



ISSUE PAPER

Subject: **Bottom Up Review of FEMA's Public Assistance Program**

Background:

The Public Assistance (PA) Program provides grants to State, Tribal and local governments and certain private nonprofit organizations for emergency protective measures and the repair, restoration, and replacement of damaged infrastructure so that communities can quickly respond to and recover from major disasters and emergencies declared by the President. The PA Program also encourages resiliency of these damaged facilities in future events by providing assistance for hazard mitigation measures during the recovery process.

Through the PA Program, FEMA has assisted countless communities across the country with their recovery from hundreds of Presidentially-declared major disasters and emergencies. The PA Program has provided vital technical and financial assistance for the recovery from a wide variety of events, including but not limited to hurricanes, earthquakes, tornadoes, floods, tsunamis, and terrorist attacks. FEMA obligates an average of \$3.3 billion in Public Assistance funding annually.

Over the last 25 years, the Program has matured or evolved to address unique and varied circumstances in declared events. Currently, the PA Program provides assistance to applicants on a project-by-project basis. FEMA documents the description of damages, eligible scope of work, and cost on a Project Worksheet. Each project must meet environmental and historic preservation requirements and requires its own Project Worksheet. Further, each change to the description, scope, or cost of the project results in a revision to the Project Worksheet. For large projects (which for Fiscal Year 2011 are those projects over \$63,900), FEMA final project funding is based on actual costs. As a result, a large disaster can result in thousands of Project Worksheets, and for large-scale infrastructure projects, the closeout process can take years until projects are complete and actual costs are reconciled.

In implementing the PA Program, FEMA oversees the project formulation and approval processes to ensure project eligibility and compliance with statutory requirements. This requires close coordination with States, Tribes, applicants and other partners including other Federal agencies. Given the challenging environment of post-disaster recovery, FEMA and the States strive to provide the level of education and support to applicants that is necessary to ensure success and avoid unmet expectations and disputes.

Some of FEMA's stakeholders have advised that the Program's processes and policies for identifying and coming to agreement on eligible damages, scopes of work, and costs can lead to disputes and slow the pace of disaster recovery. Stakeholders have also expressed concerns about inconsistent implementation of the Program due to the large number of staff deployed



FEMA

across multiple disasters and the broad range of project types and policy issues. Stakeholders have also asserted that the Program's eligibility criteria, particularly the Stafford Act provision that limits funding to restore facilities based on their pre-disaster design, and FEMA's project-by-project approach, limit the amount of flexibility and options that communities have in rebuilding. Some also have opined that FEMA's process for approving and obligating funds is too slow when States and communities are in dire need of assistance for recovery. They have advised that this is further complicated by the fact that States, as the grant administrator, also have their own processes for reviewing funding requests and releasing funds obligated by FEMA.

FEMA is currently performing a Bottom Up Review to identify changes to improve the effectiveness and efficiency of the PA program. FEMA is approaching the Bottom Up Review as an opportunity to re-evaluate the PA Program in its entirety and will consider new concepts for the operation of the Program, consistent with the Agency's statutory authorities. FEMA's goal is to formulate and implement changes to the Program to provide grantees and subgrantees with the greatest flexibility possible in the use of PA funding, while ensuring program effectiveness and accountability for taxpayer dollars and compliance with Federal statutes and requirements.

Purpose:

The purpose of this issue paper is to create awareness of FEMA's Bottom Up Review and to request input that could be used to develop a new concept of operations for the PA Program. FEMA seeks input on how FEMA can redesign the PA Program to meet its statutory mission, while providing the greatest flexibility possible to grantees and subgrantees in the recovery process and ensuring accountability for taxpayer dollars and compliance with Federal statutes and requirements. For this effort, FEMA's existing regulations and policies should not constrain consideration of alternatives or ideas. In making final decisions, FEMA will consider all recommendations from individual stakeholders that are consistent with the Agency's statutory authorities including, but not limited to the Stafford Act; this includes a willingness to consider comprehensive changes to the Program's structure, processes, and its regulatory and policy framework.

Progress to Date:

In October 2010, FEMA initiated the Bottom Up Review of the PA Program. FEMA engaged the Homeland Security Institute (HSI) to examine whether the PA Program is accomplishing its mission in the most efficient and effective manner and to provide recommendations to improve program implementation. FEMA is now seeking input from its stakeholders. Looking forward, FEMA expects to expand outreach and seek input from States, Tribes, local governments, and other external stakeholder organizations.



Specifically, FEMA is seeking input on the following:

1. How should FEMA redesign and streamline the PA Program to provide applicants the greatest flexibility possible in the recovery process while ensuring accountability for the use of taxpayer dollars and compliance with federal statutory requirements?
2. What are the appropriate/optimum roles and responsibilities of FEMA and other Federal agencies, as well as States, Tribes and local communities in a new PA program?
3. If given greater flexibility for the use of PA funding, would States and Tribes be willing to take on more responsibility for program administration; and if so, what would that role be, and what resources would be required to perform that role and meet the responsibilities effectively?
4. If FEMA were to advance funds earlier in the disaster process, what mechanisms would you suggest to do this within FEMA's current statutory authority?
5. If FEMA revamps the PA Program, would grantees and subgrantees prefer to have a fixed budget based on an estimate developed early in the disaster, or the actual cost reimbursement process that currently exists?
6. Can PA be better linked with other FEMA programs? If so, how?
7. What does FEMA need to do to ensure that the program is scalable to small, large and catastrophic disasters?
8. Are there aspects of the existing program that should remain unchanged?