

Written Statement of
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FEMA

“FEMA FY 2012 Budget Hearing”

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I. Introduction

Good morning Chairman Aderholt, Ranking Member Price, and distinguished Members of the Subcommittee. My name is Craig Fugate, and I am the Administrator of the Federal Emergency Management Agency (FEMA). It is an honor to appear before you today on behalf of FEMA to discuss our Fiscal Year (FY) 2012 budget request.

As you know, FEMA has changed the way we do business over the past several years. FEMA was included in the organizational realignment that led to the creation of the Department of Homeland Security in the aftermath of the September 11, 2001 attacks. FEMA also underwent major organizational changes after Hurricane Katrina, when Congress passed the Post-Katrina Emergency Management Reform Act (PKEMRA) and increased funding for building emergency management capabilities. In short, FEMA is a much more effective Agency today than we were just a few years ago. Our ability to meet our mission this past fiscal year was a direct result of the tools that we have been able to put in place with your help and support.

However, we also know these are difficult economic times that call on us to make difficult budgetary choices. We all bear the responsibility for internalizing the challenges presented by an austere budget environment, while ensuring we fulfill our responsibilities to the nation. In FY 2012, we will fulfill our mission by increasing our efficiency and focusing on our core mission of ensuring resilience to disasters. While this economic climate requires us to fulfill our mission at the same time as we reduce our spending, the Administration's proposed FEMA budget is reflective of both imperatives.

II. Overview of FEMA Progress

FEMA's mission is to support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.

In addition to our Washington, D.C. headquarters, FEMA has ten permanent regional offices, three permanent area offices, and various temporary disaster-related sites that carry out the Agency's operations throughout the United States and its territories. I would like to begin my testimony by presenting a brief overview of the major programs administered by FEMA, and providing a sense of what we have done with the resources we have been allocated.

Response

FEMA's Response Directorate, a part of the Office of Response and Recovery, assists states by providing and coordinating the core federal response capabilities needed to save and sustain lives, minimize suffering, and protect property in communities overwhelmed by the impact of an incident. More specifically, the Response Directorate coordinates and integrates federal interagency all-hazards disaster planning and response operations; manages emergency response teams; and oversees disaster emergency communications programs.

FEMA's response capability has come a long way over the past several years. In 2005, federal incident response duties were shared by two groups of teams: the Emergency Response Teams (ERTs) and the Federal Incident Response Support Teams (FIRST). Due to cost constraints, ERTs were established using staff members who had other primary day-to-day responsibilities in FEMA's headquarters and the regions; and the FIRSTs were comprised of teams located in two regions with a small dedicated staff. Moreover, catastrophic planning was conducted primarily at FEMA headquarters, since the regions were not adequately staffed with dedicated planners to fully perform this function.

In order to address these inadequacies, FEMA consolidated the responsibilities of the ERT and FIRST teams into 13 regional and three national Incident Management Assistance Teams (IMATs), rapid response teams staffed with full-time personnel. FEMA has also used funds provided by Congress to upgrade technology and develop an all-hazards 24/7 situational awareness capability at the National Watch Center in FEMA Headquarters and in all of the Regional Watch Centers. The FEMA Operations Center (FOC) has upgraded its alert, warning, and notification technology capabilities and tripled the Emergency Notification System (ENS) capability. With increased staffing levels, FEMA has integrated the planning efforts conducted at the regional and local levels. Finally, FEMA's IMATs, Urban Search and Rescue (US&R) teams and Mobile Emergency Response Support (MERS) teams are capable of deploying and arriving on scene to provide incident management support and disaster response assistance within 12 hours of notification.

In 2010, FEMA responded to 81 new presidential major disaster declarations and nine new presidential emergency declarations, and issued 18 fire management assistance declarations. In all, the Agency's efforts provided critical assistance to 41 states, the District of Columbia, and two territories, in response to a variety of major disasters, including back-to-back severe winter storms and record snowfall, Hurricanes Alex and Earl, Tropical Storms Otto and Tomas, several fires in California, an earthquake in Imperial County, California, severe storms and flooding in Illinois, and record floods in Tennessee.

We have also increased our coordination with the private sector on a range of issues that will benefit our response effort. We have corporate candidates, nominated by the Retail Industry Leaders Association, serving three-month rotations within our National Response Coordination Center (NRCC). We have included private sector representatives in our no-notice "thunderbolt" response and recovery exercises, and we have shared ideas and lessons learned on a wide array of technology initiatives, including mobile applications, shared data feeds, and alert warnings through smart phones and other devices. Finally, we have dedicated one of our primary working groups – chaired by a member of the private sector – in support of National Level Exercise 2001 (NLE 11) to engaging the private sector.

Recovery

FEMA's Recovery Directorate administers federal disaster assistance programs that support individuals and communities affected by disasters. These programs constitute the majority of the resources provided by the federal government to ensure that individuals and communities

affected by disasters of all sizes, including catastrophic events and terrorist attacks, receive rapid disaster assistance. Aspects of FEMA's Recovery Directorate include:

- Individual Assistance, which includes housing, crisis counseling, legal services and unemployment assistance;
- Public Assistance, which includes funding for debris removal, emergency protective measures, and permanent restoration of infrastructure;
- Fire Management Assistance, which provides funding for the management and control of fires on publicly or privately owned forests or grasslands;
- Long-term community recovery, also known as Emergency Support Function (ESF) #14, which coordinates the resources of federal departments and agencies to support the long-term recovery of states and communities as they work to reduce or eliminate risk from future incidents;
- Mass Care, also known as ESF #6, which coordinates the delivery of federal mass care, emergency assistance, housing and human services, when local, tribal, and state response and recovery needs exceed their capabilities; and
- Coordination with a variety of non-governmental organizations.

Over the past several years, FEMA has overhauled its recovery capability to provide disaster assistance more quickly and effectively. For example, in 2005, FEMA had a daily capacity to perform 7,000 home inspections that were used to determine which FEMA repair and replacement grants a disaster survivor may be eligible to receive. Today, that daily capacity has more than doubled.

In 2005, disaster survivors were required to contact as many as 17 separate federal agencies to apply for disaster assistance. Today, thanks to funding provided by Congress, FEMA and the government as a whole have a centralized channel for disaster survivors to apply for federally funded assistance and obtain other critical disaster information from federal, state, tribal and local sources: www.DisasterAssistance.gov. FEMA has also established Internet Registration and Applicant Intake surge capacity to process up to 200,000 registrations per day during a catastrophic event. Moreover, since the identity of nearly all applicants is authenticated at registration, FEMA is able to strengthen controls against waste, fraud and abuse.

FEMA achieved 93.5 percent customer satisfaction from Individual Assistance applicants in 2010, and www.DisasterAssistance.gov was named on the www.Congress.org list of five best government websites. Last year, the capabilities for disaster survivors register for disaster assistance extended to smartphones as well.

Several years ago, FEMA had no nationwide cohesive system to locate and monitor shelters. In order to rectify this, FEMA created a standardized, common, and reliable system that can be used at all levels of government and by non-governmental organizations to manage shelter facility data.

One of the most important changes we made to the recovery process involved establishing two Public Assistance review panels in order to break logjams within the Public Assistance appeals process. The review panels helped to expedite decisions on pending Public Assistance projects, and gave us the opportunity to work closely with applicants to resolve long-standing disputes.

Created by Secretary Napolitano in 2009 in order to expedite final eligibility decisions for disputed projects, these review panels helped stalled projects move forward. To date, these two panels have resolved 173 previously disputed cases.

We have seen tangible results from the changes we have made to our recovery process. For example, on May 14, 2010, only ten days after the President declared the massive flooding in Tennessee a major disaster, FEMA had received 30,459 disaster assistance registrations and approved more than \$87 million in assistance through the Individuals and Households Program. Of the \$87 million that had been approved, almost 92% has already been disbursed to families.

As another example, two weeks after the President had declared the 2009 flooding in Georgia a major disaster, FEMA had already received nearly 20,000 disaster assistance registrations and distributed nearly 12,000 disaster assistance payments, totaling almost \$40 million. In fact, FEMA issued the first disaster assistance payments the day after the declaration.

Federal Insurance and Mitigation

By encouraging and supporting mitigation efforts, FEMA leads the nation in reducing the impact of disasters and helping to break the “damage-rebuild-damage” cycle in America’s most vulnerable communities. FEMA has the lead role in helping communities increase their resilience through risk analysis, reduction, and insurance. One mitigation tool is the Flood Hazard Mapping and Risk Analysis Program, which addresses flood hazard data update needs and preserves the successful Flood Map Modernization investment. The National Flood Insurance Program (NFIP) provides flood insurance on a national basis to owners of properties located in vulnerable areas through the federal government, through both a premium revenue and fee-generated fund called the National Flood Insurance Fund (NFIF). In FY 2010, the NFIP reduced potential flood losses by an estimated \$1.6 billion and increased flood insurance policies in force by nearly one percent. The Pre-Disaster Mitigation (PDM) program offers an annual funding source for qualified mitigation activities that are not dependent upon a declaration of disaster by the President. The PDM program has reduced administration costs by \$800,000, which has made more funds available for grants. Furthermore, Risk Mapping, Assessment, and Planning (Risk MAP) is FEMA’s program to provide communities with flood information and tools they can use to enhance their mitigation plans and better protect their citizens. FEMA initiated 600 Risk MAP projects in this past fiscal year, which assisted 3,800 communities by addressing the highest priority engineering data needs, including coastal and levee areas.

Preparedness

FEMA’s Protection and National Preparedness (PNP) works to ensure that the nation is adequately prepared for disasters of all kinds. PNP includes the National Preparedness Directorate (NPD), which is responsible for administering the National Training, Measurement, and Exercise Programs, funded through the State and Local Programs appropriation. Additional preparedness activities are also performed by the Grant Programs Directorate (GPD), which manages a grant portfolio that includes the Homeland Security Grant Program, the Port Security Grant Program, the Transit Security Grant Program, and the Assistance to Firefighters Grants.

PNP strives to achieve a nation prepared through a comprehensive cycle of planning, organizing, equipping, training, exercising, evaluating and continuous improvement.

Furthermore, FEMA, in partnership with the Advertising Council, developed *Ready* (www.ready.gov) as a national public service campaign to educate and empower Americans to prepare for and respond to all emergencies, including natural disasters and potential terrorist attacks. The goal of the campaign is to get the public involved and ultimately to increase the level of basic preparedness across the nation.

While we continue to work toward measuring the effectiveness of all FEMA's investments in the nation's preparedness capability, we are confident that it has grown significantly over the past several years as a result of an increase in planning, assessment, analysis, training and exercise efforts, as well as a renewed commitment to preparedness fostered at the national, state, local, tribal and territorial levels. Since 2005, FEMA has sponsored over 700 national, federal, regional, state and local direct support exercises.

FEMA Regions reviewed and assessed plans from 131 jurisdictions as part of the 2010 Nationwide Plans Review. This latest report assessed the capability of state and local governments to execute an emergency operations plan during a catastrophic incident at approximately 79 percent, a nearly 40 percent increase in planning capacity from the 2006 Nationwide Plans Review.

To ensure that FEMA is addressing the needs of the whole community in all of its preparedness activities, FEMA revised its Comprehensive Preparedness Guide (CPG) 101 to incorporate planning considerations for individuals with functional and access needs, individuals with limited English proficiency, diverse racial and ethnic populations, children, and household pets/service animals. FEMA, in partnership with others in the Department of Homeland Security, also established the Voluntary Private Sector Preparedness Accreditation and Certification Program, in recognition of the important relationship between resilient businesses and the recovery of communities affected by disasters.

In 2010, FEMA trained more than two million homeland security and emergency management officials and first responders; conducted more than 250 federal, state, and local exercises; and provided 120 technical assistance deliveries for fusion centers, planning, and critical infrastructure/key resources. FEMA also conducted National Level Exercise 2010 to evaluate federal, state, and local partners' emergency preparedness and coordination capabilities in response to an improvised nuclear device detonation.

Exemplifying the value of these efforts, the state of Tennessee established a comprehensive exercise program through a partnership between the Office of Homeland Security, Public Health, and the Tennessee Emergency Management Agency. It has successfully combined grant funding from homeland security and public health grants for this integrated exercise program. More than 60 exercises have been conducted to date. Partnerships, relationships and planning developed during the comprehensive exercise program have enhanced our ability to respond as multi-jurisdictional teams to natural disasters, which came into play when Tennessee experienced multiple disasters during the spring and summer of 2010.

Logistics

FEMA's Logistics Management Directorate (LM) is FEMA's major program office responsible for the policy, guidance, standards, execution and governance of logistics support, services and operations. Its mission is to provide an efficient, transparent and flexible logistics capability for the procurement and delivery of goods and services to ensure an effective and timely response to disasters.

In 2005, logistics was a branch function within the Response Division, with limited funding for personnel and assets. At the time, the Logistics Branch had 28 Permanent Full-Time Employees, and most of its workforce consisted of temporary employees with little or no training. In addition, the FEMA Logistics Branch did not possess a self-assessment tool to assist states in evaluating their logistics and operational capabilities.

LM was elevated from a branch to directorate-level in April 2007, and now has a robust capability that is flexible and adaptable to meet unpredictable demands of all-hazards support. LM has made significant progress in permanent staffing, increasing the percentage of full-time employees by over ten percent last fiscal year.

Some examples of FEMA's 2010 logistics accomplishments include the following:

- FEMA was able to fulfill more than 97.5 percent of orders for life-sustaining commodities (including meals, water, tarps, cots, blankets, etc.) within the timeframe requested. During the first quarter of 2011, FEMA Logistics has reached a 100 percent on-time delivery rate;
- LM and GSA announced the opening of a new fully automated, state of the art Distribution Center in Atlanta, Georgia; and
- LM developed a Logistics Capability Assessment Tool (LCAT) for use by states to improve readiness, increase response capacity, and maximize the management and impact of homeland security resources. LM has trained all 10 Regions on LCAT, conducted briefings for 41 states and territories, and facilitated 19 LCAT workshop sessions with states and territories.

During the recent 2011 Mid-West/East Coast Winter Storm, FEMA's Logistics team supported the Regions and states by deploying essential supplies (i.e., generators, meals, water, cots, blankets and infant/toddler kits) to pre-designated locations prior to the storm's impact. The initial supply requirements were received, promptly filled, and ready for issuance to state and local governments by the required delivery date. As the storm moved towards the Northeast, the Logistics teams worked closely with the Regions and the U.S. Army Corps of Engineers to redirect generators to meet the changing needs.

As a result of the FEMA logistics improvements that supported these and other efforts, a July 2010 Department of Homeland Security Office of Inspector General (OIG) report concluded that FEMA "has made great strides to improve its logistics capability . . . [G]iven these recent

initiatives, FEMA is better prepared now than at any previous time for dealing with a catastrophic disaster.”¹

Mission Support

FEMA’s Mission Support Bureau integrates FEMA’s business operations and support services within a single oversight structure, and is responsible for providing the support, tools, and resources needed to build, sustain and improve our capabilities. The major Bureau areas of responsibility are human capital, information technology, procurement, security, facilities management, health, safety, and records management.

Recognizing that our success as an Agency depends upon a trained and talented workforce, I made hiring a priority when I came to FEMA. When I began here in FY 2009, FEMA’s staffing fill rate was at 79 percent. Today, the Agency is at a 93 percent fill rate, and includes the redirection of positions to our ten FEMA Regions as a part of our Regional re-empowerment effort to facilitate emergency preparedness, coordination, and planning at the local level.

Also in 2009, I began a project to improve FEMA’s work environment for current and future employees, an effort that has since come to be known as the FEMA Workforce Enhancement Initiative. This collaborative initiative has brought together employees from all levels of the Agency in workgroups to develop and implement more efficient and meaningful ways to improve FEMA’s workforce. The areas of focus included recruitment, hiring, retention, performance management, career progression structure, and developmental initiatives and opportunities for employees.

FEMA recognizes that every employee is an emergency manager, and should be ready for deployment if needed. To that end, in early 2010, FEMA transferred the efforts of the credentialing system started by the Disaster Workforce Division to the Deputy Administrator for Protection and National Preparedness, resulting in a National Credentialing Program that focused on a government-wide and holistic approach to disaster surge staffing. The National Credentialing Program coordinates activities, develops policies, and recommends guidance and standards for credentialing all FEMA personnel and state, tribal and local officials who require access to disaster areas or FEMA facilities during an emergency. This program will also ensure unity of effort in line with the National Response Framework.

As a result of these and other efforts, FEMA is continuing to build the nation’s emergency management team with our partners at all levels, and forging a more effective support infrastructure.

III. FEMA’s FY 2012 Budget Request

As the President made clear in his State of the Union address, the current budget climate requires us to take a hard look at our Agency and make tough decisions on how to spend limited taxpayer

¹ Department of Homeland Security Office of Inspector General, “FEMA’s Logistics Management Process for Responding to Catastrophic Disasters,” OIG-10-101 (July 2010).

funds. The Administration's proposed budget provides FEMA with the funds to fulfill its mission of ensuring domestic resilience to disasters while reducing spending in several areas through efficiencies and innovative thinking. I would like to take the opportunity to provide a brief overview of the proposed FEMA budget for FY 2012.

State and Local Programs

Through the State and Local Programs (SLP), FEMA helps state and local governments prevent, protect against, respond to, and recover from incidents of terrorism and other catastrophic events. This program provides for grants, training, exercises, and other support to assist federal agencies, states, territories, and tribal and local jurisdictions.

The President's proposed budget for FY 2012 would sustain federal funding of more than \$3.84 billion for state and local preparedness grants, highlighting the Department's commitment to getting resources into the hands of state and local first responders who are often best positioned to detect and respond to terrorism, natural disasters, and other threats. Even in this difficult budget environment, the Administration recognizes the importance of maintaining funding for state and local governments as they prepare for major disasters and emergencies of all kinds.

The Agency requests \$1 billion for State Homeland Security Grant Programs (SHSGP) and \$50 million for Operation Stonegarden (OPSG), and requests \$13 million in FY 2012 resources towards the Citizen Corps Program (CCP). SHSGP continues to provide funding for grant recipients to build capabilities to protect and prepare state and local governments to respond to acts of terrorism, large-scale disasters, and public health emergencies. OPSG continues to enhance and coordinate joint mission border protection priorities and activities across federal, state, and local law enforcement agencies and tribal governments. CCP activities help support local community resilience goals and strategies, including: outreach and education on personal preparedness; integration of nongovernmental assets and personnel in preparedness and response protocols; improved plans for emergency notifications, evacuation, and sheltering; and increased citizen participation in community safety. CCP strengthens the Department's activities with more than 2,300 Citizen Corps Councils in jurisdictions covering 78 percent of the U.S. population and operating in all 50 states and six U.S. territories.

FEMA requests \$191.663 million for the Training, Measurement, and Exercise Program for FY 2012. FEMA will apply efficiencies and eliminate redundant activities identified through working with state and local governments.

Finally, FEMA requests \$1.57 billion for the Metropolitan Statistical Area (MSA) Preparedness Program in FY2012. The Agency will continue to focus MSA Preparedness Program grant resources on activities supporting the Department's highest prioritized mission, "Preventing Terrorism and Enhancing Security." Included in the MSA Preparedness Program is the Urban Areas Security Initiative (UASI). The FY 2012 budget request directs additional resources to UASI, which provides funding to support regional collaboration on enhanced security and terrorism readiness in the nation's highest-risk urban areas. UASI grant requests continue to fund prevention, protection, response, recovery initiatives and capabilities directed at threats or acts of terrorism.

In order to maximize the ability of state decision-makers to set priorities and to reduce administrative barriers to grants, the Administration's budget request, like the 2011 request, proposes to consolidate a number of individual grant programs (including grants for Driver's License Security/Real ID, Interoperable Emergency Communications, and Buses) and make them part of the broader grant programs such as UASI and State Homeland Security grants. This consolidation will increase overall funding for UASI and State Homeland Security grants while reducing the number of separate grant programs, which ultimately decreases the number of applications a state will need to submit.

The Administration's budget request also proposes to consolidate the Emergency Management Performance Grants and the Assistance to Firefighter Grant Programs into the SLP. These two grant programs are discussed below.

Emergency Management Performance Grants

Emergency Management Performance Grants (EMPGs) are formula grants provided to assist state and local governments to sustain and enhance the effectiveness of their emergency management programs. The proposed FY 2012 EMPG program provides \$350 million to continue assisting state and local jurisdictions in improving their overall emergency management systems. EMPG grant recipients establish, expand, and maintain effective partnerships with neighboring jurisdictions to develop emergency management plans, conduct training and exercises, and procure necessary resources to assist in the event of any catastrophic emergency. Under this proposed budget, EMPG grants continue to be distributed on a formula basis.

Assistance to Firefighter Grant Programs

This program is comprised of Assistance to Firefighter Grants (AFG), Staffing for Adequate Fire and Emergency Response (SAFER) Grants, and Fire Prevention and Safety Grants (FP&S). The combination provides support to fire departments and non-affiliated emergency medical services (EMS) to improve the readiness and capability of local first-responders during all-hazards emergencies, including firefighting and EMS operations.

AFG awards grants directly to fire departments and non-affiliated EMS organizations throughout the United States to support one-year projects that improve the effectiveness and safety of the nation's first responders in homeland security, firefighting, and EMS operations. Under its authorizing legislation, AFG must also expend a minimum of five percent of appropriated funds under FP&S for fire prevention activities. SAFER grants provide funding directly to fire departments in order to help them increase the number of trained "front line" firefighters available in their communities. The goal of SAFER is to enhance the local fire departments' abilities to comply with staffing, response and operational standards.

The FY 2012 request includes \$670 million for these programs. Included in this amount are \$420 million for SAFER Grants to rehire laid off firefighters and retain veteran first responders – totaling 2,300 firefighter positions – and \$250 million for AFG and FP&S, in order to fund equipment, training, vehicles, and related materials. The amount requested for SAFER in FY

2012 reflects the reality that effective fire safety programs require both equipment and personnel. While the \$5 billion we have provided over the past several years through AFG has furnished fire departments with equipment, vehicles and other necessities, we must ensure that states and localities have the necessary personnel to perform the task at hand. This means rehiring laid-off firefighters, increasing fire department staffing to be consistent with nationally recognized consensus standards, supporting veteran first responders, and providing our state and local partners with the tools they need to keep our country safe.

Management & Administration

The Management and Administration (M&A) appropriation provides core mission funding for the development and maintenance of an integrated, nationwide capability to prepare for, mitigate against, respond to, and recover from the consequences of major disasters and emergencies. M&A supports core operations for all FEMA organizations, providing resources for mission activities and administrative support. M&A resources are directed to both regional and headquarters operations.

The FY 2012 President's budget request of \$815.099 million for the M&A appropriation reflects FEMA's priority to manage resources more effectively across the federal government while ensuring the nation's resilience from disasters. The Agency has reexamined its current allocation of resources among existing programs to focus on those programs that have the most significant impact on the Agency's ability to fulfill its emergency management mission. Moreover, FEMA will focus on streamlining current business processes and harnessing the use of innovative technologies.

FEMA will continue to look at ways to adjust our organization and unify enterprise activities to ensure that resources are adequately utilized and allocated across components. Additionally, as we move forward, our goal is to complete program evaluations to identify duplicative activities and services within our components and reallocate those resources to needed areas.

Flood Insurance and Mitigation

FEMA's Federal Insurance and Mitigation Administration (FIMA) implements a variety of programs authorized by Congress that help mitigate the impact of disaster by breaking the cycle of disaster damage, reconstruction, and repeated damage. Mitigation is achieved through three critical components – analyzing risk, reducing risk, and insuring for risk.

FEMA requests \$102.7 million in FY 2012 for the Flood Hazard Mapping and Risk Analysis Program. These appropriations come through the Flood Hazard Mapping and Risk Analysis and the NFIF discretionary accounts, and are used to analyze and produce flood hazard and flood risk data and map products to communicate flood hazard risk and related technical services. With FY 2012 funding, FEMA will focus on reviewing and updating flood hazard data and maps to accurately reflect flood hazards for the areas with the highest flood risk and greatest update need.

Funding for the National Flood Insurance Program is derived from two primary sources. Mandatory flood insurance premiums are used to pay out claims and to provide funding to

support the operating and administrative costs associated with maintaining the program, as well as three grant programs that reduce future flood claims. FEMA estimates mandatory premium collections of \$3.103 billion in FY 2012. This is an increase of \$37.2 million over the estimate for FY 2011 and is due to policy rate increases. Also, the discretionary policy fee income is paid by flood insurance policy holders in order to support the cost of administering the NFIP, which includes floodplain management, flood mapping, flood-related grants, and NFIP management. For FY 2012, FEMA projects fee collections of \$171.0 million, an increase of \$2.0 million from FY 2011.

FEMA requests \$84.9 million in FY 2012 for the PDM grant program. Funding will be used to: fund projects and plans through a competitive process; support the national grant competition; support salaries and operating expenses; and fund program support and the technical assistance contracts used for the preparation, review, and processing of PDM grants. In addition, the PDM program will continue to reduce administrative costs to ensure that more of those funds are obligated to state, local and tribal governments to reduce risk.

Emergency Food and Shelter

The FY 2012 request of \$100 million for the Emergency Food and Shelter Program (EFSP) will allow FEMA to continue to supplement nonprofit and governmental organization emergency food and shelter programs by contributing an estimated 46.5 million meals, 3.1 million nights of lodging, 74,700 rent or mortgage payments, and 155,400 utility bill payments.

It is important to note that EFSP is not a disaster program and is not designed to serve disaster survivors. Rather, the program is designed to serve the public on an ongoing basis to assist in the fight against hunger and homelessness by supplementing the funding of qualified local service delivery agencies.

Disaster Relief Fund

Pursuant to the Stafford Act, the Disaster Relief Fund (DRF) provides a no-year base against which FEMA can direct, coordinate, manage, and fund eligible response and recovery efforts associated with domestic major disasters and emergencies. Through the DRF, FEMA can fund authorized federal disaster support activities as well as eligible state, territorial, tribal, and local actions, such as providing emergency protection and debris removal. The DRF also funds:

- Repair and reconstruction of eligible disaster-damaged infrastructure;
- Hazard mitigation initiatives;
- Financial assistance to eligible disaster survivors; and
- Fire Management Assistance Grants.

FEMA requests \$1.8 billion for the DRF in Fiscal Year FY 2012. FEMA is taking aggressive action to maximize the balance of the DRF, including identifying excess funds previously obligated for past disasters and returning them to the DRF. In FY 2010, FEMA recovered over \$2.62 billion from prior year obligations to replenish the DRF.

Coupled with prior year recoveries and carryover funds, the DRF is projected to support the five-year average obligation level for non-catastrophic disaster activity (excluding extraordinary events, such as the series of 2004 hurricanes in Florida, Hurricanes Katrina and Rita in 2005, the California Wildfires of 2007, and Hurricanes Gustav and Ike in 2008).

IV. Implementing Productivity and Efficiency Tools

FEMA's budget request for FY 2012 strikes the appropriate balance between allowing us to fulfill our core mission of ensuring resilience to disasters, while also becoming more efficient and nimble in our efforts. However, a focus on efficiency is important to us not only in constrained fiscal times; rather, it is always an essential element of our ability to succeed. The unpredictable and exigent nature of emergency management requires us to provide fast and effective service to communities who need it, often on extremely short notice. In short, efficiency is always key to operational effectiveness. For that reason, we have begun implementing efficiency measures that include common-sense cost-cutting tools and outcome-based strategic planning, as well as leveraging our stakeholders as force multipliers throughout all aspects of the emergency management team.

Good Stewardship of Taxpayer Dollars

While we at FEMA work to ensure resilience to disasters, we also bear the responsibility for demonstrating good stewardship over taxpayer dollars. This means minimizing and eliminating waste, fraud and abuse of our programs and policies, and implementing common-sense measures to cut down on costs wherever possible.

Since its inception in 2006 through the end of 2010, FEMA's Fraud Branch has investigated nearly 3,200 disaster fraud complaints and referred more than 2,400 fraud cases to the DHS Office of the Inspector General (OIG) for criminal investigative review and/or prosecution. The FEMA Fraud Branch has also prevented \$5.5 million in disaster payments from being improperly disbursed. Finally, physical security initiatives netted FEMA approximately \$23.5 million in funds de-obligated back to the Agency.

PKEMRA created several provisions in order to prevent waste, fraud and abuse in the contracting and relief aid processes. To this end, FEMA implemented new software in 2007 that communicates real-time data to caseworkers in order to prevent duplicate housing payments. FEMA also implemented checks in the National Emergency Management Information System that trigger additional review for "high risk" recipients before assistance is delivered, in order to prevent potential fraud. These actions allow FEMA to balance the need to quickly provide disaster aid to victims with our responsibility to be good stewards of the DRF.

Moreover, FEMA continues to realize significant savings through technological and human capital efficiencies. As an example, FEMA returned \$1.99 billion to the DRF through a focused effort to identify unused funding on disaster contracts. We also realized \$7.8 million in savings in wireless telecommunications by shutting down unused lines of service. Wherever possible,

we will continue to undertake cost-cutting measures that will allow us to maximize the use of limited funding.

Strategic Planning and Organization

While FEMA continues to implement cost-cutting measures in all aspects of our work, we must also look at our larger organization to be sure we are as nimble and efficient as we can be. FEMA has undertaken several initiatives in that regard.

On October 1, 2009, the Response, Recovery, Federal Coordinating Officer Program, and the Logistics Management Directorate were combined under a new Office of Response and Recovery to more closely align the organizational structure with FEMA's operational mission. This reorganization has enhanced FEMA's ability to perform its mission of coordinating and providing an immediate federal disaster response and recovery capability with state, local and tribal partners in anticipation of, or immediately following, a major disaster.

In February 2010, as part of a broader headquarters realignment, the Disaster Reserve Workforce and Human Capital Divisions of FEMA were integrated into the new Office of the Chief Component Human Capital Officer (OCCHCO). As a result, the Disaster Workforce Division now oversees the readiness and deployment functions for the entire disaster workforce of full-time and reserve employees. Additionally, a critical mass of staffing in the budget, policy, and system areas are able to provide more effective services to both the institutional and deployable workforces.

In addition to organizational re-alignment, we also value the importance of outcome-based strategic planning as a tool that will allow us to ensure our activities align with FEMA's strategic objectives. With that goal in mind, earlier this year we began implementing FEMASat, a management process to facilitate the conduct of systematic discussions about the performance of FEMA's Offices, Directorates and Regions. The purpose of FEMASat is to frame productive discussion and analysis that advances FEMA's performance. We have already conducted several meetings and are confident in FEMASat's ability to help us identify additional performance deficits and close those gaps to make us a stronger and more resilient Agency.

We are also currently in the process of establishing an Innovation Council, pursuant to Initiative Four of FEMA's Strategic Plan for Fiscal years 2011-2014. The purpose of the Council is to help foster a culture of innovation and creativity within FEMA. Based on a successful program created by the U.S. Coast Guard, the Innovation Council will bring new ideas to FEMA leadership and achieve implementation.

Whole Community

Perhaps the most important initiative we must undertake, regardless of the budget environment, is to recognize our efforts are part of an interconnected plan of action. This "Whole Community" approach to emergency management provides the appropriate framework for leveraging the expertise and resources of our stakeholders at all levels, both governmental and non-governmental.

FEMA continues to play an integral role as part of the emergency management community. However, we know that we cannot and should not do it alone. “Whole Community” requires a team approach. We know the capabilities of federal agencies, which can be leveraged in the event of a disaster to provide a robust federal response. We know of the importance of effective coordination with state, local, and tribal governments, who provide direct, on the ground experience and who usually have initial and primary responsibility for disaster response. We know that non-governmental organizations – like faith-based and non-profit groups – and private sector entities possess knowledge, assets and services that government simply cannot provide. An effective disaster response involves tapping into all of these resources.

Finally, and most importantly, we know of the great capacity of individuals to care for their families, friends, neighbors and fellow community members, making our citizens force multipliers rather than liabilities. Together, we make up the whole community, and we all have an important role to play. We must engage all of our societal capacity, both within and beyond FEMA, to work together as a team. Through engaging the “Whole Community,” we maximize our limited funding and leverage the capabilities of our partners, who play a critical role in the process.

A “Whole Community” approach is a valuable efficiency and cost-saving tool; yet more importantly, it is critical to our collective effectiveness to succeed in preparing for, protecting against, responding to, recovering from, and mitigating all hazards.

V. Conclusion

Over the past several years, FEMA has undergone a major overhaul, thanks in large part to the significant resources provided to us by Congress. This year, we find ourselves in a budgetary climate that requires us to become more efficient in our efforts while maintaining focus on our core mission, and we must make difficult choices in the process.

As I mentioned earlier, the Administration’s proposed budget provides FEMA with the funds to fulfill its mission of ensuring domestic resilience to disasters, while reducing spending in several areas through efficiencies and innovative thinking. Please be assured that we will continue to fulfill our most important mission of supporting our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.

Thank you again for the opportunity to appear before you today to discuss the proposed FEMA budget for FY 2012. I am happy to answer any questions the Subcommittee may have.