

Opening Statement of  
**R. David Paulison**  
Director, Federal Emergency Management Agency  
Under Secretary for Federal Emergency Management  
U.S. Department of Homeland Security

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Subcommittee on Homeland Security

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*The FY2008 FEMA Budget:  
Building a New FEMA*

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Chairman Price, Ranking Member Rogers, members of the Committee, thank you for your time today.

My name is R. David Paulison and I am privileged to lead the team of dedicated and passionate staff at the Federal Emergency Management Agency.

By way of background, I have spent more than 35 years responding to and planning for disasters. I began my career as a firefighter in Florida, and eventually rose to serve as the Chief of the Miami-Dade Fire Department. As Chief, I oversaw 1,900 personnel, a \$200 million operating budget and a \$70 million capital budget. I also oversaw the Dade County Emergency Management Office. During this time, I managed the response to Hurricane Andrew and the crash of ValuJet Flight 592. I worked with other first responders across the country and around the world when I served as President of the International Association of Fire Chiefs.

I entered Federal service in 2001, when President Bush nominated me to serve as the Administrator of the U.S. Fire Administration. The Fire Administration supports State and local fire service programs, and oversees programs to reduce the loss of lives and economic losses due to fire and related emergencies, in partnership with the nation's fire protection and emergency service communities.

When the Department of Homeland Security was established in 2003, I moved over to serve as the Director of the Preparedness Division within the Department's Emergency Preparedness and Response Directorate, which included FEMA. During my two years in that role, I administered a broad range of programs designed to strengthen State and community emergency preparedness in order to reduce loss of life and property due to disaster; administered first responder grant programs totaling more than \$1 billion; and oversaw the work of more than 350 employees. I was also responsible for training Federal, State, and local emergency managers and first responders, and for conducting a nationwide program of exercises.

Following the challenges FEMA had in responding to Hurricane Katrina, President Bush asked me to serve as the Acting Director of FEMA. I stayed in that role until I was confirmed as Under Secretary of Federal Emergency Management and Director of FEMA in May 2006.

Taking the reins of FEMA following the 2005 hurricane season was not easy. Our response to Katrina, Rita and Wilma did not inspire the confidence that the American people deserved. But today FEMA personnel are dedicated both to improving the agency's ability to prepare for and to respond to disasters as well as to reforming and strengthening the organization for the future.

I am pleased to say that we have risen to this challenge – and the proposed FY 2008 Budget will give us the resources needed to take FEMA to the next level. Make no mistake: this budget will provide a major increase in FEMA's base budget and provide a stronger base upon which we can build in the future. We will be the nation's preeminent emergency management agency.

Before I get into the details of the proposed budget, I want to make clear FEMA's role and responsibilities when disaster strikes because there is a misconception among Americans as to what we can and are statutorily authorized to do. After last month's Florida tornados, one local paper opined that FEMA should be on the ground within hours, not days. This is simply not practical. FEMA will be there quickly, but it is local and State first responders who are – by definition – the “**first** responders” and who will lead the immediate response efforts; not a Federal agency that does not and can not have an office in every city. This is just one example of unrealistic or uninformed expectations encountered in emergency management at the national level.

So what does FEMA do?

## **I. FEMA's Mission**

FEMA's mission is to help protect the nation from disasters. We help America mitigate against, prepare for, respond to, and recover from all-hazards disasters.

FEMA cannot and does not do this alone. The National Response Plan (NRP) is the map to Federal, tribal, State and local activities before, during and after a disaster. It is developed with the assistance of and implemented in coordination with 26 Federal departments and agencies as well as our tribal, State and local partners.

On the ground, our tribal, State and local partners are the first responders in any disaster. To paraphrase former Speaker Tip O'Neil, “All Disasters Are Local.” FEMA will bring in or arrange for additional resources and staff to respond as appropriate and requested to assist in the recovery. But we do not act alone. Individuals and our partners at all levels of government must be part of the effort. Indeed, the National Response Plan is built on the assumption that incidents should be managed at the lowest possible geographic, organizational, and jurisdictional level possible.

Each individual citizen and family has a role to play in their own response.

In the past, senior DHS and FEMA leaders have, essentially, been mocked for the regular emphasis we placed on telling people to prepare themselves and their homes. We have

repeatedly stressed the need to have water, rations, battery powered radios and other emergency goods on hand and to develop a family plan for evacuation. FEMA needs to get back to this basic message. When roads are flooded, bridges destroyed and the environment is, frankly, dangerous, people need to remember the old Boy Scout motto: “Be Prepared.”

I will give you a personal example. I am from Florida and, not to anyone’s surprise, hurricanes often hit near my home. So each year, before the season starts, my family and I put in a supply of water, canned and packaged food, flashlights, a radio, batteries and other essential supplies so that if our area is again hit, we are prepared to survive until services are restored. Except in extreme circumstances, such as when a victim’s home has been completely destroyed, why do we often see people get in line for food and drinking water? Like in the story of the grasshopper and the ant, those who do not prepare for the hardship find themselves hoping the government or someone else will step up to the plate and provide them with what they need when a little preparation could have left them better equipped to handle such a predictable situation.

There will always be some who are physically or financially unable to make these preparations – and this is where government must move quickly to fill the gap. However, most Americans need to be educated on the steps they can take to avoid relying on the government for short term essentials.

Ladies and gentlemen, **too many Americans still do not plan for disaster.**

According to a poll conducted for a major news magazine last summer, only 16% of Americans say they are “personally ‘very well’ prepared should a natural disaster or public emergency strike their community.” More than half said they had taken no preparations such as those recommend by former Secretary Ridge and which my family makes every year. Even those who lived through Katrina personally are not learning all they could from their experience, with 24% saying they are not prepared for another disaster.<sup>1</sup>

FEMA’s next responsibility is to provide support to first responders, tribal, State and local officials and individuals when a disaster hits – not to replace them or to take on all responsibilities.

I am often amazed at the expectations some Americans have of FEMA.

When I was in Florida on February 3 after the tornados struck, a reporter asked me when FEMA would have staff on site to help rebuild homes. This is not what Congress and the American people have tasked us to do. FEMA staff does not travel the country rebuilding homes. We are not in the construction business. We can sometimes supplement an individual financially when insurance, personal or State resources are not sufficient. It is critical to understand that FEMA’s role is to provide a starting point for recovery.

In another example, a reporter asked when checks would arrive to those in need. I noted, to her surprise, that only about 400 residents had applied for help as of the third day after the disaster. We can only help people that we know need help. Individuals must ask FEMA for financial assistance. We saw what happened when this policy was ignored and funds were handed out during Katrina without demanding adequate accountability – waste, fraud and abuse. As an aside, during the response in Florida it took, on average, less than four days from the time of the application before individuals received financial support.

FEMA's primary mission is to serve as the lead federal coordinator for federal response efforts. The NRP serves as the planning mechanism by which this occurs. FEMA's coordination mission acknowledges through the NRP that various Emergency Support Functions rely on the leadership, collaboration and expertise of many federal partners. Rather than operationally control federal responses, FEMA works to manage the system by which this occurs.

FEMA has our work cut out for us in accomplishing our mission. This budget is a big step in providing us with the tools needed to accomplish our mission and meet this challenge.

As we consider the President's budget in the light of FEMA's mission, I would like to discuss with you the past, present and future of FEMA and how this budget will help make us an agency that is better, stronger, faster than before.

## **II. FEMA's Past – Lessons Learned, Changes Made**

It has often been said that "those who do not learn from the past are doomed to repeat it." FEMA has learned from the past and is prepared to move forward.

Before Katrina and Rita, FEMA focused on preparing our own resources to respond to a disaster. We did not focus on preparing communities to make plans and preparations before disasters strike nor on the role of tribal, State and local governments afterwards. This was a mistake that will not be repeated.

The 2005 hurricane season was a wake-up call to FEMA and emergency managers across the country. As President Bush said that September, "This government will learn the lessons of Hurricane Katrina. We are going to review every action and make necessary changes so that we are better prepared for any challenge of nature, or act of evil men, that could threaten our people."

### ***Before Disaster Strikes***

To begin with, FEMA is better focused on improving our training and preparation before an event.

In recent years we have developed and expanded our cadre of policy experts who are an integral part of planning and preparedness before a disaster strikes. We will discuss this greater focus on preparedness when we look at FEMA's present and future. But in addition to bringing in new people in recent years to improve our policies, we have already implemented changes in certain programs that highlight this new awareness.

One example of recent activity that will leave us better prepared for the next disaster is the **Pre-Disaster Mitigation Grant Program**. In FY 2006 we distributed more than \$108 million in FY 2003 through FY 2006 funds through this program to tribal, State, territorial and local governments for implementing cost-effective mitigation planning and projects before disasters occur. These nationally competitive grants support a range of activities that will reduce the overall risk to people and property while also reducing reliance on future Federal funding.

We have also made significant reforms that respond to specific challenges that arose during Katrina.

### *Communications*

The first area needing immediate attention was the breakdown in communications that occurred in 2005, both between the Federal government and our partners at the State and local levels, as well as between Federal agencies. Information sharing was probably the single largest point of failure during Katrina.

But over the past two years we have taken major steps to make sure this breakdown does not happen again.

In 2006, we completed the upgrades and renovations needed to create a State-of-the-art National Response Coordination Center. This gives us a central location where all Federal agencies meet during a disaster to coordinate our response under the NRP. During Katrina, we not only had a failure in our communications with people in the field – a contact that was needed for us to have situational awareness of what was happening on the ground – but we also failed to coordinate with our partners across the Federal government. This center has a seat at the table for each of the 26 agencies that are part of the NRP as well as secure links to key offices around the country and the capability to bring State and local officials into the conversation. I invite you to visit the center, which is here in the Capitol area, and see first-hand the priority we have placed on cooperation and communication.

In 2006, FEMA's Office of National Security focused on the multi-year task of building an Integrated Public Alert and Warning System (IPAWS). Last year we successfully completed the Digital Emergency Alert System pilot and worked with the Association of Public Television Stations deploying the system to all PBS affiliates around the country. In addition, FEMA helped stand up two new Emergency Alert System Primary Entry Point radio stations – located in Mississippi and Alabama – and 15 hurricane region stations were provided with satellite links to improve their communications during

disasters. When this project is completed over the next five years, it will greatly enhance our nation's emergency communications capabilities.

We have made our communications and outreach to tribal, State and local officials a high priority of our new leadership. Our expanded regions will build strong ties on the ground. I am committed to reaching out when an event appears imminent or as soon as it strikes.

Let me highlight two examples of how this focus on better communications is already paying off.

During the 2006 hurricane season, we were fortunate to have a dry run of our improved system when Hurricane Ernesto threatened our coast. I was in touch with each governor and emergency manager in at-risk States as it progressed, the National Hurricane Center was included in these discussions, and we were in constant contact and ready to act had Ernesto made landfall. Every State and local official I have spoken with since then has expressed their gratitude for this line of communication. In addition we had officials from the United States Northern Command, known as NORTHCOM, from the Department of the Defense involved in this process – the first time such officers have been part of such calls.

More recently, following the Florida tornados that struck in February, I was frequently on the phone with Governor Crist and other Florida officials – addressing their concerns and advising them of our plans. The day after the tornados hit, I was personally on the scene to make sure we were responding to local needs and to ensure there were no miscommunications with our State and local partners.

### *Logistics*

A second area of weakness identified in 2005 that we have focused on in recent years is logistics.

We need to have our logistics ready to go. Local distribution is a State and local responsibility. But we need to know where supplies are and be able to deliver them to the right place, at the right time, and in the right quantity when our assistance is requested.

In 2006, FEMA dramatically increased the nation's stockpiles of relief supplies. Today we have four times the emergency meals and ice, and two and a half times the amount of water that were available in 2005. We can supply 1 million people for at least one week.

But this stockpile is of little use if we cannot deliver it when and where it is needed. We have improved communications with our drivers and invested in greater technology for tracking their location. In 2006, FEMA implemented the first phase of the Total Asset Visibility program in two regions to provide enhanced visibility, awareness and accountability over disaster relief supplies and resources. This program assists in both resource flow and supply chain management.

Technology could not have done this by itself, of course. We have focused on improved supply chain management and improved preparations. Today we have better management systems involving shorter supply lines and a deeper ability to use the supplies we have prepositioned. We have a better understanding of what will be needed in different type of emergencies and are prepared to make better use of the supplies in our regional depots. We have pre-established contracts to supplement our needs, so that paperwork does not delay aid from arriving when needed. In short, we have taken a page from the book of our nation's best business practices and are truly working smarter and harder.

This new system works. Under the program we placed approximately 20,000 GPS units in our trucks and with our supplies. With improved communications and management we were able to locate needed supplies and get them moving quicker. When I was in Florida following the tornados, I was able to log on to a lap-top in my car and see in real time the supplies moving into the State and see when they would arrive. This was information that could then be immediately shared with State and local officials who were determining their own needs and resources and could then plan for the arrival and distribution of these supplies.

### ***Continuity of Operations (COOP)***

Another key lesson learned from Katrina, Rita and Wilma was that the Federal, State, local, and tribal governments must be ready to provide essential functions and services to the citizens during times of crisis.

FEMA plays a central role in the Federal government's planning and preparation for insuring the continuity of government operations during a national disaster.

In 2006, FEMA's Office of National Security Coordination conducted "Forward Challenge 06," the largest full-scale interagency COOP exercise in history. "Forward Challenge 06" involved over 50 departments and agencies deploying to alternate sites for a 30-hour period. In addition, 32 COOP tabletop exercises were conducted, seven of which were designed to assist Federal COOP program managers with preparing for a pandemic influenza environment. FEMA delivered over 80 COOP manager's train-the-trainers courses, resulting in over 2,403 individuals trained and certified and reaching all 30 major departments and agencies as well as 551 smaller Federal, State, local and tribal organizations.

### ***Reducing Waste, Fraud and Abuse***

FEMA recognized that in the past we sometimes focused on getting the aid out quickly and sometimes did not include sufficient accountability to the distribution of funds. This has changed.

Following a Government Accounting Office report and our own internal review of the problems encountered post-Katrina and Rita, FEMA has worked to proactively implement more stringent controls concerning fraud and abuse. These reforms include:

- Deployment in October 2005 of a new Internet registration application that disallows *any* duplicate registrations;
- Adding identity proofing to the call center registration application in February 2006 so that *all* Individual and Households Program (IHP) registrations are subjected to the same stringent criteria that includes verification of social security numbers;
- Amending automated scripts to ensure no scripted payments are sent to applicants who fail identity proofing;
- Sending all applications taken on the call center application from August 2005 until February 2006 to FEMA's data contractor for identity proofing to identify any potentially fraudulent applications;
- Data-marking any applications in FEMA's database that fail identity proofing so they may be flagged for review and denied automated payment;
- Real-time interaction between the FEMA Service Representative and the applicant during registration to ensure that the data entered that resulted in a failed identity check is correct before accepting the application;
- Adding verification of Occupancy and Ownership with a data contractor to the registration process for every disaster victim starting in June 2006. This will allow FEMA to ensure that an applicant lives at the address that they claimed before automating any payments to that address;
- Working with FEMA's data contractor to flag any addresses that are not residential addresses in order to prevent automated payments without an on-site inspection verification of address and residency;
- Flagging at risk social security numbers to identify potential fraud;
- Engaging with the Social Security Administration to determine whether or not they can add value to FEMA's existing identity verification process; and
- Developing state of the art software that may maintain data on applicants in mobile homes and communicate real-time data to caseworkers and the auto-determination system in order to prevent potential overpayment.

In addition to the above, FEMA is continuing to identify and process recoupment of improper payments and has improved our system to make it much more resistant to future

fraud by the unscrupulous few, while being careful not to create an undue burden on the deserving victims of disasters. Through the challenges presented from Hurricanes Katrina and Rita, FEMA has learned how to better respond to such catastrophic disasters. Should such an event occur again, the lessons learned will enable us to say with more confidence that we are doing all we can under our authorities to serve disaster victims in their greatest time of need, while ensuring the confidence of the American taxpayers of FEMA's fiscal integrity.

Improved planning and preparations, stronger communications, better management of logistics, revised COOP plans and a renewed focus on reducing fraud and abuse are just some of the key accomplishments and adjustments that we have made in response to the lessons learned from Katrina.

### **III. Today and Tomorrow: A "New FEMA"**

In the military, they often say you should not prepare to fight the last war. You need to look at new ideas before a situation arises. Similarly, we can not allow our preparations to only focus on events in the past. Our actions must lean forward and we must be on the cutting edge of emergency preparedness.

#### ***Today***

In recent months we have concentrated on improvements in a few key areas:

First, we have improved our disaster operations, including operational planning, hazard mitigation, and logistics. As I have already mentioned, we saw these work in 2006 and earlier this year.

Next, **we have improved disaster assistance, including case management and customer service to disaster victims.** Again, our response in Florida shows our improvements in this area as we had mobile units that could register victims on the scene within days. In fact, it took less than 48 hours to make funds available to our first applicant for aid.

Finally, we have put renewed emphasis on our business processes, including how we execute basic operations such as financial management, procurement, acquisition, IT, and human resources. As we discuss the budget, you will see that the President has also recognized the importance of a strong organizational base that the rest of the agency can rely on when they are busy responding to external events.

In conjunction with these reforms, we have also taken larger, organizational steps to prepare this organization for the future.

Earlier this year DHS and FEMA announced a reorganization that reflects the mandate established by Congress in last fall's Post-Katrina Emergency Management Reform Act of 2006.

I am pleased to say that we did not attempt to simply meet the requirements you set forth, but instead took this opportunity to reevaluate the offices under FEMA and DHS, and in particular the Preparedness Directorate. Together we developed a comprehensive reorganization that will both provide FEMA with a stronger structure and better align our functions with other Federal agencies.

The Post-Katrina Emergency Management Reform Act of 2006 transfers, with the exception of certain offices listed in the Act, functions of the Preparedness Directorate to the new FEMA. This transfer includes:

- The United States Fire Administration (USFA)
- The Office of Grants and Training (G&T)
- The Chemical Stockpile Emergency Preparedness Program (CSEPP)
- The Radiological Emergency Preparedness Program (REPP)
- The Office of National Capital Region Coordination (NCRC)

As part of the reorganization we will create a new Directorate of National Preparedness within FEMA. This division will include existing FEMA programs and several legacy Preparedness Directorate programs. It will focus on policy, contingency planning, exercise coordination and evaluation, emergency management training and hazard mitigation with respect to the CSEPP and REPP. National Preparedness will oversee two divisions: Readiness, Prevention and Planning (RPP), and the National Integration Center (NIC). Readiness, Prevention and Planning will be the central office within FEMA handling preparedness policy and planning functions. The National Integration Center will maintain the National Incident Management System (NIMS), the NRP, and will coordinate activities with the USFA.

Also under this new organization, the Office of Grants and Training will be moved to the new FEMA and become part of the new Preparedness Directorate. The Training and Systems Support Divisions of the Office of Grants and Training will be transferred to the NIC. The Office of the Citizen Corps within the Office of Grants and Training will be transferred into the FEMA Office of Readiness, Prevention and Planning.

Additional headquarters positions created at FEMA by the Post-Katrina Act include a Disability Coordinator, residing in the FEMA Office of Equal Rights, a Small State and Rural Advocate, a Law Enforcement Advisor to the Administrator and a National Advisory Council.

### ***Tomorrow***

This new organization, when combined with the changes made in the wake of Hurricane Katrina, will result in a “New FEMA” that is better, stronger, faster and more nimble.

With these immediate reforms and the reorganization already underway, my senior team and I have developed a vision for this “New FEMA” that will set us on the path to becoming the agency that America expects and deserves.

To regain the trust and confidence of the American people, we will transform FEMA into the nation’s preeminent emergency management agency. To do this, we must:

- *Strengthen core capabilities, competencies and capacities.* Fostering a national emergency management system and implementing a cohesive national preparedness system must begin by strengthening the foundational building blocks of a weakened but venerable agency. The Nation needs a strong FEMA; but that cannot be achieved without purposeful new investments.
- *Build strong Regions.* The Region is the essential field echelon of FEMA that engages most directly with State partners and disaster victims to deliver frontline services. It is the Region that can build and nurture State and local capabilities across the spectrum of preparedness, response, recovery and mitigation. And it is the Region that will lead the Federal response to incidents across the spectrum of all-hazards events. The New FEMA will rely on strong Regions to regain the trust and confidence of Governors, mayors, leaders in the private sector and the citizens of our homeland.
- *Strengthen our partnership with States.* Response to disasters and emergencies is primarily a State and local effort. To build and support an effective National system of emergency management, FEMA must have effective partnerships with State and local governments.
- *Professionalize the national emergency management system.* The Nation’s ability to marshal an effective response to disasters requires the right people with the right skills. We will work with our partners to build a nationwide system of trained and certified experts skilled in all hazards emergency management – starting right here in FEMA.

Focusing on core capabilities and the partnerships and people that comprise the Nation’s preparedness and emergency management system will enable us to:

- *Marshal an effective national response.* We will respond more quickly and effectively, bringing the right people and resources from across Federal departments and agencies to bear when and where they are needed.
- *Deliver service of value to the public.* We will provide timely, compassionate and less bureaucratic disaster assistance to hasten the recovery of individuals and communities while minimizing the opportunity for waste, fraud and abuse.
- *Reduce vulnerability to life and property.* We will work with our partners to prepare, plan, and mitigate before disaster strikes, and leverage those

opportunities to reduce risk and the actual loss of life and property. After a disaster, we will work with our state and local partners to rebuild stronger based on proven mitigation measures.

- *Instill public confidence.* FEMA will demonstrate mission effectiveness and efficiency, in proper balance, to regain the trust, faith and confidence of the American public. Organizationally, no asset should be more prized, or more dear when lost, than the confidence of the public we serve. We will work with our many partners to build an Agency the Nation can once again look to with pride.

Therefore, with keen focus and discipline, we will build FEMA's operational *core competencies*:

1. Incident Management
2. Operational Planning
3. Disaster Logistics
4. Emergency Communications
5. Service to Disaster Victims
6. Continuity Programs
7. Public Disaster Communications
8. Integrated Preparedness
9. Hazard Mitigation

These core competencies must be grounded in an ethos that employs a business approach to achieving desired results. This approach will enable wise decisions backed by finance, budget, human resource and information systems support capabilities designed and scaled to enhance FEMA's mission success. We recognize how far we have to go to truly achieve this *Business Approach to Achieving Desired Results*, but we will not shrink from the work it will require. To attain an analytical and requirements based approach to managing the business of the Agency, we will:

- Develop integrated data systems that leverage proven hardware, software and middle ware to meet the needs of FEMA's important mission and help give the Agency's management and line staff the tools they need to get the job done and do it well.
- Establish program analysis and project management capabilities at decision points of the Agency, and institutionalize a results oriented, return-on-investment management culture.

- Build an efficient acquisition process that adheres to policies, proven standards, systems and procedures, supported by a balanced workload distribution, and instills proficient contract management as a key skill-set within the Agency. This is crucial to our ability to accomplish as much pre-event procurement as possible, ensuring that when an event occurs all that remains is the order to activate the assets and resources we need.
- Reform FEMA's major management and administrative activities, including human capital, finance and budget, space management, personal property management, planning, recruitment and hiring.

Lastly, to achieve enduring success as the Nation's Preeminent Emergency Management Agency, we must *Shape the Workforce* that will take FEMA to a new level of competency and professionalism. To do this we must assess and transform the Agency's over reliance on contractors and reserve workforce in order to strengthen the Agency's force structure, achieve the right mix of skills and know-how, and strike the right balance of permanent, reservist and temporary personnel.

### ***Incorporating Preparedness Into the New FEMA***

FEMA is focused on incorporating the concept of preparedness into all its programs and making the protection and preparedness missions an integral part of a new, coherent Agency organization in support of a National Preparedness System. We do not intend to simply attach the preparedness assets to the existing FEMA structure and conduct business as usual plus some additional preparedness activities. Given the desire to take advantage of this opportunity to develop a whole new organizational approach, we have established an interagency Senior Leadership Team to provide vision and direction to the incorporation of the FEMA and preparedness assets and functions into the "New FEMA", and have set up a number of interagency functional teams to address the major transition management issues. We are also reaching out for consultation and collaboration to other DHS components; the Federal interagency community; Congress; the White House; key emergency management, law enforcement and preparedness organizations; the policy community; and State, local and private sector leaders. We anticipate completing the administrative actions needed to integrate FEMA and preparedness organizationally by March 31, 2007, while full integration of FEMA and preparedness functions will be an ongoing effort over the months following. Our approach to the creation of the "New FEMA" is designed to:

- Incorporate lessons learned and best practices into the new organization with a focus on core competencies to build a strong foundation for maximum effectiveness from the start;
- Ensure a unified approach to the incorporation of protection, preparedness, response, recovery and mitigation principles in foundational doctrines and documents such as the NRP, NIMS, the National Preparedness Goal, and the Target Capabilities List.

- Develop strong partnerships with other DHS components, the Federal interagency community, and State, local and private sector leaders in support of a comprehensive approach to protection, preparedness, response, recovery and mitigation efforts incorporating performance-based operating principles.
- Emphasize increased ability to address terrorist and other man-made acts as well as natural disasters – a risk-based all-hazards approach.
- Strengthen the culture of customer service, reinforced by best in class business practices for internal and external delivery of service.
- Support development of a more robust national emergency management system and an expanded and coordinated “Culture of Preparedness” building on the efforts of U/S Foresman and helping the Nation address the multitude of challenges we face.
- Build strong regions as the essential field component that engages most directly with State and local partners and disaster victims to both increase State and local capabilities and respond to incidents when they occur.

**The President is dedicated to providing FEMA with the resources to make this vision a reality.**

#### **IV. A New And Improved Budget For A New And Improved FEMA**

##### *An Overview*

This is truly a historic budget proposal that will make it possible to fulfill the mission that the President, Congress and the American people have called upon FEMA to perform.

It is an unprecedented budget. FEMA has never had this level of support, authority or funding to truly expand and professionalize FEMA’s workforce. With the resources in this budget we will build a world class organization that can respond to disasters without day-to-day operations suffering as a result.

To start, **the Operations, Planning and Support budget for FEMA will increase by nearly \$141.6 million to \$667.6 million. This is nearly a 27% increase in FEMA’s base operating budget over FY07 levels.** This is the funding that makes New FEMA possible.

The reorganization, which this budget does account for, transfers the National Disaster Medical System out of FEMA and into the Department of Health and Human Services, while bringing new offices into the FEMA organization. FEMA’s budget also includes flood insurance and other programs. Considering these changes, **the overall budget for operations and programs will increase \$579 million to over \$5.8 billion – an increase of 11%.**

This amount does not include the various grant programs administered, co-administered or coordinated by the Office of Grants and Training in conjunction with other Federal agencies. Some of these grants are reduced while others are increased. When all such

programs are included, and increases and decreases put together, **FEMA will have budget authority over more than \$9 billion – an increase of \$329 million or nearly 4%.**

### *Specific Programs Benefit From Increased Funding*

The budget includes an increase of \$100 million for FEMA's Vision Initiatives, including staffing increases, new technologies, and targeted investment in equipment and supplies that will support emergency management efforts across preparedness, mitigation, protection, response, and recovery.

As part of the \$100 million increase for the Vision Initiative, over \$21 million in additional funding will be allocated for Incident Management. FEMA's ability to marshal an effective response to disasters must be based on a professional, national network of emergency managers skilled in incident management. FEMA will work with our State and association partners to establish common standards for training and certification of the nation's emergency management personnel and provide better support to State and local emergency management organizations. In addition to being a facilitator and standard-bearer for the profession of emergency management, FEMA will become a leader and model of effective implementation of incident management skills and practices. The requested funding will be used to expand and strengthen professional emergency management certification, education, training, and career development; actively administer national response doctrine; strengthen FEMA's incident management capability to ensure 24/7 operational awareness and strengthen FEMA's regional operations and partnerships; and establish National Rapid Support and Response Team and Regional Rapid Support and Response Teams comprised of full-time support and response experts on 24/7 alert status.

Also under the Vision Initiative is nearly \$6 million in new funding for Operational Planning. When I became Director of FEMA I was shocked to learn that we had only one full-time and one-part time employee working on operational plans at FEMA. To rectify this immediate deficiency, FEMA asked for and received help from DHS and other partners who temporarily assisted us in this area. Today we propose to take up this responsibility ourselves. **FEMA Operational Planners will assist State and local jurisdictions in developing specific operational plans that will guide their response activities.** The funding requested will support FEMA's ability to work with States through its ten regional offices to ensure the development of coordinated and integrated State-Federal operational plans and operational planning capabilities. These planning efforts will include response and recovery elements that will be integrated with State hazard mitigation plans. These jointly developed plans will form the basis for conducting joint Federal-State training and exercises, thus promoting a more robust, multi-level capability to quickly respond to notice or no-notice events. As part of this effort, FEMA will work at all levels to promote training in and the development of operational planning capability at State and local levels. FEMA will also engage with Federal, regional, and State partners to build incident specific catastrophic plans.

I have discussed the lessons learned from Katrina about logistics and our initial corrections to address this issue. The Vision Initiative plan includes over \$6 million in new funding for Disaster Logistics. To fully meet its dual responsibilities as both national coordinator and direct provider of assets, teams, commodities, and other Federal capabilities, FEMA must adopt new approaches to disaster logistics management that will require an innovative balance of manpower, processes, strategic partnerships, and technology. The funding requested will build this Disaster Logistics competency, enabling FEMA to establish a Logistics Directorate, led by a senior team of experienced logisticians with the ability to access and coordinate strategic partnerships with both the Department of Defense and the private sector. These partnerships will provide integrated logistics solutions that focus on the full, end-to-end supply chain to ensure efficient and effective management of the flow of assets, teams, equipment, and supplies to meet disaster requirements. FEMA will continue implementation and enhancements of a 21st century system to plan, identify, and track assets – from mobilization, to arrival, demobilization, and departure.

As previously noted, Communications was a major problem during Katrina that we have worked to correct. The Vision Initiative includes \$12.4 million for Emergency Communications. FEMA will serve as the integrated operational link and a major advocate for disaster emergency communications at the national level, working closely with the DHS Office of Emergency Communications and the State and local first responder community. The requested funding will enhance FEMA's ability to engage across the Federal level and with States and other partners to establish and facilitate consistent disaster emergency communications standards including establishing a template of essential emergency communications capabilities. FEMA will also build its capability to provide emergency communications services before, during, and immediately after an event, including supporting State offices of emergency communications and ensuring the integrity of the first responder network.

On top of this, nearly \$1 million will be set aside for Public Disaster Communications. FEMA will assume a leadership position as coordinator of all hazards messaging to the American public during peacetime and disasters, leading the national campaign for greater personal and community preparedness. Specifically, the funding requested will support FEMA's efforts to strengthen interagency incident communications systems and capabilities to ensure coordinated public information efforts across all hazards. By working one-on-one with State, local, and major urban area jurisdictions to build knowledge and capability for public information efforts and conducting planning, training, and exercises to ensure integrated crisis communication strategies and messaging FEMA will facilitate public discourse, outreach, and adoption of a national culture of personal preparedness and mitigation that will have a direct impact on reducing the loss of life and property. Through effective public communications and outreach programs, FEMA will ensure the general public is provided with and has access to vital disaster preparedness and planning information including those with special needs and multilingual and multicultural populations.

To improve communications directly with the States as they improve their preparedness with Federal assistance, we will allocate more than \$1.26 million to create Regional Grant Advocates. The Region is *the* essential field echelon of FEMA that engages most directly with State partners for all FEMA services to include grants guidance and technical assistance. The requested funding will support regional grant advocates for each State who will provide direct day-to-day interaction and support to the States on grant issues. Grant Advocates will facilitate the provision of technical assistance closer to the client, strengthen our partnership with States and Urban Area Security Initiative (UASI) - designated cities, and provide greater grant accountability. By placing dedicated grant advocates within each regional office, FEMA will build and nurture State and local capabilities across the spectrum of preparedness, response, recovery, and mitigation utilizing the preparedness grant programs.

Improved customer service to the public is also a critical part of New FEMA. An additional \$4.4 million will be allocated to service disaster victims. Every disaster victim and affected community should expect FEMA to provide rapid, compassionate, and readily accessible disaster assistance that is easily understandable and consistently applied for individuals and across States and regions from one disaster to another. Through the requested funding, FEMA will improve the Individual Assistance (IA) and Public Assistance (PA) programs through the application of simplified and transparent processes, advanced technologies, and stronger and more interactive relationships with States, other government agencies, the private sector, and other providers of assistance. FEMA will dramatically improve its ability to deliver speedy, situation-appropriate, and accurately targeted disaster assistance to individuals, including those with disabilities or limited English proficiency, and communities through its IA and PA programs. Specific efforts will include making FEMA assistance programs easier to understand, improving the oversight of IA and PA programs to reduce waste, fraud, and abuse, maintaining a national debris removal registry, and improving national and international donations management.

While we have made great strides in improving our COOP program, the initiative includes more than \$25.6 million for additional Continuity Programs. As the lead agency for the nation's continuity programs, FEMA must direct, guide, and assist all Executive Branch Departments and Agencies and their 300,000+ offices nationwide; provide guidance to the Legislative and Judicial Branches of Government, all 50 States, the territories, tribes, and local jurisdictions; and coordinate continuity program response and recovery assistance to all Federal Executive Branch and other government jurisdictions during major emergencies and disasters. The funding requested will allow FEMA to carry out these authorities, and enable FEMA to maintain an operational readiness posture and program capability that can respond to any national security event, and execute robust test, training, and exercise programs. FEMA will assess Executive Branch continuity programs to ensure enduring Constitutional government and continuity of essential Federal Executive Branch operations, and will fulfill requirements of Executive Order 13407 in establishing an Integrated Public Alert and Warning System (IPAWS) that incorporates new and emerging technologies and maintaining a dependable and

effective means of communicating with the public through the Emergency Alert System (EAS).

The Vision Initiative also recognizes that while we can't always avoid disasters, we can reduce the cost and impact they have through more effective mitigation. We will use \$1.2 million of these funds for Hazard Mitigation, the most proactive and successful method for reducing the physical, financial, and emotional losses caused by disasters. FEMA's hazard mitigation efforts consist of three objectives: risk analysis, risk reduction, and flood insurance. These objectives work in tandem in enabling the Nation's at-risk population to reap the rewards of good hazard mitigation practices:

- Creation of safer communities – reducing loss of life and property;
- Recovering more rapidly from floods and other disasters; and
- Reducing the financial impact on States, local and tribal communities, and the national treasury.

Specifically, the requested funding will allow FEMA to continue its coastal mapping activity to improve the accuracy of flood hazard maps; provide data to State and local officials for evacuation planning; support efforts to address vulnerabilities associated with the Nation's at-risk dams; and provide technical assistance for conducting risk assessments to evaluate all hazards impacts on communities. In addition, FEMA will work to create safer communities by supporting and proactively enhancing the capability of States and local communities to reduce their risk from natural hazards by supporting the implementation of cost-effective, long-term hazard mitigation measures through the Agency's five Hazard Mitigation Assistance grant programs.

Finally, as I've already noted, we need a firm base on which to build this organization. More than \$20.8 million will be spent under this initiative to create a Business Approach to Achieving Desired Results. As FEMA strives to build the above core competencies, we must enable wise business decisions backed by finance, budget, human resource, and information systems support capabilities designed and scaled to enhance FEMA's mission success. The requested funding will allow FEMA to develop integrated data systems that leverage proven hardware, software, and middle ware; establish program analysis and project management capabilities at decision points within the agency; build an efficient acquisition process that adheres to policies, proven standards, systems, and procedures; and reform FEMA's major management and administrative activities, including human capital, finance and budget, space management, personal property management, planning, recruitment, and hiring.

As part of the professionalization of staff, the budget proposal includes the transfer of \$48 million from the Disaster Relief Fund to the Operations, Planning and Support account to convert more of FEMA's Cadre of On-Call Response Employee (CORE) positions with 4-year terms into permanent full-time employees. The transfer allows the continued move to bring key CORE employees on-board so that we do not have to take key personnel from their regular duties during a crisis – thus leaving other jobs undone. While we will continue to hire CORE employees for specific recovery efforts, we will

now have an expanded pool of talented and experienced individuals that can be put on-site during a disaster immediately and for as long as it takes. This funding transfer is in addition to the funds allocated under the Vision Initiative for improved operations and procedures.

The proposed FY 08 Budget includes increases for other programs, too.

For the Disaster Relief Fund, there is a \$213.5 million increase within FEMA over last year's base level to \$1.7 billion. In addition, the Budget proposes a transfer of \$200 million in excess disaster funds from the Small Business Administration, for a total of \$1.9 billion for the Disaster Relief Fund. This base level is set using historical models for disaster funding needs. Should a major event occur, the President, the Secretary and I will not abandon disaster victims but will either find additional funds or seek supplemental appropriations from Congress.

Under the budget, the National Flood Insurance Fund expects to collect premium and fee revenues of more than \$2.8 billion, which is \$215 million over the FY07 projections, due to significant increases in the number of policyholders. In a normal year, flood insurance is self-sustaining. However, the National Flood Insurance Program suffered significant losses during the 2005 hurricane season and FEMA estimates the total payouts will exceed \$21 billion when all claims are settled. To pay off claims from 2005, FEMA had to borrow funds from the U.S. Treasury which it must pay back with interest. The flood insurance program will continue to be challenged to pay both expected future claims and the interest that is approaching \$800 million per year. FEMA and the Administration are committed to working with the Congress in identifying and implementing reforms to the National Flood Insurance Act that will strengthen its ability to meet financial obligations and other program objectives.

### ***Some Programs Will See Reductions***

While FEMA, on the whole, is receiving a major influx of new funds, there are some programs that are budgeted below the FY 2007 Appropriated Level.

Consistent with prior Administration requests, the budget includes \$300 million for Assistance to Firefighter Grants. The FY 2008 request will fund hundreds of grants, focusing on those applications that enhance the most critical capabilities of local response in the event of a terrorist attack or major disasters. Since the AFG program began in FY 2001, Congress has appropriated over \$3.6 billion to fund these grants to fire departments and other first responders, with FY 2006 funding still being distributed and the FY 2007 grant application process just beginning. As such, the Administration believes this is an appropriate level for the FY 2008 grants given the availability of significant amounts of funding for first responder preparedness missions from other DHS grant programs such as the Urban Areas Security Initiative and the State Homeland Security Grant Program.

Finally, the FY 2008 request includes several decreases in funding for programs that transferred out of FEMA or changes in grant allocations that reflect a move towards

placing more funding in programs that are better coordinated with State and local homeland security strategies and are allocated on the basis of risk.

### ***What This Means For Other Grants***

Since 2001, the Federal government has allocated more than \$16 billion in State and local homeland security preparedness funding, but over \$5 billion in grant funds from prior fiscal years remain unexpended by State and local partners. The FY 2008 budget request includes \$2.2 billion to support State and local grant programs, provide technical assistance funding, provide Assistance to Firefighters grants, and support training programs to Federal, tribal, State and local partners under FEMA. This clearly shows this Administration's commitment to helping tribal, State and local governments cope with the initial costs associated with a higher state of readiness. In addition, FEMA will be co-administering the \$1.0 billion Public Safety Interoperable Communications (PSIC) grant program with the Department of Commerce.

When one combines the \$5.8 billion in operations, the \$2.2 billion in non-disaster FEMA grant programs and the \$1.0 billion for interoperability grants, you will see the \$9 billion that is proposed for FEMA's mission - \$329 million more than was appropriated in FY 2007 when new grants and reduced grants are all considered.

The PSIC funding is not captured as part of the FY08 request as it was appropriated per the Deficit Reduction Act of 2005 from anticipated spectrum auction. However, the funding will add to the total level of grant funding that will be made available to State and local governments.

### **V. What It All Means**

At the end of the day, what does a New FEMA with a larger budget, a reorganized structure and improved capabilities mean for the American Public?

The FY 2008 Budget will result in a FEMA that is in touch with America, ready to respond and user friendly.

Should a disaster appear imminent or even strike without warning, we will be prepared to alert State and local officials. Numerous lines of communication will be open through ground lines and satellite hook-ups, both directly to our partners and through the media to a greater audience. FEMA senior and regional staff will be in constant contact with our partners in State and local government as well as our colleagues here at FEMA and throughout the Federal government. We will preposition equipment and supplies and we will know what we have and where it is. Items will be moved to disaster scenes even before a request or a declaration is made, so that if they are needed, they are at hand. If they are not there when a disaster is designated, we will know where they are in real-time and how long help will take to arrive.

When the immediate threat has passed, FEMA will be on the ground almost immediately to help with recovery. Mobile facilities will arrive to register victims so that an assessment can be made quickly and resources allocated where needed. We will be able

to help more people more quickly and with greater protection against waste, fraud and abuse.

With help and encouragement from the New FEMA, the American people will be better prepared. Fewer individuals will be in dire need as the public learns to make preparations at home as well as evacuation plans to avoid foreseen dangers.

Planning and preparation for disasters will also improve as State and local officials and first responders receive hands-on assistance from FEMA staff. The public will have greater confidence in the abilities of their tribal, State and local officials as they see more and more of their leaders trained and certified in emergency management, and more and more of their first responders receiving similar and expanded training that meets their own needs.

In short, the New FEMA will be better, stronger, faster than before. And FEMA will be ready to take a leadership role where needed, provide support where appropriate and be on-hand across the country before and after any major event.

Thank you for your time today and I look forward to answering your questions.

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<sup>1</sup> *Time Magazine* poll conducted by telephone between August 9-10, 2006 among a national random sample of 1,003 adults, age 18 and older throughout America.