

Department of Homeland Security

*Federal Emergency Management Agency
National Flood Insurance Fund*



Fiscal Year 2013
Congressional Justification

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BUDGET REQUEST AND SUPPORTING INFORMATION

Federal Emergency Management Agency National Flood Insurance Fund

I. Appropriation Overview

A. Mission Statement for National Flood Insurance Fund:

The National Flood Insurance Fund (NFIF), which was established by the National Flood Insurance Act of 1968 (42 U.S.C. § 4001 et seq.), is a premium revenue and fee-generated fund that supports the National Flood Insurance Program (NFIP). The Act, as amended, authorizes the Federal Government to provide flood insurance on a national basis to owners of properties located in vulnerable areas. The National Flood Insurance Reform Act of 1994 (P.L.103-325) made flood insurance mandatory for all federally backed mortgages of properties located in the special flood hazard areas (SFHA). Currently, the NFIP insures more than 5.5 million residential and commercial policyholders totaling approximately \$1.2 trillion in insurance coverage. By supporting flood hazard reduction grant programs and floodplain management efforts, the National Flood Insurance Program estimates that more than \$1.7 billion in flood-related losses are avoided annually.

The NFIP is not simply an insurance program. It works to reduce the cost of flood damage through identifying, analyzing, and reducing flood risk. FEMA applies insurance-industry concepts and methods to reduce the Nation's vulnerability to floods, America's most costly natural disasters, and provides consumer-oriented flood insurance to accelerate recovery from floods, to mitigate future losses, and to reduce personal and national costs of flood disasters by managing the National Flood Insurance Program (NFIP). FEMA administers the NFIP so that insurance and floodplain management policies and operations are mutually reinforcing. Further, FEMA works to increase the NFIP policy base so that more people are indemnified by insurance for future flood losses, facilitating their recovery, rebuilding communities, and reducing costs to taxpayers. By encouraging and supporting mitigation efforts, FEMA leads our Nation in reducing the impact of all disasters.

NFIP consists of three major functions that focus on reducing flood risk and the impact of flood disasters:

Flood Hazard Mapping and Risk Analysis: The first component of the business strategy requires reliable information about flood risk. The Risk Mapping, Assessment, and Planning (Risk MAP) Program addresses flood hazard data update needs and preserves the successful Flood Map Modernization investment. This is a multi-year mapping effort intended to meet the FEMA statutory requirement to review the flood hazards maps on a five-year cycle, and address flood hazard data update needs over time, as funding is available. This integrated flood risk management approach weaves county-level flood hazard data developed in support of NFIP into watershed-based risk assessments that serve as the foundation for local Hazard Mitigation Plans and targeted risk communication activities. Throughout the Risk MAP process, FEMA collaborates with communities to help them understand and take actions to manage their risks.

Reducing Flood Risk: The second component of the business strategy is to reduce the risk associated with flood events through floodplain management, as well as through flood-related grants and assistance

such as Flood Mitigation Assistance (FMA), Repetitive Flood Claims (RFC), and Severe Repetitive Loss (SRL).

FEMA promotes sound local floodplain management to reduce the risk to new or planned buildings and infrastructure, and funding in the form of flood-related grants for reducing existing community risk. The NFIP plays a critical role in encouraging communities to adopt and enforce floodplain management regulations and to implement broader floodplain management programs aimed at reducing risk to new or planned buildings and infrastructure. By law, FEMA can only provide flood insurance to those States or communities that adopt and vigorously enforce floodplain management regulations that meet or exceed minimum NFIP requirements. Communities incorporate NFIP requirements into their zoning codes, subdivision ordinances, and/or building codes, or they adopt special purpose floodplain management ordinances.

NFIP requirements include:

- Elevation of new and substantially improved residential structures above the base flood level.
- Elevation or dry floodproofing (made watertight) of new or substantially improved non-residential structures.
- Regulation of development in floodways, the central portion of a riverine floodplain needed to carry deeper and faster moving water, to ensure that there are no increases in upstream flood elevations.
- Additional requirements to protect buildings in coastal areas from the impacts of waves, high velocity, and storm surge.

These requirements are the most cost-effective way to reduce the flood risk to new buildings and infrastructure. Structures built to NFIP standards experience 80 percent less damage than structures not built to these standards, and have resulted in \$1.7 billion per year in reduced flood losses.

FEMA provides funding to reduce the risk of flood damage to existing buildings and infrastructure by providing flood-related grants to States, communities, and tribal nations. NFIP funds three programs specifically designed to reduce the fund's loss exposure. The FMA program provides funds on an annual basis so that measures can be taken to reduce or eliminate risk of flood damage to buildings insured under NFIP. The RFC program provides funding to reduce or eliminate the long-term risk of flood damage to structures insured under NFIP that have had one or more flood claim payments. The SRL program provides funds on an annual basis to reduce the risk of flood damage to residential structures insured under NFIP that are qualified as severe repetitive loss structures.

Insuring Flood Risk: The third component of the business strategy is to insure against flood loss. NFIP provides a vehicle through which homeowners can take an active role in protecting their property against flood losses. Property owners who live in communities participating in NFIP can purchase affordable protection to insure against flood losses. Since 1969, NFIP has paid more than \$36 billion dollars in flood insurance claims that have helped hundreds of thousands of families and businesses recover from flood events. Most people who live or own businesses in NFIP-participating communities are eligible to purchase federally backed flood insurance. Even after a property has been

damaged by flood previously, owners and renters are still eligible to purchase flood insurance, provided that the community is participating in NFIP.

Residents who live in Special Flood Hazard Areas are required by law to purchase flood insurance if they have a mortgage from a federally regulated lender. They also must carry the insurance for the life of the mortgage. Residents with property outside high-risk areas can also purchase flood insurance and may be eligible for significant premium rate reductions. Flood Insurance Operations manages the insurance program by supporting various management activities, including underwriting, operations, and claims payments.

The following chart illustrates the steps that can be taken to reduce flood risk:



B. Budget Activities:

Funding for the National Flood Insurance Program is derived from offsetting collections two primary sources:

- Flood insurance premiums, which are used to pay claims and flood-related grants, and to provide funding to support the operating and administrative costs associated with maintaining the program. FEMA estimates mandatory premium collections of \$3.38 billion in FY 2013.
- Policy fee income, also paid by flood insurance policy holders, which supports floodplain management, flood mapping, insurance operations, and NFIP management. For FY 2013, FEMA projects fee collections of \$171 million, which reflects no change in funding from FY 2012.

The NFIP appropriation supports the following key program elements:

NFIP Management and Flood Insurance Operations

NFIP Management – NFIP management reflects the overall management of the Flood Insurance Program. FEMA applies insurance concepts and methods to reduce the Nation's vulnerability to natural hazards and manages NFIP to provide consumer-oriented flood insurance to accelerate recovery from floods, to mitigate future losses, and to reduce personal and national costs of flood disasters. FEMA administers NFIP so that insurance and floodplain management policies and operations are mutually reinforcing. Further, FEMA works to increase the NFIP policy base so that more people are indemnified by insurance for future flood losses, facilitating their recovery, rebuilding communities, and reducing costs to taxpayers.

Flood Insurance Operations - Flood Insurance Operations provides for all aspects of managing the insurance program including: the development and oversight of insurance coverage policy and regulations; analysis and evaluation of insurance risks and claims data used to determine premium rates; and, oversight of insurance companies that write flood insurance policies and adjust claims.

Floodplain Management and Flood Mapping

Flood Hazard Mapping and Risk Analysis - The Risk MAP Program is a multi-year mapping effort intended to meet the FEMA statutory requirement to review the flood hazards maps on a five-year cycle and address flood hazard data update needs over a longer time horizon, as funding is available. This integrated flood risk management approach weaves county-level flood hazard data developed in support of NFIP into watershed-based risk assessments that serve as the foundation for local Hazard Mitigation Plans and targeted risk communication activities. Throughout the Risk MAP process, FEMA collaborates with communities to help them understand and take actions to manage their risks.

Floodplain Management - NFIP plays a critical role in encouraging communities to adopt and enforce floodplain management regulations. Communities are informed and educated about the benefits of implementing broader floodplain management programs aimed at reducing risk to new or planned buildings and infrastructure. By law, FEMA can provide flood insurance only to those States or communities that adopt and vigorously enforce floodplain management regulations that meet or exceed minimum NFIP requirements. NFIP works with communities to incorporate these requirements into their zoning codes, subdivision ordinances, and/or building codes. In some cases, communities receive assistance with efforts to adopt special purpose floodplain management ordinances.

National Flood Insurance Fund (Mandatory)

The National Flood Insurance Act of 1968 (42 U.S.C. § 4001 et seq.), as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued only in communities that participate in NFIP, and that enact and enforce appropriate floodplain management measures. Federally regulated funding institutions cannot provide loans for properties in nonparticipating communities with an identified flood hazard.

Flood-Related Grants

NFIF supports flood hazard reduction efforts facilitated through its flood-related grants and assistance program: FMA, RFC, and SRL. These programs reduce the risk of flood damage to existing buildings and infrastructure by providing grants to States, communities, and tribal nations. FMA grants provide funds for activities that decrease or eliminate risk of flood damage to structures insured under NFIP. RFC grants fund activities that decrease the long-term risk of flood damage to structures with one or more claims through the NFIP. SRL grants fund activities that decrease the long-term risk of flood damage to residential structures insured under NFIP that have experienced losses from previous flood damage.

C. Budget Request Summary:

FEMA requests budget authority from mandatory premium collections of \$3.38 billion and \$171 million from Federal Policy Fee income in FY 2013. The increase is due to additional revenue collections from estimated policies in force increases and flood policy rate increases. FEMA estimates that the policies in force net growth will be less than originally anticipated in a time of economic stress. Original estimates for FY 2012 and FY 2013 was one-percent net growth (generates approximately \$4 million in net fee revenue). The FY 2013 estimate has been revised downward to one-half of one-percent net growth (generates approximately \$2 million in net fee revenue). For FY 2013, FEMA projects fee collections of \$171.0 million, which reflects no change in funding from FY 2012. Premium collections will be used to pay NFIP claims in addition to operating expenses. These funds also will support the flood-related grants: FMA, RFC, and SRL programs. However, unobligated balances will be the primary source of funding for the Severe Repetitive Loss program in FYs 2012 and 2013.

II. Summary of FY 2013 Budget Estimates by Program/Project /Activity (PPA)

Department of Homeland Security Federal Emergency Management Agency National Flood Insurance Fund

Summary of FY 2013 Budget Estimates by Program/Project/Activity

FY 2013 Request
(Dollars in Thousands)

Program/Project/Activity	FY 2011			FY 2012			FY 2013			Increase(+) or Decrease(-) for FY 2013								
	Actuals			Enacted			Request			Total Changes			Program Changes			Adjustments-to-Base		
	POS	FTE	Amount	POS	FTE	Amount	Positions	FTE	Amount	Positions	FTE	Amount	Positions	FTE	Amount	Positions	FTE	Amount
Flood Mitigation and Flood Insurance Operations	87	77	13,844	92	75	22,000	92	75	22,000	-	-	-	-	-	-	-	-	-
Floodplain Management and Flood Mapping	202	195	161,752	218	205	149,000	218	205	149,000	-	-	-	-	-	-	-	-	-
Subtotal, Mandatory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Discretionary	289	272	175,596	310	280	171,000	310	280	171,000	-	-	-	-	-	-	-	-	-
Total, National Flood Insurance Fund (Discretionary):	289	272	175,596	310	280	171,000	310	280	171,000	-	-	-	-	-	-	-	-	-
Subtotal, Enacted Appropriations and Budget Estimates	289	272	175,596	310	280	171,000	310	280	171,000	-	-	-	-	-	-	-	-	-
Less: Adjustments for Other Funding Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net, Enacted Appropriations and Budget Estimates:	289	272	175,596	310	280	171,000	310	280	171,000	-	-	-	-	-	-	-	-	-

Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Summary of FY 2013 Budget Estimates by Program/Project/Activity

FY 2013 Request
(Dollars in Thousands)

Program Project Activity	FY 2011			FY 2012			FY 2013			Increase(+) or Decrease(-) for FY 2013								
	Actuals			Enacted			Request			Total Changes			Program Changes			Adjustments-to-Base		
	POS	FTE	Amount	POS	FTE	Amount	Positi ns	FTE	Amount	Positions	FTE	Amount	Positions	FTE	Amount	Positions	FTE	Amount
National Flood Insurance Fund - Mandatory	-	-	1,351,627	-	-	3,042,748	-	-	3,260,000	-	-	217,000	-	-	217,000	-	-	-
Flood-Related Grants	29	29	208,620	29	27	60,000	29	27	120,000	-	-	60,000	-	-	60,000	-	-	-
Subtotal, Mandatory	29	29	1,560,247	29	27	3,102,748	29	27	3,380,000	-	-	277,000	-	-	277,000	-	-	-
Total, National Flood Insurance Fund (mandatory):	29	29	1,560,247	29	27	3,102,748	29	27	3,380,000	-	-	277,000	-	-	277,000	-	-	-
Subtotal, Enacted Appropriations and Budget Estimates	29	29	1,560,247	29	27	3,102,000	29	27	3,380,000	-	-	277,000	-	-	277,000	-	-	-
Less: Adjustments for Other Funding Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Offsetting Collections	-	-	-	-	-	(3,102,748)	-	-	-	-	-	-	-	-	-	-	-	-
Net, Enacted Appropriations and Budget Estimates:	29	29	1,560,247	29	27	-	29	27	3,380,000	-	-	277,000	-	-	277,000	-	-	-

III. Current Services Program Description by PPA

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Flood Mitigation and Flood Insurance Operations
Program Performance Justification**
(Dollars in Thousands)

PPA: Flood Mitigation and Flood Insurance Operations

	Perm. Pos	FTE	Amount
2011 Actuals	87	77	13,844
2012 Enacted	92	75	22,000
2013 Current Services	92	75	22,000
2013 Total Request	92	75	22,000
Total Change 2012 to 2013	-	-	-

For FY 2013, FEMA requests \$22 million from Federal policy fee revenue to support salaries and operating costs for the flood mitigation and flood insurance operations activities.

CURRENT SERVICES PROGRAM DESCRIPTION:

Flood Mitigation and Flood Insurance Operations activities include management and oversight of NFIP insurance activities, business operations support, stakeholder engagement and outreach support, business process management and improvement activities, and information systems support activities associated with the Federal Insurance and Mitigation Administration's (FIMA) executive oversight.

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Floodplain Management and Flood Mapping
Program Performance Justification**
(Dollars in Thousands)

PPA: Floodplain Management and Flood Mapping

	Perm. Pos	FTE	Amount
2011 Actuals	202	195	161,752
2012 Enacted	218	205	149,000
2013 Current Services	218	205	149,000
2013 Total Request	218	205	149,000
Total Change 2012 to 2013	-	-	-

For FY 2013, FEMA requests \$149 million from Federal policy fee revenue to support salaries and operating costs for ongoing floodplain management and flood mapping efforts.

CURRENT SERVICES PROGRAM DESCRIPTION:

Floodplain Management:

The Floodplain Management Branch oversees programs that are designed to reduce risk through land use and building code regulations. Floodplain management activities are authorized under the National Flood Insurance Act, as amended. Through these programs, FEMA encourages communities and their citizens to take informed and effective mitigation actions before a flood in order to reduce the long-term risk to people and property. Structures built to NFIP standards experience 80 percent less damage than structures not built to these standards.

FEMA and States partner in the Community Assistance Program-State Support Services Element (CAP-SSSE) program to provide a means to ensure that communities participating in NFIP are achieving the flood loss reduction goals of the NFIP through a state grant mechanism. CAP-SSSE funds States to provide significant technical assistance to NFIP communities and to evaluate community performance in implementing NFIP floodplain management activities with the additional goal of building State and community floodplain management expertise and capability. The grant is a product-oriented program directly related to the flood loss reduction objectives of NFIP.

The \$1.7 billion losses-avoided number is based on a study that was conducted in 2000. The losses-avoided study estimated that minimum NFIP floodplain management standards resulted in approximately \$1 billion in annual flood losses avoided. Subsequent to 2000, FIMA has extrapolated

the \$1 billion losses avoided every year based on a yearly estimation of new construction starts. FIMA did not increase the number of new construction starts in FY 2013 based on the severe nationwide slowdown in new construction starts. In FY 2011, FIMA has funded a new losses-avoided study to validate/improve on the methodology. The study should be completed by the end of FY 2012.

NFIF supports the salaries and expenses of program management and implementation staff at FEMA's Headquarters and 10 regional offices that administer floodplain management programs. The responsibilities of these offices include reducing flood risk through floodplain management and flood hazard reduction efforts, providing technical assistance to communities participating in NFIP, and administration of the CAP-SSSE grant program. The salaries and expenses funding allows program staff: to deliver technical assistance to NFIP participating communities; to strengthen local flood loss reduction programs through onsite visits; and, to provide funding for the necessary supplies and equipment, including computer equipment and other needed resources, to meet the mission of the program.

Flood Hazard Mapping and Risk Analysis:

The Flood Hazard Mapping and Risk Analysis Program addresses flood hazard data update needs and preserves the successful Flood Map Modernization investment. The requested FY 2013 funding will allow FEMA to continue implementing a multi-year mapping effort that meets the FEMA statutory requirement to review the flood hazards maps on a five-year cycle and address flood hazard data update needs over a longer time horizon, as funding is available. With FY 2013 funding, FEMA will continue Risk MAP as outlined in the Risk MAP Multi-Year Plan. The plan articulates a strategy for how FEMA delivers information necessary for flood risk reduction and sustainable community development. This integrated flood risk management approach weaves county-level flood hazard data developed in support of the NFIP into watershed-based risk assessments that serve as the foundation for local Hazard Mitigation Plans and targeted risk communication activities. FEMA will focus the FY 2013 investment on addressing flood hazard data update needs for coastal and riverine flood hazard areas, and expanding and improving utility and accessibility of the flood hazard and flood risk data.

FEMA's Risk MAP activities are funded from two primary sources of funds – the Flood Hazard Mapping and Risk Analysis Fund and the NFIF. Both sources of funding are critical to the development and implementation of new flood maps in communities across the Nation. The NFIF funding is the core funding for the program and supports all aspects of the program. The Flood Hazard Mapping and Risk Analysis Program funding supports map production and technical services.

Risk MAP measures to track progress towards this outcome are:

- 80 percent of the Nation's flood hazards data is current – the flood hazard data are new, have been updated, or deemed still valid.
- Local officials are aware of risks from natural hazards.
- Communities take action to reduce risk.

The detailed production accomplishments for Risk MAP are described in the justification for the Flood Hazard Mapping and Risk Analysis Program appropriation.

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
National Flood Insurance Fund - Mandatory
Program Performance Justification**
(Dollars in Thousands)

PPA: National Flood Insurance Fund - Mandatory

	Perm. Pos	FTE	Amount
2011 Actuals	-	-	1,351,627
2012 Enacted	-	-	3,043,000
2013 Current Services	-	-	3,043,000
2013 Program Change	-	-	217,000
2013 Total Request	-	-	3,260,000
Total Change 2012 to 2013	-	-	217,000

FEMA requests \$3.26 billion in FY 2013 for this activity, a \$217,000 increase from the FY 2012 anticipated premium revenue. Funding will provide for the payment of flood claims and operating costs of the program including Write Your Own (WYO) expenses and commissions and interest expenses.

CURRENT SERVICES PROGRAM DESCRIPTION:

NFIP Management is the overall management and oversight of the NFIP operations including the selling and servicing of policies provided by the NFIP WYO partners. FEMA and its partners apply insurance industry concepts and methods to provide consumer-oriented flood insurance to accelerate recovery from floods. FEMA administers the NFIP so that insurance and floodplain management policies and operations are mutually reinforcing. Furthermore, FEMA works to increase the NFIP policy base so that more people are indemnified by insurance for future flood losses, facilitating their recovery, rebuilding communities, and reducing costs to taxpayers. Activities in this category include selling and servicing flood insurance policies, claims, and establishing appropriate premium rates.

NFIP Operation Expenses - FEMA provides for management and oversight of the insurance component of NFIP. This includes the development and oversight of insurance coverage policy and regulations; analysis and evaluation of insurance risks and claims data used to determine premium rates; and, oversight of insurance companies that write flood insurance policies and adjust claims. It also includes crosscutting activities such as the Community Rating System (CRS) program and NFIP operations in a post-disaster environment. Under the CRS, flood insurance premium rates are adjusted to reflect the reduced flood risk resulting from community activities that meet CRS goals, including reduction of flood losses, accurate insurance rating, and promotion of flood insurance awareness.

Participating communities are rated by Class from 1 to 10, with Class 1 communities receiving the greatest premium rate reductions. Nonparticipating communities are rated as Class 10. Credits can be applied toward a community's CRS classification for various activities under the following floodplain management headings: Public Information, Mapping Regulations, Flood Damage Reduction, and Flood Preparedness. To support post-disaster operations, resources are provided: 1) to equip the mitigation disaster workforce with standards, training, and job aides to consistently inform disaster applicants about the NFIP in a post-disaster environment; and, 2) to effectively integrate NFIP into disaster operations, national disaster policy analysis, and crosscutting program and administrative issues.

Flood Insurance Operations activities include:

- Actuarial management to analyze insurance risks, claims data, and financial models in order to evaluate and communicate all aspects of the financial solvency of the program and to set the appropriate premium rates.
- Operations management for more than 5.6 million NFIP flood policies with more than \$1.2 trillion of insurance in force, to include issuance, renewal, claims, and resolution of claims appeals.
- Underwriting management to set policy and develop regulations regarding insurance coverage eligibility and the classification of risks.
- Claims management to set policy and develop regulations regarding the adjustment and payment of claims.
- Management of the private insurance companies that write flood insurance policies and adjust claims for the NFIP, including conducting periodic operational reviews.
- Education, training, and technical assistance for private insurance company agents and adjustors.
- Management of the vendors that supply services to NFIP, such as the Bureau and Statistical Agent and the Direct Servicing Agent.
- Management of flood insurance marketing and public communications, including advertising, community outreach programs, and publicity.
- Partnering with stakeholders in the private sector and other government agencies, including lenders who require the purchase of flood insurance for certain loans.

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Flood-Related Grants
Program Performance Justification**
(Dollars in Thousands)

PPA: Flood-Related Grants

	Perm. Pos	FTE	Amount
2011 Actuals	29	29	208,620
2012 Enacted	29	27	60,000
2013 Current Services	29	27	60,000
2013 Program Change	-	-	60,000
2013 Total Request	29	27	120,000
Total Change 2012 to 2013	-	-	60,000

FEMA requests \$120 million in FY 2013 for this activity, a \$60 million increase from the FY 2012 anticipated premium revenue. Funding will provide for the payment of flood-related grants.

A component of the business strategy is to reduce the risk associated with flood events through floodplain management as well as through flood-related grants and assistance such as FMA, RFC, and SRL.

FEMA provides funding to reduce the risk of flood damage to existing buildings and infrastructure by providing flood-related grants to States, communities, and tribal nations. The FMA program provides funds on an annual basis so that measures can be taken to reduce or eliminate risk of flood damage to buildings insured under the NFIP. The RFC program provides funding to reduce or eliminate the long-term risk of flood damage to structures insured under NFIP that have had one or more flood claim payments. The SRL program provides funds on an annual basis to reduce the risk of flood damage to residential structures insured under NFIP that are qualified as severe repetitive loss structures.

FEMA continues efforts to unify and align the FMA, RFC, and SRL programs wherever possible to improve efficiency and ease of use for our State and local partners. In recent years, program application periods were synchronized, program guidance was unified, and applications submitted to programs without available funding were considered for funding under programs with available funds. Legislation amending the National Flood Insurance Act that passed the House of Representatives would combine these three programs into a single program. If such authorization were signed into law, the new law would further improve FEMA's efficient delivery of flood-related grants to States and

local communities, thereby reducing future claims to NFIP. Without further action by the legislature, FEMA will continue to advance efforts to align these programs to the extent practicable.

At the end of FY 2011, FEMA had approximately \$33 million in SRL carryover funds that were not allocated to specific projects. The FY 2012 SRL appropriation was \$10 million dollars. FEMA received \$65 million in grant application requests, therefore all funds that are not allocated will be dedicated to current year projects.

In FY 2013, FEMA proposes \$120 million for the flood-related grants. Unlike prior fiscal years where each grant program was allocated a specific amount, in FY 2013 FEMA requests that the specific amount utilized in each program be determined by the Administrator in consideration of Agency policy and best interest of the NFIF.

In FY 2005, under FEMA's direction, the Multi-hazard Mitigation Council (MMC) conducted a study¹ to assess the cost-effectiveness of natural hazard mitigation at the program level. The study showed that on average, a dollar spent by FEMA on hazard mitigation provides the Nation about four dollars in future benefits. In addition, FEMA grants to mitigate the effects of floods, hurricanes, tornadoes, and earthquakes between 1993 and 2003 are expected to save more than 220 lives and prevent almost 4,700 injuries over approximately 50 years (MMC, 2005). However, the study was based on probabilistic hazard events rather than actual events. Programs considered in that report included the FMA program funded by NFIF, the Hazard Mitigation Grant Program funded by the Disaster Relief Fund, and Project Impact, which is no longer appropriated but was the precursor to the Pre-disaster Mitigation program.

CURRENT SERVICES PROGRAM DESCRIPTION:

Flood-Related Grant Program – Severe Repetitive Loss

The SRL Program is a mandatory program which provides funding to reduce or eliminate the long-term risk of flood damage to severe repetitive loss residential structures insured under NFIP. Section 1361A of the National Flood Insurance Act (42 U.S.C. § 4102a) defines an SRL property as a residential property that is covered under an NFIP flood insurance policy and (a) that has at least four NFIP claim payments (including building and contents) of more than \$5,000 each, and the cumulative amount of such claims payments exceeds \$20,000; or (b) for which at least two separate claims payments (building payments only) have been made with the cumulative amount of the building portion of such claims exceeding the market value of the building.

For both (a) and (b) above, at least two of the referenced claims must have occurred within any 10-year period, and must be greater than 10 days apart. There are more than 10,000 properties meeting the legislative definition of severe repetitive loss. The long-term goal of the SRL Mitigation Program is to reduce or eliminate claims under NFIP through project activities that will result in the greatest savings to NFIF in the shortest period of time. FEMA may contribute up to 75 percent in Federal funding for the amount approved under the grant award to implement approved activities. Any state or federally recognized Indian tribal government that has taken actions to reduce the number of repetitive loss properties, including severe repetitive loss properties, and that has a FEMA-approved State Mitigation

¹ Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings from Mitigation Activities; Multi-hazard Mitigation Council of the National Institute of Building Sciences, 2005.

Plan that specifies how it has reduced and how it intends to reduce the number of such repetitive loss properties, is eligible to receive an increased Federal cost share of up to 90 percent Federal funding for SRL grants. Unlike the other flood mitigation grant programs, SRL focuses on the most severe repetitive loss residential structures.

Flood-Related Grant Program - Repetitive Flood Claims

The RFC grant program was established by the Flood Insurance Reform Act of 2004 (P.L. 108-264) as a mandatory program that provides funding to reduce or eliminate the long-term risk of flood damage to structures insured under NFIP that have had one or more flood claim payments. The long-term goal of the RFC program is to reduce or eliminate claims under NFIP through mitigation activities that are in the best interest of the NFIF. RFC grants are awarded on a national basis without reference to State allocations, quotas, or other formula-based allocations of funds. Funding is restricted to a maximum of \$1 million for minor localized flood reduction projects. RFC grants are not limited to residential flood mitigation projects.

Flood-Related Grant Program - Flood Mitigation Assistance

The FMA grant program is a mandatory program which provides funding to States, federally recognized Indian tribal governments, and communities so that cost-effective measures can be taken to reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other structures insured under NFIP.

The total amount of FMA grant funds provided during any five-year period will not exceed \$10 million to any State agency or \$3.3 million to any community. The total amount of FMA grant funds provided to any State, including all communities located in the State, will not exceed \$20 million during any five-year period. However, the Administrator may waive these limits for any five-year period when a major disaster or emergency is declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act as a result of flood conditions.

FMA is an allocation-based program, in which FEMA determines and distributes annual program allocations to all 56 States and territories. FMA allocations are based on a number of factors, which include number and dollar amount of NFIP-insured policies, as well as the number and dollar amount of repetitive loss properties per State or territory. During the 2010 FMA application period, FEMA assisted States and territories in developing applications for consideration and submittal. This resulted in more applications being submitted for consideration than the amount of funding available. The applications that were found eligible were in part funded using 2011 appropriated funds.

IV. Program Justification Changes

N/A

V. Exhibits and Other Supporting Material

A. Justification of Proposed Legislative Language

**Department of Homeland Security
Federal Emergency Management Agency
Justification of Proposed Changes in National Flood Insurance Fund
Appropriation Language**

For activities under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001 et seq.), [\$171,000,000] \$171,000,000, which shall remain available until September 30, 2014, and shall be derived from offsetting collections assessed and collected under section 1308(d) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(d));], which is available for salaries and expenses associated with flood mitigation and flood insurance operations; and floodplain management and flood mapping: Provided, That [of which] not to exceed \$22,000,000 shall be available for salaries and expenses associated with flood mitigation and flood insurance operations; and not less than [\$149,000,000] \$149,000,000 shall be available for flood plain management and flood mapping[, which shall remain available until September 30, 2013]: Provided further, That any additional fees collected pursuant to section 1308(d) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(d)) shall be credited as an offsetting collection to this account, to be available for flood plain management and flood mapping: Provided further, That in fiscal year [2012] 2013, no funds shall be available from the National Flood Insurance Fund under section 1310 of that Act (42 U.S.C. 4017) in excess of:

- (1) \$132,000,000 for operating expenses;*
- (2) [\$1,007,571,000] \$1,056,602,000 for commissions and taxes of agents;*
- (3) such sums as are necessary for interest on Treasury borrowings; and*
- (4) [\$60,000,000] \$120,000,000, which shall remain available until expended, for flood mitigation actions; [of which not less than \$10,000,000 is for severe repetitive loss properties under section 1361A of the National Flood Insurance Act of 1968 (42 U.S.C. 4102a); of which \$10,000,000 shall be] for repetitive insurance claims properties under section 1323 of the National Flood Insurance Act of 1968 (42 U.S.C. 4030); and [of which \$40,000,000 shall be] for flood mitigation assistance under section 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c), notwithstanding subparagraphs (B) and (C) of subsection (b)(3) and subsection (f) of section 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c) and notwithstanding subsection (a)(7) of section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017): Provided further, That the amounts collected under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) and section 1366(i) of the National Flood Insurance Act of 1968 shall be deposited in the National Flood Insurance Fund to supplement other amounts specified as available for section 1366 of the National Insurance Act of 1968, notwithstanding subsection (f)(8) of such section 102 (42 U.S.C. 4012a(f)(8) and subsection 1366(i) and paragraphs (2) and (3) of section 1367(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c(i), 4104d(b)(2)-(3)): Provided further, That total administrative costs shall not exceed 4 percent of the total appropriation.*

B. FY 2012 to FY 2013 Budget Change - Discretionary

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
FY 2012 to FY 2013 Budget Change
(Dollars in Thousands)**

	Pos.	FTE	Amount
FY 2011 Actuals	289	272	175,596
FY 2012 Enacted	310	280	171,000
Adjustments-to-Base	-	-	-
Transfers	-	-	-
Increases	-	-	-
2013 pay increase	-	-	149
GSA Rent	-	-	216
Total, Increases	-	-	365
Decreases	-	-	-
Management and Technology Efficiencies	-	-	(365)
Total, Decreases	-	-	(365)
Total, Adjustments-to-Base	-	-	-
 FY 2013 Current Services	 310	 280	 171,000
 Program Changes	 -	 -	 -
	-	-	-
Total, Program Changes	-	-	-
 Offsetting Collection	 310	 280	 (171,000)
 2013 Request	 -	 -	 -
FY 2012 to FY 2013 Total Change	-	-	-

B. FY 2012 to FY 2013 Budget Change - Mandatory

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
FY 2012 to FY 2013 Budget Change
(Dollars in Thousands)**

	Pos.	FTE	Amount
FY 2011 Actuals	40	29	1,560,247
FY 2012 Enacted	29	27	3,102,748
Adjustments-to-Base	-	-	-
Transfers	-	-	-
Increases	-	-	-
2013 pay increase	-	-	10
Total, Increases	-	-	10
Decreases	-	-	-
GSA Rent	-	-	(2)
Management and Technology Efficiencies	-	-	(8)
Total, Decreases	-	-	(10)
Total, Adjustments-to-Base	-	-	-
FY 2013 Current Services	29	27	3,102,748
Program Changes	-	-	-
Increases	-	-	-
Technical Adjustment	-	-	252
Flood-Related Grants	-	-	60,000
National Flood Insurance Fund Related	-	-	217,000
Total, Increases	-	-	277,252
Total, Program Changes	-	-	277,252
Total Authority	29	27	3,380,000
Offsetting Collections	-	-	(3,380,000)
2013 Request	-	-	-
FY 2012 to FY 2013 Total Change	-	-	277,252

C. Summary of Requirements

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Summary of Requirements
(Dollars in Thousands)**

	Pos.	FTE	Amount
FY 2011 Actuals	329	301	1,735,843
FY 2012 Enacted	339	307	3,102,748
Adjustments-to-Base	-	-	-
Increases	-	-	373
Decreases	-	-	(373)
Total, Adjustments-to-Base	-	-	-
FY 2013 Current Services	339	307	3,102,748
Program Changes	-	-	-
Increases	-	-	277,252
Total, Program Changes	-	-	277,252
FY 2013 Request	339	307	3,380,000
FY 2012 to FY 2013 Total Change	-	-	277,252

Estimates by Program/Project/Activity	FY 2012			FY 2013			FY 2013			FY 2013			FY 2012 to FY 2013		
	Enacted			Adjustments-to-Base			Program Change			Request			Total Change		
	Pos	FTE	Amount	Pos	FTE	Amount	Pos	FTE	Amount	Pos	FTE	Amount	Pos	FTE	Amount
Flood Mitigation and Flood Insurance Operations	92	75	22,000	-	-	-	-	-	-	92	75	22,000	-	-	-
Floodplain Management and Flood Mapping	218	205	149,000	-	-	-	-	-	-	218	205	149,000	-	-	-
National Flood Insurance Fund - Mandatory	-	-	3,042,748	-	-	-	-	-	217,252	-	-	3,260,000	-	-	217,252
Flood Related Grants	29	27	60,000	-	-	-	-	-	60,000	29	27	120,000	-	-	60,000
Total	339	307	3,274,000	-	-	-	-	-	277,000	339	307	3,551,000	-	-	277,252

D. Summary of Reimbursable Resources

N/A

E. Summary of Requirements by Object Class

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Summary of Requirements by Object Class
(Dollars in Thousands)**

Object Classes	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
Direct Obligations	-	-	-	-
Personnel and Other Compensation Benefits	-	-	-	-
11.1 Total FTE & personnel compensation	29,336	30,380	30,539	159
11.3 Other than full-time permanent	191	191	191	-
11.5 Other personnel compensation	853	423	423	-
12.1 Benefits	8,325	11,647	11,647	-
Total, Personnel and Other Compensation Benefits	38,705	42,641	42,800	159
Other Object Classes	-	-	-	-
21.0 Travel	2,211	2,711	2,711	-
22.0 Transportation of things	6	15	15	-
23.1 GSA rent	2,871	2,802	3,016	214
23.3 Communications, utilities, and misc. charges	1,185	167	167	-
24.0 Printing	3,908	3,707	3,707	-
25.1 Advisory and assistance services	24,887	19,673	19,673	-
25.2 Other services	606,614	3,531,430	1,734,696	(1,796,734)
25.3 Purchases from Gov't accts.	3,090	-	-	-
25.4 O&M of facilities	8	-	-	-
25.7 Operation and maintenance of equipment	3	-	-	-
26.0 Supplies and materials	118	132	132	-
31.0 Equipment	409	298	298	-
41.0 Grants/Subsidies/Contributions	201,868	122,181	115,424	(6,757)
42.0 Insurance Claims and Indemnity	789,203	1,442,723	1,401,715	(41,008)
91.0 Unvouchered	60,757	226,646	226,646	-
Total, Other Object Classes	1,697,138	5,352,485	3,508,200	(1,844,285)
Total, Direct Obligations	1,735,843	5,395,126	3,551,000	(1,844,126)
Adjustments	-	-	-	-
Unobligated balance, end of year	-	-	-	-
Unobligated balance, start of year	-	(2,171,751)	-	2,171,751
Recoveries of Prior Year Obligations	-	-	-	-
Total, Adjustments	-	(2,171,751)	-	2,171,751
Total Requirements	1,735,843	3,223,375	3,551,000	327,625
Full-time Equivalents	301	307	307	-

F. Permanent Positions by Grade

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Permanent Positions by Grade**

	FY 2011	FY 2012	FY 2013	FY 2012 to
	Actuals	Enacted	Request	FY 2013 Change
Grades and Salary Ranges	Pos.	Pos.	Pos.	Total
Total, SES	2	2	2	-
GS-15	38	38	38	-
GS-14	72	72	72	-
GS-13	90	90	90	-
GS-12	96	96	96	-
GS-11	12	12	12	-
GS-9	6	6	6	-
GS-8	2	4	4	-
GS-7	-	14	14	-
GS-6	-	4	4	-
GS-3	-	1	1	-
Total Permanent Positions	318	339	339	-
Unfilled Positions EOY	41	-	-	-
Total Permanent Employment EOY	248	339	339	-
Headquarters	157	157	157	-
U.S. Field	161	182	182	-
Total, National Flood Insurance Fund	318	339	339	-
Full-time Equivalents	301	307	307	-
Average ES Salary	156,294	156,294	158,170	1,876
Average GS Salary	84,855	84,855	85,873	1,018
Average Grade	12	12	12	-

G. Capital Investment and Construction Initiative Listing

N/A

H. PPA Budget Justifications

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Flood Mitigation and Flood Insurance Operations
Summary of Requirements by Object Class
(Dollars in Thousands)**

Object Classes	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
Personnel and Compensation Benefits	-	-	-	-
11.1 Total FTE & personnel compensation	8,151	8,794	8,846	52
11.3 Other than full-time permanent	191	191	191	-
11.5 Other personnel compensation	302	207	207	-
12.1 Benefits	2,277	4,758	4,758	-
Total, Personnel and Compensation Benefits	10,921	13,950	14,002	52
Other Object Classes	-	-	-	-
21.0 Travel	535	765	765	-
22.0 Transportation of things	6	-	-	-
23.1 GSA rent	1,125	1,099	1,192	93
23.3 Communications, utilities, and misc. charges	412	20	20	-
25.1 Advisory and assistance services	643	-	-	-
25.2 Other services	-	6,058	5,913	(145)
25.4 O&M of facilities	8	-	-	-
25.7 Operation and maintenance of equipment	3	-	-	-
26.0 Supplies and materials	12	32	32	-
31.0 Equipment	179	76	76	-
Total, Other Object Classes	2,923	8,050	7,998	(52)
Adjustments	-	-	-	-
Unobligated Balance, start of year	-	-	-	-
Unobligated Balance, end of year	-	-	-	-
Recoveries of Prior Year Obligations	-	-	-	-
Total Requirements	13,844	22,000	22,000	-
Full-time Equivalents	77	75	75	-

Flood Mitigation and Flood Insurance Operations Mission Statement

Resources under this activity support the salaries and expenses of FTE managing the National Flood Insurance Program (NFIP) and flood mitigation programs. In FY 2013, FEMA will continue to support the NFIP and to provide operational and administrative support for the Community Rating System and will enhance oversight of the program.

Summary Justification and Explanation of Changes

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
11.1 Total FTE & personnel compensation	8,151	8,794	8,846	52
11.3 Other than full-time permanent	191	191	191	-
11.5 Other personnel compensation	302	207	207	-
12.1 Benefits	2,277	4,758	4,758	-
Total, Salaries & Benefits	10,921	13,950	14,002	52

Salaries and Benefits support 108 full-time permanent positions in FY 2013. FY 2013 includes a 0.5% increase for COLA.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
23.1 GSA rent	\$1,125	\$1,099	\$1,192	\$93

GSA Rent includes all payments to General Services Administration (GSA) for rental of space and rent related services. FY 2013 reflects the inflationary increases in lease costs.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
25.2 Other services	0	\$6,058	\$5,913	-\$145

Other services include report contractual services with non-Federal sources that are not otherwise classified under Object Class 25. An overall decrease of \$145,000 is due to efficiencies.

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Floodplain Management and Flood Mapping
Summary of Requirements by Object Class
(Dollars in Thousands)**

Object Classes	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
Personnel and Compensation Benefits	-	-	-	-
11.1 Total FTE & personnel compensation	19,705	19,800	19,897	97
11.5 Other personnel compensation	528	190	190	-
12.1 Benefits	5,603	6,055	6,055	-
Total, Personnel and Compensation Benefits	25,836	26,045	26,142	97
Other Object Classes	-	-	-	-
21.0 Travel	1,275	1,392	1,392	-
23.1 GSA rent	1,498	1,463	1,586	123
23.3 Communications, utilities, and misc. charges	639	147	147	-
24.0 Printing	807	600	600	-
25.1 Advisory and assistance services	24,244	19,673	19,673	-
25.2 Other services	93,784	114,411	88,054	(26,357)
25.3 Purchases from Gov't accts.	3,090	-	-	-
26.0 Supplies and materials	71	58	58	-
31.0 Equipment	141	113	113	-
41.0 Grants/Subsidies/Contributions	10,367	11,235	11,235	-
Total, Other Object Classes	135,916	149,092	122,858	(26,234)
Adjustments	-	-	-	-
Unobligated Balance, start of year	-	(26,137)	-	26,137
Unobligated Balance, end of year	-	-	-	-
Recoveries of Prior Year Obligations	-	-	-	-
Total, Adjustments	-	(26,137)	-	26,137
Total Requirements	161,752	149,000	149,000	-
Full-time Equivalents	195	205	205	-

Floodplain Management and Flood Mapping Mission Statement

Through Floodplain Management programs, FEMA encourages communities and their citizens to take informed and effective mitigation actions before a flood in order to reduce the long-term risk to people and property. Through the delivery of mitigation programs, FEMA leads a national effort to: identify and improve the understanding of communities' hazards and their risks; develop and improve techniques and planning processes which mitigate those risks; provide an environment at the State and local levels that is conducive to applying those techniques and processes; provide financial and technical assistance to facilitate application of those techniques and processes; and support development of incentives and disincentives which make application of those techniques and processes a social, political, and/or economic priority.

Summary Justification and Explanation of Changes

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
11.1 Total FTE & personnel compensation	19,705	19,800	19,897	97
11.5 Other personnel compensation	528	190	190	-
12.1 Benefits	5,603	6,055	6,055	-
Total, Salaries & Benefits	25,836	26,045	26,142	97

Salaries and Benefits support 217 full-time permanent positions in FY 2013. FY 2013 includes an increase of 0.5% for COLA.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
23.1 GSA rent	\$1,498	\$1,463	\$1,586	\$123

GSA Rent includes all payments to General Services Administration (GSA) for rental of space and rent related services. FY 2013 reflects the inflationary increases in lease costs.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
25.2 Other services	\$93,784	\$114,411	\$88,054	-\$26,357

Other services include report contractual services with Non-Federal sources that are not otherwise classified under Object Class 25. FY 2013 reflects the reduction of flood map production and provides funding for technical services and program support for efficiencies and nonrecurring costs.

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
National Flood Insurance Fund - Mandatory
Summary of Requirements by Object Class
(Dollars in Thousands)**

Object Classes	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
Personnel and Compensation Benefits	-	-	-	-
Other Object Classes	-	-	-	-
24.0 Printing	3,100	3,100	3,100	-
25.2 Other services	498,567	3,369,764	1,628,539	(1,741,225)
42.0 Insurance Claims and Indemnity	789,203	1,442,723	1,401,715	(41,008)
91.0 Unvouchered	60,757	226,646	226,646	-
Total, Other Object Classes	1,351,627	5,042,233	3,260,000	(1,782,233)
Adjustments	-	-	-	-
Unobligated Balance, start of year	-	(1,999,233)	-	1,999,233
Unobligated Balance, end of year	-	-	-	-
Recoveries of Prior Year Obligations	-	-	-	-
Total, Adjustments	-	(1,999,233)	-	1,999,233
Total Requirements	1,351,627	3,043,000	3,260,000	217,000
Full-time Equivalents	-	-	-	-

National Flood Insurance Fund - Mandatory Mission Statement

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued in force only in communities that enact and enforce appropriate floodplain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes. In addition, Federally regulated funding institutions cannot provide loans to nonparticipating communities with an identified flood hazard. More than 20,000 communities in all States and territories participate in the NFIP. Structures built to NFIP criteria experience 80 percent less damage through reduced frequency and severity of losses. The flood mitigation program requirements are estimated to save in excess of \$1 billion per year in flood losses avoided. The NFIP limits the impact of disaster by encouraging property owners and others to manage their risk through flood insurance and other hazard insurance mechanisms.

Summary Justification and Explanation of Changes

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
25.2 Other services	\$498,567	\$3,369,764	\$1,628,539	-\$1,741,225

Other services include report contractual services with non-Federal sources that are not otherwise classified under Object Class 25. FY 2013 includes a decrease of \$1,741,225,000 for nonrecurring costs.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
42.0 Insurance Claims and Indemnity	\$789,203	\$1,442,723	\$1,401,715	-\$41,008

Insurance claims and indemnities includes all benefit payments from the social insurance and Federal retirement trust funds and payments for losses and claims including those under the Equal Access to Justice Act.

**Department of Homeland Security
Federal Emergency Management Agency
National Flood Insurance Fund
Flood-Related Grants
Summary of Requirements by Object Class
(Dollars in Thousands)**

Object Classes	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
Personnel and Compensation Benefits	-	-	-	-
11.1 Total FTE & personnel compensation	1,480	1,786	1,796	10
11.5 Other personnel compensation	23	26	26	-
12.1 Benefits	445	834	834	-
Total, Personnel and Compensation Benefits	1,948	2,646	2,656	10
Other Object Classes	-	-	-	-
21.0 Travel	401	554	554	-
22.0 Transportation of things	-	15	15	-
23.1 GSA rent	248	240	238	(2)
23.3 Communications, utilities, and misc. charges	134	-	-	-
24.0 Printing	1	7	7	-
25.2 Other services	14,263	41,197	12,190	(29,007)
26.0 Supplies and materials	35	42	42	-
31.0 Equipment	89	109	109	-
41.0 Grants/Subsidies/Contributions	191,501	110,946	104,189	(6,757)
Total, Other Object Classes	206,672	153,110	117,344	(35,766)
Adjustments	-	-	-	-
Unobligated Balance, start of year	-	(95,756)	-	95,756
Unobligated Balance, end of year	-	-	-	-
Recoveries of Prior Year Obligations	-	-	-	-
Total, Adjustments	-	(95,756)	-	95,756
Total Requirements	208,620	60,000	120,000	60,000
Full-time Equivalents	29	27	27	-

Flood-Related Grants Mission Statement

A component of the NFIP business strategy is to reduce the risk associated with flood events through floodplain management as well as through flood-related grants and assistance such as Flood Mitigation Assistance (FMA), Repetitive Flood Claims (RFC), and Severe Repetitive Loss (SRL). FEMA provides funding to reduce the risk of flood damage to existing buildings and infrastructure by providing flood related grants to States, communities, and tribal nations. The FMA program provides funds on an annual basis so that measures can be taken to reduce or eliminate risk of flood damage to buildings insured under the NFIP. The RFC program provides funding to reduce or eliminate the long-term risk of flood damage to structures insured under the NFIP that have had one or more flood claim payments. The SRL program provides funds on an annual basis to reduce the risk of flood damage to residential structures insured under the NFIP that are qualified as severe repetitive loss structures.

Summary Justification and Explanation of Changes

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
11.1 Total FTE & personnel compensation	1,480	1,786	1,796	10
11.5 Other personnel compensation	23	26	26	-
12.1 Benefits	445	834	834	-
Total, Salaries & Benefits	1,948	2,646	2,656	10

Salaries and Benefits support 29 full time permanent positions. FY 2013 includes an increase of 0.5% for COLA.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
23.1 GSA rent	\$248	\$240	\$238	-\$2

GSA Rent includes all payments to General Services Administration (GSA) for rental of space and rent related services. FY 2013 includes a decrease of \$2,000 for realized savings in rent.

	FY 2011 Actuals	FY 2012 Enacted	FY 2013 Request	FY 2012 to FY 2013 Change
25.2 Other services	\$14,263	\$41,197	\$12,190	-\$29,007

Other services include report contractual services with non-Federal sources that are not otherwise classified under Object Class 25. FY 2013 includes a decrease of \$29,007,000 for nonrecurring costs and efficiencies.

I. Changes in Full-time Employment

	FY 2011	FY 2012	FY 2013
BASE: Year End Actual from Prior Year	311	311	307
Year End Actuals/Estimated FTEs:	311	311	307
Net Change from prior year base to Budget Year Estimate:	--	--	--

J. FY 2013 Schedule of Working Capital Fund by Program/Project/Activity

FY 2013 Schedule of Working Capital Fund by Program/Project/Activity
(Dollars in Thousands)

Program/Project/Activity	FY 2011 Actuals Amount	FY 2012 Enacted Amount	FY 2013 Request Amount	Increase/Decrease for FY 2013 Amount
Flood Mitigation and Flood Insurance Operations	\$448	\$411	\$447	\$36
Floodplain Management and Flood Mapping	596	545	594	49
Flood Related Grants	98	89	97	8
Total Working Capital Fund	1,142	1,045	1,138	93

K. DHS Balanced Workforce Strategy

N/A