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REBUILDING AFTER THE STORM: LESSENING IMPACTS AND SPEEDING RECOVERY

(114–2)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Peter A. DeFazio
Ranking Member

January 23, 2015

SUMMARY OF SUBJECT MATTER

TO:	Members, Committee on Transportation and Infrastructure
FROM:	Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE:	Committee Hearing on "Rebuilding after the Storm: Lessening Impacts and Speeding Recovery"

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Tuesday, January 27, 2015, at 10:30 a.m. in 2167 Rayburn House Office Building for a hearing titled "Rebuilding after the Storm: Lessening Impacts and Speeding Recovery." The purpose of the hearing is twofold:

1. To launch an assessment of the rising costs of disasters, the cost effectiveness of disaster assistance, strategies to reduce disaster losses, and the appropriate roles of government and the private sector; and
2. To consider reforms to save lives through improved alerts and warning systems and search and rescue.

The Subcommittee will receive testimony from the current and former administrators of the Federal Emergency Management Agency (FEMA), the Congressional Research Service (CRS), a state emergency manager, and a fire chief.

ISSUES

The Rising Costs of Disasters

According to numerous studies, disaster losses and federal disaster spending have increased significantly over the last fifty years. In 2012, Munich Re, the world's largest reinsurance company, reported that between 1980 and 2011, North America suffered $1.06 trillion in total losses, including $510 billion in insured losses, and the number of weather-related

events increased five-fold over the previous three decades.[1] In 2005, it was reported that since 1952, the cost of natural disasters to the federal government more than tripled, as a function of gross domestic product.[2]

There are numerous causes that may be driving these costs including, population growth and increased density in disaster-prone areas, changes in weather and fire events, and changes in disaster relief programs. In a recent report, FEMA acknowledged the increase in the number of extreme disaster events and increased vulnerabilities throughout the United States due to shifting demographics, aging infrastructure, land use, and construction practices.[3]

Few Disasters Account for Most Costs

The CRS analyzed data from over 1,300 major disasters since 1989, and adjusting for inflation, found that FEMA obligated more than $178 billion for these disasters.[4] However, CRS also found that 25 percent of all disasters account for over 92 percent of disaster costs.[5] Therefore, the remaining 75 percent of smaller disasters constitute less than eight percent of FEMA disaster spending.

The Increase in Disaster Declarations

FEMA is the federal government's lead agency for preparing for, mitigating, responding to, and recovering from disasters and emergencies related to all hazards – whether natural or man-made. When state and local resources are overwhelmed and the "disaster is of such severity and magnitude that effective response is beyond the capabilities of the state and the affected local governments,"[6] the Governor of the affected state may request that the President declare a major disaster. Below is a snapshot of declarations over the last decade:

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[1] Munich Re (2012). *Severe weather in North America – Perils Risk Insurance.* Munich, Germany: Muchener Ruckversicherungs-Gesellschaft.
[2] The Princeton University Geoscience 499 Class. *The Increasing Costs of U.S. Natural Disasters.* Geotimes, November 2005.
[3] Federal Emergency Management Agency, *National Strategy Recommendations: Future Disaster Preparedness.* September 6, 2013. Available at http://www.fema.gov/media-library-data/bd125e67fb2bd37f8d609cbd71b835ae/FEMA+National+Strategy+Recommendations+(V4).pdf.
[4] CRS Memo *Data Analysis for House Transportation and Infrastructure Committee,* January 14, 2015.
[5] *Id.*
[6] 42 U.S.C. § 5170.

Year	Major Disaster Declarations	Emergency Declarations	Fire Management Assistance Declarations	Total
2015	1	0	0	1
2014	45	6	33	84
2013	62	5	28	95
2012	47	16	49	112
2011	99	29	114	242
2010	81	9	18	108
2009	59	7	49	115
2008	75	17	51	143
2007	63	13	60	136
2006	52	5	86	143
2005	48	68	39	155

Source: http://www.fema.gov/disasters/grid/year

The chart above illustrates a recent decline in the number of disasters since 2011, a year that experienced the most disaster declarations in history. However, the CRS has analyzed the number of disaster declarations back to 1953 and observed a steady increase through 2011.[7] FEMA reports that over two thirds of all disasters were declared in the last two decades, between 1996 and 2013.[8]

It has been suggested that the number of disaster declarations has increased because of an artificially low per capita threshold[9], which FEMA relies on in making recommendations to the President for or against a disaster declaration. While other factors are considered, once state-wide damage reaches a certain level of damage per capita, it is likely that a disaster declaration will be recommended. FEMA has not adjusted this indicator to keep pace with inflation, income or other growth indicators. But this argument ignores factors, such as population density, building in disaster prone areas, and other factors that could also be causing the increased declarations.

Recent Trends in Federal Disaster Assistance

FEMA was established in 1979 as the centralized location for federal disaster assistance and coordination of the federal government's disaster activities. Over time, however, numerous other agencies have received authorities and appropriations for additional federal activities and programs focused on disaster recovery. For example, most recently, the following programs have been significantly involved in disaster recovery, and as such, have received significant funding in the wake of Hurricane Sandy.

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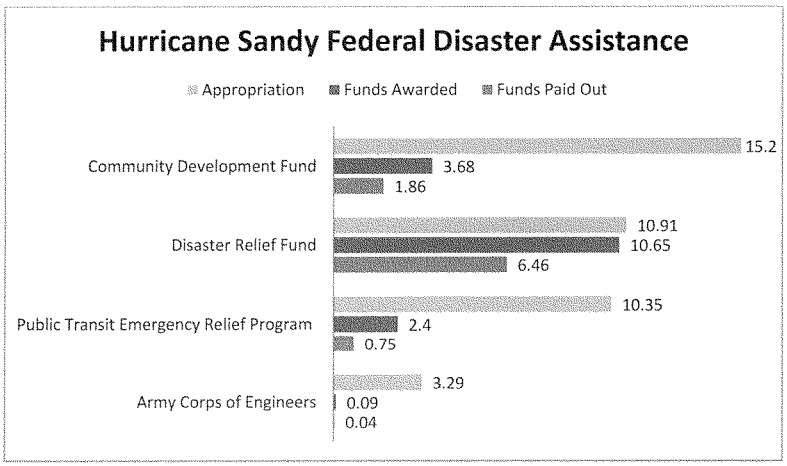
[7] CRS Report 42702 *Stafford Act Declarations 1953-2011: Trends and Analyses and Implications for Congress* by Bruce R. Lindsay and Francis X. McCarthy.
[8] Federal Emergency Management Agency. Available at http://www.fema.gov/disasters/grid/year.
[9] Senator Tim Coburn, *An Imperfect Storm: How the Outdated Federal Rules Distort the Disaster Declaration Process and Fleece Taxpayers.* December 21, 2014.

- Housing and Urban Development (HUD) Community Development Block Grant Disaster Funds (CDBG-DR) – Congress can provide specialty funding for disaster recovery through HUD's CDBG Program.

- U.S. Department of Transportation (USDOT) Federal Transit Administration Emergency Relief Program (ERP) – The ERP's purpose is to help states and public transportation systems pay for protecting, repairing, or replacing equipment and facilities that may suffer or have suffered serious damage because of an emergency, including natural disasters. The ERP is also intended to improve coordination between USDOT and the Department of Homeland Security (DHS) to expedite assistance to public transit providers in times of disasters and emergencies.

- U.S. Army Corps of Engineers (Corps) – The Corps receives money for the rehabilitation, repair, and construction of projects. These funds are available to projects provided that they reduce future flood risk and support long-term sustainability.

Of the funds appropriated for Hurricane Sandy recovery, FEMA did not receive the greatest allocation. The top four programs are depicted below:



Source: http://www.recovery.gov/Sandy/whereisthemoneygoing/monthly/Pages/default.aspx

The Costs of Administering Federal Disaster Grants

The costs to administer federal disaster grants are significantly higher than the costs to administer many non-disaster federal grants and their own guidelines for these costs.[10] In a recent report, the Government Accountability Office (GAO) found that FEMA obligated $12.7

[10] U.S. Government Accountability Office Report GAO-15-65 *Federal Emergency Management Agency: Opportunities Exist to Strengthen Oversight of Administrative Costs for Major Disasters.* December 17, 2014.

billion, or 13 percent of overall disaster obligations between 2004 and 2013, for its own costs to administer disaster assistance,[11] such as training, travel, facilities procurement and temporary staff. Further, GAO found that FEMA obligated $1.7 billion to reimburse states and local governments for their costs to administer FEMA disaster assistance funds[12], which include travel, surveying and assessing sites related to specific projects, as well as contract support that may be secured to execute the grants and complete the project. There are few parameters on these costs and FEMA processes often involve a time-consuming review, sometimes resulting in protracted disputes and delays in reimbursement to states and local government.

The Use of Simplified Procedures

In order to lower the cost of administering small repair projects, Congress granted FEMA the authority to expedite assistance based on estimates for certain projects through simplified procedures in the Disaster Mitigation Act of 2000. Prior to February 2014, FEMA was able to approve and obligate funds based on estimates for all public assistance projects estimated to cost below $68,500, thus expediting the processing for the grant funding. Under the Sandy Recovery Improvement Act (SRIA), Congress directed FEMA to review the threshold, report to Congress and provided authority for FEMA to increase the threshold in the future. FEMA examined data indicating that if the threshold were increased to $120,000, 93 percent of the total number of projects issued for disaster recovery could be covered through these simplified, expedited procedures; an increase to $190,000 would cover 95 percent of the projects; and an increase to $400,000 would encompass 98 percent of the number of all projects issued for disaster recovery.[13] After examining this and other factors, such as cost savings and reporting the results to Congress, FEMA published a notice in the Federal Register increasing the threshold to $120,000, to be adjusted annually with the Consumer Price Index.[14] As required by SRIA, FEMA will review the threshold every three years.

Mitigation Measures as a Strategy to Reduce Disaster Losses

Disaster mitigation includes actions taken to reduce loss of life and property by lessening the impact of disasters. Effective mitigation acts to minimize the potential loss from a disaster based on identifying and understanding the risks in a given area or community. Mitigation can encompass a wide variety of activities, including preparation and planning, elevating or moving structures prone to flooding, hardening structures to mitigate effects of hurricanes or earthquakes, and establishing building codes and zoning ordinances.

Mitigation not only saves lives but has been shown to also reduce disaster costs by minimizing damage from a disaster. For example, pursuant to a requirement of the Disaster Mitigation Act of 2000, the Congressional Budget Office (CBO) completed an analysis on the

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[11] *Id.*
[12] *Id.*
[13] Federal Emergency Management Agency. *Determination on the Public Assistance Simplified Procedures Thresholds.* (January 29, 2014) available at http://www.fema.gov/media-library-data/1391095896799-50f74acda8e6de05dac297db1aad5669/FY14+Public+Assistance+Simplified+Procedures+Thresholds.pdf.
[14] 79 Fed. Reg. 10685.

reduction in federal disaster assistance as a result of mitigation efforts.[15] That study examined mitigation projects funded from 2004 to mid-2007. CBO found that of the nearly $500 million invested through Pre-Disaster Mitigation (PDM) grants, future losses were reduced by $1.6 billion for an overall ratio of three to one. In essence, for every dollar invested in mitigation, $3 were saved. CBO's analysis reaffirmed a prior study commissioned by FEMA and conducted by the Multihazard Mitigation Council of the National Institute of Building Sciences that concluded, in 2005, each dollar spent on mitigation saves $4 in future losses due to disasters.[16]

FEMA Reauthorization Act of 2013 (H.R. 3300)

In the 113th Congress, Committee and Subcommittee Chairs and Ranking Members introduced legislation, FEMA Reauthorization Act of 2013 (H.R. 3300) that would improve our Nation's emergency management capabilities, modernize and strengthen critical components of our preparedness and response system, and support emergency response personnel. In addition to other provisions, the legislation addressed:

Integrated Public Alert and Warning System (IPAWS) – Pursuant to the Stafford Act, FEMA is charged with ensuring an emergency presidential message can be effectively disseminated across the Nation and, as part of that system, providing for the ability of state, tribal and local governments to issue public alerts and warnings in the event of impending or imminent emergencies. IPAWS is a "system of systems" that uses different pathways to simultaneously send alerts through many different channels. Established though a June 2006 Executive Order signed by President George W. Bush, IPAWS integrates the Nation's alert and warning infrastructure into one modern network and updates them to take into account newer forms of technology. Doing so increases the capability to alert and warn communities of all hazards impacting public safety. H.R. 3300 provided the direction and framework necessary to ensure the most efficient development of IPAWS possible, specifically the establishment of clear system requirements and capabilities for IPAWS, providing a clear framework for the development of IPAWS, and making certain stakeholders – including federal, state, local, and private sector entities – have input in the ongoing development of IPAWS.

Urban Search and Rescue (USAR) System – The USAR Response System is a framework for organizing federal, state, and local partner emergency response teams as integrated federal search and rescue task forces. The 28 National USAR Task Forces can be deployed by FEMA to assist state and local governments in rescuing victims of structural collapse incidents or to assist in other search and rescue missions. However, these team members lack the clarity on legal issues that are afforded to other federalized response teams (such as the Department of Health and Human Services Disaster Medical Assistance Teams) when they are deployed to locations outside their licensed jurisdictions. H.R. 3300 clarified licensing, liability, and compensation issues for USAR participants to ensure emergency response personnel can focus on the mission at hand.

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[15] Congressional Budget Office, *Potential Cost Savings from the Pre-Disaster Mitigation Program*. September 2007.

[16] Multihazard Mitigation Council, National Institute of Building Sciences (2005), *Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings from Mitigation Activities*.

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Emergency Management Assistance Compacts (EMAC) – EMAC is an interstate compact approved by Congress that provides an effective avenue by which states can provide one another mutual aid in the event of a disaster. Through EMAC, a state impacted by a disaster can request and receive assistance from other member states more quickly and efficiently, by addressing concerns with regards to liability and reimbursement. H.R. 3300 continued authorizing the program at current funding levels.

WITNESS LIST

The Honorable W. Craig Fugate
Administrator
Federal Emergency Management Agency

Mr. Francis X. McCarthy
Analyst in Emergency Management Policy
Congressional Research Service

The Honorable R. David Paulison
Former Administrator
Federal Emergency Management Agency

Mr. Bryan Koon
Director, Florida Division of Emergency Management
On Behalf of
National Emergency Management Association

Mr. Brian Fennessy
Assistant Fire Chief for Emergency Operations
San Diego Fire-Rescue Department
On Behalf of
International Association of Fire Chiefs

Addendum: FEMA Disaster Assistance

Federal Emergency Management Agency Background

FEMA was established in 1979 by Executive Order by President Carter following a number of massive disasters in the 1960s and 1970s, which resulted in proposals by the National Governors Association and others to streamline and cut the number of agencies states were required to work with following a disaster. Prior to the creation of FEMA, the federal government's emergency response mechanisms were scattered among many agencies throughout the government. The creation of FEMA helped to centralize these authorities and the coordination of the federal government's response to a disaster. FEMA's primary authority in carrying out its emergency management functions stems from the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (Stafford Act)[17] (P.L. 93-288).

Following the devastating terrorist attacks on September 11, 2001, Congress enacted the Homeland Security Act of 2002 (P.L. 107-296), creating the DHS, and placing FEMA within DHS. FEMA's functions were dispersed among various offices and directorates of DHS. In 2006, following Hurricanes Katrina and Rita and the intensive Congressional investigations and oversight, Congress enacted the Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA) (P.L. 109-295), which addresses key response roles and authorities and put FEMA back together again within DHS. PKEMRA authorized the National Preparedness System and FEMA for the first time in legislation. Most recently, Congress enacted the Sandy Recovery Improvement Act (SRIA, P.L. 113-2), on January 29, 2013, in the wake of Hurricane Sandy's impact to the East Coast. SRIA provided additional authorities to expedite and streamline Hurricane Sandy recovery efforts, reduce costs, and improve the effectiveness of several disaster assistance programs authorized by the Stafford Act.

Disaster Declaration Process

When the President declares a major disaster or emergency, the official declaration triggers certain federal response authorities and financial disaster assistance. In particular, when such a declaration is made, the President is authorized to direct any federal agency, with or without reimbursement, to assist state and local governments and protect life and property. FEMA is responsible for coordinating federal agency response and ensuring the necessary federal capabilities are deployed at the appropriate place and time. In addition, FEMA provides direct support and financial assistance to states and local governments and individuals as authorized under the Stafford Act. Once the President issues a declaration, federal resources are deployed in support of state and local response efforts.

There are two categories of incidents included in the Stafford Act – "major disasters" and "emergencies." A "major disaster" is defined under the Stafford Act as:

> Any natural catastrophe (including any hurricane, tornado, storm, high water, wind driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought), or, regardless of cause, any fire, flood, or

[17] 42 U.S.C. §§ 5121-5207.

> explosion, in any part of the United States, which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster assistance under this chapter to supplement the efforts and available resources of states, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.[18]

An "emergency" is defined as:

> Any occasion or instance for which, in the determination of the President, federal assistance is needed to supplement state and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States.[19]

The key distinction between a major disaster and emergency is that emergencies authorize fewer types of assistance and do not require a state level disaster declaration or a request from a governor. In addition, emergencies are typically less severe events, limited in cost and duration, and can be declared to "lessen or avert the threat of a catastrophe."[20]

Disaster Relief Fund (DRF)

The Disaster Relief Fund (DRF) is the primary account used to fund many of the FEMA disaster assistance programs for states and local governments and certain nonprofits following a declared disaster or emergency. In most cases, funding from the DRF is released after the President has issued a disaster declaration.

Disaster Assistance Programs

FEMA's major Stafford Act programs for disaster response and recovery in the aftermath of a major disaster are in the Public Assistance Program and the Individual Assistance Program. Under both of these programs FEMA assistance may not duplicate other benefits or insurance, assistance is not intended to make "one whole," and for-profit companies are generally ineligible for assistance.

The Public Assistance Program, authorized primarily by sections 403, 406, and 407 of the Stafford Act, reimburses state and local emergency response costs and provides grants to state and local governments, as well as certain private non-profits to rebuild facilities. The Public Assistance Program generally does not provide direct services to citizens.

The Individual Assistance Program, also known as the Individuals and Households Program, is primarily authorized by section 408 of the Stafford Act. The program provides assistance to families and individuals impacted by disasters, including housing assistance. Housing assistance includes money for repair, rental assistance, or "direct assistance," such as the provision of temporary housing. This section also authorizes the "other needs program," which provides grants to mostly low-income families for loss of personal property, as well as disaster-related dental, medical, and funeral costs to individuals regardless of income. Other

[18] 42 U.S.C. § 5122.
[19] *Id.*
[20] *Id.*

Individual Assistance Programs authorized by the Stafford Act include: unemployment assistance (section 410), disaster food stamps (section 412), disaster legal services (section 415), and crisis counseling (section 416).

Section 404 of the Stafford Act authorizes the Hazard Mitigation Grant Program (HMGP). HMGP provides grants to state and local governments to rebuild after a disaster in ways that are cost effective and reduce the risk of future damage, hardship, and loss from natural hazards. FEMA also provides grants under HMGP to assist families in reducing the risk to their homes from future natural disasters, through such steps as elevating the home or purchasing the home to remove it from the floodplain.

Fire Management Assistance is authorized by section 420 of the Stafford Act and is available to states, local and tribal governments, for the mitigation, management, and control of fires on publicly or privately owned forests or grasslands, which threaten such destruction as would constitute a major disaster. The state must submit a request for assistance at the time a "threat of major disaster" exists. The Fire Management Assistance Grant Program provides a 75 percent federal cost share and the state pays the remaining 25 percent for actual costs. Before a grant can be awarded, a state must demonstrate that total eligible costs for the declared fire meet or exceed either the individual fire cost threshold - which is applied to single fires, or the cumulative fire cost threshold, which recognizes numerous smaller fires burning throughout a state. Eligible firefighting costs may include expenses for field camps; equipment use, repair and replacement; tools, materials and supplies; and mobilization and demobilization activities.

REBUILDING AFTER THE STORM: LESSENING IMPACTS AND SPEEDING RECOVERY

TUESDAY, JANUARY 27, 2015

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:32 a.m., in Room 2167, Rayburn House Office Building, Hon. Lou Barletta (Chairman of the subcommittee) presiding.

Mr. BARLETTA. The subcommittee will come to order.

I would like to thank Chairman Shuster for the opportunity to serve again as chairman of this subcommittee.

Ranking Member Carson, welcome back.

Mr. CARSON. Thank you, Chairman.

Mr. BARLETTA. I look forward to building on our bipartisan record of accomplishments from last Congress.

Mr. CARSON. Absolutely.

Mr. BARLETTA. Let me welcome the new and returning members of the subcommittee to our first hearing.

Last Congress, we saved $2.2 billion on GSA projects and passed the Sandy Recovery Improvement Act. These were major accomplishments, and I thank everyone who was involved in them.

This Congress, my two top priorities are going to be public buildings reform and disaster legislation.

I think that we can exceed the GSA savings from last Congress, and we have some important reforms to tackle in the emergency management world. I hope that we can have disaster legislation and a GSA reform bill ready for the committee to consider in the first half of this year.

Now, the purpose of today's hearing is to launch a public policy debate about the growing human and financial costs of disasters and to review if we, as a Nation, are responding in the most appropriate and cost-effective way.

The private sector and Government are spending an ever-increasing amount of money on disasters. FEMA alone has obligated more than $178 billion since 1989, over 1,300 Presidential disaster declarations. Those numbers are going up, and I don't believe we fully understand why or what can be done to reduce those losses and protect our citizens.

Over the past 8 years, Chairman Shuster and this committee made critical emergency management reforms through the Post-Katrina Emergency Management Reform Act and the Sandy Recov-

ery Improvement Act. These bills and the hard work of FEMA and our State and local partners have made tremendous improvements to our disaster response capabilities since Hurricane Katrina. Now is the time to take a look at how the Nation responds to disasters and where we want to head in the future.

There has not been a comprehensive assessment of disaster aid and trends in at least 20 years. In recent years, specifically in reaction to Hurricanes Katrina and Sandy, significant disaster aid has been provided outside the standard disaster relief programs.

There are many questions we should try and answer. For example, how much do we really spend on disasters? Where is the money going, and what are the key drivers of those cost increases? How have disaster programs evolved over time? Are they still targeted at the greatest need, and are they cost beneficial? What are the principles guiding Federal assistance, and how is it used to rebuild in the wake of a disaster? How can we bend the growing cost curve and ensure there is less damage and fewer people hurt in the future?

Some of the answers may surprise you, as they have surprised me. I noticed in Mr. McCarthy's testimony, only a handful of disasters account for over 90 percent of all disaster spending since 1989. So if we want to understand why Federal disaster costs are growing, we need to understand why a handful of mega-disasters cost so much.

Right after I became a Member of Congress, my district was hit hard by Hurricane Irene and Tropical Storm Lee. I remember in Bloomsburg, a family stayed in their home and tried to move their possessions to an upper floor, but Fishing Creek rose too quickly. The house next to theirs was knocked from its foundation. Water started gushing through their front windows as they called for help. They had to be saved by a helicopter. The woman there told me that she can never live in that home again.

I will never forget that preparing for natural disasters is about more than the loss of possessions. It is our friends' and neighbors' lives that could be at stake if we do not plan in advance.

As we were rebuilding, I was amazed that much of the Federal assistance was to rebuild in the same place in the same way, leaving people vulnerable to the next storm. We have to be compassionate and responsive to our citizens, but we also have a duty to be good stewards of the taxpayer dollar.

I am committed to establishing a framework to tackle these issues and come up with solutions that are driven by facts and data rather than the emotion that inevitably follows a disaster. I don't have all the answers, but we will put together the right people to get them.

The first step is this hearing, where we have brought together some key people to launch this discussion. I am also excited to announce that following this hearing, on February 26, we will host the first of several roundtables on this topic. The first roundtable will look at disaster losses from all levels of Government and the private sector. I look forward to the ongoing conversations starting with hearing from our witnesses here today, and I want to thank you all for being here.

I ask unanimous consent that members of the full committee not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions. Without objection, so ordered.

I now call on the ranking member of the subcommittee, Mr. Carson, for a brief opening statement.

Mr. CARSON. Thank you, Chairman.

Good morning, and welcome to the first subcommittee hearing of the 114th Congress.

I am very pleased to return as ranking member of the subcommittee and, like Chairman Barletta, I look forward to continuing the good working relationship that we both share. As my friend Chairman Barletta stated, we were able to partner on several items before the subcommittee in the last Congress.

And on a very personal note, I am deeply thankful that the chairman is back and ready for warfare. He is looking good and he is looking fit as always.

And also, I would be remiss if I didn't mention a legend and a true American icon in our midst, and that is the Honorable Eleanor Holmes Norton.

So among the many issues we will consider this Congress, I am very interested in examining the training programs available to our first responders. Ensuring timely and efficient emergency response whenever and wherever disaster strikes is critical.

Now, some of the emergency managers in the great Hoosier State of Indiana have reached out to me regarding the limited accessibility of FEMA's training centers. In order to ensure ready responders, we must make certain that adequate programs are available and that sufficient access is available to those training programs.

Further, after a disaster, we very sadly hear stories about elderly and disabled individuals having to fend for themselves because they were not adequately informed prior to the storm or they were unable to access resources after the storm. This was particularly the case after Hurricane Sandy. We must ensure that emergency preparedness and response systems are inclusive of vulnerable populations and those with language barriers.

Moreover, in their written testimony, NEMA discusses concerns about the level of support services that States should be required to provide. I understand their concern, but it is 2015 and no one should be left behind, especially our most vulnerable neighbors. So I think it is very imperative that we revisit some of those same issues in this Congress to ensure that everyone has access to the same information and resources.

And thank you, Mr. Chairman, I look forward to working with you.

Mr. BARLETTA. Thank you, Ranking Member Carson.

Now, we will have two panels of witnesses today.

On our first panel we have Administrator Fugate, the current Administrator of FEMA, who brings tremendous emergency management experience as well as successes in implementing key reforms and driving progress at FEMA.

On our second panel we will be joined by Mr. Francis McCarthy, an expert at CRS, that will show us the trends in disaster assistance and how assistance has evolved over time.

Mr. Bryan Koon, the Director of the Florida Division of Emergency Management, is here to talk with us about his experience, as well as help us see things from a State perspective.

Administrator David Paulison who led FEMA in the wake of Hurricane Katrina and through the implementation of the Post-Katrina Emergency Management Reform Act. He will discuss the changes he has seen in disasters and provide some thoughts on ways to address the rising cost of disasters.

Finally, we are joined by Chief Brian Fennessy, Assistant Fire Chief for the Emergency Operations in San Diego, who will share his experience in emergency management, specifically the alarming trends in wild fire activity in this country.

I ask unanimous consent that our witnesses' full statements be included in the record. Without objection, so ordered.

Since your written testimony has been made a part of the record, this subcommittee would request that you limit your oral testimony to 5 minutes.

Administrator Fugate, you may proceed.

TESTIMONY OF HON. W. CRAIG FUGATE, ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. FUGATE. Well, thank you, Chairman Barletta and Ranking Member Carson and other members of the committee. In my written statements, I talked about some of the things we have been working on since the Sandy Recovery Improvement Act passed. Mr. Chairman of this committee, I have to say, you helped us address many issues that have come up repeatedly.

First off, I have to recognize the fact that you provided us the authority to recognize the tribal governments as an entity that could deal directly with the President in requesting disaster declarations, something they had sought for a long time. This committee ensured that became part of the legislation, and we have implemented it.

You have also given us tools that we had identified through pilots and lessons learned in managing debris, but also in making sure that as we begin the process of rebuilding, we are able to speed up the process of identifying those large projects, obligating monies, and allowing more discretion to State and local officials on how to build back better. That was an important tool that we began using as far back as some damage from Hurricane Irene with the State of Vermont, and it has given us flexibility that States and local governments have asked for in building back better and building back to the future.

The trends and disasters are not surprising to me. With an aging infrastructure, a concentration of populations in highly vulnerable areas that fortunately don't have a lot of disasters, but when they do occur, the costs are substantial. Particularly, when you look at what happens when the number of public buildings that are under or uninsured are damaged or destroyed. I think things such as dealing with individual losses that weren't insured, dealing with debris cost, dealing with response cost are always going to be part of the formula.

But when you look at, most recently in Sandy, the billion dollars and more in some projects we are having to pay to rebuild struc-

tures, it is important for us to make sure that in the future we have built back those structures to where they are insurable and look at making sure that the insurance provisions are more strenuously applied and less opportunities to allow structures to come back for repeated assistance because they weren't insured.

We firmly believe that we should do more diligent work with our State and local partners to ensure that when we build back we just don't look at old data, we just don't use cost-benefit analysis, that don't account for the future. But we also think we need to engage the private sector more strongly in ensuring risk. And in those areas where the private sector cannot insure that risk, ask hard questions, as you have pointed out, should we build back where we were, should we build back the way it was, or do we need to change? Because if anything, we know that many areas are subject to repeated disasters.

I personally went into Arkansas last year to see damage from a tornado. I saw a school, fortunately not occupied, nearly completed, that was destroyed. I was informed by our staff from the regional office that that school was being rebuilt from a 2010 tornado where it had been destroyed. It was destroyed again.

What really troubled me was we did not have an opportunity or did not seek the opportunity to make sure that school had safe rooms in it. And we have committed to and have now established that in tornado-prone areas, when we are dealing with schools and other public structures, that we will find a way to make sure that we fund safe rooms to protect children during tornadoes.

So you have given us a lot of tools, many of which are still in the implementation phase. Some of them have not gone as fast as I would like. Part of it was the implementation and getting buy-in from our partners at the State and local level, but I am seeing early success. And I think it will be a good discussion to have with you and the committee over our findings, our challenges, and where success is taking place.

I firmly believe that the role of the Federal Government is to support and not supplant our local officials, that FEMA is a support agency, and the cost of disasters is a shared responsibility. But I do think it is appropriate that when disasters exceed the capabilities of State and local governments that we must be there to support them, not only the initial response but to ensure successful recovery.

Thank you, Mr. Chairman.

Mr. BARLETTA. Thank you, for your testimony Administrator Fugate.

I will now begin the first round of questions limited to 5 minutes for each Member. If there are additional questions following the first round, we will have additional rounds of questions as needed.

We all know disaster costs are going up dramatically. What do you think are driving those costs, and can we do anything about them?

Mr. FUGATE. Well, one way that people have said to look at disaster cost is reduce eligibility or erase thresholds for declaring disasters. But as I think you see, the smaller disasters are not what drives the majority of the big-ticket items; it is these larger events.

And I think it comes back to the many cases in which we have aging infrastructure; dense, populated areas in vulnerable zones, whether it is from hurricanes, flooding, earthquakes; and those costs, I think historically, were things that we looked at, such as insurance and other tools to manage that risk. But that risk has now, I think, moved more towards the Federal taxpayer in the FEMA programs.

I think over time it was the unintended consequences of these programs that again were seen as, instead of being a support of last resort, oftentimes the first resort for the coverage of insurable property that was not insured and those losses. Again, it is really a decision that we have to look at, how do we best ensure communities are able to rebuild, but at the same time, don't support or continue growing the risk?

I think we have to understand there is a certain amount of risk out there right now. We have modeled some of these disasters and they are actually bigger than Sandy. The exposure for just south Florida for a repeat of the Great Miami Hurricane would be in the hundreds of billions of dollars in Federal cost, exceeding both Sandy and Katrina. So it is, I think, something we need to look at.

But I think more importantly, we have to make sure that as we go in after disaster, we are setting the stage for the future not to come back and repeat it over and over again.

Mr. BARLETTA. We continue to see new disaster aid programs emerge ad hoc in reaction to disasters. They all seem to have different rules and requirements and do not seem well coordinated or focused on obtaining the best outcomes. Is this something Congress should take a look at so that we can streamline these programs and ensure that they are cost effective?

Mr. FUGATE. Mr. Chairman, I would go back to the Post-Katrina Emergency Management Reform Act.

One of the things you directed FEMA to do—we were slow in doing it, but it is now in place—is to build a national recovery framework to take all of those various programs and look at it more holistically when working with our State and local partners.

I think Congress needs to know what the total cost of disasters are. There shouldn't be hidden costs buried in other appropriations. But I will also caution that the flexibility of those programs and the fact that we deal so oftentimes with preexisting conditions that FEMA's programs aren't going to deal with, that flexibility is oftentimes accessory building.

And let me give you one example of community block development grant dollars. When we deal with housing issues in a disaster, it is generally the affordable housing base that was heavily damaged, not insured, but we are not the program that rebuilds permanent housing. We deal with a temporary response.

So if we are not able to partner with HUD, the risk you run into is a rebound effect. We meet immediate needs but there is no solution long-term.

This is why you saw in Hurricane Katrina people in travel trailers for years after that disaster because we did not approach this in the beginning holistically. For example, if we have these many houses, we are going to have to start looking at affordable housing.

We need to start these programs almost simultaneously to the recovery programs.

So I would say the flexibility and the ability to take these different programs are important tools we should not just discard. But I do think it is important to have a total accounting of what the real costs of disasters are, not just what the Stafford Act under the disaster relief fund may be providing.

Mr. BARLETTA. What incentives do you think the Federal Government could provide the States to encourage better disaster preparation planning, budgeting, and smarter rebuilding to reduce future losses and costs?

Mr. FUGATE. Well, the State, NEMA will present to you—and I think again if I put my State hat on, I would look for more Federal participation early in that process.

One of the things that I have heard from both the Government Accountability Office and from the IG is we ought to be raising the thresholds for disasters. I am against that for several reasons: One is, I think it penalizes large population States because it puts them into almost intolerable levels of disaster to get assistance; at the same time, smaller States would have little impact on them.

Many States have developed their own public assistance and individual assistance programs, but they only apply them generally after they have been denied for Federal assistance. There is almost a disincentive for a State to manage smaller disasters for fear that if they do that it may not make them eligible for a FEMA disaster declaration under the President's authorities.

So what we have been looking at is—our current model—once you reach the threshold the President has declared a disaster, we cost share back to the first dollar. We have been exploring what if you didn't raise the threshold but you looked at how far back do we go and give States more predictability about how much they are responsible for before we do come in with Federal assistance and base it just on per-capita factors but look at the exact State, the economy, the budget reserves, the capacity of the State.

But I think some States have been very progressive in this area. However, other States and their State legislators have oftentimes seen that the Federal Government will come in, go back to that first dollar, and having resistance to building their own capacity. And I think, again, if we could build more capacity for the recurring routine disasters at the State and local level, it would allow us to focus on those large disasters.

I don't think it necessarily brings the big-dollar ticket items down, but it does start growing and building more capacity across the States for a lot of the recurring events that we find ourselves involved in.

Mr. BARLETTA. Thank you.

I will now recognize each Member for 5 minutes of questions, and I will start with Ranking Member Carson.

Mr. CARSON. Thank you, Chairman.

Thank you, Administrator Fugate. The International Association of Fire Chiefs notes that FEMA does not fully reimburse fire departments for their firefighting efforts when called to service. In addition, FEMA does not cover full wages required by the Fair

Labor Standards Act or the back-filled costs of replacing a firefighter dispatch on a mutual-aid agreement.

Sir, is FEMA prohibited by statute from fully reimbursing fire departments for these costs? If not, why is FEMA not fully reimbursing the fire departments?

Mr. FUGATE. I would need, Congressman, specific information. I would have to look at the cases. FEMA funds those extraordinary costs above and beyond what was budgeted. So if you were already budgeted to respond to fires and you do get declared, that does not necessarily become eligible.

But overtime cost, cost of backfill, where you are supporting mutual aid under the emergency management assistance compact going across State lines, and it really comes back to what the mutual-aid agreements are ahead of time.

One of our challenges has been, unless there is an obligation to pay just because you have a disaster declaration doesn't make it eligible. So we do try to look at the nonbudgeted extraordinary costs. We try to be very aggressive in identifying those costs. They are right; we don't go back and do 100 percent. Our cost share is 75/25 percent and then the State and locals determine how to do that.

Under fire management assistant grant cost, we, again, do not go back to the first dollar because each State has an annualized budget for wildland fire fighting. And so, again, we look to determine if there is an extraordinary cost. So if your office will share with us the specific details, we will go back and research that.

But my position has always been if it is eligible, it is eligible, and we look at all those extraordinary costs above what they budgeted for the day-to-day activities should be reimbursable, but specifically to what case and how much. If they can give me examples, we will look at it and try to make sure that we were doing the right thing during that timeframe.

Mr. CARSON. Thank you, sir.

Mr. BARLETTA. I will now recognize Mr. Curbelo.

Mr. CURBELO. Thank you, Mr. Chairman.

Administrator Fugate, thank you for your presence here this morning, and thank you for your service to the people of Florida over so many years. We remember you very fondly and we miss you at times, so thank you very much.

I represent south Florida where a large portion of my district lives on or near the coast. One of the constant worries I hear from my constituents back home, especially in the Florida Keys, is the need to reform the National Flood Insurance Program. I am a cosponsor of the Flood Insurance Premium Parody Act, a bill which would extend the recent NFIP reforms to business properties and owner-occupied second homes. And I feel it is critical these properties receive the same relief already provided to residential properties and single-family homes afforded to them under the Biggert-Waters Act of 2012.

Can you share your thoughts on what best can be done to provide affordable flood insurance for my constituents? Do you feel that we should apply to commercial properties and second homes the same formula for yearly rate increases received by residential properties?

Mr. FUGATE. Well, first of all, you all may miss me, but you have got a great guy in Bryan Koon, so the State is in good hands.

You just opened up a very good philosophical debate and a can of worms of how far the flood insurance program should go. Here is my question: If the private insurance companies can't insure it, is it something that the Federal Government should assume the risk? Because we are doing risk transference.

Any time the private sector can't cover the risk and we take on that responsibility, you, the taxpayers, are backing it. That may be good policy. That may be the desire and the intent of Congress, which I would support if that is the desire, but I must always caution that in transferring that risk back to the flood insurance program, which is over $20 billion in debt, we have to understand that it is not an actuarially sound program. It will not be able to pay back its debt. And growing that exposure may be good policy, but I think it is one we need to go forward and understand what that risk is.

The challenge is, understanding the built infrastructure and how we protect that, but also, how we enforce the future and ensure that we don't continue to grow that risk. And that does not mean we cannot build in coastal areas. It does mean we have to build differently.

So I think the question that I would narrow back down to is, we have got a lot of businesses. We have a lot of homes. We have a lot of property that is exposed. Insurance is not available or not affordable.

It will be a huge economic loss to local jurisdictions from tax-based losses, business losses, jobs loss. If it makes sense to insure that, then we will implement it. But I also caution that we have to make sure we don't set up an unfair system that continues to grow risk by allowing people then to build in areas without taking the steps, which can be more costly but then transfer that risk back to us, the Federal taxpayer.

It is a shared responsibility. It is an interesting debate, we will be more than willing to engage in it, but I think we have to be upfront that there are many people, both in Congress and outside, that do not want to grow the flood insurance program and that exposure and others who think they do. We would be interested in participating in that debate, but we really think this is the sense of Congress when we really need the guidance from Congress on what this should be.

Mr. CURBELO. Thank you, Mr. Fugate.

And the State of Florida has learned a lot since 1992 and has changed a lot. Do you feel that the State is adequately prepared today for a potential storm? You referred to one earlier, a Great Miami Storm. Do you feel that we have done enough, from your perspective, to prepare and to mitigate potential damages?

Mr. FUGATE. I will leave it to Bryan to talk about what under leadership he and Governor Scott have been able to achieve. But I want to point out one thing that Florida did. It was a hard, painful lesson. It was hard fought. And there is always attempts to take and walk back. But under Governor Bush, it was the establishment of statewide mandatory building codes, learning the lessons of south Florida but across the State.

Probably the one thing that is saving taxpayers more money and making sure that you still have commercially available insurance for the wind pools is the fact that Florida did strengthen its building codes and the State does enforce it across all counties and cities. It was a courageous step given that many people said it would make homes unaffordable. The reality was, without that building code they would have been uninsurable.

And as we continue to see more people buy into the Florida market, I think that's a testament to better built homes for the environment they are in, and this is a lesson I think all States should pay attention to. When you have the right building codes and land use to manage risk, that risk can come down to the point where it is insurable, and the private sector can do a better job of managing future risk without it defaulting back to Federal programs.

Mr. CURBELO. Thank you.

Thank you, Mr. Chairman.

Mr. BARLETTA. Thank you, Mr. Curbelo.

And I would like to recognize Ms. Norton for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Barletta. I am glad to see you back in the chair.

Mr. Fugate, the Nation's Capital barely escaped Sandy. We were very grateful, just like we escaped the snowfall this time. All the scientists tell us that we are headed for major disasters. They tell us that there is no longer debate about whether there is climate change but only about how to manage climate change. And so I am interested in issues, and I will be talking to the next panel about predisaster mitigation. The Member was asking about Florida. I noticed that they are building right in the ocean virtually but trying to do some predisaster mitigation as they do.

FEMA has been helpful here in what we have been trying to do with the so-called 17th Street levee on the Mall. Without that levee, the Washington Monument and indeed the entire monumental core would be exposed to horrific flooding. Rebuilding downtown Washington and the monumental core, and those steps would have been taken. I certainly hope, since steps have been taken—and that levee was done before the final word was in on climate change—I would be interested in your view as to whether or not you think that levee could forestall a seriously Sandy-like storm.

But I am also, because it has taken so long, interested in the drawing of the flood maps. As I understand, and this is what gives Government a bad name, the work of the Army Corps of Engineers for certification is done separately from FEMA or from other agencies. Why can't that work be done concurrently so that they look to see that the levee is constructed properly and they go get on with the next step, rather than in some sequential fashion which assures it will be delayed?

Mr. FUGATE. As far as that, I will take that back to staff. I know we have been going round and round trying to get this thing built and get those maps updated. Part of what you gave us with the Sandy Recovery Improvement Act was at least things like the environmental historical reviews, which agencies used to do independently, we now do concurrently, so we are taking some small steps to try to look at these projects.

And the President has given some pretty good direction on this. He said, you know, when we were doing some of these capital improvements we shouldn't be spending years doing the studies, we should do our studies together. We are not going to change the requirements, but it doesn't mean we should do each study and wait for the next study. So we are moving in that direction but not as fast as we should.

As far as the protection for the future, none of these designs are the 100-percent solution to future risk. What they are really designed for are risk and the 1 percent or more. And I think you just identified one of our challenges. We have always looked at mitigating back to a 1-percent or less risk. Unfortunately, we saw this in Sandy. Some of the mitigation work done after Hurricane Irene was done to that standard, and Sandy went over it and we lost a structure anyway.

So we are asking a different question. Maybe 1 percent makes sense for a lot of things, but for critical infrastructure like hospitals, fire stations, maybe we should build to a higher standard. We are currently working with the interagency on the Federal side to come up with a more stringent standard, not just building 1 foot above our base flood elevation, which is the 1-percent risk, perhaps even building higher. Not because we have data to drive that per se, but because of the uncertainty of the future data and these investments of literally tens to hundreds to billions of dollars of our future, but making sure we are building to that future with that uncertainty.

Ms. NORTON. I really appreciate what you are saying. The monumental core is irreplaceable. I wonder if, and I would ask you to look into this, whether or not one could—and realize this would mean further delay—whether you could look into the 17th Street levee and see whether it should be altered now, right in the beginning to make sure that it meets the standard you have just indicated may be necessary.

Could I ask one more question in light of a recent tragedy that occurred here, and that was the WMATA tragedy where we lost a human life and more than 80 people went to the hospital. It was, sadly, reported, at least initially it looks like coordination in terms of communication underground and aboveground was lacking. Now, this is, what is it, 13 years after 9/11, and, of course, FEMA is there for natural as well as terrorist disasters.

Has FEMA considered this apparent failure what it could mean not only in a real natural disaster but, heaven forbid, in a terrorist disaster? Are you involved in this disaster and helping WMATA and the various agencies, city and Federal, involved to right this situation so that we are sure, particularly underground, there is the kind of communication that could enable rescue to occur?

Mr. FUGATE. Yes, ma'am. Looking at this—first of all, I have a personal equity in this. That is the subway that I ride home on. I was not in town. It went a little bit earlier than I normally depart, but I am on that train Monday through Friday, both coming in and going home. I know that very spot in the tunnel. I can tell you, anytime a train stops in a tunnel now people start looking around, where before it was just kind of like the normal pause, people are now looking around going, why are we stopped?

Our Office of National Capital Region Coordination does work with all those entities. I would ask that we wait until we get more from the investigations to find out what did happen, but we will pledge our support through our Office of National Capital Region Coordination both to the district and to Metro for any assistance they require from us, from planning, training, and exercising to be better prepared for future incidents.

Ms. NORTON. Thank you. Is the Office of National Capital Region Coordination currently involved with this investigation and with this work?

Mr. FUGATE. We are not involved in the investigation, but we are there to support all the parties if they request us. And I think what will happen when we do get some of the details and look at some of the recommendations of what to do better, we would be in a position to support both the district and Metro if they request our assistance.

Ms. NORTON. Thank you.

Mr. BARLETTA. Thank you, Ms. Norton.

Chair recognizes the gentleman from Louisiana, Mr. Graves.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman.

Mr. Fugate, thank you very much for being here today. I appreciate your testimony and certainly share a lot of friends of yours, Paul Rainwater and Kevin Davis and others.

In your testimony, I noticed that you made reference to the study that was done by the Congressional Budget Office noting that every $1 invested in mitigation activities saves $3, and, of course, the FEMA study National Institute of Building Science that shows that there is $4 in savings. I noticed last year in FEMA's budget, as I recall, they were zeroing out of the predisaster mitigation.

Just curious, you made reference in your testimony, curious about your, I guess, how FEMA has responded to the findings of those studies.

Mr. FUGATE. Well, the challenge with the predisaster mitigation fund has been it has diminished over time and was increasingly being directed to where it would go. You asked us to cut our budgets each year. We had to make decisions where those cuts took place. We think mitigation is important, but we also knew the capacity to respond, recover, and manage all the other programs were important too.

There has been a lot of talk about the predisaster mitigation and its role and the cost savings. I would also be pragmatic in saying those savings are realized if the structure you mitigated gets hit again.

Mr. GRAVES OF LOUISIANA. Sure. I will give an example. Hurricane Katrina, I think if you add everything up from the 2005 hurricanes you get somewhere around $150 billion in total spending. Based on some back-of-the-envelope calculations we did in Louisiana, I think we had spent about $8 billion in the front end. We probably could have saved about $80 to $90 billion in recovery.

Ms. Holmes Norton made, I think, a very appropriate connection between the Corps of Engineers and FEMA. And you and I have had this discussion in the past. In numerous instances the Corps of Engineers has been directed by Congress to carry out mitigation or resilience projects. And some of those projects, in the case of

Louisiana, had been in the development phase in excess of 20 years. During that same period of time FEMA has expended over $1 billion in response of recovery claims in these same projects areas. And in one case, I remember the total, where FEMA exceeded $1 billion in payouts, the entire project was estimated to cost $586 million.

Can you talk a little about your coordination with the Corps of Engineers to ensure that some of these mitigation measures, if predisaster mitigation is off the table, which personally I believe may be penny wise and pound foolish, can you talk about some of the coordination there to ensure the resiliency of some of these communities and of course cost savings for your agency.

Mr. FUGATE. You know, we work very closely with the Army Corps of Engineers, both in the flood insurance mitigation response and recovery. I also have to point out, you could authorize a lot of projects. If you don't fund them, they don't get built. If you go back and you pull the budget and you look at how many projects that the Corps has been authorized for and you look at the funding, there is a significant mismatch.

Again, if we were able to foretell the future and know exactly where disasters would happen, I think we would probably be better at strategizing where to make those investments. But we have potential risk in places that are not seeing a lot of disasters, yet the exposure is tremendous.

And so, again, we do work with the Corps, but I think it again comes back to making very hard choices. I mean you have to make appropriations decisions. There is no doubt about it. There is not enough money to do everything.

And again, for the Corps, there are oftentimes more projects identified than they have funding and they are having to make decisions across the States, the territories of where to make those investments.

Mr. GRAVES OF LOUISIANA. Well, look, personally in regard to the Corps of Engineers, I think the cut in funding is largely in response to their performance, or inability to perform in many cases, which you may not share that opinion based on my personal experience.

But one thing we had posed to FEMA years ago was the idea of having some flexibility in HMGP when these Corps projects weren't funded, yet they yielded high benefits to the taxpayers in terms of resilience and cost savings for disaster mitigation, yet FEMA, we were unable to work that out. Could you perhaps talk about that a little bit. As I recall, I believe there was a prohibition in using HMGP dollars in cases where you had a federally authorized project in place regardless of whether there was funding or not.

Mr. FUGATE. Well, this kind of goes back to authorization language and appropriations language where we do have prohibitions against duplicating underfunding sources. When we don't we try to. And again, what we try to do, and we have had some success, where a project was not originally authorized by the Corps and we were able to fund it but the Corps was able to fund it, we were able to get good outcomes.

But I think it comes back to when we have nonduplication of Federal efforts, one program is already authorized, maybe didn't

have the funds to do it, is—again, this is something the committee has looked at—is there additional language you want us to have in the Stafford Act? We don't want to routinely supplant or get into augmenting other Federal budgets if you are not funding it. We don't want to look at the disaster fund to sidestep the appropriations of Congress, but obviously, it is something that the committee could look at and give us guidance on.

And if we are not interpreting it correctly, I am willing to go back and look at it. But generally if it is already authorized in another program, there are limitations on what we are able to do. It would actually be exceeding Congress' intent and authorization for us.

So we will work with the committee on it. I don't really have a real issue with that. But I also caution that, you know, some of the feedback I have gotten is we don't want to open up a can of worms where suddenly the disaster relief fund is bypassing Congress' intent by funding things Congress had chosen not to fund that year.

Mr. BARLETTA. Thank you.

Chair now recognizes the gentleman from Pennsylvania, Mr. Costello.

Mr. COSTELLO. Thank you, Mr. Chairman.

Administrator Fugate, I recall, as a county commissioner, following either before or just following a storm of a significant magnitude, speaking with my emergency services department and them describing the various obligations that they needed to undertake to apply for and ultimately process an application for FEMA disaster assistance grants or grant.

The question is, in looking at the recent GAO report, FEMA was criticized for the significant costs they incurred to administer disaster assistant grants. My question, what is FEMA doing to reduce its own administrative costs as well as the administrative burden often placed on States and locals who are trying to get the assistance to where it is needed for recovery?

Mr. FUGATE. Well, first up, one tool that we have used aggressively has been moving away from putting in a lot of staff and renting temporary facilities on a smaller disaster when we can work it from the region, so that is driving down cost.

But probably the other one is the tool you gave us in the Sandy Recovery Improvement Act and that is allowing us to do these alternative projects and being able to use an estimated cost and come to a resolution on a project cost without doing actual cost.

You know, I would like to get rid of a lot of the oversight. I like to get rid of a lot of the burden. I would like to simplify the programs to where we are able to make those determinations and get funds to people appropriately. You have given us those tools. On the other hand, you also hold us extremely accountable for any overpayments or any ineligible costs. That requires a bit of oversight. So there is a balance there.

I think the committee struck an extremely important balance with the Sandy Recovery Improvement Act by allowing us to move away from all the actual costs, where we have to continue to audit and review and survey the progress of the project to being able to come to a resolution on the front end, make a determination, agree to that, and make the payout.

I think we are doing this with the understanding that we have accountability both to this committee but to the taxpayers to make sure that we are only approving what was eligible, but at the same time it significantly reduces our cost in overhead of managing that, and it is giving more flexibilities to the local jurisdictions.

Now, this is a new tool. Not every State has embraced it. New Jersey has not been as aggressive as New York. It could be because the projects in New York lent them to the project, but we have also seen, particularly in debris, Oklahoma was able to take advantage of these tools and it vastly sped up their experience with debris and cost reimbursement.

So knowing what we have had in the past and what we have going forward, I have seen improvements. We have gotten feedback. We need to constantly work on that to get it better, but there is a balance there between too much burden and not being accountable to the taxpayer.

Mr. COSTELLO. I can certainly appreciate that balance.

Following up on the Sandy Recovery Act, which you mentioned, the increase in small-project thresholds to $120,000 I think is one of the things you were alluding to in terms of simplified procedures, without suggesting that it should be increased or decreased. Could you share your observations on if further efficiencies or expedited recoveries could be realized if that threshold were modified? Or are you comfortable with where that is? I think that covers 95 percent.

Mr. FUGATE. No, I am not comfortable. I let staff talk me out of where I wanted to go. I thought that number should have been higher. We were looking at the percentage of projects that would fall in that, and the majority of them do. But I still think there is room to move it up. We have a lot of other Federal programs that administer much larger dollar figures with simpler grant processes.

I am comfortable that, through the IG's oversight and our ability to really focus in on what is eligible, that we can move that higher. I would also like to encourage input from our colleagues at the State and local level through their organizations.

But I think it is something the committee should look at too as we don't want to just raise that threshold so that we don't have any accountability. But I think there are a lot of things that we could do with that that would simplify the oversight, would not significantly grow the risk in exposure for uneligible work, and would drive down the cost and speed up recovery.

So what that number should be, I would like to work with the committee. I think we can go higher than $120,000. I thought we should have when we started this. But staff was able to pull the data, and, as the chairman says, we want to be data driven.

Mr. COSTELLO. Right.

Mr. FUGATE. We looked at data. And the majority of the projects that were falling in this category fall into that.

Mr. COSTELLO. Like 95 percent or something like that?

Mr. FUGATE. Yes. But I still think there is room to move it higher. My ideal world is we have small projects up to the threshold of the alternative projects and we speed up all of the disasters. Currently our threshold for the alternative projects is $1 million.

I don't know if small projects goes to $1 million, but I think, again, we give States the flexibility to choose how they want to do that.

But if we can maintain fiscal accountability, I am not opposed to raising the minimum threshold for small projects. I would defer to my State colleagues how high they think it should be and what they can manage. But I think as long as we can be accountable, it speeds up the process, drives down the cost to the taxpayer, and it doesn't change eligibility, so it would have been paid anyway, but at substantially less overhead cost to administer.

Mr. BARLETTA. I would like to work with you on that. I think there is something that we can do. Time is money when it comes to rebuilding.

I would like to recognize each Member for an additional 5 minutes for questions, and I will start.

We saw firsthand the tremendous progress already being made to rebuild and protect NYU Langone Medical Center in New York City, particularly when compared to the significant delays experienced by Charity Hospital in New Orleans. Can you attribute the expedited recovery to the new authorities granted to FEMA in the Sandy Recovery Improvement Act? And what other benefits are being experienced?

Mr. FUGATE. As far as the benefits of the Sandy Recovery Improvement Act, it is absolutely an important tool.

The other lesson we learned from the events of Katrina is there are certain types of projects that are technically difficult that exceed the average capacity for people to manage, you need to have subject matter experts. So we engaged very early, we identified where these projects were going to be, whether they were hospitals or other large public infrastructures and we brought in a lot of experts.

But it wasn't until you passed the Sandy Recovery Improvement Act that we really had a tool to allow us to come to resolution. I think if we had been using the old program and only doing actual cost, there would have been more uncertainty for the applicant on what they could and couldn't do, it would have been more overhead in making those decisions, and they would not have had the ability to get what they were going to get from us and move forward. As it is, we have obligated the majority of those funds. They are now engaged in repair and construction. We still have projects from Katrina that have not even been resolved yet.

So I think, one, better understanding of the complexities of these projects on the front end. But, two, you gave us a tool we did not have before to more engage the applicants in getting a better resolution on what the project involved, getting a figure agreed to, and obligating those dollars on the front end versus waiting for construction to start and then constantly coming back for revisions and updates.

Mr. BARLETTA. What are some of the most alarming trends you have observed in disaster preparedness, response, and recovery?

Mr. FUGATE. I think it was alluded to by Representative Carson. When we talk about vulnerable populations, as we have built our programs, it is something that—and I have some disagreement with my State colleagues on this—nobody disagrees on the importance of getting this right. One of the things I observed is we al-

ways tend to treat the hard-to-do as an annex in our planning, our funding, and our programs. Instead of looking at the communities as they are in building our programs, so that they don't say, well, we need to have an annex for kids or we need to have an annex for people with animals or we need to have an annex for the elderly, they are part of the community, we need to plan more holistically, we need to plan for what is there and not exclude it.

And when you look at the vulnerable populations—and I will be honest with you, one of the growing challenges to disaster response is the increase in poverty and many in the middle class who have no safety net, who a disaster will wipe out all of their savings and wipe out their most important equity, generally their homes. We saw this in the 2004 hurricanes—I don't think people quite understand how big a role that poverty and lack of safety nets in the middle class who are just one payment away from losing it all makes them extremely vulnerable to disasters and very difficult to recover.

And I think this is one of the things, if we look at our programs, we cannot forget there are many parts of our community that are extremely vulnerable. Those numbers are growing. And it has a lot to do with the economy, the distribution of wealth, and the lack of resources among many people who consider themselves middle class but one disaster wipes them out and they suddenly find that those safety nets are not there for them either.

Mr. BARLETTA. Thank you.

Chair will now recognize Ranking Member Carson for 5 minutes.

Mr. CARSON. Thank you, Chairman.

Administrator Fugate, NEMA's written testimony talks about the need for clarification, for functional needs, support for general population shelters, and that FEMA and the DOJ have provided conflicting information. What is your sense, sir, about when will joint guidance be issued from FEMA and the DOJ?

Mr. FUGATE. There has been a lot of guidance issues. I am not sure, I will have to get back with NEMA on what more guidance is needed. I know there are ongoing discussions. But let me tell you what the outcome should look like, because I think if we don't know what the outcome looks like, we are going to talk a lot of process. And as a State director, I was very sensitive to this issue. As a local emergency manager, I was very sensitive to this issue. But a perfect—I won't say perfect, it shouldn't be perfect, it should be the expectation—you arrive at a shelter, you should not be turned away. If you arrive because you have got a pet, people have pets, we have to plan for it. If you show up with an oxygen tank. If you show up with a family member on a ventilator.

Now, it may not always be the best place, there may be other options. But I think what you want is, in a crisis, people don't really have the luxury of picking and choosing where they are going to go, so we would like to get to where most people, the majority of the population, can choose their shelter based upon what is convenient for them, not what we have only been willing or able to provide.

We are not there. And it is unfair to say that States and local governments should be there immediately. We are not where we are at because of lack of effort. It is that States and locals have

to deal with existing buildings, many of which were not designed for people with disabilities. There are requirements to upgrade them, but many times it is minimal. The level of care, the type of equipment, and durable goods.

So this is a goal I think most of us agree to work towards: People should not be turned away from shelters because they are not easy to accommodate. But we also have to understand that is a lot easier to say than do. And there are some real challenges, both financially and the practicality of what can be done to get there.

And so we will continue to work with our partners at NEMA, with the Department of Justice, and with the disabled community who advocates for that right. And I think that is probably the thing that drives me passionately, is this is a civil right.

Mr. CARSON. Absolutely. Absolutely.

Mr. FUGATE. So we have to do everything to ensure that we are maintaining that, while understanding this is not easy. If it was, nobody would be saying we have questions. But there are a lot of questions asked. What is a reasonable accommodation? To what degree should they be prepared for that? To what level should they implement that care? And probably the hard question is always, where is the money going to come from? Oftentimes in local governments, who have seen tremendous reductions in their staff and funding base, yet still expected to provide the service in a crisis, many of which will not be declared by the Federal Government, would not receive Federal dollars.

Mr. CARSON. Lastly, sir, I have heard from some of my constituents about the long waits to attend FEMA's training center in Alabama, and as well as the I guess you could say insufficient funding for emergency response training programs in general. Could you provide for us, sir—because your last statement was so phenomenal and deeply insightful, we appreciate that—could you provide the subcommittee, sir, with some description of each of FEMA's training programs and an overview quickly of the budget for the last 5 years?

Mr. FUGATE. Well, the Center for Domestic Preparedness is a hard place to get into because there is high demand. It is the only non-DOD facility in the United States that offers live-agent training, meaning that your HAZMAT team will actually go in and experience what it is like to handle lethal nerve agents and biological agents in a controlled environment. It is priceless training for those teams.

Our National Fire Academy in Emmitsburg is a capstone program for many fire executives, as well as training many specialized programs across the country, where people come in both for training there, but also training that is delivered at the State and programs that are developed jointly with the National Fire Academy. And then the Emergency Management Institute, co-located in Emmitsburg, providing training for State and local emergency managers, bringing together many of them outside of their normal work environment to share their experiences, but also get the latest updates.

It is both a capacity issue and staying current in these programs. So, again, the Center for Domestic Preparedness, we have funded for so many seats, we maximize that. The staff continues to look

at how we can increase capacity. But it is a finite resource with high demand, and we try to accommodate those that have applied. But it is, again, a premier facility with capabilities not found elsewhere, with a very high demand for that resource.

Mr. CARSON. Thank you, sir.

Mr. BARLETTA. Thank you, Mr. Carson.

The Chair recognizes Ms. Norton for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman.

I have just one question. I would like to take advantage of the long experience that Mr. Fugate has had in disaster mitigation and ask for his candid views.

And here I am not asking you about funding. That is not something you control. I want to contrast the difference between the way Congress behaved after the terrorist attack and the way it behaved after Katrina and Sandy.

After the terrorist attack, it scared the dickens out of the country, and I must say that it scared us so badly that after the fact we actually threw money at every jurisdiction. There isn't a State that didn't get funds to prepare for the next disaster attack, including States that Al Qaeda never heard of, never would venture to care about. But every State got some funds. I was on Homeland Security at the time and saw it happen.

Again, I am not asking you about funding. I recognize and appreciate that predisaster funding, we have over and again found by this subcommittee and committee, saves us enormously, $4 savings from $1 invested. As we look at Katrina and Sandy, I recall that in order to get funds for Sandy even after New York and New Jersey were laid low, it took two votes to get funding for you to begin to do your work after Sandy.

Now, what I really want to know is, as an agency which has looked at disasters now, terrorist and natural disasters, for decades, whether or not the agency needs revisions, whether in law or structure. I mean, can you sit there in the face of Katrina and Sandy and not envision, when you see hurricanes occurring where they are not supposed to occur, when you see climate not only changes, but disasters in parts of the country that have never known them, is the FEMA of today, structured decades ago, the FEMA that can handle the unknown that we now see before us?

And here I am looking for how the agency, whether it needs to ask for revisions in law or in its own structure, rather than what you encountered after Sandy. And after Sandy, the finger was pointed right at you. It didn't matter whether we gave money or how you were structured, you just had to take it.

Instead of just taking it, it does seem to me that the agency with the expertise should come before this panel and tell us whether you are prepared for a disaster, for an earthquake to occur in California of the kind it has never seen before, or shall we just sit here and think that it will never happen and just wait for it to come after us?

Is the FEMA of the 21st century prepared for what we know now, from our own experience with Katrina and Sandy, is surely to come in parts of the country where we never expected? And if so, if you think it is prepared, you should tell us. If it is not fully prepared, I should ask you then, is the agency looking at how it

could make recommendations for what appears to be an entirely new era in both terrorist disasters and, for that matter, now we know natural disasters? Are you looking at the future?

Mr. FUGATE. I learned a long time ago the person that says that we are fully prepared and we know exactly what is going to happen is a fool who will soon be——

Ms. NORTON. Precisely you don't know what is going to happen. I want to make clear, you know that they have hurricanes in Florida, you know that they have earthquakes in California. I bet you didn't know that we would have an earthquake here in the Nation's Capital. So I am talking about what you don't know and what you will be held responsible for notwithstanding the fact that you don't know. Is your agency structured so it can handle what you don't know?

Mr. FUGATE. That is where we are going. What we changed in the question was, traditionally what was FEMA capable of responding to? As you point out, that is a fool's errand, because if you are only prepared to handle a certain level of disaster and something happens you don't expect, you fail.

So we went back and started looking at where was the risk in population, and not looking at what FEMA was capable of responding to, but what is the worst case that could happen. And we started asking questions that weren't easy to answer because the questions started generating response levels greater than the Federal Government. It forced us to really take a different look at how we fund—as you point out, the Homeland Security dollars—each jurisdiction, many of which were not likely to have a terrorist attack, but they are also a resource to the rest of the Nation when a big disaster happens. We saw this in Sandy where many responders from outside the area were able to respond because of the capabilities built with those Homeland Security dollars.

So we are following what you are pointing out. We cannot prepare for what we expect or what we are prepared to handle. We have to prepare for what could happen. This is driving our strategic planning, this is driving how we are looking at how we are structured, not to what we can respond to, but what could happen. And that is, again, driving a lot of our decisions.

We don't think the resources are necessarily the first answer, but it does require resources and sustained funding. It requires a budget. As you well know, operating under continuing resolutions is not how you prepare for catastrophic disasters. And in my term here, I have been under more continuing resolutions than I have under budgets.

So I would love to have staff, if necessary, if you are available to sit down and talk about this. But we are definitely trying to look at the future, looking at what could happen, looking at how you build that response.

Can I tell you it is built today? No, it is a work in progress. But I think we have moved past the barriers of only planning for what we know or what we are prepared to respond to and asking a much harder question: How bad could it be? And the President said this in an early meeting that I was attending, he said we can't protect everything, so we need to know what we can live without and what

we can't. And if we can't live without as a Nation, that is where we need to really focus on.

And so when we start looking at disasters and where they could happen and where they are expected versus what could happen based upon the modeling, the data from various organizations and populations at risk, we are looking at how do you build. And it is not just FEMA, we call it whole Government because we have come back to it is going to take local, State, mutual aid, it is going to take the Federal Government, our Department of Defense, it is going to take our private sector, and it is going to take a lot of the public to respond to that scale of a disaster.

Ms. NORTON. I would just ask that at an appropriate time it would be interesting to have a briefing as to how they are looking at the unknown that we now know to expect but don't know what it is that could bring calamity to us, as Congress would be asked to do what it doesn't have the funds to do and never expected would happen. If they could pinpoint how they go about that, I think it would certainly educate me and I think it would help the subcommittee and the full committee.

Mr. FUGATE. Mr. Chairman and for the Delegate, I think we have some examples we have been doing; we call this catastrophic planning, but some of the work we have done in the Cascadia fault zone and subduction zone off the coast of the northwest U.S., the New Madrid earthquake risk which is, again, a very large risk over large areas. And I think we can show where we are going and tell you what we think is the path to get us there, and then that will give you an opportunity to look at are there additional tools that you can give us.

The last thing I would like to end with this is the Stafford Act was oftentimes a constraint seen as what FEMA was capable of doing. In the past year since I have been at FEMA, we have responded to Haiti, which is traditionally the role of USAID, but we were asked to support USAID and we did it. Last year we were asked to support unaccompanied children and the mass care issues of children in detention facilities, so we supported that. We were asked to support the Ebola response.

Many of these things may not be in the papers, but they are capabilities you built, and you gave us the tools under the Homeland Security Act as amended. The Stafford Act, however, is limited to oftentimes only those natural hazards with limited flexibility.

I think the Delegate brings up an important point. When you look at growing hazards such as cyber and others, what is the role of the Disaster Relief Fund in the consequence world? And if it is not in rebuilding in the emergency response costs and the ability to use the emergency declaration to mobilize and bring resources to bear, is it worthwhile looking at such things which—it is kind of a question—what is the role in a pandemic? It is not specifically excluded in the emergency declarations, but it is not mentioned.

Cyber. Again, we don't look to have the role in the prevention or the law enforcement or even the response to the technical aspects of it, but States and locals will be dealing with consequences of it, many of which will follow similar patterns of other types of hazards. We saw this in Deepwater Horizon. Again, the Coast Guard is the lead agency for that, had many of the tools to deal with the

response. But much of the coordination with local and State governments had to be built.

And, again, FEMA is not looking to grow our role, but we think a better understanding of what the intent of Congress is, as you pointed out in the Homeland Security Act as amended, as the principal adviser to the President and to Congress on emergency management, but also our role and capabilities we have built for a lot of disasters, not limiting the applicability to other lead Federal agencies to support them or Governors when they fall outside traditional known disasters.

Mr. BARLETTA. The Chair would recognize Mr. Graves for 5 minutes.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman.

Mr. Fugate, I wanted to go back on a few things that followed up on Congressman Curbelo's questioning, one of which is the National Flood Insurance Program. And certainly we can go back over Biggert-Waters at length.

In south Louisiana, we have lost about 1,900 square miles of wetlands, I would say about 90 percent of the coastal wetlands lost in the United States, in the continental U.S. And what that does is it makes the Gulf of Mexico that much closer to our costal communities, thereby increasing their vulnerability.

Under Biggert-Waters, before the changes that were enacted, the actuarial rates in some cases increased rates 20, 30, 40 times what they were previously. This increase in vulnerability, whether it is real or not, is not the fault of these people. It is largely, based on studies, actually the result of Federal actions tied to the Mississippi River and Tributaries Project dating back to 1928.

When you add on top of that some of the V Zone restrictions that were put in place, when you add on top of that some of the challenges that I noted earlier with regard to these Corps of Engineers projects that were noted to have a positive cost-to-benefit ratio, yet stuck in project development processes for decades literally, we are missing opportunities to save taxpayer dollars by being proactive rather than being reactive, which is always more expensive, as the two studies we noted before show.

There are opportunities here to make communities more resilient and to save taxpayer dollars. And I understand that not all of those are within the purview of your agency. But I just want to urge, and, again, going back to the comments of Ms. Holmes Norton, the better coordination between FEMA and the Corps of Engineers, there are opportunities here, there are projects here where these communities can be made more resilient, to where hurricanes and other disasters are rainy days as opposed to catastrophic losses, as we have seen in recent years.

I wanted to perhaps correct the record on a comment you made or just provide a little bit more context on the National Flood Insurance Program. You made a comment that the program was $20 billion in debt. And I know that you have seen the studies. When you go back and look at it, you can justify that the program is in the black anywhere from $9 billion to $16 billion. And you and I may not agree on that, but I think it is noteworthy. You also have seen the GAO study indicating that up to 66 percent of the pre-

miums that have been retained by the Write-Your-Owns in the form of commissions not going into the fund.

And, lastly, as I recall from the 2005 storms, the NFIP program borrowed $17 billion, which obviously is the majority of the debt that you referenced. But you have General Strock, who was the Corps of Engineers, who indicated that Katrina was an engineering failure of the Corps of Engineers, yet the NFIP ratepayers are the ones left holding the bag in this case. And so I just wanted to make sure that that was also included in the record to not distort the solvency of the NFIP program.

I also wanted to be clear that Louisiana is perhaps somewhat of an anomaly and that the vulnerability is not as a result of decisions communities have made in most cases, it is a result of the changing landscape, largely a result of Federal actions that have had adverse consequences on these communities and the environment in south Louisiana.

Mr. FUGATE. Well, my sister lives in Marrero and she is on the wrong side of the Mississippi River levee system. So when the storms come, she is going to get flooded.

I also know that we did a lot of good work, Dave Paulison overseeing this in his term, of building back better. Plaquemines Parish made some very key decisions. When the latest storm hit, I believe it was Isaac, their EOC was elevated. They didn't have to shut down. I was with Governor Jindal driving through that hurricane getting down there. And they were able to maintain a full response. They evacuated. Where they had put in their levees—and much of this was their decisions—they were able to protect many parts of their community. They were also making decisions about what is not going to be defensible anymore and about buying out and relocating communities.

So we know this area. We have worked in it. But the numbers there and how you get to the numbers, the fact is the National Flood Insurance Program still owes and has borrowed from the Treasury to pay out—and, again, two of the very large payouts was Katrina but also Sandy—and it is not able to pay that debt down. It was paying it down slowly after Katrina.

And, again, this is a sense of Congress, is do we want to have an actuarially sound program? I think the answer is, for parts yes, but other parts we actually would bring people out of their homes, which I don't think was the intent, and I think that is why Congress came back and made that change in Biggert-Waters.

But we have got to make sure that we set an appropriate level that we can't run it as an insurance company and say it is going to be actuarially sound. We are going to have to understand we are going to underwrite risk because there is no other way to keep people in their homes.

Mr. GRAVES OF LOUISIANA. And, Administrator, in closing, I just want to say that I agree that taxpayers shouldn't be footing the bill in this case. However, we at the same time shouldn't call actuarial a program that is being run incredibly inefficiently, and the $17 billion Katrina expense that the Corps of Engineers admitted was actually their liability or their fault. Thank you.

Mr. BARLETTA. Thank you, Mr. Fugate, for your testimony today. Your comments have been helpful to today's discussion. And I look

forward to working with you on our legislation. Your input and support is vital to getting it right and getting it signed into law. So thank you.

We will now call our second panel. And I remind you of the subcommittee's request to limit your oral testimony to 5 minutes. And we will let our panel get in place.

Mr. McCarthy, you may proceed.

TESTIMONY OF FRANCIS X. MCCARTHY, ANALYST IN EMERGENCY MANAGEMENT POLICY, GOVERNMENT FINANCE DIVISION, CONGRESSIONAL RESEARCH SERVICE; HON. ROBERT DAVID PAULISON, FORMER ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY; BRYAN KOON, DIRECTOR, FLORIDA DIVISION OF EMERGENCY MANAGEMENT, ON BEHALF OF THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION; AND BRIAN FENNESSY, ASSISTANT FIRE CHIEF FOR EMERGENCY OPERATIONS, SAN DIEGO FIRE-RESCUE DEPARTMENT, ON BEHALF OF THE INTERNATIONAL ASSOCIATION OF FIRE CHIEFS

Mr. MCCARTHY. Thank you, Mr. Chairman. I am privileged to appear before you today——

Mr. BARLETTA. Is your microphone on?

[Audio malfunction in hearing room.]

Mr. MCCARTHY [continuing]. To discuss the increasing number of disaster declarations and their relationship to increasing disaster costs.

Today I will first discuss how we count disasters; second, offer some explanations for the increase in major disaster declarations; third, identify the primary source of increased disaster costs; and fourth, touch on some ways to begin to control those costs—most prominently through mitigation.

How do we count disasters? Any discussion of increased numbers of declarations should define the terms carefully: major disasters, emergencies and fire management assistance grants—FMAGs—are all listed on fema.gov's declarations page and they are all funded out of the Disaster Relief Fund. But they are distinct, and the overwhelming amount of spending comes from major disaster declarations. Occasionally, people tend to conflate all of these together and say we have many more declarations. But really that is imprecise and it is not very helpful.

There has been a steady increase in major disaster declarations during our lifetimes. It has increased fourfold from the 1960s to now. But with that increase, though, I would also acknowledge that last year was the lowest number since 2001. I mention that to reinforce one fact that often gets lost when we start talking or at least discussing theories about why a disaster declaration occurs, and that is that they begin with actual physical events.

How do we explain an increased number of disaster declarations? In addition to an increased number of extreme weather events over the last 50 years, for example, during the last seven decades the population of the Nation has nearly doubled, and it could be argued that the population density has increased not just in already existing communities, but it has spurred a lot of increased development in areas that are very vulnerable to natural disasters.

We have also observed recent commentary regarding the marginal major disasters, to think of these events as if they are actually within any State's capacity to respond. But the central point of the declaration process, particularly the use of the oft-criticized per capita amount, is that all States are not equal and that larger States do have more resources and should be able to offer more aid on their own.

What is the primary source of increased disaster costs? More declarations result in more costs, but it is important to understand that the greatest amount of disaster spending is attributable to the large major disasters, not to these marginal events. As an example, we reviewed data from 1989 to 2014 of declarations and obligations. If we eliminated half of the disasters over those years we would save approximately 3 percent in disaster costs. Not only do the top half of disasters account for 97 percent of the spending, but the top quarter of disaster costs account for 93 percent.

So how can we begin to control costs? There are a number of options to reduce Federal disaster spending, including cost-share adjustments, changes in rules, that might have an effect on shifting a greater share of disaster-related costs not only to States and communities, but also to families and individuals. While some of these ideas may be worthy of consideration, it remains to be seen if such a shift would severely disrupt a State's ability to adequately respond to a disaster.

An alternative to those options is to continue to emphasize mitigation, that is, taking steps prior to a disaster to lessen the impact of those events and save lives and protect resources. Mr. Chairman, your statement last spring on the dissonance in current mitigation policy by the administration was apt. At a time when a bipartisan consensus seemed to be developed on the efficacy of mitigation and how it could work, the last budget zeroed out the funding for the Pre-Disaster Mitigation Program at FEMA. And later in the year, the administration announced a nationwide resilience competition with nearly a billion dollars that remained from the CD appropriations for Sandy.

It is noteworthy that the Disaster Mitigation Act of 2000, fully 15 years ago now, was premised on the idea of doing things before disasters. And it looks now as if we have circled back, so that all mitigation dollars are now following disasters and not giving States and communities a chance to do the work before they occur.

The new resilience program is based at HUD, but is directed toward States that have experienced disasters. It is not clear how it links to other mitigation programs. It does not appear to have the same cost-benefit requirements as the FEMA mitigation program, nor is there any reported collaboration among them.

Now, mitigation is not a panacea for all the problems created by natural disasters, but it does offer the possibility of future long-term savings in Federal expenditures, safer States and communities, and a process that can involve a partnership at all levels of Government and also with the nonprofit sector and with the private sector. Fewer disaster declarations would result in less spending, but avoiding or continuing to lessen the impact of future catastrophic disaster events may arguably hold a lot more promise in long-term savings and protecting our citizens.

Thanks for the opportunity to appear before you today, and I would be happy to respond to any of your questions.

Mr. BARLETTA. Thank you for your testimony.

And we apologize for the sound system. That was painful for us as well.

Administrator Paulison, you may proceed, and hopefully your microphone will work properly.

[Audio malfunction in hearing room.]

Mr. BARLETTA. Unfortunately, we are going to have to pass that one over there. Thank you.

Mr. PAULISON. Now we will see if we can get this one to work.

Anyway, the leadership this subcommittee and Chairman Shuster have shown on these tough issues is critical. Your mission is clear: We must find a way to bend the cost curve of disasters for American taxpayers. In pursuit of this mission, I believe we can save additional lives and do a much better job of protecting property.

My name is David Paulison. I am the senior partner of Global Emergency Solutions. I was proud to have spent 7 years in the Federal service of our Nation, and I served as the FEMA Administrator from 2005 to 2009. I began my 30-year career as a rescue firefighter and rose through the ranks to become the chief of the Miami-Dade Fire Department. As a result, I have had a front-row seat as to how we as a Nation prepare for and deal with disasters.

While I have seen many tremendous public servants at work, I have also witnessed unfortunate policy errors and wasted taxpayer dollars. In most cases, this waste was a result of insufficient investment in mitigation before the disaster hit. Not enough resources are being allocated in predisaster mitigation.

I believe this new Congress has a golden opportunity to advance a bipartisan natural disaster strategy that would better protect the American people, property, and save taxpayer dollars. With the Senate and the House of Representatives working together across party lines, now is the time to address the failed status quo of waiting for storms to hit and then passing massive supplemental appropriation bills.

Director Fugate has done a tremendous job of fostering resiliency and a community-oriented approach to emergency management since he took the reins of FEMA. However, I am sure even Director Fugate would admit there is still much work to be done to build a more resilient country by shifting more money to predisaster Federal incentive programs. Hopefully, understanding the realities of the exploding costs can serve as a motivator.

Mr. Chairman, any attempt to change the status quo must ultimately begin with an understanding of the nature of the problem. This is why I believe your subcommittee's work can play a major role. First, let me describe the nature of the problem we face. And I brought just two slides along.

According to FEMA, Federal major disaster declarations have jumped from a yearly average of 23 under President Reagan to an average of 65 under President Obama. The trend is undeniable but also nonpartisan, as the average number of disaster declarations per year has risen under President George H.W. Bush, President Clinton, and President George W. Bush.

Mr. PAULISON. The second slide is a representation of the average overall and insured losses over the last three decades. As you can see, the spike in overall costs is dramatic over the last two decades, increasing from an average of $33 billion per year from 1995 to 2004 to doubling to $65 billion a year in the next decade.

[The slides referenced by Mr. Paulison are included in his written statement on page 80.]

The Federal Government and insurers have borne the overwhelming majority of these losses. Since 2011, $137 billion has been spent, really $400 a household annually, with over $60 billion spent on Superstorm Sandy alone. Sadly, the Federal Government invested only $1 in preventive measures for every $6 spent on recovery. This low predisaster investment is an important factor when we consider that FEMA studies have shown—and you heard this—that for every dollar invested in mitigation, it saves the taxpayers $4 in recovery.

Ironically, the losses from these types of disasters are the most preventable with proper predisaster mitigation and resiliency tools like modern building codes. Studies have shown that building codes are the most effective mitigation measure we have. Yet only 11 States across this country have adequate building codes and enforcement mechanisms in place. Most of the States without proper building codes are directly in harm's way when it comes to hurricanes and other natural disasters.

It seems to me that the critical question is, what can the Congress do to bend the runaway cost curve? As a former firefighter, I am always reminded of the advice given by America's most famous firefighter, Ben Franklin: An ounce of preservation is worth a pound of cure. In my view, providing incentives for States and localities to adopt and enforce modern building codes is the most cost-effective mitigation tool we have.

The BuildStrong Coalition urges the enactment of the Safe Building Code Incentive Act, a bill to provide an additional 4-percent incentive in post-disaster grants to States that adopt and enforce strong building codes. Any future savings that result from the elimination of wasteful post-disaster spending should be reinvested in predisaster incentives like the Safe Building Code Incentive Act to facilitate modern building codes in States and communities across this country.

Chairman Barletta, I applaud you, I really applaud you for the announcement of a congressional roundtable to begin the dialogue on how to identify and quantify factors driving disaster costs and how to use that information to ultimately study and find solutions. It is my recommendation that the new Congress pass legislation in short order to commission a blue ribbon panel to explore why disaster declarations are at an all-time high and what is really behind the dramatic increase in disaster spending.

Some questions the panel could explore include: Are the increases in spending related to population increases, like you heard earlier? Are they related to changes in spending, poor construction of homes, or mistakes in Federal policy? What changes in policy could be made to enhance building resiliency and reduce disaster costs?

The panel could also make recommendations concerning the proper role of Federal, State and local governments in solving this problem. Specific attention should be given to the roles of FEMA, HUD, DOT to minimize the duplication of effort and waste that we often see now. I believe Congress should authorize this blue ribbon panel and use the findings to put in place a comprehensive national disaster strategy that aims to save lives and ultimately taxpayer dollars.

I want to thank you again for allowing me to testify before the subcommittee today, and I will be looking forward to your questions.

Mr. BARLETTA. Thank you for your testimony, Mr. Paulison.

Mr. Koon, you may proceed.

Mr. KOON. Thank you, Chairman Barletta, Ranking Member Carson, and members of the subcommittee, for holding this hearing today.

The statement for the record we submitted goes into specific details on many issues regarding how to lessen the impacts and costs of disasters. But for now I will cover the current state of disasters, efforts we are working on with FEMA, and ongoing concerns with the systems of management costs and deobligations.

As you have already heard, the number and nature of presidentially declared disasters has varied widely over time. Of course, examining Presidential declarations provides only a glimpse of the true disaster response activity in this country. The majority of events are handled at the State or local level and do not warrant Federal assistance. In fiscal year 2013, there were 205 gubernatorial declarations and over 18,000 events requiring State assets. In addition to that, local and tribal governments responded to nearly 31,000 additional events that year. Without a strong emergency management system at the State, local and tribal levels, many of the nearly 50,000 State and local responses would falter or require Federal support.

That Federal support comes in the form of public assistance, which amounts to half of the total funds allocated to the Disaster Relief Fund. In order to ensure the most effective use of those funds and in response to numerous Government audits, last year FEMA initiated an internal study of its PA program. In the coming weeks, the agency will share data from the study with the States, with the desired goal of an agreed-upon, redesigned PA program that meets the needs of all stakeholders.

A redesigned PA program which streamlines efforts will also assist in reducing and appropriately allocating those administrative costs identified by GAO in a report last month. The report highlights the continuing increase of FEMA's administrative costs as a percentage of the DRF, which averaged 13 percent over the last 10 fiscal years, while less than 2 percent was apportioned for grantees and subgrantees. This has been an area of great frustration and concern to the States and certainly needs further examination.

We hope that an improved PA process will also reduce the opportunity for future audits and deobligations by simplifying and standardizing efforts across the country and reducing the time necessary to close disasters. The current rate of deobligations causes significant economic hardship to the States and communities that have

expended those funds long ago and requires significant staff time that would be better spent preparing for future disasters.

Reducing administrative expenditures from the DRF would also allow the Nation to explore alternative uses for these funds, such as increasing resiliency by identifying, incentivizing, and funding additional mitigation opportunities across the country. These resiliency efforts will ultimately reduce our disaster costs in the long term.

NEMA intends to continue conversations on all of these issues at our midyear forum in March, utilizing the combined efforts of our Legislative and Response and Recovery Committees to explore alternatives and make recommendations to you.

The subcommittee and Congress as a whole have gone to great lengths to continually try and improve disaster response processes. Efforts such as the Sandy Recovery Improvement Act and H.R. 3300, which supported programs like EMAC, USAR teams, and IPAWS, provide opportunities to drive down the cost of disasters. But without a comprehensive look at some of our administrative issues as well, we will continue to falter in our mission.

Only through an effective response and subsequent recovery can we work toward building more resilient communities, reducing the overall cost of disasters to States and the Federal Government, and ultimately save more lives and property from damage.

I look forward to our continued partnership in these efforts and welcome any questions you have for me.

Mr. BARLETTA. Thank you for your testimony, Mr. Koon.

Mr. Fennessy, you may proceed.

Mr. FENNESSY. Thank you. Good morning, Chairman Barletta, Ranking Member Carson, and members of the subcommittee.

I am Brian Fennessy, assistant fire chief of emergency operations of the San Diego Fire-Rescue Department. Today, I am testifying on behalf of the International Association of Fire Chiefs, where I serve on their Wildland Fire Policy Committee. Thank you for the opportunity to discuss FEMA's role in helping communities respond to and recover from wildland fires.

In 2013, wildland fires impacted every State in the Nation. There were more than 47,500 wildland fires in the United States. They burned roughly 4.3 million acres. These fires cost the Federal Government over $1.7 billion to extinguish.

Local fire departments respond to most wildland fire incident. For fires on Federal lands, they cooperate with the U.S. Department of Interior and the U.S. Department of Agriculture's U.S. Forest Service. Nearly 97 percent of all wildland fires are extinguished during initial attack, a majority of them by local fire departments. The U.S. Forest Service estimates that local fire departments provide more than $36 billion per year in wildland fire suppression assistance.

The city and county of San Diego are no strangers to the threat of wildland fire. In 2003, 2007, and again in 2014, San Diego experienced fire sieges that resulted in hundreds of thousands of acres being burned, thousands of structures being destroyed, and tens of millions of dollars in damage.

The primary Federal agencies for wildland fire response are the Department of Interior and the U.S. Forest Service, which are re-

sponsible for fires on Federal lands. However, FEMA plays an important role in helping State and local agencies prepare, respond to, and recover from wildland fires on non-Federal land. Under FEMA's Fire Management Assistance Grant, FMAG, FEMA provides assistance in the form of 75 percent matching funds to help offset the cost to communities for the control of any fire on public or private forest land or grassland that threatens such destruction as would constitute a major disaster.

FEMA also provides hazard mitigation assistance through the Hazard Mitigation Grant Program. This funding can help States and local communities protect the public and property in advance of wildland fires occurring. Today, FEMA plays an important role in helping States and local communities address the threat of wildland fires. It does not duplicate nor replace wildland fire suppressions of the Department of Interior or U.S. Forest Service. However, we would like to recommend some policy changes to help FEMA play an even more beneficial role in the fight against wildland fires.

Number one, in a dynamic wildland fire environment, FEMA must use more flexibility when evaluating FMAG applications. FMAG applications must be submitted while a wildland fire is burning uncontrolled in a rapidly changing environment.

Last May, the city of San Diego submitted an FMAG application 6 hours into an uncontrolled wildland fire incident that met FMAG program criteria. The application was rejected due to it being submitted at a point when the fire's growth had slowed and was perceived by FEMA as less of a threat of a major disaster. Had it been received 2 hours sooner, approval was likely.

In the future, FEMA must take into consideration special circumstances that could compromise the timely submittal of FMAG applications when a threat to the community continues to exist. To do otherwise may unfairly burden local and State taxpayers.

Number two, Congress should allow FEMA funding to be used to mitigate the risks of post-wildland fire flooding. Long after a wildland fire is extinguished, the destruction of vegetation and the severity of the burned ground leaves communities vulnerable to the threat of mudslides and flash flooding. The IAFC has supported previous legislation that would allow States to receive post-fire mitigation assistance along with FMAG grants.

Three, FEMA should fully reimburse fire departments for interstate mutual aid deployments. When fire departments are deployed on intrastate or interstate mutual aid missions to wildland fires, they expect to be made whole. Unfortunately, this currently is not the case. For example, when a local fire department apparatus is committed to an emergency incident it is no longer available to that department. FEMA will only reimburse the department for 16 hours of that 24-hour day for this equipment after the first 48 hours. If fire departments are not fully reimbursed for their expenses, local government policymakers may not be as willing to send them to assist other communities in future situations.

Number four, Congress should stabilize funding for wildland fire prevention and suppression. In recent years, Federal fire agencies have seen wildland fire suppression costs exceed their budgets. The Department of Interior and U.S. Forest Service have been forced to

transfer funding from other accounts to continue fighting wildland fires. This fire borrowing has depleted accounts aimed at activities like reducing hazardous fuels and prevent wildfires.

The IAFC supports Congress' efforts to address the wildland fire problem through the creation of the FLAME Fund and the National Cohesive Wildland Fire Management Strategy. We also have been supportive of legislation like H.R. 167, proposed by Representatives Simpson and Schrader, which would allocate the cost of suppressing the largest 1 percent of the Nation's wildland fires to the Disaster Relief Fund. Efforts to adequately cover the cost of Federal wildland suppression will allow the Department of Interior and U.S. Forest Service to also fund other programs designed to prevent future wildland fires.

In closing, I thank the committee for the opportunity to address the issue of FEMA's support of local and State governments and wildland fire response and recovery. The threat of wildland fire continues to grow more severe. FEMA plays an important role in helping communities prepare, respond to, and recover from that threat.

The IAFC looks forward to working with the committee to address these issues. I look forward to answering any questions that you may have.

Mr. BARLETTA. Thank you for your testimony, Chief Fennessy.

We will now begin the first round of questions limited to 5 minutes for each Member. If there are any additional questions following the first round, we will have additional rounds of questions as needed.

If we can pass the microphone down to Mr. McCarthy.

Mr. McCarthy, you have analyzed the history of our Nation's disaster assistance authorities and the creation of FEMA. Can you explain some of the basic principles that are fundamental to FEMA's assistance programs and the Nation's approach to disaster recovery?

Mr. MCCARTHY. Yes, Mr. Chairman. Fundamentally it begins as a partnership between the Federal Government and the State governments. And I think it is written, the Stafford Act is written in a way that is of interest because it is extremely flexible. I know Mr. Fugate was talking about some of the ways it works, some of the ways it doesn't work. What always struck me is that I have occasionally heard it referred to as the kind of act you could drive a truck through. And then I also heard it referred to as a straightjacket. Perhaps both people are right. But I think it is a matter of interpretation.

But essentially FEMA is looking at the States as their partners. And I think that in that way it works fairly effectively. And you have State agencies, by the way, the State emergency management agencies, that have grown in sophistication and ability through the years and are really able to work well with FEMA and make it work.

But one of the things that I think that is important is knowing that the States and locals can do well in working together to repair infrastructure, repair buildings, repair water services, and things like that. But one point I want to stress that I think is difficult is that when we say good things about what a good job FEMA is

doing or how great the disaster piece is working, there is one problem on that, and that is creating expectations for families and individuals. The Stafford Act doesn't come close to bringing people back to where they were before a disaster. In fact, the total amount that can be spent currently by FEMA on any family is $32,400.

Now, that can't replace a flood insurance policy. It can't replace a homeowners policy. And I think at times perhaps—and I don't think anyone is directly responsible for that—but there is kind of an image created that, "don't worry, the FEMA dollars are coming and we will all be taken care of." Well, to an extent, I think for State and local governments, there is some truth in that. But certainly for families and individuals, nothing replaces solid insurance and a real kind of culture of preparedness.

But overall I would say, though, that in what I have observed—and I did start at FEMA before it was FEMA, I confess, in 1979—is you have seen a really growing and maturing program that does address a lot of the toughest problems that communities face. I think it does it faster. It certainly responds much better than it ever did before.

But I think we are left with the question then: What is next? And we can get better and better at responding. We can be faster at responding. But, again, as one who has also written on the Pre-Disaster Mitigation Program, I think absent that, you are going to be repeating the same work over and over again in the same places until you do try to reduce the overall risk.

Mr. BARLETTA. As you testified, the cost of natural disasters are driven by just a few events. If we are to look for solutions to reduce the costs, we are going to have to understand what factors are resulting in the few events being so expensive. Do you have a sense of what some of those factors may be?

Mr. MCCARTHY. Actually, as Mr. Fugate mentioned and in my testimony, I think the biggest factor is we have had a series of events now where it has become—and I think this is partly what Ms. Norton was talking about—at FEMA we always used to think about what is unthinkable. And back in the 1990s, we think, well, what is unthinkable is a hurricane going directly into New Orleans, or what is unthinkable is really strong hurricanes hitting the New York City and New Jersey areas. We have started to have those events occur. The density of the population and the actual value of the resources being hit has driven these costs this high.

Some of the things we can do is to begin to take steps that begin to protect these structures, to do elevation, to move some areas out of where rivers want to go or where coastal surges want to go.

But overall I have to say, some of the biggest disasters we have had, it would be hard to take a big chunk out of that because they went where the people were and where the valuable real estate was, and that ends up costing us a great deal. But there is still much we can do.

Mr. BARLETTA. Thank you.

The Chair now recognizes Ranking Member Carson for 5 minutes.

Mr. CARSON. Thank you, Chairman.

Mr. Koon, I understand the States' concerns about liability for failing to provide adequate sheltering during disasters. But at the

very same time, sir, how do you suggest that we provide the same kind of access to shelters for those with functional need support services?

Mr. KOON. Thank you, Representative Carson, for the question.

Dealing with the vulnerable population in shelters is an issue that we in Florida and all other States have been working on for a number of years in close coordination with FEMA. And as Administrator Fugate, it is an extreme priority for us.

The issue comes down to how is it do we achieve the vision that Administrator Fugate laid out, given the fiscal constraints and the resource constraints that we have at the State and local level, to ensure that we are able to provide that ability for anyone to seek shelter in any location during those times when we will be severely resource constrained.

We continue to make good progress on that. In Florida and in other places across the country, that is coming in the form of increased cooperation between municipalities, between counties, and within the State itself, helping us to make sure that we are able to apply those resources that may be in another jurisdiction in an area that needs them in that moment. We will never be able to afford to have all of the potential durable medical equipment at every shelter location all the time, but we do have the ability to transport those in short order. The same thing for the human capital necessary in those kinds of situations.

In one hurricane, in 2005, the State of Florida had approximately 380 shelters open. We did not have the resources able to get, for example, 380 sign language interpreters to those shelters. But if we have the network in place, if we have the partnership and cooperation in place ahead of time, as those needs arise we can deploy them quickly. So that is the tack we are taking now, is to make sure that we can get the resources available to be shared appropriately. And we want to make sure that we have got the conversation ahead of time with FEMA, with the Department of Justice, with the disabled community to make sure that that, in fact, is going to meet the need and it is an appropriate solution to the situation.

Mr. CARSON. Thank you.

And to that point, Mr. McCarthy, you mentioned the difficulty of measuring State readiness and their capabilities when reviewing disaster declaration applications. What options have been considered? And do you have any recommendations for determining readiness and capabilities, for that matter?

Mr. MCCARTHY. It is something that FEMA has worked on a few times doing capability assessment reports, trying to look at what the States themselves think they are strongest at, what they could probably take on themselves. There are a number of pieces that have to be looked at, and I would go to the GAO report that mentions there are certainly a lot of other ways of measuring a State's ability beyond the per capita amount. That can be rainy day funds. And also the State's capacity. I think it has been an interesting conversation here today about what discourages States from building that capacity and what encourages it.

Now, I think a lot of States are simply responsible and know they have to do, as Bryan Koon is pointing out, they are the ones

that have to respond first and do a lot of response work absent Federal help. But still it is interesting to think that there are some States that do a wonderful job because they get hit frequently and know they better be good at it. But there are other States that, because this is a very episodic business, they might not get hit with something substantial for years. You might find that they are no longer budgeting towards it, and then it makes it all the more difficult when they are hit.

I am not being really responsive to you except to say, I think it is something we really would have to study and think about a checklist that maybe FEMA could go down looking at beyond per capita. And I think GAO has made a couple of suggestions on that that would likely be a better measurement of State resources.

Mr. CARSON. Yes, sir.

Chief Paulison, some have indicated that too many small disasters tie up FEMA's resources and inhibit FEMA's ability to respond to larger disasters. As a former FEMA Administrator, sir, what are your thoughts on this position?

Mr. PAULISON. Regardless of the size of the disaster, where I see the same damage in every event, whether it is a tornado or hurricane or superstorm, we are seeing the same type of damage. I firmly believe that if we look at premitigation issues, particularly with our building codes and how we are putting our houses together, we can reduce our costs on the other end significantly. Fifteen percent of the population of this country lives on 3 percent of the land, and we are talking about $10 trillion—$10 trillion—in property that we continue to rebuild back the same way we did.

Hurricane Andrew, we lost a lot of homes, almost 90,000 homes severely damaged in Hurricane Andrew. And we looked very carefully at what damage was caused, what happened, what caused them to fail, what caused the roofs to fail, what caused the windows to blow out, and we changed our building codes to deal with all of those issues. And it was tough. It was not easy to do. We had homebuilders fighting us. But we had a lot of political will to make those changes and we did that.

So we looked out across the country, like I said earlier, it was only 11 States that have building codes. So regardless of whether it is a small disaster that even the State handles by itself or it is a big catastrophic event like a Katrina, it is the same type of damage. And, yeah, it may be bigger and cost more money, but really the damage to each individual is identical.

So I think we need to step back and look very clearly at what we are doing to our building codes and how we are building these things back again. And I think that is what is going to reduce costs.

Mr. CARSON. Mr. Chairman.

Mr. BARLETTA. Thank you, Mr. Carson.

The Chair recognizes Mr. Graves for 5 minutes.

Mr. GRAVES OF LOUISIANA. Thank you.

I was reading some of the testimony earlier, and going back on the same things, questions to Administrator Fugate. Could you talk perhaps, Mr. Paulison, a little bit about some of your experiences with predisaster mitigation as opposed to post-disaster response and cost savings associated with those activities?

Mr. PAULISON. I think a couple things. One, obviously being on the ground as a firefighter and fire chief, and I ran emergency management for Miami-Dade County, coming in as a fire administrator and then taking over FEMA in the middle of Katrina, I think we saw very clearly—very clearly—that we were not putting enough money in predisaster mitigation. Again, we are seeing the same things over and over again, and we rebuild back in the same place.

Now, we are not going to evacuate Florida because it is in Hurricane Alley, that is not going to happen. So we know that that is not an option for us. So the other option has to be, OK, now that we are here and we know we are going to have hurricanes, what are we going to do about it? We can't just sit there and fold our hands or sit on our hands and wait for it to come.

So I firmly believe, and that is why I appreciate so much what this committee is doing, to step back and look at what are we spending our money. Again, the roundtable issue you talked about, we don't even know how much we are spending on disasters. We have got HUD spending money, we have got FEMA spending money, we have got DOT spending money, we have got Agriculture spending money. We don't have a clue of what we are spending totally. But we do know that if we do things upfront to protect our businesses, protect our houses, and making sure our governments, our local governments, our State governments have good plans in place, it has got to reduce the cost significantly. So I think Mr. Fugate recognizes that also.

Mr. GRAVES OF LOUISIANA. Do you have any just quick observations over the perhaps different approach to response in Hurricane Sandy as compared to previous disasters?

Mr. PAULISON. I am sorry, could you repeat that?

Mr. GRAVES OF LOUISIANA. Sure. Do you have any reaction to the perhaps different approach to response in Hurricane Sandy as compared to previous disasters?

Mr. PAULISON. We made changes in FEMA after Katrina, waiting for the storm to make landfall. The way the Stafford Act is set up, and I——

[Inaudible]

If I am reaching, but we wait for the local community to become overwhelmed before the State steps in, we wait for the State to become overwhelmed before the Federal Government steps in. I call it a system of sequential failure. It doesn't work in a catastrophic event. We saw that very clearly.

So we had changed our philosophy from a reactive to a proactive system. It worked extremely well in Gustav and Ike. Gustav went right into New Orleans, but not one fatality, because working with the locals and the State, we had evacuated the entire city.

Mr. GRAVES OF LOUISIANA. 2 million people.

Mr. PAULISON. Now, we had to spend a lot of money to do that, but the budget office and President Bush at the time agreed that we would do a predisaster declaration. Administrator Fugate, he has carried on that same philosophy. You saw a lot of resources on the ground in Hurricane Sandy prior to the storm making landfall. Even though it wasn't a huge hurricane, it wasn't like an Andrew or a Katrina, it still had a significant impact.

So as far as changing the response, I think I would have done the same thing Administrator Fugate did. Some of the other issues in the aftermath, I am not involved in those so I can't respond to that. But I can tell you that spending money on the ground prior to landfall makes a lot of sense and it works.

Mr. GRAVES OF LOUISIANA. Mr. Koon, I mentioned earlier, when you look at the aggregate of all these changes in policies, everything from the new Corps of Engineering standards, you look at the V Zone policies that have come in place, you look at the NFIP rate changes, and many, many other regulatory changes and policies that have been put in place in recent years, you are beginning to price communities out of being able to live where they are.

Can you react to that statement and perhaps some of the impacts you have seen in Florida?

Mr. KOON. Yes. Thank you for the question.

In Florida, obviously, Florida has more flood insurance policies than any other State in the country. We have got about 37 percent of the flood policies. So we are acutely aware of the issues surrounding it. And we also saw some of the price increases that you referenced in your question earlier.

It has impacted the communities, but it is also giving us an opportunity to consider alternatives and ways to improve for the future. In the State there is continuing consideration about ways to perhaps privatize flood insurance and encourage that market. That is something that the State legislature is considering.

We are also looking at investing more in the community rating system portion of the National Flood Insurance Program, taking advantage of that program to achieve discounts for our policyholders by improving the readiness and resilience of our communities. And so it definitely is something that is top of mind for leaders in the State of Florida, but it is also an opportunity for us to make sure that we better prepare for those future disasters by taking advantage of existing Federal programs as they are today and fully taking advantage of everything that they offer us to help get ready for the next storm.

Mr. GRAVES OF LOUISIANA. Thank you.

Mr. BARLETTA. Thank you, Mr. Graves.

Chair recognizes Ms. Norton.

Ms. NORTON. I have just one question for Mr. McCarthy.

We were given an almost impossible task to talk about reducing impacts. Essentially what you were asked to testify was about reducing impacts and reducing costs, and you have gone through the various options. You say in the conclusion of your testimony, you mention in the conclusion of your testimony something I am particularly interested in, "Fewer disaster declarations would likely result in less spending. But avoiding or continuing to mitigate or lessen the impact of future catastrophic disaster events may arguably hold the most promise in reducing disaster expenditures."

Now, you said that in 2014, you say on page 2 there were fewer disasters, but of course we understand trends by looking over a period of years, and you cite over 25 years, when there has been an acceleration.

Mr. Paulison offered us a graph which was helpful, which showed that this is reflected through Democratic and Republican

administrations. There probably was a reason for the greatest rise between Presidents Reagan and George H.W. Bush, probably had to do with some hurricane, even less than the rise between Katrina and Sandy.

I also note, especially in light of Mr. Fennessy's testimony, that you say, Mr. McCarthy, that fire management assistance grants often obviate the need for a major disaster declaration because they provide funding that helps States to control wild fires. So that is something practical we could do. It would mean that the funds would go one place rather than another, but it would probably be less than what happens when you have one of those huge fires, for example, in California.

When you get to defining declarations, I say good luck. That is basically Presidential, it is the Governor coming to the President. And I think Congress might be able to pass something that tries to reduce it, but I don't think I would advise it.

Then there is a question I asked to Mr. Fugate about changes in the Stafford Act or other ways to look at how we ran disaster relief before and now in what looks like a new era. You indicate that there were a number of sections we could repeal. You did what you were asked to do. For example, you said that there was a suggestion that would have applied—and here I am quoting from you—"a strict formula to the declarations process and also would have reduced the Federal share for disaster assistance from 75 percent to 50 percent." Then you quickly add, "Through section 320, Congress insisted that a formula not be the sole determinant on declarations." And I submit that as long as this is a union of States, that probably is going to be handled on a case-by-case basis.

The only real hope I see is in an area where you cite some confusion, but also some hope. You quote extensively from the chairman, who talked about real confusion between various programs for mitigating disaster, and you call them mixed messages. One mixed message or one that would have caused some uncertainty is one from the administration, that introduced what you call a nationwide resilience competition with resources of just over a billion dollars through the Department of Housing and Urban Development. You said it would boost future disaster mitigation savings but it wasn't clear that this program linked to other programs. You said it didn't have the same cost-benefit requirements as the FEMA mitigation programs, for example.

Well, my question for you is, if what the administration was doing was saying you have to compete for these funds in a competition, wouldn't the competition build in those various notions that we now use on a basis of whichever program you apply for and get some kind of regularized notion of forcing efficiency, moving to real mitigation, and giving funds based on that competition to who could do mitigation, who needs to do mitigation most, because you would have to compete for funds? Why doesn't the very fact of a competition build in the very factors that today are resulting in confusion among the various programs that are now used to reduce mitigation?

Mr. MCCARTHY. That is an excellent point. And I think what I would say really is that I think the competition ends in March and we will be able to look at it. In fairness, when I say that they don't

appear to have the same cost-benefit ratio in there, well, it is something that could get built in and it may be that some applicants are building it in. And in fairness to HUD, as they put it out, they mentioned what they were looking for was innovation. And at times, I think probably some people would look at some of FEMA's mitigation programs and think that it didn't encourage enough innovation.

So I don't mean to say it is not possible. It is a competition. I guess what is difficult, though, is that—and I apologize, I should note I spent a career at FEMA before my past 8 years at CRS—but FEMA has been doing mitigation since 1988 and that doesn't mean that is where all mitigation money must go. But it is something that has been a theme throughout, I think, the hearing today is, how much coordination is there among agencies? How much do they really talk to each other, unless they are told they have to do that?

And so I guess with the resilience program we will learn a lot more when it is done and when they are making the awards. We will find out whether it has been innovative and also whether they have built in some of the cost-benefit pieces into it. It is just that it has just been hard to see this and not know whether or not some of the people that have done a lot of mitigation across the country, both in predisaster programs and post-disaster programs, have been a part of what HUD has undertaken now or if it is all new.

Ms. NORTON. Yeah, what I would suggest if you follow the money, if the largest amount of money was given for competition, imagine, I bet one of the factors in competition would be, I think it was Mr. Paulison who testified about the common notion of building codes. Well, if you apply for mitigation funds and you are sitting there with no building code, I wonder if you could win that competition as against another jurisdiction who might have an equally good application but also had taken some self-help initiative on its own to have building codes throughout the State.

That is the kind of thing I think that would bring together what now are what you call mixed messages. I agree, because you have several different programs trying to do the same thing, and I might add all each with a little bit of money.

So thank you very much, Mr. Chairman.

Mr. BARLETTA. I now recognize each Member for an additional 5 minutes.

This question is to Mr. McCarthy and Mr. Paulison. Both of you have testified to increasing costs and losses associated with disasters. Where do you see these trends going absent a shift in public policy?

Mr. McCarthy.

Mr. MCCARTHY. I would just say briefly that, as I mentioned in my testimony, seeing predisaster mitigation withering away seems to me to be the wrong message. I am not even sure I understand, I don't know if it is a difference in philosophy, and I don't know how it got to this point. But it seems to me, you really do have to get it upfront. You do have a lot of enthusiasm after a disaster to do mitigation work after you have already spent hundreds of millions repairing things, then people want to do mitigation. But I

think the important part really is to at least consider getting it on the front end.

And I will turn to the chief.

Mr. PAULISON. You heard Mr. Koon say that we have had years up and down, but if you look at the trends over the last 15, 20 years, actually, it has continued to rise and continued to rise and continued to rise. The number of disaster declarations are rising. Costs are astronomically rising. So we have to do something. We know we have limited dollars. And Mr. Fugate made a comment, said we have got to respond, we know we have to respond. So he didn't have the money upfront to do the mitigation stuff, but he had to have money to do the response side.

So somewhere along the lines, and, again, that is why I appreciate your blue ribbon panel to step back and look at this, but having a third party takes the politics out of it and to come up with some good solid recommendations that allows us to really get a handle on this. If we don't do anything, if we do nothing, I see it continue to rise and rise, and it may be beyond the capacity to deal with the response side.

Mr. BARLETTA. Mr. Paulison, given your extensive background in disaster response and recovery, what are your thoughts on ways that the Federal Government could help reduce costs and losses related to disasters?

Mr. PAULISON. I think it is a partnership, and it is not just a partnership between the Federal Government and the States, it is the State and the locals, it is the locals and individuals, and it is the private sector working together. How are we going to protect our businesses? How are we going to protect our homes? How are we going to protect our communities from disasters we know we are going to have? And we haven't done that. We have had an extremely difficult time, and I am sure Mr. Koon will tell you this, convincing the public to prepare themselves for a catastrophic event.

We saw Hurricane Wilma, not a catastrophic hurricane, it went across the top of my house, but yet we had tens of thousands of people the hour the storms died down in line for food and water because they hadn't prepared themselves. That cost the Federal Government millions and millions of dollars to do that.

So it is not only the predisaster mitigation, it is the planning, it is the training, it is educating the public of what we expect for them, and getting the private sector to protect their businesses also. We lose about 40 percent of our small businesses in every catastrophic event. They just don't have the wherewithal to come back. That is a huge hit on the economy. We saw in Hurricane Andrew going through Homestead, it took 20 years for that community to recover because the small businesses failed, there were no jobs, and people bailed.

So it is a partnership, and it is something we have to work together. We have got a great FEMA Administrator that recognizes that, and we just have to give him the resources to make it happen.

Mr. BARLETTA. To all witnesses briefly, if any of you, we will start with Mr. McCarthy, are you aware of examples where States have used Federal programs to invest in a way that has already shown to have avoided additional damage and loss?

Mr. MCCARTHY. Yes, Mr. Chairman. There are a lot of wonderful examples, a lot of best practices that we can see across the country, from Kinston, North Carolina, to St. Charles County, Missouri, a lot of examples where there is flooding every year except there aren't people there anymore and there aren't businesses there anymore and we are saving money each time. It is the dog that doesn't bark and it doesn't get headlines, but a lot of that has really worked. And I think too those are just a few examples.

Mr. BARLETTA. Mr. Koon.

Mr. KOON. Mr. Chairman, we have already discussed some of the HUD resiliency program. In addition to that, I think some of the programs offered by the Small Business Administration do tremendous work across the country and are a great resource to the State of Florida. Also our cooperation with the National VOAD programs, again, help us really do a good job of meeting the needs of our citizens using Federal and other dollars as well.

Mr. BARLETTA. And, Mr. Fennessy.

Mr. FENNESSY. FEMA's Hazard Mitigation Grant Program has been hugely successful within the State of California. It allows agencies and the community to fund defensible space, the creation of defensible space, that allows us as firefighters to go in and protect those homes, and when we are not in front of their homes allows fires to pass those homes without doing any damage or very little damage. It also allows communities to invest in noncombustible building materials.

What we have experienced—and not just in California, you see it all over the western U.S.—is that, whether it be new construction and the building codes dictating certain types of materials, that is all well and good for the new construction or those communities that maybe have suffered through a fire and have been rebuilt, it is the existing nonconforming structures and the owners that we really have the challenges with and really urging them to get involved in some of these grant opportunities and allow us to protect them in a better way. But certainly FEMA's Hazard Mitigation Grant Program has been a huge success.

Mr. BARLETTA. Thank you.

Chair now recognizes Ranking Member Carson.

Mr. CARSON. Just one last question, Chairman, for Chief Fennessy.

Sir, what role can the Assistance to Firefighters Grant Program play in helping communities prepare for the threat of wildfires? That was my only question.

Mr. FENNESSY. Sure. That program has been hugely beneficial, not only for large fire departments, but certainly the smaller and volunteer fire departments, not only by way of creating grant opportunities for fire equipment, but also training. The Assistance to Firefighters Grant, the Fire Act grant has benefitted not only our agencies, but our agencies all over this country in providing a wealth of equipment that we would not be able to afford on our own.

The SAFER Grant, which is a staffing grant that is also an Assistance to Firefighters Grants, has provided staffing, much-needed staffing for large and small departments. So that program has been hugely beneficial, and just in California alone there are a number

of training programs that would not have been possible had that grant funding not been available. So we appreciate the opportunity for those grants.

Mr. CARSON. Thank you.

Chairman, I yield back.

Mr. BARLETTA. Thank you.

Before closing, I have one final question to all witnesses. What do you think of our proposal to conduct a comprehensive review of disaster assistance and perhaps create a task force or a blue ribbon commission to lead this study and develop solutions? And would this effort be helpful to reducing future disaster costs and better protect our communities?

Mr. PAULISON. I will comment because I have already commented on it a couple times. But I just want to reemphasize I think how important that would be. Like I said, we don't understand what all the costs are. I do think having a third-party review like that is definitely going to help get some good, solid answers without the politics in it, and, again, I applaud you for taking that on.

Mr. MCCARTHY. I will just mention, as you mentioned in your opening statement, it has been at least 20 years since any of this kind of work has been done and we at CRS would be happy to support you on this.

Mr. KOON. Yes, we do, and we are eager to participate.

Mr. FENNESSY. Certainly, the International Association of Fire Chiefs stands ready to assist and participate.

Mr. BARLETTA. Thank you. I look forward to working with each and every one of you and welcome your input as we move forward on this initiative. And I want to thank you all for your testimony. Your comments have been very helpful to today's discussion.

I have also received written statements for the record from the Interlocking Concrete Pavement Institute and the National Concrete Masonry Association. I thank these organizations for their input on these important topics, and I ask unanimous consent that these two statements be included in the record. Without objection, so ordered.

[The information follows:]

Testimony by

The Interlocking Concrete Pavement Institute (ICPI)

before

The Subcommittee on Economic Development, Public Buildings, and Emergency Management

regarding

"Rebuilding After the Storm: Lessening Impacts and Speeding Recovery"

January 27, 2015

I am pleased to offer the following comments on behalf of ICPI, the Interlocking Concrete Pavement Institute.

ICPI, founded in 1993, is the North American trade association representing the interlocking concrete paving industry. ICPI is considered by peer associations around the world as the leader in development and dissemination of technical information for design professionals and contractors. Our leadership position is due to years of commitment and energy from more than 900 members. ICPI engages in a broad range of technical, marketing, educational, government relations and communications activities.

Membership consists of interlocking paver manufacturers, design professionals, paver installation contractors and suppliers of products and services related to the industry. ICPI offers a variety of services to its members through its vast library of technical publications, online

design idea galleries, publications, paver installer certification programs and the industry's only dedicated magazine, *Interlock Design* Magazine.

The issue we bring to the Subcommittee's attention is flooding mitigation, and modern means to achieve substantial flood mitigation while allowing construction and economic development to move forward – and to make communities more resistant to the disastrous aftermath of major flooding events that are the concern of the Subcommittee.

There are methods and materials, using off-the-shelf, commercially available products and designs that can allow communities, commercial developments, institutional facilities and other sites to install paving that will not add to the kinds of flooding problems that exacerbate economic disruption and require emergency appropriations for recovery, and in fact, help mitigate flooding impacts.

We refer to Permeable interlocking concrete pavement (PICP).

PICP consists of manufactured concrete units that reduce stormwater runoff volume, rate, and pollutants. The impervious units are designed with small openings between permeable joints. The openings typically comprise 5% to 15% of the paver surface area and are filled with highly permeable, small-sized aggregates. The joints allow stormwater to enter a crushed stone aggregate bedding layer and base that supports the pavers while providing storage and runoff treatment.

PICPs are highly attractive, durable, easily repaired, require low maintenance, and can withstand heavy vehicle loads.

EPA recognizes PICP as a Best Management Practice for stormwater mitigation.

PICP can be used for municipal stormwater management programs and private development applications. The runoff volume and rate control, plus pollutant reductions allow municipalities to meet regulatory water quality criteria. Municipal initiatives, such as Chicago's Green Alley program, use PICP to reduce combined sewer overflows and minimize localized flooding by infiltrating and treating stormwater on site. In addition, the Chicago Department of Transportation is experimenting with a photocatalytic cement coating on the concrete paving units that absorb nitrous oxide air pollutants, a component of photochemical smog. Green alley pilot project designs in the City of Richmond, Virginia and Los Angeles, California anticipate storing and slowly releasing water to reduce peak flows as well as filtering pollutants. Private development projects use PICP to meet post-construction stormwater quantity and quality requirements. Public and private investments in PICP can potentially reduce additional expenditures and land consumption for conventional collection, conveyance, and detention stormwater infrastructure.

PICP can replace traditional impervious pavement for most pedestrian and vehicular applications except high-volume/high-speed roadways. PICP has performed successfully in pedestrian walkways, sidewalks, driveways, parking lots, and low-volume roadways. The environmental benefits from PICP allow it to be incorporated into municipal green infrastructure and low

impact development programs. In addition to providing stormwater volume and quality management, light colored pavers are cooler than conventional asphalt and help to reduce urban temperatures and improve air quality. The textured surface of PICP also provides traffic calming and provides an aesthetic amenity.

Of special interest to the Subcommittee, PICP should be designed and sited to intercept, contain, filter, and infiltrate stormwater on site. Several design possibilities can achieve these design aspects. For example, PICP can be installed across an entire street width or an entire parking area. The pavement can also be installed in combination with impermeable pavements to infiltrate runoff and initiate a treatment train. Several applications use PICP in parking lot lanes or parking stalls to treat runoff from adjacent impermeable pavements and roofs. This design economizes PICP installation costs while providing sufficient treatment area for the runoff generated from impervious surfaces. Inlets can be placed in the PICP to accommodate overflows from extreme storms. The stormwater volume to be captured, stored, infiltrated, or harvested determines the PICP scale required.

PICP is an on-site stormwater management practice that reduces the volume and rate of stormwater runoff as well as pollutant concentrations. PICP transforms areas that were a source of stormwater to a treatment system and can effectively reduce or eliminate runoff that would have been generated from an impervious paved area. Because it reduces the effective impervious area of a site, PICP should receive credit for pervious cover in drainage system design. The infiltration rate of the pavers and base generally exceed the design storm peak rainfall rate; the subsoil infiltration rate and base storage capacity are the factors determining stormwater detention potential.

More information on PICP, its uses, benefits and more, and its designation as a Best Management Practice, can be viewed at http://water.epa.gov/polwaste/npdes/swbmp/Permeable-Interlocking-Concrete-Pavement.cfm.

We recommend that the Subcommittee take note of the flood mitigation benefits that PICP can provide, and regard them favorably and prominently in the Subcommittee reports and possible legislation. Further, we recommend that any construction incentives that the Subcommittee may recommend to promote disaster-resistant construction include PICP as a favored method for addressing this need.

Mr. Chairman, ICPI thanks you and the Members of the Subcommittee for your efforts. ICPI would be pleased to engage in the subsequent industry roundtables that are planned to work on this issue.

Randall G. Pence, Esq.
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For ICPI

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Testimony Of

The National Concrete Masonry Association

before

The Subcommittee on Economic Development, Public Buildings, and Emergency Management

regarding

"Rebuilding After the Storm: Lessening Impacts and Speeding Recovery"

January 27, 2015

Mr. Chairman, on behalf of the National Concrete Masonry Association (NCMA), I thank you for the opportunity to offer testimony regarding the economic impacts of devastating events, including storms, how to lessen those impacts and speed recovery.

NCMA is the national trade association representing the producers and suppliers of the concrete masonry products, including concrete block, manufactured stone veneer, segmental retaining walls and articulating concrete block. The Association's mission, through nearly a century, remains to advance, protect and promote the common interests of its members. Through leadership, promotion, education, research, government relations and partnering, NCMA ensures that members' products are the building materials of choice. NCMA supports its own research laboratory and is a thought leader for codes and standards development.

We applaud the Subcommittee for holding this important and timely hearing today.

We offer the following points for consideration.

It is well established that the destruction of buildings, on small scales and large, can cost lives, cause injuries, tax emergency response resources, interrupt economics on a local and regional scale, and lead to general disruption of daily life for long periods of time.

While some of the testimony today will focus on rapid recovery, NCMA and the cement-related building products community can offer a superior idea: build buildings that are more durable, more Resilient, more resistive to damage and destruction that "rebuilding" after the storm is minimized or nearly eliminated.

The construction philosophy, products, methods, and designs to make this laudable aspiration a reality exists today, using readily available, off-the-shelf technology and products comprised of strong, durable, noncombustible concrete.

Unfortunately, one of the reasons that the U.S. building stock, and the economy that it supports, is so vulnerable to wide-spread, near total loss disasters is that the U.S. construction policy has militated toward a "build fast, build cheap" model. While buildings should be meant for long-term use, they are built for the most part with short-term thinking, focusing on initial cost of construction and reducing construction time to the shortest interval possible.

While this approach may satisfy some building owner short-term investment strategies, the end result is construction that is not durable and is unlikely to withstand the major disaster events that are the concern of the Subcommittee today and present much greater risks and ramifications on building occupants and the community.

Of course, when disasters do occur, and the "build fast/build cheap" building stock is leveled in their wake, the only recourse has been to "rebuild fast/rebuild cheap" – build again – often at taxpayer expense in the form of Budget-busting emergency federal appropriations, and always having a huge impact on insurance outlays and future insurance premiums.

We need to rethink the issue. "Build fast/build cheap" that leads to rebuild fast/rebuild cheap is neither cheap nor fast – and it is the progenitor of all the recovery costs that are concerning the Subcommittee today.

And of course, the next issue is whether rebuild fast/rebuild cheap may lead to yet a third, fourth or more rounds of recovery. This is plausible because hurricanes and floods tend to recur in the same locations. The total end cost might be staggering.

If we were to total up the cost of "rebuild fast/rebuild cheap", plus the insurance impacts, plus the economic disruption, plus the emergency appropriations, plus the cost impact on emergency responders, plus the ancillary impacts ---- it is likely that "build fast/build cheap" is extraordinarily expensive in the long run, possibly much more expensive that building durably and Resiliently the first time, every time.

As the Subcommittee moves forward on this topic, we urge the Members to think about Resilient Construction not in terms of how quickly a devastated community can be returned to some minimal degree of operation, but rather, prevention of disastrous impacts it the first place by encouraging and incentivizing prevention of building destruction using truly Resilient Construction.

This is a key point: the United States needs to define "Resilience" and "Resilient Construction" as construction that is likely to survive a disaster functionally and structurally intact, will not displace the inhabitants, businesses and economic drivers housed within, and will not require emergency appropriations from the taxpayers to rebuild.

Any structure that requires rebuilding after a disaster is a failure of Resilient Construction policy, and a failure to be avoided.

The way to protect people, protect the economy, protect the resilience of American life, is to encourage and incentivize U.S. construction that meets the tenets of the definition of resilience offered above.

Resilience should be surviving the disaster event such that the event does not warrant an entry in the history books because it doesn't reach the level of disaster – rather than focus on recovering from the disaster, via emergency re-spending and emergency rebuilding after the event.

While this hearing, and this effort by the Subcommittee, are prompted in instant response to anticipated storm events, we recognize that isolated building fires are also a serious threat to life, limb, property, and the economy, at least in more localized ways. As we prepare this testimony, a major fire has occurred in Edgewater, New Jersey.

There is a well-publicized comment by local Fire Chief Thomas Jacobson, commenting on this massive blaze:

> *"...the fire appears to have started on the first floor and quickly spread through the floors and walls because of the building's lightweight wood construction. <u>If it was made out of concrete and cinder block, we wouldn't have this problem.</u>"*(underlining added)

The Chief added that the building complied with construction codes. He said the sprinklers were working and going off when crews first arrived to the scene.

One of the issues we will encounter in this debate is the concept of "Life Safety" as an acceptable level of design in buildings. "Life Safety" is the concept that the essential aspect of fire safety is that the building will survive long enough for the inhabitants to escape.

And then the building may burn to the ground. Building survivability past the fire rating of the house (2-hour, 1-hour, etc.) is utterly of no consequence.

As we survey the burning embers and unrecognizable rubble that remain in the aftermath of the Edgewater, New Jersey fire, all the homes lost and the lives disrupted, <u>the stunning reality is that this event is considered an unqualified victory for Life Safety construction</u> – solely because no lives were lost in the conflagration.

Of course, the buildings are a total loss. There is no alternative but to either rebuild or abandon, a poor set of choices.

Recall the admonition from Chief Jacobsen: *"If it was made out of concrete and cinder block, we wouldn't have this problem."*

Congress needs to understand that Life Safety is a euphemism for the notion that the building is, in the end, utterly expendable – a primary example of short-term thinking in construction, and one reason why much of the building stock in America is so vulnerable to disasters of any origin.

As we move forward with Resilient Construction, we urge Congress to recognize that Life Safety is the functional antithesis of Resilient Construction. They are utterly at odds and irreconcilable.

Life Safety states that the building is expendable and takes no notice of the economic aftermath. It is an antiquated and anachronistic theory that should be abandoned.

Resilient Construction posits that the building is NOT expendable and is fundamental to the infrastructure and healthy functional economy that Americans expect for normal life.

In fact, independent of the life issue, building resilience and survivability – essentially intact and ready for use -- is also a matter of top priority to avoid the need for extraordinary rescue efforts and resources during disaster events, and to prevent disruption of lives and local economies thereafter.

To be clear, Resilient Construction can be as protective of lives as Life Safety, perhaps more so, in that noncombustible materials can slow or stop the progression of fires, and can provide areas of refuge to ride out the fire if needed.

One needs only look at the Edgewater, New Jersey fire to assess the value of Life Safety theory to provide areas of refuge. Life Safety theory makes no account for refuge. It is escape, or nothing. It is the definition of a brittle system, and inferior to Resilient Construction as we envision it.

Mr. Chairman, we conclude our remarks at this point, understanding that the Subcommittee plans to convene subsequent roundtables to address this issue. NCMA and the cement-related industries would be pleased to participate in the roundtables and look forward to your invitation.

Randall G. Pence, Esq.
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Mr. BARLETTA. If there are no further questions, I would ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing, and unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing. Without objection.

I would like to again thank our witnesses for their testimony today. This meeting is adjourned.

[Whereupon, at 12:46 p.m., the subcommittee was adjourned.]

Statement of
The Honorable André Carson, Ranking Member
Subcommittee on Economic Development, Public Buildings, and Emergency Management
Committee on Transportation and Infrastructure

"Rebuilding after the storm: lessening impacts and speeding recovery"
January 27, 2015

Good morning and welcome to the first Subcommittee hearing of the 114th Congress. I am pleased to return as the Ranking Member of the Subcommittee and like Chairman Barletta, look forward to continuing the good working relationship that we share. As my friend Chairman Barletta stated, we were able to partner on several items before the subcommittee in the last Congess, including calling for support for pre-disaster mitigation funding. I hope to see this collaboration continue.

[On a personal note, I'm very thankful that Chairman Barletta is back with our Subcommittee after the frightening scare he survived late last year.]

Among the many issues we will consider this Congress, I am interested in examining the training programs available to our first responders. Ensuring timely and efficient emergency response whenever and wherever disaster strikes is critical. Some of the emergency managers in Indiana have reached out to me regarding the limited accessibility of FEMA's training centers. In order to ensure ready responders, we must make certain that adequate training programs are available, and that sufficient access is available to those training programs.

Further, after a disaster, we sadly hear stories about elderly and disabled individuals having to fend for themselves because they were not adequately informed prior to the storm or they were unable to access resources after the storm. This was particularly the case after Hurricane Sandy. We must ensure that emergency preparedness and response systems are inclusive of vulnerable populations and those with language barriers. Moreover, in their written testimony, the National Emergency Management Association (NEMA) discusses concerns about the level of support services that states should be required to provide. I understand their concerns. But it is 2015, and no one should be left behind – especially our most vulnerable neighbors. So I think it is imperative that we revisit these issues this Congress to ensure that everyone has access to the same information and resources. I look forward to working with the Administration, NEMA as well as advocates for vulnerable populations to address these issues.

As the subcommittee prepares to draft FEMA legislation this year, I want to underscore the importance of the urban search and rescue, or USAR *(U-SAR)*, provisions that I expect to be included in any legislation going forward. The USAR provisions would ensure continued access to workers' compensation and tort liability protections for USAR members as well as provide job protection status for first responders when activated for federal service. Equally important, are the compacts between the states that allow for a streamlined response. I know that those in the room today support and understand the need for these provisions but I believe we need to state this for the record for those who are not here today.

I look forward to discussing the rising costs of disasters and how to control them. It is not enough to simply point to the increased number of disasters or the increased cost of disasters as a reason to limit disaster assistance. We must identify the underlying causes of the increasing costs, such as climate change, population density, and the lack of building codes, among others, and assess the best ways to reduce costs and save lives.

Moreover, as we examine these issues, it is imperative we remember that disasters are based on real events with real impacts. Lives have been lost. Individuals have been injured. Property has been damaged or destroyed.

We need to be serious about focusing on activities shown to reduce disaster impacts and costs. Time and again we talk about the benefits of mitigation and the three to four dollars saved for every dollar spent. Unfortunately, some continue to complain about rising disaster costs yet refuse to adequately fund proven methods to reduce these costs. In order to get in front of this issue, it is time to start preventing or limiting disasters' impacts rather than simply reacting to the latest storm. This is why I intend to re-introduce a bill to reauthorize the Pre-Disaster Mitigation program. I look forward to a dialogue this Congress on how to increase funding for this important program. I encourage my colleagues here today to join me in sponsoring this legislation.

Finally, I am interested in additional ideas to encourage individuals and state, tribal and local communities to invest in mitigation activities and to be more resilient. The more options available, the better chance of saving lives and reducing costs.

I look forward to the witness' testimonies. Thank you.

STATEMENT

OF

W. CRAIG FUGATE
ADMINISTRATOR

FEDERAL EMERGENCY MANAGEMENT AGENCY
U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE
THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

Rebuilding After the Storm: Lessening Impacts and Speeding Recovery

Submitted
By:

Federal Emergency Management Agency
500 C Street, S.W.
Washington, D.C. 20472

JANUARY 27, 2015

Introduction

Chairman Barletta, Ranking Member Carson and distinguished Members of this Subcommittee. My name is Craig Fugate, and I am the Administrator of the U.S. Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). Thank you for the opportunity to testify today about FEMA's efforts in improving and streamlining federal disaster assistance and becoming better stewards of taxpayer dollars.

We share a recognition that FEMA, along with other government agencies, must be uncompromisingly prudent stewards of taxpayer dollars. We have an enormous responsibility to support disaster survivors in their most urgent time of need, but we must also be both smart and efficient in the ways in which we support survivors and their communities.

When I arrived at FEMA nearly six years ago, my focus was on creating a culture that was less reactive and more forward leaning, with a focus on becoming a faster, smarter, and more nimble agency in our approach to disaster response and disaster assistance.

Today, with the help of Congress and the additional authorities provided to FEMA to carry out its mission, and along with the dedication of our workforce, our agency is much different than when I first arrived six years ago. We are transforming into an agency that is more survivor-centric in mission and program delivery, more expeditionary in nature, and better postured to assist our State, local, tribal, and territorial partners.

In my testimony today, I will highlight some of the efforts we have made in recent years to streamline our disaster assistance processes, and highlight our agency's path forward for the years to come.

Efforts to Streamline Disaster Assistance

Approximately two years ago, in January 2013, with the help of this Subcommittee, Congress passed and President Obama signed the Sandy Recovery Improvement Act (SRIA) into law, authorizing several significant changes to the way FEMA delivers disaster assistance. SRIA, and the additional authorities it provided, aided recovery efforts associated with Hurricane Sandy and subsequent disasters.

In addition, the law's various provisions were intended to improve the efficacy and availability of FEMA disaster assistance and make the most cost-effective use of taxpayer dollars. To date, SRIA is one of the most significant pieces of legislation impacting disaster response and recovery since the Post-Katrina Emergency Management Reform Act (PKEMRA) and builds upon the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

This Subcommittee has expressed deep interest in recent months in two very important SRIA provisions that I will address: Public Assistance Permanent Work Alternative Procedures, and An Analysis of Public Assistance Small Project Threshold ("Simplified Procedures").

Public Assistance (PA) Permanent Work Alternative Procedures

The PA Alternative Procedures provision provides substantially greater flexibility in use of federal funds for Public Assistance applicants. This results in far fewer administrative burdens and costs for all parties if participating applicants choose to accept grants based on fixed, capped estimates, which may be provided by the applicant's licensed engineer and validated by an independent expert panel.

In addition, SRIA identified the following goals for PA alternative procedures, which are:

- Reducing the costs to the Federal Government of providing Public Assistance;
- Increasing flexibility in the administration of such assistance;
- Expediting the provision of assistance to a State, tribal or local government, or nonprofit owner or operator of a private nonprofit facility; and
- Providing financial incentives and disincentives for timely and cost-effective completion of projects with such assistance.

A number of grantees, including the State of New York, have used alternative procedures in the aftermath of Hurricane Sandy to help rebuild and restore critical infrastructure.

An Analysis of Public Assistance Small Project Threshold ("Simplified Procedures")

As a requirement of SRIA, FEMA was mandated to determine whether an increase in the Public Assistance grant program small project threshold was appropriate; the analysis considered the following factors: 1) cost-effectiveness 2) speed of recovery 3) capacity of grantees 4) past performance and 5) accountability measures.

Based on our analysis, we determined that a change in the minimum and maximum thresholds for Simplified Procedures would benefit grantees and sub-grantees, specifically raising the Simplified Procedures threshold to $120,000 initially, and adjusting annually to reflect changes in the Consumer Price Index. This provides for broader use of Simplified Procedures, which reduces administrative burden for Federal government, grantees, and sub-grantees.

In January 2014, FEMA submitted its analysis in a report to this subcommittee and subsequently implemented the threshold changes. We continue to engage this subcommittee's staff on our analysis of the impacts of these changes and look forward to continuing this dialogue.

Advancing our Mission and Path Forward

Further recognizing the importance of being responsible stewards of taxpayer dollars and advancing our mission, in the summer of 2014, FEMA introduced its 2014-2018 Strategic Plan. The Strategic Plan supports the Department of Homeland Security's 2014 Quadrennial Homeland Security Review Mission 5 to strengthen national preparedness and resilience and reflects objectives the Agency will accomplish to provide the best possible support to the American people before, during, and after disasters. It sets forth the strategies our agency will employ to accomplish our objectives and also establishes measurable outcomes for us to achieve.

Our agency is focused on five strategic priorities that will help to institutionalize key improvements while building Agency capacity and strengthening national capabilities for disaster preparedness. FEMA's 2014-2018 priorities are to:

1. Be survivor-centric in mission and program delivery;
2. Become an expeditionary organization;
3. Posture and build capability for catastrophic disasters;
4. Enable disaster risk reduction nationally; and
5. Strengthen FEMA's organizational foundation.

The priorities outlined above, along with their associated outcomes, will spur cross-Agency collaboration, guide allocation of resources, and inform how FEMA employees approach their work.

In the spirit of today's hearing, I'd like to further highlight two strategic priorities, in particular, that will help guide our efforts in improving and streamlining disaster assistance while making better informed, cost-effective decisions on resource allocation: be survivor-centric in mission and program delivery and strengthen FEMA's organizational foundation.

Strategic Priority 1: Be Survivor-Centric in Mission and Program Delivery

FEMA must be survivor-centric in mission and program delivery. We must streamline and simplify disaster services for individuals and communities. Moreover, FEMA will focus on improving the clarity of and access to actionable information and ensuring that survivors receive disaster assistance quickly and conveniently. We are emphasizing improving services for individuals during initial contact, whether it involves individual registration assistance, referral resources, or reporting critical unmet needs. FEMA is also working to improve and streamline community recovery services, including grant processing, and strengthen community resilience and recovery capabilities by providing tools and resources local leaders can use before, during, and after disaster events.

Strategic Priority 5: Strengthen FEMA's Organizational Foundation

To realize any of our strategic priorities, FEMA must have a strong organizational foundation. Our workforce must be engaged, qualified, and effective. Our business processes must be transparent, agile, and streamlined. Our decisions must be data-driven, and our resources must align with strategic priorities. The objectives within this priority are fundamental in strengthening our organizational foundation while being accountable, transparent, and responsible stewards of taxpayer dollars. For example, we have committed in our Strategic Plan to reduce the administrative costs of disaster operations by five percentage points, and we are attacking that goal on multiple fronts – by working smarter through data analytics. Further, we have automated our Common Operating Picture, so employees have a shared understanding of our disaster operations and progress.

In addition, we are launching a new Deployment Tracking System (DTS), and we continue to promote transparency with the general public through our Open FEMA initiative, which now includes a data visualization platform on FEMA.gov. To support these efforts, we are establishing standards, policies, governance structures, tools, and training to connect our people to the information they need to be effective. Moreover, to effectively partner with our whole

community partners, we are harnessing the wealth of information, talent, and technological resources to improve FEMA's ability to forecast resource requirements, plan contingencies, evaluate performance, and increase the overall effectiveness and efficiency of Agency operations.

FEMA is focused on strengthening the connections among strategy, budget, execution and performance through a comprehensive resource management system. Through these efforts, FEMA identified and executed a number of organizational and programmatic changes to achieve overall efficiencies including: (a) consolidation of facilities within the National Capital Region through workplace transformation; (b) strategically reducing non-disaster travel; and (c) reducing the reliance on contracts through a more balanced workforce. These efficiencies have allowed FEMA to reinvest resources to maintain critical staffing levels and systems support.

FEMA will continue to build on its successful past efforts to streamline and enhance current business processes, while using smart and innovative technologies, to better maximize the delivery of services and the efficient and effective use of available resources to achieve its five priorities.

Conclusion

We have made real, material progress over the years in carrying out our mission and becoming a more efficient and responsive agency. However, there is still work to be done in the coming years to continue improving how we better support our citizens and first responders.

We have an obligation to serve disaster survivors during times of crises while being good stewards of taxpayer dollars. I will remain steadfastly committed to ensuring our agency continues down this path so that we are better able to prepare for, respond to, and recover from disasters.

Again, thank you for the opportunity to testify today. I look forward to any questions this Subcommittee may have.

Question#:	1
Topic:	Sandy Recovery Act
Hearing:	Rebuilding after the Storm: Lessening Impacts and Speeding Recovery
Primary:	The Honorable Lou Barletta
Committee:	TRANSPORTATION (HOUSE)

Question: New York seems to be the only state taking full advantage of the public assistance alternative procedures authority granted under the Sandy Recovery Act? What concerns or limitations are keeping other states from taking advantage of this program? What has FEMA done to encourage states to take advantage of this new authority? Are there examples of other states taking advantage of this program?

Response: The Public Assistance (PA) Alternative Procedures for Permanent Work allows grant applicants to elect to have large projects funded based on a capped, fixed estimate. A large project is a subgrant with a total estimated cost that exceeds the monetary threshold established in section 422 of the Stafford Act and 44 CFR §206.203(c). For major disasters and emergencies declared after February 26, 2014, the threshold is $120,000. This threshold will be adjusted annually for inflation. This method of funding is in contrast to the way large projects are funded under standard PA procedures, which is based on actual costs for a project. Because this is a new concept, some PA applicants may be hesitant to agree to this option because of the condition that additional funding will not be available if costs exceed the capped, fixed estimate amount; the subgrantee would be responsible for these costs. However, this option actually allows for greater flexibility for applicants in utilizing PA funding for their recovery needs. Benefits available to the applicant under the Alternative Procedures capped subgrant option include:

- Subgrants based on fixed estimates are similar to improved or alternate projects, in that the level of eligible funding is capped. They provide applicants with flexibility to repair or rebuild a facility as it deems necessary for its operations with no requirement to rebuild to pre-disaster design, capacity, or function. While pre-disaster function, design, capacity, and condition determine the amount of FEMA-eligible funding, an applicant is not constrained from using this funding to complete a project with a different function, design, or capacity. This means that when the applicant agrees to the capped estimate based on the cost to repair or restore the original disaster-damaged site or facility, the applicant may choose to use this funding, including related eligible hazard mitigation funding factored into the estimate, for designs, functions and other eligible work that best meets the applicant's post-disaster recovery needs.

- Under the Alternative Procedures, if an applicant requests an alternate project and FEMA approves it, the subgrant will not be subject to the reduction in funding normally required under the standard procedures pursuant to Stafford Act sections 406(c)(1)(A) and (c)(2)(A).

- The applicant may elect to combine two or more capped subgrants into a consolidated subgrant. This feature is intended to allow the applicant greater flexibility to execute

work across multiple facilities or sites in ways that support its post-disaster recovery needs, by allowing this funding to be used at some or all of the separate sites or facilities contained within the consolidated subgrant, or to be applied to different eligible work. Again, no reduction of funding for an alternate project will apply to consolidated subgrants.

- For a single or consolidated subgrant that is completed for actual costs that are less than the capped subgrant amount, the applicant may use the excess funds for eligible PA Program-related purposes.

Many states in addition to New York have applicants participating in the Alternative Procedures pilot program. As of February 24, 2015, applicants in 25 states (including New York) have chosen to participate in some or all of the Alternative Procedures for Permanent Work. This includes 247 permanent work projects in 39 disasters (some states have more than one disaster with projects eligible for participation in Alternative Procedures).

Regarding the Alternative Procedures for Debris Removal, many states that are participating in the Alternative Procedures Pilot Programs have subgrantees that have chosen to utilize some or all of the debris pilot provisions. As of February 24, 2015, subgrantees in 34 states (including New York) have chosen to participate in the Alternative Procedures for Debris Removal. This includes 1,700 Public Assistance projects that have been approved in 67 declared major disasters.

To encourage participation, FEMA has provided and continues to provide information and support to States and applicants about provisions of the pilot program to educate participants about the benefits of the program, and exactly what participation entails. FEMA provides training to FEMA staff, states and grant applicants. As of December 2014, 66 training sessions had been completed, with a total of 1,934 participants trained. Additionally, FEMA prepared guidance documents on all aspects of the Alternative Procedures provisions, and these are available to the public on FEMA's website.

Question: The Sandy Recovery Act also allows up to 25 percent of eligible hazard mitigation funds to be advanced so that communities can incorporate mitigation in their rebuilding strategies following a disaster. What practical effects are you seeing because of this change? Are states taking advantage of this authority and are has FEMA already seen some "success stories?"

Response: FEMA has implemented the Sandy Recovery Improvement Act (SRIA) authority to provide advanced funding as a pilot termed "Advance Assistance." Up to 25 percent of the amount of estimated HMGP costs (or ceiling) or $10 million, whichever is less, is available to States and Tribes in advance of incurring eligible costs. The purpose of Advance Assistance is to provide States and Tribes resources to develop mitigation strategies and obtain data to prioritize, select and develop complete HMGP applications in a timely manner. FEMA expects States and Tribes that receive Advance Assistance to submit complete project applications up to or over the HMGP ceiling by the application deadline.

The Advance Assistance application must identify the proposed use of the funds, including costs in sufficient detail for each proposed activity and milestones for submitting completed HMGP applications to FEMA. Advance Assistance is subject to the HMGP cost share requirements and strategic funds management. Advance Assistance is part of the HMGP ceiling amount. FEMA will continue to implement Advance Assistance on a pilot basis for any State or Tribe having a declaration with an open application period.

Applicants and subapplicants may use Advance Assistance for the following activities (this is not an exhaustive list):

♦Evaluate facilities or areas to determine appropriate mitigation actions

♦Incorporate environmental planning and historic preservation (EHP) considerations early into program decisions

♦Collect data for cost-effectiveness, feasibility, EHP compliance, and other program requirements

♦Scope and prioritize hazard mitigation projects (including State coordination of local projects) to incorporate sustainability, resilience, and renewable building concepts

♦Develop hazard mitigation projects, including engineering design and feasibility actions

♦Perform professional cost estimation services to aid consistency in project budgeting across subapplications

Requirements and deliverables associated with Advance Assistance and resulting **HMGP** applications may include, but are not limited to:

♦**Documentation of Advance Assistance Accomplishments:** Applicants and subapplicants must submit documentation to FEMA to support that they accomplished all activities listed in their Advance Assistance application.

♦**Submission of Projects up to the HMGP Ceiling:** FEMA expects States that receive Advance Assistance to submit complete project applications up to or over the available **HMGP** ceiling by the final **HMGP** project application deadline.

♦**Accounting for Use of Advance Assistance Funds:** For accounting and audit purposes, the State must submit sufficient financial detail to demonstrate that no costs claimed under Advance Assistance are duplicated in subsequent **HMGP** project applications or in State Management Cost budgets.

♦**Documentation of EHP Considerations:** The Applicant and subapplicant must document that effects to environmental and historic resources were considered early in the planning and project scoping processes. This requirement is in addition to ensuring EHP compliance.
HMGP funds cannot duplicate funds received by or available to Applicants or subapplicants from other sources for the same purpose. Advance assistance awards are reviewed to ensure that no duplication exists with other HMGP awards.

The State of Florida has received three Advance Assistance obligations to date. These obligations will provide funding to develop mitigation strategies and obtain data to prioritize, select and develop complete HMGP applications in a timely manner including cost-sharing strategies, evaluating facilities to determine the appropriate mitigation actions, data collection to assist with cost-effectiveness reviews and compliance with environmental planning and historic preservation requirements, and other assistance needed to develop eligible applications.

The State of New Jersey has received two Advance Assistance obligations to date. The New Jersey Hazard Mitigation Grant Program- Elevation Program - Advanced Assistance project provides $4 Million funding may be used to complete all necessary steps to develop an HMGP application(s) for this program, to include but not limited to: establish program requirement and details, application development, database/web development, technical assistance, outreach and, education. The final deliverables will be complete application(s) for eligible elevation projects in the nine counties hardest hit by Hurricane Sandy (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union). The Energy Allocation Initiative Advance Assistance project provides $6 million for all necessary steps to develop eligible HMGP Application(s), to include but not limited to: evaluate and analyze of potential options for potential critical facilities, application development, application intake, outreach and education, application review, strategy and ranking.

The State of New York has received one Advance Assistance obligation to date. The Red Hook Integrated Flood Protection Advance Assistance project will support New York State's effort to streamline the HMGP process by providing resources needed to effectively consider the full range of mitigation strategies. Funding will additionally support efforts to obtain required HMGP application data and will support the State's prioritization & application selection process. Overall deliverables will include complete and eligible HMGP applications.

The chart below represents the advanced assistance that has been provided.

State	Disaster Number	Date Approved	Federal Share Obligated
Alabama	4176	12/17/2014	$ 18,750
Colorado	4145	05/28/2014	$ 768,750
Florida	4068	07/11/2013	$ 306,944
Florida	4084	07/11/2013	$ 62,967
Florida	4177	07/16/2014	$ 129,281
Georgia	4165	05/16/2014	$ 206,480
New Jersey*	4086	09/25/2013	$ 4,000,000
New Jersey*	4086	08/06/2014	$ 6,000,000
New York*	4085	12/02/2014	$ 4,356,000
Vermont	4163	10/06/2014	$ 78,743
Totals	**10**		**$ 15,927,915**

The highlighted and * states are for Sandy declarations.

Question#:	2
Topic:	Small Projects Threshold
Hearing:	Rebuilding after the Storm: Lessening Impacts and Speeding Recovery
Primary:	The Honorable Lou Barletta
Committee:	TRANSPORTATION (HOUSE)

Question: In the January 2014 report "Determination on the Public Assistance Simplified Procedures Thresholds," FEMA notes that actual savings actually decreases once the small projects threshold is increased above $120,000. Please explain why this occurs if simplified procedures decreases the administrative workload by FEMA and the grantee?

Is there data available that shows where the savings from exceeding the current $120,000 threshold exceeds the potential losses related to overestimates and the risk of waste, fraud and abuse? If so, please provide it to the Subcommittee and if not, is FEMA collecting this information to inform the next review of the threshold due in two years?

Has FEMA conducted an analysis to determine the corresponding rise in the risk of waste, fraud, or abuse that may occur with any increases in the small project threshold beyond the $120,000?

Response: While there are administrative savings associated with raising the threshold for simplified procedures, FEMA also recognizes that when the estimates exceed actual costs for those projects that are re-categorized as small, FEMA would no longer recover the federal share of those excess funds and they would be transferred to the grantees (page 27 of the report). Therefore, FEMA estimated that the net savings (administrative cost savings – forgone recovery of excess funds) were likely to decrease above the $120,000 threshold.

FEMA called this amount the "expected value of the loss of efficiency in transfer of federal dollars which are not deobligated" (line F, in Figure 20, page 29). FEMA calculated the expected value of the loss of efficiency in the transfer of federal dollars, which are not de-obligated over seven years based on two steps. First, FEMA estimated de-obligations that would no longer be recouped from the set of "previously-large" projects that would be reclassified as small projects and processed using simplified procedures. FEMA did this by reviewing historical data for disasters over the last seven years and aggregated deobligations associated with cost reconciliation for projects that were greater than the applicable threshold for the respective year of declaration and less than the new proposed threshold options. For the $100,000, $120,000, and $190,000, threshold options, the estimated funds FEMA would no longer recoup are $12 million, $17 million, and $39 million, respectively.

Next, FEMA attempted to estimate the efficiency loss, such as instances where recovery of excess funds would not be truly forgone due to the comingling of funds under simplified procedures which allows for funding for cost underruns to offset cost overruns on other projects, as well as the change in behavior associated with calculation of estimates that are not subject to final reconciliation. However, the extent to which these transferred funds would be used

inefficiently is highly uncertain and FEMA does not have data that would allow it to develop a primary point estimate. To deal with this uncertainty, FEMA estimated efficiency losses using five alternative assumptions for the percentage of efficiency lost due to less oversight (10%, 25%, 50%, 75%, and 90%) (See Appendix 4 on page 34 of the report). Absent information that would allow FEMA to determine the most plausible assumption, FEMA considered each alternative equally plausible for the purpose of this analysis. As such, FEMA has taken the average of the values generates with each assumption, which resulted in expected efficiency loss estimate between $6 million and $19 million (line F in Figure 20 on page 29 of the report).

FEMA has not conducted an analysis to determine the corresponding rise in the risk of waste, fraud, or abuse that may occur with any increases in the small project threshold beyond $120,000 because there is insufficient data to characterize any change in risk of waste, fraud, or abuse. To address this concern, FEMA is seeking information from the Federal Register Notice responses and from our State partners, as well as investigating fraud, waste, and abuse records to attempt to tie these irregularities to projects before and after the change in thresholds. When sufficient data is available, a comparison will be made of rates of fraud, waste, and abuse before and after the change in thresholds. There is no indication that increasing the small project limit will result in an increase in waste, fraud, or abuse since the current Public Assistance Program grant process is designed to prevent such activities, and that process will not change even if the project threshold changes.

Public Assistance Program grants for small projects are based on estimates and for large projects on actual cost information. FEMA must ensure that all projects comply with all applicable Federal laws, regulations, and policies and is responsible for determining eligibility, conducting environmental/historic preservation reviews, and approving projects. FEMA, in conjunction with the State, is responsible for performing the specific grant management functions necessary to obligate public assistance funds.

Additionally, Public Assistance Program grant recipients are required to comply with the provisions set forth under the Single Audit Act of 1984, as amended in 1996. The act requires grant recipients expending $500,000 or more in Federal funds in a fiscal year ending after December 31, 2003 to perform a single audit or program-specific audit in accordance with Office of Management and Budget (OMB) Circular A-133, Audits for States, Local Governments, and Nonprofit Organizations. In addition to the required single audit, grant recipients are also subject to additional audits by the DHS Office of Inspector General, General Accountability Office, and State auditors. These audits also help reduce the opportunity for waste, fraud, or abuse to occur.

Question#:	3
Topic:	Deobligations
Hearing:	Rebuilding after the Storm: Lessening Impacts and Speeding Recovery
Primary:	The Honorable Lou Barletta
Committee:	TRANSPORTATION (HOUSE)

Question: Recently, a federal judge reversed FEMA's de-obligation of $21 million in rehabilitation funds from the South Florida Water Management District. The court said that the Stafford Act prohibits FEMA from pulling the funds back. What is FEMA's response to this ruling, how will FEMA comply with this ruling, and what are FEMA's plans going forward on de-obligations?

Response: FEMA chose to not appeal the federal judge's ruling in the South Florida Water Management District litigation, and has fully complied with the judge's order to re-obligate the funds that were at issue. FEMA is currently reviewing its processes to address de-obligation decisions in terms of disaster funding provided to a state, tribal or local government and developing a comprehensive policy to provide guidance and clarity for Section 705(c) of the Stafford Act, which was the basis of the ruling.

Question: The Subcommittee frequently hears from State and local governments about FEMA de-obligating funds for prior disasters years after the funds were spent, and were often spent with FEMA's approval. What steps, if any, is FEMA taking to decrease the number of de-obligations from prior disasters where FEMA approved the action in the first place?

Response: FEMA works closely with states, tribes, and grant applicants to inform them of grant requirements, which if not met, could lead to deobligation of funding. FEMA frequently finds that grant applicants do not maintain the necessary documentation to support costs claimed. In addition, improper contracting procedures, for example, can lead to adverse audit findings. FEMA may also deobligate funds based on insurance proceeds among other considerations. FEMA stresses in its policy and guidance documents, training, and communications with States and grant applicants the importance of all of these programmatic and grant management requirements. FEMA will continue to identify ways to reduce the number of deobligations and the policy development for 705(c) may provide opportunities for FEMA to ensure projects are formulated in a manner that significantly reduces the likelihood of deobligations.

Question#:	4
Topic:	Administrative Costs
Hearing:	Rebuilding after the Storm: Lessening Impacts and Speeding Recovery
Primary:	The Honorable Lou Barletta
Committee:	TRANSPORTATION (HOUSE)

Question: In its December 2014 report, GAO notes that FEMA has not implemented GAO's recommendations from 2012 to "implement goals for administrative cost percentages and monitor performance to achieve those goals." Why were these recommendations not implemented? I also note that FEMA has concurred in GAO's recommendations from this report. What is the status of your implementation efforts of GAO's recommendations from this last report and when will the recommendations be fully implemented?

Response: FEMA continues to implement corrective actions to address recommendations from both the September 2012 GAO audit report titled "Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own" and the December 2014 audit report titled "Opportunities Exist to Strengthen Oversight of Administrative Costs for Major Disasters." FEMA has taken several actions over the past two years to improve both the efficiency of disaster operations and the management of administrative costs. These actions include:

- Establishing "virtual" Joint Field Offices (JFOs) at existing Regional Offices and combining field operations for multiple disasters when it makes sense for both FEMA and the communities and survivors affected by disasters, thereby avoiding and saving significant costs related to one-time infrastructure costs (including, but not limited to, facilities, security, communications, and travel).
- Improving the way FEMA manages information technology requirements, including increased security, and telecom services to reduce costs and enhance the delivery of services to survivors.
- Centralizing administrative functions when appropriate to standardize processing, increase customer service, and reduce costs, particularly travel and personnel costs, including overtime.
- Changing the way we manage disaster staff overtime to improve both operational efficiencies and substantially reduce overtime costs.
- Making increased use of locally-hired disaster staff at JFOs and disaster closeout facilities to reduce salaries and travel costs.
- Improving the utilization of FEMA Corps and Incident Management CORE employees.
- Creating and providing, as a management oversight tool, recurring tracking reports on disaster spending by type.

Recommendation 4 of the September 2012 GAO report called for FEMA to "implement goals for administrative cost percentages and monitor performance to achieve those goals." FEMA has determined what expenses are reported as administrative, established targets and is in the process

of implementing these measures agency-wide. FEMA has also developed an Automated Common Operating Picture, which is an electronic dashboard that accountable leadership and FEMA employees can use to monitor the administrative costs of any FEMA disaster. FEMA intends to provide the GAO with a comprehensive update and request closure of this recommendation by the end of the second quarter of Fiscal Year (FY) 2015.

FEMA is in the process of implementing the three recommendations from the December 2014 report. Recommendation 1 tasked FEMA to "Develop an integrated plan to better control and reduce FEMA's administrative costs for major disasters." Recommendation 2 requested FEMA "Assess the costs versus the benefits of tracking FEMA's administrative cost data for major disasters by Public Assistance, Individual Assistance, Hazard Mitigation, and Mission Assignment, and if feasible, track this information." Recommendation 3 called for FEMA to "Clarify the agency's guidance and minimum documentation requirements for direct administrative costs claims by grantees and subgrantees of the Public Assistance program." In July 2014, FEMA issued its Strategic Plan for 2014-2018, which includes a goal to reduce its average annual percentage of administrative costs, as compared with total program costs, by 5 percentage points, by the end of 2018. To implement this strategy and achieve the administrative cost reduction performance goal, FEMA established a Disaster Administrative Cost Integrated Project Team (IPT). IPT team members represent key FEMA business units and regional offices that, collectively, deliver the mission and are responsible for managing the cost drivers of delivering FEMA programs. FEMA has committed to completing recommendations 1 and 2 by the end of FY15 and recommendation 3 by October 31, 2015.

Question: According to GAO's December 2014 report on administrative cost issues, FEMA is considering a pilot program for direct administrative costs for the state of New York and certain subgrantees. What are the details of this potential pilot program and what is the status of its implementation?

Response: On November 24, 2014, an agreement was signed between the Federal Emergency Management Agency, the New York State Office of Emergency Management (NYS OEM), and New York City (NYC) for reimbursement of Direct Administrative Costs (DAC) for both fixed estimate grants under Section 428 of the Stafford Act and non-fixed estimate grants under Sections 402, 405, and 407 of the Stafford Act:

- 428 PA Alternative Procedures (PAAP) fixed estimate projects
  FEMA will award DAC at 4% of the pre-award value for each project worksheet, based on the full dollar value of the PW prior to subtraction for insurance proceeds, applicant cost share, or other reductions. NYC is required to provide the initial calculation for the capped grant, and a certification, due at closeout, that DAC costs were expended in support of the approved 428 project to document the DAC request. NYC may use DAC underruns for any costs otherwise eligible pursuant to section 406 of the Stafford Act (42 U.S.C. § 5172).

- 428 PAAP for non-fixed estimate projects
  FEMA will award DAC at 4% of the pre-award value for each project worksheet based on the full value of the PW prior to subtraction for insurance proceeds, non-federal cost share, or other reductions. To support costs claimed of 4%, NYC will provide actual and estimated

costs of contractor invoices and, in addition, the DAC cost estimation methodology. At closeout NYC, will provide a certification that DAC costs were expended in support of the approved PW(s). The applicant may use DAC underruns for any costs otherwise eligible pursuant to section 406 of the Stafford Act (42 U.S.C. § 5172).

Question: Currently, is FEMA exploring ways to encourage states to close out disasters? Are their efforts that have been explored in the past?

Response: FEMA is pursuing ways to encourage states to close out projects in a timely manner. For example, to incentivize the timely closeout of hurricanes Katrina and Rita in Louisiana, FEMA provides funding for up to 3% of a Sub-grantee's total Public Assistance grant for Direct Administrative Costs incurred. The State of Louisiana must meet established project close out benchmarks by the anniversary of Hurricane Katrina each year to continue receiving this closeout incentive. The next benchmark requires Louisiana to close all hurricanes Katrina and Rita small projects and 60% of the completed large projects by August 29, 2015.

In addition, the Alternative Procedures for Permanent Work reduce the administrative burden at closeout. Alternative procedures subgrants are closed when the approved scope of work is completed, and the applicant provides the State an accounting of the subgrant in accordance with program requirements. Actual cost reconciliation is not required, which should significantly reduce the time required to close out projects. Finally, FEMA is developing a new standard FEMA-State agreement which will add closeout performance metrics.

Question: Would a more expeditious close out of disasters save in both state and FEMA administrative costs?

Response: Undoubtedly, a more efficient and timely closeout reduces administrative costs at all levels of government.

Question#:	5
Topic:	Resilience
Hearing:	Rebuilding after the Storm: Lessening Impacts and Speeding Recovery
Primary:	The Honorable Lou Barletta
Committee:	TRANSPORTATION (HOUSE)

Question: The State, Local, and Tribal Leaders Task Force on Climate Preparedness and Resilience was established by President Obama pursuant to Executive Order 13653. The Task Force made several recommendations in November 2014, related to climate change resilience, including providing or enhancing pre-disaster training for State, tribal and local officials, providing more coordinated assistance through better trained Federal Coordinating Offices and recovery field staff, and other FEMA related suggestions. What, if anything, is FEMA doing to implement these recommendations?

Response: FEMA leadership has actively engaged with the interagency to address several of the recommendations from the State, Local, and Tribal Leaders Task Force on Climate Preparedness and Resilience through coordination with the Council on Environmental Quality (CEQ) and members of the interagency.

Specifically, recommendation 5.1.1 from the Task Force report states, "FEMA should convene and manage multi-agency Federal teams to work with and provide more coordinated assistance to state, local, tribal, and territorial leaders in implementing a comprehensive approach to recovery and utilizing a full range of funding sources from across Federal agencies and programs. FEMA's Federal Coordinating Officers and recovery field staff will be trained in the range of applicable Federal programs as well as in effective team building, problem solving and management so that they can coordinate broad and effective Federal recovery partnerships. These teams will include state, local, and tribal participants to incorporate local knowledge and leverage existing partnerships."
To address this recommendation, the FEMA Federal Disaster Recovery Coordinator, when assigned to an incident, is responsible for assembling a team of Federal Interagency Recovery Partners (referred to as Recovery Support Functions) to develop a Recovery Support Strategy that articulates how the Federal Interagency will align support to a state or tribe to assist in their Recovery. This support may be funding, technical assistance, policy, etc. that enhances recovery coordination for impacted jurisdictions. There are lead federal agencies that are designated coordinating entities within their individual Recovery Support Function (Housing, Economic, Infrastructure, Natural/Cultural Resources, Community Planning/Capacity Building, and Health and Social Services). FEMA will continue to provide this recovery coordination support regardless of the cause of the disaster.

To advance that recommendation and several others, FEMA continually strives to improve the coordination of assistance to State, tribal and local governments, and is beginning to develop a preparedness guide to translate projected climate change impacts into specific hazard risk considerations for use by emergency managers, community planners, local authorities and the

private sector. FEMA is also working to strengthen its Threat and Hazard Identification and Risk Assessment (THIRA) tools to enable whole community partners to understand future threats and hazards in the context of climate change.

FEMA is also working to ensure that climate preparedness and resilience are considered in federal programs. To accomplish this, FEMA supported the development and issuance of Executive Order 13690 in January 2015 establishing a new Federal Flood Risk Management Standard. FEMA is coordinating public review of the "Revised Guidelines for Implementing Executive -Order 11988, Floodplain Management" that will provide broad guidance for Federal agencies' implementation of the standard, and will ensure that climate risks and adaptation are considered in FEMA-funded projects.

Finally, FEMA is working to provide actionable climate information. Following Hurricane Sandy, FEMA partnered with NOAA, U.S. Army Corps of Engineers, U.S. Global Change Research Program, and CEQ to develop a Sea Level Rise Tool for Sandy Recovery. The tool is designed to help state and local officials, community planners, and infrastructure managers understand possible future flood risks from sea level rise and use that information for planning decisions and other non-regulatory advisory purposes. These actions advance the Task Force's recommendations; FEMA will continue to work with interagency partners to further implement the recommendations.

Testimony of Francis X. McCarthy

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Congressional Research Service

Before the
Subcommittee on Economic Development, Public Building, and Emergency Management,
Committee on Transportation and Infrastructure
U.S. House of Representatives

January 27, 2015

"Rebuilding After the Storm: Lessening Impacts and Speeding Recovery"

Good morning Mr. Chairman, Ranking Member and Member of the Committee.

I am privileged to appear before you today on behalf of the Congressional Research Service in response to your request to discuss the increasing number and cost of major disaster declarations. I will also touch on options for limiting the number of declarations and some possible ways of beginning to control disaster costs. While some of these options are specific to regulation and legislation, the broader approach to savings may rest just as much in the general concept of mitigation, and how the future of that concept appears today.

Describing the Issue

An Increasing Number of Major Disaster Declarations

In the context of our discussions it is important to acknowledge that there has been a steady increase in major disaster declarations. In other research data CRS found:

> Since 1953 the number of declarations issued each year has steadily increased. For example, the average number of major disaster declarations issued from 1960 to 1969 was roughly 18 per year. In contrast, the average number of major disaster declarations issued from

> 2000 to 2009 was 56 per year. The highest number was declared in 2011, with 99 major disaster declarations.[1]

Of course, having noted this trend I should also note that in 2014 there were 45 major disaster declarations. That is the lowest number since 2001.

I mention that exception not only because it is the most recent year with complete data but because that smaller number tends to reinforce one factor regarding disaster declarations that is often ignored: they are based on actual events. Often discussions of declarations focus on political considerations or formula-driven spending. But disaster declarations do begin with actual natural events.

The trend of increased numbers of declarations issued each year has accelerated over the last 25 years. In addition to an increase in actual extreme weather events that can be observed over as long as the last fifty years[2] there are also other factors that might be considered. For example, during the last seven decades the population of the nation nearly doubled. In addition it could be argued that the population growth has increased the density of already existing communities and spurred development into areas that were previously uninhabited. These areas might have previously been hit by disasters but since there was little or no population, no declarations would have resulted.

Another contributing factor to the increasing number of major disaster declarations was FEMA's own change of policy regarding snow emergencies, which has led to an increased number of major disaster declarations. As a recent report explains:

> Prior to 2009, FEMA provided federal assistance for snow removal costs for a stipulated period—usually two or three days. Most of these events were defined as a "snow emergency" because of the relatively limited assistance requested and provided. In November 2009, FEMA published new regulations for snowstorms and severe winter storms. Under the new regulations, snow related events could be defined as major disasters.[3]

Given the discretionary nature of the disaster declaration process it is inevitable that many motives can be read into the process. Some might suspect it is only a political process while others might assert that it is a product of incomplete regulations or some other form of favoritism built into the process to benefit states of a certain size or location.

Also inherent in some critiques of the increased number of declarations is the assumption that smaller disasters are of a size that are within the state's capacity to respond and assist communities in their recovery, and thus should not be declared major disasters. But the central point of the declaration process, particularly the use of a threshold based on damage and

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[1] For additional information see CRS Report R42702, *Stafford Act Declarations 1953-2011: Trends and Analyses and Implications for Congress*, by Bruce R. Lindsay and Francis X. McCarthy, using declaration data obtained from FEMA.

[2] Ibid, "Figure 7. Weather Incidents and Emergency and Major Disaster Declarations: A Comparison," p. 12. Note: This figure is referencing increases in tornado activity and hail storms and does not include flooding and hurricanes.

[3] As discussed in CRS Report R43802, *Major Disaster Declarations for Snow Assistance and Severe Winter Storms: An Overview*, by Bruce R. Lindsay, using information obtained in FEMA's "Snow Assistance and Severe Winter Storm Policy, in the Federal Register, November 6,2009.

population, is that all states are not the same. There is an expectation in the process that larger states do have more resources and should be able to offer more aid on their own.

What appears like a minor event to some observers may be an acutely difficult event for less populated states with little capacity to assist their citizens. This does raise the question, as do almost all declarations, of state priorities and how much of their resources they devote to disaster response and recovery. This has always been a difficult area to measure and evaluate, and FEMA has made some previous attempts to assess state readiness and their capabilities. But the per capita threshold amount used by FEMA in reviewing damage has remained the agent of such concerns regarding state capabilities.[4]

There can be many interpretations and there are other factors to note regarding the increasing number of declarations. This includes the growing professionalism of emergency management as a whole, but especially at the state and local levels, that contributes to more complete requests and compilations of information being submitted, and arguably more favorable consideration for those disaster declaration requests.[5]

Defining Declarations

Within the discussion of the increase in the number of disaster declarations it is also important to note that it is valuable to concentrate on major disaster declarations rather than combining major disasters, emergencies, and fire management assistance grants. While all three are funded by the Disaster Relief Fund, major disasters account for the overwhelming majority of all spending. Also, the fire management grants work through a formula delegated to the FEMA regional level and the White House is not a part of the process.[6]

Requests for major disasters and emergencies must be made by the Governor and are submitted to the appropriate FEMA regional office. Following a damage assessment FEMA then makes a recommendation to the White House. The President then has the final decision on whether a declaration is made.

Conflating the three types of actions together results in much higher numbers of "declarations" but is not an accurate accounting of actual major disaster declarations that result in significant spending. Also it should be noted that fire management assistance grants often obviate the need for a major disaster declaration since they provide funding that helps states to control wildfires before they reach damage levels that could qualify for a major disaster.

[4] FEMA adds up all eligible damage (under the Stafford Act legislation for disaster relief) and divides that amount by the state's population. The current threshold amount for a state must exceed $1.37 per person in the state. For example, if a state has 10 million people then its total damage amount must be beyond $13.7 million.

[5] For a more complete discussion, see CRS Report RL34146, *FEMA's Disaster Declaration Process: A Primer*, by Francis X. McCarthy.

[6] For more detailed information on fire grants, see CRS Report R43738, *Fire Management Assistance Grants: Frequently Asked Questions*, by Bruce R. Lindsay.

Where the Dollars Go

The increasing number of declarations tracks with the increasing cost of federal disaster assistance. But it is also important to note that the greatest amount of disaster spending is attributable to the largest declarations. For instance, CRS reviewed disaster declarations and amounts obligated to those declarations from 1989 to 2014. During that period under review there were 1,364 major disaster declarations. Half of those declarations (682), with costs from as low as $200,000 up to $13.9 million, amount to less than 3% of disaster costs over that 25-year period. In fact, if we look at the highest quartile, the 341 disaster declarations with spending in excess of $41.8 million, that grouping accounts for nearly 93% of all disaster spending. Included in that quartile, since 1996, are 15 events with spending in excess of $500 million.[7]

The Effect of the Increasing Number of Disaster Declarations

Another question posed by the reality of increased disaster expenditures, is what effect an increasing number of declarations may have on the quality of emergency management.

Some observers have suggested that the increasing number of smaller disasters ties up FEMA resources and leaves the agency unprepared for larger, catastrophic incidents. They contend that the constancy of declarations across the nation may overextend FEMA's regional and national staff. This is a question that FEMA is best able to address, but there are some points that can be considered.

The smaller disasters do require a base level of administrative involvement. This can include: the establishment of Joint Field Offices; the triggering of call centers for individual and household applicants in the event that Individual Assistance is part of the declaration; and operational staffing from Federal Coordinating Officers, regional program managers, and temporary field/cadre staff. This is almost always a significant commitment. This might also be a rationale for increasing the state's administrative role in the disaster rather than taxing FEMA resources.

Some might argue, however, that the small disasters present essential training opportunities for field staff, particularly for the reservist corps and the newer staff that receive both training and experience working on disasters that are not on a catastrophic scale. Additionally, the small scale disasters also present openings for detailed discussion of regulations and policy implementation prior to such questions surfacing, on a much grander scale, during large incidents.

[7] A complete list of large events appears in CRS Report R43537, *FEMA's Disaster Relief Fund: Overview and Selected Issues*, by Bruce R. Lindsay, p. 6.

Options for Limiting the Number and Cost of Disaster Declarations

Changes to the Stafford Act

To the extent that the cost of federal disaster assistance is viewed to be too high, the following are some options for potential changes to the Stafford Act that might limit the number of declarations being issued each year and reduce the amount of spending from the Disaster Relief Fund (DRF). This is not an inclusive list but it does explore a range of possibilities. CRS does not take a position on any of these specific amendments.

Repeal of Section 320

Section 320 of the Stafford Act restricts the use of an arithmetic or sliding scale to provide federal assistance. This section was enacted by Congress as a response to some FEMA legislative suggestions that would have applied a strict formula to the declarations process and also would have reduced the federal share for disaster assistance from 75% to 50%. Through Section 320, Congress insisted that a formula not be the sole determinant on declarations. This also draws attention to the factors considered for a declaration as listed in regulations beginning in 1999. There are at least six factors considered for both Public Assistance and Individual Assistance respectively.[8] Only one of these factors considers the per capita impact.[9]

Repealing Section 320 would allow the inclusion of formulas that establish certain thresholds that states would have to meet to qualify for assistance. Or the Congress could consider amending Section 320 to permit, or direct, the use of various measurements of state capacity when evaluating a request for a major disaster declaration. Such actions would arguably be a major change to the spirit of the section.

Section 404

Section 404 of the Stafford Act[10] authorizes the President to contribute up to 75% of the cost of an incident toward mitigation measures that reduce the risk of future damage, loss of life, and suffering. Section 404 could be amended to make mitigation assistance contingent on state codes being in place prior to an event. For example, states that have met certain mitigation standards could remain eligible for the 75% federal cost-share. States that do not meet the standards would be eligible for a smaller share, such as a 50% federal cost-share.

Such an amendment may incentivize mitigation work on the behalf of the state and possibly help reduce damages to the extent that a request for assistance is not needed, or the cost of the federal

[8] Public Assistance refers to FEMA assistance for debris removal and the repair or replacement of public infrastructure. Individual Assistance refers to FEMA programs assisting families and individuals.

[9] 44 C.F.R. Section 206.48.

[10] 42 U.S.C. §5170c.

share may be lessened. The amendment could be set to take effect several years in the future, giving states time to act in reaction to the provision, or not.[11]

Other Potential Amendments to the Stafford Act

Other amendments to the Stafford Act could either limit the number of declarations being issued, or the amount of assistance provided to the state by the federal government.

The Stafford Act could be amended so that there could be no administrative adjustment of the cost-share,[12] and therefore the cost-share could only be adjusted through congressional action. The amendment could be designed to apply immediately.

The Stafford Act could be amended so that federal assistance would only be available for states with corollary programs (such as Public Assistance, Individual Assistance, and housing assistance). Establishing these programs at the state level may increase state capacity to handle some incidents without federal assistance. The amendment could be designed to take effect several years in the future, giving states time to act, or not.

The Stafford Act could be amended to discontinue all assistance for snow removal unless directed by Congress. The amendment could be designed to take effect several years in the future to give states and localities an opportunity to increase their snow removal budgets, or not.

Adjust the State Cost-Share

Most discussions regarding state cost-shares in disaster programs and projects involve ways in which the state amount may be reduced and the federal share increased.[13] Some may contend, however, that the opposite approach should be adopted and efforts should be undertaken to reduce disaster costs by shifting the costs to the state and local level. Currently, state and local governments provide 25% of disaster costs on infrastructure projects and grants to families and individuals with the federal government assuming, at a minimum, 75% of all costs.[14] There is no statutory limit on the number of people that can be helped following a disaster.[15]

Similarly, when assessing damage to state and local infrastructure there is no cap on the amount of federal funds that can be expended to make the repairs or accomplish a replacement. The only limitation is that the damage must be to eligible facilities and that it is disaster-related damage. Given that open-ended commitment by the federal government, some may argue that increasing the state share of 25% to a higher percentage would be warranted given the federal government's fiscal condition. Another option would be, as noted above, to make the cost-share arrangement not subject to administrative adjustment. Congress would still retain the option to adjust the cost-share legislatively for extraordinary circumstances.

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[11] Since state legislative calendars vary, a large amount of lead time would be necessary for states to adjust to any suggested changes.

[12] This authority currently exists in 44 C.F.R. 306.47.

[13] For additional discussion on this topic see CRS Report R41101, *FEMA Disaster Cost-Shares: Evolution and Analysis*, by Francis X. McCarthy.

[14] Ibid.

[15] There is however, a limit on how much any one household can receive ($32,400 at the time of this testimony).

Disaster Loans

The assistance provided, at least for emergency declarations to prevent greater damage, could be provided through the form of loans to requesting states. Similarly, some or all of the assistance provided to the state after a major disaster could be converted to low-interest or no-interest loans. For example, a state might receive the traditional 75% cost-share for an incident but be required to reimburse 25% of that funding to the federal government. Loans for disaster recovery could also be incentivized. For instance, states that undertook certain pre-established preparedness mitigation measures could qualify for a larger federal share or a lower interest rate.

Given the variables under discussion that can lead to increased declarations, including trends in severe weather patterns, population growth, and development, the upward trend of declarations will likely continue if declarations policies remain unchanged.

Some may contend that the policy mechanisms used to address the increase in declarations should be shaped by its causes. Others may argue that if the causes are due to an increase in severe weather incidents, population growth, or development, then the declaration process should remain unchanged.

Alternatively, thresholds for federal assistance could be adjusted to eliminate what are perceived to be marginal incidents and focus federal assistance on large-scale disasters. Another method would be shifting a greater share of the responsibility for providing assistance from the federal government to states and localities.

The approach to reduce declarations might shift somewhat if the increase in declarations and their cost is due primarily to federal policies. If that is the case, it could be argued that constraining the President's discretion to issue declarations or reforming FEMA policies may be more suitable. If the increase is tied to state policies, then mechanisms such as the use of loans or other incentives could be implemented to help decrease the number of state requests for assistance.

Finally, a combination of all of the options discussed could be implemented. At the heart of the declaration phenomenon is the role of the government when a disaster strikes. While it is generally agreed that the government should help disaster victims in time of need, it is unclear whether the fiscal responsibility resides primarily with the federal or the state government. Finding the balance has thus far been elusive, and altering the declaration process could have important implications for both federal and state officials, as well as disaster victims.

Many of the policy options described in this testimony would shift a greater share of disaster-related costs to states and localities. It remains to be seen if reducing declarations and/or limiting the amount of disaster assistance provided to requesting states would severely disrupt the state's ability to adequately recover from an incident, or if states would be able to adjust to the changes by reallocating available state resources.

Reducing Disaster Costs Through Mitigation

Mitigation is the attempt to lessen disaster damage and the risk of future damage and loss of life through specific actions. It has been an important component of disaster relief assistance over the last quarter century. Last spring, this subcommittee honed in on the uncertain message currently

being sent by the Administration regarding the role of disaster mitigation. As the Chairman's opening statement explained:

> Disaster mitigation has been proven to reduce the risks in disasters, including floods. At the federal level, there are programs that can help states and communities mitigate against disasters. For example, the Hazard Mitigation Grant Program, the Pre-Disaster Mitigation program, as well as the Hazard Mitigation Assistance Program help offset the costs of mitigation activities across the Nation.
>
> That is why I am concerned the Administration's proposed budget for fiscal year 2015 removes the Pre-Disaster Mitigation Program funding out of FEMA's base budget. Recently, I along with Ranking Member Carson and other Members of Congress wrote a letter to the appropriators making clear continued funding for this program is critical.[16]

At a time when consensus appeared to have developed regarding the efficacy of mitigation, some mitigation funding was being reduced while, at the same time, the President's budget message sought to place other funds into the PDM program:

> The FY2015 request appears to send mixed signals in this area. Although the line item for the PDM program is zero, the PDM fund is included in the Administration's "Opportunity, Growth and Security Initiative." That initiative would provide significant funding for the PDM fund, although not for the PDM program as currently understood. As the budget request notes, the initiative "would provide $400 million to this fund."17 At one oversight hearing a FEMA witness sought to explain the dissonance in the budget message by framing the initiative as forward-looking while mitigation was based on past, previous events.18 While mitigation does include some calculations based on losses from previous events, mitigation is generally considered to be actions taken to lessen the threat of future hazardous events. Congress may wish to explore this difference in definitions through its budget discussions.[19]

Also, the actual message regarding losses from previous events and subsequent savings due to mitigation actions is vitally important when such savings can be verified when disasters repeatedly strike the same areas.

Historically, most would point to the aftermath of the great Mississippi River flooding of 1993 as the time when modern disaster mitigation took hold. Thousands of homes were purchased and communities, as best they could, moved back from the river. A prime example of this work was in St. Charles County, Missouri. The same area was inundated just two years later in 1995. But there was a significant difference.

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[16] U.S. House of Representatives, Hearing before the Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, "Disaster Mitigation: Reducing Costs and Saving Lives," Opening Statement of Rep. Barletta, April 3, 2014.

[17] DHS/FEMA, National Pre-Disaster Mitigation Fund, FY2015 Submission, I. Appropriation Summary, C. Budget Request Summary.

[18] U.S. House of Representatives, Hearing before the Subcommittee on Economic Development, Public Buildings and Emergency Management of the Committee on Transportation and Infrastructure, "Disaster Mitigation: Reducing Costs and Saving Lives," April 3, 2014.

[19] CRS Report R43796, *Department of Homeland Security: FY2015 Appropriations,* William L. Painter, Coordinator, pp. 80-81.

> In 1993 there were 4,227 applicants for supplemental federal assistance, while in 1995 only 333 applications were received. More dramatically, in 1993 FEMA program expenditures exceeded $26 million, but in 1995 those same programs reported spending of less than $300,000.[20]

These types of stories have continued over the ensuing decades and represent an avenue for reduced disaster costs in the future. Other mitigation practices, such as safe houses, may not offer the promise of reduced eligible damage, but they do save lives and prevent injury. These types of results are built into the mitigation programs' regulations regarding eligibility for mitigation projects which call for them to be "cost effective and substantially reduce the risk of future damage, hardship, loss or suffering resulting from a major disaster."[21]

While the mixed messages on mitigation have arguably caused some uncertainty for those wishing to participate in mitigation programs, it should also be pointed out that the Administration has introduced a nationwide resilience competition with resources of just under $1 billion through the Department of Housing and Urban Development (HUD).[22]

This initiative could be a substantial boost to future disaster mitigation savings but it's not clear how this initiative links to other mitigation programs. It does not appear to have the same cost-benefit requirements as the FEMA mitigation programs nor is there any reported collaboration among the existing programs.

Still, the size and breadth of the resilience competition does hold out the possibility of fostering creative new approaches to preventing future disaster damage. This program, which encourages innovation and is open to states that have had recent disaster declarations, will be accepting applications through March of this year. So a more informed evaluation may be possible based on the applications received.

Mitigation is not a panacea for all of the problems created by natural disasters. But it does offer the possibility of savings in federal expenditures, safer states and communities, and a process that involves a partnership at all levels with the participation of the non-profit community and the private sector as well.

Fewer disaster declarations would likely result in less spending. But avoiding or continuing to mitigate or lessen the impact of future catastrophic disaster events may arguably hold the most promise in reducing disaster expenditures.

Thank you for the opportunity of appearing before you today. I would be happy to respond to any of your questions.

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[20] *FEMA Property Acquisition Handbook,* St. Charles County, Missouri, p.viii, http://www.fema.gov/government/grant/resources/acqhandbook.shtm.

[21] 44 C.F.R. 206.434(c)5.

[22] U.S. Department of Housing and Urban Development, *HUD Launches National Disaster Resilience Competition: Partnership with Rockefeller Foundation,* HUD No. 14-109, September 17, 2014, hud.govhttp://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2014/HUDNo_14-109.

Testimony of Robert David Paulison

Former Director, Federal Emergency Management Agency, before the House Subcommittee on Economic Development, Public Buildings, and Emergency Management

Tuesday, January 27, 2015, 10:30 a.m.

Chairman Barletta, Ranking Member Carson, and members of the Subcommittee, I want to thank you for holding this hearing to examine and identify the troubling trends in the way we as a country are managing the high costs of natural disasters. The leadership you and Chairman Shuster have shown on these tough issues is important and very much appreciated. Your mission in tackling this tough issue is clear: we must find a way to bend the cost curve of disasters for American taxpayers. In pursuit of this mission, I believe we can save additional lives.

My name is David Paulison. I am the Senior Partner of Global Emergency Solutions.

I was proud to have spent seven years in federal service to our nation, culminating as Administrator of the Federal Emergency Management Agency (FEMA) from 2005 to 2009.

My appointment to Administrator was preceded by a 30-year career in emergency management and emergency service. I was responsible to the President of the United States, the Secretary of Homeland Security and the American people for stewardship of FEMA's $9.6 billion annual budget, a 16,000 plus member workforce and mission profile to prepare for, mitigate against, respond to, and recover from domestic disasters and emergencies.

Additionally, I served as Administrator of the United States Fire Administration from 2001-2005. During this time, I served as the Director for Preparedness for FEMA from 2003 - 2004. I also served on the transition team during the design of the Department of Homeland Security.

Mr. Chairman, I have seen disaster preparation and policy development from the national, state and local levels. I served as Fire Chief of Miami-Dade County until 2001 after 30 years in the fire service and nine years as Chief. During his time, I was responsible for the Office of Emergency Management (OEM) and the Urban Search and Rescue Team.

I began my career as a rescue firefighter and rose through the ranks to become the Miami-Dade Fire Chief. I have dedicated my career to emergency management and have been involved, as an emergency responder and manager, in emergencies big and small. From a local firefighter to the nation's top emergency official, I have had a front row seat to how we as a nation have prepared for and dealt with disaster. I have seen tremendous public servants at work, saving lives and making a critical difference. I have also witnessed unfortunate policy errors and a waste of taxpayer money. In most cases, this waste is not due to incompetence or negligence. The waste was merely a result of insufficient investment in mitigation before the disaster hit, and select federal programs which did not have enough accountability to ensure that the money they received was spent in an efficient and effective manner post-disaster.

As such, I appreciate the chance to be here today to begin a dialogue on these important issues – and frankly, how we as a country can do a better job saving money and lives.

The new Congress has a golden opportunity to advance a new bi-partisan national disaster strategy that will better protect the American people and save taxpayer dollars.

With the Senate and the House of Representatives working together, across party lines, now is the time to address the failed status quo of waiting for storms to hit and then passing massive supplemental appropriations bills. Many times these post-disaster spending bills are reactive and poorly constructed, without the proper criteria and controls to guide efficient allocation of money. Not enough resources are being allocated to pre-storm mitigation.

Director Craig Fugate has done a tremendous job fostering resiliency and a community-oriented approach to emergency management since he took the reins of the Federal Emergency Management Agency (FEMA) in 2009. However, I'm sure even Director Fugate would admit that there is still much work to be done to build a more resilient country and shift more money into pre-disaster federal incentive programs. But federal investment with on-budget enhanced spending initiatives requires political courage that seldom exists before the storm. Hopefully, understanding the realities we face regarding the exploding costs incurred post-disaster can serve as a motivator.

THE SIZE OF THE PROBLEM

Mr. Chairman, any attempt to change the status quo must ultimately begin with an understanding of the nature of the problem. While there is a lot of raw information in the public domain about disaster losses and spending, there is very little analysis and solution. In fact, one initial recommendation I have is for the federal government to place a greater emphasis on tracking the true cost of natural disasters to taxpayers.

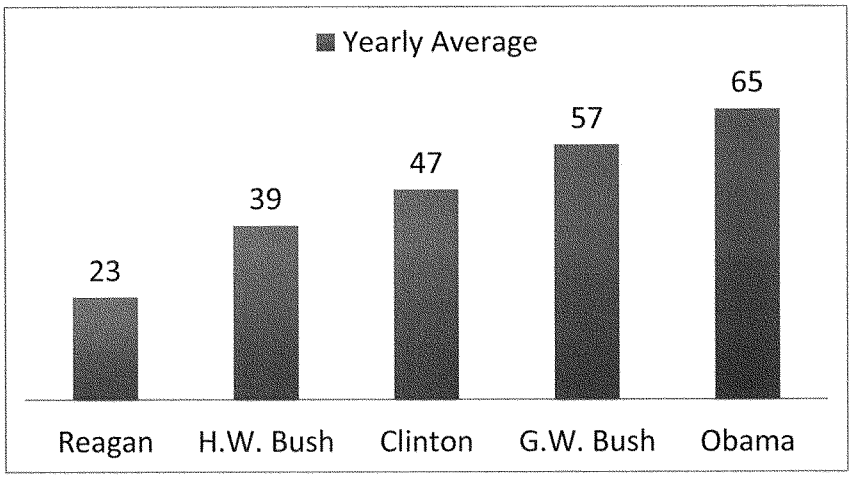
Policymakers cannot rely solely on private think tanks on the left or the right to present an overall analysis of federal spending and its effectiveness. Policymakers clearly cannot adopt solutions designed by these organizations alone. Policymakers must have Congress provide a balanced study and provide a range of solutions.

This is where your Subcommittee's work can play a major role. I stand ready to assist you in any way possible as the Subcommittee begins this process.

In the interim, let me attempt to begin to describe the size and nature of the problem we face.

To illustrate, I brought along some slides.

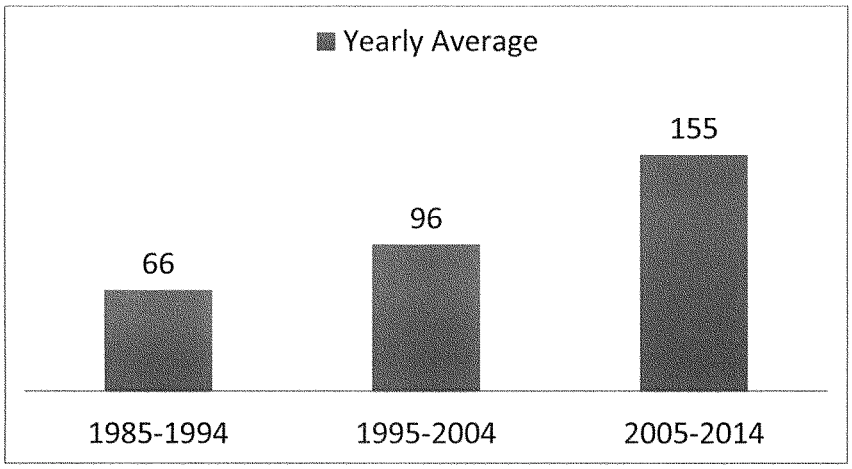
SLIDE 1 – FEDERAL MAJOR DISASTER DECLARATIONS BY ADMINISTRATION



According to FEMA, federal major disaster declarations have jumped from a yearly average of 23 under President Reagan to an average of 65 under President Obama. The trend is undeniable and also non-partisan as the yearly average has continued to increase under both Democratic and Republican Administrations alike. The average number of disaster declarations per year under Presidents H. W. Bush, Clinton and George W. Bush was 39, 47, and 57 respectively.

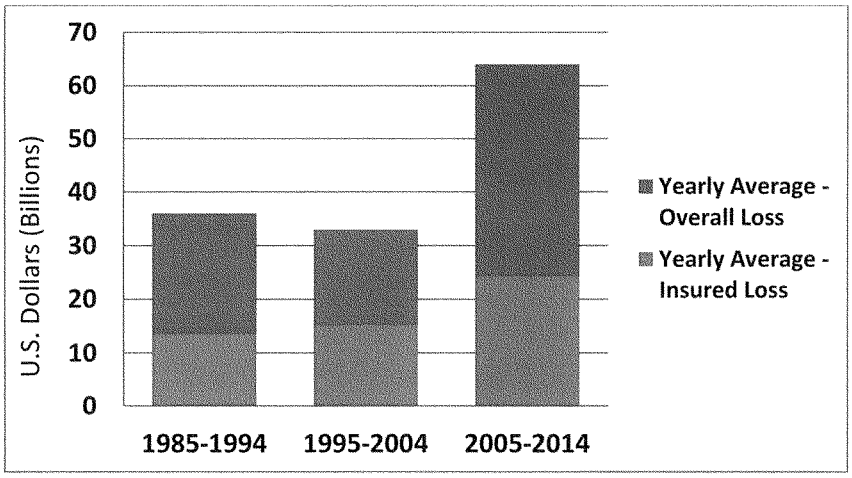
What is causing this explosion of major disaster declarations? Increased disaster activity? Population growth? Politics? What relationship exists between these variables and the skyrocketing costs of disasters? Whatever the root cause, the trend of increasing federal disaster declarations will likely continue to climb – at great costs to taxpayers.

SLIDE 2 – LOSS EVENTS IN THE UNITED STATES BY DECADE



According to several private risk analyses, the number of loss events in the United States is exploding. From 1985 until now, the upward trend is undeniable and the costs are escalating. The chart shows the average growth in three decades from 1985-2014. You can see that the approximate average grew from 66 loss events in 1985-1994 to 155 loss events in 2005-2014. The vast majority of these events are categorized as meteorological events – hurricanes and tropical storms – or hydrological events like floods. Again, the root cause of the rise in loss events is an issue the committee should study.

SLIDE 3 – LOSS EVENTS IN THE US BY DECADE: YEARLY AVERAGE OF OVERALL AND INSURED LOSSES



The third slide is a representation of the average overall and insured losses over the same three decade time frame. As you can see the spike in cost is dramatic over the last two decades, increasing from an average of $33 billion per year from 1995-2004 to $65 billion per year from 2005-2014. The federal government and insurers have borne the overwhelming majority of these losses. This past decade the cost share was about 60% federal government and 40% private sector losses.

Office of Management and Budget statistics reveal that the average funding provided for disaster relief from 2001-2011 was $11.5 billion a year. In 2012, the average jumped to almost $13 billion. Since 2011, $137 billion has been spent – roughly $400 a household annually - with over $60 billion spent on Super Storm Sandy.

Between 2011 -2013, the federal government spent a total of only $22 billion on pre-disaster mitigation and resiliency efforts. This means that the federal government invested only $1 on preventive measures for every $6 dollars spent on recovery. Of this amount, a private study showed that only $10 billion was spent on FEMA-based mitigation activities. The other $12 billion was spent on agriculture-based disaster measures. In the U.S., the majority of losses result from hurricanes and tropical storms. Ironically, the losses from these types of disasters are the most preventable with proper pre-storm mitigation and resiliency tools like modern building codes. Studies have shown that building codes are the most effective mitigation measure. In my view, providing incentives for states and localities to adopt and enforce modern building codes is the most effective mitigation tool. Any future savings that result from the elimination of wasteful

post-disaster spending should be reinvested into a pre-disaster incentive to facilitate modern building codes in states and communities across the country.

This low pre-disaster investment is an important factor when we consider that FEMA studies have shown that every $1 invested in mitigation saves taxpayers $4 on recovery.

It seems to me the critical question is, "what can Congress do to bend this runaway cost curve?" One answer is to dramatically change the allocation of federal resources to incentives for pre-disaster mitigation. As a former firefighter, I am always reminded of the advice given by America's most famous firefighter, Ben Franklin, "An ounce of prevention is worth a pound of cure."

RESILENCY AND BUILDING CODES

The vast majority of recent damage is related to recent hurricanes that pounded the eastern seaboard. Superstorm Sandy and Irene inflicted a devastating toll on a number of states, costing lives, destroying homes and ruining small businesses.

Pre-storm mitigation efforts such as promoting model building codes can greatly lessen the damage of hurricanes. However, only 11 states nationwide have adequate building codes and enforcement mechanisms in place. Many of the states without proper building codes are directly in harm's way when it comes to hurricanes and other natural disasters.

According to the Insurance Institute for Business and Home Safety, Gulf and Atlantic Coastal counties equal 15% of the U.S. population but only 3% of our land mass. These population trends need to be taken into account as we craft a solution. The over $10 trillion in coastal property values are a ticking time bomb for taxpayers. Moreover, we have seen that the damage from these storms has the potential to extend over 100 miles inland.

Since 1980, natural disasters have cost the United States more than $1 trillion in economic losses, with hurricanes responsible for the vast majority of the costs. . Since 1980, there have been 151 natural disaster events that exceeded $1 billion.

Without greater adoption of strong building codes, the amount of federal spending committed to disaster cleanup and relief will continue to spiral upward.

Furthermore, in a landmark study conducted by the Louisiana State University Hurricane Center, researchers found that strong building codes, had they been in widespread use throughout the Gulf Region, would have reduced wind damage from Katrina by 80%, saving $8 billion dollars.

CONGRESSIONAL LEADERSHIP – NATIONAL MITIGATION STRATEGY

In addition to this Subcommittee's leadership, there are several lawmakers in Congress who have dedicated themselves to addressing this serious national problem. Many have properly focused on incentivizing states, communities, builders and individuals to construct more resilient homes

and buildings. The BuildStrong Coalition, a coalition of national business and consumer organizations, companies, and emergency management officials dedicated to promoting stronger building codes, to which I serve as a Senior Advisor, urges enactment of a suite of bills that would serve as a multifaceted natural disaster mitigation strategy that would provide tax credits and other incentives for homeowners to retrofit their homes with strong building codes and take other mitigation actions. These bills include:

The Safe Building Code Incentive Act of 2013 (H.R. 1878 & S. 924) – Introduced last Congress by Mario Diaz Balart and Sen. Robert Menendez, the Safe Building Code Incentive Act is a bipartisan bill that would provide states that adopt and enforce strong building codes with an additional four percent of post-disaster grants. This legislation has broad support among first responders and emergency management experts. The legislation finished the 113th Congress with 53 co-sponsors:

Rep. Diaz-Balart, Mario [R-FL-25], Rep. Sires, Albio [D-NJ-8], Rep. Blumenauer, Earl [D-OR-3], Rep. Norton, Eleanor Holmes [D-DC-At Large], Rep. Denham, Jeff [R-CA-10], Rep. Fitzpatrick, Michael G. [R-PA-8], Rep. Connolly, Gerald E. [D-VA-11], Rep. Gibson, Christopher P. [R-NY-19], Rep. Palazzo, Steven M. [R-MS-4], Rep. Tonko, Paul [D-NY-20], Rep. King, Peter T. [R-NY-2], Rep. Shea-Porter, Carol [D-NH-1], Rep. Kilmer, Derek [D-WA-6], Rep. Owens, William L. [D-NY-21], Rep. Young, Todd C. [R-IN-9], Rep. Bucshon, Larry [R-IN-8], Rep. Lofgren, Zoe [D-CA-19], Rep. Pascrell, Bill, Jr. [D-NJ-9], Rep. Stivers, Steve [R-OH-15], Rep. Andrews, Robert E. [D-NJ-1], Rep. Ross, Dennis A. [R-FL-15], Rep. Clarke, Yvette D. [D-NY-9], Rep. Rooney, Thomas J. [R-FL-17], Rep. Miller, Candice S. [R-MI-10], Rep. Esty, Elizabeth H. [D-CT-5], Rep. Cartwright, Matt [D-PA-17], Rep. Loebsack, David [D-IA-2], Rep. Buchanan, Vern [R-FL-16], Rep. Southerland, Steve II [R-FL-2], Rep. Michaud, Michael H. [D-ME-2], Rep. Cole, Tom [R-OK-4], Rep. Israel, Steve [D-NY-3], Rep. Radel, Trey [R-FL-19], Rep. Frankel, Lois [D-FL-22], Rep. Kuster, Ann M. [D-NH-2], Rep. Castor, Kathy [D-FL-14], Rep. McCarthy, Carolyn [D-NY-4], Rep. LoBiondo, Frank A. [R-NJ-2], Rep. Murphy, Patrick [D-FL-18], Rep. Davis, Susan A. [D-CA-53], Rep. Brown, Corrine [D-FL-5], Rep. Crenshaw, Ander [R-FL-4], Rep. Vargas, Juan [D-CA-51], Rep. DelBene, Suzan K. [D-WA-1], Rep. Jolly, David [R-FL-13], Rep. Ros Lehtinen, Ileana [R-FL-27], Rep. Heck, Denny [D-WA-10], Rep. Rogers, Mike J. [R-MI-8], Sen. Menendez, Robert [D-NJ], Sen. Lautenberg, Frank R. [D-NJ], Sen. Schumer, Charles E. [D-NY], Sen. Gillibrand, Kirsten E. [D-NY], Sen. Tester, Jon [D-MT]

The Disaster Savings Account Act (H.R. 3989 & S. 1991) – Introduced by Rep. Dennis Ross (R-FL-15), Sen. James Inhofe (R-OK) and Sen. Mark Begich (D-AK), this bipartisan bill provides a $5,000 tax deduction for money deposited into a savings account to offset disaster mitigation costs.

The Disaster Savings and Resilient Construction Act of 2013 (H.R. 2241) – Introduced by Rep. Mario Diaz Balart, this bill provides tax credits to homeowners and contractors who utilize modern building science when constructing and/or renovating homes and buildings.

The National Windstorm Impact Reduction Act Reauthorization of 2013 (H.R. 1786) - Introduced by Rep. Randy Neugebauer (R-TX-19), this bill authorizes funding for increased research into reducing the economic and human toll of windstorms.

CONGRESSIONAL BLUE RIBBON PANEL

Chairman Barletta, I applaud you for your announcement of a Congressional Roundtable to begin the dialogue on how to identify and quantify the factors driving disaster costs, and how to use that information to ultimately study and find solutions.

I know first-hand from my time as director of FEMA that the intentions of those on the front-lines after a disaster are good. But I also believe that we need to step back and take a hard look at our underlying policies. Even before this we need to understand exactly how much and where we are currently spending taxpayer money.

While many independent groups and the General Accountability Office have examined the different causes behind the rise in disaster relief spending, there has never been a comprehensive congressionally mandated panel to analyze what the precise costs are, how much federal spending has been wasted on efforts that aren't vital or appropriate responses to natural disasters, and how best to control disaster relief expenditures going forward.

The new Congress should pass legislation in short order to commission a Blue Ribbon Panel to explore why disaster declarations are at an all-time high, and what is really behind the dramatic increase in disaster spending.

Are the increases in spending related to population increases, changes in spending, poor construction of our homes, or mistakes in federal policy?

Where have federal dollars dedicated to disaster relief gone? Do sufficient accountability measures exist for FEMA programs, as well as for related programs administered by the Departments of Housing and Transportation, to ensure tax dollars aren't being wasted?

In addition, the panel could explore what changes in policy can be made to enhance building resiliency, strengthen building codes, and reduce disaster costs. The panel could also make recommendations concerning the proper role of federal, state, and local governments in solving this problem. Specific attention should be given to the roles of FEMA, HUD and DOT to minimize duplication of effort and waste.

Community Development Block Grants (CDBGs) are sometimes prone to waste. These grants should be closely examined by policymakers before more resources are thrown at the problem. Sometimes CDBGs are not related to the disaster itself and are not subject to rigorous cost-benefit analysis. Moreover CDBGs tend to be more susceptible to reactive forces like politics

and emotions and are not tied to a guiding strategy consistent with national priorities. Finally, policymakers should assess the current status of the U.S. housing stock, and consider which federal, state and local incentives should be utilized to encourage the implementation of model building codes.

Congress should authorize the above-mentioned Blue Ribbon Commission and use the findings to put in place a comprehensive national disaster strategy that aims to save lives and ultimately taxpayer dollars.

Thank you for allowing me to testify before the Subcommittee today.

Bryan Koon

President, National Emergency Management Association
Director, Florida Division of Emergency Management

STATEMENT FOR THE RECORD
On behalf of the
National Emergency Management Association

Submitted to the House Committee on Transportation & Infrastructure
Subcommittee on Economic Development, Public Buildings, and Emergency Management
United States House of Representatives

Rebuilding After the Storm: Lessening Impacts and Speeding Recovery

January 27, 2015

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Introduction

Thank you Chairman Barletta, Ranking Member Carson, and members of the Subcommittee for holding this hearing today. As Director of the Florida Division of Emergency Management and President of the National Emergency Management Association (NEMA) which represents the state emergency management directors of the 50 states, territories, and District of Columbia, I am pleased to be here to address ways in which we can lessen the impacts of disasters and speed recovery.

In order to adequately address the purpose of this hearing today, I will go over the current state of disasters, efforts underway within the Federal Emergency Management Agency (FEMA) to reengineer the Public Assistance Program, ongoing concerns with management costs, the successes seen from the *Sandy Recovery Improvement Act*, and issues for consideration in future legislation.

Current State of Disasters

In 2014 the federal government assisted states and locals in 45 presidential disasters, a noted drop from the 62 declared the previous year. Last year's total was even less than 2012 when only 47 disasters were declared, but is lower by more than half from three years ago in 2011 when the number reached a record-breaking 99 major declarations. Also down were fire management assistance declarations. We recorded 49 FMAG's in 2012 and 33 last year while 114 occurred in 2011, another record. 2013 saw only 28 and all of these took place in the Western part of the United States, a region that continues to experience significant drought.

Of course examining presidential declarations provides only a glimpse of the true disaster response activity in this country. On the state level, 205 gubernatorial emergencies were declared in FY 2013. This compares to 250 for FY 2011, a decrease of 45 or 18 percent. Historically, a majority of events are handled at the state or local level and do not warrant federal assistance. This provides additional validation why robust state and local emergency management programs are so vital.

In Fiscal Year 2013, 18,673 events required state assets, but did not reach the level of a gubernatorial declaration, and; local and tribal governments responded to an additional 30,902 events. These capabilities are made possible by dedicated professionals at the state and local levels as well as programs such as Emergency Management Performance Grants (EMPG). Without a strong emergency management system at the state, local, and tribal levels, many of the 49,575 state and local responses would falter or require federal support.

FEMA PUBLIC ASSISTANCE RE-ENGINEERING/DEOBLIGATION

Last year, FEMA initiated an internal study of its public assistance program. In the coming weeks, we anticipate the agency sharing data from the study with the states. The ultimate goal of this effort is a full redesign of Public Assistance (PA) programs. The states wholeheartedly support this effort. According to an informal ten-year review NEMA conducted in 2012, nearly 49 percent of the Disaster Relief Fund is dedicated to PA – by far the lion's share of disaster funding FEMA provides. So, when managing taxpayer dollars, the agency must evaluate the practices, policies, and regulations which result in the highest expenditures.

The PA Program also represents an area with the greatest number of fundamental and ongoing issues for states and those responsible for administering the program. Some of these include:

- Adequate management and administrative costs;
- Inconsistent application and interpretation of FEMA policy by various personnel at both regional and headquarters;

- Untrained and under-trained personnel making binding obligation decisions;
- Project worksheets which are unwieldy and result in unnecessary errors; and,
- Closeout reviews which have become audits instead of validations.

The states believe if this program redesign is successful, it can also successfully reduce deobligations. As the committee is aware, deobligations remain a growing problem for states, local jurisdictions, and FEMA. They wreak havoc on budgets and take years to resolve – often because of bad decisions and inconsistent guidance during the early PA process. The states remain committed to working with FEMA in the re-engineering of FEMA public assistance.

As an example from my home state of Florida, on the impact deobligations can have on state and local readiness, from July 1, 2012 to June 30, 2013, grants totaling $34.5 million in federal cost-share were received across all aggregated non-PA FEMA sources. Over the same time period, deobligations from previously awarded FEMA PA grants totaled a federal share of $35.2 million. One can quickly see that the amount taken back through the deobligation process was greater than the amount received from all other sources. The math simply does not add up.

This circumstance leaves no other possible result than a loss of capabilities and the loss of a chance to improve readiness. In addition to this obvious result as deobligated PA funds are typically removed from the State's SMARTLINK account immediately upon the processing of the deobligation, the state assumes responsibility as a collection agent attempting to recapture funds filling the deficit now left in the SMARTLINK account. With the state's Recovery Bureau acting as a collection agent, work ensuring the readiness of the state in recovering from future disasters is left incomplete. This also impedes preparedness, mitigation, and ongoing recovery efforts.

Controlling Management Costs

As mentioned earlier, the on-going problem with management and administrative costs remains a serious issue. The U.S. Government Accountability Office (GAO) provided Congress a report on December 17, 2014, titled *FEMA's Opportunities to Strengthen Oversight of Administrative Costs for Major Disasters*. This report outlines FEMA's average administrative cost for all major disaster declarations in the last ten fiscal years (2004-2013) exceeded 13 percent, while grantees and sub-grantees were reimbursed less than two percent for their administrative burden for the same disasters and timeframe. Appendix II, Table 8 of this report lists total obligations for Major Disaster Declarations by state and FEMA's associated administrative costs. When examining specific states, territories, and the District of Columbia, the smallest amount FEMA incurred for administrative costs was 7.7 percent for the District of Columbia, while their average administrative costs incurred for events in the State of Iowa was 31.3 percent; Guam was 50 percent. They even incurred 17.5 percent in administrative costs for Arizona, which is a state managed state; meaning the state manages the PA program on FEMA's behalf which eliminates a significant administrative burden from FEMA.

FEMA modified their policy on grantee/sub-grantee administrative costs in 2007, which as a direct result created additional complexity and workload for all parties. The GAO report notes specifically "... the policies and guidance do not adequately specify the requirements for determining reasonableness, eligibility and supporting documentation to support reimbursement of direct administrative costs." Upon FEMA's request, since this policy change in 2007 states provided demonstration and justification for actual administrative costs by program on multiple occasions. The agency has essentially created a double-standard as they do not track or analyze their administrative own cost data by program, however they require grantees and sub-grantees to provide extensive detail in order to comply with the policy/rule and receive reimbursement for a fraction of their incurred costs. States have repeatedly been told by FEMA they are actively working to modify this policy/rule; however this action still remains "in process"

more than seven years later. This situation clearly demonstrates an area in which a cost savings could be realized and consistency gained across the nation.

Embracing the *Sandy Recovery Improvement Act*

In response to the needs of state and local governments, Congress passed the *Sandy Recovery Improvement Act* (SRIA) which made sweeping changes to the existing Stafford Act. This legislation not only helped facilitate a smooth recovery in the Sandy-impacted area, but also forever changes FEMA programs and policies. Some of the provisions of SRIA, such as the debris removal pilot program, have been supported by NEMA for many years.

Fortunately, NEMA held our Mid-Year Forum in Washington, D.C. just three weeks after passage of SRIA which afforded the opportunity to adequately review the legislation and begin a dialogue with FEMA about implementation of the Act. NEMA found this legislation so important, more than seven hours were dedicated to the review thereby facilitating ample opportunities for FEMA officials to engage with state emergency management directors while considering the necessary changes to policies and rules. NEMA quickly realized the effort to develop a framework for a *National Strategy for Reducing Future Disaster Costs* could be paramount in ensuring the solvency of our disaster response network for generations to come.

In beginning work on comments for the *National Strategy for Reducing Future Disaster Costs*, NEMA initially outlined four value statements guiding our recommendations:

1. Build, enhance, and sustain capabilities, self-reliance, and resilience of our communities and nation while encouraging innovation.
2. Reflect the fiscal realities and limitations of the present and the future. This nation deserves safety and security, but it also deserves solvency.
3. Recognize the complex interdependencies and vulnerabilities of our national systems, particularly the movement of goods, services, and people.
4. Mitigation and long-term recovery are societal investments – not a cost. These endeavors must build on non-traditional partnerships to communicate that efforts are worth the investments.

NEMA members understand the importance of clearly articulating initial steps in developing an informed and effective national strategy for reducing future disaster costs including planning assumptions. NEMA also recognizes varying levels and types of activities to consider for reducing future disaster costs including those in the near-term, long-term, administrative/programmatic/operational, and strategic. While the initial direction from Congress was for FEMA to simply describe a framework, NEMA encourages and stands ready to assist in the full development of this strategy.

Next Generation FEMA Legislation

The issues specifically surrounding recovery from large-scale disasters are not easy to tackle, but we remain encouraged in how the Committee has continued demonstrating support of FEMA's programs and seem committed to looking forward. As you consider future FEMA legislation, we encourage the following programs and principles be considered.

Emergency Management Assistance Compact

One critical part of response and recovery to disasters is the Emergency Management Assistance Compact (EMAC). When states and the U.S. Territories joined together and Congress ratified EMAC (Public Law PL-104-321) in 1996, it created a legal and procedural mechanism whereby emergency response

resources such as Urban Search and Rescue Teams can quickly move throughout the country to meet disaster needs. All 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico, and Guam are members of EMAC and have committed their emergency resources in helping one another during times of disaster or emergency.

Since ratification by Congress, EMAC has grown significantly in size, volume, and the types of resources states are able to deploy. For example, 26 emergency management personnel responded to the September 11, 2001, terrorist attacks. Conversely, 67,000 personnel from a variety of disciplines deployed to the Gulf Coast in response to Hurricanes Katrina, Rita, and Wilma and 12,279 personnel to Texas and Louisiana during Hurricanes Gustav and Ike. The 2009 Spring Flooding in North Dakota and Minnesota resulted in states deploying equipment, sandbags, and 1,029 personnel to North Dakota. In all, 727 National Guard personnel and 302 civilians were sent to assist via the compact. In 2011, 953 personnel were deployed in response to the pipeline spill, floods, and tornados in Montana, Missouri, North Dakota, Nebraska, South Dakota, Mississippi, Alabama, and Tennessee. Also in 2011, 1,130 personnel were deployed to New York, Vermont, Connecticut, Delaware, Maryland, Massachusetts, New Jersey and Virginia in response to Hurricane Irene and Tropical Storm Lee. Most recently, EMAC was used in the response for the manhunt in Pennsylvania, severe weather in Mississippi, wildfires in Washington, and tropical storms in Hawaii.

EMAC continues growing, however, beyond the traditional boundaries of disaster response. New and emerging issues such as cybersecurity bring to the forefront EMAC capabilities and ability to provide cost savings through state-to-state assistance. NEMA is working to identify resources at the state and local levels which could be utilized through EMAC in the event of a cyber-response. This includes sharing information to pre-plan for such events. EMAC continues working with local public utilities to pre-plan for the sharing of resources to restore critical infrastructure as well as the pre-identification and Mission Ready Packaging (MRP) of teams able to help with digital forensics in the event of an attack. For local governments unable to maintain an Information Technology (IT) department, resources from other states may be critical in helping restore systems. NEMA remains engaged with FEMA on the development of cyber National Incident Management System (NIMS) resource types which will become the backbone of MRP's states will develop.

EMAC maintains a five-year strategic plan to put lessons learned into practice. EMAC implements an After-Action process from large-scale events that allows states and locals to examine how to improve the system. Examples of improvements to be made with current and future funding as a result of lessons learned are outlined below:

- NEMA has been working with first responder disciplines to provide EMAC educational and training materials. This includes training on EMAC, integration with State Emergency Operations Centers, Incident Command Systems, resource typing, credentialing, mission ready packages, and reimbursement responsibilities and timelines;
- NEMA has established an EMAC Advisory Group that is working on education and sharing of information to better integrate mutual aid partners into the EMAC system before disasters occur. The group includes representatives from state and local government associations, the National Guard Bureau, emergency responder associations, public utility associations, the private sector, DHS/FEMA, and the Centers for Disease Controls. The discussions and interactions of this group serve to assist in incorporating local government assets into the EMAC system for a unified response;
- NEMA is engaged with FEMA on the development of national mutual aid doctrine, policies, and programs and aligning EMAC with national preparedness goals and NIMS and the threat hazard identification and risk assessment;
- EMAC is evolving how states inventory resources available for response using the mutual aid

support system. This system allows states and locals to develop their own resource typed mission ready packages using credentialed personnel and to inventory them in a system that is unified with EMAC's operations, allowing for a swift response;

- EMAC is involved in assisting with responsibilities set in both the Post-Katrina Emergency Management Reform Act and the Implementing the 9/11 Commission Recommendations Act for resource typing and credentialing;
- States are building EMAC capabilities using state and local resources and integrating them into exercises; and,
- NEMA is working on the development of virtual exercises and the inclusion of EMAC in national level exercises such as CAPSTONE.

As the opportunity is afforded, EMAC intends to develop, maintain, and exercise state and regional mutual aid capabilities, train state and local emergency response personnel who may be deployed through EMAC, support the development of specialized emergency response capabilities among the regions, and ensure EMAC remains a viable resource for the states now and in the future.

The investment in EMAC stands as a minimal investment for maintaining a proven national emergency response capacity that day-to-day is equipped, trained, and ready to provide critical disaster response resources and support between states. Investment in EMAC leverages the federal dollars to prepare for and respond to disasters across the nation. All members of EMAC rely on the Compact as an asset in the response and recovery arsenal. The tools available to emergency management directors, however, extend far beyond mutual aid.

Urban Search & Rescue

In 2010, the world watched as Haiti experienced destruction and devastation following a catastrophic earthquake near the city of Port-au-Prince, Haiti. Urban Search and Rescue (USAR) teams from California, Virginia, New York, and Florida worked closely with one another to make a difference in the region. Just a few weeks after the earthquake struck, international and domestic USAR teams rescued 122 individuals throughout Port-au-Prince. USAR teams are credited with rescuing 43 of the 122. These teams are utilized following non-seismic disasters as well such as following the 1995 bombing of the Alfred P. Murrah building in Oklahoma City, the Kansas grain elevator explosion in 1998, and the 9/11 attack on the World Trade Center. Numerous teams were also deployed to assist after Hurricane Katrina.

The USAR program is much like the state mutual aid system where the state is responsible for overall coordination and development of the system, but local cities and counties are the ultimate first responders, the owners of the USAR resource, and the focus of the program. Through the state's mutual aid system, the local USAR teams become an asset to counties and cities. Also, through EMAC a state's USAR teams stand as an asset to the entire country.

FEMA currently provides approximately $1 million to directly support each of the 28 task forces for equipment, training, and various administrative functions. This $1 million is supplemented with significant state and local investment. For several years, the vast majority of USAR team deployments have been out of state or out of county. As with EMAC, the federal government has a ready nationwide asset with USAR, but at a fraction of the actual costs necessary to sustain their capability. If this Committee is to consider a FEMA reauthorization bill, NEMA would recommend considering similar language utilized in the past supporting USAR functions.

Functional Needs Support Services

The Functional Needs Support Services (FNSS) represents another recovery issue which could stand to see some clarification. Issued in November 2010, the FNSS guidance laid out how general population shelters much accommodate those with functional needs. NEMA and the states were concerned the requirements could involve costly changes to general population shelters which would ultimately reduce the number of available shelters. In today's economic climate, most state and local government simply cannot afford major and costly alterations to existing shelters.

FEMA and the Department of Justice briefed NEMA members on the status of FNSS implementation, but the agencies provided conflicting information. NEMA has requested clarification and has been told FEMA General Counsel and the DOJ Disability Section continues working toward a solution.

As is the case with many roadblocks, the states can often stand as a test-bed for possible solutions to challenges. For example, recent agreements with Virginia and Kansas seem to indicate the guidance can be met through planning efforts. Regardless of this development, NEMA has been informed that FNSS guidance clarification is a priority and will be done before the heart of hurricane season.

This stands as an issue we would encourage the Committee to take an active interest. An amicable solution must be found in order to facilitate the effective sheltering of millions of Americans without threat of a lawsuit afterward.

Conclusion

The road to recovery in the aftermath of a major disaster presents many challenges which must be overcome. We appreciate the continued support of this committee to the emergency management community as we work together in forming new policies and procedures aimed at making these disasters less impactful. Should you once again look into a full reauthorization of FEMA, our association stands ready to assist in any way you may find helpful. As evidenced in this testimony, the SRIA reforms continue improving opportunities to protect lives and property through a strong response and transition to recovery. Only through an effective response and subsequent recovery can we work toward building more resilient communities, reducing the overall costs of disasters to states and the federal government, and ultimately save more lives and property from damage.

I thank you for the opportunity to testify today and welcome any questions you may have for me.

Rebuilding After the Storm: Lessening Impacts and Speeding Recovery

Statement of

Brian Fennessy

Assistant Fire Chief for Emergency Operations

San Diego Fire-Rescue Department

presented to the

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. House of Representatives

January 27, 2015

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Good morning, Chairman Barletta, Ranking Member Carson, and members of the subcommittee. I am Brian Fennessy, Assistant Fire Chief for Emergency Operations of the San Diego Fire-Rescue Department. Today I am testifying on behalf of the International Association of Fire Chiefs (IAFC). Thank you for the opportunity to discuss the Federal Emergency Management Agency's (FEMA) role in helping communities respond to and recover from wildland fires.

The IAFC is a 501(c)(3) organization, which represents more than 11,000 chief fire and emergency medical services (EMS) officers. The IAFC's members are leaders in volunteer, career, and combination fire departments. As leaders of their agencies, they must plan and lead the response efforts to national-level emergencies, such as major wildland fires, as well as local-level events, such as hazardous materials spills, vehicle accidents, emergency medical responses and structure fires. I serve on the IAFC's Wildland Fire Policy Committee, which focuses on the growing problem of wildland fires.

The Growing Wildland Fire Problem

In 2013, wildland fires impacted every state in the nation. There were more than 47,500 wildland fires in the United States, which burned roughly 4.3 million acres of land; 81% of these fires were caused by human actions and the remaining 19% of fires were caused by lightning strikes. At the federal level alone, these fires cost the U.S. Department of Interior (DOI) and the U.S. Department of Agriculture (USDA) more than $1.7 billion to extinguish.

Local fire departments respond to all wildland fire incidents and work in coordination with federal firefighters from DOI and USDA's U.S. Forest Service (USFS) to respond to the largest fires. Nearly 97% of all wildland fire incidents are extinguished on the initial attack, a majority of them by local fire departments. The USFS estimates that the wildland fire suppression services provided by local fire departments have an estimated value of more than $36 billion per year.[1] On non-federal property, local fire departments are the first to respond and the last to leave the scene.

The San Diego area is familiar with the threat of wildland fires. In October of 2003, three major fires burned in San Diego County resulting in 16 deaths including one firefighter; 3,241 structures destroyed; and suppression costs topping $43 million. The Cedar Fire alone, at 273,246 acres, remains the largest fire in California history. Once again, in 2007, San Diego County experienced a fire siege that included seven large fires that consumed approximately 369,000 acres or about 13% of the county's total land mass. Additionally, the fires resulted in 2,655 structures destroyed; 10 civilian deaths; 23 civilian injuries; and 89 firefighter injuries. More than 6,200 fire personnel fought to control these fires. Just last spring, there were fourteen fires burning in San Diego County over a three-day period. The fires, in total, consumed approximately 26,000 acres, and destroyed 65 structures. The property damage exceeded $29 million, not including costs associated with the fires on federal lands.

[1] U.S. Forest Service, http://www.fs.fed.us/fire/partners/vfa

FEMA's role in the Response to and Recovery from Wildland Fires

The primary federal agencies in the wildland fire arena are DOI and USFS. When fires take place on federal lands, these agencies are responsible for them. During an incident, DOI and USFS work with local public safety agencies to extinguish the fires and protect local communities. In addition, these agencies have programs, like the Volunteer Fire Assistance program, that work with state and local government agencies to mitigate, prepare for, and respond to fires on federal government property. For FY 2015, Congress appropriated $2.3 billion to the USFS and $804.8 million to DOI for wildland fire operations.

FEMA plays an important role in helping state and local agencies respond to and recover from wildland fires. One of its major tools is the Fire Management Assistance Grant (FMAG) program. The FMAG program is designed to provide matching funds to help communities control and extinguish fires. The FMAG program provides a 75% matching grant to states to offset the costs of utilizing eligible equipment and supplies; mobilizing and demobilizing state, tribal, and local response agencies; evacuating and sheltering the civilian population; prepositioning resources; and other activities. Between 2006 and 2012, there were approximately 536 FMAG declarations.

FEMA also funds projects to mitigate the risk to public health and safety and vulnerable buildings from wildland fires. The Hazard Mitigation Grant Program (HMGP) can be used to protect communities from the threat of wildland fire. For example, HMGP funds can be used to create defensible space around residential and non-residential buildings; retrofit structures with ignition-resistant materials; and reduce hazardous fuels by thinning vegetation. While DOI and USFS programs are focused on forest management projects on federal lands to reduce wildland fires, FEMA is focused on reducing the risk to non-federal buildings and protecting civilian lives and property.

How FEMA Can Play a Larger Role in Improving the Recovery From Wildland Fires

The IAFC does not advocate that FEMA duplicate or replace the existing DOI and USFS wildland fire suppression programs. However, we do think that FEMA can play a larger role in helping to recover from and mitigate the damage caused by wildland fires. We have a few recommendations that fall within FEMA's mission to protect civilian life and property.

1) **In the dynamic wildland fire environment, FEMA must use more flexibility in evaluating FMAG applications.**

An FMAG application has to be submitted while the fire is ongoing. However, local and state authorities are involved in a multitude of tasks while responding to a wildland fire incident (including fire suppression operations, evacuating and caring for civilians, requesting mutual aid, etc.), while also coordinating the FMAG application. When evaluating an FMAG application, FEMA should consider the potential severity of the threat of the fire, the number of resources committed, the presence of other fires in the region, and how the need to deal with these factors affects the timeliness of an application.

For example, FEMA rejected an FMAG application submitted by the state of California, on behalf of the City of San Diego, during the May 2014 fire siege. As the first of several fires erupted throughout the region, an FMAG application was submitted six hours into the emergency incident, but it was ultimately denied by FEMA.

By way of background, in California, local government agencies seeking FMAG support must complete and submit accurate and complete information and supporting documentation in a timely manner to be considered for reimbursement. If the application is accepted by the California Governor's Office of Emergency Services (CalOES), the information is then transmitted to FEMA for final review and approval.

A key element of the submittal process is timeliness. It is the expectation of FEMA that the reimbursement form and supporting documentation be submitted during the time the fire is uncontrolled and threatening values at risk (i.e., homes, businesses, infrastructure, and watershed). Failure to submit the reimbursement request in a timely manner is sufficient cause to reject the request as are failures to provide complete and accurate information or failure to meet reimbursement criteria. Based upon this criterion, the City of San Diego's FMAG should have been submitted by no later than 4:00 p.m. The city's FMAG application was submitted at 6:00 p.m.

In the City of San Diego's view, this iteration of the FMAG submittal process was negatively impacted by the severity of the fire and the need for rapid and extensive movement of resources to combat it. In the course of executing these movements and backfilling behind them, key personnel were over-tasked and lost focus on the criticality of a timely FMAG submittal. The over-tasking was exacerbated by technology challenges.

The City formally requested that CalOES appeal FEMA's denial of an FMAG request for declaration of the May 13, 2014 Bernardo Fire in the City of San Diego as an incident that threatened such destruction as would constitute a major disaster.

It is the City of San Diego's belief that this appeal request was warranted due to the following:

1. The FMAG criteria for a declaration that the Bernardo Fire posed a threat of such destruction that would constitute a major disaster were met by this incident.

2. FEMA's cited reasons for its denial of the FMAG request focused on an issue of untimely submittal and do not appropriately take into consideration factors such as the property destruction threat posed by this fire, the heavy regional resource commitment made to successfully control it, the intensity of the fire control efforts that delayed FMAG submission, or the other significant wildfires that occurred in San Diego County in the next few days, which illustrated that a severe fire threat continued to exist for a period of days.

3. FEMA's denial barred the City of San Diego and cooperating agencies from seeking partial federal reimbursement of the considerable fire mitigation, management and controls costs for this wildland fire, therefore unfairly burdening local taxpayers.

The City of San Diego's Fire-Rescue Department greatly values its relationship with CalOES and is appreciative of the considerable assistance provided in completing FMAG declaration requests. Although the City's appeal request to FEMA was ultimately denied, the City of San Diego would respectfully request that -- in the future -- FMAG declaration requests be evaluated by FEMA based on the severe fire conditions, threat of major disaster, extensive resource commitment and subsequent regional wildfires. It is the city's belief that a significant wildland fire threat existed far beyond the time of the city's original submittal of its request to CalOES and FEMA.

2) Congress should allow FEMA funding to be used to mitigate the risks of post-wildland fire flooding.

Unlike the recipients of FEMA's major disaster declarations, many FMAG grantees are not eligible for FEMA's HMGP. In addition, FMAG funding ends once the wildland fire is considered under control. This requirement means that there is no FMAG funding for recovery after the wildland fire.

After a fire ends, there is a greater risk of flooding to the community. There is no vegetation and the land is burned too seriously to prevent flooding. When rains arrive, many communities suffer from flash flooding. After a wildland fire, communities must take actions, such as installing erosion and flood barriers, re-seeding burned ground, and re-planting trees. Currently, communities must pay for these post-fire recovery efforts.

Last Congress, the IAFC supported H.R. 3333 by Representative Raul Ruiz (D-CA), which would have allowed states that received FMAGs to also receive hazard mitigation assistance. We appreciate that the House-passed Fiscal Year (FY) 2015 Department of Homeland Security Appropriations Act (H.R. 240) included similar language for this fiscal year. As the committee drafts its FEMA reauthorization bill, the IAFC would like to work with you to make this provision permanent and clarify that the increased hazard mitigation assistance should be used to help communities recover from recent wildland fires.

3) FEMA should fully reimburse fire departments for interstate mutual aid deployments.

When fire departments are deployed on interstate mutual aid missions to respond to wildland fires, they expect to be made whole for their efforts. For example, the state of California has an agreement with the federal fire agencies (but not FEMA) that sets the responsibilities and reimbursement policies for fires within the state.

However, the IAFC has found that fire departments are not being fully reimbursed for their efforts when FMAGs are the reimbursement vehicles. For example, when a local fire department apparatus is committed to an emergency incident and it is no longer available to that department, FEMA will only reimburse the department providing the assistance for 16 hours of a 24-hour day. On labor rates, FEMA also traditionally does not cover the full wages required by Fair Labor Standards Act or the full backfill costs of replacing a firefighter dispatched on an interstate

deployment. As the costs of interstate mutual aid deployments increase, local jurisdictions are less able to send resources if they are not fully reimbursed for their efforts. The IAFC has discussed this issue with FEMA, and would like to work with the committee to ensure that fire departments that participate in interstate mutual aid deployments are made whole.

4) Congress should stabilize funding for wildland fire prevention and suppression.

In recent years, federal fire agencies have seen wildland fire suppression costs exceed their budget. DOI and USDA have transferred money from other accounts in order to continue fighting wildland fires. Unfortunately, this "fire borrowing" has depleted accounts aimed at activities to prevent wildland fires, like forest management and hazardous fuels removal.

The Federal Land Assistance, Management, and Enhancement (FLAME) Act of 2009 (P.L. 111-88) created reserve accounts at DOI and USDA to fund fire suppression costs in excess of what had been anticipated. Unfortunately, these accounts have had their funding reduced and have not been used as originally planned. The IAFC recommends that Congress review the use of the FLAME accounts, and make sure that these reserve accounts are adequately funded to reduce "fire borrowing" at DOI and USDA.

In addition, the IAFC has been supportive of legislation proposed by Representatives Mike Simpson (R-ID) and Kurt Schrader (D-OR). The Wildfire Disaster Funding Act (H.R. 167) would transfer the costs of suppressing the largest 1% of the nation's wildland fires (which account for roughly 30% of firefighting costs) to the Disaster Relief Fund. While we are concerned about how this transfer would affect the Disaster Relief Fund, we believe that this legislation would play a large role in reducing the problem of "fire borrowing" and ensure stable funding for the programs that prevent and mitigate the threat of wildland fires. As Congress considers this legislation, the IAFC recommends that any savings to DOI and USDA are targeted to the agencies' programs to improve forest management, remove hazardous fuels, and help state and local agencies prepared to respond to wildland fires.

Conclusion

I would like to thank the committee for the opportunity to testify at today's hearing. The threat of wildland fires continues to become more severe across the nation. FEMA plays an important role in helping communities respond to and recover from these disasters. However, we think that FEMA can do more by evaluating its FMAG approval process; helping local communities mitigate the after-effects of wildland fires; and ensuring that local fire departments are fully reimbursed for their participation in interstate mutual aid deployments. As the committee drafts legislation to reauthorize FEMA, we look forward to working with you to address these issues. I look forward to answering any questions you may have.

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