and some of the things that needs to be done. Would you be willing to consider looking at a possible audit or some sort of evaluation similar to what you are doing with the disasters, with some of your contractors?

DHS, that Department as a whole, I think, has the largest amount of contractors of anyone besides the Defense Department and would venture to say that we could probably save about $200 million for fire grants if we did some of those basic things.

Mr. FUGATE. I understand that there are legitimate cases to be made for using contractors to do work that is not inherent in Government, but I also look at my organization and I see much work being done by contractors that I have to ask the question, is there not a conflict of interest, particularly in areas like acquisition?

So in this request, we have requested converting contracting positions into full-time equivalents for FEMA based upon the current allocation of funding. So we would welcome a look at this. It is one that I have found myself wrestling with, as what is the right balance of contract support versus what should be inherently done in Government?

I don't start off with a premise that all contracts or all contractors are inherently not good, but I do want to make sure that, as we as Government officials have not contracted out our responsibilities, that merely those things that the private sector can provide better, cheaper, and with less start-up time than necessarily would be invested by Government and staff doing it.

Ms. RICHARDSON. Mr. Rogers. Okay. I have just a couple more, and then I believe we had requested time from 2:00 to 3:30, so we are doing pretty good.

I wanted to talk a little bit about American Samoa. As you know, I had an opportunity to go there. Recently last week, the inspector general came out with a report that showed that there was a $3.9 million award to partnership for temporary housing, PATH, to build as many as eight homes. In a meeting I just had prior to this one, I was told it was eight homes with seven something under construction.

Either math, that gives you spending either $487,000 per home or $260,000 per home, which I think any American, particularly

across the United States, would say that that is an abuse. Can you discuss PATH's experience in building single-family homes and why we could not find a suitable—more appropriate contractor? Prior to awarding the contract, what type of due diligence did FEMA perform to determine exactly what it would cost to rebuild homes in American Samoa?

Mr. FUGATE. Well, based upon the original tsunami and estimates on the island that it would be about 150 homes that would need rebuilding or replacement versus repair, we looked at what existing contracts we had that could provide those services. The Federal coordinating officer based upon that, supported by the FEMA headquarters, issued a contract up to, but not to exceed—nor was it the intention that those $3.9 million would be used to construct the pilot houses—to see what it was going to take.

That number for total number of homes being built now has dropped down to 50. Based upon that, and the IG's report, I asked my deputy administrator, Rick Serino, to go to American Samoa last week, look at what was going on, talk with the Governor and the staff, and seek other recommendations, which include at this point, do we continue with this contract? Or because there are fewer homes that require rebuilding, will there be an opportunity to do one or two home contracts with some of the companies that are on American Samoa and re-bid the contract based upon the reduced scope of work?

So we are looking at this. Those numbers are very large. It is a project that we are investing ourselves in to make sure we have a way forward.

But the initial goal was, how could we get homes built on American Samoa when we looked at approximately 150 homes? What existing tools did we have at that time?

Ms. RICHARDSON. Well, with all due respect, Mr. Fugate, when you release an award that says up to $3.9 million for approximately eight homes, that allows that contractor the discretion to spend $3.9 million for eight homes. As I said, I don't think you will find too many people in the American public who would agree that that was an appropriate allocation.

If you were talking about $3.9 million for 150 homes, that might be a different story. But to specifically say eight homes, $3.9 million, whether you say up to, you know, just below, the point is still the point. There is no reason why in American Samoa, where you also had an agreement where you gave people $30,000 in replacement of building a home, that you would suggest to me that you would need anywhere between $200,000 and $400,000 for a home.

So let's just suffice to say, I have a very serious concern with this. I look forward to working with you and other Members of the committee on this issue, but I think it is quite serious, and I think it is an example of my first question. What are we doing regarding waste, fraud, and abuse? Because this is a very real point.

My second one, regarding American Samoa, what is FEMA doing to help American Samoa and other Pacific islands to build and maintain a robust alert warning system?

Mr. FUGATE. The tsunami occurred—and the question I asked was, what was the existing warning system? There had been plans done, but nothing implemented. The National Weather Service has

a program I thought that would be a good project to utilize in American Samoa—called tsunami-ready communities, which is a combination of the ability to warn the public, but as well as that the public information to support steps to take, signage, and public information.

So using that—it is not a certification program. But it is something the Weather Service created to help communities build good plans. So we have been working with the Governor of Samoa and the homeland security adviser there to build a program that would be recognized as tsunami-ready for the American Samoa island.

That is a project we do in conjunction with the Weather Service, and that is something we set out after the tsunami to reach that goal.

Ms. RICHARDSON. So is it plans for them to get ready? Or is it an actual alert warning system?

Mr. FUGATE. It is a combination of, you have to have a warning system. You have to have education. You have to have the ability to receive those warnings and communicate those to the public. There has to be public information to support that designation, so these are all the things we are working with the island to build that capability.

Ms. RICHARDSON. Who is going to pay for it?

Mr. FUGATE. We are utilizing FEMA grant dollars and working with the Governor, because they will also receive hazard mitigation dollars, some of which can be used for this warning system to implement this on the island.

Ms. RICHARDSON. Okay, last question, and then I will submit the rest for the record.

I am going to say something that is pretty alarming for me to say, but I think you need to hear, because it is not just unique to my situation. I think it is unique to many people.

One of the things I would like to work with you on is continuity of Government. I can honestly tell you that, in my 6 years of being a city council member in a community of the largest ports in the Nation, Alameda Corridor, airports and so on, a member of the State legislature, and now a Member of Congress, no one has ever told me, if something happens, what is it that is my responsibility to do?

So what I would say to you is, I would like to work with you to better understand, what are we doing with continuity of Government? How can we make sure that that situation is changed?

Because if I can tell you that as a Member, now Subcommittee Chairwoman of Emergency Communications and Preparedness and Response, that is an alarming fact. I think if you were to ask a whole lot of other people, they would say the same thing.

So I don't know what we do in that system. We are looking into it. But I would seriously like to work with you on that area, because I don't think that it is working effectively, and I think situations like Hurricane Katrina, American Samoa, and so on, we could really reduce confusion and maximize our response if the continuation of Government was better in place.

Which leads me to the American Samoa point. I also—I understand with Hurricane Katrina that with FEMA we needed to establish a point of contact, someone who could make decisions. But I

think we also have to have a very serious discussion of—if there are issues relating to that, what are the next steps and what are the things available to us?

So, for example, if a Governor is more concerned about the debt that they owe to the United States Government, in terms of accepting various services, that is a problem, because that decision shouldn't be made based upon a prior debt that they have or what they think they are going to be able to afford. They should be providing the services that are necessary for the people that they have.

So I personally witnessed many issues in particular regarding continuity of Government that I have found to be quite alarming and need your immediate attention.

Mr. FUGATE. Look forward to working with you on it. The challenges in American Samoa, as you know, we had pre-existing grant issues. It was our intention to not impede our response based upon that prior history, but it did provide some challenges, given some of the previous disasters and outstanding issues we were faced with at the time of the declaration.

Ms. RICHARDSON. So there should be some thought? I mean, it is not like we don't know who out there already owes us, so there probably should be some forethought that, if a disaster happens in Louisiana or American Samoa or wherever it is, what do we do if something happens, they already owe us? The Governor is concerned, "I can't even pay what I already owed you." What do we do in those situations?

What happens if the Governor refuses and really something different needs to be done? Who else has the ability to override and then make that decision?

Mr. FUGATE. Well, that is a question that we would struggle with, as well, because in our system, unless the Governor is not performing their functions and protecting the civil rights of their citizens, that is a very difficult question as to how the Federal Government would intercede.

Ms. RICHARDSON. But it needs to be discussed, because it is happening.

Okay, Mr. Fugate. I want to thank you for your valuable testimony and the Members for their questions. The Members of this subcommittee may have additional questions. I actually do have some. But out of respect to you of you arranging and being so kind to adjust and come to us again, I am going to submit them for the record.

We would ask that you would respond expeditiously in writing to those questions, preferably within 2 weeks. Hearing no further business, the hearing is adjourned.

[Whereupon, at 3:40 p.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM CHAIRWOMAN LAURA RICHARDSON OF CALIFORNIA FOR W. CRAIG FUGATE

Question 1. The committee would like to understand how you intend to build on the successes of your first year and address the challenges still facing FEMA. With that in mind, what do you consider to be the agency's major successes in the first year of the Obama administration?

Answer. FEMA and our intergovernmental partners have undertaken a number of initiatives to improve FEMA's ability 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. At the same time, we believe it is critical to remember that FEMA is only part of the emergency management team; we are not the entire team, and we must build upon the capabilities of our State, local, and private sector partners as well as our individuals and communities to meet the Nation's emergency management needs. Following are descriptions of some of the initiatives we have undertaken in Administrator Fugate's first year to address the challenges facing FEMA and its partners.

To better meet the needs of grant applicants and States and to simplify the perceived complexity of the FEMA program guidelines, FEMA recently completed an aggressive review of all disaster assistance policies in the Individual Assistance (IA) and Public Assistance (PA) Divisions (apart from the normal 3-year cyclical review), to ensure we are providing these entities with the most appropriate and effective guidance. We also sought to identify policies that may be more restrictive than the law and regulations require and to ensure none of the policies maintain this restrictiveness or are in conflict with each other. In addition, an effort was made to identify any current policies that provide procedural information that could be better provided in a different form, such as a Standard Operating Procedure (SOP).

Since January 2010 FEMA has reviewed 84 disaster assistance policies.

We have also revised the policy-making process itself to increase public involvement and ensure FEMA staff apply guidelines in a consistent fashion. In addition, except in emergency situations, all revised Recovery Directorate disaster assistance policies are posted in the Federal Register for a 5- to 30-day public comment period. The policy development effort includes regular input from the National Advisory Council (NAC).

FEMA has established pilot programs under the Public Assistance program to reduce Federal costs of providing assistance to State and local governments, increase flexibility in grant administration, and expedite the provision of assistance to States and local governments. FEMA was also able to undertake a pilot program under the Individual Assistance program that funded repairs to existing multi-family rental housing units in order to provide more cost-effective temporary housing to individuals and households affected by a disaster. The lessons learned from these pilots are being incorporated into FEMA's programs in order to improve performance and responsiveness in meeting the needs of disaster survivors in the years ahead.

Another area in which FEMA has moved to improve agency performance is by reorganizing to support greater program integration and empowering its regional offices to ensure that program resources, responsibility, and authority are moved closer to our partners for more effective program delivery. The regions will be the focal point for interaction with our partners while headquarters will be more involved in providing guidance and resources to the regions.

FEMA has also undertaken a number of initiatives that will provide direction for our efforts to meet the needs of disaster survivors and support recovery of communities that have been affected by disasters. These initiatives include the Long Term Disaster Recovery Working Group, the National Disaster Recovery Framework (NDRF), and the National Disaster Housing Strategy to provide a more robust, effi-

cient, and cost-effective Federal program to meet the Nation's disaster recovery needs.

In September 2009, the President charged the Secretaries of DHS and HUD along with 20 other Federal departments, agencies, and offices to examine issues associated with long-term recovery from disasters through the establishment of a Long-Term Disaster Recovery Working Group. The Working Group joined an effort started by FEMA in August 2009, to develop the NDRF to establish a National structure for optimally coordinating recovery assistance.

In keeping with the President's commitment to transparency and openness in Government, the Working Group launched an intense outreach effort to engage Federal agencies, State, Tribal, and local government leaders, recovery assistance providers, non-governmental organizations, private sector representatives and interested citizens from across the Nation in the shaping of the NDRF. This effort included:

- 12 Video Teleconferences (VTCs) in 10 HUD and FEMA Regions;
- 5 Stakeholder Forums in New Orleans, New York City, Los Angeles, Salt Lake City, and Memphis;
- Discussion Roundtables for professional associations and academic scholars with expertise in disaster recovery; and,
- Establishment of a dedicated website: *www.DisasterRecoveryWorkingGroup.gov,* to allow 24/7 access to learn about the initiative and submit comments.

This public engagement initiative has helped to inform the development of the NDRF. The draft NDRF, which was released for public comment on February 5, 2010, is designed for all who are or might be involved in disaster recovery, and addresses the need for improved leadership, a coordinating structure, and pre- and post-disaster planning.

FEMA has also been making use of numerous Web 2.0 tools including Facebook, Twitter, and YouTube, to provide the ability to create a social network before an incident. FEMA's strategy centers on cultivating a network of partners and the general public through useful preparedness information, agency updates, and mission-specific announcements. We have developed, and continue to foster and increase our network of fans and followers comprised of emergency management partners, the general public and FEMA employees prior to National and local incidents. Through daily informational posts, links, videos, and images, we describe the FEMA mission and share critical preparedness, response, and recovery information with a broad audience. This effort requires a persistent engagement through multiple site administrators who develop original content, strategically cross-market FEMA.gov initiatives and moderate public responses on the sites. There are valuable analytics inherent in these platforms. Most notably are the direct responses to content on the pages. These responses provide valuable insight into public reception of the message and the need for more information in specific areas.

FEMA has started several technological initiatives focused on support to disaster survivors to include the following:

- *A National Shelter System (NSS).*—This is a comprehensive web-based, data system created to support Government and non-Government agencies responsible for shelter management and operations. FEMA is working with and in support of State and local agencies to implement a single Nation-wide shelter system for managing information related to shelter facilities, capacity, and population counts. The NSS provides a common system for all levels of government and non-governmental agencies to manage shelter facility data and provides a standardized tool for establishing baseline shelter data that is vital for comprehensive shelter planning and operational support. The information shared in the database enables local agencies to better manage all phases of the shelter process (planning, alert, stand-by, opening, and closing), which can have a direct effect on the disaster survivor.
- *The National Emergency Family Registry and Locator System (NEFRLS).*—This is a system that can be accessed through the internet or by phone and can facilitate the reunification of families following disasters or emergencies. The NEFRLS will allow adults who have been displaced from their homes due to a Presidentially declared disaster to register their own locations electronically via the Internet or by telephone via a toll-free number (1–800–588–9822). Registration is entirely voluntary. The system will be used during catastrophic disasters or those disasters with large numbers of displaced persons.

FEMA is also making critical data accessible in the form of data feeds. These data feeds are used to inform the public of the status of FEMA's emergency management efforts and provide FEMA management with improved situational awareness. Newly developed data feeds include:

- *Individual Assistance (IA) and Public Assistance (PA) financial information.*—The amount of IA and PA funds obligated and approved, per disaster, is viewable and sharable over the internet in the form of a widget.
- Disaster Recovery Center information, such as location, is viewable on the internet using a web mapping application.
- PA total obligated grants and Project Worksheets per applicant for all disasters since 1998 (NEMIS) is available on data.gov.
- PA Project Worksheet grants awarded for all disasters since 1998 (NEMIS) will soon be available on data.gov.

FEMA also participated in an interagency task force responsible for developing and delivering a Disaster Assistance Improvement Plan (DAIP) that outlines a coordinated, actionable strategy to implement a consolidated and unified disaster application. Our interagency efforts have led to the development of the DisasterAssistance.gov website, which consolidates information about disaster assistance from multiple Government agencies in one place, making it easier for disaster survivors to research and apply for disaster assistance. DisasterAssistance.gov also provides news, information and resources to help individuals and families prepare for, respond to, and recover from disasters. If access to the internet is not available, disaster survivors still have the option to register for assistance by calling the Disaster Assistance Call Center at 1–800–621–3362, or 1–800–462–7585 (TTY) for people who are deaf, hard of hearing, or have speech disabilities.

FEMA continues to lead the 17 Federal partner agencies (please see attached list: "Disaster Assistance Improvement Plan Partners"), who are developing the DAIP, to expand the capabilities of the DisasterAssistance website, improve user interface, and add new forms of assistance to help disaster survivors. An additional 22 forms of assistance have been added to DisasterAssistance.gov, for a total of 69 forms of assistance now available. Additional forms of assistance accessible at the Federal, Tribal, State, regional, and local levels, as well as from private nonprofit organizations will be added to the portal in the coming months.

In collaboration with FEMA's Web 2.0 team, DAIP developed a DisasterAssistance.gov widget for deployment to other local and National sites hosting disaster information. The widget directs survivors to disaster information and the application for assistance. DAIP recruited 47 State library associations to promote DisasterAssistance.gov and make informational materials available to disaster survivors across the country. Lastly, DAIP provided the finalized Business Requirements Document to the development contractor to optimize the Individual Assistance Registration Intake application process for smartphones. This initiative will direct mobile users to a version of DisasterAssistance.gov optimized for smartphones and will also provide an option for smartphone users to access the full DisasterAssistance.gov site.

In addition, DAIP received one of five "Best of NIEM" awards for 2009. The award was presented by the National Information Exchange Model (NIEM) Program Office. The awards are given to NIEM implementation projects that "demonstrate how intergovernmental collaboration and innovative technology deliver results that increase government transparency, improve performance, and enable civic engagement."

DAIP was also recently selected as a finalist for the American Council for Technology (ACT) Intergovernmental Solutions Awards which recognizes Federal, State, and non-profit agencies that "clearly demonstrate collaboration between two or more government agencies, and innovative use of technology to improve citizen service delivery."

Related to the efforts outlined above are the three major strategic initiatives FEMA launched last year. The first of these is a workforce development initiative creating a new approach to developing the agency's existing talent into future leaders, recruiting and hiring the best available talent, and strengthening the skill sets across the FEMA workforce in support of the agency's core mission. The next initiative is focused on improving existing catastrophic event preparedness through collaboration with partners, establishment of shared preparedness objectives across the Federal/State/local continuum, and strengthened efforts to plan for extreme events—the "maximum of maximums"—including an increased focus on integrating the public as a resource and part of the solution for addressing the risks associated with large, complex events. Finally, FEMA has launched an effort to create capstone doctrine for the agency that will reflect organizational purpose, history, values, and guiding principles which will confirm for FEMA employees a common sense of purpose and guidance to govern agency activities.

FEMA has also initiated efforts to strengthen the Nation's resilience to disasters by fostering an approach to emergency management based on the foundation of proactive engagement with neighborhood associations, businesses, schools, faith-

based community groups, trade groups, fraternal organizations, ethnic centers, and other civic-minded organizations that can mobilize their networks to build community resilience and support local emergency management needs.

As to how we will build on the successes we have had so far to address the challenges of the future, FEMA remains committed to regional empowerment as an overarching principle. In order to continue our progress in meeting that challenge, we have established five priorities for the years ahead. First, FEMA will continue to work to strengthen the Nation's resilience to disasters by fostering a National approach to emergency management built upon a foundation of proactive engagements with neighborhood associations, businesses, schools, faith-based and trade groups, fraternal organizations, ethnic centers, and other civic minded organizations to build a community of resilience in support of local emergency management. Second, we will build greater unity of effort among the entire emergency management team. Third, we will implement a more robust, efficient and cost-effective Federal program to work with our State, local, private sector, community, and individual partners to meet the needs of citizens/survivors. Fourth, we will work with our partners to address our most significant risks. Finally, we will build, sustain, and improve FEMA's mission support and workforce capabilities.

Attachment.—Disaster Assistance Improvement Plan (DAIP) Partners

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Health and Human Services
Department of Homeland Security
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Office of Personnel Management
Small Business Administration
Social Security Administration

Question 2. On March 16, 2010 the subcommittee held a hearing to discuss Regional Offices. While we agree that strengthening the Regions is critical, the committee wants to make sure that with this increase in responsibility comes an increase in resources.

Does the budget request provide additional staff to the Regions and, if so, how many positions?

If not, how do you intend to ensure the Regions are capable of assuming the new responsibilities you have delegated to them?

Answer. The delegation of new authorities and responsibilities to the Regions will not impose additional personnel requirements to the agency as a whole and no additional personnel were requested in the fiscal year 2011 budget proposal. However, some personnel, budget, and mission support resources may need to be re-located to where the authorities are executed. At present, the FEMA Regions are leading the process to assess the types of positions that may be needed in any given area and to develop and propose Regional budgets to implement new and existing authorities in the Regions. FEMA is also in the process of analyzing and identifying existing vacancy positions at headquarters to determine what positions may need to be transitioned to the Regions. The number of positions to be transferred will depend upon precise requirements, but Deputy Administrator Serino has expressed a target goal to transition about 25 percent of the agency's current vacancies at headquarters to the Regions.

FEMA will commence reallocating vacancies to the Regions once its recommendations have been approved. While the initial identification of these positions will be concluded prior to hurricane season, recruitment and hiring will take longer, and depend on various geographic factors.

Question 3. Of the $1.1 billion requested for the Urban Area Security Initiative (UASI) grant, $200 million is set aside to reimburse local governments for security-costs resulting from terror-related trials.

Why was UASI chosen as the set-aside funding source for the terror-related trials?

Provided FEMA is appropriated the requested funds, will FEMA seek to reallocate the funds if the trials do not take place in civilian courts or in large metropolitan areas? If so, what account or programs would FEMA seek to reallocate the funding?

Answer. The Urban Area Security Initiative funding request reflects a set-aside to be used in the event a trial was to be held in an urban area. The funding is consistent with Part IV, Section E (page 36) of the fiscal year 2010 Homeland Security Grant Program application and guidance kit, which includes language on National Special Security Events (NSSEs). Under "Organizational Activities (SHSP and UASI only)," it states the following, "Section 2008 of the *Homeland Security Act of 2002,* as amended by the 9/11 Act, includes the following allowable activities:

- Responding to an increase in the threat level under the Homeland Security Advisory System, or needs resulting from a National Special Security Event;
- Establishing, enhancing, and staffing State and Major Urban Area fusion centers;
- Paying salaries and benefits for personnel to serve as qualified intelligence analysts."

In planning for the possibility that trials do not take place in civilian courts or in large metropolitan areas, FEMA included "up to" language in its 2011 request. This language allows for any of the $200 million not used for additional security costs involved in hosting terror-related trials to be included in the general UASI program. FEMA would have to request reprogramming authority from Congress to move the money from the UASI account to another account in the event the funding is not needed for NSSEs.

Question 4. The Gulf Coast's long journey back from Hurricane Katrina demonstrates that the Nation needs a strong plan for coordinating community recovery efforts that clearly defines leadership roles. The National Disaster Recovery Framework is supposed to be that plan, but the committee is concerned that the draft Framework lacks clearly defined roles, responsibilities, and authorities for the Federal agencies involved, particularly FEMA.

Why wasn't the role of FEMA or your position as administrator more clearly defined in the Recovery Framework?

Do you expect clearer roles and responsibilities to be defined in the final Framework, particularly as it relates to FEMA?

When do you anticipate the administration completing and publishing the final Framework?

Answer. We will clearly define the roles and responsibilities in the National Disaster Recovery Framework of all key recovery agencies, including FEMA. We anticipate publishing the final Framework this summer, but recognize that the extraordinary demands of the Deep Horizon Oil Spill, the Tennessee flooding disaster, and other unknown events may alter that timeline.

QUESTIONS FROM CHAIRMAN BENNIE G. THOMPSON OF MISSISSIPPI FOR W. CRAIG FUGATE

Question 1. The committee remains concerned that the Grants Directorate does not have the staff and resources to optimally manage the full suite of DHS grant programs. As a result, the Grants Directorate overly relies on contractors to perform inherently Governmental functions.

What steps are you taking to make certain the Grants Directorate can meet its mandate to be the one-stop shop for all DHS grant programs?

Answer. The Grant Programs Directorate (GPD) has worked extensively with the Human Capital Division to recruit and hire additional Federal staff and is working with the Office of Personnel Management on other hiring efficiencies. Additionally, GPD personnel have attended events such as the Presidential Management Fellow job fair to attract qualified job seekers to the agency.

In addition, the following actions have been taken by FEMA and GPD leadership:

- Concentrated efforts on personnel issues, for both recruitment and retention (R&R);
- Announced 18 vacancies May 7, 2010;
- Announced remaining vacancies by May 17, 2010;
- Introducing performance management culture with a focus on developing and enhancing supervisory, managerial, and leadership skills at all levels of organization;
- After strategically examining resource requirements, GPD will, as warranted, in-source current contractor positions as current contracts expire;
- Have developed short-term staffing plan to address obligation of all fiscal year 2009 expiring funds;
- Investigating use of USCG reservists to assist with PSGP;

- Utilizing detailees from FEMA Regions;
- Will solidify Mid/Long-term planning for R&R.

Question 2. The National Flood Insurance Program (NFIP) has been conducting a multi-year project to re-examine flood zones by creating newer and more detailed digital flood maps. While the committee recognizes the importance of these new flood maps to help citizens protect their homes and businesses from potential flooding, these more detailed maps have also caused more individuals to be placed in flood zones than before.

What steps is FEMA taking to make sure homeowners are aware of their change in flood risk?

What type of recourse do localities or citizens have to challenge the new flood maps?

Since an increase in flood risk often leads to much higher prices for flood insurance, has there been any thought on how homeowners, including senior citizens on fixed incomes and low-income households, could receive some form of help with these costs?

Answer. FEMA conducted an assessment that determined, while some properties have been newly identified to be within the Special Flood Hazard Area (SFHA) (an area having no less than a 1 percent annual chance of flooding in any given year) based on newer science, in aggregate, more have been removed. Where FEMA has finalized maps, we estimate a net decrease of about 1 percent in the number of housing units in the SFHA.

FEMA is required by law to publish notice of proposed map changes in two places: (1) The Federal Register and (2) a Predominant Local Newspaper. FEMA often exceeds those two legal requirements, particularly when the flood hazards are found to be much greater than widely known. In many cases we have additional meetings with local communities, ask the State to assist in outreach, contact media, and distribute press releases, hold public meetings, develop flyers, and more.

In addition to these efforts, because the Federal Government does not have private property information or resources to contact individuals that might be impacted, FEMA also relies on its State and local counterparts to assist in getting the word out.

In regard to what type of recourse do localities or citizens have to challenge the new flood maps, because conditions on the ground change over time, anyone can challenge a flood map at any time. FEMA has processes to incorporate more current or detailed data any time it becomes available. It is important to recognize that FEMA makes its maps based on data and science and therefore challenges to them need to also be based on data and science. Communities or individual homeowners may present this data through the map revision process at any time.

In terms of a FEMA-initiated restudy for an area, FEMA is required by law to provide a 90-day appeal period for any proposed changes to flood elevations. Beyond that however, FEMA's mapping process from start to finish takes 2 to 3 years and is very open, transparent, and collaborative. Examples include meetings with local officials to kick the study off, where there is opportunity to shape the study before it starts, and meetings to present preliminary findings which provide an opportunity to challenge the results before the maps become final.

Importantly, even after a particular map is final it can still be revised.

FEMA is also engaged in a comprehensive effort to address the concerns of a wide array of stakeholders involved in an on-going dialogue about the National Flood Insurance Program (NFIP). The initiative is a multi-stage process designed to engage stakeholders and consider the largest breadth of public policy options. FEMA believes this important process will ensure the program can efficiently and effectively meet the needs of the public. The results of this analysis will inform future decisions regarding the NFIP.

Question 3. According to a recent Inspector General report, an astonishing $16 billion in unspent monies still remains at FEMA for 744 unclosed disasters. The report indicates that delays are largely attributable to a shortage of regional staff and a lack of uniform close-out standards and centralized leadership at FEMA. The report indicates that FEMA agreed with the IG's recommendations and established a working group in November to address the close-out delays.

Can you please explain what FEMA's plan is for closing out the disasters and the progress the working group has made to date on disaster close-out?

To what extent does the working group seek input from and involve senior Regional officials?

Answer. As of April 30, 2010, there were 882 open FEMA-State Agreements (FSAs), including Major Disaster (DR), Emergency (EM), and Fire Management Assistance (FS/FMA) declarations since 1989. This includes declarations made in the current fiscal year.

The FEMA administrator launched an initiative in October 2009 to expedite the closure of older disasters. The Disaster Closeout Initiative includes disasters ("DRs") declared in fiscal year 2002 and prior years as well as EM/FS/FMAs declared in fiscal year 2007 and prior years. The number of open FSAs under the initiative's timeframe was 357 on October 1, 2009, and was 292 as of April 30, 2010 (in other words, 65 FSAs, or 18 percent of the open FSAs, have been closed to date in fiscal year 2010). The un-liquidated obligations (ULOs) associated with open disasters is less than $500 million, excluding a $2.2 billion ULO associated with an Interagency Agreement (IAA) with DOT/FTA to support rebuilding of the lower Manhattan transportation infrastructure as a result of the 9/11 terrorist attacks. With that exception, FEMA plans to liquidate the majority of the remaining ULOs by the end of fiscal year 2010.

The administrator directed the FEMA Chief Financial Officer (CFO) to establish a Disaster Closeout Workgroup and designate a senior official to coordinate this effort. The Disaster Closeout Workgroup has membership from all FEMA Regional Offices and headquarters program and staff offices. The CFO issued guidance in January 2010 to the Regional administrators to conduct a thorough review of the open older disasters and provide target dates for closure of their open FSAs to the OCFO by April 1, 2010.

The Regional administrators submitted assessments of their open FSAs and proposed target closure dates (by fiscal year quarter) for each of their open disasters. The Regions have targeted the closure of an additional 164 disasters in fiscal year 2010 resulting in a 64 percent reduction in open older disasters. The remaining 128 older open disasters will be closed in fiscal year 2011 except for a handful of disasters that have extended Public Assistance and/or Hazard Mitigation permanent projects to be completed. The Regions also identified on-going activities holding up immediate closeout as well as systemic issues that need to be addressed agency-wide. The OCFO, through the Disaster Closeout Workgroup, is assisting the regions with closeout activities to deal with issues that are impeding closeout. Improvements to the closeout process as a result of this initiative will be applied to the entire universe of open disasters across FEMA.

The Regional administrators were given authority in April 2009 to establish and fill temporary CORE positions that are performing disaster-related work, including closeout activities. Most of the regional offices have utilized this authority to add additional closeout staff.

A collateral goal of the closeout initiative is to identify and de-obligate all ULOs associated with the older disasters. To date, the amount of funds de-obligated and returned to the Disaster Relief Fund under this initiative in fiscal year 2010 is over $350 million. In addition, a dedicated team of Office of Chief Procurement Officer and OCFO staff recently de-obligated $443 million associated with 514 open contracts in less than 4 weeks. The CFO also issued a CFO Directive in June 2009 on Managing Open Obligations to require quarterly reviews and annual certification of open obligations by all HQ and regional offices. The OCFO will continue this focused effort to review and de-obligate all invalid obligations.

QUESTIONS FROM RANKING MEMBER PETER T. KING OF NEW YORK FOR W. CRAIG FUGATE

Question 1. The President's fiscal year 2011 budget request cuts Firefighter Assistance Grants by $200 million, or 25 percent from last year. This proposed cut ignores the on-going needs of fire departments around the country and the serious budget crises that these departments continue to face.

Why was the decision made to cut funding for this important program?

Did FEMA consider the significant need for such funding, as demonstrated by over $3 billion in applications in a single year, or the strong effectiveness of the program as reported by the Office of Management and Budget?

Did FEMA consider the on-going budget constraints at the local level when determining an appropriate funding level for the program?

Answer. The fiscal year 2011 budget request is $20 million higher than last year's request, and is higher than any of the Department's last five budget requests for Firefighter Assistance Grants. In addition, over $850 million has been awarded to fire departments but remains unspent. While this unexpended balance is high, it should be noted that it does not even include the $810 million appropriated to Firefighter Assistance Grants in fiscal year 2010 that have yet to be awarded. Based on these figures, FEMA feels that the $610 million requested for fiscal year 2011 is appropriate.

Regardless of the funding level, FEMA continues to address programmatic issues identified by stakeholder groups. Of critical importance to our fire service partners,

we have significantly expanded eligibility for our fire programs such as the Staffing for Adequate Fire and Emergency Response (SAFER) grant, making it much easier for local departments to put these security dollars to work quickly to bring back laid-off firefighters and retain their current forces. Moreover, we changed the 4-year term of SAFER grants to 2 years, giving departments much more flexibility in the short term; eliminated the $100,000 per position cap, enabling departments to retain veteran firefighters and maximize their funding across their workforce; eliminated the local match; and allowed departments to keep SAFER funding during normal attrition (previously they had to return the funding).

Question 2. Most experts agree that if the trial for Khalid Sheik Mohammed is held in a highly populated area, it will become a prime target for a terrorist attack.

Has the FEMA administrator been involved in contingency planning for any terror trial?

Answer. As the lead Federal agency for consequence management, FEMA is responsible for ensuring that the Nation works together at all levels to build, sustain, and improve the capability to plan and prepare for, protect against, respond to, recover from, and mitigate the consequences of all hazards disasters. This would include providing all-hazards planning support and supporting State and local governments during a terror trial, and if requested, to manage the consequences of a disaster event that overwhelms their capabilities to respond. FEMA also manages a network of operations centers and information-sharing capabilities with all levels of government around the clock 365 days/year. This capability allows the agency to closely interact with and provide internal and external stakeholders a consolidated, consistent, and accurate status of responses to on-going incidents and to monitor evolving or potential events to be prepared to manage any consequences that may ensue.

Question 3. I am concerned that your budget proposal for the UASI program includes up to $200 million for terror-trial security. I, along with many other Members of Congress, oppose importing terrorists to the United States for trial in civilian courts. Beyond the funding request for terror trials, the budget proposal includes a minimal increase for UASI of only $13 million.

What is your justification for including up to $200 million for terror-trial security?

How did the administration arrive at this figure when it currently does not have a plan for such trials?

Don't you think that if the administration did not impose civilian trials of terrorists on local communities, that cities would be better able to use the $200 million in UASI funding to meet their current and specific homeland security needs?

Answer. The UASI funding request represents a set-aside to be used in the event a trial was to be held in an urban area. The funding is consistent with Part IV, Section E (page 36) of the fiscal year 2010 Homeland Security Grant Program application and guidance kit, which includes language on National Special Security Events (NSSEs). Under "Organizational Activities (SHSP and UASI only)," it states the following, "Section 2008 of the *Homeland Security Act of 2002,* as amended by the 9/11 Act, includes the following allowable activities:

- Responding to an increase in the threat level under the Homeland Security Advisory System, or needs resulting from a National Special Security Event;
- Establishing, enhancing, and staffing State and Major Urban Area fusion centers;
- Paying salaries and benefits for personnel to serve as qualified intelligence analysts.

In planning for the possibility that trials do not take place in civilian courts or in large metropolitan areas, FEMA included "up to" language in its 2011 request. This language allows for any of the $200 million not used for additional security costs involved in hosting terror-related trials to be included in the general UASI program. FEMA would have to request reprogramming authority from Congress to move the money from the UASI account to another account in the event the funding is not needed for NSSEs.

Question 4. In preparation for this year's hurricane season, what type of joint planning activities is FEMA conducting with other Department of Homeland Security components, such as the U.S. Coast Guard?

How have these joint activities strengthened FEMA's overall preparedness and response capabilities?

How can Federal, State, and local governments measure whether they have increased overall preparedness capabilities?

Answer. The FEMA 2009 Hurricane Concept of Operations document (CONOPS) is the interagency disaster response document that will be used to coordinate response activities during the upcoming hurricane season. After a review of the events of last year's hurricane season, it was determined that no changes to the existing

CONOPS were needed. FEMA recently participated in the Region IV Tri-state Hurricane Exercise in Florida, Georgia, and Alabama in May and is facilitating the following National and regional level hurricane exercises with DHS components and interagency partners: the DHS Senior Leader Hurricane Facilitated Discussion; the Emergency Support Function Leadership Group (ESFLG) TTX; and the 2010 FEMA HQ Hurricane Plan Seminar and Execution Workshop. FEMA's overall preparedness and response capabilities have been strengthened through interagency and intra-agency exercises and planning activities. In addition, preparations such as pre-identifying key leadership positions including the Federal Coordinating Officers, the Defense Coordinating Officers, the Senior Health Officials, and the State Coordinating Officers; organizing Incident Management Assistance Teams available to deploy to link up with States to initiate the coordination of the Federal response; encouraging early decisions to facilitate action on pre-disaster emergency declaration requests and evacuation and sheltering; and exercising with other DHS components such as the Transportation Security Administration, U.S. Customs and Border Protection and the U.S. Coast Guard, and the States have also strengthened overall preparedness and response capabilities.

Additionally, the Office of Infrastructure Protection (IP) within the National Protection and Programs Directorate (NPPD) works closely with FEMA before and during hurricane season. For instance, IP identifies the most critical infrastructure pre- and post-landfall to prioritize restoration efforts and identify cascading impacts from hurricane-damaged infrastructure. This work includes extensive analysis involving National Laboratories, on-the-ground assessments, and geospatial production. IP's Protective Security Advisors serve as Infrastructure Liaisons in the FEMA Joint Field Office during incidents, including hurricane strikes. And, IP maintains a permanent liaison at FEMA's headquarters operation center and provides 24/7 coverage during hurricane response.

The National Communications System (NCS), which resides within NPPD's Office of Cyber Security and Communications, has worked with FEMA Regions 4 and 6 and the regional, State, and local planners to strengthen awareness of communications planning for restoration and reconstitution of communications critical infrastructure. FEMA and the NCS partnered to ensure that personnel identified to respond to ESF–2 (Communications) activations were appropriately trained and prepared.

FEMA also coordinates regularly with the NPPD's Federal Protective Service (FPS) to provide disaster facility and force protection after hurricanes and other disasters. FEMA and FPS conduct operational and tactical planning sessions for each declared emergency for deployment of FPS law enforcement officers to establish security at disaster facilities, and to protect disasters relief assets. FEMA has also identified an FPS Disaster Liaison Officer through strategic planning sessions conducted to review capabilities and recognize challenges.

Measuring preparedness is a cyclical and continuous process, and starts with the identification and assessment of the entity or jurisdiction's threats and hazards. After that, an entity/jurisdiction must do a few fundamental things as they assess their levels of preparedness.

- Assess the hurricane threat for your community.
- Assess the existing capabilities to address this threat.
- Determine the capabilities needed to fully and effectively address the threat.
- Determine the gaps between existing capabilities and the capabilities needed to fully and effectively address the threat.
- As funding allows, close the gaps.
- Conduct training and exercise programs, capture results in After Action Reports (AAR), and then further refine your capabilities.

Question 5. I would like to thank FEMA for the critical assistance that was recently approved for Nassau and Suffolk Counties following the devastating Nor'easter that hit Long Island in March.

Can you provide a status update as to what level of assistance will be provided under the President's disaster declaration and how quickly Federal funds will be made available?

Answer. The Presidentially-declared disaster (FEMA–NY–1989) authorized FEMA to provide all categories of Public Assistance (PA) in the designated areas. Following the Presidential declaration, an Applicants' Briefing is conducted by a representative of the State for all potential Applicants for PA grants. This Briefing was held on May 7. Upon identifying potential Applicants, the Applicant, FEMA, and the State participate in a Kickoff Meeting. This meeting is a project-oriented meeting which provides the Applicant with a more detailed review of the PA program and focuses on eligibility and documentation requirements. The Kickoff Meeting is the starting point of the PA process and is also the marker for key deadlines. Kickoff

Meetings have been held in Suffolk County, and the rest of the affected areas of New York, throughout the month of May, and most have been completed at this time. Following the Kickoff Meeting, the Applicant, FEMA, and the State begin the process of identifying and formulating projects. Once formulated projects are approved, funding can be made via the State (grantee) to the Applicant (sub-grantee) for use in completing projects. The availability of funds is directly related to the complexity of project submitted. This process is currently underway. FEMA's regulations indicate that the project completion deadline for emergency work (debris removal and emergency protective measures) is 6 months from the date of the declaration. The project completion deadline for permanent restoration work is 18 months. Extensions may be made by the State and by FEMA if necessary based on extenuating circumstances.

Question 6. It is my understanding that a preliminary audit finding by FEMA related to the City of Buffalo's response on the "October Surprise" storm of 2006 may lead to the financially-strapped city being forced to repay $3.9 million to the Federal Government because your agency determined that the city overspent for the removal of storm debris. I am concerned that the methodology used to arrive at this conclusion is faulty because it directly compares the removal costs in an urban environment to those incurred in the neighboring suburbs.

Not only are there major complicating factors to performing these tasks in a city, but in this case a lower cost was secured by Buffalo's suburban neighbors by delaying their response by a week. Such a delay was not a feasible option in Western New York's medical, emergency services, and governmental center.

Therefore, what is your view on whether the most reasonable response to this situation would be to end this inquiry based on the fact that Federal regulations allow for flexibility in awarding grants when "the public exigency or emergency . . . will not permit a delay" (44 CFR 13.36(d)(4))? If you disagree, please explain.

Please also provide the committee with a report on the status of FEMA's review of this situation.

Answer. The City of Buffalo was audited, and we are awaiting a final report from the DHS OIG on this matter before making any decisions. FEMA will provide a report to the committee after the final OIG report is received and reviewed.

Question 7. The President's fiscal year 2011 budget requests $28 million for the Urban Search and Rescue System, which is a $4.5 million cut from last year's enacted level. Some Urban Search and Rescue teams have already suggested that their operational costs are even higher than the funding level provided last year.

We all recognize and appreciate the vital role these teams play, evidenced most recently by their important work in Haiti following the devastating earthquake there earlier this year. Given these realities, why is the Urban Search and Rescue program request lower in fiscal year 2011?

How many Urban Search and Rescue Teams exist currently?

Does FEMA have any plans to expand and strengthen Urban Search and Rescue with additional resources in the future?

Answer. The fiscal year 2011 budget request for Urban Search and Rescue (US&R) is the same as the fiscal year 2010 budget request. Currently there are 28 FEMA-sponsored National US&R teams strategically located across the country. Additionally, a roughly equal number of State and local-sponsored US&R teams exist that may be available to assist the impacted States through the EMAC mechanism.

As stated in the fiscal year 2009 Report to Congress titled "Feasibility of Additional Urban Search and Rescue Task Forces," dated June 30, 2009, based on the National Program Office review and analysis, the current 28 National US&R Task Forces are sufficient to provide adequate coverage and capability to respond to the search and rescue needs of the Nation. Increasing their number would dilute the available funding and impede on-going enhancement efforts. FEMA will continue to focus on maintaining and improving the capabilities and functionality of the existing Task Forces.

QUESTIONS FROM HONORABLE WILLIAM L. OWENS OF NEW YORK FOR W. CRAIG FUGATE

Question 1. Northern border communities have historically benefitted from Operation Stonegarden, and in fiscal year 2009 six counties in my district and the St. Regis Mohawk Tribe received funding awards. The President's budget proposal for fiscal year 2011, which requests setting aside $50 million for Operation Stonegarden, would restrict eligibility for the grant program to States along the Southwest Border.

I recently sent a letter along with four of my colleagues from the New York delegation to the Homeland Security Appropriations Committee to request that this

funding for northern Border States be reinstated. We believe this shift in funding fails to recognize the illegal activities along the northern border that present a serious threat to our National security. New York's northern border alone has eight bridges with points of entry and there have been numerous reports of criminal networks using certain tribal lands along New York's northern border to conduct illegal activity, including the smuggling of people, illegal drugs, and political terrorists.

To that end, I recently introduced legislation with Senator Schumer calling on the Office of National Drug Control Policy (ONDCP) to work with the Secretary of Homeland Security to develop a northern border counternarcotics strategy.

Please explain the agency's thinking with respect to why these funds are being shifted away from northern border communities at a time of such critical need.

Answer. In determining funding allocations for Operation Stonegarden (OPSG), the Department considers all information available regarding eligible communities. OPSG was initially established as a separate grant program in fiscal year 2006, and targeted only the four southwest border States. While eligibility for OPSG has expanded over the past several years, the emphasis remained along the southwest border with over 75 percent of the fiscal year 2009 OPSG allocation and 100 percent of the fiscal year 2009 supplemental funding for OPSG being awarded to the southwest border States.

The southwest border is a dynamic operational environment that represents about 80 percent of the enforcement activity volume that CBP faces on a year-to-year basis. Mexican drug cartel-related violence continues to represent a serious threat to the National security of the United States as well as to the U.S. citizens that live along our southwest border. As a result, the President's budget proposal for fiscal year 2011 reflects a renewed emphasis on enhancing border security efforts along the southwest border. However, other sources of funding, such as the State Homeland Security Program (SHSP), remain available to all States to support border security-related efforts.

○